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SENTINEL PEAK RESOURCES
9 **CALIFORNIA LLC**

10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
11 **FOR THE COUNTY OF LOS ANGELES**

12
13 SENTINEL PEAK RESOURCES
CALIFORNIA LLC, a Delaware limited liability
14 company,

15 Petitioner and Plaintiff,

16 v.

17 STATE OF CALIFORNIA, a state government;
18 CALIFORNIA DEPARTMENT OF
19 CONSERVATION, GEOLOGIC ENERGY
20 MANAGEMENT DIVISION, a state agency;
DOUGLAS ITO, in his official capacity as State
21 Oil and Gas Supervisor; and DOES 1 through 25,
inclusive,

22 Respondents and Defendants.
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Case No. 24STCV31066

**VERIFIED PETITION FOR WRIT OF
MANDATE AND COMPLAINT FOR
DECLARATORY AND INJUNCTIVE
RELIEF, CONSTITUTIONAL
VIOLATIONS, INVERSE
CONDEMNATION, AND DAMAGES**

1 Petitioner and Plaintiff Sentinel Peak Resources California LLC (“Petitioner”) hereby petitions
2 this Court for a writ of mandate pursuant to Code of Civil Procedure § 1085 (or alternatively under
3 Section 1094.5), directed to Respondents and Defendants the State of California (“State”); California
4 Department of Conservation, Geologic Energy Management Division (“CalGEM”); and Douglas Ito,
5 in his capacity as State Oil and Gas Supervisor (the “Supervisor”) (collectively, “Respondents”) and
6 hereby brings this Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief,
7 Constitutional Violations, Inverse Condemnation, and Damages. By this verified pleading, Petitioner
8 hereby alleges as follows

9 **INTRODUCTION**

10 1. On September 25, 2024, Governor Gavin Newsom signed into law Assembly Bill No.
11 2716 (“AB 2716”), and it was recorded by the Secretary of State on that same day as Chapter 549 of
12 the Statutes of 2024.

13 2. AB 2716 will amend section 3008 of the Public Resources Code to include a definition
14 for low-production wells, and will add section 3206.1.5 to the Public Resources Code. Section
15 3206.1.5 provides that, by March 1, 2025, CalGEM must identify all low-production wells within the
16 Baldwin Hills Inglewood Oil Field located in the County of Los Angeles (“Inglewood Field”).
17 Commencing March 1, 2026, operators would be prohibited from allowing those wells to be low-
18 production wells for more than 12 months. Upon a violation of that prohibition (although it is unclear
19 from the statutory text exactly when that violation would begin to accrue), AB 2716 requires the
20 Supervisor to charge an administrative penalty of \$10,000 per month to the low-production well
21 owner, until the low-production well is plugged and abandoned.

22 3. AB 2716 also requires the plugging and abandoning of all wells located in Inglewood
23 Field by December 31, 2030. After that date, the Supervisor must charge the owner of each remaining
24 well in the Inglewood Field an administrative penalty of \$10,000 per month, until the well is plugged
25 and abandoned.

26 4. AB 2716 was originally introduced as a bill to apply to all low-production oil wells
27 throughout the State of California. Shortly before the close of the Legislative session, AB 2716 was
28 amended to apply solely to the Inglewood Field. Petitioner is the sole operator of the Inglewood Field.

1 5. AB 2716 has a number of fundamental deficiencies, and falls well short of many
2 constitutional requirements. For instance, by punishing the continued operation of lawfully permitted
3 wells, AB 2716 imposes mandatory, potentially limitless penalties that are grossly disproportional to
4 the gravity of the offense that it is designed to punish. And by solely targeting a single operator for
5 punishment, AB 2716 is an improper special statute and unconstitutional bill of attainder. Further,
6 AB 2716 disregards Petitioner’s vested rights to continue operation of lawfully permitted wells, and
7 constitutes a taking of property rights without the payment of just compensation.

8 6. AB 2716 represents an illegal attempt to coerce an individual company to stop
9 operation of its legal business. It seeks to deprive the State of a valuable resource needed to meet the
10 energy needs of the State. It ignores the extensive regulation and careful monitoring at the Inglewood
11 Field that disproves the purported health justifications set forth in the findings of AB 2716. By
12 decreasing oil production at the Inglewood Field, AB 2716 will only increase the importation of
13 foreign oil, which will decrease air quality and increase greenhouse gas (“GHG”) emissions
14 worldwide.

15 7. In the Complaint for Declaratory Relief and Damages, Petitioner seeks declaratory
16 relief and/or damages on the grounds that the enforcement or threatened enforcement of AB 2716
17 constitutes:

- 18 a. an excessive fine in violation of Article I, Section 17 of the California
19 Constitution and the Eighth Amendment to the United States Constitution;
- 20 b. a violation of Petitioners’ due process rights under Article I, Section 7 of the
21 California Constitution and the Fourteenth Amendment to the United States
22 Constitution;
- 23 c. a violation of Petitioner’s equal protection rights under Article I, Section 7 of
24 the California Constitution and the Fourteenth Amendment to the United States
25 Constitution;
- 26 d. an improper “special statute” in violation of Article IV, Section 16 of the
27 California Constitution;
- 28 e. a bill of attainder in violation of Article 1, Section 9, of the California

1 Constitution and Article 1, Section 9, Clause 3 of the United States
2 Constitution;

- 3 f. a law preempted by federal law;
- 4 g. a violation of Article I, section 9 of the California Constitution and Article I,
5 section 10 of the United States Constitution, which prohibits the enactment of
6 laws affecting an impairment of contracts;
- 7 h. an intentional interference with contractual relations;
- 8 i. an impairment of Petitioner's vested rights in the continuation of oil and gas
9 production in the Inglewood Field, which is an extractive business; and
- 10 j. a temporary and permanent taking of Petitioner's private property for public
11 use without prior compensation in violation of Article I, section 19 of the
12 California Constitution and the Takings Clause of the Fifth Amendment of the
13 United States Constitution, as incorporated by the Fourteenth Amendment.

14 8. Petitioner seeks a writ of mandamus preventing Respondents from enforcing AB 2716
15 against Petitioner because (1) of the constitutional violations identified above; (2) AB 2716 and its
16 findings are arbitrary, capricious, unreasonable, entirely lacking in evidentiary support and
17 contradicting the available evidence; and (3) the enforcement or threatened enforcement of AB 2716
18 constitutes an unlawful taking of Petitioner's vested property rights without just compensation.

19 9. In pursuing this action, which involves enforcement of important rights affecting the
20 public interest, Petitioner will confer a substantial benefit on the general public, citizens of the County
21 of Los Angeles, and the State of California, and therefore will be entitled to attorneys' fees and costs
22 pursuant to Code of Civil Procedure section 1021.5 and section 1988, title 42, of the United States
23 Code. In addition, Petitioner will be entitled to recover attorneys' fees and costs as part of its claim for
24 inverse condemnation pursuant to Code of Civil Procedure section 1036.

25 **THE PARTIES**

26 1. Petitioner and Plaintiff Sentinel Peak Resources California LLC is a Delaware limited
27 liability company in possession of fee ownership and leasehold interests in the mineral rights within
28 the Inglewood Field, which are all individually and solely affected by AB 2716. Petitioner is focused

1 on the acquisition, development, and exploration of oil and gas assets, primarily focusing on oil
2 development in California. Petitioner does business within the County of Los Angeles. Petitioner has
3 a beneficial interest in the issuance of the writ of mandate and complaint sought herein.

4 10. Respondent and Defendant State of California is the government entity responsible for
5 enforcement of the laws of the State. The State of California must comply with the State and United
6 States Constitutions. AB 2716 is an act of the State itself, through the state Legislature, and the
7 provisions of AB 2716 impose duties on state agencies, state officials, and the Legislature to carry out
8 and enforce its provisions.

9 11. Respondent and Defendant CalGEM is an agency of the State of California.
10 Specifically, CalGEM is a subdivision within the State of California’s Department of Conservation
11 (“DOC”). CalGEM maintains and operates a district office in Long Beach, California. CalGEM is
12 charged with the regulation of drilling, operation, maintenance, and plugging and abandonment of
13 onshore and offshore oil, gas, and geothermal wells within California. CalGEM has a duty “to
14 encourage the wise development of oil and gas resources.” (Pub. Res. Code, § 3106, subd. (d).)

15 12. Respondent and Defendant Douglas Ito is the Oil and Gas Supervisor for CalGEM. He
16 is responsible for making determinations on all categories of oil and gas permits required under the
17 Public Resources Code, and is specifically charged with enforcing the mandatory penalties imposed
18 by AB 2716. He is sued in his official capacity. (*City of Redondo Beach v. Padilla* (2020) 46
19 Cal.App.5th 902, 908 [“A mandamus action contesting the constitutionality of a state law is properly
20 brought against the state officer who bears the duty of enforcing that law”].)

21 13. Petitioner is unaware of the true names and/or capacities of Respondents and
22 Defendants DOES 1 through 25, inclusive, and therefore sues said Respondents and Defendants by
23 such fictitious names. Petitioner will amend this pleading to insert the true names and/or capacities of
24 DOES 1 through 25, inclusive, when the same have been ascertained. Petitioner is informed and
25 believes and thereon alleges that each such fictitiously named Respondent and Defendant is, in some
26 manner or for some reason, responsible for the actions or omissions alleged in this pleading, and each
27 is subject to the relief being sought herein.

28

1 **JURISDICTION AND VENUE**

2 14. This Court has jurisdiction pursuant to article I, section 19, of the California
3 Constitution, sections 526, 1060 and 1085 of the Code of Civil Procedure, and sections 1983 and 1988,
4 title 42, of the United States Code.

5 15. Venue is proper in Los Angeles County because AB 2716 will result in a taking of
6 property within the County. (Cal. Govt. Code § 955.) The effects of the enforcement or threatened
7 enforcement of AB 2716 will also be felt within the County of Los Angeles, and so the causes of
8 action, or some part thereof, arose and have caused harm in the County of Los Angeles. (Cal. Code
9 Civ. Proc. § 393(b).)

