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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, DECOMMISSION ATTENDANT FACILITIES,**
15 **AND RESTORE WELL SITES**
16 **NO. 1580**
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18 **Operator: Preuitt Production Service (P4610)**
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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 comply with idle well testing and management requirements for any idle well is conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

Based on CalGEM's records, Preuitt Production Service (**Operator**) is the "operator" (as defined in PRC section 3009) of the nine 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 and the eighteen facilities identified on Attachment A (the **Facilities**), and the restoration of the well sites for the Wells. CalGEM records indicate that, under applicable provisions of PRC sections 3206, 3206.1, and 3237, Operator has demonstrated evidence of desertion of the Wells and Facilities in its failure to comply with multiple provisions of the Public Resources Code and Regulations, including numerous failures to comply with idle well fee and idle well testing requirements, failure to comply with an order of the Supervisor, and failure to respond to Supervisor inquiries and requests. Based on these ongoing failures to comply with the Public Resources Code and Regulations, the Supervisor has determined that the Wells and the Facilities are deserted.

Therefore, pursuant to PRC sections 3106, 3206, 3206.1, 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, incorporated herein, 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, of the Wells. At all times relevant to this order, the Wells were idle wells as defined in PRC section 3008, subdivision (d).

As the operator of the Wells, following the process for idle well management set forth in PRC section 3206, subdivision (a), Operator did not file an Idle Well Management Plan, and therefore was required to pay idle well fees. Operator was therefore required to pay an idle well fee for each of its idle wells that were idle in 2019 by May 1, 2020, as provided in the 2020 Idle Well Fee Invoice prepared by CalGEM, idle in 2020 by May 1, 2021, as provided in the 2021 Idle Well Fee Invoice prepared by CalGEM, idle in 2021 by May 1, 2022, as provided in the 2022 Idle Well Fee Invoice prepared by CalGEM, idle in 2022 by May 1, 2023, as provided in the 2023 Idle Well Fee Invoice prepared by CalGEM, idle in 2023 by May 1, 2024, as provided in the 2024 Idle Well Fee Invoice prepared by CalGEM, and idle in 2024 by May 1, 2025, as provided in the 2025 Idle Well Fee Invoice prepared by CalGEM. (PRC, § 3206, subds. (a) & (a)(2)(B).)

(Attachments C, D, E, F, G, and H incorporated herein.) As of the date of this order, Operator has not paid its idle well fees for the Wells which were idle in 2019, 2020, 2021, 2022, 2023, and 2024.

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

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, as required by Regulations section 1772.1.4, subdivision (a), and Operator failed to do so. CalGEM issued a Notice of Violation to

Operator on June 24, 2022, regarding the failure to submit an Idle Well Testing Compliance Work Plan. (**Attachment I**, incorporated herein.) As the operator of the Wells, Operator was required to comply with annual testing benchmarks of the Wells under an Idle Well Testing Compliance Work Plan, as required by Regulations section 1772.1.4, subdivision (b), and operator failed to do so. CalGEM issued Notices of Violation to Operator on July 28, 2022, August 10, 2023, and June 12, 2024, regarding the failure to meet testing benchmarks. (**Attachments J, K, and L**, incorporated herein.) When the violations were not remediated, CalGEM issued additional Notices of Violation to Operator on May 17, 2023, and May 20, 2024, for the failure to comply with requirements after unsuccessful idle well testing. (**Attachments M and N**, incorporated herein.) As of the date of this order, Operator has not remediated the outstanding violations for the Wells which are overdue for testing.

Operator's failure to comply with idle well testing and management requirements for the Wells is conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

III. Rebuttable Presumption of Desertion

As the operator of the Wells, Operator was required to comply with orders issued by the Supervisor. The Supervisor issued Order No. 1387 to Pay Civil Penalties to Operator on May 9, 2024, in response to Operator's failure to submit written notification to CalGEM verifying its right to operate the Wells. (**Attachment O**, incorporated herein.) To date, Operator has not complied with this order; Operator has not paid the outstanding civil penalties nor remediated the outstanding violation for the Wells.

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

As the operator of the Wells, Operator was required to provide CalGEM with written notification verifying whether there have been any changes to its right to operate each of its wells by July 1, 2021, and by July 1 of every other year thereafter, in accordance with PRC section 3202, subdivision (c), and Operator failed to do so. Operators are required to provide this notification even if there have been no such changes. CalGEM issued a Notice of

Violation to Operator regarding this violation on August 4, 2023. On May 9, 2024, the Supervisor issued Order No. 1387 to Pay Civil Penalties. (Attachment O.) To date, Operator has not provided CalGEM with written notification verifying whether there have been any changes to its right to operate each of the Wells.

Operator's failure to comply with PRC section 3202 creates a rebuttable presumption of desertion. (PRC, § 3237, subd. (a)(3)(E).)

IV. Credible Evidence of Desertion

CalGEM has issued multiple Notices of Violation to Operator since 2020 and attempted to contact Operator regarding its many violations and idle wells. To date, Operator has failed to respond to CalGEM's notices and outreach regarding the Wells and Facilities. The lack of response by Operator to inquiries and requests from CalGEM constitutes credible evidence of desertion. (PRC, § 3237, subd. (a)(2).)

As the Operator of the Wells, Operator is required to maintain the Wells and Facilities in accordance with the requirements of the Public Resources Code, and Operator has failed to do so. Operator's widespread noncompliance and multitude of violations at the Wells and Facilities constitutes credible evidence of desertion. (PRC, § 3237, subd. (a)(2).)

V. 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, 3206, 3206.1, 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.

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VI. 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.)

VII. Consequences of Non-Compliance

Failure to comply with Section V (Operator's Required Actions) of this order could subject Operator to further enforcement action. 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 sections 3236.2 and

3236.3 authorizes the Supervisor to refer for civil penalties and injunctive relief for failure to comply with an order or for violation of any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may in the future impose further civil penalties based on the facts and omissions underlying this order. PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or the decommissioning of a production facility if an operator has failed to comply with an order of the Supervisor within the time provided by the order or has failed to challenge the order on a timely basis. 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.) By issuance of this Order, the Supervisor does not waive the right to take further enforcement actions. PRC sections 3236.2 and 3236.3 authorizes the Supervisor to seek civil penalties and injunctive relief for failure to comply with an order or for violation of any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes.

DATED: 12/11/2025

Lindsey Miller

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