

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. 1681

Operator: NMT Oil Company Inc. (N1775)
Field Name: Midway-Sunset
Kern County

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, NMT Oil Company Inc (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Production Facilities identified on **Attachment A**, incorporated herein (the "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of 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 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 total of one thousand three hundred dollars (\$1,300.00) for the two tank violations.

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

II. Alleged Acts and Omissions

On or about December 23, 2025, CalGEM staff conducted an environmental facility inspection of the below Facilities:

Facility Setting ID	Facility Setting Name	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90294812	Tank Farm 10884	2905	1	Tank
90294812	Tank Farm 10884	15765	2	Tank

Note: In the initial inspection summary report, the Facility IDs were swapped for the violation descriptions. CalGEM records have been corrected to reflect the accurate Facility IDs.

To maintain the highest standards of safety, CalGEM is enhancing its efforts to enforce against noncompliance with the law, including issuing civil penalties in response to violations observed during inspections. During the inspection, CalGEM staff observed two violations of section 1777, subdivision (a), identified below. The two violations were remediated by Operator on or around February 12, 2026. Operator's lack of adherence to the Regulations poses a potential threat to life, health, property, and natural resources.

A. Failure to maintain tank in good condition to prevent leakage or corrosion (Regulations, § 1777, subd. (a).)

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, § 1777, subd. (a).)

If an operator's tanks are leaking liquid, the operator has failed to maintain their production facilities in good condition and in a manner to prevent leakage, as required. This poses a high risk to the public and environmental safety.

During the inspection, CalGEM staff observed the following tank leaking in violation of Regulations section 1777, subdivision (a):

Facility Setting ID	Facility Setting Name	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90294812	Tank Farm 10884	15765	2	Tank

Tank 15765 had visible streaks of staining over the sides of the tank and reaching the ground. (**Attachment C**, incorporated herein.) The tank was actively leaking during the CalGEM inspection.

During the inspection, CalGEM observed another tank in violation of section 1777, subdivision (a):

Facility Setting ID	Facility Setting Name	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90294812	Tank Farm 10884	2905	1	Tank

Tank 2905 was not actively leaking, but there was evidence of a previous leak that caused significant corrosion on the circumference of the tank. (**Attachment D**, incorporated herein.) The significant corrosion and damaged state of the tank is not maintaining the tank in good condition, as required by section 1777, subdivision (a), posing a safety risk.

III. 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 one thousand three hundred dollars (\$1,300.00) for the two violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Maintain Tank in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Tanks (Regulations, § 1777, subd. (a).) Facility ID 15765 Facility ID 2905	2	\$650.00	\$1,300.00
		Total Civil Penalty:	\$1,300.00

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)), and the eight factors identified in PRC section 3236.5, subdivision (a). Additionally, the tanks are located inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b), posing a higher risk. Consideration was given to the fact that the violations have been resolved. However, going forward, Operator is required to maintain good oil field practices to prevent a recurrence that may result in negative impact to life, health, and the environment.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, and 3236.5, and Regulations section 1777, **IT IS HEREBY ORDERED** that within thirty (30) days, Operator pay an administrative civil penalty of one thousand three hundred dollars (\$1,300.00.)

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.

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

1 receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file
2 an appeal, a written notice of appeal may be sent via U.S. mail to:

3 Department of Conservation
4 Director's Office of Appeals
5 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
6 Sacramento, California 95814

7 Or via electronic mail to:

8 OfficeofAppeals@conservation.ca.gov

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

12 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
13 following an appeal, this Order will become a final order. Any costs incurred by CalGEM to
14 obtain compliance with this Order (which may include penalties and interest) will
15 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
16 3356.)

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

18 Failure to comply with Section IV (Operator's Required Actions) of this Order could
19 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
20 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
21 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
22 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
23 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
24 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
25 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
26 PRC or any regulation that implements those statutes, and the Supervisor may in the future
27 impose further civil penalties based on the facts and omissions underlying this order. PRC
28 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 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take further enforcement actions.

DATED: 9/28/2026

Doug Ito

Doug Ito
State Oil and Gas Supervisor