SB-237 Oil spill prevention: gasoline specifications: suspension: California Environmental Quality Act: exemptions: County of Kern: transportation fuels assessment: coastal resources. (2025-2026)

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Senate Bill No. 237

CHAPTER 118

An act to amend Sections 8670.28 and 8670.37.51 of, and to add Section 51014.1 to, the Government Code, to add Section 43830.5 to the Health and Safety Code, and to amend Sections 25371 and 30262 of, to add Section 25371.4 to, and to add and repeal Section 21080.81 of, the Public Resources Code, relating to oil and gas.

[Approved by Governor September 19, 2025. Filed with Secretary of State September 19, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 237, Grayson. Oil spill prevention: gasoline specifications: suspension: California Environmental Quality Act: exemptions: County of Kern: transportation fuels assessment: coastal resources.

(1) The Lempert-Keene-Seastrand Oil Spill Prevention and Response Act generally requires the administrator for oil spill response, acting at the direction of the Governor, to implement activities relating to oil spill response, including emergency drills and preparedness, and oil spill containment and cleanup, and to represent the state in any coordinated response efforts with the federal government. Existing law requires the Governor to establish a California oil spill contingency plan that provides for an integrated and effective state procedure to combat the results of major oil spills within the state and that specifies state agencies to implement the plan. Existing law requires the administrator to adopt and implement regulations governing the adequacy of oil spill contingency plans to be prepared and implemented and requires the regulations to provide for the best achievable protection of coastal and marine waters. Existing law requires these regulations to permit the development, application, and use of an oil spill contingency plan for similar vessels, pipelines, terminals, and facilities within a single company or organization, and across companies and organizations. Existing law requires these regulations to ensure, among other things, standards for determining a reasonable worst case oil spill.

Under the act, the owner or operator of a facility where a spill could impact waters of the state is required apply for and obtain a certificate of financial responsibility issued by the administrator for the facility or the oil to be handled, stored, or transported by the facility.

This bill would require the administrator to publicly post a list of all applications for certificates of financial responsibility submitted by facility owners and operators on the internet website of the Office of Spill Prevention and Response and would require the posting to include specified information about applicants, including reasonable worst case spill volume of the facility to be covered by the certificate and the amount of financial responsibility demonstrated, as provided. This bill would, commencing January 15, 2027, and at least once every 10 years thereafter, require the administrator to solicit public input regarding both (A) the appropriateness of the reasonable worst case spill volumes for facilities and (B) the appropriateness of the financial responsibility requirements for facilities. The bill would require the supervisor, based on this feedback, to review and, as appropriate, revise the criteria and formulas for (A) calculating reasonable worst case spill volume and (B) calculating the financial assurances and setting the maximum amount of a certificate of financial responsibility necessary to respond to an oil spill, as provided.

(2) The Elder California Pipeline Safety Act of 1981 requires the State Fire Marshal to administer provisions regulating the inspection of intrastate pipelines used for the transportation of hazardous liquid. A violation of the act is a crime.

This bill would prohibit the restarting of an existing oil pipeline that is 6 inches or larger that has been idle, inactive, or out of service for 5 years or more without passing a spike hydrostatic testing program that meets the requirements established by the State Fire Marshal, as provided. By expanding the scope of a crime, the bill would impose a state-mandated local program. The bill would require these tests to be performed by a qualified testing company, as provided. The bill would require the Office of the State Fire Marshal to promulgate regulations as necessary to implement these provisions. The bill would require the State Fire Marshal to post on its public internet website information fully characterizing the parameters and results of each hydrostatic spike test performed, subject to any information deemed confidential and proprietary, no less than 30 calendar days after each hydrostatic spike test is conducted.

(3) Existing law authorizes the State Air Resources Board (state board) to adopt and implement motor vehicle fuel specifications for the control of air contaminants and sources of air pollution. Existing law requires the state board to establish, by regulation, maximum standards for the volatility of gasoline, as provided. Pursuant to these authorizations, the state board has adopted the California Reformulated Gasoline regulations establishing California-specific gasoline specifications for various regions of the state at specified time periods. Existing regulations also prohibit a person from selling, offering for sale, supplying, offering for supply, or transporting California gasoline that exceeds the applicable cap limit for Reid vapor pressure within each of specified air basins during various defined regulatory periods throughout the year.

This bill would require the Governor to suspend those regulatory control periods on which gasoline exceeding the Reid vapor pressure may be sold or supplied for use in the state, if the Governor, in consultation with the state board and the State Energy Resources Conservation and Development Commission, determines the average retail gasoline price increased substantially or is projected to increase substantially within any 30-day period and a suspension is necessary to protect consumers in the state from extraordinary gasoline price increases and determines, in the Governor’s discretion, that suspension is prudent and unlikely to yield unintended consequences. The bill would require the Governor, in considering whether to suspend the regulatory control periods, to consider the air quality effects and options to mitigate those effects, if necessary and subject to available resources.