10 16. Petitioner has presented a written claim to the State for intentional interference with
11 contractual relations pursuant to the claim presentation requirements of the California Tort Claims
12 Act. (Cal. Gov. Code § 910.) Petitioner will timely amend this Petition and Complaint to state a claim
13 for intentional interference with contractual relations if the State rejects the claim or the claim is
14 deemed rejected by operation of law. (*Id.*, § 912.4.)

15 17. Petitioner has no plain, speedy, or adequate remedy in the court of ordinary law because
16 Petitioner will be irreparably harmed by the ensuing damage caused by adoption and implementation
17 of AB 2716 and Respondents' violations of law, as alleged herein. In the absence of such remedies,
18 the implementation deadline of AB 2716 will remain in effect in violation of law.

19 **FACTUAL AND LEGAL STATEMENT**

20 **A. Petitioner's Operations in the Inglewood Oil Field**

21 18. The Inglewood Field is located within Culver City and the unincorporated area of Los
22 Angeles County known as Baldwin Hills. The entire surface boundary limits of the Inglewood Field,
23 including lands within both the City and County, total approximately 1,000-acres, making it the 18th-
24 largest oil field in the state. In 2021, the Inglewood Field was the 16th largest producer of oil within
25 the State, and the second-most productive in the Los Angeles Basin.¹

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27 ¹ CalGEM, *California State Oil And Gas Supervisor Annual Report 2021*, at p. 34, available at
28 <https://www.conservation.ca.gov/calgem/Documents/2021%20CalGEM%20Supervisor%20Annual%20Report.pdf>.

1 19. The Inglewood Field has been developed and operated through multiple owners over a
2 period of nearly 100 years. The Inglewood Field was first commercially produced by Standard Oil
3 Company of California Los Angeles in 1924.

4 20. More recently, in 2014, Freeport-McMoRan Oil and Gas became the Oil Field Operator
5 for the oil and gas facilities throughout the entire Inglewood Field after purchasing the rights from
6 Plains Exploration and Production Company. Effective July 2016, Freeport-McMoRan sold its
7 onshore California oil and gas properties (including the Inglewood Field) to Petitioner. Through this
8 sale, Petitioner acquired the rights to multiple mineral leases and fee interests covering approximately
9 1,000 acres that allow Petitioner the exclusive right to explore for, drill, and produce oil and gas in the
10 Inglewood Field. Petitioner assumed operation of the Inglewood Field on January 1, 2017.

11 21. Petitioner owns some mineral rights within the Inglewood Field in fee. Petitioner also
12 leases mineral rights within the Inglewood Field from mineral interest owners. Petitioner pays
13 royalties to the mineral owners based on the value of production from each mineral lease. In 2023,
14 Petitioner paid approximately \$21,800,000 in royalty payments to approximately 1,225 royalty owners
15 of mineral interests within the Inglewood Field.

16 22. On October 28, 2008, the Los Angeles County Board of Supervisors adopted the
17 Baldwin Hills Community Standards District (“CSD”). The CSD establishes regulations for oil and
18 gas production activities in the unincorporated portion of the Inglewood Oil Field located in the
19 Baldwin Hills area. As stated on the County’s website, the CSD “ensures that oil field operations are
20 conducted in a safe manner and are compatible with the surrounding uses.”² As a result of litigation
21 following the adoption of the CSD, a settlement agreement was entered into on July 15, 2011. The
22 2011 settlement agreement is binding on any successor operators of the Inglewood Field. In addition
23 to further mitigation of any environmental impacts from oil production operations within the
24 Inglewood Field, the 2011 settlement agreement requires that the County of Los Angeles complete a
25 Community Health Assessment of the surrounding communities by June 2012, and additional
26 assessments every five to seven years. The health assessments have shown no health impacts to

27 _____
28 ² LA County Planning, *Baldwin Hills CSD*, available at <https://planning.lacounty.gov/long-range-planning/baldwin-hills-csd>.

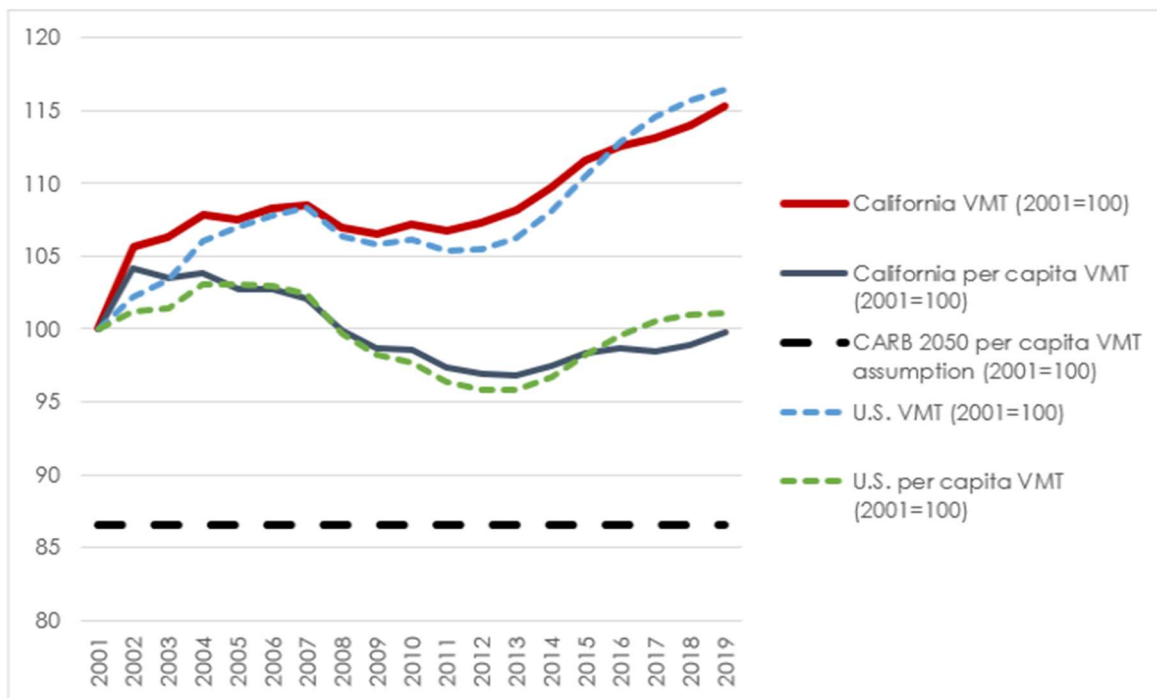
1 surrounding communities that exceed regulatory thresholds.

2 **B. California Demands Ongoing Energy and Hydrocarbons, While Increased Reliance on**
3 **Imported Oil Causes Environmental Impacts.**

4 23. California’s population and economy, both the largest and most diverse in the country,
5 require a continued, reliable supply of hydrocarbons to maintain economic stability and foster
6 economic growth.

7 24. The demand for oil within the State has remained high and is not likely to decrease in
8 the near future. California is the second largest consumer of motor gasoline and all petroleum products
9 in the United States.³

10 25. The transportation sector uses about eighty-five percent (85%) of the petroleum
11 consumed in the State.⁴ According to the California Department of Transportation, Californians
12 significantly increased their vehicle miles traveled over the last two decades⁵



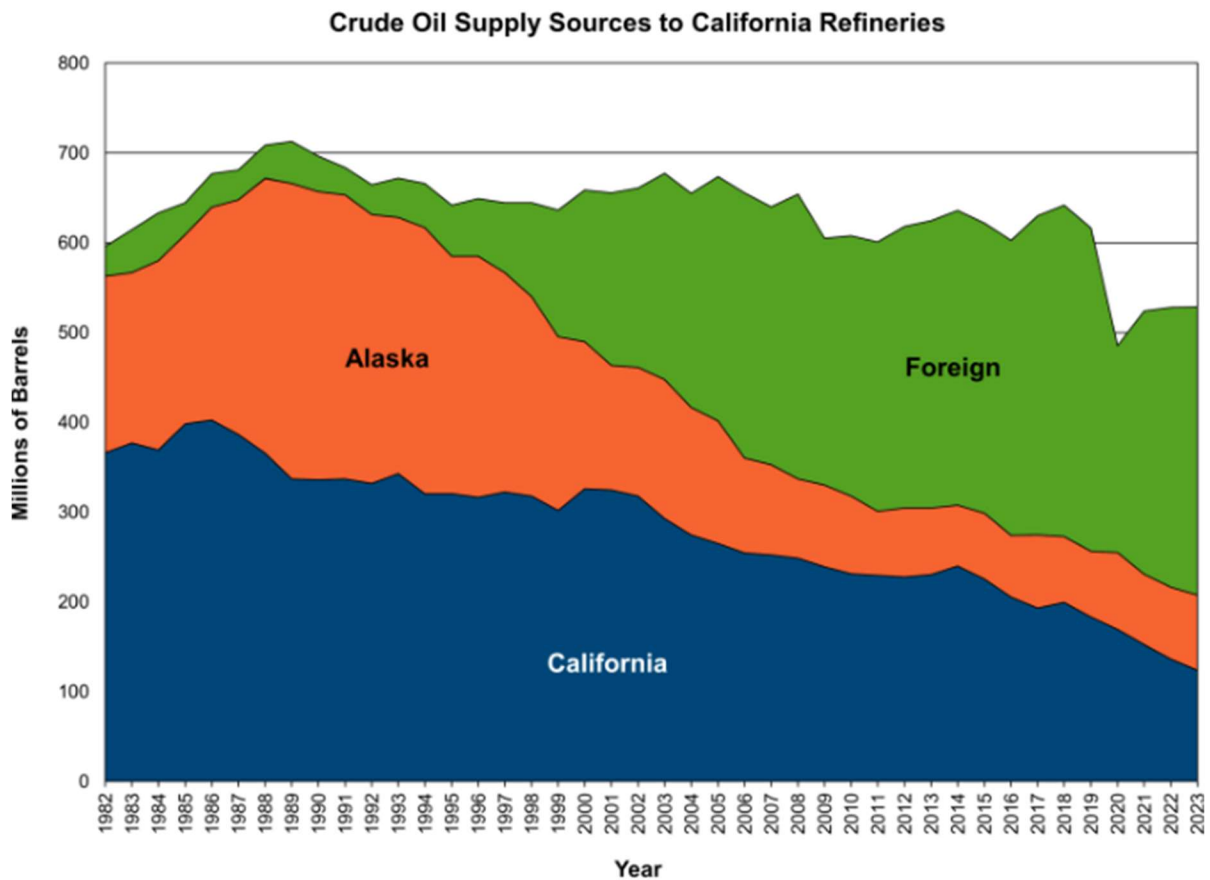
25 ³ U.S. Energy Info. Admin., *California State Energy Profile*,
26 <https://www.eia.gov/state/print.php?sid=CA> (last updated May 16, 2024).

