

TRANSCRIPT

**CalGEM Public Meeting Transcript - State Abandonment Draft Expenditure Plan**

July 18, 2023

5:30 p.m. PST

Transcriber: Heart Captioning, Inc.

>> **SARAH RUBIN:** Welcome everybody. It's really nice to see you coming into the meeting. We are just opening things up to let people get settled. Then we will get started in just a couple minutes.

>> **SARAH RUBIN:** Welcome to those of you who join by phone. Or by Zoom. It's nice to see a bunch of names I recognize. Thank you for coming this evening. It is 5:30 p.m., I'm going to go ahead and get us started. Welcome, good evening. My name is Sarah Rubin. I'm with the California Department of conservation. Thank you for joining our CalGEM expenditure meeting where we will focus on orphan well state abandonment projects. The first thing we are going to do is we are going to go over interpretation. I'm going to turn it over to our interpreter Diana to talk about interpretation in Spanish. [Speaking Spanish]

>> **SARAH RUBIN:** We are going over interpretation and closed captioning. In just a moment you should see a little world icon at the bottom of your screen. You can click that to choose the language that you would prefer to hear the meeting in. You can also see a little button on the bottom of your screen with ACC for closed captions. If you would like to have your closed captions on, you just want to click that. Next slide. Here is our agenda. We are in the middle of welcoming you, thank you again for coming. The heart of our program is going to be the overview of the orphan well abandonment program, then right into our expenditure plan. Then we will welcome you all to share your thoughts with us. I will go over the way public comment will work when we get there. But that's it. We want to welcome everyone who has come in by telephone or by video. Next slide. Fabulous. Now I am going to hand it off to my colleague Courtney Smith for some welcoming remarks.

>> **COURTNEY SMITH:** Thanks so much Sarah. Good evening, everyone. I am really excited to be with you this afternoon. Appreciative for you taking up time out of your busy lives to be with us today as we share with you CalGEM's proposal for oil and gas programs we propose sealing and cleaning up as part of an early phase in spending some of the new state money we've received to address these wells. Tonight, you may hear these referred to as orphan wells. I thought I would explain that this really means that these wells, they no longer have an operator around that is viable and that has the financial resources to plug and abandon, or in other words, to properly seal the well. I really want to share with folks on the outset we tend to use a lot of industry terms. Some of them are not obvious or intuitive. I actually wanted – before we got going, I wanted to direct folks to resources. It breaks down what an orphan well is, how you go about properly sealing them, explains what it means for state abandonment. That's a term we use from when the state goes in and seals the well. Take a look at the blog post. (<https://calconservation.blog/2023/04/26/what-is-an-orphan-well-and-how-do-you-plug-it/>) I hope it explains some of the things we are talking about tonight.

>> **COURTNEY SMITH:** So, for me tonight, I'm really excited for tonight. It is especially exciting because CalGEM has historically gone in – we have gone before to seal wells that will have a viable operator,

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which you will hear us refer to as state abandonment. With new state and federal funding that we now have, we have an unprecedented opportunity right now to address oil and gas wells that have been left behind by operators and to address the real threats these wells posed to California community health and safety and the environment. So, for those of you who may be new to this effort and this program, we are so glad you're here, and you can learn more about the work that has been done to get to the stage and the process that we have gone through to get where we are today by visiting our website. My colleague will drop that link in the chat as well. (<https://www.conservation.ca.gov/calgem/Pages/State-Abandonments.aspx>) There you will find a whole bunch of resources that we hope will catch you up on the significant amount of work that has gone into this stage. You'll find an overview of the public engagement we've done as well as a draft and final methodology that we have developed really with public engagement and local government engagement, and that we are relying on today to select proposed projects.

>> **COURTNEY SMITH:** For those of you who have been engaged with us from the start, you are likely already aware that we have developed this process for selecting top priority orphan wells that were proposed to be sealed by the state. Where we can share with you our proposed approach for spending state and federal money and importantly, our proposal for early state abandonment projects. What by colleague might walk us through in a minute is a proposal. We are looking forward to hearing the public's thoughts on that proposal to inform finalization of this plan. So, with that, I would love to turn it over to my colleague Robert, who is the program manager.