(4) Existing law requires the State Energy Resources Conservation and Development Commission (energy commission), on or before January 1, 2024, and every 3 years thereafter, to submit an assessment to the Governor and the Legislature that, among other things, identifies methods to ensure a reliable supply of affordable and safe transportation fuels in California and evaluates the price of transportation fuels, including branded and unbranded retail prices, alternate formulations of gasoline with lower carbon impact, and other products suitable for production from refineries in California, as provided.

This bill would require the next version of the above-described transportation fuels assessment to evaluate the cost and supply impacts of allowing the sale of gasoline with alternative specifications from the state board’s gasoline specifications, as provided. The bill would require the energy commission to recommend a strategy to facilitate the sale of gasoline with those alternative specifications that, at a minimum, considers a trigger mechanism for when the gasoline with those alternative specifications may be sold, the existing variance process, and the use of a fee associated with the sale of the gasoline with those alternative specifications, as provided. The bill would additionally require the next version of this assessment to evaluate the development of westwide gasoline specification that could be used in a western region to include California and areas outside of California as an alternative to the California-specific specification in order to stabilize the petroleum market and petroleum prices in the western region, as provided. The bill would additionally require the energy commission, on or before March 31, 2026, to submit an assessment to the Governor and the Legislature that evaluates recommendations and strategies identified by the vice chair of the energy commission in a specified letter, and offers recommendations to the Legislature on potential changes to working group authorities or structures to support the state’s reliable, equitable, safe, and affordable transition away from petroleum fuels.

(5) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA prohibits a lead agency or a responsible agency from requiring the preparation of a subsequent or supplemental EIR unless one or more of 3 specified events occurs.

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 in the state and the operation, maintenance, and removal or abandonment of tanks and facilities related to oil and gas production within an oil and gas field so as to prevent damage to life, health, property, and natural resources. 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 prohibits the division from approving any notice of intention within a

health protection zone, defined as the area within 3,200 feet of certain residential, educational, health care, detention, or business facilities, except approvals necessary for specified purposes. Existing law requires oil or gas production facilities or wells with a wellhead within a health protection zone to comply with specified health, safety, and environmental requirements, as provided.

This bill would, among other things, deem a specified County of Kern environmental impact report sufficient for full compliance with the requirements of CEQA for purposes of consideration and adoption of amended revisions to a specified County of Kern zoning ordinance, and would establish that this determination of full compliance shall be final and conclusive for purposes of reliance on that environmental impact report by any responsible agency, as provided. The bill would establish that projects that satisfy the requirements of that zoning ordinance and that are approved by the County of Kern under that ordinance are deemed sufficient for full compliance with CEQA and no further environmental review shall be required pursuant to CEQA. This bill would prospectively apply these provisions concerning CEQA compliance to any approvals by the County of Kern with respect to the permitting of oil and gas production operations under any adopted local ordinance and associated development. The bill would also apply these provisions prospectively and retroactively to any pending causes of action and claims for which no final nonappealable judgment has been entered, as provided.

The bill would prohibit the granting of approvals by the County of Kern or the Geologic Energy Management Division in reliance on that environmental impact report for any operation located in a health protection zone, regardless of whether the above-described prohibitions on health protection zones are enforceable. The bill would require the division to be the lead agency for projects in Kern County that include approval of a notice of intention to drill or rework an oil or gas well within 3,200 feet of specified types of buildings, to the extent such projects may be authorized by law. The bill would prohibit the division from approving more than 2,000 notices of intention to drill new wells in reliance on that environmental impact report as a responsible agency, unless the State Energy Resources Conservation and Development Commission makes a formal finding that additional permit issuance is necessary for in-state crude oil production to supply 25% of in-state refinery feedstock demand, and that such production would likely help reduce costs for retail consumers of gasoline in the state.

The bill would repeal all of the above-described provisions concerning CEQA in the County of Kern on January 1, 2036.

To the extent a lead agency would be required to determine the applicability of some of the above-described exemptions and determinations of full compliance with CEQA, the bill would impose a state-mandated local program.

(6) The California Coastal Act of 1976 requires a person wishing to perform or undertake any development in the coastal zone to obtain a coastal development permit. The act encourages coastal-dependent industrial facilities to locate or expand within existing sites and requires that facilities be permitted reasonable long-term growth, as provided. The act specifies that new or expanded oil and gas development is not to be considered a coastal-dependent industrial facility and is to be permitted only if it is consistent with the act and meets certain requirements, including a requirement that oil produced offshore is to be transported onshore by pipeline using the best achievable technology, as defined, and onshore transport of the oil to processing and refining facilities by pipeline. The act applies the pipeline requirements on new or expanded oil extraction operations, and defines terms for these purposes, including the term “expanded oil extraction.” The act authorizes the transport of the oil by other modes of transportation if certain conditions are met.

This bill would require the onshore transportation of the oil to processing and refining facilities to use the best available technology, as provided. The bill would repeal authorization for the use of alternative modes of transportation. The bill would revise the definition of “expanded oil extraction” to include reactivation of a facility idled, inactive, or out of service for more than 5 years, or an increase in oil extraction from the use of hydraulic fracturing, extended reach drilling, acidization, or other unconventional technologies.

