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

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14 **EMERGENCY ORDER TO PERFORM REMEDIAL WORK,**
15 **PLUG AND ABANDON WELLS, AND DECOMMISSION FACILITIES**

16
17 **NO. 1380**

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21 **Operator: Griffin Resources, LLC (G3583)**
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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 title 14 of the California Code of
5 Regulations (**Regulations**), shall order remedial work as in his judgment is necessary to prevent
6 damage to life, health, property, and natural resources. (PRC, § 3224)

7 Based on CalGEM's records, Griffin Resources, LLC (**Operator**) is or was an "operator"
8 (as defined in PRC, § 3009) and is responsible for 16 wells (the **Wells**) and associated
9 production facilities at the Fruitvale Oil Field (**Facilities**). On April 3, 2024, CalGEM detected a
10 significant methane leak at the well K.C.L. A53 and its associated facilities. Upon further
11 inspection, CalGEM discovered that all 16 of the Wells were connected to and venting to an
12 Out-of-Service flow line (the **Pipeline**), a source of the methane leak. **Attachment A**,
13 incorporated herein, contains a list of the Wells and Facilities subject to this order. All 16 of the
14 Wells are critical wells (as defined in Regulations section 1720, subdivision (a)) and are located
15 in an environmentally sensitive area (as defined in Regulations section 1760, subdivision (f)).
16 The surrounding area is comprised of a residential development, parks, commercial centers,
17 and an elementary school. Operator's lack of maintenance and adherence to safety and
18 decommissioning requirements poses a potential threat to life, health, property, and natural
19 resources.

20 CalGEM is working to determine the source of the methane leaks, which present an
21 immediate danger to the surrounding area. The Supervisor has determined that an
22 emergency exists, and that emergency remedial work is necessary to prevent damage to life,
23 health, property, and natural resources. Therefore, pursuant to PRC sections 3013, 3106, 3224,
24 3226, and 3270, and Regulations sections 1722.5, 1724.3, 1773.5, 1774.1, 1774.2, and 1777,
25 among others, the Supervisor is ordering Operator to take immediate action.

26 **Attachment B**, incorporated herein, contains a list of definitions and authorities that are
27 applicable to this order.

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1 **II. Factual and Procedural Summary**

2 On April 3, 2024, while conducting a routine inspection, CalGEM noted methane
3 readings at the well K.C.L. A53 (API No. 0402908238), as well as high concentration readings
4 coming from the neighboring electrical boxes, manholes, and small holes in the grass. These
5 readings measured over 140,000 parts per million (ppm).¹ Noting this, CalGEM's inspector took
6 additional readings in the surrounding area, and identified methane readings as far as 90 feet
7 from the well site. CalGEM notified the operator as well as the San Joaquin Valley Air Pollution
8 Control District (SJVAPCD) and the California Governor's Office of Emergency Services
9 (CalOES).

10 Operator arrived on site and closed the casing valve to well A53, to isolate further flow
11 into the flow line (or Pipeline) connected to the well. At this time, CalGEM believes that the
12 main source of the methane is several ruptures in the Pipeline. The Pipeline is an Out-of-Service
13 flow line and has not been retested for a return to service since being taken out of service
14 following a reportable spill in 2019. CalGEM observed 16 of Griffin's wells connected to the
15 Pipeline. The Pipeline consists of one pipeline facility, the "KCL South Casing Gas Line," also
16 listed in Attachment A as it is entered in WellSTAR, CalGEM's Well Statewide Tracking and
17 Reporting System. Using the map included in Operator's Pipeline Management Plan, the
18 Pipeline begins at the junction between the flow line from A53 and the flow line from the KCL
19 Tank Setting and continues downstream to 16 wells. A map is included herein as **Attachment**
20 **C**, with the junction marked.

21 On April 5, 2024, CalGEM inspected A53 again, along with the surrounding area.
22 CalGEM observed a continued leak from the casing gas line at A53, emitting methane at
23 approximately 160 grams per hour. The pressure gauge at the well still read 0 psi, which is
24 consistent with the slow leak observed in the pipe. The inspector noted apparent substandard
25 repairs that were not present the previous evening, including a clamp and application of

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28 ¹ 50,000 ppm denotes an atmosphere in which methane is at its lower flammable limit and considered ignitable.

1 black tape. He also noted signs of older repairs, evidenced by tape on the primary flow line.
2 Inspections of the surrounding area revealed a methane plume from the electrical vault in the
3 road near the A53 well site, as well as a methane leak from a small plug at the end of an
4 unused casing wing at the well K.C.L. D67 (API No. 0402908251).

5 On April 8, 2024, SJVAPCD performed a follow-up inspection of D67 due to the well's
6 proximity to Van Horn Elementary School, less than 1,000 feet away. Using a TVA gas detector
7 (portable flame ionization detector), SJVAPCD registered a reading measuring over 50,000
8 ppm. SJVAPCD then contacted CalOES and the Operator. Operator arrived on site and
9 tightened the valve on the well to address the leak.

