

1 Department of Conservation, Geologic Energy Management Division
2 Uduak-Joe Ntuk
3 STATE OIL AND GAS SUPERVISOR
4 715 P Street, MS 1906 (Legal Office)
5 Sacramento, California 95814
6 Telephone (916) 323-6733
7

8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**
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14 **ORDER TO PLUG AND ABANDON WELL,**
15 **DECOMMISSION ATTENDANT FACILITIES,**
16 **AND RESTORE WELL SITE**
17 **NO. 1237**
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20 **Operator: Prine Oil Company (P4720)**
21 **Well: Ross Lease (API 02914308)**
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1 I. Introduction

2 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy
3 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources
4 Code (**PRC**; commencing with PRC section 3000) and title 14 of the California Code of
5 Regulations (**Regulations**), may order the plugging and abandonment of a well or the
6 decommissioning of a production facility that has been deserted, whether or not any damage
7 is occurring, or threatened, by reason of that deserted well. (PRC, § 3237, subd. (a).) An
8 operator's failure to timely pay required annual fees for any idle well is conclusive evidence of
9 desertion. (PRC, § 3206, subds. (a) and (c).) In addition, a rebuttable presumption of desertion
10 arises if an operator fails to designate an agent as required by PRC section 3200 and credible
11 evidence of desertion includes, but is not limited to, the extent of compliance by the operator
12 with the requirements of PRC and Regulations. (PRC, § 3237, subd. (a)(2) and (3)(D).)

13 Based on CalGEM's records, Prine Oil Company (**Operator**) is or was an "operator" (as
14 defined in PRC, § 3009) and is responsible (as specified in PRC, § 3237, subd. (c)(1)), for the
15 plugging and abandonment of the well identified on **Attachment A**, incorporated herein (**the**
16 **Well**), the decommissioning of the production facilities attendant to the Well (**the Facilities**),
17 and the restoration of the well site. Based on information, belief, and the evidence described
18 below, the Supervisor has determined that the Well and the Facilities have been deserted.
19 Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, and as set forth below,
20 the Supervisor is ordering Operator to plug and abandon the Well, to decommission the
21 Facilities, and to restore the well site, consistent with all applicable requirements, including PRC
22 sections 3208, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724
23 through 1724.1, 1760, 1775, and 1776, and the conditions included in any permit or approval
24 CalGEM may issue pursuant to PRC section 3229; and, until that work is complete, perform
25 remedial work and testing as necessary to prevent damage to life, health, property, and
26 natural resources.

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1 II. Definitions

2 **PRC section 3008, subdivision (a)**, defines "well" to mean, among other things, "any oil
3 or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably
4 presumed to contain oil or gas."

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

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

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

17 III. State Oil and Gas Supervisor Authority

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

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

27 **PRC section 3200** requires an owner or operator of a well or production facility to
28 designate an agent, giving his or her address, who resides in this state, to receive and accept

1 service of all orders, notices, and processes of the supervisor or a court of law. Every person so
2 appointing an agent is also required, within five days after the termination of the agency,
3 notify the supervisor, in writing, of the termination, and unless operations are discontinued, shall
4 appoint a new agent.

5 **PRC section 3206, subdivision (a)**, requires "[t]he operator of any idle well shall do either
6 of the following:

7 1. No later than May 1 of each year, for each idle well that was an idle well at any time in
8 the last calendar year, file with the supervisor an annual fee equal to the sum of the
9 following amounts:

10 A. One hundred fifty dollars (\$150) for each idle well that has been an idle well
11 for three years or longer, but less than eight years.

12 B. Three hundred dollars (\$300) for each idle well that has been an idle well for
13 eight years or longer, but less than 15 years.

14 C. Seven hundred fifty dollars (\$750) for each idle well that has been an idle well
15 for 15 years or longer, but less than 20 years.

16 D. One thousand five hundred dollars (\$1,500) for each idle well that has been
17 an idle well for 20 years or longer.

18 2. File a plan with the supervisor to provide for the management and elimination of all
19 long-term idle wells."

20 **PRC section 3206, subdivision (c)**, provides "Failure to file, for any well, the fee required
21 under this section shall be conclusive evidence of desertion of the well, permitting the
22 supervisor to order the abandoned pursuant to Section 3237."

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

PRC section 3226, provides that “within 30 days after service of an order pursuant to Sections 3224 and 3225, or Section 3237, or if there has been an appeal from the order to the director, within 30 days after service of the decision of the director, or if a review has been taken of the order of the director, within 10 days after affirmance of the order, the owner or operator shall commence in good faith the work ordered and continue it until completion. If the work has not been commenced and continued to completion, the supervisor may appoint necessary agents to enter the premises and perform the work. An accurate account of the expenditures shall be kept. Any amount so expended shall constitute a lien against real or personal property of the operator pursuant to the provisions of Section 3423. Notwithstanding any other provisions of Section 3224, 3225, or 3237, if 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 3237, subdivision (a)(1), authorizes the Supervisor to "order the plugging and abandonment of a well...that has been deserted whether or not any damage is occurring or threatened by reason of that deserted well." The Supervisor or district deputy "shall determine from credible evidence whether a well...is deserted."

