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14 **STATE OF CALIFORNIA**
15 **NATURAL RESOURCES AGENCY**
16 **DEPARTMENT OF CONSERVATION**
17 **GEOLOGIC ENERGY MANAGEMENT DIVISION**
18

19 **FIRST AMENDED ORDER TO PLUG AND ABANDON WELLS,**
20 **DECOMMISSION ATTENDANT FACILITIES,**
21 **AND RESTORE WELL SITES**
22 **NO. 1255A (Amended)**
23

24 **Operator: Redbank Oil Co. (R0500) or Redbank Oil Company, Operator (R0505)**
25 **Edison Field**
26 **Kern County, Inland District**
27
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1 I. Introduction

2 The Acting State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic
3 Energy Management Division (**CalGEM**), and under the authority of Division 3 of the Public
4 Resources Code (**PRC**; commencing with PRC section 3000) and California Code of
5 Regulations, title 14 (**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).)

10 Based on CalGEM's records, Redbank Oil Co. or Redbank Oil Company, Operator
11 (**Operator**) is the "operator" (as defined in PRC section 3009) of the wells identified on
12 **Attachment A**, incorporated herein (**the Wells**), and is responsible (as specified in PRC section
13 3237, subdivision (c)(1)) for the plugging and abandonment of the Wells, the decommissioning
14 of the production facilities attendant to the Wells (**the Facilities**), and the restoration of the well
15 sites for the Wells. CalGEM's records indicate that, under applicable provisions of PRC section
16 3206, Operator was required to timely pay idle well fees for the Wells idle for 2018 through 2020,
17 and that Operator has not done so. This failure to timely pay idle well fees is conclusive
18 evidence of desertion, based upon which the Supervisor has determined that the Wells and
19 the Facilities are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and
20 3237, and as set forth below, the Supervisor is ordering Operator to plug and abandon the
21 Wells, to decommission the Facilities, and to restore the well site for the Wells, consistent with all
22 applicable requirements, including PRC sections 3208, 3228, 3229, and 3230; Regulations
23 sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and the
24 conditions included in any permit/approval CalGEM may issue pursuant to PRC section 3229;
25 and until that work is complete, perform remedial work and testing as necessary to prevent
26 damage to life, health, property, and natural resources.

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1. This amendment to Order 1255 reflects changes to conform with facts. A review of pertinent CalGEM records reveals that Order 1255 should have also named Redbank Oil Company, Operator. The amendment also includes revised statutory language for PRC 3226, amended effective January 1, 2022. This amendment to the original Order does not affect the terms of the original Order as to the Wells and Facilities.

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

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."

Regulations section 1760, subdivision (r), defines "production facility" to mean "any equipment attendant to oil and gas production...including, but not limited to, tanks, flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, production safety systems, separators, manifolds, and pipelines that are not under

the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code, excluding fire suppressant equipment."

III. State Oil and Gas Supervisor Authority

PRC section 3013 states that the oil and gas conservation laws (commencing with PRC section 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[.]"

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

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

- A. One hundred fifty dollars (\$150) for each idle well that has been an idle well for three years or longer, but less than eight years.
- B. Three hundred dollars (\$300) for each idle well that has been an idle well for eight years or longer, but less than 15 years.
- C. Seven hundred fifty dollars (\$750) for each idle well that has been an idle well for 15 years or longer, but less than 20 years.
- D. One thousand five hundred dollars (\$1,500) for each idle well that has been an idle well for 20 years or longer.

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

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

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

7 **PRC section 3226, subdivision (a)**, provides that "within 30 days after service of an order
8 pursuant to Sections 3224 and 3225, or Section 3237, or if there has been an appeal from the
9 order to the director, within 30 days after service of the decision of the director, or if a review
10 has been taken of the order of the director, within 10 days after affirmance of the order, the
11 owner or operator shall commence in good faith the work ordered and continue it until
12 completion. If the work has not been commenced and continued to completion, the
13 supervisor may appoint necessary agents to enter the premises and perform the work. An
14 accurate account of the expenditures shall be kept. Any amount so expended shall constitute
15 a lien against real or personal property of the operator pursuant to the provisions of Section
16 3423. Before performing such work, the division may impose a lien against the real or personal
17 property of the operator pursuant to Section 3423 in an amount equal to an estimate of the
18 cost of the work based on a bid from a contractor or previous costs to perform comparable
19 work."

20 **PRC section 3226, subdivision (b)**, Notwithstanding any other provisions of Section 3224,
21 3225, or 3237, if the supervisor determines that an emergency exists, the supervisor may order
22 or undertake the actions he or she deems necessary to protect life, health, property, or natural
23 resources."

24 **PRC section 3237, subdivision (a)(1)**, authorizes the Supervisor to "order the plugging
25 and abandonment of a well...that has been deserted whether or not any damage is
26 occurring or threatened by reason of that deserted well." The Supervisor or district deputy
27 "shall determine from credible evidence whether a well...is deserted."

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1 **IV. Conclusive Evidence of Desertion**

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

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

15 **V. Operator's Required Actions**

16 For the reasons stated herein, CalGEM has determined that the Wells and the Facilities
17 are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, **IT IS HEREBY**
18 **ORDERED** that Operator plug and abandon the Wells, decommission the Facilities, and restore
19 the well site for the Well consistent with all applicable requirements of PRC sections 3208, 3224,
20 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1,
21 1760, 1775, and 1776; and the conditions included in any permit CalGEM may issue pursuant
22 to PRC section 3229. Until that work is complete, Operator is ordered to perform remedial work
23 and testing on the Wells and the Facilities as necessary to prevent damage to life, health,
24 property, and natural resources.

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1 **VI. Operator's Appeal Rights**

2 Operator may appeal this Order by filing a timely written notice of appeal with the
3 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
4 with PRC section 3350. (PRC, §§ 3225, subd. (d); 3237, subd. (b).) If this Order is mailed to you,
5 the Director must receive the appeal within (15) days from the date the Supervisor mails the
6 Order. To file an appeal, a written notice of appeal may be sent via U.S. mail to:

7 Department of Conservation
8 Director's Office of Appeals
9 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
10 Sacramento, California 95814-3530

11 Or via electronic mail:

12 CalGEMAppeals@conservation.ca.gov

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

16 If Operator does not file a timely written notice of appeal, or if the order is affirmed
17 following an appeal, this order will become a final order and CalGEM may contract for
18 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,
19 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
20 CalGEM to obtain compliance with this order (which may include penalties and interest) will
21 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
22 3356.)

23 **VII. Consequences of Non-Compliance**

24 Failure to comply with Section V (Operator's Required Actions) of this order could
25 subject Operator to further enforcement action, including additional civil penalties, as
26 appropriate. PRC section 3236 makes it a misdemeanor for any person who violates, fails,
27 neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws
28 commencing at PRC section 3000. 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).

Gabe Tiffany

DATED: May 31, 2023

Gabe Tiffany
Acting State Oil and Gas Supervisor