

1 California Geologic Energy Management Division
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8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**

12
13
14 **ORDER TO CEASE AND DESIST OPERATIONS**

15 **NO. 1263**

16 **Operator: Ample Resources, Inc. (A1240)**
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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) and California Code of Regulations, title 14 (Regulations) upon determination that a production facility is being operated in violation of the standards prescribed in PRC section 3270, may issue a cease and desist order to a production operator requiring the operator to cease operation until the operator demonstrates to the satisfaction of the Supervisor that the violations have been corrected. (PRC, § 3270.3.)

Based on CalGEM's records, Ample Resources, Inc. (Operator) is an "operator" (as defined in PRC section 3009) and is responsible for the wells and associated production facilities at Temescal Oil Field (Facilities). Attachment A, incorporated herein, contains a list of operator's wells at the Temescal Oil Field.

As described below in this order, the Supervisor has determined that Operator failed to comply with CalGEM Orders 1144, 1145, 1146, 1147, 1155 and 1167. Therefore, pursuant to PRC sections 3013, 3106, 3225, 3226, 3270, 3270.3, the Supervisor hereby orders Operator to cease and desist all operation of the Facilities for oil and gas production until Ample performs all required actions in section VI of this order and all violations have been corrected.

II. Definitions

The following definitions apply to the terms used in this Order:

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."

PRC section 3010 defines "production facility" to mean "any equipment attendant to oil and gas production or injection operations including, but not limited to, tanks, flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection

1 equipment, and pipelines that are not under the jurisdiction of the State Fire Marshal pursuant
2 to Section 51010 of the Government Code.” (See also Regulations, § 1760, subd. (r).)

3 **Regulations section 1760, subdivision (k)**, defines “production facility” to mean “any
4 equipment attendant to oil and gas production...including, but not limited to, tanks, flowlines,
5 headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection
6 equipment, production safety systems, separators, manifolds, and pipelines that are not under
7 the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code,
8 excluding fire suppressant equipment.”

9 **Regulations section 1760, subdivision (f)**, defines “Environmentally sensitive” to mean
10 any of the following:

11 (1) A production facility within 300 feet of any public recreational area, or a building
12 intended for human occupancy that is not necessary to the operation of the production
13 operation, such as residences, schools, hospitals, and businesses.

14 (2) A production facility within 200 feet of any officially recognized wildlife preserve or
15 environmentally sensitive habitat that is designated on a United States Geological Survey
16 topographical map, designated waterways, or other surface waters such as lakes, reservoirs,
17 rivers, canals, creeks, or other water bodies that contain water throughout the year.

18 (3) A production facility within the coastal zone as defined in Section 30103(b) of the
19 Public Resources Code.

20 (4) Any production facility which the Supervisor determines may be a significant
21 potential threat to life, health, property, or natural resources in the event of a leak, or that has
22 a history of chronic leaks.

23 **Regulations section 1760, subdivision (v)** defines “Sensitive area” to mean any of the
24 following:

25 (1) An area containing a building intended for human occupancy, such as a residence,
26 school, hospital, or business that is located within 300 feet of an active gas pipeline and that is
27 not necessary to the operation of the pipeline.

28 (2) An area determined by the supervisor to present a significant potential threat to life,

1 health, property, or natural resources in the event of a leak from an active gas pipeline.

2 (3) An area determined by the supervisor to have an active gas pipeline that has a
3 history of chronic leaks.

4 **III. State Oil and Gas Supervisor Authority**

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

8 **PRC section 3106, subdivision (a)**, generally authorizes the Supervisor to “supervise the
9 drilling, operation, maintenance, and abandonment of wells and the operation,
10 maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas
11 production [...]to prevent, as far as possible, damage to life, health, property, and natural
12 resources[.]”

13 **PRC section 3225, subdivision (b)**, requires the supervisor in an order requiring an
14 operator to cease and desist operations pursuant to Section 3270.3 to specify the operations
15 that the operator is required to cease and desist and to provide a detailed explanation of the
16 steps that the operator shall take before the supervisor will permit the operations to resume.

17 **PRC section 3226** states in part that within 30 days after service of an order pursuant to
18 Sections 3224 and 3225, or Section 3237, [...], the owner or operator shall commence in
19 good faith the work ordered and continue it until completion.

20 **PRC section 3270** mandates that CalGEM prescribe by regulation minimum facility
21 maintenance standards for all production facilities in the state.

