SB-47 Oil and gas: hazardous and idle-deserted wells and production facilities: expenditure limitations: updated reports. (2021-2022)

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Senate Bill No. 47

CHAPTER 238

An act to amend Section 3258 of the Public Resources Code, relating to oil and gas.

[Approved by Governor September 23, 2021. Filed with Secretary of State September 23, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 47, Limón. Oil and gas: hazardous and idle-deserted wells and production facilities: expenditure limitations: updated reports.

Existing law authorizes the State Oil and Gas Supervisor to order certain operations to be carried out on any property in the vicinity of which, or on which, is located any well or facility that the supervisor determines to be a hazardous well, an idle-deserted well, a hazardous facility, or a deserted facility, as specified.

Existing law prohibits the Geologic Energy Management Division from expending more than $3,000,000 in any one fiscal year, for the 2018–19 fiscal year to the 2021–22 fiscal year, inclusive, and, commencing with the 2022–23 fiscal year, no more than $1,000,000 in any one fiscal year for those purposes related to hazardous wells, idle-deserted wells, hazardous facilities, and deserted facilities. Existing law provides that these moneys be used exclusively for plugging and abandoning hazardous or idle-deserted wells and decommissioning hazardous or deserted facilities. Existing law requires the Department of Conservation, on April 1, 2021, to report information to the Legislature on hazardous wells, idle-deserted wells, deserted facilities, and hazardous facilities, as provided, and to provide an update on the report to the Legislature on October 1, 2023.

This bill, commencing with the 2022–23 fiscal year, and continuing thereafter, would provide that the spending cap applies to expenditures from the Oil, Gas, and Geothermal Administrative Fund and would raise the cap on spending for these purposes from $1,000,000 to $5,000,000 in any one fiscal year. The bill would authorize the moneys to additionally be used for remediating well sites of hazardous or idle-deserted wells. The bill would also require the department to provide an update on the report to the Legislature annually.

Existing law requires the supervisor to order those tests or remedial work that in the judgment of the supervisor are necessary to prevent damage to life, health, property, and natural resources; to protect oil and gas deposits from damage by underground water; or to prevent the escape of water into underground formations, or to prevent the infiltration of detrimental substances into underground or surface water suitable for irrigation or domestic purposes, to the best interests of the neighboring property owners and the public. Existing law authorizes the supervisor or district deputy to order the plugging and abandonment of a well or the decommissioning of a production facility that has been deserted whether or not any damage is occurring or threatened by reason of that deserted well or production facility. Existing law requires the owner or operator to commence, in good faith, the work ordered and continue it until completion and, if the work has not been commenced and continued to completion, authorizes the supervisor to appoint necessary agents to enter the premises and perform the work and provides that any amounts expended are a perfected and enforceable state tax lien against real or personal property of the operator.

This bill would make the above-described $5,000,000 spending cap applicable to the supervisor's authority to appoint necessary agents to enter the premises and perform the work, unless the division obtains a lien against real or personal property of the operator. If the division obtains a lien against real or personal property of greater value than the amount of the expenditure, the bill would provide that the amount of the expenditure does not count against the expenditure limit. If the division obtains a lien against real or personal property of lesser value than the amount of the expenditure, the bill would provide that only the difference between the amount of the expenditure and the value of the property counts against the expenditure limit.

This bill would incorporate additional changes to Section 3258 of the Public Resources Code proposed by SB 84 to be operative only if this bill and SB 84 are enacted and this bill is enacted last.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 3258 of the Public Resources Code is amended to read:

3258. (a) The division shall not make expenditures from the Oil, Gas, and Geothermal Administrative Fund pursuant to this article that exceed in any one fiscal year:

(1) Three million dollars ($3,000,000), commencing on July 1, 2018, for the 2018–19 fiscal year, and continuing for three fiscal years thereafter.

(2) Five million dollars ($5,000,000), commencing with the 2022–23 fiscal year, and continuing thereafter.

(b) The expenditure limits of subdivision (a) also apply to expenditures by the division from the Oil, Gas, and Geothermal Administrative Fund pursuant to Section 3226, unless the division obtains a lien against real or personal property of the operator. If the division obtains a lien against real or personal property of greater value than the amount of the expenditure, then the amount of the expenditure shall not count against the expenditure limit of subdivision (a). If the division obtains a lien against real or personal property of lesser value than the amount of the expenditure, then only the difference between the amount of the expenditure and the value of the property counts against the expenditure limit of subdivision (a).

(c) Moneys expended pursuant to this article shall be used exclusively for plugging and abandoning hazardous or idle-deserted wells, decommissioning hazardous or deserted facilities, or otherwise remediating well sites of hazardous or idle-deserted wells.

(d) The division shall develop criteria for determining the priority of plugging and abandoning hazardous or idle-deserted wells and decommissioning hazardous or deserted facilities to be remediated pursuant to this article and performing work pursuant to Section 3226. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to the development of criteria by the division pursuant to this subdivision.

