

1 Department of Conservation, Geologic Energy Management Division
2 Uduak-Joe Ntuk
3 STATE OIL AND GAS SUPERVISOR
4 715 P Street, MS 19-06 (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**
12

13
14 **FIRST AMENDED ORDER TO PLUG AND ABANDON WELLS,**
15 **DECOMMISSION ATTENDANT FACILITIES,**
16 **AND RESTORE WELL SITES**
17 **NO. 1264A**
18

19
20 **Operator: Sunray Petroleum, Inc. (\$7165)**
21 **Fields: Fruitvale, Kern Bluff, Mountain View, Rosedale, Strand**
22 **Central District ~~Inland District~~, Kern County**
23
24
25
26
27
28

This First Amended Order No. 1264A supersedes, and replaces Order No. 1264,
issued on May 2, 2022.

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, Sunray Petroleum, Inc. (**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 wells identified on **Attachment A (Amended)**, incorporated herein (**the Wells**), the decommissioning of the production facilities attendant to the Wells (**the Facilities**), including but not limited to those identified on **Attachment B**, incorporated herein, and the restoration of the well sites. Based on information, belief, and the evidence described below, the Supervisor has determined that the Wells and the Facilities have been deserted. Therefore, pursuant to PRC sections 3106, 3206.1, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to plug and abandon the Wells, to decommission the Facilities, and to restore the well sites, 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 or approval CalGEM may issue pursuant to PRC section 3229; and, until that work is complete, perform remedial work and testing as necessary to prevent damage to life, health, property, and natural resources.

1. (a) This amendment to Order 1264 reflects changes to conform with facts. A review of pertinent CalGEM records reveals that Order 1264 included the incorrect total of fees owed for Wells idle in 2018, 2019 and 2020 and did not identify Operator did not pay idle well fees for wells idle in 2021. Included with this amended Order is

amended Declarations, including idle well fee invoices. Additionally, the San Joaquin Valley Air Pollution Control District, California Air Resources Board and CalGEM conducted inspections on or about May 17, 19, 20, and 21, 2022 and detected methane gas at six wells. Finally, this amendment removes violations that were corrected by the Operator.

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.”

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

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 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

1 from infiltrating water and other causes; loss of oil, gas, or reservoir energy, and damage to
2 underground and surface waters suitable for irrigation or domestic purposes by the infiltration
3 of, or the addition of, detrimental substances."

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

- 6 1. No later than May 1 of each year, for each idle well that was an idle well at any
7 time in the last calendar year, file with the supervisor an annual fee equal to the sum
8 of the following amounts:
 - 9 A. One hundred fifty dollars (\$150) for each idle well that has been an idle well for
10 three years or longer, but less than eight years.
 - 11 B. Three hundred dollars (\$300) for each idle well that has been an idle well for
12 eight years or longer, but less than 15 years.
 - 13 C. Seven hundred fifty dollars (\$750) for each idle well that has been an idle well for
14 15 years or longer, but less than 20 years.
 - 15 D. One thousand five hundred dollars (\$1,500) for each idle well that has been an
16 idle well for 20 years or longer.
- 17 2. File a plan with the supervisor to provide for the management and elimination of all
18 long-term idle wells."

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

22 **PRC section 3206.1, subdivision (e)**, provides "Failure to file to comply with the
23 requirements of the regulations implementing this section shall be conclusive evidence of
24 desertion of the well, permitting the supervisor to order the abandoned pursuant to Section
25 3237."

26 **PRC section 3224** mandates that the Supervisor "order such tests or remedial work as in
27 his judgment are necessary to prevent damage to life, health, property, and natural resources;
28 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** sets default deadlines by which operators must comply with certain
5 types of CalGEM orders requiring work, and authorizes the Supervisor, based on a final or
6 affirmed CalGEM order, to appoint agents who may enter the premises and perform
7 necessary work if the operator did not timely complete the work as ordered. Any amount
8 CalGEM expends to ensure completion of the necessary work (as well as potential penalties
9 and interest) constitutes a lien against the operator's real or personal property according to
10 PRC section 3423.

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

15 **PRC section 3237, subdivision (a)(2)**, provides that credible evidence of desertion
16 includes, but is not limited to, the operational history of the well or production facility, the
17 response or lack of response of the operator to inquiries and requests from the supervisor or
18 district deputy, the extent of compliance by the operator with the requirements of this
19 chapter, and other actions of the operator with regard to the well or production facility.

20 **PRC section 3237, subdivision (a)(3)(F)**, provides that a rebuttable presumption of
21 desertion arises if the operator has failed to maintain the access road to a well or production
22 facility site passable to oilfield and emergency vehicles.

23 **PRC section 3270.1** requires the operator to file a spill contingency plan with CalGEM.

24 **Regulations, section 1722, subdivision (a)**, requires that "all operations shall be
25 conducted in accordance with good oilfield practice."

26 **Regulations, section 1722.1.1, subdivision (a)** requires each well location to have posted
27 in a conspicuous place a clearly visible, legible, permanently affixed sign with the name of the
28 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 1722.9 identifies the items that must, at a minimum, be in a spill contingency plan for all production facilities.

Regulations, section 1770 identifies requirements for sumps.

~~**Regulations, section 1772, subdivision (c)(1),** requires maintenance of production facilities to include, but not be limited to the following: "Operators shall conduct external visual inspections at least once a month of aboveground production facilities, excluding pipelines, for leaks and corrosion. Facilities that are not operating properly or are leaking shall be repaired or replaced."~~

Regulations, section 1772.1.4, requires in part that "By June 1, 2019, the operator shall provide the Division with a Testing Compliance Work Plan that schedules completion of this testing over the six-year period in accordance with the requirements of this section."

