

1 Department of Conservation, Division of Oil, Gas, and Geothermal Resources
Kenneth A. Harris, Jr.
2 STATE OIL AND GAS SUPERVISOR
801 K Street, MS 24-03 (Legal Office)
3 Sacramento, California 95814-3530
Telephone (916) 323-6733
4 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**

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14 **ORDER TO PLUG AND ABANDON WELLS,**
15 **DECOMMISSION ATTENDANT FACILITIES,**
16 **AND RESTORE WELL SITE, NO. 1144**

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19 **Operator: Ample Resources, Inc. (A2490)**

20 **Wells: Hidden 1(111-04076), Snow 3 (111-04081), Snow 4 (111-04082), and Snow 5 (111-04083)**

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23 **I. Introduction**

24 The State Oil and Gas Supervisor (Supervisor), acting through the Division of Oil, Gas, and
25 Geothermal Resources (Division), may order the plugging and abandonment of a well or the
26 decommissioning of a production facility that has been deserted, whether or not any damage is
27 occurring, or threatened, by reason of that deserted well. (Public Resources Code [PRC], § 3237,
28 subdivision (a).) When the operator of an idle well has not filed an Idle Well Management Plan with the

1 Supervisor, the operator's failure to pay annual fees for the idle well is conclusive evidence of desertion.
2 (PRC, § 3206, subs. (a) and (c); emphasis added).

3 Based on the Division's records, Ample Resources, Inc. is an "operator" (Operator) (as defined
4 in PRC section 3009) and is responsible (as specified in PRC section 3237, subdivision (c)(1)), for the
5 plugging and abandonment of the above referenced well(s), the decommissioning of the attendant
6 production facilities (the Facilities), and the restoration of the well site (the Wells and Facilities).
7 Herein, the Supervisor is ordering Operator to do so because the Supervisor has determined, based on
8 information, belief, and the credible and conclusive evidence detailed below, that Operator has deserted
9 the Wells and Facilities.

10 Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, and as set forth below,
11 the Supervisor is ordering Operator to plug and abandon the Wells, decommission the Facilities, and
12 restore the well site according to PRC sections 3208, 3228, 3229, and 3230, California Code of
13 Regulations, title 14, (Regulations) sections 1722, 1723 through 1724.1, 1760, 1775, and 1776, and the
14 conditions included in any permit/approval the Division may issue pursuant to PRC section 3229.

15 II. Definitions

16 **PRC section 3008, subdivision (a)**, defines "Well" to mean "any oil or gas well or well for the
17 discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas,"
18 among others.

19 **PRC section 3008, subdivision (d)**, defines "Idle well" to mean "any well that for a period of 24
20 consecutive months has not either produced oil or natural gas, produced water to be used in production
21 stimulation, or been used for enhanced oil recovery, reservoir pressure management, or injection."

22 **PRC section 3008, subdivision (e)**, defines "Long-term idle well" to mean "any well that has
23 been an idle well for eight or more years."

24 **PRC section 3009** defines "Operator" to mean "a person who, by virtue of ownership, or under
25 the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control a well
26 or production facility."

27 **Regulations section 1760, subdivision (k)**, defines "Production facility" to mean "any
28 equipment attendant to oil and gas production...including, but not limited to, tanks, flowlines, headers,

1 gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, production
2 safety systems, separators, manifolds, and pipelines that are not under the jurisdiction of the State Fire
3 Marshal pursuant to Section 51010 of the Government Code, excluding fire suppressant equipment.”

4 **III. State Oil and Gas Supervisor Authority**

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

10 **PRC section 3206, subdivision (c)**, states that “Failure to file, for any well, the fee required
11 under this section shall be conclusive evidence of desertion of the well, permitting the supervisor to
12 order the well abandoned pursuant to section 3237.”

13 **PRC section 3226** authorizes the Supervisor, based on the Supervisor’s final or affirmed order,
14 to appoint agents who may enter the well premises and perform necessary remedial work if the operator
15 did not complete the remedial work as ordered. Any amount the Supervisor expends to complete the
16 necessary remedial work (which may include penalties and interest) constitutes a lien against the
17 operator’s real or personal property according to **PRC section 3423**.

18 **PRC section 3237, subdivision (a)(1)**, authorizes the Supervisor to “order the plugging and
19 abandonment of a well...that has been deserted whether or not any damage is occurring or threatened by
20 reason of that deserted well.” The Supervisor or district deputy “shall determine from credible evidence
21 whether a well...is deserted.”

