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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**  
15 **NO. 1629**  
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18 **Operator: Jaco Production Company (J0700)**  
19 **Field Name: Midway-Sunset**  
20 **County: Kern**  
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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 civil penalties 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, Jaco Production Company (**Operator**) is the "operator" (as defined in PRC, section 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 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 civil penalties is appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations section 1777, the Supervisor is ordering Operator to 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 May 21, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Midway-Sunset Field. (**Attachment C**, 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 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) and 1777, subd. (a).)

During the May 21, 2025, inspection, CalGEM observed bolts missing from the wellheads at the following wells, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402958116	C.E. Houchin et al 201-9
0402954641	C.E. Houchin et al 122-9
0402983278	C.E. Houchin et al 301-9

The violations were remediated by Operator on or around July 9, 2025, and January 7, 2026.

**B. Failure to maintain bull plugs 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. Missing bull plugs on the wellheads may lead to leaking around the wellheads. 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) and 1777, subd. (a).)

During the May 21, 2025, inspection, CalGEM observed missing bull plugs on the wellheads at the following wells, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402983280	C.E. Houchin et al 302-9
0402983281	C.E. Houchin et al 304-9

The violations were remediated by Operator on or around January 7, 2026.

**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 one thousand five hundred fifty dollars (\$1,550.00) for the five violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).)	3	\$350	\$1,050
Failure to maintain bull plugs on wellhead. (Regulations, § 1777, subd. (a).)	2	\$250	\$500
		<b>Total Civil Penalty:</b>	\$1,550

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 consideration of the eight factors identified in PRC section 3236.5, subdivision (a) (the extent of harm, persistence, pervasiveness, prior violations, culpability, economic benefit, ability to pay, and the Supervisor's prosecution costs – as well as other relevant circumstances associated with the violations).

Nothing in this Order is intended nor shall it be construed to limit or preclude CalGEM from taking any action authorized by law, including imposing civil penalties for the other violations addressed by this Order.

**IV. Operator's Required Actions**

1 For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226,  
2 3236.5, and 3270 and Regulations section 1777, **IT IS HEREBY ORDERED** that Operator pay the  
3 administrative civil penalties in the amount of one thousand five hundred fifty dollars  
4 (\$1,550.00). Operator is required to pay the administrative civil penalties amount within **thirty**  
5 **(30) days** from the date this Order is issued. Daily violations and penalties may continue to  
6 accrue if these requirements are not addressed to CalGEM's satisfaction.

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

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

14 Department of Conservation  
15 CalGEM, Attn: Operational Management Unit  
16 715 P Street, MS 1803  
17 Sacramento, California 95814

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

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

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

26 Department of Conservation  
27 Director's Office of Appeals  
28 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
Sacramento, California 95814

Or via electronic mail to:

[OfficeofAppeals@conservation.ca.gov](mailto: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 sections 3236.2 and 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to impose civil penalties 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 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.

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DATED: 5/14/2026

Doug Ito  
Doug Ito  
State Oil and Gas Supervisor