>> **ROBERT SCHAAF:** Good evening, everybody. I am the California State Abandonment Program manager for CalGEM. This evening I will be giving a brief background of CalGEM's new state abandonment program, and most importantly presenting for public consideration our draft expenditure plan for abandoning orphan wells, which includes early orphan well state abandonment projects. California's oil industry is more than 150 years old, with production and operations peaking in 1985 and declined ever since. This decline has led to more wells being taken out of production, and more orphan and deserted wells. Orphan wells are those that no longer have a viable responsible operator to appropriately address the well, leaving it to the state to properly plug and abandon. Orphan wells are a priority for the state to address because left un-remediated, these wells and facilities can contaminate waterways and soil, serve as a source of climate and air pollutants, and can present physical hazards to people and wildlife. Recognizing the threat these wells can pose to California communities, in 2022, the state appropriated \$100 million in state funds and secured \$25 million in federal funds to plug orphan wells. In addition, California will be applying for up to \$140 million in additional federal funds this year. These funds will provide an important down payment on addressing orphan wells in California, but they will not be sufficient to address them all for state abandonment. Next slide please.

>> **ROBERT SCHAAF:** The process CalGEM has used to prioritize orphan wells for abandonment has included robust public engagement, including holding several public meetings and comment periods and meeting with dozens of cities. In order to ensure CalGEM's program reflects public feedback, today CalGEM released for public review and comment a draft expenditure plan, which provides a framework for spending State and Federal money, including laying out program reporting metrics, workforce development contract requirements, and proposes early potential projects for state abandonment. Next slide please.

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>> **ROBERT SCHAAF:** An important element of the State Abandonment program is that CalGEM has committed to provide high quality jobs for oil and gas workers transitioning from extraction to projects funded by this Program. Senate Bill 1295 required CalGEM administered work to abandon wells 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 requirement, CalGEM is ensuring all contracts entered for State abandonment work contain prevailing wage requirements. In addition, CalGEM will be working to ensure a skilled and trained workforce is hired. Last year, the state budget appropriated \$20 million to create a workforce training pilot program to train oil and gas workers in remediating legacy oil infrastructure. The Oil and Gas Well Capping Pilot Initiative aims to assist state-registered apprenticeship programs in creating curricula for training apprentices and to upskill journeypersons on well capping projects. CalGEM and the California Workforce Development Board are working together to improve workforce education and training programs that support or advance high-quality work performance and increase access to high-quality jobs associated with the abandonment of wells. CalGEM is also working to ensure contractors that hire folks from these apprenticeship programs are prioritized for receiving state abandonment contracts. Across these efforts, CalGEM aims to align with and support the development of High Road Training Partnerships and Construction Careers for workers, to position California to become 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. Next slide please.

>> **ROBERT SCHAAF:** The draft expenditure plan proposes several early potential projects for state abandonment. The approximately \$80 million of state abandonment projects being proposed would tackle 378 wells across California. This amount includes funds already committed to HVI Cat Canyon. The estimated cost is for plugging and abandoning wells, removing facilities, and eliminating any threats to the environment and public safety. Roughly \$31 million—40 percent of the total funds—will be used to abandon 125 wells located in disadvantaged communities. The proposed early projects are focused on high-risk wells. These are wells that pose threats to California communities or to the environment. Wells near sensitive receptors, such as houses, schools, or hospitals have been given special attention. The AllenCo operation with wells in the City of Los Angeles is among the projects in the first phase. Also in the early projects are orphan wells found leaking last summer in Bakersfield. Even more recently, wells found leaking in the Arvin/Lamont community during a June 2023 joint inspection by the Methane Task Force are included in this first phase. The early projects include orphan well located near people and wells with a history of leaks. Many of these wells have been declared hazardous and are a high-risk and need to be abandoned as part of these early projects. I now want to highlight a couple of the early projects included in the program.

>> **ROBERT SCHAAF:** The first project spotlight is the AllenCo operation. AllenCo has been problematic for a long time. The operation, just south of downtown Los Angeles, has 21 wells and an on-site tank facility near housing and a school. For the past decade, the City of Los Angeles and CalGEM have taken numerous enforcement and legal actions in response to concerns that AllenCo was in violation of several of California's laws and regulations. The local community has also expressed serious concerns and has called for the clean-up of this site. In 2019 CalGEM issued an order to AllenCo to depressurize the wells, which AllenCo refused to comply with. CalGEM hired a contractor to depressurize the wells to help ensure that the site remained safe for the community. In 2020, CalGEM also ordered AllenCo to permanently close its Saint James drill site. The order to plug and abandon the wells has been appealed

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by AllenCo. Given the location of this site, and the history of concerns and violations, this proposed project is a priority for CalGEM. Next slide please.

