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7 **STATE OF CALIFORNIA**  
8 **NATURAL RESOURCES AGENCY**  
9 **DEPARTMENT OF CONSERVATION**  
10 **GEOLOGIC ENERGY MANAGEMENT DIVISION**  
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12 **ORDER TO PLUG AND ABANDON WELL,**  
13 **DECOMMISSION ATTENDANT FACILITIES,**  
14 **AND RESTORE WELL SITE**  
15 **NO. 1196**  
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17 **Operator: Thompson and McNickels**  
18 **Well: "Butts" 2 (API 0408120066)**  
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**I. Introduction**

The State Oil and Gas Supervisor (Supervisor), acting through the Geologic Energy Management Division (CalGEM), 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 the plugging and abandonment of a well or the decommissioning of a production facility that has been deserted, whether or not any damage is occurring, or threatened, by reason of that deserted well. (PRC, §3237, subd. (a).)

Based on CalGEM's records, Thompson and McNickels (**Operator**) is or was an "operator" (as defined in PRC, § 3009) and is responsible (as specified in PRC, § 3237, subd. (c)(1)), for the plugging and abandonment of the well identified on Attachment A, incorporated herein, (the Well), the decommissioning of the production facilities attendant to the Well, and the restoration of the well site. Based on information, belief, and the evidence described below, the Supervisor has determined that the Well and the facilities have been deserted. Therefore, pursuant to PRC sections 3106, 3206.1, 3208, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to plug and abandon the Well , to decommission attendant facilities, and to restore the well site, consistent with all applicable requirements, including PRC sections 3208, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and the conditions included in any permit/approval CalGEM may issue pursuant to PRC section 3229.

**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."

**PRC section 3008, subdivision (d)**, defines "idle well" to mean "any well that for a period of 24 consecutive months has not either produced oil or natural gas, produced water to be used in production stimulation, or been used for enhanced oil recovery, reservoir pressure management, or injection." For the purpose of determining whether a well is an idle well,

1 production or injection is subject to verification by the division. An idle well continues to be an  
2 idle well until it has been properly abandoned in accordance with Section 3208 or it has been  
3 shown to the division's satisfaction that, since the well became an idle well, the well has for a  
4 continuous six-month period either maintained production of oil or natural gas, maintained  
5 production of water used in production stimulation, or been used for enhanced oil recovery,  
6 reservoir pressure management, or injection. An idle well does not include an active  
7 observation well."

8 **PRC section 3008, subdivision (e)**, defines "long-term idle well" to mean "any well that  
9 has been an idle well for eight or more years."

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

13 **PRC section 3010** defines "production facility" to mean "any equipment attendant to oil  
14 and gas production or injection operations including, but not limited to, tanks, flowlines,  
15 headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection  
16 equipment, and pipelines that are not under the jurisdiction of the State Fire Marshal pursuant  
17 to Section 51010 of the Government Code." (See also Regulations, § 1760, subd. (r).)

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

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

25 **PRC section 3224** mandates that the Supervisor "order such tests or remedial work as in  
26 his judgment are necessary to prevent damage to life, health, property, and natural resources;  
27 to protect oil and gas deposits from damage by underground water; or to prevent the escape

1 of water into underground formations, or to prevent the infiltration of detrimental substances  
2 into underground or surface water suitable for irrigation or domestic purposes, to the best  
3 interests of the neighboring property owners and the public.”

4 **PRC section 3226** authorizes the Supervisor, based on the Supervisor's final or affirmed  
5 order, to appoint agents who may enter the well premises and perform necessary remedial  
6 work if the operator did not complete the remedial work as ordered. Any amount the  
7 Supervisor expends to complete the necessary remedial work (which may include penalties  
8 and interest) constitutes a lien against the operator's real or personal property according to  
9 PRC section 3423.

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

14 **PRC section 3237, subdivision (c)(1)**, states: “[t]he current operator, as determined by  
15 the records of the supervisor, of a deserted well that produced oil, gas, or other hydrocarbons  
16 or was used for injection is responsible for the proper plugging and abandonment of the well  
17 or the decommissioning of deserted production facilities.”

