

1 Department of Conservation, Division of Oil, Gas, and Geothermal Resources  
2 STATE OIL AND GAS SUPERVISOR  
3 801 K Street, MS 24-03 (Legal Office)  
4 Sacramento, California 95814-3530  
5 Telephone (916) 323-6733  
6 Facsimile (916) 445-9916

7  
8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES**

12  
13 **ORDER TO:**  
14 **PLUG AND ABANDON WELLS,**  
15 **DECOMMISSION ATTENDANT FACILITIES, AND**  
16 **RESTORE WELL SITE**

17  
18 **NO. 1140**  
19 **Dated: December 7, 2018**  
20 **Operator: Tetra Oil Company, T1525**

21  
22  
23 **BY**  
24 **Kenneth A. Harris Jr.**  
25 **STATE OIL AND GAS SUPERVISOR**  
26  
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28

1 **I. Introduction**

2 The State Oil and Gas Supervisor (Supervisor), acting through the Division of Oil, Gas,  
3 and Geothermal Resources (Division), may order the plugging and abandonment of a well or the  
4 decommissioning of a production facility that has been deserted, whether or not any damage is  
5 occurring, or threatened, by reason of that deserted well. (**Pub. Resources Code [PRC], §**  
6 **3237, subdivision (a).**) When the operator of an idle well has not filed a long-term idle well  
7 management plan with the Supervisor, the operator’s failure to pay annual fees for the idle well  
8 is *conclusive evidence* of desertion. (**PRC, § 3206, subs. (a) and (c)**; emphasis added).

9 Based on the Division’s records, Tetra Oil Company is a responsible “operator”  
10 (Operator) (as defined in **PRC section 3009**) and is responsible (as specified in **PRC section**  
11 **3237, subdivision (c)(1)**), for the plugging and abandonment of the well(s) on Exhibit A  
12 (incorporated herein; **the Well(s)**), the decommissioning of the attendant production facilities  
13 (**the Facilities**), and the restoration of the well site (**the Wells and Facilities**). Herein, the  
14 Supervisor is ordering Operator to do so because the Supervisor has determined, based on  
15 information, belief, and the conclusive evidence detailed below, that Operator has deserted **the**  
16 **Wells and Facilities**.

17 Therefore, pursuant to **PRC sections 3106, 3206, 3224, 3226, and 3237**, and as set forth  
18 below, the Supervisor is ordering Operator to plug and abandon **the Wells** and decommission  
19 **the Facilities** according to **PRC sections 3208, 3228, 3229, and 3230, California Code of**  
20 **Regulations, title 14, (Regulations) sections 1722, 1723 through 1724.1, 1760, 1775, and**  
21 **1776**, and the conditions included in any permit/approval the Division may issue pursuant to  
22 **PRC section 3229**.

23 **II. Definitions**

24 **PRC section 3008, subdivision (a)**, defines “Well” to mean “any oil or gas well or well  
25 for the discovery of oil or gas; any well on lands producing or reasonably presumed to contain  
26 oil or gas,” among others.

27 **PRC section 3008, subdivision (d)**, defines “Idle well” to mean “any well that for a  
28 period of 24 consecutive months has not either produced oil or natural gas, produced water to be

1 used in production stimulation, or been used for enhanced oil recovery, reservoir pressure  
2 management, or injection.”

3 **PRC section 3008, subdivision (e)**, defines “Long-term idle well” to mean “any well  
4 that has been an idle well for eight or more years.”

5 **PRC section 3009** defines “Operator” to mean “a person who, by virtue of ownership, or  
6 under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or  
7 control a well or production facility.”

8 **Regulations section 1760, subdivision (k)**, defines “Production facility” to mean “any  
9 equipment attendant to oil and gas production...including, but not limited to, tanks, flowlines,  
10 headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection  
11 equipment, production safety systems, separators, manifolds, and pipelines that are not under the  
12 jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code,  
13 excluding fire suppressant equipment.”