>> **ROBERT SCHAAF:** The second project includes several wells leaking across Kern County, raising agency and community concerns. The first set of wells include 25 wells in Bakersfield operated by Griffin Resources. Griffin Resources has a serious history of leaks, incidents, and non-compliance, including an underground pipeline failure in the Fruitvale Field in 2019; pipelines leaking oil near a water canal, and wells building pressure resulting in a blow out that released oil and gas. Most recently, in 2022, several of the idle Griffin Resource wells were discovered to be leaking near residential neighborhoods. CalGEM issued an emergency remedial plug and abandonment order in 2022. For three wells, CalGEM has declared them hazardous due to high pressure and recurring leaks. Last month, CalGEM engaged a contractor to plug the wells on an emergency basis given the health and safety concerns but was unable to proceed because Griffin sought and was awarded a restraining order against CalGEM. CalGEM is fighting the restraining order, but in the meantime, these wells are being monitored on a regular basis to ensure compliance with the stay.

>> **ROBERT SCHAAF:** The next set of wells are associated with operators Sunray Petroleum and Blackstone Oil and Gas and are located in the Arvin/Lamont community and in around Bakersfield. These operators have had multiple unresolved violations dating back to 2017 and have shown a general lack of good oilfield practices. Sunray is the operator of 22 wells and facilities located in the Fruitvale, Kern Bluff, and Mountain View Fields in and around Bakersfield, Arvin, and Lamont. In early 2022, CalGEM issued a P&A order noting that the 22 wells and associated facilities had been deserted. Sunray Petroleum appealed the order. Blackstone Oil & Gas, LLC. Is the operator of 37 wells that used to be operated by Sunray. The wells and associated facilities are also in the Fruitvale and Mountain View Fields. In a recent inspection, 11 of the Blackstone wells near Arvin and Lamont have been found to be leaking gas.

>> **ROBERT SCHAAF:** Citadel has 37 orphan wells that are near Bakersfield. The wells and facilities have evidence of leakage, oil-stained soils, and refuse. In addition, CalGEM and the California Air Resources Board have observed methane leaking from several of the facilities. Citadel Exploration wells and facilities are deteriorating due to lack of maintenance and are a potential threat to people and the environment. All of the wells belonging to these operators that have a history of leaks and are near communities are proposed for abandonment. Next slide please.

>> **ROBERT SCHAAF:** Looking at all the early proposed projects, this set of projects proposes to invest in communities across California and includes 47 wells in Ventura County, located near the city of Oxnard and a few near Simi Valley. In Santa Barbara County, work will continue on the HVI Cat Canyon wells near Santa Maria. In the Central Valley, the proposed early set of projects includes 89 wells near Bakersfield in the Fruitvale and Kern Bluff field, 39 wells in the Mountain View field in the areas around Arvin and Lamont, and two wells in Kings and Fresno Counties. Next slide please.

>> **ROBERT SCHAAF:** In the southern part of the state, we are proposing to abandon 26 wells in Los Angeles County which includes the aforementioned AllenCo wells, plus wells in the Canoga Park and Wilmington Fields near Canoga Park and Long Beach respectively. Finally, there will be three wells in Orange County: in Brea, near Yorba Linda, and in Huntington Beach. We are addressing wells across a large area and have included seven large California counties. Next slide please.

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>> **ROBERT SCHAAF:** Our next steps include finalizing the expenditure plan presented here after we receive and consider public comments. CalGEM will also continue its outreach to city and county governments located within the seven counties to coordinate carrying out these abandonment projects. And lastly, once the expenditure plan is final, we will begin contracting the early abandonment projects. As far as the process for providing public comments, we will be accepting comments until August 11. The draft expenditure plan is available for review on the website. Any comments you have can be emailed to us at [CalGEMOrphanWells@conservation.ca.gov](mailto:CalGEMOrphanWells@conservation.ca.gov). We do want to receive your comments. After tonight, submitting them to this email address is the easiest way to pass them on to us. And with that, I would like to turn the meeting back over to Sarah to discuss how we will be doing the public comments tonight.

