Department of Conservation, Division of Oil, Gas, and Geothermal Resources
STATE OIL AND GAS SUPERVISOR
801 K Street, MS 24-03 (Legal Office)
Sacramento, California 95814-3530
Telephone (916) 323-6733
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STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES

ORDER TO:
PLUG AND ABANDON WELL,
DECOMMISSION ATTENDANT FACILITIES, AND
RESTORE WELL SITE

NO. 1122
Dated: May 18, 2018
Operator: El Chico Corporation (E0925)

BY
Kenneth A. Harris Jr.
STATE OIL AND GAS SUPERVISOR
I. **Introduction**

The State Oil and Gas Supervisor (Supervisor), acting through the Division of Oil, Gas, and Geothermal Resources (Division), may order the plugging and abandonment of a well that it has determined, upon credible evidence, to be deserted, whether or not any damage is occurring, or threatened, by reason of that deserted well. (Public Resources Code [PRC], § 3237, subdivision (a)(1).) Based on the Division’s records, **El Chico Corporation** (Division operator code E0925; Operator) is a responsible “operator” (as defined in PRC section 3009) and is responsible (as specified in PRC section 3237, subdivision (c)(1)) for the plugging and abandonment of the well “Gordon” 4 (API# 03714388; Rosecrans Oil Field) (the Well), the decommissioning of the attendant production facilities (Cal Code Regs., tit. 14, § 1760, subd. (k); the Facilities), and the restoration of the well site (the Well and Facilities). Herein, the Supervisor is ordering Operator to do so because the Supervisor has determined, based on information, belief, and the evidence detailed below, that Operator has deserted the Well and Facilities.

Therefore, pursuant to PRC sections 3106, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to plug and abandon the Well, decommission the Facilities, and restore the well site according to PRC sections 3208, 3228, 3229, and 3230, California Code of Regulations, Title 14, (Regulations) sections 1722 through 1724.1, 1760, 1775, and 1776, and the conditions included in any permit the Division may issue pursuant to PRC section 3229.

II. **Definitions**

PRC section 3008, subdivision (a), defines “Well” to mean “any oil or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas,” among others.

PRC section 3009 defines “Operator” to mean “a person who, by virtue of ownership, or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control a well or production facility.”

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Regulations section 1760, subdivision (k), defines “Production facility” to mean “any equipment attendant to oil and gas production...including, but not limited to, tanks, flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, production safety systems, separators, manifolds, and pipelines that are not under the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code, excluding fire suppressant equipment.”

III. State Oil and Gas Supervisor Authority

PRC section 3106 authorizes the Supervisor to supervise the drilling, operation, maintenance, and abandonment of oil and gas wells to “prevent, as far as possible, damage to life, health, property, and natural resources; damage to underground oil and gas deposits from infiltrating water and other causes; loss of oil, gas, or reservoir energy, and damage to underground and surface waters suitable for irrigation or domestic purposes by the infiltration of, or the addition of, detrimental substances.”

PRC section 3224 mandates that the Supervisor “order such tests or remedial work as in his judgment are necessary to prevent damage to life, health, property, and natural resources; to protect oil and gas deposits from damage by underground water; or to prevent the escape of water into underground formations, or to prevent the infiltration of detrimental substances into underground or surface water suitable for irrigation or domestic purposes, to the best interests of the neighboring property owners and the public.”

PRC section 3226 authorizes the Supervisor, based the Supervisor’s final or affirmed order, to appoint agents who may enter the well premises and perform necessary remedial work if the operator did not complete the remedial work as ordered. Any amount the Supervisor expends to complete the necessary remedial work constitutes a lien against the operator’s real or personal property according to PRC section 3423.

PRC section 3237, subdivision (a)(1), authorizes the Supervisor to “order the plugging and abandonment of a well...that has been deserted whether or not any damage is occurring or threatened by reason of that deserted well.” The Supervisor or district deputy “shall determine from credible evidence whether a well...is deserted.”

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IV. **Idle Well Test Requirements**

*Regulations section 1723.9* requires an operator to test any well that has not produced oil or natural gas, or has not been used for fluid injection for a continuous six-month period during any consecutive five-year period. The operator must test the well to determine the fluid level using acoustical, mechanical, or other reliable methods, and perform other diagnostic tests that the Supervisor may require. The operator must notify the appropriate Division district office before the tests are done so a Division inspector may witness the operations.

V. **Conclusive Evidence of Desertion**

Based on the Division’s records, the Supervisor determined that Operator does not have a bond on file for the **Well**. A bond was required upon the transfer of the **Well** to Operator in 1982, under *PRC section 3202*. Operator’s failure to file a bond for the **Well**, upon and after transfer, is conclusive evidence of desertion. (See, former, *Pub. Resources Code, § 3206, subd. (c)* [Repealed January 1, 2018].)

