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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. 1609**

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18 **Operator: Kenneth E. Kerr and Laura J. Kerr D.B.A. K&L Equipment Sales**  
19 **(a.k.a. K and L Equipment Sales) (K0125)**  
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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 or 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)); and (5) an operator's failure to comply with PRC section 3202 by failing to post adequate bonding creates a rebuttable presumption of desertion. (PRC, § 3237, subd. (a)(3)(E).)

Based on CalGEM's records, Kenneth E. Kerr and Laura J. Kerr D.B.A. K&L Equipment Sales (a.k.a. K and L Equipment Sales) (**Operator**) is the "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 3106, 3206, 3206.1,

1 3224, 3226, 3237, and 3353, and as set forth below, the Supervisor is ordering Operator to  
2 immediately commence work to plug and abandon the Wells, to decommission the Facilities,  
3 and to restore the well site for the Wells, consistent with all applicable requirements, including  
4 PRC sections 3203, 3208, 3228, 3229, and 3230; Regulations sections 1722, 1723 through 1723.8,  
5 1724 through 1724.1, 1760, 1775, and 1776; and the conditions included in any  
6 permit/approval CalGEM may issue pursuant to PRC section 3229; and until that work is  
7 complete, Operator is required to maintain compliance with testing requirements on the Wells  
8 and the Facilities and further prevent damage to life, health, property, and natural resources  
9 in accordance with applicable provisions of the PRC and Regulations, including Regulations  
10 sections 1722, subdivision (a), and 1777, subdivision (a).

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

## 13 **II. Evidence of Desertion**

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

### 17 **A. Conclusive Evidence of Desertion**

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

#### 22 **1) Failure to Pay Idle Well Fees**

23 In 2024, Operator submitted Idle Well Management Plan (IWMP) No. K0125-IWMP-2024  
24 in lieu of paying idle well fees, which CalGEM approved. On February 25, 2025, CalGEM issued  
25 Order No. 2025-0003 providing notice to Operator that its IWMP was cancelled due to non-  
26 compliance with its requirement to plug and abandon or otherwise eliminate at least one of its  
27 long-term idle wells, that the IWMP could not be used in lieu of paying idle well fees required  
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1 under PRC section 3206, and that annual well fees totaling \$7,800 were due for the Operator's  
 2 idle wells during 2023. On appeal, the order was affirmed in its entirety by the Director's Office  
 3 of Appeals (DOA) on July 10, 2025, and the Supervisor proved by a preponderance of the  
 4 evidence that Operator is the operator of the Wells and Facilities. (**Attachment C**,  
 5 incorporated herein.) Operator was therefore required to pay idle well fees for its idle wells in  
 6 2023 and Operator failed to do so. (PRC, § 3206, subd. (a).)

7 Operator's failure to pay its outstanding idle well fees is conclusive evidence that the  
 8 Wells and Facilities are deserted.

9 **2) Failure to Comply with Idle Well Regulations**

10 Based on CalGEM's records, Operator has committed the following violations of the  
 11 regulations implementing PRC section 3206.1:

- 12 • Failure to submit an Idle Well Testing Compliance Work Plan (Regulations, §  
 13 1772.1.4, subd. (a));
- 14 • Failure to meet the testing benchmarks of an Idle Well Testing Compliance  
 15 Work Plan (Regulations, § 1772.1.4, subds. (a) & (b); and
- 16 • Failure to successfully test and/or remediate Idle Wells (Regulations, §§ 1772.1,  
 17 subds. (a)(1)-(3), (b).)

18 Operator's failure to comply with these idle well requirements constitutes conclusive  
 19 evidence that the Wells and Facilities are deserted.

20 **B. Rebuttable Presumption of Desertion**

21 Pursuant to PRC section 3237, subdivision (a)(3), a rebuttable presumption of desertion  
 22 arises when, among other reasons, "an operator has failed to comply with an order of the  
 23 supervisor within the time provided by the order..." or "fails to comply with Section 3202."

