

California Geologic Energy Management Division
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STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO CEASE AND DESIST OPERATIONS
AND PERFORM REMEDIAL WORK

NO. 1593

Operator: UYBC, LLC

Field: N/A*

* Not located within the administrative boundaries of an oil field

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**) and California Code of Regulations, title 14 (**Regulations**) may determine that an emergency exists in connection with oilfield operations and, in so determining, may order or undertake the actions the Supervisor deems necessary to protect life, health, property, or natural resources. (PRC, §§ 3013, 3106, 3226.) In addition, upon determination that a production facility is being operated in violation of the standards prescribed in PRC section 3270, the Supervisor may issue a cease-and-desist order requiring the operator to cease operation until the violations have been satisfactorily corrected. (PRC, § 3270.3.) Further, the Supervisor may order remedial work which, in the Supervisor's judgment, is necessary to prevent damage to life, health, property, and natural resources, and such remedial order may include an order to cease and desist specified activities that threaten such damage. (PRC, § 3224.)

Based on records provided to CalGEM by the Bureau of Land Management (BLM), UYBC, LLC (**Operator**) is an "operator" (as defined in PRC section 3009) and is responsible for the wells and associated production facilities at Assessor's Parcel Number (APN) 183-190-18 in Kern County (**Site** or "**Stanford Lease**"). Prior to being contacted by BLM on or about September 12, 2025, CalGEM's information and belief was that the Site was shuttered by the previous Operator in 2018. **Attachment A**, incorporated herein, contains a list of CalGEM's best information pertaining to wells and facilities at the Site, at issue in this Order.

As described in more detail below, CalGEM staff conducted inspections of the Wells and Facilities and observed conditions that pose an immediate threat to life, health, property, and natural resources, due to Operator's lack of reporting, monitoring, testing, maintenance and adherence to safety standards and requirements. Therefore, the Supervisor has determined that an emergency exists and pursuant to PRC sections 3013, 3106, 3224, 3226 and 3270 and Regulations sections 1771, 1773.1, 1773.3, 1775, and 1777, among others, the

Supervisor hereby orders Operator to take immediate action to commence and continue to completion all required actions in Section IV of this Order, and until such time cease and desist all operation of the Wells and the Facilities for oil and gas production.

Attachment B, incorporated herein, contains a list of definitions and authorities that are applicable to this Cease and Desist Order.

II. Operator Information

Based on CalGEM's information, at all times relevant to this Order, UYBC, LLC., is or was the "operator," as defined in PRC section 3009, of the "wells" as defined in PRC section 3008, subdivision (a) and is conducting "operations" as defined in Regulations section 1720, subdivision (f).

III. Alleged Acts/Omissions

Operator has not complied with applicable requirements for operation of the Wells and Facilities. CalGEM's records and recent inspections reflect Operator's failure to report, monitor, test, and adhere to maintenance, safety standards and requirements constituting an emergency which poses an immediate threat to life, health, property, and natural resources. The violations at issue are identified below.

CalGEM staff conducted inspections of the property on October 1, 2025 and October 22, 2025 and observed that in addition to the four Wells, the Site contained two Baker tanks, four Hyland tanks, and other infrastructure including a flare, separator, heater, compressor, and a trailer on the property, among other things.

CalGEM staff observed leaking fluids and oil-stained soil throughout the Site, in violation of Regulations sections 1775, subdivision (a), 1771, 1773.3 subdivision (b)(1) and 1777, subdivision (a). (**Attachment C**, incorporated herein.) Failure to properly dispose of oilfield waste and refuse can result in the release of hazardous materials into the environment, potentially contaminating soil, air, groundwater and/or drinking water, or otherwise presenting a public nuisance. Oilfield waste also poses a threat to livestock and/or wildlife as well as creates a fire hazard for the reasons noted below. Unused and improperly maintained

1 equipment and other refuse was observed throughout the property.

