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8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**

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14 **ORDER TO PAY CIVIL PENALTIES AND PERFORM REMEDIAL WORK**
15 **NO. 1523**
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18 **Operator: Hellman Properties LLC (H2800)**
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1 **I. Introduction**

2 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy
3 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources
4 Code (**PRC**) (commencing with PRC section 3000) and title 14 of the California Code of
5 Regulations (**Regulations**), may impose a civil penalty on a person who violates any statutory
6 provision of the PRC, or any regulation that implements those statutory provisions. (PRC,
7 § 3236.5.)

8 Based on CalGEM's records, Hellman Properties LLC (**Operator**) is the "operator" (as
9 defined in PRC section 3009) of "injection well" (as defined in Regulations section 1720.1,
10 subdivision (f)) "well 27" (API 0405904657) (**the Well**). As described in more detail below, under
11 applicable provisions of Regulations sections 1724.10 and 1724.10.1, to maintain uninterrupted
12 approval for injection activity, Operator was required to complete Mechanical Integrity
13 Testing (MIT) Part One on the Well by March 7, 2024, and failed to timely do so. As a result,
14 Operator automatically lost approval to continue injection operations. (Regulations, § 1724.10,
15 subd. (i)(4).) Following March 7, 2024, Operator was therefore required to cease injection into
16 the Well, immediately notify CalGEM that it had not performed MIT Part One on the Well, and
17 disconnect the injection lines from the Well, and failed to do so in violation of Regulations
18 sections 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777.

19 Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations
20 sections 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777, the Supervisor is ordering Operator to
21 within thirty (30) days of this Order: (1) pay civil penalties, totaling ten thousand eight hundred
22 dollars (\$10,800.00), imposed for violations of Regulations sections 1724.6, 1724.10, 1724.10.1,
23 1723.13, and 1777; and (2) cease injection into the Well as soon as it is safe to do so and until
24 subsequent written approval from CalGEM is provided.

25 **Attachment A** contains a list of definitions and authorities that are applicable to this
26 Order.

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II. Alleged Acts/Omissions

To maintain uninterrupted injection approval for injection wells that as of April 1, 2019, were approved for injection and were also subject to periodic casing pressure testing requirements, MIT Part One is required to be successfully completed on each such injection well every five (5) years. (Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e).) In performing the testing, Operators must notify CalGEM at least 48 hours in advance and provide the digital copies of surveys and test results within sixty (60) days. (Regulations, § 1724.10, subd. (i)(1)-(2).) An operator must cease injection into an injection well and immediately notify CalGEM if, among other reasons, MIT Part One has not been timely performed or the results of such testing has not been provided as required. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a), 1724.13, subd. (a)(1).) Further, operators must disconnect injection lines from the injection well if there is no current injection approval from CalGEM. (Regulations, §§ 1724.13, subd. (c), 1777, subd. (c)(4).) Each day an operator injects into an injection well without approval constitutes a separate violation. (Regulations, § 1724.13, subd. (c).)

CalGEM's records indicate that the Well was approved for injection and subject to periodic casing pressure testing requirements as of April 1, 2019, and that Operator had successfully performed a standard annular pressure test on the Well on March 7, 2019. Therefore, to maintain injection approval, Operator was required to perform a successful MIT Part One on the Well by March 7, 2024, which was five (5) years from the previous test, and failed to timely do so. As a result, Operator automatically lost approval for injection into the Well. Following this automatic loss of injection approval, Operator was required to cease injection into the Well, immediately notify CalGEM of its failure to test, and disconnect the Well from any injection lines. On April 23, 2024, CalGEM staff sent an email to Operator's agent of record alerting Operator that the Well was overdue for MIT Part One.

