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7

8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
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. 1417**

18  
19 **Operator: The Nahabedian Exploration Group, LLC (N0150)**  
20 **Fields: Lindsey Slough Gas, N/A\*, Yowlumne**  
21 **Northern and Central Districts,**  
22 **Solano, Tehama, and Kern Counties**

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28 \*Not located within the administrative boundaries of an oil field

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).) Similarly, an operator's failure to comply with idle well regulatory  
10 requirements, duly implemented, is conclusive evidence of desertion. (PRC, § 3206.1, subd.  
11 (e).) Finally, an operator's failure to comply with an order of the Supervisor within the time  
12 provided by the order and failure to challenge the order on a timely basis creates a  
13 rebuttable presumption of desertion. (PRC, § 3237, subd. (a)(3)(C)).

14 Based on CalGEM's records, The Nahabedian Exploration Group, LLC (**Operator**) is the  
15 "operator" (as defined in PRC section 3009) of the wells identified on **Attachment A**,  
16 incorporated herein (**the Wells**), and is responsible (as specified in PRC section 3237,  
17 subdivision (c)(1)) for the plugging and abandonment of the Wells, the decommissioning of  
18 the production facilities attendant to the Wells (**the Facilities**), and the restoration of the well  
19 sites for the Wells. CalGEM records indicate that, under applicable provisions of PRC section  
20 3206, Operator was required to timely pay idle well fees for the Wells idle in years 2019 through  
21 2023, and that Operator has not done so. CalGEM records also indicates that, under  
22 applicable provisions of Regulations, section 1772.1.4, Operator was required to timely comply  
23 with annual testing benchmarks for the Wells according to its Idle Well Testing Compliance  
24 Work Plan (TCWP). Operator has not done so. These failures to timely pay idle well fees and  
25 meet annual testing benchmarks under a TCWP are conclusive evidence of desertion, based  
26 upon which the Supervisor has determined that the Well and the Facilities are deserted. (PRC,  
27 §§ 3206, 3206.1.)

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1 In addition, as described in more detail below, CalGEM records indicates that Operator  
2 has failed to comply with an order of the Supervisor within the time provided by the order and  
3 failed to challenge the order on a timely basis which creates a rebuttable presumption of  
4 desertion. (PRC, § 3237, subd. (a)(3)(C).) Finally, CalGEM records indicates that Operator has  
5 failed to properly restore the well site at Ming 7-24 (API 0403035878), in violation of Regulations  
6 section 1776.

7 Therefore, pursuant to PRC sections 3106, 3206, 3206.1, 3224, 3226, and 3237, and as set  
8 forth below, the Supervisor is ordering Operator to plug and abandon the Wells, to  
9 decommission the Facilities, and to restore the well sites for the Wells, consistent with all  
10 applicable requirements, including PRC sections 3208, 3228, 3229, and 3230; Regulations  
11 sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and the  
12 conditions included in any permit/approval CalGEM may issue pursuant to PRC section 3229;  
13 and until that work is complete, perform remedial work and testing as necessary to prevent  
14 damage to life, health, property, and natural resources.

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

## 17 **II. Conclusive Evidence of Desertion**

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

21 As the operator of the Wells, following the process for idle well management set forth in  
22 PRC section 3206, subdivision (a), Operator did not submit an Idle Well Management Plan in  
23 lieu of paying idle well fees. Operator was therefore required to pay an idle well fee for each  
24 of its idle wells that were idle in 2019 by May 1, 2020, as provided in the 2020 Idle Well Fee  
25 Invoice prepared by CalGEM; idle in 2020 by May 1, 2021, as provided in the 2021 Idle Well Fee  
26 Invoice prepared by CalGEM; idle in 2021 by May 1, 2022, as provided in the 2022 Idle Well Fee  
27 Invoice prepared by CalGEM; idle in 2022 by May 1, 2023, as provided in the 2023 Idle Well Fee  
28 Invoice, and idle in 2023 by May 1 2024, as provided in the 2024 Idle Well Fee Invoice prepared

1 by CalGEM. (PRC, § 3206, subds. (a) and (a)(2)(B)(v).) (**Attachments C, D, E, F and G**  
 2 incorporated herein.) As of the date of this order, Operator has not paid its idle well fees for its  
 3 Wells idle in 2019, 2020, 2021, 2022, and 2023. Operator's failure to pay the required idle well  
 4 fees for the Wells is conclusive evidence of desertion. (PRC, § 3206, subd. (c).)

