

STATE OIL AND GAS WELL ABANDONMENT PROGRAM

CalGEM State Oil and Gas Well Abandonment Draft Expenditure Plan

Summary of Comments, Questions, and Responses

Public Comment Period from July 18, 2023 through August 11, 2023

OVERVIEW

The Department of Conservation's Geologic Energy Management Division's (CalGEM) State Oil and Gas Well Abandonment Program identifies and remediates oil and gas wells for which there is no responsible solvent operator to maintain, repair, or plug and abandon (seal) them, also known as orphan wells. Orphan wells can threaten public health, safety, and the environment. Because there is no responsible operator, in many instances orphan wells are left to the State to remediate and permanently seal (or plug and abandon).

CalGEM released a State Oil and Gas Well Abandonment Draft Expenditure Plan (the Draft Expenditure Plan) July 2023 in preparation of California's expanded state abandonment operations which will be supported by significant new federal funding, as well as state funding allocated in the 2022-2023 California State Budget, which together, offers an unprecedented investment in tackling the climate change, public health, and environmental risks posed by orphan and deserted wells.

The Draft Expenditure Plan established a framework for spending state and federal money, an outline of the orphan well determination process, program reporting metrics, and workforce development contracting requirements. The Draft Expenditure Plan also identified the first phase of projects for the program. CalGEM will work with the public to identify additional phases of abandonment work to expend all the available funds. CalGEM released the Draft Expenditure Plan on July 18, 2023, and held a public meeting to present the draft to the public the same day. The public comment period was open July 18 through August 11, 2023. Through this engagement, CalGEM received verbal comments during the public meeting and received a total of 474 written comments. CalGEM evaluated all comments received, made modifications to the plan where feasible and appropriate based on those comments, and finalized the State Abandonment Expenditure Plan.

Below is a summary of the public comments received on the Draft Expenditure Plan and CalGEM's consideration and response to these comments. In instances where commenters made similar/the same statements, these comments have been combined. CalGEM appreciates the significant and meaningful public feedback that

was provided on the Draft Expenditure Plan, which was used to strengthen our path forward with this program.

CalGEM will continue to make available opportunities for the public, community partners, California Native American tribes, and other interested parties to engage in the development and advancement of this important program. Individuals interested in learning more about future engagement opportunities should email CalGEMOrphanWells@conservation.ca.gov to be added to the listserv for future updates and notices of public meetings.

ACRONYMS & COMMON TERMS USED IN THIS DOCUMENT

BLM	Bureau of Land Management
C:	Comment Received and Summarized
CalGEM	California Geologic Energy Management Division
CCR	California Code of Regulations
LA	Los Angeles
P&A	Plugging and Abandonment or Seal
PRC	Public Resources Code
Q:	Question Received and Summarized
RFP	Request for Proposal
RFQ	Request for Qualifications
WellSTAR	Well Statewide Tracking and Reporting System
WPSM	Well Prioritization and Screening Methodology

SUMMARY OF COMMENTS, QUESTIONS AND RESPONSES

C: or Q: Comments and questions received and summarized

- Department Response

ADDITIONAL WELLS

Incorporating recommendations on prioritization of wells from local communities is a high priority for CalGEM as it carries out its State Oil and Gas Well Abandonment Program. Some commenters had specific recommendations for wells they would like to see included in the Final Expenditure Plan. Specific comments and questions received include:

- C:** Rosecrans wells. Commenter agrees with the wells selected in LA County for State abandonment and also urges the state to consider the top-priority wells in the Rosecrans oil field for state abandonment. There are at least two wells in the Rosecrans field (API 0403713609 and 0403713611) that are Tier 1 priority and are located in areas with a CalEnviroScreen cumulative impact score percentile of 92, while the wells selected in the Canoga Park are at the 27th percentile. Few if any of the LA County wells selected for inclusion are located in areas as highly pollution burdened as the areas associated with Rosecrans Oil field. We request these wells be added.
- It is CalGEM's goal to include as many Tier 1 and Tier 2 wells as possible in the first two phases of the program. As described in the WSPM,¹ CalGEM identified an initial inventory of likely orphan wells for which we have evidence to support a desertion determination under PRC Section 3237. This evidence includes, for example, failure to pay idle well fees, failure to comply with requirements of the PRC, the operational history of the well, and a lack of response from the operator. CalGEM must still review each well to decide if there is sufficient evidence to support issuing an order to plug and abandon the deserted wells under PRC Section 3237. In addition, CalGEM must determine whether or not there is a legally responsible current or prior operator with financial resources sufficient to cover the costs of plugging and abandonment. For many of the wells in the current likely orphan well inventory, CalGEM anticipates it will likely

1

<https://www.conservation.ca.gov/calgem/Documents/Final%20Orphan%20Well%20Prioritization%20Methodology.pdf>

find there is no legally responsible current or prior operator with financial resources sufficient to cover the costs of plugging and abandonment.

However, that is not always the case. Based on feedback received from local government meetings as part its outreach, CalGEM was made aware of the Rosecrans wells, and as a result, evaluated them for potential state abandonment. During this evaluation, CalGEM found that the two Rosecrans wells were initially identified based on violations of CalGEM's requirements for pipeline management plan submittals and other violations. The operator has since come into compliance with the requirements and there is no other evidence of desertion, as described under PRC Section 3237. As such, these wells are not considered deserted at this time and CalGEM will reflect this in future updates to the list of likely orphan wells.

Q: Canoga Park wells. Why/how are the Canoga Park wells considered orphaned even though there is currently a proposed development in the vicinity?

- For the Canoga Park wells, the operators were determined to be defunct entities and the wells orphan. The surface rights owner (developer) does not have ownership of the wells, and as such, CalGEM cannot order them to properly seal the wells. CalGEM was made aware of the proposed development on the property containing the Canoga Park wells and reached out to the developer to better understand their plans and timeline. CalGEM did not receive any response from the developer. In addition, CalGEM then reached out to the local planning department in an attempt to better understand project development timeline; but was unable to learn more about future development timeframes. While CalGEM's proposal attempts to avoid addressing orphan wells that may be properly sealed by private entities, these wells have a history of leaks and are located near homes and a popular recreational area, and action is needed to protect the community.

