Department of Conservation, Division of Oil, Gas, and Geothermal Resources
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STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES

EMERGENCY ORDER TO PERFORM
REMEDIAL WORK, NO. 1161

Operator: Griffin Resources LLC
Wells: K.C.L. Lease Well #A84 (API Number 02908241)

I. Introduction

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

Acting through the State Oil and Gas Supervisor, and under the authority of the Public Resources Code (PRC) and California Code of Regulations, title 14 (Regulations), the California Department of...
Conservation, Division of Oil, Gas, and Geothermal Resources may determine that an emergency exists in connection with oilfield operations. In so determining, the Division may issue an order that directs the Operator to take any action that the Supervisor deems necessary to protect life, health, property, or natural resources. (PRC §§3013, 3106, 3224, 3226).

For the reasons described in this Order, the Supervisor determined on September 11, 2019 that conditions at Well #A84 poses a threat of harm to life, health, property or natural resources in light of the wells location, prior non-compliance history, and lack of state required hydro testing for the South KCL pipeline. At all times relevant to this Order, Griffin Resources has been identified as the “operator” (Operator), as defined in PRC section 3009, of the “well(s)” as defined in PRC section 3008, subdivision (a), and is conducting “operations” as defined in Regulations section 1720, subdivision (f).

II. Definitions

PRC section 3008, subdivision (a), defines “Well” to mean, among other things, “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,” and “any well drilled for the purpose of injecting fluids or gas for stimulating oil or gas recovery[].”

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.”

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

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

III. Statutory and Related Authority

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

PRC section 3106, subdivision (a), authorizes the Supervisor to “supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or
abandonment of tanks and facilities attendant to oil and gas production ... so as 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; losses 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 3270 requires the Division, by regulation, to prescribe minimum facility maintenance standards for all product facilities in the state. The regulations shall include “other facility or equipment maintenance that the supervisor deems important for the proper operation of production facilities and that the supervisor determines are necessary to prevent damage to life, health, property, and natural resources[.]

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

PRC section 3226 states: “[I]f the supervisor determines that an emergency exists, the supervisor may order or undertake the actions he or she deems necessary to protect life, health, property, or natural resources.” PRC section 3226 also allows the Supervisor, based the Supervisor’s final or affirmed order, to appoint agents to enter the 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.

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

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

Regulations section 1722.1.1 requires each well location shall have posted in a conspicuous place a clearly visible, legible, permanently affixed sign with the name of the operator, name or number of the lease, and number of the well.
Regulations section 1773.1 requires all production facilities storing and/or processing fluids, except valves, headers, manifolds, pumps, compressors, wellheads, pipelines, flowlines and gathering lines shall have secondary containment. The secondary containment shall be capable of containing the equivalent volume of liquids from the single piece of equipment with the largest gross capacity within the secondary containment and shall be capable of confining liquid for a minimum of 72 hours.

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 1773.5 requires the following within six months after the determination that a production facility is Out-of-Service:

1) Out-of-Service production facilities shall have fluids, sludge, hydrocarbons, and solids removed and shall be disconnected from any pipelines and other in-service equipment.

2) Out-of-Service production facilities shall be properly degassed in accordance with local air district requirements.

3) Clean-out doors or hatches on Out-of-Service tanks shall be removed and a heavy gauge steel mesh grating (less than 1” spacing) shall be secured over the opening to allow for visual inspection and prevent unauthorized access.

4) Out-of-Service tanks and vessels shall be labeled with Out-of-Service or OOS. "Out-of-Service" or "OOS" shall be painted in bold letters at least one foot high, if possible, on the side of the tank or vessel at least five feet from the ground surface, or as high as possible, along with the date it was taken out of service.

5) Out-of-Service production facilities shall have valves and fittings removed or secured to prevent unauthorized use.

6) Pipelines associated with Out-of-Service tanks and pressure vessels shall be removed or flushed, filled with an inert fluid, and blinded.

7) Out-of-Service production facilities shall not be reactivated unless all needed repairs have been completed and the production facility is in compliance with all applicable testing and inspection requirements.
**Regulations section 1774** generally requires Operator to maintain all pipelines “in accordance with good oil field practice and applicable standards[.]”

**Regulations section 1774.1 requires:**

(a) Operators shall visually inspect all aboveground pipelines for leaks and corrosion at least once a year.

(b) Operators shall inspect all active gas pipelines in sensitive areas that are 10 or more years old for leaks or other defects at least once a year, or at a frequency approved by the Supervisor and listed in the operator’s Pipeline Management Plan. The operator shall conduct the inspection in accordance with applicable regulatory standards or, in the absence thereof, an accepted industry standard that is specified by the operator and listed in the Pipeline Management Plan.

(c) The Supervisor may order such tests or inspections deemed necessary to establish the reliability of any pipeline system. Repair, replacement, or cathodic protection may be required.

