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**STATE OF CALIFORNIA**  
**NATURAL RESOURCES AGENCY**  
**DEPARTMENT OF CONSERVATION**  
**GEOLOGIC ENERGY MANAGEMENT DIVISION**

**ORDER TO PLUG AND ABANDON WELLS,**  
**DECOMMISSION ATTENDANT FACILITIES,**  
**AND RESTORE WELL SITES**  
**NO. 1305**

**Operator: Vaca Energy, LLC. (V0150)**  
**Field: Montalvo, West**  
**Northern District, Ventura County**

1 I. Introduction

2 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy  
3 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources  
4 Code (**PRC**; commencing with PRC section 3000) and California Code of Regulations, title 14  
5 (**Regulations**), may order the plugging and abandonment of a well or the decommissioning of  
6 a production facility that has been deserted, whether or not any damage is occurring, or  
7 threatened, by reason of that deserted well. (PRC, § 3237, subd. (a).) An operator's failure to  
8 timely pay required annual fees for any idle well is conclusive evidence of desertion. (PRC, §  
9 3206, subds. (a) and (c).)

10 Based on CalGEM's records, Vaca Energy, LLC. (**Operator**) is the "operator" (as defined  
11 in PRC section 3009) of the wells identified on **Attachment A**, incorporated herein (**the Wells**),  
12 and is responsible (as specified in PRC section 3237, subdivision (c)(1)) for the plugging and  
13 abandonment of the Wells, the decommissioning of the production facilities attendant to the  
14 Wells (**the Facilities**), and the restoration of the well sites for the Wells. CalGEM records indicate  
15 that, under applicable provisions of PRC section 3206, Operator was required to timely pay  
16 idle well fees for the Wells idle in years 2018 through 2021, and that Operator has not done so.  
17 This failure to timely pay idle well fees is conclusive evidence of desertion. Based upon  
18 conclusive evidence of desertion, rebuttable presumption of desertion, and credible  
19 evidence described below, the Supervisor has determined that the Wells and the Facilities are  
20 deserted. Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, and as set forth  
21 below, the Supervisor is ordering Operator to plug and abandon the Wells, to decommission  
22 the Facilities, and to restore the well sites for the Wells, consistent with all applicable  
23 requirements, including PRC sections 3208, 3228, 3229, and 3230; Regulations sections 1722,  
24 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and the conditions included in  
25 any permit or approval CalGEM may issue pursuant to PRC section 3229; and until that work is  
26 complete, perform remedial work and testing as necessary to prevent damage to life, health,  
27 property, and natural resources.

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## 1 II. Definitions

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

5 **PRC section 3008, subdivision (d)**, defines "idle well" as any well that for a period of 24  
6 consecutive months has not either produced oil or natural gas, produced water to be used in  
7 production stimulation, or been used for enhanced oil recovery, reservoir pressure  
8 management, or injection. For the purpose of determining whether a well is an idle well,  
9 production or injection is subject to verification by the division. An idle well continues to be an  
10 idle well until it has been properly abandoned in accordance with Section 3208 or it has been  
11 shown to the division's satisfaction that, since the well became an idle well, the well has for a  
12 continuous six-month period either maintained production of oil or natural gas, maintained  
13 production of water used in production stimulation, or been used for enhanced oil recovery,  
14 reservoir pressure management, or injection. An idle well does not include an active  
15 observation well."

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

19 **Regulations section 1760, subdivision (r)**, defines "production facility" to mean "any  
20 equipment attendant to oil and gas production...including, but not limited to, tanks, flowlines,  
21 headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection  
22 equipment, production safety systems, separators, manifolds, and pipelines that are not under  
23 the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code,  
24 excluding fire suppressant equipment."

## 25 III. State Oil and Gas Supervisor Authority

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

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

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

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

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

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

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

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

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

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

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

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

14           **PRC section 3226, subdivision (b)**, provides that "notwithstanding any other provisions of  
15 Section 3224, 3225, or 3237, if the supervisor determines that an emergency exists, the  
16 supervisor may order or undertake the actions he or she deems necessary to protect life,  
17 health, property, or natural resources."

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

22           **PRC section 3237, subdivision (a)(3)**, states that a rebuttable presumption of desertion  
23 arises in any of the following situations: (C) If an operator has failed to comply with an order of  
24 the supervisor within the time provided by the order or has failed to challenge the order on a  
25 timely basis.