24 **1) Failure to Comply with an Order**

25 On July 11, 2023, CalGEM issued Order to Pay Civil Penalty, No. 1309, requiring Operator  
 26 to pay a civil penalty resulting from Operator's failure to post individual indemnity bonding for  
 27 the Wells. (**Attachment D**, incorporated herein.) Operator timely appealed. On January 18,  
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1 2024, the parties entered into an Agreement to Settle Appeal of Order to Pay Civil Penalty,  
2 Order No. 1309. Operator subsequently defaulted on the Settlement Agreement, making the  
3 order final. As of the date of this Order, Operator has not posted adequate bonding for the  
4 Wells nor paid the civil penalty amount in full, as required by final Order No. 1309. In addition,  
5 as indicated above, Operator has failed to comply with the DOA's Decision and Order  
6 regarding Order No. 2025-0003.

7 Operator's failure to comply with these orders creates a rebuttable presumption that  
8 the Wells and Facilities are deserted. (PRC, § 3237, subd. (a)(3)(C).)

## 9 **2) Failure to Post Adequate Bonding**

10 Pursuant to PRC section 3202, subdivision (a)(5), Operator was required to submit to  
11 CalGEM individual indemnity bonding for the Wells at the time of their acquisition.  
12 Alternatively, Operator could post a form of security acceptable to the Supervisor, in  
13 accordance with PRC section 3205.5. As of the date of this Order, Operator has not posted  
14 adequate bonding. Operator's failure to timely submit the required indemnity bonding or  
15 alternative form of security for the Wells constitutes a violation of PRC section 3202 thereby  
16 creating a rebuttable presumption that the Wells and Facilities are deserted under PRC  
17 section 3237, subdivision (a)(3)(E).

## 18 **III. Credible Evidence of Desertion**

19 "Operational history of the well or production facility, the response or lack of response  
20 of the operator to inquiries and requests from the supervisor... [and] the extent of compliance  
21 of the operator" are factors contributing to the Supervisor's determination whether credible  
22 evidence of desertion exists. (PRC, § 3237, subd. (a)(2).) Based on CalGEM's records, including  
23 production reporting data, at all times relevant to this Order, the Wells have been idle wells  
24 and have not been operated on a continuous basis since acquisition. In addition, on or about  
25 August 19, 2024, CalGEM staff conducted an inspection of the Wells and Facilities and  
26 observed several violations of the Regulations, as follows:  
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- 1 • Wells Mitchell 1-17, Mitchell 1-19, Mitchell 1-21, Mitchell 1-23, Mitchell 1-24,  
2 Mitchell 1-25, Mitchell 1-26, Mitchell 1-42, and Mitchell 20: weeds at and around  
3 the wells posing a fire hazard in violation of Regulations section 1722, subdivision  
4 (a).
- 5 • Wells Mitchell 1-21 and Mitchell 23: incorrect well signage in violation of  
6 Regulations section 1722.1.1, subdivision (a).
- 7 • Well Mitchell 1-26: methane leak in violation of Regulations section 1722,  
8 subdivision (a).
- 9 • Sump (Subject ID 90291714): inadequate screening in violation of Regulations  
10 section 1770, subdivision (b)(3).
- 11 • Tanks IW (Subject ID 7746), OOS 1 (Subject ID 3894), 1S (Subject ID 3892), and 2  
12 (Subject ID 3893): no hazard label present in violation of Regulations section  
13 1773.3, subdivision (a).
- 14 • Wells Mitchell 12, Mitchell 18, Mitchell 20, Mitchell 1-17, Mitchell 1-19, Mitchell 1-  
15 24, and Mitchell 1-26: oilfield refuse at and around the wells in violation of  
16 Regulations section 1775, subdivision (c).
- 17 • Wells Mitchell 1-17, Mitchell 1-21, Mitchell 1-25, Mitchell 1-26, and Mitchell 1-42:  
18 wells leaking in violation of Regulations section 1777, subdivision (a).
- 19 • Tank 1S (Subject ID 3892): weeds in secondary containment in violation of  
20 Regulations section 1777, subdivision (c)(2).