(d) Operators shall conduct pressure testing in accordance with subdivision (f)(2) on any pipeline that has had a leak resulting in the release of a fluid in a quantity that triggers reporting of the release under any regulatory, statutory, or other legal requirement. The pipeline shall not be returned to service unless the pressure testing has been successfully completed. Test results shall be provided to the Division for review within seven days following the test.

(e) Pipe clamps, wooden plugs or screw-in plugs shall not be used for permanent repair of pipeline leaks.

(f) The operator shall perform periodic mechanical integrity testing on all active environmentally sensitive pipelines that are gathering lines, all urban pipelines over 4” in diameter, and all active gas pipelines in sensitive areas. The mechanical integrity testing shall be conducted every two years, or at an alternative frequency approved by the Supervisor based on demonstrated wall thickness and remaining service life over a period of at least two years. The testing frequencies shall be specified in the operator’s Pipeline Management Plan. Pipelines less than 10 years old are exempt from the testing requirements of this subdivision.
Subject to review and approval by the Division, the operator shall identify effective mechanical integrity testing methods based on pipeline type and use. The mechanical integrity testing methodology for compliance with this subdivision shall be specified in the operator's Pipeline Management Plan and shall include at least one of the following:

(1) Nondestructive testing using ultrasonic or other techniques approved by the Supervisor, to determine wall thickness;

(2) Pressure testing using:
   (A) The guidelines recommended by industry standards, such as the American Petroleum Institute, American Society of Mechanical Engineers for oil or gas pipelines; or
   (B) The method approved by the State Fire Marshal, Pipeline Safety Division for liquid pipelines or US Department of Transportation, Pipeline and Hazardous Materials Safety Administration for gas pipelines;

(3) Internal inspection devices such as a smart pig, as approved by the Supervisor; or

(4) Any other method approved by the Supervisor that ensures mechanical integrity so as to protect life, health, property and natural resources.

Copies of mechanical integrity test results shall be maintained in a local office of the operator for ten years and made available to the Division, upon request. The operator shall assess all test results to determine continued safe operations and that risks identified in the Pipeline Management Plan are adequately addressed. The operator shall repair and retest or remove from service any pipeline that fails the mechanical integrity test. The operator shall promptly notify the Division in writing of any pipeline taken out of service due to a test failure.

(g) Vapor recovery pipelines are exempt from mechanical integrity testing under subdivision (f) if they are equipped with safeguards, such as oxygen detectors and are leak tested at least annually. The operator shall document the safeguards and inspection regime in its Pipeline Management Plan.
(h) A county board of Supervisors, a city council, or another state agency may petition the
Supervisor to include other pipelines within their jurisdiction as environmentally sensitive or
within a sensitive area. The request must be in writing and based on findings of a competent,
professional evaluation that shows there is a probability of significant public danger or
environmental damage if a leak were to occur.

(1) Within 30 days of receipt of a petition, the Supervisor shall notify any affected operator.
(2) Within 60 days of notification to the operators, the Supervisor shall schedule a hearing
with the petitioner and operators to allow all parties to be heard.
(3) Within 30 days after the conclusion of the hearing, the Supervisor shall make a
determination as to whether the areas or pipelines should be considered environmentally
sensitive.

(i) For pipelines that are subject to mechanical integrity testing under subdivision (f), but that
were not subject to mechanical integrity testing under subdivision (f) prior to January 1,
2018, mechanical integrity testing is not required to be completed until January 2, 2020. For
these pipelines, mechanical integrity testing shall be scheduled, completed, and mechanical
integrity test results documented per subdivision (f) prior to January 2, 2020.

Regulations section 1774.2 requires:

(a) Operators shall prepare a pipeline management plan for all pipelines, and current operators as
of October 1, 2018, shall submit a copy of the plan to the Supervisor no later than October 1,
2019. The operator shall maintain an up-to-date copy and provide it to the Supervisor upon
request.

The plan shall be updated within 90 days whenever pipelines are acquired, installed, altered,
or at the request of the Supervisor. Pipelines that have been abandoned to the standards
specified in Section 1776(f) are exempt from this requirement.

(b) The pipeline management plan shall include the following:

(1) A listing of information on each pipeline including, but not limited to: pipeline type,
grade, actual or estimated installation date of pipeline, design and operating pressures,
and any available leak, repair, inspection and testing history.
(2) A description of the testing method and schedule for all pipelines.

(3) A description of preventative maintenance performed for associated appurtenances, instrumentation, and equipment (e.g. valves, actuators, gauges, sensors, etc.) to ensure safe pipeline operations.

(4) A list and maps of all pipelines that indicate which lines pass through sensitive areas, environmentally sensitive areas, urban areas, and designated waterways. The operator shall clearly indicate where information has been provided about pipelines that are not subject to regulation by the Division.

(5) A description of the product transferred in each pipeline.

(c) The Supervisor may establish additional requirements or modifications to a pipeline management plan, based on individual circumstances, to ensure life, health, property, and natural resources are protected adequately.