Q: Oxnard wells. Our communities are disappointed that the eight orphan wells located on East Pleasant Valley Road in Oxnard, located within 3,200 feet of low-income and farmworker housing, with a history of violations and a high gas pressure risk, have not been included in CalGEM's first round of abandonment projects. Even more disappointing and shocking – in 2022, CalGEM approved the operator, Renaissance Petroleum, LLC to drill seven new wells on the same lease. The community nearby has a pollution burden higher than 94-87 percent of other California communities, according to CalEnviroScreen. Why is this operator being approved to drill new wells just feet away from wells they have orphaned?

- The wells operated by Renaissance Petroleum, LLC were on the initial prioritization list for likely orphaned and potentially deserted wells due to failure to pay their idle well fees from 2019 to 2021. The operator has since come into compliance with the requirements and there is no other evidence of desertion, as described under PRC Section 3237. As such, these wells are not considered deserted at this time and CalGEM will reflect this in future updates to the list of likely orphan wells.

Q: Tier 1 wells, LA County. The 4 orphan wells within unincorporated LA County that made the first round are considered Tier 2 priority. However, there were two Tier 1 orphan wells within unincorporated LA County, per the final screening scores list, and those did not make the first round. What is the criteria for future rounds of abandonment, since CalGEM skipped numerous Tier 1 sites and are not going down their Tier schedule?

- The Tiers were never intended to be fully determinative of which wells will be proposed for state abandonment, but rather as an initial screening process so that CalGEM knows which wells based on technical condition and site location parameters, may be higher priority. Once the initial screening is performed, there are other factors that must be considered. The first and most important is an evaluation to confirm if the well is in fact an orphan well. As mentioned above, the inventory of likely orphan wells was constructed using evidence of potential desertion, but additional evaluation of operator compliance and evaluation that there is no legally responsible current or prior operator with financial resources to address the well must be performed. In some instances, after performing this evaluation, we found Tier 1 wells that had been brought back into compliance, or that the operator was active and the well had compliance issues that need to be addressed outside of the orphan well process. In addition, CalGEM considers the geographic location of the wells to ensure geographic equity across the state, grouping wells for cost effectiveness purposes, and to ensure we are making meaningful investments in disadvantaged communities.
- CalGEM's State Oil and Gas Well Abandonment Program anticipates there will be additional phases of work. It is CalGEM's goal to include as many Tier 1 and Tier 2 wells as possible in the first two phases of the program, while ensuring meaningful investments in disadvantaged communities, and geographic equity across the state.

C: Santa Barbara wells. Commenter takes the opportunity to express appreciation for CalGEM's efforts to plug and abandon 172 orphaned wells located in Santa

Barbara County. Two wells in Santa Barbara County (API 0408321472 & 0408321509) which are not included in the initial work plan are located close to urban populations within the area of Orcutt and should be made a high priority. Commenter would appreciate if the wells could be included in the current work plan or prioritized for future abandonment work.

- Thank you for bringing these two wells to CalGEM's attention. Well HVI Cat Canyon North Orcutt 3 (API 0408321472) is considered Tier 2 and HVI Cat Canyon North Orcutt 8 (API 0408321509) is a Tier 3 well. It is CalGEM's goal to include as many Tier 2 wells as possible in the first two phases of work, while also balancing other considerations, such as the ability to make meaningful investments in disadvantaged communities, investing in communities across California, and grouping wells for cost effectiveness purposes. CalGEM will examine these wells as part of future phases of the program.

C: Well on vacant lot. Commenter has identified an abandoned well on a vacant lot that has been categorized as inaccessible. Is there funding available to properly abandon and cap the well? What is the process to obtain this funding?

- Inaccessible wells are included in CalGEM's prioritization scheme; however, if there is no indication that an inaccessible well poses an imminent hazard, they are deprioritized. Inaccessible wells are very costly and, depending on their location, disruptive to surrounding residents or commercial activity to seal. This approach was developed based on public feedback received during the public engagement process on CalGEM's well prioritization method.
- CalGEM performs regular inspections on known inaccessible wells. If, during the course of these inspections, or through other methods of identification, any indications arise that inaccessible or buried wells are posing safety or health threats, CalGEM will use its authorities to respond to and address hazardous situations, which may include performing a state abandonment.
- If members of the public are concerned about a leaking well or other hazard presented by oil and gas operations, please report it immediately to CommunityConcern@conservation.ca.gov or call the local CalGEM district office.

Q: Kern County wells. Commenter inquired about the ownership status of four wells in the Kern County area, indicating the wells are idle and the company who drilled them was Venoco, LLC which is no longer operating. Commenter asks: since these wells are no longer in production and the operator filed for bankruptcy in 2018 do these wells qualify as orphan wells, and if so, would the state abandon these wells

through the State General Fund Budget Allocation to Assist with Capping Orphaned Oil and Gas Wells? If not, does the BLM become liable to abandon the wells?

- Of the four wells that were the subject of the inquiry, one is now owned by California Resources Production Corporation and was last active in July 2022; it is not considered an orphan well. Two of the wells received permits but were never drilled. The final well was last active in July 2014 and is located on BLM property. The DOI federal grant monies for states cannot be used on federal land; however, other funding sources are available. CalGEM is in communication with BLM and will be coordinating with them to determine whether BLM will be plugging and abandoning the well.

Q: San Joaquin County wells. Could you please let us know which well in San Joaquin County is potentially leaking and at what Tier level and the current status of this issue.

- There are 11 wells in San Joaquin County that were screened for state abandonment using CalGEM's WPSM. CalGEM does not have records of any of the 11 wells having historical or current well leaks. If you are aware of a leaking well or other hazard, please report it immediately to CommunityConcern@conservation.ca.gov or call the local CalGEM District office. The WPSM data set presented will be updated periodically.

Q: Phase II Comments. What is the best way to provide comment on step two of the Orphan Well Prioritization? Additionally, when does the comment period start and close for this?

- The best way to provide comments on all phases of the orphan well prioritization process is to send an email to: CalGEMOrphanWells@conservation.ca.gov. You may also request a meeting with CalGEM so that we can better address your specific concerns. CalGEM will continue to accept feedback on a rolling basis on future phases of state abandonment expenditures until those phases are finalized.

CONTRACT BIDDING

C: Bidding process. Commenter is with an oil well service and abandonment company and is looking to be notified of future public contract opportunities.

