

1 Department of Conservation, Geologic Energy Management Division
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8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**
12

13 **ORDER TO PLUG AND ABANDON WELL, DECOMMISSION ATTENDANT FACILITY,**
14 **AND RESTORE WELL SITE**
15 **NO. 1271**
16

17 **Operator: Crockett Drilling Synd., Inc.**
18 **Field: N/A***
19 **Northern District, Tehama County**
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27 *** Not located within the administrative boundaries of an oil field**
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1 I. Introduction

2 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy
3 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources
4 Code (**PRC**; commencing with PRC section 3000) and California Code of Regulations, title 14
5 (**Regulations**), may order the plugging and abandonment of a well or the decommissioning of
6 a production facility that has been deserted, whether or not any damage is occurring, or
7 threatened, by reason of that deserted well. (PRC, § 3237, subd. (a).) An operator's failure to
8 timely pay required annual fees for any idle well is conclusive evidence of desertion. (PRC, §
9 3206, subds. (a) and (c).)

10 Based on CalGEM's records, Crockett Drilling Syndicate, Inc. (**Operator**) is the
11 "operator" (as defined in PRC section 3009) of the wells identified on **Attachment A**,
12 incorporated herein (**the Well**), and is responsible (as specified in PRC section 3237, subdivision
13 (c)(1)) for the plugging and abandonment of the Well, the decommissioning of the production
14 facilities attendant to the Wells (**the Facilities**), and the restoration of the well sites for the Well.
15 CalGEM's records indicate that the Well appears to be and have remained non-operational
16 since at least 1930's. Based upon conclusive evidence of desertion, rebuttable presumption of
17 desertion, and credible evidence of desertion described below, the Supervisor has
18 determined that the Well and the Facilities are deserted. Therefore, pursuant to PRC sections
19 3106, 3206, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator
20 plug and abandon the Well, to decommission the Facilities, and to restore the well site for the
21 Well, consistent with all applicable requirements, including PRC sections 3208, 3228, 3229, and
22 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and
23 1776; and the conditions included in any permit/approval CalGEM may issue pursuant to PRC
24 section 3229; and until that work is complete, perform remedial work and testing as necessary
25 to prevent damage to life, health, property, and natural resources.

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1 II. Definitions

2 **PRC section 3008, subdivision (a)**, defines "well" to mean, among other things, "any oil
3 or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably
4 presumed to contain oil or gas."

5 **PRC section 3008, subdivision (d)**, defines "idle well" as any well that for a period of 24
6 consecutive months has not either produced oil or natural gas, produced water to be used in
7 production stimulation, or been used for enhanced oil recovery, reservoir pressure
8 management, or injection. For the purpose of determining whether a well is an idle well,
9 production or injection is subject to verification by the division. An idle well continues to be an
10 idle well until it has been properly abandoned in accordance with Section 3208 or it has been
11 shown to the division's satisfaction that, since the well became an idle well, the well has for a
12 continuous six-month period either maintained production of oil or natural gas, maintained
13 production of water used in production stimulation, or been used for enhanced oil recovery,
14 reservoir pressure management, or injection. An idle well does not include an active
15 observation well."

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

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

25 III. State Oil and Gas Supervisor Authority

26 **PRC section 3013** states that the oil and gas conservation laws (commencing with PRC
27 section 3000) "shall be liberally construed to meet its purposes" and grants the Supervisor "all
28 powers" that may be necessary to carry out those purposes.

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

5 **PRC section 3206, subdivision (a)**, requires “[t]he operator of any idle well shall do either
6 of the following:

7 1. No later than May 1 of each year, for each idle well that was an idle well at any time in
8 the last calendar year, file with the supervisor an annual fee equal to the sum of the
9 following amounts:

10 A. One hundred fifty dollars (\$150) for each idle well that has been an idle well
11 for three years or longer, but less than eight years.

12 B. Three hundred dollars (\$300) for each idle well that has been an idle well for
13 eight years or longer, but less than 15 years.

14 C. Seven hundred fifty dollars (\$750) for each idle well that has been an idle well
15 for 15 years or longer, but less than 20 years.

16 D. One thousand five hundred dollars (\$1,500) for each idle well that has been
17 an idle well for 20 years or longer.

18 2. File a plan with the supervisor to provide for the management and elimination of all
19 long-term idle wells.”

20 **PRC section 3206, subdivision (c)**, provides “Failure to file, for any well, the fee required
21 under this section shall be conclusive evidence of desertion of the well, permitting the
22 supervisor to order the abandoned pursuant to Section 3237.”

23 **PRC section 3224** mandates that the Supervisor “order such tests or remedial work as in
24 his judgment are necessary to prevent damage to life, health, property, and natural resources;
25 to protect oil and gas deposits from damage by underground water; or to prevent the escape
26 of water into underground formations, or to prevent the infiltration of detrimental substances
27 into underground or surface water suitable for irrigation or domestic purposes, to the best
28 interests of the neighboring property owners and the public.”

