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# CALIFORNIA LAWS FOR CONSERVATION OF PETROLEUM & GAS

January 2009



STATE OF CALIFORNIA  
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# **CALIFORNIA LAWS FOR CONSERVATION OF PETROLEUM & GAS**

**California Department of Conservation  
Division of Oil, Gas, and Geothermal Resources**

January 2009

Sacramento

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## **REVISION RECORD**

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# CALIFORNIA LAWS FOR CONSERVATION OF PETROLEUM AND GAS

*An act to establish a Public Resources Code, thereby consolidating and revising the law relating to natural resources, the conservation, utilization, and supervision thereof, and matters incidental thereto, and to repeal certain acts and parts of acts specified herein.*

*The people of the State of California do enact as follows:*

## DIVISION 3. OIL AND GAS

### CHAPTER 1. OIL AND GAS CONSERVATION

#### Article 1. Definitions and General Provisions

**3000.** Unless the context otherwise requires, the definitions hereinafter set forth shall govern the construction of this division.

**3001. “Department,”** in reference to the government of this state, means the Department of Conservation.

**3002. “Division,”** in reference to the government of this state, means the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation; otherwise **“division”** means Division 3 (commencing with Section 3000) of the Public Resources Code.

**3003. “Director”** means the Director of Conservation.

**3004. “Supervisor”** means the State Oil and Gas Supervisor.

**3005. “Person”** includes any individual, firm, association, corporation, or any other group or combination acting as a unit.

**3006. “Oil”** includes petroleum, and **“petroleum”** includes oil.

**3007. “Gas”** means any natural hydrocarbon gas coming from the earth.

**3008.** (a) **“Well”** means 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; any well drilled for the purpose of injecting fluids or gas for stimulating oil or gas recovery, repressuring or pressure maintenance of oil or gas reservoirs, or disposing of waste fluids from an oil or gas field; any well used to inject or withdraw gas from an underground storage facility; or any well drilled within or adjacent to an oil or gas pool for the purpose of obtaining water to be used in production stimulation or repressuring operations.

(b) **“Prospect well”** or **“exploratory well”** means any well drilled to extend a field or explore a new, potentially productive reservoir.

Definitions

(c) **“Active observation well”** means a well being used for the sole purpose of gathering reservoir data, such as pressure or temperature in a reservoir being currently produced or injected by the operator, and the data is gathered at least once every three years.

(d) **“Idle well”** means any well that has not produced oil or natural gas or has not been used for injection for six consecutive months of continuous operation during the last five or more years. An idle well does not include an active observation well.

(e) **“Long-term idle well”** means any well that has not produced oil or natural gas or has not been used for injection for six consecutive months of continuous operation during the last 10 or more years. A long-term idle well does not include an active observation well.

**3009. “Operator”** means 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.

**3010. “Production facility”** means any equipment attendant to oil and gas production or injection operations including, but not limited to, tanks, flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, and pipelines that are not under the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code.

**3012.** The provisions of this division apply to any land or well situated within the boundaries of an incorporated city in which the drilling of oil wells is now or may hereafter be prohibited, until all wells therein have been abandoned as provided in this chapter.

**3013.** This division shall be liberally construed to meet its purposes, and the director and the supervisor, acting with the approval of the director, shall have all powers, including the authority to adopt rules and regulations, which may be necessary to carry out the purposes of this division.

**3014. “District”** means an oil and gas district as provided for in Section 3100.

**3015.** For the purpose of implementing Section 503 of the Natural Gas Policy Act of 1978, the supervisor may make the determinations entrusted to state agencies having regulatory jurisdiction with respect to the production of natural gas. Such determinations shall be made pursuant to procedures prescribed in guidelines adopted by the supervisor.

#### *Article 2. Administration*

Districts

**3100.** For the purposes of this chapter, the state is divided into six districts, the boundaries of which shall be fixed by the director.

Deputies appointed

**3101.** The supervisor shall appoint one chief deputy and at least one district deputy for each of the districts provided for in this chapter, and shall prescribe their duties.

**3102.** The Attorney General shall be the legal advisor for the division and shall perform or provide such legal services for the division as it may require. The cost of all such legal services shall be a charge against and shall be paid from the money or funds appropriated or made available by law for the support of the division. All money so paid shall be deposited in the State Treasury to the credit and in augmentation of the current appropriation for the support of the Attorney General's office, to be expended in accordance with law, for the support of that office.

Attorney General

**3103.** The chief deputy shall be a competent engineer or geologist, registered in the state, and experienced in the development and production of oil and gas.

Chief Deputy

**3104.** Each district deputy shall be a competent engineer or geologist, preferably registered in the state, and experienced in the development and production of oil and gas.

Deputies

**3105.** An office under the supervision of a district deputy may be maintained in each district. The office shall be conveniently accessible to the oil and gas operators in the district.

Office of Deputies

**3106.** (a) The supervisor shall so 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, including pipelines not subject to regulation pursuant to Chapter 5.5 (commencing with Section 51010) of Part 1 of Division 1 of Title 5 of the Government Code that are within an oil and gas field, so as to prevent, as far as possible, damage to life, health, property, and natural resources; damage to underground oil and gas deposits from infiltrating water and other causes; loss of oil, gas, or reservoir energy, and damage to underground and surface waters suitable for irrigation or domestic purposes by the infiltration of, or the addition of, detrimental substances.

Supervisor's duties

(b) The supervisor shall also supervise the drilling, operation, maintenance, and abandonment of wells so as to permit the owners or operators of the wells to utilize all methods and practices known to the oil industry for the purpose of increasing the ultimate recovery of underground hydrocarbons and which, in the opinion of the supervisor, are suitable for this purpose in each proposed case. To further the elimination of waste by increasing the recovery of underground hydrocarbons, it is hereby declared as a policy of this state that the grant in an oil and gas lease or contract to a lessee or operator of the right or power, in substance, to explore for and remove all hydrocarbons from any lands in the state, in the absence of an express provision to the contrary contained in the lease or contract, is deemed to allow the lessee or contractor, or the lessee's or contractor's successors or assigns, to do what a prudent operator using reasonable diligence would do, having in mind the best interests of the lessor, lessee, and the state in producing and removing hydrocarbons, including, but not limited to, the injection of air, gas, water, or other fluids into the productive strata, the application of pressure heat or other means for the reduction of viscosity of the hydrocarbons, the supplying of additional motive force, or the creating of enlarged or new channels for the underground movement of hydrocarbons into production wells, when these methods or processes employed have been approved by the supervisor, except that nothing contained in this section imposes a legal duty upon the lessee or contractor, or the lessee's

or contractor's successors or assigns, to conduct these operations.

(c) The supervisor may require an operator to implement a monitoring program, designed to detect releases to the soil and water, including both groundwater and surface water, for aboveground oil production tanks and facilities.

(d) To best meet oil and gas needs in this state, the supervisor shall administer this division so as to encourage the wise development of oil and gas resources.

West Kern  
Oil Museum

**3106.5.** Acting with the approval of the director, the supervisor may annually expend, from the amount appropriated to the Division, up to ten thousand dollars (\$10,000) to support activities at the West Kern Oil Museum.

Duties of district deputies,  
well data

**3107.** A district deputy in each district, designated by the supervisor, shall collect all necessary information regarding the oil and gas wells in the district, with a view to determining the presence of oil and gas sands and the location and extent of strata bearing water suitable for irrigation or domestic purposes that might be affected. The district deputy shall prepare maps and other accessories necessary to determine the presence of oil and gas sands and the location and extent of strata bearing water suitable for irrigation or domestic purposes or surface water suitable for those purposes. This work shall be done with the view to advising the operators as to the best means of protecting the oil and gas sands and the water-bearing strata and surface water, and with a view to aiding the supervisor in ordering tests or repair work at wells. All this data shall be kept on file in the office of the district deputy of the respective district.

Annual report

**3108.** On or before the first day of October of each year the supervisor shall make public, for the benefit of all interested persons, a report in writing showing:

(a) The total amounts of oil and gas produced in each county in the state during the previous calendar year.

(b) The total cost of the division for the previous fiscal year.

(c) The total amount delinquent and uncollected from any assessments or charges levied pursuant to this chapter.

The report shall also include such other information as the supervisor deems advisable.

Publications; sales

**3109.** The supervisor may publish any publications, reports, maps, or other printed matter relating to oil and gas, for which there may be public demand. If these publications, reports, maps, or other printed matter are sold, they shall be sold at cost, and the proceeds shall be deposited to the credit of the Oil, Gas, and Geothermal Administrative Fund.

Oil, Gas, and Geothermal  
Administrative Fund

**3110.** All money paid to the Treasurer pursuant to Article 7 (commencing with Section 3400) shall be deposited to the credit of the Oil, Gas, and Geothermal Administrative Fund, which is hereby established in the State Treasury, for expenditure as provided in Section 3401.

Monies credited  
to OGGA

**3111.** (a) All money received in repayment of repair work done as provided in this chapter shall be returned and credited to the Oil, Gas, and Geothermal Administrative Fund for expenditure as provided in Section 3401.

(b) All miscellaneous revenues from oil and gas wells and from real and personal property acquired by the supervisor in the course of carrying out this chapter shall be credited to the Oil, Gas, and Geothermal Administrative Fund for expenditure as provided in Section 3401.

**3112.** Notwithstanding any other provision of this code or of law and except as provided in the State Building Standards Law, Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code, on and after January 1, 1980, the supervisor or the Division of Oil and Gas shall not adopt nor publish a building standard as defined in Section 18909 of the Health and Safety Code unless the provisions of Sections 18930, 18933, 18938, 18940, 18943, 18944, and 18945 of the Health and Safety Code are expressly excepted in the statute under which the authority to adopt rules, regulations, or orders is delegated. Any building standard adopted in violation of this section shall have no force or effect. Any building standard adopted before January 1, 1980, pursuant to this code and not expressly excepted by statute from such provisions of the State Building Standards Law shall remain in effect only until January 1, 1985, or until adopted, amended, or superseded by provisions published in the State Building Standards Code, whichever occurs sooner.

Building standards

#### *Article 4. Regulation of Operations*

**3200.** An owner or operator of any well or production facility shall designate an agent, giving his or her address, who resides in this state, to receive and accept service of all orders, notices, and processes of the supervisor or a court of law. Every person so appointing an agent shall, 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.

Agent

**3201.** The operator of a well or production facility shall notify the supervisor or the district deputy, in writing, in such form as the supervisor or the district deputy may direct, of the sale, assignment, transfer, conveyance, exchange, or other disposition of the well or production facility by the operator of the well or production facility as soon as is reasonably possible, but in no event later than the date that the sale, assignment, transfer, conveyance, exchange, or other disposition becomes final. The operator shall not be relieved of responsibility for the well or production facility until the supervisor or the district deputy acknowledges the sale, assignment, transfer, conveyance, exchange, or other disposition, in writing, and the person acquiring the well or production facility is in compliance with Section 3202. The operator's notice shall contain all of the following:

Transfer notification  
by seller

(a) The name and address of the person to whom the well or production facility was or will be sold, assigned, transferred, conveyed, exchanged, or otherwise disposed.

(b) The name and location of the well or production facility, and a description of the land upon which the well or production facility is situated.

(c) The date that the sale, assignment, transfer, conveyance, exchange, or other disposition becomes final.

(d) The date when possession was or will be relinquished by the operator as a result of that disposition.

Transfer notification  
by buyer

**3202.** A person who acquires the right to operate a well or production facility, whether by purchase, transfer, assignment, conveyance, exchange, or other disposition, shall, as soon as it is reasonably possible, but not later than the date when the acquisition of the well or production facility becomes final, notify the supervisor or the district deputy, in writing, of the person's operation. The acquisition of a well or production facility shall not be recognized as complete by the supervisor or the district deputy until the new operator provides all of the following material:

(a) The name and address of the person from whom the well or production facility was acquired.

(b) The name and location of the well or production facility, and a description of the land upon which the well or production facility is situated.

(c) The date when the acquisition becomes final.

(d) The date when possession was or will be acquired.

(e) An indemnity bond for each idle well. The bond shall be in an amount as provided in Section 3204 or 3205. The conditions of the bond shall be the same as the conditions stated in Section 3204. An operator that has provided an individual bond required by this subdivision in an amount as provided in Section 3204 shall not be required additionally to comply with the requirements of Section 3206. An operator who has provided a blanket indemnity bond in the minimum amount required in subdivision (a) or (b) of Section 3205 shall additionally comply with Section 3206 for any idle wells not covered by a bond provided under Section 3204.

Notice of intention  
to drill

**3203.** (a) The operator of any well, before commencing the work of drilling the well, shall file with the supervisor or the district deputy a written notice of intention to commence drilling. Drilling shall not commence until approval is given by the supervisor or the district deputy. If the supervisor or the district deputy fails to give the operator written response to the notice within 10 working days from the date of receipt, that failure shall be considered as an approval of the notice and the notice, for the purposes and intents of this chapter, shall be deemed a written report of the supervisor. If operations have not commenced within one year of receipt of the notice, the notice shall be deemed canceled. The notice shall contain the pertinent data the supervisor requires on printed forms supplied by the division or on other forms acceptable to the supervisor. The supervisor may require other pertinent information to supplement the notice.

Subsequent work

(b) After the completion of any well, this section also applies as far as may be, to the deepening or redrilling of the well, any operation involving the plugging of the well, or any operations permanently altering in any manner the casing of the well. The number or designation of any well, and the number or designation specified for any well in a notice filed as required by this section, shall not be changed without first obtaining a written consent of the supervisor.

Well designation

Permit Denial

(c) If an operator has failed to comply with an order of the supervisor, the supervisor may deny approval of proposed well operations until the operator brings its existing well operations into compliance with the order. If an operator has failed to pay a civil penalty, remedy a violation that it is required to remedy to the satisfaction of the supervisor pursuant to an order issued under Section 3236.5, or to pay any charges assessed under Article 7 (commencing with Section 3400), the supervisor may deny approval to the operator's proposed well operations until the operator pays the civil penalty, remedies the violation to

the satisfaction of the supervisor, or pays the charges assessed under Article 7 (commencing with Section 3400).

**3204.** Any operator who, on or after January 1, 1999, engages in the drilling, redrilling, deepening, or in any operation permanently altering the casing, of any well shall file with the supervisor an individual indemnity bond in the specified sum for each well so drilled, redrilled, deepened, or permanently altered. This sum shall be fifteen thousand dollars (\$15,000) for each well less than 5,000 feet deep, twenty thousand dollars (\$20,000) for each well at least 5,000 feet but less than 10,000 feet deep, and thirty thousand dollars (\$30,000) for each well 10,000 or more feet deep. The bond shall be filed with the supervisor at the time of the filing of the notice of intention to perform work on the well, as provided in Section 3203. The bond shall be executed by the operator, as principal, and by an authorized surety company, as surety, conditioned that the principal named in the bond shall faithfully comply with all the provisions of this chapter, in drilling, redrilling, deepening, or permanently altering the casing in any well or wells covered by the bond, and shall secure the state against all losses, charges, and expenses incurred by it to obtain such compliance by the principal named in the bond.

Individual bond

The conditions of the bond shall be stated in substantially the following language: “If the \_\_\_\_\_, the above bounden principal, shall well and truly comply with all the provisions of Division 3 (commencing with Section 3000) of the Public Resources Code and shall obey all lawful orders of the State Oil and Gas Supervisor or the district deputy or deputies, subject to subsequent appeal as provided in that division, and shall pay all charges, costs, and expenses incurred by the supervisor or the district deputy or deputies in respect of the well or wells or the property or properties of the principal, or assessed against the well or wells or the property or properties of the principal, in pursuance of the provisions of that division, then this obligation shall be void; otherwise, it shall remain in full force and effect.”

**3205.** Any operator who engages in the drilling, redrilling, deepening, or in any operation permanently altering the casing, of one or more wells at any time, may file with the supervisor one blanket indemnity bond to cover all the operations in any of its wells in the state in lieu of an individual indemnity bond for each operation as required by Section 3204. The bond shall be executed by the operator, as principal, and by an authorized surety company, as surety, and shall be in substantially the same language and upon the same conditions as provided in Section 3204, except as to the difference in the amount. The bond shall be provided in one of the following amounts, as applicable:

Blanket bond

(a) The sum of two hundred fifty thousand dollars (\$250,000), which does not include the bond or fee required in Section 3206. A blanket surety bond provided prior to January 1, 1999, shall be increased to comply with this subdivision on or before January 1, 2001. A blanket cash bond provided prior to January 1, 1999, shall be increased by a minimum of thirty thousand dollars (\$30,000) per year, initially payable January 1, 2000, and yearly on January 1, thereafter, until the amount on deposit is sufficient to comply with this subdivision.

(b) The sum of one hundred thousand dollars (\$100,000), which does not include the bond or fee required in Section 3206, for any operator having 50 or fewer wells in the state, exclusive of properly abandoned wells.

(c) The sum of one million dollars (\$1,000,000), which does include the bond or fee required in Section 3206.

Offshore blanket bond

**3205.1.** (a) Notwithstanding Sections 3204 and 3205, any person who engages in the drilling, redrilling, deepening, or in any operation permanently altering the casing, of one or more wells located on submerged lands under ocean waters within the jurisdiction of this state, shall file with the supervisor a blanket indemnity bond for two hundred fifty thousand dollars (\$250,000) to cover all his or her operations in drilling, redrilling, deepening, or permanently altering the casing in any of his or her wells located on those submerged lands. The bond shall be executed by the person, as principal, and by an authorized surety company, as surety, and the conditions of the bond shall be the same as the conditions stated in section 3204, except for the difference in the amount.

(b) In addition to providing the bond required by subdivision (a), any person who operates one or more wells that are located on tide or submerged lands within the jurisdiction of this state shall provide an additional amount of security acceptable to the supervisor, covering the full costs of plugging and abandoning all of the operator's wells. The supervisor shall determine the amount of the security required of each operator, based on his or her determination of the reasonable costs of that plugging and abandonment. The supervisor may not adjust the amount of security required of each operator more frequently than once every three years, to reflect changes in those costs. An operator may self-insure this security obligation if the supervisor, at his or her discretion, determines that the operator has sufficient financial resources to plug and abandon the wells for which the operator is responsible. The security shall remain in effect until all wells are plugged and abandoned in accordance with Section 3208, but the supervisor shall reduce the amount of the security required of an operator to reflect reduced obligations as wells are plugged and abandoned.

(c) If the state lease or other agreement that sets forth obligations or performance requirements under the lease provides security that is equal to, or greater than, the total of the additional security required pursuant to subdivision (b), plus all other liabilities under the lease or other agreement, the supervisor shall not require the additional security.

Commercial Class II disposal well

**3205.2.** (a) Notwithstanding Section 3204, any person who engages in the operation of a class II commercial wastewater disposal well, as defined in subdivision (d), shall file an indemnity bond with the supervisor for fifty thousand dollars (\$50,000) for each well so used. The bond shall cover all operations of drilling, redrilling, deepening, altering casing, maintaining, or abandoning the well and attendant facilities. The bond shall be executed by the person as the principal, and by an authorized surety company as the surety, and, except for differences in the amount, shall be in substantially the same language and upon the same conditions as provided in Section 3204.

(b) A blanket bond submitted under subdivision (a) or (c) of Section 3205 may be used in lieu of the bond required in subdivision (a), except that the termination and cancellation shall be in accordance with subdivision (c) of this section.

(c) Notwithstanding Section 3207, any bond issued in compliance with this section may be terminated and canceled and the surety relieved of all obligations thereunder when the well is properly abandoned or another valid bond has been substituted therefor.

(d) **A class II commercial wastewater disposal well** is a well that is used to dispose of oilfield wastewater for a fee and that is regulated by the division pursuant to this chapter and Subpart F (commencing with Section 147.250) of Part 147 of Title 40 of the Code of Federal Regulations.

Definition

**3205.5.** In lieu of the indemnity bond required by Sections 3204, 3205, 3205.1, 3205.2, and 3206, a deposit may, with the written approval of the supervisor, be given pursuant to Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure, other than a deposit of money or bearer bonds or bearer notes.

Cash bonds  
(see Pertinent Excerpt  
995.710)

**3206.** (a) The operator of any idle well not covered by an indemnity bond provided under Section 3204, subdivision (c) of Section 3205, or subdivision (a) of Section 3205.2 shall do one of the following:

Long-term idle well  
bonds/fees

(1) File with the supervisor an annual fee for each idle well equal to the sum of the following amounts:

(A) One hundred dollars (\$100) for each idle well that has been idle for less than 10 years.

(B) Two hundred fifty dollars (\$250) for each idle well that has been idle for 10 years or longer, but less than 15 years.

(C) Five hundred dollars (\$500) for each idle well that has been idle for 15 years or longer.

(2) Provide an escrow account in a federally insured bank that does business in, and has an office in, the State of California, by depositing the amount of five thousand dollars (\$5,000) for each idle well, in the following manner:

(A) The escrow account shall be accessible only by the supervisor and the money shall be retained in the escrow account exclusively for use by the supervisor for plugging and abandoning the operator's idle wells that become deserted pursuant to Section 3237.

(B) The money in the escrow account may be released only by the supervisor and only in amounts covering any idle well that has properly been plugged and abandoned, returned to production or injection or converted to an active observation well, if that money remaining in the escrow account is sufficient to fully fund the required deposits for all of the operator's remaining idle wells.

(C) The required deposit for each idle well shall be funded completely within 10 years of the date the well becomes idle, or 10 years from January 1, 1999, for any well that is idle as of January 1, 1999.

(D) The operator shall fund the escrow account at the rate of at least five hundred dollars (\$500) per well per year.

(E) Failure of an operator in any year to provide the minimum funding for any idle well shall result in the institution of the annual fees required by paragraph (1) for that idle well, and all money already on deposit for that idle well shall be treated as previously paid annual fees and shall be deposited into the Hazardous and Idle-Deserted Well Abatement Fund specified in subdivision (b) for expenditure pursuant to that subdivision.

(3) File with the supervisor an indemnity bond that provides the sum of five thousand dollars (\$5,000) for each idle well. The bond shall be subject to the conditions provided in Section 3204.

(4) On or before July 1, 1999, file a plan with the supervisor to provide for the management and elimination of all long-term idle wells not covered under paragraph (1), (2), or (3).

(A) For the purposes of the plan required by this paragraph, elimination of an idle well shall be accomplished when the well meets the requirements of Section 3208.

(B) A plan filed pursuant to this paragraph shall meet all of the following requirements and conditions:

(i) The plan shall cover a time period of no more than 10 years and may be renewed annually thereafter, subject to approval by the supervisor.

(ii) The plan shall be reviewed for performance annually by the supervisor, and be subject to amendment with the approval of the supervisor.

(iii) The required rate of long-term idle well elimination shall be based upon the number of idle wells under the control of an operator on January 1 of each year, as specified in clause IV. The supervisor may require additional well testing requirements as part of the plan.

(iv) The plan shall require that operators with 10 or fewer idle wells eliminate at least one long-term idle well every two years; operators with 11 to 20, inclusive, idle wells eliminate at least one long-term idle well each year; operators with 21 to 50, inclusive, idle wells eliminate at least two long-term idle wells each year; operators with 51 to 100, inclusive, idle wells eliminate at least five long-term idle wells each year; operators with 101 to 250, inclusive, idle wells eliminate at least 10 long-term wells each year; and operators with more than 250 idle wells eliminate at least 4 percent of their long-term idle wells each year.

(v) An operator who complies with the plan is exempt from any increased idle well bond or fee requirements.

(vi) An operator who fails to comply with the plan, as determined by the supervisor after the annual performance review, is not eligible to use the requirements of this paragraph, for purposes of compliance with this section, for any of its idle wells. That operator shall immediately provide one of the alternatives in paragraph (1), (2), or (3) for its idle wells and may not propose a new idle well plan for the next five years. An operator may appeal to the director pursuant to Article 6 (commencing with Section 3350) regarding the supervisor's rejection of a plan and plan amendments and the supervisor's determinations of the operator's failure to comply with a plan.

(b) All fees received under this section shall be deposited in the Hazardous and Idle-Deserted Well Abatement Fund, which is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the monies in the Hazardous and Idle-Deserted Well Abatement Fund are hereby continuously appropriated to the department for expenditure without regard to fiscal year, to mitigate a hazardous or potentially hazardous condition by well plugging and abandonment.

(c) Failure to file, for any well, the bond or fee required under this section shall be conclusive evidence of desertion of the well, permitting the supervisor to order the well abandoned.

(d) Nothing in this section prohibits a local agency from collecting a fee for regulation of wells.

**3206.5(a)** Any city or county may request from the supervisor a list of those wells within its jurisdiction which have not continuously produced oil or natural gas, or have not been utilized continuously for injection purposes for a six-month period during any consecutive 10-year period prior to or after January 1, 1991.

(b) After receiving the list from the supervisor, the city or county may identify idle wells within its jurisdiction which it has determined, based on a competent, professional

HIDWAF  
established

Long-term idle wells/  
local governments

evaluation, have no reasonable expectation of being reactivated, and formally request the supervisor to make a determination whether the wells should be plugged and abandoned.

(c) Upon receiving the written request of a city or county, as specified in subdivision (b):

(1) The supervisor may, within 60 days of receiving a written request from a city or county, require the operator or operators to file a statement for each well outlining those reasons why the wells should not be plugged and abandoned.

(2) The supervisor shall, within 120 days of receiving a written request, make a determination as to whether any of these wells should be plugged and abandoned, pursuant to the criteria contained in this chapter.

(d) Failure of the operator to file, for any well, the statement required under this section shall be conclusive evidence of desertion of the well, thereby permitting the supervisor to order the well abandoned.

**3207.** Any individual or blanket indemnity bond issued in compliance with this chapter may be terminated and canceled and the surety be relieved of all obligations thereunder when the well or wells covered by such bond have been properly completed or abandoned or another valid bond has been substituted therefor. Should the person who has filed a blanket bond properly complete or abandon a portion of his wells covered by the bond, the bond may be terminated and canceled and the surety be relieved of all obligations thereunder upon the filing by such person of an individual bond for each well which is still not producing or which he is still engaged in drilling, redrilling, deepening, or permanently altering the casing. Liability as to individual wells that have been completed or drilled and abandoned under a blanket bond may also be terminated.

Release of bond

**3208.** For the purposes of Section 3207, a well is properly completed when it has been shown, to the satisfaction of the supervisor, that the manner of producing oil or gas or injecting fluids into the well is satisfactory and that the well has maintained production of oil or gas or injection for a continuous six-month period. A well is properly abandoned when it has been shown, to the satisfaction of the supervisor, that all proper steps have been taken to isolate all oil-bearing or gas-bearing strata encountered in the well, and to protect underground or surface water suitable for irrigation or farm or domestic purposes from the infiltration or addition of any detrimental substance and to prevent subsequent damage to life, health, property, and other resources.

Well completion/  
abandonment

**3208.1.** (a) To prevent, as far as possible, damage to life, health, and property, the supervisor or district deputy may order the reabandonment of any previously abandoned well if the supervisor or the district deputy has reason to question the integrity of the previous abandonment. The operator responsible for plugging and abandoning deserted wells under Section 3237 shall be responsible for the reabandonment except in the following situations:

Reabandonment

(1) The supervisor finds that the operator plugged and abandoned the well in conformity with the requirements of this division in effect at the time of the plugging and abandonment and that the well in its current condition presents no immediate danger to life, health, and property but requires additional work solely because the owner of the property on which the well is located proposes construction on the property that would prevent or impede access to the well for purposes of remedying a currently perceived future problem.

In this situation, the owner of the property on which the well is located shall be responsible for the reabandonment.

(2) The supervisor finds that the operator plugged and abandoned the well in conformity with the requirements of this division in effect at the time of the plugging and abandonment and that construction over or near the well preventing or impeding access to it was begun on or after January 1, 1988, and the property owner, developer, or local agency permitting the construction failed either to obtain an opinion from the supervisor or district deputy as to whether the previously abandoned well is required to be reabandoned or to follow the advice of the supervisor or district deputy not to undertake the construction. In this situation, the owner of the property on which the well is located shall be responsible for the reabandonment.

(3) The supervisor finds that the operator plugged and abandoned the well in conformity with the requirements of this division in effect at the time of the plugging and abandonment and after that time someone other than the operator or an affiliate of the operator disturbed the integrity of the abandonment in the course of developing the property, and the supervisor is able to determine based on credible evidence, including circumstantial evidence, the party or parties responsible for disturbing the integrity of the abandonment. In this situation, the party or parties responsible for disturbing the integrity of the abandonment shall be responsible for the reabandonment.

(b) Except for the situations listed in paragraphs (1), (2), and (3) of subdivision (a), nothing in this section precludes the application of Article 4.2 (commencing with Section 3250) when its application would be appropriate.

Cancelling previous bonds

**3209.** The provisions of Section 3207 as to termination and cancellation shall also apply to all bonds which have been heretofore filed with the supervisor as then provided by law.

Well records

**3210.** The owner or operator of any well shall keep, or cause to be kept, a careful and accurate log, core record, and history of the drilling of the well.

Log contents

**3211.** The log shall show the character and depth of the formation passed through or encountered in the drilling of the well. The log shall show completely the amounts, kinds, and size of casing used, the depth at which oil-bearing or gas-bearing strata are encountered, the depth and character of the strata, and whether all water overlying and underlying the oil-bearing or gas-bearing strata was successfully and permanently shut off so as to prevent the percolation or penetration of water into the oil-bearing or gas-bearing strata; and whether strata bearing water that might be suitable for irrigation or domestic purposes are properly protected from the infiltration or addition of detrimental substances from the well.

Core record

**3212.** The core record shall show the depth, character, and fluid content of cores obtained, so far as determined.

History

**3213.** The history shall show the location and amount of sidetracked casings, tools, or other material, the depth and quantity of cement in cement plugs, the shots of dynamite or other explosives, and the results of production and other tests during drilling operations.

**3214.** The log shall be kept in the local office of the owner or operator, and, together with the tour reports of the owner or operator, shall be subject, during business hours, to the inspection of the supervisor, the district deputy, or the director.

Log and tour reports;  
inspection

**3215.** Within 60 days after the date of cessation of drilling, rework, or abandonment operations, or the date of suspension of operations, true copies of the log, core record, and history of work performed, and, if made, true and reproducible copies of all electrical, physical, or chemical logs, tests, or surveys in such form as the supervisor may approve shall be filed with the district deputy. Upon a showing of hardship, the supervisor may extend the time within which to comply with the provisions of this section for a period not to exceed 60 additional days.

Filing records

**3216.** The owner or operator of any well, or his local agent, shall file with the supervisor a copy of the log, history, and core record, or any portion thereof, at any time after the commencement of the work of drilling any well upon written request of the supervisor, or the district deputy. The request shall be signed by the supervisor, or the district deputy, and served either personally, or by mailing a copy of the request, by registered mail, to the last known post office address of the owner or operator, or his agent.