21 As of the date of this Order, CalGEM does not have any records from Operator  
22 demonstrating that the violations have been resolved nor of any communications from  
23 Operator with questions about how to resolve any of the violations or requests for re-inspection  
24 to verify compliance. The operational history of the Wells and Facilities, Operator's lack of  
25 responsiveness, and Operator's non-compliance with the applicable Regulations constitute  
26 credible evidence that the Wells and Facilities are deserted. (PRC, § 3237, subd. (a)(2).)

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

2 For the reasons stated herein, the Supervisor has determined that the Wells and the  
3 Facilities are deserted. Therefore, pursuant to PRC sections 3106, 3206, 3206.1, 3224, 3226, 3237,  
4 and 3353, **IT IS HEREBY ORDERED** that Operator immediately commence work to plug and  
5 abandon the Wells, decommission the Facilities, and restore the well sites for the Wells  
6 consistent with all applicable requirements of PRC sections 3203, 3208, 3224, 3228, 3229, and  
7 3230; Regulations sections 1722, 1723 through 1723.8, 1724 through 1724.1, 1760, 1772.1, 1775,  
8 and 1776; and the conditions included in any permit CalGEM may issue pursuant to PRC  
9 section 3229. Until that work is complete, Operator is required to maintain compliance with  
10 testing requirements on the Wells and the Facilities and prevent damage to life, health,  
11 property, and natural resources in accordance with applicable provisions of the PRC and  
12 Regulations, including Regulations sections 1722, subdivision (a), and 1777, subdivision (a).

13 Contact Dustin Leavitt at [dustin.leavitt@conservation.ca.gov](mailto:dustin.leavitt@conservation.ca.gov) with any questions or  
14 requests concerning Operator's required actions and to verify compliance thereof. For  
15 example, if Operator has questions regarding or difficulties with filing the required notices of  
16 intention, CalGEM's Central District is available to provide assistance. If Operator requests such  
17 assistance in good faith, remains responsive, and acts upon the assistance provided in a  
18 reasonable and timely manner, then the Supervisor will consider such engagement and  
19 activity as satisfying the requirement to immediately commence the required work.

20 **V. Operator's Appeal Rights**

21 Operator may appeal this Order by filing a timely written notice of appeal with the  
22 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing  
23 with PRC section 3350. (PRC, §§ 3225, subd. (d); 3236.5, subd. (c); 3237, subd. (b).) If this Order  
24 is mailed to you, the Director must receive the appeal within fifteen (15) days from the date  
25 the Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent via  
26 U.S. mail to:  
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1 Department of Conservation  
 2 Director's Office of Appeals  
 3 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
 4 Sacramento, California 95814

5 Or via electronic mail to:

6 [OfficeofAppeals@conservation.ca.gov](mailto:OfficeofAppeals@conservation.ca.gov).

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

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

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

17 Failure to comply with Section IV (Operator's Required Actions) of this Order could  
 18 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for  
 19 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the  
 20 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and  
 21 3236.3 authorizes the Supervisor to refer for civil penalties and injunctive relief for failure to  
 22 comply with an order or for violation of any provision in Chapter 1 of Division 3 of the PRC or  
 23 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to  
 24 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the  
 25 PRC or any regulation that implements those statutes, and the Supervisor may in the future  
 26 impose further civil penalties based on the facts and omissions underlying this order. PRC  
 27 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or  
 28 the decommissioning of a production facility if an operator has failed to comply with an order  
 of the Supervisor within the time provided by the order or has failed to challenge the order on

1 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an  
2 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct  
3 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take  
4 further enforcement actions.

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DATED: 3/19/2026

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