1	Department of Conservation, Division of Oil, Gas, and Geothermal Resources
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4	Telephone (916) 323-6733 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 WELL,
15	DECOMMISSION ATTENDANT FACILITIES,

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# ELL, ITIES, AND RESTORE WELL SITE, NO. 1157

**Operator: Visioncraft Energy, LLC** 

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

#### I. **Introduction**

The State Oil and Gas Supervisor (Supervisor), acting through the Division of Oil, Gas, and Geothermal Resources (Division), 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. (Pub. Resources Code [PRC], § 3237, subd. (a).) Credible evidence of desertion arises when the operator has failed to respond to inquiries or requests from the Supervisor, when the operator has failed to comply with the requirements of the California Public

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Resources Code or regulations implemented thereto, and other actions of the operator concerning the well or production facility. (PRC, § 3237 subd. (a)(2)).

Based on the Division's records, Visioncraft Energy, LLC is the "operator" (Operator) (as defined in PRC section 3009) (See Exhibit A, incorporated herein) and is responsible (as specified in PRC section 3237, subd. (c)(1)), for the plugging and abandonment of the well(s) on Exhibit A; the Well(s)), the decommissioning of the attendant production facilities (the Facilities), and the restoration of the well site. Herein, the Supervisor is ordering Operator to do so because the Supervisor has determined, based on information, belief, and the credible evidence detailed below, that Operator has deserted the Well and Facilities.

Therefore, pursuant to PRC sections 3106, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to plug and abandon the Well, decommission the Facilities, and restore the well site according to PRC sections 3208, 3228, 3229, and 3230, California Code of Regulations, title 14, sections 1722, 1723 through 1724.1, 1760, 1775, and 1776, (Cal. Code Regs. [Regulations], tit. 14, §§ 1722, 1723-1724.1, 1760, 1775, 1776), and the conditions included in any permit/approval the Division may issue pursuant to PRC section 3229.

### II. <u>Definitions</u>

PRC section 3008, subdivision (a), defines "Well" to mean "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," among others.

**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."

Regulations section 1760, subdivision (k), defines "Production facility" to mean "any equipment attendant to oil and gas production...including, but not limited to, tanks, flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, production safety systems, separators, manifolds, and pipelines that are not under the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code, excluding fire suppressant equipment."

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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 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 and interest) constitutes a lien against the operator's real or personal property according to PRC section 3423.

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

PRC section 3237, subdivision (a)(2), states that "credible evidence" includes, but is not limited to, the operational history of the well or production facility, the response or lack of response of the operator to inquiries and requests from the Supervisor or district deputy, the extent of compliance by the operator with the requirements of this chapter, and other actions of the operator with regard to the well or production facility.

**PRC section 3237, subdivision** (a)(3), states that a rebuttable presumption of desertion arises in any of the following situations: (C) If an operator has failed to comply with an order of the Supervisor within the time provided by the order or has failed to challenge the order on a timely basis[.]

#### IV. Credible Evidence of Desertion

A. The Response or Lack of Response of the Operator to Inquiries and Requests from the Supervisor or District Deputy and the Extent of Compliance by the Operator with the Requirements of this Chapter Visioncraft Energy, LLC. did not timely respond to Order Number 1142 to Perform Remedial Work issued on January 2, 2019. (Exhibit B, incorporated herein) The Order required the Operator to address violations which have been unresolved since at least December 2016, despite numerous attempts by the Division to contact the Principal Manager and Agent for Visioncraft Energy, LLC., Mr. Douglas Wymore, to address the violations. Division staff inspected the facility on April 8, 2019 and did not find any evidence of remedial work being started or completed since the issuance of the order. (Exhibit C, incorporated herein)

#### V. Operator's Required Actions

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

## VI. Operator's Appeal Rights

PRC section 3237, subdivision (b), entitles an operator to appeal a Supervisor's order to plug and abandon a deserted well. A notice of appeal must be timely made, in writing, and filed with the Department of Conservation Director (Director). (See PRC beginning at PRC section 3350.) If this Order is mailed to you, the Director must receive the appeal within (15) days from the date the Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent via U.S. mail to:

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

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

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

#### Other Potential Actions to Enforce This Order VII.

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

In addition, PRC section 3236.5 authorizes the Supervisor to impose a civil penalty of up to twentyfive thousand dollars (\$25,000) per violation upon a person who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may in the future impose a civil penalty based on the acts and omissions underlying this Order. Each day a violation continues or is not cured may be treated as a separate violation.

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

DATED: 6/20/2019

Kenneth A. Harris, Jr.

State Oil and Gas Supervisor