(e) (1) (A) On April 1, 2021, the department shall report to the Legislature on the number of hazardous wells, idle-deserted wells, deserted facilities, and hazardous facilities remaining, the estimated costs of abandoning and decommissioning those wells and facilities, and a timeline for future abandonment and decommissioning of those wells and facilities with a specific schedule of goals.

(B) As part of the report required in subparagraph (A), the department shall provide recommendations to the Legislature for improving and optimizing the involvement of local agencies in the process of plugging and abandoning wells and decommissioning facilities. In drafting these recommendations, the department shall consider factors unique to each of the division's districts, and shall consult with local agencies in developing recommendations.

(C) In collecting the information for the report required in subparagraph (A), the division shall conduct field inspections of hazardous wells, idle-deserted wells, deserted facilities, and hazardous facilities and include information in the report from the field inspections that can be used to prioritize those wells and facilities in the specific schedule of goals.

(2) On October 1, 2023, and annually thereafter, the department shall provide to the Legislature an update on the report required in paragraph (1) that describes the total costs, average costs per well and facility, the number of wells plugged and abandoned, the number of facilities decommissioned, the total number of projects completed, and any additional wells and facilities identified by the department requiring abandonment or decommissioning.

(3) The report and update to the report required to be submitted under this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 1.5. Section 3258 of the Public Resources Code is amended to read:

3258. (a) The division shall not make expenditures from the Oil, Gas, and Geothermal Administrative Fund pursuant to this article that exceed in any one fiscal year:

(1) Three million dollars ($3,000,000), commencing on July 1, 2018, for the 2018–19 fiscal year, and continuing for three fiscal years thereafter.

(2) Five million dollars ($5,000,000), commencing with the 2022–23 fiscal year, and continuing thereafter.

(b) The expenditure limits of subdivision (a) also apply to expenditures by the division from the Oil, Gas, and Geothermal Administrative Fund pursuant to Section 3226, unless the division obtains a lien against real or personal property of the operator. If the division obtains a lien against real or personal property of greater value than the amount of the expenditure, then the amount of the expenditure shall not count against the expenditure limit of subdivision (a). If the division obtains a lien against real or personal property of lesser value than the amount of the expenditure, then only the difference between the amount of the expenditure and the value of the property counts against the expenditure limit of subdivision (a).

(c) Moneys expended pursuant to this article shall be used exclusively for plugging and abandoning hazardous or idle-deserted wells, decommissioning hazardous or deserted facilities, or otherwise remediating well sites of hazardous or idle-deserted wells.

(d) The division shall develop criteria for determining the priority of plugging and abandoning hazardous or idle-deserted wells and decommissioning hazardous or deserted facilities to be remediated pursuant to this article and performing work pursuant to Section 3226. The criteria shall consider the information required to be reported pursuant to subdivision (d). The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to the development of criteria by the division pursuant to this subdivision.

(e) (1) (A) On April 1, 2021, the department shall report to the Legislature on the number of hazardous wells, idle-deserted wells, deserted facilities, and hazardous facilities remaining, the estimated costs of abandoning and decommissioning those wells and facilities, and a timeline for future abandonment and decommissioning of those wells and facilities with a specific schedule of goals. By April 1, 2022, the department shall report to the Legislature the location of the applicable wells and facilities, including the county in which they are located, if the information is not otherwise included in the April 1, 2021, report described in this paragraph.

(B) As part of the report required in subparagraph (A), the department shall provide recommendations to the Legislature for improving and optimizing the involvement of local agencies in the process of plugging and abandoning wells and decommissioning facilities. In drafting these recommendations, the department shall consider factors unique to each of the division’s districts, and shall consult with local agencies in developing recommendations.

(C) In collecting the information for the report required in subparagraph (A), the division shall conduct field inspections of hazardous wells, idle-deserted wells, deserted facilities, and hazardous facilities and include information in the report from the field inspections that can be used to prioritize those wells and facilities in the specific schedule of goals.

(2) On October 1, 2023, and annually thereafter, the department shall provide to the Legislature an update on the report required in paragraph (1) that describes the total costs, average costs per well and facility, the number of wells plugged and abandoned, the number of facilities decommissioned, the total number of projects completed, and any additional wells and facilities identified by the department requiring abandonment or decommissioning. The update shall include the location, including the county, of applicable wells, facilities, and projects identified in the report.

(3) The report and update to the report required to be submitted under this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 2. Section 1.5 of this bill incorporates amendments to Section 3258 of the Public Resources Code proposed by both this bill and Senate Bill 84. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2022, (2) each bill amends Section 3258 of the Public Resources Code, and (3) this bill is enacted after Senate Bill 84, in which case Section 1 of this bill shall not become operative.