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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 AND PERFORM REMEDIAL WORK**
15 **NO. 1611**
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18 **Operator: Trio Petroleum LLC (T4392)**
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1 **I. Introduction**

2 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy
3 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources
4 Code (**PRC**) (commencing with PRC section 3000) and title 14 of the California Code of
5 Regulations (**Regulations**), may impose a civil penalty on a person who violates any statutory
6 provision of the PRC, or any regulation that implements those statutory provisions. (PRC,
7 § 3236.5.)

8 Based on CalGEM's records, Trio Petroleum LLC (**Operator**) is the "operator" (as defined
9 in PRC section 3009) of the injection wells identified on **Attachment A**, incorporated herein (**the**
10 **Wells**). As described in more detail below, under applicable provisions of Regulations sections
11 1724.10, 1724.10.1, and 1724.10.2, to maintain uninterrupted approval for injection activity,
12 Operator was required to complete Mechanical Integrity Testing (MIT) Part One and Part Two
13 on the Wells by specified dates and failed to timely perform one or both tests, or otherwise
14 provide the test results. As a result, Operator automatically lost approval to continue injection
15 operations. (Regulations, § 1724.10, subd. (i)(4).) Operator was therefore required to cease
16 injection into the Wells, immediately notify CalGEM that it had not performed MIT Part One or
17 Part Two on the Wells, and disconnect the injection lines from the Wells, and failed to do so in
18 violation of Regulations sections 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777.

19 Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations
20 sections 1724.6, 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777, the Supervisor is ordering
21 Operator to (1) as soon as it is safe to do so, cease injection and disconnect the injection lines
22 from all wells without current injection approval; and (2) within thirty (30) days of this Order pay
23 civil penalties totaling one hundred twenty-eight thousand nine hundred fifty dollars
24 (\$128,950.00), imposed for violations of Regulations sections 1724.10, 1724.10.1, 1724.10.2,
25 1724.13, and 1777.

26 **Attachment B** contains a list of definitions and authorities that are applicable to this
27 Order.

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II. Alleged Acts/Omissions

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2 "Any injection well, including a well not actively injecting, that is not tested as required
3 under Sections 1724.10.1 and 1724.10.2 shall automatically lose approval to inject, and
4 subsequent written approval from the Division is required to reinitiate injection." (Regulations, §
5 1724.10, subd. (i)(4).) Accordingly, to maintain uninterrupted injection approval for injection
6 wells, that as of April 1, 2019, were previously subject to periodic casing pressure testing
7 requirements, MIT Part One is required to be successfully completed on each such injection
8 well every five (5) years (except for gas disposal wells). (Regulations, §1724.10.1, subd. (e).) In
9 addition, to maintain uninterrupted injection approval for injection wells, commencing April 1,
10 2019, MIT Part Two is required to be successfully completed on each such injection well every
11 two (2) years, with certain exceptions, including "[d]isposal injection wells shall be tested at
12 least once a year" and "[t]esting is required when requested by the Division, including as may
13 be specified in the Project Approval Letter [PAL]." (Regulations, §1724.10.2, subd. (b).)

14 In performing the testing, an operator must notify CalGEM at least 48 hours in advance
15 and provide the digital copies of surveys and test results within sixty (60) days. (Regulations, §
16 1724.10, subd. (i)(1)-(2).) An operator must cease injection into an injection well and
17 immediately notify CalGEM if, among other reasons, MIT Part One and/or MIT Part Two has not
18 been timely performed or the results of such testing has not been provided. (Regulations, §§
19 1724.6, subd. (e), 1724. 10, subd. (i)(4), 1724.10.1, subd. (a), 1724.13, subd. (a)(1).) Further, an
20 operator must disconnect injection lines from the injection well if there is no current injection
21 approval from CalGEM. (Regulations, §§ 1724.13, subd. (c), 1777, subd. (c)(4).) Each day an
22 operator injects into an injection well without approval constitutes a separate violation.
23 (Regulations, § 1724.13, subd. (c).)

24 On September 8, 2023, CalGEM sent a Notice to Operators (NTO 2023-09) as a reminder
25 to Operator of the testing requirements set forth in Regulations sections 1724.10.1 and
26 1724.10.2, including an explanation that MIT Part One must be completed for subject wells by
27 April 1, 2024, or other date per the testing frequency stated in the applicable PAL or
28 Regulations, and commencing April 1, 2019, subsequent testing for MIT Part Two must be

1 completed at various frequencies depending on well type, to maintain uninterrupted
 2 approval for injection activity. (**Attachment C**, incorporated herein.)

