

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: April 15, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee

FROM: Sharon M. Tso *Sharon Tso* Council File No.: 15-0002-S145
Chief Legislative Analyst Assignment No.: 16-03-0283

SUBJECT: Resolution (Englander-Wesson) to SUPPORT SB 887 (Pavley)

CLA RECOMMENDATION: Adopt Resolution (Englander-Wesson) to include in the City's 2015-16 State Legislative Program SUPPORT for SB 887 (Pavley), which would provide a comprehensive framework for reform of the Division of Oil, Gas, and Geothermal Resources' (DOGGR) oversight of natural gas storage wells.

SUMMARY

The Resolution (Englander-Wesson), introduced on March 29, 2016, states that the natural gas leak at the Aliso Canyon natural gas storage facility highlighted deficiencies in State regulations governing well safety and emergency response and demonstrated the need to substantially reform regulations governing oversight of natural gas storage wells.

The Resolution also notes that currently pending before the California State Senate is SB 887, which addresses the inspection of natural gas storage wells. SB 887 would require DOGGR to inspect all natural gas storage wells before December 1, 2018 and convene an independent panel to develop best practices for natural gas storage wells. This bill would also require the eventual phase-out of all old storage wells and would establish new safety standards for natural gas storage wells. SB 887 would also set new compliance requirements for all natural gas storage wells in existence on December 31, 2016. The Resolution seeks City support for SB 887.

BACKGROUND

On October 23, 2015, Southern California Gas Company (SoCal Gas) discovered a leak at a natural gas well in the Aliso Canyon storage facility. The leak threatened the health and safety of thousands of residents in Porter Ranch and the surrounding communities. SoCal Gas successfully sealed the well on February 18, 2016. However, before the well was sealed, the leak resulted in a Proclamation of a State of Emergency by Governor Brown and the relocation of more than 6,000 households. Currently, SoCal Gas is not injecting natural gas at the Aliso Canyon storage facility.

It was recently reported that SoCal Gas intends to resume injecting natural gas at the Aliso Canyon storage facility as early as late summer. However, the State is requiring safety testing for all 115 wells at the storage facility before it may be reopened. It is estimated the required testing may take several months or even a year. SoCal Gas recently announced that it will utilize safety testing recommended by DOGGR. However, there is disagreement over whether operations should resume only once all wells have been tested. Citing the threat of rolling blackouts caused by the volume of natural gas lost during the leak, SoCal Gas would like to fully test some wells, while temporarily shutting other wells in an effort to expedite reopening of the storage facility.

SB 887

On January 20, 2016, Senator Pavley introduced SB 887 which amends several provisions of the Public Resources Code and adds a Chapter to the Health and Safety Code. The bill was amended by Senator Pavley on March 28, 2016, after the Resolution (Englander-Wesson) was introduced. The amendments to this bill do not alter the intent of the legislation and do not require any change to the City's position. Among other things, SB 887 would:

- Add Chapter 6 to the Health and Safety Code, addressing Natural Gas Storage Facility Monitoring and would:
 - Require DOGGR to develop a natural gas storage facility monitoring program. The program would include continuous monitoring of ambient air concentrations of natural gas and monitoring would occur at several locations throughout the facility to identify leaks and natural gas emissions. The bill would allow the monitoring to be supplemented by daily leak detection measures.
 - Require the monitoring program to include optical gas imaging and accurate quantitative monitoring of natural gas concentrations.
 - Require operators of natural gas storage facilities to develop and submit a facility monitoring plan, for approval by the State Air Resources Board.
 - Require that monitoring data provided to the State Air Resources Board be made available to the public.
- Add Section 3133 to the Public Resources Code to:
 - Define “natural gas storage well” as an active or idle natural gas storage well service or located in a natural gas storage facility.
 - Require that all natural gas storage wells be inspected before January 1, 2018 and annually thereafter. It would also require that any well in existence on December 31, 2016 be brought into compliance with applicable safety standards by an undetermined future date.
 - Require the eventual phase out of all old wells.
- Add Section 3134 of the Public Resources Code to require that all natural gas storage wells meet the following standards:
 - Have an automatic downhole shutoff system which would be tested annually.
 - Proactive evaluation of well integrity, casing, and cementing using the best available technology, to evaluate the risk of conditions that may result in a leak.
 - Immediate repair of all wells that have lost integrity or are at risk for an imminent loss of integrity, as well as annual inspection of all wells at high risk for a loss of integrity.
 - Natural gas injection and production shall be through tubing and isolated from contact with the well casing.

