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8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**
12

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14 **ORDER TO PLUG AND ABANDON WELLS, DECOMMISSION ATTENDANT FACILITIES,**
15 **AND RESTORE WELL SITES**

16 **NO. 1265**
17

18 **Operator: E.N. Hruska and G.H. Pruitt (H5800)**

19 **Field: La Honda**

20 **Northern District**
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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**; commencing with PRC section 3000) and California Code of Regulations, title 14 (**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).) An operator's failure to timely pay required annual fees for any idle well is conclusive evidence of desertion. (PRC, § 3206, subds. (a) and (c).)

Based on CalGEM's records, E.N. Hruska and G.H. Pruitt (**Operator**) is the "operator" (as defined in PRC section 3009) of the wells identified on **Attachment A**, incorporated herein (**the Wells**), and is responsible (as specified in PRC section 3237, subdivision (c)(1)) for the plugging and abandonment of the Wells, the decommissioning of the production facilities attendant to the Wells (**the Facilities**), and the restoration of the well sites for the Wells. CalGEM's records indicate that, under applicable provisions of PRC section 3206, Operator was required to timely pay idle well fees for the Wells for years 2019, 2020 and 2021, and has not timely paid all idle well fees owed. Failure to timely pay idle well fees is conclusive evidence of desertion. In addition, to date, Operator is required to comply with Order to Perform Remedial Work, Order No. 1222 issued on October 29, 2021, which it has not done so. Operator's failure to comply with Order No. 1222 is rebuttable evidence of desertion. Based upon conclusive evidence and rebuttable evidence, the Supervisor has determined that the Wells and the Facilities are deserted. Therefore, pursuant to PRC sections 3106, 3206, 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 site for the Wells, 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.

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

1 powers" that may be necessary to carry out those purposes.

2 **PRC section 3106, subdivision (a)**, authorizes the Supervisor to "supervise the drilling,
3 operation, maintenance, and abandonment of wells and the operation, maintenance, and
4 removal or abandonment of tanks and facilities attendant to oil and gas production ... so as
5 to prevent, as far as possible, damage to life, health, property, and natural resources[.]"

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

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

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

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

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

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

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

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

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

interests of the neighboring property owners and the public.”

PRC section 3226, 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.”

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).

As the operator of the Wells, following the process for idle well management set forth in PRC section 3206, subdivision (a), Operator did not submit an Idle Well Management Plan in lieu of paying idle well fees. Operator was therefore required to pay an idle well fee for each of its idle wells as follows: Operator was required to pay an idle well fee for each of its idle wells that were idle that were idle in 2018 by May 1, 2019, as provided in the 2019 Idle Well Fee Invoice prepared by CalGEM; Operator was required to pay an idle well fee for each of its idle wells that were idle in 2019 by May 1, 2020, as provided in the 2020 Idle Well Fee Invoice

1 prepared by CalGEM; and Operator was required to pay an idle well fee for each of its idle
2 wells that were idle in 2020 by May 1, 2021, as provided in the 2021 Idle Well Fee Invoice
3 prepared by CalGEM (PRC, § 3206, subds. (a) & (a)(2)(B)(v).) (**Attachments B, C, and D,**
4 incorporated herein.) As of the date of this order, Operator has only submitted one idle well
5 fee payment of \$3,000 (three thousand dollars) (**Attachment E** incorporated herein) and has
6 an outstanding balance of approximately \$6,000 (six thousand hundred dollars) in idle well
7 fees. Operator's failure to pay the required idle well fees for the Wells is conclusive evidence of
8 desertion. (PRC, § 3206, subd. (c).)

9 **V. Rebuttable Evidence of Desertion**

10 A rebuttable presumption of desertion arises if an operator has failed to comply with an
11 order of the supervisor within the time provided by the order within the time provided by the
12 order or has failed to challenge the order on a timely basis. (PRC, § 3237, subd. (a)(3)(C).)
13 CalGEM Order No. 1222 issued on October 29, 2021 was not appealed by Operator and
14 became final on November 15, 2021. (**Attachment F**, incorporated herein.) Order No. 1222
15 required the Operator to perform remedial work necessary to prevent damage to life, health,
16 property and natural resources and submit the following:

17 1. Submit to CalGEM for review and approval a written workplan and schedule
18 describing the remedial work that will be performed within 15 days from the date of the
19 Order. The workplan must include the following remedial work:

- 20 a. Use proper well control methods and equipment to stop any leakage
21 from "Farrington 2" Well. Determine the root cause of the leak and remediate. Report
22 the cause of the leak to CalGEM and identify measures taken to remediate the leak.
- 23 b. Remove oil-stained soils and arrange for proper transport and disposal in a
24 manner that is compliant with California laws and regulations.
- 25 c. Remove all weeds surrounding "Farrington 1" Well, "Farrington 2" Well,
26 and production facilities.
- 27 d. Remove all trash, refuse and unused equipment associated with
28 "Farrington 1" Well, "Farrington 2" Well and production facilities.

e. Label stock tank near the "Farrington 3" Well or bring into compliance with Out-of-Service requirements in Regulations.

f. Provide secondary containment for the stock tank near the "Farrington 3" Well or bring into compliance with Out-of-Service requirements in regulations.

To date, Operator has not complied with the terms of the Order. CalGEM has not received a work plan or evidence that Operator has implemented required remedial work necessary to prevent damage to life, health, property and natural resources. CalGEM notified Operator that the Order No. 1222 was final in a letter sent on November 22, 2021. (**Attachment G**, incorporated herein, CalGEM correspondence dated November 22, 2021.) Operator's failure to comply with Order No. 1222 is rebuttable evidence of desertion. (PRC, § 3237, subd. (a)(3)(C)).)

VI. Operator's Required Actions

For the reasons stated herein, CalGEM has determined that the Wells 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 Wells, decommission the Facilities, and restore the site consistent with all applicable requirements of PRC sections 3208, 3224, 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 Wells and the Facilities as necessary to prevent damage to life, health, property, and natural resources.

VII. 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); 3236.5, subd. (c); 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 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 CalGEM to obtain compliance with this order (which may include penalties and interest) will constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, § 3356.)

VIII. Consequences of Non-Compliance

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

DATED: April 29, 2022



Uduak-Joe Ntuk
State Oil and Gas Supervisor