The act authorizes the repair and maintenance of an existing oil and gas facility to be permitted as a coastal-dependent industrial facility if certain requirements are met.

The bill would require a person to obtain a new coastal development permit for the repair, reactivation, and maintenance of an oil and gas facility, including an oil pipeline, that has been idled, inactive, or out of service for 5 years or more.

Because the bill would impose additional duties on a local government with a certified local coastal program in processing and reviewing an application for a coastal development permit, this bill would impose a state-mandated local program.

(7) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(8) This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Kern.

(9) 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 with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

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

SECTION 1. The Legislature finds and declares all of the following:

(a) In California, the success of the state's decarbonization strategies has moved the state's transportation sector from its early transition phase into the "mid-transition" phase, in which the state must simultaneously continue supporting the rapid expansion of a zero-emission and low-carbon transportation system while actively retiring the incumbent fossil fuel-based systems.

(b) A letter from the State Energy Resources Conservation and Development Commission to Governor Newsom, published in June 2025, recommended that the state, "Implement a suite of policies and programs to ensure environmental, public health, labor, economic, and consumer protections for a successfully managed transportation fuels transition […] Proactive planning and resources will be necessary to prepare communities for a future without petroleum industry, including refineries, and to ensure that fossil fuel-related legacies do not cause new harm."

(c) The state lacks explicit requirements for a refinery's closure or otherwise cessation of refining, despite the state now anticipating those closures.

(d) The state has an interest in understanding its potential financial liabilities. Absent any firm assurances to remediate these lands after a refinery's eventual closure, the obligations to fund cleanup are likely to fall upon the state and, by extension, the taxpayers, causing hundreds of prime acres to remain in disuse and leach hazardous waste or contaminants into surrounding communities for years.

(e) Refineries are major local employers and provide high-paying jobs to thousands of workers.

(f) Communities located near refineries and oil and gas extraction infrastructure bear the brunt of pollution in the state and have disproportionate negative health outcomes.

(g) The state should protect communities and assist workers in the transition through a holistic suite of policies to ensure the health and safety of the people of the State of California.

(h) It is the intent of the Legislature for the State Energy Resources Conservation and Development Commission to convene a working group that, at a minimum, includes representation from the State Air Resources Board, relevant local air districts, and any other state, local, or regional governmental entities that the commission deems appropriate to coordinate implementation of statutes, regulations, and additional authorities and provide recommendations to the Legislature on permitting changes and reforms to support the state's reliable, equitable, safe, and affordable transition away from petroleum fuels and the achievement of state climate and air quality goals and mandates.

(i) It is the intent of the Legislature to enact immediate measures to stabilize the transportation fuels market and to take future action to holistically address the mid-transition.

SEC. 2. Section 8670.28 of the Government Code is amended to read:

8670.28. (a) The administrator, taking into consideration the facility or vessel contingency plan requirements of the State Lands Commission, the Office of the State Fire Marshal, the California Coastal Commission, and other state and federal agencies, shall adopt and implement regulations governing the adequacy of oil spill contingency plans to be prepared and implemented under this article. All regulations shall be developed in consultation with the Oil Spill Technical Advisory Committee, and shall be consistent with the California oil spill contingency plan and not in conflict with the National Contingency Plan. The regulations shall provide for the best achievable protection of the waters and natural resources of the state. The regulations shall permit the development, application, and use of an oil spill contingency plan for similar vessels, pipelines, terminals, and facilities within a single company or organization, and across companies and organizations. The regulations shall, at a minimum, ensure all of the following:

(1) All areas of state waters are at all times protected by prevention, response, containment, and cleanup equipment and operations.

(2) Standards set for response, containment, and cleanup equipment and operations are maintained and regularly improved to protect the resources of the state.

(3) All appropriate personnel employed by operators required to have a contingency plan receive training in oil spill response and cleanup equipment usage and operations.

(4) Each oil spill contingency plan provides for appropriate financial or contractual arrangements for all necessary equipment and services for the response, containment, and cleanup of a reasonable worst case oil spill scenario for each area the plan addresses.

(5) Each oil spill contingency plan demonstrates that all protection measures are being taken to reduce the possibility of an oil spill occurring as a result of the operation of the facility or vessel. The protection measures shall include, but not be limited to, response to disabled vessels and identification of those measures taken to comply with requirements of Division 7.8 (commencing with Section 8750) of the Public Resources Code.

(6) Each oil spill contingency plan identifies the types of equipment that can be used, the location of the equipment, and the time taken to deliver the equipment.

(7) Each facility, as determined by the administrator, conducts a hazard and operability study to identify the hazards associated with the operation of the facility, including the use of the facility by vessels, due to operating error, equipment failure, and external events. For the hazards identified in the hazard and operability studies, the facility shall conduct an offsite consequence analysis that, for the most likely hazards, assumes pessimistic water and air dispersion and other adverse environmental conditions.