- CalGEM anticipates beginning releasing Requests for Qualifications from prospective contractors to perform work contemplated as part of this first phase as soon as Fall 2023. Interested vendors should register to receive information on bids at the Cal eProcure California State Government Marketplace located at <https://caleprocure.ca.gov/pages/index.aspx>. Prospective bidders can also sign up to be notified of future oil and gas plug and abandonment public works contracts by emailing the Department of Conservation's Contracts Division at ServiceContracts@conservation.ca.gov. In addition, any specific questions on the contracting process can be addressed to this email address as well. CalGEM has put information on its website specifically for contractors, please visit: <https://www.conservation.ca.gov/calgem/Pages/State-Abandonments.aspx>.

Q: Bid release. Do you plan on releasing bid request packages for all 378 wells in one event or over a longer period of time? If multiple bid packages, how do you plan on breaking up the work (how many bid blocks of work) and over what period of time to release bid requests for first 378 wells?

- At this time, CalGEM intends to release Requests for Qualifications (RFQs) from potential contractors for state abandonment work that is grouped regionally to obtain efficiencies from geographic proximity while also providing multiple opportunities for prospective contractors. CalGEM anticipates releasing its first of these RFQs commencing Fall 2023.

C: Hazard Mitigation and Safety. It is important to acknowledge that the process itself can pose hazards that may impact community health. It is critical to ensure that community health, safety, and well-being are prioritized and protected during the plugging and abandonment operations. The well-plugging and abandonment process requires the operation of large, heavy industrial equipment (e.g., workover rigs and cement pumps) operating in very close proximity to homes. As a result, the process can subject neighbors to pollution, including dust, and noise, which have health impacts. Commenters urge the implementation of mitigations to protect workers and nearby community members, including the use of best available technology to reduce noise and diesel pollution, air monitoring, on-site security, project and equipment safety plans, and community health and safety plans and emergency plans, and oversight by regulators that mitigations are followed.

- While properly sealing these orphan wells provides long term benefits to the health and safety of nearby communities and the environment, we recognize that the process of permanently sealing these wells can impact nearby residents.

In recognition of these potential impacts, CalGEM will be taking a number of actions to mitigate these potential impacts. These include:

- **Mitigations.** CalGEM will ensure all work complies with local and state requirements established to mitigate localized environmental impacts. In addition, CalGEM will include in its contracts best-practice measures to be taken by the contractor to mitigate potential impacts to nearby communities and workers from state abandonment projects.
- **Health and Safety Plans.** Contractors will be required to prepare, submit, and maintain comprehensive health and safety plans for all projects. The health and safety plans identify all measures, including contingency plans, which will be taken during field activities to protect the members of the public from exposure to hazards from the project and describe the specific personnel, procedures and equipment to be utilized. If dust is an issue at a site, mitigation measures such as dust suppressants, water spreading, and minimizing vehicle speeds to under 10 miles per hour will be utilized. Local ordinances on noise and working hours will be adhered to. Truck and heavy vehicle traffic will be kept to a minimum.
- **Health and Safety Officer and staff training.** Contractors are also required to have a project Health and Safety Officer, complete a comprehensive hazards analysis to identify potential risks during the life of the project, and submit a project specific emergency response plan. Finally, contractors are required to prevent public access to work areas, including establishing and maintaining fencing and using flagman to direct traffic where required.
- **Emergency Response Plans.** Contractors are required to create and submit for approval project-specific emergency response plans. As part of this, they will be required to conduct emergency response planning, and provide notification, take response actions, and undertake incident reporting in the event of an emergency during carrying out state abandonment work. In the event of an emergency or incident, the contractors are required to manage the incident as the responsible acting party consistent with state requirements and the project-specific emergency response plan. Contractors are also required to cooperate with Federal, State, and local government officials to develop a unified command structure for emergency response, if that becomes necessary.
- **Site security.** The contractors are required to prevent public access to work areas, including establishing and maintaining fencing, and using security personnel where required.
- **Permits.** The contractors are required to obtain and comply with all permits from CalGEM and other agencies for the performance of work.

Such permits include permits for transportation, air quality, waste disposal, storm water permits and other permits specific to the project. CalGEM has regular meetings with the agencies during implementation of the projects to discuss concerns and ensure compliance with their requirements.

- **Community Engagement.** Finally, CalGEM will conduct a community meeting(s) appropriate to the nature of the community surrounding the project and the level of community interest. This may include community specific plans, project factsheets or public meetings. The contractors are required to assist CalGEM to ensure that interested members of the public and community are informed of the project.

DATA SOUGHT

Some commenters are looking for more data and information on specific CalGEM Programs and activities. Please visit the online data page for access to CalGEM databases at

https://www.conservation.ca.gov/calgem/Online_Data/Pages/Index.aspx. Specific comments and questions received include:

- C: Databases.** Commenter is looking for databases or lists of long-term idle wells, idle wells, and orphan, idle, and economically marginal wells.
- CalGEM publishes annual lists of long-term idle wells, idle wells, and orphan and potentially deserted wells as part of this annual Idle Well Program Report. Reports from previous calendar years can be on the Idle Well Program page at https://www.conservation.ca.gov/calgem/idle_well.
- C: Financial documentation.** For wells that have operators that are not financially viable, the financial documentation or method proving non-viability for all operators listed in the Draft Expenditure Plan should be shared with the public for full transparency.
- To determine whether an operator has financial resources to plug and abandon wells and decommission facilities, CalGEM conducts research on the financial status of the entity. Information considered in assessing the financial viability of an entity includes the following: bankruptcy records, corporate records, business records filed with Secretary of State, property records, and other records to determine whether the entity is active or defunct. As part of this process, CalGEM will also identify if the operator posted a bond which may be levied to help offset any costs.

In some cases, even though the current operator is active, they do not have the financial resources to fully cover the cost of plugging and abandonment. In these instances, CalGEM will look seriatim for a preceding operator who operated the wells after January 1, 1996, who may be responsible for the costs.

CalGEM documents its orphan well determinations in memorandums, which are available in WellSTAR. For more information on the orphan well determination process, please see comment answers in this document under the Orphan Well Process section.

C: Site by site cost estimates. Given that this draft is called an expenditure plan, a site by site reporting of the cost estimates for well remediation would be helpful to include, and is a needed transparency when using taxpayer funds.

