

REQUIREMENTS FOR CALIFORNIA UNDERGROUND GAS STORAGE PROJECTS

NOTICE OF PROPOSED RULEMAKING ACTION

REGARDING

**TITLE 14. NATURAL RESOURCES
DIVISION 2. DEPARTMENT OF CONSERVATION
CHAPTER 4. DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES
SUBCHAPTER 1. ONSHORE WELL REGULATIONS**

Notice Published May 19, 2017

Office of Administrative Law Notice File Number: Z-2017-0509-02

NOTICE IS HEREBY GIVEN that the California Department of Conservation (Department) proposes to adopt the regulations described below after considering all comments, objections, and recommendations regarding the proposed action. With this rulemaking the Department will propose permanent regulations, after the consideration of all comments, objections, or recommendations.

WRITTEN COMMENT PERIOD AND PUBLIC COMMENT HEARINGS

Any person, or his or her authorized representative, may submit written statements, arguments, or comments related to the proposed regulatory action to the Department. Comments may be submitted by email to:

DOGGR_GasStorageRegs@conservation.ca.gov

By mail:

Department of Conservation
801 K Street, MS (24-02)
Sacramento, CA 95814
ATTN: Underground Gas Storage Regulations

Or by facsimile (FAX) to (916) 324-0948

The written comment period closes at 5:00 p.m. on July 13, 2017. The Department will consider only comments received at the Department's office by that time.

Any interested person, or their authorized representative, may present statements or arguments orally or in writing relevant to the proposed action at one of the public hearings to be held at the following times and places:

- Sacramento – July 10, 4:00pm – 7:00pm. Natural Resources Agency Auditorium, 1416 Ninth Street, Sacramento, CA 95814
- Los Angeles – July 12, 1:00pm – 4pm. Ronald Reagan State Building, 300 South Spring Street, Los Angeles, CA 90013

AUTHORITY AND REFERENCE

Pursuant to the authority vested by sections 3013, 3106, and 3080 of the Public Resources Code, and to implement, interpret, or make specific sections 3106, 3180, 3181, 3183, 3184, 3220 and 3403.5 of the Public Resources Code, the Department proposes to delete section 1724.9 of the California Code of Regulations, title 14, division 2, chapter 4, subchapter 1, article 3. Concurrently, the Division proposes to add to title 14, division 2, chapter 4, subchapter 1 of the California Code of Regulations a new article 4, entitled “Requirements for Underground Gas Storage Projects,” consisting of new sections 1726, 1726.1, 1726.2, 1726.3, 1726.3.1, 1726.4, 1726.4.1, 1726.4.2, 1726.5, 1726.6, 1726.7, 1726.8, 1726.9, and 1726.10.

POLICY STATEMENT / INFORMATIVE DIGEST

Existing Law

The Department’s Division of Oil, Gas, and Geothermal Resources (Division) supervises the drilling, operation, maintenance, and plugging and abandonment of onshore and offshore oil, gas, and geothermal wells. The Division carries out its regulatory authority to encourage the wise development of oil and gas resources while preventing damage to life, health, property, and natural resources. (Pub. Resources Code, § 3106.) The Division regulates the injection of natural gas into large underground reservoirs for storage before the gas is later withdrawn for sale to residential, commercial, and industrial customers and natural gas power plants. The Division oversees underground gas storage (UGS) facilities to ensure that the original reserves are not lost, that drilling of new wells is conducted safely, and to minimize the risk of damage to public health and the environment. (Pub. Resources Code, §§ 3106, 3180, 3181, 3220 and 3403.5.)

