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2 STATE OIL AND GAS SUPERVISOR  
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8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES**  
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13  
14 **ORDER TO:**  
15 **PLUG AND ABANDON WELL,**  
16 **DECOMMISSION ATTENDANT FACILITIES, AND**  
17 **RESTORE WELL SITE**  
18

19 **NO. 1122**  
20 **Dated: May 18, 2018**  
21 **Operator: El Chico Corporation (E0925)**  
22

23  
24 **BY**  
25 **Kenneth A. Harris Jr.**  
26 **STATE OIL AND GAS SUPERVISOR**  
27  
28

1 **I. Introduction**

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

15 Therefore, pursuant to **PRC sections 3106, 3224, 3226, and 3237**, and as set forth below,  
16 the Supervisor is ordering Operator to plug and abandon **the Well**, decommission **the Facilities**,  
17 and restore the well site according to **PRC sections 3208, 3228, 3229, and 3230, California**  
18 **Code of Regulations, Title 14, (Regulations) sections 1722 through 1724.1, 1760, 1775, and**  
19 **1776**, and the conditions included in any permit the Division may issue pursuant to **PRC section**  
20 **3229**.

21 **II. Definitions**

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

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

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

### 7                               **III.    State Oil and Gas Supervisor Authority**

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

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

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

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

1 **IV. Idle Well Test Requirements**

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

8 **V. Conclusive Evidence of Desertion**

9 Based on the Division's records, the Supervisor determined that Operator does not have a  
10 bond on file for **the Well**. A bond was required upon the transfer of **the Well** to Operator in  
11 1982, under **PRC section 3202**. Operator's failure to file a bond for **the Well**, upon and after  
12 transfer, is conclusive evidence of desertion. (See, former, **Pub. Resources Code, § 3206,**  
13 **subd. (c)** [Repealed January 1, 2018].)

14 In addition, the Division's records show that **the Well** is a "long-term idle well" that went  
15 idle in or about January 1979 (see, former, **Pub. Resources Code, § 3008, subd. (e)**) yet  
16 Operator has not paid fees required for idle wells under **PRC section 3206** (former or current).  
17 Operator has an outstanding balance of \$10,500.00 in unpaid idle well fees. The Division sent  
18 annual idle well fee invoices to Operator at the last address Operator provided to the Division  
19 (14725 S. Broadway Street, Gardena, CA 90248), many of which were returned as  
20 undeliverable. Operator's failure to pay the required idle well fees for **the Well** is also  
21 conclusive evidence of desertion. (**Pub. Resources Code, § 3206, subd. (c).**)

22 **VI. Rebuttable Presumption of Desertion**

23 The Division's records show that there has been no well equipment at the well site since  
24 June 1980. A Division inspection report dated June 17, 1980, notes that equipment had been  
25 removed from the site, and a sucker rod was protruding from the wellhead. Further inspections  
26 of the well site performed in 1985, 2005, and 2013 found the condition of **the Well** unchanged.  
27 Under **PRC section 3237, subdivision (a)**, a rebuttable presumption of desertion arises if a  
28 well's production facilities or injection equipment has been removed from the well site for at

1 least two years. Based on the Division's records, no equipment has been present at **the Well** for  
2 over 27 years. The Supervisor has determined that Operator's production facilities and injection  
3 equipment have been removed from **the Well** for over two years, thereby creating a rebuttable  
4 presumption of desertion. (**See Pub. Resources Code, § 3237, subd. (a)(3).**)

5 In addition, the Supervisor determined that Operator failed to notify the Division of its  
6 change of agent, and re-designate an agent, in violation of **PRC section 3200** because  
7 Operator's initial agent (Warren L. Rivers; P.O. Box 2049, Gardena, California 90248; (213)  
8 770-0121) is no longer a viable agent. Mr. Rivers is not responsive to Division contact attempts  
9 via phone or U.S. mail. In fact, Operator has not provided the Division with updated agent  
10 information since Operator's original acquisition of **the Well**, when it designated Mr. Rivers as  
11 agent in a Report of Property and Well Transfer submitted to the Division in September 1982.  
12 Operator's violation of **PRC section 3200** also creates a rebuttable presumption of desertion.  
13 (**Pub. Resources Code, § 3237, subd. (a)(3)(D).**)

14 Moreover, Operator's failure to file a bond for **the Well** in violation of **PRC section**  
15 **3202** alleged in **Section V** (conclusive evidence), at a minimum, also creates a rebuttable  
16 presumption of desertion. (**Pub. Resources Code, § 3237, subd. (a)(3)(E).**)

#### 17 **VII. Credible Evidence of Desertion**

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

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

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

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

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

#### 8 **VIII. Operator's Required Actions**

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

#### 15 **IX. Operator's Appeal Rights**

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

20  
21 Department of Conservation  
22 Director's Office of Appeals  
23 801 K Street, MS 24-03 (Legal Office)  
24 Sacramento, California 95814-3530

25 If Operator does not file a timely written notice of appeal, this Order will become a final  
26 order and the Division may contract for performance of the work, pursuant to **PRC section**  
27 **3226**, if, within 30 days of this Order, Operator has not, in good faith, commenced the work  
28 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**.

1 If Operator submits a timely written notice of appeal, it, and interested parties, will  
2 receive notice of the appeal hearing date, time, and place. Following the hearing, Operator, and  
3 interested parties, will receive a written decision that affirms, sets aside, or modifies the  
4 appealed order.


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

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

9 In addition, **PRC section 3236.5** authorizes the Supervisor to impose a civil penalty on a  
10 person who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation that  
11 implements those statutes, and the Supervisor may in the future impose a civil penalty based on  
12 the facts and omissions underlying this Order.

13 Further, **PRC section 3236** makes it a misdemeanor for any person who violates, fails,  
14 neglects, or refuses to comply with any of the provisions of the oil and gas law. The  
15 misdemeanor is punishable by a fine of not less than one hundred dollars (\$100) nor more than  
16 one thousand dollars (\$1,000), or by imprisonment not exceeding six months, or by both the fine  
17 and imprisonment for each separate offense. **PRC section 3359** makes it a misdemeanor to fail  
18 or neglect to comply with an order of the Supervisor. Each day's further failure, refusal, or  
19 neglect is a separate and distinct offense. (**PRC, § 3359.**)

20  
21 DATED: May 18, 2018

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23   
24 Kenneth A. Harris Jr.  
25 State Oil and Gas Supervisor

26 Original: El Chico Corporation

27 Cert. mail rec. no.: 7014 2120 0000 5989 3614

1 Copy: Warren L. Rivers  
2 Cert. mail rec. no.: 7014 2120 0000 5989 3560  
3 Copy: El Chico Corporation  
4 Cert. mail rec. no.: 7014 2120 0000 5989 3577  
5 Copy: Vivian Imperial  
6 Cert. mail rec. no.: 7014 2120 0000 5989 3584  
7 Copy: Roy Itani, Los Angeles County Fire Department  
8 Cert. mail rec. no.: 7014 2120 0000 5989 3621  
9 Copy: Fabiola Huerta  
10 Cert. mail rec. no.: 7014 2120 0000 5989 3638  
11 Copy: Timothy Stapleton, County of Los Angeles  
12 Cert. mail rec. no.: 7014 2120 0000 5989 3645

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