

Department of Conservation, Geologic Energy Management Division
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STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO REABANDON WELL

AND RESTORE WELL SITE

NO. 1197

Operator: Tunnel Oil Company

Well: "Needham" 1 (API 037-12837)

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 title 14 of the California Code of Regulations (Regulations), may order or permit the reabandonment of any previously abandoned well if the Supervisor has reason to question the integrity of the previous abandonment, or if the well is not accessible or visible. (PRC, § 3208.1, subd. (a).)

Based on CalGEM's records, Tunnel Oil Company (**Operator**) is or was an "operator" (as defined in PRC, § 3009) and is responsible (as specified in PRC, §§ 3208.1, subd. (b), and 3237, subd. (c)(1)), for the reabandonment of well "Needham 1" (API 037-12837) (**the Well**), and the restoration of the well site. Based on information, belief, and the evidence described below, the Supervisor has reason to question the integrity of the previous abandonment of the Well and determine that conditions at the well poses a threat of harm to life, health, property, or natural resources. Therefore, pursuant to PRC sections 3106, 3208, 3208.1, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to reabandon the Well and to restore the well site, 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.

II. Definitions

PRC section 3008, subdivision (a), defines "well" to mean, among other things, "any oil or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas."

PRC section 3009 defines “operator” to mean “a person who, by virtue of ownership, or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control a well or production facility.”

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III. State Oil and Gas Supervisor Authority

PRC section 3106 authorizes the Supervisor to supervise the drilling, operation, maintenance, and abandonment of oil and gas wells to “prevent, as far as possible, damage to life, health, property, and natural resources; damage to underground oil and gas deposits from infiltrating water and other causes; loss of oil, gas, or reservoir energy, and damage to underground and surface waters suitable for irrigation or domestic purposes by the infiltration of, or the addition of, detrimental substances.”

PRC section 3208.1, subdivision (a), authorizes the Supervisor to order or permit the reabandonment of any previously abandoned well if the Supervisor “has reason to question the integrity of the previous abandonment, or if the well is not accessible or visible.”

PRC section 3208.1, subdivision (b), states “[t]he operator responsible for plugging and abandoning deserted wells under Section 3237 shall be responsible for the reabandonment” except in certain specific situations not applicable here.

PRC section 3224 mandates that the Supervisor “order such tests or remedial work as in his judgment are necessary to prevent damage to life, health, property, and natural resources; to protect oil and gas deposits from damage by underground water; or to prevent the escape of water into underground formations, or to prevent the infiltration of detrimental substances into underground or surface water suitable for irrigation or domestic purposes, to the best interests of the neighboring property owners and the public.”

PRC section 3226 authorizes the Supervisor, based on the Supervisor's final or affirmed order, to appoint agents who may enter the well premises and perform necessary remedial work if the operator did not complete the remedial work as ordered. Any amount the Supervisor expends to complete the necessary remedial work (which may include penalties

PRC section 3423.

CalGEM records indicate Operator drilled the Well in July 1941 and then undertook

1 operations to abandon the Well in May 1946. CalGEM approved Operator's abandonment of
2 the Well as compliant with then-applicable requirements, as documented in a Report of Well
3 Abandonment dated June 11, 1946.

4 During inspections on or about May 10, 2018, CalGEM staff observed the following
5 conditions during inspections at the Well: the Well's deteriorating and causing a hazardous
6 condition; the Well's exposure to the surface; the cellar and rathole are unsecured; evidence
7 the public is entering the well site; evidence of gas leaking from the Well; and the Well is void
8 of perimeter fencing. Based on a review of records in the well file for the Well, and on
9 observations made during recent inspections of the well site by CalGEM staff, the Supervisor
10 has reason to question the integrity of the previous abandonment of the Well and determine
11 that conditions at the well poses a threat of harm to life, health, property, or natural resources.
12 Further, based on the available information, the Supervisor has determined the objective of
13 preventing, as far as possible, damage to life, health, and property will be best served if the
14 Well is reabandoned consistent with current standards.

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

16 For the reasons stated above, **IT IS HEREBY ORDERED** that Operator reabandon the Well
17 and restore the well site according to PRC sections 3208, 3208.1, 3224, 3226, , 3229, and 3230,
18 Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776, and
19 the conditions included in any permit/approval CalGEM may issue pursuant to PRC section
20 3229.

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

22 Operator may appeal this Order by filing a timely written notice of appeal with the
23 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
24 with PRC section 3350. (PRC, § 3225, subd. (d).) If this order is mailed to you, the Director must
25 receive the appeal within fifteen (15) days from the date the Supervisor mails the order. To file
26 an appeal, a written notice of appeal may be sent via U.S. mail to:
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2 Department of Conservation
3 Director's Office of Appeals
4 801 K Street, MS 24-03 (Legal Office, Chief Counsel)
5 Sacramento, California 95814-3530

6 Or via electronic mail:

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8 CalGEMAppeals@conservation.ca.gov

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

13 If Operator does not file a timely written notice of appeal, this order will become a final
14 order and CalGEM may contract for performance of the work, pursuant to PRC section 3226,
15 if, within 30 days of this order, Operator has not, in good faith, commenced the work ordered.
16 Any costs incurred by CalGEM to obtain compliance with this order (which may include
17 penalties and interest) will constitute a lien against Operator's real or personal property per
18 PRC section 3423.

19 DATED: May 19, 2021



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21 Uduak-Joe Ntuk
22 State Oil and Gas Supervisor
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