

1 Department of Conservation, Geologic Energy Management Division
Doug Ito
2 STATE OIL AND GAS SUPERVISOR
715 P Street, MS 19-06 (Legal Office)
3 Sacramento, California 95814
Telephone (916) 323-6733
4
5
6
7

8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**
12
13

14 **ORDER TO PAY A CIVIL PENALTY**
15 **NO. 1568**
16
17

18 **Operator: CMO, Inc. (C0220)**
19 **Field Name: Chico-Martinez**
20 **County: Kern**
21
22
23
24
25
26
27
28

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, CMO, Inc. (**Operator**) is the "operator" (as defined in PRC,
9 § 3009) and is responsible for the Wells identified on **Attachment A**, incorporated herein (the
10 "**Wells**"). As described in more detail below, Operator has not maintained compliance with
11 applicable requirements for operation of the Wells. Operator's failure to comply with the
12 Regulations poses a potential threat to life, health, property, and natural resources and
13 constitute violations for which the Supervisor has determined imposition of a civil penalty is
14 appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3225, 3236.5, 3270 and
15 Regulations sections 1722 and 1777, the Supervisor is ordering Operator to pay an
16 administrative civil penalty for the violations.

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

19 II. Alleged Acts and Omissions

20 Based on CalGEM's records, at all times relevant to this Order, Operator was the
21 operator, as defined in PRC section 3009, of the Wells. On or about July 30, 2025, CalGEM
22 conducted an inspection of the Wells where the violations described below were observed
23 and documented in the Chico-Martinez Field. (**Attachment C**, incorporated herein.)

24 CalGEM records reflect Operator has not maintained compliance with applicable
25 requirements for operation of the Wells. Operator's lack of adherence to the Regulations
26 poses a potential threat to life, health, property, and natural resources. The violations at issue
27 are identified below.

28 ///

A. Failure to maintain bolts on wellhead. (Regulations § 1777, subd. (a).)

The wellhead is equipment secured to the upper part of a well, located above the casing and is held in place by a series of bolts. Damaged or missing bolts on the wellhead may lead to leaking around the wellhead. Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).) 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, §§ 1722, subd. (a); 1777, subd. (a).)

During the inspection, CalGEM observed bolts missing from the wellheads at the following wells, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0403048059	Bacon 35-436
0403048065	Bacon 35-452
0403048060	Bacon 35-437
0402965972	Bacon 35-206
0402970595	Bacon 35-202
0403048058	Bacon 35-432
0403042668	Bacon 35-406H
0403048067	Bacon 35-427

The eight violations were remediated by Operator on or around September 9, 2025.

///

///

III. Civil Penalty

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 nine hundred seventy-five dollars (\$2,975.00) for the eight violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) API 0403048059 API 0402970595 API 0403042668	3	\$350.00	\$1,050.00
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) API 0403048065 API 0403048060 API 0402965972 API 0403048058 API 0403048067	5	\$385.00	\$1,925.00
		Total Civil Penalty:	\$2,975.00

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 pervasiveness of the violations, the extent of harm, and the timeliness with which the violations were remediated.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, 3236.5, 3270 and Regulations sections 1722 and 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator pay an administrative civil penalty of two thousand nine hundred seventy-five dollars

1 (\$2,975.00).

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

7 To remit payment of the civil penalty by mail, please send a check payable to
8 "Department of Conservation" to the following address:

9 Department of Conservation
10 CalGEM, Attn: Operational Management Unit
11 715 P Street, MS 1803
12 Sacramento, California 95814

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

14 **V. Operator's Appeal Rights**

15 Operator may appeal this Order by filing a timely written notice of appeal with the
16 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
17 with PRC section 3350. (PRC, § 3225, subd. (d).) If this Order is mailed to you, the Director must
18 receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file
19 an appeal, a written notice of appeal may be sent via U.S. mail to:

20 Department of Conservation
21 Director's Office of Appeals
22 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
23 Sacramento, California 95814

24 Or via electronic mail to:

25 OfficeofAppeals@conservation.ca.gov

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

28 ///

1 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
2 following an appeal, this Order will become a final order. Any costs incurred by CalGEM to
3 obtain compliance with this Order (which may include penalties and interest) will
4 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
5 3356.)

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

7 Failure to comply with Section IV (Operator's Required Actions) of this Order could
8 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
9 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
10 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
11 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
12 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
13 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
14 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
15 PRC or any regulation that implements those statutes, and the Supervisor may in the future
16 impose further civil penalties based on the facts and omissions underlying this order. PRC
17 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
18 the decommissioning of a production facility if an operator has failed to comply with an order
19 of the Supervisor within the time provided by the order or has failed to challenge the order on
20 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
21 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
22 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
23 further enforcement actions.

24
25 DATED: 10/29/2025

Lindsey Miller

26 _____
27 Lindsey Miller
28 CalGEM Enforcement Chief, on
behalf of the State Oil and Gas
Supervisor