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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 A CIVIL PENALTY AND PERFORM REMEDIAL WORK**  
15 **NO. 1590**  
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18 **Operator: Hays Ranches, LLC**  
19 **Field Name: Amedee**  
20 **County: Lassen**  
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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 3700) and title 14 of the California Code of Regulations (**Regulations**), has broad authority to supervise the drilling, operation, maintenance and abandonment of geothermal resources to prevent damage to life, health, property, and natural resources. (PRC, §§ 3712, 3714.) The Supervisor may impose a civil penalty on any person who violates any statutory provision of the PRC, or any regulation that implements those statutory provisions. (PRC, § 3754.5.)

Based on CalGEM's records, Hays Ranches, LLC (**Operator**) is the "operator" (as defined in PRC, § 3709) and is responsible for the "NorCal" 2 well (API 0403590075) identified on **Attachment A**, incorporated herein (**the Well**). As described in more detail below, Operator has failed to address the ongoing and interconnected series of uncontrolled discharges of geothermal fluids at and around the Well for which the Supervisor has determined remedial work is necessary and a civil penalty appropriate. CalGEM believes this failure is increasingly making remediation and/or plugging and abandonment of the Well dangerous or infeasible to complete. In addition, CalGEM has reason to believe that the integrity of the Well may be compromised and contributing to the occurrence of the discharges. Leaks and other uncontrolled well releases could present a risk of harm to life, health, property, and natural resources. (See PRC, §§ 3739, 3740; Regulations, §§ 1935, 1935.2, 1952.)

Therefore, pursuant to PRC sections 3712, 3714, 3739, 3740, and 3741 and Regulations sections 1935, 1952, and 1954, the Supervisor is ordering Operator to submit a work plan to demonstrate the integrity of the Well and its isolation from the fluids expressed at surface around the Well within fifteen (15) days of this Order for CalGEM's review and approval. In the event of negative or inconclusive test results, Operator is required to submit a remediation work plan within fifteen (15) days after receiving such results for CalGEM's review and approval.

1 In addition, pursuant to PRC section 3712, 3714, and 3754.5, the Supervisor is ordering  
 2 Operator to pay a civil penalty totaling two thousand five hundred dollars (\$2,500.00) within  
 3 thirty (30) days of this Order for violations of PRC sections 3739 and 3740 and Regulations  
 4 sections 1935, 1935.2, and 1952.

5 **Attachment B**, incorporated herein, contains a list of definitions and authorities that are  
 6 applicable to this Order.

7 **II. Alleged Acts and Omissions**

8 Based on CalGEM's records, at all times relevant to this Order, Operator was the  
 9 "operator" of the Well, as defined in PRC section 3709. The Well was drilled in 1988 and is  
 10 located near the Amedee Hot Springs area in Honey Lake Valley, California. On or about  
 11 October 7, 2024, Operator acquired the Well from Amedee Geothermal Venture I (Amedee).

12 Geothermal operators are required to equip wells with sufficient casing and maintain  
 13 them in good condition to prevent damage to life, health, property, and natural resources.  
 14 (PRC, §§ 3739, 3740; Regulations, §§ 1935, 1952.) In addition, Regulations section 1935.2  
 15 requires that surface casing "shall provide for control of formation fluids ...." PRC section 3741  
 16 and Regulations section 1954 authorize the Supervisor to require tests or remedial work  
 17 necessary to prevent damage to life, health, property, and natural resources, and to protect  
 18 geothermal reservoirs from damage.

19 On September 14, 2021, CalGEM staff conducted an inspection of the Well and  
 20 observed that geothermal fluid was discharging into the well cellar and surrounding area in an  
 21 uncontrolled manner. On October 20, 2021, CalGEM issued a Notice of Violation (NOV) to  
 22 Amedee requiring immediate action to correct the uncontrolled discharge and, due to  
 23 mechanical integrity concerns, the submission of a work plan to remediate the Well by  
 24 October 29, 2021. In correspondence dated March 16, 2022, CalGEM approved Amedee's  
 25 proposal to perform concrete work on the well cellar but continued to have concerns  
 26 regarding the well's mechanical integrity; CalGEM requested that Amedee submit a  
 27 remediation work plan and corresponding NOI by May 31, 2022. On or about May 26, 2022,  
 28 Amedee ran a caliper log on the Well's production casing; no log was run on the surface

1 casing. On September 18 and 27, 2022, CalGEM staff conducted follow-up inspections of the  
2 Well and observed the following:

- 3 • The discharge of geothermal fluids had stopped at and around the Well (i.e.,  
4 no fluid was entering the well cellar or discharging into the surrounding area).
- 5 • The Well had a new well cellar that was intact and dry of fluids.
- 6 • The well pump for the nearby "NorCal" 1 well (API 0403590076) was operating.

7 On August 15, 2023, CalGEM staff conducted an additional inspection of the Well and  
8 observed the NorCal 1 well not to be operating, and again observed an uncontrolled  
9 discharge of geothermal fluids occurring around the Well but this time not into the well cellar.

10 On November 13, 2023, CalGEM issued a subsequent NOV requiring Amedee to take  
11 immediate action to correct the uncontrolled discharge and to inform CalGEM of Amedee's  
12 planned steps to remediate the Well by December 29, 2023. Upon the request of Amedee,  
13 and as indicated in correspondence dated December 5, 2023, CalGEM extended this date to  
14 January 5, 2024.

15 In correspondence received by CalGEM on January 18, 2024, Amedee stated that the  
16 Well was in good condition based on its inspections and tests performed on the Well, and the  
17 uncontrolled discharges were related to fractures around the nearby Amedee Fault as well as  
18 constraints in Amedee's ability to operate the NorCal 1 well to maintain the reservoir at a  
19 sufficiently low enough level to prevent discharges. On May 29, 2024, CalGEM staff conducted  
20 a follow-up inspection of the wells and again observed the Well's cellar to be dry and intact,  
21 no discharges occurring around the Well, and the NorCal 1 well pump to be operating.