Regulations section 1773.1 provides as follows:

"(a) All production facilities storing and/or processing fluids, except valves, headers, manifolds, pumps, compressors, wellheads, pipelines, flowlines and gathering lines shall have secondary containment. (b) Secondary containment shall be capable of containing the equivalent volume of liquids from the single piece of equipment with the largest gross capacity within the secondary containment. (c) Secondary containment shall be capable of confining liquid for a minimum of 72 hours."

Regulations section 1773.3, subdivision (a), requires "(a)ll tanks shall be properly identified with the operator's tank identification number, tank type (production, stock, water, etc.), and with appropriate materials hazard placards or labels."

Regulations section 1773.3, subdivision (b) states as follows:

"(b) Operators shall inspect in-service tanks at least once a month for the following: (1) Leakage at the base, seams, associated piping, tank shell plugs, or any other fitting that could leak. (2) The presence of corrosion or shell distortions. (3) The general condition of the foundation, including any signs of settling or

erosion that may undermine the foundation. (4) The condition of paint coatings, insulation systems and tank grounding system components, if present."

Regulations section 1773.5 provides as follows:

"(a) Within six months after the determination that a production facility is Out-of-Service, the following shall be required: (1) Out-of-Service production facilities shall have fluids, sludge, hydrocarbons, and solids removed and shall be disconnected from any pipelines and other in-service equipment. (2) Out-of-Service production facilities shall be properly degassed in accordance with local air district requirements. (3) Clean-out doors or hatches on Out-of-Service tanks shall be removed and a heavy gauge steel mesh grating (less than 1" spacing) shall be secured over the opening to allow for visual inspection and prevent unauthorized access. (4) Out-of-Service tanks and vessels shall be labeled with Out-of-Service or OOS. "Out-of-Service" or "OOS" shall be painted in bold letters at least one foot high, if possible, on the side of the tank or vessel at least five feet from the ground surface, or as high as possible, along with the date it was taken out of service. (5) Out-of-Service production facilities shall have valves and fittings removed or secured to prevent unauthorized use."

Regulations, section 1775, subdivision (a), requires "Oilfield wastes, including but not limited to oil, water, chemicals, mud, and cement, shall be disposed of in such a manner as not to cause damage to life, health, property, freshwater aquifers or surface waters, or natural resources, or be a menace to public safety. Disposal sites for oilfield wastes shall also conform to State Water Resources Control Board and appropriate California Regional Water Quality Control Board regulations."

Regulations section 1775, subdivision (c), requires:

"Unused equipment and scrap attendant to oilfield operations shall be removed from a production or injection operations area and/or stored in such a manner as to not cause damage to life, health, or property, health, or become a public nuisance or a menace to public safety. Trash and other waste materials attendant to oilfield operations shall be removed and disposed of properly."

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

4 **Regulations, section 1777, subdivision (c)(1)**, requires maintenance of production
5 facilities to include, but not be limited to the following: "Operators shall conduct external visual
6 inspections at least once a month of aboveground production facilities, excluding pipelines,
7 for leaks and corrosion. Facilities that are not operating properly or are leaking shall be
8 repaired or replaced."

9 **Regulations section 1777, subdivision (c)(2)** requires weeds and debris to be removed
10 from secondary containment areas or catch basins, and the integrity of all berms to be
11 inspected monthly. Fluids, including rainwater, are required to be removed.

12 **Regulations section 1777, subdivision (c)(3)**, requires well cellars to be covered and
13 kept drained. Grating or flooring shall be installed and maintained in good condition so as to
14 exclude people and animals. Cellars should be protected from as much runoff water as
15 practical.

16 **Regulations section 1777, subdivision (d)** requires all equipment and facilities in urban
17 areas to be enclosed individually or with perimeter fencing in accordance with Section
18 1778(a) or Section 1778(e) where it is necessary to protect life and property. Enclosures in
19 nonurban areas is required to be constructed in accordance with Section 1778(a) or Section
20 1778(b) where necessary to protect life and property.

21 **Regulation, section 1777, subdivision (f)**, requires "vehicle access routes to all
22 production facilities must be maintained in a safe and passable condition."

23 **IV. Conclusive Evidence of Desertion**

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

27 As the operator of the Wells, following the process for idle well management set forth in
28 PRC section 3206, subdivision (a), Operator did not submit an Idle Well Management Plan in

1 lieu of paying idle well fees. Operator was therefore required to pay an idle well fee for: each
2 of its wells that were idle in 2018 by May 1, 2019, as provided in the 2019 Idle Well Fee Invoice
3 prepared by CalGEM; each of its wells that were idle in 2019 by May 1, 2020, as provided in
4 the 2020 Idle Well Fee Invoice prepared by CalGEM; ~~and~~ each of its wells that were idle in
5 2020 by May 1, 2021, as provided in the 2021 Idle Well Fee Invoice prepared by CalGEM; and
6 each of its wells that were idle in 2021 by May 1, 2022, as provided in the 2022 Idle Well Fee
7 Invoice prepared by CalGEM. (PRC, § 3206, subds. (a) & (a)(2)(B)(v).) As of the date of this
8 amended order, Operator has not paid its idle well fees for its Wells idle in 2018, 2019, 2020,
9 and 2021 ~~and has an outstanding balance of approximately \$85,900 (Eighty five thousand nine~~
10 ~~hundred dollars) in idle well fees.~~ (Amended **Attachment C**; Declaration of James Donnelly,
11 incorporated herein.) Operator's failure to pay the required idle well fees for the Wells is
12 conclusive evidence of desertion. (PRC, § 3206, subd. (c).)