3 During all times relevant to this Order, CalGEM's records indicate that the Wells were
 4 each a "disposal injection well" (as defined in Regulations section 1720.1, subdivision (c)). As
 5 indicated in Operator's PALs, as of April 1, 2019, the Wells were previously subject to periodic
 6 casing pressure testing and annual fluid migration testing requirements. In addition, well Pon 1
 7 (API 0402942258) and well Unit 1 (API 0403007190) are each classified as a "critical well" (as
 8 defined in Regulations section 1720, subdivision (a)), are located within an "urban area" (as
 9 defined in Regulations section 1760, subdivision (y)), and have wellheads within an
 10 "environmentally sensitive" area (as defined in Regulations section 1760, subdivision (f)). These
 11 two wells are also located within a health protection zone (HPZ, as defined in PRC section
 12 3280, subdivision (b)), however, all of the unauthorized injection addressed in this Order
 13 regarding well Pon 1 occurred prior to the effective date of PRC section 3280 (and related
 14 provisions), June 27, 2024, concerning HPZs.

15 Based on CalGEM's records, Operator last performed mechanical integrity tests on the
 16 Wells as described in the table below:

API	Well Designation	Date(s) of Previous MIT Part One	Date of Most Recent MIT Part One	Date of Previous MIT Part Two	Date of Most Recent MIT Part Two
0402942258	Pon 1	11/1/2018 (pass); 9/25/2021 (no results submitted)	11/1/2018	11/12/2018; 11/22/2019;	12/1/2020
0403007190	Unit 1	4/18/2022	4/18/2022	10/12/2012; 10/17/2023; 11/13/2024;	11/17/2025
0405322296	San Ardo WD-1	11/10/2023	11/10/2023	6/12/2014;	10/2/2024

26 As indicated, for the Pon 1 well, Operator has not provided CalGEM with digital copies of the
 27 test results for the MIT Part One performed on September 25, 2021, as required by Regulations
 28 section 1724.10, subdivision (i)(2). The most recent successful MIT Part One performed on the

Well before that, and for which CalGEM has the results, is from November 1, 2018. Based on this date, Operator also failed to perform MIT Part One within five years of the most recent successful test. Operator also failed to perform MIT Part Two on the Pon 1 well within one year of the most recent successful test, December 1, 2020. For the Unit 1 well, MIT Part Two was not performed within one year of the October 12, 2012, and October 17, 2023, tests. For the San Ardo WD-1 well, MIT Part Two was not performed within one year of the June 12, 2014, and October 2, 2024, tests.

As a result, Operator automatically lost approval for injection into the Wells, and Operator would have continued to lack injection approval unless subsequent written approval from CalGEM was provided. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a) & (e), 1724.10.2, 1724.13, subd. (b).)

On April 5, 2024, CalGEM staff sent a courtesy notice, via email, alerting Operator that it had been identified as (1) having one or more injection wells with an active status and (2) having failed to notify CalGEM of ceasing injection operations or a record of a passing MIT Part One for its injection well(s). (**Attachment D**, incorporated herein.).

Based on Operator's self-reported injection activity, and as indicated in the table below, Operator continued injection into the Wells, for a total of 518 days of unauthorized injection, during the specific dates addressed in this Order. These date ranges only include days of unauthorized injection once, per well.

API	Well Designation	Date Ranges for Civil Penalties	# Days of Unauthorized Injection	# Days of Unauthorized Injection for Civil Penalties
0402942258	Pon 1	Due to MIT Part One Non-Compliance: April 2024 – May 2024	60	263
		Due to MIT Part Two Non-Compliance: September 2023 – May 2024	263	

0403007190	Unit 1	Due to MIT Part Two Non-Compliance: September 2023 – October 2023; October 2024 – November 2024	58	58
0405322296	San Ardo WD-1	Due to MIT Part Two Non-Compliance: March 2024 – October 2024	197	197
Total Days:				518

Following the loss of injection approval for the Wells, Operator also failed to notify CalGEM of ceasing injection into the Wells, having not timely performed a successful MIT or providing the test results, or a well status change, and failed to demonstrate that injection lines had been disconnected from the Wells in violation of Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777.

On or about September 4, 2024, CalGEM staff conducted an inspection of the Pon 1 well and observed the injection lines to be disconnected.

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 hundred twenty-eight thousand nine hundred fifty dollars (\$128,950.00) as follows:

Violation Description	Number of Violations	Civil Penalty Amount Per Violation	Total Civil Penalties Amount
Injection into a <i>critical well within an urban area, environmentally sensitive area, and HPZ before July 1, 2024</i> , without injection approval (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subds. (a) & (e), 1724.10.2, subds. (a) & (b), 1724.13, subd. (a)(1)) <ul style="list-style-type: none"> • Pon 1 (API 0402942258) 	263	\$275.00	\$72,325.00

