

1 Department of Conservation, Geologic Energy Management Division
2 Uduak-Joe Ntuk
3 STATE OIL AND GAS SUPERVISOR
4 801 K Street, MS 24-03 (Legal Office)
5 Sacramento, California 95814-3530
6 Telephone (916) 323-6733
7 Facsimile (916) 445-9916
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14 **STATE OF CALIFORNIA**
15 **NATURAL RESOURCES AGENCY**
16 **DEPARTMENT OF CONSERVATION**
17 **GEOLOGIC ENERGY MANAGEMENT DIVISION**
18

19 **ORDER TO PLUG AND ABANDON WELL, DECOMMISSION ATTENDANT FACILITIES,**
20 **REABANDON WELLS, AND RESTORE WELL SITES**
21 **NO. 1218**
22

23 **Operator: Canoga Oil Company (C1775)**
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25 **Field: Canoga Park Oil Field**
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I. Introduction

The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy Management Division (**CalGEM**), 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).)

The Supervisor may also order or permit the reabandonment of any previously abandoned well if the Supervisor has reason to question the integrity of the previous abandonment, or if the well is not accessible or visible. (See PRC section 3208.1, subd. (a).)

Based on CalGEM's records, Canoga Oil Company (**Operator**) is or was an "operator" (as defined in PRC, § 3009) and is responsible (as specified in PRC section 3237, subdivision (c)(1)), for the plugging and abandonment of the well "Knapp" 1 (formerly known as "Dry Gulch" 1, "Frank Knapp" 1; API No. 037-01161; 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.

Furthermore, based on CalGEM's records, Operator is responsible (as specified in PRC, § 3224), for the reabandonment of five other wells in Canoga Park Oil Field and the restoration of the well sites (the **Previously Abandoned Wells**). The five Previously Abandoned Wells are as follows: "Knapp" 1-A (API 037-01162), "Knapp" 3 (API 037-01163), "Knapp" 4 (API 037-01164), "Knapp" 5 (API 037-01165), and "Knapp" 6 (API 037-01166). Based on information, belief, and

the evidence described below, the Supervisor has reason to question the integrity of the previous abandonments of the Previously Abandoned Wells. Therefore, pursuant to PRC sections 3106, 3208.1, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to reabandon the Previously Abandoned Wells and restore the well sites, consistent with all applicable requirements, including PRC sections 3208, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and the conditions included in any permit or approval CalGEM may issue pursuant to PRC section 3229.

II. Definitions

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."

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."

PRC section 3010 defines "production facility" to mean "any equipment attendant to oil and gas production or injection operations including, but not limited to, tanks, flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, and pipelines that are not under the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code." (See also Regulations, § 1760, subd. (r).)

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

III. State Oil and Gas Supervisor Authority

PRC section 3013 states that the oil and gas conservation laws (Division 3 of the PRC, commencing with § 3000) "shall be liberally construed to meet its purposes" and grants the Supervisor "all powers" that may be necessary to carry out those purposes.

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

1 to life, health, property, and natural resources; damage to underground oil and gas deposits
2 from infiltrating water and other causes; loss of oil, gas, or reservoir energy, and damage to
3 underground and surface waters suitable for irrigation or domestic purposes by the infiltration
4 of, or the addition of, detrimental substances."

5 **PRC section 3208.1, subdivision (a)**, authorizes the Supervisor to order or permit the
6 reabandonment of any previously abandoned well if the Supervisor "has reason to question
7 the integrity of the previous abandonment, or if the well is not accessible or visible."

8 **PRC section 3208.1, subdivision (b)**, states "[t]he operator responsible for plugging and
9 abandoning deserted wells under Section 3237 shall be responsible for the reabandonment"
10 except in certain specific situations not applicable here.

11 **PRC section 3224** mandates that the Supervisor "order such tests or remedial work as in
12 his judgment are necessary to prevent damage to life, health, property, and natural resources;
13 to protect oil and gas deposits from damage by underground water; or to prevent the escape
14 of water into underground formations, or to prevent the infiltration of detrimental substances
15 into underground or surface water suitable for irrigation or domestic purposes, to the best
16 interests of the neighboring property owners and the public."

17 **PRC section 3226** sets default deadlines by which operators must comply with certain
18 types of CalGEM orders requiring work, and authorizes the Supervisor, based on a final or
19 affirmed CalGEM order, to appoint agents who may enter the premises and perform
20 necessary work if the operator did not timely complete the work as ordered. Any amount
21 CalGEM expends to ensure completion of the necessary work (as well as potential penalties
22 and interest) constitutes a lien against the operator's real or personal property according to
23 PRC section 3423.