### 14 **III. State Oil and Gas Supervisor Authority**

15 **PRC section 3106** authorizes the Supervisor to supervise the drilling, operation,  
16 maintenance, and abandonment of oil and gas wells to “prevent, as far as possible, damage to  
17 life, health, property, and natural resources; damage to underground oil and gas deposits from  
18 infiltrating water and other causes; loss of oil, gas, or reservoir energy, and damage to  
19 underground and surface waters suitable for irrigation or domestic purposes by the infiltration  
20 of, or the addition of, detrimental substances.”

21 **PRC section 3224** mandates that the Supervisor “order such tests or remedial work as in  
22 his judgment are necessary to prevent damage to life, health, property, and natural resources; to  
23 protect oil and gas deposits from damage by underground water; or to prevent the escape of  
24 water into underground formations, or to prevent the infiltration of detrimental substances into  
25 underground or surface water suitable for irrigation or domestic purposes, to the best interests of  
26 the neighboring property owners and the public.”

27 **PRC section 3226** authorizes the Supervisor, based on the Supervisor’s final or affirmed  
28 order, to appoint agents who may enter the well premises and perform necessary remedial work

1 if the operator did not complete the remedial work as ordered. Any amount the Supervisor  
2 expends to complete the necessary remedial work (which may include penalties and interest)  
3 constitutes a lien against the operator's real or personal property according to **PRC section**  
4 **3423**.

5 **PRC section 3237, subdivision (a)(1)**, authorizes the Supervisor to "order the plugging  
6 and abandonment of a well...that has been deserted whether or not any damage is occurring or  
7 threatened by reason of that deserted well." The Supervisor or district deputy "shall determine  
8 from credible evidence whether a well...is deserted."

#### 9 **IV. Conclusive Evidence of Desertion**

10 The Division's records show that the Division notified Operator of Operator's idle well  
11 fee obligations, twice, by U.S. mail. First, the Division sent a revised idle well fee invoice  
12 ("Revised Invoice") dated June 22, 2018. (See Exhibit B; incorporated herein.) Second, the  
13 Division sent a subsequent, related "Past Due" notice dated August 17, 2018. (See Exhibit C;  
14 incorporated herein.)

15 Notwithstanding the above notices, Operator has not paid the annual fees required for **the**  
16 **Well(s)** under **PRC section 3206** (former or current), and has an outstanding balance of  
17 approximately \$6,000.00 in idle well fees. Operator's failure to pay the required idle well fees  
18 for **the Well(s)** is conclusive evidence of desertion. (**PRC, § 3206, subd. (c).**)

#### 19 **V. Operator's Required Actions**

20 For the reasons stated above, the Division has determined that Operator has deserted **the**  
21 **Well(s) and Facilities**. Therefore, **IT IS HEREBY ORDERED** that Operator plug and  
22 abandon **the Well(s)** and decommission **the Facilities** according to **PRC sections 3208, 3228,**  
23 **3229, and 3230, Regulations sections 1722, 1723 through 1724.1, 1760, 1775, and 1776,** and  
24 the conditions included in any permit the Division may issue pursuant to **PRC section 3229**.

#### 25 **VI. Operator's Appeal Rights**

26 **PRC section 3237, subdivision (b)**, entitles an operator to appeal a Supervisor's order to  
27 plug and abandon a deserted well. A notice of appeal must be timely made, in writing, and filed  
28

1 with the Director. (See **PRC beginning at PRC section 3350.**) To file an appeal, a written  
2 notice of appeal may be mailed to the following address:

3  
4 Department of Conservation  
5 Director's Office of Appeals  
6 801 K Street, MS 24-03 (Legal Office, Chief Counsel)  
7 Sacramento, California 95814-3530

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

14 If Operator submits a timely written notice of appeal, it, and interested parties, will  
15 receive notice of the appeal hearing date, time, and place. Following the hearing, Operator, and  
16 interested parties, will receive a written decision that affirms, sets aside, or modifies the  
17 appealed order.

