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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 A CIVIL PENALTY**
15 **NO. 1615**
16

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18 **Operator: Lobo Operations LLC (11580)**
19 **Field Name: Devils Den**
20 **County: Kern**
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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, Lobo Operations LLC (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities identified on **Attachment A**, incorporated herein (the **Wells** and **Facilities**). As described in more detail below, Operator has not maintained compliance with applicable regulatory requirements for operation of the Wells. Operator's failure to comply with the Regulations poses a potential threat to life, health, property, and natural resources and constitutes violations requiring remedial work for which the Supervisor has determined an imposition of a civil penalty is appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270, and Regulations sections 1770 and 1777, the Supervisor is ordering Operator to pay an administrative civil penalty for the violations.

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

Alleged Acts and Omissions

Based on CalGEM's records, at all times relevant to this Order, Operator was the operator, as defined in PRC section 3009, of the Wells and Facilities. On or about January 14, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Devils Den Field. (**Attachments C, D, E, F, and G** incorporated herein.)

CalGEM records reflect Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. Operator's lack of adherence to the

1 Regulations poses a potential threat to life, health, property, and natural resources. The
 2 violations at issue are identified below.

3 **A. Failure to maintain bolts on wellhead. (Regulations § 1777, subd. (a).)**

4 The wellhead is equipment secured to the upper part of a well, located above the
 5 casing and is held in place by a series of bolts. Damaged or missing bolts on the wellhead may
 6 lead to leaking around the wellhead. Production facilities include wellheads. (PRC, § 3010;
 7 Regulations, § 1760, subd. (r).) Operators are required to maintain production facilities in good
 8 condition and in a manner to prevent leakage or corrosion and to safeguard life, health,
 9 property, and natural resources and conduct operations in accordance with good oilfield
 10 practices. (Regulations, §§ 1722, subd. (a); 1777, subd. (a).)

11 During its inspections, CalGEM observed bolts missing from the wellheads at the
 12 following wells, as well as missing or inadequate bull plugs, in violation of Regulations, section
 13 1777, subdivision (a):

API	Well Designation
0402958192	Fee 21
0402939806	Fee 16
0402939805	Fee 15
0402943383	Smith 15
0402943453	Smith 16
0402939793	Fee 1
0402939798	Fee 6
0402939796	Fee 4
0402939731	Le Baron 1

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 21 As of the date of this order, CalGEM records indicate that these violations have been
 22 remediated by Operator.

23 **B. Failure to maintain facilities in good condition and in a manner to prevent leakage or**
 24 **corrosion. (Regulations, §§ 1777, subd. (a).)**

25 Operators are required to maintain production facilities in good condition and in a
 26 manner to prevent leakage or corrosion and to safeguard life, health, property, and natural
 27 resources and conduct operations in accordance with good oilfield practices. (Regulations, §
 28

1777, subd. (a).) Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).)

During the inspections, CalGEM observed a liquid leak at the following wellheads, indicating that the wells were not being maintained in a good condition and in a manner to prevent leakage or corrosion, in violation of the Regulations, section 1777, subdivision (a):

API	Well Designation
0402901236	Grace Cairns 1
0402939780	Smith 2
0402939779	Smith 10
0402939731	Le Baron 1

As of the date of this order, CalGEM records indicate that these violations have been remediated by Operator.

Civil Penalties

A. 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 an administrative civil penalty totaling five thousand eight hundred five dollars (\$5,805.00 dollars) for the 13 violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) API 0402939793 API 0402939798 API 0402958192 API 0402939806 API 0402939805 API 0402943383 API 0402943453	7	\$385.00	\$2,695.00
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).)	2	\$455.00	\$910.00

1	API 0402939796 API 0402939731			
2	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)	2	\$450.00	\$900.00
3				
4	API 0402939780 API 0402939731			
5	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)	1	\$600.00	\$600.00
6				
7	API 0402939779			
8	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)	1	\$700.00	\$700.00
9				
10	API 0402901236			
11			Total Civil Penalties:	5,805.00
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15 For purposes of this Order, the Supervisor considered relevant circumstances when
 16 establishing the amount of the administrative civil penalty, including: characterizing the
 17 violations as “minor” (as defined in PRC section 3236.5, subdivision (b)), the eight factors
 18 identified in PRC section 3236.5, subdivision (a), and the following: the Well and tank are
 19 located in an urban area, as defined by Regulations section 1760, subdivision (y), are inside a
 20 health protection zone, as defined by Regulations section 1765.1, subdivision (b), are
 21 environmentally sensitive, as defined by Regulations section 1760, subdivision (f), and the Well
 22 is a critical well, as defined by Regulations section 1720, subdivision (a).

23 **Operator’s Required Actions**

24 For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226,
 25 3236.5, and 3270, and Regulations sections 1777, subd. (a) and section 1770, subdivision (b)(3),
 26 **IT IS HEREBY ORDERED** that within 30 days, Operator:
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1 Pay administrative civil penalties of five thousand eight hundred five dollars
2 (\$5,805.00).

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

8 To remit payment of the civil penalty by mail, please send a check payable to
9 "Department of Conservation" to the following address:

10 Department of Conservation
11 CalGEM, Attn: Operational Management Unit
12 715 P Street, MS 1803
13 Sacramento, California 95814

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

16 **Operator's Appeal Rights**

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

22 Department of Conservation
23 Director's Office of Appeals
24 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
25 Sacramento, California 95814

26 Or via electronic mail to:

27 OfficeofAppeals@conservation.ca.gov

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

1 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
2 following an appeal, this Order will become a final order and CalGEM may contract for
3 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
4 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
5 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
6 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
7 3356.)

8 **Other Potential Actions to Enforce This Order**

9 Failure to comply with Section IV (Operator's Required Actions) of this Order could
10 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
11 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
12 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
13 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
14 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
15 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
16 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
17 PRC or any regulation that implements those statutes, and the Supervisor may in the future
18 impose further civil penalties based on the facts and omissions underlying this order. PRC
19 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
20 the decommissioning of a production facility if an operator has failed to comply with an order
21 of the Supervisor within the time provided by the order or has failed to challenge the order on
22 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
23 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
24 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
25 further enforcement actions.
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DATED 4/2/2026

Doug Ito
Doug Ito
State Oil and Gas Supervisor