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2 Division of Oil, Gas, and Geothermal Resources
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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 **PERFORM REMEDIAL WORK**

15
16 **NO. 1142**

17 **Dated: January 2, 2019**

18 **Operator: Visioncraft Energy, LLC**

19 **Field: Esperanza Field, Orange County**

20 **Well: CRA Texas A.U.W.C. 1 (API: 059-05526)**
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22
23 **BY**

24 **Kenneth A. Harris Jr.**

25 **STATE OIL AND GAS SUPERVISOR**
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1 **I. Introduction**

2 Acting through the State Oil and Gas Supervisor (Supervisor), and under the authority of
3 the Public Resources Code (PRC) and California Code of Regulations, title 14 (Regulations), the
4 California Department of Conservation, Division of Oil, Gas, and Geothermal Resources
5 (Division) may determine that an emergency exists in connection with oilfield operations. In so
6 determining, the Division may issue an order that directs the operator to take any actions that the
7 Supervisor deems necessary to protect life, health, property, or natural resources. (PRC,
8 §§ 3106, 3222, 3224, 3226.)

9 At all times relevant to this Order, Visioncraft Energy, LLC (Operator) has been
10 identified as the “operator,” as defined in PRC section 3009, of the “well(s)” as defined in PRC
11 section 3008, subdivision (a), and is conducting “operations” as defined in Regulations section
12 1720, subdivision (f). Based upon information and belief, Yorba Linda Estates LLC owns the
13 land upon which the operations are located.

14 **II. Definitions**

15 The following definitions apply to the terms used in this Order:

16 **PRC section 3008, subdivision (a)** defines “Well” to mean, among other things, “any oil
17 or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably
18 presumed to contain oil or gas,” and “any well drilled for the purpose of injecting fluids or gas
19 for stimulating oil or gas recovery[.]”

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

23 **PRC section 3010** defines production facility to mean “any equipment attendant to oil
24 and gas production or injection operations[.]”

25 **Regulations section 1720, subdivision (f)**, defines “Operations” to mean “any one or all
26 of the activities of an operator covered by Division 3 of the Public Resources Code.”

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1 **III. Statutory and Related Authority**

2 **PRC section 3013** states that the oil and gas conservation laws (Division 3 of the PRC,
3 commencing with section 3000) “shall be liberally construed to meet its purposes” and grants
4 the Supervisor “all powers” that may be necessary to carry out those purposes.

5 **PRC section 3106, subdivision (a)**, authorizes the Supervisor to “supervise the drilling,
6 operation, maintenance, and abandonment of wells and the operation, maintenance, and removal
7 or abandonment of tanks and facilities attendant to oil and gas production ... so as to prevent, as
8 far as possible, damage to life, health, property, and natural resources[.]”

9 **PRC section 3200** requires an owner or operator of a well or production facility
10 designate an agent, giving his or her address, who resides in this state, to receive and accept
11 service of all orders, notices, and processes of the supervisor or a court of law.

12 **PRC section 3222** provides: “The owner or operator of any well shall, at the request of
13 the supervisor, demonstrate that . . . detrimental substances are not infiltrating into underground
14 or surface water suitable for irrigation or domestic purposes.”

15 **PRC section 3226** states: “[I]f the supervisor determines that an emergency exists, the
16 supervisor may order or undertake the actions he or she deems necessary to protect life, health,
17 property, or natural resources.”

18 **PRC section 3227 (a)** requires the owner of any well to file with the supervisor, on or
19 before the last day of each month, for the last preceding calendar month, a statement, in the form
20 designated by the supervisor, showing all of the following:

21 (1) The amount of oil and gas produced from each well during the period indicated, together
22 with the gravity of the oil, the amount of water produced from each well, estimated in
23 accordance with methods approved by the supervisor, and the number of days during which
24 fluid was produced from each well.

25 (2) The number of wells drilling, producing, injecting, or idle, that are owned or operated by the
26 person.

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1 (3) What disposition was made of the gas produced from each field, including the names of
2 persons, if any, to whom the gas was delivered, and any other information regarding the gas and
3 its disposition that the supervisor may require.

4 (4) What disposition was made of water produced from each field and the amount of fluid or gas
5 injected into each well used for enhanced recovery, underground storage of hydrocarbons, or
6 wastewater disposal, and any other information regarding those wells that the supervisor may
7 require.

