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7 **STATE OF CALIFORNIA**
8 **NATURAL RESOURCES AGENCY**
9 **DEPARTMENT OF CONSERVATION**
10 **DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES**

11 **EMERGENCY ORDER TO:**
12 **PROVIDE DATA RE:**
13 **ALISO CANYON GAS STORAGE FACILITY**

14 [Pub. Resources Code, §§ 3106, 3224, 3226, 3300, and 3403.5.]

15 [Cal. Code Regs., tit. 14, §§ 1724.6, 1724.7, subd. (e), and 1724.10, subs. (a), (h) & (k)]

16
17 **Emergency Order No. 1104**

18 **November 18, 2015**

19 **Operator: Southern California Gas Company (S4700)**

20 **Aliso Canyon Field**

21 **Los Angeles County**

22
23 **BY**

24 **Dr. Steven R. Bohlen**

25 **STATE OIL AND GAS SUPERVISOR**

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At all times relevant to this Order, **Southern California Gas Company**¹ (SoCal Gas or Operator) is the “operator,” as defined in PRC section 3009, of certain “wells,” as defined in PRC section 3008, subdivision (a), and is conducting “operations” as defined in California Code of Regulations, title 14, (Regulations) section 1720, subdivision (f), at a gas storage project (see Cal. Code Regs., tit. 14, § 1724.9) in the Aliso Canyon Field in Los Angeles County (Field).

Based on data in the files of the Division, discussions with operator, and Division site visits, the Supervisor has determined that that there is an uncontrolled flow of fluids (see 1722.5) from well “Standard Sesnon” 25, and a waste of gas, in the Field that Operator has been, and is currently, addressing. Operator’s efforts to address the upset have included various tests

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1 and remedial work. However, the efforts have not yet remedied the uncontrolled flow of fluids
2 or stop the waste of gas. In addition, Operator has not yet furnished the Division information
3 about, and results from, some of the tests and/or remedial work. The Supervisor needs
4 immediate access to these data to monitor and address the uncontrolled flow of fluids, and
5 current and future remedial work. **Therefore, according to PRC sections 3013, 3106, 3224,**
6 **3226, 3300, and 3403.5, and Regulations sections 1724.6, 1724.7, subdivision (e), and**
7 **1724.10, subdivisions (a), (h), and (k), the Supervisor hereby orders Operator to provide**
8 **the data identified below (Section V; Data Required from Operator).**

9 **II. Definitions**

10 The following definitions apply to the terms used in this Order:

11 **PRC section 3008, subdivision (a)**, defines “**Well**” to mean, among other things, “any
12 well drilled for the purpose of injecting fluids or gas for stimulating oil or gas recovery[.]”

13 **PRC section 3009** defines “**Operator**” to mean “a person who, by virtue of ownership,
14 or under the authority of a lease or any other agreement, has the right to drill, operate, maintain,
15 or control a well or production facility.”

16 **Regulations section 1720, subdivision (f)**, defines “**Operations**” to mean “any one or all
17 of the activities of an operator covered by Division 3 of the Public Resources Code [i.e., the oil
18 and gas law, commencing with PRC section 3000].”

19 **III. Statutory and Related Authority**

20 **PRC section 3013** states that the oil and gas law (Division 3 of the PRC, commencing
21 with section 3000) “shall be liberally construed to meet its purposes” and grants the Supervisor
22 “all powers” that may be necessary to carry out those purposes.

23 **PRC section 3106, subdivision (a)**, authorizes the Supervisor to “supervise the drilling,
24 operation, maintenance, and abandonment of wells and the operation, maintenance, and removal
25 or abandonment of tanks and facilities attendant to oil and gas production ... so as to prevent, as
26 far as possible, damage to life, health, property, and natural resources[.]”

PRC section 3224 requires the Supervisor to “order such tests or remedial work as in his judgment are necessary to prevent damage to life, health, property, and natural resources[.]”

PRC section 3226 states that “Notwithstanding any other provisions of Section 3224, 3225, or 3237, if the supervisor determines that an emergency exists, the supervisor may order or undertake the actions he or she deems necessary to protect life, health, property, or natural resources.”

PRC section 3300 states, in part, that “[t]he blowing, release, or escape of gas into the air shall be prima facie evidence of unreasonable waste.”

PRC section 3403.5 states, in part, that “The supervisor is required to maintain surveillance over [underground gas storage] facilities to insure that the original reserves are not lost, that drilling of new wells is conducted properly, and that no damage occurs to the environment by reason of injection and withdrawal of gas.

Regulations section 1724.6 allows the Supervisor to require from an operator “any data that, in the judgment of the Supervisor, are pertinent and necessary for the proper evaluation of the proposed project.”

Regulations section 1724.7, subdivision (e), requires the following, where applicable:

“Other data as required for large, unusual, or hazardous projects, for unusual or complex structures, or for critical wells. Examples of such data are: isogor maps, water-oil ratio maps, isobar maps, equipment diagrams, and safety programs.”

Regulations section 1724.10, subdivision (a), requires that any changes to an injection project “shall not be carried out without Division approval.”