- Continuous monitoring of annular pressure and production or injection flow rate.
- Add Section 3135 of the Public Resources Code to require annual inspections for natural gas wells within 10,000 feet of a sensitive receptor, as well as continuous air quality monitoring. Sensitive receptors would be defined as including, but not limited to, schools, hospitals, and residential housing. This section would also limit permitting for new natural gas wells within a certain distance from a sensitive receptor and require the abandonment of operational wells within the same distance.
- Add Section 3136 of the Public Resources Code to require that the operators of natural gas wells submit a regular maintenance program, design and operating conditions, an inspection leak detection, monitoring program, and a site specific risk management plan, for approval by the Oil and Gas Supervisor.
- Add Section 3137 of the Public Resources Code to grant the public the right to review the locations of natural gas storage wells and well conversions before approval.
- Add Section 3138 of the Public Resources Code to require that where a natural gas well, well casing, or cementing loses integrity, resulting in an uncontrolled leak, preparation to drill a relief well must commence within 24 hours of discovery of the leak.
- Add Section 3139 of the Public Resources Code to require that in the event of any leak from a natural gas storage well, the operator of the well must immediately notify DOGGR. DOGGR would then be required to post information concerning the leak on its website and provide regular updates.
- Add Section 3140 of the Public Resources Code to require DOGGR to convene an independent panel to prepare best practices for natural gas storage facilities. Upon completion of the panel's work, DOGGR would be required to incorporate the best practices into its regulations.
- Add Section 3141 of the Public Resources Code to require DOGGR, in conjunction with the Office of Environmental Health Hazard Assessment, the State Department of Public Health, and the Department of Industrial Relations, to perform a risk assessment of natural gas storage wells.
- Add Section 3142 of the Public Resources Code to require that well operators disclose the well history to DOGGR to facilitate the required assessments.
- Add Section 3143 and 3144 of the Public Resources Code to require that materials provided pursuant to Sections 3133 to 3142 be provided on the internet and to permit the public to bring a writ of suit against DOGGR for failure to enforce those sections.
- Add Section 3236.5 of the Public Resources Code to provide a private right of action for enforcement of the previous provisions.

SB 887 has been referred to the Senate Committees on Natural Resources and Water Environmental Quality. The revised bill was considered by the Committee on Natural Resources

and Water on March 29, 2016. SB 887 passed the Committee on Natural Resources and Water and is scheduled to be heard in the Committee on Environmental Quality on April 20, 2016.

At the City level, the Fire Department and Police Department have been involved in the response to the Aliso Canyon gas leak. Further, the Bureau of Engineering and the Bureau of Sanitation perform work related to this area. The Police Department has indicated it does not have a position on this bill.

Conclusion

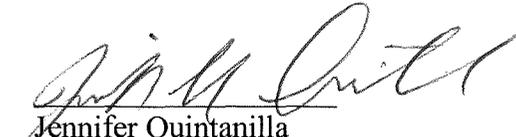
If SB 887 is enacted, it would reform and enhance DOGGR's oversight of natural gas storage wells by, among other things, establishing new minimum standards for natural gas storage wells including annual inspections, and mandatory setbacks from homes and schools.

Departments Notified

Fire Department
Police Department
Bureau of Engineering
Bureau of Sanitation

Bill Status.

1/20/16	Introduced.
1/28/16	Referred to California Committees on Natural Resources and Water and Environmental Quality.
3/09/16	Set for hearing in the Committee on Natural Resources and Water on March 29.
3/28/16	Author amended the bill. Bill was read a second time and re-referred to the Senate Committee on Natural Resources and Water.
3/29/16	Passed Senate Committee on Natural Resources and Water (Ayes 7, Noes 2). Bill was re-referred to the Committee on Environmental Quality.


