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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 PERFORM REMEDIAL WORK TO PROTECT PUBLIC HEALTH**
15 **AND SAFETY AND ASSESSING CIVIL PENALTIES**
16 **NO. 1552**
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19 **Operator: 25 Hill Properties, Inc. (A0025)**
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I. Introduction

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

Based on CalGEM's records, 25 Hill Properties, Inc. (**Operator**) is or was an "operator" (as defined in PRC, § 3009) and is responsible for the wells identified on **Attachment A**, incorporated herein (the **Wells**). Each of the Wells is or was an idle well, as defined in PRC section 3008, subdivision (d). Under applicable provisions of Regulations, Operator was required to perform idle well testing on the Wells, and Operator failed to successfully do so. (Regulations, §§ 1772.1, 1772.1.4.) The type of required idle well testing the Operator failed to successfully complete, the date that testing was due, and the date remediation was required are outlined in **Attachments C-L** and below. Under Regulations section 1772.1, subdivision (b), within 12 months of failing to successfully complete clean out tag or casing pressure testing, Operator was required to comply with idle well remediation requirements for the Wells, and Operator has not done so. The Operator has also failed to conduct fluid level testing as required by Regulations section 1772.1, subdivision (a)(1). Therefore, pursuant to PRC sections 3013, 3106, 3206.1, 3224, and 3236.5, and Regulations sections 1772.1 and 1772.1.4, the Supervisor is ordering Operator to bring the Wells into compliance with idle well requirements discussed below and to pay a civil penalty for each violation.

Attachment B, incorporated herein, contains a list of definitions and authorities that are applicable to this order.

II. Failure To Conduct Fluid Level Testing

CalGEM has reviewed its records and determined that Operator is in violation of Regulations section 1772.1, subdivision (a)(1), stating in part, within 24 months of a well becoming an idle well, the operator shall conduct a fluid-level test for all idle wells using

acoustical, mechanical, or other reliable methods, or other diagnostic tests approved by the Supervisor to determine whether the fluid is above the base of a USDW.

As of the date of this Order, Operator has failed to provide evidence that it has conducted fluid-level testing on the idle wells identified in the table below and on

Attachments E, G, I, and K.

Well API	Well Designation	Test Due Date
0402925244	Sec. 30 1	4/1/2021
0402925248	Sec. 30 5	4/1/2021
0402925249	Sec. 30 6	4/1/2021
0402925252	Sec. 30 9	4/1/2021
0402925254	Sec. 30 11	4/1/2021
0402936047	B-Zone 1-A	4/1/2021
0402936056	B-Zone 10	3/1/2024
0402936058	Shell 1	3/1/2024
0402938834	Jameson Trust 3J	6/1/2023
0402938837	Jameson Trust 4	4/1/2021
0402938840	Jameson Trust 5J	4/1/2023
0402938845	Jameson Trust 8	3/1/2024
0402938848	Jameson Trust 9	7/1/2023
0402938849	Jameson Trust 10J	3/1/2024
0402938852	Jameson Trust 12	3/1/2024
0402938862	Jameson Trust 18	1/1/2024
0402946507	Shell 2	3/1/2024
0402946508	Shell 3	3/1/2024
0402948568	Jameson Trust 3	3/1/2024
0402948570	Jameson Trust 5	3/1/2024

Well API	Well Designation	Test Due Date
0402948571	Jameson Trust 6	3/1/2024
0402948575	Jameson Trust 10	3/1/2024
0402949192	Virginia Lands 1	3/1/2024
0402949193	Virginia Lands 2	5/14/2025
0402950389	Virginia Lands 5	3/1/2024
0402950390	Jameson Trust 14	3/1/2024
0402950469	Jameson Trust 15	1/1/2024
0402953522	Virginia Lands 4	3/1/2024
0402953912	Virginia Lands 6	3/1/2024
0402958865	Jameson Trust 21	4/1/2021
0402975293	Jameson Trust 31	3/1/2024
0402980938	Jameson Trust 32	3/1/2024
0402980939	Jameson Trust 33	3/1/2024
0402980940	Jameson Trust 34	11/1/2023