Filing records  
on request

**3219.** Any person engaged in operating any oil or gas well wherein high pressure gas is known to exist, and any person drilling for oil or gas in any district where the pressure of oil or gas is unknown shall equip the well with casings of sufficient strength, and with such other safety devices as may be necessary, in accordance with methods approved by the supervisor, and shall use every effort and endeavor effectually to prevent blowouts, explosions, and fires.

Blowout prevention

**3219.5.** (a) On or before July 1, 2001, the Department of Conservation shall report to the Governor and the Legislature on options for ensuring the existence of blowout insurance for persons engaged in drilling or redrilling exploratory oil and gas wells in areas where abnormally high or unknown subsurface pressure gradients exist. The report shall consider all of the following:

Blowout insurance

(1) Types of insurance policies, which include control of well policies and policies that cover personal injury and property damage resulting from a catastrophic well blowout occurrence.

(2) Methods of setting insurance policy amounts.

(3) Forms of insurance, including third-party insurance, provision of an operator's proof of ability to respond in damages, a combination thereof, or other options.

(4) Areas of the state where abnormally high pressure gradients exist, or where insufficient data exists to draw conclusions regarding the subsurface pressure gradient.

(5) Any other factors the department deems appropriate to include in the report.

(b) The Department of Conservation shall consult with representatives of the oil industry and insurers in developing the report's recommendations.

**3220.** The owner or operator of any well on lands producing or reasonably presumed to contain oil or gas shall properly case it with water-tight and adequate casing, in accordance with methods approved by the supervisor or the district deputy, and shall, under his direction,

Adequate casing

shut off all water overlying and underlying oil-bearing or gas-bearing strata and prevent any water from penetrating such strata. The owner or operator shall also use every effort and endeavor to prevent damage to life, health, property, and natural resources; to shut out detrimental substances from strata containing water suitable for irrigation or domestic purposes and from surface water suitable for such purposes; and to prevent the infiltration of detrimental substances into such strata and into such surface water.

Water shutoff test

**3222.** The owner or operator of any well shall, at the request of the supervisor, demonstrate that water from any well is not penetrating oil-bearing or gas-bearing strata or that detrimental substances are not infiltrating into underground or surface water suitable for irrigation or domestic purposes. The owner or operator shall give the district deputy adequate notice of the time at which he will demonstrate the test for shutoff in the well.

Water shutoff demonstration

**3223.** The district deputy or an inspector designated by the supervisor may be present at the test for shutoff. If the test is personally witnessed by the district deputy or an inspector at the site of the well, such district deputy or inspector shall make a report in writing of the result to the supervisor. A duplicate of the report shall be delivered to the owner.

If any test is unsatisfactory to the supervisor, he shall so notify the owner or operator and shall within five days after the completion of the test, order any additional work and tests necessary to properly shut off the well. In the order the supervisor shall designate a day upon which the owner or operator shall again test for shutoff, which day may, upon the application of the owner or operator, be changed from time to time at the discretion of the district deputy.

Order for repair

**3224.** The supervisor shall 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. The order shall be in writing, signed by the supervisor. It shall be served upon the owner of the well, or his local agent, either personally or by mailing a copy of the order to the post office address given at the time the local agent is designated. If no local agent has been designated, the order shall be served by mailing a copy to the last known post office address of the owner, or if the owner is unknown, by posting a copy 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 such deposits from damage from underground water.

Appeal of order

**3225.** Whenever the supervisor or a district deputy issues any written order concerning any operation, an appeal may be made from such order pursuant to the procedures contained in Article 6 (commencing with Section 3350).

Performance of work; lien against property

**3226.** Within 30 days after service of an order pursuant to Sections 3224 and 3225, or Section 3237, or if there has been an appeal from the order to the director, within 30 days after service of the decision of the director, or if a review has been taken of the order of the

director, within 10 days after affirmance of the order, the owner or operator shall commence in good faith the work ordered and continue it until completion. If the work has not been commenced and continued to completion, the supervisor may appoint necessary agents to enter the premises and perform the work. An accurate account of the expenditures shall be kept. Any amount so expended shall constitute a lien against real or personal property of the operator pursuant to the provisions of Section 3423.

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.

**3227.** The owner of any well shall file with the supervisor, on or before the last day of each month, for the last preceding calendar month, a statement, in the form designated by the supervisor, showing all of the following:

(a) The amount of oil and gas produced from each well during the period indicated, together with the gravity of the oil, the amount of water produced from each well, estimated in accordance with methods approved by the supervisor, and the number of days during which fluid was produced from each well.

(b) The number of wells drilling, producing, injecting, or idle, that are owned or operated by the person.

(c) What disposition was made of the gas produced from each field, including the names of persons, if any, to whom the gas was delivered, and any other information regarding the gas and its disposition that the supervisor may require.

(d) What disposition was made of the water produced from each field, and the amount of fluid or gas injected into each well used for enhanced recovery, underground storage of hydrocarbons, or waste water disposal and any other information regarding those wells that the supervisor may require.

Any operator that produces oil by the application of mining or other unconventional techniques shall file a report with the supervisor, on or before March 1 of each year, showing the amount of oil produced by those techniques in the preceding calendar year.

Upon request and making a satisfactory showing therefor, a longer filing period may be established by the supervisor for any particular owner or operator.

**3227.5.** The supervisor shall compile from statements filed pursuant to Section 3227 and publish monthly statistics, within 90 days of the end of each calendar month, showing the amount of oil and gas produced in the state by field and pool, together with the number of wells producing or idle, all separately stated as to field and pool, with any other information that the supervisor deems proper.

**3227.6.** As used in Sections 3227 and 3227.5, the following terms have the following meaning:

(a) **“Field”** means the same general surface area which is underlain, or reasonably appears to be underlain, by one or more pools.

(b) **“Pool”** means an underground reservoir containing, or appearing at the time of determination to contain, a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure which is separated from any other zone in the structure is a separate pool.

Emergency powers of Supervisor

Monthly production reports

Oil from mining or other unconventional production

Publish monthly statistics

Definitions

Abandoning wells

**3228.** Before abandoning any well in accordance with methods approved by the supervisor or the district deputy, and under his or her direction, the owner or operator shall isolate all oil-bearing or gas-bearing strata encountered in the well and shall use every effort and endeavor to protect any underground or surface water suitable for irrigation or domestic purposes from the infiltration or addition of any detrimental substances.

Notice of intention to abandon

**3229.** Before commencing any work to abandon any well, the owner or operator shall file with the supervisor or the district deputy a written notice of intention to abandon the well. Abandonment shall not proceed until approval is given by the supervisor or the district deputy. If the supervisor or the district deputy does not give the owner or operator a written response to the notice of intention within 10 working days, the proposed abandonment shall be deemed to have been approved and the notice of intention shall for the purposes of this chapter be deemed a written report of the supervisor.

If abandonment operations have not commenced within one year of receipt of the notice of intention, the notice of intention shall be deemed canceled.

**3230.** The notice of intention to abandon shall contain the following information:

(a) The total depth of the well to be abandoned.

(b) The complete casing record of the well, including plugs.

(c) Such other pertinent data as the supervisor may require on printed forms supplied by the division or on other forms acceptable to the supervisor.

Report of abandonment

**3232.** The supervisor or the district deputy shall, within 10 days after the receipt of a written report of abandonment, furnish the owner or operator with a written final approval of abandonment, or a written disapproval of abandonment, setting forth the conditions upon which the disapproval is based.

Failure to abandon in accordance with the approved method of abandonment, or failure to notify the supervisor or the district deputy of any test required by the final approval of abandonment to be witnessed by the supervisor, the district deputy, or his or her inspector, or failure to furnish the supervisor or the district deputy, at his or her request, with any information regarding the condition of the well, shall constitute sufficient grounds for disapproval of the abandonment.

Volumetric thresholds

**3233.** (a) The division may develop field rules which establish volumetric thresholds for emergency reporting by the operator of oil discharges to land associated with onshore drilling, exploration, or production operations, where the oil discharges, because of the circumstances established pursuant to paragraph (1) of subdivision (c), cannot pass into or threaten the waters of the state. The division may not adopt field rules under this section, unless the State Water Resources Control Board and the Department of Fish and Game first concur with the volumetric reporting thresholds contained in the proposed field rules. Subchapter 1 (commencing with Section 1710) of Chapter 4 of Division 2 of Title 14 of the California Code of Regulations shall apply to the adoption and implementation of field rules authorized by this section.

(b) The authority granted to the division pursuant to subdivision (a) shall apply solely to oil fields located in the San Joaquin Valley, as designated by the division. The division shall adopt the field rules not later than January 1, 1998.

(c) For purposes of implementing this section, the division, the State Water Resources Control Board, and the Department of Fish and Game shall enter into an agreement that defines the process for establishing both of the following:

(1) The circumstances, such as engineered containment, under which oil discharges cannot pass into or threaten the waters of this state.

(2) The volumetric reporting thresholds that are applicable under the circumstances established pursuant to paragraph (1).

(d) In no case shall a reporting threshold established in the field rules, where the oil discharge cannot pass into or threaten the waters of this state, be less than one barrel (42 gallons), unless otherwise established by federal law or regulation. Until field rules are adopted, emergency reporting of oil discharges shall continue as required by existing statute and regulations.

(e) An operator who discharges oil in amounts less than the volumetric thresholds adopted by the division pursuant to this section is exempt from all applicable state and local reporting requirements. Discharges of oil in amounts equal to, or greater than, the volumetric thresholds adopted by the division pursuant to this section shall be immediately reported to the Office of Emergency Services which shall inform the division and other local or state agencies as required by Section 8589.7 of the Government Code. Reporting to the Office of Emergency Services shall be deemed to be compliance with all applicable state and local reporting requirements.

(f) Oil discharges below the reporting thresholds established in the field rules shall be exempt from the emergency notification or reporting requirements, and any penalties provided for nonreporting, established under paragraph (1) of subdivision (a) of Section 13260 of the Water Code, subdivisions (a), (c), and (e) of Section 13272 of the Water Code, Section 25507 of the Health and Safety Code, Sections 8670.25.5 and 51018 of the Government Code, and subdivision (h) of Section 1722 of Title 14 of the California Code of Regulations. Oil discharge reporting requirements under Section 51018 of the Government Code shall be applicable if a spill involves a fire or explosion.

(g) This section shall not affect existing reporting or notification requirements under federal law.

(h) Nothing in this section shall be construed to relieve any party of any responsibility established by statute, regulation, or order, to clean up or remediate any oil discharge, whether reportable or exempt pursuant to this section.

(i) Reporting provided pursuant to this section is not intended to prohibit any department or agency from seeking and obtaining any supplemental postreporting information to which the department or agency might otherwise be entitled.

(j) For purposes of this section, "oil" means naturally occurring crude oil.

**3234.** (a) (1) Except as otherwise provided in this section, all the well records, including production reports, of any owner or operator which are filed pursuant to this chapter are public records for purposes of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(2) Those records are public records when filed with the division unless the owner or operator requests, in writing, that the division maintain the well records of onshore exploratory wells or offshore exploratory wells as confidential information. The records of other wells may be maintained as confidential information if, based upon information in

Public records

Well records,  
confidentiality

a written request of the owner or operator, the supervisor determines there are extenuating circumstances. For onshore wells, the confidential period shall not exceed two years from the cessation of drilling operations as defined in subdivision (e).

For offshore wells, the confidential period shall not exceed five years from the cessation of drilling operations as specified in subdivision (e).

(3) Well records maintained as confidential information by the division shall be open to inspection by those persons who are authorized by the owner or operator in writing. Confidential status shall not apply to state officers charged with regulating well operations, the director, or as provided in subdivision (c).

(4) On receipt by the supervisor of a written request documenting extenuating circumstances relating to a particular well, including a well on an expired or terminated lease, the supervisor may extend the period of confidentiality for six months. For onshore wells, the total period of confidentiality, including all extensions, shall not exceed four years from the cessation of drilling operations as specified in subdivision (e), and for offshore wells the total period of confidentiality, including all extensions, shall not exceed seven years from the cessation of drilling operations as specified in subdivision (e), unless the director approves a longer period after a 30-day public notice and comment period. The director shall initiate and conduct a public hearing on receipt of a written complaint.

(b) Notwithstanding the provisions of subdivision (a) regarding the period of confidentiality, the well records for onshore and offshore wells shall become public records when the supervisor is notified that the lease has expired or terminated.

(c) Production reports filed pursuant to Section 3227 shall be open to inspection by the State Board of Equalization or its duly appointed representatives when making a survey pursuant to Section 1815 of the Revenue and Taxation Code or when valuing state-assessed property pursuant to Section 755 of the Revenue and Taxation Code, and by the assessor of the county in which a well referred to in Section 3227 is located.

(d) For the purposes of this section, "well records" does not include either experimental logs and tests or interpretive data not generally available to all operators, as defined by the supervisor by regulation.

(e) The cessation of drilling operations occurs on the date of removal of drilling machinery from the well site.

**3235.** The supervisor may upon his own initiative or shall upon receipt of a written complaint from a person owning land or operating wells within a radius of one mile of any well or group of wells complained against make an investigation of the well or wells involved. The supervisor shall make a written report and order, stating the work required to repair the damage complained of, or stating that no work is required.

A copy of the order shall be delivered to the complainant, or if more than one, to each complainant, and, if the supervisor orders the damage repaired, a copy of the order shall be delivered to each of the owners, operators, or agents having in charge the well or wells upon which the work is to be done.

The order shall contain a statement of the conditions sought to be remedied or repaired and a statement of the work required by the supervisor to repair the condition. Service shall be made by mailing copies to such persons at the post office address given.

Extension, prospect, and offshore well records

Expiration of lease

Board of Equalization and County Assessor access

Exceptions

Complaint investigations

**3236.** Any owner or operator, or employee thereof, who refuses to permit the supervisor or the district deputy, or his inspector, to inspect a well, or who willfully hinders or delays the enforcement of the provisions of this chapter, and every person, whether as principal, agent, servant, employee, or otherwise, who violates, fails, neglects, or refuses to comply with any of the provisions of this chapter, or who fails or neglects or refuses to furnish any report or record which may be required pursuant to the provisions of this chapter, or who willfully renders a false or fraudulent report, is guilty of a misdemeanor, punishable by a fine of not less than one hundred dollars (\$100), nor more than one thousand dollars (\$1,000), or by imprisonment for not exceeding six months, or by both such fine and imprisonment, for each such offense.

Penalty for  
refusing access

**3236.5.** (a) A person who violates this chapter or a regulation implementing this chapter is subject to a civil penalty not to exceed twenty-five thousand dollars (\$25,000) for each violation. Acts of God and acts of vandalism beyond the reasonable control of the operator shall not be considered a violation. The civil penalty shall be imposed by an order of the supervisor upon a determination that a violation has been committed by the person charged, following notice to the person and an opportunity to be heard. The notice shall be served by personal service or certified mail, and shall inform the alleged violator of the date, time, and place of the hearing, the activity that is alleged to be a violation, the statute or regulation violated, and the hearing and judicial review procedures. The notice shall be provided at least 30 days before the hearing. The hearing shall be held before the supervisor or the supervisor's designee in Sacramento or in the district in which the violation occurred. The hearing is not required to be conducted pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. The imposition of a civil penalty under this section shall be in addition to any other penalty provided by law for the violation. When establishing the amount of the civil penalty pursuant to this section, the supervisor shall consider, in addition to other relevant circumstances, (1) the extent of harm caused by the violation, (2) the persistence of the violation, (3) the pervasiveness of the violation, and (4) the number of prior violations by the same violator.

Civil penalty  
by Supervisor

(b) Notwithstanding this chapter, an order of the supervisor imposing a civil penalty shall not be reviewable pursuant to Article 6 (commencing with Section 3350). A person upon whom a civil penalty is imposed by a final order of the supervisor may obtain judicial review of that final order by seeking a writ of mandate pursuant to Section 1094.5 of the Code of Civil Procedure within 30 days of the date of that final order. When the order of the supervisor has become final, and the penalty has not been paid, the supervisor may apply to the appropriate superior court for an order directing payment of the civil penalty. The supervisor may also seek from the court an order directing that production from the well or use of the production facility that is the subject of the civil penalty order be discontinued until the violation has been remedied to the satisfaction of the supervisor and the civil penalty has been paid.

Civil penalty review

(c) Any amount collected under this section shall be deposited in the Oil, Gas, and Geothermal Administrative Fund.

**3237.** (a) (1) The supervisor or district deputy may 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.

Deserted wells -  
abandonment ordered

(2) For purposes of paragraph (1), “credible evidence” includes, but is not limited to, the operational history of the well, the response or lack of response of the operator to inquiries and requests from the supervisor or district deputy, the extent of compliance by the operator with the requirements of this chapter, and other actions of the operator with regard to the well.

(3) A rebuttable presumption of desertion arises in any of the following situations:

(A) If a well has not been completed to production or injection and drilling machinery have been removed from the well site for at least six months.

(B) If a well’s production or injection equipment has been removed from the well site for at least two years.

(C) 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 a timely basis.

(D) If an operator fails to designate an agent as required by Section 3200.

(E) If a person who is to acquire a well that is subject to a purchase, transfer, assignment, conveyance, exchange, or other disposition fails to comply with Section 3202.

(F) If an operator has failed to maintain the access road to a well site passable to oilfield and emergency vehicles.

(4) The operator may rebut the presumptions of desertion set forth in paragraph (3) by demonstrating with credible evidence compliance with this division and that the well has the potential for commercial production, including specific and detailed plans for future operations, and by providing a reasonable timetable for putting those plans into effect. The operator may rebut the presumption set forth in subparagraph (F) of paragraph (3) by repairing the access road.

(b) An order to plug and abandon a deserted well may be appealed to the director pursuant to the procedures specified in Article 6 (commencing with Section 3350).

(c) (1) The current operator, as determined by the records of the supervisor, of a deserted well that produced oil, gas, or other hydrocarbons or was used for injection is responsible for the proper plugging and abandonment of the well. If the supervisor determines that the current operator does not have the financial resources to fully cover the cost of plugging and abandoning the well, the immediately preceding operator shall be responsible for the cost of plugging and abandoning the well.

(2) The supervisor may continue to look seriatim to previous operators until an operator is found that the supervisor determines has the financial resources to cover the cost of plugging and abandoning the well. However, the supervisor may not hold an operator responsible that made a valid transfer of ownership of the well prior to January 1, 1996.

(3) For purposes of this subdivision, “operator” includes a mineral interest owner who shall be held jointly liable for the well if the mineral interest owner has or had leased or otherwise conveyed the working interest in the well to another person, if in the lease or other conveyance, the mineral interest owner retained a right to control the well operations that exceeds the scope of an interest customarily reserved in a lease or other conveyance in the event of a default.

(4) No prior operator is liable for any of the costs of plugging and abandoning a well by a subsequent operator if those costs are necessitated by the subsequent operator’s illegal operation of a well.

Seriatim

(5) If the supervisor is unable to determine that an operator that acquired ownership of a well after January 1, 1996, has the financial resources to fully cover the costs of plugging and abandonment, the supervisor may undertake plugging and abandonment pursuant to Article 4.2 (commencing with Section 3250).

(d) (1) Notwithstanding any other provision of this chapter, the supervisor or district deputy, at his or her sole discretion, may determine that a well that has been idle for 25 years or more and that fails to meet either of the following conditions is conclusive evidence of desertion, and may order the well abandoned:

(A) The operator is operating in compliance with a valid idle well management plan that is on file with the supervisor pursuant to paragraph (4) of subdivision (a) of Section 3206 or is covered by an indemnity bond provided under Section 3204, subdivision (c) of Section 3205, or subdivision (a) of Section 3205.2.

(B) The well meets the relevant testing standards required by the district's Idle Well Planning and Testing Program and Section 1723.9 of Title 14 of the California Code of Regulations.

(2) The supervisor or district deputy shall provide the operator a 90-day notice of warning once a determination has been reached pursuant to this subdivision that a well has been deserted. An operator may rebut the determination, made pursuant to paragraph (1), of the supervisor or district deputy by demonstrating compliance with subparagraphs (A) and (B) of paragraph (1).

(3) An order to plug and abandon a deserted well under this section due to the supervisor's or district deputy's determination of an operator's noncompliance with either subparagraph (A) or (B) of paragraph (1) may be appealed to the director pursuant to the procedures specified in Article 6 (commencing with Section 3350).

**3238.** (a) For oil and gas produced in this state from a well that qualifies under Section 3251 or which has been inactive for a period of at least the preceding five consecutive years, the rate of the charges imposed pursuant to Sections 3402 and 3403 shall be reduced to zero for a period of 10 years. The supervisor or district deputy shall not permit an operator to undertake any work on wells qualifying under Section 3251 unless the mineral rights owner consents, in writing, to the work plan.

(b) An operator who undertakes any work on a well qualifying under Section 3251 shall have up to 90 days from the date the operator receives written consent from the supervisor to evaluate the well. On or before the 90 day evaluation period ends, the operator shall file with the supervisor a bond or deposit in an amount specified in Section 3204, 3205, or 3205.1, in accordance with the requirements of whichever of those sections is applicable to the well, if the well operations are to continue for a period in excess of the 90-day evaluation period. The conditions of the bond shall be the same as the conditions stated in Section 3204.

#### *Article 4.1. Abandoned Wells*

**3240.** The supervisor, in cooperation with appropriate state and local agencies, shall conduct a study of abandoned oil and gas wells located in those areas of the state with substantial potential for methane and other hazardous gas accumulations in order to determine the

Charges for certain wells

Abandoned - well studies

location, the extent of methane gas and other hazardous gas accumulations, and potential hazards from the abandoned wells.

Strategy to extract gas  
in high-risk areas

**3241.** The supervisor, in cooperation with appropriate state and local agencies, shall develop a strategy for extracting existing accumulations of methane gas and other hazardous gas from abandoned oil and gas wells in high-risk areas identified by the supervisor in order to protect the health and safety of the public. The strategy shall also provide plans for the management of methane gas and other hazardous gas from wells in high-risk areas where no accumulations are discovered in order to prevent future accumulations of methane gas and other hazardous gas.

#### *Article 4.2. Hazardous Wells*

Hazardous and  
idle-deserted wells

**3250.** The Legislature hereby finds and declares that hazardous and certain idle-deserted oil and gas wells, as defined in this article, are public nuisances and that it is essential, in order to protect life, health, and natural resources that such oil and gas wells be abandoned, reabandoned, produced, or otherwise remedied to mitigate, minimize, or eliminate their danger to life, health, and natural resources.

The Legislature further finds and declares that, although the abatement of such public nuisances could be accomplished by means of an exercise of the regulatory power of the state, such regulatory abatement would result in unfairness and financial hardship for certain landowners, while also resulting in benefits to the public.

Sources of funds  
for abatement

The Legislature, therefore, finds and declares that 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 this state's producers of oil and gas as provided in Article 7 (commencing with Section 3400).

Definitions

**3251.** For the purposes of this article, an oil or gas well is a "**hazardous well**" if the supervisor determines that the well is a potential danger to life, health, or natural resources and there is no operator determined by the supervisor to be responsible for plugging and abandoning the well under subdivision (c) of Section 3237. Also, for the purposes of this article, an oil or gas well is an "**idle-deserted well**" if the supervisor determines that the well is deserted under Section 3237 and there is no operator responsible for its plugging and abandonment under Section 3237.

**3251.5.** (a) Notwithstanding Section 3251, a well shall be deemed a **hazardous well** if it has been determined by the supervisor to 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 before the date of the supervisor's determination that it poses such a danger.

(b) Reabandonment initiated by the supervisor shall not be affected by the time line established in this section.

**3252.** As used in this article, "**natural resources**" includes land, water, air, minerals, vegetation, wildlife, historical or aesthetic sites, or any other natural resource which, irrespective of ownership, contributes to the health, safety, welfare, or enjoyment

of a substantial number of persons, or to the substantial balance of an ecological community.

**3253.** If any provisions of this article or the application thereof in any circumstances or to any person or public agency is held invalid, the remainder of this article or the application thereof in other circumstances or to other persons or public agencies shall not be affected thereby.

**3254.** This article shall be liberally construed and applied to promote its purposes.

**3255.** (a) Notwithstanding any other provision of this division, the supervisor may order that any of the following operations be carried out on any property in the vicinity of which, or on which, is located any well that the supervisor determines to be either a hazardous or an idle-deserted well:

(1) Any inspection or tests necessary to determine what action, if any, would be appropriate to effectuate the purpose of this article.

(2) The abandonment of such a well.

(3) The reabandonment of such a well.

(4) The redrilling and production of an existing well for purposes of remedying, mitigating, minimizing, or eliminating danger to life, health, and natural resources.

(5) The drilling and production of a well for purposes of remedying, mitigating, minimizing, or eliminating danger to life, health, and natural resources.

(6) Any other remedy or oilfield operation calculated to effectuate the purpose of this article.

(b) If, pursuant to this article, the supervisor orders that any operation be carried out with respect to a hazardous or idle-deserted well and such operation will, by virtue of the physical occupation or destruction of all or any part of the property or the extraction of oil or gas from such property, substantially interfere with the enjoyment of the property, the supervisor shall acquire, as provided in Section 3256, such minimal interest in the property as is necessary to carry out such operation. No such acquisition may be made pursuant to this subdivision unless the supervisor finds and determines that the public benefits to be derived therefrom in remedying, mitigating, minimizing, or eliminating danger to life, health, and natural resources will exceed the cost of such acquisition, irrespective of the manner in which such acquisition is to be funded.

(c) An order of the supervisor to carry out any of the operations listed in subdivision (a) may be appealed by the owner of the property pursuant to Article 6 (commencing with Section 3350), except that in the case of an emergency no stay of the supervisor's order shall accompany the appeal.

**3256.** (a) The Division is hereby authorized to accept, and hold for and in the name of the state, by gift, exchange, purchase, negotiation, or eminent domain proceedings, any and all property or appurtenances of every kind and description thereto, including land, leases, easements, rights-of-way, oil, gas, or other mineral rights as the supervisor determines to be required and necessary to carry out operations to effect the purpose of this article.

(b) When the Division cannot acquire any such necessary property or interest therein by agreement with the owner, any such property or interest therein authorized to be acquired

Orders and methods for abatement

Acquiring property

Appealing order

Acquiring rights

Eminent domain

under this article shall be acquired pursuant to provisions of the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code); except that, notwithstanding any provision thereof, the Division, in the name of and for the state, may take immediate possession and use of any property required to carry out operations to effect the purpose of this article after eminent domain proceedings are first commenced according to law in a court of competent jurisdiction, and thereupon giving such security as the court in which the proceedings are pending directs to secure to the owner of the property sought to be taken immediate compensation for the taking and any damage incident thereto, including damages sustained by reason of an adjudication that there is no necessity for taking the property.

Management agreements

**3257.** To effect the purpose of this article, the Division is authorized to enter into agreements with any person, public agency, corporation, or other entity for the management or operation of property acquired or for the conduct of any operation ordered pursuant to this article.

Division expenditures

**3258.** (a) The division shall not make expenditures pursuant to this article that exceed the following sum in any one fiscal year:  
(1) Two million dollars (\$2,000,000) commencing on July 1, 2008, for the 2008-09 fiscal year, and continuing for three fiscal years thereafter.  
(2) One million dollars (\$1,000,000), commencing with the 2012-13 fiscal year.  
(b) On October 1, 2011, the department shall report to the Legislature on the number of orphan wells remaining, the estimated costs of abandoning those orphan wells, and a timeline for future orphan well abandonment with a specific schedule of goals.

#### *Article 4.3. Acute Orphan Wells*

Definitions

**3260.** For purposes of this article, the following definitions apply:  
(a) "Account" means the Acute Orphan Well Account established under Section 3261.  
(b) "Acute orphan well" means a well that the supervisor determines could pose an immediate danger to life, health, or natural resources and there is no operator determined by the supervisor to be responsible for plugging and abandoning the well pursuant to subdivision (c) of Section 3237 or who is able to respond.

Acute Orphan Well Account

**3261.** (a) Notwithstanding any other provision of this chapter, including the expenditure limitations of Section 3258, the division shall administer and manage the Acute Orphan Well Account, which is hereby established in the Oil, Gas, and Geothermal Administrative Fund.  
(b) Except as expressly provided in Section 3264, the account shall only be used, upon appropriation, to plug, abandon, and further secure an acute orphan well. Use of the account is limited to the minimum work necessary to eliminate any immediate risk to life, health, or natural resources.

Conservation Committee of the California Oil and Gas Producers

**3262.** (a) The Conservation Committee of the California Oil and Gas Producers shall act as an advisory committee, for the purposes of this article only, to assist the division in adopting criteria for determining whether a well is acute, and the level of surface or sub-

surface work necessary to plug and abandon and secure the well to eliminate the immediate risk to life, health, or natural resources. The division shall give substantial deference to these recommendations.

(b) If a recommendation of the committee is not followed, the division shall provide a written justification, approved by the supervisor, for not following the recommendation.

(c) The supervisor shall periodically consult with the Conservation Committee of the California Oil and Gas Producers to determine if the criteria developed pursuant to this section are being applied consistently, or if the criteria require revision to reflect changing circumstances.

**3263.** (a) The division shall establish the following fees, up to a maximum of one million dollars (\$1,000,000) annually, and payable to the division, for the sole purpose of carrying out the activities described in Section 3261:

Fees

(1) There shall be imposed annually upon the person operating each oil and gas well in this state, or owning royalty or other interests in respect to the production from the well, a charge that shall be payable to the division and that shall be computed at a uniform rate per barrel of oil and at a uniform rate per 10,000 cubic feet of natural gas produced from the well for the preceding calendar year, other than gas that is used for recycling or otherwise in oil-producing operations, not to exceed an aggregate total of up to five hundred thousand dollars (\$500,000) annually from all operating wells in the state. The fees to be paid shall be apportioned among all of those persons in fractional amounts proportionate to their respective fractional interests in respect to the production of the well, but the whole of the discharge shall be payable by the operator, who shall withhold their respective proportionate shares of the charge from the amounts otherwise payable or deliverable to the owners of royalty or other interests.

(2) There shall be imposed annually upon the person operating each idle well in this state, as defined in subdivision (d) of Section 3008, a charge that shall be payable to the division. The maximum aggregate charge to be collected by the division shall not exceed five hundred thousand dollars (\$500,000) annually. The amount of the charge to be assessed shall be determined by equally dividing the maximum aggregate annual charge to be collected by the total number of idle wells as of December 31 of the preceding year.

(b) The fee collections shall commence on March 1, 2006, based on production and idle well statistics as of December 31, 2005. The fee collections for 2007 shall be calculated based on production and idle well statistics as of December 31, 2006.

(c) Unless authorized by the Legislature, on or after January 1, 2008, the division shall not collect the fees established pursuant to subdivision (a).

**3264.** Notwithstanding the limitations contained in Section 3261 upon appropriation, a maximum of 5 percent of the total annual fees deposited in the account may be used by the division to administer the account, and to reimburse the division for any costs associated with developing the criteria required under Section 3262 and any costs incurred for the development of regulations authorized under Section 3266.