UGS projects are subject to the requirements of the Division’s existing regulations for underground injection projects (commonly referred to as the “UIC regulations”). (Cal. Code Regs., tit. 14, §§ 1724.6 to 1724.10.) The existing regulations require written approval from the Division before any subsurface injection associated with underground

gas storage can begin, and set forth specific data requirements that an applicant must satisfy before the Division will approve a subsurface injection project. (Cal. Code Regs., title 14, §§ 1714, 1724.6, 1724.7.) Project data requirements include engineering studies (including reservoir characteristics and casing diagrams), geologic studies (including structural contour and isopachous maps), and injection plans (including identification of the proposed maximum anticipated surface injection pressure and proposed monitoring system or methods to ensure no damage is occurring). (Cal. Code Regs., title 14, § 1724.7.) For underground gas storage projects, the applicant must also submit additional information about the proposed storage reservoir, a list of proposed surface and subsurface safety devices and measures to ensure the safety of the project, and the proposed waste water disposal method. (Cal. Code Regs., title 14, § 1724.9.)

Approved injection projects are subject to additional filing, notification, operating and testing requirements throughout their operational lifespan. (See Cal. Code Regs., § 1724.10.) Among other requirements, Division regulations require operators to ensure that all piping, valves and facilities meet or exceed design standards for the maximum anticipated injection pressure, and that such facilities and equipment be maintained in a safe and leak-free condition. (Cal. Code Regs., § 1724.10, subd. (f).) Accurate operating pressure gauges or recording devices must be available at all times, and wells must be equipped for installation and operation of such devices. (Cal. Code Regs., § 1724.10, subd. (e).) The operator must also perform tests to establish the maximum allowable surface injection pressure and mechanical integrity of the well, and maintain data to establish that no damage to life, health, property or natural resources is occurring by reason of the injection project. (Cal. Code Regs., § 1724.10, subds. (h), (i) and (j).)

On February 5, 2016, the Division adopted emergency regulations requiring gas storage facilities in California meet safety and reliability measures, including: (1) at least daily inspection of gas storage well heads using leak detection technology such as infrared imaging; (2) ongoing verification of the mechanical integrity of all gas storage wells; (3) ongoing measurement of annular gas pressure or annular gas flow within wells; (4) regular testing of all safety valves used in wells; (5) minimum and maximum pressure limits for each gas storage facility; and (6) submittal of comprehensive risk management plans that prepare for risks at each facility, including the corrosion potential of pipes and equipment. The emergency regulations, which were readopted on July 22, 2016, ensure that protective standards are in place while the Division completes the permanent rulemaking process for permanent regulations described in this Notice.

Effective January 1, 2017, Senate Bill 887 (Pavley, Chapter 673 statutes of 2016) (SB 887) established a number of significant new statutory requirements for UGS facilities. The bill mandates that the Division's regulations require that no single point of failure poses an immediate threat of loss of control of fluids, and it provides detailed specifications for ensuring well construction integrity. It requires operators to commence a stringent mechanical integrity testing regime on all gas storage wells by January 1, 2018, and it includes extensive requirements for providing risk management planning and

project data to the Division. The bill also requires that operators develop and maintain employee gas storage well training and mentoring programs.

Proposed Regulations

On October 23, 2015, a natural gas leak was discovered from an injection and production well in the Aliso Canyon Natural Gas Storage Facility in Los Angeles County. The leak represented a significant threat to the public peace, health, safety and general welfare. It resulted in the relocation of thousands of people from the areas proximal to the facility and, according to the California Air Resources Board, released 109,000 metric tons of methane. On February 11, 2016, the operator temporarily controlled the leak by injecting mud from a relief well intersecting the bottom of the leaking well. A permanent seal of the well was announced by the Division on February 18, 2016.

In response to that incident, the Division promulgated emergency regulations on February 5, 2016, imposing requirements on all UGS facilities in the state. The emergency regulations require at least a daily inspection of gas storage well heads using gas leak detection technology such as infrared imaging, ongoing verification of the mechanical integrity of all gas storage wells, ongoing measurement of annular gas pressure or annular gas flow within wells, regular testing of all safety valves used in wells, establishment of minimum and maximum pressure limits for each gas storage facility in the state, and development of a comprehensive Risk Management Plan (RMP) that evaluates, mitigates, and prepares for risks at each UGS facility.

