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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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14 **ORDER TO PERFORM**
15 **REMEDIAL WORK, NO. 1146**
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18 **Operator: Ample Resources, Inc. (A2490)**

19 **Wells: Snow 1A(III-04079), Snow 2 (111-04080), Temescal 9-1 (111-21634), Temescal 9-2 (111-21635), Temescal 9-3 (API 111-21652), Temescal 9-4 (111-21649), Temescal 9-5 (111-21653), Temescal 9-6 (111-21662), Temescal 9-7 (111-21820), Temescal 9-8 (111-21909)**
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22 **I. Introduction**

23 The State Oil and Gas Supervisor (Supervisor), acting through the Division of Oil, Gas, and
24 Geothermal Resources (Division) and under the authority of Division 3 of the Public Resources Code
25 (PRC; commencing with PRC section 3000) and title 14 of the California Code of Regulations
26 (Regulations), may order tests and remedial work concerning oil and natural gas field operations which,
27 in his judgment, are necessary to prevent damage to life, health, property, and natural resources (See
28 PRC sections 3106 and 3224).

1 At all times relevant to this Order, Ample Resources, Inc. has been identified as the "operator"
2 (Operator), as defined in PRC section 3009, of the "well(s)" as defined in PRC section 3008, subdivision
3 (a), and is conducting "operations" as defined in Regulations section 1720, subdivision (f).

4 **II. Definitions**

5 **PRC section 3008, subdivision (a)**, defines "Well" to mean, among other things, "any oil or gas
6 well or well for the discovery of oil or gas; any well on lands producing or reasonably presumed to
7 contain oil or gas," and "any well drilled for the purpose of injecting fluids or gas for stimulating oil or
8 gas recovery[.]"

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

12 **PRC section 3010** defines production facility to mean "any equipment attendant to oil and gas
13 production or injection operations[.]"

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

16 **III. Statutory and Related Authority**

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

20 **PRC section 3106, subdivision (a)**, authorizes the Supervisor to "supervise the drilling,
21 operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or
22 abandonment of tanks and facilities attendant to oil and gas production ... so as to prevent, as far as
23 possible, damage to life, health, property, and natural resources; damage to underground oil and gas
24 deposits from infiltrating water and other causes; losses of oil, gas, or reservoir energy, and damage to
25 underground and surface waters suitable for irrigation or domestic purposes by the infiltration of, or the
26 addition of, detrimental substances."

27 **PRC section 3270** requires the Division, by regulation, to prescribe minimum facility
28 maintenance standards for all product facilities in the state. The regulations shall include "other facility

1 or equipment maintenance that the supervisor deems important for the proper operation of production
2 facilities and that the supervisor determines are necessary to prevent damage to life, health, property,
3 and natural resources[.]"

4 **PRC section 3224** authorizes the Supervisor to order "remedial work as in his judgment are
5 necessary to prevent damage to life, health, property, and natural resources[.]"

6 **PRC section 3226** states: "[I]f the supervisor detennines that an emergency exists, the
7 supervisor may order or undertake the actions he or she deems necessary to protect life, health, property,
8 or natural resources." PRC section 3226 also allows the Supervisor, based the Supervisor's final or
9 affirmed order, to appoint agents to enter the premises and perform necessary remedial work if the
10 operator did not complete the remedial work as ordered. Any amount the Supervisor expends to
11 complete the necessary remedial work constitutes a lien against the operator's real or personal property
12 according to PRC section 3423.

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

16 **Regulations section 1722, subdivision (a)**, requires that an 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 conspicuous
19 place a clearly visible, legible, permanently affixed sign with the name of the operator, name or number
20 of the lease, and number of the well.

21 **Regulations section 1724, subdivision (a)(II)**, requires the Operator of any well drilled,
22 redrilled, deepened, or reworked shall keep, or cause to be kept, an accurate record of each operation on
23 each well including, log and history showing chronologically the depth and type of all electrical,
24 physical, or chemical logs, tests, or surveys made.