5 As the operator of the Wells, Operator was required, by Regulations, section 1772.1.4, to  
 6 meet annual testing benchmarks required under its TCWP for the wells identified on  
 7 Attachment A. Each well that failed to be tested constitutes a separate violation. (CCR, §  
 8 1772.1.4, subd. (f).) CalGEM issued a Notice of Violation to Operator on July 28, 2022,  
 9 regarding the failure to meet the annual testing benchmarks required under its TCWP.

10 (**Attachment H**, incorporated herein.) As of the date of this order, Operator has failed to  
 11 successfully complete the testing required under CCR section 1772.1.4 for the Wells. Operator's  
 12 failure to comply with idle well requirements is conclusive evidence of desertion. (PRC, § 3206,  
 13 subd. (c).)

14 **III. Rebuttable Presumption of Desertion**

15 On October 12, 2021, the Supervisor issued Order No. 1220 to Operator which included  
 16 a civil penalty, resulting from Operator's failure to timely submit a Pipeline Management Plan.  
 17 (**Attachment I**, incorporated herein.) Operator did not file an appeal and Order No. 1220  
 18 became final on October 27, 2021. The order required Operator to submit a Pipeline  
 19 Management Plan and pay a civil penalty in the amount of \$550 by November 11, 2021. To  
 20 date, CalGEM has not received a Pipeline Management Plan from Operator or payment of  
 21 the civil penalty. Operator's failure to comply with the order of the Supervisor within the time  
 22 provided by the order and failure to challenge the order on a timely basis creates a  
 23 rebuttable presumption of desertion. (PRC, § 3237, subd. (a)(3)(C).)

24 **Well Site Restoration**

25 On March 27, 2008, Operator submitted a Notice of Intention to drill Ming 7-24 API  
 26 0403035878, and CalGEM approved that Notice of Intention on April 11, 2008 (report No. 408-  
 27 2136). (**Attachments J and K**, incorporated herein.) Operator drilled Ming 7-24 (API 0403035878)  
 28 by setting the conductor. Operator subsequently pulled that conductor but failed to properly

1 restore the wells site, as required by Regulations section 1776.

2 **Operator's Required Actions**

3 For the reasons stated herein, CalGEM has determined that the Wells and the Facilities  
4 are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3206.1, 3206.1, 3224, 3226, and  
5 3237, **IT IS HEREBY ORDERED** that Operator plug and abandon the Wells, decommission the  
6 Facilities, and restore the well sites for the Wells consistent with all applicable requirements of  
7 PRC sections 3208, 3224, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8,  
8 1724 through 1724.1, 1760, 1775, and 1776; and the conditions included in any permit CalGEM  
9 may issue pursuant to PRC section 3229, and that Operator restore the well site at Ming 7-24  
10 API 0403035878 consistent with the applicable requirements of Regulations section 1776. Until  
11 that work is complete, Operator is ordered to perform remedial work and testing on the Wells  
12 and the Facilities as necessary to prevent damage to life, health, property, and natural  
13 resources.

14 **IV. Operator's Appeal Rights**

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

21 Department of Conservation  
22 Director's Office of Appeals  
23 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
24 Sacramento, California 95814

25 Or via electronic mail:

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

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

4 If Operator does not file a timely written notice of appeal, or if the order is affirmed  
5 following an appeal, this order will become a final order and CalGEM may contract for  
6 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,  
7 Operator has not, in good faith, commenced the work ordered. Any costs incurred by  
8 CalGEM to obtain compliance with this order (which may include penalties and interest) will  
9 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §  
10 3356.)

11 **V. Consequences of Non-Compliance**

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

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21 DATED: 8/5/2024

*Elizabeth Yura*  
Elizabeth Yura Deputy Supervisor on behalf of  
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Doug Ito  
State Oil and Gas Supervisor