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8	STATE OF CALIFORNIA
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10	DEPARTMENT OF CONSERVATION
11	GEOLOGIC ENERGY MANAGEMENT DIVISION
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14	ORDER TO PLUG AND ABANDON WELLS,
15	DECOMMISSION ATTENDANT FACILITIES,
16	AND RESTORE WELL SITES
17	NO. 1324
18	
19	Operator: Allied Western Petroleum (A1260) Field: Devils Den
20	Central District, Kern County
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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 or failure to comply with the idle well testing and management requirements is conclusive evidence of desertion. (PRC, §§ 3206, subds. (a) and (c); 3206.1, subd. (e).)

Based on CalGEM's records, Allied Western Petroleum (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), including but not limited to those identified on Attachment B, incorporated herein, and the restoration of the well sites for the Wells. Under Regulations section 1772.1.4, subdivision (a), Operator was required to submit an Idle Well Testing Compliance Work Plan for the Wells as well as comply with annual testing benchmarks for the Wells per Regulations section 1772.1.4, subdivision (b), and Operator has not done so. Operator's failure to comply with these idle well testing and management requirements is conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

Further, on July 9, 2021, CalGEM issued Order No. 1201 to Operator requiring submission of a Pipeline Management Plan and payment of a civil penalty, neither of which has been done. Operator's failure to comply with Order No. 1201 creates a rebuttable presumption of desertion (PRC, § 3237, subd. (a)(3)(C)) and failure to submit its Pipeline Management Plan, in violation of Regulations section 1774.2, provides credible evidence of desertion.

In addition, as described in more detail below, Operator failed to maintain access roads to some of the Wells, in violation of Regulation section 1777, subdivision (f), providing a

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rebuttable presumption of desertion (PRC, § 3237, subd. (a)(3)(F)). Operator has also failed to have adequate identifying signs posted for some of the Wells, in violation of Regulations section 1722.1.1, subdivision (a); failed to have a secondary containment with adequate storage capacity, in violation of Regulations section 1773.1; failed to properly identify tanks, in violation of Regulations section 1773.3, subdivision (a); failed to perform tank inspections, in violation of Regulations section 1773.3, subdivision (b); failed to repair tanks, in violation of Regulations section 1773.3, subdivision (d); failed to comply with out-of-service production facilities decommissioning requirements, in violation of Regulations section 1773.5, subdivision (a); failed to properly dispose of oilfield waste and refuse in violation of Regulations section 1775, subdivisions (a) and (c); failed to maintain production facilities in good condition, in violation of Regulations section 1777, subdivision (a); failed to conduct visual inspections, in violation of Regulations section 1777, subdivision (c)(1); failed to remove weeds or debris within a secondary containment area, in violation of Regulations section 1777, subdivision (c)(2); failed to maintain cellars and keep drained, in violation of Regulations section 1777, subdivision (c)(3); failed to enclose equipment and facilities with adequate perimeter fencing, in violation of Regulations section 1777, subdivision (d); and failed to have a Spill Contingency Plan for all production facilities, in violation of Regulations section 1722.9. Operator's failure to Comply with applicable requirements of the PRC and Regulations provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

Therefore, based upon conclusive evidence of desertion, a rebuttable presumption of desertion, and credible evidence of desertion, the Supervisor has determined that the Wells and the Facilities are deserted, and 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/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.

Attachment C contains a list of definitions and authorities that are applicable to this Order.

II. 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. At all times relevant to this Order, the Wells were "idle well(s)" as defined in PRC section 3008, subdivision (d).

Failure to comply with the requirements of CalGEM regulations implementing PRC section 3206.1, which include CalGEM regulations governing the testing of idle wells, "shall be conclusive evidence of desertion of the well, permitting the supervisor to order the well abandoned pursuant to Section 3237." (PRC, § 3206.1, subd. (e).) Regulations section 1772.1.4, which describes requirements for operators to test idle wells and to prepare work plans for ensuring timely compliance with those testing requirements, is one of the regulations implementing PRC section 3206.1. For any well that was an idle well as of April 1, 2019, unless the well was properly plugged and abandoned, partially plugged and abandoned, or is scheduled for abandonment as part of a CalGEM-approved Idle Well Management Plan or Testing Waiver Plan, Regulations section 1772.1.4, subdivision (a), required the operator of the well, by no later than June 1, 2019, to provide CalGEM with a Testing Compliance Work Plan that schedules completion of necessary idle well testing for the well, including a pressure test and clean out tag, within the time allotted by regulation. (Regulations, § 1772.1.4, subd. (a).)