25 **Regulations section 1724.10, subdivision (j)**, requires a mechanical integrity test (MIT) be
26 perfonned on all injection wells to ensure the injected fluid is confined to the approved zone or zones.
27 An MIT shall consist of a two-part demonstration as provided in subsections (j)(I) and (2). (1) Prior to
28 commencing injection operations, each injection well must pass a pressure test of the casing-tubing

annulus to determine the absence of leaks. Thereafter, the annulus of each well must be tested at least once every five years; prior to recommencing injection operations following the repositioning or replacement of downhole equipment; or whenever requested by the appropriate Division district deputy. (2) When required by subsection (j) above, injection wells shall pass a second demonstration of mechanical integrity. The second test of a two-part MIT shall demonstrate that there is no fluid migration behind the casing, tubing, or packer. (3) The second part of the MIT must be performed within three (3) months after injection has commenced. Thereafter, water-disposal wells shall be tested at least once each year; waterflood wells shall be tested at least once every two years; and steamflood wells shall be tested at least once every five years. Such testing for mechanical integrity shall also be performed following any significant anomalous rate or pressure change, or whenever requested by the appropriate Division district deputy. The MIT schedule may be modified by the district deputy if supported by evidence documenting good cause. (4) The appropriate district office shall be notified before such tests/surveys are made, as a Division inspector may witness the operations. Copies of surveys and test results shall be submitted to the Division within 60 days.

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

Regulations section 1774 requires Operator to maintain all pipelines "in accordance with good oil field practice and applicable standards[.]"

Regulations section 1774.2, subdivision (a), requires operators to prepare a pipeline management plan for all pipelines. The operator is required to maintain an up to date copy and provide it to the Supervisor upon request. The plan is required to be updated within 90 days whenever pipelines are acquired, installed, altered, or at the request of the Supervisor.

Regulations section 1775, subdivisions (a) and (c), requires Operator to address oilfield wastes, harmful chemicals, unused equipment, scrap and other trash so as not to cause damage to life, health, property, freshwater aquifers or surface waters, other natural resources, or such that its operations become a public nuisance or a menace to public safety. Unused equipment and scrap attendant to oilfield operations shall be removed from a production or injection operations area and/or stored in such

1 a manner as to not cause damage to life, health, or property, or become a public nuisance or a menace to
2 public safety. Trash and other waste materials attendant to oilfield operations shall be removed and
3 disposed of properly.

4 **Regulations section 1777, subdivision (a)**, requires, among other things, that Operators
5 maintain production facilities in good condition and in a manner to prevent leakage or corrosion and to
6 safeguard life, health, property, and natural resources.

7 **Regulations section 1777, subdivision (c)(2)**, weeds and debris shall be removed from
8 secondary containment areas or catch basins, and the integrity of all berms shall be inspected monthly.
9 Fluids, including rainwater, shall be removed.

10 **Regulations section 1777, subdivision (c)(3)**, requires well cellars to be covered and kept
11 drained. Grating or flooring shall be installed and maintained in good condition so as to exclude people
12 and animals. Cellars should be protected from as much runoff water as practical.

13 **Regulations section 1777, subdivision (f)**, requires vehicle access routes to all production
14 facilities to be maintained in a safe and passable condition

15 **Regulations section 1779** authorizes the Supervisor in individual cases to set forth other
16 requirements where justified or called for.

17 **IV. Alleged Acts/Omissions**

18 During inspections on or about May 22, 2018, May 25, 2018, November 6, 2018, December 11,
19 2018, January 8, 2019, January 9, 2019, January 10, 2019, and January 28, 2019, Division staff observed
20 the following conditions during one and/or all inspections at the Operator's facility located in the
21 Temescal Field associated with the following leases:

22 **A. Snow and Hidden Leases**

- 23 1. The access road to all six wells on Snow and Hidden Leases was in disrepair.
24 Emergency vehicles and rigs or heavy equipment necessary for well work would be
25 unable to navigate the road without driving on/over pipeline and/or timely access
26 wells in the event of an emergency considering the existing road conditions.