In addition, the Division’s records show that the **Well** is a “long-term idle well” that went idle in or about January 1979 (see, former, *Pub. Resources Code, § 3008, subd. (e)*) yet Operator has not paid fees required for idle wells under *PRC section 3206* (former or current). Operator has an outstanding balance of $10,500.00 in unpaid idle well fees. The Division sent annual idle well fee invoices to Operator at the last address Operator provided to the Division (14725 S. Broadway Street, Gardena, CA 90248), many of which were returned as undeliverable. Operator’s failure to pay the required idle well fees for the **Well** is also conclusive evidence of desertion. (*Pub. Resources Code, § 3206, subd. (c)*).

VI. **Rebuttable Presumption of Desertion**

The Division’s records show that there has been no well equipment at the well site since June 1980. A Division inspection report dated June 17, 1980, notes that equipment had been removed from the site, and a sucker rod was protruding from the wellhead. Further inspections of the well site performed in 1985, 2005, and 2013 found the condition of the **Well** unchanged. Under *PRC section 3237, subdivision (a)*, a rebuttable presumption of desertion arises if a well’s production facilities or injection equipment has been removed from the well site for at
least two years. Based on the Division’s records, no equipment has been present at the Well for
over 27 years. The Supervisor has determined that Operator’s production facilities and injection
equipment have been removed from the Well for over two years, thereby creating a rebuttable
presumption of desertion. (See Pub. Resources Code, § 3237, subd. (a)(3).)

In addition, the Supervisor determined that Operator failed to notify the Division of its
change of agent, and re-designate an agent, in violation of PRC section 3200 because
Operator’s initial agent (Warren L. Rivers; P.O. Box 2049, Gardena, California 90248; (213)
770-0121) is no longer a viable agent. Mr. Rivers is not responsive to Division contact attempts
via phone or U.S. mail. In fact, Operator has not provided the Division with updated agent
information since Operator’s original acquisition of the Well, when it designated Mr. Rivers as
Operator’s violation of PRC section 3200 also creates a rebuttable presumption of desertion.
(Pub. Resources Code, § 3237, subd. (a)(3)(D).)

Moreover, Operator’s failure to file a bond for the Well in violation of PRC section
3202 alleged in Section V (conclusive evidence), at a minimum, also creates a rebuttable

VII. Credible Evidence of Desertion

The Supervisor has determined that Operator failed to submit the required well
production data under PRC section 3227 for the Well and failed to conduct the required idle
well testing (see Regulations section 1723.9). Both failings are “credible evidence” of
desertion since such evidence includes “the extent of compliance by the operator” with oil and
gas conservation requirements. (Pub. Resources Code, § 3237, subd. (a)(1) & (2).)

PRC section 3227 requires monthly well production reports, including reporting “zero”
production (an idle or potentially idle well). Division records indicate that Operator has not
submitted production records since December 1982, in violation of PRC section 3227. The lack
of production records is credible evidence that Operator deserted well “Gordon” 4.

Regulations section 1723.9 requires an operator to test any well that has not produced oil
or natural gas, or has not been used for fluid injection for a continuous six-month period during

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any consecutive five-year period. The Division has no record of any idle well testing at the
Well by Operator. Operator failed to comply with Regulations section 1723.9 because it did
not perform the required idle well tests for the Well. This is also credible evidence that
Operator deserted well “Gordon” 4.

Based on all of the allegations above, the Supervisor determined that credible evidence
that Operator deserted the Well exists and the Supervisor is authorized to order Operator to plug
and abandon the Well.

VIII. Operator’s Required Actions

For the reasons stated above, the Supervisor has determined that Operator has deserted
the Well and Facilities. Therefore, IT IS HEREBY ORDERED that Operator plug and
abandon the Well, decommission the Facilities, and restore the well site according to PRC
sections 3208, 3228, 3229, and 3230, Regulations sections 1722 through 1724.1, 1760, 1775,
and 1776, and the conditions included in any permit the Division may issue pursuant to PRC
section 3229.

IX. Operator’s Appeal Rights

PRC section 3237, subdivision (b), entitles an operator to appeal a Supervisor’s order to
plug and abandon a deserted well. A notice of appeal must be timely made, in writing, and filed
with the Director. (See Public Resources Code beginning at PRC section 3350.) To file an
appeal, a written notice of appeal may be mailed to the following address:

Department of Conservation
Director’s Office of Appeals
801 K Street, MS 24-03 (Legal Office)
Sacramento, California 95814-3530

If Operator does not file a timely written notice of appeal, this Order will become a final
order and the Division may contract for performance of the work, pursuant to PRC section
3226, if, within 30 days of this Order, Operator has not, in good faith, commenced the work
ordered. Any costs incurred by the Supervisor to obtain compliance with this Order will
constitute a lien against Operator’s real or personal property per PRC section 3423.
If Operator submits a timely written notice of appeal, it, and interested parties, will receive notice of the appeal hearing date, time, and place. Following the hearing, Operator, and interested parties, will receive a written decision that affirms, sets aside, or modifies the appealed order.