Prior to the emergency regulations with their specific UGS emphasis, the UIC program broadly covered UGS facilities. However, UGS facilities have differing and distinct concerns and practices from other types of injection projects regulated by the Division under its UIC program. UGS facilities are generally used to store larger quantities of gas during off-peak months, while during peak summer and winter months the gas volume is lower when subject to higher demand. Therefore, the operation of gas storage wells is cyclical throughout the year, subjecting the wells to a wider range of pressures than other types of injection operations associated with oil and gas production. Gas storage wells present unique engineering challenges and warrant differing construction standards, testing, monitoring, and inspections.

Building upon the emergency regulations in place for UGS facilities, the proposed regulations address a more complete regulatory scheme tailored specifically to UGS facilities and gas storage wells. The proposed regulations also provide necessary clarifications and specificity to implement the statutory requirements added by SB 887. The broad objectives of the proposed regulations are to establish:

- A comprehensive regulatory framework tailored to the regulatory concerns specific to UGS projects
- Well construction standards for gas storage wells
- Mechanical integrity testing requirements specific to gas storage wells

- Standards and specifications for risk management plans for UGS projects
- Standards and specifications for emergency response plans for UGS projects to ensure rapid and safe responses when emergency situations arise
- Standards and specifications for UGS project data requirements, including protocols for operators' retention and management of records
- Monitoring and inspection requirements for gas storage wells or the UGS project as a whole to ensure early detection of any indication of integrity concerns
- Standards and specifications for the inspection, testing, and maintenance of wellheads and valves
- Protocols for the decommissioning of a UGS project
- Implement the well reporting and response requirements of Public Resources Code sections 3183 and 3184

The proposed regulations will further the statutory mandates and goals for UGS projects; reduce risks to health, safety and the environment; and facilitate thorough and transparent oversight, evaluation, and risk assessment of UGS projects.

Consistency with Comparable Federal Regulation or Statute

In June 2016, Congress enacted the “Securing America’s Future Energy: Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016” or “Safe Pipes Act.” The Safe Pipes Act amended an existing body of pipeline safety laws set forth in sections 49 U.S.C. §§ 60101—60503, including adding a new section entitled “Standards for Underground Natural Gas Storage Facilities.” (49 U.S.C. § 60141.) The new section directs the federal Pipeline and Hazardous Materials Safety Administration (“PHMSA”), within the Department of Transportation, to issue “minimum safety standards” for underground natural gas storage facilities within two years of the Safe Pipes Act’s enactment. (Id. § 60141, subd. (a).) On December 19, 2016, PHMSA issued an “Interim Final Rule” establishing standards for wells and downhole aspects of underground gas storage facilities. (See 81 Fed. Reg. 91,860 (Dec. 19, 2016).) The Interim Final Rule incorporates and makes mandatory two sets of industry “best practices” issued by the American Petroleum Institute (“API”) (specifically, API Recommended Practice 1170, Design and Operation of Solution-mined Salt Caverns used for Natural Gas Storage; and API Recommended Practice 1171, Functional Integrity of Natural Gas Storage in Depleted Hydrocarbon Reservoirs and Aquifer Reservoirs). The Interim Final Rule took effect on January 18, 2017.

The proposed regulations are consistent with and are more stringent and comprehensive than the minimum federal standards. The Division consulted API RP 1171 as a starting

point in developing the proposed regulations. (Recommended Practice 1170 was not consulted because there are no solution-mined salt caverns used for natural gas storage in California). The Division's proposed regulations would include additional detail and definition as to requirements in comparison to API RP 1171, which tends to apply requirements based on more open-ended case-by-case assessments. Examples of greater definition and stringency in the Division's proposed regulations include more stringent and defined well construction standards, a clear regulatory framework for risk management planning, more detailed requirements for mechanical integrity testing and monitoring, more frequent testing of safety valves, and stronger Division oversight through project data requirements.