(8) Each oil spill contingency plan contains a list of contacts to call in the event of a drill, threatened discharge of oil, or discharge of oil.

(9) Each oil spill contingency plan identifies the measures to be taken to protect the recreational and environmentally sensitive areas that would be threatened by a reasonable worst case oil spill scenario.

(10) (A) Standards for determining a reasonable worst case oil spill.

(B) Commencing January 15, 2027, and at least once every 10 years thereafter, in order to increase public participation, the administrator shall solicit public input regarding the appropriateness of the reasonable worst case spill volumes for facilities. Based on this feedback, the administrator shall review and, as appropriate, revise the criteria and formulas for calculating reasonable worst case spill volumes to reflect the best available information. If revisions are appropriate, the administrator shall initiate a rulemaking action pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3), which includes a public notice and comment process.

(C) Notwithstanding subparagraphs (A) and (B), for a nontank vessel, the reasonable worst case is a spill of the total volume of the largest fuel tank on the nontank vessel.

(11) Each oil spill contingency plan specifies an agent for service of process. The agent shall be located in this state.

(12) The review and potential subsequent rulemaking action pursuant to paragraph (10) shall be combined with and be used to inform the review and potential subsequent rulemaking action pursuant to paragraph (3) of subdivision (d) of Section 8670.37.51, related to financial responsibility.

(b) The regulations and guidelines adopted pursuant to this section shall also include provisions to provide for public review and comment on submitted oil spill contingency plans.

(c) The regulations adopted pursuant to this section shall specifically address the types of equipment that will be necessary, the maximum time that will be allowed for deployment, the maximum distance to cooperating response entities, the amounts of dispersant, and the maximum time required for application should the use of dispersants be approved. Upon a determination by the administrator that booming is appropriate at the site and necessary to provide best achievable protection, the regulations shall require that vessels engaged in lightering operations be boomed prior to the commencement of operations.

(d) The administrator shall adopt regulations and guidelines for oil spill contingency plans with regard to mobile transfer units, small marine fueling facilities, and vessels carrying oil as secondary cargo that acknowledge the reduced risk of damage from oil spills from those units, facilities, and vessels while maintaining the best achievable protection for the public health and safety and the environment.

SEC. 3. Section 8670.37.51 of the Government Code is amended to read:

8670.37.51. (a) A tank vessel or vessel carrying oil as a secondary cargo shall not be used to transport oil across waters of the state unless the owner or operator has applied for and obtained a certificate of financial responsibility issued by the administrator for that vessel or for the owner of all of the oil contained in and to be transferred to or from that vessel.

(b) An operator of a marine terminal within the state shall not transfer oil to or from a tank vessel or vessel carrying oil as a secondary cargo unless the operator of the marine terminal has received a copy of a certificate of financial responsibility issued by the administrator for the operator of that vessel or for all of the oil contained in and to be transferred to or from that vessel.

(c) An operator of a marine terminal within the state shall not transfer oil to or from any vessel that is or is intended to be used for transporting oil as cargo to or from a second vessel unless the operator of the marine terminal has first received a copy of a certificate of financial responsibility issued by the administrator for the person responsible for both the first and second vessels or all of the oil contained in both vessels, as well as all the oil to be transferred to or from both vessels.

(d) (1) An owner or operator of a facility where a spill could impact waters of the state shall apply for and obtain a certificate of financial responsibility issued by the administrator for the facility or the oil to be handled, stored, or transported by the facility.

(2) The administrator shall publicly post on the Office of Spill Prevention and Response internet website a list of all applications for certificates of financial responsibility submitted by facility owners and operators. The posting shall include the legal name of the applicant, the name and reasonable worst case spill volume of the facility to be covered by the certificate, the amount of financial responsibility demonstrated, and the type of evidence furnished to demonstrate the financial responsibility. The administrator shall post this information within seven business days of receiving an application.

(3) Commencing January 15, 2027, and at least once every 10 years thereafter, in order to increase public participation, the administrator shall solicit public input regarding the appropriateness of the financial responsibility requirements for facilities. Based on this feedback, the administrator shall review and, as appropriate, revise the criteria and formulas for calculating the financial assurances and setting the maximum amount of a certificate of financial responsibility necessary to respond to an oil spill to reflect the best available information, pursuant to the rulemaking requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3), which includes a public notice and comment process.

(e) Pursuant to Section 8670.37.58, nontank vessels shall obtain a certificate of financial responsibility.

SEC. 4. Section 51014.1 is added to the Government Code, to read:

51014.1. (a) Any existing oil pipeline that is six inches or larger that has been idle, inactive, or out of service for five years or more, shall not be restarted without passing a spike hydrostatic testing program.

(b) (1) (A) The hydrostatic spike test shall be at least 139 percent of the maximum operating pressure of the pipeline and shall not exceed 80 percent of the specific minimum yield strength, as determined appropriate by the State Fire Marshal.