Jennifer Quintanilla
Analyst

Attachments: 1. Resolution
2. Text of SB 887

SMT:MF:PS:JMQ

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, on October 23, 2015, Southern California Gas Company discovered a leak at a natural gas well in the Aliso Canyon storage facility, threatening the health and safety of thousands of residents in Porter Ranch and the surrounding communities; and

WHEREAS, the leak was successfully capped on February 18, 2016, but it highlighted deficiencies in State regulations governing well safety and emergency response, demonstrating the need to substantially reform regulations governing oversight of natural gas storage wells; and

WHEREAS, currently pending in the State Legislature is SB 887 (Pavley) which would require the Division of Oil, Gas, and Geothermal Resources (DOGGR) to inspect all natural gas storage wells before December 1, 2018, convene an independent panel to develop best practices for natural gas storage wells, and develop a natural gas storage facility monitoring program to identify gas leaks; and

WHEREAS, SB 887 would require the eventual phase-out of all old wells and establish new safety standards for natural gas storage wells, as well as set new compliance requirements for all natural gas storage wells in existence on December 31, 2016; and

WHEREAS, SB 887 would require well operators to develop and submit to DOGGR for approval maintenance, operating, leak prevention and response, and monitoring plans; and

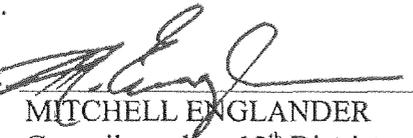
WHEREAS, SB 887 would establish new monitoring, safety, and permitting requirements for natural gas storage wells located near schools, hospitals, and residential housing; and

WHEREAS, in the event of a leak, SB 887 would require that operators provide DOGGR immediate notice, begin preparations for drilling a relief well within 24 hours, and provide public notice and updates on the internet; and

WHEREAS, SB 887 recognizes that natural gas storage facilities may be located near population centers, so to protect these populations, it would provide necessary reform of the current regulatory framework and prevent future environmental harm, ensuring the health and safety of California residents;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-16 State Legislative Program SUPPORT for SB 887 (Pavley) which would establish new safety standards for natural gas storage wells and require the eventual phase-out of all old wells.

PRESENTED BY:


MITCHELL ENGLANDER
Councilmember, 12th District

SECONDED BY:



MAR 29 2016

jmj

ORIGINAL

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 887

Introduced by Senator Pavley
(Coauthors: Senators Allen and De León)
(Coauthor: Assembly Member Wilk)

January 20, 2016

An act to add Chapter 6 (commencing with Section 42710) to Part 4 of Division 26 of the Health and Safety Code, and to amend Section 3236.5 of, and to add Sections 3133, 3134, 3135, 3136, 3137, 3138, 3139, 3140, 3141, 3142, 3143, and 3144 to, the Public Resources Code, relating to natural gas.

LEGISLATIVE COUNSEL'S DIGEST

SB 887, as amended, Pavley. Natural gas storage wells.

Under existing law, the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in the state. Existing law provides that a person who fails to comply with specific laws relating to the regulation of oil or gas operations is guilty of a misdemeanor.

This bill would ~~require~~, *require the division*, before January 1, 2018, and annually thereafter, ~~the division~~ to inspect all natural gas storage wells serving or located in a natural gas storage facility and would prescribe standards for a natural gas storage well. This bill would require a natural gas storage well in existence on December 31, 2016, to be brought into compliance with the provisions of this bill by an unspecified date and the use of wells older than an unspecified age to be phased out by an unspecified date. This bill would prohibit the division from issuing a permit for a new natural gas storage well located within an unspecified

