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8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**  
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14 **ORDER TO PLUG AND ABANDON WELLS, DECOMMISSION ATTENDANT FACILITIES,**  
15 **AND RESTORE WELL SITES**  
16 **NO. 1295**  
17

18 **Operator: Freedom Oil Company, LLC (F1775)**  
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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, Freedom Oil Company, LLC (**Operator**) is the "operator"  
11 (as defined in PRC section 3009) of the 22 wells identified on **Attachment A**, incorporated  
12 herein (the **Wells**), and is responsible (as specified in PRC section 3237, subdivision (c)(1)) for  
13 the plugging and abandonment of the Wells, the decommissioning of the production facilities  
14 attendant to the Wells (the **Facilities**), and the restoration of the well sites for the Wells.  
15 CalGEM's records indicate that, under applicable provisions of PRC section 3206, Operator  
16 was required to timely pay idle well fees in 2019, 2020, and 2021 for the Wells idle in calendar  
17 years 2018 through 2020, and that Operator has not done so. This failure to timely pay idle well  
18 fees is conclusive evidence of desertion, based upon which the Supervisor has determined  
19 that the Wells and the Facilities are deserted. Therefore, pursuant to PRC sections 3106, 3206,  
20 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to plug and  
21 abandon the Wells, to decommission the Facilities, and to restore the well site for the Wells,  
22 consistent with all applicable requirements, including PRC sections 3208, 3228, 3229, and 3230;  
23 Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1775, and 1776; and  
24 the conditions included in any permit/approval CalGEM may issue pursuant to PRC section  
25 3229; and until that work is complete, perform remedial work and testing as necessary to  
26 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 Wells. At all times relevant to this order, the Wells were idle wells as defined in PRC section 3008, subdivision (d).

As the operator of the Wells, 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, as provided in the 2019 Idle Well Fee  
2 Invoice prepared by CalGEM; idle in 2019 by May 1, 2020, as provided in the 2020 Idle Well Fee  
3 Invoice prepared by CalGEM; and idle in 2020 by May 1, 2021, as provided in the 2021 Idle  
4 Well Fee Invoice prepared by CalGEM. (PRC, § 3206, subds. (a) & (a)(2)(B)(v).) (**Attachments B,**  
5 **C, and D** incorporated herein.) As of the date of this order, Operator has not paid its idle well  
6 fees for its Wells idle in calendar years 2018, 2019, and 2020.

7 Operator's failure to pay the required idle well fees for the Wells is conclusive evidence  
8 of desertion. (PRC, § 3206, subd. (c).)

#### 9 **V. Rebuttable Presumption of Desertion**

10 On July 9, 2021, the Supervisor issued Order No. 1202 to Operator which included a civil  
11 penalty, resulting from Operator's failure to timely submit a Pipeline Management Plan (PMP).  
12 Order No. 1202 is incorporated herein as **Attachment E**. Operator did not file an appeal and  
13 Order No. 1202 became final on July 26, 2021. The order required Operator to submit a PMP  
14 and pay a civil penalty in amount \$1,000 by August 9, 2021. To date, CalGEM has not received  
15 a PMP from Operator or payment of the civil penalty.

16 Operator's failure to comply with an order of the Supervisor within the time provided by  
17 the order and failure to challenge the order on a timely basis creates a rebuttable  
18 presumption of desertion. (PRC, § 3237, subd. (a)(3)(C).)

#### 19 **VI. Operator's Required Actions**

20 For the reasons stated herein, CalGEM has determined that the Wells and the Facilities  
21 are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3224, 3226, and 3237, **IT IS HEREBY**  
22 **ORDERED** that Operator plug and abandon the Wells, decommission the Facilities, and restore  
23 the well site for the Wells consistent with all applicable requirements of PRC sections 3208,  
24 3224, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through  
25 1724.1, 1760, 1775, and 1776; and the conditions included in any permit CalGEM may issue  
26 pursuant to PRC section 3229. Until that work is complete, Operator is ordered to perform  
27 remedial work and testing on the Wells and the Facilities as necessary to prevent damage to  
28 life, health, property, and natural resources.

1 **VII. Operator's Appeal Rights**

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

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

11 Or via electronic mail:

12 [CalGEMAppeals@conservation.ca.gov](mailto:CalGEMAppeals@conservation.ca.gov)

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

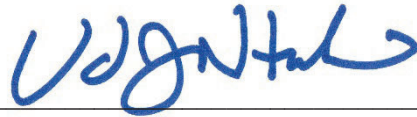
16 If Operator does not file a timely written notice of appeal, or if the order is affirmed  
17 following an appeal, this order will become a final order and CalGEM may contract for  
18 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,  
19 Operator has not, in good faith, commenced the work ordered. Any costs incurred by  
20 CalGEM to obtain compliance with this order (which may include penalties and interest) will  
21 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §  
22 3356.)

23 **VIII. Consequences of Non-Compliance**

24 Failure to comply with Section VI (Operator's Required Actions) of this order could  
25 subject Operator to further enforcement action, including additional civil penalties, as  
26 appropriate. PRC section 3236 makes it a misdemeanor for any person who violates, fails,  
27 neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws  
28 commencing at PRC section 3000. PRC section 3359 makes it a misdemeanor to fail or neglect

1 to comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a  
2 separate and distinct offense. (PRC, §3359).

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4  
5 DATED: November 18, 2022



Uduak-Joe Ntuk  
State Oil and Gas Supervisor



1 Service List

2 Freedom Oil Company, LLC  
3 c/o Steven Gregory  
4 9530 Hageman Road, Suite B349  
5 Bakersfield, CA 93312

6 Freedom Oil Company, LLC  
7 c/o Steven Gregory  
8 13818 Searspoint Avenue  
9 Bakersfield, CA 93314

10 Freedom Oil Company, LLC  
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