27 ⁴ U.S. Energy Info. Admin., *California State Profile and Energy Estimates*, available at
28 <https://www.eia.gov/state/analysis.php?sid=CA> (last updated May 16, 2024).

⁵ Caltrans, California VMT Data, available at <https://dot.ca.gov/programs/esta/sb-743/ca-vmt>.

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2 26. Although the State has supported and subsidized the sale or lease of electric vehicles
3 for decades, electric and plug-in hybrid vehicles still only make up about five percent (5%) of the
4 light-duty vehicles on the road in California.⁶ The vast majority of Californians still depend on
5 vehicles powered by gasoline.

6 27. In the last ten years, California has fallen from the third-largest producer of crude oil
7 in the nation to seventh.⁷ From 1986 to 2023, oil production within California has declined by about
8 sixty-nine percent (69%).⁸



24 ⁶ California Energy Commission, *Light-Duty Vehicle Population in California*, available at
25 [https://www.energy.ca.gov/data-reports/energy-almanac/zero-emission-vehicle-and-infrastructure-](https://www.energy.ca.gov/data-reports/energy-almanac/zero-emission-vehicle-and-infrastructure-statistics/light-duty-vehicle)
26 [statistics/light-duty-vehicle](https://www.energy.ca.gov/data-reports/energy-almanac/zero-emission-vehicle-and-infrastructure-statistics/light-duty-vehicle).

27 ⁷ U.S. Energy Info. Admin., *California State Profile and Energy Estimates*, available at
28 <https://www.eia.gov/state/analysis.php?sid=CA>.

⁸ California Energy Commission, *Oil Supply Sources to California Refineries*, available at
[https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/oil-supply-](https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/oil-supply-sources-california-refineries)
[sources-california-refineries](https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/oil-supply-sources-california-refineries).

1 28. The legislative and regulatory hostility causing this decline in production is self-
2 evident and well-documented.⁹ The U.S. Energy Information Administration concluded that “[a]s
3 crude oil production in California and Alaska declined, the state’s refineries increased their supply
4 from foreign oil imports.”¹⁰

5 29. California is a world leader in protecting the environment and the rights of its diverse
6 citizenry. Yet, according to the California Energy Commission and the U.S. Energy Information
7 Administration, twenty-three percent (23%) of the oil consumed in California in 2023 was produced
8 under the protection of California’s laws. The market for hydrocarbons is global and hydrocarbons
9 are a commodity. Over sixty percent (60.7%) of the oil consumed in California is imported from
10 foreign countries, increasingly from Saudi Arabia, Iraq, Brazil and Ecuador.¹¹ These countries do not
11 adhere to California’s high environmental and human-rights standards.¹²

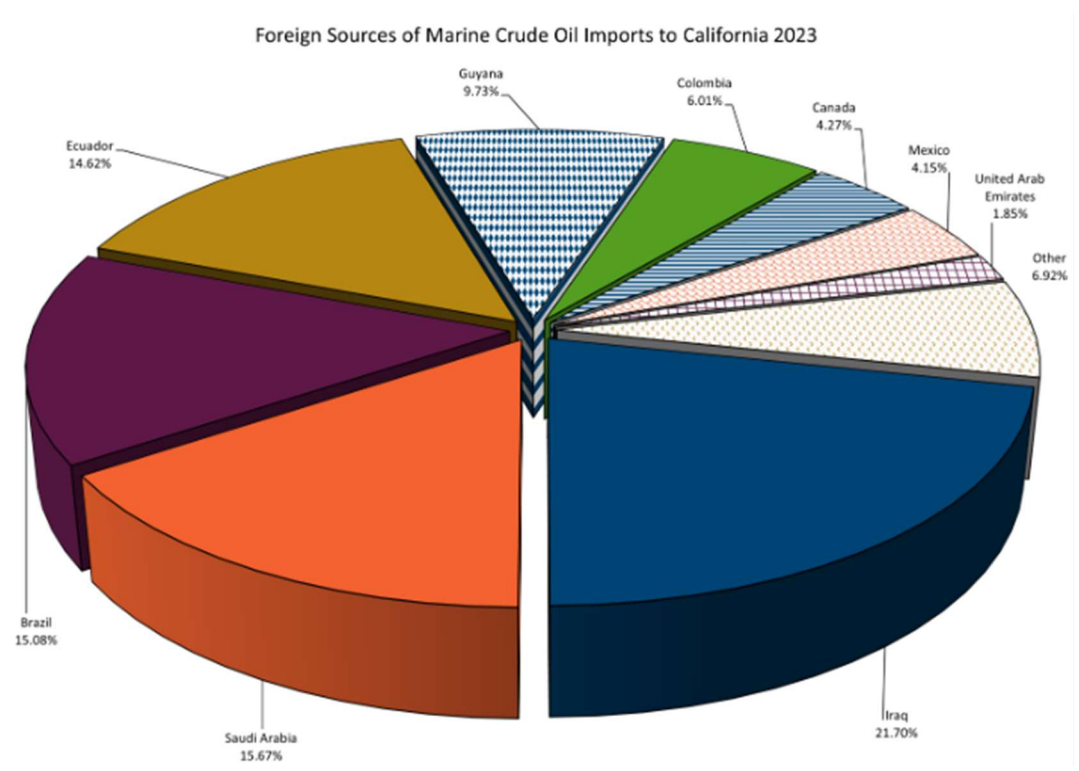
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13 ⁹ See, e.g., Bakersfield Californian, *Oil drilling all but dries up as well rework permits rise* (July 17,
14 2023), available at [https://www.bakersfield.com/news/oil-drilling-all-but-dries-up-as-well-rework-
15 permits-rise/article_6001fd72-2500-11ee-9ff7-f3ca6fe0250b.html](https://www.bakersfield.com/news/oil-drilling-all-but-dries-up-as-well-rework-permits-rise/article_6001fd72-2500-11ee-9ff7-f3ca6fe0250b.html); Reuters, *California new oil well
16 approvals have nearly ground to a halt* (July 13, 2023), available at
17 [https://www.reuters.com/business/energy/california-new-oil-well-approvals-have-nearly-ground-
18 halt-data-show-2023-07-13/](https://www.reuters.com/business/energy/california-new-oil-well-approvals-have-nearly-ground-halt-data-show-2023-07-13/); LA Times, *Newsom’s oil regulators deny new fracking permits, but
19 industry is pushing back* (July 9, 2021), available at
20 [https://www.latimes.com/environment/story/2021-07-09/california-oil-regulators-deny-new-
21 fracking-permits](https://www.latimes.com/environment/story/2021-07-09/california-oil-regulators-deny-new-fracking-permits); San Francisco Chronicle, *Report Criticizes Oil Regulations: Environmental rules
22 blamed for decline in state’s production* (March 29, 1993).

23 ¹⁰ U.S. Energy Info. Admin., *California State Profile and Energy Estimates*, available at
24 <https://www.eia.gov/state/analysis.php?sid=CA>.

25 ¹¹ Cal. Energy Comm., *Oil Supply Sources To California Refineries*,
26 [https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/oil-supply-
27 sources-california-refineries](https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/oil-supply-sources-california-refineries); see, e.g. Cal. Energy Comm., *Foreign Sources of Crude Oil Imports to
28 California 2023*, [https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-
market/foreign-sources-crude-oil-imports](https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/foreign-sources-crude-oil-imports); U.S. Energy Info. Admin., *California State Energy
Profile*, <https://www.eia.gov/state/print.php?sid=CA>.

¹² U.S. State Dept., *Ecuador 2023 Human Rights Report*, available at [https://www.state.gov/wp-
content/uploads/2024/02/528267_ECUADOR-2023-HUMAN-RIGHTS-REPORT.pdf](https://www.state.gov/wp-content/uploads/2024/02/528267_ECUADOR-2023-HUMAN-RIGHTS-REPORT.pdf); U.S. State
Dept., *Brazil 2023 Human Rights Report*, available at [https://www.state.gov/wp-
content/uploads/2024/02/528267_BRAZIL-2023-HUMAN-RIGHTS-REPORT.pdf](https://www.state.gov/wp-content/uploads/2024/02/528267_BRAZIL-2023-HUMAN-RIGHTS-REPORT.pdf); U.S. State
Dept., *Saudi Arabia 2023 Human Rights Report*, available at [https://www.state.gov/wp-
content/uploads/2024/02/528267-SAUDI-ARABIA-2023-HUMAN-RIGHTS-REPORT.pdf](https://www.state.gov/wp-content/uploads/2024/02/528267-SAUDI-ARABIA-2023-HUMAN-RIGHTS-REPORT.pdf); U.S.
State Dept., *Iraq 2023 Human Rights Report*, available at [https://www.state.gov/wp-
content/uploads/2024/03/528267_IRAQ-2023-HUMAN-RIGHTS-REPORT.pdf](https://www.state.gov/wp-content/uploads/2024/03/528267_IRAQ-2023-HUMAN-RIGHTS-REPORT.pdf); U.S. State Dept.,

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30. State officials are fully aware of the continued growth of hydrocarbon use in California, and yet they are facilitating a policy that would shift oil and gas production out-of-state and abroad. During a packed hearing before the Kern County Board of Supervisors on January 14, 2020, DOC Director David Shabazian admitted that “[i]t is important to acknowledge that even as oil production has decreased steadily since it peaked 35 years ago here in California, consumption of fossil fuels has actually grown, whether in the form of gasoline, diesel fuel, jet fuel or in a variety of other products, from asphalt to electronics from roof tiles to rugs. That is an important context for today’s conversation.”¹³

31. CalGEM also acknowledged, in an environmental impact report certified on July 1, 2015 analyzing the impacts of well stimulation, that a decrease in oil production within the state “would require importing oil from other sources to meet demand, thus increasing ship, rail, and tanker

2024 Trafficking in Persons Report: Saudi Arabia, available at <https://www.state.gov/reports/2024-trafficking-in-persons-report/saudi-arabia>.

