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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**
15 **ATTENDANT FACILITIES, AND RESTORE WELL SITES**
16 **NO. 1626**

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18 **Operator: Arthur McAdams (M0375)**
19 **Field: Round Mountain**
20 **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 or production facility. (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).)

At all relevant times, Arthur McAdams (**Operator**) was the "operator" (as defined in PRC section 3009) of the eleven 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, including the eleven 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 failures to comply with idle well fee requirements, failures to comply with idle well testing and maintenance requirements, and failure to comply with an order of the Supervisor. 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

1 sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and the
 2 conditions included in any permit or approval CalGEM may issue pursuant to PRC section
 3 3229; and until that work is complete, perform remedial work and testing as necessary to
 4 prevent damage to life, health, property, and natural resources.

5 **Attachment B**, incorporated herein, contains a list of definitions and authorities that are
 6 applicable to this Order.

7 **II. Conclusive Evidence of Desertion**

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

11 A. Failure to Pay Idle Well Fees (PRC, § 3206, subd. (a))

12 As the operator of the Wells, following the process for idle well management set forth
 13 in PRC section 3206, subdivision (a), Operator did not submit an Idle Well Management Plan in
 14 lieu of paying idle well fees. Operator was therefore required to pay an idle well fee for
 15 each of its wells that were idle in 2022 by May 1, 2023, idle in 2023 by May 1, 2024, and idle in
 16 2024 by May 1, 2025, respectively. (PRC, § 3206, subds. (a) & (a)(2)(B)(v).) (**Attachments C, D,**
 17 **and E**, incorporated herein.) As of the date of this order, Operator has not paid its idle well fees
 18 for the Wells which were idle 2022, 2023, and 2024.

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

21 B. Failure to Remediate After Failing to Successfully Complete Idle Well Testing
 22 (Regulations, § 1772.1, subd. (b))

23 All eleven of the Wells are overdue for idle well testing in accordance with Regulations
 24 section 1772.1, subdivision (a)(2). Within 12 months of failing to conduct a successful casing
 25 pressure test or cleanout tag on each well pursuant to Regulations section 1772.1, subdivision
 26 (a)(2), Operator was required to do one of the following: (1) bring the Wells into compliance
 27 as identified by the TCWP requirements, (2) partially plug and abandon the Wells in
 28 accordance with Regulations section 1752, (3) plug and abandon the Wells in accordance

1 with PRC section 3208, or (4) schedule the Wells for plugging and abandonment under an
2 approved Idle Well Management Plan or an approved Testing Waiver Plan. (Regulations, §
3 1772.1, subd. (b).), and Operator failed to do so. CalGEM issued Notices of Violation regarding
4 the outstanding failures to remediate after unsuccessful idle well testing. (**Attachments F, G, H,**
5 **and I,** incorporated herein.) To date, Operator has not remediated any of the Wells, and
6 remains out of compliance with Regulations section 1772.1, subdivision (b).

7 Operator's failure to remediate after unsuccessful idle well testing of the Wells is
8 conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

9 C. Failure to Conduct Fluid Level Testing (Regulations, § 1772.1, subdivision (a)(1)).

10 As the operator of the Wells, Operator was required to comply with fluid level testing
11 requirements for the Wells, as required by Regulations section 1772.1, subdivision (a)(1).
12 Operator failed to comply with fluid level testing requirements for the Wells. CalGEM issued a
13 Notice of Violation on April 3, 2024. (**Attachment J,** incorporated herein.) To date, CalGEM has
14 not received records of fluid level testing at any of the Wells from Operator.