>> **SARAH RUBIN:** Welcome to those of you that have joined the meeting. It's nice to see a bunch of folks I'm familiar with. Okay, so, we are ready to dive right in and hear what you have to say. If you would like to make a comment, you're going to use the raise your hand function at the bottom of your screen. For those of you who have called in with the zoom related phone number, in order to use the raise your hand function with the phone, you're going to push \*nine. If you have joined us on our Spanish language 800 number, we welcome you to share your thoughts, and you will push \*one. So, if you are joining on the Spanish language telephone, \*one. Okay. We are going to start by also using a clock so we can make sure we get to everybody. Here we go. So, you are first, Hugo Garcia. Can we unmute him?

>> **HUGO GARCIA:** I am the campaign coordinator for Esperanza Community Housing working to shut down AllenCo energy. I want to personally thank CalGEM for taking these actions and working with the community, especially recently. To bring about change and end the suffering that the community has undergone throughout these years. I am curious to know – we thank you also for listing AllenCo where you did. It's been a long time coming. The community deserves this. I want to acknowledge I also have a question because right now AllenCo appealed the order to decommission March 5 of 2020. Almost 3 and a half years. We were finally scheduled to have that hearing today. AllenCo was able to make a motion to continue it. And I'm wondering, how does this play into this process to plug and abandon the wells, and AllenCo's case while they are in this appeal status?

>> **SARAH RUBIN:** Thank you so much. What you are raising is really important. In this meeting we are not doing an open Q&A format, but we will follow up with you, so thank you for raising it. I've got Stephen next and I'm going to go to Shelley.

>> **STEPHEN ROSENBLUM:** This is Stephen. I am a member of Climate Action California. I thank CalGEM for really taking this on. It irritates me that these companies are so irresponsible. I would like to piggyback onto what Hugo just said. These companies are endangering their lives and are able to use the courts to basically hang onto these wells that are not productive. I'm hoping that CalGEM can expedite the legal process and get on with the work. That is something I would like to emphasize. Thank you again for your work on this.

>> **SARAH RUBIN:** Thank you Stephen. We appreciate you being here. We will go to Shelley and then Mercedes.

>> **SHELLEY SUSSMAN:** Hi. Can you hear me? Shelley Sussman okay. My name is Shelley Sussman. I'm a manager in the Ventura County planning division. We've been working over the last two months on

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ordinance development, and part of that is a focus on revisiting bonding. And I'm really interested. We will follow-up with Courtney or Robert or whoever I should follow-up with. So based on the numbers Robert provided, the average cost of the 378 wells in your phase 1 is about \$211,000, and that is across your various districts. Then when you compare that amount to the average cost in the latest form from 2021, the average cost among districts was \$123,000 for the cost of plugging and abandoning. We are trying to figure it out for our own purposes. What kind of average cost we should we be looking at for the Northern District, or just in general? We recognize – I recognize this is a really hard task. It is – I'm sure it is difficult to pin down. I understand all that. Really, we are trying to really use CalGEM as a marker for us, so it would just be really helpful for me to talk to somebody and get a little more insight into those numbers. Courtney or Robert. I don't know. Courtney Re: the right person for that? Okay. Perfect.

>> **SARAH RUBIN:** Can you see [Courtney] thumbs upping?

>> **SARAH RUBIN:** Thank you. Mercedes. Good evening welcome.

>> **CESAR AGUIRRE:** Hi. Sorry I shared a link with Mercedes. I definitely would like to express gratitude for focusing on a lot of the problematic operators and especially wells. It's on them that we've dealt with for a long time. Now there is a spotlight on it. I'm happy to see the norm is trending towards being more responsive to these and making sure that these things are addressed in a quick manner. I would also like to note and bring up another problematic operator in our area is Sequoia Exploration Inc. There is currently an ongoing investigation due to a leak. They had supposedly confirmed that it was fixed, but I had found it to be leaking the next day. I just want to add in that when you're making these repairs, to make sure that proper cleanup is being done if it is being done by third-party or operators themselves. Exploration was videotaped throwing dirt over old clumps of oil and reporting a leak as repaired when it really wasn't. Knowing you are going to be dealing with these problematic or hard-to-reach operators, make sure that these issues that come up with experience are dealt with and at the forefront of how you're going to do it. Thank you for that information and thank you for being so transparent.

>> **SARAH RUBIN:** Thank you. Let me check in with the Spanish language telephone line. Aldo Rivero, can we check? If there is anyone who would like to speak you would want to push\*one.

