SB1137 FIRST IMPLEMENTATION REGULATIONS

PUBLIC COMMENT SUMMARY AND RESPONSE
FIRST REVISED TEXT

Public Comment Period:
October 31, 2025, to November 17, 2025

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INTRODUCTION

The following comments, objections, and recommendations were made regarding the proposed SB 11327 First Implementation Regulations rulemaking action during a public comment period beginning October 31, 2025, and ending November 17, 2025. Over the course of the public comment period, the California Geologic Energy Management Division (CalGEM) of the Department of Conservation (Department) received a number of public comments via email and public comment hearing. These comments ranged from support for and opposition to the regulations to general concerns about oil and gas activities and suggested modifications to the regulations.

To facilitate the process of reviewing and responding to comments, the Department assigned a unique numerical signifier to each comment. This signifier consists of three components: first, a unique commenter number assigned to each commenter (listed in the table below); second, a separating hyphen; and third, a sequential number assigned to each comment from the identified commenter. Within this document, you will find either grouped or individual numerical signifiers, followed by a comment summary or a specific comment repeated verbatim, followed by the Department's response (italicized). Comments are grouped by subheadings indicating similar comment topics.

INDIVIDUAL COMMENTERS

Commenter Number	Name and/or Entity
001	Steven Griffin
002	Kite Island
003	Adam Hersko-RonaTas
004	Michael Salman
005	Western State Petroleum Association
006	California Independent Producers Association
007	VISION

ACRONYMS

CalGEM	California Geologic Energy Management Division
CCR	California Code of Regulations, title 14
EIA	Economic Impact Assessment
HPZ	Health Protection Zone
ISOR	Initial Statement of Reasons
NOI	Notice of Intention
PRC	Public Resources Code

COMMENTS

Section 1765.4 - Water Sampling and Testing

004-1

SB 1137 and PRC 3284 unambiguously require public notification before commencement of "any work" in all projects undertaken pursuant to an approved Notice of Intent in a health protection zone, not just in projects that involve drilling. The first clause of PRC 3284(a) is not limited to drilling, but creates a requirement of Notification for "any work that requires a notice of intention under Section 3203 in the health protection zone." Then PRC 3284 uses the word "and" to mandate an additional requirement that applies in the specific circumstance of projects that involve drilling. In PRC 3284, the legislature did not create exceptions to notification and it did not limit notification to drilling, only. The legislature required notification for "any work" in a Health Protection Zone that requires a Notice of Intent. If the legislature wanted this to apply only to drilling, it would have specified drilling in the first clauses of PRC 3284 and then the reference to PRC 3203 that defines all of the types of projects requiring Notices of Intent would have been contradictory.

004-2

Legislative Counsel's Digest of SB 1137 provided an unmistakable statement on the requirements for notification and sampling in the Legislative Counsel's digest of SB 1137. The proposed regulations improperly conflict with the letter of the statute and SB 1137, and also the intent of SB 1137. As a bill prior to enactment, the drafter said SB 1137 would require public notification within the Health Protection Zone applies to all work pursuant to an approved Notice of Intent, "and would also" mandate compliance with water testing requirements, "as provided" in the proposed statute. The text of PRC 3284(a) makes water testing subsidiary to the primary and broader requirement of public notification, and the drafter of the bill restated this even more definitively in the

Legislative Counsel's Digest with the words "and would also." The Legislative Counsel's words "as provided" refers to the way that PRC 3284 limits the water testing requirement to drilling projects. The letter of the statute and the Legislative Counsel's Digest are congruent on the requirement that public notice must be made before commencing "any work" pursuant to any Notice of Intent in a Health Protection Zone, and that there is an additional requirement for operators to offer testing of water wells and surface water on private property when their project includes drilling.

004-3

In the "First Revised Draft" of the proposed regulations, CCR 1765.3(e) restricts notification procedures under 1765.4.1 to projects involving drilling, only. As proposed, CCR 1765.3(e) says: "If a notice of intention submitted under Public Resources Code section 3203 is for a well with a wellhead that is within a Health Protection Zone and the planned work involves drilling, then the operator shall comply with Section 1765.4 and Section 1765.4.1 neighbor notification and water sampling and testing requirements unless waived by the Division." This conflicts with the statute and needs to be deleted entirely or rewritten in conformance with PRC 3284(a).