22 As indicated above, Amedee's remediation of the Well's cellar was able to prevent the  
23 future occurrence of geothermal fluid discharge into the cellar but not the area immediately  
24 surrounding it while the NorCal 1 well was not operating. Further, Amedee did not provide  
25 CalGEM with documentation demonstrating the integrity of the Well's surface casing. For  
26 these reasons, CalGEM has reason to question the mechanical integrity of the Well's surface  
27 casing and the condition of its cement. If the Well lacks mechanical integrity, CalGEM is  
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1 concerned that this creates a risk of an uncontrolled well release which could result in harm to  
2 human health or the environment

3 In addition, CalGEM is concerned that continuous uncontrolled discharges of  
4 geothermal fluids increases the risk of degradation of the surface equipment, well pad,  
5 wellbore, well cellar, and the surrounding area, making future remediation and/or plugging  
6 and abandonment work dangerous or infeasible. Further, CalGEM had been concerned that  
7 Amedee's approach of responding to the observed conditions at the surface near the Well by  
8 operating the NorCal 1 well subjects the wellbore and its surrounding area to ongoing, if  
9 intermittent, degradation, including potential harm to the geothermal reservoir. Moreover,  
10 CalGEM believes running the pump at the NorCal 1 well is not a viable option because this  
11 mitigation measure is prone to mechanical, maintenance, or other operational issues, and  
12 therefore does not represent a long-term solution.

13 As of the date of this Order, neither Amedee nor Operator have provided CalGEM with  
14 a work plan or NOI to remediate the Well nor a long-term plan of action to address the  
15 uncontrolled discharge situation to CalGEM's satisfaction. Failure to address the ongoing and  
16 interconnected series of uncontrolled discharges of geothermal fluids at and around the Well  
17 constitutes violations of PRC section 3739 and 3740 and Regulations sections 1935, 1935.2, and  
18 1952.

19 **III. Civil Penalty**

20 Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section  
21 3754.5, by this Order the Supervisor imposes on Operator an administrative civil penalty  
22 totaling two thousand five hundred dollars (\$2,500.00) for violations of PRC sections 3739 and  
23 3740 and Regulations sections 1935, 1935.2, and 1952.

24 For purposes of this Order, the Supervisor considered relevant circumstances when  
25 establishing the amount of the administrative civil penalty, including the three factors  
26 identified in PRC section 3754.5, subdivision (a).

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

2 For the reasons stated herein, and pursuant to PRC sections 3712, 3714, 3741, and  
3 3754.5, **IT IS HEREBY ORDERED** that Operator:

- 4 1) Submit a work plan to demonstrate the integrity of the Well's surface casing and  
5 its isolation from the fluids expressed at surface around the Well within fifteen (15)  
6 days of this Order for CalGEM's review and approval. In the event of negative or  
7 inconclusive test results, Operator is required to submit a remediation work plan  
8 regarding the Well within fifteen (15) days of receiving such results for CalGEM's  
9 review and approval.
- 10 2) Pay an administrative civil penalty of two thousand five hundred dollars  
11 (\$2,500.00) within 30 days of this Order.

12 Violations and penalties may continue to accrue if these requirements are not  
13 addressed to CalGEM's satisfaction.

14 To remit payment of the civil penalty 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 "G."

19 To remit payment of the civil penalty 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 1803  
Sacramento, California 95814

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

26 Please contact Jerry Salera ([Jerry.Salera@conservation.ca.gov](mailto:Jerry.Salera@conservation.ca.gov)) with any questions  
27 concerning the required work, requests for extensions, and to submit any required  
28 documentation.

**V. Operator's Appeal Rights**

Operator may appeal this Order by filing a timely written notice of appeal with the Director as described in Division 3 of the PRC, sections 3762 to 3768. (PRC, § 3743, 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:

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

Alternatively, the written notice of appeal may be sent via electronic mail to:

[OfficeofAppeals@conservation.ca.gov](mailto:OfficeofAppeals@conservation.ca.gov).

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.

If Operator does not file a timely written notice of appeal, or if the Order is affirmed following an appeal, this Order will become a final order. Any costs incurred by CalGEM to obtain compliance with this Order (which may include penalties and interest) will constitute a lien against Operator's real or personal property per PRC section 3772. (PRC, § 3768.)

**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 3754 makes it a misdemeanor for any person who violates, fails, neglects, or refuses to comply with any of the provisions of the geothermal conservation laws commencing at PRC section 3700. PRC section 3754.5 authorizes the Supervisor to seek civil penalties and injunctive relief for failure to comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes. PRC section 3754.5 authorizes the Supervisor to impose a civil

1 penalty on a person who violates any provision in Chapter 1 of Division 3 of the PRC or any  
2 regulation that implements those statutes, and the Supervisor may in the future impose further  
3 civil penalties based on the facts and omissions underlying this Order. PRC section 3755  
4 authorizes the Supervisor to order the plugging and abandonment of a well if an operator has  
5 failed to comply with an order of the Supervisor within the time provided by the order or has  
6 failed to challenge the order on a timely basis. PRC section 3771 makes it a misdemeanor to  
7 fail or neglect to comply with an order of the Supervisor. Each day's further failure, refusal, or  
8 neglect is a separate and distinct offense. (PRC, § 3771.) By issuance of this Order, the  
9 Supervisor does not waive the right to take further enforcement actions.

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DATED: 2/12/2026 \_\_\_\_\_

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