III. **Failure To Conduct Idle Well Casing Pressure Testing**

CalGEM has reviewed its records and determined that Operator is in violation of Regulations section 1772.1, subdivision (a)(2) or 1772.1.4, subdivision (b). Regulations section 1772.1, subdivision (a)(2) states within 24 months of a well becoming an idle well, the operator shall conduct a casing pressure test from the surface to a depth that is 100 feet measured depth above the uppermost perforation, immediately above the casing shoe of the deepest cemented casing, or immediately above the top of the landed liner, whichever is highest. Regulations section 1772.1.4, subdivision (b) requires the Operator's Testing Compliance Work Plan include a pressure test and a clean out tag for every well that was idle as of April 1, 2019, unless the well was scheduled for plugging and abandonment under an approved Idle Well Management Plan or Testing Waiver Plan. Plugging and abandonment was not scheduled or

approved on an approved Idle Well Management Plan nor Testing Waiver Plan, which requires the wells to have the appropriate testing by their respective due dates. Further, Regulations section 1772.1.4 subdivision (f) states, "[i]f the operator does not complete testing on the number of wells required under subdivision (b), then each well that the operator failed to test constitutes a separate violation and is subject to the requirements of Section 1772.1(b)."

Regulations section 1772.1, subdivision (b) provides in part that if an operator fails to successfully complete required testing or otherwise comply with the idle well requirements, they must, within 12 months, take action as described in Section VI below, in addition to any penalties or other remedial actions imposed by CalGEM.

As of the date of this Order, Operator has failed to provide evidence that it has conducted casing pressure testing on the idle wells identified in the table below and on **Attachments C, D, F, H, J, and L**. Therefore, Operator's failure to test each of the wells listed below constitutes a separate violation and is subject to the requirements of Regulations section 1772.1, subdivision (b).

Well API	Well Designation	Test Due Date	Remediation Due Date
0402925244	Sec. 30 1	4/1/2023	4/1/2024
0402925248	Sec. 30 5	4/1/2024	4/1/2025
0402925249	Sec. 30 6	4/1/2024	4/1/2025
0402925252	Sec. 30 9	4/1/2025	4/1/2026
0402925254	Sec. 30 11	4/1/2025	4/1/2026
0402936047	B-Zone 1-A	4/1/2020	4/1/2021
0402936056	B-Zone 10	3/1/2024	3/1/2025
0402936058	Shell 1	3/1/2024	3/1/2025
0402938834	Jameson Trust 3J	6/1/2023	6/1/2024
0402938837	Jameson Trust 4	4/1/2022	4/1/2023
0402938840	Jameson Trust 5J	4/1/2023	4/1/2024

Well API	Well Designation	Test Due Date	Remediation Due Date
0402938845	Jameson Trust 8	3/1/2024	3/1/2025
0402938848	Jameson Trust 9	7/1/2023	7/1/2024
0402938849	Jameson Trust 10J	3/1/2024	3/1/2025
0402938852	Jameson Trust 12	3/1/2024	3/1/2025
0402938862	Jameson Trust 18	1/1/2024	1/1/2025
0402946507	Shell 2	3/1/2024	3/1/2025
0402946508	Shell 3	3/1/2024	3/1/2025
0402948568	Jameson Trust 3	3/1/2024	3/1/2025
0402948570	Jameson Trust 5	3/1/2024	3/1/2025
0402948571	Jameson Trust 6	3/1/2024	3/1/2025
0402948575	Jameson Trust 10	3/1/2024	3/1/2025
0402949192	Virginia Lands 1	3/1/2024	3/1/2025
0402949193	Virginia Lands 2	12/1/2024	12/1/2025
0402950389	Virginia Lands 5	3/1/2024	3/1/2025
0402950390	Jameson Trust 14	3/1/2024	3/1/2025
0402950469	Jameson Trust 15	1/1/2024	1/1/2025
0402953522	Virginia Lands 4	3/1/2024	3/1/2025
0402953912	Virginia Lands 6	3/1/2024	3/1/2025
0402958865	Jameson Trust 21	4/1/2021	4/1/2022
0402975293	Jameson Trust 31	3/1/2024	3/1/2025
0402980938	Jameson Trust 32	3/1/2024	3/1/2025
0402980939	Jameson Trust 33	3/1/2024	3/1/2025
0402980940	Jameson Trust 34	11/1/2023	11/1/2024

