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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 A CIVIL PENALTY

NO. 1692

Operator: Chevron U.S.A. Inc. (C5640)

Field: Kern River

Kern County, Central 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 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, Chevron U.S.A. Inc. (**Operator**) is or was an "operator" (as defined in PRC, § 3009) and is responsible for the production facility at Kern River field identified on **Attachment A**, incorporated herein (the **"Facility"**). As described in more detail below, Operator has not complied with applicable requirements for operation of the Facility. 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 section 1777, the Supervisor is ordering Operator to pay an administrative civil penalty for the violation.

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 Facility. On or about March 5, 2025, Operator reported to CalGEM of a spill from a pipeline at the unspecified lease of the Kern River field. The spill led to the release of 96 barrels of produced fluids at the Facility which migrated onto the public road and in close proximity to a canal. The migration of the spill occurred in a health protection zone within a sensitive receptor. Additionally, the spill caused a vehicle on the public road to spin out. The violation is discussed further below.

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A. Failure to Maintain Pipelines in a Manner to Prevent Leakage (Regulations, § 1777, subd. (a).)

Operators are required to maintain production facilities, including pipelines, 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).) The pipeline failure caused a spill of 46 barrels of oil and 50 barrels of water to release across a public road and a dry stream bed. The discharge of produced fluids stopped in close proximity to a canal and the Kern River. Furthermore, CalOES Report #25-1115 reported the release was caused by a leak in the pipeline from a producing well. (**Attachment C**, incorporated herein.)

On March 12, 2025, CalGEM issued Operator a Notice of Violation for the pipeline spill. (**Attachment D**, incorporated herein.) One of the pipe openings had evidence of internal corrosion. Based on available records, previous pipeline inspections reported moderate and one major corrosion throughout the piping system. Therefore, Operator was aware of the degradation of the pipeline walls and failed to make the necessary repairs. As a result, Operator failed to maintain the Facility in good condition and in a manner to prevent leakage or corrosion.

III. Civil Penalty

Based on information, belief, and a review of CalGEM's records, Operator is the current operator of the Facility. Operator's failure to comply with applicable requirements for operation of the Facility, including failure to maintain pipelines in a manner to prevent leakage constitute one violation.

For purposes of this order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalty, including: characterizing the violation as "major" (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC section 3236.5, subdivision (a), specifically the economic benefit to the Operator for not properly maintaining the Facility, the environmental damage to the surrounding area, the violation having taken place within an health protection zone, and the

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extent of harm to persons and property caused by the violation when a vehicle spun out on the public road. The Supervisor has determined that a civil penalty of fifteen thousand five hundred dollars ($15,500.00) is appropriate for this violation.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3206, and 3236.5, and Regulations section 1777 **IT IS HEREBY ORDERED** that Operator pay a civil penalty in the amount of fifteen thousand five hundred dollars ($15,500.00).

Operator is required to pay the civil penalty amount within **30 days** from the date this order is issued. A failure to pay a civil penalty may subject Operator to additional civil penalties even if this order is appealed.

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: Program Support 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

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receive the appeal within (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:

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 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

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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: 10/28/2026

Cari Anderson

Cari Anderson
CalGEM Enforcement Chief, on behalf of the State Oil and Gas Supervisor