

1 DEPARTMENT OF CONSERVATION
2 Division of Oil, Gas, and Geothermal Resources
3 801 K Street, MS 24-03 (Legal Office)
4 Sacramento, California 95814-3530
5 Telephone (916) 323-6733
6 Facsimile (916) 445-9916
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8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES**

12
13 **ORDER TO**
14 **PERFORM REMEDIAL WORK**

15
16 **NO. 1142**

17 **Dated: January 2, 2019**

18 **Operator: Visioncraft Energy, LLC**

19 **Field: Esperanza Field, Orange County**

20 **Well: CRA Texas A.U.W.C. 1 (API: 059-05526)**

21
22
23 **BY**

24 **Kenneth A. Harris Jr.**

25 **STATE OIL AND GAS SUPERVISOR**
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1 **I. Introduction**

2 Acting through the State Oil and Gas Supervisor (Supervisor), and under the authority of
3 the Public Resources Code (PRC) and California Code of Regulations, title 14 (Regulations), the
4 California Department of Conservation, Division of Oil, Gas, and Geothermal Resources
5 (Division) may determine that an emergency exists in connection with oilfield operations. In so
6 determining, the Division may issue an order that directs the operator to take any actions that the
7 Supervisor deems necessary to protect life, health, property, or natural resources. (PRC,
8 §§ 3106, 3222, 3224, 3226.)

9 At all times relevant to this Order, Visioncraft Energy, LLC (Operator) has been
10 identified as the “operator,” as defined in PRC section 3009, of the “well(s)” as defined in PRC
11 section 3008, subdivision (a), and is conducting “operations” as defined in Regulations section
12 1720, subdivision (f). Based upon information and belief, Yorba Linda Estates LLC owns the
13 land upon which the operations are located.

14 **II. Definitions**

15 The following definitions apply to the terms used in this Order:

16 **PRC section 3008, subdivision (a)** defines “Well” to mean, among other things, “any oil
17 or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably
18 presumed to contain oil or gas,” and “any well drilled for the purpose of injecting fluids or gas
19 for stimulating oil or gas recovery[.]”

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

23 **PRC section 3010** defines production facility to mean “any equipment attendant to oil
24 and gas production or injection operations[.]”

25 **Regulations section 1720, subdivision (f)**, defines “Operations” to mean “any one or all
26 of the activities of an operator covered by Division 3 of the Public Resources Code.”

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1 (3) What disposition was made of the gas produced from each field, including the names of
2 persons, if any, to whom the gas was delivered, and any other information regarding the gas and
3 its disposition that the supervisor may require.

4 (4) What disposition was made of water produced from each field and the amount of fluid or gas
5 injected into each well used for enhanced recovery, underground storage of hydrocarbons, or
6 wastewater disposal, and any other information regarding those wells that the supervisor may
7 require.

8 (5) The source of water, and volume of any water, reported in paragraph (4), including the water
9 used to generate or make up the composition of any injected fluid or gas. Water volumes shall
10 be reported by water source if more than one water source is used. The volume of untreated
11 water suitable for domestic or irrigation purposes shall be reported. Commingled water shall be
12 proportionally assigned to individual wells, as appropriate.

13 **Regulations section 1714** states: “[T]emporary approval to commence . . . operations
14 may be granted by the Supervisor or a representative of the Supervisor when such operations are
15 necessary to avert a threat to life, health, property, or natural resources.”

16 **Regulations section 1722, subdivision (a)**, requires Operator to conduct all operations
17 “in accordance with good oilfield practice.”

18 **Regulations section 1722.1.1** requires each well location shall have posted in a
19 conspicuous place a clearly visible, legible, permanently affixed sign with the name of the
20 operator, name or number of the lease, and number of the well.

21 **Regulations section 1773.3** requires All tanks shall be properly identified with the
22 operator's tank identification number, tank type (production, stock, water, etc.), and with
23 appropriate materials hazard placards or labels.

24 **Regulations section 1773.4** requires tank wall thickness testing be conducted on in-
25 service tanks at specified intervals, in-service tanks shall be internally inspected and tested to
26 determine bottom plate thickness as specified in regulation, and the Supervisor or district deputy
27 may require that a tank that has had a leak resulting in the release of a reportable quantity be
28 tested to verify integrity prior to being put back into service.

1 **Regulations section 1774** requires Operator to maintain all pipelines “in accordance with
2 good oil field practice and applicable standards[.]”

3 **Regulations section 1775** requires Operator to address oilfield wastes, harmful
4 chemicals, unused equipment, scrap and other trash so as not to cause damage to life, health,
5 property, freshwater aquifers or surface waters, other natural resources, or such that its
6 operations become a public nuisance or a menace to public safety.