X. **Other Potential Actions to Enforce This Order**

Failing to comply with Section VIII (Operator’s Required Actions) of this Order could subject Operator to further enforcement action. For example, the Supervisor could deny approval of proposed well operations until compliance is achieved. *(PRC, § 3203, subd. (c.)*)

In addition, **PRC section 3236.5** authorizes the Supervisor to impose a civil penalty 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 a civil penalty based on the facts and omissions underlying this Order.

Further, **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 law. The misdemeanor is punishable by a fine of not less than one hundred dollars ($100) nor more than one thousand dollars ($1,000), or by imprisonment not exceeding six months, or by both the fine and imprisonment for each separate offense. **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.)*

DATED: May 18, 2018

[Signature]
Kenneth A. Harris Jr.
State Oil and Gas Supervisor

Original: El Chico Corporation
Cert. mail rec. no.: 7014 2120 0000 5989 3614

ORDER TO: PLUG AND ABANDON WELL, NO. 1122
Copy: Warren L. Rivers
Cert. mail rec. no.: 7014 2120 0000 5989 3560
Copy: El Chico Corporation
Cert. mail rec. no.: 7014 2120 0000 5989 3577
Copy: Vivian Imperial
Cert. mail rec. no.: 7014 2120 0000 5989 3584
Copy: Roy Itani, Los Angeles County Fire Department
Cert. mail rec. no.: 7014 2120 0000 5989 3621
Copy: Fabiola Huerta
Cert. mail rec. no.: 7014 2120 0000 5989 3638
Copy: Timothy Stapleton, County of Los Angeles
Cert. mail rec. no.: 7014 2120 0000 5989 3645

ORDER TO: PLUG AND ABANDON WELL, NO. 1122
PROOF OF SERVICE BY CERTIFIED U.S. MAIL

I declare that I am employed in the County of Sacramento, California. I am over the age of 18 and not a party to the within captioned cause. My business address is 801 K Street, MS 18-05, Sacramento, California 95814. On May 18, 2018, I served the following document(s):

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by enclosing them in an envelope and placing the envelope for collection and mailing by certified U.S. mail on the date and at the below listed address(es) following our ordinary business practices. I am readily familiar with this business’s practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid.

I served the documents on the person or persons below, as follows:

El Chico Corporation  
P.O. Box 340025  
Dallas, TX 75234
Certified Mail Receipt Number:  
7014 2120 0000 5989 3614

Roy Itani  
Los Angeles County Fire Department  
1320 West Imperial Highway  
Los Angeles, CA 90044
Certified Mail Receipt Number:  
7014 2120 0000 5989 3621

Mr. Warren L. Rivers  
P.O. Box 2049  
Gardena, CA 90248
Certified Mail Receipt Number:  
7014 2120 0000 5989 3560

Fabiola Huerta  
1245 North Hacienda Road  
La Habra Heights, CA 90631
Certified Mail Receipt Number:  
7014 2120 0000 5989 3635

El Chico Corporation  
P.O. Box 807  
Dallas, TX 75221
Certified Mail Receipt Number:  
7014 2120 0000 5989 3577

Attn: Vivian Imperial  
El Chico Corporation, c/o CT Corporation  
818 West Seventh St, Suite 930  
Los Angeles, CA 90017
Certified Mail Receipt Number:  
7014 2120 0000 5989 3584

Timothy Stapleton, AICP  
County of Los Angeles  
Zoning Enforcement West  
Department of Regional Planning  
320 W. Temple Street  
Los Angeles, CA 90012
Certified Mail Receipt Number:  
7014 2120 0000 5989 3645

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on May 18, 2018, at Sacramento, CA.

[Signature]
Rachael Tadlock

PROOF OF SERVICE - CCP, § 1013; PRC, § 3350
El Chico Corporation
P.O. Box 807
Dallas, TX 75221

SEND TO COMPLETE THIS SECTION

El Chico Corporation
P.O. Box 807
Dallas, TX 75221

FORM 3811, JUNE 2015/PN 7039-42-000-0050
Prospect Postage Paid
This is a non-deliverable form letter.
Fabiola Huerta
1245 North Hacienda Road
La Habra Heights, CA 90631

CERTIFIED MAIL

PO Box 8011, July 2016 9266-01-000-9013

Fabiola Huerta
1245 North Hacienda Road
La Habra Heights, CA 90631