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9 **STATE OF CALIFORNIA**
10 **NATURAL RESOURCES AGENCY**
11 **DEPARTMENT OF CONSERVATION**
12 **DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES**
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15 **ORDER TO PLUG AND ABANDON WELL,**
16 **DECOMMISSION ATTENDANT FACILITIES,**
17 **AND RESTORE WELL SITE**
18 **NO. 1165**
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24 **Operators: Frank Knapp (K2100), Liu, Cheng and Lin (L2150)**
25 **Field: Canoga Park Oil Field**
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I. Introduction

The State Oil and Gas Supervisor (Supervisor), acting through the Division of Oil, Gas, and Geothermal Resources (Division), 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 the plugging and abandonment of a well that he has determined, upon credible evidence, to be deserted, whether or not any damage is occurring, or threatened, by reason of that deserted well. (PRC § 3237, subd. (a)(1).)

Based on the Division's records, Frank Knapp (Operator Knapp, Division operator code K2100) and Liu, Cheng and Lin (Operator Liu, Division operator code L2150) are each a responsible operator (Operator) (as defined in PRC section 3009) and are responsible (as specified in PRC section 3237, subdivision (c)(1)), for the plugging and abandonment of the well "Knapp" 3 (API No. 037-00494; Canoga Park Oil Field)(the Well), the decommissioning of the attendant production facilities (the Facilities), and the restoration of the well site (the Well and Facilities). Herein, the Supervisor is ordering Operator to do so because the Supervisor has determined, based on information, belief, and the evidence detailed below, that Operator has deserted the Well and Facilities.

Therefore, pursuant to PRC sections 3013, 3106, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to plug and abandon the Well and decommission the Facilities according to PRC sections 3208, 3228, 3229, and 3230, Regulations sections 1722 through 1724.1, 1760, 1775, and 1776, and the conditions included in any permit the Division may issue pursuant to PRC section 3229.

II. Definitions

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

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," and "any well drilled for the purpose of injecting fluids or gas for stimulating oil or gas recovery[.]"

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

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

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

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

9 **PRC section 3013** states that the oil and gas conservation laws (commencing with PRC section
10 3000) “shall be liberally construed to meet its purposes” and grants the Supervisor “all powers” that may
11 be necessary to carry out those purposes.

12 **PRC section 3106, subdivision (a)**, authorizes the Supervisor to “supervise the drilling,
13 operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or
14 abandonment of tanks and facilities attendant to oil and gas production ... so as to prevent, as far as
15 possible, damage to life, health, property, and natural resources[.]”

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

22 **PRC section 3226** authorizes the Supervisor, based the Supervisor’s final or affirmed order, to
23 appoint agents who may enter the well premises and perform necessary remedial work if the operator
24 did not complete the remedial work as ordered. Any amount the Supervisor expends to complete the
25 necessary remedial work constitutes a lien against the operator’s real or personal property according to
26 **PRC section 3423.**

27 **PRC section 3237, subdivision (a)(1)**, authorizes the Supervisor to “order the plugging and
28 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.”

IV. Idle Well Testing Requirements

Regulations section 1723.9 [Repealed and Amended 2019] required an operator to test any well that had not produced oil or natural gas or had not been used for fluid injection for a continuous six-month period during any consecutive five-year period. The operator was required to test the well to determine the fluid level using acoustical, mechanical, or other reliable methods, and perform other diagnostic tests that the Supervisor might require. The operator was also required to notify the appropriate Division district office before the tests were done so a Division inspector might witness the operations.

V. Conclusive Evidence of Desertion

A. Failure to Pay Idle Well Fees

The Division’s records show that the Well is a long-term idle well that was never completed to production and has been idle since at least 1988. (See, former, PRC § 3008, subd. (e).) Operator has not paid the fees required for idle wells under PRC section 3206 (former or current), nor does either Operator have a valid idle well management plan on file with the Division. Operator has an outstanding balance of approximately \$3,000 in idle well fees related to the Well. Operator’s failure to pay the required idle well fees for the Well is conclusive evidence of desertion. (PRC § 3206, subd. (c).)

B. Failure to Perform Required Idle Well Testing

The Division has no record of any idle well testing at the Well. The version of Regulations section 1723.9 which was in effect until 2019 required an operator to test any well that had not produced oil or natural gas or had not been used for fluid injection for a continuous six-month period during any consecutive five-year period. Operator was required to test the well to determine the fluid level, and to provide notice to the Division’s district office before the test so a Division inspector might witness the operation. (See, former, Regulations § 1723.9 [Repealed and Amended 2019].) Operator’s failure to conduct idle well testing on the Well is conclusive evidence of desertion, permitting the Supervisor to order the well abandoned. (PRC § 3206.1, subd. (e).)