10 The Wells are critical wells due to their close proximity to residential development, parks,
11 commercial centers, and an elementary school and are located in an environmentally
12 sensitive area. The well D76 is located 86' away from a commercial building, and A84 is
13 located 50' away from a commercial building; both wells are sited within public parking lots.
14 According to CalGEM's records, the Wells are in extremely poor condition, with recurrent
15 leaks, deteriorating equipment, and field violation issues. All 16 Wells are subject to a final Plug
16 and Abandonment Order, Order No. 1267A, which Operator is currently challenging in Kern
17 County Superior Court.

18 Several of Operator's wells in the Fruitvale Oil Field also have a history of elevated
19 pressure readings. The Wells are not currently equipped with safety/emergency devices to
20 prevent the release of the pressurized gas in the casing if existing containment should fail.
21 While Operator installed new wellheads at the wells A84 and D87 in early 2023, CalGEM has
22 detected ongoing leaks at both wells in the past nine months. CalGEM believes Operator has
23 maintained low pressures in the Wells by venting methane into the Out-of-Service Pipeline; it
24 anticipates that once disconnected from the leaking flow line to which the Wells are venting,
25 the pressure will build up again in the Wells.

26 III. **Alleged Acts and Omissions**

27 Based on CalGEM's records, at all times relevant to this Order, Operator was the
28 "operator" of the Wells and Facilities as defined in PRC section 3009.

1 Operator has not maintained compliance with applicable requirements for operation
2 of the Wells and Facilities. Operators are required to maintain production facilities in good
3 condition, and in a manner to prevent leakage or corrosion and to safeguard life, health,
4 property, and natural resources. (Regulations, § 1777(a)). CalGEM records reflect ongoing
5 failure to address cited violations and a pattern of recurring or repeated violations. Operator's
6 lack of maintenance and adherence to safety and decommissioning requirements poses a
7 potential threat to life, health, property, and natural resources. The violations at issue are
8 identified below.

9 **1. Leaking Facilities and Poor Facility Maintenance (Regulations, § 1777, subd. (a))**

10 CalGEM conducted inspections of the Wells and Facilities on April 3 and 5, 2024, and
11 observed leaks at the well A53 and its associated Facilities, including at the Pipeline. CalGEM
12 also observed substandard repairs at the well and equipment in a poor condition. Regulations
13 section 1777, subdivision (a) requires operators to maintain production facilities in good
14 condition and in a manner to prevent leakage or corrosion and to safeguard life, health,
15 property, and natural resources.

16 CalGEM identified 28 different leaks at the Wells since January 1, 2024. Operator has
17 taken little action to address the leaks, which continue to recur. CalGEM inspectors have
18 observed substandard repairs performed on the Wells with tape, clamps, or Flex Seal spray
19 (aerosolized rubber), with empty cans of Flex Seal discarded within well sites. As of the date of
20 this Order, CalGEM does not have any record that Operator has performed a permanent
21 repair to the leaking flow line at the well A53.

22 **2. Failure to Comply with Out-of-Service Production Facility Requirements**
23 **(Regulations, § 1773.5)**

24 During its inspections, CalGEM observed an Out-of-Service flow line (the Pipeline)
25 connected to all 16 of the Wells, with all the Wells actively venting into the Pipeline. CalGEM
26 determined that this Pipeline was Out-of-Service in 2019 following a reportable spill.

27 Regulations section 1773.5, subdivision (a) mandates that within six months after the
28 determination that a production facility is Out-of-Service, the Operator must take a series of

1 actions. These actions include disconnecting the facility from any pipelines and in-service
2 equipment, removing valves and fittings from the facility, and either removing pipelines or
3 flushing, filling them with an inert fluid, and blinding them. According to CalGEM's records,
4 Operator did flush the Pipeline following the spill in 2019. However, CalGEM does not have any
5 records from Operator demonstrating that the Pipeline was disconnected or blinded. In fact,
6 recent inspections indicate that the Pipeline is still connected to wells and venting gas.

7 Regulations section 1773.5, subdivision (b) mandates that Out-of-Service production
8 facilities shall not be reactivated unless all needed repairs have been completed and the
9 production facility is in compliance with all applicable testing and inspection requirements. As
10 of the date of this Order, CalGEM does not have any records from Operator demonstrating
11 that the Pipeline was repaired, tested, or inspected before being reconnected to the Wells
12 and Facilities and returned to service.

13 **3. Failure to Comply with Mechanical Integrity Testing Requirements (Regulations,**
14 **§ 1774.1, subd. (f))**

15 During its recent inspections, CalGEM observed the Pipeline in service, connected to all
16 16 of the Wells, which were continuously venting into it. Regulations section 1774.1, subdivision
17 (f), requires Operators to perform periodic mechanical integrity testing on...all active gas
18 pipelines in sensitive areas. The mechanical integrity testing shall be conducted every two
19 years, or at an alternative frequency approved by the Supervisor based on demonstrated wall
20 thickness and remaining service life over a period of at least two years. The Pipeline, also
21 known as the "KCL South Casing Gas Line," is a gas pipeline in a sensitive area. When the
22 Pipeline is active, Operator is required to perform mechanical integrity testing on it every two
23 years. As of the date of this Order, CalGEM does not have any records from Operator
24 demonstrating that the Pipeline underwent or passed mechanical integrity testing at any point
25 since its reportable spill in 2019.