#### 18 **VII. Other Potential Actions to Enforce This Order**

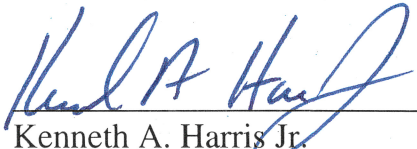
19 Failing to comply with **Section V** (Operator's Required Actions) of this Order could  
20 subject Operator to further enforcement action. For example, the Supervisor could deny  
21 approval of proposed well operations until compliance is achieved. (**PRC, § 3203, subd. (c).**)

22 In addition, **PRC section 3236.5** authorizes the Supervisor to impose a civil penalty on a  
23 person who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation that  
24 implements those statutes, and the Supervisor may in the future impose a civil penalty based on  
25 the acts and omissions underlying this Order.

26 Further, **PRC section 3236** makes it a misdemeanor for any person who violates, fails,  
27 neglects, or refuses to comply with any of the provisions of the oil and gas law (statutes and  
28 regulations). The misdemeanor is punishable by a fine of not less than one hundred dollars

1 (\$100) nor more than one thousand dollars (\$1,000), or by imprisonment not exceeding six  
2 months, or by both the fine and imprisonment for each separate offense. **PRC section 3359**  
3 makes it a misdemeanor to fail or neglect to comply with an order of the Supervisor. Each day's  
4 further failure, refusal, or neglect is a separate and distinct offense. (**PRC, § 3359.**)  
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6 DATED: December 7, 2018  
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10 Kenneth A. Harris Jr.  
11 State Oil and Gas Supervisor  
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**EXHIBIT A**

Well List

Api Number	District Name	Field Name	Operator Code	Operator Name	Lease Name	Well Number	Corrected Idle Start Date	Years Idle	Fee Amount
02900887	Inland	Kern Front	T1525	Tetra Oil	Snow-G.P.	1	2/1/1991	26.93	\$1,500.00
02900889	Inland	Kern Front	T1525	Tetra Oil	Snow-G.P.	3	12/1/1986	31.10	\$1,500.00
02900890	Inland	Kern Front	T1525	Tetra Oil	Snow-G.P.	4	8/1/1979	38.44	\$1,500.00
02900891	Inland	Kern Front	T1525	Tetra Oil	Snow-G.P.	5	8/1/1980	37.44	\$1,500.00

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**Exhibit B**

Revised Idle Well Fee Invoice





State of California • Natural Resources Agency  
Department of Conservation  
Division of Oil, Gas, and Geothermal Resources  
801 K Street • MS 18-06  
Sacramento, CA 95814  
(916) 445-9686 • FAX (916) 319-6533

Edmund G. Brown Jr., Governor  
Kenneth A. Harris Jr., State Oil and Gas Superintendent

June 22, 2018

Tetra Oil Company T1525  
1400 Easton Drive, Suite 152  
Bakersfield CA 933099406

## REVISED IDLE WELL FEE INVOICE

INVOICE NUMBER: T1525-2018-2127

*\*\*Fee letters are being re-issued due to the error in the 2018 Idle Well Fee letters, dated January 19, 2018. Although idle well payment is due by January 31 each year, the Division is allowing Operators until 30 days from the date on this fee letter to respond by either paying the idle well fees due or submitting an Idle Well Management Plan.\*\**

Public Resources Code (PRC) section 3206 specifies requirements for operators to manage their idle wells. No later than **July 23, 2018**, operators must choose one of the following two options for all idle wells in order to satisfy these requirements:

1. Pay an annual fee for each idle well, or
2. File an Idle Well Management Plan for the management and elimination of long-term idle wells, which is subject to approval by the supervisor.

Your idle-well fee calculation is below, and further information on your inventory of idle wells is available from the appropriate Division office or via the internet ([http://www.conservation.ca.gov/dog/idle\\_well](http://www.conservation.ca.gov/dog/idle_well)). If you believe this information is in error, please complete and submit the "Inventory Error" form found at [http://www.conservation.ca.gov/dog/idle\\_well](http://www.conservation.ca.gov/dog/idle_well) or contact the Headquarters Idle Well Program at (916) 445-9686 or [DOGGRIdleWells@conservation.ca.gov](mailto:DOGGRIdleWells@conservation.ca.gov).