13 Additionally, failure to comply with the requirements of CalGEM regulations
14 implementing PRC section 3206.1, which include CalGEM regulations governing the testing of
15 idle wells, "shall be conclusive evidence of desertion of the well, permitting the supervisor to
16 order the well abandoned pursuant to Section 3237." (PRC, § 3206.1, subd. (e).) Regulations
17 section 1772.1.4, which describes requirements for operators to test idle wells and to
18 prepare work plans for ensuring timely compliance with those testing requirements, is one of
19 the regulations implementing PRC section 3206.1. For any well that was an idle well as of April
20 1, 2019, unless the well was properly plugged and abandoned, partially plugged and
21 abandoned, or is scheduled for abandonment as part of a CalGEM-approved Idle Well
22 Management Plan or Testing Waiver Plan, Regulations section 1772.1.4, subdivision (a),
23 required the operator of the well, by no later than June 1, 2019, to provide CalGEM with a
24 Testing Compliance Work Plan that schedules completion of necessary idle well testing for the
25 well, including a pressure test and clean out tag, within the time allotted by regulation.
26 (Regulations, § 1772.1.4, subd. (a).) By email dated January 14, 2022, CalGEM notified
27 Operator Sunray Petroleum, Inc. that Sunray had failed to submit requested idle well testing
28 records required under Regulations, 1772.1.4. (Amended **Attachment D**; Declaration of Grant

Obenshain incorporated herein.). As of the date of this amended Order, CalGEM has not received a Testing Compliance Work Plan for the Wells. This failure to provide the required Testing Compliance Work Plan for the Wells is also conclusive evidence that the Wells are deserted. (PRC, § 3206.1, subd. (e).)

V. Rebuttable Presumption of Desertion

A. 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. (PRC, § 3237, subd. (a)(3)(F).) During inspections conducted by CalGEM on or about March 6, 2020, February 26, 2020, and January 3, 2019, CalGEM staff observed the following conditions during one and/or all inspections at the Operator's facilities, in violation of Regulation, section 1777, subdivision (f).

1. Fuller Lease, Mountain View Field: Access route to Fuller Acres 1 Well and Fuller Acres 2 Well is not safe or passable. CalGEM issued a Notice of Violation to Operator on or about March 6, 2020 (**Attachment E**, incorporated herein).
2. Greer Lease, Mountain View Field: Access route to Geer Well 1 is not safe or passable. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment F**, incorporated herein).
3. Fruitvale Field; Red Ribbon Lease 1: No vehicle access to Well 5 (API 029-06814) CalGEM issued a Notice of Violation to Operator on or about January 4, 2019 (**Attachment G**, incorporated herein).

CalGEM does not have any records from Operator demonstrating that the violations were corrected. Operator's failure to maintain an access road to ~~the~~ wells and the production facilities passable to oilfield and emergency vehicles creates a rebuttable presumption that some of the Wells and the Facilities are deserted. (PRC, § 3237, subd. (a)(3)(F).)

///

///

1 **VI. Credible Evidence of Desertion**

2 Credible evidence of desertion includes, but is not limited to, the operational history of the
3 well or production facility, the response or lack of response of the operator to inquiries and
4 requests from the supervisor or district deputy, the extent of compliance by the operator with
5 the requirements of this chapter, and other actions of the operator with regard to the well or
6 production facility. (PRC, § 3237, subd. (a)(2).) Because the Wells and Facilities appear to have
7 been non-operational for numerous years, the Operator filed for bankruptcy, the real property
8 and personal property assets of the bankruptcy estate have been abandoned, and the
9 Operator failed to properly maintain the Wells and Facilities consistent with CalGEM's
10 regulations, CalGEM has determined there is credible evidence that the Wells and Facilities
11 are deserted.

12 **A. The operational history of the Wells and Facilities.**

13 CalGEM records reflect that the Wells and Facilities appears to have remained non-
14 operational since May 1, 2017 for at least 4 years and perhaps many years longer (**Attachment**
15 **A Amended**, incorporated herein).

16 In addition, the bankruptcy history of the Operator indicates that the Wells and Facilities
17 are deserted. On June 10, 2011, Operator filed for bankruptcy in Nevada (*In re Sunray*
18 *Petroleum, Inc.*, Dist. Nevada, No. BK-S-11-19196-BTB). On October 13, 2012, the bankruptcy
19 court appointed a chapter 11 trustee to oversee Operator's estate. The bankruptcy process
20 provides the court and trustees with the power to dispose or assign asserts for the benefit of
21 the estate. (28 U.S.C. § 959.) On August 14, 2014, the bankruptcy court approved a motion by
22 the trustee to sell various assets of the debtor and abandon unproductive assets (*In re Sunray*
23 *Petroleum, Inc.*, Dist. Nevada, No. BK-S-11-19196-BTB- Chapter 11, Order Granting Motion for
24 Order (A) Approving Sale and Bid Procedures; (B) Approving Form and Manner of Notices; (C)
25 Approving Form of Purchase Agreement; and (D) Granting Related Relief, **Attachment H**
26 incorporated herein). On January 12, 2016, the bankruptcy court approved a sale of assets in
27 the George Lease, Arvin Waterflood Unit Lease, Kundert Lease, Kane-Bloemer Lease, Portman
28 Lease, Red Ribbon 2 Lease, Kirkorian Lease, and Kane-Ross Lease to Lewis Brandon or his

