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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 WELL, DECOMMISSION**
15 **ATTENDANT FACILITIES, AND RESTORE WELL SITE**
16 **NO. 1657**
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18 **Operator: Veta Grande Development Company (08787)**
19 **Field: Chino-Soquel**
20 **Southern District, San Bernardino County**
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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).) An operator's failure to timely pay required annual fees for any idle well is conclusive evidence of desertion. (PRC, § 3206, subds. (a) and (c).) An operator's failure to submit an Idle Well Testing Compliance Work Plan, failure to meet the testing benchmarks of an Idle Well Testing Compliance Work Plan, and failure to remediate any idle well in accordance with Regulations section 1772.1, subdivision (b), are conclusive evidence of desertion. (PRC, § 3206.1, subds. (d) and (e).) An operator's production equipment being removed for at least two years and the operator's failure to designate an agent as required by PRC 3200 creates a rebuttable presumption of desertion. (PRC, § 3237, subds. (a)(3)(B) and (a)(3)(D).) Based upon conclusive evidence of desertion and rebuttable presumption of desertion, described below, the Supervisor has determined that the Well, described in **Attachment A**, incorporated herein, and the production facilities attendant to the Well, are deserted.

At all relevant times, Veta Grande Development Company (**Operator**) has been the "operator" (as defined in PRC section 3009) of the idle well and the production facilities attendant to the Well, CalGEM has determined, based on conclusive and rebuttable evidence, that Operator has deserted the Well and the production facilities attendant to the Well. As a result, Operator is responsible (as specified in PRC section 3237, subdivision (c)(1)) for the plugging and abandonment of the Well, the decommissioning of the production facilities attendant to the Well, and the restoration of the well site for the Well.

CalGEM records indicate that, under applicable provisions of PRC section 3206, Operator was required to timely pay idle well fees for the Wells for years 2018 through 2025,

1 and that Operator has not done so. Operator was required to submit an Idle Well Testing
2 Compliance Work Plan, meet the testing benchmarks outlined in the Idle Well Testing
3 Compliance Work Plan, and remediate the Well, pursuant to Regulations sections 1772.1 and
4 1772.1.4, however, Operator has failed to fulfill these requirements. These failures provide
5 conclusive evidence of desertion, leading the Supervisor to determine that the Well is
6 deserted.

7 Therefore, pursuant to PRC sections 3106, 3206.1, 3224, 3226, and 3237, the Supervisor is
8 ordering Operator to plug and abandon the Well, decommission the production facilities
9 attendant to the Well, and restore the well site for the Well, consistent with all applicable
10 requirements, including PRC sections 3208, 3228, 3229, 3230, and 3237; Regulations sections
11 1722, 1723, 1723.1, 1723.2, 1723.3, 1723.5, 1723.6, 1723.7, 1723.8, 1724, 1724.1, 1760, 1775, and
12 1776; and the conditions included in any permit or approval CalGEM may issue pursuant to
13 PRC section 3229; and until that work is complete, perform remedial work and testing as
14 necessary to prevent damage to life, health, property, and natural resources.

15 **Attachment B**, incorporated herein, contains a list of definitions and authorities that are
16 applicable to this Order.

17 **II. There is Evidence of Desertion of the Wells**

18 **A. Conclusive Evidence of Desertion**

19 PRC section 3206.1, subdivision (e), provides that failure to comply with any
20 requirements of the regulations implementing this section (e.g., Regulations, §§ 1772.1, subd.
21 (b); 1772.1.4, subds. (a) and (b)), shall be conclusive evidence of desertion of the Well,
22 permitting the Supervisor to order the Well abandoned pursuant to PRC section 3237. Operator
23 failed to comply with these requirements, and this failure constitutes conclusive evidence that
24 the Well and the production facilities attendant to the Well are deserted.

25 Based on CalGEM's records, at all times relevant to this Order, Operator was the
26 "operator" of the Well, as defined in PRC section 3009. Therefore, at all times relevant to this
27 Order, the Well was an "idle well" as defined in PRC section 3008, subdivision (d). As the
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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 of its idle wells that were idle in 2018 by May 1, 2019, as provided in the 2019 Idle Well Fee Invoice prepared by CalGEM; 2019 by May 1, 2020, as provided in the 2020 Idle Well Fee Invoice prepared by CalGEM; 2020 by May 1, 2021, as provided in the 2021 Idle Well Fee Invoice prepared by CalGEM; 2021 by May 1, 2022, as provided in the 2022 Idle Well Fee Invoice prepared by CalGEM; 2022 by May 1, 2023, as provided in the 2023 Idle Well Fee Invoice prepared by CalGEM; 2023 by May 1, 2024, as provided in the 2024 Idle Well Fee Invoice prepared by CalGEM; 2024 by May 1, 2025, as provided in the 2025 Idle Well Fee Invoice prepared by CalGEM; and 2025 by May 1, 2026, as provided in the 2026 Idle Well Fee Invoice prepared by CalGEM. (PRC, § 3206, subds. (a) & (a)(2)(B)(v).) (**Attachments C, D, E, F, G, H, I, and J**, incorporated herein.) As of the date of this order, Operator has not paid its idle well fees for its Well idle in 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025. Operator's failure to pay the required idle well fees for the Well is conclusive evidence of desertion. (PRC, § 3206, subd. (c).)