distance of a sensitive receptor, as defined, and would require the division to order operators to cease the use of, and plug and abandon, an existing natural gas storage well that is within an unspecified distance of a sensitive receptor by an unspecified date. This bill would require, in the event of a loss of the integrity of a natural gas storage well, well casing, or cementing resulting in a significant, uncontrolled leak of natural gas, that preparations for the drilling of a relief well begin within 24 hours of the discovery of the leak. This bill would require the operator, in the event of a leak of any size from a natural gas storage well, to notify the division immediately and would require the division to post information about the leak on its Internet Web site, as prescribed. This bill would require the division to convene an independent panel of recognized experts to develop best practices for natural gas storage facilities and to review and incorporate the best practices developed by the panel into its regulations for natural gas storage wells, as appropriate, and for other wells under the division's jurisdiction, as applicable. This bill would require the division, in consultation with the Office of Environmental Health Hazard Assessment, the State Department of Public Health, and the Department of Industrial Relations, to perform a risk assessment of natural gas storage wells and to report the findings of the risk assessment to the Legislature. This bill would require the State Air Resources Board, in consultation with any local air district and the division, to develop guidelines for a monitoring program that includes continuous monitoring of the ambient concentration of natural gas at sufficient locations throughout a natural gas storage facility or planned natural gas storage facility to identify natural gas ~~leaks~~ *leaks and the presence of natural gas emissions in the atmosphere. The bill would require an operator of a natural gas storage facility to develop and submit to the board a facility monitoring plan that satisfies the program requirements, and would require the board to review the plan and to either approve or disapprove the plan. This bill would require monitoring data to be provided to the board. This bill would require the division to post and make available on its Internet Website all materials that are provided to the board or division in order to comply with these the provisions to be posted and available to the public on its Internet Web site. added by this act.* Because a violation of these requirements would be a crime, the bill would impose a state-mandated local program.

Existing law requires the operator of a well to file a written notice of intention to commence drilling with, and prohibits any drilling until

approval is given by, the supervisor or district deputy. Under existing law, the notice is deemed approved if the supervisor or district deputy fails to respond to the notice in writing within 10 working days from receipt and is deemed canceled if operations have not commenced within one year of receipt. Existing law provides that these provisions also apply to the deepening or redrilling of the well, any operation involving the plugging of the well, or any operations permanently altering in any manner the casing of the well.

This bill would require certain materials, relating to wells serving or located in a natural gas storage facility, to be submitted by the operator and approved at the supervisor's discretion before approval of the notice. This bill would provide that the public has a right to review the ~~location~~ *locations* of all new natural gas storage wells or existing wells converting to a natural gas storage well *wells* before the approval of the notice.

Existing law requires the owner or operator of any well to keep, or cause to be kept, a careful and accurate log, core record, and history of the drilling of the well.

This bill would require the well history to include all operations, injection, production, and emplacement of any materials into a natural gas storage well, and to be disclosed to the division by the operator, as specified.

Under existing law, a person who violates certain statutes or regulations relating to oil and gas well operations is subject to a civil penalty not to exceed \$25,000 for each violation. Existing law provides that the unreasonable waste of natural gas by act, omission, sufferance, or insistence is opposed to the public interest and is unlawful.

This bill would provide that a violation of the prohibition against the unreasonable waste of natural gas is subject to the civil penalty not to exceed \$25,000 for each violation.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares as follows:

2 (a) Public transparency regarding regulations and regulatory
3 activity to protect public health and welfare and natural resources
4 is essential.

5 (b) *Safe operation of gas storage wells and associated piping
6 and equipment is essential in order to provide for public,
7 environmental, and occupational health and welfare, and includes
8 a proactive approach to potential problems.*

9 (b)

10 (c) On October 23, 2015, a significant, uncontrolled leak from
11 a natural gas storage well that was originally drilled over 60 years
12 ago was discovered in the Aliso Canyon natural gas storage facility
13 located in the County of Los Angeles. Initial efforts to stop the
14 leak failed.

15 (c)

16 (d) The Division of Oil, Gas, and Geothermal Resources in the
17 Department of Conservation responded swiftly to the leak,
18 including by issuing two orders that, among other things, require
19 the use of relief wells. The division ~~has been working~~ worked
20 around the clock overseeing efforts to stop the leak.

21 (d)

22 (e) It was several days before the community was notified of
23 the leak, although numerous residents started reporting odor
24 concerns almost immediately. The leaking well is up the hill and
25 approximately one and one-quarter miles away from the nearest
26 home. Other natural gas storage wells serving this facility are
27 located closer to homes.

