



NOTICE TO OPERATORS

2022-07

December 23, 2022

REGULATORY REQUIREMENTS FOR REMOVING IDLE WELLS SCHEDULED FOR PLUGGING AND ABANDONMENT ON AN APPROVED IDLE WELL TESTING WAIVER PLAN

The California Geologic Energy Management Division (CalGEM) is issuing this notice to inform and remind operators of key regulatory requirements for removing wells from an Idle Well Testing Waiver Plan (Waiver).

Under California Code of Regulations, title 14, (CCR) section 1772.2, operators are to complete the plugging and abandonment of all wells listed on an approved Waiver according to the schedule approved by CalGEM. A well may not be removed from an operator's Waiver until the operator has complied with the requirements of CCR section 1772.2, subdivision (c) for that well. Failure to comply with the scheduled terms of the Waiver may result in CalGEM canceling the operator's Waiver. The cancellation of the Waiver will result in the operator being required to bring each well listed on the Waiver into compliance with the testing and analytical requirements of CCR sections 1772.1, 1772.1.1, and 1772.1.2 within 90 days.

To remove a well from a Waiver, an operator must:

1. Submit a request and justification for the change to CalGEM's Idle Well Program, preferably via email at CalGEMIdleWells@conservation.ca.gov;
2. Submit a workplan (including timeframe) to CalGEM for expeditiously bring the requested well into compliance with the fluid level survey requirements of CCR section 1772.1, subdivision (a)(1), casing pressure testing requirements of CCR sections 1772.1, subdivision (a)(2) and 1772.1.1, cleanout tag requirements of CCR section 1772.1, subdivision (a)(3), and analytical requirements of CCR section 1772.1.2;
3. Receive a conditional approval from CalGEM of the justification and workplan; and
4. Bring the requested well into compliance with the testing and analytical requirements of CCR sections 1772.1, 1772.1.1, and 1772.1.2 within the timeframe outlined in the CalGEM approved work plan.

Once these conditions listed have been met, CalGEM will remove the well from the approved Waiver.

In the case of a transfer, requirements and considerations for both the transferor and acquiring operators are as follows.

If an operator owns a well that is scheduled on their approved Waiver and would like to transfer it to another operator, that well will remain on the transferor's Waiver unless the transferor submits a request and justification to CalGEM. Transferors must submit a written request and justification to CalGEM, preferably via email to CalGEMIdleWells@conservation.ca.gov, to request to remove a well from the Waiver. CalGEM must acknowledge the transfer in accordance with Public Resources Code (PRC) section 3201 before the well is eligible for removal.

If an operator is acquiring a well that is scheduled on another operator's approved Waiver, the acquirer will be responsible for ensuring that the well is brought into compliance in a timely manner.

The acquirer may bring the well into compliance using one of the four following options:

1. List the well on an approved Waiver for plugging and abandonment.
2. List the well on an approved Idle Well Management Plan for proper plugging and abandonment.
3. If the well was idle as of April 1, 2019, submit a revised Testing Compliance Work Plan (TCWP) within 90 days of the transfer being recognized by CalGEM scheduling the well to be brought into compliance in accordance with CCR section 1772.1.4, subdivisions (b) and (d).
4. If the well became idle after April 1, 2019, and is not being listed on an approved Idle Well Management Plan or Idle Well Testing Waiver Plan for plugging and abandonment, bring the well into compliance with the testing and analytical requirements of CCR sections 1772.1, 1772.1.1, and 1772.1.2 within 12 months of the transfer date. To ensure that the acquirer is fully aware of their regulatory requirements, CalGEM may issue the acquirer a Notice of Violation documenting the well is out of compliance with applicable testing requirements.

Failure by the acquirer to bring any well into compliance with the applicable regulations is a violation of law, which may be subject to civil penalties. (Pub. Resources Code, § 3236.5.) In addition, failure to comply with CCR section 1772.1 is conclusive evidence of desertion of the well(s) for which the State Oil and Gas Supervisor may order the well(s) plugged and abandoned. (Pub. Resources Code, §§ 3206.1, subdivision (e); 3237.)

The transferor is cautioned that if a well is not brought into compliance by the acquiring operator, the well is ordered plugged and abandoned, and the acquiring operator does not have the resources to fully cover the cost of plugging and abandonment, the

immediately preceding operator is responsible for the cost of plugging and abandonment of the well. (Pub. Resources Code, § 3237, subdivision (c)(1).)

Operators are advised to take these statutory and regulatory requirements into account prior to considering any transfers involving wells scheduled for plugging and abandonment on an approved Waiver.

If you have any questions or concerns regarding compliance with this notice, please contact CalGEM Headquarters at (916) 445-9686 for referral to the Idle Well Program or CalGEMIdleWells@conservation.ca.gov.

Sincerely,



Uduak-Joe Ntuk
State Oil and Gas Supervisor