2 The Site contains numerous conditions posing a significant fire hazard in violation of the
3 Regulations, including: a gas compressor powered by car batteries with unsecured
4 connections over flammable fluid (Regulations, § 1722 subd. (a); **Attachment D**, incorporated
5 herein); a solar panel on an unsecured power box immediately adjacent to dry brush (*Id.*); a
6 gas leak on the gas lift pump near an ignition source (*Id.*); and fluids leaking directly from the
7 pump. (*Id.*) The area experiences high winds, and while situated in what the Office of the
8 State Fire Marshal (Cal Fire) deems a Moderate Fire Severity Zone, it is adjacent to Very High
9 Fire Severity Zone and immediately adjacent to the Midway-Sunset Field, a large and densely
10 developed oil and gas field, which represents high potential for fire hazard. CalGEM staff
11 observed burn scars and other evidence of a recent fire.

12 Sections III. A – D below outline additional violations of CalGEM's statutes and Regulations
13 that were observed at the Site.

14 **A. Violations Associated with Baker Tanks**

15 On October 1, 2025, CalGEM staff observed leaking tanks containing unknown fluids
16 and open to the atmosphere at numerous points. CalGEM staff observed the tanks to be in
17 use, with evidence of ongoing leaks of crude oil, such as staining and heavily saturated soil.
18 Unknown contents and substandard tank integrity pose a significant risk of environmental
19 harm. Furthermore, on October 22, 2025, CalGEM staff again observed fluid levels, recording a
20 noticeable change in the tanks' levels from the previous inspection, indicating activity on the
21 Site and exacerbating the potential for environmental harm. CalGEM staff observed the
22 following violations:

- 23 1. Failure to provide adequate secondary containment (Regulations, § 1773.1);
- 24 2. Failure to comply with tank construction and leak detection requirements
25 including a leak detection system and impermeable barrier (Regulations, §
26 1773.2 subds. (a), (b), (d));
- 27 3. Failure to comply with tank maintenance and inspections (Regulations, §

1773.3 subds. (a) - (c));

4. Failure to comply with tank testing (Regulations, § 1773.4 subds. (a), (g));
5. Tanks improperly labeled (Regulations, § 1773.3 subd. (a));
6. Tanks installed without notifying the Division (Regulations, § 1777.2 subds. (a), (b));
7. Blue tank (Lic. #668856) has an open hatch allowing fugitive emissions/tanks venting to atmosphere (Regulations, § 1777 subd. (a); PRC, § 3300);
8. The tanks are too close together (Regulations, § 1773.2 subd. (a));
9. Discharge outside of containment (Regulations, §§ 1775 subd. (a); 1771);
10. Refuse and waste observed near tanks including pallets, tires, a steel grated step, and oil-stained soil (Regulations, § 1775 subds. (a), (c)).

B. Violations Associated with Hyland Storage Tanks

Regulations section 1773.3, subdivision (b), requires operators to inspect in-service tanks at least once a month for leakage, corrosion, and other maintenance issues. Regulations section 1773.3, subdivision (c), requires operators to report leaking tanks to CalGEM within 48 hours, to take the leaking tank out of service, and to designate it as an Out-of-Service tank.

During the October 1, 2025 inspection, CalGEM staff observed the Hyland tanks to be actively in-use, with evidence of ongoing leaks of crude oil, such as staining and heavily saturated soil, indicating that Operator failed to inspect the tanks in violation of Regulations section 1773.3, subdivision (b). CalGEM staff observed the NE Tank (31645) to be leaking at the base and top of the tank. (Regulations, § 1773.3, subd. (b)(1); **Attachment E**, incorporated herein.) In addition, Operator failed to report the leaks within 48 hours or otherwise, in violation of Regulations section 1773.3, subdivision (c).

Failure to maintain production facilities and prevent leaks and spills through regular inspections can result in the release of hazardous materials into the environment, potentially contaminating soil, air, groundwater and/or drinking water, or otherwise presenting a public nuisance. Oil spills and leaks also pose a threat to livestock and/or wildlife as well as creates a

1 fire hazard for the reasons noted above. Moreover, failure to report leaks impedes CalGEM's
2 ability to effectively supervise oil and gas production operations.