PRC section 3226, subdivision (a), provides that “within 30 days after service of an order pursuant to Sections 3224 and 3225, or Section 3237, or if there has been an appeal from the order to the director, within 30 days after service of the decision of the director, or if a review has been taken of the order of the director, within 10 days after affirmance of the order, the owner or operator shall commence in good faith the work ordered and continue it until completion. If the work has not been commenced and continued to completion, the supervisor may appoint necessary agents to enter the premises and perform the work. An accurate account of the expenditures shall be kept. Any amount so expended shall constitute a lien against real or personal property of the operator pursuant to the provisions of Section 3423. Before performing such work, the division may impose a lien against the real or personal property of the operator pursuant to Section 3423 in an amount equal to an estimate of the cost of the work based on a bid from a contractor or previous costs to perform comparable work.”

PRC section 3226, subdivision (b), provides that “Notwithstanding any other provisions of Section 3224, 3225, or 3237, if the supervisor determines that an emergency exists, the supervisor may order or undertake the actions he or she deems necessary to protect life, health, property, or natural resources.”

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."

IV. Conclusive Evidence of Desertion

Based on CalGEM's records, at all times relevant to this order, Operator was the "operator," as defined in PRC section 3009, of the Well. At all times relevant to this order, the Well was an "idle well" as defined in PRC section 3008, subdivision (d).

As the operator of the Well, following the process for idle well management set forth in PRC section 3206, subdivision (a), Operator did not submit an Idle Well Management Plan in lieu of paying idle well fees. Operator was therefore required to pay an idle well fee for each

1 of its idle wells that were idle in 2018 by May 1, 2019; idle in 2019 by May 1, 2020; and idle in
2 2020 by May 1, 2021. (PRC, § 3206, subds. (a) & (a)(2)(B)(v).) As of the date of this order,
3 Operator has not paid the annual fees required for the Well under PRC section 3206
4 (**Attachment B**; Declaration of James Donnelly). Operator's failure to pay the required idle well
5 fees for the Well is conclusive evidence of desertion. (PRC, § 3206, subd. (c).)

6 **V. Rebuttable Presumption of Desertion**

7 A rebuttable presumption of desertion arises if an operator fails to designate an agent
8 as required by PRC section 3200. (PRC, § 3237, subd. (a)(3)(D).) CalGEM does not have an
9 agent on file for Operator. Operator's failure to provide and maintain on file with CalGEM
10 accurate contact information for a designated person who resides in California to accept
11 service of notices, orders, and other important communications (i.e., an "agent"), as required
12 by PRC section 3200, creates a rebuttable presumption that the Well is deserted.

13 **VI. Credible Evidence of Desertion**

14 Credible evidence of desertion includes, but is not limited to, the operational history of
15 the well or production facility, the response or lack of response of the operator to inquiries and
16 requests from the supervisor or district deputy, the extent of compliance by the operator with
17 the requirements of PRC and Regulations, and other actions of the operator with regard to the
18 well or production facility. (PRC, § 3237, subd. (a)(2).)

19 CalGEM records reflect that the Well appears to be and have remained non-
20 operational since the 1930's. The Well is considered a long-term idle well because the Well has
21 been idle for 25 years or more. During inspections conducted on or about April 26, 2022,
22 CalGEM observed that the Well is located within approximately ten feet from a residence. It
23 has no cement plugs or equipment that would prevent the flow of gas and liquid to the
24 surface. The well record indicates this wellbore passed through multiple gas sands and
25 CalGEM has concluded the presence of natural gas is likely. The operational history presents
26 credible evidence that the Well is deserted.

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

2 For the reasons stated herein, CalGEM has determined that the Well and the Facilities
3 are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, **IT IS HEREBY**
4 **ORDERED** that Operator inspect the Well to plug and abandon the Well, decommission the
5 Facilities, and restore the well site for the Well consistent with all applicable requirements of
6 PRC sections 3208, 3224, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8,
7 1724 through 1724.1, 1760, 1775, and 1776; and the conditions included in any permit CalGEM
8 may issue pursuant to PRC section 3229. Until that work is complete, Operator is ordered to
9 perform remedial work and testing on the Well and the Facilities as necessary to prevent
10 damage to life, health, property, and natural resources.

11 **VIII. Operator's Appeal Rights**

12 Operator may appeal this Order by filing a timely written notice of appeal with the
13 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
14 with PRC section 3350. (PRC, §§ 3225, subd. (d); 3236.5, subd. (c); 3237, subd. (b).) If this Order
15 is mailed to you, the Director must receive the appeal within (15) days from the date the
16 Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent via U.S.
17 mail to:

18 Department of Conservation
19 Director's Office of Appeals
20 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
Sacramento, California 95814

21 Or via electronic mail:

22 CalGEMAppeals@conservation.ca.gov
23

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

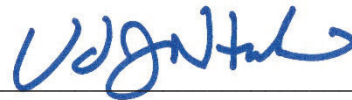
27 If Operator does not file a timely written notice of appeal, or if the order is affirmed
28 following an appeal, this order will become a final order and CalGEM may contract for

1 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,
2 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
3 CalGEM to obtain compliance with this order (which may include penalties and interest) will
4 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
5 3356.)

6 **IX. Consequences of Non-Compliance**

7 Failure to comply with Section VII (Operator's Required Actions) of this order could
8 subject Operator to further enforcement action, including additional civil penalties, as
9 appropriate. PRC section 3236 makes it a misdemeanor for any person who violates, fails,
10 neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws
11 commencing at PRC section 3000. 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
13 separate and distinct offense. (PRC, §3359).

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16 DATED: July 1, 2022



Uduak-Joe Ntuk
State Oil and Gas Supervisor