**3265.** If the balance in the account exceeds one million five hundred thousand dollars (\$1,500,000) at the start of the fiscal year, the collection of all fees set forth in Section 3263 shall be suspended for that year.

**3266.** The division may adopt regulations to implement this article.

*Article 4.4. Regulation of Production Facilities*

**3270.** (a) The division shall, by regulation, prescribe minimum facility maintenance standards for all production facilities in the state. The regulations shall include, but are not limited to, standards for all of the following:

- (1) Leak detection.
- (2) Corrosion prevention and testing.
- (3) Tank inspection and cleaning.
- (4) Valve and gauge maintenance, and secondary containment maintenance.
- (5) Other facility or equipment maintenance that the supervisor deems important

for the proper operation of production facilities and that the supervisor determines are necessary to prevent damage to life, health, property, and natural resources; damage to underground oil and gas deposits from infiltrating water and other causes; loss of oil, gas, or reservoir energy; and damage to underground and surface waters suitable for irrigation or domestic purposes by the infiltration of, or the addition of, detrimental substances.

(b) An operator who constructs, acquires, maintains, or alters an oil well or a production facility shall comply with the standards prescribed pursuant to subdivision (a).

(c) In a form and at a time prescribed by the division in regulation, an operator shall notify the supervisor of the construction, alteration, or decommissioning of a production facility.

(d) An operator shall maintain at the production facility's local office records of maintenance and repair operations, tests, and inspections, and shall provide the supervisor with access to these records at all times during normal business hours and with copies of the records immediately, upon request.

**3270.1.** Within three months of its acquisition of a production facility or at the time of the initial production at its production facility, the facility operator shall file with the division a spill contingency plan.

**3270.2.** The division shall inspect production facilities to ensure compliance with the standards prescribed in the regulations promulgated pursuant to subdivision (a) of Section 3270.

**3270.3.** In addition to any other remedy provided by law, the supervisor, upon his or her determination or that of the district deputy that a production facility is being operated in violation of the standards prescribed in subdivision (a) of Section 3270, may issue a cease and desist order to a production facility operator requiring the operator to cease operation until the operator demonstrates, to the satisfaction of the supervisor, that the violation has been corrected.

**3270.4.** (a) In addition to the bonding requirements under Article 4 (commencing with Section 3200), for an operator with a history of violating this chapter or that has out-

standing liabilities to the state associated with a well or production facility, the supervisor may require a life-of-well or life-of-production facility bond in an amount adequate to ensure all of the following:

- (1) The proper plugging and abandonment of each well.
- (2) The safe decommissioning of each production facility.
- (3) The financing of spill response and incident cleanup.

(b) Upon the failure of an operator to properly plug and abandon a well, decommission a production facility, or perform the appropriate spill response and incident cleanup, the supervisor may levy on the bond to obtain money to pay the cost of the work.

(c) The supervisor may release a life-of-production facility bond upon the satisfactory decommissioning of a production facility, or when an operator has provided another valid life-of-production facility bond.

(d) The supervisor may release a life-of-well bond upon the satisfactory plugging and abandonment of all wells covered by the bond or when an operator has provided another valid life-of-well bond.

(e) Whenever an operator sells, assigns, transfers, conveys, exchanges, or otherwise disposes to another operator a well or production facility that is covered by a life-of-well bond or a life-of-production facility bond, the new operator shall replace the life-of-well or life-of-production bond, as applicable, and maintain the new bond for five years before it may be released by the supervisor.

(f) In lieu of the indemnity bond required by this section, the supervisor may accept a deposit given pursuant to Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure, excluding a deposit of money, bearer bonds, or bearer notes.

(g) The supervisor shall adopt regulations specifying the content, including the conditions, of the bond or other security instrument required by this section.

#### *Article 4.5. Interstate Cooperation in Oil and Gas Conservation*

**3275.** The Legislature of the State of California hereby ratifies and approves “The Interstate Compact to Conserve Oil and Gas,” and the amendment, extension, and renewal thereof, as set forth in Section 3276. The provisions of the compact shall become the law of this state upon the compact becoming operative as provided in Article VIII of the compact.

**3276.** The provisions of the interstate compact referred to in Section 3275 are as follows:

#### **An Agreement to Amend, Extend and Renew the Interstate Compact to Conserve Oil and Gas**

WHEREAS, On the 16th day of February 1935, in the City of Dallas, Texas, there was executed “An Interstate Compact to Conserve Oil and Gas” which was thereafter formally ratified and approved by the States of Oklahoma, Texas, New Mexico, Illinois, Colorado and Kansas, the original of which is now on deposit with the Department of State of the United States;

Interstate Oil and Gas  
Compact Commission

WHEREAS, Effective as of September 1, 1971, the several compacting states deem it advisable to amend said compact so as to provide that upon the giving of congressional consent thereto in its amended form, said compact will remain in effect until Congress withdraws such consent;

WHEREAS, The original of said compact as so amended will, upon execution thereof, be deposited promptly with the Department of State of the United States, a true copy of which follows:

## AN INTERSTATE COMPACT TO CONSERVE OIL AND GAS

### *Article I*

This agreement may become effective within any compacting state at any time as prescribed by that state, and shall become effective within those states ratifying it whenever any three of the States of Texas, Oklahoma, California, Kansas, and New Mexico have ratified and Congress has given its consent. Any oil-producing state may become a party hereto as hereinafter provided.

### *Article II*

The purpose of this compact is to conserve oil and gas by the prevention of physical waste thereof from any cause.

### *Article III*

Each state bound hereby agrees that within a reasonable time it will enact laws, or if the laws have been enacted, then it agrees to continue the same in force, to accomplish within reasonable limits the prevention of:

- (a) The operation of any oil well with an inefficient gas-oil ratio.
- (b) The drowning with water of any stratum capable of producing oil or gas, or both oil and gas, in paying quantities.
- (c) The avoidable escape into the open air or the wasteful burning of gas from a natural gas well.
- (d) The creation of unnecessary fire hazards.
- (e) The drilling, equipping, locating, spacing or operating of a well or wells so as to bring about physical waste of oil or gas or loss in the ultimate recovery thereof.
- (f) The inefficient, excessive or improper use of the reservoir energy in producing any well.

The enumeration of the foregoing subjects shall not limit the scope of the authority of any state.

### *Article IV*

Each state bound hereby agrees that it will, within a reasonable time, enact statutes, or if such statutes have been enacted then that it will continue the same in force, providing in effect that oil produced in violation of its valid oil and/or gas conservation statutes or any valid rule, order or regulation promulgated thereunder, shall be denied access to commerce; and providing for stringent penalties for the waste of either oil or gas.

#### *Article V*

It is not the purpose of this compact to authorize the states joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

#### *Article VI*

Each state joining herein shall appoint one representative to a commission hereby constituted and designated as The Interstate Oil Compact Commission, the duty of which said Commission shall be to make inquiry and ascertain from time to time such methods, practices, circumstances, and conditions as may be disclosed for bringing about conservation and the prevention of physical waste of oil and gas, and at such intervals as said Commission deems beneficial it shall report its findings and recommendations to the several states for adoption or rejection.

The Commission shall have power to recommend the coordination of the exercise of the police powers of the several states within their several jurisdictions to promote the maximum ultimate recovery from the petroleum reserves of said states, and to recommend measures for the maximum ultimate recovery of oil and gas.

Said Commission shall organize and adopt suitable rules and regulations for the conduct of its business.

No action shall be taken by the Commission except: (1) By the affirmative votes of the majority of the whole number of the compacting states represented at any meeting, and (2) by a concurring vote of a majority in interest of the compacting states at said meeting, such interest to be determined as follows: Such vote of each state shall be in the decimal proportion fixed by the ratio of its daily average production during the preceding calendar half-year to the daily average production of the compacting states during said period.

#### *Article VII*

No state by joining herein shall become financially obligated to any other state, nor shall the breach of the terms hereof by any state subject such state to financial responsibility to the other states joining herein.

#### *Article VIII*

This compact shall continue in effect until Congress withdraws its consent. But any state joining herein may, upon sixty (60) days' notice, withdraw herefrom.

The representatives of the signatory states have signed this agreement in a single original which shall be deposited in the archives of the Department of State of the United States, and a duly certified copy shall be forwarded to the Governor of each of the signatory states.

This compact shall become effective when ratified and approved as provided in Article I. Any oil-producing state may become a party thereto by affixing its signature to a counterpart to be similarly deposited, certified, and ratified.

Done in the City of Dallas, Texas, this sixteenth day of February, 1935.

WHEREAS, The said "Interstate Compact to Conserve Oil and Gas" in its initial form has heretofore been duly renewed and extended with the consent of the Congress to September 1, 1971; and

WHEREAS, It is desired to amend said "Interstate Compact to Conserve Oil and Gas" effective September 1, 1971, and to renew and extend said compact as so amended:

Now, therefore, this writing witnesseth:

It is hereby agreed that effective September 1, 1971, the Compact entitled "An Interstate Compact to Conserve Oil and Gas" executed within the City of Dallas, Texas, on the 16th day of February, 1935, and now on deposit with the Department of State of the United States, be and the same is hereby amended by amending the first paragraph of Article VII thereof to read as follows:

"This compact shall continue in effect until Congress withdraws its consent. But any state joining herein may, upon sixty (60) days' notice, withdraw herefrom." and that said compact as so amended be, and the same is hereby renewed and extended. This agreement shall become effective when executed, ratified, and approved as provided in Article I of said compact as so amended.

The signatory States have executed this agreement in a single original which shall be deposited in the archives of the Department of State of the United States and a duly certified copy thereof shall be forwarded to the Governor of each of the signatory States. Any oil-producing State may become a party hereto by executing a counterpart of this agreement to be similarly deposited, certified, and ratified.

Executed by the several undersigned States, at their several State capitols, through their proper officials on the dates as shown, as duly authorized by statutes and resolutions, subject to the limitations and qualifications of the acts of the respective State Legislatures.

Official representative

**3277.** The Governor is hereby designated as the official representative of the State of California on the Interstate Oil Compact Commission provided for in the compact ratified by this article. The Governor shall exercise and perform for the State of California all the powers and duties imposed by the compact upon the representative to the Interstate Oil Compact Commission. The Director of Conservation is hereby designated to be the assistant representative and he or she shall act as the official representative of the State of California on the Interstate Oil Compact Commission when the authority to so act is delegated to him or her by the Governor. In his or her absence, the State Oil and Gas Supervisor is hereby designated to be the assistant representative. The Executive Officer of the State Lands Commission is hereby designated to be the associate representative. In addition, both the assistant representative and the associate representative shall perform such other duties as the Governor may designate which are necessary to enable the State of California to cooperate fully in accomplishing the objectives of the compact.

Assistant representative

Associate representative

*Article 5. Unreasonable Waste of Gas*

Evidence of gas waste

**3300.** The unreasonable waste of natural gas by the act, omission, sufferance, or insistence of the lessor, lessee or operator of any land containing oil or gas, or both, whether before or after the removal of gasoline from the gas, is opposed to the public interest and is unlawful. The blowing, release, or escape of gas into the air shall be prima facie evidence of unreasonable waste.

**3301.** Whenever the supervisor finds that it is in the interest of the protection of oil or gas from unreasonable waste, the lessors, lessees, operators or other persons owning or controlling royalty or other interests in the separate properties of the same producing or prospective oil or gas field, may, with the approval of the supervisor, enter into agreements for the purpose of bringing about the cooperative development and operation of all or a part or parts of the field, or for the purpose of bringing about the development or operation of all or a part or parts of such field as a unit, or for the purpose of fixing the time, location, and manner of drilling and operating of wells for the production of oil or gas, or providing for the return of gas into the sub-surface of the earth for the purpose of storage or the repressuring of an oil or gas field. Any such agreement shall bind the successors and assigns of the parties thereto in the land affected thereby and shall be enforceable in an action for specific performance.

Cooperative agreements

**3302.** Upon complaint being made to the director by any person operating in any oil field that there is occurring or threatened an unreasonable waste of gas in any field or fields, and when a petition is filed with the director requesting that a hearing be held to consider whether such waste is occurring or threatened, if it appears to the director that there is probable cause for such complaint, he shall order the supervisor to hold such a hearing and to fix a time and place therefor. A hearing may also be ordered by the director on the application of the supervisor.

Gas - waste hearing

**3303.** Notice of the time and place of the hearing shall be given by publication in a newspaper printed and published in the county in which the unreasonable waste of gas is alleged to be taking place or to be threatened. The notice shall specify the commonly accepted name or a general description of the field or locality. Publication shall be daily for five days prior to the time of the hearing. The supervisor shall also send notice by mail to each lessor, lessee, or operator, known to him, of any well in the field. Failure to send such written notice shall not affect the validity of the proceeding.

Hearing notice

**3304.** The place of hearing shall be in the county or in any of the counties in which the unreasonable waste of gas is alleged to be taking place or to be threatened.

Hearing location

**3305.** At the hearing all persons interested are entitled to be heard and may present testimony either oral or written. All witnesses shall be sworn, and a transcript of the proceedings shall be kept by a stenographic reporter. All the provisions of this chapter in reference to the subpoenaing of witnesses and the taking of depositions are applicable to the hearing before the supervisor. On the request of the supervisor a hearing officer in the Division of Administrative Procedure may assist and rule upon legal matters but such officer shall not make the determination specified in Section 3306 of this chapter.

Witness testimony

**3306.** Upon the conclusion of the hearing, the supervisor shall determine whether or not there is an unreasonable waste of gas in the field, in existence or threatened, and shall also determine the extent to which the waste of gas, occurring or threatened, is unreasonable.

Determining waste

**3307.** If it appears that gas is being produced from any oil well or wells in quantities exceeding a reasonable proportion to the amount of oil produced from the same well or wells, even though it is shown that such excess gas is being used in the generation of light, heat,

Gas-oil ratio

power, or any other industrial purpose, the supervisor shall hold that such excess production of gas is unreasonable waste.

Order **3308.** If the waste of gas is found to be unreasonable, an order shall be made by the supervisor directing that the unreasonable waste of gas be discontinued or refrained from to the extent stated in the order. The sale or delivery of gas to another by a lessor, lessee, or operator shall be no defense, excuse, or reason for any lessor, lessee, or operator disobeying an order of the supervisor directing the discontinuance or curtailment of the production of the well or wells from which gas is being produced.

Posting order **3309.** A copy of the supervisor's order shall be posted in a conspicuous place upon the property affected, and the order shall become final 10 days after posting, unless it is appealed from as provided in Section 3350.

Enforcing order **3310.** When the decision of the supervisor that there is an unreasonable waste of gas occurring or threatened has become final, a certified copy thereof shall be filed with the director. The director, unless the order is complied with voluntarily, shall have proceedings instituted in the name of the people of the State of California to enjoin the unreasonable waste of gas.

Such proceedings shall be instituted in the superior court of the county in which is situated the property, or any part thereof, where the wastage is occurring or is threatened. Any number of defendants may be joined in the same proceeding, although their properties and interests may be severally owned and their actual or threatened unreasonable wastage of gas may be separate and distinct, if the actual or threatened unreasonable waste by all of the defendants is in, or with reference to, the same producing or prospective oil or gas field.

Issuing restraining order or injunction **3311.** In those suits, a restraining order shall not be issued ex parte, and a temporary or permanent injunction issued in the proceedings shall not be refused or dissolved or stayed pending appeal upon the giving of any bond or undertaking or otherwise, but otherwise the procedure, including the procedure on appeal, shall be conformable with the provisions of Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of the Code of Civil Procedure.

Proceedings In the proceedings, the findings of the supervisor, unless set aside, or except to the extent modified, by the director, shall constitute prima facie evidence of the unreasonable wastage of gas therein found to be occurring or threatened.

Proceeding to enjoin waste **3312.** Whenever it appears to the director that the owners, lessors, lessees, or operators of any well or wells producing oil and gas or oil or gas are causing or permitting an unreasonable waste of gas, he may institute, or have proceedings instituted, in the name of the people of the State of California, to enjoin the unreasonable waste of gas regardless of whether proceedings have or have not been instituted under Sections 3302 to 3305, and regardless of whether an order has or has not been made therein.

Such proceedings shall be instituted in the superior court of the county in which is situated the well or wells, or any thereof, from which the unreasonable waste of gas is occurring. The owners, lessors, lessees, or operators causing or permitting an unreasonable

waste of gas in the same oil or gas field may be made parties to the action, although their properties and interests may be separately owned and their unreasonable waste separate and distinct.

**3313.** In such suits a restraining order shall not be issued *ex parte*, and a temporary or permanent injunction issued in such proceedings shall not be refused or dissolved or stayed pending appeal upon the giving of any bond or undertaking or otherwise, but otherwise the procedure shall be governed by the provisions of Chapter 3 of Title 7 of Part 2 of the Code of Civil Procedure.

Restraining order,  
injunction

**3314.** Proceedings to enjoin waste as contemplated by this chapter shall be special proceedings restricted to the single issue whether gas is being produced or is threatened to be produced in unreasonably wasteful quantities and the extent to which such production should be enjoined on behalf of the State of California.

Proceeding format

#### *Article 5.5. Subsidence*

**3315.** It is hereby found and determined:

(a) That the people of the State of California have a direct and primary interest in arresting and ameliorating the subsidence and compaction of land in those areas overlying or immediately adjacent to producing oil or gas pools within the State where valuable buildings, harbor installations and other improvements are being injured or imperiled or where subsidence is interfering or may interfere with commerce, navigation and fishery, or where substantial portions of such areas may be inundated if subsidence continues, thereby endangering life, health, safety, public peace, welfare and property;

Legislative findings

(b) That in certain of such areas of the State land already has subsided to a great extent and is continuing to subside at an alarming rate, resulting in injury to surface and underground improvements through land movement or the threat of inundation from the sea, necessitating extensive filling and construction of levees and dikes; and requiring the raising, repair and reconstruction of highways, bridges, buildings, utility and transportation facilities, vital national defense installations and other improvements;

(c) That the results of studies by qualified engineers, which have been conducted in certain of such affected areas, indicate that the only feasible method that can be expected to arrest or ameliorate subsidence in such areas is by repressuring subsurface oil and gas formations thereunder and that such repressuring operations, in addition thereto, should increase the amount of oil ultimately recoverable from the formations underlying such areas and protect the oil or gas in such lands from unreasonable waste;

(d) That unit or co-operative operation of such pool or pools in such areas is necessary in order to repressure or maintain pressure in said pool or pools in order to arrest or ameliorate subsidence;

(e) That, in view of the special characteristics of the subsidence problem in such areas, it is necessary, therefore, that the State of California, through authority vested in the State Oil and Gas Supervisor, exercise its power and jurisdiction to require the carrying on of repressuring operations which will tend to arrest or ameliorate subsidence by maintaining or replenishing underground pressures in formations underlying such areas, thereby safeguarding life, health, property, and the public welfare, and to require such co-operative

or unit plan or plans as may be necessary for repressuring which tend to arrest or ameliorate subsidence subject to the limitations on the authority of the supervisor contained in this article;

(f) That it is also desirable to encourage the carrying on of voluntary repressuring operations pursuant to voluntary unit or co-operative agreements in order to arrest or ameliorate subsidence, and as a means to that end it is necessary that the power of eminent domain be exercised to acquire the properties of nonconsenting owners of interests in oil and gas under the circumstances and subject to the limitations set forth in this article.

Construction of article

**3316.** Unless the context otherwise requires, the general provisions and definitions contained in this chapter govern the construction of this article.

Definitions

**3316.1.** As used in this article, “**person**” means any natural person, corporation, association, partnership, joint venture, receiver, trustee, executor, administrator, guardian, fiduciary or other representative of any kind and includes the State and any city, county, city and county, district or any department, agency or instrumentality of the State or of any governmental subdivision whatsoever.

**3316.2.** “**Pool**” means an underground reservoir containing, or appearing at the time of determination to contain, a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure which is separated from any other zone in the structure is a separate pool.

**3316.3.** “**Field**” means the same general surface area which is underlaid or reasonably appears to be underlaid by one or more pools.

**3316.4.** “**Repressuring operations**” means gas injection operations, water injection operations, water flooding operations, or any combination thereof, or any other operations intended primarily to arrest or ameliorate subsidence, or to restore or increase the pressure in a pool, or to avoid or minimize a reduction of pressure within a pool.

**3316.5.** “**Subsidence**” means sinking, lowering, collapsing, compaction or other movement of the land whether covered by water or not.

**3316.6.** “**Unit area**” means all or part of a pool or pools included within the area embraced by a unit created pursuant to an order of the supervisor as provided in Section 3322, or created by a unit agreement voluntarily entered into.

**3316.7.** “**Unit production**” means all oil, gas and other hydrocarbon substances produced from a unit area from the effective date of the order of the supervisor creating the unit, or from the effective date of a unit agreement approved by the supervisor.

**3316.8.** “**Fieldwide repressuring plan**” means a plan based upon a competent engineering study or studies, prepared by a petroleum engineer licensed by the State, of all the pools in a field, designed so as to provide for a program of pressure restoration or maintenance as to most effectively arrest or ameliorate subsidence with respect to those land areas referred to in Section 3315.

**3316.9. “Unit agreement”** means and includes, in addition to the unit agreement, any unit operating agreement, consent agreement and other agreement entered into in connection with and supplemental to such unit agreement, but shall not include any preliminary agreement confined to effectuating any exchange of interests in tracts of land which the parties to such preliminary agreement may desire.

**3316.10. “Increased production”** means that portion of the oil or gas produced from all wells bottomed within a unit area, or within any other area where the supervisor finds repressuring operations feasible, during any year over and above the oil or gas that would have been produced from all wells bottomed within the same area during the identical year at the projected rate of decline for the wells in the absence of repressuring operations conducted pursuant to this article.

**3316.11. “Working interest”** means an interest held in lands by virtue of fee title, including lands held in trust, a lease, operating agreement or otherwise, under which the owner of such interest has the right to drill for, develop and produce oil and gas. A working interest shall be deemed vested in the owner thereof even though his right to drill or produce may be delegated to an operator under a drilling and operating agreement, unit agreement, or other type of operating agreement.

**3316.12. “Working interest owner”** means a person owning a working interest.

**3316.13. “Royalty interest”** means a right to or interest in oil and gas produced from any lands or in the proceeds of the first sale thereof other than a working interest.

**3316.14. “Royalty interest owner”** means a person owning a royalty interest.

**3316.15. “Unit operator”** means the person or persons designated by the unit agreement or in accordance with subdivisions (g) and (j) of Section 3322 as operator or operators of the unitized area.

**3316.16. “Land”** means both surface and mineral rights.

**3317.** This article applies only to lands, referred to in Section 3315, overlying or immediately adjacent to a producing pool or pools, when such lands are subsiding, portions of which lands are subject to threat of inundation from the sea and which subsidence is endangering the life, health and safety of persons or which is damaging or is threatening to cause damage to, any surface or underground improvements located on such lands overlying or immediately adjacent to such pool or pools. The area within the exterior boundaries established pursuant to Section 3336 shall be known as a “**subsidence area.**”

**3318.** An order of the supervisor which involves tide or submerged lands which may have been granted to any city, county, or city and county, or district, shall prohibit any impairment of the public trust for commerce, navigation, or fisheries to which the granted lands are subject. The Legislature hereby finds and declares that compliance with any such

Area covered

Order of Supervisor  
involving tide or  
submerged lands

Compliance doesn't violate other trusts

order containing such prohibition will not impair the public trust for commerce, navigation, or fisheries to which the granted lands are subject, and that any acts or things done pursuant to the terms thereof or resulting therefrom are consistent with and not in violation of the terms and conditions of any such grant or of any trusts, restrictions, or conditions of appertaining thereto. No such order shall effect or result in, or be construed to effect or result in a revocation of or change in any trust pertaining to the granted lands, or in any grant, conveyance, alienation, or transfer of the granted lands, or any part thereof, to any other individual, firm, or corporation, even though such order provides for the pooling of oil, gas, or other hydrocarbon substances produced from the granted lands with oil, gas, or other hydrocarbon substances produced from other lands, or results in the migration of any oil, gas or other hydrocarbon substances between the granted lands and other lands. If any of the granted lands are contained in any unit created or approved by an order of the supervisor, and, when applicable, the State Lands Commission, then any trust, restrictions, or conditions pertaining to any production from the granted lands included within such a unit, or to any proceeds from such production, shall apply only to that part of the production or that part of the proceeds therefrom which is allocated to such city, county, or city and county or district on account of the granted lands under any such order, and shall not apply to any other production or the proceeds therefrom, whether or not the same may have been produced from the granted lands or other lands.

Fieldwide repressuring plan

**3319.** (a) The supervisor, upon the supervisor's own motion, may, or shall, upon the application of any city, county, or city and county, any part of which is in a subsidence area, or any contractor or lessee for the production of oil or gas therefor, or any person having a working interest therein, who has submitted therewith an engineering report and plan for fieldwide repressuring operations in the pool or pools in a field in order to arrest or ameliorate subsidence therein, prepared by a petroleum engineer licensed by the state, hold a public hearing. The public hearing shall, at a minimum, consider the need for repressuring operations in all of the pool or pools in order to arrest or ameliorate subsidence. The supervisor may order applications relating to the same field to be consolidated for the public hearing thereon.

(b) Before any application shall be considered, each applicant shall pay to the supervisor for deposit in the General Fund a sum of money estimated by the supervisor to be equivalent to the amount of costs necessary to publish and mail notices, to employ stenographic reporters, to prepare a daily transcript of such hearing for use by the supervisor, to pay any rental that may be necessary to provide quarters for the hearing and to reimburse the Department of Conservation for any charges imposed upon it for the services of a hearing officer or members of the Attorney General's staff in conjunction with the hearing. If more than one application is filed, the costs shall be equally charged and assessed to and paid by the respective applicants. The costs, when finally determined, if in excess of the amount theretofore deposited shall be paid equally by the applicant or applicants. Any money remaining on deposit after final determination and payment of costs shall be refunded to the applicant or applicants equally. If, after a public hearing and from the evidence adduced therefrom, and from such engineering studies as the supervisor may have ordered made and which have been presented and considered at the hearing, the supervisor finds that repressuring operations of the pool or pools will tend to arrest or ameliorate subsidence, the supervisor shall by order adopt a fieldwide repressuring plan and specifications of the work to be done

thereunder, if, in the judgment of the supervisor, the fieldwide plan and specifications are necessary, and will not substantially reduce the maximum economic quantity of oil or gas ultimately recoverable from the pool or pools under prudent and proper operations.

(c) Any fieldwide repressuring plan and general specifications shall be based upon a competent engineering study of all the pools in the field and shall provide for repressuring operations designed to most effectively arrest or ameliorate subsidence with respect to those land areas overlying or immediately adjacent to a producing pool or pools. The plan and specifications may provide that they may be carried out by one or more units made up of the pool, groups of pools, or portions thereof, or by individual persons, or by cooperative agreements between two or more persons or by any combinations of the foregoing which in the judgment of the supervisor shall be feasible. The study may be reviewed from time to time by the supervisor, and if it be determined, from an analysis of the collected data, that consideration should be given to the alteration or modification of the plan and specifications, the supervisor shall order the holding of the requisite hearing for the purpose of determining whether the change should be incorporated into the plan and specifications by an amended order. The supervisor may amend a fieldwide repressuring plan and general specifications of the work to be done in the same manner as herein provided for the initial adoption of the plan and specifications.

**3319.1.** Prior to the adoption of a fieldwide repressuring plan and general specifications of the work to be done thereunder, as provided in Section 3319, the supervisor, upon the application of any city, county, city and county, any part of which is in a subsidence area, or any contractor or lessee for the production of oil or gas therefor, or any person having a working interest therein, who has submitted therewith an engineering report and plan for pressure restoration or pressure maintenance of a particular pool or pools, or portion thereof underlying a certain described area or portion of such field, designed for the purpose of arresting or ameliorating subsidence therein, prepared by a petroleum engineer licensed by the State, shall hold a public hearing to consider the need for repressuring operations in such pool or pools, or portion thereof, in order to arrest or ameliorate subsidence. Applications relating generally to the same described area or portions of such field may be ordered consolidated by the supervisor for such public hearing thereon.

The procedure and method prescribed in Section 3319, with reference to the determination of amount, assessment, payment and refunding of costs, in conjunction with the holding of the hearing therein provided, are hereby incorporated with reference to the determination of amount, assessment, payment and refunding of costs as a condition precedent to the holding of the hearing herein provided.

If, after a public hearing and from the evidence adduced therefrom, and from such engineering studies as he may have ordered made and which have been presented and considered at such hearing, the supervisor finds that repressuring operations of such pool or pools or portions thereof will tend to arrest or ameliorate subsidence, he shall by order adopt a repressuring plan and specifications of the work to be done thereunder in such pool or pools or portions thereof, if in his judgment such plan and specifications are necessary and will not substantially reduce the maximum economic quantity of oil or gas ultimately recoverable from such pool or pools under prudent and proper operations.

Any such repressuring plan and specifications adopted in furtherance thereof shall be designed to most effectively arrest or ameliorate subsidence with respect to those affected

Area repressuring plan

land areas overlying or immediately adjacent to such pool or pools, or portions thereof. The supervisor may amend such repressuring plan and specifications in the same manner as herein provided for the initial adoption of said repressuring plan and specifications.

Any order of the supervisor adopting a repressuring plan and specifications of the work to be done thereunder with respect to a particular pool, or pools, or portions thereof, shall be expressly conditioned so as to provide that such plan and specifications shall be subject to amendment or modification if, after the holding of a public hearing thereon, it be determined that such amendment or modification is necessary in order to conform such plan and specifications with the subsequently adopted fieldwide repressuring plan and general specifications as provided for in Section 3319.

Voluntary repressuring

**3320.** (a) The policy of conducting voluntary repressuring operations in a pool or pools, or portions thereof, in order to arrest or ameliorate subsidence, or for any other lawful purpose, whether individually or by unit or co-operative agreement, shall be encouraged by the supervisor. Nothing contained in this article shall be deemed to prohibit the supervisor from approving voluntary repressuring operations in any pool or pools, or part thereof, pursuant to this article or any other provision of Division 3 (commencing at Section 3000) of the Public Resources Code prior to adoption of a repressuring plan and specifications under Section 3319 or 3319.1, if in his judgment such repressuring operations are not detrimental to the intent and purposes of this article to arrest or ameliorate subsidence, or are not otherwise unlawful. At any time after the adoption of a repressuring plan and specifications therefor, as provided in Section 3319.1, or the adoption of the fieldwide repressuring plan and specifications therefor, as provided in Section 3319, and prior to the issuance of a unit order, the supervisor shall, upon request being made therefor, analyze any such currently conducted repressuring operations, and any proposed plan of repressuring operations to determine whether such operations are or would be in conformity, or could be made to conform, with either of the foregoing adopted repressuring plans and specifications. If the supervisor determines that such existing or proposed repressuring operations do conform, or if he determines that such operations can be made to conform, and the respective party or parties thereto agree to the recommended modifications, he shall approve such voluntary repressuring operations. Upon such approval by the supervisor, the party or parties thereto shall be entitled to continue or proceed with such repressuring operations without specific direction or order from the supervisor, except as provided in subdivision (c) hereof.