- Costs for state abandonment can vary widely based on the nature of the well, the complexity of the abandonment, and its location. While the Draft Expenditure Plan provided an overall anticipated cost estimate for phase 1 work, it did not provide well-specific cost estimates, as additional site assessment and well investigation is needed to obtain more accurate well-specific estimates. Once this additional information is obtained, it will be used during the contracting process to develop contracts that articulate detailed cost estimates for each well. In addition, actual final expenditures made under each contract will be made publicly available.

C: Inaccessible wells are not included in CalGEM's prioritization scheme. Wells that are inaccessible due to structures occupied by people warrant further attention to ensure the protection of their health and prevention of any imminent safety issues. At a minimum, it would be helpful to know if there are inaccessible orphan wells that pose more concern than others. We request that CalGEM evaluate the inaccessible wells for risk level and provide that information to local jurisdictions.

- Inaccessible wells are included in CalGEM's prioritization scheme; however, those inaccessible wells for which there is no indication they pose an imminent hazard are deprioritized, as they are very costly and disruptive to seal. This approach was developed based on public feedback received during the public engagement process on well prioritization method.
- CalGEM performs regular inspections on known inaccessible wells. If, during the course of these inspections, or through other methods of identification, any

indications arise that inaccessible or buried wells are posing safety or health threats, CalGEM will use its authorities to respond to and address hazardous situations, which may include performing a state abandonment.

- Conducting a well risk evaluation for all inaccessible wells is not feasible, as information on these wells can be very limited, especially for older wells. In the absence of an ability to perform this kind of evaluation, CalGEM is prepared to take swift action to address hazards that may arise from these wells.

Q: Appeals. During the presentation, CalGEM summarized the various orders they've issued to operators for the abandonment of Orphan Wells, and briefly noted those that are being fought and/or appealed by the operator(s). Could you please provide the list of orders (and subsequent number of orphaned wells) being appealed in Los Angeles County specifically?

- For wells in Los Angeles County, only one Order to Plug and Abandon (P&A Order) was rescinded: Order 1131 issued to Imperial Occidental was rescinded after the Operator paid outstanding fees, bringing them into compliance. All other appeals were either dismissed or settled:
 - Order 1248- Exxon Mobil (Appeal dismissed)
 - Order 1174A-AllenCo Energy (Appeal settled)
 - Order 1164- Liu, Cheng and Lin (Appeal dismissed)

For the complete list of wells on each P&A Order, please visit CalGEM website: https://www.conservation.ca.gov/calgem/Pages/Division_Orders.aspx.

- After the wells have been determined to be deserted as demonstrated through a final plugging and abandonment order, CalGEM will evaluate whether there is a legally responsible current or prior operator with sufficient financial resources to fully cover the costs of plugging and abandonment, as described in Public Resources Code Section 3237, subdivision (c) before determining the wells to be orphan.

Q: Presentation Slides/Zoom recording. It would be very helpful to have a copy of the slide presentation that was used at the meeting if that is something that can be provided.

- A copy of the presentation slides and a written transcript of the zoom event can be downloaded from the CalGEM website at: <https://www.conservation.ca.gov/calgem/Pages/State-Abandonments.aspx>.

Q: Plugged & abandoned wells. Commenter has a research group looking for a list of capped wells. Where can these lists be found?

- Assuming that a “capped” well is the same as a plugged and abandoned well, this information can be found either in CalGEM’s database of record, the Well Statewide Tracking and Reporting System, also known as WellSTAR, or the online data dashboard that pulls summary statistics for the public from WellSTAR.
- To access WellSTAR Data Dashboard, visit:
 - To display plugged and abandoned wells:
 1. click ‘Well Information’
 2. Under ‘Advanced Filter,’ select Well Type of ‘Plugged’ and ‘Plugged and Abandoned.’
 3. Click ‘Hide Filter’ to see the list of wells and summary statistics.
- To access WellSTAR, visit the Online Data information page at https://www.conservation.ca.gov/calgem/Online_Data/Pages/Index.aspx.

EQUITY AND ENVIRONMENTAL JUSTICE

C: Authentic equity is doing more than just the bare minimum to address environmental injustices. Equity is stated as a central value of the State Oil and Gas Well Abandonment Program, but this Draft Plan only meets the bare minimum requirement of the Justice40 Initiative by setting a goal that at least 40% of all state abandonment monies benefit disadvantaged communities. In California, Black, Latinx, and low-income people are disproportionately more likely to live near oil and gas wells. This injustice must be authentically reflected in the abandonment goals and priorities, rather than the program operating at a standard, federal requirement.

- CalGEM agrees with the commenter that the Justice40 goal that at least 40% of federal funding benefit disadvantaged communities sets a floor. Building on that, CalGEM has set a goal for a minimum of 40% of all monies used to support state abandonment—not just federal money, benefit disadvantaged communities. Across the program’s multiple phases of spending, CalGEM’s goal is to exceed this baseline, while also being mindful of achieving geographic equity and ensuring projects are legally ready for state abandonment. As additional phases of this program are released, CalGEM will track and report out the number of wells and amount of monies expended in Disadvantaged Communities to provide transparency into progress toward achieving this goal.

C: Meaningful consideration of input. California Government Code 65040.12 provides that, at a minimum, Environmental Justice requires meaningful consideration of input from those most impacted by environmental harms in the “development, adoption, implementation, and enforcement of environmental laws, regulations, and policies.” To improve aspects of equity and environmental justice, the Draft Plan must:

1. Calculate and implement a Disadvantaged Community Benefits threshold reflective of the impact orphan wells have on low-income and communities of color, no lower than 40% of state abandonment funds.
 2. Meet State Environmental Justice requirements by not only prioritizing work in disadvantaged communities but ensuring these communities are authentically involved in the development of said work.
- CalGEM's Expenditure Plan states that a goal of the state abandonment program is to allocate at least 40% of all state abandonment monies to benefit disadvantaged communities. CalGEM has identified program metrics it plans to measure, track, and provide to the public measuring progress toward this goal.
 - CalGEM agrees that meaningfully addressing environmental injustice is both about outcomes and about process. CalGEM is committed to continuing to engage with communities in the identification of projects and in ensuring community concerns are addressed as we carry out these projects. CalGEM has worked directly with community on identifying the proposed priorities through multiple meetings held with and/or hosted by: the AB 617 Avrin/Lamon Community Steering Committee, the AB 617 Shafter Community Steering Committee, Central California Environmental Justice Network, People Not Pozos campaign of Esperanza Community Housing, and Central Valley Air Coalition. In addition to these community meetings, several public meetings were held in 2022 and earlier this year in English and Spanish to seek public input on the prioritization process for state abandonment projects.