### Idle-Well Fee Calculation

The idle-well fees imposed under PRC section 3206, subdivision (a)(1), are based on the length of time a well has been idle, as follows:

- One hundred fifty dollars (\$150) for each idle well that has been an idle well for three years or longer, but less than eight years.
- Three hundred dollars (\$300) for each idle well that has been an idle well for eight years or longer, but less than 15 years.
- Seven hundred fifty dollars (\$750) for each idle well that has been an idle well for 15 years or longer, but less than 20 years.
- One thousand five hundred dollars (\$1,500) for each idle well that has been an idle well for 20 years or longer.

If you choose to comply with PRC section 3206 by paying idle fees, then Division records indicate that your total idle-well fees for 2018 are as follows:

For wells idle 3 years, but less than 8 years:	0	\$ 0
For wells idle 8 years, but less than 15 years:	0	\$ 0
For wells idle 15 years, but less than 20 years:	0	\$ 0
For wells idle 20 years or longer:	4	\$ 6000
<b>Total Fees Due 30 days from the date of this letter:</b>		<b>\$ 6000</b>

**Idle Well Management Plan**

If you are considering an Idle Well Management Plan, please download the appropriate form from the Idle Well webpage ([http://www.conservation.ca.gov/dog/idle\\_well](http://www.conservation.ca.gov/dog/idle_well)) or contact any district office. Follow the instructions on the form for submission no later than July 23, 2018.

**You must file the total amount of idle-well fees due or an Idle Well Management Plan no later than July 23, 2018.** As of the date of this letter, neither fees nor an Idle Well Management Plan have been filed with the Division. If you elect to pay idle-well fees, please send your payment to:

**Division of Oil, Gas, and Geothermal Resources  
801 K Street, MS 18-00  
Sacramento, CA 95814**

**Please make idle well fee check(s) payable to: Department of Conservation and indicate the invoice number and "For idle well fees".**

**Failure to comply with PRC section 3206 by filing either the total amount of idle-well fees due or an Idle Well Management Plan within 30 days may result in enforcement action. Pursuant to PRC sections 3236.5 and 3237, such enforcement action can include issuance of a civil penalty or an order to plug and abandon wells.**

*As discussed in Notice to Operators (NTO) 2017-02, new legislation became operative on January 1, 2017, amending the requirements for idle well management, idle well fees, and*

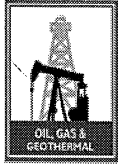
T1525  
June 22, 2018  
Page 3

*well bonding. Please review NTO 2017-02 for details regarding these changes, a copy of which can be found on the Division's website. The key to successful compliance is planning your strategy early and communicating that strategy with the Division. If you need additional information, please contact the Idle Well Program at (916) 445-9686 or [DOGGRIdleWells@conservation.ca.gov](mailto:DOGGRIdleWells@conservation.ca.gov).*

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**Exhibit C**

Past Due Idle Well Fee



State of California • Natural Resources Agency  
Department of Conservation  
**Division of Oil, Gas, and Geothermal Resources**  
801 K Street • MS 18-00  
Sacramento, CA 95814  
(916) 445-9686 • FAX (916) 319-9533

Edmund G. Brown Jr., Governor  
Kenneth A. Harla Jr., State Oil and Gas Supervisor

**Date:** August 17, 2018

**To:** Tetra Oil Company T1525  
1400 Easton Drive, Suite 152  
Bakersfield CA 933099406

**Re: PAST DUE IDLE WELL FEES for Operator Code: T1525**

On June 22, 2018 the Division of Oil, Gas, and Geothermal Resources sent you a 2018 Idle Well Invoice, **INVOICE NUMBER: T1525-2018-2127**, with the required idle well fees due by July 23, 2018. To date, our records show that you have not paid your 2018 idle well fees.