The provisions of Section 6879 shall apply to any such voluntary or co-operative agreement which includes tide and submerged lands of the State which have been granted to a city, county, city and county or district by a grant which does not except and reserve to the State all deposits of minerals, including oil and gas, in said lands.

Time for compliance

(b) In the event any proposed plan of repressuring operations is not commenced or any proposed unit or co-operative agreement which has been approved by the supervisor, is not executed and operations commenced thereunder by the respective parties thereto within the time specified in the order of the supervisor approving the same, or within any extension thereof granted by the supervisor, for good cause shown, but in no event longer than 90 days from the expiration date specified in the order of approval, the order of the supervisor shall be deemed automatically revoked, without further action, and the supervisor shall take such appropriate action as authorized by this article.

(c) The supervisor shall, at all times, have access to and may inspect all repressuring operations referred to in subdivision (a) hereof for the purpose of determining that performance is being conducted in accordance with the repressuring plan or plans and specifications of work to be done thereunder adopted pursuant to Sections 3319 or 3319.1, or in accordance with the orders of the supervisor approving repressuring operations, and shall have power to require such operations to conform to the said repressuring plan or plans and specifications of work to be done thereunder adopted by, or orders theretofore made by the supervisor, and to otherwise enforce compliance with this article.

Access to operations

**3320.1.** (a) An agreement for the management, development and operation of two or more tracts in a pool or pools, or portions thereof, in a field as a unit without regard to separate ownerships for the production of oil and gas, including repressuring operations therein, and for the allocation of benefits and costs on a basis set forth in the agreement, shall be valid and binding upon those who consent thereto and may be filed with the supervisor for approval.

Cooperative agreements

Any agreement for the cooperative management, development and operation of two or more tracts in a pool or pools, or portions thereof, in a field for the production of oil or gas, including repressuring operations therein, shall be valid and binding upon those who consent thereto and may be filed with the supervisor for approval.

If in the judgment of the supervisor a unit agreement or cooperative agreement filed for approval is not detrimental to the intent and purposes of this article to arrest or ameliorate subsidence, or otherwise unlawful, the supervisor may approve the agreement. No such agreement approved by the supervisor hereunder or heretofore approved pursuant to applicable law prior to the enactment of this article shall be held to violate any of the statutes of this state prohibiting monopolies or acts, arrangements, agreements, contracts, combinations or conspiracies in restraint of trade or commerce.

(b) In the event that at the time of the approval by the supervisor of a unit or cooperative agreement under subdivision (a), the supervisor makes written findings of all of the following:

Necessary findings

(1) A primary purpose of the unit or cooperative agreement is the initiation and conduct of repressuring operations in the area covered thereby for the purpose of arresting or ameliorating subsidence.

(2) The initiation and conduct of repressuring operations in the area covered by the unit or cooperative agreement are feasible and compatible with the purposes of this article.

(3) The persons who are entitled to 75 percent of the proceeds of production of oil and gas within the area covered by the unit or cooperative agreement (measured by the production of oil and gas therein in the last calendar year preceding the date of such approval) have become parties to such agreement by signing or ratifying it.

(4) It is necessary, in order to initiate and conduct repressuring operations, that the properties of nonconsenting persons who own working interests or royalty interests in lands within the area covered by the unit or cooperative agreement become subject to the agreement.

Eminent domain

(5) The agreement is fair and reasonable, and contains appropriate provisions to protect and safeguard the rights of all persons having an interest in oil and gas production in the area covered thereby.

Then the supervisor shall make and enter an order which shall provide that unless the nonconsenting persons, within 30 days after service upon those persons of the order in the manner specified by the supervisor, become parties to the agreement by signing or ratifying the agreement, the right of eminent domain may be exercised as provided in subdivision (c) for the purpose of acquiring the properties of the nonconsenting persons which are found by the supervisor to be necessary for the initiation and conduct of the repressuring operations.

If the supervisor makes findings in accordance with the foregoing, the findings shall be prima facie evidence of all of the following:

(A) Of the public necessity of the development and operation of the properties in accordance with the unit or cooperative agreement and of the repressuring operations to be initiated and conducted pursuant to the agreement.

(B) That the acquisition of the properties of the nonconsenting persons which are designated by the supervisor is necessary therefor.

(C) That the repressuring and other operations to be initiated and conducted pursuant to the agreement, and the improvements to be made in connection therewith are planned or located in the manner which will be most compatible with the greatest public good and the least private injury.

The acquisition and use of land, including oil and gas rights therein, and personal property used in the production of oil and gas within a subsidence area for the purposes and by the persons mentioned in this section under the circumstances herein specified, are public uses on behalf of which the right of eminent domain may be exercised.

(c) Subject to the provisions of subdivision (b), the right of eminent domain for the purposes therein mentioned may be exercised by any city, county, or city and county, which has agreed to commit the properties to be acquired to such unit or cooperative agreement, or which has agreed to convey all or a portion of said properties upon acquisition, for a price not less than the cost of acquiring the same, to working interest owners who are parties to such unit or cooperative agreement and who have agreed to commit such properties to said agreement.

Except as otherwise provided in subdivisions (b) and (c), any condemnation action brought hereunder shall be governed by Title 7 (commencing with Section 1230.010) of Part 3 of the Code of Civil Procedure.

If a condemnation action or actions to acquire the properties of the nonconsenting persons are promptly commenced and diligently prosecuted to final judgment by which the properties are acquired, no compulsory unit order affecting the area covered by the agreement shall be made by the supervisor under Section 3321 with respect to that area.

**3320.2.** If the supervisor determines that sufficient of the working interest owners and royalty interest owners to make repressuring operations feasible in any pool or pools, or portions thereof, for which a repressuring plan and specifications have been adopted by the supervisor, have not prior thereto, or within the time designated in the order of the supervisor adopting such plan and specifications, entered into a unit agreement or co-operative agreement, or have not taken individual action under which the repressuring operations contemplated by such plan will be satisfactorily initiated and conducted, the supervisor shall have power to compel the unitization of all interests in such pool or pools, or portions thereof, in the manner and subject to the limitations set forth in this article.

If the supervisor shall compel the unitization of the interests in any pool or pools, or portions thereof, in a field as provided in Section 3321, the supervisor shall have power to order repressuring operations to be initiated and conducted in the unit area in accordance with the applicable repressuring plan and specifications previously adopted by the supervisor; provided, however, that no order compelling unitization or order requiring the initiation and conduct of repressuring operations in the unit area shall be made unless the supervisor shall find:

(1) That the initiation and conduct of such repressuring operations will not substantially reduce the maximum economic quantity of oil or gas ultimately recoverable from the unit area as a whole under prudent and proper operations.

(2) That the estimated cost of initiating and carrying out such repressuring operations within the unit area as a whole, including both capital and operating costs, will not exceed the estimated value of the increased production resulting therefrom.

The supervisor shall have continuing jurisdiction to review the results of repressuring operations previously ordered by the supervisor and to make such further orders as may be necessary or desirable under the provisions of this article.

**3320.3.** In determining, as required by Section 3320.2, whether the estimated cost of initiating and conducting such repressuring operations will exceed the estimated value of the increased production resulting from such operations, the supervisor shall exclude from consideration that portion of the cost of initiating and conducting such repressuring operations which any interested person or persons agree to bear, in addition to the portion of the cost of such operations which such person or persons would otherwise be obligated to bear pursuant to the provisions of subdivision (e) of Section 3322 under arrangements for the conditional repayment of such excess portion from increased production as follows:

(a) Each person bearing a part of such excess portion of the cost of initiating and conducting such repressuring operations shall recover the amount so borne, plus interest on the unpaid balance thereof at the rate of 3 ½ percent per annum compounded semiannually by receiving, until fully repaid, his pro rata share, based upon his proportionate contribution from an amount not less than 60 percent or more than 90 percent, which, in the judgment of the supervisor, shall from time to time be determined to be fair and reasonable to all persons concerned, of that proportion of the increased production thereafter produced that the said excess portion of the cost of initiating and conducting such repressuring operations bears to the total cost of initiating and conducting such repressuring operations.

(b) If the supervisor shall find the offer of such person or persons to bear the excess portion of the cost of initiating and conducting such repressuring operations to be feasible, fair and reasonable, any order for repressuring operations made by the supervisor, in addition to its other provisions, shall set forth the time, manner and terms upon which such excess portion of the cost of initiating and conducting repressuring operations shall be borne by such person or persons until repaid to such person or persons from increased production as above provided.

**3320.4.** In order to encourage the initiation and conduct of repressuring operations with the greatest possible speed in a subsidence area, the State, or any city, or county, city and county, or other political subdivision, deriving revenues from oil or gas produced from tide or submerged lands may expend such revenues for the purpose of bearing that portion of

Necessary findings

Cost computation

Public agency  
assistance

the cost of initiating and conducting repressuring operations in such subsidence area:

(1) In excess of that share of such costs which would otherwise be borne by such person pursuant to subdivision (e) of Section 3322 as a participant in a unit created by order of the supervisor pursuant to Section 3322 under arrangements for conditional repayment as above provided, or

(2) In excess of that share of such costs which would otherwise be borne by such person as a participant in a unit under a unit agreement voluntarily entered into under arrangements for conditional repayment satisfactory to such person and the other working interest owners interested in said unit.

**3320.5.** No working or royalty interest owner shall be liable for any loss or damage resulting from repressuring or other operations connected with the production of oil and gas which are conducted, without negligence, pursuant to and in accordance with a co-operative or unit agreement ordered or approved by the supervisor pursuant to this article.

Compulsory unit order

**3321.** (a) Subject to the limitations specified in this article, the supervisor shall have the power to issue a compulsory unit order upon the petition of a city, county, city and county, any part of which is in a subsidence area, or any contractor or lessee for the production of oil or gas therefor, or any person or persons owning working interests in the area affected by such order. The supervisor shall, prior to the issuance of each compulsory unit order, schedule a public hearing thereon. Such hearing may embrace all or a portion of those land areas, and the pool or pools, or portions thereof, underlying such areas, which have been theretofore included in one of the repressuring plans referred to in Section 3319 or 3319.1, except those areas, and the pool or pools, or portions lying thereunder, which are currently devoted to repressuring operations pursuant to an approved repressuring plan in accordance with the procedure prescribed in subdivision (a) of Section 3320. Such hearing shall be set not later than 60 days from the date of the filing of such petition.

Unitization hearing,  
necessary findings

(b) If, after such public hearing and from the evidence adduced therefrom, and from such engineering studies as he may have ordered made and which have been presented and considered at such hearing, or at any prior hearing held for the purpose of considering a repressuring plan, the supervisor finds:

1. That repressuring operations of such pool or pools, or portions thereof, will tend to arrest or ameliorate subsidence; and

2. That compulsory repressuring operations are required by reason of the failure, refusal or inability of the respective parties within the affected area to agree upon and initiate approved repressuring operations; and

3. That subsidence of land overlying or immediately adjacent to such pool or pools is injuring or imperiling valuable buildings, or other improvements, or harbor installations or is interfering with commerce, navigation and fishery, or substantial portions of such lands may be inundated if subsidence continues, thereby endangering life, health, safety, peace, welfare and property; and

4. That unit operation of such pool or pools, or portions thereof, is reasonably necessary to carry out repressuring operations in accordance with the theretofore adopted repressuring plan; and

5. That the creation of the unit is feasible, necessary and justifiable under all conditions affecting the unit at the time of its creation or which can be reasonably anticipated by the supervisor at such time;

then the supervisor shall issue an order requiring unit operation of such pool or pools, or portions thereof, on such terms and conditions as may be determined from the evidence to be fair, reasonable, equitable and in conformance with said repressuring plan.

**3322.** An order of the supervisor requiring unit operation, pursuant to Section 3321, may include lands owned by any person as defined in Section 3316.1, and shall contain such provisions as may be necessary or proper to protect, safeguard, and adjust the respective rights and obligations of the persons affected, including but not limited to lessees, operators, independent contractors, lien claimants, owners of mineral rights, royalties, working interests, production payments, mortgages, or deeds of trust. The order shall include:

(a) A description of the area embraced, termed the “unit area”;

(b) A general statement of the nature of the applicable repressuring plan and the specifications therefor adopted by the supervisor to arrest or ameliorate subsidence to be prescribed in a separate order of the supervisor requiring repressuring operations;

(c) That as a condition to the continued production by the owners or operators of oil or gas from such pool or pools, they shall initiate and conduct such repressuring operations as shall be prescribed in a separate order or orders of the supervisor;

(d) A formula for the apportionment and allocation of the unit production among and to the several separately owned tracts within the unit area such as reasonably will permit persons otherwise entitled to share in or benefit by the production from such separately owned tracts to produce or receive, in lieu thereof, their fair, equitable and reasonable share of the unit production or other benefits thereof. A separately owned tract’s fair, equitable, and reasonable share of the unit production shall be measured by the value of each such tract for oil and gas purposes and its contributing value to the unit in relation to like values of other tracts in the unit, taking into account acreage, the quantity and quality of oil and gas recoverable therefrom, location on structure, its probable productivity of oil and gas in the absence of unit operations, the burden of operation to which the tract will or is likely to be subjected, or so many of such factors, and such other pertinent engineering geological, or operating factors as may be reasonably susceptible of determination;

Pending the adoption of a final formula for apportionment and allocation of unit production as above provided (which final formula must be adopted not later than 18 months from the effective date of the order of the supervisor requiring unit operation), an interim formula may be adopted based upon the gross oil production in the unit area during the calendar year preceding the date of such order of the supervisor, which shall be effective until the adoption of the final formula as above provided. The final formula, when adopted, shall be retroactive to the effective date of the order requiring unit operation and adjustment shall be made in the apportionment and allocation of production during such interim period in accordance with the final formula so adopted.

(e) Provisions for financing the unit and the further development and operation of the unit area and the basis, terms, and conditions on which the cost and expense thereof shall be apportioned among and assessed against the tracts and all interests therein, including a detailed accounting procedure governing all charges and credits incident to all operations within the unit. The expense of unit operation shall be chargeable to the separately owned tracts in the same proportion that such tracts share in the unit production, and the expenses chargeable to a tract shall be paid by the person who in the absence of unit operation would be responsible for the expense of developing and operating such tract. Subject to such terms

Compulsory unitization  
order provisions

Financing procedure

and conditions as to time and rate of interest as may be fair to all concerned, reasonable provisions shall be made in the order for carrying or otherwise financing persons who are unable promptly to meet their financial obligations in connection with the unit repressuring operations, and upon application made prior to the entry of the order, for carrying a nonassenting working interest owner affected by a final order of the supervisor under Section 3321;

(f) A provision for the credits and charges to be made in the adjustment among the owners or operators of tracts within the unit area for their respective investments in wells, tanks, pumps, machinery, materials, and equipment contributed to the unit operation by the respective owners or operators. The net amount chargeable against the owner or operator of a separately owned tract shall be considered expenses of unit operation chargeable against such tract;

(g) A provision appointing an operating committee to have general overall management and control of the unit, including voting procedures, the conduct of its business and affairs and the operations to be carried on by it for the primary purpose of ameliorating or arresting subsidence, subject to the applicable repressuring plan, the specifications therefor and the unit order adopted by the supervisor. Such operating committee shall be composed of the persons primarily liable for the payment of the expenses of unit operation, or their representatives, which committee shall, within the time specified in the order, appoint a person to be known as the "unit operator," who shall, under the direction and supervision of the operating committee, be responsible for the management and conduct of the unit operation;

(h) A provision specifying the method of voting upon any motion before the operating committee and the majority in number of votes necessary in order to carry a motion;

(i) That each vote upon a motion by the operating committee shall have a value corresponding to the percentage of the expense of unit operation borne by the person voting or his principal pursuant to the provisions of subdivision (e) of this section;

(j) If the operating committee fails to appoint the unit operator within the time specified in an order issued pursuant to this article, the supervisor shall appoint the unit operator;

(k) The time the unit operation shall commence, and the manner in which and the circumstances under which the unit operation shall terminate;

(l) Such additional provisions not inconsistent with this article which the supervisor deems appropriate for the accomplishment of the proposed plan of repressuring operations for the purpose of arresting or ameliorating subsidence within the unit area and the protection of all interested parties.

**3322.1.** No order of the supervisor creating a unit and prescribing the plan of unitization applicable thereto shall become effective unless and until the plan of unitization has been signed, or in writing ratified or approved, by working interest owners who are entitled to 65 percent of the proceeds of production of oil and gas, prior to the payment of royalties, within the proposed unit area, measured by the production from such area in the calendar year preceding the date of the order of the supervisor creating such unit, and the supervisor has made a finding either in the order creating the unit or in a supplemental order that the plan of unitization has been so signed, ratified or approved by persons owning the required percentage interest in and to the unit area. Where the plan of unitization has not been so signed, ratified or approved by persons owning the required percentage interest in and to the

Operating committee

Percentage required

unit area at the time the order creating the unit is made, the supervisor shall, upon petition and notice, hold such additional and supplemental hearings as may be requested or required to determine if and when the plan of unitization has been so signed, ratified or approved by persons owning the required percentage interest in and to such unit area and shall, in respect to such hearings, make and enter a finding of his determination in such regard. In the event persons owning the required percentage interest in and to the unit area have not so signed, ratified or approved the plan of unitization within a period of six months from and after the date on which the order creating the unit is made, the order creating the unit shall cease to be of further force and effect and shall be revoked by the supervisor.

**3323.** Notice of the time and place of any hearing to be held by the supervisor shall be given by publication in a newspaper of general circulation printed and published in the county in which the subsidence is alleged to be taking place, and notice thereof sent, in the manner prescribed by Section 3303 to the persons mentioned in such section within the area which will be the subject of his order.

Notice of hearing

**3324.** At such hearings all persons interested are entitled to be heard and present evidence, both oral and written. All such persons shall be sworn, and a transcript of the proceedings shall be kept. The procedure to be followed by the supervisor with respect to the administering of oaths, applying for subpoenas for witnesses and for the production of books, records, well logs, production records and other documents, the taking of depositions, and the penalties attaching for failure to comply with any order of the supervisor or subpoena issued, shall be in the manner as in this division provided. On the request of the supervisor a hearing officer in the Division of Administrative Procedure may be assigned to assist in conducting such proceedings as provided in Section 110.5 of the Business and Professions Code.<sup>1</sup> Such officer, however, shall not make the determination specified in Section 3321.

Hearing procedure

The provisions of Section 3234 prohibiting the giving of testimony as to the contents of records on file shall not apply to this article. All of such records shall be available and may be received in evidence in any public hearing or in any judicial proceeding herein provided for.

<sup>1</sup> Repealed. *See, now*, Government Code Section 11370.3.

**3325.** The supervisor shall make and enforce all rules and regulations necessary or proper to accomplish the purposes of this article or to administer or enforce any order issued pursuant thereto. Such rules and regulations shall be adopted in accordance with the provisions of Chapter 4 (commencing at Section 11370), Part 1, Division 3, Title 2 of the Government Code.

Rules

**3326.** An order requiring unit operation may be amended for good cause by a subsequent order entered by the supervisor, except that no such order or amendment shall change the percentage of oil and gas allocated to a separately owned tract by the original order except with the consent of all persons who might be adversely affected thereby. Before issuing any such order, he shall make similar findings as are required for an original order, and such new order shall be subject to the same requirements and restrictions that are applicable to an original order. The provisions of this section shall not prohibit the establishment of an

Amendment of order

interim formula for the apportionment and allocation of unit production pursuant to subdivision (d) of Section 3322.

Entry of new order

**3327.** Subject to the limitations in this article governing the creation of the unit previously established, the supervisor, by entry of a new order after a public hearing, may require unit operation in a pool, or a portion thereof, which embraces a unit area established by a previous order. Such new order, in providing for allocation of unit production from the enlarged unit area, shall first treat the unit area previously established as a single tract, and the portion of unit production so allocated thereto shall then be allocated among the separately owned tracts included in such previously established unit area in the same proportions as those specified therefor in the previous order.

Unit production handling

**3328.** (a) The portion of unit production allocated to a separately owned tract shall be deemed, for all purposes, to have been actually produced from such tract, and operations conducted pursuant to the order of the supervisor shall be deemed for all purposes, to be the conduct of operations for the production of oil and gas from each separately owned tract in the unit area in the fulfillment of all the express or implied obligations, trust or otherwise, of the owner or any person interested in such tract under a lease, or any contract, or any trust or trust obligations applicable to such tract, insofar as they relate to the pool, or pools, or portions thereof, covered by such order.

(b) Such unit production shall be distributed among or the proceeds thereof paid to the several persons entitled to share in the production from such separately owned tract in the same manner, in the same proportions, and upon the same conditions that they would have participated and shared in the production or proceeds thereof from such separately owned tract had not said unit been organized. The share of the unit production allocated to each separately owned tract shall be delivered in kind to the persons entitled thereto by virtue of ownership of oil and gas rights therein or by purchase from such owners, subject to the right of the unit operator to a lien thereon for payment of unit expenses pursuant to the order of unitization.

(c) Operations carried on under and in accordance with the order of unitization shall be regarded and considered as a fulfillment of and compliance with all of the provisions, covenants, and conditions, express or implied, of the several oil and gas leases, contracts, other agreements or trusts pertaining to the development of lands included within the unit area. Wells drilled or operated on any part of the unit area no matter where located shall, for all purposes, be regarded as wells drilled on each separately owned tract within such unit area.

Authority and lien of unit operator

**3329.** The unit operator shall be authorized on behalf of and for the account of all the respective owners or possessors of the mineral rights within the unit area to supervise, manage and conduct the further development and operations for the production of oil, gas and other hydrocarbon substances from the unit area pursuant to the powers conferred, and subject to the limitations imposed by the provisions of this article and by the order of unitization.

The obligation or liability of the lessee or other owners of the mineral rights in the several separately owned tracts for the payment of unit expense shall at all times be several and not joint or collective and in no event shall a lessee or other owner of the mineral rights in the separately owned tract be chargeable with, be obligated or liable, directly or indirectly,

for more than the amount apportioned, assessed or otherwise charged to his interest in such separately owned tract pursuant to the order of unitization and then only to the extent of the lien provided for in this section.

Subject to the provisions in the order of unitization, the unit operator shall have a lien upon all drilling and production equipment in and to each separately owned tract, and upon the portion of the unit production allocated to the working interest therein, to secure the payment of the amount of the unit expense chargeable to and assessed against such separately owned tract. Such lien may be enforced by the unit operator, as the agent of the respective owners or possessors of the mineral rights within the unit area, as against noncarried working interest owners, in the manner set forth in Section 3330. The interest of the lessee or other person who by lease, contract or otherwise is obligated or responsible for the costs and expenses of developing and operating a separately owned tract for the production of oil, gas and other hydrocarbon substances in the absence of unitization shall be solely responsible for and chargeable with any assessment for unit expense made against such tract.

**3330.** When unit expenses incurred by a unit operator on behalf of the unit have not been paid, the unit operator may, in order to secure payment of the amount due the unit operator, fix a lien upon the interest of the debtor in all drilling and production equipment of the debtor on the premises and upon his allocated portion of the unit production as and when produced from the unit area, by filing for record, with the recorder of the county where the property or a portion thereof involved is located, an affidavit setting forth (1) in general terms the kind of materials, tools, equipment or supplies furnished, labor or services performed, or expenditure incurred, and (2) a description of the land involved, the name of the debtor and his interest in the production from the unit area, and (3) the amount which is still due and unpaid, and (4) a statement that at least 20 days prior to the date of the affidavit the unit operator gave written notice to the debtor by registered mail at his last known address, setting forth the information required under subdivisions (1), (2) and (3) above. Any such affidavit shall be filed for record not later than 90 days after the delivery of the property or the completion of the labor or the incurring of the expenditure. The lien shall not be construed as constituting a lien upon real property as such, except as to the recoverable oil and gas lying thereunder, but otherwise shall be of the same nature and subject to foreclosure in the same manner and within the same time as mechanics' liens. In any case where a unit operator is in possession of the production which is subject to the lien, he may sell such production or so much thereof as may be necessary to satisfy said lien; provided, that he shall hold or arrange for the holding of the proceeds of such sale for appropriate distribution upon the determination of the controversy.

**3331.** Any order issued by the supervisor pursuant to this article, from its effective date, shall be binding upon each person owning or claiming any legal or equitable interest in the area which is the subject of such order or in the oil and gas produced or to be produced therefrom or a right to participate in a share of the proceeds thereof. From the effective date of such an order it shall be unlawful for a person to drill, redrill, operate, work on or produce any well within such area otherwise than in conformity with the order.

Liens on  
equipment

Effect of order  
by Supervisor

Rehearing

**3332.** Within 30 days after the written notice of the entry of a final order of the supervisor, or within such further time as the supervisor may grant for good cause shown, but in no event shall such time be extended more than 60 days from the written notice of entry of such final order, any person affected thereby may file with the supervisor an application for a rehearing in respect to any matter determined by such order, setting forth the particulars in which such order is considered to be objectionable. The supervisor shall grant or deny any such application in whole or in part within 30 days from the date of the filing thereof, and failure to act thereon within such period shall constitute a denial of such application. In the event that a rehearing is granted, notice to such effect shall be given to all persons affected by such order, advising them of the date of such rehearing and of their right to appear and be heard thereon. The date set for any such rehearing shall be not less than 30 days nor more than 60 days from the date the application for rehearing is granted, unless, upon good cause shown, the time is extended by the supervisor, but in no event shall such time be extended more than 90 days from the date such application for rehearing is granted. The supervisor may enter an amended order or a new order after the rehearing as may be required under the circumstances. The provision of Article 6 (commencing with Section 3350) of Chapter 1 of Division 3 relating to appeals and review shall not apply to this article.

Judicial review

**3333.** (a) A final order of the supervisor shall be subject to judicial review by filing a petition for a writ of mandate in accordance with the provisions of Chapter 2 (commencing at Section 1084) of Title 1 of Part 3 of the Code of Civil Procedure in the superior court of any county in which all or any part of the area affected is located, except that any such proceedings shall be instituted within 30 days from the date that a certified copy of the transcript of the proceedings before the supervisor has been delivered to the applicant; otherwise, the findings and determination of the supervisor shall be deemed final and conclusive. Any action so filed shall incorporate therein a certified copy of the transcript of the proceedings before the supervisor.

(b) Notice of intention to petition the superior court for judicial review shall be filed by the applicant or applicants with the supervisor within 60 days after the entry of the final order complained of or within 60 days following the final disposition of any application for rehearing. The notice must identify the order and state the grounds of objection thereto. Immediately upon the filing of such notice the supervisor shall certify to the applicant or applicants the estimated cost of preparing the transcript of the proceedings before the supervisor. The amount of the estimated cost shall be deposited with the supervisor within 10 days after the mailing of the certification of such cost to the applicant or applicants. Upon the deposit of the cost the supervisor shall order the preparation of the transcript. A certified copy of the transcript shall be delivered to the applicant or applicants within 60 days from the date of the filing of said notice of intention unless such time is extended for good cause by the supervisor, but in no event later than 90 days from the date of filing of such notice.

Stay or suspension  
of order

**3334.** The pendency of actions before the superior court or proceedings for review before any other court of competent jurisdiction of itself shall not stay or suspend the operation of any order; however, the superior court or such other court in its discretion, upon its own motion or upon proper application of any party thereto, may, for good cause, stay or suspend, in whole or in part, the operation of any order pending consideration or review thereof.

**3335.** If an action for judicial review has not been commenced within the time prescribed for such action, or, if filed, the time within which to process an appeal by the petitioner from any judgment or order rendered therein has expired, or if such an appeal has been timely perfected and there has been an affirmance of such judgment or order, the supervisor may order that the production by noncomplying owners or operators of oil or gas from any pool or pools or portions thereof cease or be curtailed until such noncomplying owners or operators comply with said unit order.

Noncomplying operators

**3336.** The supervisor upon his own motion may, or shall upon the application of any interested person, hold a public hearing for the purpose of determining and establishing the exterior boundaries encompassing the lands referred to in Section 3317. If, after a public hearing and from the evidence adduced therefrom, the supervisor determines that the lands, or a portion thereof, come within the category of those lands referred to in Section 3317, he shall adopt an order fixing and establishing the exterior boundaries thereof. The supervisor shall retain jurisdiction in this regard, and shall, if it be made to appear necessary, hold further hearings for the purpose of determining whether the boundaries previously established should be enlarged or otherwise altered. Any such change or alteration in said boundaries shall be made by order of the supervisor.

Subsidence area hearing

**3337.** The Division shall exercise surveillance over all repressuring operations in the state.

Repressuring operations

**3341.** At the termination of oil and gas production from a unit area established or approved pursuant to this article and the abandonment of attempts to obtain production therefrom, any interested municipal corporation or other public agency may acquire by eminent domain, in the manner provided by law for the condemnation of property for public use by the state, municipal corporation or other public agency, such oil production properties or facilities within the unit area as such municipal corporation or other public agency may deem necessary or essential to the maintenance of such pressures as will continue to arrest or ameliorate subsidence.

Ending production

**3342.** To the extent necessary to conform to the provisions and requirements of this article, and to any order of unitization or other order, rule or regulation of the supervisor, made and adopted pursuant hereto, all leases, contracts, and all other rights and obligations shall be regarded as modified and amended, but otherwise to remain in full force and effect. Nothing contained in this article shall be construed to extend the term of any lease or other agreement.

Effect on titles and leases

Nothing contained in this article shall be construed to require a transfer to or vesting in the unit operator, or in persons other than those owning the same at the time of the creation of the unit, of title to the separately owned tracts or to any leases or other drilling and operating agreements thereon within the unit area, other than the right to use and operate the same to the extent set out in the order of unitization; nor shall the unit operator or the working interest owners jointly be regarded as owning the unit production. Each respective share of the unit production and the proceeds from the sale thereof shall be severally owned by the persons to whom the same is allocated pursuant to the order of unitization.

All property, whether real or personal, which the unit operator may in any way acquire, hold or possess, the cost of which is chargeable to the working interest owners, shall not be acquired, held or possessed for the unit operator for his own account but shall be so acquired, held and possessed by the unit operator for the account of and as agent for each of the several working interest owners and shall be the property of each of such persons as their respective interests may appear under the order of unitization, subject, however, to the right of the unit operator to the possession, management, use or disposal of the same in the proper conduct of the affairs of the unit, and subject to any lien the unit operator may have thereon to secure the payment of unit expense.

No unit order made by the supervisor shall be construed to have the effect of, result in, or in any manner require or provide for the alienation, transfer, conveyance or change of any title or ownership, whether legal or equitable, of any person in or to any separately owned tract of land included in the said order, or to the mineral rights therein, to any other person owning or possessing a separately owned tract of land which may likewise be included in said unit order.

Penalties

**3343.** (a) Any person who willfully violates any provision of this article or any rule, regulation or order of the supervisor, shall be subject to a penalty of one thousand dollars (\$1,000) for each act of violation and for each day that such violation continues.