22 **PRC section 3270.3** authorizes the supervisor, upon his or her determination that a
23 production facility is being operated in violation of the standards prescribed in Section 3270
24 subdivision (a), to issue a cease and desist order to a production facility operator requiring the
25 operator to cease operation until the operator demonstrates, to the satisfaction of the
26 supervisor, that the violation has been corrected.

27 **IV. Operator Information**

28 Based on the CalGEM's records, at all times relevant to this Order, Ample Resources,

1 Inc. is or was the "operator," as defined in PRC section 3009, of the "well(s)" as defined in PRC
2 section 3008, subdivision (a) and "pipeline(s)" as defined in Regulations section 1760,
3 subdivision (q), and is conducting "operations" as defined in Regulations section 1720,
4 subdivision (f).

5 **V. Alleged Acts/Omissions**

6 The Supervisor issues this Cease and Desist Order based upon the following:

7 **A. Ongoing failure to address cited violations and pattern of recurring or repeated violations**
8 **by the operator**

- 9 1. Failure to Comply with Order to Plug and Abandon Wells, Decommission Attendant
10 Facilities and Restore Well Site No. 1144, Attachment B, hereby incorporated by
11 reference and Order No. 1155, Attachment C, hereby incorporated by reference.
12 Ample has failed to comply with final orders which require Ample to Plug and
13 Abandon Wells and Decommission Attendant Facilities and Restore Well Site.
- 14 2. Ongoing Failure to Comply with Remedial Orders to address field violations. The
15 operator failed to comply with Emergency Order for Remedial Work No. 1145,
16 Attachment D, hereby incorporated by reference, and failed to perform required
17 remedial actions as required in remedial order no. 1146, Attachment E, hereby
18 incorporated by reference, which is an ongoing violation.
- 19 3. Failure to comply with Order No. 1147, Attachment F, hereby incorporated by
20 reference, to pay civil penalties imposed as a result of non-compliance of the
21 Emergency Order to Perform Remedial Work.
- 22 4. Failure to comply with Consent Order No.1167, Attachment G, hereby incorporated
23 by reference.
- 24 5. Idle Well Fees. The operator failed to pay any idle wells fees as required pursuant to
25 PRC section 3206 et. seq. [Attachment H-Declaration of James Donnelly, hereby
26 incorporated by reference] Idle well fees of \$1,350 were due on or about July 22,
27 2018. Idle well fees of \$1,950 were due on May 1, 2019. Idle well fees for \$2,700 were
28 due on May 1, 2020 and Idle well fees for 2021 in the amount of \$3,300 were due on

1 May 1, 2021. CalGEM has not received any idle well fee payments from Ample
2 Resources. Attachment I is the 2018 Idle Well Fee Invoice, Attachment J is the 2019
3 Idle Well Fee Invoice, Attachment K is the 2020 Idle Well Fee Invoice, Attachment L
4 is the 2021 Idle Well Fee Invoice, all are hereby incorporated by reference.

- 5 6. Failure to pay assessments – Assessments on oil and gas production are due and
6 payable on the first of July in each year for assessments, the charges shall be
7 delinquent if not paid on or before August 15th of each year per PRC §3420. Ample
8 failed to pay assessments and the outstanding oil and gas assessment liability
9 Ample owes to the state is currently \$61,959.91 (sixty one thousand nine hundred
10 fifty nine dollars and ninety one cents).

11 **B. The severity of violations and the potential for serious damage to health, safety or natural**
12 **resources caused by the violations.**

13 Ample Resources, LLC. operates wells in the Temescal Oil Field. CalGEM has issued five
14 administrative enforcement orders to Ample. Ample has not responded to Order Numbers
15 1144 (Order to Plug and Abandon Wells), 1145 (Emergency Order to Perform Remedial
16 Work), 1146 (Order to Perform Remedial Work), 1147 (Order to Pay a Civil Penalty, nor 1155
17 (Order to Plug and Abandon and Decommission Attendant Facilities). Ample's continued
18 failure to comply with Orders to address field violations and which require proper
19 maintenance of access roads to wells and production facilities causes a potential for serious
20 damage to health, safety and natural resources. Failure to maintain access roads to the
21 wells and facilities makes it difficult, if not impossible, for emergency vehicles, oil rigs or heavy
22 equipment necessary for well work to navigate the road and access the site. Additionally,
23 access requires such vehicles to drive on/over pipelines attendant to the facility, thereby
24 compromising the integrity of the pipelines. It is unlikely, given the current condition of the
25 roads, that timely access to the wells in the event of an emergency would be possible. Timely
26 access to the wells and facility in the event of an emergency, such as a wildfire, well blow
27 out or oil spill, is important to protect public health and safety, neighboring property, and
28 natural resources. The inaccessible roads could potentially endanger the lives of first

1 responders trying to respond to emergency incidents at or near the facility.