3 CalGEM does not have any records from Operator reporting leaks from the above-
4 referenced tanks, demonstrating that the tanks have been inspected on a monthly basis, or
5 otherwise indicating that each tank has been taken out of service or properly designated as
6 an Out-of-Service tank.

7 Additional violations observed by CalGEM staff include:

- 8 1. Failure to inspect for, report leaking tanks and designate as Out-of-Service
9 (Regulations, § 1773.3, subds. (b), (c));
- 10 2. Tanks contain fluid without secondary containment (Regulations, § 1773.1);
- 11 3. Tanks are improperly labeled (Regulations, § 1773.3, subd. (a));
- 12 4. Tanks lack a leak detection system and/or vapor recovery system allowing
13 fugitive methane emissions (Regulations, §§ 1773.2, subd. (b); 1777, subd. (a);
14 **Attachment F**, incorporated herein);
- 15 5. Tanks installed without notifying the Division (Regulations, § 1777.2, subds. (a),
16 (b));
- 17 6. Discharge outside of containment (Regulations, §§ 1775, subd. (a), 1771);
- 18 7. Tanks 31645 and 31659: Inadequate impermeable barrier does not cover
19 base of and does not direct fluids away from tank (Regulations, § 1773.2
20 subd. (b));
- 21 8. Tank 31645: Patches of unpainted and exposed corrosion (Regulations, §
22 1773.3, subd. (b)(2));
- 23 9. Tank 31607: Overflow staining observed on tank top, over sides and reaches
24 the ground (Regulations, § 1777, subd. (a)).

25 **C. Violations Associated with Wells**

26 CalGEM staff observed the following well violations:
27

1. Failure to maintain cellar cover and/or keep drained (Regulations, § 1777, subd. (c)(3))

Regulations section 1777, subdivision (c)(3), requires that well cellars be covered and kept drained with grating or flooring installed and maintained in good condition. The well cellar is an excavated area around the wellhead that provides space for equipment at the top of the wellbore. CalGEM staff observed the cellars of Wells BLM 1-19, BLM 2-19 and 3-19 to be improperly covered in violation of Regulations section 1777, subdivision (c)(3). The gaps in covering on Wells 1-19 and 2-19 are large enough to allow wildlife to enter, and contain fluid in the cellars.

Failure to properly cover well cellars with grating or flooring, maintained in good condition, poses a potential threat of entrapment to people, livestock, and/or wildlife because it creates a risk of falling into a subsurface enclosure upon which escape may be difficult or impossible. Failure to keep well cellars drained poses a potential threat to people, livestock, and/or wildlife because in the event of becoming entrapped, the cellar fluid presents a drowning risk and a hazardous vapor (e.g., hydrogen sulfide (H₂S)) risk. Moreover, a standing pool of hydrocarbon fluid also presents a fire hazard, and wellhead valves and casing submerged in fluid can corrode over time, making valves inoperable and compromising casing integrity.

2. Failure to properly maintain Wells and Facilities in accordance with good oilfield practices (Regulations, § 1722, subd. (a))

CalGEM staff observed weeds, bushes and dry brush on and near Well cellars (BLM 1-19, BLM 2-19, BLM 3-19, BLM 4-19) and in close proximity to pressurized gas lift systems, posing a fire hazard (BLM 1-19, BLM 2-19) in violation of Regulations section 1722, subdivision (a) which requires "all operations" to be "conducted in accordance with good oilfield practice." (**Attachment G**, incorporated herein.)

Additional observed violations include:

- i. Well BLM 1-19: Gauges on the Well show approximately 830 PSI. This high

pressure requires a blowout prevention and control plan (Regulations, § 1722, subd. (c));

ii. Well BLM 2-19 emitted an audible hissing sound and prominent odor near the Well indicating a leak (Regulations, § 1722, subd. (a));

iii. Wells BLM 3-19 and BLM 4-19: No wells sign in violation of Regulations, § 1722.1.1 subd. (a);

iv. Well BLM 4-19: Refuse and/or waste present (Regulations, § 1775, subd. (c).)

