STATE OF CALIFORNIA

NATURAL RESOURCES AGENCY

DEPARTMENT OF CONSERVATION

GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO REABANDON WELL

AND RESTORE WELL SITE

NO. 1197

Operator: Tunnel Oil Company

Well: “Needham” 1 (API 037-12837)
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 or permit the reabandonment of any previously abandoned well if the Supervisor has reason to question the integrity of the previous abandonment, or if the well is not accessible or visible. (PRC, § 3208.1, subd. (a).)

Based on CalGEM’s records, Tunnel Oil Company (Operator) is or was an “operator” (as defined in PRC, § 3009) and is responsible (as specified in PRC, §§ 3208.1, subd. (b), and 3237, subd. (c)(1)), for the reabandonment of well “Needham 1” (API 037-12837) (the Well), and the restoration of the well site. Based on information, belief, and the evidence described below, the Supervisor has reason to question the integrity of the previous abandonment of the Well and determine that conditions at the well poses a threat of harm to life, health, property, or natural resources. Therefore, pursuant to PRC sections 3106, 3208, 3208.1, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to reabandon the Well 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 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.”
III. State Oil and Gas Supervisor Authority

PRC section 3106 authorizes the Supervisor to supervise the drilling, operation, maintenance, and abandonment of oil and gas wells 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; loss 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 3208.1, subdivision (a), authorizes the Supervisor to order or permit the reabandonment of any previously abandoned well if the Supervisor “has reason to question the integrity of the previous abandonment, or if the well is not accessible or visible.”

PRC section 3208.1, subdivision (b), states “[t]he operator responsible for plugging and abandoning deserted wells under Section 3237 shall be responsible for the reabandonment” except in certain specific situations not applicable here.

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

PRC section 3226 authorizes the Supervisor, based on the Supervisor’s final or affirmed order, to appoint agents who may enter the well 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 (which may include penalties and interest) constitutes a lien against the operator’s real or personal property according to PRC section 3423.

IV. Reason to Question the Integrity of the Previous Abandonment

CalGEM records indicate Operator drilled the Well in July 1941 and then undertook
operations to abandon the Well in May 1946. CalGEM approved Operator’s abandonment of the Well as compliant with then-applicable requirements, as documented in a Report of Well Abandonment dated June 11, 1946.

During inspections on or about May 10, 2018, CalGEM staff observed the following conditions during inspections at the Well: the Well’s deteriorating and causing a hazardous condition; the Well’s exposure to the surface; the cellar and rathole are unsecured; evidence the public is entering the well site; evidence of gas leaking from the Well; and the Well is void of perimeter fencing. Based on a review of records in the well file for the Well, and on observations made during recent inspections of the well site by CalGEM staff, the Supervisor has reason to question the integrity of the previous abandonment of the Well and determine that conditions at the well poses a threat of harm to life, health, property, or natural resources. Further, based on the available information, the Supervisor has determined the objective of preventing, as far as possible, damage to life, health, and property will be best served if the Well is reabandoned consistent with current standards.

V. Operator's Required Actions

For the reasons stated above, IT IS HEREBY ORDERED that Operator reabandon the Well and restore the well site according to PRC sections 3208, 3208.1, 3224, 3226, , 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.

VI. Operator's Appeal Rights

Operator may appeal this Order by filing a timely written notice of appeal with the Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing with PRC section 3350. (PRC, § 3225, subd. (d).) If this order is mailed to you, the Director must receive the appeal within fifteen (15) days from the date the Supervisor mails the order. To file an appeal, a written notice of appeal may be sent via U.S. mail to:
Department of Conservation  
Director’s Office of Appeals  
801 K Street, MS 24-03 (Legal Office, Chief Counsel)  
Sacramento, California 95814-3530

Or via electronic mail:  
CalGEMAppeals@conservation.ca.gov

If Operator files a timely written notice of appeal, Operator will be informed of the appeal hearing date, time, and place. Following the hearing, Operator will receive a written decision that affirms, sets aside, or modifies the appealed order. If Operator does not file a timely written notice of appeal, this order will become a final order and CalGEM may contract for performance of the work, pursuant to PRC section 3226, 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  
Uduak-Joe Ntuk  
State Oil and Gas Supervisor
NOTICE OF APPEAL TO THE
DIRECTOR OF THE DEPARTMENT OF CONSERVATION

Use of this form is optional. You may use this form to prepare a Notice of Appeal from the enclosed Order. The style and content of this form are only suggestions. You may file a written notice of appeal in a different format.