27 **B. Snow IA (API 111-04079)**

- 28 1. The platform was burnt, in disrepair, and there is no safe access to the wellhead.

11. Oil leaking from the wellhead/flange.
- C. Snow 2 (API 111-04080)
- i. Missing bolts on wellhead.
11. The District was not provided log(s) for a Caliper log run from May 8, 2009.
111. Overdue RA survey and SAPT. Prior to commencing injection operations, each injection well must pass a pressure test of the casing-tubing annulus to determine the absence of leaks pursuant to Regulations section 1724.10(i)(l). The annulus of each well must be tested at least once every five years; prior to recommencing injection operations following repositioning or replacement of downhole equipment; or whenever requested by the appropriate Division district deputy. Ample Resources, Inc. was issued a Notice of Violation on January 15, 2018 because the SAPT was overdue and a second Notice of Violation on May 25, 2018 for the same violation.
- D. Temescal 9-1 (API 111-21634)
- i. Well identification sign is inaccurate and does not provide the correct operator name.
- ii. The well cellar contained oily fluid and solids.
- iii. Missing bolts on wellhead.
- iv. The District was not provided log(s) for Gyro run on September 30, 2008 and a HRLA/SP/GR run on September 29, 2008.
- E. Temescal 9-2 (API 111-21635)
- i. The well cellar contained fluid in the cellar.
- F. Temescal 9-3 (API 111-21652)
- i. The well cellar contained oily fluid and solids.
- G. Temescal 9-4 (111-21649)
- i. The well cellar contained oily fluid and solids
- H. Temescal 9-5 (API 111-21653)
- i., The well cellar contained oily fluid and solids.
- I. Temescal 9-6 (API 111-21662)
- i. The well cellar contained oily fluid and solids.

1 J. Temescal 9-7 (API 111-21820)

2 i. Leaking flange.

3 ii. The well cellar contained oily fluid and solids.

4 iii. The District was not provided log(s) from Gyro run on October 10, 2008 and October
5 23, 2008.

6 K. Temescal 9-8 (API 111-21909)

7 i. The well cellar contained oily fluid and solids.

8 ii. Well identification sign was not legible with the name of the operator, name or
9 number of the lease, and number of the well.

10 iii. An approximately 20-foot hole (rathole) with no means of exclusion next to the well
11 which could cause damage to life, health or property, or become a public nuisance or
12 a menace to public safety.

13 L. Ample Resource, Inc.'s pipelines were directly on the ground in the roadway, which is a
14 poor oil field practice. Above ground pipelines should be on supports or racks and should
15 not be lying in the roadway. The Supervisor may require additional testing in accordance
16 with good oil field practice and applicable standards, as set forth in either the American
17 Petroleum Institute, American Society for Testing and Materials or Code of Federal
18 Regulations 49, Part 192 to prove the integrity of the pipelines pursuant to Regulations
19 section 1774.

20 **Required Remedial Actions**

21 For the reasons described above in this Order, the Supervisor hereby determines that remedial
22 work is necessary to prevent damage to life, health, property, and natural resources. Therefore, pursuant
23 to PRC sections 3013, 3106, 3222, 3224, and 3226, and Regulations sections 1714, 1722, subdivision
24 (a), 1774, 1775, and 1777, among others, **the Supervisor hereby orders Operator, Ample Resources,
25 Inc., within 60 days of the date this Order is signed by the Supervisor to:**

- 26 1. Repair roads and move trailers and/or vehicles in a manner to facilitate timely access to
27 wells listed in Section IV.A of any emergency vehicle(s) or heavy equipment/rig(s) required
28

1 for any necessary well work in a manner consistent with requirements in Regulations section
2 1777(f).