15 Operator's failure to comply with fluid level testing requirements for the Wells is
16 conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

17 **III. Rebuttable Presumption of Desertion**

18 A. Failure to Comply with an Order of the Supervisor (PRC, § 3237, subdivision (a)(3)(C)).

19 A rebuttable presumption of desertion arises if an operator fails to comply with an order
20 of the Supervisor within the time provided by the order or has failed to challenge the order on
21 a timely basis. (PRC, § 3237, subdivision (a)(3)(C)). In the past two years, CalGEM issued two
22 different civil penalty orders to Operator for its compliance failures, neither of which Operator
23 appealed. CalGEM issued Order to Pay Civil Penalties No. 1378 on April 4, 2024, following
24 Operator's failure to submit written notification verifying whether there have been any
25 changes to its right to operate the Wells. (**Attachment K,** incorporated herein.) CalGEM issued
26 Order to Pay a Civil Penalty and Perform Remedial Work No. 1475 to Operator on January 9,
27 2025, following Operator's failure to maintain a production facility in a manner to prevent
28 leakage, and failure to keep a well cellar drained. (**Attachment L,** incorporated herein.) To

1 date, Operator has not paid the civil penalty associated with either order or complied with the
 2 administrative and remedial work ordered.

3 Operator's failure to comply with two different orders of the Supervisor creates a
 4 rebuttable presumption of desertion.

5 B. Failure to Maintain the Access Road to a Well or Production Facility (PRC, § 3237,
 6 subdivision (a)(3)(F)).

7 A rebuttable presumption of desertion arises if an operator fails to maintain the access
 8 road to a well or production facility site passable to oilfield and emergency vehicles. (PRC, §
 9 3237, subdivision (a)(3)(F)). On June 5, 2019, CalGEM conducted an inspection of the Wells
 10 and Facilities and issued a Notice of Violation to operator for failure to maintain the access
 11 road to one the Facilities: its sump, facility ID no. 90292191. (**Attachment M**, incorporated
 12 herein.) To date, Operator has not repaired the access road and the violation remains open.

13 Operator's failure to maintain the access road to the sump passable to oilfield and
 14 emergency vehicles creates a rebuttable presumption of desertion.

15 **IV. Credible Evidence of Desertion**

16 The Supervisor has determined, based on information, belief, and credible evidence,
 17 that the Wells and Facilities are deserted. The Wells have been inactive since 2017 and idle
 18 since January 2020 or earlier according to CalGEM's records.

19 Operator has a poor compliance history. In addition to issuing two civil penalty orders,
 20 CalGEM has issued 18 Notices of Violation to Operator since 2020, for a variety of different
 21 compliance issues. These issues include numerous field violations at the Wells and Facilities,
 22 and failure to submit a number of outstanding records and documentation required by the
 23 Public Resources Code and Regulations. To date, these violations have not been resolved. As
 24 the Operator of the Wells, Operator is required to maintain the Wells and Facilities in
 25 accordance with the requirements of the Public Resources Code, and Operator has failed to
 26 do so. Operator's lack of responsiveness to inquiries from CalGEM, widespread
 27 noncompliance, and multitude of violations at the Wells and Facilities constitutes credible
 28 evidence of desertion. (PRC, § 3237, subd. (a)(2).)

1 **V. Operator's Required Actions**

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

11 **VI. Operator's Appeal Rights**

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

18 Department of Conservation
19 Director's Office of Appeals
20 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
21 Sacramento, California 95814

22 Or via electronic mail:

23 OfficeofAppeals@conservation.ca.gov

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

27 If Operator does not file a timely written notice of appeal, or if the order is affirmed
28 following an appeal, this Order will become a final order and CalGEM may contract for

1 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
2 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
3 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
4 constitute a lien against Operator's property per PRC section 3423. (PRC, § 3356.)

5 **VII. Consequences of Noncompliance**

6 Failure to comply with Section V (Operator's Required Actions) of this Order could
7 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
8 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
9 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
10 3236.3 authorizes the Supervisor to refer for civil penalties and injunctive relief for failure to
11 comply with an order or for violation of any provision in Chapter 1 of Division 3 of the PRC or
12 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
13 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
14 PRC or any regulation that implements those statutes, and the Supervisor may in the future
15 impose further civil penalties based on the facts and omissions underlying this Order. PRC
16 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
17 the decommissioning of a production facility if an operator has failed to comply with an order
18 of the Supervisor within the time provided by the order or has failed to challenge the order on
19 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
20 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
21 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
22 further enforcement actions. PRC sections 3236.2 and 3236.3 authorizes the Supervisor to seek
23 civil penalties and injunctive relief for failure to comply with an order or for violation of any
24 provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes.

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DATED: 5/6/2026

Doug Ito
Doug Ito
State Oil and Gas Supervisor