22 **IV. Conclusive Evidence of Desertion**

23 Division staff notified the Operator of Operator’s idle well fee obligations, by U.S. mail (Exhibit
24 A; incorporated herein). Second, the Division sent a subsequent, related revised idle well fee invoice
25 (“Revised Invoice”) dated June 22, 2018. (See Exhibit B ; incorporated herein.) Third, the Division sent
26 a related “Past Due” notice dated August 17, 2018 for failure to pay 2018 idle well fees. (See Exhibit C;
27 incorporated herein.) Operator has not paid the annual fees required for the Well(s) under PRC section
28 3206 and has an outstanding balance of approximately \$1,350 (One Thousand Three Hundred and Fifty

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

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

4 For the reasons stated above, the Division has determined that Operator has deserted **the Well(s)**
5 **and Facilities**. Therefore, **IT IS HEREBY ORDERED** that Operator plug and abandon **the Well(s)**
6 and decommission **the Facilities**, and restore the well site according to **PRC sections 3208, 3228, 3229,**
7 **3230, and 3227, Regulations sections 1722, 1723 through 1724.1, 1760, 1775, and 1776**, and the
8 conditions included in any permit the Division may issue pursuant to **PRC section 3229**.

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

10 An order to plug and abandon a deserted well or to decommission a production facility may be
11 appealed to the Director per PRC section 3237, subdivision (b). A notice of appeal must be timely
12 made, in writing, and filed with the Director. **(See PRC beginning at PRC section 3350.)** If this Order
13 is mailed to you, the appeal deadline is (15) days from the date of mailing. To file an appeal, a written
14 notice of appeal may be mailed to the following address:

15 Department of Conservation
16 Director's Office of Appeals
17 801 K Street, MS 24-03 (Legal Office, Chief Counsel)
18 Sacramento, California 95814-3530

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

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

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1 **VII. Other Potential Actions to Enforce This Order**

2 Failing to comply with **Section V** (Operator's Required Actions) of this Order could subject
3 Operator to further enforcement action. For example, the Supervisor could deny approval of proposed
4 well operations until compliance is achieved. (**PRC, § 3203, subd. (c).**)

5 In addition, **PRC section 3236.5** authorizes the Supervisor to impose a civil penalty on a person
6 who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements
7 those statutes, and the Supervisor may in the future impose a civil penalty based on the acts and
8 omissions underlying this Order.

9 Further, **PRC section 3236** makes it a misdemeanor for any person who violates, fails, neglects,
10 or refuses to comply with any of the provisions of the oil and gas law (statutes and regulations). The
11 misdemeanor is punishable by a fine of not less than one hundred dollars (\$100) nor more than one
12 thousand dollars (\$1,000), or by imprisonment not exceeding six months, or by both the fine and
13 imprisonment for each separate offense. **PRC section 3359** makes it a misdemeanor to fail or neglect to
14 comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and
15 distinct offense. (**PRC, § 3359.**)

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17 DATED: 3/4/2019

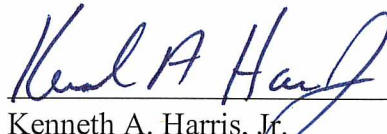
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19 Kenneth A. Harris, Jr.
20 State Oil and Gas Supervisor
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EXHIBIT A

Idle Well Fee Invoice

Dated: January 31, 2018

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State of California • Natural Resources Agency
Department of Conservation
Division of Oil, Gas, and Geothermal Resources
801 K Street • MS 18-05
Sacramento, CA 95814
(916) 445-9686 • FAX (916) 310-9633

Edmund G. Brown Jr., Governor
Kenneth A. Harris Jr., State Oil and Gas Supervisor

January 31, 2018

Ample Resources, Inc. A2490
1901 Avenue of the Stars
Suite 200
Los Angeles CA 90067

IDLE WELL FEE INVOICE

INVOICE NUMBER: A2490-2018-1789

Due to the delay in generating the 2018 Idle Well Fee letters, operators will be given 30 days from the date on this fee letter to respond by either paying the idle well fees due or submitting an Idle Well Management Plan.

Section 3206 of the Public Resources Code (PRC) specifies requirements for operators to manage their idle wells. No later than February 19, 2018, operators must choose one of the following two options for all idle wells in order to satisfy Section 3206:

1. Pay an annual fee for each idle well, or
2. File an Idle Well Management Plan for the management and elimination of long-term idle wells, which is subject to approval by the supervisor.

Information on your inventory of idle wells is available from the appropriate Division office or via the internet (http://www.conservation.ca.gov/dog/idle_well). If you disagree with any of the listed information, contact the Headquarters Idle Well Program at (916) 445-9686 or DOGGRIdleWells@conservation.ca.gov.