¹³ Bd. of Supervisors, Kern Cnty., Regular Meeting (Jan. 14, 2020) (video and minutes), https://kern.granicus.com/MediaPlayer.php?view_id=56&clip_id=4169.

1 truck traffic to the State from the foreign and domestic suppliers.”¹⁴ CalGEM explained in detail that
2 the importation of crude oil from out of state will have increased environmental impacts, particularly
3 increased GHG emissions:

4 “Sources of GHG at oil and gas fields outside of California are not subject to
5 California’s regulatory setting [citation], which ensures that GHG sources in the
6 business of oil and gas production in California are subject to multiple programs aimed
7 at reducing GHG. Emissions of GHG that occur at a point of oil and gas extraction
8 outside of California are not subject to the Cap-and-Trade Program, and by increasing
9 the activity of oil and gas extraction outside of California, this alternative would cause
10 increased GHG from sources that are not required to offset the GHG to comply with
11 California’s cap, resulting in an overall net increase in GHG emissions compared with
12 both existing conditions and the project.”

13 “Although the oil and gas extraction and associated GHG emissions would occur
14 outside California, California would continue to experience the adverse environmental
15 effects of global climate change driven by GHG emissions worldwide. This impact
16 would occur from GHG sources that are not covered by California’s regulatory setting
17 and outside of the potential control of [CalGEM] to feasibly mitigate. As a result of
18 increasing GHG emissions from sources beyond California’s control, no feasible
19 mitigation would be available.”¹⁵

20 **C. Introduction, Amendment, and Adoption of AB 2716.**

21 32. AB 2716 was introduced on February 14, 2024, by Assemblymember Isaac Bryan.

22 33. As amended on March 21, 2024, AB 2716 originally targeted any “low-production
23 well” that is located statewide within 3,200 feet of a sensitive receptor. This prior version of the bill
24 would prohibit such “low-production wells” from operating for more than 24 months, commencing
25 July 1, 2026. Upon violation of this prohibition, the Supervisor would be required to charge an
26 administrative penalty of \$10,000 per day to a low-production well owner.

27 34. On August 15, 2024, AB 2716 was amended to focus solely on the Inglewood Field,
28 which was described as “all wells located in the County of Los Angeles in an oil field that is adjacent

24 ¹⁴ CalGEM, *Well Stimulation Environmental Impact Report* (“WST EIR”) at 12.2-49 C.2-84,
25 available at https://www.conservation.ca.gov/calgem/Pages/SB4_Final_EIR_TOC.aspx.

26 ¹⁵ *Id.* at p. 12.2-37; see also *id.* at p. C.2-63 [“[CalGEM] has given considerable weight to the fact
27 that increased oil imports would lead to increased greenhouse gas generation”]; *id.* at p. 11.12-4 [“As
28 with all crude produced for use in California, the crude supply from Inglewood would be subject to
the [Low Carbon Fuel Standard], which ensures overall progress towards reducing the full fuel-
cycle, carbon intensity of transportation fuels statewide”].)

1 to a state recreation area or state park and is located, in whole or in part, within the boundary of the
2 Baldwin Hills Conservancy.” In addition, the bill was amended to prohibit low-production wells from
3 operating for more than 12 months, commencing March 1, 2026. The administrative penalty was also
4 revised from \$10,000 per day to \$10,000 per month. And instead of being paid into the Oil and Gas
5 Environmental Remediation Account managed by CalGEM, the bill requires that all penalties must be
6 deposited into the Equitable Community Repair and Reinvestment Account, which, upon
7 appropriation by the Legislature, would be made available to the County of Los Angeles for projects
8 that benefit communities living within 2 1/2 miles of the identified low-production wells.

9 35. “Low-production well” is newly defined by AB 2716 to mean an oil or gas well that
10 produces, on average, fewer than 15 barrels of oil a day during any period of 12 consecutive months,
11 or a natural gas well whose maximum daily average gas production does not exceed 60,000 cubic feet
12 of gas, per day, during any period of 12 consecutive months. A low-production well does not include
13 a natural gas storage well, a dedicated injection well, an idle well, an active observation well, or a fully
14 plugged and abandoned well.

15 36. The August 15, 2024 amendments also included provisions providing that all wells
16 within the Inglewood Field must be plugged and abandoned by December 31, 2030, or the well owner
17 would be charged an administrative penalty of \$10,000 per month.

18 37. Assemblymember Bryan has stated in media interviews that AB 2716 was narrowed to
19 focus solely on the Inglewood Field as a result of negotiations with an oil industry trade association to
20 withdraw a referendum on a separate bill (SB 1137) that will impose setback restrictions on the State’s
21 issuance of new permits within 3,200 feet of a sensitive receptor:

22 Bryan, in an interview, said he agreed to limit the scope of that bill to just the oil field
23 in his district, known as the Inglewood Oil Field. “That was the gift from me to them
24 in exchange for them agreeing to pull back this measure,” Bryan said.”¹⁶

25 “We introduced this bill to force a conversation,” Bryan said. “I said I would amend it
26 to impact only one operator. That was good enough for them to decide to drop the
27

28 ¹⁶ The Associated Press, *Law limiting new oil wells in California set to take effect after industry withdraws referendum* (June 27, 2024).

referendum.”¹⁷

38. Following the amendment limiting the scope of AB 2716 to the Inglewood Field, the bill was approved by the Legislature on August 31, 2024, the final day of the Legislative session. Governor Gavin Newsom signed the bill on September 25, 2024, and it was recorded by the Secretary of State on that same day as Chapter 549 of the Statutes of 2024.

39. The Inglewood Field has approximately 820 unplugged wells, including approximately 421 wells that are actively pumping oil, ~~according to state data~~. While it is unclear how CalGEM intends to calculate a “low-production well,” over eighty percent (80%) three-quarters of the active-producing wells currently operating in the Inglewood Field produce less than 15 barrels of oil and less than 60,000 cubic feet of gas per day. These “low-production” wells produce over sixty percent (60%) of the current oil production within the Inglewood Field. Petitioner is informed and believes and thereon alleges that the average active, producing well in California produces 6 barrels of oil a day.

40. Petitioner reasonably believes Respondents will enforce AB 2716 against Petitioner.

FIRST CAUSE OF ACTION

(Violation of Excessive Fines Clause)

41. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

42. The Eighth Amendment to the U.S. Constitution provides: “Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.” (U.S. Const., 8th Amend.) The Excessive Fines Clause in the U.S. Constitution applies to the states. Moreover, the California Constitution contains similar protections to those in the Eighth Amendment. Article I, Section 17, of the California Constitution prohibits “cruel or unusual punishment” and “excessive fines.”

43. The Excessive Fines Clause limits the government’s power to extract payments, whether in cash or in kind, as punishment for some offense. The notion of punishment, as we commonly understand it, cuts across the division between the civil and the criminal law.

44. The United States Supreme Court has recognized that “the protection against excessive

¹⁷ Sacramento Bee, *California law restricting oil wells near homes to take effect after industry drops ballot challenge* (June 27, 2024).

1 fines guards against abuses of government’s punitive or criminal-law-enforcement authority.” (*Timbs*
2 *v. Indiana* (2019) 586 U.S. 146, 149.) “This safeguard, we hold, is ‘fundamental to our scheme of
3 ordered liberty,’ with ‘dee[p] root[s] in [our] history and tradition.’ [Citation]” (*Id.* at pp. 149-150
4 [holding that Excessive Fines Clause is incorporated by the Due Process Clause of the Fourteenth
5 Amendment and applicable to the States].)

6 45. The Supreme Court has emphasized the valuable reasons why “the protection against
7 excessive fines has been a constant shield throughout Anglo-American history.” (*Timbs v. Indiana*,
8 *supra*, 586 U.S. at p. 153.) “Excessive fines can be used, for example, to retaliate against or chill the
9 speech of political enemies[.]” (*Id.* at pp. 153-154.) “Even absent a political motive, fines may be
10 employed ‘in a measure out of accord with the penal goals of retribution and deterrence,’ for ‘fines
11 are a source of revenue,’ while other forms of punishment ‘cost a State money.’ [citation]” (*Id.* at
12 p. 154.)

13 46. The touchstone of the constitutional inquiry under the Excessive Fines Clause is the
14 principle of proportionality: the amount of the forfeiture must bear some relationship to the gravity of
15 the offense that it is designed to punish. More specifically, the United States and California
16 Constitutions require that all penalties be assessed by courts for proportionality, which requires
17 consideration of the following factors: (1) the defendant’s culpability; (2) the relationship between
18 the harm and the penalty; (3) the penalties imposed in similar statutes; and (4) the defendant’s ability
19 to pay.