Regulations section 1722.1.1, subdivision (a) requires for each well location to 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. These signs are required to be maintained on the premises from the time drilling operations cease until the well is plugged and abandoned.

Regulations, section 1777, subdivision (a) requires operators to maintain production facilities in good condition and in a manner to prevent leakage or corrosion and to safeguard life, health, property, and natural resources.

IV. Conclusive Evidence of Desertion

Based on CalGEM's records, at all times relevant to this order, Operator was the "operator," as defined in PRC section 3009, of the Wells. At all times relevant to this order, the Wells were an "idle well" as defined in PRC section 3008, subdivision (d).

1 As the operator of the Wells, following the process for idle well management set forth in
2 PRC section 3206, subdivision (a), Operator did not submit an Idle Well Management Plan in
3 lieu of paying idle well fees. Operator was therefore required to pay an idle well fee for: each
4 of its wells that were idle in 2018 by May 1, 2019, as provided in the 2019 Idle Well Fee Invoice
5 prepared by CalGEM; each of its wells that were idle in 2019 by May 1, 2020, as provided in
6 the 2020 Idle Well Fee Invoice prepared by CalGEM; and each of its wells that were idle in
7 2020 by May 1, 2021, as provided in the 2021 Idle Well Fee Invoice prepared by CalGEM. (PRC,
8 § 3206, subds. (a) & (a)(2)(B)(v).) (**Attachments B, C and D** incorporated herein.) As of the date
9 of this order, Operator has not paid its idle well fees for its Wells idle in 2018, 2019 and 2020.
10 Operator's failure to pay the required idle well fees for the Wells is conclusive evidence of
11 desertion. (PRC, § 3206, subd. (c).)

12 **V. Rebuttable Presumption of Desertion**

13 A rebuttable presumption of desertion arises if an operator fails to designate an agent as
14 required by PRC section 3200. (PRC, § 3237, subd. (a)(3)(D).) CalGEM records indicate the
15 most recent and current agent contact address on record provided by Operator is no longer
16 a valid agent for Operator. Communications sent to CalGEM indicate the agent is deceased.
17 Operator's failure to provide and maintain on file with CalGEM accurate contact information
18 for a designated person in California to accept service of notices, orders, and other important
19 communications (i.e., an "agent"), as required by PRC section 3200, creates a rebuttable
20 presumption that the Well and the Facilities are deserted.

21 **VI. Credible Evidence of Desertion**

22 Credible evidence of desertion includes, but is not limited to, the extent of compliance by
23 the operator with the requirements of PRC and Regulations. (PRC, § 3237, subd. (a)(2).)
24 Operator has not maintained compliance with applicable requirements for operation of the
25 Well and the Facilities. During inspections conducted on or around April 1, 2020, CalGEM
26 observed missing bull plugs and well head bolts for the Well in violation of Regulations, section
27 1777, subdivision (a), and missing well sign, in violation of Regulations, section 1722.1.1,
28 subdivision (a). (**Attachment E**; incorporated herein.) Operator's failure to comply with the

requirements of Regulations section 1722.1.1, subdivision(a) and section 1777, subdivision (a), is credible evidence of desertion. (PRC, § 3237, subd. (a).)

VII. Operator's Required Actions

For the reasons stated above, CalGEM has determined that the Well and the Facilities are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, **IT IS HEREBY ORDERED** that Operator plug and abandon the Well, decommission the Facilities, and restore the well site consistent with all applicable requirements of 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 CalGEM may issue pursuant to PRC section 3229. Until that work is complete, Operator is ordered to perform remedial work and testing on the Well and the Facilities as necessary to prevent damage to life, health, property, and natural resources.

VIII. 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), 3237, subd. (b).) If this order is mailed to you, the Director must receive the appeal within (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
715 P Street, MS 1906 (Legal Office, Chief Counsel)
Sacramento, California 95814

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, or if the order is affirmed following an appeal, this order will become a final order and CalGEM may contract for

1 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,
2 Operator has not, in good faith, commenced the work ordered. Any costs incurred by the
3 CalGEM to obtain compliance with this order (which may include penalties and interest) will
4 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
5 3356.)

6 **IX. Consequences of Non-Compliance**

7 Failure to comply with Section VII (Operator's Required Actions) of this order could
8 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
9 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
10 oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5 authorizes
11 the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of
12 Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may
13 in the future impose a civil penalty based on the facts and omissions underlying this order. PRC
14 section 3359 makes it a misdemeanor to fail or neglect to comply with an order of the
15 Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct offense.
16 (PRC, § 3359.)

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19 DATED: February 2, 2022



Uduak-Joe Ntuk
State Oil and Gas Supervisor

1 Service List

2 Prine Oil Company
3 5205 Silver Springs Lane
4 Bakersfield, CA 93313

5 Mr. Harlan Prine
6 Prine Oil Company
7 1701 W. Kanai
8 Porterville, CA 93257
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