

Department of Conservation, Geologic Energy Management Division
Doug Ito
STATE OIL AND GAS SUPERVISOR
715 P Street, MS 19-06 (Legal Office)
Sacramento, California 95814
Telephone (916) 323-6733

STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO PLUG AND ABANDON WELLS, DECOMMISSION ATTENDANT FACILITIES,
AND RESTORE WELL SITES
NO. 1582

Operator: Costa Loma Limited (C8500)

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 California Code of Regulations, title 14 (**Regulations**), may order the plugging and abandonment of a well or the decommissioning of a production facility that has been deserted, whether or not any damage is occurring, or threatened, by reason of that deserted well. (PRC, § 3237, subd. (a).)

Based on CalGEM's records, Costa Loma Limited (**Operator**) is the "operator" (as defined in PRC section 3009) of the three wells identified on **Attachment A**, incorporated herein (the **Wells**), and is responsible (as specified in PRC section 3237, subdivision (c)(1)) for the plugging and abandonment of the Wells, the decommissioning of the production facilities attendant to the Wells (the **Facilities**), and the restoration of the well sites for the Wells. CalGEM records indicate that, under applicable provisions of PRC section 3237, Operator has demonstrated evidence of desertion of the Wells and Facilities in its failures to comply with the Public Resources Code and Regulations, including initiating drilling of the Wells without a permit. Based on these ongoing failures to comply with the Public Resources Code and Regulations, the Supervisor has determined that the Wells and the Facilities are deserted.

Therefore, pursuant to PRC sections 3106, 3224, 3226, and 3237, and as set forth below, the Supervisor is ordering Operator to plug and abandon the Wells, to decommission the Facilities, and to restore the well sites for the Wells, 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/approval CalGEM may issue pursuant to PRC section 3229; and until that work is complete, perform remedial work and testing as necessary to prevent damage to life, health, property, and natural resources.

Attachment B, incorporated herein, contains a list of definitions and authorities that are applicable to this order.

II. Evidence of Desertion

During an inspection of Operator's facilities in the Oil Creek Field on December 11, 2024, CalGEM observed conductors set at each of the three Wells, and equipment which would have been necessary to set the conductors removed from the well pads. Before this date, CalGEM was not aware of the existence of the Wells. Setting a conductor is an early stage of drilling a well; drilling a well requires a permit issued by CalGEM. (Regulations, § 1714.) CalGEM's inspector Kelly Morgan spoke with Operator Jim Wilkinson on site, and Operator confirmed he (Jim Wilkinson) had set the conductors, but had not filed a Notice of Intention (NOI) for a New Drill with CalGEM prior to setting the conductors or after, nor had Operator completed any other necessary paperwork to obtain a drilling permit. During a subsequent inspection on August 19, 2025, CalGEM observed the condition of the Wells was unchanged, with conductors set at each of the Wells and no drilling equipment present on the well pads. CalGEM confirmed that Operator had not submitted an NOI or taken any other steps to obtain a drilling permit.

A rebuttable presumption of desertion arises if a well has not been completed to production or injection and drilling machinery have been removed from the well site for at least six months. (PRC, § 3237, subd. (a)(3)(A).) CalGEM confirmed during its inspections that the Wells have not been completed to production or injection, and drilling machinery have been removed from the well sites for the Wells for at least eight months. Operator's failure to complete the Wells to production or injection and removal of drilling machinery from the well sites creates a rebuttable presumption of desertion.

As the Operator of the Wells, Operator is required to maintain the Wells and Facilities in accordance with the requirements of the Public Resources Code, and Operator has failed to do so. Operator's failure to submit an NOI and to obtain a permit before beginning construction on the Wells constitutes credible evidence of desertion. (PRC, § 3237, subd. (a)(2).)

///

///

III. Operator's Required Actions

For the reasons stated herein, CalGEM has determined that the Wells and the Facilities are deserted. Therefore, pursuant to PRC sections 3106, 3224, 3226, and 3237, **IT IS HEREBY ORDERED** that Operator plug and abandon the Wells, decommission the Facilities, and restore the well sites) for the Wells consistent with all applicable requirements of PRC sections 3208, 3224, 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 CalGEM may issue pursuant to PRC section 3229. Until that work is complete, Operator is ordered to perform remedial work and testing on the Wells and the Facilities as necessary to prevent damage to life, health, property, and natural resources.

IV. Operator's Appeal Rights

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

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

Or via electronic mail:

OfficeofAppeals@conservation.ca.gov

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

If Operator does not file a timely written notice of appeal, or if the order is affirmed 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 **V. Consequences of Non-Compliance**

7 Failure to comply with Section III (Operator's Required Actions) of this order could
8 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor
9 for any person who violates, fails, neglects, or refuses to comply with any of the provisions of
10 the oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
11 3236.3 authorizes the Supervisor to refer for civil penalties and injunctive relief for failure to
12 comply with an order or for violation of any provision in Chapter 1 of Division 3 of the PRC or
13 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
14 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
15 PRC or any regulation that implements those statutes, and the Supervisor may in the future
16 impose further civil penalties based on the facts and omissions underlying this order. PRC
17 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
18 the decommissioning of a production facility if an operator has failed to comply with an order
19 of the Supervisor within the time provided by the order or has failed to challenge the order on
20 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
21 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
22 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to
23 take further enforcement actions. PRC sections 3236.2 and 3236.3 authorizes the Supervisor to
24 seek civil penalties and injunctive relief for failure to comply with an order or for violation of
25 any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those
26 statutes.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DATED: 12/4/2025

Lindsey Miller
Lindsey Miller
CalGEM Enforcement Chief, on
behalf of the State Oil and Gas
Supervisor