PHMSA's January 18, 2017 Interim Final Rule establishing minimum standards for underground natural gas storage facilities addresses many of the same issues as the Division's proposed regulations. Both sets of regulations are intended to minimize the environmental and public health risks associated with such facilities. However, PHMSA minimum standard only provide a floor for regulation of UGS projects, and the Division's proposed regulations are necessary to achieve greater protection of health and safety and to meet statutory requirements for the regulations of UGS projects under state law.

SB 887 directs the Division to promulgate standards for the design, construction, and maintenance of all gas storage wells in California to ensure that any integrity concerns with a gas storage well are identified and addressed before they can become a threat to life, health, property, the climate, or natural resources. (Pub. Resources Code, § 3180; see also Pub. Resources Code, § 3403.5 [charging the Division with responsibility to ensure that no damage occurs to the environment by reason of injection and withdrawal of gas at underground storage facilities].) The federal Safe Pipes Act of 2016 authorizes states to adopt additional or more stringent safety standards for intrastate underground natural gas storage facilities if such standards are "compatible" with PHMSA's minimum standards. (49 U.S.C. § 60141, subd. (e).) The Division's proposed regulations are compatible with the newly adopted federal standards, and nothing in the Division's proposed regulations would prevent compliance with the federal standards.

Consistency with Existing State Regulations

The Division has determined that the proposed regulations are not inconsistent or incompatible with existing state regulations. After conducting a review for any regulations that would relate to or affect this area the Division concluded that there are no existing state regulations imposing safety standards for underground gas storage facilities specifically. To the extent other state agencies may enforce health, safety, or environmental protection standards that could apply to underground gas storage facilities because they are regulations of general application affecting a wider range of industrial activities, those regulations are not expected to be inconsistent or incompatible with the regulations proposed here.

Certain aspects of the Division's proposed regulations would apply to intrastate natural gas pipelines and associated facilities that are located within the gas storage field. These pipelines also fall under the regulatory jurisdiction of the California Public Utilities Commission ("CPUC") and are subject to CPUC General Order No. 112-E. To the extent the Division's proposed regulations overlap with CPUC's requirements as applied to certain pipelines, the Division's regulations would not be inconsistent or incompatible with CPUC's requirements. For example, while CPUC's General Order requires leakage surveys at periodic intervals ranging from once to four times per year depending on site-specific conditions (see General Order No. 112-E, 101.2 [incorporating by reference 49 C.F.R. § 192.706]), the Division's proposed regulations would require at least daily inspection of certain attached pipelines. The Division's requirement for more frequent testing would not prevent compliance with the CPUC requirements. The Division and CPUC have a Memorandum of Agreement in place to ensure coordinated, consistent, and non-duplicative regulation of pipelines and facilities associated with UGS projects.

The proposed regulations include a requirement for operators to develop and implement an inspection and leak detection protocol for inspection of the wellhead assembly and attached pipelines for each gas storage well, and the surrounding area within a 100-foot radius of each gas storage well. The inspection protocol must provide for inspection at least once a day, employing effective gas leak detection technology such as infrared imaging. This requirement was developed in consultation with the California Air Resources Board (CARB) and was adopted by emergency regulation in response to one of the mandates of Governor Brown's January 1, 2016 Emergency Proclamation. This requirement ensures early discovery of leaks or other irregularities in the wellhead assembly and attached pipelines. CARB is in the process of adopting equivalent requirements for UGS facilities, and, in order to avoid unnecessary duplication, the Division's proposed regulation provides that it will no longer apply once CARB has adopted and implemented its requirements.

PLAIN ENGLISH REQUIREMENT

The Division staff prepared the proposed regulations pursuant to the standard of clarity provided in Government Code Section 11349 and the plain English requirements of Government Code Sections 11342.580 and 11346.2 (a)(1). The proposed regulations are written to be easily understood by the parties that will use them.

