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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 **ORDER TO PLUG AND ABANDON WELLS,**
15 **DECOMMISSION ATTENDANT FACILITIES,**
16 **AND RESTORE WELL SITES**

17 **NO. 1524**
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19 **Operator: Stream Energy, Inc. (\$6550)**
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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 or production facility. (PRC, § 3237, subd. (a).) An operator's failure to comply with an order of the Supervisor within the time provided by the order creates a rebuttable presumption of desertion, while failure to timely pay required annual fees for any idle well is conclusive evidence of desertion. (PRC, §§ 3206, subds. (a) and (c); 3237, subd. (a)(3)(C).)

Based on CalGEM's records, Stream Energy, Inc. (**Operator**) is the "operator" (as defined in PRC section 3009) and is responsible for the wells identified on **Attachment A**, incorporated herein (the **Wells**). The Operator is responsible for the plugging and abandonment of the Wells, the decommissioning of the production facilities attendant to the Wells (**the Facilities**), and the restoration of the well sites for the Wells. (PRC, § 3237, subd. (c)(1).)

As described in more detail below, the Supervisor has determined that Operator failed to comply with Order No. 1357, failed to comply with the terms of the cancellation of their Idle Well Management Plan (Notice No. 2025-0005), and Operator has failed to timely pay required annual fees for the Wells for year 2023.

Therefore, based upon a rebuttable presumption 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 sites 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 B contains a list of definitions and authorities that are applicable to this Order.

II. Rebuttable Presumption of Desertion

On December 22, 2023, CalGEM issued Order No. 1357 requiring Operator to file an Idle Well Testing Compliance Work Plan within 30 days, and to timely comply with annual testing benchmarks for the Wells according to that Plan. (**Attachment C**, Order No. 1357; incorporated herein.) Pursuant to the Order, Operator was required to:

- 1) Bring the well into compliance by performing and passing a casing pressure test and, if the well has been idle for two or more years as of April 1, 2019, performing and passing a clean out tag, as directed in Regulations section 1772.1.4;
- 2) Partially plug and abandon the well in accordance with Regulations section 1752;
- 3) Plug and abandon the well in accordance with PRC section 3208; or
- 4) Schedule the well for plugging and abandonment under an approved Idle Well Management Plan or an approved Testing Waiver Plan.
- 5) Pay civil penalties in the amount of eight thousand dollars (\$8,000.00).

As of the date of this Order, Operator has failed to comply with Order No. 1357. Specifically, CalGEM has not received from Operator the required proof of remediation nor payment of the civil penalty.

On February 25, 2025, CalGEM issued Notice of Cancellation of Idle Well Management Plan on February 25, 2025. (**Attachment D**, Notice No. 2025-0005, incorporated herein.) An operator may appeal such cancellations like they may an order of the supervisor. (PRC, § 3206, subd. (a)(2)(H). Specifically, PRC section 3206, subdivision (a)(2)(H), provides "an operator may appeal to the director pursuant to Article 6 (commencing with Section 3350) regarding the supervisor's . . . determination of the operator's failure to comply with a plan." Because of the appeal rights afforded to these cancellations, the cancellations fall within the

1 rebuttal evidence of desertion contemplated by PRC section 3237, subdivision (a)(3)(C). To
2 date, Operator has failed to comply with the requirements of the cancellation of
3 Idle Well Management Plan (Notice No. 2025-0005). Specifically, the payment of idle well fees.

4 Operator's failure to comply with Order No. 1357 and Notice No. 2025-0005 creates a
5 rebuttable presumption that the Wells are deserted. (PRC, § 3237, subd. (a)(3)(C).)

6 **III. Conclusive evidence of desertion**

7 Based on CalGEM's records, at all times relevant to this order, Operator was the
8 "operator," as defined in PRC section 3009, of the Wells. At all times relevant to this order, the
9 Wells were "idle well[s]" as defined in PRC section 3008, subdivision (d). As the operator of the
10 Wells, following the process for idle well management set forth in PRC section 3206, subdivision
11 (a), Operator submitted an Idle Well Management Plan in lieu of paying idle well fees.

12 However, Operator failed to comply with the terms of that Idle Well Management Plan.

13 **(Attachment D.)** Operator was therefore required to pay an idle well fee for each of its idle
14 wells that were idle in 2023 within thirty days of the cancellation of the Idle Well Management
15 Plan, as provided in the 2024 Idle Well Fee Invoice prepared by CalGEM for wells idle in 2023.

16 **(Attachment D.)** As of the date of this order, Operator has not paid its idle well fees for its Wells
17 idle in 2023.

18 Operator's failure to pay the required idle well fees for the Wells is conclusive evidence
19 of desertion. (PRC, § 3206, subd. (c).)

20 **IV. Operator's Required Actions**

21 For the reasons stated herein, the Supervisor has determined that the Wells and the
22 Facilities are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, **IT**
23 **IS HEREBY ORDERED** that Operator plug and abandon the Wells, decommission the Facilities,
24 and restore the well sites for the Wells consistent with all applicable requirements of PRC
25 sections 3208, 3224, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724
26 through 1724.1, 1760, 1772.1, 1775, and 1776; and the conditions included in any permit
27 CalGEM may issue pursuant to PRC section 3229. Until that work is complete, Operator is
28 ordered to perform remedial work and testing on the Wells and the Facilities as necessary to

1 prevent damage to life, health, property, and natural resources.

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

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

9 Department of Conservation

10 Director's Office of Appeals

11 715 P Street, MS 19-06 (Legal Office, Chief Counsel)

12 Sacramento, California 95814

13 Or via electronic mail to: OfficeofAppeals@conservation.ca.gov.

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

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

24 **VI. Consequences of Non-Compliance**

25 Failure to comply with Section IV (Operator's Required Actions) of this Order could
26 subject Operator to further enforcement action, including civil penalties, as appropriate. PRC
27 section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or refuses to
28 comply with any of the provisions of the oil and gas conservation laws commencing at PRC

1 section 3000. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
2 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
3 offense. (PRC, § 3359.)
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6 DATED: 5/1/2025

Doug Ito
Doug Ito
State Oil and Gas Supervisor