CalGEM is also committed to minimizing localized impacts that may arise when carrying out these state abandonment projects. We recognize that we will not be successful in doing this without continued conversation and collaboration with community. Moving forward, CalGEM plans to continue to meet with community groups, including to hear from and work with community on their concerns around localized impacts (e.g. noise, dust, etc.) potentially associated with carrying out these projects. Further, CalGEM will continue to provide regular public updates and solicit feedback on the state abandonment program through the Methane Task Force and additional public meetings.

LONG-TERM IDLE WELLS/LEGACY WELLS

C: Legacy wells. The Draft Expenditure Plan fails to address the full spectrum of dangerous legacy wells. CalGEM's narrow understanding of orphan wells fails to address the environmental and community health threats posed by legacy oil and gas wells, including long-term idle and poorly abandoned or "zombie" wells. Commenters recommend:

1. Expand the narrow focus on orphan oil and gas wells to consider and compare the threats posed to air, water, communities, and the climate by poorly abandoned and long-term idle wells as well.
 2. Concurrently prioritize issuing and enforcing plugging orders in a timely and responsive manner to ensure that operators are held accountable before wells are considered orphaned, and left to the state to clean up. Many of the wells included in this plan are long-term idle wells that operators failed to pay the required idle well fees over multiple years. With an estimated 37,587 idle wells currently in California, it is of utmost importance that CalGEM is proactively using all of the mandated authority cited in this plan to issue plugging and abandonment orders for all non-compliant idle wells before they become orphaned.
 3. Require long-term idle wells or poorly abandoned wells located on a permit be abandoned and remediated prior to issuing a permit to drill a new well or re-drill an existing well.
- (1) Wells not abandoned to today's standards and long term idle wells without active operators were included in wells evaluated for potential state abandonment. Wells that have an active operator were not considered for state abandonment funding, as these wells do not present current liability to the state.
 - (2) CalGEM's enforcement program is designed to deter noncompliance and to ensure operators that have not met CalGEM's regulatory requirements are brought into compliance. CalGEM has prioritized issuing plugging and abandonment orders for failure to pay idle well fees, failure to comply with other requirements under the law, the lack of response from the operator, and other evidence, as described under PRC Section 3237. CalGEM also uses additional enforcement mechanisms to ensure that its orders are followed. To see recently issued orders visit:
https://www.conservation.ca.gov/calgem/Pages/Division_Orders.aspx
 - (3) CalGEM evaluates permit decisions on a case-by-case basis consistent with PRC. Operators who have not complied with an order issued by CalGEM,

including an order for plug and abandonment, are not able to obtain new permits, except permits to plug and abandon wells, until the operator complies with the order. (PRC, § 3203, subd. (c).) Under PRC Sections 3208.1 and 3237, CalGEM also has the authority to require through an administrative order a well to be reabandoned to prevent damage to life, health, and property, if CalGEM has reason to question the integrity of the previous abandonment, or if the well is not accessible or visible. In addition, for wells that have been determined to be hazardous wells under PRC 3251.5, CalGEM may require abandonment or reabandonment of the well.

ORPHAN WELL PROCESS

Q: Orphan well determination. I'd like to better understand the process that CalGEM uses to determine whether or not a well is orphaned. How does CalGEM treat previous operators of the well; working interest partners (parties that share in the operating expense of the field but are not listed as the operator), and royalty owners? For the wells the CalGEM has determined to be orphan, what steps have been taken to recoup fees for all operators listed in this plan and which sites has CalGEM attempted to hold all post-1996 operators accountable for plugging and abandonment costs?

- Orphan wells have no responsible, solvent operator to maintain, repair, or plug and abandon the wells and attendant facilities. CalGEM determines if a well is an orphan well through several steps. First, CalGEM determines if the well is a deserted well, pursuant to PRC Section 3237, which requires the State Oil and Gas Supervisor to determine from credible evidence if a well is deserted; such evidence may include a failure to comply by the operator (e.g. a failure to pay idle well fees), or a rebuttable presumption of desertion (e.g. failure to maintain an access road or comply with an Order). Second, CalGEM determines whether there is a legally responsible current or prior operator with sufficient financial resources to cover the costs of plugging and abandonment. If CalGEM determines that the current operator does not have the financial resources to fully cover the costs of plugging and abandoning the well or decommissioning of deserted production facilities, CalGEM may look to previous operators to plug and abandon the well if that operator had rights to the well after January 1, 1996. The term operator may include working interests partners and other types of ownership interests. The term operator is defined in PRC to mean "a person who, by virtue of ownership, or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control a well or

production facility." For purposes of PRC 3237, however, a mineral rights holder may only be held responsible for plug and abandonment work if they retained a right to control the well that exceeds the scope of an interest customarily reserved in a lease. CalGEM's collection unit pursues various collection efforts from current or prior operator to cover the costs of plugging and abandonment. This includes issuing demand letters; levying any bond the operator has filed with CalGEM; and working with the State Controller's Office to issue a lien against any real or personal property the operator(s) may have. In addition, CalGEM is establishing processes and procedures to utilize a third-party collections agency as well.

C: Need to be aggressive. The 378 wells being addressed in the first round of this program represent only 7.1% of the total wells currently identified by CalGEM as being orphan, or at risk of being orphaned. With estimated costs of remediation for these 378 being cited at \$80 million, projected federal and state funding will not even marginally meet the total costs of cleanup of all orphan wells in the state if CalGEM does not aggressively pursue funding recoupment from all owners operating between 1996-present for all well remediation through this program.

- CalGEM is very aware that while current state and federal funding sources will make an important downpayment on addressing California's orphan well problem, they are not sufficient to address it in totality. As such, CalGEM is committed to using these funds as efficiently and equitably as possible. In addition, we are committed to using our collections authorities, listed above, to hold operators financially responsible where we can.

PROGRAM PRIORITIES

C: Hold polluters accountable. The State Oil and Gas Well Abandonment Program must actively protect from future liabilities and financially hold polluters accountable and should also recuperate funds from individual and historic operators and/or the collective oil and gas industry, whenever possible.

1. Operators with orphan well inventories should not be permitted to drill new wells, including production-related re-works.
2. Whenever possible, CA Code 3237 should be enforced to its fullest extent to ensure clean-up costs are being recuperated directly from operators, including cases where multiple historic operators are liable.