nominee and the remaining assets including the Wells and Facilities were abandoned. (*In re Sunray Petroleum, Inc.*, Dist. Nevada, No. BK-S-11-19196-BTB- Chapter 11, Order (A) Approving Sale and Bid Procedures; (B) Approving Form and Manner of Notices; (C) Approving Form of Purchase Agreement; and (D) Granting Related Relief, **Attachment I**, incorporated herein). On February 24, 2016, the bankruptcy court converted the case from Chapter 11 to Chapter 7 and appointed a chapter 7 trustee to oversee the estate's business operations. On November 7, 2017, the trustee administered the estate and discharged the bankruptcy (**Attachment J**, incorporated herein.)

B. The Extent of Compliance by the Operator with the Requirements of this Chapter.

Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. CalGEM records reflect ongoing failure to address cited violations and pattern of recurring or repeated violations. In addition, the Wells and Facilities are deteriorating due to lack of maintenance and are a potential threat to life, health, safety and/or natural resources. Recent violations are identified below:

1. Failure to conduct operations in accordance with good oilfield practice
(Regulations, § 1722, subdivision (a))

CalGEM conducted inspections on or about February 21, 2020 and May 17, 2017 and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations, section 1722, subdivision (a).

- i. Dillon Lease, Fruitvale Field: Weeds around "Dillon Lease Well #2." CalGEM issued a Notice of Violation to Operator on or about February 21, 2020 (**Attachment K**, incorporated herein).
- ii. Tenneco Lease, Fruitvale Field: Weeds around "Tenneco Lease Well #1." CalGEM issued a Notice of Violation to Operator on or about February 21, 2020 (**Attachment L**, incorporated herein).
- iii. Red Ribbon Lease I, Fruitvale Field: observed balancing weights to Well 5 in an upright position and the pump unit was not stored in a state that eliminates the potential release of hazardous stored energy. CalGEM issued a Notice of Violation to Operator

on or about November 6, 2017 (**Attachment N**, incorporated herein).

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

2. Failure to properly dispose oilfield waste and refuse (Regulations, § 1775, subdivision (a))

CalGEM conducted inspections on or about February 26, 2020, February 21, 2020, May 31, 2017, May 19, 2017, and May 17, 2017 and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations, section 1775 subdivision (a).

- i. Red Ribbon 1 Lease, Fruitvale Field: Oilfield waste, including but not limited to open oil buckets, pallets, hoses, debris, oil contaminated media, pipes, and containers, near Well 7, Well 2, and Well 5 and Tank 5006, Tank 5008, Tank 5004, Tank 5007, and Tank 5005, setting area and Lease was not properly disposed. CalGEM issued Notices of Violation to Operator on or about February 26, 2020, and November 6, 2017 (**Attachments M and N**, incorporated herein).
- ii. NW Strand Lease, NW Strand Field: Oilfield refuse and oil field wastes were observed not properly disposed, including but not limited to oilfield wastes in a tank facility secondary containment area and two sealed drums containing fluid near baker tank towards east. CalGEM issued Notices of Violation to Operator on or about February 26, 2020 and November 27, 2017 (**Attachments O and P**, incorporated herein).
- iii. Fuller Acres Lease, Mountain View Field: Oilfield refuse was observed, including but not limited to a small partially buried tank. CalGEM issued Notices of Violation to Operator on or about March 6, 2020 and November 28, 2017 (**Attachments E and Q**, incorporated herein).
- iv. Tenneco Fee Lease, Rosedale Field: Oilfield wastes were not properly disposed at the tank facility. CalGEM issued a Notice of Violation to Operator on or about November 28, 2017 (**Attachment R**, incorporated herein).

///

- v. Dillon Lease, Fruitvale Field: Oil field waste, including but not limited to oil stained debris, pipes, tires, drums, buckets, and hoses, around Well 2, Well 3, Well 4, Tank 156127, Unknown Tank (2812), Unknown Tank (2816), setting and throughout lease. CalGEM issued Notices of Violation to Operator on or about February 21, 2020 and November 20, 2017 (**Attachments K and S**, incorporated herein).

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

3. Failure to properly dispose oilfield waste and refuse (Regulations, § 1775, subdivision (c))

CalGEM conducted inspections on or about February 26, 2020, February 21, 2020, January 3, 2019, November 21, 2018, May 31, 2017, May 19, 2017, and May 17, 2017, and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations section 1775, subdivision (c).

- i. Dillon Lease, Fruitvale Field: Oil field refuse throughout lease and around numerous tanks and wells. CalGEM issued Notices of Violation to Operator on or about February 21, 2020, and November 20, 2017 (**Attachments K and S**, incorporated herein).
- ii. E&H Dillon Lease, Fruitvale Field: During an inspection conducted by CalGEM on or about February 26, 2020, CalGEM staff observed oilfield waste and refuse. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment T**, incorporated herein).
- iii. Red Ribbon 1 Lease, Fruitvale Field: Oilfield waste and refuse in the lease, setting and near Well 5, Well 2 (API 029-06811), Well 7 and tanks. CalGEM issued Notices of Violation to Operator on or about February 26, 2020, January 4, 2019, and November 6, 2017 (**Attachments M, G and N** incorporated herein).
- iv. Greer Lease, Mountain View Field: Oilfield refuse near Greer Well 1. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment F**, incorporated herein).