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1 **VI. Rebuttable Presumption of Desertion**

2 **A. Well Not Completed to Production and Drilling Machinery Removed**

3 The Well has not been completed to production or injection and drilling machinery were
4 removed from the Well at an unknown date. The Division's records show that no drilling machinery,
5 production facility, or injection equipment have been present at the location since January 2018. Under
6 PRC section 3237, subdivision (a), a rebuttable presumption of desertion arises if a well has not been
7 completed to production or injection and drilling machinery have been removed from the well site for at
8 least six months. Based on the Division's records, no drilling machinery have been present at the Well
9 for over a year. The Supervisor has determined that drilling machinery have been removed from the
10 Well for over six months, creating a rebuttable presumption of desertion. (See PRC § 3237, subd.
11 (a)(3).)

12 **B. Failure to Designate an Agent**

13 The Supervisor has determined that Operator Knapp failed to notify the Division of its change of
14 agent, and re-designate an agent, in violation of PRC section 3200, because Operator's initial agent
15 (Mary J. Knapp; 7443 Jordan Avenue, Canoga Park, CA 91304) is no longer a viable agent. Under PRC
16 section 3237, subdivision (a), a rebuttable presumption of desertion arises if an operator fails to
17 designate an agent as required by PRC section 3200. Operator Knapp's violation of PRC section 3200
18 thereby creates a rebuttable presumption of desertion. (See PRC § 3237, subd. (a)(3)(D).)

19 **C. Failure to Complete Acquisition of a Well**

20 The Supervisor has determined that Operator Liu failed to complete its acquisition of the Well
21 and post an indemnity bond, in violation of PRC section 3202. Under PRC section 3237, subdivision
22 (a), a rebuttable presumption of desertion arises if a person who is to acquire a well or production
23 facility that is subject to a purchase, transfer, assignment, conveyance, exchange, or other disposition
24 fails to comply with section 3202. Operator Liu failed to designate an agent and provide other required
25 information to the Division until after the acquisition became final, following inquiries from the
26 Division. Operator Liu also failed to file the required bond with the Division to complete the transfer.
27 Operator Liu's failure to comply with section 3202 thereby creates a rebuttable presumption of
28 desertion. (See PRC § 3237, subd. (a)(3)(E).)

1 **D. Failure to Maintain Access Road to a Well or Production Facility**

2 The Supervisor has determined that Operator failed to maintain the access road to the Well and
3 Facilities. Under PRC section 3237, subdivision (a), a rebuttable presumption of desertion arises if an
4 operator fails to maintain the access road to a well or production facility site passable to oilfield and
5 emergency vehicles. Based on the Division's records, the Well has been inaccessible since at least
6 2002. The access road to the Well crosses through El Scorpion Canyon Park and is washed out near a
7 seasonal creek. Well pads will require road grading and the road will require bulldozing for renewed
8 access by oilfield vehicles. Operator's failure to maintain the access road in a condition passable to
9 oilfield and emergency vehicles creates a rebuttable presumption of desertion. (See PRC § 3237, subd.
10 (a)(3)(F).)

11 **VII. Credible Evidence of Desertion**

12 The Supervisor has determined that Operator failed to submit required well production data
13 under PRC section 3227 for the Well and failed to respond to inquiries and requests from the Division.
14 Both failings are credible evidence of desertion because such evidence demonstrates the extent of
15 noncompliance by the operator with oil and gas conservation laws. (PRC § 3237, subd. (a)(1) and (2).)

16 PRC section 3227 requires operators to submit monthly well production reports, including
17 reports of zero production (an idle or potential idle well). Division records indicate that no production
18 records have been submitted for the Well since at least 1989, in violation of PRC section 3227. The lack
19 of production records is credible evidence that Operator deserted the Well.

20 The Division sent inquiries to Operator regarding the Well in 2018 regarding Operator's missing
21 idle well testing data and outstanding idle well fees, to which Operator did not respond. Under PRC
22 section 3237, subdivision (a), the response or lack of response of the operator to inquiries and requests
23 from the Supervisor or district deputy is credible evidence of desertion. On November 19, 2018, the
24 Division sent a letter via certified mail to the two addresses Operator Knapp last provided to the
25 Division: 7428 Vassar Avenue, Canoga Park, CA 91304 (Returned as unclaimed) and 18023 Duncan
26 Street, Reseda, CA 91316 (Returned as undeliverable). The Division also sent letters to Operator Knapp
27 regarding idle well fees throughout 2018, to two additional addresses found in the well file, in hopes of
28 locating Operator: 233943 Oakmount Place, Canoga Park, CA 92304 and 7443 Jordan Ave, Canoga

1 Park, CA 91304 (Last known address of Operator Knapp's Agent, Mary J. Knapp). Operator's failure to
2 claim and respond to these letters is credible evidence that Operator deserted the well.

