

Department of Conservation, Geologic Energy Management Division
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STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO PAY CIVIL PENALTIES
NO. 1669

Operator: CalNRG Operating, LLC (E0455)

Field Name: Richfield

County: Orange

District: Southern

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, CalNRG Operating, LLC (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Well and associated Production Facilities identified on **Attachment A**, incorporated herein (the "**Well**" and "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Well and the Facilities. Operator's failure to comply with the Regulations poses a potential threat to life, health, property, and natural resources for which the Supervisor has determined imposition of a civil penalty is appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3225, 3236.5, and 3270 and Regulations sections 1775 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.

II. 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 Well and Facilities. On or about March 3, 2026, CalGEM conducted an inspection of the Well and Facilities where the violations described below were observed and documented in the Richfield Field. (**Attachment C**, incorporated herein.)

These violations reflect Operator has not maintained compliance with applicable requirements for operation of the Well and the Facilities. Operator's lack of adherence to the Regulations poses a potential threat to life, health, property, and natural resources.

A. Failure to remove oilfield waste and refuse. (Regulations § 1775, subd. (a))

Operators are required to dispose of oilfield wastes, including but not limited to oil, water, chemicals, mud, and cement, and shall be disposed of in such a manner as not to cause damage to life, health, property, freshwater aquifers or surface waters, or natural resources, or be a menace to public safety. (Regulations, § 1775, subd. (a).)

During the inspection, CalGEM observed crude oil in open buckets and open plastic containers and oilfield waste that had not been properly disposed of, in violation of Regulations, sections 1775, subdivision (a), at the following well and production facilities:

API	Well Designation
0405906497	Yarnell (nct-1) 29

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90295483	Richfield Consolidated Tank Farm	Southern	N/A	N/A	Setting
90295483	Richfield Consolidated Tank Farm	Southern	14072	T1 Produce Water (Injection Water T-001)	Tank

The three violations were remediated by Operator on or around March 3, 2026, and March 10, 2026.

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

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

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

During the inspection, CalGEM observed a liquid leak at the following wellhead, and the well therefore 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
0405906497	Yarnell (nct-1) 29

The one violation was remediated by Operator on or around March 3, 2026.

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 one thousand two hundred fifty dollars (\$1,250.00) for the four violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalties Totals
Failure to Remove Oilfield Waste and Refuse in Urban Area (Regulations, § 1775, subd. (a)) Facility ID 90295483 Facility ID 14072 API 0405906497	3	\$250.00	\$750.00
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellhead in Urban Area and Health Protection Zone (Regulations, § 1777, subd. (a).) API 0405906497	1	\$500.00	\$500.00
		Total Civil Penalties:	\$1,250.00

For purposes of this Order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalty, 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), the Well and Facilities are located in an urban area, as defined by Regulations section 1760, subdivision (y), the Well is located in a Health Protection Zone as defined by Regulations section 1765.1, subdivision (b), and the mitigating factor of Operator's timeliness of remediating the violations.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, and 3236.5, and Regulations sections 1775 and 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator pay administrative civil penalties of one thousand two hundred fifty dollars (\$1,250.00);

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

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 1803
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

1 receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file
2 an appeal, a written notice of appeal may be sent via U.S. mail to:

3 Department of Conservation
4 Director's Office of Appeals
5 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
6 Sacramento, California 95814

7 Or via electronic mail to:

8 OfficeofAppeals@conservation.ca.gov

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

12 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
13 following an appeal, this Order will become a final order. Any costs incurred by CalGEM to
14 obtain compliance with this Order (which may include penalties and interest) will
15 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
16 3356.)

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

18 Failure to comply with Section IV (Operator's Required Actions) of this Order could
19 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
20 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
21 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
22 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
23 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
24 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
25 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
26 PRC or any regulation that implements those statutes, and the Supervisor may in the future
27 impose further civil penalties based on the facts and omissions underlying this order. PRC
28 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.) By issuance of this Order, the Supervisor does not waive the right to take further enforcement actions.

DATED: 8/12/2026

Doug Ito

Doug Ito
State Oil and Gas Supervisor