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<p>Failure to disconnect injection lines from a <i>critical well within an urban area, environmentally sensitive area, and HPZ before July 1, 2024, without injection approval</i> (Regulations, § 1777, subd. (c)(4))</p> <ul style="list-style-type: none"> • Pon 1 (API 0402942258) 	<p>1</p>	<p>\$275.00</p>	<p>\$275.00</p>
<p>Injection into a <i>critical well within an urban area, environmentally sensitive area, and HPZ before July 1, 2024, without injection approval</i> (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subds. (a) & (e), 1724.10.2, subds. (a) & (b), 1724.13, subd. (a)(1))</p> <ul style="list-style-type: none"> • Unit 1 (API 0403007190) 	<p>38</p>	<p>\$275.00</p>	<p>\$10,450.00</p>
<p>Injection into a <i>critical well located within an urban area, environmentally sensitive area, and HPZ on or after July 1, 2024 without injection approval</i> (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (a) & (e), 1724.13, subd. (a)(1); see also PRC § 3280, subd. (b))</p> <ul style="list-style-type: none"> • Unit 1 (API 0403007190) 	<p>20</p>	<p>\$300.00</p>	<p>\$6,000.00</p>
<p>Failure to disconnect injection lines from a critical well without injection approval <i>located within an urban area, environmentally sensitive area, and HPZ on or after July 1, 2024</i> (Regulations, § 1777, subd. (c)(4); see also PRC § 3280, subd. (b))</p> <ul style="list-style-type: none"> • Unit 1 (API 0403007190) 	<p>1</p>	<p>\$300.00</p>	<p>\$300.00</p>
<p>Injection into a well without injection approval (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e), 1724.13, subd. (a)(1))</p>	<p>197</p>	<p>\$200.00</p>	<p>\$39,400.00</p>

1	<ul style="list-style-type: none"> San Ardo WD-1 (API 0405322296) 			
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3	Failure to disconnect injection lines from a well without injection approval (Regulations, § 1777, subd. (c)(4))	1	\$200.00	\$200.00
4				
5	<ul style="list-style-type: none"> San Ardo WD-1 (API 0405322296) 			
6				
7			Total Civil Penalties:	\$128,950.00
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9 For purposes of this Order, the Supervisor considered relevant circumstances when
 10 establishing the amount of the administrative civil penalties, including: characterizing the
 11 violations as “minor” (as defined in PRC section 3236.5, subdivision (b)), the eight factors
 12 identified in PRC section 3236.5, subdivision (a), two wells are critical wells located within urban
 13 and environmentally sensitive areas and HPZs, and the extended and ongoing period of non-
 14 compliance as well as the mandated regulatory assessment of daily penalties for unauthorized
 15 injection pursuant to Regulations section 1724.13, subsection (c).

16 In addition, for purposes of this Order, the Supervisor is exercising his discretion to limit
 17 the civil penalties imposed by this Order to violations for unauthorized injection which occurred
 18 after April 1, 2024, for MIT Part One non-compliance, and after September 8, 2023 (date of
 19 NTO-2023-09), for MIT Part Two non-compliance, based on self-reported injection activity.
 20 These date ranges only include days of unauthorized injection once even during times when
 21 both MIT Part One and MIT Part Two were overdue. For wells within an HPZ, the Supervisor is
 22 only considering violations of unauthorized injection and failure to disconnect to have
 23 occurred within an HPZ on or after July 1, 2024, as applicable. Further, regardless of the
 24 number of days of unauthorized injection, the Supervisor is imposing a civil penalty for only one
 25 violation of Regulations section 1777, subdivision (c)(4), for failure to disconnect injection lines,
 26 on a per well basis.
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1 Nothing in this Order is intended nor shall it be construed to limit or preclude CalGEM
2 from taking any action authorized by law, including imposing civil penalties for the other
3 unauthorized injection violations not addressed by this Order.

4 **IV. Operator's Required Actions**

5 For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5,
6 and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777, **IT IS HEREBY**
7 **ORDERED** that Operator:

- 8 1) As soon as it is safe to do so, cease injection and disconnect the injection lines
9 from all wells without current injection approval; and
10 2) Pay civil penalties in the amount of one hundred twenty-eight thousand nine
11 hundred fifty dollars (\$128,950.00).

12 Operator is required to pay the civil penalties amount within **thirty (30) days** from the
13 date this Order is issued. Daily violations and penalties may continue to accrue if these
14 requirements are not addressed to CalGEM's satisfaction.

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

20 To remit payment of the civil penalties by mail, please send a check payable to
21 "Department of Conservation" to the following address:

22 Department of Conservation
23 CalGEM, Attn: Operational Management Unit
24 715 P Street, MS 18-03
25 Sacramento, California 95814

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

28 Please contact Daniel Woldemariam at Daniel.Woldemariam@conservation.ca.gov
with any questions concerning the violations.

1 order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply
2 with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and
3 distinct offense. (PRC, § 3359.)
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6 DATED: 3/27/2026

Doug Ito
7 Doug Ito, State Oil and Gas
8 Supervisor
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