(B) Notwithstanding subparagraph (A), at the operator's request, the minimum hydrostatic spike test pressure may be lower than 100 percent of the specified minimum yield strength if the maximum operating pressure of the pipeline is correspondingly reduced.

(i) Pursuant to this subparagraph the hydrostatic spike test shall be at least 139 percent of the reduced maximum operating pressure of the pipeline, as determined appropriate by the State Fire Marshal.

(ii) The hydrostatic spike test shall be performed in segments to ensure every elevation point is tested.

(2) If the specified minimum yield strength is unknown, the specified minimum yield strength shall be determined pursuant to Section 195.106(b) of Title 49 of the Code of Federal Regulations before performing the hydrostatic spike test.

(c) The hydrostatic spike test shall be no more than 15 minutes, and be immediately followed by a hydrostatic test, which shall be held for a minimum of eight hours and meet the requirements of the State Fire Marshal.

(d) The hydrostatic and hydrostatic spike test shall be performed in segments to ensure every elevation point is tested.

(e) All tests shall be performed by a qualified testing company that is compliant with this chapter, as determined by the State Fire Marshal.

(f) The Office of the State Fire Marshal shall promulgate regulations as necessary to implement this section.

(g) The requirements of this section shall become operative upon the effective date of this statute.

(h) The State Fire Marshal shall post on its public internet website information fully characterizing the parameters and results of each hydrostatic spike test performed, subject to any such information deemed confidential and proprietary, no less than 30 calendar days after each hydrostatic spike test is conducted pursuant to this section.

SEC. 5. Section 43830.5 is added to the Health and Safety Code, to read:

43830.5. Notwithstanding any other law, the Governor shall suspend the regulatory control periods under Section 2262.4 of Title 13 of the California Code of Regulations, during which gasoline exceeding the Reid vapor pressure limits in Title 13, Section 2262 of the California Code of Regulations may not be sold or supplied for use in the state, if the Governor, in consultation with the State Energy Resources Conservation and Development Commission and the state board, determines the average retail gasoline price increased substantially or is projected to increase substantially within any 30-day period and a suspension is necessary to protect consumers in the state from extraordinary gasoline price increases and determines, in the Governor's discretion, that suspension is prudent and unlikely to yield unintended consequences. In considering whether to suspend the regulatory control periods, as described in this section, the Governor shall consider the air quality effects and options to mitigate those effects, if necessary and subject to available resources.

SEC. 6. Section 21080.81 is added to the Public Resources Code, to read:

21080.81. (a) The Legislature finds and declares all of the following:

(1) The Legislature recognizes the significance of oil and gas production in the County of Kern, while also affirming the state's commitment to protecting public health, safety, and environmental quality, particularly for communities located near oil and gas operations.

(2) The County of Kern has adopted an oil and gas permitting ordinance, and in connection with that ordinance, has certified a Second Supplemental Environmental Impact Report (SSREIR) pursuant to this division. The County of Kern's SSREIR and oil and gas permitting ordinance impose comprehensive mitigations to address potential environmental impacts associated with oil and gas production.

(3) Article 4.6 (commencing with Section 3280) of Chapter 1 of Division 3 establishes health protection zones to safeguard residents from the health risks associated with oil and gas extraction activities. The Geologic Energy Management Division's approval of a notice of intention under Section 3203 is required before drilling a new oil and gas well. Section 3281 prohibits approval of a notice of intention within a health protection zone absent certain limited exceptions. The Kern County SSREIR does not cover activities within a health protection zone.

(4) Because the County of Kern's SSREIR does not cover activities within a health protection zone, the Geologic Energy Management Division is the lead agency under this division for projects that include permits to drill or rework an oil and gas well within a health protection zone in the County of Kern, to the extent that those activities might be allowed under Section 3281.

(b) The Kern County Second Supplemental Recirculated Environmental Impact Report (SCH2013081079), including all appendices (SSREIR March 2025), is hereby deemed sufficient for full compliance with this division for purposes of consideration and adoption of amended Revisions to Title 19 - Kern County Zoning Ordinance Code 2025 (A), Focused on Oil and Gas Local Permitting by the County of Kern. No further environmental review is required under this division for the consideration and adoption of the Revisions to Title 19 - Kern County Zoning Ordinance Code - 2025 (A), Focused on Oil and Gas Local Permitting (SSREIR March 2025), as enacted as of January 1, 2026. Corrections of minor typographical errors and formatting changes to the zoning ordinance version shall not require further environmental review. Any other modification to or readoption of the zoning ordinance, however, shall not be covered by this section but rather by the other provisions of this division.

(c) Projects that satisfy the requirements of Revisions to Title 19 - Kern County Zoning Ordinance Code - 2025 (A), Focused on Oil and Gas Local Permitting, and that are approved by the County of Kern under that ordinance as enacted as of the effective date of this section, or as reenacted to incorporate corrections of minor typographical errors or formatting changes, are deemed sufficient for full compliance with this division and no further environmental review is required under this division, so long as the projects comply with Article 4.6 (commencing with Section 3280) of Chapter 1 of Division 3, as that article read on January 1, 2025.