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

19 Conclusive evidence of desertion arises if a well has been idle for 25 years or more; and  
20 the operator fails to operate in compliance with a valid idle well management plan, does not  
21 have an indemnity bond, or the well fails to meet the relevant testing standards for idle wells  
22 required under the Regulations. (PRC, § 3237, subd. (d)(1)(A) and (B).) Based on information,  
23 belief, and a review of CalGEM's records, as of March 24, 2021, the Well has been idle and has  
24 remained nonoperational since at least 1932. Additionally, as of the date of this order,  
25 CalGEM has not received a valid idle well management plan on file or indemnity bond for the  
26 Well or evidence that the Well meet relevant testing standards for idle wells required under  
27 applicable regulations. This creates a conclusive evidence that the Well and the facilities are

deserted.

## **V. Rebuttable Presumption of Desertion**

### **A. Removal of production facilities or injection equipment from well site for at least two years.**

A rebuttable presumption of desertion arises if a well's production facilities or injection equipment has been removed from the well site for at least two years. (PRC, § 3237, subd. (a)(3)(B).) Based on CalGEM records, including observations made during inspections of the well site conducted on November 17, 2017 and March 11, 2021, essential production and injection equipment, such as a surface pumping units and tanks, have been removed from the well site for more than two years. The Well is open to the atmosphere and incapable of producing. The Well itself has an open casing at the wellhead, and bent tubing sticking out of the casing. There are no valves in place on the wellhead that would prevent the uncontrolled flow of fluids to the surface. This creates a rebuttable presumption that the Well and the facilities are deserted.

### **B. Failure to maintain an access road to the well and the production facilities passable to oilfield and emergency vehicles.**

A rebuttable presumption of desertion arises if the operator has failed to maintain the access road to a well or production facility site passable to oilfield and emergency vehicles. Based on information, belief, and CalGEM records, including observations made during inspections of the well site conducted in 2017, and 2021, road access to the location of the Well and the facilities suitable for oilfield and emergency vehicles has not been maintained. The access road is overgrown with vegetation and the wellsite is not in a condition that would allow oilfield equipment to access the Well. This creates a rebuttable presumption that the Well and the facilities are deserted.

## **VI. Credible Evidence of Desertion**

Credible evidence of desertion includes, but is not limited to, the operational history of the well or production facility, the response or lack of response of the operator to inquiries and

1 requests from the supervisor or district deputy, the extent of compliance by the operator with  
2 the requirements of this chapter, and other actions of the operator regarding the well or  
3 production facility. (PRC, § 3237, subd. (a)(2).) CalGEM records reflect that the Well appears to  
4 have remained non-operational since at least 1932 and perhaps many years longer.

#### 5 **VII. Operator's Required Actions**

6 For the reasons stated above, **IT IS HEREBY ORDERED** that Operator plug and abandon  
7 the Well, decommission attendant facilities and restore the well site according to PRC sections  
8 3208, 3224, 3226, , 3229, and 3230, Regulations sections 1722, 1723 through 1723.8, 1724  
9 through 1724.1, 1760, 1775, and 1776, and the conditions included in any permit/approval  
10 CalGEM may issue pursuant to PRC section 3229.

#### 11 **VIII. Operator's Appeal Rights**

12 Operator may appeal this Order by filing a timely written notice of appeal with the  
13 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing  
14 with PRC section 3350. (PRC, § 3225, subd. (d).) If this order is mailed to you, the Director must  
15 receive the appeal within (15) days from the date the Supervisor mails the order. To file an  
16 appeal, a written notice of appeal may be sent via U.S. mail to:

17 Department of Conservation  
18 Director's Office of Appeals  
19 801 K Street, MS 24-03 (Legal Office, Chief Counsel)  
Sacramento, California 95814-3530

20 Or via electronic mail:

21 [CalGEMAppeals@conservation.ca.gov](mailto:CalGEMAppeals@conservation.ca.gov)

22 If Operator files a timely written notice of appeal, Operator will be informed of the  
23 appeal hearing date, time, and place. Following the hearing, Operator will receive a written  
24 decision that affirms, sets aside, or modifies the appealed order.

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

Any costs incurred by CalGEM to obtain compliance with this order (which may include penalties and interest) will constitute a lien against Operator's real or personal property per PRC section 3423.

DATED: May 19, 2021



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Uduak-Joe Ntuk  
State Oil and Gas Supervisor