24 **PRC section 3237, subdivision (a)(1)**, authorizes the Supervisor to "order the plugging
25 and abandonment of a well...that has been deserted whether or not any damage is
26 occurring or threatened by reason of that deserted well." The Supervisor or district deputy
27 "shall determine from credible evidence whether a well...is deserted."
28

1 **PRC section 3237, subdivision (c)(1)**, states: "[t]he current operator, as determined by
2 the records of the supervisor, of a deserted well that produced oil, gas, or other hydrocarbons
3 or was used for injection is responsible for the proper plugging and abandonment of the well
4 or the decommissioning of deserted production facilities."

5 **IV. Conclusive Evidence of Desertion**

6 **A. Failure to Pay Idle Well Fees**

7 CalGEM's records show that the Well is a long-term idle well that has been idle since at
8 least 1978. (See, former and current, PRC § 3008, subd. (e).) Operator has not paid the fees
9 required for idle wells under PRC section 3206 (former or current), nor does Operator have a
10 valid idle well management plan on file with CalGEM. Operator has an outstanding balance
11 of approximately \$6,000 in idle well fees. Operator's failure to pay the required idle well fees for
12 the Well is conclusive evidence of desertion. (PRC § 3206, subd. (c).)

13 **B. Failure to Perform Required Idle Well Testing**

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

23 **V. Rebuttable Presumption of Desertion**

24 **A. Failure to Designate an Agent**

25 The Supervisor has determined that Operator failed to notify CalGEM of its change of
26 agent, and re-designate an agent, in violation of PRC section 3200, because Operator's
27 agent of record, Vincent Stabeck, 4447 W. Avenue 42, Los Angeles, CA 90065, is no longer a
28 viable agent. Under PRC section 3237, subdivision (a), a rebuttable presumption of desertion

1 arises if an operator fails to designate an agent as required by PRC section 3200. Operator's
2 violation of PRC section 3200 thereby creates a rebuttable presumption of desertion. (See PRC
3 § 3237, subd. (a)(3)(D).)

4 **B. Failure to Maintain Access Road to a Well or Production Facility**

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

14 **VI. Credible Evidence of Desertion**

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

20 PRC section 3227 requires operators to submit monthly well production reports, including
21 reports of zero production (an idle or potentially idle well). CalGEM records indicate that no
22 production records have been submitted for the Well since at least January 1978. Operator
23 acquired the Well in March 28, 1947 and notified CalGEM of its acquisition on April 4, 1947. The
24 lack of production records is credible evidence that Operator deserted the Well.

25 CalGEM sent inquiries to Operator regarding the Well beginning in 2018 regarding
26 Operator's missing idle well testing data and outstanding idle well fees, to which Operator did
27 not respond. Under PRC section 3237, subdivision (a), the response or lack of response of the
28 operator to inquiries and requests from the Supervisor or district deputy is credible evidence of

desertion. On November 19, 2018, CalGEM sent a letter via certified mail to two addresses Operator last provided to CalGEM: 18023 Duncan Street, Reseda, CA 18023 (Returned as undeliverable, "Return to Sender – Attempted – Not Known – Unable to Forward") and 4447 W. Avenue 42, Los Angeles, CA 90065 (Returned as not deliverable and unclaimed, "Return to Sender – Not Deliverable As Addressed"). Operator's failure to respond to this letter is credible evidence that Operator deserted the well.

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

VII. Reason to Question the Integrity of the Previous Abandonment

According to CalGEM's records, Operator undertook operations to abandon the Previously Abandoned Wells from 1949 to 1963. CalGEM approved Operator's abandonments of each of the five Previously Abandoned Wells as compliant with then-applicable requirements and documented its approval in a Report of Well Abandonment or a Special Report on Operations Witnessed.

During several recent inspections, the latest on June 3, 2021, of the Previously Abandoned Wells' surface location and nearby portions of the Canoga Park Oil Field, and during subsequent record review, CalGEM staff observed the following:

- Well "Knapp" 1-A has surface casing exposed above ground. The visible portion of the surface casing is open at the end, having no welded plate or other such cap.
- Wells "Knapp" 3, "Knapp" 4, and "Knapp" 5 are not visible at surface level.
- Well "Knapp" 6 has open, visible casing at the surface, with approximately a 5' drop. This opening presents a hazard to wildlife, and during the June 3, 2021 visit, CalGEM staff had to call Los Angeles County Animal Care to free a young rabbit trapped at the bottom of the opening.
- In August 2015, CalGEM detected methane gas at three of the Previously Abandoned Wells, at readings ranging from 69 to 2,000 ppm.