(d) This section applies prospectively to any approvals by the County of Kern with respect to the permitting of oil and gas production operations under any adopted local ordinance and associated development and also applies prospectively and retroactively to any causes of action and claims that are pending as of the effective date of this section, and for which no final nonappealable judgment has been entered before that date.

(e) Notwithstanding Section 21166, the Legislature's determination in this section that the Kern County Second Supplemental Recirculated Environmental Impact Report (SCH2013081079), including all appendices (SSREIR March 2025), is sufficient for full compliance with this division and shall be final and conclusive for purposes of reliance on that report for its use by any

responsible agencies. Reliance on use of that report by any responsible agency shall fully satisfy the responsible agency's obligations under this division and shall not be subject to challenge pursuant to Section 21166.

(f) No approval may be granted by the County of Kern or the Geologic Energy Management Division in reliance on the Kern County Second Supplemental Recirculated Environmental Impact Report (SCH2013081079), including all appendices (SSREIR March 2025), with respect to any operation located in a health protection zone as defined in Section 3280, regardless of whether Section 3281 is enforceable or independently prohibits that approval.

(g) The Geologic Energy Management Division shall be the lead agency under this division for projects in the County of Kern that include approval of a notice of intention under Section 3203 to drill or rework an oil gas well within 3,200 feet of a residence, educational facility, youth center, health care facility, live-in housing, or any building housing a business that is open to the public, to the extent those projects may be authorized by law. The measurement shall be made from the property line unless the building is more than 50 feet set back from the property line, in which case the measurement shall be made from the outline of the building footprint to 3,200 feet in all directions.

(h) The Geologic Energy Management Division shall not approve more than 2,000 notices of intention per calendar year to drill new wells in reliance on the Second Supplemental Recirculated Environmental Impact Report (SCH2013081079) as a responsible agency under this section, unless the State Energy Resources Conservation and Development Commission makes a formal finding that additional permit issuance is necessary for in-state crude oil production to supply 25 percent of in-state refinery feedstock demand, and that the production would likely help reduce costs for retail consumers of gasoline in the state.

(i) Because the Kern County Second Supplemental Recirculated Environmental Impact Report (SCH2013081079), including all appendices (SSREIR March 2025), analyzes activities only through the end of 2035, further environmental review is required to satisfy the lead agency's obligations under this division for any County of Kern ordinance on oil and gas permitting enacted on or after January 1, 2026, unless that ordinance only corrects minor typographical errors and formatting to the zoning ordinance referenced in subdivision (b).

(j) This section shall remain in effect only until January 1, 2036, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2036, deletes or extends that date.

SEC. 7. Section 25371 of the Public Resources Code is amended to read:

25371. (a) (1) Notwithstanding Section 10231.5 of the Government Code, on or before January 1, 2024, and every three years thereafter, the commission shall submit an assessment to the Legislature, in accordance with Section 9795 of the Government Code, and to the Governor that does all of the following:

(A) Identifies methods to ensure a reliable supply of affordable and safe transportation fuels in California. The assessment shall include estimates for the level of transportation fuels at the state level, and, to the extent feasible, at regional and local levels, and individual refineries if relevant, that should be held in reserve by refiners to prevent gasoline price spikes. The assessment shall consider all factors causing price fluctuations in retail gasoline prices when recommending adequate reserve levels. The commission shall consider all relevant evidence from any reasonably available source, including, but not limited to, information about imports, by amount, source, if known, and data received by the commission pursuant to existing laws, economic and business experts, and information from any local, state, and federal agencies. The commission shall transmit to the Legislature, in accordance with Section 9795 of the Government Code, any proposals it deems appropriate for mandatory reserve levels and the terms of a program to implement reserve levels.

(B) Evaluates the price of transportation fuels, including branded and unbranded retail prices, alternate formulations of gasoline with lower carbon impact, and other products suitable for production from refineries in California. This evaluation shall consider the market demand for these products at 3-, 7-, 10-, and 20-year intervals from the date of the assessment and shall rely on the most recent transportation forecasting and assessment activities conducted pursuant to Section 25304. This evaluation shall include both of the following:

(i) An examination of whether branded fuel additives have any impact, and, if so, how much, on fuel efficiency and vehicle emissions.

(ii) An assessment of the presence and availability of retail outlets, including monitoring changes in availability of retail outlets that contribute to increasing retail prices in local and regional areas.

(C) Considers different levels of supply conditions and assesses the impact of potential refinery closures in California.

(D) Includes an analysis of the impacts on production of refinery planned maintenance, unplanned maintenance, and turnaround. The assessment shall evaluate ways to manage necessary maintenance among the various facilities that would protect the health and safety of employees and the public, and minimize the impact of maintenance-related production losses. Notwithstanding any other law, the Department of Industrial Relations and Division of Occupational Safety and

Health shall disclose to the commission, upon request, any information the department and division have received under Section 7872 of the Labor Code to ensure all aspects of refinery safety are incorporated into the assessment. All information designated confidential shall be treated as confidential by the commission.

