

1 Department of Conservation, Division of Oil, Gas, and Geothermal Resources  
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8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES**

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14 **ORDER TO PLUG AND ABANDON WELLS,**  
15 **DECOMMISSION ATTENDANT FACILITIES,**  
16 **AND RESTORE WELL SITE, NO. 1149**

17  
18 **Operator: Allied Energy Corporation (A1255)**  
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21 **I. Introduction**

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

1 Based on the Division's records, Allied Energy Corporation is a responsible "operator"  
2 (Operator) (as defined in **PRC section 3009**) and is responsible (as specified in **PRC section 3237,**  
3 **subdivision (c)(1)**), for the plugging and abandonment of the well(s) on Exhibit A (incorporated herein;  
4 **the Well(s)**, the decommissioning of the attendant production facilities (**the Facilities**), and the  
5 restoration of the well site (**the Wells and Facilities**). Herein, the Supervisor is ordering Operator to do  
6 so because the Supervisor has determined, based on information, belief, and the conclusive evidence  
7 detailed below, that Operator has deserted **the Wells and Facilities**.

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

## 13 **II. Definitions**

14 **PRC section 3008, subdivision (a)**, defines "Well" to mean "any oil or gas well or well for the  
15 discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas,"  
16 among others.

17 **PRC section 3008, subdivision (d)**, defines "Idle well" to mean "any well that for a period of 24  
18 consecutive months has not either produced oil or natural gas, produced water to be used in production  
19 stimulation, or been used for enhanced oil recovery, reservoir pressure management, or injection."

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

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

25 **Regulations section 1760, subdivision (k)**, defines "Production facility" to mean "any  
26 equipment attendant to oil and gas production...including, but not limited to, tanks, flowlines, headers,  
27 gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, production  
28

1 safety systems, separators, manifolds, and pipelines that are not under the jurisdiction of the State Fire  
2 Marshal pursuant to Section 51010 of the Government Code, excluding fire suppressant equipment.”

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

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

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

15 **PRC section 3226** authorizes the Supervisor, based on the Supervisor’s final or affirmed order,  
16 to appoint agents who may enter the well premises and perform necessary remedial work if the operator  
17 did not complete the remedial work as ordered. Any amount the Supervisor expends to complete the  
18 necessary remedial work (which may include penalties and interest) constitutes a lien against the  
19 operator’s real or personal property according to **PRC section 3423**.

20 **PRC section 3237, subdivision (a)(1)**, authorizes the Supervisor to “order the plugging and  
21 abandonment of a well...that has been deserted whether or not any damage is occurring or threatened by  
22 reason of that deserted well.” The Supervisor or district deputy “shall determine from credible evidence  
23 whether a well...is deserted.”

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

25 The Division’s records show that the Division notified Operator of Operator’s idle well fee  
26 obligations, three times, by U.S. mail. First, the Division sent an idle well fee “Invoice” dated January  
27 31, 2018. (See Exhibit B; incorporated herein.) Second, the Division sent a subsequent, related revised  
28 idle well fee invoice (“Revised Invoice”) dated June 22, 2018. (See Exhibit C; incorporated herein.)

1 Third, the Division sent a related "Past Due" notice dated August 17, 2018. (See Exhibit D;  
2 incorporated herein.)

3 Notwithstanding the above notices, Operator has not paid the annual fees required for **the**  
4 **Well(s)** under **PRC section 3206** (former or current), and has an outstanding balance of approximately  
5 \$1,500.00 in idle well fees. Operator's failure to pay the required idle well fees for **the Well(s)** is  
6 conclusive evidence of desertion. (**PRC, § 3206, subd. (c).**)

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

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

13 **VI. Operator's Appeal Rights**

14 **PRC section 3237, subdivision (b)**, entitles an operator to appeal a Supervisor's order to plug  
15 and abandon a deserted well. A notice of appeal must be timely made, in writing, and filed with the  
16 Director. (**See PRC beginning at PRC section 3350.**) If this Order is mailed to you, the Director must  
17 receive the appeal within (15) days from the date the Supervisor mails the Order. To file an appeal, a  
18 written notice of appeal may be sent via U.S. mail to:

19 Department of Conservation  
20 Director's Office of Appeals  
21 801 K Street, MS 24-03 (Legal Office, Chief Counsel)  
Sacramento, California 95814-3530

22 Or via electronic mail:

23 [Appeals.DOGGR@conservation.ca.gov](mailto:Appeals.DOGGR@conservation.ca.gov)

24 (Attached is a voluntary form for such a written appeal.)

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26 If Operator does not file a timely written notice of appeal, this Order will become a final order  
27 and the Division may contract for performance of the work, pursuant to **PRC section 3226**, if, within 30  
28 days of this Order, Operator has not, in good faith, commenced the work ordered. Any costs incurred by

1 the Supervisor to obtain compliance with this Order (which may include penalties and interest) will  
2 constitute a lien against Operator's real or personal property per **PRC section 3423**.

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

6 **VII. Other Potential Actions to Enforce This Order**

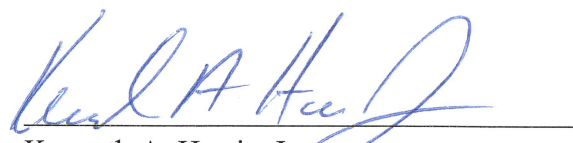
7 Failing to comply with **Section V** (Operator's Required Actions) of this Order could subject  
8 Operator to further enforcement action. For example, the Supervisor could deny approval of proposed  
9 well operations until compliance is achieved. (**PRC, § 3203, subd. (c).**)

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

14 Further, **PRC section 3236** makes it a misdemeanor for any person who violates, fails, neglects,  
15 or refuses to comply with any of the provisions of the oil and gas law (statutes and regulations). The  
16 misdemeanor is punishable by a fine of not less than one hundred dollars (\$100) nor more than one  
17 thousand dollars (\$1,000), or by imprisonment not exceeding six months, or by both the fine and  
18 imprisonment for each separate offense. **PRC section 3359** makes it a misdemeanor to fail or neglect to  
19 comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and  
20 distinct offense. (**PRC, § 3359.**)

21  
22 DATED: \_\_\_\_\_

4/4/2019

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24 Kenneth A. Harris, Jr.  
25 State Oil and Gas Supervisor