3. Unauthorized use of unlined channels or ditches to transport wastewater or oil (Regulations, § 1771)

Regulations section 1771 prohibits transporting wastewater or oil using unlined channels and ditches. During CalGEM's inspections, staff observed potential discharge paths of produced water via an unlined, unnetted channel, in violation of Regulations section 1771. In addition, based on information and belief, the discharged oily water flows downstream intersecting with a stream of flowing water.

Failure to properly dispose of oil or oily water using unlined channels poses a threat of contaminating soil, groundwater and/or drinking water, or otherwise presenting a public nuisance, because there is no surface barrier. Moreover, failure to properly cover oil or oily water being disposed of using unlined channels poses a threat to livestock and/or wildlife for the reasons noted above. Acceptable methods for disposal include injection into an approved injection or disposal well or transfer to another operator capable of carrying out proper disposal. CalGEM does not have any records from Operator demonstrating CalGEM's approval or that otherwise ensure the use of the channel does not pose a hazard.

D. Procedural Violations

Upon acquisition of the Wells, Operator was required to:

1. Notify the supervisor or district deputy of well acquisition and operation (PRC, §§ 3201, 3202);

2. File a Spill Contingency Plan within three months of acquisition or operation (Regulations, §§ 1722 subd. (b); 1722.9 subds. (a)-(n));
3. Submit a Blowout Prevention and Control Plan, if the wells are high pressure wells (Regulations, § 1722 subd. (c));
4. File appropriate bonding (PRC, §§ 3204, 3205, 3205.1, 3205.2, and 3205.3; Regulations, § 1722.1);
5. Submit the required notice of new production facilities (Regulations, § 1765.5);
6. Provide a statement of determination that the location is not within a health protection zone (Regulations, § 1765.9);
7. Comply with production facility reporting requirements (Regulations, § 1777.2 subds. (a), (b));
8. Maintain and submit records of production facilities (Regulations, § 1777.3 subds. (a) – (c));
9. Prepare and submit a Preventative Maintenance Program Plan (Regulations, § 1777, subd. (b));
10. Test idle wells (Regulations, §§ 1723.9; 1772; 1772.1); and
11. Pay idle well fees (PRC, § 3206).

IV. Operator's Required Actions

Based on the above, and pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3270, 3270.5, and Regulations sections 1771, 1772, 1772.1, 1772.1.4, 1773, 1774.2, 1775 and 1777, among others, the Supervisor hereby orders Operator to:

A. Immediate Required Actions

Operator shall immediately:

1. Cease and desist all oil and gas production operations until CalGEM authorizes Operator to resume pursuant to paragraph IV. B.7, below. In ceasing operations pursuant to this Order, Operator shall ensure that all necessary steps are taken such that the Wells and Facilities do not pose a risk to public health or safety or the environment in their non-

operational status, including shutting-in wells, draining and disposing of fluids, decommissioning tanks, and isolating pipelines. After shutting-in wells, designating tanks Out-of-Service, and isolating pipelines, Operator shall provide written notification via electronic mail to: Dustin Leavitt, Dustin.Leavitt@conservation.ca.gov. The notification(s) shall include a detailed description of how the Wells and Facilities were shut-in, facilities drained and designated Out-of-Service, and any pipelines that were isolated. All applicable waste shall be removed in accordance with Regulations section 1775;

2. Designate an agent in accordance with PRC section 3200;
3. Identify themselves as a new operator to CalGEM in accordance with PRC section 3202, including all applicable information and submissions;
4. Obtain applicable bonding as required in PRC sections 3204, 3205, 3205.1, 3205.2 and 3205.3;
5. Post identification as required in Regulations sections 1722.1.1 and 1773.3;
6. Submit production reports from the date of acquisition through decommissioning in response to this Order including disposition information as required in PRC section 3227; and
7. If within six months of the date of this order, the tanks remain designated Out-of-Service, they must meet Out-of-Service tank requirements, in accordance with Regulations section 1773.5.