- The Previously Abandoned Wells are located in close proximity to each other, with all five wells clustered within an approximately 350' radius.
- The Previously Abandoned Wells are located near a public park and a residential area.
- The Previously Abandoned Wells are located in a shallow canyon which drains to a seasonally active watercourse.
- Available information indicates fresh groundwater is present at a shallow depth in the area around the Previously Abandoned Wells—generally less than 30 feet below the ground surface.
- A nearby well, "Knapp" 3 (Frank Knapp) (API 037- 00494), is leaking hydrocarbons to the surface. These hydrocarbons likely originate from a hydrocarbon-bearing formation penetrated by, or otherwise in communication with, the "Knapp" 3 (Frank Knapp) well. CalGEM records indicate the "Knapp" 3 (Frank Knapp) well and the Previously Abandoned Wells likely penetrate some of the same formations.

The observations described above, along with other CalGEM records, indicate the previous abandonment of the Previously Abandoned Wells is not consistent with current abandonment standards. The previous abandonment of the Previously Abandoned Wells falls short of current standards for zonal isolation and surface plugging in several respects, such as the depth below ground surface to which surface casing is to be cut and the welding of a labeled steel plate around the top circumference of the surface casing. (See Regulations section 1723.5.) Based on information, belief, and the facts described above—including the apparent deficiencies in the previous abandonments relative to current standards, the potential ongoing influence of a potentially live hydrocarbon formation on the Previously Abandoned Wells, and the location of the Previously Abandoned Wells relative to various natural resources and public areas—the Supervisor has reason to question the integrity of the previous abandonments of the Previously Abandoned Wells as an adequate safeguard against the danger the Previously Abandoned Wells present to life, health, property, and natural resources.

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

2 For the reasons stated above, the Supervisor has determined that Operator has
3 deserted the Well and Facilities. Therefore, **IT IS HEREBY ORDERED** that Operator plug and
4 abandon the Well and decommission the Facilities according to PRC sections 3208, 3228, 3229,
5 and 3230, Regulations sections 1722 through 1724.1, 1760, 1775, and 1776, and the conditions
6 included in any permit CalGEM may issue pursuant to PRC section 3229. Operator is ordered to
7 complete this plugging and abandonment and decommissioning work **within 90 days**
8 following the date of this Order.

9 For further reasons stated above, the Supervisor has also determined that
10 reabandonment and remedial work at the Previously Abandoned Wells is necessary to
11 prevent damage to life, health, property, and natural resources. Therefore, pursuant to PRC
12 sections 3013, 3106, 3208, 3222, 3224, and 3226, **IT IS HEREBY ORDERED** that Operator
13 reabandon the Previously Abandoned Wells and restore the well sites consistent with all
14 applicable requirements of PRC sections 3208, 3228, 3229, and 3230; Regulations sections 1722,
15 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and the conditions included in
16 any permit CalGEM may issue pursuant to PRC section 3229. Operator is ordered to complete
17 this reabandonment and site restoration work **within 90 days** following the date of this Order.

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

19 Operator may appeal this Order by filing a timely written notice of appeal with the
20 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
21 with PRC section 3350. (PRC, §§ 3225, subd. (d), 3237, subd. (b).) If this order is mailed to you,
22 the Director must receive the appeal within (15) days from the date the Supervisor mails the
23 order. To file an appeal, a written notice of appeal may be sent via U.S. mail to:

24 Department of Conservation

25 Director's Office of Appeals

26 801 K Street, MS 24-03 (Legal Office, Chief Counsel)

27 Sacramento, California 95814-3530

28 Or via electronic mail:

1 CalGEMAppeals@conservation.ca.gov

2 If Operator files a timely written notice of appeal, Operator will be informed of the
3 appeal hearing date, time, and place. Following the hearing, Operator will receive a written
4 decision that affirms, sets aside, or modifies the appealed order.

5 If Operator does not file a timely written notice of appeal, or if the order is affirmed
6 following an appeal, this order will become a final order and CalGEM may contract for
7 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,
8 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
9 CalGEM to obtain compliance with this order (which may include penalties and interest) will
10 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
11 3356.)