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1 **IV. Conclusive Evidence of Desertion**

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

5 As the operator of the Wells, following the process for idle well management set forth in  
6 PRC section 3206, subdivision (a), Operator did not submit an Idle Well Management Plan in  
7 lieu of paying idle well fees. Operator was therefore required to pay an idle well fee for each  
8 of its idle wells that were idle in 2018 by May 1, 2019, as provided in the 2019 Idle Well Fee  
9 Invoice prepared by CalGEM; idle in 2019 by May 1, 2020, as provided in the 2020 Idle Well Fee  
10 Invoice prepared by CalGEM; idle in 2020 by May 1, 2021, as provided in the 2021 Idle Well Fee  
11 Invoice prepared by CalGEM; and idle in 2021 by May 1, 2022, as provided in the 2022 Idle  
12 Well Fee Invoice prepared by CalGEM. (PRC, § 3206, subds. (a) & (a)(2)(B)(v).) (**Attachments B,**  
13 **C, D, E and F** incorporated herein.) As of the date of this order, Operator has not paid its idle  
14 well fees for its Wells idle in 2018, 2019, 2020 and 2021. Operator's failure to pay the required  
15 idle well fees for the Wells is conclusive evidence of desertion. (PRC, § 3206, subd. (c).)

16 **V. Rebuttable Presumption of Desertion**

17 A rebuttable presumption of desertion arises if an operator has failed to comply with an  
18 order of the supervisor within the time provided by the order within the time provided by the  
19 order or has failed to challenge the order on a timely basis. (PRC, § 3237, subd. (a)(3)(C).)  
20 CalGEM Order No. 1259 issued on March 17, 2022, was not appealed by Operator and  
21 became final on September 2, 2022. (**Attachment G**, incorporated herein.) Order No. 1259  
22 required the Operator to: Plug and Abandon Wells, Decommission Attendant Facilities, and  
23 Restore Well Sites. To date, Operator has not complied with the terms of the Order. Operator's  
24 failure to comply with Order No. 1259 is a rebuttable presumption of desertion. (PRC, § 3237,  
25 subd. (a)(3)(C)).)

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

27 For the reasons stated herein, CalGEM has determined that the Wells and the Facilities  
28 are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, **IT IS HEREBY**

1 **ORDERED** that Operator plug and abandon the Wells, decommission the Facilities, and restore  
2 the well sites for the Wells consistent with all applicable requirements of PRC sections 3208,  
3 3224, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through  
4 1724.1, 1760, 1775, and 1776; and the conditions included in any permit CalGEM may issue  
5 pursuant to PRC section 3229. Until that work is complete, Operator is ordered to perform  
6 remedial work and testing on the Wells and the Facilities as necessary to prevent damage to  
7 life, health, property, and natural resources.

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); 3237, subd. (b).) If this Order  
12 is mailed to you, the Director must receive the appeal within (15) days from the date the  
13 Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent via U.S.  
14 mail to:

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

19 Or via electronic mail:

20 [CalGEMAppeals@conservation.ca.gov](mailto:CalGEMAppeals@conservation.ca.gov)

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 will receive a written  
23 decision that affirms, sets aside, or modifies the appealed order.

24 If Operator does not file a timely written notice of appeal, or if the order is affirmed  
25 following an appeal, this order will become a final order and CalGEM may contract for  
26 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,  
27 Operator has not, in good faith, commenced the work ordered. Any costs incurred by  
28 CalGEM to obtain compliance with this order (which may include penalties and interest) will

1 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §  
2 3356.)

3 **VIII. Consequences of Non-Compliance**

4 Failure to comply with Section V (Operator's Required Actions) of this order could  
5 subject Operator to further enforcement action, including additional civil penalties, as  
6 appropriate. PRC section 3236 makes it a misdemeanor for any person who violates, fails,  
7 neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws  
8 commencing at PRC section 3000. PRC section 3359 makes it a misdemeanor to fail or neglect  
9 to comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a  
10 separate and distinct offense. (PRC, §3359).

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14 DATED: June 2, 2023

*Gabe Tiffany*

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Gabe Tiffany  
Acting State Oil and Gas Supervisor