>> **ALDO RIVERO:** We don't have anyone who wants to speak on the line.

>> **SARAH RUBIN:** Great. Not great. I'm not happy about that. I wish they were but I'm glad that we are okay. All right. Anyone else who has joined us. Do you want to make any kind of comment?

>> **JASMIN RAMIREZ:** I appreciate everyone who spoke earlier. I am a Kern County resident and like to see additional cleanup projects being done and an opportunity for a full abandonment plan. I was hoping to see a higher number – 40 percent of the projects or wells that will be cleaned up, I was hoping that number was a little bit higher, and the majority of the funds were being used in disadvantaged committees. Other than that, a lot looks great. The first phase looks amazing and I'm really excited as I'm reading through the overview about the projects you're trying to do with this. So, thanks.

>> **SARAH RUBIN:** Erica go ahead.

>> **ERICA BLYTHER:** Thank you so much for sharing this plan. I think we were hoping to get a little sooner. I guess a month or so back but thank you so much for sharing this plan. Thank you.

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>> **SARAH RUBIN:** Anyone else? You are all welcome. Go ahead. Is Ben muted? Ben Smith?

>> **BEN SMITH:** Thanks for this time. I appreciate your agency for the transparency, and the focus especially on welfare and labor issues getting the standards up so there are good jobs for workers. The injustice is great, as other folks spoke to, and expediting those cleanup orders. I want to speak to just a concern area we will want to look to, and some comments in the community tracking these issues with wells. Just where there are responsible operators making sure that we are not cleaning up wells. I heard a couple wells – I want to look into the details of how AllenCo for instance is the operator, I would like to look more into that. I definitely don't want to slow down, as the speaker mentioned earlier, any of the plugging work and remediation to clean up pollution. And by all of the resource codes that we will certainly submit in letters. The law is that the polluters pay. There is the wealth assessment fee. There is a deserted well fund, and we strongly encourage CalGEM to use all available existing law to ensure that the polluters pay for the cleanup and reserve these other great funds for the federal government to supplement or expedite orphan well cleanups where there are truly no responsible operators, and we look forward to being a good partner with you to help make sure we do that and do it fast. And we make sure to have the climate impacts and impacts positively for workers as soon as possible. Thank you so much.

>> **SARAH RUBIN:** Also, for sending in written comments, let's double check everyone has the link for where you would send. Okay, Steve, you're up.

>> **STEVE ZIPP:** Question. If we are not on the immediate list, and we do have properties that do have oil leaks and wells that need to be abandoned and capped, if we pay for them in advance, are workers out there available and can we get paid back after a certain time? If we do this in advance, especially on wells that are leaking and causing problems in neighborhoods.

>> **SARAH RUBIN:** The questions you're raising are great. What I would suggest with the level of detail you're bringing out, if you could send those in. It would really help us.

>> **SARAH RUBIN:** We appreciate your sentiment. Anyone new? This is your chance. We are all here together. Anyone else want to share their thoughts? All right. I think we have a new hand. Number Still Steve. Is it a telephone person who wants to speak?

>> **ALDO RIVERO:** No comments on the phone.

>> **SARAH RUBIN:** All right. Well. For CalGEM... Dan, hey Dan. Go ahead.

>> **DANIEL DUDACK:** Hey Sarah and everyone else there. How are you doing? This is Dan, former Southern District Deputy. I just wanted to kind of put my name out there. If anybody is looking, I am in business right now. And if you are interested in consulting services, and you need some advice, we are providing advice to local government attorneys and so forth right now for a number of issues, including orphan well abandonment. Feel free to email me at [ddudak@dmeenviro.com](mailto:ddudak@dmeenviro.com) if you would like more information.

>> **UNKNOWN PUBLIC COMMENTER:** Fantastic program. Fantastic efforts. At one point how is the breakdown going to happen to support the effort? When do you expect that to happen?

>> **SARAH RUBIN:** We are taking notes. We don't just respond to things directly during this meeting. I appreciate you raising them so we can get the information back out to everybody. Otherwise, I will wrap

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things up and let folks go to dinner or whatever is up next for them. We do hope that you will write in if you have any additional comments or have detail you would like us to be considering. We are always grateful when you take the time to share your thoughts with us. Thank you.

>> **SARAH RUBIN:** Thanks from everybody else at CalGEM!

>> **COURTNEY SMITH:** Thank you.

>> **SARAH RUBIN:** Goodbye.