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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**

12  
13 **ORDER TO:**  
14 **PLUG AND ABANDON WELLS,**  
15 **DECOMMISSION ATTENDANT FACILITIES, AND**  
16 **RESTORE WELL SITE**

17  
18 **NO. 1128**

19 **Dated: December 7, 2018**

20 **Operator: Atlantic Richfield Company, A4525**

21  
22  
23 **BY**

24 **Kenneth A. Harris Jr.**

25 **STATE OIL AND GAS SUPERVISOR**  
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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 or the  
4 decommissioning of a production facility that has been deserted, whether or not any damage is  
5 occurring, or threatened, by reason of that deserted well. (**Pub. Resources Code [PRC], §**  
6 **3237, subdivision (a).**) When the operator of an idle well has not filed a long-term idle well  
7 management plan with the Supervisor, the operator’s failure to pay annual fees for the idle well  
8 is *conclusive evidence* of desertion. (**PRC, § 3206, subs. (a) and (c);** emphasis added).

9 Based on the Division’s records, Atlantic Richfield Company is a responsible “operator”  
10 (Operator) (as defined in **PRC section 3009**) and is responsible (as specified in **PRC section**  
11 **3237, subdivision (c)(1)**), for the plugging and abandonment of the well(s) on Exhibit A  
12 (incorporated herein; **the Well(s)**, the decommissioning of the attendant production facilities  
13 (**the Facilities**), and the restoration of the well site (**the Wells and Facilities**). Herein, the  
14 Supervisor is ordering Operator to do so because the Supervisor has determined, based on  
15 information, belief, and the conclusive evidence detailed below, that Operator has deserted **the**  
16 **Wells and Facilities**.

17 Therefore, pursuant to **PRC sections 3106, 3206, 3224, 3226, and 3237**, and as set forth  
18 below, the Supervisor is ordering Operator to plug and abandon **the Wells** and decommission  
19 **the Facilities** according to **PRC sections 3208, 3228, 3229, and 3230, California Code of**  
20 **Regulations, title 14, (Regulations) sections 1722, 1723 through 1724.1, 1760, 1775, and**  
21 **1776**, and the conditions included in any permit/approval the Division may issue pursuant to  
22 **PRC section 3229**.

23 **II. Definitions**

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

27 **PRC section 3008, subdivision (d)**, defines “Idle well” to mean “any well that for a  
28 period of 24 consecutive months has not either produced oil or natural gas, produced water to be

1 used in production stimulation, or been used for enhanced oil recovery, reservoir pressure  
2 management, or injection.”

3 **PRC section 3008, subdivision (e)**, defines “Long-term idle well” to mean “any well  
4 that has been an idle well for eight or more years.”

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

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

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

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

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

27 **PRC section 3226** authorizes the Supervisor, based on the Supervisor’s final or affirmed  
28 order, to appoint agents who may enter the well premises and perform necessary remedial work

1 if the operator did not complete the remedial work as ordered. Any amount the Supervisor  
2 expends to complete the necessary remedial work (which may include penalties and interest)  
3 constitutes a lien against the operator's real or personal property according to **PRC section**  
4 **3423**.

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

#### 9 **IV. Conclusive Evidence of Desertion**

10 The Division's records show that the Division notified Operator of Operator's idle well  
11 fee obligations, three times, by U.S. mail. First, the Division sent an idle well fee "Invoice"  
12 dated January 31, 2018. (See Exhibit B; incorporated herein.) Second, the Division sent a  
13 subsequent, related revised idle well fee invoice ("Revised Invoice") dated June 22, 2018. (See  
14 Exhibit C; incorporated herein.) Third, the Division sent a related "Past Due" notice dated  
15 August 17, 2018. (See Exhibit D; incorporated herein.)

16 Notwithstanding the above notices, Operator has not paid the annual fees required for **the**  
17 **Well(s)** under **PRC section 3206** (former or current), and has an outstanding balance of  
18 approximately \$6,750.00 in idle well fees. Operator's failure to pay the required idle well fees  
19 for **the Well(s)** is conclusive evidence of desertion. (**PRC, § 3206, subd. (c)**.)

#### 20 **V. Operator's Required Actions**

21 For the reasons stated above, the Division has determined that Operator has deserted **the**  
22 **Well(s) and Facilities**. Therefore, **IT IS HEREBY ORDERED** that Operator plug and  
23 abandon **the Well(s)** and decommission **the Facilities** according to **PRC sections 3208, 3228,**  
24 **3229, and 3230, Regulations sections 1722, 1723 through 1724.1, 1760, 1775, and 1776,** and  
25 the conditions included in any permit the Division may issue pursuant to **PRC section 3229**.

#### 26 **VI. Operator's Appeal Rights**

27 **PRC section 3237, subdivision (b)**, entitles an operator to appeal a Supervisor's order to  
28 plug and abandon a deserted well. A notice of appeal must be timely made, in writing, and filed

1 with the Director. (See **PRC beginning at PRC section 3350.**) To file an appeal, a written  
2 notice of appeal may be mailed to the following address:

3  
4 Department of Conservation  
5 Director's Office of Appeals  
6 801 K Street, MS 24-03 (Legal Office, Chief Counsel)  
7 Sacramento, California 95814-3530

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

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

#### 18 **VII. Other Potential Actions to Enforce This Order**

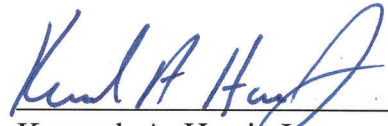
19 Failing to comply with **Section V** (Operator's Required Actions) of this Order could  
20 subject Operator to further enforcement action. For example, the Supervisor could deny  
21 approval of proposed well operations until compliance is achieved. (**PRC, § 3203, subd. (c).**)

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

26 Further, **PRC section 3236** makes it a misdemeanor for any person who violates, fails,  
27 neglects, or refuses to comply with any of the provisions of the oil and gas law (statutes and  
28 regulations). The misdemeanor is punishable by a fine of not less than one hundred dollars

1 (\$100) nor more than one thousand dollars (\$1,000), or by imprisonment not exceeding six  
2 months, or by both the fine and imprisonment for each separate offense. **PRC section 3359**  
3 makes it a misdemeanor to fail or neglect to comply with an order of the Supervisor. Each day's  
4 further failure, refusal, or neglect is a separate and distinct offense. (**PRC, § 3359.**)  
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6 DATED: December 7, 2018  
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10 Kenneth A. Harris Jr.  
11 State Oil and Gas Supervisor  
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