(b) The penalty provided in this section shall be recoverable by suit filed by the Attorney General in the name and on behalf of the supervisor in the superior court of the State of California for the county in which the defendant resides, or in which any defendant resides, if there be more than one defendant, or in the superior court of any county in which the violation occurred. The payment of any such penalty shall not operate to relieve a person on whom the penalty is imposed from liability to any other person for damages arising out of such violation. Such penalty, when recovered, shall be paid to the State Treasurer and shall be deposited to the credit of the Oil, Gas, and Geothermal Administrative Fund.

(c) Any person knowingly aiding or abetting any other person in the violation of any provision of this article, or any rule, regulation or order of the supervisor shall be subject to the same penalty as that prescribed by this section for the violation by such other person.

Injunction procedure

**3344.** (a) Whenever it appears that any person is violating or threatening to violate any provision of this article, or any rule, regulation or order of the supervisor, the supervisor may bring suit against the person in the superior court of any county where the violation occurs or is threatened, to restrain the person from continuing the violation or from carrying out the threat of violation. Upon the filing of the suit, summons issued to the person may be directed to the sheriff or his or her deputies. In the suit, the court has jurisdiction to grant to the supervisor such prohibitory and mandatory injunctions either preliminary or final as the facts may warrant.

(b) If the supervisor fails to bring suit to enjoin a violation or threatened violation of any provision of this article, or any rule, regulation or order of the supervisor within 10 days after receipt of written request to do so by any person who is or will be adversely affected by the violation, the person making the request may bring suit in the person's own behalf to restrain the violation or threatened violation in any court in which the supervisor might have brought suit. If in the suit, the court should hold that injunctive relief should

be granted, then the supervisor shall be made a party and shall be substituted for the person who brought the suit, and the injunction shall be issued as if the supervisor had at all times been the plaintiff.

(c) No civil action for damages shall lie against any person for the violation of this article or any rule, regulation or order of the supervisor, except against an owner of the working interest, and particularly no such suit or action shall lie against any lessor, royalty owner, contractor or purchaser of the oil and gas, and no such suit or action shall lie against an owner of the working interest, except suits or actions for damages occurring subsequent to the entry of an order or decision of the supervisor which result from a failure to comply with the order or decision.

(d) If the supervisor brings a suit or action pursuant to this article, no defendant or intervenor shall be permitted to cross-complain or otherwise bring an action in the same proceeding against any other person for damages or for any other purpose.

**3345.** No finding or determination made by the supervisor under the provisions of this article or by any court in proceedings involving the enforcement or review of the orders of the supervisor shall be received in evidence or be binding upon any person in any other proceeding not directly related to the making, enforcement or review of the orders of the supervisor under this article.

Using findings  
in evidence

**3346.** The provisions of this article shall supersede any conflicting provisions contained in any legislative grant of tide and submerged lands, or in any law amendatory or supplemental thereto, or any other laws affecting such granted lands.

Conflicting provisions

**3347.** If any section, subsection, subdivision, sentence or clause of this article is adjudged to be unconstitutional or invalid, such adjudication shall not affect the validity of the remaining portion of this article. It is hereby declared that this article would have been passed, and each division, section, subsection, subdivision, sentence or clause thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences or clauses might be adjudged to be unconstitutional, or for any other reason invalid.

Partial invalidity

#### *Article 6. Appeals and Review*

**3350.** The lessor, lessee, or any operator or any well owner, or the owner of any rig, derrick, or other operating structure, or his local agent, shall within 10 days from the date of the service of any order from the supervisor or a district deputy, other than the order contemplated by Section 3308, either comply with the order or file with the supervisor or the district deputy a written statement that the order is not acceptable, and that appeal from the order is taken to the director under the provisions of this chapter.

Appeal from order

Any lessor, lessee, or operator affected by an order made pursuant to Section 3308 may, within 10 days from the posting of the copy of the order, file with the supervisor a written appeal therefrom to the director under the provisions of this chapter.

Any such appeal shall operate as a stay of any order issued pursuant to this chapter.

Hearing on appeal

**3351.** Immediately upon filing of a notice of appeal, the director shall call for a public hearing upon the appeal.

The hearing upon the appeal before the director shall be de novo and at such place in the district as the director may designate.

Notice of hearing; continuance

**3352.** Within 10 days from the date of the taking of the appeal, a minimum 20 days notice in writing shall be given to the appellant of the time and place of the hearing. If the director determines that there is an immediate threat to human health and safety or to the environment, the director may shorten the notice period to 10 days. For good cause, and if the director determines that there is not an immediate threat, the director may postpone the hearing, on the application of the appellant, the supervisor, or the district deputy, for a period not to exceed 30 days.

Decision of director

**3353.** (a) The director, after hearing, shall affirm, set aside, or modify the order from which the appeal is taken.

(b) Within 20 days from the date of hearing the evidence, the director shall make a written decision with respect to the order appealed from, unless the appellant and the director agree to a longer period within which the decision may be made. The decision of the director shall forthwith be filed with the supervisor, and upon that filing shall be final. In case the order is affirmed or modified, the director shall retain jurisdiction until such time as the work ordered to be done by the order is finally completed.

Court review

(c) The written decision shall be served upon the appellant and shall supersede the previous order of the supervisor or district deputy. In case no written decision is made by the director pursuant to subdivision (b), the order of the supervisor or district deputy shall be effective and subject only to review by writ of administrative mandamus from the superior court as provided in this article.

Time for review; hearing; continuance

**3354.** The decision of the director may be reviewed by writ of administrative mandamus from the superior court of the county in which the district is situated, if taken within 10 days from the date of the service of the decision upon the appellant, as provided in Section 3353.

Procedure on review

**3355.** No new or additional evidence shall be introduced in the court, but the cause shall be heard upon the record of the director. The review shall not be extended further than to determine whether or not:

- (a) The director acted without or in excess of his jurisdiction.
- (b) The order, decision, or award was procured by fraud.
- (c) The order, decision, rule, or regulation is unreasonable.
- (d) The order, decision, regulation, or award is clearly unsupported by the evidence.

Charges and enforcement of lien

**3356.** If a review is not taken within 10 days, or if taken, in case the decision of the director is affirmed, any charge, including penalty and interest thereon, imposed by the director shall constitute a lien which upon recordation or filing pursuant to Section 7171 of the Government Code, attaches to real or personal property. The lien upon the property shall be enforced in the same manner as are other liens on real property and personal property

of the debtor. Upon the request of the supervisor, the State Controller shall bring an action for the enforcement of the lien in the manner provided in this chapter.

**3357.** In any proceeding before the director, and in any proceeding instituted by the supervisor for the purpose of enforcing or carrying out the provisions of this division, or for the purpose of holding an investigation to ascertain the condition of any well or wells complained of, or which in the opinion of the supervisor may reasonably be presumed to be improperly located, drilled, operated, maintained, or conducted, the supervisor and the director shall have the power to administer oaths and may apply to a judge of the superior court of the county in which the proceeding or investigation is pending for a subpoena for witnesses to attend the proceeding or investigation. Upon the application of the supervisor or the director, the judge of the superior court shall issue a subpoena directing the witness to attend the proceeding or investigation, and such person shall be required to produce, when directed, all records, surveys, documents, books, or accounts in the witness' custody or under the witness' control; except that no person shall be required to attend upon such proceeding unless the person resides within the same county or within 100 miles of the place of attendance. The supervisor or the director may in such case cause the depositions of witnesses residing within or without the state to be taken in the manner prescribed by law for like depositions in civil actions in superior courts of this state under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure, and may, upon application to a judge of the superior court of the county within which the proceeding or investigation is pending, obtain a subpoena compelling the attendance of witnesses and the production of records, surveys, documents, books, or accounts at such places as the judge may designate within the limits prescribed in this section.

Subpoena of witnesses

**3358.** Witnesses shall be entitled to receive the fees and mileage fixed by law in civil causes, payable from the Oil, Gas, and Geothermal Administrative Fund.

Fees and mileage

**3359.** In case of the failure or neglect on the part of any person to comply with any order of the supervisor or the director, or any subpoena, or upon the refusal of any witness to testify to any matter regarding which he may lawfully be interrogated, or upon refusal or neglect to appear and attend at any proceeding or hearing on the day specified, after having received a written notice of not less than 10 days prior to such proceeding or hearing, or upon his failure, refusal, or neglect to produce books, papers, or documents as demanded in the order or subpoena upon such day, such failure, refusal, or neglect shall constitute a misdemeanor. Each day's further failure, refusal, or neglect is a separate and distinct offense.

Penalty

The district attorney of the county in which the proceeding, hearing, or investigation is to be held, shall prosecute any person guilty of violating this section by continuous prosecution until the person appears or attends or produces such books, papers, or documents, or complies with the subpoena or order of the supervisor or the director.

Prosecuting by  
District Attorney

#### *Article 7. Assessment and Collection of Charges*

**3400.** The charges directed to be levied by this article are necessary in the exercise of the police power of the State and to provide a means by which to supervise and protect deposits

Police power

of oil and gas within the State, in which deposits the people of the State have a primary and supreme interest.

Use of funds

**3401.** The proceeds of charges levied, assessed, and collected pursuant to this article upon the properties of every person operating or owning an interest in the production of any well shall be used exclusively for the support and maintenance of the division of the department charged with the supervision of oil and gas operations.

Charge on oil

**3402.** There shall annually be imposed upon the person operating each oil well in this state, or owning royalty or other interests in respect to the production from the well, a charge which shall be payable to the Treasurer and which shall be computed at a uniform rate per barrel of oil produced from the well for the preceding calendar year. The charge shall be apportioned among all of those persons in fractional amounts proportionate to their respective fractional interests in respect to the production of the well, but the whole of the charge shall be payable by the operator, who shall withhold their respective proportionate shares of the charge from the amounts otherwise payable or deliverable to the owners of royalty or other interests. In the case of a penalty for late payment as provided in Section 3420, no apportionment shall be made.

Charge on gas

**3403.** There shall annually be imposed upon the person operating each gas well in this state, or owning royalty or other interests with respect to the production from the well, a charge, which shall be payable to the Treasurer, based upon the amount of gas produced in the preceding calendar year, other than gas which is used for recycling or otherwise in oil-producing operations, and which shall be computed at a uniform rate per ten thousand cubic feet. The charge shall be apportioned among all of those persons in fractional amounts proportionate to their respective fractional interests with respect to the production of the well, but the whole of the charge shall be payable by the operator, who shall withhold the respective proportionate shares of the charge from the amounts otherwise payable or deliverable to the owners of royalty or other interests. In the case of a penalty for a late payment as provided in Section 3420, no apportionment shall be made.

Underground  
gas storage

**3403.5.** (a) The Legislature finds that there are underground storage facilities for gas that utilize depleted or partially depleted oil or gas reservoirs. Purchased gas, usually from out of state, is injected for storage and withdrawn during peak load periods. The supervisor is required to maintain surveillance over these facilities to insure that the original reserves are not lost, that drilling of new wells is conducted properly, and that no damage occurs to the environment by reason of injection and withdrawal of gas.

(b) In order to help support the regulatory effort of the supervisor, there shall be imposed an annual charge computed at a uniform rate based on the number of wells used to inject and withdraw gas from an underground storage facility during the preceding calendar year. The charge shall defray the costs incurred by the state in conducting the activities described in this section.

Additional charges  
authorized

**3404.** The charges authorized by this article are in addition to any and all charges, taxes, assessments, or licenses of any kind or nature paid by or upon the properties assessed hereunder.

**3405.** The department shall prescribe the form and contents of all reports for making the charge or for other purposes to carry out the intent and provisions of this article, which form shall be mailed in duplicate to the person assessed under this article.

**3406.** Every person chargeable under this article, shall on or before March 15th of each year, file a report with the department. The report shall show all items of information demanded by the report, which are necessary to carry out this article. The report shall be verified by such person or officer as the department may designate.

Annual production report - - contents and verification

**3407.** The department may, for good cause shown, by order entered upon its records, extend for not exceeding 30 days, the time for filing any report required by this article.

Extension for good cause

**3407.5.** If the person filing the report required under Section 3406, by error or otherwise fails to include the full amount of oil or gas production in the report, the department shall make an estimate of the deficit, based on the monthly production reports filed by such person under Section 3227, and add it to the report. The department shall make a reasonable effort to reconcile the yearly report filed under Section 3406 with the data filed on the regular monthly production reports, before proceeding to change the report, but failure to do so shall not invalidate the assessment.

Estimate of production deficit

**3408.** (a) If any person chargeable under this article fails or refuses to file with the department, within the time prescribed in this article, the verified report provided for in Section 3406, the department shall note failure or refusal as provided for in Section 3418.

Failure to report

(b) The department shall estimate the amount of oil and gas produced by the person and shall assess the person an assessment based upon the estimated production. A penalty assessment shall be added to the charge pursuant to Section 3420.

**3410.** The department shall, on or before June 15th of each year, acting in conjunction with the Department of Finance, make an estimate of the amount of money which will be required to carry out the provisions of this chapter, including any adjustments for savings or increased expenditures in the current and prior fiscal years.

Budget estimate

**3412.** On or before the 15th of June of each year, the department shall determine the rate or rates which will produce the sums necessary to be raised as provided in Section 3410. Within the same time, the department shall extend into the proper column of the record of assessments the amount of charges due from each person.

Assessment rate

**3413.** Between the first of March and the 15th of June in each year, the department shall assess and levy the charges as provided in this article. The assessment shall be made against the person operating the property subject to assessment on the first Monday in March, except that, where the actual operation of any well has changed hands during the period for which the charge is imposed, the charge shall be apportioned to each operator upon the basis of the oil or gas produced during the period, and the lien provided for in Section 3423 shall be a lien against the property of each operator. If the name of the owner is unknown to the department the assessment shall be made against unknown owners.

Assessment levy

Clerical errors occurring or appearing in the name of any person whose property is properly assessed and charged, or in the making or extension of any assessment or charge upon the records, which do not affect the substantial rights of the payer, shall not invalidate the assessment or charge.

Notice content

**3417.** The notice shall state:

(a) That the assessment of property and levy of charges under this article has been completed.

(b) That the records of assessments containing the charges due will be delivered to the State Controller on the first Monday in July.

(c) That if any person is dissatisfied with the assessment made or charge fixed by the department he may, at any time before the first Monday in July, apply to the Controller to have the assessment or charge corrected in any particular.

The omission to publish notice shall not affect the validity of any assessment levied pursuant to this article.

Assessments record

**3418.** The department shall prepare each year a record called the "Record of Assessments and Charges" in which shall be entered each assessment and levy or charge made by it upon the property assessed and charged under this article, describing the property assessed. The assessments may be classified and entered in such separate parts of the record as the department may prescribe. If such charges and assessments become delinquent as provided in Section 3420 of this code, in addition to the information contained in the "Record of Assessments and Charges" as herein provided, the department shall furnish to the State Controller upon his request the name and address of any owner of property assessed as such name and address last appears in the office of the tax assessor for county in which such land or a major portion thereof is situate.

Record transmittal

**3419.** On or before the first of July the department shall deliver to the State Controller the record of assessments and charges, certified to by the director, which certificate shall be substantially as follows: "I, \_\_\_\_, Director of Conservation, do hereby certify that between the first of March and the first of July, 20\_\_, I made diligent inquiry and examination to ascertain all property and persons, firms, corporations and associations subject to assessment as required by the provisions of this chapter, providing for the assessment and collection of charges; that I have faithfully complied with all the duties imposed upon me by law; that I have not imposed any unjust or double assessment through malice or ill will or otherwise; nor allowed any person, firm, corporation, or association, or property to escape a just assessment or charge through favor or regard or otherwise." Failure to subscribe the certificate to the record of assessments and charges, or any certificate, shall not affect the validity of any assessment or charge.

Payment of charges

**3420.** (a) (1) No charges shall be levied for assessments on oil and gas production of less than ten dollars (\$10).

(2) The charges are due and payable on the first of July in each year for assessments of more than ten dollars (\$10), but less than five hundred dollars (\$500). The charges shall be delinquent if not paid on or before August 15th of each year.

(3) The charges are due and payable on the first of July in each year for assess-

ments of five hundred dollars (\$500) or more. One-half of the charges shall be delinquent if not paid on or before August 15th of each year. The remaining one-half of the charges shall be delinquent if not paid on or before the first of February of the following year.

(b) Any person who fails to pay any charge within the time required shall pay a penalty of 10 percent of the amount due, plus interest at the rate of 1 ½ percent per month, or fraction thereof, computed from the delinquent date of the assessment until and including the date of payment.

**3421.** Every payment on a delinquent charge shall be applied as follows:

- (a) First, to any interest due on the charge.
- (b) Second, to any penalty imposed by this part.
- (c) The balance, if any, to the charge itself.

Delinquent charge  
payment

**3423.** (a) If any person fails to pay any charge or penalty imposed under this chapter at the time that it becomes due and payable, the amount thereof, including penalties and interest, together with any costs in addition thereto, shall thereupon be a perfected and enforceable state tax lien. Such a lien is subject to Chapter 14 (commencing with Section 7150) of Division 7 of Title 1 of the Government Code.

State tax lien

(b) For the purpose of this section only, “due and payable” means the date the charges required to be paid pursuant to Section 3420 are assessed under this chapter.

**3423.2.** A warrant may be issued by the Controller or his or her duly authorized representative for the collection of any charges, interest and penalties and for the enforcement of any such lien directed to the sheriff and shall have the same effect as a writ of execution. It may and shall be levied and sale made pursuant to it in the manner and with the same effect as a levy of and a sale pursuant to a writ of execution.

Collection warrants

**3423.3.** Notwithstanding any provisions of law to the contrary, the owner of said land may redeem from any execution sale within a period of three years upon payment of interest, penalties and charges as provided in the case of other sales of real property under execution.

Redeeming property

**3423.4.** The sheriff shall receive, upon the completion of his or her services pursuant to a warrant, and the Controller is authorized to pay to him or her the same fees and commissions and expenses in connection with services pursuant to the warrant as are provided by law for similar services pursuant to a writ of execution; provided, that fees for publication in a newspaper shall be subject to approval by the Controller rather than by the court; the fees, commissions, and expenses shall be an obligation of the person or persons liable for the payment of the charges and may be collected from the person or persons by virtue of the warrant or in any other manner provided in this article for the collection of those charges.

Compensation for  
serving warrant

**3423.6.** In the event that the lien of the charges, penalties or interest attaches to real property from which the oil or gas is extracted and more than one parcel of property is included within the lien, the Controller may release by certificate pursuant to Section 7174 of the Government Code from the lien of said charges, interest, penalties, and costs, upon payment by the owner of any parcel or parcels of property of his proportionate share of the assessment of the oil or gas extracted from all land included within said lien owned by him.

Lien release

Lien remedies

**3423.9.** It is expressly provided that the remedies provided herein of the state shall be cumulative and that no action by the Controller shall be construed to be an election on the part of the state, or of any of its officers, to pursue any remedy hereunder to the exclusion of any other remedy for which provision is made in this article.

Payment to State Treasurer

**3424.** All charges assessed and levied shall be paid to the State Treasurer upon the order of the Controller. The Controller shall record the payment of any charge.

Correcting errors

**3425.** Errors appearing upon the face of any assessment on the record of assessments, or overcharges may be corrected by the Controller, with the consent of the Department of Finance, in such manner as the Controller and the Department of Finance agree upon.

Enforcing lien

**3426.** The Controller shall, on or before the thirtieth day of May next following the delinquency of any charge, bring an action in the name of the people of the State, in the county in which the property assessed is situated, to collect any delinquent charges or assessments, together with any penalties or costs, which have not been paid and which are shown as delinquent upon the record of assessments and charges.

Action by Attorney General

**3427.** The Attorney General, as provided in Section 3102, shall commence and prosecute any such action to final judgment.

Certified records of assessments

**3428.** In such actions the record of assessments and charges, or a copy of so much thereof as is applicable, duly certified by the Controller, showing unpaid charges against any person assessed by the department, is prima facie evidence of the assessment, the delinquency, the amount of charges, penalties, and costs due and unpaid, that the person is indebted to the people of the State of California in the amount of charges and penalties therein appearing unpaid, and that all forms of law in relation to the assessment of the charges have been complied with.

The provisions of the Code of Civil Procedure relating to service of summons, pleadings, proofs, trials, and appeals are applicable to the proceedings.

Payment of penalties

**3429.** Payment of the penalties and charges, or the amount of the judgment recovered in the action, shall be made to the State Treasurer.

Protest of assessment

**3430.** Any person claiming and protesting that the assessment made or charges assessed against him are void, in whole or in part, may bring an action against the State Treasurer for the recovery of the whole or any part of the charges, penalties, or costs paid on such assessment, upon the grounds stated in his protest. No action may be brought later than the third Monday in February next following the day upon which the charges were due, and unless the person has filed with the State Controller, at the time of payment of the charges, a written protest stating whether the whole assessment or charge is claimed to be void, or if a part only, what part, and the grounds upon which the claim is founded. When so paid under protest the payment shall not be regarded as voluntary.

Service of summons and complaint

**3431.** Whenever an action is commenced under the provisions of Section 3430, a copy of the complaint and of the summons shall be served upon the treasurer or his deputy and upon the supervisor or his deputy and upon the Attorney General or his deputy. At the time the

treasurer demurs or answers, he may demand that the action be tried in the Superior Court of the County of Sacramento, which demand shall be granted.

**3432.** The Attorney General, as provided in Section 3102, shall defend the action.

The provisions of the Code of Civil Procedure relating to pleadings, proofs, trials, and appeals are applicable to these proceedings.

**3433.** Failure to begin the action within the time specified in section 3430 is a bar to recovery of the charges. In any such action the court may render judgment for the plaintiff for any part or portion of the charge, penalties, or costs found to be void and paid by plaintiff upon the assessment.

*Article 8. Recommendation of Maximum Efficient Rates of Production*

**3450.** The Legislature takes notice of the existence of the Conservation Committee of California Oil Producers and of the fact that said committee for a number of years last past, in the interest of the conservation of oil and gas, has made recommendations of maximum efficient rates of production and for the intrapool distribution of such maximum efficient rates of production with respect to oil pools, capacity production from which pools would result in a loss of ultimate production. The Legislature declares that recommendations for such purpose are in the interest of the conservation of the oil and gas resources of this State and that it is lawful for said committee or any other committee of oil producers to issue such recommendations as to any such oil pool and for producers of oil to comply therewith or to agree to comply therewith, provided:

(a) Copies of all such recommendations shall be currently delivered to the supervisor and shall be open to public inspection in the office of the supervisor; and

(b) Any such committee shall make available to the supervisor its records, files, minutes, reports and other data pertaining to such recommendations.

The supervisor in his discretion may join in any such recommendations or may express his disapproval thereof.

The supervisor, in the absence of such recommendations by a committee of oil producers with respect to any of such pools, or if the supervisor deems any such recommendations to be insufficient or incorrect, may issue recommendations with respect to any such pools on said subject matter, and it shall be lawful for producers to comply therewith or to agree to comply therewith. Neither a disapproval by the supervisor nor a recommendation by him shall constitute a basis for implying any obligation for producers of oil to comply with such a disapproval or recommendation.

Nothing herein contained shall be deemed to permit the production of gas in violation of Articles 5 and 6 of Chapter 1<sup>1</sup> and Chapter 2<sup>2</sup> of this division.

<sup>1</sup> Sections 3300 et seq., 3350 et seq. <sup>2</sup> Section 3500 et seq.

**3451.** “**Maximum Efficient Rate,**” commonly referred to as “**MER,**” is defined as the highest daily rate of production which can be sustained economically from a particular pool, from existing wells and facilities, for a reasonable period without loss of economically recoverable ultimate production of oil from such pool.

Defense by  
Attorney General

Effect of failure to sue

Conservation  
Committee of  
California Oil and Gas  
Producers

Definition

## CHAPTER 2. WASTING OF NATURAL GAS

Waste of gas prohibited

**3500.** All persons, firms, corporations, and associations are prohibited from wilfully permitting natural gas wastefully to escape into the atmosphere.

Capping abandoned wells

**3501.** Any person, firm, corporation, or association who digs, drills, excavates, constructs, or owns, or controls a well from which natural gas flows shall, upon the abandonment of the well, cap or otherwise close the mouth of or entrance to the well in such a manner as to prevent the unnecessary or wasteful escape of natural gas into the atmosphere.

No person, firm, corporation, or association who owns or controls land in which such a well is situated shall wilfully permit natural gas flowing from the well wastefully or unnecessarily to escape into the atmosphere.

Misdemeanor; penalty

**3502.** Any person, firm, corporation, or association who wilfully violates any of the provisions of this chapter is guilty of a misdemeanor, punishable by a fine of not more than one thousand dollars or by imprisonment in the county jail for not more than one year, or by both such fine and imprisonment.

Each day a separate offense

**3503.** Each day during which natural gas is wilfully allowed wastefully or unnecessarily to escape into the atmosphere is a separate and distinct violation of this chapter.

## CHAPTER 3. SPACING OF WELLS AND COMMUNITY LEASES

Certain wells declared public nuisances

**3600.** Except as otherwise provided in this chapter, any well hereafter drilled for oil or gas, or hereafter drilled and permitted to produce oil or gas, which is located within 100 feet of an outer boundary of the parcel of land on which the well is situated, or within 100 feet of a public street or road or highway dedicated prior to the commencement of drilling of the well, or within 150 feet of either a well being drilled or a well theretofore drilled which is producing oil or gas or a well which has been drilled and is not producing but which is capable of producing oil or gas, is a public nuisance.

Outer boundary defined

**3601.** Where several contiguous parcels of land in one or different ownerships are operated as a single oil or gas lease or operating unit, the term "outer boundary line" means the outer boundary line of the lands included in the lease or unit. In determining the contiguity of any such parcels of land, no street, road or alley lying within the lease or unit shall be deemed to interrupt such contiguity.

Narrow parcels

**3602.** Where a parcel of land contains one acre or more, but is less than 250 feet in width, there may be drilled on the parcel of land not more than one well to each acre of the area if the surface location of any well or wells is so placed as to be as far from the lateral boundary lines of the parcel of land as the configuration of the surface and the existing improvements thereon will permit.

Developing heavy hydrocarbons

**3602.1.** Where a parcel of land contains one acre or more and the hydrocarbons to be developed are too heavy or viscous to produce by normal means, and the supervisor so determines, the supervisor may approve proposals to drill wells at whatever locations he

deems advisable for the purpose of the proper development of such hydrocarbons by the application of pressure, heat or other means for the reduction of oil viscosity, and such wells shall not be classed as public nuisances after approval by the supervisor.

**3602.2.** In determining the area of parcels of land for the purposes of this chapter, the area of the oil and gas mineral estate shall be used exclusively.

Mineral estate

**3603.** For the purposes of this chapter, an alley which intersects or lies within any block or other subdivision unit is not a public street or road.

Alleys

**3604.** Each day in which the drilling of any well is carried on, or on which it is permitted to produce oil or gas in violation of this chapter is a separate nuisance.

Each day a violation

**3605.** The provisions of this chapter do not apply to any field producing oil or gas on August 14, 1931.

Application of chapter

**3606.** Notwithstanding any other provisions of this chapter, where a parcel of land contains one acre or more and where all or substantially all of the surface of such parcel of land is unavailable for the surface location of oil or gas wells, there may be drilled or produced not more than one well into each acre of such parcel of land, and the surface location of such well may be located upon property which may or may not contain one acre or more of surface area, and the property upon the surface of which the surface location of such well may be located may or may not be contiguous to such parcel of land; provided:

Surface conditions prevent drilling

1. No operator shall construct or maintain any derrick within 150 feet of any other derrick, then standing, of such operator unless approved in advance by the supervisor who may, in granting such approval, attach such conditions as are reasonably necessary to carry out the purposes of this chapter.

Derrick location

2. The surface location of such well, as measured from the center of the hole, shall be not less than 25 feet from an outer boundary of the surface of the property upon which such well is located, and shall be not less than 25 feet from any dedicated public street, road or highway which is so dedicated and in such public use at the time of the commencement of drilling of such well.

Well surface location

3. The producing interval of such well shall be not less than 75 feet from an outer boundary of the parcel of land into which such producing interval is drilled, and the producing interval of such well shall be not less than 150 feet, as measured horizontally in the same zone, from the producing interval of any other well which is producing or capable of producing oil or gas. If the parcel of land qualified to be drilled under this section is less than 150 feet in width, the producing interval of such well shall be as far from the lateral boundary lines of the property as is practicable.

Producing interval

To enforce the provisions of this section, the supervisor may require, at the time supervisor gives approval of notice of intention to drill, redrill or deepen, that a subsurface directional survey be made for such well, and that a plat of said directional survey be filed with the supervisor within fifteen (15) days of completion.

**3606.1.** The 150-foot restriction in Sections 3600 and elsewhere in this chapter shall apply only to wells drilled and producing from the same zone or pool; provided, however, that the well density shall not exceed one well per acre unless the supervisor shall determine

Multiple zone exceptions

that more than one zone or pool underlies the property and that it is not practical to produce from all of such zones or pools from a single well per acre and that such other zones or pools are being drained by offset wells. In such cases only, a maximum density of two wells per acre may be approved. These exceptions to the general spacing rule shall apply also to properties qualifying under Sections 3602 and 3606.

Road proximity

**3607.** The prohibition set forth in Section 3600 against drilling within 100 feet of any public street or highway shall not apply in the case of any street or highway which is opened through a field in which drilling was commenced prior to the opening of the street or highway.

Unleased land under one acre

**3608.** Where land aggregating less than one acre is surrounded by other lands, which other lands are subject to an oil and gas lease aggregating one acre or more, and if, under the provisions of Sections 3600 to 3607, inclusive, of the Public Resources Code, the drilling or producing of a well on said land is declared to be a public nuisance, said land shall, for oil and gas development purposes and to prevent waste and to protect the oil and gas rights of landowners, be deemed included in said oil and gas lease on said other lands, and shall be subject to all the terms and provisions thereof, when the State Oil and Gas Supervisor has caused to be recorded with the county recorder of the county in which said land aggregating less than one acre is located a declaration as hereinafter provided. A request for inclusion of surrounded land aggregating less than one acre may be filed with the supervisor at any time by either the lessee of such other lands or by the owner or lessee of such surrounded land or the supervisor may act upon his own motion. Before filing such request the lessee of such other lands shall make a reasonable effort to include each parcel of surrounded land, within the oil and gas lease upon such other lands.

Recording of declaration

There shall be attached to such request a statement which shall set forth the name or names of the record owner or record owners of said land aggregating less than one acre which is to be included in said oil and gas lease on said other lands, the legal description of said land aggregating less than one acre, name of the lessee of the oil and gas lease in which such land is to be included, and a reference to the book and page of the official records of the county recorder where such oil and gas lease is recorded or a reference to the document number and date of recordation of such oil and gas lease. Within 20 days following receipt of such request and attached statement, the supervisor shall cause to be recorded with the county recorder of the county in which said land aggregating less than one acre is located, a declaration, signed by him or his assistant or deputy, that said land is deemed by the provisions of this section to be included in said oil and gas lease on said other lands. Such declaration shall set forth the same information required to be set forth in the statement attached to the request, and a copy thereof shall be mailed or otherwise delivered by the supervisor to the lessee. The county recorder shall accept such declaration for recordation and shall index such declaration in the names of all persons or corporations mentioned therein. From the time of recording thereof in the office of the county recorder such notice shall impart constructive notice of the contents thereof to all persons dealing with the land therein described.

