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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. 1677**
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18 **Operator: Stone Cabin Resources LLC (\$6385)**
19 **Field Name: Mahala**
20 **San Bernardino County, Southern District**
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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 civil penalties 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, Stone Cabin Resources 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 requirements for operation of the Wells 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 civil penalties is appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations sections 1722, 1773.5, 1775 and 1777, the Supervisor is ordering Operator to pay administrative civil penalties 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 Wells and Facilities. On or about February 10, 2026, CalGEM conducted an inspection of the Wells and Facilities where the violations described below were observed and documented in the Mahala Field. (**Attachment C**, 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 Regulations poses a potential threat to life, health, property, and natural resources. The violations at issue are identified below.

A. Failure to Remove Oilfield Waste. (Regulations § 1775, subd. (a).)

Oilfield waste including but not limited to oil, water, chemicals, mud, and cement, 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 oilfield waste that had not been properly disposed of, in violation of Regulations, sections 1775, subdivision (a), at the following wells:

API	Well Designation
0407120010	Lamb 3
0407100170	L & W 1

The two violations were remediated by Operator on or around April 10, 2026.

B. Failure to Keep Well Cellar Covered. (Regulations, § 1777, subd. (c)(3).)

The well cellar is an excavated area around the wellhead that provides space for equipment at the top of the wellbore. Operators are required to keep well cellars covered and drained. Grating or flooring shall be installed and maintained in good condition so as to exclude people and animals from entering the cellar. (Regulations, § 1777, subd. (c)(3).)

During the inspection, CalGEM observed the well cellar was not properly covered which allowed for wildlife to enter the cellar, in violation of Regulations, section 1777, subd. (c)(3), at the following Well:

API	Well Designation
0407100170	L & W 1

The one violation was remediated by Operator on or around May 22, 2026.

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C. Failure to conduct operations in accordance with good oilfield practice (Regulations § 1722, subd. (a).)

Operators are required to conduct operations in accordance with good oilfield practices, which includes managing vegetation growth and keeping well enclosure area clear of weeds and vegetation. (Regulations, §§ 1722, subd. (a))

During the inspection, CalGEM observed wild vegetation and weeds in the well enclosure area which poses a fire hazard, in violation of Regulations, section 1722, subdivision (a):

API	Well Designation
0407120021	Abacherli 5
0407120027	Abacherli 7
0407120032	Abacherli 8

The three violations were remediated by Operator on or around April 10, 2026.

D. Failure to maintain out-of-service production facilities. (Regulations, §§ 1773.5, subdivisions, (a)(3), (a)(4), and (a)(5).)

Within six months after a production facility is determined to be Out-of-Service, clean-out doors or hatches on Out-of-Service tanks shall be removed and a heavy gauge steel mesh grating (less than 1" spacing) shall be secured over the opening to allow for visual inspection and prevent unauthorized access. The Operator shall label Out-of-Service tanks and vessels in bold letters at least one foot high, if possible, on the side of the tank or vessel at least five feet from the ground surface, or as high as possible, along with the date it was taken out of service. Out-of-Service production facilities shall have valves and fittings removed or secured to prevent unauthorized use. (Regulations, §§ 1773.5 subds. (a)(3), (a)(4), and (a)(5)).

During the inspection of the facilities, CalGEM observed: (1) clean-out doors or hatchways attached to the tank, in violation of Regulations, section 1773.5, subd. (a)(3); (2) the Out-of-Service tank was lacking a visible label with "Out-of-Service" or "OOS" painted on it and missing the date the tank was taken out-of-service, in violation of Regulations, section 1773.5, subd. (a)(4); and (3) valves and fittings were still attached to the tank, in violation of Regulations, section 1773.5, subd. (a)(5) at the following production facility:

Facility Setting ID	Facility Setting Name	Field	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90295584	L & W Well and Facilities	Mahala	Southern	13481	Baker Tank 40	Tank

The three violations were remediated by Operator on or around May 22, 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 six hundred fifty dollars (\$1,650.00) for the ten violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Remove Oilfield Waste (Regulations, § 1775, subd. (a).) API 0407120010 API 0407100170	2	\$100.00	\$200.00
Failure to Conduct Operations in Accordance with Good Oilfield Practices (Regulations, § 1722, subd. (a).) API 0407120021 API 0407120027 API 0407120032	3	\$100.00	\$300.00
Failure to Remove Clean-out Doors or Hatches (Regulations, § 1773.5(a)(3).) Baker Tank 40	1	\$100.00	\$100.00

Failure to Label Out-of-Service with Date Taken Out-of-Service Regulations, § 1773.5(a)(4).)	2	\$100.00	\$200.00
Baker Tank 40			
Failure to Remove Valves and Fittings (Regulations § 1773.5(a)(5).)	1	\$100.00	\$100.00
Baker Tank 40			
Failure to Keep Well Cellar Covered (Regulations, § 1777, subd. (c)(3).)	1	\$750.00	\$750.00
API 0407100170			
		Total Civil Penalty:	\$1,650.00

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), the Wells are environmentally sensitive, as defined by Regulations section 1760, subdivision (f) and Operator's remediation of violations.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, 3236.5, and 3270, and Regulations sections 1722, 1773.5, 1775, and 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator pay administrative civil penalties of one thousand six hundred fifty dollars (\$1,650.00).

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 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 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 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.

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

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 sections 3236.2 and

1 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
2 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
3 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
4 impose civil penalties on a person who violates any provision in Chapter 1 of Division 3 of the
5 PRC or any regulation that implements those statutes, and the Supervisor may in the future
6 impose further civil penalties based on the facts and omissions underlying this order. PRC
7 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
8 the decommissioning of a production facility if an operator has failed to comply with an order
9 of the Supervisor within the time provided by the order or has failed to challenge the order on
10 a 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.) By issuance of this Order, the Supervisor does not waive the right to take
13 further enforcement actions.

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16 DATED: 9/18/2026

Doug Ito

Doug Ito
State Oil and Gas Supervisor