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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 WELL, DECOMMISSION ATTENDANT FACILITY,**
15 **AND RESTORE WELL SITE**
16 **NO. 1571**
17

18 **Operators: Maranatha Petroleum, Inc. (M1600), Valley Production, Inc.,**
19 **James J. Smith, and Jeffrey W. Smith**
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22 **Field: Edison**
23 **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 is conclusive evidence of desertion. (PRC, § 3206, subds. (a) and (c).) An operator's failure to timely comply with idle well testing requirements for any idle well is conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

Based on CalGEM's records, Maranatha Petroleum, Inc., Valley Production, Inc., James J. Smith, and Jeffery W. Smith (**Operator**) were the "operator" (as defined in PRC section 3009) of the well "Edison" 1 (APN no. 0402906268) located in the Edison Oil Field (the **Well**), and are collectively responsible (as specified in PRC section 3237, subdivision (c)(1)) for the plugging and abandonment of the Well, the decommissioning of the production facility attendant to the Well (the **Facility**), and the restoration of the well site for the Well. It is CalGEM's understanding from the lease agreement and quitclaim deed that all four entities collectively operated the Wells. CalGEM records indicate that, under applicable provisions of PRC section 3206, Operator was required to timely pay idle well fees for the Well idle in 2019, and that Operator has not done so. This failure to timely pay idle well fees is conclusive evidence of desertion.

CalGEM records also indicate that, under applicable provisions of Regulations sections 1772.1.4 and 1772.1, Operator was required to submit an Idle Well Testing Compliance Work Plan for the Well by June 1, 2019, to complete a casing pressure test and a clean out tag for the Well by April 1, 2020, and to complete a fluid level test for the Well by April 1, 2021, and that Operator has not done so. Failure to comply with idle well testing and management requirements is conclusive evidence of desertion, based upon which the Supervisor has determined that the Well and the Facility are deserted.

1 Therefore, pursuant to PRC sections 3106, 3206, 3206.1, 3224, 3226, and 3237, and as set
2 forth below, the Supervisor is ordering Operator to plug and abandon the Well, to
3 decommission the Facility, and to restore the well site for the Well, consistent with all
4 applicable requirements, including PRC sections 3208, 3228, 3229, and 3230; Regulations
5 sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and the
6 conditions included in any permit or approval CalGEM may issue pursuant to PRC section
7 3229; and until that work is complete, perform remedial work and testing as necessary to
8 prevent damage to life, health, property, and natural resources.

9 **Attachment A**, incorporated herein, contains a list of definitions and authorities that are
10 applicable to this order.

11 **II. Operator of the Well**

12 Based on CalGEM's records, Operator recorded a quitclaim deed on January 26, 2015,
13 transferring its interest in the Well to the mineral rights owner, Roberta Thomas. (**Attachment B**,
14 incorporated herein.) However, Ms. Thomas (d/b/a M.T. Oil) does not meet the statutory
15 definition of an "operator" responsible for the plugging and abandonment in the well, as
16 outlined in PRC section 3237, subdivision (c)(3). CalGEM determined that, in her lease with
17 Operator, Ms. Thomas (d/b/a M.T. Oil) did not retain a right to control operations of the Well
18 that exceeded the scope of an interest customarily reserved in a lease or other conveyance
19 in the event of default. Therefore, notwithstanding the quitclaim deed Operator recorded in
20 2015, Operator remains the most recent operator responsible for the plugging and
21 abandonment of the Well, under PRC section 3237, subdivision (c).

22 **III. Conclusive Evidence of Desertion**

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

26 As the operator of the Well, following the process for idle well management set forth in
27 PRC section 3206, subdivision (a), Operator did not submit an Idle Well Management Plan in
28 lieu of paying idle well fees. Operator was therefore required to pay an idle well fee for its idle

1 well that was idle in 2018 by May 1, 2019, as provided in the 2019 Idle Well Fee Invoice
2 prepared by CalGEM. (PRC, § 3206, subds. (a) & (a)(2)(B)(v).) (**Attachment C** incorporated
3 herein.) As of the date of this order, Operator has not paid its idle well fees for its Well idle in
4 2019. Operator's failure to pay the required idle well fees for the Well is conclusive evidence of
5 desertion. (PRC, § 3206, subd. (c).)

6 As the operator of the Well, Operator was required to submit an Idle Well Testing
7 Compliance Work Plan for the Well by June 1, 2019, as required by Regulations section
8 1772.1.4, subdivision (a), and Operator failed to do so. CalGEM issued a Notice of Violation to
9 Operator on June 24, 2022, regarding the outstanding Plan. (**Attachment D**, incorporated
10 herein.) As of the date of this order, Operator has not submitted an Idle Well Testing
11 Compliance Work Plan for the Well.

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

14 As the operator of the Well, Operator was required to comply with annual testing
15 benchmarks for the Well under an Idle Well Testing Compliance Work Plan, as required by
16 Regulations section 1772.1.4, subdivision (b), and operator failed to do so. CalGEM issued a
17 Notice of Violation to Operator on July 28, 2022, regarding the failure to meet annual testing
18 benchmarks. (**Attachment E**, incorporated herein.) As of the date of this order, Operator has
19 not complied with annual testing benchmarks for the Well which is overdue for testing.

20 Operator's failure to meet annual testing benchmarks under an Idle Well Testing
21 Compliance Work Plan for the Well is conclusive evidence of desertion. (PRC, § 3206.1, subd.
22 (e).)

23 As the Operator of the Well, Operator was required to comply with fluid level testing
24 requirements for the Well, as required by Regulations section 1772.1, subdivision (a), and
25 Operator failed to do so. The Well was due for fluid level testing on April 1, 2021. CalGEM issued
26 a Notice of Violation to Operator on December 23, 2024, regarding the failure to perform fluid
27 level testing. (**Attachment F**, incorporated herein.) As of the date of this order, Operator has
28 not complied with annual testing benchmarks for the Well which is overdue for testing.

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

IV. Operator's Required Actions

For the reasons stated herein, CalGEM has determined that the Well and the Facility is deserted. Therefore, pursuant to PRC sections 3106, 3206, 3206.1, 3224, 3226, and 3237, **IT IS HEREBY ORDERED** that Operator plug and abandon the Well, decommission the Facility, and restore the well site for the Well 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 Well and the Facility 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:

OfficeofAppeals@conservation.ca.gov

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).

DATED: 11/13/2025

Lindsey Miller

Lindsey Miller
CalGEM Enforcement Chief, on behalf of the
State Oil and Gas Supervisor