LOCAL MANDATE

This proposal does not impose a mandate on local agencies or school districts.

COST TO LOCAL AGENCIES

This proposal does not impose costs on any local agency or school district for which reimbursement would be required pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code. This proposal does not impose other nondiscretionary cost or savings on local agencies. This proposal does not result in any cost or savings in federal funding to the state.

COST OR SAVINGS TO STATE AGENCIES

Implementation of the requirements of the proposed regulations would require a baseline appropriation of approximately \$4.172 million the first year, \$3.269 million the second year, and \$3.269 million ongoing. These expenditures have been approved by the Legislature in order to fund the emergency regulations, which are currently in place.

EFFECT ON HOUSING COSTS

The Division has determined that the proposed regulation will not have a significant effect on housing costs.

IMPACT ON BUSINESS

The proposed regulation will affect owners and operators of UGS facilities. The following reporting, recordkeeping, and compliance requirements will result from the proposed regulations:

- Well construction requirements gas storage wells
- Mechanical integrity testing requirements for gas storage wells
- Requirements for developing, implementing, and updating risk management plans, including emergency response plans
- Requirements for developing, updating, and maintaining data and analysis supporting a UGS project
- Monitoring and inspection requirements for gas storage wells or the UGS project as a whole
- Requirements for inspection, testing, and maintenance of wellheads and valves
- Required protocols for the decommissioning of a UGS project
- Documenting and reporting on monitoring and inspections, including reporting leaks and incidents

The Division has made an initial determination that adoption of these regulations may have a significant, statewide adverse economic impact directly affecting business, including the ability of California business to compete with businesses in other states. The Division has considered proposed alternatives that would lessen any adverse economic impact on business and invited you to submit proposals. Submissions may include the following considerations:

- The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to businesses.
- Consolidation or simplification of compliance and reporting requirements for businesses.
- The use of performance standards rather than prescriptive standards.
- Exemption or partial exemption from the regulatory requirements for businesses.

RESULTS OF THE STANDARDIZED REGULATORY IMPACT ASSESSMENT

The Division has determined that this rulemaking action is a major regulation and has completed a Standardized Regulatory Impact Assessment (SRIA) for this rulemaking, which has been provided to the Department of Finance (DOF) for review and comment. The SRIA, DOF's comments on the SRIA, and the Division's response to DOF's comments are included in the Initial Statement or Reasons for this rulemaking action.

The SRIA found that, given the economic context of underground gas storage operations, the added economic impacts associated with compliance with the proposed regulations will not deter operators from performing future operations and/or construction. For these reasons, the Department has made the following determinations:

- The proposed regulations will affect the creation or elimination of jobs within the State of California.
- The proposed regulations will not affect the creation of new businesses or the elimination of existing businesses with the State of California.
- The proposed regulations will not affect the expansion of businesses currently doing business in the State of California.
- The proposed regulations will not affect the ability of businesses within California to compete with businesses in other States.

- The proposed regulations will not affect the competitive advantages or disadvantages for businesses currently doing business in the State of California.
- The proposed regulations will not affect the increase or decrease of investment in the State of California.
- The proposed regulations will affect incentives for innovation in products, materials, or processes.

Further, the Division has determined that the proposed regulations will result in nonmonetary benefits such as protection of public health and safety, worker safety, environmental safety, and transparency in government and business. Specifically, the benefits are as follows:

- Prevention of future disasters such as the uncontrolled gas leak at Aliso Canyon
- Decreased risks to health, safety, and the environment associated with operation of UGS projects
- Restoration of public trust in the gas storage industry
- Prevention of disruptions in gas supply
- Prevention of gas waste from leaks
- Prevention of atmospheric greenhouse gas emission leakage
- Reduction of unanticipated and potentially significant costs to private businesses
- New employment as a result of increased testing and well construction requirements for gas storage wells

COST IMPACTS ON A REPRESENTATIVE PRIVATE PERSON OR BUSINESS

While the regulatory requirements, will impose costs on owners and operators of gas storage facilities, the SRIA also found that the proposed regulations will provide significant employment opportunities for gas storage facility service providers including contractors for well construction and repair, well integrity testing, consulting, and vendors of materials and equipment necessary to meet the proposed performance standards.

