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

ORDER TO PLUG AND ABANDON WELL,
DECOMMISSION ATTENDANT FACILITY,
AND RESTORE WELL SITE
NO. 1306

Operator: Golden Bee, Inc. (G2030)
Huntington Beach Oil Field
Southern District, Orange 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 file or comply with the idle well testing and management requirements in CalGEM's
9 regulations is conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

10 Based on CalGEM's records, Golden Bee, Inc. (**Operator**) is the "operator" (as defined
11 in PRC section 3009) of the well "Pursell" 1 (API no. 0405902213, the **Well**), located in the
12 Huntington Beach Oil Field, and is responsible (as specified in PRC section 3237, subdivision
13 (c)(1)) for the plugging and abandonment of the Well, the decommissioning of the production
14 facility attendant to the Well (the **Facility**), and the restoration of the well site for the Well.
15 CalGEM's records indicate that, under applicable provisions of Regulations sections 1772,
16 1772.1, and 1772.1.4, Operator was required to file an Idle Well Inventory and Evaluation by
17 January 31, 2023, to file an Idle Well Testing Compliance Work Plan by June 1, 2019, and to
18 timely comply with idle well testing requirements for the Well: Operator has not done so. These
19 failures to timely file and comply with the idle well testing and management requirements in
20 CalGEM's regulations is conclusive evidence of desertion, based upon which the Supervisor
21 has determined that the Well and the Facility are deserted. Therefore, pursuant to PRC
22 sections 3106, 3206, 3206.1, 3224, 3226, and 3237, and as set forth below, the Supervisor is
23 ordering Operator to plug and abandon the Well, to decommission the Facility, and to restore
24 the well site for the Well, consistent with all applicable requirements, including PRC sections
25 3208, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through
26 1724.1, 1760, 1775, and 1776; and the conditions included in any permit or approval CalGEM
27 may issue pursuant to PRC section 3229; and until that work is complete, perform remedial

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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."

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

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

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

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1 **PRC section 3206.1, subdivision (e)** states that failure to file or comply with the idle well
2 testing and management requirements in CalGEM's regulations (implemented as directed by
3 Section 3206.1) "shall be conclusive evidence of desertion of the well, permitting the supervisor
4 to order the well abandoned pursuant to Section 3237."

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

11 **PRC section 3226, subdivision (a)**, provides that "within 30 days after service of an order
12 pursuant to Sections 3224 and 3225, or Section 3237, or if there has been an appeal from the
13 order to the director, within 30 days after service of the decision of the director, or if a review
14 has been taken of the order of the director, within 10 days after affirmance of the order, the
15 owner or operator shall commence in good faith the work ordered and continue it until
16 completion. If the work has not been commenced and continued to completion, the
17 supervisor may appoint necessary agents to enter the premises and perform the work. An
18 accurate account of the expenditures shall be kept. Any amount so expended shall constitute
19 a lien against real or personal property of the operator pursuant to the provisions of Section
20 3423. Before performing such work, the division may impose a lien against the real or personal
21 property of the operator pursuant to Section 3423 in an amount equal to an estimate of the
22 cost of the work based on a bid from a contractor or previous costs to perform comparable
23 work."

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

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

5 **PRC section 3237, subdivision (a)(2)**, states that "credible evidence" includes, but is not
6 limited to, the operational history of the well or production facility, the response or lack of
7 response of the operator to inquiries and requests from the Supervisor or district deputy, the
8 extent of compliance by the operator with the requirements of this chapter, and other actions
9 of the operator with regard to the well or production facility.

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

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

16 **Regulations section 1772.1, subdivision (a)(1)** provides that operators shall conduct a
17 fluid level test for all idle wells within 24 months of a well becoming idle and repeat the testing
18 at least once every 24 months for as long as the well is an idle well, unless the operator
19 demonstrates that the wellbore does not penetrate an underground source of drinking water
20 (USDW).

21 **Regulations section 1772.1, subdivision (a)(2)** provides that operators shall conduct a
22 casing pressure test for all idle wells within 24 months of a well becoming idle and repeat the
23 testing according to pressure used or in accordance with an Idle Well Testing Compliance
24 Work Plan.

25 **Regulations section 1772.1.4** provides testing requirements for all wells idle on April 1,
26 2019, annual testing benchmarks, and includes a requirement that Operators provide CalGEM
27 with an Idle Well Testing Compliance Work Plan by June 1, 2019, scheduling the completion of
28 the testing over a six-year period according to the requirements of the section.