///

- v. Tenneco Fee Field, Rosedale Field: Oilfield waste and refuse at Tank Farm and Well 32-X-15, and various locations in the lease. CalGEM issued Notices of Violation to Operator on or about February 26, 2020, December 4, 2018 and November 28, 2017 (**Attachments Z, U and R**, incorporated herein).
- vi. Fuller Acres Lease, Mountain View Field: Small partially buried tank. CalGEM issued a Notice of Violation to Operator on or about November 28, 2017 (**Attachment Q**, incorporated herein).
- vii. NW Strand Lease, Strand Field: Oilfield refuse at the tank facility and well area. CalGEM issued a Notice of Violation to Operator on or about November 27, 2017 (**Attachment P**, incorporated herein).
- viii. Nomeco-Yates Lease, Rosedale Field: Oilfield refuse in the lease. CalGEM issued a Notice of Violation to Operator on or about November 28, 2017 (**Attachment V**, incorporated herein).
- CalGEM does not have any records from Operator demonstrating that the violations were corrected.

4. Failure to comply with Out-of-Service tank requirements (Regulations, § 1773.5)

CalGEM conducted an inspection on or about February 26, 2020, July 11, 2019, and December 4, 2018, and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations section 1773.5.

- i. Freeport Lease, Mountain View Field: Unnamed tank was not properly labeled Out-of-Service, missing mesh on door or hatchways of tank facility, valves or fittings were still attached to active facilities, and pipelines or pressure valves were not properly removed or flushed and blinded. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment W**, incorporated herein).
- ii. Red Ribbon 1 Lease, Fruitvale Field: Missing mesh on door or hatchways of tank facilities, pipelines or pressure valves associated with this facility were not properly removed or flushed and blinded, staff observed unnamed tanks were not properly labeled Out-of-Service, valves or fittings were still attached to active facilities, and out-of-service tank

has evidence of leakage. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment M** incorporated herein).

- iii. NW Strand Lease, NW Strand Field: Pipelines or pressure valves associated with the Tank 5, Tank 3, Tank 2, Tank 1 and Tank 4 facilities have not been properly removed or flushed and blinded, Tank 5, Tank 3, Tank 2, Tank 1 and Tank 4 facilities were not properly labeled Out-of-Service, missing or inadequate caps on Tank 5 facility, missing mesh on door or hatchway of Tank 5, Tank 3, Tank 2, and Tank 4 facilities, valves or fittings attached to active facilities at Tank 3, Tank 2, Tank 1 and Tank 4. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment O**, incorporated herein).
- iv. Feeport Lease, Mountain View Field: Unnamed tank was not properly labeled Out-of-Service, missing mesh on door or hatchways of tank facility, valves or fittings were still attached to active facilities, pipelines or pressure valves associated with this facility have not been properly removed or flushed and blinded. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment W**, incorporated herein).
- v. Fuller Acres Lease, Mountain View Field: Two unnamed tanks, Tank 11, and Tank 1 were not properly labeled Out-of-Service, valves or fittings were still attached to active facilities, pipelines or pressure valves associated with tank facilities have not been properly removed or flushed and blinded, missing or inadequate caps on tank facilities. CalGEM issued a Notice of Violation to Operator on or about March 6, 2020 (**Attachment E**, incorporated herein).
- vi. Tenneco Fee Lease, Rosedale Field: Tank: 1 (90295033), Tank: 16776 (2) (90295033), Tank: 16777 (3) (90295033), Tank: 4 (90295033) were blinded at open end of pipes with mesh cloth or duct tape, tanks containing fluids or hydrocarbons, ~~missing heavy gauge steel mesh grating secured over the opening of clean out doors or hatches~~, and tank farm does not have labeling of Out-of-Service on all tanks. CalGEM issued Notices of Violation to Operator on or about February 26, 2020, July 11, 2019, and December 4,

2018 (**Attachments Z, X and U**, incorporated herein).

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

5. Failure to have sufficient secondary containment (Regulations, § 1773.1)

CalGEM conducted inspections on or about February 21, 2020, and May 31, 2017, and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations section 1773.1.

- i. Dillon Lease, Fruitvale Field: Secondary containment at an unnamed tank setting had inadequate storage capacity. CalGEM issued a Notice of Violation to Operator on or about February 21, 2020 (**Attachment K**, incorporated herein).
- ii. NW Strand Lease, Strand Field: Secondary containment had inadequate storage capacity because secondary containment berms were inadequate. CalGEM issued a Notice of Violation to Operator on or about November 27, 2017 (**Attachment P**, incorporated herein).

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

6. Failure to properly identify tank (Regulations, § 1773.3, subdivision (a))

CalGEM conducted inspections on or about February 21, 2020, and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations section 1773.3, subdivision (a).

- i. Dillon Lease, Fruitvale Field: Tank (133214), tank (156127) and ~~an~~ two unknown tanks did not have hazard labels; and tank (133214), tank (156127) and an unknown tank was not properly identified with the correct operator on file and did not identify the tank type and materials contained. CalGEM issued a Notice of Violation to Operator on or about February 21, 2020 (**Attachment K**, incorporated herein).
- ii. Tenneco Lease, Fruitvale Field: Two unknown tanks and Tank 507 (89499, 133245) did not have hazard labels; and were not properly identified with the tank number, tank type and materials contained therein. CalGEM issued a Notice of Violation to Operator on or

1 about February 21, 2020 (**Attachment L**, incorporated herein).