26 **IV. Operator's Required Actions (Emergency)**

27 Based on information, belief, and a review of the above referenced facts, and in
28 accord with the legal authorities described in this Order, the Supervisor has determined that

1 an emergency exists, and immediate action is necessary to protect life, health, property, and
2 natural resources. Therefore, **IT IS HEREBY ORDERED**, pursuant to PRC sections 3013, 3106, 3224,
3 3226, and 3270, and Regulations sections 1722.5, 1724.3, 1773.5, and 1777, among others, that
4 Operator shall perform the work and acts identified below:

5 **(1) Disconnect all wells and production facilities, including surface equipment, from the**
6 **Pipeline.**

7 **(2) Flush the Pipeline with inert fluid.**

8 **(3) Blind the Pipeline, with a bullplug or other physical barrier covering all openings.**

9 **(4) At each of the Wells, install two permanent pressure gauges to ensure accurate**
10 **pressure monitoring: one gauge to validate tubing pressure and one gauge to**
11 **validate casing pressure.**

12 **(5) Take one of the following actions at each of the Wells:**

13 **a. Install subsurface or surface safety devices as required in Regulations section**
14 **1724.3. The equipment that is currently installed at the Wells is not sufficient to**
15 **meet this requirement.**

16 **b. Place 10 ppg weight mud in the well to surface level, to prevent**
17 **repressurization.**

18 **c. Plug and abandon the well and decommission the production facilities**
19 **attendant to the well according to PRC sections 3208, 3228, 3229, and 3230,**
20 **Regulations sections 1722 through 1724.1, 1760, 1775, and 1776, and the**
21 **conditions included in any permit CalGEM may issue pursuant to PRC section**
22 **3229.**

23 Following the completion of Required Actions 1-3, do not remove the Pipeline from Out-
24 of-Service status, including reconnecting it to wells or production facilities, without written
25 approval from CalGEM. For any questions about the Required Actions and to verify
26 performance thereof, please contact Cameron Campbell in CalGEM's Central District via
27 electronic mail: Cameron.Campbell@conservation.ca.gov.

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1 **V. Operator's Appeal Rights**

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

7 Department of Conservation
8 Director's Office of Appeals
9 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
10 Sacramento, California 95814

11 Or via electronic mail:

12 CalGEMAppeals@conservation.ca.gov.

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

16 If the order is affirmed following Operator's appeal, CalGEM may contract for
17 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,
18 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
19 CalGEM to obtain compliance with this order, which may include penalties and interest, any
20 civil penalties imposed will constitute a state tax lien against Operator's real or personal
21 property per PRC section 3423. (PRC, § 3356).

22 An appeal of this order will not operate as a stay of any remedial actions which are
23 issued pursuant to the Supervisor's emergency order authority according to PRC section 3226.
24 (PRC, § 3350, subd. (b)(1).) Therefore, **Operator must immediately perform the emergency**
25 **work described herein.** If the work is not immediately commenced and continued to
26 completion, the Supervisor may appoint necessary agents to enter the premises and perform
27 the work. Any costs incurred by CalGEM to obtain compliance with this order will constitute a
28 lien against Operator's real or personal property per PRC section 3423. (PRC, § 3356.) If

1 Operator believes it will be irretrievably injured by performing the work required by this Order
2 pending the appeal's outcome, Operator may seek an order from the appropriate Superior
3 Court restraining CalGEM from enforcing the Order pending the outcome of the appeal.
4 (PRC, § 3350, subd. (b)(4).)

5 **VI. Other Potential Actions to Enforce This Order**

6 Failure to comply with Section IV (Operator's Required Actions) of this order could
7 subject Operator to further enforcement action. If an operator fails to comply with an order of
8 the Supervisor, the Supervisor may deny approval of proposed well operations until the
9 operator complies with the order, consistent with PRC section 3203, subdivision (c). The
10 Supervisor may in the future impose civil penalties based on the facts and omissions underlying
11 this order per PRC section 3236.5 which authorizes the Supervisor to impose a civil penalty on a
12 person who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation that
13 implements those statutes. The Supervisor may also apply to a superior court for an order
14 directing compliance with this order pursuant to PRC section 3236.3.

15 PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects,
16 or refuses to comply with any of the provisions of the oil and gas conservation laws
17 commencing at PRC section 3000. PRC section 3359 makes it a misdemeanor to fail or neglect
18 to comply with an order of the Supervisor and each day's further failure, refusal, or neglect to
19 comply with the order is a separate and distinct offense.

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23 DATED: March 18, 2024

Douglas Ito

Doug Ito
State Oil and Gas Supervisor