3. Identify possible violations cited from other regulatory bodies, including Regional Water Boards and Air Pollution Control Districts, on orphan well sites and areas of collaborative capacity to hold responsible operators accountable.
 - (1) Operators who have not complied with an order issued by CalGEM, including an order for plug and abandonment, are not able to obtain any new permits, except permits to plug and abandon wells, until the operator complies with the order. (PRC, § 3203, subd. (c).)
 - (2) Under Public Resources Code 3237, operators responsible for plugging and abandonment include the most recent operator of the well and any previous operators who operated the well after January 1, 1996. CalGEM's collection unit pursues various collection efforts from current and/or prior operators to cover the costs of plugging and abandonment. This includes issuing demand letters; levying any bond the operator has filed with CalGEM; and working with the State Controller's Office to issue a lien against any real or personal property the operator(s) may have. In addition, CalGEM is establishing processes and procedures to utilize a third-party collections agency as well.
 - (3) CalGEM coordinates closely with numerous state and local agencies in the regulation and enforcement of oil and gas operations. CalGEM refers matters to other agencies, as appropriate, for review under their applicable requirements and coordination on enforcement matters.

Q: Timeline. What is the timeline for the State Abandonment process and how long will it take?

- In August 2022, CalGEM was awarded \$25 million in initial grant funding from the federal government's orphan well program authorized in the bipartisan Infrastructure Investment and Jobs Act. This grant funding is being used to complete state abandonment of the HVI Cat Canyon wells, which is ongoing, and anticipated to be complete December 31, 2024. For the remaining projects, CalGEM anticipates beginning to release requests for qualifications from potential bidders Fall 2023, with early contracts in place as soon as end of 2023.
- The process will continue so long as there are state or federal funds available for expenditure. CalGEM will produce annual reports to provide the status of executed contracts and update project lists as additional wells are selected through the screening methodology and engagement with the public on local priorities. In addition, key program updates will continue to be made available on our website.

PROPERTY DEVELOPMENT

Q: How do I develop property near an active or abandoned well?

- First, CalGEM recommends you contact your local planning agency or building department who should inform you about any applicable city/county regulations regarding locating structures near wells. Second, CalGEM recommends you physically locate and identify any wells on the property you intend to develop. CalGEM recommends all wells be located and leak tested. Third, CalGEM recommends you request a Construction Site Well Review (CSWR) from the local CalGEM district office. A CSWR is conducted to identify any compliance issues with wells located on property to be developed and actions necessary to bring the wells into compliance and to prevent safety concerns prior to development. The CalGEM engineer will also document whether any known wells on or off the property will be made inaccessible due to the proposed construction. The local planning agency or building department will typically require a copy of this letter before issuing construction permits. For more information on the Construction Site Plan Review Program please visit: https://www.conservation.ca.gov/calgem/for_operators/Pages/construction_site_review.aspx

Q: Can I build a structure over an old, abandoned well?

- Typically, your local planning agency or building department permits or oversees construction, including determining whether to allow construction over or near wells. CalGEM recommends that structures not be placed over wells, including wells plugged and abandoned to the most stringent standards. Furthermore, construction should not impede access to wells, including wells outside the property being developed. If construction does impede access to a well, the developer or property owner may be ordered to remove such impediments. While CalGEM recognizes that wells plugged and abandoned to current requirements are less likely to pose hazards, there is no guarantee. For more information on the Construction Site Plan Review Program please visit: https://www.conservation.ca.gov/calgem/for_operators/Pages/construction_site_review.aspx

SUPPORT FOR THE DRAFT EXPENDITURE PLAN

C: Well thought out. Commenters thank CalGEM for their well thought-out prioritization methodology to screen, rank and prioritize California's more than 5,300 orphan and

likely orphan wells to be considered for permanent plug and abandonment with funding from the State and Federal Governments. Importantly, 40 percent of the funds for these initial projects will be spent in disadvantaged communities.

- Thank you for expressing your support of the Expenditure Plan. CalGEM looks forward to continued engagement with local communities and governments on future priorities for well abandonments.

C: AllenCo wells. Wells, such as those at AllenCo Energy, were identified as higher risk because generally, they have had a history of leaks, compliance issues, and because they are located in close proximity to communities (within 3200 feet of schools, homes, parks, churches, and childcare facilities) – making them a top priority for sealing. Commenters support the Project Spotlight on AllenCo Energy and the immediate plugging of their wells as proposed in the Draft Expenditure Plan.

- Thank you for expressing your support of the Expenditure Plan. CalGEM looks forward to continued engagement with local communities and governments on future priorities for well abandonments.

C: Clarence R. Barnett wells. Commenter strongly supports the inclusion of the Clarence R. Barnett Inc., wells and facilities in the first phase of projects in the Draft Expenditure Plan. The wells are within 150 feet of homes and no oil has been produced at the site for 10 years, since August 2013. Additionally, the operator filed for bankruptcy in 2015, eight years ago. It is time that these wells be addressed for the good of the immediate neighbors and the surrounding community.

- Thank you for expressing your support of the Expenditure Plan. CalGEM looks forward to continued engagement with local communities and governments on future priorities for well abandonments.

TERMINOLOGY

Q: Idle-deserted well. Is an idle-deserted well the same as an orphaned well?

- The PRC delineates between multiple categories of “orphan wells,” including idle-deserted and hazardous wells. An idle-deserted well is a well that the supervisor has determined has been deserted under PRC Section 3237 and for which there is no operator responsible for its plugging and abandonment. Similarly, a hazardous well is a well the supervisor has determined to be a

potential danger to life, health, or natural resources and for which there is no operator responsible for plugging and abandonment under PRC Section 3237.

Q: Long-term idle well. I have seen different definitions for long-term idle wells - both 8 years and 15 years. Please clarify. Are wells idle over 15 years called something else?

- A long-term idle well is a well that has been an idle well for eight or more years. (PRC, § 3008, subd. (e).) For wells that have been an idle well for 15 years, operators are required to provide CalGEM with an engineering analysis demonstrating to the CalGEM's satisfaction that it is viable to return the well to operation in the future. (Cal. Code of Regs. tit. 14, § 1772.1.2).