The idle-well fee in Option 1 is based on the length of time a well has been idle, as follows:

- One hundred fifty dollars (\$150) for each idle well that has been an idle well for three years or longer, but less than eight years.
- Three hundred dollars (\$300) for each idle well that has been an idle well for eight years or longer, but less than 15 years.
- Seven hundred fifty dollars (\$750) for each idle well that has been an idle well for 15 years or longer, but less than 20 years.
- One thousand five hundred dollars (\$1,500) for each idle well that has been an idle well for 20 years or longer.

If you are considering an Idle Well Management Plan, please download the appropriate form from the Idle Well webpage (http://www.conservation.ca.gov/dog/idle_well) or contact any district office. Follow the instructions on the form for submission by February 19, 2018. If you choose Option 1, Division records indicate the following:

For wells idle 3 years, but less than 8 years:	1	\$150
For wells idle 8 years, but less than 15 years:	2	\$600
For wells idle 15 years, but less than 20 years:	1	\$750
For wells idle 20 years or longer:	0	\$0
Total Fees Due by February 19, 2018:		\$1500

You must file any fees or an Idle Well Management Plan by February 19, 2018. If you do not file your selected option by this date, the idle well fee option will be in effect and the amount due will be assessed. Send your payment to:

**Division of Oil, Gas, and Geothermal Resources
801 K Street, MS 18-00
Sacramento, CA 95814**

Please make idle well fee check(s) payable to: Department of Conservation and indicate the invoice number and "For idle well fees".

As stated in Notice to Operators (NTO) 2017-02, Assembly Bill 2729 (AB 2729) became operative on January 1, 2017. The statute was passed in response to the continued growth of idle well liability in California. These recent amendments to law contain new idle well management, idle well fee, and well bonding requirements that directly impact Section 3206 of the Public Resources Code. Please review NTO 2017-02 for details regarding these changes, a copy of which can be found on the Division's website. The key to successful compliance is planning your strategy early and communication that strategy with the Division. If you need additional information, please contact the Idle Well Program at (916) 445-9686 or DOGGRIdleWells@conservation.ca.gov.

EXHIBIT B

Revised Idle Well Fee Invoice

Dated: June 22, 2018

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State of California • Natural Resources Agency
Department of Conservation
Division of Oil, Gas, and Geothermal Resources
801 K Street • MS 18-05
Sacramento, CA 95814
(916) 445-9686 • FAX (916) 319-9633

Edmund G. Brown Jr., Governor
Kenneth A. Harie Jr., State Oil and Gas Supervisor

June 22, 2018

Ample Resources, Inc. A2490
1901 Avenue of the Stars, Suite 200
Los Angeles CA 90067

REVISED IDLE WELL FEE INVOICE

INVOICE NUMBER: A2490-2018-1789

Fee letters are being re-issued due to the error in the 2018 Idle Well Fee letters, dated January 19, 2018. Although idle well payment is due by January 31 each year, the Division is allowing Operators until 30 days from the date on this fee letter to respond by either paying the idle well fees due or submitting an Idle Well Management Plan.

Public Resources Code (PRC) section 3206 specifies requirements for operators to manage their idle wells. No later than **July 23, 2018**, operators must choose one of the following two options for all idle wells in order to satisfy these requirements:

1. Pay an annual fee for each idle well, or
2. File an Idle Well Management Plan for the management and elimination of long-term idle wells, which is subject to approval by the supervisor.

Your idle-well fee calculation is below, and further information on your inventory of idle wells is available from the appropriate Division office or via the internet (http://www.conservation.ca.gov/dog/idle_well). If you believe this information is in error, please complete and submit the "Inventory Error" form found at http://www.conservation.ca.gov/dog/idle_well or contact the Headquarters Idle Well Program at (916) 445-9686 or DOGGRIdleWells@conservation.ca.gov.

Idle-Well Fee Calculation

The idle-well fees imposed under PRC section 3206, subdivision (a)(1), are based on the length of time a well has been idle, as follows:

- One hundred fifty dollars (\$150) for each idle well that has been an idle well for three years or longer, but less than eight years.
- Three hundred dollars (\$300) for each idle well that has been an idle well for eight years or longer, but less than 15 years.
- Seven hundred fifty dollars (\$750) for each idle well that has been an idle well for 15 years or longer, but less than 20 years.
- One thousand five hundred dollars (\$1,500) for each idle well that has been an idle well for 20 years or longer.