7 **Regulations section 1777**, among other things, requires Operator to “maintain
8 production facilities in good condition and in a manner to prevent leakage or corrosion and to
9 safeguard life, health, property, and natural resources.”

10 **IV. Alleged Acts/Omissions**

11 During an October 5, 2018 inspection, Division staff observed the following conditions at
12 the Operator’s facility located in the Esperanza Field associated with the CRA Texas A.U.W.C
13 lease (API Number: 05905526):

- 14 1). The north tank (Lat/Long: 33.895896, -117.755791) at the above referenced facility is
- 15 leaking fluid from the bottom and a spill had not been remediated,
- 16 2). The tank facility fence panel had been compromised,
- 17 3). The barbed wire does not meet exclusion requirements and there was unrestricted access to
- 18 the tanks,
- 19 4). The tanks are lacking identification numbers, tank type, and appropriate hazard placards or
- 20 labels,
- 21 5). The well sign is lacking the lease name and the fencing is inadequate to meet exclusion
- 22 requirements,
- 23 6). The cellar boards are inadequately maintained to exclude people and animals,
- 24 7). The cellar is full of fluids.

25 Additionally, upon further review of division records by the inspector(s), it was
26 discovered that there is no current address for the California agent listed for the Operator and the
27 Operator does not have an updated spill contingency plan on file with the Division’s Southern
28 District Office.

V. Required Remedial Actions

For the reasons described above in this Order, the Supervisor hereby determines that remedial work is necessary to prevent damage to life, health, property, and natural resources. Therefore, pursuant to PRC sections 3013, 3106, 3222, 3224, and 3226, and Regulations sections 1714, 1722, subdivision (a), 1774, 1775, and 1777, among others, **the Supervisor hereby orders Operator, Visioncraft Energy LLC, to immediately:**

1. Drain and dispose of any existing fluids from the leaking tank (Lat/Long: 33.895896, -117.755791) and clean up any unremediated spills which have discharged from the tank in accordance with applicable transport and disposal laws.
2. Repair the tank(s) (Lat/Long: 33.895896, -117.755791 and 33.895882, -117.755859) to the satisfaction of the Southern District Deputy or remove the tanks and associated facilities consistent with applicable transport and disposal laws. Tanks are required to be maintained in a manner to prevent leakage or corrosion and to safeguard life, health, property and natural resources pursuant to Regulations section 1777(a).
3. If tank(s) are not removed, after repair, submit proof of compliance with Regulations section 1773.3 which requires tanks to be properly identified with operator's tank identification number, tank type, and with appropriate materials hazard placards or labels.
4. Submit proof of compliance with Regulations section 1773.4 tank inspection and testing requirements.
5. Remove and properly dispose of all oil-impacted equipment, scrap, trash or other waste from the tank containment area consistent with Regulations section 1775.
6. Remove and properly dispose of all oilfield wastes from the lease, perform weed abatement, and maintain the lease in such a condition that it complies with Regulations section 1775.
7. Drain the well cellar and replace/repair cellar cover to comply with Regulations section 1777(c)(3) which requires well cellars to be covered and kept drained, grating or flooring to be maintained in good condition to exclude people and animals, and cellars should be protected from as much runoff water as practical.

- 1 8. Maintain the production facility in a manner that complies with Regulations section 1777.
- 2 9. Repair or replace and update well sign per Regulations section 1722.1,1(a).
- 3 10. Submit a spill contingency plan as required per Regulations section 1722 (b).
- 4 11. Provide the Division with accurate contact information of the designated in-state agent
- 5 per California Public Resources Code section 3200.
- 6 12. Submit past due production and water disposition records per California Public
- 7 Resources Code § 3227(a).

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

9 Operator may appeal this Order by filing a written notice of appeal with the Director of
10 Conservation as described in PRC section 3350. Failing to file a notice of appeal within the
11 timeframe prescribed in PRC section 3350, subdivision (a), waives Operator's right to challenge
12 this Order and makes the Order final. If Operator timely files a notice of appeal, Operator will
13 be informed of the appeal hearing date, time, and place. After the close of the hearing, Operator
14 will receive a written decision that affirms, sets aside, or modifies the Order.

15 If the work is not immediately commenced and continued to completion within 30 days of
16 this order, the Supervisor may appoint necessary agents to enter the premises and perform the
17 work consistent with PRC section 3226. Any amount the Supervisor expends will constitute a
18 lien against Operator's real and/or personal property. (PRC, § 3226.)