B. Actions Required Prior to the Return of Operations

In addition to taking those actions listed above in section IV. A, prior to returning any equipment to use, Operator shall:

1. Comply with all requirements listed above in Section III. D.1 – 12;
2. Bring all applicable tanks, as defined in Regulations section 1760 subdivision (k), into compliance with Regulations section 1773;
3. Bring all pipelines, as defined in Regulations section 1760 subdivision (q), into compliance with Regulations sections 1774, 1774.1, and 1774.2. Operator shall submit for

CalGEM's review and approval a pipeline management plan consistent with Regulations section 1774.2. All pipelines must have successful mechanical integrity tests. (Regulations, § 1774.1, subd. (c)). Prior to testing pipelines, the operator shall obtain CalGEM approval of the testing method and notify the CalGEM district office so a CalGEM field inspector can be present to witness mechanical integrity testing (Regulations, § 1777.2, subd.(c).) Operator shall submit to CalGEM for review and approval the results of successful mechanical integrity tests, in compliance with Regulations section 1774.1, subdivision (i);

4. Bring all applicable production equipment, as defined in Regulations section 1760 subdivision (r), into compliance with Regulations sections 1777 and 1722;

5. Ensure the onsite flare is permitted and in compliance with applicable San Joaquin Valley Air Quality Management District laws and regulations. The flare shall not pose a fire risk as required by Environmental Protection Agency, National Fire Protection Association and other common industry practices (Regulations, § 1779); and

6. Prior to return of use, wells identified by CalGEM as idle, as defined in Regulations section 1760 subdivision (n), must be in compliance with sections 1772 and 1772.1.

7. Operator shall not resume operations without written approval from CalGEM confirming that the violations have been corrected.

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 PRC section 3350. (PRC, §§ 3225, subd. (d); 3236.5, subd. (c).) If this Order is mailed to you, the Director must receive the appeal within (15) days from the date the Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent 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

Or via electronic mail to: OfficeofAppeals@conservation.ca.gov

If Operator does not file a timely written notice of appeal, this Order will become a final order.

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, and interested parties, will receive a written decision that affirms, sets aside, or modifies the appealed order.

If the work is not immediately commenced and continued to completion within thirty (30) days of this Order, CalGEM may contract for performance of the work consistent with PRC section 3226. Any amount that CalGEM expends will constitute a lien against Operator's real and/or personal property. (PRC, §§ 3225, 3356.)

An appeal of this Order will not operate as a stay (PRC, § 3350, subd. (b)(1).) Therefore, Operator must immediately perform the emergency work described herein. If Operator believes that it will be irretrievably injured by performing the work required by this Order pending the outcome of the appeal, if any, Operator may seek an order from the appropriate Superior Court restraining CalGEM from enforcing the Order pending the outcome of the appeal. (PRC § 3350, subd. (b)(4).)

VI. Other Potential Actions to Enforce This Order

CalGEM reserves all of its statutory and regulatory power, authorities, rights and remedies to protect public health or the environment. By issuing this Order, CalGEM does not waive the right to take further enforcement action for violations of law, whether or not those violations were identified in this Order. Failure to comply with Section IV (Operator's Required Actions) of this order could subject Operator to further enforcement action. CalGEM reserves the right to assess a penalty at a later time against Operator for the violations identified in this Order. A continuing failure to submit a pipeline management plan and conduct mechanical integrity testing could subject Operator to additional civil penalties even if this order is appealed.

1 PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects,
2 or refuses to comply with any of the provisions of the oil and gas conservation laws
3 commencing at PRC section 3000. PRC section 3236.5 authorizes the Supervisor to impose a
4 civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the PRC or any
5 regulation that implements those statutes, and the Supervisor may in the future impose further
6 civil penalties based on the facts and omissions underlying this order. PRC section 3237
7 authorizes the Supervisor to order the plugging and abandonment of a well or the
8 decommissioning of a production facility if an operator has failed to comply with an order of
9 the Supervisor within the time provided by the order or has failed to challenge the order on a
10 timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
11 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
12 offense. (PRC, § 3359.)

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16
17 DATED: 1/15/2026

Lindsey Miller

Lindsey Miller
CalGEM Enforcement Chief, on
behalf of the State Oil and Gas
Supervisor