- 3 2. Make necessary equipment repairs to eliminate leaks from Snow 1A and Temescal 9-7 in a
4 manner consistent with requirements in Regulations section 1777(a).
- 5 3. Submit missing logs for Snow 2, Temescal 9-1 and Temescal 9-7 wells associated with the
6 rework operations as required in Regulations section 1724(a) (11) to the Ventura Office of
7 the Coastal District.
- 8 4. Submit missing mechanical integrity test (MIT) for Snow 2 demonstrating that an RA Survey
9 and SAPT were performed as required pursuant to Regulations section 1724.10 subdivision
10 (j). If an RA Survey and SAPT were not performed as required, perform the necessary
11 testing and provide data to the Ventura Office of the Coastal District.
- 12 5. Submit an up to date pipeline management plan, required pursuant to Regulations section
13 1774.2, for the facility.
- 14 6. Replace all missing bolts on wells Snow 2, and Temescal 9-1 in a manner consistent with
15 requirements in Regulations section 1777(a).
- 16 7. Replace all inadequate well signs including those on Temescal 9-1 and Temescal 9-8 wells in
17 a manner consistent with requirements in Regulations section 1773.3.
- 18 8. Remediate rathole located adjacent to Temescal 9-8 in a manner consistent with requirements
19 in Regulations section 1775(c) and 1722(a).
- 20 9. Replace and/or repair burnt platform to facilitate safe access to Snow 1A in a manner
21 consistent with requirements in Regulations section 1777(a) and 1722(a).
- 22 10. Drain all well cellars and maintain them in a drained condition.
- 23 11. Contact the Ventura Office of the Coastal District at (805) 937-7246 to conduct a follow-up
24 inspection immediately following completion of the work.
- 25 12. Perform hydrostatic testing on pipeline(s) in the roadway to verify integrity of the line(s).

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

27 Operator may appeal this Order by filing a written notice of appeal with the Director of
28 Conservation as described in PRC section 3351, subdivision (c). If Operator timely files a notice of

1 appeal in writing, Operator will be informed of the appeal hearing date, time, and place. After the close
2 of the hearing, Operator will receive a written decision that affirms, sets aside, or modifies the Order.

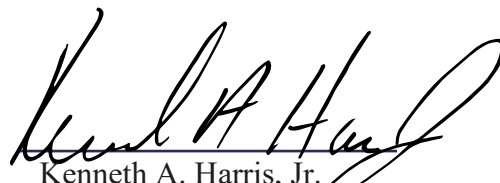
3 If the work is not immediately commenced and continued to completion within 60 days of this
4 order, the Supervisor may appoint necessary agents to enter the premises and perform the work
5 consistent with PRC section 3226. Any amount the Supervisor expends will constitute a lien against
6 Operator's real and/or personal property. (PRC, § 3226.)

7 **VI. Court Order and Other Potential Actions to Enforce This Order**

8 PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or refuses
9 to comply with any of the provisions of the oil and gas conservation laws commencing at PRC section
10 3000. The misdemeanor is punishable by a fine of not less than one hundred dollars (\$100) nor more
11 than one thousand dollars (\$1,000), or by imprisonment not exceeding six months, or by both the fine
12 and imprisonment for each separate offense. PRC section 3359 makes it a misdemeanor to fail or
13 neglect to comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a
14 separate and distinct offense. (PRC, § 3359.)

15 Failure to comply with Section V (Required Remedial Actions) could result in additional
16 enforcement orders and/or actions by the Division or other entities. For example, the Supervisor could
17 deny approval of proposed well operations until compliance is achieved, order the plugging and
18 abandonment of the associated well, and/or assess a civil penalty. (PRC, §§ 3203, subd. (c), 3236.5,
19 3237, subd. (a)(3)(C).)

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21 DATED: **3/4/2019**

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25 Kenneth A. Harris, Jr.
26 State Oil and Gas Supervisor
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Rachael A. Tadlock