(d) A plan prepared pursuant to California Code of Regulations Title 8, Section 6533 may fulfill the requirements of this section if the plan is determined to be adequate by the appropriate Division district deputy.

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

Regulations section 1777, subdivision (a), requires, among other things, that Operators maintain production facilities in good condition and in a manner to prevent leakage or corrosion and to safeguard life, health, property, and natural resources.
Regulations section 1777, subdivision (c)(2), weeds and debris shall be removed from secondary containment areas or catch basins, and the integrity of all berms shall be inspected monthly. Fluids, including rainwater, shall be removed.

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

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

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

IV. Alleged Acts/Omissions

During inspections on or about January 29, 2019, February 15, 2019, May 7, 2019, and September 2, 2019, Division staff observed the following conditions during inspections at the Operator’s facility located in the Fruitvale Field associated with the K.C.L. Lease:

A. K.C. L. Lease – Well #A84
   i. Oilfield waste was not disposed of in such a manner as not to cause damage to life, health, property, freshwater aquifers or surface waters, or natural resources, or to be a menace to public safety. Unused scrap attendant to oilfield operations, trash, and other waste materials attendant to oilfield operations was not removed or disposed of properly. (Exhibit A; Incorporated herein).
   ii. Fluid in well cellars (Exhibit B; Incorporated herein).
   iii. Well was not being maintained in a manner to prevent leakage or corrosion and to safeguard life, health, property, and natural resources. (Exhibit C; Incorporated herein)
   iv. Tank was not properly labeled. (Exhibit D; Incorporated herein)
   v. Inadequate secondary containment. (Exhibit E; Incorporated herein)
   vi. Inadequate perimeter fencing to protect life and property. (Exhibit E; Incorporated herein)
vii. Oil stained soils in violation of Regulations section 1775. (Exhibit F; Incorporated herein)

viii. Pipelines were not properly disconnected from the production facilities per out-of-service production facility requirements.

V. **Required Remedial Actions**

For the reasons described above in this Order, the Supervisor hereby determines that emergency remedial work is necessary to prevent damage to life, health, property, and natural resources. Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3226, and Regulations sections 1779, 1777, subdivisions (a) and (d), 1775, 1773.1, 1773.3 subdivision (a), 1773 subdivision (a) and (b), among others, the Supervisor hereby orders Operator, Griffin Resources, to immediately:

A. Submit for approval to the Inland District Deputy of the Division’s Inland District office, 4800 Stockdale Hwy., Suite 100, Bakersfield, CA 93309, or via email to cameron.campbell@conservation.ca.gov, a written plan and schedule describing the remedial work that will be performed within 10 days of this Order. The work plan and schedule must include, a description of the work to be performed, the date the work will commence, and the anticipated date the work will be completed. All work must be completed within 30 days of this Order. Upon completion of the work, notify the Inland District Deputy to schedule a site visit for Division staff to verify the work was performed to the satisfaction of the Division.

1. **K.C.L. Lease – Well #A84**
   
a. Remove oil stained soils and arrange for proper transport and disposal in a manner that is compliant with California laws and regulations.

b. Drain well cellars and arrange for the proper transport and disposal of any oily fluids in a manner that is compliant with California laws and regulations.

c. Use proper well control methods and equipment to stop any leakage from well #A84. Determine the root cause of the leak and remediate. Report the cause of the leak to DOGGR and identify measures taken to remediate the leak.
d. Construct secondary containment that is compliant with California Code of Regulations section 1773.1.

e. Install fencing that is compliant with California Code of Regulations section 1777(d), which incorporates by reference Regulations sections 1778(a) and/or 1778(e).

f. If the Operator intends to return pipelines to service, the Operator will need to demonstrate compliance with oil and gas laws and regulations and orders prior to returning pipelines to service to the Division, which includes, but is not limited to necessary inspection and testing requirements in Regulations section 1774.1 and 1774.2. Otherwise, disconnect all pipelines from out of service production facilities in a manner that is in compliance with California Code of Regulations sections 1773.5(a) and (b).

VI. Operator’s Appeal Rights

Operator may appeal this Order by filing a written notice of appeal with the Director of the Department of Conservation as described in PRC section 3351, subdivision (c). If Operator timely files a notice of appeal in writing, Operator will be informed of the appeal hearing date, time, and place. After the close of the hearing, Operator will receive a written decision that affirms, sets aside, or modifies the Order.

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

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

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 conservation laws commencing at PRC section 3000. 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.)

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

DATED: 9/13/19

Jason Marshall
Acting State Oil and Gas Supervisor
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 September 13, 2019, I served the following document(s):

EMERGENCY ORDER TO PERFORM REMEDIAL WORK
ORDER NUMBER 1161

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:

Stephen J. Griffin, Agent
Griffin Resources, LLC
1695 Mesa Verde Ave, Suite 210
Ventura, CA 93003
Certified Mail Receipt Number:
7013 2250 0000 9010 0703

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 September 13, 2019, at Sacramento, CA.

Rachael A. Tadlock