004-4

Proposed sections 1765.4 and 1765.4.1 should be swapped in sequence because the public notification requirement of SB 1137 is primary and broader than the well water and surface water testing requirement. Water testing is subsidiary to the requirement set by SB 1137 to give public notice within a Health Protection Zone before the commencement of "any work" pursuant to an approved Notice of Intent.

004-5

The current text of Section 1765.4.1 on "Notice to Property Owners and Tenants" - which should be renumbered as 1765.4 - should be revised to say clearly at its outset that public notification is required before "any work" pursuant to an approved Notice of Intent, including rework projects and abandonment projects as well as drilling and re-drilling projects, as the statute requires. The Sub-Section currently numbered 1765.4.1(a)(2) - which should be numbered 1765.4(a)(2) - on the requirement to offer water testing after drilling should be revised to make it clearer that this is an additional requirement that applies when the project being given public notification involves drilling, so as to prevent any lingering confusion given the history of this matter. As the proposed regulation is currently written, this Sub-Section wrongly implies that only projects involving drilling will be required to notify the public in Health Protection Zones.

Response to 004-1, 004-2, 004-3, 004-4, and 004-5: *CalGEM has reviewed the comments and determined that no regulatory amendments are necessary. Although the first clause of PRC section 3284 references "any work" there is no other indication in section 3284 that a general notice about work happening was intended and all of statute's specific requirements are activated by drilling. The opening subdivision directs operators to "contact" property owners and tenants, not "notify" them, and offer to sample and test before and after drilling. The only references to "notice" or "notify" to property owners and tenants are in subdivisions (b) and (c), which are entirely focused on timing around drilling. If no drilling is involved, the statute does not specify content or timing for any notification before work commences. Conversely, the entirety of section 3284, other than the one reference to "any work," is focused entirely on the sampling and testing before and after drilling, and related requirements.*

The Office of the Legislative Counsel prepares the legislative digest to summarize changes the bill would make to current law. Although the digest can be helpful to understand legislative history when a law is unclear, section 3284 is clear when read in its entirety.

007-2
Commenters appreciate that CalGEM has added additional oversight over operators in section 1765.4(a)(6), in connection with operators' notification and water sampling requirements by prohibiting operators from engaging in planned drilling work in a health protection zone until (1) the operator provides "a copy of the response" from the property owner or tenant and "all other notice related communications" to CalGEM, and (2) CalGEM determines that the operator has completed the required sampling and testing or an exemption applies. The new requirement will promote necessary accountability.

Response to 007-2: *Thank you for your comments. CalGEM has reviewed the comments and determined that no regulatory amendments are necessary.*

Section 1765.4.1 - Notice to Property Owners and Tenants

007-1
Thank you for revising section 1765.4.1(a)(3)(A) and (a)(4) of the regulations to accommodate our prior request for clarification that email is an acceptable method for affected community members to seek baseline water testing, and to require operators to provide a follow-up email address in their initial notification to property owners and tenants. Frontline community members should be able to invoke their right

to seek sampling without needing to worry about taking off from work during business hours to go to a post office or other mail delivery provider and paying for the cost of postage and delivery confirmation services like certified mail with return receipt. The availability of email as a method for seeking sampling will minimize such burdens.

Response to 007-1: *Thank you for your comments. CalGEM has reviewed the comments and determined that no regulatory amendments are necessary.*

Section 1765.5 – Required Notice for New Production Facilities

007-6
Commenters want to emphasize that CalGEM's attempt to categorically allow operators to "replace" or "relocate" existing production facilities within health protection zones, as currently proposed in section 1765.5(c)(3), is inconsistent with the law. The text of SB 1137 plainly states that "[n]o new production facilities shall be constructed or operated in a health protection zone," unless associated with exempt notices of intention or "as determined by the division to be necessary to protect public health and safety" (emphasis added). Surely, "replacing" a production facility requires tearing down an old production facility and constructing a "new" one. The same is true for "relocating" a production facility from one part of a health protection zone to another. Moreover, there is no logical basis for assuming that replacements and relocations would always be necessary to protect public health and safety within the intent of SB 1137. Accordingly, we expect to see this categorical exclusion removed from the final version of the regulations.