(E) Evaluates the utility and feasibility of alternative methods to maintain adequate supplies of transportation fuels, including delivery alternatives for fuel and components of refined fuel, such as delivery by rail, a publicly maintained strategic fuel reserve, and other solutions beyond the activities of refineries and petroleum market participants.

(F) Proposes solutions to mitigate any impacts described in the assessment. The solutions shall include an assessment of the employment impacts and the cost and cost-effectiveness of any proposal, including cost impacts to all impacted sectors, both public and private. The assessment shall include recommendations and alternatives.

(G) Beginning with the first assessment submitted after the effective date of this subparagraph, evaluates California's future petroleum product and crude oil import needs and identifies steps that can be taken to ensure that marine infrastructure and port facilities will be adequate to accommodate the efficient movement of petroleum products to meet those needs. In preparing the evaluation pursuant to this subparagraph, the commission shall consult with the ports in California at which petroleum and refined transportation fuels are imported, tanker terminal operators at California ports, the State Lands Commission, the California Coastal Commission, and the San Francisco Bay Conservation and Development Commission and evaluate ways to maximize the use of existing infrastructure and minimize cumulative pollution burdens.

(H) Beginning with the first assessment submitted after the effective date of this subparagraph, evaluates the effects of state regulations on supplies of transportation fuels that the commission identifies may be causing supply constraints, or for which the commission believes alternative compliance pathways should be considered by state agencies to mitigate potential impacts on supply.

(I) In the first assessment submitted after the effective date of this subparagraph, evaluate the cost and supply impacts of allowing the sale of gasoline with alternative specifications from those in Subarticle 2 (commencing with Section 2260) of Article 1 of Chapter 5 of Division 3 of Title 13 of the California Code of Regulations to support a reliable and affordable supply of transportation fuels in California. If the evaluation finds that allowing the sale of gasoline with alternative specifications is likely to support a reliable and affordable supply of transportation fuels in California, the commission, in coordination with the State Air Resources Board, shall recommend a strategy to facilitate the sale of gasoline with those alternative specifications that, at a minimum, considers (i) a trigger mechanism for when the gasoline with those alternative specifications may be sold based on the conditions of the transportation fuels market, (ii) the existing variance process in Section 43013.2 of the Health and Safety code, and (iii) the use of a fee established pursuant to Section 43013.2 of the Health and Safety Code associated with the sale of gasoline with those alternative specifications to mitigate for any increase in emissions.

(J) (i) In the first assessment submitted after the effective date of this subparagraph, evaluate the development of a westwide gasoline specification that could be used in a western region to include California and areas outside of the state as an alternative to the California-specific specification established under Subarticle 2 (commencing with Section 2260) of Article 1 of Chapter 5 of Division 3 of Title 13 of the California Code of Regulations to stabilize the petroleum market and petroleum prices in the western region, including California. The commission, in coordination with the State Air Resources Board, shall conduct outreach to the western states, including the States of Arizona, Nevada, Oregon, and Washington, in furtherance of this evaluation.

(ii) The evaluation pursuant to this subparagraph shall assess the costs and benefits of each alternative specification, including economic impacts to the state and to consumers, labor impacts, public health impacts, and environmental impacts. In making this evaluation, the commission shall take into consideration the impacts of the state's electrification efforts and the requirements of the federal Clean Air Act (42 U.S.C. Sec. 7661 et seq.). The evaluation shall identify and recommend the alternative specification that would minimize the costs and maximize the benefits to the state.

(2) The first assessment shall include the evaluation of oil and gas extraction and refining that the State Air Resources Board outlined in the most recent update to the scoping plan prepared pursuant to Section 38561 of the Health and Safety Code.

(b) The assessment shall be separate from the report submitted pursuant to Section 25302 and shall be developed in a public process. The assessment shall be available to the public within the proceeding docket and shall be approved by a vote of the commission at its business meeting.

(c) The commission may enter into contracts to perform the assessment required by subdivision (a) and the contracts shall not require the review, consent, or approval of the Department of General Services or any other state department or agency and do not need to comply with requirements under the State Contracting Manual or the Public Contract Code.

(d) The Division of Petroleum Market Oversight shall provide input to and otherwise support other divisions of the commission in preparation of the assessment required by subdivision (a).

(e) The Independent Consumer Fuels Advisory Committee established pursuant to Section 25373 shall provide input to the commission in preparation of the assessment required by subdivision (a).

SEC. 8. Section 25371.4 is added to the Public Resources Code, immediately following Section 25371.3, to read:

25371.4. The commission shall, on or before March 31, 2026, submit an assessment to the Legislature, in accordance with Section 9795 of the Government Code, and to the Governor that evaluates the recommendations and strategies put forward by the vice chair of the commission in the June 27, 2025, letter to Governor Newsom in order to, as described in that letter, “ensure that Californians have access to safe, affordable, and reliable transportation fuels and that petroleum refiners continue to see value in serving the California market...” The assessment shall also offer recommendations to the Legislature and the Governor on potential changes to working group authorities or structures, including on permitting changes and reforms, which may include one-stop-shop permitting, to support the state’s reliable, equitable, safe, and affordable transition away from petroleum fuels.