If you choose to comply with PRC section 3206 by paying idle fees, then Division records indicate that your total idle-well fees for 2018 are as follows:

For wells idle 3 years, but less than 8 years:	2	\$ 300
For wells idle 8 years, but less than 15 years:	1	\$ 300
For wells idle 15 years, but less than 20 years:	1	\$ 750
For wells idle 20 years or longer:	0	\$ 0
Total Fees Due 30 days from the date of this letter:		\$ 1350

Idle Well Management Plan

If you are considering an Idle Well Management Plan, please download the appropriate form from the Idle Well webpage (http://www.conservation.ca.gov/dog/idle_well) or contact any district office. Follow the instructions on the form for submission no later than July 23, 2018.

You must file the total amount of idle-well fees due or an Idle Well Management Plan no later than July 23, 2018. As of the date of this letter, neither fees nor an Idle Well Management Plan have been filed with the Division. If you elect to pay idle-well fees, please send your payment to:

**Division of Oil, Gas, and Geothermal Resources
801 K Street, MS 18-00
Sacramento, CA 95814**

Please make idle well fee check(s) payable to: Department of Conservation and indicate the invoice number and "For idle well fees".

Failure to comply with PRC section 3206 by filing either the total amount of idle-well fees due or an Idle Well Management Plan within 30 days may result in enforcement action. Pursuant to PRC sections 3236.5 and 3237, such enforcement action can include issuance of a civil penalty or an order to plug and abandon wells.

As discussed in Notice to Operators (NTO) 2017-02, new legislation became operative on January 1, 2017, amending the requirements for idle well management, idle well fees, and

A2490
June 22, 2018
Page 3

well bonding. Please review NTO 2017-02 for details regarding these changes, a copy of which can be found on the Division's website. The key to successful compliance is planning your strategy early and communicating that strategy with the Division. If you need additional information, please contact the Idle Well Program at (916) 445-9686 or DOGGRIdleWells@conservation.ca.gov.

EXHIBIT C

Past Due Idle Well Fees

Dated: August 17, 2018

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State of California • Natural Resources Agency
Department of Conservation
Division of Oil, Gas, and Geothermal Resources
801 K Street • MS 18-05
Sacramento, CA 95814
(916) 445-9686 • FAX (916) 316-8633

Edmund G. Brown Jr., Governor
Kenneth A. Harris Jr., State Oil and Gas Supervisor

Date: August 17, 2018

To: Ample Resources, Inc. A2490
1901 Avenue of the Stars, Suite 200
Los Angeles CA 90067

Re: PAST DUE IDLE WELL FEES for Operator Code: A2490

On June 22, 2018 the Division of Oil, Gas, and Geothermal Resources sent you a 2018 Idle Well Invoice, **INVOICE NUMBER: A2490-2018-1789**, with the required idle well fees due by July 23, 2018. To date, our records show that you have not paid your 2018 idle well fees.

Failure to comply with Public Resources Code (PRC) section 3206 by filing either the total amount of idle-well fees due will result in enforcement action. Pursuant to PRC sections 3236.5 and 3237, such enforcement action can include issuance of a civil penalty or an order to plug and abandon wells.

PAST DUE AMOUNT: \$ 1350.00

You must file the total amount of idle-well fees due no later than August 31, 2018.
Please send your payment to:

Division of Oil, Gas, and Geothermal Resources
801 K Street, MS 18-00
Sacramento, CA 95814

Please make idle well fee check(s) payable to: Department of Conservation and indicate the invoice number and "For idle well fees". If you need additional information, please contact the Idle Well Program at (916) 445-9686 or DOGGRIdleWells@conservation.ca.gov.

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 March 4, 2019, I served the
5 following document(s):

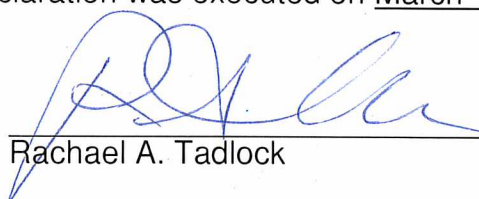
6 **ORDER TO PLUG AND ABANDON WELLS, DECOMMISSION ATTENDANT FACILITIES,
7 AND RESTORE WELL SITE, ORDER NO. 1144**

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

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

15 Donald Levenson 16 Ample Resources Inc. 17 1901 Avenue of the Stars, Suite 200 18 Los Angeles, CA 90067 19 Certified Mail Receipt Number: 20 7016 1370 0000 0837 8906	21 Donald Levenson 22 Ample Resources Inc. 23 1901 Avenue of the Stars, Suite 1900 24 Los Angeles, CA 90067 25 Certified Mail Receipt Number: 26 7016 1370 0000 0837 8913
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27 I declare under penalty of perjury of the laws of the State of California that the
28 foregoing is true and correct, and that this declaration was executed on March 4, 2019, at
Sacramento, CA.

29 
Rachael A. Tadlock