Response to 007-6: *CalGEM has reviewed the comments and determined that no regulatory amendments are necessary. CalGEM does not consider replacements or relocation of existing equipment that meet the limitations in proposed section 1765.5, subdivision (c), to be a new facility for purposes of SB 1137 requirements. If the limiting specifications are not met, a New Production Facility Notice is required. Adding a production facility that is not replacing a preexisting facility, is construction and operation of a new production facility. The proposed regulations establish recordkeeping requirements to enable CalGEM inspectors to determine whether an operator has installed a new production facility, rather than altered, repaired, modified, relocated, or replaced an existing production facility.*

Section 1765.7 - Content and Format Specifications for Sensitive Receptor Inventories

007-3

Commenters support the additional requirement in section 1765.7(b) for sensitive receptor inventories to be formatted in a manner that complies with the online viewing requirements of the Americans with Disabilities Act of 1990.

Response to 007-3: *Thank you for your comment. CalGEM has reviewed the comments and determined that no regulatory amendments are necessary.*

<u>Section 1765.9 - Determination that a Location is Not Within a Health Protection Zone</u>

005-1
Commenter requests a comment period extension from 17 calendar days to 45 days on the draft regulations which were posted for public review and comment. It is commenters position that those modifications constitute a significant substantive change that is not sufficiently related to the original text and for which the public was not adequately placed on notice. Accordingly a 15-day comment period is insufficient and commenter requests additional time to provide compelling written comments, including sufficient time for members and affected operators to evaluate potential environmental or other impacts if the modifications were to be adopted.

005-2
The reference to "all areas open to the public and designated for outdoor recreation" is not legally defensible because the phrase improperly creates a new definition of a sensitive receptor and contradicts and is inconsistent with Section 1765.1, subdivision (c)(2) and other definitions in that section (residential, care, business, youth, and educational facilities).

007-4
Commenters are unsure of the effect of the change in parks when balanced against a new limitation in section 1765.9(a)(1)(B), providing that areas open to the public for recreation but not "designated" as such need not be disclosed by operators in statements designed to demonstrate their full and proper consideration of sensitive receptors. As the use of the word "designated" has the potential to introduce confusion, we oppose this revision and ask that you revert to requiring operators to disclose all areas "open to the public for outdoor recreation" as proposed in the prior draft of section 1765.9(a)(1)(B).

Response to 005-1, 005-2 and 007-4: *CalGEM has reviewed the comments and determined that regulatory amendments are necessary. CalGEM has removed previously proposed section 1765.9, subdivision (a)(1)(B), relating to "areas open to the*

public for outdoor recreation" to reduce confusion as to what is required to be identified. However, if CalGEM identifies an outdoor recreation area open to the public as a potential park, a sensitive receptor, an operator should explain in its statement why the location should not be considered a park. The text that was proposed in the First Revised Text of Proposed SB 1137 First Implementation Regulations is clearly within the scope of this rulemaking action. As discussed in the Notice of Proposed Rulemaking action, the purposes of this rulemaking action include providing a framework for implementing the restrictions and requirements that apply within a health protection zone as outlined in SB 1137.

Court Order Exception

006-6
Commenter notes that the regulations do not include the language requiring CalGEM to issue an NOI if a court finds that SB 1137 effects a taking, even though this requirement is specified in the legislation itself (PRC Section 3281(a)(2)). This language should be explicitly stated in the regulations.

Response to 006-6*: CalGEM has reviewed the comment and determined that no regulatory amendments are necessary. CalGEM disagrees that a regulation is needed to duplicate PRC section 3281, subdivision (a)(2).*