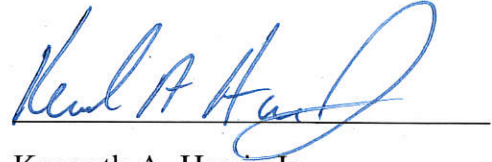
19 **VII. Court Order and Other Potential Actions to Enforce This Order**

20 PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or
21 refuses to comply with any of the provisions of the oil and gas conservation laws commencing at
22 PRC section 3000. The misdemeanor is punishable by a fine of not less than one hundred
23 dollars (\$100) nor more than one thousand dollars (\$1,000), or by imprisonment not exceeding
24 six months, or by both the fine and imprisonment for each separate offense. PRC section 3359
25 makes it a misdemeanor to fail or neglect to comply with an order of the Supervisor. Each day's
26 further failure, refusal, or neglect is a separate and distinct offense. (PRC, § 3359.)

27 Failure to comply with Section V (Required Remedial Actions) could result in additional
28 enforcement orders and/or actions. For example, the Supervisor could deny approval of

1 proposed well operations until compliance is achieved, order the plugging and abandonment of
2 the associated well, and/or assess a civil penalty. (PRC, §§ 3203, subd. (c), 3236.5, 3237, subd.
3 (a)(3)(C).)

4
5 DATED: January 2, 2019



6 Kenneth A. Harris Jr.

7 State Oil and Gas Supervisor

8 See attached PROOF OF SERVICE for distribution list

1 **PROOF OF SERVICE BY CERTIFIED U.S. MAIL**

2 I declare that I am employed in the County of Sacramento, California. I am over the
3 age of 18 and not a party to the within captioned cause. My business address is
4 801 K Street, MS 18-05, Sacramento, California 95814. On January 2, 2019, I served the
5 following document(s):

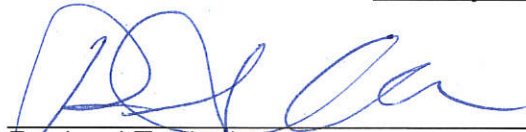
6 **ORDER TO: PERFORM REMEDIAL WORK and ORDER NO. 1142**

7 by enclosing them in an envelope and placing the envelope for collection and mailing by
8 certified U.S. mail on the date and at the below listed address(es) following our ordinary
9 business practices. I am readily familiar with this business's practice for collecting and
10 processing correspondence for mailing. On the same day that correspondence is placed for
11 collection and mailing, it is deposited in the ordinary course of business with the United
12 States Postal Service in a sealed envelope with postage fully prepaid.

13 I served the documents on the person or persons below, as follows:

14 Attn: Agent c/o 15 Visioncraft Energy LLC 16 7114 E. Stetson Drive, Suite 350 17 Scottsdale, AZ 85251 18 Certified Mail Receipt Number: 19 7013 2250 0000 9010 0550	20 Yorba Linda Estates, LLC 21 7114 E. Stetson Drive, Suite 350 22 Scottsdale, AZ 85251 23 Certified Mail Receipt Number: 24 7013 2250 0000 9010 0543
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25 I declare under penalty of perjury of the laws of the State of California that the
26 foregoing is true and correct, and that this declaration was executed on January 2, 2019, at
27 Sacramento, CA.

28 
Rachael Tadlock

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Agent c/o
 Visioncraft Energy LLC
 7114 E. Stetson Drive, Suite 350
 Scottsdale, AZ 85251



9590 9402 3981 8079 6970 41

2. Article Number (Transfer from service label)

7013 2250 0000 9010 0550

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

JORDAN NEVILLE

C. Date of Delivery

1-7-19

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Yorba Linda Estates, LLC
 7114 E. Stetson Drive, Suite 350
 Scottsdale, AZ 85251



9590 9402 3981 8079 6970 34

2. Article Number (Transfer from service label)

7013 2250 0000 9010 0543

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

JORDAN NEVILLE

C. Date of Delivery

1-7-19

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

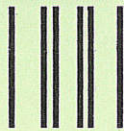
- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Domestic Return Receipt

USPS TRACKING#



9590 9402 3981 8079 6970 41



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

United States
Postal Service

• Sender: Please print your name, address, and ZIP+4® in this box•

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JAN 10 2019

DIVISION OF OIL, GAS,
AND GEOTHERMAL RESOURCES



Rachael Tadlock
Division of Oil, Gas, and
Geothermal Resources
Department of Conservation
801 K Street, MS 18-05
Sacramento, CA 95814

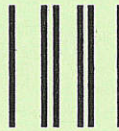
#1142



USPS TRACKING#



9590 9402 3981 8079 6970 34



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

United States
Postal Service

• Sender: Please print your name, address, and ZIP+4® in this box•

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JAN 10 2019

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AND GEOTHERMAL RESOURCES



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