Mail the completed form to the address at the bottom of this page.

<table>
<thead>
<tr>
<th>Box 1: Statement of Intent to Appeal</th>
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<tbody>
<tr>
<td>(Review the text in this box to confirm that the operator information Order No. 1197 are accurate. Make any necessary corrections directly on the form.)</td>
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Operator, Tunnel Oil Company, hereby appeals from State Oil and Gas Supervisor Order No. 1197

<table>
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<tr>
<th>Box 2: Basis of Appeal</th>
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<tbody>
<tr>
<td>(Explain the reasons why you are appealing the order. Make your explanation as clear and complete as you can. If you need more space to write your explanation, attach additional pages. Label any attached additional pages with “Notice of Appeal re: Order No. 1197”)</td>
</tr>
</tbody>
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The reasons for this appeal are as follows:

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

☐ (Attach additional pages as necessary.)

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<tr>
<th>Box 3: Contact Information for Operator Representative</th>
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<tbody>
<tr>
<td>(Provide contact information for the preferred operator representative with whom the Appeals Officer and Supervisor’s legal counsel may communicate regarding the appeal.)</td>
</tr>
</tbody>
</table>

Name: ____________________________________________

Physical Mail:
(Address) ____________________________________________
(City, State, Zip) _______________________________________

Phone: (________) ________ - __________________________

Email: ______________________________________________

☐ I agree to document service using the email address above.

<table>
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<tr>
<th>Box 4: Certification of Authority</th>
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Mail or E-mail this Notice of Appeal to the following the following address, as appropriate:

Department of Conservation, Director’s Office of Appeals
801 K Street, MS 24-03 (Legal Office, Chief Counsel)
Sacramento, CA 95814-3530
CalGEMAppeals@conservation.ca.gov

rev. 5/14/2020
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Department of Conservation, Director’s Office of Appeals
801 K Street, MS 24-03 (Legal Office, Chief Counsel)
Sacramento, CA 95814-3530
CalGEMAppeals@conservation.ca.gov

(Verify that all information on or attached to the form is correct, then sign and date the certification where indicated.)

I am the operator named in Box 1, above, or I have authority to act on behalf of that operator for purposes of preparing and filing this Notice of Appeal.

Signature: __________________________________________
Date: ____________________
Printed Name: __________________________________________
Affiliation with operator: __________________________________________
(e.g., self, owner, president, legal counsel, etc.)
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 May 19, 2021, I served the following document(s):

ORDER TO REABANDON WELL AND RESTORE WELL SITE
ORDER NUMBER 1197

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:

<table>
<thead>
<tr>
<th>Tunnel Oil Company</th>
<th>Emmett H Jones</th>
</tr>
</thead>
<tbody>
<tr>
<td>712 Subway Terminal Building</td>
<td>712 Subway Terminal Building</td>
</tr>
<tr>
<td>Los Angeles, California 90013</td>
<td>Los Angeles, California 90013</td>
</tr>
<tr>
<td>Certified Mail Receipt Number: 7020</td>
<td>Certified Mail Receipt Number: 7020</td>
</tr>
<tr>
<td>1810 0000 3925 5890</td>
<td>1810 0000 3925 5906</td>
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<thead>
<tr>
<th>City of Santa Clarita</th>
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<tbody>
<tr>
<td>23920 Valencia Boulevard, Suite 120</td>
<td></td>
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<tr>
<td>Santa Clarita, California 913355-2196</td>
<td></td>
</tr>
<tr>
<td>Certified Mail Receipt Number: 7020</td>
<td></td>
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<tr>
<td>1810 0000 3925 5913</td>
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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 May 19, 2021, at Sacramento, CA.

__________________________
Rachael A. Tadlock