Q: Permanently seal. In the executive summary, the draft states that "...Because there is no responsible operator, in many instances orphan wells are left to the State to remediate and permanently seal (or plug and abandon)." Are "permanently seal" and "plug and abandon" being used interchangeably here? If not, what are the criteria for determining if a well is permanently sealed vs. plugged and abandoned? Which wells on the initial list included in this plan will be permanently sealed vs. plugged and abandoned?

- Yes, CalGEM uses the terms "permanently sealed" and "plugged and abandoned" interchangeably.

Q: Total wells to be abandoned. The Executive Summary indicates there are 378 wells to be abandoned, however, the table in Appendix B shows a total of 429. Where are the missing 51?

- The Executive Summary of the Draft State Abandonment Expenditure Plan described the abandonment of 378 of the State's highest-priority orphan wells, while the list in Appendix B also included 51 facilities to be decommissioned, which were not included in the Executive Summary. The State Abandonment Expenditure Plan has been updated to clarify the 51 facilities are included.

TRANSPARENCY AND COMMUNITY ENGAGEMENT

Q: Outreach. What kind of outreach will CalGEM conduct?

- CalGEM has held multiple public meetings and solicited feedback on the orphan well prioritization methodology and met with several local governments across five counties to support the prioritization of this plan. CalGEM also worked

directly with community on identifying the proposed priorities through multiple meetings held with and/or hosted by: the AB 617 Avrin/Lamon Community Steering Committee, the AB 617 Shafter Community Steering Committee, Central California Environmental Justice Network, People Not Pozos campaign of Esperanza Community Housing, and Central Valley Air Coalition. Moving forward, CalGEM will be conducting community meeting(s) appropriate to the nature of the community surrounding the project and the level of community interest in order to identify and address potential localized impacts from carrying out these construction projects. As CalGEM starts to develop additional phases of work, it will conduct additional community and local government outreach to inform the identification of future projects. Further, CalGEM plans to provide ongoing public status updates on program progress through the Methane Task Force, and other public meetings.

C: Transparency and community engagement must be improved for two major reasons. First, as detailed in the Draft Plan, orphan wells pose significant threats to public health, safety, and the environment. For the communities who have lived in close proximity to these polluting sites for years, this Draft Plan is likely the first opportunity they have had to learn that they live near orphan wells. Additionally, low-income and communities of color who have been disproportionately saddled with fossil fuel pollution may need additional and varied tools to ensure equitable engagement. Second, based on the current Draft Plan, most of these abandonments will be funded using taxpayer dollars. Taxpayers should receive an itemized receipt. Recommendations to increase transparency and community engagement:

1. Publish the Draft Plan and other resources in Spanish and other predominant languages in the communities where orphan wells were identified.
2. Respond directly and swiftly to community questions, recommendations, and comments.
3. Direct mail, canvass, and/or send notifications through community-based organizations to community members within 3,200 feet of the orphan wells notifying them of the abandonment and providing information on potential health and safety impacts and expenditure plans.
4. In the Draft Plan, and any other material, CalGEM should use identification specifics when discussing particular orphan wells. The "Overview of First Package of Proposed Projects" starting on Page 27 should have footnotes with all referenced orphan wells' API numbers.

5. Any inventories of wells, including on CalGEM's "Orphan Well Screening Methodology" webpage, should be provided in Excel or .csv format to increase accessibility to information (i.e. sorting, counting, analyzing, etc.).

- (1) The Draft Expenditure Plan was published in Spanish and can be found here: <https://www.conservation.ca.gov/calgem/Pages/State-Abandonments.aspx>. Other languages are available upon request. In addition, the Final Expenditure Plan will be published in Spanish as well and can be found using the same link above.
- (2) As part of the release of the State Abandonment Expenditure Plan, CalGEM will be publishing the comments received on the Draft Expenditure Plan and CalGEM's responses to those comments. These documents will be published to: <https://www.conservation.ca.gov/calgem/Pages/State-Abandonments.aspx>.
- (3) CalGEM plans to conduct community meeting(s) appropriate to the nature of the community surrounding the project and the level of community interest, in order to identify and address potential localized impacts from carrying out these abandonment projects.
- (4) The API Number for each of the wells referenced in the text is provided in Appendix B of both the Draft State Abandonment Expenditure Plan and the State Abandonment Expenditure Plan.
- (5) CalGEM provides documents on the website in the forms most requested. We will take your input into consideration for future publications. In the meantime, if there is any specific data you need in an excel or csv format, please feel free to send a public information request to CalGEMOrphanWells@conservation.ca.gov.

C: Methane emissions. Commenter is happy to note that the methane emissions will be tracked pre- and post- abandonment to quantify the real greenhouse gas impacts of sealing these wells. We would ask that the methane emissions monitoring data be made available to the community via a centralized portal or in partnership with local air resources boards similar to AQMD's efforts to monitor the methane levels at Aliso Canyon.

- CalGEM is collecting methane monitoring information and that information may be made available upon request. Please send a request with the specifics of the data you are seeking to CalGEMOrphanWells@conservation.ca.gov.

C: Tribal outreach. Commenter is glad to see that Tribal representatives will be notified if a CEQA Initial Study is required for the plugging and abandonment process. This is

especially important in the Canoga Park area in El Escorpión Park where the Knapp 1 and Knapp 3 wells are located and there are tribal cultural resources including a Lime Kiln constructed between the eighteenth and early nineteenth centuries by native Chumash people.

- Thank you for expressing your support of the plan. CalGEM looks forward to continued engagement with tribal communities and governments.

C: Tribal Outreach. In an email sent out by CalGEM on July 18th, 2023, it is stated that the agency is working with the Santa Ynez Band of Chumash Indians to provide cultural monitoring and guidance in restoring the remediation areas of the Cat Canyon oil field, once the wells are sealed permanently. Including a list of all impacted tribes that CalGEM plans to consult would increase transparency and ensure equitable tribal consultation is being conducted if included in the final draft.

- Thank you for the suggestion. CalGEM is committed to early, often, and meaningful tribal consultations, with the goal of collaborative partnership and meaningful inclusion of tribal governments' priorities and interests throughout CalGEM's work. CalGEM is conducting statewide outreach to all tribes that have indicated an interest in potential projects in the counties in which our projects will be carried out. If, after receiving this outreach, a tribe determines that it has an interest in a project, and agrees to publication of its involvement, CalGEM may include that information in future publications.