Based on conservative assumptions that may overestimate costs, the average yearly statewide economic impact for the first five years of implementation of these proposed regulations could be up to \$236 million for direct costs and the total economic impact to

output average up to \$337 million. These costs would be spread across California's 14 underground natural gas storage facilities, seven of which are owned by the two principal gas distributors in the state, the Southern California Gas Company and Pacific Gas and Electric Company. In addition, there are five independently operated storage facilities. These independently operated storage sites are connected to and deliver their withdrawals for consumer and wholesale use.

The economic impact for employment is estimated to be an additional 1,700 jobs per year, and the gross state product average is approximately \$190 million per year during the first five years of implementation. As mentioned, these employment benefits would largely fall on gas industry service providers, well construction and repair contractors, testing services, consultants, government employees, and other sectors.

These employment impacts could be tempered by higher electricity and gas costs that could affect the hiring, saving, and consumption decisions in other sectors of California's economy. Thus, the job growth estimated in this economic impact analysis should be considered as an upper bound on the initial change in economic activity.

SUMMARY OF DOF COMMENTS ON STANDARDIZED REGULATORY IMPACT ASSESSMENT

DOF generally concurred with the Division's SRIA for the proposed regulations and found that it meets the requirements for a SRIA, but with three critiques of the SRIA. DOF's comments on the SRIA and the Division's responses are summarized as follows:

- *DOF Comment: The SRIA assumes that the costs of compliance with the proposed regulations will not be passed down to consumers in the form of higher prices of gas and electricity, which may be a particular burden for businesses that are intensive users of natural gas. This assumption allows the SRIA to estimate an increase of the state's employment level and gross state product, which may not ultimately occur once energy prices increase.*

Division Response: The Division's conversations with California Public Utilities Commission (CPUC) indicate that the proposed regulations would likely lead to higher energy costs for consumers. For the investor owned utilities such as Southern California Gas and Pacific Gas and Electric Company, who operate 76 percent of the gas storage wells in the state, these impacts would be tempered because the costs imposed by the regulations represent a small fraction of their revenue requirements and would be spread across a large number of ratepayers. For the customers of the independent operators this impact has the potential to be more substantial.

Higher electricity and gas costs could affect the hiring, saving, and consumption decisions by intensive users of natural gas such that some of the estimated economic impacts identified by the SRIA could be muted. Thus, the effects of this economic impact analysis (i.e., the gross output impact, employment impact, and value added) should be considered as an upper bound on the initial change in economic activity.

- *DOF Comment: The SRIA fails to acknowledge that these regulations may have a fiscal impact on other local and state agencies. The analysis only takes into account that the enforcement of these regulations requires a permanent increase of Conservation's workforce (20 positions). But as the Aliso Canyon leakage event showed, the monitoring and the execution of the leak response protocols are all actions that require the coordinated response of multiple agencies. The analysis should discuss whether the enforcement of these regulations has a fiscal effect on other local and state level agencies, and estimate what these effects will be.*

DOC Response: The proposed regulations have the expected effect of minimizing the likelihood of a major gas leakage, thereby reducing the possibility that a local agency would have to take any action in response to an incident. While the SRIA describes the emergency response actions of several local and state agencies, the proposed regulations in no way prescribes what a coordinated response should look like and do not impose any mandates on local agencies. Any monitoring or emergency response actions by local agencies are independent of the proposed regulations. Ultimately, we expect the execution of the proposed regulations to create cost savings in the long-run on local and state agencies due to the decreased risk of a major gas leakage.