Landowner's royalty; surface rights

The owners of the oil and gas mineral rights in said land so deemed included in said oil and gas lease on said other lands, as herein provided, shall thereafter receive in money, based upon the production of oil and gas from the leasehold including said land or

lands unitized or pooled therewith, a pro rata share of the landowners' royalty determined in accordance with the provisions of said oil and gas lease in the proportion that the area of said land bears to the aggregate of the total area covered by said oil and gas lease including the area of said land or as otherwise provided in said lease; provided further, that said owners of said oil and gas mineral rights in said land shall in no case receive less than their pro rata share determined, as herein provided, of the value of one-eighth part of the oil and gas produced, saved and sold from or allocated to the operating unit comprising said leasehold on said other lands and said land, computed in accordance with the provisions of said oil and gas lease with respect to the computation of landowners' royalty; provided further that upon recordation of the statement by the supervisor, the owners of such oil and gas mineral rights in such land shall also receive a pro rata share of any other benefits thereafter accruing to the owners of the oil and gas mineral rights under the terms of the oil and gas lease on such other lands; and provided further, that without the consent of said owners of said land the lessee or operator of said oil and gas leasehold shall have no right to use the surface of said land nor to use the subsurface thereof down to a depth of 200 feet below the surface thereof.

Where said land aggregating less than one acre is surrounded by lands which are not subject to a single oil and gas lease but is surrounded by lands which are subject to two or more separate oil and gas leases, one or more of which oil or gas leases aggregates one acre or more, then in such event the said land aggregating less than one acre shall, as herein provided, be included within and be joined to that oil and gas lease aggregating one acre or more as to which said parcel of land aggregating less than one acre has the longest common boundary. If there is no longest common boundary, the request shall designate the lease, aggregating one acre or more, into which the parcel aggregating less than one acre shall be included by the declaration of the supervisor; otherwise the supervisor shall make such designation.

In determining the contiguity of any parcels of land for the purposes hereof, no road, street or alley shall be deemed to interrupt such contiguity.

**3608.1.** The owner or operator of any leasehold, into which land has been included under the provisions of Section 3608, shall cause to be recorded an appropriate quitclaim to such land in the proper county recorder's office when such leasehold has been terminated.

**3609.** Notwithstanding any other provisions of this chapter, if the supervisor determines, pursuant to rules and regulations and after a public hearing, that the development of a pool discovered after the effective date of this section for the production of oil and gas, or either, requires the adoption of a well-spacing pattern other than that specified in Sections 3600 to 3608.1, inclusive, in order to prevent waste and to increase the ultimate economic recovery of oil or gas, he may adopt a well-spacing plan to apply to the surface and subsurface of a designated pool. Such plan shall be applicable to all wells thereafter drilled or redrilled into such pool. Such plan may include a requirement that, as a prerequisite to approval to drill or redrill a well, all or certain specified parcels of land shall be included in a pooling or unit agreement. The supervisor may provide in the rules and regulations for mandatory pooling agreements in connection with the well-spacing order.

Lands surrounded by two or more leases

Parcel contiguity

Quitclaim at leasehold termination

Pools discovered after January 1, 1974; well-spacing plan

## CHAPTER 3.5. UNIT OPERATION

### *Article 1. Declaration of Policy*

Legislative findings

**3630.** The Legislature hereby finds and declares that the management, development, and operation of lands as a unit for the production of oil and gas aids in preventing waste, increases the ultimate recovery of oil and gas, and facilitates increased concurrent use of surface lands for other beneficial purposes.

Conflicting provisions

**3631.** Nothing in this chapter shall be construed in such a manner as to conflict with the provisions of Article 2 (commencing with Section 6826) of Chapter 3 of Part 2 of Division 6.

### *Article 2. Definitions*

Definitions

**3635.** Unless the context otherwise requires, the definitions in this article govern the construction of this chapter.

**3635.1. “Person”** means any natural person, corporation, association, partnership, limited liability company, joint venture, receiver, trustee, executor, administrator, guardian, fiduciary, or other representative of any kind and includes the state and any city, county, city and county, district or any department, agency, or instrumentality of the state or of any governmental subdivision whatsoever.

**3635.2. “Land”** means both surface and mineral rights.

**3635.3. “Pool”** means an underground reservoir containing, or appearing at the time of determination to contain, a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure which is separated from any other zone in the structure is a separate pool.

**3635.4. “Field”** means the same general surface area which is underlaid or reasonably appears to be underlaid by one or more pools.

**3635.5. “Tracts of land”** means land areas under separate ownership which are all of the following:

- (a) Contiguous either on the surface or in the subsurface.
- (b) Located within a field which has been producing for more than 20 years.
- (c) Located within a field over 75 percent of which lies within incorporated areas.

**3636. “Unit agreement”** means and includes, in addition to the unit agreement entered into pursuant to the provisions of Article 3 (commencing with Section 3640) of this chapter, any consent agreement or other agreement entered into in connection with, and supplemental to, such unit agreement, but does not include a unit operating agreement or any preliminary agreement confined to effectuating any exchange of interests in land which the parties to such preliminary agreement may desire. **“Unit operating agreement”** means an agree-

ment, entered into by the working interest owners only, governing all operations performed by the unit operator pursuant to the unit agreement and the unit operating agreement for the production of unitized substances.

**3636.1. “Unit area”** means all lands included within an area subject to a unit agreement entered into pursuant to the provisions of Article 3 (commencing with Section 3640) of this chapter.

**3636.2. “Unit production”** means all oil, gas, and other hydrocarbon substances produced from a unit area from the effective date of a unit agreement approved by the supervisor pursuant to Section 3643.

**3636.3. “Unit operator”** means the person or persons designated by the working interest owners as operator or operators of the unit area.

**3637. “Working interest”** means an interest held in lands by virtue of fee title, including lands held in trust, a lease, operating agreement, or otherwise, under which the owner of such interest has the right to drill for, develop, and produce oil and gas. A working interest shall be deemed vested in the owner thereof even though his right to drill or produce may be delegated to an operator under a drilling and operating agreement, unit agreement, or other type of operating agreement.

**3637.1. “Working interest owner”** means a person owning a working interest.

**3637.2. “Royalty interest”** means a right to or interest in oil and gas produced from any lands or in the proceeds of the first sale thereof other than a working interest.

**3637.3. “Royalty interest owner”** means a person owning a royalty interest.

### *Article 3. Unit Agreements*

**3640.** Tracts of land may be unitized as provided in this article to provide for the management, development, and operation thereof as a unit to prevent, or to assist in preventing, waste and to increase the ultimate recovery of oil and gas.

**3641.** An agreement for the management, development, and operation of two or more tracts of land in the same field or in the same producing or prospective pool as a unit without regard to separate ownerships, and for the allocation of benefits and costs on a basis set forth in such agreement, shall be valid and binding upon those who consent thereto and may be filed with the supervisor for approval. However, unless and until the agreement qualifies for approval, and is approved, by the supervisor persons who do not consent thereto shall not be bound thereby, nor shall their rights be affected thereby.

**3642.** Any proposed agreement for unit operation of tracts of land which has been consented to by persons who own title to working interests which aggregate at least an undivided three-fourths of the total working interests in the area proposed to be unitized, and by persons who own title to the royalty interest which aggregates at least an undivided three-fourths of the

Purpose of unitization

Validity of agreement;  
nonconsenting persons

Consent of owners

see Section 3655

Grounds for approval

total royalty interest in the area proposed to be unitized, may be filed with the supervisor by the owner of any such working interest in conjunction with a petition requesting approval thereof.

**3643.** The unit agreement shall be approved, if, after a public hearing, the supervisor finds all of the following:

(a) The unit area of the proposed agreement for unit operation takes in all tracts which, consistent with good oilfield practice, should be considered a part of and related to the field or pool or pools, or portions thereof, proposed for unit operation but does not include tracts which, consistent with good oilfield practice, should not be considered a part of or related to the field or pool or pools, or portions thereof, proposed for unit operation.

(b) As of the date of filing of the petition, the proposed unit agreement was consented to by persons owning at least three-fourths of the working interests and three-fourths of the lessors' royalty interests as described in Section 3642.

(c) The unitized management and operation of the pool or pools, or portions thereof, proposed to be unitized is reasonably necessary in order to carry on pressure maintenance or pressure replenishment operations, cycling or recycling operations, gas injection operations, water flooding operations, reduction of oil viscosity operations, or any combination thereof, or any other form of joint effort calculated to increase the ultimate recovery of oil and gas from the proposed unit area.

(d) The value of the estimated recovery of additional oil or gas, or the increased present worth value due to accelerated recovery of oil or gas, as a result of the unit operations will exceed the estimated additional cost incident to conducting such operations.

(e) The proposed unit agreement provides for an allocation of the unit production among and to the separately owned tracts in the area proposed to be unitized such as will reasonably permit persons otherwise entitled to share in or benefit by the production from such separately owned tracts to produce or receive, in lieu thereof, their fair, equitable, and reasonable pro rata share of the unit production or other benefits thereof.

(f) The proposed unit agreement provides, to the full extent practical, for the organization and consolidation of surface facilities, including oil production, storage, treatment, and transportation facilities, in such a manner as will eliminate wasteful and excessive use of land surface areas, freeing such areas for other productive use and development, and provides a fair procedure for the waiver, from time to time, of the working interest owners' right of entry on surface areas which in the future become unneeded for the conduct of unit operations.

(g) The proposed unit agreement is fair and reasonable under all the circumstances in other material respects.

(h) If state-owned lands under the jurisdiction of the State Lands Commission are included in the proposed unit agreement, such agreement has been reviewed and approved by the commission as to such lands.

Tract value

**3644.** A tract of land's fair, equitable, and reasonable share of the unit production shall be measured by the value of such tract for oil and gas purposes and its contributing value to the unit in relation to like values of other tracts in the unit area, taking into account, among other things, the following:

(a) The primary tract value based upon the projected future value of hydrocarbon substances that would be produced by primary means from such tract after the date of unitization, if no secondary recovery operation were undertaken.

(b) The secondary tract value based upon consideration of the following factors:

(1) The volume in acre-feet of porous, permeable sand originally saturated with hydrocarbon substances within a zone to be unitized, and underlying such tract.

(2) The hydrocarbon substances per acre-foot of such zone recoverable by means of secondary recovery operations.

(3) The value of the hydrocarbon substances so recoverable from such tract from such zones to be unitized.

(4) In the event the necessary data is not available as listed in paragraphs (1), (2), and (3), the value may be assigned using a prudent engineering method, depending on the data available.

(c) All other factors which significantly bear upon the value of the committed properties for primary and secondary recovery.

**3645.** Upon giving his approval to the unit agreement pursuant to Section 3643, the supervisor shall issue an order directing unit operations of the unit area in accordance with the unit agreement, directing the recordation of such agreement in the office of the county recorder in each county in which any part of the unit area is situated, and requiring that the interests of all persons in the unit area be thereafter subject to the unit agreement the same as if all such persons had expressly consented to the unit agreement. An order of the supervisor issued pursuant to this section shall become effective on the date provided for in the order, except that no such order shall become effective until all interests in the unit area for which timely offers of sale have been made pursuant to Section 3647 have been purchased as provided in that section, or until the termination of such offers of sale.

Unit operations order

**3646.** The supervisor's order shall include fair and reasonable provisions for all of the following:

Provisions

(a) The date when all tracts of land not theretofore committed to the unit shall be subject to unit operation, which date shall not be earlier than the first day of the month following the effective date of the supervisor's order.

(b) Provision for the carrying or otherwise financing of any persons who request the same and who the supervisor determines are unable to meet their financial obligations in connection with the unit operation, allowing a reasonable interest charge to those who carry or finance such obligations.

(c) Such additional provisions which the supervisor determines to be appropriate for bringing into the unit area on a fair and reasonable basis tracts of land and interests not theretofore committed to the unit agreement.

**3647.** The owner of any working interest or royalty interest in a tract which is the subject of a unit agreement who did not consent to the proposed unit agreement shall, 60 days following the date upon which the supervisor issues his order under the provisions of Section 3645, be entitled to offer his interest for sale pursuant to this section. All working interest owners who consented to the proposed unit agreement shall be entitled to participate in purchasing such interest in proportion to their respective shares of unit production. Unless

Sale by nonconsenting owners; fair market value

one or more working interest owners purchase such interest, the order of the supervisor shall not become effective.

If a disagreement arises with respect to the price at which such an interest shall be purchased, then either party may request the supervisor to authorize the creation of an arbitration committee consisting of three members, one member appointed by the seller, one member appointed by the purchaser or purchasers and a third member selected by the other two members, to make an independent appraisal of the value of the interest as of the date the supervisor issued his order under Section 3645. Such committee shall consider all relevant data and information submitted by interested parties and may seek and consider such other information as it deems relevant. The arbitration committee shall determine the fair market value of the interest as of the date the supervisor issued his order under Section 3645 and fix the price at which the sale shall be consummated, and its determination shall be binding on the parties; except that, within 30 days after the determination of the arbitration committee has been mailed to the parties concerned, the seller or the purchaser or any one or more of the purchasers may have such price judicially determined by filing suit for a declaratory judgment as to the fair market value in the superior court for the county in which the tract involved, or the greater portion of it, lies. The compensation and expenses of the arbitration committee shall be subject to approval in amount by the supervisor and, if the unit becomes effective, shall be paid by the working interest owners who elected to participate in purchasing such interest in the proportion they share unit expenses. If the unit does not become effective within the time provided for in the order of the supervisor issued under Section 3645, the working interest owners who have consented to the unit agreement and have requested the independent appraisal shall pay such compensation and expenses in proportion to what would have been their share of unit expenses.

Surface owner  
compensated

**3648.** Any unit agreement approved by the supervisor shall contain a provision under which a party whose surface land is being utilized for the benefit of the unit area shall be entitled to compensation for the reasonable value of the use of such surface.

Modification of  
unit agreement

**3649.** Any proposed modification of an approved unit agreement shall be submitted by the unit operator to the supervisor for his review and approval. No modification shall alter or change the basis for allocating production to tracts of land theretofore committed to the unit area without the express written consent of all persons who might be adversely affected thereby. The supervisor shall approve the proposed modification if, after a public hearing, he finds that the proposed unit agreement modification is consented to by persons who own title to working interests which aggregate at least an undivided three-fourths of the total working interests within the unit area and by persons who own title to the royalty interest which aggregate at least an undivided three-fourths of the total royalty interest in the unit area, that the proposed modification is in conformity with other provisions of the unit agreement, that it is consistent with the purpose of this chapter, and is fair and reasonable under all the circumstances. Upon approval, the unit agreement modification shall be recorded in the office of the county recorder in each county in which any part of the unit area is situated and thereafter shall be binding upon all persons having any interest in the pool or pools, or portions thereof, subject to the unit agreement the same as if all such persons had expressly agreed to the modification.

Nothing in this section shall be construed as applying to any modification of a unit operating agreement entered into exclusively by the working interest owners.

**3650.** If at any time after the entry of an order of unitization issued pursuant to Section 3645, it develops that all or a portion of a further tract or tracts of land should be included within the unit area, persons who own any working interest in the pool or pools, or portions thereof, may file a petition with the supervisor requesting the addition of such tract or tracts of land to the unit area, insofar as they contain the pool or pools, or portions thereof. Upon the filing of such a petition, the supervisor shall hold a public hearing.

Petition requesting  
tract addition

**3651.** The supervisor shall issue his order that such further tract or tracts of land insofar as they contain the pool or pools, or portions thereof, and the interests of all persons therein, upon recordation of such order in the office of the county recorder in each county in which any part of the original unit area or such additional tracts are situated, shall thereafter be subject to unit operations if he finds all of the following:

Order subjecting  
additional tracts  
to unit

(a) All or a portion of such further tract or tracts of land do contain the pool or pools, or portions thereof, previously ordered unitized by the supervisor.

(b) The unit agreement has been consented to by persons who own title to working interests which aggregate at least an undivided three-fourths of the working interests in the total area proposed to be unitized, and by persons who own title to the royalty interest which aggregates at least an undivided three-fourths of the royalty interest in the total area proposed to be unitized.

(c) The addition of such further tract or tracts of land insofar as they contain the pool or pools to the unit operations is reasonably necessary in order to prevent waste or to increase the ultimate recovery of oil and gas.

**3652.** The supervisor's order issued pursuant to Section 3651 shall contain a fair basis for allocating production to such further tract or tracts of land and make fair and reasonable provisions under the circumstances in other respects for bringing into the unit operation such tract or tracts of land. In providing for the allocation of unit production from the enlarged unit area, the order shall, however, first treat the unit area previously established as a single tract, and the portion of unit production so allocated thereto shall then be allocated among the separately owned tracts of land included in such previously established unit area in the same proportion as specified therefor in the previous order. The supervisor shall allocate production from the enlarged unit area between the previously established unit area and the additional tract or tracts of land, and if there be more than one such additional tract of land, shall allocate the production allotted the additional tracts of land as between such additional tracts of land, in such a manner as will reasonably permit persons otherwise entitled to share in or benefit by the production from such tracts of land to produce or receive, in lieu thereof, their fair, equitable, and reasonable pro rata share of the unit production or other benefits thereof. A tract's fair, equitable, and reasonable share of the unit production shall be measured by the value of each such tract of land for oil and gas purposes and its contributing value to the unit operation in relation to like values of other tracts in the unit, taking into account, among other things, the following:

Content of order

(a) The primary tract value based upon the projected future value of hydrocarbon substances that would be produced by primary means from such tract after the date of unitization, if no secondary recovery operation were undertaken.

(b) The secondary tract value based upon consideration of the following factors:

(1) The volume in acre-feet of porous, permeable sand originally saturated with hydrocarbon substances within a zone to be unitized, and underlying such tract.

(2) The hydrocarbon substances per acre-foot of such zone recoverable by means of secondary recovery operations.

(3) The value of the hydrocarbon substances so recoverable from such tract from such zones to be unitized.

(4) In the event the necessary data is not available as listed in paragraphs (1), (2), and (3), the value may be assigned using a prudent engineering method, depending on the data available.

(c) All other factors which significantly bear upon the value of the committed properties for primary and secondary recovery.

Disagreement among parties to unit

**3653.** Any disagreement with respect to the unit operation between persons owning any interest in the pool or pools, or portions thereof, subject to the unit agreement may be submitted to the supervisor for his review and decision.

Petition contents

**3653.5.** A petition requesting approval of a unit agreement and each copy thereof shall contain or have attached to it:

(a) A request that the supervisor approve the unit agreement.

(b) A copy of the unit agreement.

(c) A report with appropriate engineering, reservoir, and geologic data and maps outlining in detail how the unit agreement qualifies for approval pursuant to this chapter.

(d) Evidence that the required number of working interest owners and royalty interest owners have consented to the unit agreement. Generally, such evidence shall consist of a certificate of the petitioner or unit operator that the requisite number of working interest owners and royalty interest owners have consented to the unit agreement; provided, however, that if the accuracy of the certificate is challenged by any person, additional evidence will be required. Additional evidence may be supplied by the petitioner or requested by the supervisor.

Court appeal

**3654.** Any and all decisions or determinations made by the supervisor under the provisions of this chapter shall be appealable to any court of competent jurisdiction by any person whose interests are affected by any such decision or determination. Except as otherwise provided in this article, such appeal must be made within 60 days from the date of such decision or determination.

Determining three-fourths interests

**3655.** The three-fourths interests referred to in Sections 3642, 3649, and 3651 shall be determined as follows:

(a) A total value, composed of the combined value of all of the primary tract assignment and secondary tract assignment, shall be assigned to all of the tracts of land which are the subject of the unit agreement or the proposed unit agreement.

(b) The pro rata interest of each working interest owner shall be equal to a fraction, the numerator of which shall be the total value of the primary tract assignment and secondary tract assignment of the tract or tracts in which he has a working interest, in accordance with his fractional share of such interest, if any, and the denominator of which shall be the value determined under subdivision (a).

see Section 3642

(c) The pro rata interest of each royalty interest owner shall be equal to a fraction, the numerator of which shall be the total value of the primary tract assignment and second-

any tract assignment of the tract or tracts in which he has a royalty interest, in accordance with his fractional share of such interest, if any, and the denominator of which shall be the value determined under subdivision (a).

If there are no royalties outstanding with respect to a tract or tracts of land included within or proposed to be included within a unit area, then for the purpose of determining the three-fourths of royalty interests the working interest owners in any such tract of land shall be deemed to be the owners of a royalty with respect to such tract in the same proportion as their ownership of the working interest therein.

**3656.** No unit agreement approved by the supervisor pursuant to the provisions of this chapter shall effect or result in, or be construed to effect or result in, the alienation, transfer, or change of any title or ownership, legal or equitable, of any person or party in or to any tract of land or the mineral rights therein to any other person or party.

Effect of Supervisor's order

**3657.** Operations incident to the drilling, producing, or operating of a well or wells on any portion of a unit area under a unit agreement approved by the supervisor pursuant to the provisions of this chapter shall be deemed, for the purposes of determining compliance with lease and other contractual obligations, the conduct of such operations on each separately owned tract in the unit area by the several working interest owners thereof. That portion of the production allocated to each tract of land included in the unit area, when produced, shall be deemed for all purposes to have been produced from such tract by a well or wells drilled therein.

Unit operations order

**3658.** Any order of the supervisor issued pursuant to his article shall, from and after its effective date, be effective as to, and be binding upon, each person owning an interest in the unit area covered thereby, or in the oil and gas produced therefrom, or the proceeds thereof. Each such person shall have the right to enforce the provisions of the unit agreement, including, but not limited to, the provisions for determining rates of production, whether or not such person expressly consented to the unit agreement.

Effect of Supervisor's order

**3659.** Prior to any public hearing held by the supervisor pursuant to this chapter, the supervisor shall give reasonable written notice of the hearing to all persons shown by the records of the tax assessor to have an interest in the land proposed for unit operation, and shall give written notice to any city within which the land lies and, with respect to land which lies in an unincorporated area, to the county in which the land lies. Such city or county or any other interested person may, on any matter relevant to the proposed agreement for operation, submit testimony and evidence for the consideration of the supervisor.

Hearing notice

#### *Article 4. Liens*

**3680.** A person to whom another is indebted for expenses incurred in carrying on unit operations may, in order to secure payment of the amount due, fix a lien upon the interest of the debtor in the unit production as and when produced from the unit area by filing for record with the recorder of the county where the property or a portion thereof involved is located, an affidavit setting forth all of the following:

Lien to secure payment

(a) In general terms the kind of materials, tools, equipment, or supplies furnished

or labor or services performed.

(b) A description of the land involved, the name of the debtor, and his interest in the production from the unit area.

(c) The amount which is still due and unpaid.

(d) A statement that at least 20 days prior to the date of the affidavit such person gave written notice to the debtor by registered mail at his last known address, setting forth the information required under subdivisions (a), (b), and (c) of this section.

Any such affidavit shall be filed for record not later than 90 days after the delivery of the property or the completion of the labor.

Lien on production

**3681.** The lien shall be a first lien on the production and otherwise shall be of the same nature and subject to foreclosure in the same manner and within the same time as mechanics' liens. In any case where the lien claimant is in possession of the production which is subject to the lien, the supervisor may authorize the lien claimant to sell such production or so much thereof as may be necessary to satisfy such lien, provided that the supervisor shall hold or arrange for the holding of the proceeds of such sale for appropriate distribution upon a determination of the controversy.

#### *Article 5. Regulations*

Adoption; scope;  
amendment

**3685.** Within three months after the effective date of this chapter, the supervisor shall, after one or more public hearings, adopt regulations governing the submittal of proposed unit agreements, modifications thereof, additions thereto, and disagreements with respect to unit operations. The regulations shall include, but not be limited to, requirements for filing fees sufficient to cover the costs of administration, and submittal of policies of title insurance. The regulations may be amended from time to time by the supervisor with the approval of the director.

#### *Article 6. Preemption*

Effect on cities  
and counties

**3690.** This chapter shall not be deemed a preemption by the state of any existing right of cities and counties to enact and enforce laws and regulations regulating the conduct and location of oil production activities, including, but not limited to, zoning, fire prevention, public safety, nuisance, appearance, noise, fencing, hours of operation, abandonment, and inspection.

### **CHAPTER 5. OIL SUMPS**

Definition

**3780.** As used in this chapter, an “oil sump” is any open depression or basin in the ground, whether man-made or natural, which contains oil or a combination of oil and water.

Screen or eliminate

**3781.** The Legislature hereby finds and declares that it is essential in order to protect the wildlife resources of California that all hazardous exposed oil sumps in this state be either screened or eliminated.

Rules and regulations

**3782.** The supervisor shall promulgate rules and regulations for the adequate screening of oil sumps to protect wildlife and shall order the closure of any oil and gas production

operation maintaining an exposed or inadequately screened oil sump in violation of such rules and regulations.

**3783.** Whenever the supervisor receives notification from the Department of Fish and Game pursuant to subdivision (a) of Section 1016 of the Fish and Game Code that an oil sump is hazardous to wildlife, he shall forthwith give written notice of such hazardous condition to the owner, lessee, operator, or person responsible for the existence of the condition and set forth the hazardous conditions as specified by the Department of Fish and Game. The owner, lessee, operator, or person responsible shall, within 30 days from the date of such notification, or such longer period as may be mutually agreed upon by the supervisor, the Department of Fish and Game, and the owner, lessee, operator, or person responsible, clean up or abate the condition to the satisfaction of the supervisor and the Department of Fish and Game. If the owner, lessee, operator, or person responsible does not clean up or abate the condition to the satisfaction of the supervisor and the Department of Fish and Game within the required period of time, the supervisor shall forthwith order the closure of the oil and gas production operation maintaining the oil sump.

Notice; hazard to wildlife

Clean up or abatement

**3784.** Whenever the supervisor receives notification from the Department of Fish and Game pursuant to subdivision (b) of Section 1016 of the Fish and Game Code that an oil sump constitutes an immediate and grave danger to wildlife, he shall forthwith give written notice of such immediately dangerous condition to the owner, lessee, operator, or person responsible for the existence of the condition and set forth the immediately dangerous condition as specified by the Department of Fish and Game. The owner, lessee, operator, or person responsible shall, within 10 days from the date of such notification, or such longer period as may be mutually agreed upon pursuant to Section 3784.5 by the supervisor, the Department of Fish and Game, and the owner, lessee, operator, or person responsible, clean up or abate the condition to the satisfaction of the supervisor and the Department of Fish and Game. If the owner, lessee, operator, or person responsible does not clean up or abate the condition to the satisfaction of the supervisor and the Department of Fish and Game within the required period of time, the supervisor shall forthwith order the closure of the oil and gas production operation maintaining the oil sump.

Immediate and grave danger

**3784.5.** Extension of the 10-day period specified in Section 3784 may be granted only in cases where the supervisor and the Department of Fish and Game have determined that screening or elimination of the oil sump cannot be reasonably accomplished within 10 days.

Time extension

Joint program

**3785.** The supervisor and the Department of Fish and Game shall develop a joint program to coordinate their respective responsibilities under this chapter and Section 1016 of the Fish and Game Code to protect the wildlife resources of the state from the hazards of exposed oil sumps.

**3787.** No provision of this chapter shall be construed as a limitation on the authority and responsibilities of the supervisor with respect to the enforcement or administration of any provision of state law which he is authorized or required to enforce or administer.

Construction of chapter

## CHAPTER 7. METHANE GAS HAZARDS REDUCTION

### *Article 1. General Provisions*

**3850.** This chapter shall be known and may be cited as the Methane Gas Hazards Reduction Act.

Legislative findings

**3851.** The Legislature finds and declares that methane gas hazards, as identified in the study conducted pursuant to Chapter 4.1 (commencing with Section 3240) of Chapter 1, are a clear and present threat to public health and safety.

**3852.** The Legislature further finds and declares that, due to the cost and complexity of methane hazard mitigations, property owners and local governments are often unable to mitigate these hazards.

**3853.** The Legislature further finds and declares, therefore, that it is essential that the state, in cooperation with local governments, provide funds to mitigate many of the state's methane gas hazards.

### *Article 2. Definitions*

Definitions

**3855.** As used in this chapter:

(a) “**Methane gas hazards**” means collections of biogenic or thermogenic gases identified as hazards in the study conducted by the supervisor pursuant to Article 4.1 (commencing with Section 3240) of Chapter 1.

(b) “**Eligible jurisdictions**” means counties and cities identified as having methane gas hazards in the study conducted by the supervisor pursuant to Article 4.1 (commencing with Section 3240) of Chapter 1.

### *Article 3. Methane Gas Hazards Reduction Assistance*

Grants

**3860.** The director may award grants to eligible jurisdictions for purposes of planning, equipment purchases, installation, and other measures related to the mitigation of methane gas hazards. Ongoing maintenance and monitoring activities shall not be financed by grants pursuant to this chapter.

Expenditure report

**3861.** Prior to receiving grants under this chapter, each eligible jurisdiction shall submit a report to the director describing how the funds are to be expended. Before submitting the report, each eligible jurisdiction shall provide opportunities for the public to review and comment on the report, and shall hold at least one public hearing on the report.

Actions for eligible jurisdictions

**3862.** Prior to receiving any grants pursuant to this chapter, an eligible jurisdiction shall do all of the following:

(a) Implement a zoning ordinance for areas containing methane gas hazards that establishes a methane gas hazard overlay and provides mandatory studies and mitigations for new construction within the overlay zones.

(b) Revise the safety element of the city or county general plan to illustrate the methane gas hazard areas and establish mitigative policies.

(c) Prepare a methane gas hazard mitigation plan, which provides strategies and mitigations for reducing existing methane gas hazards and for avoiding further hazards due to new construction. The plans shall be consistent with the grant report, the zoning ordinance, and the general plan safety element.

**3863.** The department shall adopt rules and regulations implementing the grant program authorized by this chapter.

*Article 4. Methane Gas Hazard Reduction Account*

**3865.** The Methane Gas Hazard Reduction Account in the General Fund is hereby created. The moneys in the account shall be available for purposes of this chapter upon appropriation therefor by the Legislature.

**PERTINENT EXCERPTS FROM THE  
CALIFORNIA COASTAL ACT OF 1976**  
*(Public Resources Code)*

Oil and gas  
development

**30262.** (a) Oil and gas development shall be permitted in accordance with Section 30260, if the following conditions are met:

(1) The development is performed safely and consistent with the geologic conditions of the well site.

(2) New or expanded facilities related to that development are consolidated, to the maximum extent feasible and legally permissible, unless consolidation will have adverse environmental consequences and will not significantly reduce the number of producing wells, support facilities, or sites required to produce the reservoir economically and with minimal environmental impacts.

