SB-406 Oil and gas: operations: notice of intention: investigations: data availability. (2021-2022)

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Senate Bill No. 406

CHAPTER 727

An act to amend Sections 3213, 3227, 3235, and 3412 of, to amend the heading of Article 3 (commencing with Section 690) of Chapter 2 of Division 1 of, and to add Sections 3108.5, 3115, and 3203.5 to, the Public Resources Code, relating to oil and gas.

[Approved by Governor October 08, 2021. Filed with Secretary of State October 08, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 406, Stern. Oil and gas: operations: notice of intention: investigations: data availability.

Existing law establishes the Geologic Energy Management Division in the Department of Conservation, under the direction of the State Oil and Gas Supervisor, who is required to supervise the drilling, operation, maintenance, and abandonment of oil and gas wells, as provided.

Existing law requires the supervisor, on or before the first day of October of each year, to make public, for the benefit of all interested persons, a report in writing showing specified information, including the total amounts of oil and gas produced in each county in the state during the previous calendar year.

This bill would require the supervisor, on or before July 1, 2026, to make all public information collected or maintained by the division, as specified, and, on or before July 1, 2024, to make all notices of violation and orders of the supervisor readily available to the public on the division’s internet website. The bill would require all online materials to be organized by well, operator, or project, and searchable. The bill would require the supervisor to make continuous progress towards meeting these requirements and would require the materials readily available to the public online to steadily increase. The bill would require priority be given to certain public information previously available on the division’s internet website and documents associated with wells that have not been plugged and abandoned.

Existing law requires the division to submit an annual report to the Legislature on well operations, as specified, organized statewide and by district.

This bill would require the division, on or before July 1, 2023, to develop and implement an education and outreach program to provide training to local governmental entities on materials collected and maintained by the division related to oil and gas operations.

Existing law requires the operator of a well to file a written notice of intention to commence drilling with, and prohibits any drilling until approval is given by, the supervisor or district deputy. Existing law authorizes the supervisor to require other pertinent information to supplement the notice.

This bill would require the division to require a copy of the local land use authorization that supports the installation of a well at the time an operator submits the notice of intention for the well, and would require the division to modify its forms used to evaluate notices of intention to include expiration dates for the required local land use authorizations submitted with the notice of intention.

Existing law requires an owner or operator of a well to keep, or cause to be kept, a careful and accurate log, core record, and history of the drilling of the well. Existing law requires the history to include, among other things, acid treatment data.

This bill would clarify that the history of a well is required to include, among other things, all acid treatment data of any amount.

Existing law requires the owner of any well to file with the supervisor a monthly statement that provides certain information relating to the well, including the source, volume, treatment, and disposition of water produced in oil and gas activities. Existing law also requires the owner of any well to file with the supervisor, on a quarterly basis, specified information relating to the well. Existing law also requires any operator that produces oil by the application of mining or other unconventional techniques to file a report with the supervisor, on or before March 1 of each year, showing the amount of oil produced by those techniques in the preceding calendar year. Under existing law, a person who fails to comply with this and other requirements relating to the regulation of oil or gas operations is guilty of a misdemeanor.

This bill would require, on or before July 1, 2023, all operators to provide to the division the information described above electronically. Because a violation of these requirements would be a crime, the bill would impose a state-mandated local program.

Existing law authorizes the supervisor, upon their own initiative, and requires the supervisor, upon receipt of a written complaint from a person owning land or operating wells within a radius of one mile of any well or group of wells complained against, to make an investigation of the well or wells involved. Existing law requires the supervisor to make a written report and order, stating the work required to repair the damage complained of, or stating that no work is required.

This bill would require the supervisor to additionally investigate a well or wells upon receipt of a written complaint from a person residing within a radius of one mile of any well or group of wells complained against.

Existing law requires the department to, on or before June 15 of each year, acting in conjunction with the Department of Finance, make an estimate of the amount of money that will be required to carry out certain provisions regarding the regulation of oil and gas, including any adjustments for savings or increased expenditures in the current and prior fiscal years, and to determine the rate or rates that will produce the sums estimated necessary to be raised and to extend into the proper column of the record of assessments the amount of charges due from each person.

This bill would require the Department of Conservation to post the information supporting the rate or rates on a publicly available portion of its internet website.

