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8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**  
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14 **ORDER TO PAY CIVIL PENALTIES AND PERFORM REMEDIAL WORK**  
15 **NO. 1578**  
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18 **Operator: Patriot Resources, LLC (A4050)**  
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## I. Introduction

The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources Code (**PRC**) (commencing with PRC section 3000) and title 14 of the California Code of Regulations (**Regulations**), may impose a civil penalty on a person who violates any statutory provision of the PRC, or any regulation that implements those statutory provisions. (PRC, § 3236.5.)

Based on CalGEM's records, Patriot Resources, LLC (**Operator**) is the "operator" (as defined in PRC section 3009) of the "injection wells" (as defined in Regulations section 1720.1, subdivision (f)) (**the Wells**) identified on **Attachment A**, incorporated herein. As described in more detail below, under applicable provisions of Regulations sections 1724.10, 1724.10.1, and 1724.10.2, to maintain uninterrupted approval for injection activity, Operator was required to complete Mechanical Integrity Testing (MIT) Part One and MIT Part Two on the Wells by specified dates and failed to timely perform one or both of the tests on each of the Wells. As a result, Operator automatically lost approval to continue injection operations following the respective testing due date(s). (Regulations, § 1724.10, subd. (i)(4).) Operator was therefore required to cease injection into the Wells, immediately notify CalGEM that it had not performed MIT Part One or MIT Part Two on the Wells, as applicable, and disconnect the injection lines from the Wells, and failed to do so in violation of Regulations sections 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777.

Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777, the Supervisor is ordering Operator to (1) as soon as it is safe to do so, cease injection and disconnect the injection lines from all wells without current injection approval; and (2) within thirty (30) days of this Order pay civil penalties totaling two hundred sixty-nine thousand dollars (\$269,000.00), imposed for violations of Regulations sections 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777.

**Attachment B** contains a list of definitions and authorities that are applicable to this Order.

## II. Alleged Acts/Omissions

"Any injection well, including a well not actively injecting, that is not tested as required under Sections 1724.10.1 and 1724.10.2 shall automatically lose approval to inject, and subsequent written approval from the Division is required to reinitiate injection." (Regulations, § 1724.10, subd. (i)(4).) Accordingly, to maintain uninterrupted injection approval for injection wells, that as of April 1, 2019, were approved for injection or were also previously subject to periodic casing pressure testing requirements, MIT Part One is required to be successfully completed on each such injection well every five (5) years (except for gas disposal wells). (Regulations, § 1724.10.1, subd. (e).) In addition, to maintain uninterrupted injection approval for injection wells, commencing April 1, 2019, MIT Part Two is required to be successfully completed on each such injection well every two (2) years, with certain exceptions, including "[d]isposal injection wells shall be tested at least once a year" and "[t]esting is required when requested by the Division, including as may be specified in the Project Approval Letter [PAL]." (Regulations, § 1724.10.2, subd. (b).)

In performing the testing, an operator must notify CalGEM at least 48 hours in advance and provide the digital copies of surveys and test results within sixty (60) days. (Regulations, § 1724.10, subd. (i)(1)-(2).) An operator must cease injection into an injection well and immediately notify CalGEM if, among other reasons, MIT Part One and/or MIT Part Two has not been timely performed or the results of such testing has not been provided. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a), 1724.13, subd. (a)(1).) Further, an operator must disconnect injection lines from the injection well if there is no current injection approval from CalGEM. (Regulations, §§ 1724.13, subd. (c), 1777, subd. (c)(4).) Each day an operator injects into an injection well without approval constitutes a separate violation. (Regulations, § 1724.13, subd. (c).)

On September 8, 2023, CalGEM sent a Notice to Operators (NTO 2023-09) as a reminder to Operator of the testing requirements set forth in Regulations sections 1724.10.1 and 1724.10.2, including an explanation that MIT Part One must be completed for subject wells by April 1, 2024, or other date per the testing frequency stated in the applicable PAL or

Regulations, and commencing April 1, 2019, subsequent testing for MIT Part Two must be completed at various frequencies depending on well type, to maintain uninterrupted approval for injection activity. (**Attachment C**, incorporated herein.)