(3) Environmentally safe and feasible subsea completions are used if drilling platforms or islands would substantially degrade coastal visual qualities, unless the use of those structures will result in substantially less environmental risks.

(4) Platforms or islands will not be sited where a substantial hazard to vessel traffic might result from the facility or related operations, as determined in consultation with the United States Coast Guard and the Army Corps of Engineers.

Subsidence

(5) The development will not cause or contribute to subsidence hazards unless it is determined that adequate measures will be undertaken to prevent damage from that subsidence.

Injection

(6) With respect to new facilities, all oilfield brines are reinjected into oil-producing zones unless the Division of Oil, Gas, and Geothermal Resources of the Department of Conservation determines to do so would adversely affect production of the reservoirs and unless injection into other subsurface zones will reduce environmental risks. Exceptions to reinjections will be granted consistent with the Ocean Waters Discharge Plan of the State Water Resources Control Board and where adequate provision is made for the elimination of petroleum odors and water quality problems.

(7) (A) All oil produced offshore California shall be transported onshore by pipeline only. The pipelines used to transport this oil shall utilize the best achievable technology to ensure maximum protection of public health and safety and of the integrity and productivity of terrestrial and marine ecosystems.

(B) Once oil produced offshore California is onshore, it shall be transported to processing and refining facilities by pipeline.

(C) The following guidelines shall be used when applying subparagraphs (A) and (B):

(i) "Best achievable technology," means the technology that provides the greatest degree of protection taking into consideration both of the following:

(I) Processes that are being developed, or could feasibly be developed, anywhere in the world, given overall reasonable expenditures on research and development.

(II) Processes that are currently in use anywhere in the world. This clause is not intended to create any conflicting or duplicative regulation of pipelines, including those governing the transportation of oil produced from onshore reserves.

(ii) "Oil" refers to crude oil before it is refined into products, including

gasoline, bunker fuel, lubricants, and asphalt. Crude oil that is upgraded in quality through residue reduction or other means shall be transported as provided in subparagraphs (A) and (B).

(iii) Subparagraphs (A) and (B) shall apply only to new or expanded oil extraction operations. "New extraction operations" means production of offshore oil from leases that did not exist or had never produced oil, as of January 1, 2003, or from platforms, drilling island, subsea completions, or onshore drilling sites, that did not exist as of January 1, 2003. "Expanded oil extraction" means an increase in the geographic extent of existing leases or units, including lease boundary adjustments, or an increase in the number of well heads, on or after January 1, 2003.

(iv) For new or expanded oil extraction operations subject to clause (iii), if the crude oil is so highly viscous that pipelining is determined to be an infeasible mode of transportation, or where there is no feasible access to a pipeline, shipment of crude oil may be permitted over land by other modes of transportation, including trains or trucks, which meet all applicable rules and regulations, excluding any waterborne mode of transport.

(8) If a state of emergency is declared by the Governor for an emergency that disrupts the transportation of oil by pipeline, oil may be transported by a waterborne vessel, if authorized by permit, in the same manner as required by emergency permits that are issued pursuant to Section 30624.

(9) In addition to all other measures that will maximize the protection of marine habitat and environmental quality, when an offshore well is abandoned, the best achievable technology shall be used.

(b) Where appropriate, monitoring programs to record land surface and near-shore ocean floor movements shall be initiated in locations of new large-scale fluid extraction on land or near shore before operations begin and shall continue until surface conditions have been stabilized. Costs of monitoring and mitigation programs shall be borne by liquid and gas extraction operators.

(c) Nothing in this section shall affect the activities of any state agency that is responsible for regulating the extraction, production, or transport of oil and gas.

SEC. 2. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

**30404.** The commission shall periodically, in the case of the State Energy Resources Conservation and Development Commission, the State Board of Forestry, the State Water Resources Control Board and the California regional water quality control boards, the State Air Resources Board and air pollution control districts, the Department of Fish and Game, the Department of Parks and Recreation, the Department of Boating and Waterways, the Division of Mines and Geology, the Division of Oil and Gas, and the State Lands Commission, and may, with respect to any other state agency, submit recommendations designed to encourage it to carry out its functions in a manner consistent with this division. The recommendations may include proposed changes in administrative regulations, rules, and statutes.

Each of these state agencies shall review and consider the recommendations and shall, within six months after receipt and, in the event the recommendations are not implemented, report to the Governor and the Legislature its action and reasons therefor. This report shall

Recommendations

Division authority

also include the agency's comments on any legislation that may have been proposed by the commission.

**30418.** (a) Pursuant to Division 3 (commencing with Section 3000), the Division of Oil and Gas of the Department of Conservation is the principal state agency responsible for regulating the drilling, operation, maintenance, and abandonment of all oil, gas, and geothermal wells in the state. Neither the commission, local government, port governing body, or special district shall establish or impose such regulatory controls that duplicate or exceed controls established by the Division of Oil and Gas pursuant to specific statutory requirements or authorization.

This section shall not be construed to limit in any way, except as specifically provided, the regulatory controls over oil and gas development pursuant to Chapters 7 (commencing with Section 30600) and 8 (commencing with Section 30700).

(b) The Division of Oil and Gas of the Department of Conservation shall cooperate with the commission by providing necessary data and technical expertise regarding proposed well operations within the coastal zone.

#### **PERTINENT EXCERPTS FROM THE CALIFORNIA CODE OF CIVIL PROCEDURE**

Note: *see* Sections 349 <sup>3</sup>/<sub>4</sub> and 772.010 for information regarding underground trespass and right of entry under an oil and lease.

see Section 3205.5  
for exceptions

**995.710.** (a) Except to the extent the statute providing for a bond precludes a deposit in lieu of bond or limits the form of deposit, the principal may, instead of giving a bond, deposit with the officer any of the following:

(1) Lawful money of the United States. The money shall be maintained by the officer in an interest-bearing trust account.

(2) Bearer bonds or bearer notes of the United States or the State of California.

(3) Certificates of deposit payable to the officer, not exceeding the federally insured amount, issued by banks authorized to do business in this state and insured by the Federal Deposit Insurance Corporation or by savings and loan associations authorized to do business in this state and insured by the Federal Savings and Loan Insurance Corporation.

(4) Savings accounts assigned to the officer, not exceeding the federally insured amount, together with evidence of the deposit in the savings accounts with banks authorized to do business in this state and insured by the Federal Deposit Insurance Corporation.

(5) Investment certificates or share accounts assigned to the officer, not exceeding the federally insured amount, issued by savings and loan associations authorized to do business in this state and insured by the Federal Savings and Loan Insurance Corporation.

(6) Certificates for funds or share accounts assigned to the officer, not exceeding the guaranteed amount, issued by a credit union, as defined in Section 14002 of the Financial Code, whose share deposits are guaranteed by the National Credit Union Administration or

guaranteed by any other agency approved by the Department of Corporations.

(b) The deposit shall be in an amount or have a face value, or in the case of bearer bonds or bearer notes have a market value, equal to or in excess of the amount that would be required to be secured by the bond if the bond were given by an admitted surety insurer. Notwithstanding any other provision of this chapter, in the case of a deposit of bearer bonds or bearer notes other than in an action or proceeding, the officer may, in the officer's discretion, require that the amount of the deposit be determined not by the market value of the bonds or notes but by a formula based on the principal amount of the bonds or notes.

(c) The deposit shall be accompanied by an agreement executed by the principal authorizing the officer to collect, sell, or otherwise apply the deposit to enforce the liability of the principal on the deposit. The agreement shall include the address at which the principal may be served with notices, papers, and other documents under this chapter.

(d) The officer may prescribe terms and conditions to implement this section.

### **PERTINENT EXCERPTS FROM THE GOVERNMENT CODE**

**8589.7.** (a) In carrying out its responsibilities pursuant to subdivision (b) of Section 8574.17, the California Emergency Management Agency shall serve as the central point in state government for the emergency reporting of spills, unauthorized releases, or other accidental releases of hazardous materials and shall coordinate the notification of the appropriate state and local administering agencies that may be required to respond to those spills, unauthorized releases, or other accidental releases. The California Emergency Management Agency is the only state agency required to make the notification required by subdivision (b).

(b) Upon receipt of a report concerning a spill, unauthorized release, or other accidental release involving hazardous materials, as defined in Section 25501 of the Health and Safety Code, or concerning a rupture of, or an explosion or fire involving, a pipeline reportable pursuant to Section 51018, the California Emergency Management Agency shall immediately inform the following agencies of the incident:

(1) For an oil spill reportable pursuant to Section 8670.25.5, the Office of Emergency Services shall inform the administrator for oil spill response, the State Lands Commission, the California Coastal Commission, and the California regional water quality control board having jurisdiction over the location of the discharged oil.

(2) For a rupture, explosion, or fire involving a pipeline reportable pursuant to Section 51018, the California Emergency Management Agency shall inform the State Fire Marshal.

(3) For a discharge in or on any waters of the state of a hazardous substance or sewage reportable pursuant to Section 13271 of the Water Code, the Office of Emergency Services shall inform the appropriate California regional water quality control board.

(4) For a spill or other release of petroleum reportable pursuant to Section 25270.8 of the Health and Safety Code, the California Emergency Management Agency shall inform the local administering agency that has jurisdiction over the spill or release.

Reporting spills, unauthorized releases, or accidental releases

(5) For a crude oil spill reportable pursuant to Section 3233 of the Public Resources Code, the California Emergency Management Agency shall inform the Division of Oil, Gas, and Geothermal Resources and the appropriate California regional water quality control board.

(c) This section does not relieve a person who is responsible for an incident specified in subdivision (b) from the duty to make an emergency notification to a local agency, or the 911 emergency system, under any other law.

(d) A person who is subject to Section 25507 of the Health and Safety Code shall immediately report all releases or threatened releases pursuant to that section to the appropriate local administering agency and each local administering agency shall notify the California Emergency Management Agency and businesses in their jurisdiction of the appropriate emergency telephone number that can be used for emergency notification to the administering agency on a 24-hour basis. The administering agency shall notify other local agencies of releases or threatened releases within their jurisdiction, as appropriate.

(e) No facility, owner, operator, or other person required to report an incident specified in subdivision (b) to the California Emergency Management Agency shall be liable for any failure of the California Emergency Management Agency to make a notification required by this section or to accurately transmit the information reported.

Administrative Law Judges  
(see Section 3324)

**11370.3.** The director shall appoint and maintain a staff of full-time, and may appoint pro tempore part-time, administrative law judges qualified under Section 11502 which is sufficient to fill the needs of the various state agencies. The director shall also appoint any other technical and clerical personnel as may be required to perform the duties of the office. The director shall assign an administrative law judge for any proceeding arising under Chapter 5 (commencing with Section 11500) and, upon request from any agency, may assign an administrative law judge to conduct other administrative proceedings not arising under that chapter and shall assign hearing reporters as required. Any administrative law judge or other employee so assigned shall be deemed an employee of the office and not of the agency to which he or she is assigned. When not engaged in hearing cases, administrative law judges may be assigned by the director to perform other duties vested in or required of the office, including those provided for in Section 11370.5.

Pipeline rupture, explosion, or fire

**51018.** (a) Every rupture, explosion, or fire involving a pipeline, including a pipeline system otherwise exempted by subdivision (a) of Section 51010.5, and including a pipeline undergoing testing, shall be immediately reported by the pipeline operator to the fire department having fire suppression responsibilities and to the Office of Emergency Services. In addition, the pipeline operator shall within 30 days of the rupture, explosion, or fire file a report with the State Fire Marshal containing all the information that the State Fire Marshal may reasonably require to prepare the report required pursuant to subdivision (d).

(b) (1) The Office of Emergency Services shall immediately notify the State Fire Marshal of the incident, who shall immediately dispatch his or her employees to the scene. The State Fire Marshal or his or her employees, upon arrival, shall provide technical expertise and advise the operator and all public agencies on activities needed to mitigate the hazard.

(2) For purposes of this subdivision, the Legislature does not intend to hinder

or disrupt the workings of the “incident commander system,” but does intend to establish a recognized element of expertise and direction for the incident command to consult and acknowledge as an authority on the subject of pipeline incident mitigation. Furthermore, it is expected that the State Fire Marshal will recognize the expertise of the pipeline operator and any other emergency agency personnel who may be familiar with the particular location of the incident and respect their knowledgeable input regarding the mitigation of the incident.

(c) For purposes of this section, “rupture” includes every unintentional liquid leak, including any leak that occurs during hydrostatic testing, except that a crude oil leak of less than five barrels from a pipeline or flow line in a rural area, or any crude oil or petroleum product leak in any in-plant piping system of less than five barrels, when no fire, explosion, or bodily injury results or no waterway is contaminated thereby, does not constitute a rupture for purposes of the reporting requirements of subdivision (a).

(d) The State Fire Marshal shall, every fifth year commencing in 1999, issue a report identifying pipeline leak incident rate trends, reviewing current regulatory effectiveness with regard to pipeline safety, and recommending any necessary changes to the Legislature. This report shall include all of the following: total length of regulated pipelines, total length of regulated piggable pipeline, total number of line sections, average length of each section, number of leaks during study period, average spill size, average damage per incident, average age of leak pipe, average diameter of leak pipe, injuries during study period, cause of the leak or spill, fatalities during study period, and other information as deemed appropriate by the State Fire Marshal.

(e) This section does not preempt any other applicable federal or state reporting requirement.

(f) Except as otherwise provided in this section and Section 8589.7, a notification made pursuant to this section shall satisfy any immediate notification requirement contained in any permit issued by a permitting agency.

(g) This section does not apply to pipeline ruptures involving nonreportable crude oil spills under Section 3233 of the Public Resources Code, unless the spill involves a fire or explosion.

#### **PERTINENT EXCERPTS FROM THE Health and Safety Code**

**25159.23.** The State Oil and Gas Supervisor shall promptly report to the department and the state board any injection well regulated by the Division of Oil and Gas pursuant to Subpart F of Part 147 of Title 40 of the Code of Federal Regulations that is not in compliance with these regulations because fluids not authorized by these regulations are discharged into the well.

Unauthorized fluids  
discharged into injection  
wells

# STATUTE HISTORY, INCLUDING REPEALED STATUTES

## CHAPTER I. OIL AND GAS CONSERVATION

### Article 1. Definitions and General Provisions

3000. Definitions as governing construction of division  
(Stats.1939, c. 93. Amended by Stats.1955, c. 1670.)
3001. Department defined  
(Stats.1939, c. 93. Amended by Stats.1965, c. 1144.)
3002. Division defined  
(Stats.1939, c. 93. Amended by Stats.1957, c. 405; Stats.1965, c. 1144; Stats.1992, c. 999.)
3003. Director defined  
(Stats.1939, c. 93. Amended by Stats.1965, c. 1144.)
3004. Supervisor defined  
(Stats.1939, c. 93.)
3005. Person defined  
(Stats.1939, c. 93.)
3006. Oil defined  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535; Stats.1937, c. 460.)(Stats.1939, c. 93.)
3007. Gas defined  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535; Stats.1937, c. 460.)(Stats.1939, c. 93. Amended by Stats.1957, c. 405.)
3008. Well; prospect well  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1972, c. 898; Stats.1975, c. 1255; Stats.1976, c. 793; Stats.1984, c. 682; Stats.1998, c. 1068.)
3009. Operator defined  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535; Stats.1937, c. 460.)(Stats.1939, c. 93. Amended by Stats.1996, c. 537; Amended by Stats.2008, c. 562.)
3010. Owner; inclusion of operator  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535; Stats.1937, c. 460.)(Stats.1939, c. 93.)  
Repealed by Stats. 1996, c. 537. (Added by Stats.2008, c. 562.)
3011. Operator; inclusion of owner  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535; Stats.1937, c. 460.)(Stats.1939, c. 93.)  
Repealed by Stats. 1996, c. 537

3012. Scope of chapter  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1972, c. 898.)
3013. Liberal construction; powers of director and supervisor  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1972, c. 898; Stats.1984, c. 278; Stats. 1992, c. 999.)
3014. District defined  
(Formerly Section 3015, added by Stats.1957, c. 405. Renumbered Section 3014 and Amended by Stats.1974, c. 765.)
3015. Production natural gas; category determinations; adoption of guidelines  
(Added by Stats.1979, c. 725, eff. Sept. 19, 1979.)

## **Article 2. Administration**

3100. Districts; boundaries  
(Derivation: Former Section 3150, enacted by Stats.1939, c. 93, Amended by Stats.1939, c. 1113; Stats.1957, c. 405; Stats.1971, c. 525.)(Added by Stats.1974, c. 765.)
3101. Appointment of deputies  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536; Stats.1921, c. 912; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1939, c. 1113; Stats.1972, c. 898.)
3102. Attorney General as legal advisor; payment for services  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536; Stats.1921, c. 912; Stats.1929, c. 535, added by Stats. 1933, c. 213.)(Stats.1939, c. 93.)
3103. Chief deputy; qualifications  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536.)(Stats.1939, c. 93. Amended by Stats.1972, c. 898.)
3104. District deputy; qualifications  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536.)(Stats.1939, c. 93. Amended by Stats.1972, c. 898; Stats.1974, c. 756; Stats.1981, c. 741; Stats.1983, c. 237.)
3105. District offices; location; office hours  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536.)(Stats.1939, c. 93. Amended by Stats.1939, c. 1113; Stats.1988, c. 1077.)
3106. Supervision of wells; tanks; pipelines; prevention of waste and damage; development of oil and gas resources; recovery operations. (Derivation: Stats.1915, c. 718; Stats.1929, c. 535; Stats.1931, c.791.)(Stats.1939, c. 93. Amended by Stats.1957, c. 405; Stats.1961, c. 2074; Stats.1970, c. 799; Stats.1972, c. 898; Stats.1989, c. 1383; Stats.1994, c. 523.)

- 3106.5. West Kern Oil Museum support  
(Added by Stats.1994, c. 731.)
3107. Collection and filing of oil and gas data by deputies; preparation of maps and accessories  
(Derivation: Stats.1915, c. 718; Stats.1931, c. 791.) (Stats.1939, c. 93. Amended by Stats.1939, c. 1113; Stats.1984, c. 278.)
3108. Annual report of supervisor; contents  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1975, c. 1049, operative July 1, 1976.)
3109. Publications by supervisor; sale; deposit of proceeds  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1975, c. 1049, operative July 1, 1976; Stats.2003, c. 240, eff. August 13, 2003.)
3110. Deposits to Oil, Gas, and Geothermal Administrative Fund; expenditure  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1921, c. 912; Stats.1929, c. 535.)(Added by Stats.1939, c. 98. Amended by Stats.1941, c. 1082; Stats.1959, c. 1877; Stats.1975, c. 1049, operative July 1, 1976; Stats.1981, c. 741; Stats.2003, c. 240, eff. August 13, 2003.)
3111. Deposit of repair work money and miscellaneous revenues in OGGA  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1975, c. 1049, operative July 1, 1976; Stats.1981, c. 741; Stats.1992, c. 999; Stats.2003, c. 240, eff. August 13, 2003.)
3112. Restrictions on adoption of building standards; duration of existing standards  
(Added by Stats.1979, c. 1152.)

### **Article 3. Districts and District Oil and Gas Commissioners**

(Article 3, enacted by Stats.1939, c. 93, was repealed by Stats.1974, c. 765.)

### **Article 4. Regulation of Operations**

3200. Designation of agent of owner or operator; notice of termination of agency; appointment of new agent (Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1957, c. 405; Stats.1974, c. 765; Stats.1984, c. 278; Stats.2008, c. 562.)
3201. Notice of disposal of property; contents  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1976, c. 813; Stats.1988, c. 1077; Stats.1996, c. 537; Stats.2008, c. 562.)
3202. Notice of acquisition of property; contents  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1957, c. 405; Stats.1976, c. 813; Stats.1988, c. 1077; Stats.1993, c. 1179; Stats. 1996, c. 537; Stats.1998, c. 1068; Stats.2008, c. 562.)

3203. Notice of intent to commence drilling; approval; cancellation; contents; modification or plugging of well; change of designation; compliance with order  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1957, c. 405; Stats.1959, c. 556; Stats.1972, c. 898; Stats.1984, c. 278; Stats.1988, c. 1077; Stats.1991, c. 701; Stats. 2000, c. 737.)
3204. Indemnity bond for drilling or deepening well; filing and execution; contents; conditions  
(Derivation: Stats.1915, c. 718; added by Stats.1931, c. 791; Amended by Stats.1933, c. 692.)  
(Stats.1939, c. 93. Amended by Stats.1972, c. 898; Stats.1973, c. 743; Stats.1976, c. 794; Stats.1977, c. 112, eff. June 28, 1977; Stats.1998, c. 1068.)
3205. Blanket indemnity bond; amount; execution; form and contents  
(Derivation: Stats.1915, c. 718; added by Stats.1931, c. 791; Amended by Stats.1933, c. 692.)  
(Stats.1939, c. 93. Amended by Stats. 1955, c. 1670; Stats. 1972, c. 898; Stats.1976, c. 794; Stats.1977, c. 112, eff. June 28, 1977; Stats.1998, c. 1068.)
- 3205.1. Blanket indemnity bond; tide or submerged lands; amount; execution; form and contents; additional security  
(Added by Stats.1977, c. 112, eff. June 28, 1977. Amended by Stats.1993, c. 1179.)
- 3205.2 Commercial waste water disposal well; indemnity bond; blanket bond; termination and cancellation  
(Stats.1987, c. 409; Stats.2000, c. 737.)
- 3205.5. Deposit in lieu of bond  
(Added by Stats.1972, c. 898. Amended by Stats.1976, c. 794; Stats.1977, c. 112, eff. June 28, 1977; Stats.1981, c. 741; Stats.1982, c. 517; Stats.1987, c. 409; Stats.1998, c. 1068.)
3206. Wells not producing oil or gas; bonds; fees; hazardous and idle-deserted well abatement fund created; conclusive evidence of desertion  
(Repealed by Stats.1977, c. 112, eff. June 28, 1977. Added by Stats.1990, c. 1604. Amended by Stats.1998, c. 1068; Stats.2000, c. 737.)
- 3206.5. Wells not producing oil or gas; lists; requests by city or county to plug well; determination of abandonment; evidence  
(Added by Stats.1990, c. 1604.)
3207. Termination and cancellation of individual or blanket indemnity bond  
(Derivation: Stats.1915, c. 718; added by Stats.1931, c. 791; Amended by Stats.1933, c. 692.)(Stats.1939, c. 93. Amended by Stats.1955, c. 1670; Stats.1972, c. 898; Stats.1976, c. 794; Stats.1977, c. 13, eff. March 21, 1977; Stats.1977, c. 112, eff. June 28, 1977.)
3208. Properly completed or abandoned wells; definitions  
(Derivation: Stats.1915, c. 718; added by Stats.1931, c. 791; Amended by Stats.1933, c. 692.)(Stats.1939, c. 93. Amended by Stats.1972, c. 898; Stats.1976, c. 794; Stats.1977, c. 13, eff. March 21, 1977; Stats.1977, c. 112, eff. June 28, 1977; Stats.1984, c. 278; Stats.1988, c. 1077.)

- 3208.1. Reabandonment of wells; order, cost  
(Added by Stats.1983, c. 919. Amended by Stats.1987, c. 1322; Stats. 1996, c. 537; Stats.2000, c. 737.)
- 3208.5. Repealed by Stats.1977, c. 112, eff. June 28, 1977
3209. Cancellation of bonds hereto filed  
(Derivation: Stats.1915, c. 718; added by Stats.1931, c. 791; Amended by Stats.1933, c. 692.)  
(Stats.1939, c. 93. Amended by Stats.1976, c. 794.)
3210. Records of owner or operator  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93.)
3211. Requisites of log  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1984, c. 278.)
3212. Requisites of core record  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93.)
3213. Requisites of history  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93.)
3214. Log and tour reports; inspection  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765; Stats.1976, c. 1073, eff. Sept. 21, 1976.)
3215. Filing of well records  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1951, c. 1333, operative Jan. 1, 1952; Stats.1955, c. 1670; Stats.1957, c. 405; Stats.1967, c. 1121; Stats.1972, c. 898; Stats.1981, c. 741; Stats.1988, c. 1077.)
3216. Filing well records with supervisor upon request; signature and service of request  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1976, c. 1073, eff. Sept. 21, 1976.)
3217. Repealed by Stats.1988, c. 1077
3218. Repealed by Stats.1975, c. 1255
3219. Use of safety devices to prevent blowouts, explosions, and fires  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93.)

- 3219.5. Options for blowout insurance  
(Added by Stats. 2000, c. 737.)
3220. Use of well casing to prevent water pollution  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1970, c. 799; Stats.1976, c. 795.)
3221. Repealed by Stats.1976, c. 795
3222. Shut-off demonstration; notice to district deputy  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1955, c. 1670; Stats.1976, c. 795.)
3223. Report on shut-off test; unsatisfactory test; notice; order for additional work and tests  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1976, c. 795.)
3224. Order for test or remedial work with respect to water conditions; service of order; posting and publication  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1970, c. 799.)
3225. Appeal from written order  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765; Stats.1981, c. 741.)
3226. Compliance by owner or operator with order; performance by agents of supervisor upon non-compliance; payment of expenditures; lien; emergencies  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1972, c. 898; Stats.1973, c. 743; Stats.1974, c. 765; Stats.1975, c. 1049, operative July 1, 1976; Stats.1979, c. 322; Stats.2000, c. 737.)
3227. Monthly well statements; contents; report; filing  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1951, c. 1333, operative Jan. 1, 1952; Stats.1961, c. 2074; Stats.1967, c. 457; Stats.1972, c. 898; Stats.1976, c. 813; Stats.1980, c. 1055, eff. Sept. 26, 1980; Stats.1981, c. 741; Stats.1984, c. 278.)
- 3227.5. Compilation of statistics from statements  
(Added by Stats.1981, c. 741.)
- 3227.6. Field and pool  
(Added by Stats.1981, c. 741.)

3228. Owner to protect waters against pollution before abandonment of well  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1984, c. 278.)
3229. Notice of intention to abandon well; approval; cancellation after one year  
(Derivation: Former Section 3229 to 3231, enacted by Stats.1939, c. 93. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Added by Stats.1973, c. 743.)
3230. Notice of intention to abandon well  
(Derivation: Former Section 3229, added by Stats.1939, c. 93. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Added by Stats.1973, c. 743.)
3231. Repealed by Stats.1973, c. 743
3232. Abandonment; written approval or disapproval  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1931, c. 791.)(Stats.1939, c. 93. Amended by Stats.1981, c. 741; Stats.1988, c. 1077.)
3233. Oil discharges; field rules for emergency reporting; application of section (Repealed by Stats.1973, c. 743. Added by Stats. 1996, c. 605.)
3234. Public records; laws governing; request for limited access; extensions  
(Derivation: Former Section 3234, enacted by Stats.1939, c. 93, Amended by Stats.1955, c. 1952; Stats.1959, c. 566; Stats.1969, c. 553; Stats.1974, c. 765. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Added by Stats.1975, c. 1255. Amended by Stats.1976, c. 1073, eff. Sept. 21, 1976; Stats.1984, c. 682; Stats.1993, c. 1179.)
- 3234.1 Repealed by Stats.1975, c. 1255, operative July 1, 1976
3235. Investigation by supervisor; own initiative or complaint by affected person; report and order; contents; delivery of copies  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765; Stats.1976, c. 813.)
3236. Offenses and penalties for failure to comply with act  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1983, c. 1092, eff. Sept. 27, 1983, operative Jan. 1, 1984.)
- 3236.5. Violations; civil penalty; notice; hearing; review  
(Added by Stats.1982, c. 611. Amended by Stats.1984, c. 530; Stats.1986, c. 248; Stats. 1988, c. 1077; Stats.2000, c. 737; Stats.2003, c. 240, eff. August 13, 2003; Stats.2008, c. 562.)
3237. Abandonment of deserted wells; prima facie evidence of desertion; appeals from orders  
(Added by Stats.1955, c. 1610. Amended by Stats.1972, c. 898; Stats.1974, c. 765; Stats. 1996, c. 537; Stats. 2000, c. 737; Amended by Stats.2004, c. 433.)

3238. Hazardous, idle-deserted, or inactive wells; oil or gas production; rate of charges; procedures (Added by Stats. 1996, c. 537.)

**Article 4.1. Abandoned Wells**

(Article 4.1 was added by Stats.1985, c. 924, eff. Sept. 24, 1985.)

3240. Study  
(Added by Stats.1985, c. 924, eff. Sept. 24, 1985.)

3241. Strategy for extracting accumulations of methane and hazardous gas  
(Added by Stats.1985, c. 924, eff. Sept. 24, 1985.)

3242. Repealed by Stats.1993, c. 1179

**Article 4.2. Hazardous Wells**

(Article 4.2 was added by Stats.1976, c. 1090, eff. Sept. 21, 1976.)

3250. Legislative findings and declarations  
(Added by Stats. 1976, c. 1090, eff. Sept. 21, 1976. Amended by Stats.1977, c. 112, eff. June 28, 1977; Stats.1981, c. 741.)

3251. Hazardous well; abandonment; reabandonment  
(Added by Stats.1976, c. 1090, eff. Sept. 21, 1976. Amended by Stats.1977, c. 112, eff. June 28, 1977; Stats.1981, c. 741; Stats. 1996, c.537.)

3251.5 Exception  
(Added by Stats.1987, c. 1322.)

3252. Natural resources  
(Added by Stats.1976, c. 1090, eff. Sept. 21, 1976.)

3253. Severability  
(Added by Stats.1976, c. 1090, eff. Sept. 21, 1976.)

3254. Liberal construction and application  
(Added by Stats.1976, c. 1090, eff. Sept. 21, 1976.)

3255. Operations with respect to hazardous or idle-deserted wells; orders; appeal  
(Added by Stats.1976, c. 1090, eff. Sept. 21, 1976. Amended by Stats.1981, c. 741.)

3256. Acquisition of property  
(Added by Stats.1976, c. 1090, eff. Sept. 21, 1976.)

3257. Agreements for management or operation of property  
(Added by Stats.1976, c. 1090, eff. Sept. 21, 1976.)

3258. Expenditure limitations  
(Added by Stats.1976, c. 1090, eff. Sept. 21, 1976. Amended by Stats.1998, c. 1068; Amended by Stats.2004, c. 433; Stats.2008, c. 760.)