3 Based on the allegations above, the Supervisor determined that credible evidence exists to show
4 that Operator deserted the Well. The Supervisor is authorized to order Operator to plug and abandon the
5 Well.

6 **VIII. Operator's Required Actions**

7 For the reasons stated above, the Division has determined that Operator has deserted the Well
8 and Facilities. Therefore, IT IS HEREBY ORDERED that Operator plug and abandon the Well and
9 decommission the Facilities according to PRC sections 3208, 3228, 3229, and 3230, Regulations
10 sections 1722 through 1724.1, 1760, 1775, and 1776, and the conditions included in any permit the
11 Division may issue pursuant to PRC section 3229.

12 **IX. Operator's Appeal Rights**

13 Operator may appeal this Order by filing a timely written notice of appeal with the Director as
14 described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing with PRC section
15 3350. (PRC § 3225, subd. (d).) If this Order is mailed to you, the Director must receive the appeal
16 within 15 days from the date the Supervisor mails the Order. To file an appeal, a written notice of
17 appeal must be sent via U.S. mail to:

18 Department of Conservation
19 Director's Office of Appeals
20 801 K Street, MS 24-03 (Legal Office)
21 Sacramento, California 95814-3530
22

23 Or via electronic mail:

24 Appeals.DOGGR@conservation.ca.gov
25

26 If Operator does not submit a timely written notice of appeal, Operator waives the right to
27 challenge this Order and this Order will become a final order.

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

4 **X. Other Potential Actions to Enforce This Order**

5 Failure to comply with Section VIII (Operator's Required Actions) of this Order could subject
6 Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for any person who
7 violates, fails, neglects, or refuses to comply with any of the provisions of the oil and gas conservation
8 laws commencing at PRC section 3000. PRC section 3236.5 authorizes the Supervisor to impose a civil
9 penalty on a person who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation
10 that implements those statutes, and the Supervisor may in the future impose a civil penalty based on the
11 facts and omissions underlying this Order. PRC section 3359 makes it a misdemeanor to fail or neglect
12 to comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate
13 and distinct offense. (PRC § 3359).

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16 DATED: _____

10/25/19



Jason R. Marshall

Acting State Oil and Gas Supervisor

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20 See attached PROOF OF SERVICE for distribution list
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PROOF OF SERVICE BY CERTIFIED U.S. MAIL

I declare that I am employed in the County of Sacramento, California. I am over the age of 18 and not a party to the within captioned cause. My business address is 801 K Street, MS 18-05, Sacramento, California 95814. On October 25, 2019, I served the following document(s):

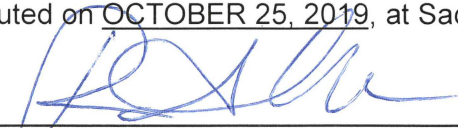
ORDER TO PLUG AND ABANDON WELL, DECOMMISSION ATTENDANT FACILITIES, AND RESTORE WELL SITE, ORDER NUMBER 1165

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

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

Mr. Frank Knapp Mrs. Mary J. Knapp, Agent 233943 Oakmont Place Canoga Park, CA 92304 Certified Mail Receipt Number: 7013 2630 0001 5255 5887	Mr. Warren S. Liu 5000 Venalden St. Tarzana, CA 91356 Certified Mail Receipt Number: 7013 2630 0001 5255 5894
Mr. Warren S. Liu, Agent Liu, Cheng and Lin 1250 Wilshire Blvd., Suite 100 Los Angeles, CA 90017 Certified Mail Receipt Number: 7013 2630 0001 5255 5900	Mr. Spencer F. Cheng / Mr. Warren S. Liu, Agent Liu, Cheng and Lin 7500 Lilla Pl. Canoga Park, CA 91304-5221 Certified Mail Receipt Number: 7013 2630 0001 5255 5917
Mr. Shing-Ching Lin 236 S. Curtis Ave., Apt A Alhambra, CA 91801-3254 Certified Mail Receipt Number: 7013 2630 0001 5255 5924	Ms. Fei Lan Lin 8907 Glendon Way, Apt D Rosemead, CA 91770-4700 Certified Mail Receipt Number: 7013 2630 0001 5255 5931
Shinnecock Enterprises Inc. c/o Richard C. Zeskind, Agent Executive Plaza II Suite 200 11350 McCormick Road Hunt Valley, MD 21031 Certified Mail Receipt Number: 7013 2630 0001 5255 5948	Shinnecock Enterprises Inc. c/o Eastern Savings Bank 11350 McCormick Road Hunt Valley, MD 21031 Certified Mail Receipt Number: 7013 2630 0001 5255 5955

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on OCTOBER 25, 2019, at Sacramento, CA.


Rachael A. Tadlock