Therefore, as the operator of the Wells, Operator was required to submit an Idle Well Testing Compliance Work Plan for the Wells by June 1, 2019, and Operator failed to do so. On March 16, 2023, CalGEM issued a Notice of Violation to Operator regarding the outstanding plan and provided a new date for submission: March 31, 2023. (Attachment D, incorporated herein.) As of the date of this Order, Operator has not submitted an Idle Well Testing Compliance Work Plan for the Wells.

Operator's failure to submit the required Idle Well Testing Compliance Work Plan is conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

Additionally, Operator was required to comply with annual testing benchmarks for the Wells under an Idle Well Testing Compliance Work Plan per Regulations section 1772.1.4, subdivision (b), and Operator has failed to do so. As of the date of this Order, Operator has not performed the overdue testing for the Wells.

Operator's failure to meet annual testing benchmarks under an Idle Well Testing

Compliance Work Plan for the Wells is also conclusive evidence that the Wells are deserted.

(PRC, § 3206.1, subd. (e).)

III. Rebuttable Presumption of Desertion

A. Failure to comply with an order of the Supervisor (PRC, § 3237, subd. (a)(3)(C))

Failure to timely comply with and timely challenge an order of the Supervisor creates a rebuttable presumption of desertion. (PRC, § 3237, subd. (a)(3)(C).) On July 9, 2021, CalGEM issued Order No. 1201 to Operator, which included a civil penalty resulting from Operator's failure to timely submit a Pipeline Management Plan. (**Attachment E**, incorporated herein.) Operator did not file an appeal and Order No. 1201 became final on July 26, 2021. Order No. 1201 required Operator to:

- Submit a current Pipeline Management Plan, prepared as directed in Regulations section 1774.2; and
- 2) Pay a civil penalty in the amount of one thousand five hundred dollars (\$1,500). In correspondence dated December 17, 2021, CalGEM informed Operator that Order No. 1201 became final on July 26, 2021. (**Attachment F**, incorporated herein.) As of the date of this Order, Operator has not complied with Order No. 1201.

As such, Operator's failure to comply with an order of the Supervisor within the time provided by the order and failure to challenge the order on a timely basis creates a rebuttable presumption of desertion. (PRC, § 3237, subd. (a)(3)(C).)

B. <u>Failure to maintain an access road to a well or production facility (PRC, § 3237, subd.</u> (a)(3)(F))

A rebuttable presumption of desertion arises if an 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 October 17, 2019, and October 23, 2019, CalGEM staff observed the following conditions during one and/or all inspections, in violation of Regulation section 1777, subdivision (f):

- Dagny Gap Unit Lease, Devils Den Field: Access route to Well 3, Well 10, Well 12, Well 14, Well 16, Well 18, Well 21, Well 22, Well 25, Well 26, Well 27, Well 28, and Well 31 is not safe or passable. CalGEM issued a Notice of Violation to Operator on or about November 25, 2019 (Attachment G, incorporated herein).
- Dagny Gap Unit Lease, Devils Den Field: Access route to Well 17 is not safe or passable. CalGEM issued a Notice of Violation to Operator on or about November 25, 2019 (Attachment H, incorporated herein).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of PRC section 3237, subdivision (a)(3)(F), creates a rebuttable presumption that some of the Wells are deserted.

IV. Credible Evidence of Desertion

Credible evidence of desertion includes, but is not limited to, the operational history of the well or production facility, the response or lack of response of the operator to inquiries and requests from the Supervisor or district deputy, the extent of compliance by the operator with the requirements of the PRC and Regulations, and other actions of the operator regarding the well or production facility. (PRC, § 3237, subd. (a)(2).)

A. Missing or inadequate well signs (Regulations, § 1722.1.1, subd. (a))

CalGEM conducted inspections on or about October 23, 2019, and observed the following conditions during the inspections, in violation of Regulations section 1722.1.1, subdivision (a):

 Alferitz Lease, Devils Den Field: Well 1-P, Well 5, and Well 10 did not have Operator's name on posted signs; Well 23 did not have any identifying sign posted. CalGEM issued a Notice of Violation to Operator on or about November 25, 2019 (Attachment I, incorporated herein).

