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

EMERGENCY ORDER TO PLUG AND REABANDON WELL
"LOUIS F. DEKAY & SON" 2, API: 0405905454
NO. 1577

Operator: Signal Supply Co. Inc.

Field: Newport

County: Orange

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 designate a well as hazardous if the well poses a danger to "life, health, or natural resources and has been abandoned in accordance with the requirements of the division in effect at the time of the abandonment 15 or more years before the date of the supervisor's determination that it poses such a danger." (PRC, § 3251.5.) The Supervisor is then authorized to "order or undertake the actions the supervisor deems necessary to protect life, health, property, or natural resources[.]" (PRC, § 3226, subd. (b)), including specific authority to order the plugging and abandoning (or reabandoning) of hazardous wells. (PRC, §§ 3250, 3251.5.)

By issuance of this order, the Supervisor, has designated the well "Louis F. DeKay & Son" 2, API: 0405905454 (**Well**), as a "hazardous well", (PRC, § 3251.5) and authorizes CalGEM to attempt emergency plugging and reabandonment of the Well in coordination with the City of Newport Beach.

II. Summary

According to CalGEM records, the Well was acquired by Signal Supply Co., Inc (Operator) on October 21, 1929. The Operator abandoned the well on November 12, 1929, with abandonment operations approved by the Division on December 16, 1929. After reports of oil and gas at surface were made to CalGEM on October 6, 2025, CalGEM conducted a review to determine the potential Well that is the most likely source of the hydrocarbons. Although the Well was abandoned to regulatory standards at the time of abandonment, the well is not abandoned to current Division standards, requiring cement across and beyond hydrocarbon zones and, if present, protecting fresh water. The abandonment operations, conducted in 1929, have left the wellbore as a potential pathway for hydrocarbons to migrate to surface.

1 The City of Newport Beach (City) initially responded to the incident at 3606 Marcus Ave,
2 Newport Beach, CA (residence) on August 2, 2025, when the Newport Beach Fire Department
3 visited the residence after reports of oil flowing from under the house and a hissing sound in
4 the area. The Fire Department did observe oil leaking from under the house onto the walkway
5 but was unable to detect any gas with their equipment. On October 22, 2025, gas readings
6 obtained by the Orange County Health Care Agency, the designated Certified Unified
7 Program Agency (CUPA) for the location, were determined by the CUPA to be a hazard
8 leading to the neighborhood being evacuated and the City declaring a local emergency. On
9 October 23, 2025, the City drilled three shallow holes in the area to vent the gas and observed
10 oil leaking.

11 This area, a high-density neighborhood on the Balboa Peninsula containing a mix of
12 residential, commercial, and vacation rental properties, is known to have high concentrations
13 of both methane and hydrogen sulfide which have seeped to surface for decades. The City
14 has installed and maintained gas vents in this area to vent these known gases since at least
15 the 1970's. In addition to the dangers that gas presents, the leaking oil under the house
16 presents yet another danger to life. Although the surrounding area is known to have gas seeps
17 for decades, CalGEM believes that oil to surface, in the vicinity of a former producing well, is a
18 strong indication that the source of oil is the Well.

19 Given the release of hydrocarbons to the surface, including oil, and the proximity to
20 buildings meant for occupation, the Well poses an immediate direct danger to life and health
21 of the surrounding community. Attempting reabandonment of the Well is necessary to
22 mitigate further release of oil to the surface.

23 CalGEM does not have records identifying an "operator" (as defined in PRC § 3009) of
24 the Well after plugging and abandonment in 1929. CalGEM's limited records indicate that the
25 Well remained non-operational since that time. The Supervisor, as indicated below, has
26 determined that the Well is a "hazardous well" (as defined by PRC § 3251) which poses a
27 present danger to life, health, or natural resources, and has been abandoned over 15 years in
28 accordance with then-applicable standards.

III. Authorities

PRC section 3008, subdivision (a), defines "well" to mean, among other things, "any oil or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas."

PRC section 3009, defines "operator" to mean "a person who, by virtue of ownership, or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control a well or production facility."

PRC section 3013 states that the oil and gas conservation laws (commencing with PRC section 3000) "shall be liberally construed to meet its purposes" and grants the Supervisor "all powers" that may be necessary to carry out those purposes.

PRC section 3106, subdivision (a), authorizes the Supervisor to "supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas production ... so as to prevent, as far as possible, damage to life, health, property, and natural resources[.]"

PRC section 3224 mandates that the Supervisor "order such tests or remedial work as in his judgment are necessary to prevent damage to life, health, property, and natural resources; to protect oil and gas deposits from damage by underground water; or to prevent the escape of water into underground formations, or to prevent the infiltration of detrimental substances into underground or surface water suitable for irrigation or domestic purposes, to the best interests of the neighboring property owners and the public." Further, in the event that the Operator is unknown, notice shall be provided by "posting a copy [of the order] in a conspicuous place upon the property, and publishing it once a week for two successive weeks in some newspaper of general circulation throughout the county in which the well is located. The order shall specify the conditions sought to be remedied and the work necessary to protect the deposits from damage from underground water."