2 CalGEM does not have any records from Operator demonstrating that the violations were
3 corrected.

4 **7. Failure to conduct Tank Maintenance and Inspections (Regulations, § 1773.3,**
5 **subdivision (b))**

6 CalGEM conducted an inspection on or about February 21, 2020, and observed the
7 following conditions during one and/or all of the inspections at the Operator's facilities, in
8 violation of Regulations section 1773.3, subdivision (b).

9 i. Dillon Lease, Fruitvale Field:

- 10 1. Tank (156127): Evidence of leakage and presence of corrosion or shell distortions
11 at, evidence of leakage.
- 12 2. Two Unnamed tanks had presence of corrosion or shell distortions and evidence
13 of leakage.
- 14 3. Tank (133214) foundation was covered by dirt and other waste, foundation had
15 evidence of corrosion and rust, tank had presence of corrosion or shell
16 distortions, and tank had evidence of leaking.

17 CalGEM issued a Notice of Violation to Operator on or about February 21, 2020
18 (**Attachment K**, incorporated herein).

19 CalGEM does not have any records from Operator demonstrating that the violations were
20 corrected.

21 **8. Missing/inadequate perimeter fencing (Regulations, § 1777, subdivision (d))**

22 CalGEM conducted inspections on or about February 26, 2020, February 21, 2020,
23 November 21, 2018, September 14, 2017, May 31, 2017, May 19, 2017, and observed the
24 following conditions during one and/or all of the inspections at the Operator's facilities, in
25 violation of Regulations section 1777, subdivision (d).

- 26 i. Red Ribbon 1 Lease, Fruitvale Field: Production facility near Red Ribbon 1 Well 5 was not
27 properly enclosed with perimeter fence. CalGEM issued a Notice of Violation to
28 Operator on or about February 26, 2020 (**Attachment M**, incorporated herein).

- ii. Dillon Lease, Fruitvale Field: Production facility near Dillon 2 Well was not properly enclosed with perimeter fence. CalGEM issued a Notice of Violation to Operator on or about February 21, 2020 (**Attachment K**, incorporated herein).
- iii. ~~Tenneco Fee Lease, Rosedale Field: Tank Farm and Well 32X-15 was not enclosed with perimeter fencing. CalGEM issued a Notice of Violation to Operator on or about December 4, 2018 (**Attachment U**, incorporated herein).~~
- iv. ~~Fuller Acres Lease, Mountain View Field: Tank facility was not properly enclosed with perimeter fencing. CalGEM issued a Notice of Violation to Operator on or about November 28, 2017 (**Attachment Q**, incorporated herein).~~
- v. NW Strand Lease, Strand Field: Tank facility and Well 1 were not properly enclosed with perimeter fencing. CalGEM issued a Notice of Violation to Operator on or about November 27, 2017 (**Attachment P**, incorporated herein).
- vi. ~~Nomeco Yates Lease, Rosedale Field: Nomeco Yates Lease was not properly enclosed with perimeter fencing. CalGEM issued a Notice of Violation to Operator on or about November 28, 2017 (**Attachment V**, incorporated herein).~~

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

9. Failure to maintain cellar cover and/or drained (Regulations, § 1777, subdivision (c)(3))

CalGEM conducted inspections on or about February 21, 2020, February 26, 2020, January 3, 2019, November 21, 2018, May 17, 2017, and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations, section 1777 subdivision (c)(3).

- i. Dillon Lease, Fruitvale Field: Dillon 2 Well cellar was not properly covered and/or contained fluid. CalGEM issued Notices of Violation to Operator on or about February 21, 2020, and November 20, 2017 (**Attachments K and S**, incorporated herein).
- ii. Red Ribbon 1 Lease, Fruitvale Field: Red Ribbon 1 Well 7 (API 029-06816) cellar contained fluid. CalGEM issued Notices of Violation to Operator on or about February

26, 2020, and January 4, 2019, and November 6, 2017 (**Attachments M, G and N**, incorporated herein).

- iii. NW Strand Lease, NW Strand Field: NW Strand Well 1 cellar was not properly covered. CalGEM issued Notices of Violation to Operator on or about February 26, 2020, and November 27, 2017 (**Attachments O and P**, incorporated herein).

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

10. Failure to maintain facilities in good condition (Regulations, § 1777, subdivision (a))

CalGEM conducted inspections on or about March 6, 2020, February 21, 2020, February 25-26, 2020, May 31, 2017, May 19, 2017, and May 17, 2017, and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations section 1777, subdivision (a).

- i. Dillon Lease, Fruitvale Field: Dillon 4 and Dillon 3 wellheads missing or inadequate bull plugs and missing bolts; Dillon 2 wellhead missing bolts; tank facility (tank 133214) missing or inadequate caps, and oil field waste around numerous tanks, wells and lease. CalGEM issued Notices of Violation to Operator on or about February 21, 2020, and November 20, 2017 (**Attachments K and S**, incorporated herein).
- ii. Tenneco Lease, Fruitvale Field: Tank 507 (89499, 133245) tank facility cover, or screens are inadequate because cover or screens were missing, missing caps on Tank 507 (89499, 133245) facility, missing tank facility covers or screens on Unknown Tank. CalGEM issued Notices of Violation to Operator on or about February 21, 2020 and November 28, 2017 (**Attachments L and R**, incorporated herein).
- iii. NW Strand Lease, NW Strand Field: NW Strand Well 1 missing or inadequate bull plugs, missing bolts, missing or inadequate caps on tank facility valves, oilfield wastes in the tank facility secondary containment area, two sealed drums containing fluid near baker tank, and oilfield refuse observed in the tank facility and well area. CalGEM issued Notices of Violation to Operator on or about February 26, 2020 and November

27, 2017 (**Attachments O and P**, incorporated herein).