Regulatory Documents

Economic Impact Assessment

006-3
The summary of potential costs of the regulations as presented in Sections 2 and 3 is inappropriately divided into two buckets – costs to the State and costs to the largest operators in the State. The economic impacts to CIPA members, many of whom operate in the Los Angeles Basin, are entirely ignored in the assessment. Moreover, fiscal costs to CalGEM are, in fact, fiscal costs to operators. CalGEM is fully funded through assessment of operators in the State. Therefore, rather than separated out and presented as if the costs to CalGEM are borne by the state or taxpayers, the analysis should present the total costs to industry. Accordingly, Table 2 should consider the estimated operator cost multiplied by the 226 active operators in the state upon which the cost to CalGEM should be added to that total. This would more actively represent the direct costs of the additional documentation and noticing that would be incurred by industry as result of the regulations (~$104 million). The analysis should be expanded to include the costs for operators to develop monitoring plans, procure and install

monitoring devices, conduct gas sampling and gas testing, and complete the required reporting, all of which is currently not considered. This financial burden would obviously have a greater adverse effect on smaller operators than larger ones.

Response to 006-3: *CalGEM has reviewed the comment and determined that no regulatory amendments are necessary. The EIA must evaluate the costs of the rulemaking action, not the costs resulting from the legislation that the regulations implement. Further, the leak detection and response plan and emission detection system requirements of PRC section 3283 are outside the scope of this rulemaking. The total estimated cost of this rulemaking, combining sections 2 and 3, is $1,136,000 across the entire California oil and gas industry, which is not a significant statewide economic impact.*

006-4
The Economic Impact Analysis entirely avoids calculation of costs of the implementation of Section 1765.3(a), and the analysis must be revised to disclose these direct costs to operators. This cost is much greater than the simple calculation of how many labor hours it may take to prepare a map or submit a form which is the analysis completed for every other section of the regulation. Rather this cost represents the inability of an operator to produce from the assets for which it has legal surface and/or mineral rights. Without the ability to drill new wells or rework or sidetrack existing wells in Health Protection Zones, the decline rate of existing assets will increase significantly across the board. Section 1765.3(a) would prohibit operators from any activities to maintain or increase current production levels from wells located within Health Protection Zones, which includes nearly all wells in Los Angeles and Orange counties, and over ¼ of all wells in Ventura County. Accordingly, SB 1137 will result in decreased state production, requiring the state to increase its imports, driving up costs for consumers and shifting environmental burdens overseas.

Response to 006-4: *CalGEM has reviewed the comments and determined that no changes to the EIA are necessary. The EIA must evaluate the costs of the rulemaking action, not costs resulting from the legislation that the regulations implement.*

Initial Statement of Reasons

006-1
The following statements regarding the benefits and costs of the regulations are entirely inaccurate and/or false and should either be deleted or corrected.

Page 2, “SB 1137 is intended to assist frontline communities by cleaning up pollution, remediating negative health impacts, and addressing increasing impacts of climate change.” This is a completely false narrative. Implementation of the proposed regulations will not clean or remediate any existing conditions, and will not address any impacts of climate change at all. SB 1137’s sole intent is to eliminate the production of crude oil in California. This will (and has) led to a dramatic increase of foreign imports to make up for lost in-state production. Given only California crude is under the state’s cap and trade program, every imported barrel exacerbates worldwide GHG emissions.

006-2
The following statements regarding the benefits and costs of the regulations are entirely inaccurate and/or false and should either be deleted or corrected.

Page 45, *“The Department has made an initial determination that the adoption of these regulations will not have a significant statewide adverse economic impact directly affecting business.”* This assertion does not align with reality. With the implementation of SB 1137, businesses with legally permitted operations will be stripped of the ability to extract the minerals within their leases making production uneconomic well in advance of the depletion of the resources. This will result in a direct economic impact to production companies as well as the companies that provide services to operators. In addition, cities and counties that rely on revenue from oil and gas production will experience significant shortfalls in their anticipated budgets, resulting in direct impacts to public services and businesses within their jurisdiction.

Response to 006-1 and 006-2: *CalGEM has reviewed the comment and determined that no changes to the ISOR are necessary. CalGEM must evaluate the costs of the rulemaking action, not costs resulting from the legislation that the regulations implement.*

Comments in Support of the Rulemaking

002-1
The public is the most important. Don’t wait, protect now.