- *DOF Comment: These regulations require operators to develop and implement an inspection and leak detection protocol, but provide that once CARB implements regulation which assume responsibility for these protocols, the Division's requirements will cease to apply. CARB's regulations are anticipated to be fully implemented in 2018. In the SRIA, the direct costs of ambient air monitoring associated with the Division's proposed regulations is set to zero in 2018. Finance's methodology for estimating costs requires that they be estimated relative to the currently existing regulatory environment – not relative to future anticipated (but uncertain) regulatory changes. Thus, the direct costs of ambient air monitoring must be included in the analysis throughout the full period (2017-2021).*

DOC Response: The Division has revised the ambient air monitoring costs and the derived economic impact from that cost in the SRIA to reflect the currently existing regulatory environment through 2021, per DOF's comment.

CONSIDERATION OF ALTERNATIVES

The Division must determine that no reasonable alternative considered by the agency or that has otherwise been identified and brought to the attention of the agency would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Division has engaged in substantial pre-rulemaking workshops and discussions, and the SRIA for the proposed regulations evaluates alternatives to the proposed regulations. No alternative considered by the Division would be more effective in carrying out the purposes of the proposed regulations, or would be equally effective but less burdensome to affected private persons and small businesses than the proposed regulations. The proposed regulations will further the statutory mandates and goals for UGS projects; reduce risks to health, safety and the environment; and facilitate thorough and transparent oversight, evaluation, and risk assessment of UGS projects.

HOUSING COSTS

The Division has determined that the proposed regulation will have no significant effect on housing costs.

FINDING OF NECESSITY OF REPORTS

The Division has found that the proposed requirements for reports are necessary to implement the effective regulation of UGS projects and are necessary for the health, safety, and welfare of the people of the state that the requirements apply to business.

SMALL BUSINESS DETERMINATION

The Division has determined that small businesses will not directly affect small businesses, as the requirements of the proposed regulations apply to operators of UGS projects. Small business may incur a detriment from the enforcement of the proposed regulations, to the extent that increased energy costs result. Small businesses in some sectors may benefit from new employment resulting from the enforcement of the proposed regulations.

CONTACT PERSONS

Inquiries regarding the proposed rulemaking action may be directed to:

Mr. Tim Shular
Department of Conservation
801 K Street, MS 24-02
Sacramento, CA 95814
Phone: (916) 322-3080
Email: DOGGR_GasStorageRegs@conservation.ca.gov

The backup contact person for these inquiries is:

Ms. Blair Gollihur
Department of Conservation
801 K Street, MS 24-02
Sacramento, CA 95814
Phone: (916) 322-3080
Email: DOGGR_GasStorageRegs@conservation.ca.gov

AVAILABILITY OF RULEMAKING FILE

The Division has prepared an initial statement of reasons for the proposed action, has available all the information upon which its proposal is based, and has available the express terms of the proposed action. The Department will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the proposed text of the regulations, the initial statement of reasons, the documents relied upon, and a standard form 399.

Copies of these documents may be obtained by contacting Mr. Tim Shular at the address and phone number listed above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After the written comment period and any hearing that may be conducted by the Division to accept comments and evidence regarding the adoption of these proposed regulations, the Division will consider all timely and relevant comments received, thereafter the Division may adopt the proposed regulations substantially as described in this notice. If the Department makes modifications that are sufficiently related to the original proposed text, it will make the modified text (with changes clearly indicated) available to the public for at least 15 days before the Division adopts the regulations as revised. Please send requests for copies of any modified regulations to the attention of Mr. Tim Shular at the address indicated above. The Division will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting Mr. Tim Shular at the above address.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of this Notice, the initial statement of reasons, and the text of the proposed regulations can be accessed through our website at: <http://www.conservation.ca.gov>.