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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 A CIVIL PENALTY AND PERFORM REMEDIAL WORK**
15 **NO. 1627**
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18 **Operator: The Termo Company (T1200)**
19 **Field Names: Mountain View, Willows Beehive Bend Gas**
20 **Counties: Kern, Glenn**
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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, The Termo Company (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities identified on **Attachment A**, incorporated herein (the "**Wells**" and "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Wells and Facilities. Operator's failure to comply with the Regulations poses a potential threat to life, health, property, and natural resources requiring remedial work and for which the Supervisor has determined imposition of a civil penalty is appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations sections 1773.1, 1773.3, 1775, and 1777, the Supervisor is ordering Operator to (1) perform remedial work to bring the Wells and Facilities into compliance, and (2) pay an administrative civil penalty for the violations.

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 Wells and Facilities. On or about June 18, 2025, June 19, 2025, August 28, 2025, and November 10, 2025, CalGEM conducted inspections of the Wells and Facilities in the Mountain View and Willows-Beehive Bend Gas Fields, where the violations described below were observed and documented. (**Attachments C, D, and E**, incorporated herein.)

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

A. Failure to Repair Secondary Containment and Missing Rainwater Valve (Regulations, § 1773.1, subds. (d), (e))

In the event of a spill, secondary containment protects the surrounding area from contamination. All damage to secondary containment shall be repaired immediately. (Regulations, § 1773.1, subd. (e).) Operators are required to have secondary containment for all production facilities storing and/or processing fluids. (Regulations, § 1773.1, subd. (a).) "Production facility" means any equipment attendant to oil and gas production or injection operations including, but not limited to, tanks, flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, and pipelines. (PRC, § 3010.)

When not in use for rainwater management, rainwater valves on a secondary containment shall be closed and secured to prevent unauthorized use. (Regulations, § 1773.1, subd. (d).) On June 18, 2025, CalGEM staff observed the rain valve missing at Tank 24034. With no plug or valve on the galvanized tank drain outlet, fluids are allowed to release directly onto the ground, thereby compromising the secondary containment.

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
0402100199	WBBE524034	Northern	24034	n/a	Tank

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation for Facility ID 24034 has been corrected.

On August 28, 2025, during the inspection at the Knowles Tank Setting, CalGEM observed damage to the secondary containment, in violation of Regulations, section 1773.1, subdivision (e), at the following production facility:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90294241	Knowles Tank Setting	Central	n/a	n/a	Berm

The secondary containment was observed to be damaged with a corner eroded away and significant burrowing activity by wildlife. The violation was remediated by Operator on or around February 4, 2026.

B. Failure to Properly Identify Tank (Regulations, § 1773.3, subd. (a))

Operators are required to properly identify tanks with tank identification number, tank type (production, stock, water, etc.) and with the appropriate materials hazard placards or labels. (Regulations, § 1773.3, subd. (a).)

On August 28, 2025, during the inspection, CalGEM observed the tank labels to be inadequate, in violation of Regulations, section 1773.3, subdivision (a), at the following production facilities:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90294241	Knowles Tank Setting	Central	3256	103	Tank
90294241	Knowles Tank Setting	Central	3258	102	Tank

The violations were remediated by Operator on or around February 4, 2026.

C. Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3))

The well cellar is an excavated area around the wellhead that provides space for equipment at the top of the wellbore. Operators are required to keep well cellars covered drained. (Regulations, § 1777, subd. (c)(3).)

On August 28, 2025, during the inspection, CalGEM observed fluids in the well cellar, in violation of Regulations, section 1777, subdivision (c)(3), at the following Wells:

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API	Well Designation
0402914358	Knowles 86-34
0402914676	Pomeroy-Schuman 42-27
0402914677	Pomeroy-Schuman 44-27

On November 10, 2025, during an inspection, CalGEM staff observed an inadequate well cover, in violation of Regulations, section 1777, subdivision (c)(3), at the following Well:

API	Well Designation
0402914665	Tupman 11-22

The four violations were remediated by Operator on or around October 21, 2025, February 3, 2026, and February 4, 2026.

D. Failure to remove oilfield wastes and refuse (Regulations § 1775, subd. (a))

Oilfield wastes shall be disposed of in such a manner as not to cause damage to life, health, property, freshwater aquifers or surface waters, or natural resources, or be a menace to public safety. (Regulations, § 1775, subd. (a).) Unused equipment and scrap attendant to oilfield operations shall be removed from production or injection operations to prevent damage to life, health, or property, or become a public nuisance or a menace to public safety. (Regulations, § 1775, subd. (c).)

On August 28, 2025, during the inspection, CalGEM observed oilfield wastes, including oil-stained soil, open buckets, and refuse that had not been properly disposed of, in violation of Regulations, sections 1775, subdivisions (a) and (c), at the following well and production facilities:

API	Well Designation
0402914358	Knowles 86-34

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Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90294241	Knowles Tank Setting	Mountain View	Central	The setting itself	n/a
90294241	Knowles Tank Setting	Mountain View	Central	3256	103
90294241	Knowles Tank Setting	Mountain View	Central	3257	8698

The four violations were remediated by Operator on or around February 4, 2026.

III. Civil Penalty/Remedial Work

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 eight hundred sixty dollars (\$2,860.00) for the twelve (12) violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Missing Rainwater Valve (Regulations, § 1773.1, subd. (d)) Facility ID 24034	1	\$800.00	\$800.00
Failure to Repair Secondary Containment (Regulations, § 1773.1, subd. (e)) Facility ID 90294241	1	\$480.00	\$480.00
Failure to Properly Identify Tank (Regulations, § 1773.3, subd. (a)) Facility ID 3256 Facility ID 3258	2	\$100.00	\$200.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3)) API 0402914676 API 0402914677	2	\$160.00	\$320.00
Failure to Keep Well Cellar Covered (Regulations, § 1777, subd. (c)(3)) API 0402914665	1	\$200.00	\$200.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3)) API 0402914358	1	\$220.00	\$220.00

Failure to Remove Oilfield Wastes and Refuse (Regulations, § 1775, subd. (a)) Facility ID 90294241 Facility ID 3256 Facility ID 3257 API 0402914358	4	\$160.00	\$640.00
		Total Civil Penalty:	\$2,860.00

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), and whether the wells and production facilities are inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b).

B. Remedial Work

Pursuant to PRC sections 3224, 3226 and 3270, the Supervisor hereby orders Operator to complete remedial work to come into compliance with Regulations sections 1773.1, 1773.3, 1775, and 1777, as outlined below in Operator's Required Actions.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations sections 1773.1, 1773.2, 1773.3, 1773.4, 1775, and 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator:

- 1) Pay an administrative civil penalty of two-thousand eight hundred sixty dollars (\$2,860.00);

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 the Operator name, Order number, and phrase "Oil and Gas Environmental Remediation Account" on the check itself; and

2) In accordance with PRC section 3224 and Regulations section 1773.1 Operator is required to:

- a. Repair secondary containment, at the below-named production facility. Secondary containment must be capable of containing the equivalent volume of liquid from equipment with the largest gross capability for a minimum of 72 hours as required by Regulations, section 1773.1:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
24034	WBBE52403	Northern	24034		Facility

Upon performing the required remedial work, please contact CalGEM's Northern District via email at CalGEMNorthern@conservation.ca.gov.

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 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

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

4 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
5 following an appeal, this Order will become a final order and CalGEM may contract for
6 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
7 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
8 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
9 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
10 3356.)

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

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

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DATED: 5/6/2026

Doug Ito
Doug Ito
State Oil and Gas Supervisor