2. <u>Dagany Gap Unit Lease, Devils Den Field</u>: Well 1, Well 2, and Well 5 did not have Operator's name on posted signs; Well 4 did not have the lease name on posted sign. (**Attachment H**).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of Regulations section 1722.1.1, subdivision (a), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

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

CalGEM conducted an inspection on or about October 23, 2019, and observed the following conditions during the inspection, in violation of Regulations section 1773.1:

 Tamara Fee Lease, Devils Den Field: Secondary containment had inadequate storage capacity incapable of confining liquid for a minimum of 72 hours. CalGEM issued a Notice of Violation to Operator on or about November 25, 2019 (Attachment J, incorporated herein).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation was corrected. As such, Operator's failure to comply with the requirements of Regulations section 1773.1, provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

C. Failure to properly identify tank (Regulations, § 1773.3, subd. (a))

CalGEM conducted inspections on or about May 17, 2019; October 17, 2019; and October 23, 2019, and observed the following conditions during one and/or all of the inspections, in violation of Regulations section 1773.3, subdivision (a):

- Alferitz Lease, Devils Den Field: One tank did not have identifiable labels and Tank
 1961 and Tank 3361 did not have hazard labels (Attachment I).
- 2. <u>Dagany Gap Unit Lease</u>, <u>Devils Den Field</u>: Tank 101 and Tank 102 were not identified correctly or had missing information (**Attachment G**).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with

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the requirements of Regulations section 1773.3, subdivision (a), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

D. Failure to conduct tank inspections (Regulations, § 1773.3, subd. (b))

CalGEM conducted inspections on or about May 17, 2019; October 17, 2019; and October 23, 2019, and observed the following conditions during one and/or all of the inspections, in violation of Regulations section 1773.3, subdivision (b):

- Dagany Gap Unit Lease, Devils Den Field: Tank 101 and Tank 1951 were not operating properly, had evidence of leakage, distortions and corrosion, erosion at the foundation, open valves, and/or outer coating in poor condition (Attachment G).
- 2. <u>Tamara Fee Lease, Devils Den Field</u>: Tank 1001 and Tank 1002 were not covered properly (**Attachment J**).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of Regulations section 1773.3, subdivision (b), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

E. Failure to properly repair tank (Regulations, § 1773.3, subd. (d))

CalGEM conducted an inspection on or about October 23, 2019, and observed the following conditions during the inspection, in violation of Regulations section 1773.3, subdivision (d):

Alferitz Lease, Devils Den Field: Tank 1961 and Tank 3361 were not properly repaired.
 (Attachment I).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of Regulations section 1773.3, subdivision (d), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

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

CalGEM conducted an inspection on or about October 23, 2019, and observed the following conditions during the inspection, in violation of Regulations section 1773.5, subdivision (a):

 Alferitz Lease, Devils Den Field: Tank 401, Tank 402, and Tank 403 did not meet the standards for an Out-of-Service production facility or tank, including but not limited to valves and fittings not removed or secured (Attachment I).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation was corrected. As such, Operator's failure to comply with the requirements of Regulations section 1773.5, provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

G. Failure to properly dispose oilfield waste and refuse (Regulations, § 1775, subds. (a) & (c))

CalGEM conducted inspections on or about May 17, 2019; October 17, 2019; and October 23, 2019, and observed the following conditions during one and/or all of the inspections, in violation of Regulations section 1775, subdivisions (a) and/or (c):

- Alferitz Lease, Devils Den Field: Oilfield wastes and/or refuse was observed, including but not limited hoses, debris, oil contaminated media, pipes, and containers, near Well 1-P, Well 5, Well 14, Well 14-X, Well 45, and Well 56, and near tank setting towards east (Attachment I).
- Dagany Gap Unit Lease, Devils Den Field: Oilfield wastes and/or refuse was
 observed, including but not limited to debris, oil contaminated media, pipes,
 containers, and other unused equipment near Well 5, Well 8, and Well 13, and Tank
 1951 setting area (Attachments G & H).
- 3. <u>Tamara Fee Lease, Devils Den Field</u>: Oilfield wastes and/or refuse was observed, including but not limited to debris, oil contaminated media, pipes, and other unused equipment near Well 1, Well 2 and Tank 1002 (**Attachment J**).