C: Methane Task Force and CalGEM public meetings do not currently allow for questions brought by community members or advocates to be answered in real time, nor are answers to questions sent out after these meetings are adjourned. Individuals have reported that emails to methanetaskforce@conservation.ca.gov and other CalGEM program email addresses receive no response, and we urge CalGEM to determine methods for answering community questions in a timely manner, and to encourage staff to answer questions posed by the public in public meetings.

- Answers to questions posed at Methane Task Force meetings and in email are included on the website for the Methane Task Force and are released quarterly. These summary of questions and responses can be found at: <https://www.conservation.ca.gov/calgem/Pages/Methane-Task-Force.aspx>.
- While we appreciate a desire to have questions answered immediately, many of the issues discussed are complicated and cross multiple agencies. To ensure we

are able to provide the most accurate information, we post answers to all questions received each quarter.

- In addition, CalGEM has staff dedicated to reviewing the Methane Task Force email address, and staff strive to response to all emails received. We apologize if some members of the public did not receive a response, and invite them to resend any questions they may have.

Q: Listserv. How do I sign up for the CalGEM listserv to receive more information and announcements about the orphan well prioritization process?

- To be added to the CalGEM listserv, please email your request to: CalGEMPublicTransparencyOffice@conservation.ca.gov.

WORKFORCE DEVELOPMENT PLAN

C: Project labor agreements. Commenter is pleased with the workforce development plan for transitioning oil and gas workers as this closely aligns with the LA City/LA County Just Transition Taskforce goals. The requirement to enter into a project labor agreement (PLA) for well abandonment work by January 1, 2028 is admirable. We recognize that the January 1, 2028 date is a statutory deadline set by SB 1295 that CalGEM must implement. However, we recommend that CalGEM work to identify a plan to implement this goal ahead of the deadline, especially as, per the attached Encumbrance Goal, the vast majority of the funds (~\$257.2 of the \$317.2 million) will be spent before January 2028. The LA Just Transition Task force would appreciate being involved in the effort for the California Workforce Development Board (CWDB) pilot workforce training program for displaced oil and gas workers in LA County.

- SB 1295 requires CalGEM, after January 1, 2028, to ensure that contractors selected to carry out state abandonment work enter into a project labor agreement that expressly requires each contractor and subcontractor performing the work to use a skilled and trained workforce. In advance of this deadline, CalGEM plans to explore options to accelerate opportunities for workers and position California as a leader in both orphan well remediation and workforce training to provide oil and gas workers high-quality jobs amid the transition away from fossil fuel production. For example, CalGEM will provide preference to contractors that employ a skilled and trained workforce. CalGEM welcomes the opportunity to work with LA Just Transition Task Force on this important aspect of the program.

C: Prevailing wage. As part of the high wage standards outlined in the plan, clarification that contractors must pay no less than prevailing wage on public works projects should be included.

- The recent and unprecedented level of Federal and State funding available for oil well capping in California is an opportunity the State will leverage to provide high-quality job opportunities for those transitioning out of oil and gas production. Recognizing this opportunity, SB 1295 requires CalGEM administered work to plug and abandon wells, decommission production facilities, or otherwise remediate well sites to be considered public work. As such, all contractors are required to pay prevailing wages and comply with apprenticeship utilization requirements pertaining to public works projects. To meet this, CalGEM is ensuring all contracts entered for state abandonment work contain prevailing wage requirements.

C: Metrics. Commenter suggests adding to the plan's workforce development metrics: Percentage of workers employed through state contracts for plug and abandonment that are an incumbent workforce, trained through a joint labor-management or community college training program, like LATTC.

- Thank you for this suggestion. CalGEM will explore whether sufficient data can be collected to make this a meaningful and accurate metric.

Q: Training program, contract priority. Commenter understands from the presentation on the 18th that there would be a training program for well service vendor personnel. Would people and companies that have gone through the training process have higher priority on contracts?

- Contractors that commit through written agreement to hiring apprentices from High Road Training Partnerships funded by the Oil and Gas Well Capping Pilot initiative administered by the California Workforce Development Board will have preference through the awarding of additional points toward their bid or through other mechanisms. For more information on the training program currently being developed by the California Workforce Development Board, please visit <https://cwdb.ca.gov/hrtp-rwp/>.

WELL PRIORITY DETERMINATIONS

Q: Tier 3 wells. Are there pathways in which a developer can work with the state to increase the priority of Tier 3 wells and have them plugged and abandoned so as to not inhibit site development?

- The orphan well prioritization methodology was developed through a robust public process and will be followed in future phases of the program. However, CalGEM is happy to work with developers to assist them in properly managing and sealing any wells on their property to move forward with site development in a safe manner.

Q: Tier qualification. What was the threshold for a well to qualify for each Tier?

- Please see the CalGEM Final Orphan Well Screening and Prioritization Methodology at: <https://www.conservation.ca.gov/calgem/Pages/Orphan-Well-Screening-Methodology.aspx> to see the parameters that were used to score each well within the orphan well list. A percentile statistic method was then used to divide the inventory into five Tiers, where Tier 1 was assigned for wells with total score on the upper 20% of the score interval, Tier 2 for the upper 20-40%, Tier 3 for 40-60%, Tier 4 for 60-80%, and Tier 5 for the lower 20%.

Q: Impact of Tier placement. What does a well's placement in each Tier mean, as far as abandonment goes?

- The Tiers refer to each well's relative risk ranking using the initial screening method developed as part of the Final Orphan Well Prioritization Methodology ([link here](#)). Wells identified as Tiers 1 and 2 are higher priority for abandonment, as data about their well characteristics indicate they may present a higher level of risk.

Q: Will only Tier 1 wells be abandoned?

- No. Tier 1 wells are certainly a higher priority as they have characteristics that indicate they may pose a higher risk. However, wells that rank lower than Tier 1 may also present potential risk, and may be proposed for state abandonment.

C: Wells within 3200 feet. After wells that are leaking or have a history of leaks—all wells within 3,200 feet of sensitive receptors, near communities with the highest burden of

collective air and water pollution, should be awarded the highest remediation priority through this program, to align with the equity values set out in this plan.

- In response to comments received on the Orphan Well Prioritization Methodology, CalGEM updated its method to add an additional criterion for wells located within 3,200 feet of residences, schools, or health care facilities. As such, wells within 3,200 ft of residences, schools, or health care facilities, as well as wells with a history of leaks are highly prioritized for state abandonment. See the Final Orphan Well Prioritization Methodology ([link here](#)).