20 47. AB 2716 imposes punitive monetary penalties that are not tied to any harm allegedly
21 caused by the operation of wells at the Inglewood Field. AB 2716 imposes monetary penalties on
22 permitted, lawfully compliant oil production operations within the Inglewood Field. The monetary
23 penalties imposed by AB 2716 are grossly disproportional to the gravity of the offense that it is
24 designed to punish. The imposed penalties are fixed and mandatory with no apparent upper limit.
25 They have no relationship to any actual harm incurred by neighboring uses. The penalties in AB 2716
26 also exceed the penalties imposed by CalGEM for more dangerous conduct and more serious legal
27 violations. Despite being imposed on a single operator, the monetary penalties take no account of
28 Petitioners’ ability to pay.

1 48. By enforcement or the threat of enforcement of AB 2716, Respondents seek to impose
2 monetary penalties that are an excessive fine in violation of Article I, Section 17 of the California
3 Constitution and the Eighth Amendment to the United States Constitution.

4 49. A bona fide and actual controversy exists between Petitioner and Respondents in that
5 Petitioner alleges, and is informed and believes that Respondents deny, that AB 2716 imposes
6 excessive fines in violation of Article I, Section 17 of the California Constitution and the Eighth
7 Amendment to the United States Constitution.

8 50. Pursuant to California Code of Civil Procedure section 1060 and section 1983, title 42,
9 of the United States Code, Petitioner seeks a judicial determination that the monetary penalties
10 imposed by AB 2716 constitute an “excessive fine” in violation of the federal and state constitutions.

11 51. As the monetary penalties in AB 2716 constitute an “excessive fine” in violation of the
12 federal and state constitutions, injunctive relief and a judicial determination are necessary and
13 appropriate to avoid the continued deprivation of state and federal constitutional rights that will result
14 if AB 2716 were to remain in effect.

15 **SECOND CAUSE OF ACTION**

16 **(Violation of Due Process Clause)**

17 52. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

18 53. The United States Constitution’s Fifth Amendment provides, in relevant part: “No
19 person shall ...be deprived of life, liberty, or property, without due process of law; nor shall private
20 property be taken for public use, without just compensation.” Likewise, the Due Process Clause of
21 the 14th Amendment to the United States Constitution provides that “[n]o state shall . . . deprive any
22 person of life, liberty, or property, without due process of law . . .” The California Constitution also
23 separately prohibits a person from being “deprived of life, liberty, or property without due process of
24 law[.]” (Cal. Const. art. I, § 7.)

25 54. The Constitutional due process guarantees have both procedural and substantive
26 components, the latter which protects fundamental rights that are so “implicit in the concept of ordered
27 liberty” that “neither liberty nor justice would exist if they were sacrificed.” (*Palko v. Conn.* (1937)
28 302 U.S. 319,325.) These fundamental rights include those guaranteed by the Bill of Rights, as well

1 as certain liberty and privacy interests implicitly protected by the Due Process Clause.

2 55. “The due process clauses of the federal and state Constitutions are the most basic
3 substantive checks on government’s power to act unfairly or oppressively.” (*Hale v. Morgan* (1978)
4 22 Cal.3d 388, 398.) “Courts have consistently assumed that ‘oppressive’ or ‘unreasonable’ statutory
5 penalties may be invalidated as violative of due process.” (*Id.* at p. 399.)

6 56. In considering the constitutionality of a penalty assessment, the courts have examined
7 whether (1) the amount of the statutory penalty is mandatory; (2) the duration of the penalty is
8 potentially unlimited; (3) the prohibited acts encompass a broad range of culpable conduct and widely
9 divergent injuries; (4) the penalty is imposed equally on those with different levels of sophistication
10 and financial strength; and (5) the penalty is potentially more severe than that provided by the
11 Legislature for other more serious transgressions under the statutory scheme.

12 57. By enforcement or the threat of enforcement of AB 2716, Respondents violate
13 Petitioner’s substantive and procedural rights under the due process clauses of Article I, Section 7 of
14 the California Constitution and the Fourteenth Amendment to the United States Constitution.

15 58. As enacted, AB 2716 will impose mandatory penalties on Petitioner in an arbitrary,
16 irrational, and oppressive manner that is unreasonable, improper, and not related to any legitimate
17 governmental purpose.

18 59. AB 2716 imposes punitive monetary penalties that are not tied to any harm allegedly
19 caused by the operation of wells at the Inglewood Field. AB 2716 imposes monetary penalties on
20 permitted, lawfully compliant oil production operations within the Inglewood Field. There is also no
21 rational basis for imposing an expedited penalty schedule on low-production wells. The monetary
22 penalties imposed by AB 2716 are grossly disproportional to the gravity of the offense that it is
23 designed to punish. The imposed penalties are fixed and mandatory with no apparent upper limit.
24 They have no relationship to any actual harm incurred by neighboring uses. The penalties in AB 2716
25 also exceed the penalties imposed by CalGEM for more dangerous conduct and more serious legal
26 violations. Despite being imposed on a single operator, the monetary penalties take no account of
27 Petitioners’ ability to pay.

28 60. By enforcement or the threat of enforcement of AB 2716, Respondents violate

1 Petitioners’ procedural due process rights, including for the reason that AB 2716 does not allow for a
2 meaningful opportunity for a hearing to contest the penalties. The severity of the penalties in AB 2716
3 will be incredibly burdensome and require a pre-deprivation remedy. AB 2716 also provides no
4 requirement that Respondents make an assessment of guilt. AB 2716 will impose harsh and oppressive
5 penalties that would significantly impair Petitioner’s ability to continue operations at the Inglewood
6 Field.

7 61. AB 2716 is void for vagueness under the United States and California Constitutions
8 because it fails to afford a specific enough standard for its enforcement. For instance, AB 2716 does
9 not clarify whether the penalties for “low-production wells” will be imposed commencing March 1,
10 2026 or March 1, 2027. One provision of AB 2716 states that “[c]ommencing March 1, 2026, a well
11 identified pursuant to subdivision (a) shall not be a low-production well for more than 12 months,”
12 implying that a well may not be a low-production well for more than 12 months after March 1, 2026.
13 (Cal. Pub. Resources Code § 3206.1.5, subd. (c).) However, AB 2716 also states that “[o]n or before
14 March 1, 2026, the division shall notify the owners of low-production wells ... of the prohibition on
15 operating a low-production well for more than 12 months, as described in subdivision (c).” (*Id.*,
16 § 3206.1.5, subd. (b).) This provision implies that penalties will start to accrue following March 1,
17 2026. It is also unclear how Respondents will calculate what qualifies as a low-production well.

18 62. AB 2716 is also void for vagueness because it does not clarify whether there is an upper
19 cap on the penalties for “low-production wells.” AB 2716 states that “the Legislature shall not allow
20 the account balance to exceed twenty million dollars.” It is unclear whether this limitation is referring
21 to a cap in the administrative penalties, such that, when the account balance reaches twenty million
22 dollars, the Legislature will not be able to impose further penalties on the identified low-production
23 wells. Alternatively, the twenty-million-dollar limitation could also refer to a duty on the Legislature
24 to distribute funds to community projects such that the account balance does not exceed twenty million
25 dollars.

26 63. AB 2716 is vague on critical issues that will shape its enforcement. “Elementary
27 notions of fairness enshrined in our constitutional jurisprudence dictate that a person receive fair notice
28 not only of the conduct that will subject him to punishment, but also of the severity of the penalty that

1 a State may impose.” (*BMW of N. Am. v. Gore* (1996) 517 U.S. 559, 574.)

2 64. A bona fide and actual controversy exists between Petitioner and Respondents in that
3 Petitioner alleges, and is informed and believes that Respondents deny, that AB 2716 violates the due
4 process clauses of Article I, Section 7 of the California Constitution and the Fourteenth Amendment
5 to the United States Constitution.

6 65. Pursuant to California Code of Civil Procedure section 1060 and section 1983, title 42,
7 of the United States Code, Petitioner seeks a judicial determination that AB 2716 violates Petitioners’
8 due process rights in violation of the federal and state constitutions.

9 66. As AB 2716 constitutes a violation of Petitioner’s due process rights, injunctive relief
10 and a judicial determination are necessary and appropriate to avoid the continued deprivation of state
11 and federal constitutional rights that will result if AB 2716 were to remain in effect.

12 67. As AB 2716 is void for vagueness, injunctive relief and a judicial determination are
13 necessary and appropriate to avoid substantial harm through arbitrary enforcement and uncertainty
14 concerning how penalties under AB 27716 could be imposed.

15 **THIRD CAUSE OF ACTION**

16 **(Equal Protection Violation)**

17 68. Petitioner realleges and incorporates herein by reference all foregoing paragraphs

18 69. The United States and California Constitutions guarantee that a person may not be
19 denied equal protection of the laws. (Cal. Const. art. 1, § 7(a); U.S. Constitution, 14th Amend.)
20 Corporations are “persons” within the meaning of this provision and thus entitled to equal protection
21 of the laws.

22 70. The purpose of the Equal Protection Clause is to secure every person within the State’s
23 jurisdiction against intentional and arbitrary discrimination, whether occasioned by the express terms
24 of a statute or by its improper execution through duly constituted agents.

25 71. The Equal Protection Clause of the California Constitution requires that similarly
26 situated individuals be treated similarly, absent an adequate basis for disparate treatment by the state
27 legislature.

28 72. AB 2716 intentionally singles out and discriminates against Petitioner by imposing

1 penalties and abandonment requirements applicable only to the Inglewood Field. AB 2716 does not
2 impose any requirements on other similarly situated oil production operations even if they also operate
3 in proximity to residential areas. The law applies to Petitioner as a “class of one.”

4 73. By enforcement or the threat of enforcement of AB 2716, Respondents violate
5 Petitioner’s right to equal protection of the laws under Article 1, Section 7(a) of the California
6 Constitution.

7 74. A bona fide and actual controversy exists between Petitioner and Respondents in that
8 Petitioner alleges, and is informed and believes that Respondents deny, that AB 2716 violates the
9 equal protection clauses of Article I, Section 7 of the California Constitution and the Fourteenth
10 Amendment to the United States Constitution.