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As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of Regulations section 1775, subdivisions (a) and (c), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

H. Failure to maintain facilities in good condition (Regulations, § 1777, subd. (a))

CalGEM conducted inspections on or about May 17, 2019; October 17, 2019; and October 23, 2019, and observed the following conditions during one and/or all of the inspections, in violation of Regulations section 1777, subdivision (a):

- Alferitz Lease, Devils Den Field: Well 5 and Well 10 missing bull plugs; Well 14 missing bull plugs and belt guard; Well 45 and Well 56 missing bolts on wellhead; and Well 1-P missing bolts on wellhead and missing bull plugs (Attachment I).
- 2. <u>Dagany Gap Unit Lease</u>, <u>Devils Den Field</u>: Well 1, Well 4, and Well 5 missing bolts on wellhead and missing bull plugs; Well 6 missing bolts on wellhead and missing belt guard; Well 2 and Well 9 missing bolts on wellhead; Well 11 missing bull plugs and belt guard; Well 7, Well 13, and tank missing bull plugs; and Well 17 missing belt guard (Attachments G & H).
- 3. Tamara Fee Lease, Devils Den Field: Well 1 missing belt guard (Attachment J).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of Regulations section 1777, subdivision (a), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

I. <u>Failure to conduct external visual inspections (Regulations, § 1777, subd. (c)(1))</u>

CalGEM conducted an inspection on or about May 17, 2019, and observed the following conditions during the inspection, in violation of Regulations section 1777, subdivision (c)(1):

1. <u>Dagany Gap Unit Lease, Devils Den Field</u>: Multiple tanks leaking fluid, requiring repair or replacement (**Attachment G**).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of Regulations section 1777, subdivision (c)(1), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

J. <u>Failure to remove weeds or debris in secondary containment (Regulations, § 1777, subdivision (c)(2))</u>

CalGEM conducted an inspection on or about October 23, 2019, and observed the following conditions during the inspection, in violation of Regulations section 1777, subdivision (c)(2):

1. <u>Tamara Fee Lease, Devils Den Field</u>: Weeds on or in the secondary containment within unknown setting (**Attachment J**).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation was corrected. As such, Operator's failure to comply with the requirements of Regulations section 1777, subdivision (c)(2), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

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

CalGEM conducted inspections on or about October 23, 2019, and observed the following conditions during the inspection, in violation of Regulations section 1777, subdivision (c)(3):

 Alferitz Lease, Devils Den Field: The cellars of Well 14, Well 23, and Well 45 were not properly covered and contained fluid (Attachment I).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of Regulations section 1777, subdivision (c)(3), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

L. <u>Missing or inadequate perimeter fencing (Regulations § 1777, subdivision (d))</u>

CalGEM conducted inspections on or about October 23, 2019, and observed the

following conditions during the inspection, in violation of Regulations section 1777, subdivision (d):

1. <u>Alferitz Lease, Devils Den Field</u>: Well 1-P, Well 14, Well 14-X, Well 18, and Well 23 were not properly enclosed with perimeter fencing (**Attachment I**).

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of Regulations section 1777, subdivision (d), provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

M. Spill Contingency Plan requirements (PRC, § 3270.1; Regulations, § 1722.9)

CalGEM conducted inspections on or about May 17, 2019; October 17, 2019; and October 23, 2019, and observed Operator did not have a Spill Contingency Plan for the Alferitz Lease, Dagany Gap Unit Lease, and Tamara Fee Lease, in Devils Den Field, in violation of PRC section 3270.1 and Regulations section 1722.9. (Attachments G, H, I, & J.) The items that must, at a minimum, be in a Spill Contingency Plan for all production facilities are identified in Regulations section 1722.9.

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected. As such, Operator's failure to comply with the requirements of PRC section 3270.1 and Regulations section 1722.9 provides credible evidence of desertion. (PRC, § 3237, subd. (a).)

IV. 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, 3224, 3226, and 3237, IT IS HEREBY ORDERED that Operator plug and abandon the Wells, decommission the Facilities, and restore the well sites for the Wells 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.

V. 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:

<u>CalGEMAppeals@conservation.ca.gov</u>

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.)

VI. Consequences of Non-Compliance

Failure to comply with Section IV (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).

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Acting State Oil and Gas Supervisor

Gabe Tiffany

DATED: August 2, 2023