Regulations section 1724.10, subdivision (h), states: “Data shall be maintained to show performance of the [injection] project and to establish that no damage to life, health, property or natural resources is occurring by reason of the project. Injection shall be stopped if there is evidence of such damage ... or upon written notice from the Division. Project data shall be available for periodic inspection by Division personnel.”

1 **Regulations section 1724.10, subdivision (k)**, authorizes the Supervisor to request
2 additional data requirements or modifications as necessary to fit specific circumstances and
3 types of projects.

4 **IV. Reasons Why Data Requested is Pertinent and Necessary**

5 Operator's efforts to address the uncontrolled flow of fluids have included various tests and
6 remedial work. However, the efforts have not yet remedied the uncontrolled flow of fluids nor
7 stopped the waste of gas. In addition, Operator has not yet furnished the Division with all
8 information about, and results from, some of the tests and/or remedial work. In order to ensure
9 that all necessary steps are taken to prevent damage to life, health, property, or natural resources,
10 the Supervisor needs immediate access to these data to monitor the uncontrolled flow of fluids
11 and current and planned activities to stop the uncontrolled flow of fluids and waste of gas.

12 **V. Data Required from Operator**

13 Based on the facts, and in accord with the legal authorities, described in this Order, the
14 Supervisor has determined that he needs immediate access to the below data to monitor and
15 address the uncontrolled flow of fluids and waste of gas at Operator's gas storage injection
16 project in the Field. **Therefore, IT IS HEREBY ORDERED, pursuant to PRC sections**
17 **3013, 3106, 3224, 3226, 3300, and 3403.5, and Regulations sections 1724.6, 1724.7,**
18 **subdivision (e), and 1724.10, subdivisions (a), (h), and (k), that the Operator:**

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20 (A) By 5:00 p.m. Thursday November 19, 2015, provide continuous access to real-
21 time electronic monitoring of wellhead pressures, and, as requested by the Division, plans
22 and results of all diagnostic tests and well logs.

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24 (B) By 5:00 p.m. Thursday November 19, 2015, submit the following information
25 obtained between Friday, October 23, 2015, and Wednesday, November 18, 2015:

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27 1. Downhole videos;

2. Well Logs, including temperature surveys, acoustic logs, neutron logs, cement bond logs, ultra-sonic imager/gamma ray logs, density logs, nuclear fluid density logs;
3. Pressure Surveys;
4. Pressure testing of the casings, tubing, and/or packers; and
5. Spinner Surveys.

(C) By 5:00 p.m. Friday November 20, 2015, submit a time schedule identifying when relief well site preparation will be complete and when drilling of relief well will commence.

Send all data via electronic mail to the Division (Alan Walker and John Geroch) at the following addresses:

Alan.Walker@conservation.ca.gov

John.Geroch@conservation.ca.gov

VI. Operator's Appeal Rights

Operator may appeal this Order to the Director of the Department of Conservation by filing a written notice of appeal with the Supervisor as described in PRC section 3350. (The Legal Office for the State Oil and Gas Supervisor [801 K Street, MS 24-03, Sacramento, California 95814-3530; Facsimile (916) 445-9916] will accept appeal notices on the Supervisor's behalf). Because this is an emergency order issued under PRC section 3226, the filing of an appeal of this Order will not operate as a stay of this Order. (PRC, § 3350, subd. (b)(1).) Failing to file a notice of appeal within the timeframe prescribed in PRC section 3350, subdivision (a), waives Operator's right to challenge this Order and makes the Order final. If Operator timely files a notice of appeal, Operator will be informed of the appeal hearing date,

1 time, and place. After the close of the hearing, Operator will receive a written decision that
2 affirms, sets aside, or modifies the Order.

3 **VII. Court Order and Other Potential Actions to Enforce This Order**

4 Failing to comply with **Section V (Data Required from Operator)** of this Order could
5 subject Operator to further enforcement action. For example, the Supervisor could deny
6 approval of proposed well operations until compliance is achieved, order the plugging and
7 abandonment of wells, and/or assess a civil penalty. (Pub. Resources Code, §§ 3203, subd. (c),
8 3236.5, and 3237, subd. (a)(3)(C).)

9 Further, PRC section 3236 makes it a misdemeanor to fail, neglect, or refuse to furnish
10 any report or record that the Supervisor may require under the oil and gas law. The
11 misdemeanor is punishable by a fine of not less than one hundred dollars (\$100) nor more than
12 one thousand dollars (\$1,000), or by imprisonment not exceeding six months, or by both the fine
13 and imprisonment for each separate offense. PRC section 3359 makes it a misdemeanor to fail
14 or neglect to comply with an order of the Supervisor or to fail, refuse, or neglect to produce
15 books, papers, or documents as demanded in the order. Each day's further failure, refusal, or
16 neglect is a separate and distinct offense.

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18 DATED: November 18, 2015

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20 Dr. Steven R. Bohlen
21 State Oil and Gas Supervisor

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26 Certified mail receipt number: 7012 1010 0000 9269 9029
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