Response to Comments in Support of the Rulemaking: *Thank you for your comments. CalGEM has reviewed the comments and determined that no changes to the SB 1137 First Implementation Regulations rulemaking package are necessary.*

Comments in Opposition to SB 1137

001-1
SB 1137 is nothing more than California regulating oil production out of the state. This is a bureaucratic jump through the hoops that private businesses will have to deal with increased expenses. This is something California does not have to deal with because they have unrestricted cash flow from the taxpayers of the state. California has no accountability to oil production because they want a gas free zone. Apparently, California is not wise enough to understand the electrical outage that happened in Spain will happen here.
Response to Comments in Opposition to SB 1137: *CalGEM has reviewed the comments and determined that no changes to the SB 1137 First Implementation Regulations rulemaking package are necessary. The comments object to SB 1137, rather than CalGEM's proposed action or rulemaking procedures.*

Comments Summarizing Prior Comments

007-5
Commenters are disappointed that the revised regulations do not incorporate changes commenters proposed in prior comment letters: 1) additional changes related to neighbor notifications, 2) expanding the statutorily permissible scope of exemptions for the operation of production facilities in health protection zones, 3) increased oversight by CalGEM over production facilities in health protection zones, 4) clarification to the definition of underground gas storage facilities, 5) clarification to the treatment of residences as sensitive receptors, 6) reducing CalGEM's waiver authority, 7) additional criteria to avoid the misuse of exemptions; (8) broader public health measures related to air emissions, water pollution, and chemical disclosure to ensure implementation of SB 1137 to the full extent that the Legislature intended and (9) expanding the applicability of the revised regulations to all wells and production facilities statewide.

Response 007-5: *CalGEM has reviewed the comments and determined that no changes to the regulations are necessary. Commentor provided specific recommendations to which CalGEM responded in the SB 1137 First Implementation Regulations Public Comment Summary and Response for Public Comment Period: August 1, 2025 – September 18, 2025. CalGEM reviewed each comment and the requested changes and responded for the reasons stated that the changes are either not necessary for effective implementation of SB 1137, are beyond the scope of SB 1137, are contrary to express statutory language, or are beyond the scope of this rulemaking.*

Comments Requesting Other Restrictions or Environmental Benefits

003-1
Beyond regulation. The long-term goal must be the complete retirement and remediation of well within community zones, transforming industrial scars into gardens, parks, and restored habitats. Formally partnering with local indigenous groups who have long stewarded land through root systems, mycelium, and traditional ecological knowledge is one step. Let them lead the effort too.

003-2
Community science + transparency. All residents have the right to know what's in the air, water, and soil around them. Real-time monitoring networks managed by independent researchers and communities, not corporations. We ought to make pollution data public and accessible in every regionally spoken language.

003-3
Accountability before profit (most importantly). Operators must carry full-cost bonds covering clean up, health damage, and orphan-well risk before they drill a single foot. The true cost of fossil energy should never fall on families, taxpayers or future generations.

003-4
Justice in transition. Protecting health also means protecting livelihoods. California should invest in job retraining, clear energy projects, and ecological restoration in the same neighborhoods that bore the weight of extraction. Environmental justice and economic justice are inseparable.

003-5
Local power, not distant decisions. Communities must have a real say (and veto power) over new drilling, renewals and remediation plans. Local councils and health departments should lead, not just advise.

003-6
Precautionary principle as law. When science is uncertain, we must err on the side of life. The right to a healthy environment outweighs the right to extract profit from beneath it.

003-7

California can be a model for the world not just by adding some protections but by fully transforming our oil fields into living systems of care. Let wells become wetlands, pipelines become pathways, and empower communities to live completely free from toxic air and groundwater.

Response to Comments Requesting Other Restrictions or Environmental Benefits:
CalGEM has reviewed the comments and determined that no changes to the SB 1137 First Implementation Regulations rulemaking package are necessary. Comments requesting additional prohibitions or undertakings are not within the scope of the present rulemaking, which is focused on health protection zone requirements for notices of intention and new production facilities within an HPZ, water sampling and testing, and annual sensitive receptor inventories and maps. SB 1137 does not require retirement of wells and restoration of oil fields statewide, end oil and gas production in California, require real-time water or soil monitoring, or additional bonding except as expressly stated in PRC section 3281, subdivision (c), nor does it provide for investment in environmentally beneficial projects or authorize local community decision-making over applicability of NOI exemptions.