**Failure to comply with Public Resources Code (PRC) section 3206 by filing either the total amount of idle-well fees due will result in enforcement action. Pursuant to PRC sections 3236.5 and 3237, such enforcement action can include issuance of a civil penalty or an order to plug and abandon wells.**

**PAST DUE AMOUNT: \$ 6000.00**

**You must file the total amount of idle-well fees due no later than August 31, 2018.**  
Please send your payment to:

Division of Oil, Gas, and Geothermal Resources  
801 K Street, MS 18-00  
Sacramento, CA 95814

Please make idle well fee check(s) payable to: Department of Conservation and indicate the invoice number and "For idle well fees". If you need additional information, please contact the Idle Well Program at (916) 445-9686 or [DOGGRIdleWells@conservation.ca.gov](mailto:DOGGRIdleWells@conservation.ca.gov).



# Notice of Appeal

to the Director of the Department of Conservation

## Instructions

**Use of this form is optional.** You may use this form to prepare a notice of appeal from the enclosed order. The style and content of this form are only suggestions. You may file a written notice of appeal in a different format.

**Box 1:** Review the text in this box to confirm that the operator information and order number are accurate. Make any necessary corrections directly on the form.

**Box 2:** Here you may explain the reasons why you are appealing the order. Make your explanation as clear and complete as you can. If you need more space to write your explanation, attach additional pages. Label any attached additional pages with "Notice of Appeal re: Order 1140" where 1140 is the number of the order you are appealing.

**Box 3:** Provide contact information for the preferred operator representative with whom the Appeals Officer and Supervisor's legal counsel may communicate regarding the appeal.

**Box 4:** Verify that all information on or attached to the form is correct, then sign and date the certification where indicated.

**Mail the completed form** to the address at the bottom of this page.

## Box 1: Statement of Intent to Appeal

Operator Tetra Oil Company, T1525 hereby appeals from State Oil and Gas Supervisor Order Number 1140.

## Box 2: Basis of Appeal

The reasons for this appeal are as follows:

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*(Attach additional pages as necessary.)*

## Box 3: Contact Information for Operator Representative

*Name:* \_\_\_\_\_

*Physical Mail:*

*(Address)* \_\_\_\_\_

*(City, State, Zip)* \_\_\_\_\_

*Phone:* (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

*Email:* \_\_\_\_\_

## Box 4: Certification of Authority

I am the operator named in Box 1, above, or I have authority to act on behalf of that operator for purposes of preparing and filing this notice of appeal.

*Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_

*Printed Name:* \_\_\_\_\_

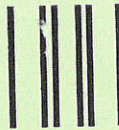
*Affiliation with operator:* \_\_\_\_\_

*(e.g., self, owner, president, legal counsel, etc.)*

**Mail this notice of appeal to the following address:**

Department of Conservation  
Director's Office of Appeals  
801 K Street, MS 24-03 (Legal Office, Chief Counsel)  
Sacramento, CA 95814-3530

USPS TRACKING#



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

9590 9402 2617 6336 5744 19

**RECEIVED**  
DEC 17 2018  
DIVISION OF OIL, GAS,  
AND GEOTHERMAL RESOURCES

• Sender: Please print your name, address, and ZIP+4® in this box®

Department of Conservation  
Division of Oil, Gas, and Geothermal Resources  
801 K Street, MS 18-05  
Sacramento, CA 95814-3530  
Attn: Rachael Tadlock

# 1140





**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dianne May Ladd  
Tetra Oil Company, T1525  
1400 Easton Drive, Suite 152  
Bakersfield, CA 93309-9406



9590 9402 2617 6336 5744 19

2. Article Number (Transfer from service label)

7016 1370 0000 0837 9316

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

B. Received by (Printed Name)

C. Date of Delivery

12/13/10

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- |  |   |
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| <input type="checkbox"/> Adult Signature                               | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery           | <input type="checkbox"/> Registered Mail™                           |
| <input checked="" type="checkbox"/> Certified Mail®                    | <input type="checkbox"/> Registered Mail Restricted Delivery        |
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| <input type="checkbox"/> Collect on Delivery                           | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery       | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
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| <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) |   |