This bill would also make nonsubstantive changes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.
Vote: majority   Appropriation: no   Fiscal Committee: yes   Local Program: yes

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

SECTION 1. The Legislature finds and declares the following:

(a) For more than a decade, the state’s oil and gas regulator has repeatedly committed itself publicly to reforming its operations. Its 2012 Road Map, 2015 Renewal Plan, and 2017 updated Renewal Plan repeatedly pledge to modernize data management, improve public transparency of regulatory data, overhaul existing regulations, and take steps to hire, develop, and retain a high-quality workforce.

(b) These reform efforts have received repeated and ongoing legislative support over the years. The Legislature has passed several significant policy bills to revamp the management of idle wells, improve the safety of natural gas storage wells, and provide for enhanced bonding requirements to help ensure that the public does not have to pay to plug and abandon orphan wells, among other things. The Legislature has also approved numerous budget changes to increase the regulator’s capacity. In the last 10 years, for example, the technical staff positions have more than doubled.

(c) Chapter 771 of the Statutes of 2019 specified new purposes for the state’s oil and gas conservation laws. These include protecting public health and safety and environmental quality, including the reduction and mitigation of greenhouse gas emissions associated with the development of hydrocarbon and geothermal resources in a manner that meets the energy needs of the state. In addition, the regulator’s leader must coordinate with other state agencies, among others, in furtherance of the goals of the California Global Warming Solutions Act of 2006 and to help support the state's clean energy goals. To reflect this change, the regulator was renamed the Geologic Energy Management Division.

(d) There continues to be a need for statutory changes to support and reinforce the division's reform efforts, and to modernize and align the division with the new purposes of the state's oil and gas conservation laws.

SEC. 2. The heading of Article 3 (commencing with Section 690) of Chapter 2 of Division 1 of the Public Resources Code is amended to read:

Article 3. Geologic Energy Management Division

SEC. 3. Section 3108.5 is added to the Public Resources Code, to read:

3108.5. (a) (1) On or before July 1, 2026, the supervisor shall make all public information collected or maintained by the division, with priority given to well records, well logs, notices of intention, supplementary notices, field reports, inspection reports, correspondence, and other materials, readily available to the public on the division's internet website, except well records required to be held as confidential information pursuant to Section 3234. All online materials shall be organized by well, operator, or project, and searchable.

(2) On or before July 1, 2024, the supervisor shall make all notices of violation and orders of the supervisor readily available to the public on the division's internet website.

(b) The supervisor shall make continuous progress towards meeting the requirements of subdivision (a) and the materials readily available to the public online shall steadily increase. Priority shall be given to public information regarding well records, well logs, notices of intention, notices of violation, supplementary notices, field reports, inspection reports, and correspondence previously available on the division's internet website and documents associated with wells that have not been plugged and abandoned.

(c) (1) The supervisor shall, commencing July 1, 2023, provide an annual update to the Assembly Committee on Natural Resources and the Senate Committee on Natural Resources and Water on progress made toward meeting the requirements of subdivision (a).

(2) The requirement for submitting a report imposed under paragraph (1) is inoperative on July 1, 2027, pursuant to Section 10231.5 of the Government Code.

SEC. 4. Section 3115 is added to the Public Resources Code, to read:

3115. On or before July 1, 2023, the division shall develop and implement an education and outreach program to provide training to local governmental entities on materials collected and maintained by the division related to oil and gas operations.

SEC. 5. Section 3203.5 is added to the Public Resources Code, to read:

3203.5. (a) The division shall require a copy of the local land use authorization that supports the installation of a well at the time an operator submits the notice of intention for the well under Section 3203.

(b) The division shall modify its forms used to evaluate notices of intention under Section 3203 to include expiration dates for the required local land use authorizations described in subdivision (a).

SEC. 6. Section 3213 of the Public Resources Code is amended to read:

3213. (a) The history shall show the location and amount of sidetracked casings, tools, or other material, the depth and quantity of cement in cement plugs, the shots of dynamite or other explosives, all acid treatment data of any amount, and the results of production and other tests during drilling operations. All data on well stimulation treatments pursuant to Section 3160 shall be recorded in the history.

(b) Acid treatment data reported in a well history where the acid treatment occurred before December 31, 2021, and that complies with the requirements of Section 1777.4 of Title 14 of the California Code of Regulations, as it read on December 31, 2021, satisfies the well history acid treatment data reporting requirement in subdivision (a).