11 75. Pursuant to California Code of Civil Procedure section 1060 and section 1983, title 42,
12 of the United States Code, Petitioner seeks a judicial determination that AB 2716 violates Petitioner’s
13 equal protection rights in violation of the federal and state constitutions.

14 76. As AB 2716 constitutes a violation of Petitioner’s equal protection rights, injunctive
15 relief and a judicial determination are necessary and appropriate to avoid the continued deprivation of
16 state and federal constitutional rights that will result if AB 2716 were to remain in effect.

17 **FOURTH CAUSE OF ACTION**

18 **(Violation of the Prohibition On “Special Legislation”)**

19 77. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

20 78. Article IV, Section 16 of the California Constitution mandates that “(a) All laws of a
21 general nature have uniform operation,” and declares that “(b) A local or special statute is invalid in
22 any case if a general statute can be made applicable.”

23 79. Although AB 2716 was initially introduced in the California Legislature as a general
24 statute, it was amended shortly before approval to apply only to the Inglewood Field.

25 80. The Inglewood Field is one of many oil fields within the State. Many other oil fields
26 are also located in close proximity to residential uses. Oil operations at the Inglewood Field have been
27 extensively studied. These studies have provided no evidence of health impacts by oil production
28 operations to the surrounding community.

1 harm caused from “low-production wells” at the Inglewood Field or all wells more generally at the
2 Inglewood Field; (b) whether Petitioner has vested rights in the continued operation of wells at the
3 Inglewood Field; and (c) whether the penalty provisions set forth in section 3206.1.5 provide for a
4 reasonable amortization period for the coerced termination of these wells.

5 92. AB 2716 amounts to a trial by Legislature. It usurps the role of the judicial branch by
6 punishing the conduct of a single, specific entity, in the absence of any evidentiary basis that the harm
7 which the statute purportedly addresses actually exists.

8 93. A bona fide and actual controversy exists between Petitioner and Respondents in that
9 Petitioner alleges, and is informed and believes that Respondents deny, that AB 2716 is a bill of
10 attainder in violation of Article 1, Section 9, Clause 3 of the United States Constitution and Article 1,
11 Section 9, of the California Constitution.

12 94. Pursuant to California Code of Civil Procedure section 1060 and section 1983, title 42,
13 of the United States Code, Petitioner is entitled to a declaration that AB 2716 constitutes an
14 unconstitutional bill of attainder under the United States and California Constitution.

15 95. As AB 2716 constitutes an unconstitutional bill of attainder, injunctive relief and a
16 judicial determination are necessary and appropriate to avoid the continued deprivation of state and
17 federal constitutional rights that will result if AB 2716 were to remain in effect.

18 **SIXTH CAUSE OF ACTION**

19 **(Federal Preemption)**

20 96. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

21 97. When Congress intends that federal law occupy a given field, state law in that field is
22 pre-empted. Even if Congress has not occupied the field, state law is nevertheless pre-empted to the
23 extent it actually conflicts with federal law, that is, when compliance with both state and federal law
24 is impossible or when the state law stands as an obstacle to the accomplishment and execution of the
25 full purposes and objectives of Congress.

26 98. The federal Safe Drinking Water Act (“SDWA”), 42 U.S.C. § 300f, et seq., establishes
27 an Underground Injection Control program (“the UIC program”) for regulating injection wells in order
28 to protect underground sources of drinking water. (See 42 U.S.C. §§ 300g, 300h.) “Class II” wells,

1 which are used exclusively to inject fluids associated with natural gas and oil extraction, are the type
2 at issue here. (See 40 C.F.R. § 146.1 et seq; 40 C.F.R. § 147.250.)

3 99. In order to protect underground sources of drinking water, the SDWA authorizes EPA
4 to issue regulations establishing standards for UIC programs, and allows each state to seek approval
5 to administer its own UIC program based on those federal requirements. (See 42 U.S.C. §§ 300h,
6 subd. (a), 300h-1, subd. (b).) Under section 1422 of the SDWA, 42 U.S.C. § 300h-1, states must meet
7 EPA’s minimum requirements for regulating Class II wells. (See 42 U.S.C. § 300h-1, subd. (b)(2).)
8 In turn, section 1421, 42 U.S.C. § 300h, identifies the minimum requirements proposed state UIC
9 regulatory programs must meet in order for a state to be granted primary enforcement authority
10 (referred to as “primacy”) over Class II well regulation. (*Id.*; see also 40 C.F.R. Part 144 [setting forth
11 EPA regulations on contents of approvable state UIC programs].)

12 100. State programs authorized under section 1422 must include requirements for well
13 owners and operators governing construction, operation, monitoring, testing, reporting, and closure of
14 Class II wells. (See 42 U.S.C. § 300h, subd. (b)(1)(C).) If a state does not assume primacy over its
15 UIC program, the EPA must run the program in that state itself. (See 42 U.S.C. § 300h-1, subd. (c).)
16 The SDWA provides that the regulations “may not prescribe requirements which interfere with or
17 impede” underground injection “unless such requirements are essential to assure that underground
18 sources of drinking water will not be endangered by such injection.” (42 U.S.C. § 300h, subd. (b)(2).)

19 101. In 1983, EPA granted California primacy over underground injections associated with
20 oil and gas production, pursuant to the primacy provision requiring the state to prove its program will
21 be effective in preventing injections endangering drinking water sources. (48 Fed.Reg. 6336 (Feb. 11,
22 1983) [primacy approved pursuant to § 1425, part of the Act]; Pub.L. No. 96-502, § 2(a) (Dec. 5,
23 1980) 94 Stat. 2737 [§ 1425 of the Act codified at 42 U.S.C. § 300h-4]; 40 C.F.R. § 147.250.)

24 102. The SDWA specifically provides that a state’s UIC permitting program, whether run
25 by the state or the EPA, may not prohibit “the underground injection of wastewater or other fluids
26 which are brought to the surface in connection with oil or natural gas production. . . .” (42 U.S.C.
27 §§ 300h(b)(2), 300h-1(c)(1).) By requiring the abandonment of all wells (including injection wells),
28 AB 2716 directly violates this statutory requirement.

1 103. Oil production operations within the Inglewood Field depend upon the use of injection
2 wells permitted under CalGEM's UIC program for purposes of water disposal and/or enhanced oil
3 recovery.

4 104. By requiring the plugging and abandoning of all wells within the Inglewood Field by
5 December 31, 2030, AB 2716 also forces the abandonment of all injection wells.

6 105. The abandonment of all injection wells within the Inglewood Field is not essential to
7 assure that underground sources of drinking water will not be endangered by such injection.

8 106. By requiring the abandonment of all wells (including injection wells) within the
9 Inglewood Field, the State is intruding upon an area fully occupied by federal law. AB 2716 also
10 makes it impossible to comply with both state and federal law, and stands as an obstacle to the
11 accomplishment and execution of the full purposes and objectives of Congress.

12 107. A bona fide and actual controversy exists between Petitioner and Respondents in that
13 Petitioner alleges, and is informed and believes that Respondents deny, that AB 2716 is preempted by
14 federal law.

15 108. Pursuant to California Code of Civil Procedure section 1060 and section 1983, title 42,
16 of the United States Code, Petitioner is entitled to a declaration that AB 2716 is preempted by federal
17 law.

18 109. As AB 2716 is preempted by federal law, injunctive relief and a judicial determination
19 are necessary and appropriate to avoid the continued deprivation of federal constitutional rights that
20 will result if AB 2716 were to remain in effect.

21 **SEVENTH CAUSE OF ACTION**

22 **(Impairment of Contractual Relations)**

23 110. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

24 111. AB 2716 violates article I, section 9 of the California Constitution and article I, section
25 10 of the United States Constitution, which prohibit the enactment of laws affecting an impairment of
26 contracts, which applies to public contracts as well as contracts between private parties.

27 112. Petitioner holds leasehold interests in mineral rights associated with Petitioner's oil
28 production operations. Petitioner is a party to contracts in the form of oil and gas leases between it

1 and the mineral rights owners, which impose obligations on Petitioner that continue beyond the date
2 December 31, 2030.

3 113. By severely penalizing the continued operation of wells and forcing Petitioner to
4 terminate its operations at the Inglewood Field by December 31, 2030, AB 2716 impairs those
5 contractual relations, prevents Petitioner from meeting contractual obligations to lessors, and will
6 undermine Petitioner's reasonable expectations under the contracts.

7 114. There is no legitimate local interest that would justify AB 2716's impairment of
8 Petitioner's contractual relations.

9 115. AB 2716 imposes arbitrary, capricious and unsupported penalty provisions without any
10 consideration of existing or potential mitigation of the purported health, safety, and environmental
11 concerns, much less any credible scientific basis for the purported health, safety, and environmental
12 concerns that were stated as justification for AB 2716.

13 116. By enforcement or the threat of enforcement of AB 2716, Respondents will
14 substantially and unjustifiably impair the obligations of those contractual relationships in violation of
15 the Impairment Clauses of the California and United States Constitution.

16 117. As a direct and proximate result of Respondents' violation of article I, section 9 of the
17 California Constitution and article I, section 10 of the United States Constitution, as alleged herein,
18 Petitioner's interest will be materially, substantially, and irreparably harmed by AB 2716

19 118. A bona fide and actual controversy exists between Petitioner and Respondents in that
20 Petitioner alleges, and is informed and believes that Respondents deny, that AB 2716 violates the
21 article I, section 9 of the California Constitution and article I, section 10 of the United States
22 Constitution.

23 119. Pursuant to California Code of Civil Procedure section 1060 and section 1983, title 42,
24 of the United States Code, Petitioner seeks a judicial determination that AB 2716 would substantially
25 impair Petitioners' contractual relations in violation of the federal and state constitutions.

26 120. As AB 2716 would substantially impair Petitioners' contractual relations in violation
27 of the federal and state constitutions, injunctive relief and a judicial determination are necessary and
28 appropriate to avoid the continued deprivation of state and federal constitutional rights that will result

1 if AB 2716 were to remain in effect.