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As the operator of the Well, Operator was required to submit an Idle Well Testing Compliance Work Plan for the Well by June 1, 2019, as required by Regulations section 1772.1.4, subdivision (a), and Operator failed to do so. CalGEM issued a Notice of Violation to Operator on March 28, 2023, regarding the outstanding Plan. (**Attachment A**, incorporated herein.) As of the date of this order, Operator has not submitted an Idle Well Testing Compliance Work Plan for the Well.

As the operator of the Well, Operator was required to comply with annual testing benchmarks for the Well under an Idle Well Testing Compliance Work Plan, as required by Regulations section 1772.1.4, subdivision (b), and Operator failed to do so. Operator was required to conduct a casing pressure test of the Well by June 1, 2020, as required by Regulations section 1772.1, subdivision (a)(2), in order to meet annual testing benchmarks. CalGEM issued a Notice of Violation to Operator on September 8, 2022, regarding the failure to perform a casing pressure test. (**Attachment B**, incorporated herein.) As of the date of this order, Operator has not remedied the outstanding violations for the Well which is overdue for testing.

As the operator of the Well, Operator was required to conduct fluid level testing of the Well by June 1, 2020, as required by Regulations section 1772.1, subdivision (a), and Operator failed to do so. CalGEM issued a Notice of Violation to Operator on September 8, 2022, regarding the failure to conduct fluid level testing. (**Attachment C**, incorporated herein.) As of

1 the date of this order, Operator has not remedied the outstanding violation for the Well which
2 is overdue for testing.

3 Operator's failure to conduct fluid level testing on the Well is conclusive evidence of
4 desertion. (PRC, § 3206.1, subd. (e).)

5 As the operator of the Well, Operator was required to submit an updated Idle Well
6 Inventory and Evaluation by January 31, 2023, as required by Regulations section 1772,
7 subdivision (b), and Operator failed to do so. As of the date of this order, Operator has not
8 submitted an updated Idle Well Inventory and Evaluation for the Well.

9 Operator's failure to submit an updated Idle Well Inventory and Evaluation for the Well
10 is conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

11 **V. Credible Evidence of Desertion**

12 The Supervisor has determined, based on information, belief, and credible evidence,
13 that the Well and Facility are deserted. The Well has been idle since at least May 5, 2018. In
14 addition to the violations described above, Operator has a poor compliance history. Operator
15 has outstanding Notices of Violation (NOVs) from CalGEM for a number of field violations at
16 the well site observed in November 2019. Operator has been unresponsive to CalGEM's
17 contact efforts for over three years.

18 The operational history of the Well, Operator's lack of responsiveness to inquiries from
19 CalGEM, and Operator's poor compliance history are credible evidence of desertion. (PRC, §
20 3237, subd. (a)(2).)

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

22 For the reasons stated herein, CalGEM has determined that the Well and the Facility are
23 deserted. Therefore, pursuant to PRC sections 3106, 3224, 3226, and 3237, **IT IS HEREBY**
24 **ORDERED** that Operator plug and abandon the Well, decommission the Facility, and restore
25 the well site for the Well consistent with all applicable requirements of PRC sections 3208, 3224,
26 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1,
27 1760, 1775, and 1776; and the conditions included in any permit CalGEM may issue pursuant
28 to PRC section 3229. Until that work is complete, Operator is ordered to perform remedial work

1 and testing on the Well and the Facility as necessary to prevent damage to life, health,
2 property, and natural resources.

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

4 Operator may appeal this Order by filing a timely written notice of appeal with the
5 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
6 with PRC section 3350. (PRC, §§ 3225, subd. (d); 3236.5, subd. (c); 3237, subd. (b).) If this Order
7 is mailed to you, the Director must receive the appeal within (15) days from the date the
8 Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent via U.S.
9 mail to:

10 Department of Conservation
11 Director's Office of Appeals
12 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
13 Sacramento, California 95814

14 Or via electronic mail:

15 CalGEMAppeals@conservation.ca.gov

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

19 If Operator does not file a timely written notice of appeal, or if the order is affirmed
20 following an appeal, this order will become a final order and CalGEM may contract for
21 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,
22 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
23 CalGEM to obtain compliance with this order (which may include penalties and interest) will
24 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
25 3356.)

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

27 Failure to comply with Section VI (Operator's Required Actions) of this order could
28 subject Operator to further enforcement action, including additional civil penalties, as

1 appropriate. PRC section 3236 makes it a misdemeanor for any person who violates, fails,
2 neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws
3 commencing at PRC section 3000. PRC section 3359 makes it a misdemeanor to fail or neglect
4 to comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a
5 separate and distinct offense. (PRC, §3359).

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8 DATED: June 16, 2023

Gabe Tiffany

Gabe Tiffany
Acting State Oil and Gas Supervisor