8 (5) The source of water, and volume of any water, reported in paragraph (4), including the water
9 used to generate or make up the composition of any injected fluid or gas. Water volumes shall
10 be reported by water source if more than one water source is used. The volume of untreated
11 water suitable for domestic or irrigation purposes shall be reported. Commingled water shall be
12 proportionally assigned to individual wells, as appropriate.

13 **Regulations section 1714** states: “[T]emporary approval to commence . . . operations
14 may be granted by the Supervisor or a representative of the Supervisor when such operations are
15 necessary to avert a threat to life, health, property, or natural resources.”

16 **Regulations section 1722, subdivision (a)**, requires Operator to conduct all operations
17 “in accordance with good oilfield practice.”

18 **Regulations section 1722.1.1** requires each well location shall have posted in a
19 conspicuous place a clearly visible, legible, permanently affixed sign with the name of the
20 operator, name or number of the lease, and number of the well.

21 **Regulations section 1773.3** requires All tanks shall be properly identified with the
22 operator's tank identification number, tank type (production, stock, water, etc.), and with
23 appropriate materials hazard placards or labels.

24 **Regulations section 1773.4** requires tank wall thickness testing be conducted on in-
25 service tanks at specified intervals, in-service tanks shall be internally inspected and tested to
26 determine bottom plate thickness as specified in regulation, and the Supervisor or district deputy
27 may require that a tank that has had a leak resulting in the release of a reportable quantity be
28 tested to verify integrity prior to being put back into service.

1 **Regulations section 1774** requires Operator to maintain all pipelines “in accordance with
2 good oil field practice and applicable standards[.]”

3 **Regulations section 1775** requires Operator to address oilfield wastes, harmful
4 chemicals, unused equipment, scrap and other trash so as not to cause damage to life, health,
5 property, freshwater aquifers or surface waters, other natural resources, or such that its
6 operations become a public nuisance or a menace to public safety.

7 **Regulations section 1777**, among other things, requires Operator to “maintain
8 production facilities in good condition and in a manner to prevent leakage or corrosion and to
9 safeguard life, health, property, and natural resources.”

10 **IV. Alleged Acts/Omissions**

11 During an October 5, 2018 inspection, Division staff observed the following conditions at
12 the Operator’s facility located in the Esperanza Field associated with the CRA Texas A.U.W.C
13 lease (API Number: 05905526):

- 14 1). The north tank (Lat/Long: 33.895896, -117.755791) at the above referenced facility is
- 15 leaking fluid from the bottom and a spill had not been remediated,
- 16 2). The tank facility fence panel had been compromised,
- 17 3). The barbed wire does not meet exclusion requirements and there was unrestricted access to
- 18 the tanks,
- 19 4). The tanks are lacking identification numbers, tank type, and appropriate hazard placards or
- 20 labels,
- 21 5). The well sign is lacking the lease name and the fencing is inadequate to meet exclusion
- 22 requirements,
- 23 6). The cellar boards are inadequately maintained to exclude people and animals,
- 24 7). The cellar is full of fluids.

25 Additionally, upon further review of division records by the inspector(s), it was
26 discovered that there is no current address for the California agent listed for the Operator and the
27 Operator does not have an updated spill contingency plan on file with the Division’s Southern
28 District Office.

V. Required Remedial Actions

For the reasons described above in this Order, the Supervisor hereby determines that remedial work is necessary to prevent damage to life, health, property, and natural resources. Therefore, pursuant to PRC sections 3013, 3106, 3222, 3224, and 3226, and Regulations sections 1714, 1722, subdivision (a), 1774, 1775, and 1777, among others, **the Supervisor hereby orders Operator, Visioncraft Energy LLC, to immediately:**

1. Drain and dispose of any existing fluids from the leaking tank (Lat/Long: 33.895896, -117.755791) and clean up any unremediated spills which have discharged from the tank in accordance with applicable transport and disposal laws.
2. Repair the tank(s) (Lat/Long: 33.895896, -117.755791 and 33.895882, -117.755859) to the satisfaction of the Southern District Deputy or remove the tanks and associated facilities consistent with applicable transport and disposal laws. Tanks are required to be maintained in a manner to prevent leakage or corrosion and to safeguard life, health, property and natural resources pursuant to Regulations section 1777(a).
3. If tank(s) are not removed, after repair, submit proof of compliance with Regulations section 1773.3 which requires tanks to be properly identified with operator's tank identification number, tank type, and with appropriate materials hazard placards or labels.
4. Submit proof of compliance with Regulations section 1773.4 tank inspection and testing requirements.
5. Remove and properly dispose of all oil-impacted equipment, scrap, trash or other waste from the tank containment area consistent with Regulations section 1775.
6. Remove and properly dispose of all oilfield wastes from the lease, perform weed abatement, and maintain the lease in such a condition that it complies with Regulations section 1775.
7. Drain the well cellar and replace/repair cellar cover to comply with Regulations section 1777(c)(3) which requires well cellars to be covered and kept drained, grating or flooring to be maintained in good condition to exclude people and animals, and cellars should be protected from as much runoff water as practical.