2 **EIGHTH CAUSE OF ACTION**

3 **(Intentional Interference with Contractual Relations)**

4 121. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

5 122. By enforcement or threat of enforcement of AB 2716, Respondents have intentionally
6 interfered with the contractual relations between certain property owners within the County and
7 Petitioner.

8 123. Certain property owners within the County lease their mineral rights to Petitioner.
9 Petitioner is a party to valid contracts in the form of oil and gas leases between Petitioner and the
10 mineral rights owners.

11 124. Respondents were aware of these contracts at the time that it enforced or threatened to
12 enforce AB 2716.

13 125. AB 2716 causes an actual disruption of the contractual relationships between the
14 mineral rights owners and Petitioner because it imposes substantial penalties to compel Petitioner to
15 terminate their operations at the Inglewood Field. These actions will impair those contractual
16 relations, preventing Petitioner from meeting contractual obligations to lessors and undermining
17 Petitioner’s reasonable expectations under the contracts.

18 126. In enacting and threatening to enforce AB 2716, Respondents have failed to comply
19 with mandatory duties imposed by enactments that are designed to allow for the performance of
20 mineral contracts between lessors and lessees. For example, Respondents have a statutory duty to
21 “allow the lessee ... to do what a prudent operator using reasonable diligence would do, having in
22 mind the best interests of the lessor, lessee, and the state in producing and removing hydrocarbons[.]”
23 (Pub. Resources Code § 3106, subd. (b).) “Where a public entity is under a mandatory duty imposed
24 by an enactment that is designed to protect against the risk of a particular kind of injury, the public
25 entity is liable for an injury of that kind proximately caused by its failure to discharge the duty unless
26 the public entity establishes that it exercised reasonable diligence to discharge the duty.” (Cal. Govt.
27 Code § 815.6.) Respondents have failed to discharge its duty under section 3106 and other enactments
28 by directly interfering with contracts between Petitioner and its lessors that allow for the production

1 of oil within the Inglewood Field.

2 127. As a direct and proximate result of Respondents' enforcement or threatened
3 enforcement of AB 2716, as alleged above, Petitioner has been and will be damaged from the
4 disruption of its contractual relationships with its mineral rights lessors within the County, and
5 Petitioner will suffer further damages in an amount to be determined at trial.

6 128. Petitioner will submit a claim to Respondents as required under Government Code
7 section 900, et seq., and will amend this cause of action after the period has run by which Respondents
8 must approve or reject the claim.

9 **NINTH CAUSE OF ACTION**

10 **(Impairment of Petitioner's Vested Rights)**

11 129. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

12 130. Petitioner seeks a declaration from this Court that Petitioner has fully-vested rights to
13 continue and to complete the development and production of its oil and gas resources within the
14 Inglewood Field, consistent with its long-established operations to extract oil and gas pursuant to the
15 appropriate agency entitlements. Petitioner further seeks a declaration that, as a result of these vested
16 rights, Respondents may not enforce the penalty provisions of AB 2716 to punish the continued lawful
17 operation of all wells, including "low-production wells," within the Inglewood Field. These lawful
18 activities are authorized by Petitioner's permits, agreements, or conditions to operate.

19 131. Petitioner or its predecessors have drilled wells and installed equipment within the
20 Inglewood Field with the expectation that additional wells could be drilled, and oil and gas resources
21 could be extracted.

22 132. Because Respondents' enforcement of AB 2716 would cause an unreasonable,
23 oppressive, and unwarranted interference with an existing use, or a planned use for which Petitioner
24 has made a substantial investment in development costs—specifically, Petitioner's use of land to
25 extract oil and natural gas and installation of infrastructure to support future development and well
26 replacement—this Court should declare Respondents' enforcement of AB 2716 as invalid unless just
27 compensation is paid.

28 133. The doctrine of vested rights seeks to protect property owners and developers who have

1 substantially relied on past permits and proceeded accordingly with the government's
2 acknowledgement. The doctrine protects a permit holder's right not only to construct, but also to use
3 the premises as authorized by the permit. (*County of San Diego v. McClurken* (1951) 37 Cal. 2d 683,
4 691.)

5 134. Petitioner has vested rights to develop and produce oil and gas resources within the
6 Inglewood Field, consistent with long-established plans and Petitioner's vested rights. Petitioner's
7 vested rights are not limited to the production value of the existing wells, and instead include all
8 prudent and feasible means to develop and produce oil and gas resources as contemplated by state law
9 and existing permits. These vested rights include the continued operation of wells, including low-
10 production wells, in numbers and within timeframes based on the ability to recover these oil and gas
11 resources. These vested rights also include the continued drilling of future wells and the redrilling of
12 existing and future wells.

13 135. In the alternative, the "diminishing asset doctrine" applies, which permits oil and gas
14 operators and others in extractive industries to exhaust the mineral value of their property. There are
15 many years of oil and minerals yet to be extracted from Petitioner's mineral rights or leases within the
16 Inglewood Field. Petitioner has made an objective manifestation of intent to continue operating and
17 expanding its oil and natural gas extraction activities in the Inglewood Field. Petitioner has clearly
18 exhibited an intent to continue and to complete the development and production of its oil and gas
19 resources within the Inglewood Field. The continued development of these resources is a progression
20 of the extractive activity within the Inglewood Field as authorized by existing zoning provisions and/or
21 Petitioner's permits, agreements, or conditions to operate.

22 136. By enforcement or the threat of enforcement of AB 2716, Respondents impair
23 Petitioner's vested rights to continue operation and to complete the development and production of its
24 oil and gas resources within the Inglewood Field.

25 137. A bona fide and actual controversy exists between Petitioner and Respondents in that
26 Petitioner alleges, and is informed and believes that Respondents deny, that Respondents' enforcement
27 or threatened enforcement of AB 2716 impairs Petitioner's vested rights to continue operation in the
28 Inglewood Field.

1 145. Petitioner has made an objective manifestation of intent to continue operating and
2 expanding its oil and natural gas extraction activities in the Inglewood Field. Petitioner has clearly
3 exhibited an intent to continue and to complete the development and production of its oil and gas
4 resources within the Inglewood Field. The continued development of these resources is a progression
5 of the extractive activity within the Inglewood Field as authorized by Petitioner’s permits, agreements,
6 or conditions to operate.

7 146. The amortization concept is based upon the idea that the property owner must be given
8 an opportunity to recoup its investment and be made whole. The application of the concept to oil
9 fields does not achieve the same goals.

10 147. Even assuming that amortization could apply to the extraction of mineral resources,
11 Respondents have no factual or evidentiary support for the December 31, 2030, date by which all wells
12 must be abandoned. This “phase-out” period is economically unsupportable and arbitrary.

13 148. AB 2716 forces Petitioner to bear public burdens which, in all fairness and justice,
14 should be borne by the public as a whole.

15 149. By enforcement or the threat of enforcement of AB 2716, Respondents violate article
16 I, section 19, of the California Constitution, which prohibits the temporary or permanent taking or
17 damaging of private property for public use without prior, just compensation. Further, Respondents
18 violate the takings clause of the Fifth Amendment to the U.S. Constitution, as incorporated by the
19 Fourteenth Amendment, which prohibits the temporary or permanent taking of private property for
20 public use without prior, just compensation.

21 150. Petitioner’s interests and investment-backed expectations will be materially,
22 substantially, and irreparably harmed by AB 2716. Petitioner’s reasonable, investment-based
23 expectation was that it would continue to produce and develop oil and gas until its owned or leased
24 assets are no longer capable of producing oil and gas in commercial quantities. By enforcing or
25 threatening to enforce AB 2716, Respondents’ actions have the direct result of eliminating or
26 substantially diminishing Petitioner’s reasonable investment-backed expectations.

27 151. Petitioner has no plain, speedy, and adequate remedy at law to challenge AB 2716 other
28 than the relief sought herein. The language of AB 2716 itself contains no alternative remedy available

1 for Petitioner to bring all of the challenges alleged herein, nor have Respondents made available any
2 other remedy at law that will adequately determine the merits of Petitioner’s challenge to AB 2716.
3 Without resolution of these challenges, Petitioner will be permanently and irreparably harmed by the
4 implementation of AB 2716.

5 152. Because the enactment of AB 2716 is legislative in nature and not adjudicatory,
6 Petitioner brings this action under Code of Civil Procedure section 1085. In the alternative, however,
7 Petitioner also seeks a writ of mandate under Code of Civil Procedure section 1094.5 to the extent, if
8 any, that the Court concludes section 1094.5 is applicable here.

9 **ELEVENTH CAUSE OF ACTION**

10 **(Declaratory Relief – Inverse Condemnation)**

11 153. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

12 154. AB 2716 is invalid because it substantially impairs Petitioner’s vested rights in the
13 continuation of oil and gas production within the County.

14 155. By their enforcement or threatened enforcement of AB 2716, Respondents eliminate
15 substantially all of Petitioner’s economically viable use of its oil and gas resources within the
16 Inglewood Field for the benefit of the public without prior compensation to Petitioner or, in the
17 alternative, a reasonable amortization period to allow recovery of the investment. Respondents,
18 therefore, violate article I, section 19, of the California Constitution and the Takings Clause of the
19 Fifth and Fourteenth Amendments to the United States Constitution by enforcing or threatening to
20 enforce AB 2716.

21 156. The enactment of AB 2716 is part of a statewide effort to stop oil and gas production
22 within the Inglewood Field purely due to political machinations and without regard to ongoing
23 business interests or actual impacts to neighboring uses.

24 157. Respondents’ enforcement or threatened enforcement of AB 2716 substantially impairs
25 Petitioner’s property rights within the Inglewood Field for the benefit of the public without prior
26 compensation to Petitioner or, in the alternative, a reasonable amortization period to allow recovery
27 of Petitioner’s investment.

28 158. AB 2716 forces Petitioner to bear public burdens which, in all fairness and justice,

1 should be borne by the public as a whole.