1 **IV. Failure To Conduct Clean Out Tag for API 0402936047 (B-Zone 1-A)**

2 Within eight years of a well becoming an idle well, the operator shall perform a clean
3 out tag on the well to determine the ability to reach the current CalGEM approved depth of
4 the well using either open-ended tubing or a gauge ring demonstrated to CalGEM to be of
5 the minimum diameter of the tubing necessary to properly plug and abandon the well.
6 (Regulations sections 1772.1.4, subd. (a) and 1772.1, subd. (a)(3).) Based on CalGEM's
7 documentation, Operator failed to conduct a clean out tag for this well.

8 As of the date of this Order, Operator has failed provide evidence that it has
9 conducted a clean out tag for the idle well identified in the table below and on **Attachment C**
10 and is in violation of Regulations sections 1772.1.4, subdivision (a) and 1772.1, subdivision (a)(3)
11 and is subject to the requirements of Regulations section 1772.1, subdivision (b).

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Well API	Well Designation	Test Due Date	Remediation Due Date
0402936047	B-Zone 1-A	4/1/2020	4/1/2021

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16 **V. Civil Penalties**

17 Operator's failure to comply with idle well requirements is a violation of Regulations
18 section 1772.1, subdivisions (a)(1), (a)(2), and (a)(3) and section 1772.1.4, subdivision (b).
19 Because of these violations, and based on consideration of relevant circumstances, consistent
20 with PRC section 3236.5, the Supervisor is imposing civil penalties totaling \$105,350.00 for the 69
21 separate violations. Because Operator is currently in bankruptcy proceedings, this order is
22 establishing the civil penalties owed by Operator but is not presently a demand for payment.

23 The Supervisor considered relevant circumstances when determining the civil penalty,
24 including: whether the violations are "major," "minor," or "well stimulation" (as defined in PRC
25 section 3236.5, subdivision (b)) and setting a penalty amount proportionate to the
26 circumstantial importance of all relevant eight factors identified in PRC section 3236.5,
27 subdivision (a). In determining the civil penalty amount for Operator's failure to comply with
28 idle well requirements, the Supervisor determined each violation to be "minor." The statutory

1 maximum for a minor violation is \$2,500.

2 After considering all relevant factors, the Supervisor determined that a civil penalty of
3 \$525 was appropriate for each of the 34 fluid level testing violations. The maximum civil
4 penalty of \$2,500 was imposed for the casing pressure and clean-out tag violations, in part
5 because the cost of performing these tests—ranging from approximately \$13,700 for one
6 clean-out tag to \$17,000 for one casing pressure test—far exceeds the maximum allowable
7 penalty. In determining the civil penalty amount for all violations, the Supervisor considered
8 the potential risks associated with idle wells and the economic benefit from avoiding the cost
9 of compliance as the primary considerations for determining an effective civil penalty
10 amount. The required idle well testing is critical for determining if an idle well has integrity. Idle
11 wells that lack integrity have the potential to harm air quality and groundwater. Similarly, by
12 foregoing the compliance of idle well requirements, Operator has received a substantial
13 economic benefit.

14 **(a) Civil Penalty for Failure to Conduct Fluid Level Testing Violations**

15 An economic analysis of the costs of conducting fluid level testing was evaluated and
16 the eight statutory criteria were carefully considered. A civil penalty of \$525, per violation was
17 imposed based on potential harm, persistence, pervasiveness, economic benefit, and other
18 relevant circumstances. Eleven of the wells listed have two cycles of idle well fluid level testing
19 missed, given that testing must occur every 24 months, providing the operator with a further
20 economic benefit from not conducting the testing. This violation was cited 34 times, for a total
21 civil penalty of \$17,850.

