

Department of Conservation, Geologic Energy Management Division
Doug Ito
STATE OIL AND GAS SUPERVISOR
715 P Street, MS 19-06 (Legal Office)
Sacramento, California 95814
Telephone (916) 323-6733

STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO PAY A CIVIL PENALTY AND PERFORM REMEDIAL WORK
NO. 1678

Operator: Drilling & Production Co. (D4300)

Field Name: Tejon

County: Kern

District: Central

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, Drilling & Production Co. (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities identified in **Attachment A**, incorporated herein (the "**Wells**"), which are associated with Underground Injection Control (**UIC**) Project No. 75209006 (the "**Project**").

Under applicable provisions of Regulations section 1724.6, subdivision (d), Operator failed to complete and submit the Periodic Project Review (**PPR**) for the Project by deadline in order to maintain project approval. Therefore, Operator must immediately submit the PPR to confirm the correct Wells in the Project and confirm the Maximum Allowable Surface Pressure (**MASP**). Failure to comply with this Order may result in additional enforcement actions including, but not limited to, losing approval of the Project and Operator could be ordered to stop injecting to the Wells. (Regulations, § 1724.6, subd. (e).)

Therefore, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations section 1724.6, the Supervisor is ordering Operator to (1) pay an administrative civil penalty of two thousand two hundred and fifty dollars (\$2,250) for the violation, and (2) complete the required tests and data retrieval to immediately submit the PPR and confirm the Wells and MASP of the Project.

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

II. Alleged Acts and Omissions

Per Regulations, section 1724.6, subdivision (d), CalGEM will review existing underground injection projects periodically, but not less than once every three years, to verify compliance

1 with the requirements and the terms and conditions of the Project Approval Letter (**PAL**).
2 CalGEM will periodically review the terms and conditions of the PAL to ensure that they are
3 effectively preventing damage to life, health, property, and natural resources. PALs are
4 subject to suspension, modification, or rescission by the Division. Additionally, injection pressure
5 at surface shall not exceed the maximum allowable surface injection pressure for an injection
6 well, as approved by the Division. (Regulations, § 1724.10.3.)

7 On August 6, 2025, CalGEM requested that Operator submit the PPR data for the
8 Project by September 5, 2025. The PPR was not submitted by the deadline, and Operator did
9 not contact CalGEM regarding their plans for coming into compliance. (**Attachment C**,
10 incorporated herein.) On September 8, 2025, CalGEM emailed Operator that the deadline for
11 submission on the PPR had passed, and to return the requested data within the next seven
12 days. (Attachment C.) CalGEM warned that failure to provide a response will result in the
13 issuance of a Notice of Violation and reminded Operator that the requested data is essential
14 for meeting regulatory compliance. On September 30, 2025, CalGEM issued a Notice of
15 Violation to Operator regarding the failure to complete and submit the PPR by the
16 deadline. (**Attachment D**, incorporated herein.)

17 During the November 2025 Periodic Project Review for Operator, CalGEM staff noted
18 that Operator had failed to return the PAL Survey and the datasheet for the Project.
19 (**Attachment E**, incorporated herein.) The PPR process includes determining, from Operator, if
20 the Wells listed in the Project are correct in order to calculate the correct MASP. MASP levels
21 are generally designed to ensure that injected fluids are confined to the approved injection
22 zone and not migrate into a zone where it could degrade valuable groundwater or
23 hydrocarbon resources. Therefore, it is crucial that Operator provide the requested data to
24 avoid potentially damaging the formation and injecting over MASP.
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As of today's date, Operator has not responded to CalGEM's requests. The Operator was contacted multiple times regarding submitting the PPR with no response. Operator's lack of response and continuing failure to complete and submit the PPR and confirm MASP, as required, is in violation of Regulations, section 1724.6, subdivision (d). Operator's lack of adherence to the Regulations poses a potential threat to life, health, property, and natural resources.

III. Civil Penalty, Remedial Work, and Submit Required Documents

A. Civil Penalty

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 two thousand two hundred and fifty dollars (\$2,250.00) for the violation.

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), and Operator's lack of response to CalGEM attempts to communicate with Operator.

B. Complete Remedial Work and Submit Required Documents

Operator must compile the requested data and submit the required PPR confirming the wells and MASP of the Project. Pursuant to PRC sections 3224 and 3226, the Supervisor hereby orders Operator to complete remedial work to come into compliance with Regulations section 1724.6, as outlined below in Operator's Required Actions.

III. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations section 1724.6, **IT IS HEREBY ORDERED** that within thirty (30) days, Operator:

- 1) Pay an administrative civil penalty of two thousand two hundred and fifty dollars (\$2,250.00); and

To remit payment of the civil penalty 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 penalty 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 Operator name, Order number, and phrase "Oil and Gas Environmental Remediation Account" on the check itself.

- 2) In accordance with PRC section 3224 and Regulations section 1724.6 Operator is required to immediately complete and submit a PPR for the UIC program which confirms the Wells and MASP for the Project.

Upon performing the required remedial work, please contact Connie McNew at CalGEM's Central District via email at Connie.McNew@conservation.ca.gov and calgemcentralenvironmental@conservation.ca.gov.

IV. 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 and CalGEM may contract for performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order, Operator has not, in good faith, commenced the work ordered. 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.)

V. Other Potential Actions to Enforce This Order

Failure to comply with Section III (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 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes. 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 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

1 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
2 further enforcement actions.

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4
5 DATED: 9/18/2026

Doug Ito

Doug Ito
State Oil and Gas Supervisor