B. Idle Well Violations Supporting Conclusive Evidence of Desertion

Because the Well was an idle well as of April 1, 2019, Operator was required to submit an Idle Well Testing Compliance Work Plan (TCWP) and comply with the testing benchmarks of the TCWP for its Well. Operator failed to submit a TCWP or comply with the testing benchmarks of that plan as required by Regulations section 1772.1.4, subdivisions (a) and (b).

1. Failure to submit an Idle Well Testing Compliance Work Plan (Regulations, § 1772.1.4, subd. (a))

Regulations section 1772.1.4, subdivision (a), provides that operators shall submit a TCWP by June 1, 2019, for all wells that are idle as of April 1, 2019. To date, CalGEM has not received a TCWP from Operator for the Well. Operator has failed to comply with the requirements of Regulations section 1772.1.4, subdivision (a). (**Attachment K**, incorporated herein.)

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2. Failure to Meet Idle Well Testing Compliance Work Plan Benchmarks Due to Failure to Perform Casing Pressure Test and Clean Out Tag (Regulations, § 1772.1.4, subd. (b))

Regulations section 1772.1.4, subdivision (b), provide that operators shall comply with conducting annual testing benchmarks of wells under a TCWP. To date, CalGEM has not received evidence of casing pressure testing nor performance of clean out tags for the Well. (**Attachment L**, incorporated herein.) Therefore, Operator has failed to comply with the requirements of Regulations section 1772.1.4, subdivision (b).

API	Well Designation	Casing Pressure Test Due	Cleanout Tag Due Date
0407100230	Mcdermont 1	4/1/2020	4/1/2020

3. Failure To Remediate After Failing to Successfully Complete Idle Well Testing (Regulations, § 1772.1, subd. (b))

Within 12 months of failing to conduct a successful casing pressure test or a cleanout tag pursuant to Regulations section 1772.1, subdivisions (a)(2) and (a)(3), respectively, Operator was required to do one of the following: (1) bring the Well into compliance, (2) partially plug and abandon the Well in accordance with Regulations section 1752, (3) plug and abandon the Well in accordance with PRC section 3208, or (4) schedule the Well for plugging and abandonment under an approved Idle Well Management Plan or an approved Testing Waiver Plan. (Regulations, § 1772.1, subd. (b).)

API	Designation	Test Type	Test Due Date	Remediation Due Date
0407100230	Mcdermont 1	Cleanout tag	4/1/2020	4/1/2021
0407100230	Mcdermont 1	Casing Pressure Test	4/1/2020	4/1/2021

1 Regulations section 1772.1, subdivision (b), provides that operators shall remediate idle
2 wells after failing to successfully perform idle well testing on them, including failing to conduct
3 a successful casing pressure test and cleanout tag consistent with Regulations section 1772.1,
4 subdivisions (a)(2) and (a)(3). The remediation of the Well was due as indicated in the table
5 above. To date, Operator has not remediated the Well. As a result, Operator has failed to
6 comply with the requirements of Regulations section 1772.1, subdivision (b).

7 In conclusion, the above idle well violations constitute conclusive evidence of desertion
8 and permit the Supervisor to order the Well be plugged and abandoned. Operator failed to
9 submit a TCWP, comply with the testing benchmarks of the TCWP, and remediate the Well.
10 (PRC, §§ 3206.1, subd. (e), 3237, subd. (a); Regulations, §§ 1772.1, subd. (b), 1772.1.4, subds.
11 (a) and (b).)

12 C. Rebuttable Evidence of Desertion

13 A rebuttable presumption of desertion arises if an operator's production equipment has
14 been removed for at least two years and if the operator fails to designate an agent. (PRC, §§
15 3200; 3237, subds. (a)(3)(B) and (a)(3)(D).) Operator's failures mentioned above creates a
16 rebuttable presumption that the Well is deserted.

17 1. Production equipment missing from well site (PRC, § 3237, subd. (a)(3)(B))

18 A rebuttable presumption of desertion arises if a well's production facilities or injection
19 equipment has been removed from the well site for at least two years. (PRC, § 3237, subd.
20 (a)(3)(B).) CalGEM inspected the Well on May 30, 2002, and confirmed there was no
21 production equipment on site. CalGEM inspected the Well again on December 10, 2024, and
22 confirmed there was no production equipment on site. These inspections show there has not
23 been production equipment on the well site for over two years.

24 2. Failure to Designate an Agent (PRC, § 3200)

25 An owner or operator of a well or production facility shall designate an agent, giving his
26 or her address, who resides in this state, to receive and accept service of all orders, notices
27 and processes of the supervisor or a court of law. Every person so appointing an agent shall,
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within five days after the termination of the agency, notify the supervisor, in writing, of the termination, and unless operations are discontinued, shall appoint a new agent. (PRC, § 3200.) As of the date of this order, Operator has not designated an agent.

III. Operator's Required Actions

For the reasons stated herein, CalGEM has determined that the Well is deserted. Therefore, pursuant to PRC sections 3106, 3206, 3206.1, 3224, 3226, and 3237, **IT IS HEREBY ORDERED** that Operator plug and abandon the Well, decommission the production facilities attendant to the Well, and restore the well site for the Well consistent with all applicable requirements of PRC sections 3208, 3224, 3228, 3229, and 3230; and Regulations sections 1772, 1723.1, 1723.2, 1723.3, 1723.4, 1723.5, 1723.6, 1723.7, 1723.8, 1724, 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 Well as necessary to prevent damage to life, health, property, and natural resources. 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

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

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

10 **V. Consequences of Non-Compliance**

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

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DATED: 7/17/2026

Doug Ito

Doug Ito
State Oil and Gas Supervisor