2 **C. The operator's facility maintenance practices are not in compliance with Public Resources**
3 **Code, Division 3, Chapter 1 and the regulations promulgated thereunder.**

4 During inspections on or about May 22, 2018, May 25, 2018, November 6, 2018, and
5 January 8, 2019, Division staff observed that the access road to wells on Snow and Hidden
6 Leases (Snow 1A (API 111-04079), Snow 2(API 111-04080) and Hidden 1 (API 111-04076) were
7 in disrepair. Emergency vehicles and rigs or heavy equipment necessary for well work would
8 be unable to navigate the road to timely access wells in the event of an emergency.
9 Additionally, during CalGEM's site visit on February 8, 2022 CalGEM observed that the roads
10 were still in disrepair. Attachments M1 through M5 are photos of the road from the February
11 2022 inspection. The lease is also an area prone to wildfires which further highlights the need
12 for accessible roads for emergency vehicles and rigs and risk associated with production
13 until the required remedial work is performed.

14 Order to Perform Remedial Work No. 1146 was issued to operator on March 4, 2019.
15 No timely appeal was received, and the Order became final on March 19, 2019. Division
16 staff inspected the facility to assess compliance with the Order to Perform Remedial Work
17 No. 1146. The inspections revealed that there was either no change in the conditions where
18 remedial work was ordered or in some circumstances, the conditions have further
19 degraded and are worse. During an inspection on February 8, 2022, fluids, including oil,
20 were observed in the cellars. Attachments N1 though N3 are photos of fluids in Ample's
21 cellar. On February 17, 2022 Ample reported to CalGEM that the cellars for each well were
22 drained, however the containments for chemical containers were not documented as
23 being drained as well. As articulated above, access roads are still in disrepair. Remedial
24 requirements to replace inadequate well signs, remediate rathole(s), replace or repair burnt
25 platform to Snow 1A, weed removal, remediating Out of Service tanks have not been
26 performed as of the last inspection on February 8, 2022.

27 Additionally, during the February inspection staff observed Temescal 9-1 and 9-2 are
28 audibly hissing or leaking.

1 **VI. Operator's Required Actions**

2 Based on the above, and pursuant to PRC sections 3013, 3106, 3225, 3226, 3270, and
3 3270.3 the Supervisor hereby orders Operator to:

4 1). Operator shall immediately cease and desist all oil and gas production operations. In
5 ceasing operations pursuant to this Order, Operator shall ensure that all necessary steps are
6 taken such that Facilities do not pose a risk to public health or safety or the environment in its
7 non-operational status, including shutting in wells and isolating pipelines. The Operator shall
8 provide written notification to CalGEM after shutting in wells and isolating pipelines via email at
9 the following email address: CalGEMNorthern@Conservation.ca.gov. The notification shall
10 include a detailed description of how the facility was shut in and any pipelines were isolated.
11 Operator shall cease and desist operations until CalGEM authorizes Operator to resume
12 operations in writing.

13 2). Within 30 days of the effective date of this Order, Operator shall comply with
14 enforcement orders :

15 a. Post a blanket bond for \$350,000.00 as required per Order No. 1167. The bond
16 shall be provided to:

17 The California Geologic Energy Management Division
18 Financial Review
19 Attn: Jasmine Bronson
20 715 P Street, MS 18-03
21 Sacramento, CA 95814

22 b. Commence to completion and the satisfaction of CalGEM all outstanding
23 remedial work required per Order No. 1146 and comply with all oil and gas laws:

- 24 i. Immediately remediate any leaks originating from wells or equipment
25 attendant to wells Temescal 9-1 and Temescal 9-2;
26 ii. Repair access roads to all production facilities;
27 iii. Remove weeds from production facilities and adjacent areas;

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1 iv. Remediate Out of Service tanks consistent with Regulations section
2 1773.5

3 v. Ensure wells have appropriate signage

4 vi. Remediate ratholes and ensure that any other cased holes are
5 appropriately plugged and/or covered as to protect wildlife and
6 potential groundwater contamination.