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

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

23
24
25 DATED: October 4, 2021



26 Uduak-Joe Ntuk
27 State Oil and Gas Supervisor
28

1 Service List

2 Canoga Oil Company
3 7658 Jordan Avenue
4 Canoga Park, CA 91304

5 Canoga Oil Company
6 c/o Mr. Vincent F. Stabeck
7 910 E. 92nd Street
8 Los Angeles, CA 90002

9 Canoga Oil Company
10 c/o Harry Owens
11 743 E. Willow Street
12 Signal Hill, CA 90755

13 Shinnecock Enterprises, Inc.
14 c/o Richard C. Zeskind, Agent
15 Executive Plaza II, Suite 200
16 11340 McCormick Road
17 Hunt Valley, MD 21031

18
19 Via Email:
20 Neill Brower, Jeffer Mangels Butler & Mitchell LLP
21 nb4@JMBM.com

22 Daniel Freedman, Jeffer Mangels Butler & Mitchell LLP
23 DFF@JMBM.com
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**NOTICE OF APPEAL TO THE
DIRECTOR OF THE DEPARTMENT OF CONSERVATION**

Use of this form is optional. You may use this form to prepare a Notice of Appeal from the enclosed Order. The style and content of this form are only suggestions. You may file a written notice of appeal in a different format.

Mail the completed form to the address at the bottom of this page.

Box 1: Statement of Intent to Appeal

(Review the text in this box to confirm that the operator information Order No. 1218 are accurate. Make any necessary corrections directly on the form.)

Operator, Canoga Oil Company, hereby appeals from State Oil and Gas Supervisor Order No. 1218

Box 2: Basis of Appeal

(Explain the reasons why you are appealing the order. Make your explanation as clear and complete as you can. If you need more space to write your explanation, attach additional pages. Label any attached additional pages with "Notice of Appeal re: Order No. 1148")

The reasons for this appeal are as follows:

☐ (Attach additional pages as necessary.)

Box 3: Contact Information for Operator Representative

(Provide contact information for the preferred operator representative with whom the Appeals Officer and Supervisor's legal counsel may communicate regarding the appeal.)

Name: _____

Physical Mail:

(Address) _____

(City, State, Zip) _____

Phone: (_____) _____ - _____

Email: _____

☐ I agree to document service using the email address above.

Box 4: Certification of Authority

Mail or E-mail this Notice of Appeal to the following the following address, as appropriate:

Department of Conservation, Director's Office of Appeals
801 K Street, MS 24-03 (Legal Office, Chief Counsel)
Sacramento, CA 95814-3530
CalGEMAppeals@conservation.ca.gov

rev. 5/14/2020

(Verify that all information on or attached to the form is correct, then sign and date the certification where indicated.)

I am the operator named in Box 1, above, or I have authority to act on behalf of that operator for purposes of preparing and filing this Notice of Appeal.

Signature: _____

Date: _____

Printed Name: _____

Affiliation with operator: _____

(e.g., self, owner, president, legal counsel, etc.)

Mail or E-mail this Notice of Appeal to the following the following address, as appropriate:

Department of Conservation, Director's Office of Appeals
801 K Street, MS 24-03 (Legal Office, Chief Counsel)
Sacramento, CA 95814-3530
CalGEMAppeals@conservation.ca.gov

rev. 5/14/2020

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 4, 2021, I served the following document(s):

**ORDER TO PLUG AND ABANDON WELL, DECOMMISSION ATTENDANT FACILITIES, REABANDON WELLS, AND RESTORE WELL SITES
ORDER NUMBER 1218**

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:

Canoga Oil Company 7658 Jordan Avenue Canoga Park, CA 91304 Certified Mail Receipt Number: 7015 0640 0001 8381 5159	Canoga Oil Company c/o Mr. Vincent F. Stabeck 910 E. 92nd Street Los Angeles, CA 90002 Certified Mail Receipt Number: 7015 0640 0001 8381 5227
Canoga Oil Company c/o Harry Owens 743 E. Willow Street Signal Hill, CA 90755 Certified Mail Receipt Number: 7015 0640 0001 8381 5234	Shinnecock Enterprises, Inc. c/o Richard C. Zeskind, Agent Executive Plaza II, Suite 200 11340 McCormick Road Hunt Valley, MD 21031 Certified Mail Receipt Number: 7015 0640 0001 8381 5241

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 4, 2021, at Sacramento, CA.



Rachael A. Tadlock