- iv. Feeport Lease, Mountain View Field: Feeport 1 Well missing bolts on wellhead. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment W**, incorporated herein).
- v. Greer Lease, Mountain View Field: Greer 1 Well missing bolts on wellhead. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment F**, incorporated herein).
- vi. Nomeco Yates Lease, Rosedale Field: Well 15-34 missing bull plugs, and bolts, and well 15-33 is missing bull plugs. CalGEM issued a Notice of Violation to Operator on or about February 25, 2020 (**Attachment AA**, incorporated herein).
- ~~Red Ribbon 1 Lease, Fruitvale Field: Red Ribbon 1 Well 5, Red Ribbon 1 Well 2, Red Ribbon 1 Well 7 missing or inadequate bull plugs, missing bolts on wellhead, and oil field waste around numerous wells, tanks and lease. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020, (**Attachment M**, incorporated herein).~~
- vii. Fuller Acres Lease, Mountain View Field: Small partially buried tank and missing or inadequate caps on tank facility for Tank 11. CalGEM issued a Notice of Violations to Operator on or about November 28, 2017 and March 6, 2020 (**Attachments Q and E**, incorporated herein).

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

11. Failure to repair leaking facilities (Regulations, § 1777, subdivision (c)(1))

CalGEM conducted inspections on or about May 31, 2017 and May 17, 2017, and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations, section 1777, subdivision (c)(1).

- i. Greer Lease, Mountain View Field: Hydraulic oil next to well Greer 1. CalGEM issued a Notice of Violation to Operator on or about November 28, 2017 (**Attachment Y**, incorporated herein).

///

- 1 ii. NW Strand Lease, Strand Field: Leaking at the tank facility. CalGEM issued a Notice of
2 Violation to Operator on or about November 27, 2017 (**Attachment P**, incorporated
3 herein).
- 4 iii. Red Ribbon Lease 1, Fruitvale Field: Numerous tanks at tank facility leaking oil, including
5 Tank 5008, Tank 5007 and Tank 5005. Oil was observed dripping from capped pipes
6 onto Tank 5008 and 5007, around the foundation base of Tank 5007, and coming out
7 from the bottom of Tank 5008 and Tank 5005. CalGEM issued a Notice of Violation to
8 Operator on or about November 6, 2017 (**Attachment N**, incorporated herein).
- 9 iv. Dillon Lease, Fruitvale Field: Oil observed leaking at Tank 156128, leaking 250 feet south
10 of Well 4, and leaking at the foundation of a tank at tank setting. CalGEM issued a
11 Notice of Violation to Operator on or about November 20, 2017 (**Attachment S**,
12 incorporated herein).

13 CalGEM does not have any records from Operator demonstrating that the violations
14 were corrected.

15 **12. Failure to remove weeds or debris in secondary containment (Regulations, §**
16 **1777, subdivision (c)(2))**

17 CalGEM conducted inspections on or about February 21, 2020, January 3, 2019,
18 November 21, 2018, May 19, 2017, and May 17, 2017, and observed the following conditions
19 during one and/or all of the inspections at the Operator's facilities, in violation of Regulations
20 section 1777, subdivision (c)(2).

- 21 i. Dillon Lease, Fruitvale Field: Weeds on or in the secondary containment within unknown
22 setting and weeds and debris on or in secondary containment of tank facility. CalGEM
23 issued Notices of Violation to Operator on or about February 21, 2020, and November
24 20, 2017 (**Attachments K and S**, incorporated herein).
- 25 ii. Tenneco Lease, Fruitvale Field: Weeds or debris on or in the secondary containment of
26 the tank setting. CalGEM issued a Notice of Violation to Operator on or about February
27 21, 2020 (**Attachment L**, incorporated herein).

28 ///

- iii. Red Ribbon Lease 1, Fruitvale Field: Weeds and debris within Tank Farm and around Well 5, and weeds and debris in tank facility. CalGEM issued Notices of Violation to Operator on or about January 4, 2019, and November 6, 2017 (**Attachments G and N**, incorporated herein).
- iv. Tenneco Fee Lease, Rosedale Field: Weeds and debris within tank farm berm, and weeds and debris in the secondary containment of tank facility. CalGEM issued a Notice of Violation to Operator on or about December 4, 2018, and November 28, 2017 (**Attachments U and R**, incorporated herein).

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

13. Missing or inadequate well signs (Regulations, § 1722.1.1, subdivision (a))

CalGEM conducted inspections on or about February 26, 2020, January 3, 2019, November 21, 2018, May 31, 2017, and May 19, 2017, and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations section 1722.1.1, subdivision (a).