During all times relevant to this Order, CalGEM's records indicate that the Wells were each an "injection well" (as defined in Regulations section 1720.1, subdivision (f)). As specified in Operator's applicable PALs, the Wells were each subject to a 5-year casing pressure testing requirement as of April 1, 2019. In addition, wells "F. & I. 48-31" and "Gulf-James W. Rea, Jr. Et Al 2" were each a "disposal injection well" (as defined in Regulations section 1720.1, subdivision (c)), and well "Sargent 2" was designated as a "pressure maintenance" injection well. Because wells F. & I. 48-31 and Gulf-James W. Rea, Jr. Et Al 2 were each a disposal injection well, they were subject to annual MIT Part Two requirements commencing April 1, 2019. Well Sargent 2 did not fall within any of the exceptions listed in Regulations section 1724.10.2, subdivision (b), and therefore was subject to bi-annual MIT Part Two requirements.

Based on CalGEM's records, Operator last successfully performed mechanical integrity tests on the Wells as described in the table below:

API	Well Designation	Date of Previous MIT Part One	Date of Most Recent MIT Part One	Date of Previous MIT Part Two	Date of Most Recent MIT Part Two
0406900159	F. & I. 48-31	6/3/2018	12/12/2023	1/26/2017	10/27/2023
0408520033	Sargent 2	6/18/2015	4/26/2024	N/A	N/A
0408520007	Gulf-James W. Rea, Jr. Et Al 2	11/12/2014	12/15/2020	1/26/2021	10/27/2023

As indicated, Operator failed to perform MIT Part One on the Wells within 5 years from the previously successful test. In addition, Operator failed to perform MIT Part Two on wells F. & I. 48-31 and Gulf-James W. Rea, Jr. Et Al 2 within one year from the previously successful test, and Operator has failed to perform any MIT Part Two on well Sargent 2.

After the first instance of missing a testing due date, Operator automatically lost approval for injection into each respective well, and Operator would have continued to lack

injection approval unless subsequent written approval from CalGEM was provided. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a) & (e), 1724.10.2, 1724.13, subd. (b).) Following this automatic loss of injection approval, Operator was required to cease injection into the Wells, immediately notify CalGEM of its failure to timely perform the testing, and disconnect the Wells from any injection lines, and Operator failed to do so in violation of Regulations sections 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777.

On April 5, 2024, CalGEM staff sent a courtesy notice, via email, to Operator alerting Operator that it had been identified as (1) having one or more injection wells with an active status and (2) having failed to notify CalGEM of ceasing injection operations or a record of a passing MIT Part One for its injection wells. (**Attachment D**, incorporated herein.).

Based on Operator's self-reported injection activity, after September 8, 2023 (date of NTO 2023-09), Operator continued injection into the Wells without approval as described in the table below, combining into a total of 1,342 days of unauthorized injection. The date ranges only include days of unauthorized injection once, on a per well basis, regardless of whether a particular well may have been overdue for both MIT Part One and MIT Part Two.

API	Well Designation	Date Ranges for Civil Penalties	# Days of Unauthorized Injection for Civil Penalties
0406900159	F. & I. 48-31	Due to MIT Part Two Non-Compliance: September 2023 – October 2023, October 2024 – July 2025	325
0408520033	Sargent 2	Due to MIT Part One Non-Compliance: April 2024  Due to MIT Part Two Non-Compliance: September 2023 – July 2025	692
0408520007	Gulf-James W. Rea, Jr. Et Al 2	Due to MIT Part Two Non-Compliance: September 2023 – October 2023, October 2024 – July 2025	325
		<b>Total Days:</b>	1,342

On or about November 13, 2024, CalGEM staff conducted an inspection of well F. & I. 48-31 and observed the injection line(s) connected to the well. In addition, on or about November 20, 2024, CalGEM staff conducted an inspection of well Gulf-James W. Rea, Jr. Et Al 2 and observed the injection line(s) connected to the well.

Based on CalGEM's records, as of the date of this Order, no written approval to reinstitute injection operations has been provided for any of the Wells, Operator has not notified CalGEM of ceasing injection operations, a well status change, nor demonstrated that injection lines are disconnected from any wells without current injection approval.