SEC. 7. Section 3227 of the Public Resources Code is amended to read:

3227. (a) The owner of any well shall file with the supervisor, on or before the last day of each month, for the last preceding calendar month, a statement, in the form designated by the supervisor, showing all of the following:

(1) The amount of oil and gas produced from each well during the period indicated, together with the gravity of the oil, the amount of water produced from each well, estimated in accordance with methods approved by the supervisor, and the number of days during which fluid was produced from each well.

(2) The number of wells drilling, producing, injecting, or idle, that are owned or operated by the person.

(3) What disposition was made of the gas produced from each field, including the names of persons, if any, to whom the gas was delivered, and any other information regarding the gas and its disposition that the supervisor may require.

(4) What disposition was made of water produced from each field and the amount of fluid or gas injected into each well used for enhanced recovery, underground storage of hydrocarbons, or wastewater disposal, and any other information regarding those wells that the supervisor may require.

(5) The source of water, and volume of any water, reported in paragraph (4), including the water used to generate or make up the composition of any injected fluid or gas. Water volumes shall be reported by water source if more than one water source is used. The volume of untreated water suitable for domestic or irrigation purposes shall be reported. Commingled water shall be proportionally assigned to individual wells, as appropriate.

(6) The treatment of water and the use of treated or recycled water in oil and gas field activities, including, but not limited to, exploration, development, and production.

(7) (A) The specific disposition of all water used in or generated by oil and gas field activities, including water produced from each well reported pursuant to paragraph (1). Water volumes shall be reported by disposition method if more than one disposition method is used. Commingled water shall be proportionally assigned to individual wells, as appropriate.

(B) This information shall also include the temporary onsite storage of water, as or if appropriate, and the ultimate specific use, disposal method or method of recycling, or reuse of this water.

(b) Any operator that produces oil by the application of mining or other unconventional techniques shall file a report with the supervisor, on or before March 1 of each year, showing the amount of oil produced by those techniques in the preceding calendar year.

(c) (1) Upon request and making a satisfactory showing therefor, a longer filing period may be established by the supervisor for any particular owner or operator.

(2) Notwithstanding subdivision (a), the owner of any well shall file with the supervisor, on a quarterly basis, a statement containing the information required to be reported pursuant to paragraphs (5), (6), and (7) of subdivision (a) in the form designated by the supervisor.

(d) (1) The division shall use a standardized form or format to facilitate reporting required pursuant to this section.

(2) On or before July 1, 2023, all operators shall provide to the division the information required pursuant to this section electronically.

(e) The division shall use noncustom software, as feasible, to implement online reporting by the operator of the information required pursuant to paragraphs (5), (6), and (7) of subdivision (a). This information may be reported separately from other information required to be reported pursuant to this section.

(f) For purposes of this section, the following terms have the following meanings:

(1) “Source of water” or “water source” means any of the following:

(A) The well or wells, if commingled, from which the water was produced or extracted.

(B) The water supplier, if purchased or obtained from a supplier.

(C) The point of diversion of surface water.

(2) “Specific disposition of all water” means the identification of the ultimate specific use, disposal method or method of recycling, or reuse of the water. This includes, but is not limited to, the identification of any treatment or recycling method used, injection of the water into specific injection or disposal well or wells, if commingled, discharge of the water to surface water or sumps, and sale or transfer of the water to a named entity.

SEC. 8. Section 3235 of the Public Resources Code is amended to read:

3235. (a) The supervisor may upon their own initiative or shall upon receipt of a written complaint from a person owning land, residing, or operating wells within a radius of one mile of any well or group of wells complained against make an investigation of the well or wells involved. The supervisor shall make a written report and order, stating the work required to repair the damage complained of, or stating that no work is required.

(b) A copy of the order shall be delivered to the complainant, or if more than one, to each complainant, and, if the supervisor orders the damage repaired, a copy of the order shall be delivered to each of the owners, operators, or agents having in charge the well or wells upon which the work is to be done.

(c) The order shall contain a statement of the conditions sought to be remedied or repaired and a statement of the work required by the supervisor to repair the condition.

(d) Service shall be made by mailing copies to the persons required under this section at the post office address given.

SEC. 9. Section 3412 of the Public Resources Code is amended to read:

3412. On or before June 15 of each year, the department shall determine the rate or rates that will produce the sums necessary to be raised as provided in Section 3410. Within the same time, the department shall extend into the proper column of the record of assessments the amount of charges due from each person. The department shall post the information supporting the rate or rates on a publicly available portion of its internet website.

SEC. 10. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.