- i. NW Strand Lease, NW Strand Field: NW Strand Well 1 did not have any identifying signs posted. CalGEM issued a Notice of Violation to Operator on or about February 26, 2020 (**Attachment O**, incorporated herein).
- ~~ii. Red Ribbon Lease 1, Fruitvale Field: Well: 2 (API 029-06811), Well: 5 (API 029-06814), and Well: 7 (API 029-06816) did not have any identifying signs posted. CalGEM issued a Notice of Violation to Operator on or about January 4, 2019 (**Attachment G**, incorporated herein).~~
- ~~iii. Tenneco Fee Lease, Rosedale Field: Well 32X-15 and Well 22-15 did not have any identifying sign posted. CalGEM issued Notices of Violation to Operator on or about December 4, 2018, and November 28, 2017 (**Attachments U and R**, incorporated herein).~~

///

///

iv. ~~Greer Lease, Mountain View Field: Well Greer 1 did not have any identifying sign posted. CalGEM issued a Notice of Violation to Operator on or about November 28, 2017 (**Attachment Y**, incorporated herein).~~

v. ~~Nomeco Yates Lease, Rosedale Field: Wells 15-33 and 15-34 did not have any identifying sign posted. CalGEM issued a Notice of Violation to Operator on or about November 28, 2017 (**Attachment V**, incorporated herein).~~

CalGEM does not have any records from Operator demonstrating that the violations were corrected.

14. Spill contingency plan requirements (PRC § 3270.1, Regulations, § 1722.9)

CalGEM conducted an inspection on or about February 21, 2020, February 26, 2020, March 6, 2020, and observed Operator did not have a Spill Contingency Plan for Dillon Lease, Red Ribbon 1 Lease, Tenneco Lease, in Fruitvale Field, Tenneco Fee Lease, Rosedale Field, NW Strand Lease, in Strand Field, Feeport Lease, Fuller Acres Lease, in Mountain View Field, in violation of PRC section 3270.1 and Regulations, section 1722.9. Regulations, section 1722.9 identifies the items that must, at a minimum, be in a spill contingency plan for all production facilities. CalGEM issued Notices of Violation to Operator on or about February 21, 2020, February 26, 2020, and March 6, 2020 (**Attachments K, M, L, O, and W**, incorporated herein). CalGEM does not have any records from Operator demonstrating that the violation was corrected.

15. Sump requirements (Regulations, § 1770)

CalGEM conducted an inspection on or about May 17, 2017 and observed the following conditions during one and/or all of the inspections at the Operator's facilities, in violation of Regulations, section 1770. CalGEM staff observed the sump at the drain tank at tank facility was not properly enclosed, Dillon Lease, Fruitvale Field. CalGEM issued a Notice of Violation to Operator on or about November 20, 2017 (**Attachment S**, incorporated herein). CalGEM does not have any records from Operator demonstrating that the violation was corrected.

///

///

1 **16. Methane Gas Sampling**

2 The San Joaquin Valley Air Pollution Control District, CalGEM and the California Air
3 Resource Board conducted inspections on or about May 17, 19, 20 and 21, 2022, and
4 observed the following conditions during one and/or all of the inspections at the Operator's
5 Wells:

- 6 A. Methane gas was detected at Well #10 (API # 0402908789) at approximately 26,000
7 parts per million (ppm);
8 B. Methane gas was detected at Well #120 (API # 0402969434) above 50,000 ppm;
9 C. Methane gas was detected at Well #1A (API #04-029-08792) above 50,000 ppm;
10 D. Methane gas was detected at Well #108D (API #04-029-71724) above 50,000 ppm;
11 E. Methane gas was detected at Well #3A (API #04-029-08794) above 50,000 ppm;
12 and
13 F. Methane gas was detected at Well #109 (API #04-029-69433) above 50,000 ppm.

14 San Joaquin Valley Air Pollution Control District issued a complaint inspection report on or
15 about July 27, 2022 (**Attachment BB**, incorporated herein) and California Air Resources Control
16 Board, issued inspection reports on or about July 8, 2022 (**Attachments CC and DD**,
17 incorporated herein). CalGEM issued a Notice of Violation to Operator on or about May 20,
18 2022 (**Attachment EE**, incorporated herein) and filed Hazardous Materials Spill Reports to Office
19 of Emergency Services (**Attachments FF and GG**, incorporated herein). In addition, due to the
20 potential threat to life, health, safety and/or natural resources, CalGEM contracted to seal
21 and repair the wells.

22 **VII. Operator's Required Actions**

23 For the reasons stated above, CalGEM has determined that the Well and the Facilities
24 are deserted. Therefore, pursuant to PRC sections 3106, 3206.1, 3224, 3226, and 3237, **IT IS**
25 **HEREBY ORDERED** that Operator plug and abandon the Well, decommission the Facilities, and
26 restore the well site consistent with all applicable requirements of PRC sections 3208, 3228,
27 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760,
28 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 Wells and the Facilities as necessary to prevent damage to life, health, property, and natural resources.

VIII. Operator's Appeal Rights

Operator appealed Order No. 1264 on May 13, 2022. On May 16, 2022, the Supervisor received a Notice of Acknowledgement of Appeal related to Order No. 1264 from the Director's Office of Appeals, incorporated herein as **Attachment HH**. CalGEM will coordinate with the Office of Administrative Hearings to schedule a hearing on Operator's appeal.

~~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 19-06 (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 the amended order is affirmed following Operator's appeal, 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 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 the CalGEM to obtain compliance with this order (which may include penalties and interest) will constitute a lien against Operator's real or

1 personal property per PRC section 3423. (PRC, § 3356.)

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

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

13
14
15 DATED: January 9, 2023



Uduak-Joe Ntuk
State Oil and Gas Supervisor