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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. 1637**

17  
18 **Operator: Clean Energy Systems, Inc. (P3850)**  
19 **Field: Placerita**  
20 **Northern District, Los Angeles County**  
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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).) An operator's failure to comply with idle well testing and  
10 management requirements for any idle well is conclusive evidence of desertion. (PRC, §  
11 3206.1, subd. (e).)

12 Based on CalGEM's records, Clean Energy Systems, Inc., also known as Clean Energy  
13 Systems Placerita Inc., (**Operator**) is the "operator" (as defined in PRC section 3009) of the six  
14 wells identified on Attachment A, incorporated herein (the **Wells**), and is responsible (as  
15 specified in PRC section 3237, subdivision (c)(1)) for the plugging and abandonment of the  
16 Wells, the decommissioning of the production facilities attendant to the Wells (the **Facilities**),  
17 and the restoration of the well sites for the Wells. CalGEM records indicate that, under  
18 applicable provisions of PRC sections 3206, 3206.1, and 3237, Operator has demonstrated  
19 evidence of desertion of the Wells and in its failure to comply with multiple provisions of the  
20 Public Resources Code and Regulations, including failure to comply with idle well fee  
21 requirements, failure to comply with idle well testing requirements, failure to submit required  
22 testing reports and information as requested by CalGEM, and failure to remediate the Wells.  
23 Based on these ongoing failures to comply with the Public Resources Code and Regulations,  
24 the Supervisor has determined that the Wells and the Facilities are deserted.

25 Therefore, pursuant to PRC sections 3106, 3206.1, 3224, 3226, and 3237, and as set forth  
26 below, the Supervisor is ordering Operator to plug and abandon the Wells, to decommission  
27 the production facilities, and to restore the well sites for the Wells, consistent with all applicable  
28 requirements, including PRC sections 3208, 3228, 3229, and 3230; Regulations sections 1722,

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

8 A. Failure to Pay Idle Well Fees

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

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

19 B. Failure to Comply with Idle Well Remediation Requirements

20 PRC section 3206.1, subdivision (e), provides that failure to comply with any  
21 requirements of the regulations implementing the section shall be conclusive evidence of  
22 desertion of the Wells, permitting the Supervisor to order the Wells abandoned pursuant  
23 to PRC section 3237. Operator failed to comply with multiple regulations implementing idle  
24 well testing and management requirements prescribed by PRC section 3206.1. Each of these  
25 failures constitutes conclusive evidence of desertion of the Wells and Facilities.  
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- 27 a. Failure to Submit an Idle Well Testing Compliance Work Plan (Regulations, §  
28 1772.1.4, subd. (a) and (b)).

1 As the operator of the Wells, Operator was required to submit an Idle Well Testing  
2 Compliance Work Plan for the Wells by June 1, 2019, as required by Regulations section  
3 1772.1.4, subdivision (a), and Operator failed to do so. CalGEM issued a Notice of Violation to  
4 Operator on July 28, 2022. (**Attachment E**, incorporated herein.) To date, Operator has not  
5 submitted a Testing Compliance Workplan.

6 Operator's failure to submit an Idle Well Testing Compliance Workplan for the Wells is  
7 conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

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9 b. Failure to Meet Annual Benchmarks for Idle Well Testing Compliance Work  
10 Plan (Regulation, §§ 1772.1.4).

11 As the operator of the Wells, Operator was required to comply with annual testing  
12 benchmarks for the Wells under an Idle Well Testing Compliance Work Plan, as required by  
13 Regulations section 1772.1.4, subdivision (b), and Operator failed to do so. CalGEM issued  
14 Notices of Violation to Operator regarding the outstanding plan and the failure to meet  
15 testing benchmarks. (**Attachments F** and **G**, incorporated herein.)

16 Operator's failure to comply with annual testing benchmarks for the Wells under a  
17 Testing Compliance Work Plan is conclusive evidence of desertion. (PRC, § 3206.1, subd. (e).)

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19 c. Failure to Comply with Requirements After Unsuccessful Idle Well  
20 Testing (Regulations, §§ 1772.1).

21 After failing to successfully complete idle well testing, Operator was required to comply  
22 with idle well remediation requirements for the Wells, as required by Regulations section 1772.1,  
23 subdivision (b). Operator failed to comply with the well remediation requirements for the Wells.

24 When the violations were not remediated for five of the Wells, Castruccio T-10 ,  
25 Castruccio T-11, Castruccio T-16, Castruccio T-18, and Castruccio T-26, CalGEM issued a  
26 Notice of Violation to Operator on December 11, 2025. (**Attachment H**, incorporated herein.)  
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1 As of the date of this order, Operator has not plugged and abandoned the wells or otherwise  
2 remediated the outstanding violations for the Wells which are overdue for testing.

3 Operator's failure to comply with idle well remediation requirements for the Wells after  
4 failing to successfully complete idle well testing is conclusive evidence of desertion. (PRC, §  
5 3206.1, subd. (e).)

6 d. Failure to Conduct Fluid Level Testing (Regulations, §§ 1772.1, subdivision  
7 (a)(1)).

8 As the operator of the Wells, Operator was required to comply with fluid level testing  
9 requirements for the Wells, as required by Regulations section 1772.1, subdivision (a)(1).  
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11 Operator failed to comply with fluid level testing requirements for the Wells. CalGEM issued a  
12 Notice of Violation on December 23, 2024. (**Attachment I**, incorporated herein.) To date,  
13 CalGEM has not received records of fluid level testing at any of the Wells from Operator.

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

18 For the reasons stated herein, CalGEM has determined that the Wells are deserted.  
19 Therefore, pursuant to PRC sections 3106, 3206.1, 3224, 3226, and 3237, **IT IS HEREBY ORDERED**  
20 that Operator plug and abandon the Wells, decommission the production facilities, and  
21 restore the well sites for the Wells consistent with all applicable requirements of PRC sections  
22 3208, 3224, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through  
23 1724.1, 1760, 1775, and 1776; and the conditions included in any permit CalGEM may issue  
24 pursuant to PRC section 3229. Until that work is complete, Operator is ordered to perform  
25 remedial work and testing on the Wells as necessary to prevent damage to life, health,  
26 property, and natural resources.

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

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

8 Department of Conservation  
9 Director's Office of Appeals  
10 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
11 Sacramento, California 95814

12 Or via electronic mail:

13 [OfficeofAppeals@conservation.ca.gov](mailto: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 appealed order.

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 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 **V. Consequences of Noncompliance**

25 Failure to comply with Section III (Operator's Required Actions) of this order could  
26 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor  
27 for any person who violates, fails, neglects, or refuses to comply with any of the provisions of  
28 the oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and

1 3236.3 authorizes the Supervisor to refer for civil penalties and injunctive relief for failure to  
2 comply with an order or for violation of any provision in Chapter 1 of Division 3 of the PRC or  
3 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to  
4 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the  
5 PRC or any regulation that implements those statutes, and the Supervisor may in the future  
6 impose further civil penalties based on the facts and omissions underlying this order.

7 PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of  
8 a well or the decommissioning of a production facility if an operator has failed to comply with  
9 an order of the Supervisor within the time provided by the order or has failed to challenge the  
10 order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply  
11 with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and  
12 distinct offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the  
13 right to take further enforcement actions. PRC sections 3236.2 and 3236.3 authorizes the  
14 Supervisor to seek civil penalties and injunctive relief for failure to comply with an order or for  
15 violation of any provision in Chapter 1 of Division 3 of the PRC or any regulation that  
16 implements those statutes.

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DATED: 6/3/2026

Doug Ito  
Doug Ito  
State Oil and Gas Supervisor