3259. Repealed by Stats.1981, c. 741

#### **Article 4.3. Acute Orphan Wells**

(Article 4.3 was added by Stats.2005, c. 336, eff. Jan. 1, 2006)

3260. Definitions  
(Added by Stats.2005, c. 336, eff. Jan. 1, 2006)

3261. Establishment and administration of the Acute Orphan Well Account; purpose and limitations  
(Added by Stats.2005, c. 336, eff. Jan. 1, 2006)

3262. Advisory committee; Conservation Committee of the California Oil and Gas Producers  
(Added by Stats.2005, c. 336, eff. Jan. 1, 2006)

3263. Acute Orphan Well fees  
(Added by Stats.2005, c. 336, eff. Jan. 1, 2006)

3264. Fees to administer the Acute Orphan Well Account; reimbursements  
(Added by Stats.2005, c. 336, eff. Jan. 1, 2006)

3265. Establishment of an annual upper limit for account balance  
(Added by Stats.2005, c. 336, eff. Jan. 1, 2006)

3266. Authority to adopt regulations for the Acute Orphan Well program  
(Added by Stats.2005, c. 336, eff. Jan. 1, 2006)

#### **Article 4.4. Regulation of Production Facilities**

(Article 4.4 added by Stats.2008, c. 562, eff. Jan. 1, 2009.)

3270. Production Facilities  
(Added by Stats.2008, c. 562, eff. Jan. 1, 2009.)

3270.1. Spill Contingency Plan  
(Added by Stats.2008, c. 562, eff. Jan. 1, 2009.)

3270.2. Inspection  
(Added by Stats.2008, c. 562, eff. Jan. 1, 2009.)

3270.3. Cease and desist order for production facility  
(Added by Stats.2008, c. 562, eff. Jan. 1, 2009.)

3270.4. Bonding  
(Added by Stats.2008, c. 562, eff. Jan. 1, 2009.)

**Article 4.5. Interstate Cooperation in Oil and Gas Conservation**

(Article 4.5 was added by Stats.1974, c. 1335, eff. Sept. 26, 1974.)

3275. Ratification of compact  
(Added by Stats.1974, c. 1335, eff. Sept. 26, 1974.)

3276. Provisions of compact  
(Added by Stats.1974, c. 1335, eff. Sept. 26, 1974.)

3277. Commission representative and assistant representative; designation; powers and duties  
(Added by Stats.1974, c. 1335, eff. Sept. 26, 1974. Amended by Stats.1991, c. 701.)

3278. Repealed by Stats.1977, c. 579

**Article 5. Unreasonable Waste of Gas**

3300. Unreasonable waste of gas declared unlawful; evidence of waste  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93.)

3301. Agreements for cooperative development of oil and gas; binding effect and enforceability  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93.)

3302. Procedure upon complaint to director of waste of gas; hearing  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93.)

3303. Notice of hearing; contents; service and publication of notice; effect of failure to serve  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93.)

3304. Place of hearing  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93.)

3305. Conduct of hearing; witnesses; rules applicable; assistance of hearing officer  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1955, c. 1670.)

3306. Determination of waste of gas by supervisor  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93.)

3307. Findings of supervisor as to unreasonable waste of gas  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1955, c. 1670.)

3308. Order by supervisor on finding waste of gas to be unreasonable; duty to obey order  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1955, c. 1670.)
3309. Posting copy of order; finality  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1981, c. 741.)
3310. Filing certified copy of order of supervisor with director; proceedings for enforcement; venue; parties  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765.)
3311. Issuance of restraining order or injunction; conduct of proceedings; findings of supervisor as evidence of waste  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765; Stats.1981, c. 714.)
3312. Action by director to enjoin unreasonable waste of gas; venue; parties  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93.)
3313. Issuance of restraining order or injunction against waste of gas; conduct of proceedings  
(Derivation: Stats.1915, c. 718; added by Stats.1929, c. 535.)(Stats.1939, c. 93.)
3314. Proceedings to enjoin waste as special; restriction issues  
(Added by Stats.1955, c. 1670.)

**Article 5.5. Subsidence**

(Article 5.5 was added by Stats.1958, 1st Ex.Sess., c. 73.)

3315. Legislative finding and determination  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3316. Construction of article  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.1. Person defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73. Amended by Stats. 1994, c. 1010.)
- 3316.2. Pool defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.3. Filed defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)

- 3316.4. Repressuring operations defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.5. Subsidence defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.6. Unit area defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.7. Unit production defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.8. Fieldwide repressuring plan defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.9. Unit agreement defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.10. Increased production defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.11. Working interest defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.12. Working interest owner defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.13. Royalty interest defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.14. Royalty interest owner defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.15. Unit operator defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3316.16. Land defined  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3317. Lands to which article applicable; subsidence area  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3318. Order of supervisor involving tide or submerged lands of public agency to prohibit impairment  
of  
public trust  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)

- 3319. Fieldwide repressuring operations  
(Added by Stats.1958, 1st Ex.Sess., c. 73. Amended by Stats.1975, c. 1049, operative July 1, 1976; Stats.1992, c. 999.)
- 3319.1. Repressuring operations in particular pool or pools  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3320. Voluntary repressuring operations in particular pool or pools  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3320.1. Unit or cooperative agreements; approval by supervisor; acquisition of properties of nonconsenting persons; eminent domain  
(Added by Stats.1958, 1st Ex.Sess., c. 73. Amended by Stats.1975, c. 1240, operative July 1, 1976; Stats.1984, c. 193.)
- 3320.2. Compelling unitization of interests in particular pool or pools and ordering repressuring operations; required findings  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3320.3. Determining whether estimated cost of repressuring operations will exceed estimated value of increased production; costs borne by interested persons  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3320.4. Expenditures by public agencies toward cost of repressuring operations  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3320.5. Liability of working or royalty interest owner for loss or damage resulting from repressuring operations  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3321. Order requiring unit operation of particular pool or pools; petition; hearing; findings  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3322. Contents of order requiring unit operation  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3322.1. Approval of plan of unitization; additional hearings upon failure to approve  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3323. Time and place of hearings; notice; publication  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
- 3324. Conduct of hearings  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)

3325. Rules and regulations  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3326. Amendment of order requiring unit operation; findings  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3327. Entry of new order after public hearing requiring unit operation in pool embracing unit area established by prior order  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3328. Unit production  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3329. Authority and lien of unit operator; liability of lessee or other owners for unit expenses  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3330. Failure to pay unit expenses; perfection and satisfaction of lien by unit operator  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3331. Effect of order issued by supervisor  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3332. Rehearing of matter determined by final order of supervisor; application; notice of rehearing; date; new or Amended order  
(Added by Stats.1958, 1st Ex.Sess., c. 73. Amended by Stats.1974, c. 765.)
3333. Judicial review of final order of supervisor  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3334. Stay or suspension of order pending judicial consideration or review  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3335. Order by supervisor that production by noncomplying owners or operators cease until compliance with unit order  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3336. Establishment of exterior boundaries of subsidence areas; public hearing; order  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3337. Surveillance over repressuring operations by division  
(Added by Stats.1975, c. 1049, operative July 1, 1976.)
- 3338 to 3340.5. Repealed by Stats.1975, c. 1049, operative July 1, 1976

3341. Termination of oil and gas production from unit areas; acquisition of property by public agency; eminent domain  
(Added by Stats.1958, 1st Ex.Sess., c. 73. Amended by Stats.1975, c. 1240, operative July 1, 1976.)
3342. Conformity of leases, contracts, etc., to provisions of article and to orders, rules and regulations of supervisor; construction  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3343. Violations; penalties  
(Added by Stats.1958, 1st Ex.Sess., c. 73. Amended by Stats.1975, c. 1049, operative July 1, 1976; Stats.2003, c. 240, eff. August 13, 2003.)
3344. Injunctive relief; civil actions for damages; cross-complaints in actions by supervisor  
(Added by Stats.1958, 1st Ex.Sess., c. 73. Amended by Stats.1982, c. 517.)
3345. Use in evidence of findings or determinations made by supervisor or court  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3346. Conflicting provisions  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)
3347. Severability  
(Added by Stats.1958, 1st Ex.Sess., c. 73.)

## **Article 6. Appeals and Review**

3350. Time for appeal from order of supervisor; effect of appeal  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765; Stats.1981, c. 741.)
3351. Hearing; call; scope; place  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765.)
3352. Notice of hearing; continuance  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765; Stats.1981, c. 741; Stats. 1996, c. 537; Stats. 2000, c. 737.)
3353. Decision of director; filing; retention of jurisdiction; service; review by certiorari  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1919, c. 536; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765; Stats. 1996, c. 537.)
3354. Time for review; hearing continuance  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765; Stats. 1996, c. 537.)

3355. Procedure on review; scope and extent  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765.)
3356. Enforcement of lien  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1972, c. 898; Stats.1974, c. 765; Stats.1979, c. 322; Stats.1980, c. 600.)
3357. Powers of director or supervisor; administration of oaths; subpoenas; issuance by superior court depositions  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1957, c. 405; Stats.1974, c. 765; Stats.1998, c. 931; Stats.2004, c. 182.)
3358. Witness fees and mileage  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1977, c. 579; Stats.2003, c. 240, eff. August 13, 2003.)
3359. Failure to comply with order or subpoena a misdemeanor; district attorney to prosecute offenses  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759.)(Stats.1939, c. 93. Amended by Stats.1974, c. 765.)

#### **Article 7. Assessment and Collection of Charges**

3400. Purpose of charges levied  
(Derivation: Stats.1915, c. 718; added by Stats.1917, c. 759)(Stats.1939, c. 93.)
3401. Designation of use of proceeds of charges  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535; Stats.1937, c. 460.)(Stats.1939, c. 93. Amended by Stats.2008, c. 562.)
3402. Production charge on oil; computation and apportionment; payment  
(Derivation: Stats.1915, c. 718; Stats.1937, c. 460.)(Stats.1939, c. 93; Amended by Stats.1955, c. 1670; Stats.1988, c. 1077.)
3403. Production charge on gas; computation and apportionment; payment  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1937, c. 460.)(Stats.1939, c. 93. Amended by Stats.1959, c. 556; Stats.1976, c. 793; Stats.1988, c. 1077.)
- 3403.5 Underground gas storage facilities; charge on gross gas withdrawn  
(Added by Stats.1976, c. 793. Amended by Stats.1984, c. 278.)
3404. Charges additional to other charges, taxes, etc.  
(Derivation: Stats.1915, c. 718.)(Stats.1939, c. 93.)
3405. Form and contents of reports  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535.)(Stats.1939, c. 93.)

3406. Annual reports required of operators; contents and verification  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1967, c. 529.)
3407. Extension of time for report  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535.)(Stats.1939, c. 93.)
- 3407.5 Estimate of deficit in amount of taxable oil or gas production  
(Added by Stats.1959, c. 556. Amended by Stats.1992, c. 999.)
3408. Estimated assessment by department on failure to report  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1981, c. 741; Stats. 1992, c. 999.)
3409. Repealed by Stats.1981, c. 741
3410. Annual estimate of funds to carry out chapter  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1921, c. 912; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1967, c. 529; Stats.1977, c. 112, eff. June 28, 1977.)
3411. Repealed by Stats.1975, c. 1049, operative July 1, 1976
3412. Determination of rates necessary to produce funds; extension in records of assessments  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1967, c. 529; Stats.1977, c. 579; Stats.1977, c. 112, eff. June 28, 1977.)
3413. Assessment and levy of charges; form of assessment and lien thereof; clerical errors not to invalidate assessment  
(Derivation: Stats.1915, c. 718; Stats.1929, c. 535; Stats.1937, c. 460.)(Stats.1939, c. 93. Amended by Stats.1967, c. 529.)
- 3414 to 3416. Repealed by Stats.1961, c. 2035; Stats.1961, c. 2074
3417. Notice; contents; omission of publication; validity of levy of assessment  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1961, c. 2074; Stats.1975, c. 1049, operative July 1, 1976.)
3418. Record of assessment and charges; entries; information concerning delinquent assessments  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1943, c. 783; Stats.1975, c. 1049, operative July 1, 1976.)
3419. Record of assessments to be delivered to state controller; certificate; form and contents; effect of failure to subscribe to certificate  
(Derivation: Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1965, c. 1144; Stats.1967, c. 529; Stats.1977, c. 579; Stats.2008, c. 562.)

3420. Payment of charges; penalty for late payment  
(Derivation: Stats.1915, c. 718.)(Stats.1939, c. 93. Amended by Stats.1967, c. 529; Stats.1981, c. 741; Stats.1988, c. 351.)
3421. Delinquent charges; application of payment  
(Derivation: Former Section 3421, derived from Stats. 1915, c. 718; Stats.1917, c.759; Stats. 1929, c. 535. Repealed by Stats.1967, c. 529.)(Added by Stats.1990, c. 987.)
3422. Repealed by Stats.1967, c. 529
3423. State tax lien; amounts due and payable  
(Derivation: Former Section 3423, enacted by Stats.1939, c. 93, Amended by Stats.1943, c.783; Stats. 1949, c. 27; Stats.1957, c. 815; Stats.1974, c. 46. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Added by Stats.1979, c. 322. Amended by Stats.1980, c. 600.)
- 3423.2. Warrant and sale  
(Derivation: Former Section 3423, enacted by Stats.1939, c. 93, Amended by Stats.1943, c.783; Stats. 1949, c. 27; Stats.1957, c. 815; Stats.1974, c. 46. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Added by Stats.1979, c. 322; Stats. 1996, c. 872.)
- 3423.3. Redemption from sale; time  
(Derivation: Former Section 3423, enacted by Stats.1939, c. 93, Amended by Stats.1943, c.783; Stats. 1949, c. 27; Stats.1957, c. 815; Stats.1974, c. 46. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Added by Stats.1979, c. 322.)
- 3423.4. Fees and expenses of officers; publication fees; collection  
(Derivation: Former Section 3423, enacted by Stats.1939, c. 93, Amended by Stats.1943, c.783; Stats. 1949, c. 27; Stats.1957, c. 815; Stats.1974, c. 46. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Added by Stats.1979, c. 322; Stats. 1996, c. 872.)
- 3423.6. Release of lien upon payment of charges  
(Derivation: Former Section 3423, enacted by Stats.1939, c. 93, Amended by Stats.1943, c.783; Stats. 1949, c. 27; Stats.1957, c. 815; Stats.1974, c. 46. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Added by Stats.1979, c. 322. Amended by Stats.1980, c. 600.)
- 3423.8. Repealed by Stats.1980, c. 600
- 3423.9. Remedies cumulative; election  
(Derivation: Former Section 3423, enacted by Stats.1939, c. 93, Amended by Stats.1943, c.783; Stats. 1949, c. 27; Stats.1957, c. 815; Stats.1974, c. 46. Stats.1915, c. 718; Stats.1917, c. 759; Stats.1929, c. 535.)(Added by Stats.1979, c. 322.)
3424. Payment of charges to state treasurer; record of payment  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759.)(Stats.1939, c. 93. Amended by Stats.1943, c. 195; Stats.1967, c. 529.)

3425. Correction of errors and overcharges  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759.)(Stats.1939, c. 93.)
3426. Action for delinquent charges; limitations and venue  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1977, c. 579.)
3427. Action by attorney general  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759; Stats.1929, c. 535.)(Stats.1939, c. 93.)
3428. Certified record of assessments as prima facie evidence; applicable procedure  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1977, c. 579.)
3429. Payment to State Treasurer  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759; Stats.1929, c. 535.)(Stats.1939, c. 93.)
3430. Action against treasurer for recovery of protested assessments; limitations; contents of protest; effect  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759; Stats.1929, c. 535.)(Stats.1939, c. 93.)
3431. Service of summons and complaint; venue  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759; Stats.1929, c. 535.)(Stats.1939, c. 93. Amended by Stats.1955, c. 1670.)
3432. Defense by Attorney General; applicable procedure  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759; Stats.1929, c. 535.)(Stats.1939, c. 93.)
3433. Effect of failure to sue; form of judgment  
(Derivation: Stats.1915, c. 718; Stats.1917, c.759; Stats.1929, c. 535.)(Stats.1939, c. 93.)

**Article 8. Recommendation of Maximum Efficient Rates of Production**

(Article 8 was added by Stats.1955, c. 258.)

3450. Recommendations of Conservation Committee of California Oil Producers; issuance and compliance as lawful; conditions; power of supervisor to recommend or disapprove  
(Added by Stats.1955, c. 258.)
3451. Maximum efficient rate defined  
(Added by Stats.1957, c. 437.)

**CHAPTER 2. WASTING OF NATURAL GAS**

3500. Waste of gas prohibited  
(Derivation: Stats.1911, c. 309.)(Stats.1939, c. 93.)

3501. Capping of abandoned wells; prohibition against wastage of natural gas  
(Derivation: Stats.1911, c. 309.)(Stats.1939, c. 93.)
3502. Violation of chapter a misdemeanor; penalty  
(Derivation: Stats.1911, c. 309.)(Stats.1939, c. 93.)
3503. Each day of wastage a separate offense  
(Derivation: Stats.1911, c. 309.)(Stats.1939, c. 93.)

### **CHAPTER 3. SPACING OF WELLS AND COMMUNITY LEASES**

(Chapter 3 was added by Stats. 1947, c. 1559, eff. July 18, 1947. Former Chapter 3, Spacing of Wells, enacted in 1939, was repealed by Section 1 of the 1947 act.)

3600. Certain wells declared public nuisances  
(Derivation: Former Section 3600, enacted by Stats.1939, c. 93. Stats.1931, c. 586)(Added by Stats.1947, c. 1559.)
3601. Outer boundary line defined; street or alley not to interrupt contiguity  
(Derivation: Former Section 3601, enacted by Stats.1939, c. 93. Stats.1931, c. 586)(Added by Stats.1947, c. 1559.)
3602. Spacing of wells on certain parcels  
(Derivation: Former Section 3602, enacted by Stats.1939, c. 93. Stats.1931, c. 586)(Added Stats.1947, c. 1559. Amended by Stats.1955, c. 1218.)
- 3602.1. Development of heavy or viscous hydrocarbons; approval of drilling locations by supervisor  
(Added by Stats.1955, c. 1218.)
- 3602.2. Determining area of parcels; use of are of mineral estate  
(Added by Stats.1957, c. 405.)
3603. Alley as not a public street  
(Derivation: Former Section 3603, enacted by Stats.1939, c. 93. Stats.1931, c. 586)(Added by Stats.1947, c. 1559.)
3604. Each day of violation a separate nuisance  
(Derivation: Former Section 3604, enacted by Stats.1939, c. 93. Stats.1931, c. 586)(Added by Stats.1947, c. 1559.)
3605. Application of chapter  
(Derivation: Former Section 3605, enacted by Stats.1939, c. 93. Stats.1931, c. 586)(Added by Stats.1947, c. 1559.)

3606. Wells on certain parcels permitted; conditions; determination of surface location of well; determination of producing interval of well; requirement of plat of subsurface directional survey  
(Derivation: Former Section 3606, enacted by Stats.1945, c. 139.)(Added by Stats.1947, c. 1559. Amended by Stats.1957, c. 405; Stats.1959, c. 1514.)
- 3601.1. Exceptions to 150-foot general spacing rule  
(Added by Stats.1955, c. 925.)
3607. Drilling prohibition; exception  
(Derivation: Former Section 3607, added by Stats.1945, c. 141.)(Added by Stats.1947, c. 1559.)
3608. Land of less than one acre surrounded by other lands; inclusion in leasehold of other lands  
(Added by Stats.1947, c. 1559. Amended by Stats.1957, c. 405; Stats.1961, c. 2074.)
- 3608.1. Termination of leasehold; recordation of quitclaim  
(Added by Stats.1957, c. 405.)
3609. Well-spacing plan; mandatory pooling agreements  
(Added by Stats.1973, c. 864.)

### **CHAPTER 3.5. UNIT OPERATION**

(Chapter 3.5 was added by Stats.1971, c. 1673.)

#### **Article 1. Declaration of Policy**

(Article 1 was added by Stats.1971, c. 1673.)

3630. Legislative findings  
(Added by Stats.1971, c. 1673.)
3631. Construction; conflicting provisions  
(Added by Stats.1971, c. 1673.)

#### **Article 2. Definitions**

(Article 2 was added by Stats.1971, c. 1673.)

3635. Definitions governing construction  
(Added by Stats.1971, c. 1673.)
- 3635.1. Person  
(Added by Stats.1971, c. 1673. Amended by Stats.1994, c. 1010.)
- 3635.2. Land  
(Added by Stats.1971, c. 1673.)
- 3635.3. Pool  
(Added by Stats.1971, c. 1673.)

3635.4. Field  
(Added by Stats.1971, c. 1673.)

3635.5. Tracts of land  
(Added by Stats.1971, c. 1673.)

3636. Unit agreement  
(Added by Stats.1971, c. 1673.)

3636.1. Unit area  
(Added by Stats.1971, c. 1673.)

3636.2. Unit production  
(Added by Stats.1971, c. 1673.)

3636.3. Unit operator  
(Added by Stats.1971, c. 1673.)

3637. Working interest  
(Added by Stats.1971, c. 1673.)

3637.1. Working interest owner  
(Added by Stats.1971, c. 1673.)

3637.2. Royalty interest  
(Added by Stats.1971, c. 1673.)

3637.3. Royalty interest owner  
(Added by Stats.1971, c. 1673.)

### **Article 3. Unit Agreements**

(Article 3 was added by Stats.1971, c. 1673.)

3640. Purpose of unitization  
(Added by Stats.1971, c. 1673.)

3641. Validity of agreement; filing; rights of nonconsenting persons  
(Added by Stats.1971, c. 1673.)

3642. Consent by persons owning three-fourths working interest and by persons owning three-fourths royalty interest; petition requesting approval  
(Added by Stats.1971, c. 1673. Amended by Stats.1975, c. 644.)

3643. Grounds for approval of agreement; findings  
(Added by Stats.1971, c. 1673. Amended by Stats.1975, c. 644.)

3644. Measure of fair, equitable, and reasonable share of unit production of tract; factors  
(Added by Stats.1971, c. 1673.)
3645. Orders directing recordation of unit agreement and requiring interests in unit area be subject to unit agreement; effective date  
(Added by Stats.1971, c. 1673. Amended by Stats.1973, c. 1129.)
3646. Contents of order  
(Added by Stats.1971, c. 1673.)
3647. Right of nonconsenting owner to sell interest in tract; determination of fair market value  
(Added by Stats.1971, c. 1673. Amended by Stats.1975, c. 644.)
3648. Compensation for reasonable value of use of surface land  
(Added by Stats.1971, c. 1673.)
3649. Modification of agreement  
(Added by Stats.1971, c. 1673. Amended by Stats.1973, c. 1129; Stats.1975, c. 644.)
3650. Addition of tracts to unit areas; petition; hearing  
(Added by Stats.1971, c. 1673. Amended by Stats.1975, c. 644.)
3651. Order subjecting additional tracts to unit operation on recordation; required findings  
(Added by Stats.1971, c. 1673. Amended by Stats.1973, c. 1129; Stats.1975, c. 644.)
3652. Contents or order; allocation of production to additional tracts; measure of fair, equitable, and reasonable share of unit production of tract  
(Added by Stats.1971, c. 1673.)
3653. Disagreements with respect to unit operation; submission to supervisor  
(Added by Stats.1971, c. 1673. Amended by Stats.1975, c. 644.)
- 3653.5. Petition requesting approval of unit agreement; contents  
(Added by Stats.1975, c. 644.)
3654. Appeal from decisions of supervisor  
(Added by Stats.1971, c. 1673.)
3655. Determination of three-fourths working interests and three-fourths royalty interests  
(Added by Stats.1971, c. 1673.)
3656. Unit agreement not to be construed as alienating, transferring or changing title or ownership in tract of land or mineral rights  
(Added by Stats.1971, c. 1673.)

3657. Operations on portion of unit area deemed conduct of operations on each separately owned tract  
(Added by Stats.1971, c. 1673.)
3658. Order of supervisor; binding effect; enforcement of provisions of unit agreement  
(Added by Stats.1971, c. 1673.)
3659. Notice of public hearings held by supervisor  
(Added by Stats.1971, c. 1673.)

**Article 4. Liens**

(Article 4 was added by Stats.1971, c. 1673.)

3680. Lien to secure payment for expenses of unit operation; filing; contents of affidavit  
(Added by Stats.1971, c. 1673.)
3681. First lien on production; nature of mechanics' lien  
(Added by Stats.1971, c. 1673.)

**Article 5. Regulations**

(Article 5 was added by Stats.1971, c. 1673.)

3685. Adoption; scope; amendment  
(Added by Stats.1971, c. 1673.)

**Article 6. Preemption**

(Article 6 was added by Stats.1971, c. 1673.)

3690. Effect of chapter on existing rights of cities and counties  
(Added by Stats.1971, c. 1673.)

**CHAPTER 4. GEOTHERMAL RESOURCES** (*see* geothermal statutes)

**CHAPTER 5. OIL SUMPS**

(Chapter 5 was added by Stats.1973, c. 1076.)

3780. Oil Sump  
(Added by Stats.1973, c. 1076.)
3781. Screening or elimination of hazardous exposed oil sumps  
(Added by Stats.1973, c. 1076. Amended by Stats.1974, c. 772, eff. Sept. 18, 1974.)
3782. Rules and regulations  
(Added by Stats.1973, c. 1076.)

3783. Hazard to wildlife; notice; cleanup or abatement; time; closure  
(Added by Stats.1973, c. 1076. Amended by Stats.1974, c. 772, eff. Sept. 18, 1974.)
3784. Immediate and grave danger to wildlife; notice; cleanup or abatement; time; closure  
(Added by Stats.1973, c. 1076. Amended by Stats.1974, c. 772, eff. Sept. 18, 1974.)
- 3784.5. Extension of time in cases of immediate and grave danger to wildlife  
(Added by Stats.1973, c. 1076.)
3785. Joint program  
(Added by Stats.1973, c. 1076.)
3786. Repealed by Stats.1979, c. 1076
3787. Construction of chapter  
(Added by Stats.1973, c. 1076. Renumbered Section 3487 and Amended by Stats.1991, c. 1091.)

## **CHAPTER 6. DISPOSITION OF GEOTHERMAL REVENUES** (*see* geothermal statutes)

## **CHAPTER 7. METHANE GAS HAZARDS REDUCTION**

(Chapter 7 was added by Stats.1987, c. 1322.)

### **Article 1. General Provisions**

(Article 1 was added by Stats.1987, c. 1322.)

3850. Short title  
(Added by Stats.1987, c. 1322.)
3851. Legislative findings and declarations; clear and present threat  
(Added by Stats.1987, c. 1322.)
3852. Inability of local governments to mitigate hazards  
(Added by Stats.1987, c. 1322.)
3853. Cooperation of state and local governments to provide funds  
(Added by Stats.1987, c. 1322.)

### **Article 2. Definitions**

(Article 2 was added by Stats.1987, c. 1322.)

3855. Methane gas hazards; eligible jurisdiction  
(Added by Stats.1987, c. 1322.)

### **Article 3. Methane Gas Hazards Reduction Assistance**

(Article 3 was added by Stats.1987, c. 1322.)

3860. Grants; purpose  
(Added by Stats.1987, c. 1322.)

3861. Report describing proposed expenditures; public hearing  
(Added by Stats.1987, c. 1322.)

3862. Zoning ordinance implementation; establishment of hazard areas and plan; rules and regulations  
(Added by Stats.1987, c. 1322.)

3863. Implementation of grant program; rules and regulations  
(Added by Stats.1987, c. 1322.)

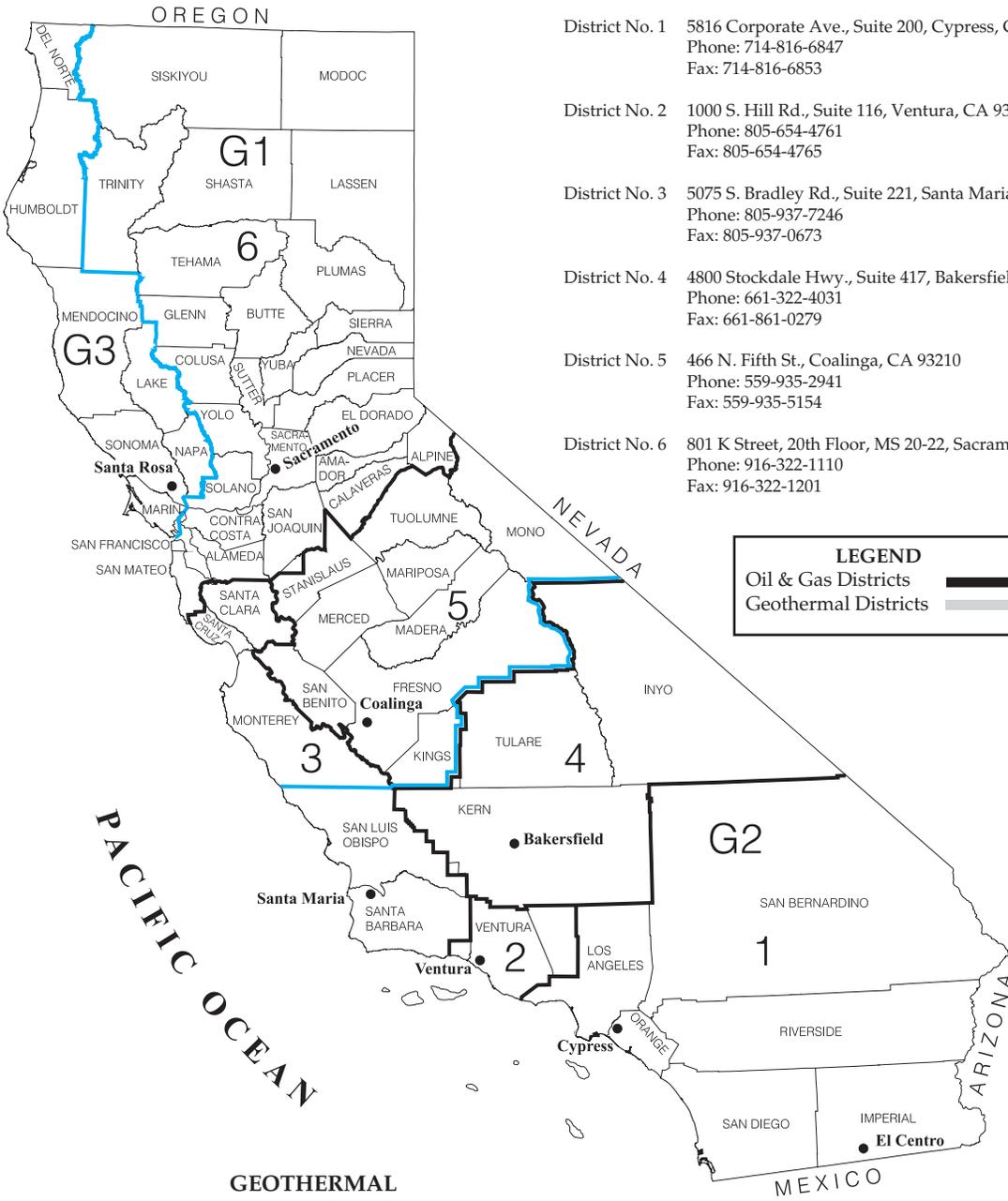
**Article 4. Methane Gas Hazard Reduction Account**

(Article 4 was added by Stats.1987, c. 1322.)

3865. Creation; purpose  
(Added by Stats.1987, c. 1322.)

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LEGEND	
Oil & Gas Districts	—
Geothermal Districts	—

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