2 159. By enforcement or the threat of enforcement of AB 2716, Respondents violate article I,
3 section 19, of the California Constitution, which prohibits the temporary or permanent taking or
4 damaging of private property for public use without prior, just compensation. Further, Respondents
5 violate the takings clause of the Fifth Amendment to the U.S. Constitution, as incorporated by the
6 Fourteenth Amendment, which prohibits the temporary or permanent taking of private property for
7 public use without prior, just compensation.

8 160. Petitioner's interests and investment-backed expectations will be materially,
9 substantially, and irreparably harmed by AB 2716. Petitioner's reasonable, investment-based
10 expectation was that it would continue to produce and develop oil and gas until its owned or leased
11 assets are no longer capable of producing oil and gas in commercial quantities. By enforcing or
12 threatening to enforce AB 2716, Respondents' actions have the direct result of eliminating or
13 substantially diminishing Petitioner's reasonable investment-backed expectations.

14 161. A bona fide and actual controversy exists between Petitioner and Respondents in that
15 Petitioner alleges, and is informed and believes that Respondents deny, that AB 2716 violates article
16 I, section 19, of the California Constitution and the Takings Clause of the Fifth and Fourteenth
17 Amendments to the United States Constitution.

18 162. Pursuant to California Code of Civil Procedure section 1060, Petitioner seeks a judicial
19 determination that AB 2716 would result in a taking of Petitioner's property rights in violation of the
20 federal and state constitutions.

21 163. As AB 2716 would result in a taking of Petitioner's property rights in violation of the
22 federal and state constitutions, injunctive relief and a judicial determination are necessary and
23 appropriate to avoid the continued deprivation of state and federal constitutional rights that will result
24 if AB 2716 were to remain in effect.

25 **TWELFTH CAUSE OF ACTION**

26 **(Damages for Taking or Damaging Property for Public Use Without Prior Compensation)**

27 164. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

28 165. At the time the State enacted AB 2716, Petitioner owned fee and leasehold interests in

1 mineral rights in land within the Inglewood Field.

2 166. For years prior to the State's action in enacting AB 2716, Petitioner had vested rights
3 to continue drilling operations within the Inglewood Field as a matter of right.

4 167. Respondents' enforcement or threatened enforcement of AB 2716 substantially impairs
5 Petitioner's vested rights in the continuation of oil and gas production within the Inglewood Field and
6 eliminates substantially all of Petitioner's economically viable use of its oil and gas resources within
7 the Inglewood Field for the benefit of the public without prior compensation to Petitioner or, in the
8 alternative, a reasonable amortization period to allow recovery of the investment.

9 168. By enforcing or threatening to enforce AB 2716, Respondents violate article I, section
10 19, of the California Constitution, which prohibits the temporary or permanent taking or damaging of
11 private property for public use without prior, just compensation. Further, Respondents violate the
12 takings clause of the Fifth Amendment to the U.S. Constitution, as incorporated by the Fourteenth
13 Amendment, which prohibits the temporary or permanent taking of private property for public use
14 without prior, just compensation.

15 169. By enforcing or threatening to enforce AB 2716, Respondents will interfere with the
16 reasonable investment-backed expectations of Petitioner. Petitioner's reasonable, investment-based
17 expectation was that it would continue to produce and develop oil and gas until its owned or leased
18 assets are no longer capable of producing oil and gas in commercial quantities. By enforcing or
19 threatening to enforce AB 2716, Respondents' actions have the direct result of eliminating or
20 substantially diminishing Petitioner's reasonable investment-backed expectations.

21 170. To date, Petitioner has not received any compensation from Respondents on account
22 of the above alleged taking of, or damage to, its property rights within the Inglewood Field.

23 171. As a direct and proximate result of Respondents' violation of article I, section 19, of
24 the California Constitution and the takings clause of the Fifth Amendment of the U.S. Constitution, as
25 alleged above, Petitioner has been and will be damaged from the interference with its reasonable
26 investment-backed expectations in its fee and leasehold interests in mineral rights in land within the
27 Inglewood Field and will suffer further damages in an amount to be determined at trial.

28

1 **THIRTEENTH CAUSE OF ACTION**

2 **(Petition for Writ of Traditional Mandate)**

3 172. Petitioner realleges and incorporates herein by reference all foregoing paragraphs.

4 173. Petitioner seeks a writ of traditional mandate pursuant to Code of Civil Procedure
5 section 1085, or, alternatively, a writ of administrative mandate pursuant to Code of Civil Procedure
6 section 1094.5.

7 174. “Mandamus under section 1085 is the appropriate vehicle to challenge the
8 constitutionality or validity of statutes or other official acts.” (*City of Redondo Beach v. Padilla* (2020)
9 46 Cal.App.5th 902, 909.)

10 175. The adoption of AB 2716 must be vacated as AB 2716 and its adopted findings are
11 arbitrary, capricious, entirely lacking in evidentiary support, contradicting the available evidence, and
12 contrary to established public policy.

13 176. There is no legitimate public purpose, reasonable basis in fact, or substantial evidence
14 to support the enforcement or threatened enforcement of AB 2716, or to compel the termination of
15 Petitioner’s right to operate its lawful business at the Inglewood Field.

16 177. Respondents’ enforcement or threatened enforcement of AB 2716 will force the
17 termination of Petitioner’s right to conduct oil and gas production activities in the Inglewood Field
18 and will result in the loss of good-paying industry jobs. There is no legitimate public purpose,
19 reasonable basis in fact, or substantial evidence to support the enforcement or threatened enforcement
20 of AB 2716 that by its very terms would result in the loss of jobs associated with oil and gas production
21 activities in the Inglewood Field.

22 178. Respondents’ actions in enforcing or threatening to enforce AB 2716 contravene the
23 State’s policy of “*encourag[ing]* the wise development of oil and gas resources,” and “to *permit*” the
24 use of “*all*” practices that will increase the recovery of oil and gas. (Cal. Pub. Res. Code § 3106,
25 emphasis added.)

26 179. As alleged above, the enforcement or threatened enforcement of AB 2716 will also
27 result in the violation of several protections afforded by the federal and state constitutions, including
28 the protection against excessive fines, infringement of Petitioner’s due process and equal protection

1 rights, the prohibition against bills of attainder and special legislation, and interference with
2 contractual relations.

3 180. Petitioner has no plain, speedy, and adequate remedy at law to challenge AB 2716 other
4 than the relief sought herein. The language of AB 2716 itself contains no alternative remedy available
5 for Petitioner to bring all of the challenges alleged herein, nor have Respondents made available any
6 other remedy at law that will adequately determine the merits of Petitioner's challenge to AB 2716.
7 Without resolution of these challenges, Petitioner will be permanently and irreparably harmed by the
8 implementation of AB 2716.

9 181. Because the enactment of AB 2716 is legislative in nature and not adjudicatory,
10 Petitioner brings this action under Code of Civil Procedure section 1085. In the alternative, however,
11 Petitioner also seeks a writ of mandate under Code of Civil Procedure section 1094.5 to the extent, if
12 any, that the Court concludes section 1094.5 is applicable here.

13 **PRAYER FOR RELIEF**

14 WHEREFORE, Petitioner prays for judgment as follows:

15 1. For a writ of mandate preventing Respondents from enforcing AB 2716 against
16 Petitioner.

17 2. For a declaration that AB 2716 is unlawful and void as violating the excessive fines
18 clauses of the federal and state constitutions.

19 3. For a declaration that AB 2716 is unlawful and void as violating Petitioner's
20 substantive and procedural due process rights.

21 4. For a declaration that AB 2716 is unlawful and void as violating the equal protection
22 clauses of the federal and state constitutions.

23 5. For a declaration that AB 2716 is unlawful and void as violating the prohibitions
24 against bills of attainder and special legislation.

25 6. For a declaration that AB 2716 is preempted by federal law.

26 7. For a declaration that AB 2716 is unlawful and void as impairing contractual relations
27 in violation of the federal and state constitutions.

28 8. For a declaration that AB 2716 intentional interfered with Petitioner's contractual

1 relations.

2 9. For a declaration that AB 2716 is unlawful and void as it infringes upon and violates
3 Petitioner's vested rights.

4 10. For a declaration that AB 2716 is unlawful and void as it violates article I, section 19,
5 of the California Constitution and the takings clause of the Fifth and Fourteenth Amendments to the
6 United States Constitution.

7 11. For damages for just compensation and interest thereon, according to proof, for the
8 temporary and permanent taking of Petitioner's property in violation of article I, section 19, of the
9 California Constitution and the Fifth Amendment to the United States Constitution.

10 12. For damages according to proof.

11 13. For a preliminary and permanent injunction prohibiting Respondents from taking any
12 action in furtherance of AB 2716.

13 14. For reasonable attorneys' fees incurred in this matter pursuant to sections 1021.5 or
14 1036 of the California Code of Civil Procedure, section 1988, title 42, of the United States Code, and
15 other applicable law.

16 15. For Petitioner's costs of suit incurred herein.

17 16. For such other and further relief as the Court deems just and proper.

18 DATED: November 22, 2024

Respectfully Submitted,

19 **ALSTON & BIRD LLP**

20 

21 _____
22 Nicki Carlsen
Matthew Wickersham

23 Attorneys for Petitioner and Plaintiff
24 **SENTINEL PEAK RESOURCES CALIFORNIA**
25 **LLC**

VERIFICATION

I, Jeremy Vanderziel, declare as follows:

I am Chief Operating Officer of Sentinel Peak Resources California LLC, the plaintiff and petitioner in this action, and I am authorized to execute this verification on behalf of Sentinel Peak Resources California LLC. I declare that I have read the foregoing **VERIFIED PETITION FOR WRIT OF MANDATE AND COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF, CONSTITUTIONAL VIOLATIONS, INVERSE CONDEMNATION, AND DAMAGES** and know the contents thereof. I declare that the information stated therein is true of my own knowledge, except as to matters stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 22 day of November 2024 at BAKERSFIELD, CALIFORNIA.



Jeremy Vanderziel