1 8. Maintain the production facility in a manner that complies with Regulations section 1777.

2 9. Repair or replace and update well sign per Regulations section 1722.1,1(a).

3 10. Submit a spill contingency plan as required per Regulations section 1722 (b).

4 11. Provide the Division with accurate contact information of the designated in-state agent
5 per California Public Resources Code section 3200.

6 12. Submit past due production and water disposition records per California Public
7 Resources Code § 3227(a).

8 **VI. Operator's Appeal Rights**

9 Operator may appeal this Order by filing a written notice of appeal with the Director of
10 Conservation as described in PRC section 3350. Failing to file a notice of appeal within the
11 timeframe prescribed in PRC section 3350, subdivision (a), waives Operator's right to challenge
12 this Order and makes the Order final. If Operator timely files a notice of appeal, Operator will
13 be informed of the appeal hearing date, time, and place. After the close of the hearing, Operator
14 will receive a written decision that affirms, sets aside, or modifies the Order.

15 If the work is not immediately commenced and continued to completion within 30 days of
16 this order, the Supervisor may appoint necessary agents to enter the premises and perform the
17 work consistent with PRC section 3226. Any amount the Supervisor expends will constitute a
18 lien against Operator's real and/or personal property. (PRC, § 3226.)

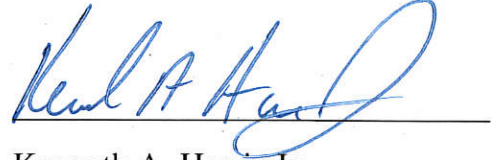
19 **VII. Court Order and Other Potential Actions to Enforce This Order**

20 PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or
21 refuses to comply with any of the provisions of the oil and gas conservation laws commencing at
22 PRC section 3000. The misdemeanor is punishable by a fine of not less than one hundred
23 dollars (\$100) nor more than one thousand dollars (\$1,000), or by imprisonment not exceeding
24 six months, or by both the fine and imprisonment for each separate offense. PRC section 3359
25 makes it a misdemeanor to fail or neglect to comply with an order of the Supervisor. Each day's
26 further failure, refusal, or neglect is a separate and distinct offense. (PRC, § 3359.)

27 Failure to comply with Section V (Required Remedial Actions) could result in additional
28 enforcement orders and/or actions. For example, the Supervisor could deny approval of

1 proposed well operations until compliance is achieved, order the plugging and abandonment of
2 the associated well, and/or assess a civil penalty. (PRC, §§ 3203, subd. (c), 3236.5, 3237, subd.
3 (a)(3)(C).)

4
5 DATED: January 2, 2019



6 Kenneth A. Harris Jr.

7 State Oil and Gas Supervisor

8 See attached PROOF OF SERVICE for distribution list

1 **PROOF OF SERVICE BY CERTIFIED U.S. MAIL**

2 I declare that I am employed in the County of Sacramento, California. I am over the
3 age of 18 and not a party to the within captioned cause. My business address is
4 801 K Street, MS 18-05, Sacramento, California 95814. On January 2, 2019, I served the
5 following document(s):

6 **ORDER TO: PERFORM REMEDIAL WORK and ORDER NO. 1142**

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

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

14 Attn: Agent c/o Visioncraft Energy LLC 7114 E. Stetson Drive, Suite 350 Scottsdale, AZ 85251 Certified Mail Receipt Number: 7013 2250 0000 9010 0550	15 Yorba Linda Estates, LLC 7114 E. Stetson Drive, Suite 350 Scottsdale, AZ 85251 Certified Mail Receipt Number: 7013 2250 0000 9010 0543
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16 I declare under penalty of perjury of the laws of the State of California that the
17 foregoing is true and correct, and that this declaration was executed on January 2, 2019, at
18 Sacramento, CA.

19 
20 _____
21 Rachael Tadlock
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