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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**
15 **NO. 1608**
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18 **Operator: West American Energy Corporation (W1127)**
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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, West American Energy Corporation (**Operator**) is the "operator" (as defined in PRC section 3009) of the "injection well" (as defined in Regulations section 1720.1, subdivision (f)) identified on **Attachment A**, incorporated herein (**the Well**). 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 Part Two on the Well by specified dates and failed to timely perform one or both of the tests on the Well. 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 Well, immediately notify CalGEM that it had not performed MIT Part One or Part Two, as applicable, on the Well, and disconnect the injection lines from the Well, 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 within thirty (30) days of this Order pay civil penalties totaling fifty-six thousand four hundred dollars (\$56,400.00), 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.

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II. Alleged Acts/Omissions

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2 "Any injection well, including a well not actively injecting, that is not tested as required
3 under Sections 1724.10.1 and 1724.10.2 shall automatically lose approval to inject, and
4 subsequent written approval from the Division is required to reinitiate injection." (Regulations, §
5 1724.10, subd. (i)(4).) Accordingly, to maintain uninterrupted injection approval for injection
6 wells, that as of April 1, 2019, were approved for injection but were not previously subject to
7 periodic casing pressure testing requirements, MIT Part One is required to be successfully
8 completed on each such injection well every five (5) years (except for gas disposal wells)
9 starting no later than by April 1, 2024. (Regulations, §1724.10.1, subd. (e).) In addition, to
10 maintain uninterrupted injection approval for injection wells, commencing April 1, 2019, MIT
11 Part Two (fluid migration testing) is required to be successfully completed on each such
12 injection well every two (2) years, with certain exceptions, including "[d]isposal injection wells
13 shall be tested at least once a year" and "[t]esting is required when requested by the Division,
14 including as may be specified in the Project Approval Letter [PAL]." (Regulations, §1724.10.2,
15 subd. (b).)

16 In performing the testing, operators must notify CalGEM at least 48 hours in advance
17 and provide the digital copies of surveys and test results within sixty (60) days. (Regulations, §
18 1724.10, subd. (i)(1)-(2).) An operator must cease injection into an injection well and
19 immediately notify CalGEM if, among other reasons, MIT Part One and/or MIT Part Two has not
20 been timely performed or the results of such testing has not been provided. (Regulations, §§
21 1724.6, subd. (e), 1724. 10, subd. (i)(4), 1724.10.1, subd. (a), 1724.13, subd. (a)(1).) Further, an
22 operator must disconnect injection lines from the injection well if there is no current injection
23 approval from CalGEM. (Regulations, §§ 1724.13, subd. (c), 1777, subd. (c)(4).) Each day an
24 operator injects into an injection well without approval constitutes a separate violation.
25 (Regulations, § 1724.13, subd. (c).)

26 On September 8, 2023, CalGEM sent a Notice to Operators (NTO 2023-09) as a reminder
27 to Operator of the testing requirements set forth in Regulations sections 1724.10.1 and
28 1724.10.2, including an explanation that MIT Part One and Part Two must be completed for

1 subject wells by April 1, 2024, or other date per the testing frequency stated in the applicable
 2 PAL, to maintain uninterrupted approval for injection activity. (**Attachment C**, incorporated
 3 herein.)

4 During all times relevant to this Order, CalGEM's records indicate that the Well was a
 5 "disposal injection well" (as defined in Regulations section 1720.1, subdivision (c)). As indicated
 6 in Operator's PAL, as of April 1, 2019, the Well was not previously subject to periodic casing
 7 pressure testing requirements but was subject annual fluid migration testing.

8 Based on CalGEM's records, Operator successfully performed mechanical integrity tests
 9 on the Well as described in the table below.

API	Well Designation	Dates of Previous MIT Part One	Dates of Previous MIT Part Two
0402965698	Holly Lord One 3	3/16/2015 5/1/2024	1/25/2023 2/13/2024 12/16/2025

14 As indicated, Operator failed to perform MIT Part One on the Well by April 1, 2024, as required.
 15 In addition, Operator failed to perform MIT Part Two on the Well within one year from the
 16 previously successful tests, and for a significant period after April 1, 2019.

17 After each instance of missing a testing due date, Operator automatically lost approval
 18 for injection into the Well, and Operator would have continued to lack injection approval
 19 unless subsequent written approval from CalGEM was provided. (Regulations, §§ 1724.6, subd.
 20 (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a) & (e), 1724.10.2, 1724.13, subd. (b).) Following this
 21 automatic loss of injection approval, Operator was required to cease injection into the Well,
 22 immediately notify CalGEM of its failure to timely perform the testing, and disconnect the Well
 23 from any injection lines, and, as described further below, Operator failed to do so in violation
 24 of Regulations sections 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777.

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

Based on Operator's self-reported injection activity, Operator continued injection into the Well without approval as described in the table below, combining into a total of 281 days of unauthorized injection. The date ranges only include days of unauthorized injection once.

API	Well Designation	Date Ranges for Civil Penalties	# Days of Unauthorized Injection for Civil Penalties
0402965698	Holly Lord One 3	Due to MIT Part One Non-Compliance: April 2024 Due to MIT Part Two Non-Compliance: January 2024 – February 2024, February 2025 – October 2025	281
		Total Days:	281

As of the date of this Order, based on CalGEM's records, injection approval for the Well has been reinstated as of December 15, 2025.

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 fifty-six thousand four hundred dollars (\$56,400.00) as follows:

Violation Description	Number of Violations	Civil Penalty Amount Per Violation	Total Civil Penalties Amount
Injection into a well without injection approval (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e), 1724.10.2, subd. (b)(1), 1724.13, subd. (a)(1) & (3))	281	\$200.00	\$56,200.00
Failure to disconnect injection lines from a well without injection approval (Regulations, § 1777, subd. (c)(4))	1	\$200.00	\$200.00
		Total Civil Penalties	\$56,400.00

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

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

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

15 **IV. Operator's Required Actions**

16 For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5,
17 and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777, **IT IS HEREBY**
18 **ORDERED** that Operator pay civil penalties in the amount of fifty-six thousand four hundred
19 dollars (\$56,400.00).

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

23 To remit payment of the civil penalties online, please visit
24 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department
25 of Conservation Geologic Energy Management Division," then follow the instructions on the
26 screen. When filling out the "order number" field, please type the order number followed by
27 the letter "O."
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To remit payment of the civil penalties by mail, please send a check payable to "Department of Conservation" to the following address:

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.

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).) 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 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

1 a well or the decommissioning of a production facility if an operator has failed to comply with
2 an order of the Supervisor within the time provided by the order or has failed to challenge the
3 order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply
4 with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and
5 distinct offense. (PRC, § 3359.)
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8 DATED: 3/12/2026

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

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