III. Civil Penalties

Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section 3236.5, by this Order the Supervisor imposes on Operator administrative civil penalties totaling two hundred sixty-nine thousand dollars (\$269,000.00) as follows:

Violation Description	Number of Violations	Total Civil Penalty per violation
Injection into a well without injection approval (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (a) & (e), 1724.10.2, subd. (a) & (b), 1724.13, subd. (a)(1))	1,342	\$200.00
Failure to disconnect injection lines from a well without injection approval (Regulations, § 1777, subd. (c)(4))	3	\$200.00
	<b>Total Civil Penalties:</b>	\$269,000.00

For purposes of this Order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalties, including: characterizing the violations as “minor” (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC section 3236.5, subdivision (a), and the extended and ongoing period of non-compliance as well as the mandated regulatory assessment of daily penalties for unauthorized injection pursuant to Regulations section 1724.13, subsection (c).

1 In addition, the Supervisor is exercising his discretion to limit the civil penalties imposed  
2 by this Order to violations for unauthorized injection which occurred after September 8, 2023,  
3 on a per well basis. Further, regardless of the number of days of unauthorized injection, the  
4 Supervisor is imposing a civil penalty for only one violation of Regulations section 1777,  
5 subdivision (c)(4), for failure to disconnect injection lines, on a per well basis.

6 Nothing in this Order is intended nor shall it be construed to limit or preclude CalGEM  
7 from taking any action authorized by law, including imposing civil penalties for the other  
8 violations addressed by this Order.

#### 9 **IV. Operator's Required Actions**

10 For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5,  
11 and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777, **IT IS HEREBY**  
12 **ORDERED** that Operator:

- 13 1) As soon as it is safe to do so, cease injection and disconnect the injection lines  
14 from all wells without current injection approval; and
- 15 2) Pay civil penalties in the amount of two hundred sixty-nine thousand dollars  
16 (\$269,000.00)

17 Operator is required to pay the civil penalties amount within **thirty (30) days** from the  
18 date this Order is issued. Daily violations and penalties may continue to accrue if these  
19 requirements are not addressed to CalGEM's satisfaction.

20 To remit payment of the civil penalties online, please visit  
21 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department  
22 of Conservation Geologic Energy Management Division," then follow the instructions on the  
23 screen. When filling out the "order number" field, please type the order number followed by  
24 the letter "O."

25 To remit payment of the civil penalties by mail, please send a check payable to  
26 "Department of Conservation" to the following address:

27 ///

28 ///

Department of Conservation  
CalGEM, Attn: Operational Management Unit  
715 P Street, MS 18-03  
Sacramento, California 95814

Please include the Operator name, Order number, and phrase "Oil and Gas Environmental Remediation Account" on the check itself.

Please contact Jon Iverson via email at [Jon.Iverson@conservation.ca.gov](mailto:Jon.Iverson@conservation.ca.gov) with any questions concerning the violations.

For wells without current injection approval, injection operations shall not resume without subsequent written approval from CalGEM. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a) & (e), 1724.10.2, 1724.13, subd. (b).)

#### **V. Operator's Appeal Rights**

Operator may appeal this Order by filing a timely written notice of appeal with the Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing with the PRC section 3350. (PRC, § 3225, subd. (d).) If this Order is mailed to you, the Director must receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent via email to [OfficeofAppeals@conservation.ca.gov](mailto:OfficeofAppeals@conservation.ca.gov) or via U.S. mail to:

Department of Conservation  
Director's Office of Appeals  
715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
Sacramento, California 95814

If Operator files a timely written notice of appeal, Operator will be informed of the appeal hearing date, time, and place. Following the hearing, Operator will receive a written decision that affirms, sets aside, or modifies the appealed order.

#### **VI. Other Potential Actions to Enforce This Order**

Failure to comply with Section IV (Operator's Required Actions) of this Order could subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5 authorizes the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of

Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may in the future impose further civil penalties based on the facts and omissions underlying this Order. PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or the decommissioning of a production facility if an operator has failed to comply with an order of the Supervisor within the time provided by the order or has failed to challenge the order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct offense. (PRC, § 3359.)

DATED: 12/4/2025

*Doug Ito*  
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 Doug Ito  
 State Oil and Gas Supervisor