

CalGEM CEQA Rework Exemptions Process Guidance to Operators

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Purpose

This document provides guidance regarding review of Notices of Intent (NOIs) for the reworking of wells (Reworks) by the California Geologic Energy Management Division (CalGEM) CEQA Program. Its purpose is to provide general information about the process when CalGEM is conducting an initial review of a Notice of Intention or preparing a Preliminary Review (PR)¹ of a proposed project that includes the rework of an existing oil and gas well(s). This document provides general guidance that applies to the review of all proposed reworks and more details on certain groups of reworks, including sample outcomes that tend to apply in typical situations. The guidance concludes with a summary of information operators may include in NOI submissions to facilitate efficient environmental review. Scenarios described in this document are for illustrative purposes only, and are not determinative of any expected outcome, and should not be relied on by rework permit applicants as a guarantee of the sufficiency of an application prior to the issuance of a permit. CalGEM disclaims any responsibility for any such reliance. The guidance herein is not exhaustive and subject to revision and modification. Review of projects will proceed on a project-by-project basis.

General Guidance

The reworking of a well can generally be described as any operation subsequent to drilling that involves deepening, re-drilling, plugging, or permanently altering in any manner the casing of a well or its function.² This may include many different operations. Reworks, including those that are not listed in groups below or those that require the use of a drilling rig, may require additional analysis by CalGEM and/or additional documentation by the operator before a categorical exemption may be considered. Proposed reworks that are not recommended as exempt upon initial review undergo additional preliminary review. All preliminary reviews consider the specifics of a proposed project. Statements should be supported by quantifiable data, as well as references and citations.

Considerations for all rework projects:

1. The presence or absence of existing roads and well pads. A proposed project that involves the disturbance or clearing of habitat for road(s) or well pad expansion may be less likely to fit a categorical exemption. Operators can best facilitate this review by providing aerial maps of the proposed work location that clearly delineate the project area, including existing roads, well pads, and staging areas.
2. The quantity and type of equipment that will be used in the rework project. Operations that require larger equipment, more equipment, or staging multiple types of equipment may be less likely to fit operations with the existing footprint of the project. Operators can best facilitate review by clearly listing equipment

¹ Cal. Code of Regs., tit. 14., (14 CCR) §§ 15060-15062

² 14 CCR § 1720(b)

that will be used and providing aerial maps of the work and equipment staging areas for the proposed work in their submission.

3. A rework of a deep well, a well that branches, or a dog-legged well generally requires more time and more extensive operations to complete than a rework of a shallow or vertical well. Rework activities of longer duration may have increased impacts, for example noise, vibration, or air pollution and increase the potential that a well may not meet the criteria for a categorical exemption.
4. A single rework project proposal may combine multiple types of rework, such as setting a bridge plug in addition to adding perforations or addition of well head repairs to a rework that modifies the well casing; this may increase the duration of the work and therefore sound, vibration, and disturbance inherent to the operation. CalGEM will consider the proposed duration and timing of all proposed work during review.

Key questions to apply to all reworks:

CalGEM may consider the following key questions during review of reworks. Operators can facilitate review by ensuring information to address these questions are clearly included in their submissions:

1. Does the proposed project include increasing the depth of an existing well?
 - a. A project that increases the depth of a well is less likely to fit within a categorical exemption than one where the depth is not changed. In many situations, increasing the depth of a well may result in an increase in production capacity. This may represent a non-negligible expansion of use, and therefore be less likely to be categorically exempt.
2. What are the types of equipment and the number of each that will be used to complete the project?
 - a. The number and types of equipment is considered prior to application of certain exemptions (i.e. Class 1 Existing Facilities or Class 4 Minor Alteration to Land exemptions)³. Operators can best facilitate review by clearly listing equipment required for the proposed work in their submission.
 - b. The grouping of typical reworks in this guidance includes samples based on purpose and equipment used. Reworks that are not specifically named in this guidance, but have substantially the same purpose and equipment, may have similar outcomes. Operators can best facilitate review by clearly describing proposed work in their project descriptions and avoiding or clearly defining abbreviations when listing rework operations.
3. How many days will the rework take to complete and what time of year will the work be conducted?
 - a. CalGEM considers the length of time the proposed work will take to complete, including both the type of operation and number of such operations, if grouped. The potential impacts to biological resources, sensitive receptors⁴, and cumulative impacts will be considered. Prolonged

³ 14 CCR § 153304, 14 CCR § 1684.2

⁴ 14 CCR § 1765.1

operations in a localized area may result in a significant cumulative impact and may weigh against reliance upon a categorical exemption. Categorical exemptions are generally not appropriate for projects with significant impacts. Operators can facilitate review by including the duration of the proposed work and indicating if work will avoid seasonal concerns, for example migratory bird nesting season, when applicable.