7 The Operator shall give CalGEM written notification via email at the following
8 email address: CalGEMNorthern@conservation.ca.gov with a workplan to
9 perform required remedial work which describes the work to be performed and
10 an anticipated timeline.

11 c. Pay all outstanding assessments, idle well fees and civil penalties as required
12 per Orders 1147 and 1167.

13 i. As of the date of this order, Idle well fees in the amount of \$9,300.00
14 (nine thousand three hundred dollars) are due and can be made
15 payable to:

16 The California Geologic Energy Management Division
17 Idle Well Unit
18 715 P Street, MS 18-03
19 Sacramento, CA 95814

20 ii. Assessments in the amount of \$61,959.91 (sixty one thousand nine
21 hundred fifty nine and ninety one cents) are due and can be made
22 payable to :

23 The California Geologic Energy Management Division
24 Program Support Unit
25 715 P Street, MS 18-03
26 Sacramento, CA 95814

27 iii. Civil penalties in the amount of \$15,876.00 (fifteen thousand eight
28 hundred seventy six dollars) are due and can be made payable to:

1 The California Geologic Energy Management Division
2 Program Support Unit
3 715 P Street, MS 18-03
4 Sacramento, CA 95814

5 3). Operator shall not resume operations without prior written approval from CalGEM.
6 Prior to authorizing Ample to resume operations, CalGEM will confirm compliance with the oil
7 and gas laws in the PRC and associated regulations.

8 **VII. Operator's Appeal Rights**

9 Operator may appeal this Order by filing a timely written notice of appeal with the
10 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
11 with PRC section 3350. (PRC, §§ 3225, subd. (d); 3236.5, subd. (c).) If this Order is mailed to you,
12 the Director must receive the appeal within (15) days from the date the Supervisor mails the
13 Order. To file an appeal, a written notice of appeal may be sent via U.S. mail to:

14 Department of Conservation
15 Director's Office of Appeals
16 715 P Street, MS 19-06 (Legal Office, Appeals Advisor)
17 Sacramento, California 95814

18 Or via electronic mail to: CALGEMAppeals@conservation.ca.gov

19 If Operator does not file a timely written notice of appeal, this Order will become a final
20 order.

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

24 **VIII. Other Potential Actions to Enforce This Order**

25 CalGEM reserves all of its statutory and regulatory power, authorities, rights and
26 remedies to protect public health or the environment. By issuing this Order, CalGEM does not
27 waive the right to take further enforcement action for violations of law, whether or not those
28 violations were identified in this Order. Failure to comply with Section VI (Operator's Required

1 Actions) of this order could subject Operator to further enforcement action. CalGEM reserves
2 the right to assess a penalty at a later time against Operator for the violations identified in this
3 Order. A continuing failure to comply with final enforcement orders could subject Operator to
4 additional civil penalties even if this order is appealed.

5 PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects,
6 or refuses to comply with any of the provisions of the oil and gas conservation laws
7 commencing at PRC section 3000. PRC section 3236.5 authorizes the Supervisor to impose a
8 civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the PRC or any
9 regulation that implements those statutes, and the Supervisor may in the future impose further
10 civil penalties based on the facts and omissions underlying this order. PRC section 3237
11 authorizes the Supervisor to order the plugging and abandonment of a well or the
12 decommissioning of a production facility if an operator has failed to comply with an order of
13 the Supervisor within the time provided by the order or has failed to challenge the order on a
14 timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
15 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
16 offense. (PRC, § 3359.)

17 If within 30 days after service of an order, or if there has been an appeal from the order
18 to the director, within 30 days after service of the decision of the director, or if a review has
19 been taken of the order of the director, within 10 days after affirmance of the order, the owner
20 or operator shall commence in good faith the work ordered and continue it until completed. If
21 the work has not been commenced and continued to completion consistent with final Orders
22 1145, 1146, 1147, 1167 the supervisor may appoint necessary agents to enter the premises and
23 perform the required remedial work and/or may plug and abandon wells and decommission
24 Ample's facilities consistent with final orders 1144 and 1155.

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26
27 DATED: April 7, 2022



Uduak-Joe Ntuk
State Oil and Gas Supervisor

1 Service List:

2 Ample Resources, Inc.
3 1014 South Westlake Boulevard
4 #14-358
5 Westlake Village, CA 91361

6 Faith Pai
7 Ample Resources, Inc.
8 1901 Avenue of the Stars, Suite 200
9 Los Angeles, CA 90067

10 Email List:

11 Faith Pai
12 FPAI@ampleoil.com

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