Based on Operator's self-reported injection activity, Operator has continuously injected into the Well following the automatic loss of injection approval on March 8, 2024, in violation of Regulations sections 1724.6, subdivision (e), 1724.10, subdivision (i)(4), 1724.10.1, subdivisions (a)

and (e), and 1724.13, subdivision (a)(1). In addition, Operator did not notify CalGEM of ceasing injection into the Well, a well status change, nor demonstrated that the injection lines have been disconnected from the Well. Notwithstanding, CalGEM is exercising its discretion to limit the civil penalties imposed by this Order to unauthorized injection which occurred between April 1, 2024, and the date of Operator's recent successful MIT Part One performed on the Well, May 23, 2024, which amounts to fifty-three (53) days.

III. Civil Penalties

Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section 3236.5, by this Order the Supervisor imposes on Operator administrative civil penalties totaling ten thousand eight hundred dollars (\$10,800.00) as follows:

| Violation Description | Number of Violations | Civil Penalty per Violation | Civil Penalty Totals |
|--|----------------------|-------------------------------|----------------------|
| Injection into a well without injection approval (collectively, Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a) & (e), 1724.13, subd. (a)(1)) | 53 | \$200.00 | \$10,600.00 |
| Failure to disconnect injection lines from a well without injection approval (Collectively, Regulations, §§ 1724.13, subd. (c), 1777, subd. (c)(4)) | 1 | \$200.00 | \$200.00 |
| | | Total Civil Penalties: | \$10,800.00 |

For purposes of this Order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalties, including: characterizing the violations as "minor" (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC section 3236.5, subdivision (a), and the extended and ongoing period of non-

1 compliance as well as the mandated regulatory assessment of daily penalties for unauthorized
2 injection pursuant to Regulations section 1724.13, subsection (c).

3 Nothing in this Order is intended nor shall it be construed to limit or preclude CalGEM
4 from taking any action authorized by law, including imposing additional civil penalties for
5 unauthorized injection into the Well on or before April 1, 2024, and after May 23, 2024.

6 **IV. Operator's Required Actions**

7 For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5,
8 and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777, **IT IS HEREBY ORDERED**
9 that Operator pay civil penalties in the amount of ten thousand eight hundred dollars
10 (\$10,800.00).

11 Operator is required to pay the civil penalties amount within **thirty (30) days** from the
12 date this Order is issued. Daily violations and penalties may continue to accrue if these
13 requirements are not addressed to CalGEM's satisfaction.

14 To remit payment of the civil penalties online, please visit
15 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department
16 of Conservation Geologic Energy Management Division," then follow the instructions on the
17 screen. When filling out the "order number" field, please type the order number followed by
18 the letter "O."

19 To remit payment of the civil penalties by mail, please send a check payable to
20 "Department of Conservation" to the following address:

21 Department of Conservation
22 CalGEM, Attn: Operational Management Unit
23 715 P Street, MS 18-03
24 Sacramento, California 95814

25 Please include the Operator name, Order number, and phrase "Oil and Gas Environmental
26 Remediation Account" on the check itself.

27 Please contact Ernest Mbia via email at Ernest.Mbia@conservation.ca.gov with any
28 questions concerning the violations.

V. Operator's Appeal Rights

Operator may appeal this Order by filing a timely written notice of appeal with the Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing with the PRC section 3350. (PRC, § 3225, subd. (d).) If this Order is mailed to you, the Director must receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent via email to OfficeofAppeals@conservation.ca.gov or via U.S. mail to:

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

If Operator files a timely written notice of appeal, Operator will be informed of the appeal hearing date, time, and place. Following the hearing, Operator will receive a written decision that affirms, sets aside, or modifies the appealed order.

VI. Other Potential Actions to Enforce This Order

Failure to comply with Section IV (Operator's Required Actions) of this Order could subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5 authorizes the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may in the future impose further civil penalties based on the facts and omissions underlying this Order. PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or the decommissioning of a production facility 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.

PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an order of

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1 the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct offense.
2 (PRC, § 3359.)

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DATED: 5/1/2025

Doug Ito
Doug Ito
State Oil and Gas Supervisor