



NOTICE TO OPERATORS

NTO 2023-07

June 23, 2023

NOTICE OF REPORTING REQUIREMENTS REQUIRED BY PUBLIC RESOURCES CODE SECTIONS 3200–3202

The Geologic Energy Management (CalGEM) is issuing this Notice to alert operators of certain reporting requirements set forth in Public Resources Code (PRC) sections 3200–3202. Please take the time to review these important, statutorily mandated requirements and ensure that you have done all that is necessary to comply with such requirements.

Periodic Verification of Right to Operate (PRC, § 3202, subd. (c))

The second round of reporting required under PRC section 3202, subdivision (c) is due July 1, 2023. **Before July 1, 2023**, any person that has a right to operate a well or production facility must notify CalGEM whether any of its rights to its well or production facility differs from what is in CalGEM's records. For instructions on how to check the operator record in WellSTAR, operators may request the WellSTAR reference guide available at:

https://filerequest.conservation.ca.gov/?q=Reference_Guide_for_Accessing_Public_Records_via_CalGEMs_Online_Data_Platforms

You can report to CalGEM by doing the following:

1. Addressing an email to CalGEMEntRiskUnit@conservation.ca.gov with the subject line "Verification of Right to Operate (Operator Code)"; and
2. In the body of the email, state the person or entity that currently has the right to operate the wells and/or production facilities, even if no changes have occurred since the last reporting period.

Alternatively, you can provide the information in writing to:

Department of Conservation
CalGEM, Attn: ERU
715 P Street, MS 18-03
Sacramento, California 95814-6408

If there has been a change in the ownership rights of a well or production facility, the transferring and acquiring operators must also comply with the reporting requirements outlined in PRC sections 3201–3202 and described below in this Notice. This includes any purchase, transfer, assignment, conveyance, exchange, or other disposition, even if the

acquisition was or is temporary and applies to all persons including mineral rights owners, brokers, trustees, and receivers.

Reporting the Disposition of a Well or Production Facility (PRC, § 3201)

The operator of a well or production facility must notify CalGEM of the sale, assignment, transfer, conveyance, exchange, or other disposition of a well or production facility. The operator must provide such notice as soon as reasonably possible but **no later than 30 days from the date that the sale, assignment, or other disposition becomes final.**

Such notice to CalGEM must include the following information in writing:

- (1) The name and address of the person to whom the well or production facility was sold, assigned, or otherwise disposed;
- (2) The name and location of the well or production facility, and a description of the land upon which the well or production facility is situated;
- (3) The date that the sale, assignment, or other disposition becomes final; and
- (4) The date when possession was or will be relinquished by the transferor operator.

Until CalGEM: (i) receives notice of such a sale, transfer, or other disposition; and (ii) acknowledges such sale, assignment, or other disposition, the transferor operator shall not be relieved of responsibility for the well or production facility. (PRC, § 3201, subd. (a).)

Reporting the Acquisition of a Well or Production Facility (PRC, § 3202)

Any person that acquires the right to operate a well or production facility must provide CalGEM with notice of such acquisition as soon as reasonably possible, but **no later than 30 days from the date that such acquisition becomes final.** The notice that the acquiring operator provides to CalGEM must include the following information in writing:

- (1) The name and address of the person from whom the well or production facility was acquired;
- (2) The name and location of the well or production facility, and a description of the land upon which the well or production facility is situated;
- (3) The date when the acquisition becomes final;
- (4) The date when possession was or will be acquired; and
- (5) An indemnity bond for each well as required under PRC section 3204 or 3205.

Please be aware that CalGEM cannot recognize the acquisition of the well or production facility as complete until CalGEM receives the abovementioned notice. (PRC, § 3202, subd. (a).)

CalGEM has a joint form that the disposing and acquiring parties can both use. The form is available at:

https://www.conservation.ca.gov/calgem/pubs_stats/Pages/forms.aspx.

The form may also be submitted through WellSTAR, emailed to CalGEMEntRiskUnit@conservation.ca.gov, or mailed to:

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In addition, CalGEM may request the transferor and acquiring operator(s) to submit documentation identifying the operator of the well or production facility. Within 15 days of CalGEM making such a request, the transferor and acquiring operator(s) are required to provide copies of documents recorded with a governmental office involving the sale, assignment, transfer, conveyance, exchange, or other disposition of the well or production facility. (PRC, §§ 3201, subd. (b); 3202, subd. (b).) If after reviewing the documents, CalGEM determines additional documentation is needed to validate the sale, assignment, transfer, conveyance, or other disposition of the well or production facility, CalGEM will notify the transferor and acquiring operator(s). Within 30 days of CalGEM providing such notification, the transferor and acquiring operator(s) shall provide documentation necessary to identify the operator(s) of the well or production facility. If the documents are not otherwise publicly available, the operator(s) may redact information from the documents before submittal if CalGEM agrees the information is not relevant to identification of the current operator(s) of the well or facility. (PRC, §§ 3201, subd. (b); 3202, subd. (b).)

Reporting Designation or Change of an Agent (PRC, § 3200.)

The owner or operator of a well or production facility is required to provide CalGEM with the name and address of a designated agent residing within the State of California. When such an agent is terminated, the owner or operator of a well or production facility must: (i) notify CalGEM of such termination within 5 days of the termination; and (ii) appoint a new agent, unless operations are discontinued.

CalGEM has a form operators may use when designating an agent. The OG150 form is available at: https://www.conservation.ca.gov/calgem/pubs_stats/Pages/forms.aspx. This form may also be used by operators to make updates and changes to addresses and contact information. This form may be submitted through WellSTAR, emailed to CalGEMEntRiskUnit@conservation.ca.gov, or mailed to:

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The reporting requirements outlined in this Notice are all mandated by law. For CalGEM to effectively supervise oil and gas production operations, it is critical to have accurate knowledge of all the current interest-holders and up-to-date agent designations. CalGEM is currently working through a backlog of well and production facility transfers. CalGEM requests that any previously unreported well and production facility transfers and inaccurate ownership rights be corrected.

Failure to respond may result in further enforcement action, including, but not limited to, the issuance of a notice of violation, a civil penalty order or an order to plug and abandon a well or decommission a production facility. (PRC, §§ 3236.5; 3237.)

If you have any questions or concerns related to the contents of this Notice, please feel free to contact CalGEM's Enterprise Risk Unit, via electronic mail, at CalGEMEntRiskUnit@conservation.ca.gov.

Sincerely,



Gabe Tiffany
Acting State Oil and Gas Supervisor