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."

PRC section 3250 established that "hazardous and certain idle-deserted oil and gas wells and hazardous and deserted facilities, as defined in this article, are public nuisances and that it is essential, in order to protect life, health, and natural resources that those oil and gas wells and facilities be abandoned, reabandoned, produced, or otherwise remedied to mitigate, minimize, or eliminate their danger to life, health, and natural resources." It also provides that in order to prevent "unfairness and financial hardship for certain landowners[...]" "the expenditure of funds to abate such nuisances as provided in this article is for a public purpose and finds and declares it to be the policy of this state that the cost of carrying out such abatement be charged to [public funds administered by DOC]."

PRC section 3251 defines a "hazardous well" as "an oil and gas well determined by the supervisor to be a potential danger to life, health, or natural resources and for which there is no operator determined by the supervisor to be responsible for its plugging and abandonment under Section 3237."

PRC section 3251.5, subdivision (a), provides that the Supervisor may conclusively determine the existence of a "hazardous well" where it "pose a present danger to life, health, or natural resources and has been abandoned in accordance with the requirements of the division in effect at the time of the abandonment 15 or more years [prior]."

PRC section 3251.5, subdivision (b), provides that reabandonment of hazardous wells ordered by the Supervisor "shall not be affected by the timeline established in this section."

IV. Hazardous Well Determination

The Supervisor may determine that a well constitutes a "hazardous well" (PRC, § 3251) based on the existence of a potential danger to life, health, or natural resources and the lack

of a legally responsible Operator. The Supervisor may determine this conclusively in the event that the well has been abandoned over 15 years prior and in accordance with then-applicable requirements. The supervisor may then order or otherwise direct plugging and reabandonment, in accordance with PRC sections 3224 and 3250. For the reasons stated herein, CalGEM has determined that the Well is the most likely source of observed surface oil which is impacting a high-density mixed residential neighborhood in Newport Beach and has resulted in an emergency declaration and evacuation order. CalGEM records reflect that the Well appears to be and has remained non-operational since 1929, at which time it was abandoned in accordance with then-applicable requirements, and there is no known successor-in-interest to the last known Operator. The Supervisor may therefore conclusively determine that the Well is a hazardous well eligible for emergency plugging and reabandonment, and other related emergency measures, at their discretion.

V. Posting and Publishing

The Supervisor is directed by PRC section 3224, in the event of an unknown Operator, to post and publish notice of the plugging and abandonment order prior to finalizing the order and directing necessary work. However, under PRC section 3251, subdivision (b), this timeline may be modified or waived by the Supervisor in the event of a hazardous well, as required to address the ongoing threat to public safety.

Based on the declared emergency and the long-abandoned nature of the Well, CalGEM has determined that the public interest would not be served by delaying emergency plugging and reabandonment during the public notice period. The Supervisor may therefore modify the timeline for public notice and direct that plugging and reabandonment occur concurrently with posting and publishing of this order.

VI. Ordered Actions

For the reasons stated herein, CalGEM has determined that the Well is a hazardous well per PRC sections 3250 and 3251. Therefore, pursuant to PRC sections 3106, 3224, 3226, 3237, 3250, and 3251, **IT IS HEREBY ORDERED** that Signal Supply Co. Inc., attempt to plug and reabandon the Well and perform mitigation work and testing, as necessary, to limit further

1 damage to life, health, property, and natural resources while that attempt to plug and
2 reabandon the Well is underway. The Supervisor is further ordering posting and publishing of
3 this Order will be conducted as required by PRC section 3224, but directing that plugging and
4 reabandonment will be conducted concurrently and without delay, as authorized under PRC
5 section 3251.5, subdivision (b). Nothing in this Order shall be construed as CalGEM ordering
6 any action beyond the attempt to plug and reabandon the Well as contemplated herein.

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

8 Any party claiming to be an Operator of the Well may appeal this Order by filing a
9 timely written notice of appeal with the Director as described in Article 6 (Appeals and
10 Review) of Division 3 of the PRC, commencing with PRC section 3350. (PRC, §§ 3225, subd. (d);
11 3236.5, subd. (c); 3237, subd. (b).) To file an appeal, a written notice of appeal may be sent
12 via U.S. mail to:

13 Department of Conservation
14 Director's Office of Appeals
15 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
Sacramento, California 95814

16 Or via electronic mail:

17 OfficeofAppeals@conservation.ca.gov

18
19 If a claimed Operator files a timely written notice of appeal, they will be informed of the
20 appeal hearing date, time, and place. Following the hearing, the claimant will receive a
21 written decision that affirms, sets aside, or modifies the appealed order. Any costs incurred by
22 CalGEM under this order (which may include penalties and interest) may constitute a lien
23 against Operator's real or personal property per PRC section 3423. (PRC, § 3356.)

24
25 DATED: 11/26/2025 _____

26 _____
27 DocuSigned by:
28 *Lindsey Miller*
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Lindsey Miller
CalGEM Enforcement Chief, on behalf of the
State Oil and Gas Supervisor