4. Will the rework result in a change in purpose or capacity of the well?
 - a. A rework that isolates formations, modifies an existing well bore, or otherwise maintains the safety or effectiveness of previously approved operations, or is a removal of an existing permitted use, is more likely to be exempt than one that changes operations.
 - b. A rework that changes the purpose or capacity of a well is less likely to be categorically exempt than one that does not as some exemptions may not apply when the proposed work expands the capacities of the well or field beyond those previously approved or constitutes a change in existing facilities.
 - c. In many situations, increasing the depth of a well may result in an increase in production capacity. This may represent a non-negligible expansion of use, and is therefore less likely to be categorically exempt
 - d. CalGEM will verify the proposed project's purpose, intent, and clarify potential impacts prior to completing preliminary review.

Samples of Typical Reworks Grouped by Exemptions that may Apply.

The samples that follow are typical reworks that do not require the use of a drilling rig to complete the work. Other types of reworks, including those that are not listed below or those that require the use of a drilling rig, may require additional analysis and or documentation before a categorical exemption is considered.

- A. Group A. Reworks where a Class 1 exemption may apply based on CEQA Guidelines⁵ and CalGEM regulations.⁶ Unless the general considerations or key questions above cause concern, CalGEM may find it appropriate for a Class 1 exemption to apply to a proposed rework. If a Class 1 exemption may apply to the proposed project, a Class 2 or 4 exemption may also apply.

Reworks within this category utilize a workover rig or smaller equipment which is expected to fit within an existing facility's footprint with active work contained on the well pad that was created for larger equipment used to drill the original well. Expansion of the well pad or facility is unlikely. Use of equipment which is contained within existing facilities *involving negligible or no expansion of existing or former use* is a requirement for application of the Class 1 exemption.

Reworks with Group A are not expected to change or expand the existing use of a well. This includes reworks that are modifications of an existing liner or bridge plug intended to optimize, maintain, or restore the prior production capacity of a well.

⁵ 14 CCR § 15301

⁶ 14 CCR § 1684.1

Reworks within this category are expected to be short duration activities within existing facilities unlikely to have significant impacts. Short duration activities within existing facilities tend to be less likely to have significant impacts than ones of longer duration and outside the existing facility. However, CalGEM will consider the key questions listed above and if proximity of biological resources, proximity to sensitive receptors, seasonality, or cumulative impacts could result in significant impacts. Categorical exemptions are generally not appropriate for projects with significant impacts. Operators can best facilitate review by providing survey data for sensitive species when available, or current written species information from the California Department of Fish and Wildlife. If the project has a federal nexus, US Fish and Wildlife service should also provide written species information indicating the distance for the proposed work from facilities that house sensitive receptors¹¹ such as hospitals, schools, convalescent facilities, and residential areas.

Sample reworks in Group A where a Class 1 exemptions may apply include:

1. Adding perforations within existing completion interval; also known as adding pay,
2. Setting a bridge plug to isolate perforations or removing a bridge plug,
3. Milling out cement,
4. Run or scab inner slotted liner, and
5. Add a Steel Seal Adapter (SSA).

- B. Group B. Reworks where a Class 1 Exemption may be applied based on CEQA Guidelines ⁷ and CalGEM regulations⁸ but further clarification of the proposed project footprint may be needed.

Reworks within Group B utilize workover rigs which are expected to fit within existing facilities with the addition of other equipment such as cement trucks, pumps, or piping racks which may not fit within existing well pads or roadways in some situations. Prior to considering a categorical exemption CalGEM will verify, either in the record or by requesting clarification from the operator, that all equipment can be placed without expanding the facility. The need for expansion of the well pad, roads or facility is likely to be location dependent. Use of equipment which is contained within existing facilities makes it more likely the proposed project involves *negligible or no expansion of existing former use*, as required for application of the Class 1 exemption. If a Class 1 exemption may apply to the proposed project, a Class 2 or 4 exemption may also apply.

Reworks within Group B are not expected to change or expand the existing use provided the project footprint is within the existing facility. The included reworks

⁷ 14 CCR § 15301

⁸ 14 CCR § 1684.1

are modifications of an existing liner or bridge plug intended to optimize, maintain, or restore prior production capacity. Reworks within Group B are expected to be short duration activities within existing facilities unlikely to have significant impacts. However, CalGEM will consider proximity of biological resources and facilities that house sensitive receptors⁹. Categorical exemptions are not appropriate for projects with significant impacts. Operators can best facilitate review by providing site survey data for sensitive species, clearly listing equipment required for the proposed work, providing aerial maps that delineate the proposed work area, and responding to inquiries from CEQA staff when they are verifying equipment and facility footprints.

Sample reworks in Group B where a Class 1 exemption may apply after proposed project footprint is confirmed include:

1. Isolate or cement squeeze perforations within existing completion,
2. Plugback and recomplete to new zone, provided that the well depth is not increased in the process,
3. Run and cement in inner casing string,
4. Plugback and convert to an observation well, and
5. Pull and replace slotted liner.