SEC. 9. Section 30262 of the Public Resources Code is amended to read:

30262. (a) New or expanded oil and gas development shall not be considered a coastal-dependent industrial facility for the purposes of Section 30260, and may be permitted only if found to be consistent with all applicable provisions of this division and if all of the following conditions are met:

(1) The development is performed safely and consistent with the geologic conditions of the well site.

(2) Activities related to that development are consolidated, to the maximum extent feasible and legally permissible, unless consolidation will have adverse environmental consequences and will not significantly reduce the number of producing wells, support facilities, or sites required to produce the reservoir economically and with minimal environmental impacts.

(3) The development will not cause or contribute to subsidence hazards unless it is determined that adequate measures will be undertaken to prevent damage from that subsidence.

(4) All oilfield brines are reinjected into oil-producing zones unless the Geologic Energy Management Division of the Department of Conservation determines to do so would adversely affect production of the reservoirs and unless injection into other subsurface zones will reduce environmental risks. Exceptions to reinjections will be granted consistent with the California Ocean Plan of the State Water Resources Control Board and where adequate provision is made for the elimination of petroleum odors and water quality problems.

(5) (A)All oil produced offshore California shall be transported onshore by pipeline only. The pipelines used to transport this oil shall utilize the best achievable technology to ensure maximum protection of public health and safety and of the integrity and productivity of terrestrial and marine ecosystems.

(B) Once oil produced offshore California is onshore, it shall be transported to processing and refining facilities by pipeline that uses the best available technology pursuant to Section 51013.1 of the Government Code.

(C) The following guidelines shall be used when applying subparagraphs (A) and (B):

(i) “Best achievable technology,” means the technology that provides the greatest degree of protection taking into consideration both of the following:

(I) Processes that are being developed, or could feasibly be developed, anywhere in the world, given overall reasonable expenditures on research and development.

(II) Processes that are currently in use anywhere in the world. This clause is not intended to create any conflicting or duplicative regulation of pipelines, including those governing the transportation of oil produced from onshore reserves.

(ii) “Oil” refers to crude oil before it is refined into products, including gasoline, bunker fuel, lubricants, and asphalt. Crude oil that is upgraded in quality through residue reduction or other means shall be transported as provided in subparagraphs (A) and (B).

(iii) Subparagraphs (A) and (B) shall apply only to new or expanded oil extraction operations. “New extraction operations” means production of offshore oil from leases that did not exist or had never produced oil, as of January 1, 2003, or from platforms, drilling islands, subsea completions, or onshore drilling sites, that did not exist as of January 1, 2003. “Expanded oil extraction” means an increase in the geographic extent of existing leases or units, including lease

boundary adjustments, an increase in the number of well heads, reactivation of a facility idled, inactive, or out of service for more than five years, or an increase in oil extraction from the use of hydraulic fracturing, extended reach drilling, acidization, or other unconventional technologies, on or after January 1, 2003.

(6) If a state of emergency is declared by the Governor for an emergency that disrupts the transportation of oil by pipeline, oil may be transported by a waterborne vessel, if authorized by permit, in the same manner as required by emergency permits that are issued pursuant to Section 30624.

(7) In addition to all other measures that will maximize the protection of marine habitat and environmental quality, when an offshore well is abandoned, the best achievable technology shall be used.

(b) (1) Repair and maintenance of an existing oil and gas facility may be permitted in accordance with Section 30260 only if it does not result in expansion of capacity of the oil and gas facility, and if all applicable conditions of subdivision (a) are met.

(2) Repair, reactivation, and maintenance of an oil and gas facility, including an oil pipeline, that has been idled, inactive, or out of service for five years or more shall be considered a new or expanded development requiring a new coastal development permit consistent with this section.

(3) Development associated with the repair, reactivation, or maintenance of an oil pipeline that has been idled, inactive, or out of service for five years or more requires a new coastal development permit consistent with this section.

(4) The commission or local government with a certified local coastal program shall review and approve, modify, condition, or deny the permit based on the requirements of this section.

(c) Where appropriate, monitoring programs to record land surface and near-shore ocean floor movements shall be initiated in locations of new large-scale fluid extraction on land or near shore before operations begin and shall continue until surface conditions have stabilized. Costs of monitoring and mitigation programs shall be borne by liquid and gas extraction operators.

(d) This section does not affect the activities of any state agency that is responsible for regulating the extraction, production, or transport of oil and gas.

SEC. 10. The Legislature finds and declares that Section 4 of this act, which adds Section 51014.1 of the Government Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

The restrictions on information prescribed in Section 51014.1 of the Government Code are necessary to protect sensitive business information and trade secrets from public disclosure.

SEC. 11. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances concerning the County of Kern's oil and gas permitting ordinance.

SEC. 12. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because 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.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.