22 **(b) Civil Penalty for Failure to Conduct Casing Pressure Testing Violations**

23 An economic analysis of the cost to perform casing pressure testing was evaluated and
24 the eight statutory criteria were carefully considered. A civil penalty of \$2,500, per violation
25 was assessed based on potential harm, persistence, pervasiveness, economic benefit, and
26 other relevant circumstances. Two of the wells listed have two cycles of idle casing pressure
27 testing missed, assuming the most frequent repeat testing cycle of every 48 months, providing
28 the operator with a further economic benefit from not conducting the testing. This violation

was cited 34 times, for a total civil penalty of \$85,000.

(c) Civil Penalty for Failure to Conduct Clean Out Tag Violation

An economic analysis of the cost to perform a clean out tag was evaluated and the eight statutory criteria were carefully considered. A civil penalty was assessed based on potential harm, persistence, pervasiveness, economic benefit, and other relevant circumstances. The one well in violation has missed two cycles of idle cleanout tag testing missed, given that testing must occur every 48 months, providing the operator with a further an economic benefit from not conducting the testing. This violation was cited one time, for a total civil penalty of \$2,500.

Based on Operator's idle wells which are overdue for testing, and with appropriate consideration of relevant factors as described in PRC section 3236.5, the Supervisor hereby imposes civil penalties totaling one hundred five thousand three hundred fifty dollars (\$105,350.00) for the 69 violations for failing to test the Wells.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Conduct Idle Well Fluid Testing (Regulations, § 1772.1(a)(1))	34	\$525	\$17,850
Failure to Conduct Idle Well Casing Pressure Testing (Regulations, § 1772.1(a)(2))	34	\$2,500	\$85,000
Failure to Conduct Cleanout Tag Testing (Regulations, § 1772.1(a)(3))	1	\$2,500	\$2,500
		Total Civil Penalty:	\$105,350.00

VI. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3206, 3206.1, 3224, and 3236.5, and Regulations sections 1772.1 and 1772.1.4, **IT IS HEREBY ORDERED** that Operator:

- 1) **Be assessed civil penalties totaling one hundred five thousand three hundred fifty dollars (\$105,350.00), subject to applicable bankruptcy law;**
- 2) **In accordance with Regulations section 1772.1 subdivision (a)(1), bring the Wells identified in section II of this order into compliance by conducting fluid level testing.**
- 3) **In accordance with Regulations section 1772.1, subdivision (b) bring the Wells identified in sections III and IV of this order into compliance by doing one of the following:**
 - a. **Bring the Wells into compliance by performing and passing a casing pressure test or performing a clean out tag, as directed in Regulations section 1772.1, subdivisions (a)(2) and (a)(3), respectively;**
 - b. **Partially plug and abandon the Wells in accordance with Regulations section 1752;**
 - c. **Plug and abandon the Wells in accordance with PRC section 3208; or**
 - d. **Schedule the Wells for plugging and abandonment under an approved Idle Well Management Plan or an approved Testing Waiver Plan.** For assistance submitting a Plan or for other questions about idle well compliance, please contact the Idle Wells Program at CalGEMidlewells@conservation.ca.gov.

A continuing failure to bring the Wells into compliance with Regulations section 1772.1, subdivision (b), may subject Operator to additional civil penalties.

VII. 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 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 U.S. mail to:

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1 Department of Conservation
2 Director's Office of Appeals
3 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
4 Sacramento, California 95814

5 Or via electronic mail:

6 OfficeofAppeals@conservation.ca.gov

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

10 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
11 following an appeal, this Order will become a final order and CalGEM may contract for
12 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
13 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
14 CalGEM to obtain compliance with this Order (which may include penalties and interest) may
15 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
16 3356.)

17 **VIII. Other Potential Actions to Enforce This Order**

18 Failure to comply with Section VI (Operator's Required Actions) of this Order could
19 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
20 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
21 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
22 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
23 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
24 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
25 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
26 PRC or any regulation that implements those statutes, and the Supervisor may in the future
27 impose further civil penalties based on the facts and omissions underlying this order. PRC
28 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 the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take further enforcement actions.

DATED: 10/9/2025

Lindsey Miller

Lindsey Miller
CalGEM Enforcement Chief, on
behalf of the State Oil and Gas
Supervisor