C. Group C. Reworks where a Class 30 exemption, Minor Actions to Prevent, Minimize, Stabilize, Mitigate, or Eliminate a Release of Hazardous Substances¹⁰ may include repairs needed to halt a release or reduce the risk of a release. For these reworks the typical equipment is smaller than drilling equipment used to establish the original well. If a Class 30 exemption is applied, unless the general considerations or questions above cause concern, than a Class 1 exemption¹¹ may also apply. Class 30 may be appropriate for a part of the proposed project but inappropriate for the whole project. For example, combining a wellhead repair, which may be exempt under Class 30, with a conversion of an observation well to production well, which is less likely to be categorically exempt under Class 30, would not result in an overall project that is appropriate for the application of a Class 30 exemption.

Sample reworks in Group C were Class 30 and Class 1 exemptions may apply are:

1. Repair casing holes (patch or squeeze), and
2. Repair wellhead (if rig or comparable equipment is not required)

D. Group D. Reworks in Group D have special considerations and CalGEM will likely request clarification from the operator prior to considering a categorical exemption. These reworks are not grouped based on common equipment usage or characteristics. In many cases reworks in Group D will require case-specific

⁹ California Safety Code § 43705.5(a)(5))

¹⁰ 14 CCR § 15330

¹¹ 14 CCR § 15301, 14 CCR § 1684.1

consideration. CalGEM will verify the proposed project's purpose, intent, and clarify potential impacts prior to completing preliminary review. Operators can best facilitate review by responding promptly to inquiries by CalGEM and providing information on previously approved uses of a well in their submission when applicable.

Sample reworks in Group D where reliance upon categorical exemption requires special consideration:

1. Conversion of an injecting well to producing well: Conversions of well type may not be categorically exempt due to changes in existing use. Special considerations include whether there is negligible, or no expansion of use based on preexisting and previously approved uses. For example, if the injection well has been previously used as a production well, a Class 1 Existing Facilities Exemption may apply. Where conversion may result in new production that deviates significantly from the baseline or an increase in regulatory control by CalGEM, categorical exemption may not be appropriate.
2. Plugback LS (long string) or SS (short string) only in dual string injection well: Special considerations include confirming impact on both strings and potential overlap of CalGEM programs. This is a type of abandonment but if only one string is abandoned it is submitted as a rework; in that case remaining string is an active well and must be considered.
3. Conversion of a producing well to an injecting well: Unlikely to be exempt as a standalone project due to the change in existing use. Special considerations include producing well reworked as injector within a larger approved project may not involve alteration of casing (i.e. may not trigger permitting event). Typically, only approved with existing PAL using non-expansion (infill) process; needs UIC program approval.
4. Convert an observation well to a producing well: As with conversion from an injection well to a production well, categorical exemption for approval of a conversion of an observation well to a production well calls for special consideration. The conversion may result in an increase in production and capacity and, in most situations, should receive similar analysis to a new drill. Special considerations include if the observation well has previously been used as a production well, a Class 1 Existing Facilities¹² exemption may apply.
5. Conversion of an observation well to an injection well: Typically, only approved with existing PAL in place or as a non-expansion (infill) project; needs UIC program approval.

¹² CEQA Guidelines 14 CCR § 153301, California Geologic Energy Management Oil and Gas Regulation as 14 CCR §1684.1

Summary

CalGEM CEQA review of proposed reworks will proceed on a project-by-project basis. This guidance provides a general overview of CalGEM's process during review of reworks, samples outcomes for some groups of common reworks, and information operators may provide to facilitate efficient review. Scenarios described in this document are for illustrative purposes only, and are not determinative of any expected outcome, and should not be relied on by rework permit applicants as a guarantee of the sufficiency of an application prior to the issuance of a permit. CalGEM disclaims any responsibility for any such reliance. The guidance herein is not exhaustive and subject to revision and modification. Review of projects will proceed on a project-by-project basis.

To summarize that information operators may facilitate efficient review by:

1. Proposing potential grouping of Rework NOIs when appropriate. Operators may indicate in project descriptions if NOIs may be grouped. Reworks where grouping is likely appropriate are those within a localized area, including the same field and UIC approval if applicable, which propose similar types of work, and a part of a larger project. Grouped NOIs can move through the CEQA review process together as a package rather than receiving multiple separate reviews.
2. Providing aerial maps which clearly delineate the proposed work area which support potential impact areas described in the submission.
3. Clearly listing equipment required for the proposed work in their submission.
4. Clearly describing proposed work in their project descriptions and avoiding or defining abbreviations when listing proposed rework operations.
5. Providing survey data for sensitive species when available
6. Indicating the distance of proposed work from sensitive receptors such as housing in project descriptions and providing aerial maps
7. If repairs are needed to mitigate a release include supporting information in the project description and communicate the need to CalGEM District staff
8. When submitting proposed reworks that include conversions of well type provide information on any previously approved uses of the well