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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,**
15 **DECOMMISSION ATTENDANT FACILITIES, AND RESTORE WELL SITES**
16 **NO. 1606**

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19 **Operator: Energeo Resources, LLC (10470)**
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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 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 or production facility. (PRC, § 3237, subd. (a)(1).)

Relevant to this Order, the Supervisor may determine whether a well or production facility is deserted based upon evidence, including: (1) an operator's failure to pay Idle Well Fees is conclusive evidence of desertion (PRC, § 3206 subd. (c)); (2) an operator's failure to comply with Regulations sections 1772 through 1772.4 is conclusive evidence of desertion (PRC, § 3206.1, subds. (d) and (e)); (3) credible evidence whether a well of production facility is deserted relies upon factors including the "operational history of the well or production facility, the response or lack of response of the operator to inquiries and requests from the supervisor... [and] the extent of compliance of the operator..." (PRC, § 3237, subd. (a)(2); (4) an operator's failure to comply with an order of the Supervisor within the time provided by the order creates a rebuttable presumption of desertion (PRC, § 3237, subd. (a)(3)(C)); (5) a rebuttable presumption of desertion exists if a well's production facilities or injection equipment has been removed from the well site for at least two years (PRC 3237 (a)(3)(B); and (6) a rebuttable presumption of desertion arises if an operator fails to designate an agent as required by PRC section 3200. (PRC § 3237, subd. (a)(3)(D).)

Based on CalGEM's records, Energeo Resources, LLC (**Operator**) is an "operator" (as defined in PRC section 3009) of the wells (**the Wells**) and the production facilities attendant to the Wells (**the Facilities**) identified in **Attachment A**, incorporated herein, and is responsible for the plugging and abandonment of the Wells, the decommissioning of the Facilities, and the restoration of the well sites for the Wells. (See PRC, § 3237, subd. (c)(1).) As described in more detail below, based upon demonstrated evidence of desertion, the Supervisor has determined that the Wells and the Facilities are deserted. Therefore, pursuant to PRC sections

1 3106, 3206, 3206.1, 3224, 3226, 3237, and 3353, and as set forth below, the Supervisor is ordering
2 Operator to plug and abandon the Wells, to decommission the Facilities, and to restore the
3 well site for the Wells, consistent with all applicable requirements, including PRC sections 3208,
4 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1,
5 1760, 1775, and 1776; and the conditions included in any permit/approval CalGEM may issue
6 pursuant to PRC section 3229; and until that work is complete, perform remedial work and
7 testing as necessary to prevent damage to life, health, property, and natural resources.

8 **Attachment B** contains a list of definitions and authorities that are applicable to this
9 Order.

10 **II. Evidence of Desertion**

11 Based on CalGEM's records, at all times relevant to this Order, Operator was the
12 operator, as defined in PRC section 3009, of the Wells and the Facilities. At all times relevant to
13 this Order, the Wells were idle wells, as defined in PRC section 3008, subdivision (d).

14 **A. Conclusive Evidence of Desertion**

15 PRC section 3206.1, subdivision (e), provides that failure to comply with any
16 requirements of the regulations implementing this section (e.g., Regulations, §§ 1772.1, subds.
17 (a)(1) and (b), 1772.1.4, subds. (a) and (b)) shall be conclusive evidence of desertion,
18 permitting the Supervisor to order such wells abandoned pursuant to PRC section 3237.

19 **1) Failure to Pay Idle Well Fees**

20 On May 2, 2024 and June 3, 2024, CalGEM issued Delinquency Notices for annual well
21 fees that were due for the Operator's idle wells during 2023. (**Attachments C, D**, incorporated
22 herein.) On May 2, 2025, CalGEM issued a Delinquency Notice for annual well fees that were
23 due for the Operator's idle wells during 2024. (**Attachment E**, incorporated herein.) CalGEM
24 has no record of Operator's payment of outstanding idle well fees as of the date of this Order.
25 Operator was required to pay idle well fees for its idle wells in 2023 and 2024 and Operator
26 failed to do so. (PRC, § 3206, subds. (a) and (c).) Operator's failure to pay its outstanding idle
27 well fees is conclusive evidence that the Wells and Facilities are deserted.

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1 Pursuant to PRC section 3237, subdivision (a)(3)(B), a rebuttable presumption of
2 desertion exists if a well's production facilities or injection equipment has been removed from
3 the well site for at least two years (PRC § 3237 (a)(3)(B). According to CalGEM's records,
4 Operator removed production lines for the wellheads of wells "Rancho Caleta #2 1" (API
5 0410120230) and "DW 8-1" (API 0407720708) for a period of over two years. (**Attachments I, J,**
6 **K, L, M, N**, incorporated herein.) Operator's failure to maintain facilities or injection equipment
7 at the well sites creates a rebuttable presumption that the Wells are deserted under PRC
8 section 3237, subdivision (a)(3)(B).

9 **3) Failure to Designate an Agent**

10 The Supervisor has determined that Operator failed to notify CalGEM of its change of
11 agent, and re-designate an agent, in violation of PRC section 3200, because Operator's
12 agent of record, Michael Phillips, 5403 Franklin Road, Yuba City, CA 95992, is no longer a viable
13 agent. (**Attachment O**, incorporated herein.) Under PRC section 3237, subdivision (a), a
14 rebuttable presumption of desertion arises if an operator fails to designate an agent as
15 required by PRC section 3200. Operator's violation of PRC section 3200 thereby creates a
16 rebuttable presumption of desertion. (See PRC § 3237, subd. (a)(3)(D).)

17 **IV. Credible Evidence of Desertion**

18 "Operational history of the well or production facility, the response or lack of response
19 of the operator to inquiries and requests from the supervisor or district deputy... [and] the
20 extent of compliance of the operator" are factors contributing to the Supervisor's
21 determination whether credible evidence of desertion exists. (PRC, § 3237, subd. (a)(2).)
22 Operator has demonstrated credible evidence of desertion by failing to respond to requests
23 and inquiries of the Supervisor and/or District Deputy, as follows:

- 24 • Failure to pay idle well fees and failing to respond to CalGEM's notices of such
25 delinquent fees (**Attachments C, D, and E**);
- 26 • Failure to submit an engineering analysis for Well "DW 8-1" APN 0407720708, a
27 well that has been idle for 15 years or more and failure to respond to CalGEM's
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1 related notice of violation (PRC, § 3206.1 subd. (a)(4); Regulations, § 1772.1.2,
 2 subd. (i); **Attachment F**); and

- 3 • Failure to comply with or respond to Order No. 1481.

4 As of the date of this Order, CalGEM does not have any records from Operator demonstrating
 5 that the violations have been resolved. Operator's non-compliance with the applicable
 6 Regulations and lack of response of Operator to these inquiries and requests constitute
 7 credible evidence that the Wells and Facilities are deserted. (PRC, § 3237, subd. (a)(2).)

8 **V. Operator's Required Actions**

9 For the reasons stated herein, the Supervisor has determined that the Wells and the
 10 Facilities are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3206.1, 3224, 3226, and
 11 3237, **IT IS HEREBY ORDERED** that Operator plug and abandon the Wells, decommission the
 12 Facilities, and restore the well sites for the Wells consistent with all applicable requirements of
 13 PRC sections 3208, 3224, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8,
 14 1724 through 1724.1, 1760, 1772.1, 1775, and 1776; and the conditions included in any permit
 15 CalGEM may issue pursuant to PRC section 3229. Until that work is complete, Operator is
 16 ordered to perform remedial work and testing on the Well and the Facilities as necessary to
 17 prevent damage to life, health, property, and natural resources.

18 **VI. Consequences of Non-Compliance**

19 Failure to comply with Section V (Operator's Required Actions) of this Order could
 20 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
 21 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
 22 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
 23 3236.3 authorizes the Supervisor to refer for civil penalties and injunctive relief for failure to
 24 comply with an order or for violation of any provision in Chapter 1 of Division 3 of the PRC or
 25 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
 26 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
 27 PRC or any regulation that implements those statutes, and the Supervisor may in the future
 28 impose further civil penalties based on the facts and omissions underlying this order. PRC

1 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
2 the decommissioning of a production facility if an operator has failed to comply with an order
3 of the Supervisor within the time provided by the order or has failed to challenge the order on
4 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
5 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
6 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
7 further enforcement actions.

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10 DATED: 3/12/2026

Lindsey Miller

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

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