28 (e)

29 (f) The Governor declared a state of emergency on January 6,
30 2016, in order to facilitate the ongoing state response and efforts
31 to stop the leak.

32 (g) *On February 18, 2016, the Division of Oil, Gas, and
33 Geothermal Resources in the Department of Conservation certified
34 that the Aliso Canyon leak had been stopped. Reports estimate
35 almost 100,000 metric tons of the potent greenhouse gas methane
36 was emitted to the atmosphere. Community health concerns
37 continue postleak with over one hundred fifty complaints reported
38 to the County of Los Angeles.*

1 (f)

2 (h) The standards for natural gas storage wells need to be
3 improved in order to reflect 21st century technology, recognize
4 that these facilities may be in locations near population centers,
5 and ensure a disaster like the Aliso Canyon leak does not happen
6 again.

7 SEC. 2. Chapter 6 (commencing with Section 42710) is added
8 to Part 4 of Division 26 of the Health and Safety Code, to read:

9

10 CHAPTER 6. NATURAL GAS STORAGE FACILITY MONITORING

11

12 42710. (a) The state board, in consultation with any local air
13 district and the Division of Oil, Gas, and Geothermal Resources
14 in the Department of Conservation, shall develop a natural gas
15 storage facility monitoring program that includes continuous
16 monitoring of the ambient concentration of natural gas at sufficient
17 locations throughout a natural gas storage facility or planned
18 natural gas storage facility to identify natural gas leaks, *leaks and*
19 *the presence of natural gas emissions in the atmosphere. The*
20 *continuous monitoring program may be supplemented by daily*
21 *leak detection measurements.*

22 (b) The program shall include guidelines for the continuous
23 monitoring which shall include, at minimum, ~~spectral visual optical~~
24 ~~gas imaging and accurate quantitative chemical analytical~~
25 ~~monitoring.~~ *monitoring of natural gas concentrations. The program*
26 *shall include protocols for both stationary and mobile monitoring,*
27 *as well as fixed and temporary monitoring locations.*

28 (c) *An operator of a natural gas storage facility shall develop*
29 *and submit to the state board a facility monitoring plan that*
30 *satisfies program requirements pursuant to subdivision (a). The*
31 *state board shall review the plan and may approve or disapprove*
32 *the plan.*

33 (e)

34 (d) *Monitoring data shall be provided to the state board. All*
35 *materials provided to comply with this section shall be posted and*
36 *available to the public on the Internet Web site of the Division of*
37 *Oil, Gas, and Geothermal Resources.*

38 SEC. 3. Section 3133 is added to the Public Resources Code,
39 to read:

1 3133. (a) As used in this article, “natural gas storage well”
2 means an active or idle natural gas storage well serving or located
3 in a natural gas storage facility.

4 (b) Before January 1, 2018, and annually thereafter, the division
5 shall inspect all natural gas storage wells.

6 (c) A natural gas storage well in existence on December 31,
7 2016, shall be brought into compliance with this article by ____.
8 The use of a natural gas storage well older than ____ shall be
9 phased out by ____.

10 SEC. 4. Section 3134 is added to the Public Resources Code,
11 to read:

12 3134. A natural gas storage well shall meet all of the following
13 standards:

14 (a) The well shall have an automatic downhole shutoff system,
15 including, but not limited to, *surface-controlled* subsurface safety
16 valves, deployed in order to limit leaks associated with a loss of
17 the integrity of a well, well casing, or cementing. The shutoff
18 system shall be tested and the results of the test shall be reported
19 to the division no less than annually.

20 (b) Proactive evaluation of the integrity of the well, well casing,
21 ~~or and~~ cementing across the entire length of the well shall be
22 conducted ~~in order to quantitatively thoroughly, quantitatively,~~
23 ~~and accurately~~ assess *their condition. These assessments shall be*
24 *performed using the best available technology. Based upon these*
25 *assessments, the risks posed by erosion, corrosion, aging, scaling,*
26 *cracking, and any other process that may produce natural gas leaks.*
27 ~~This evaluation shall include visual imaging along the entire length~~
28 ~~of the well. leaks shall be determined. A natural gas storage well~~
29 ~~that has lost integrity or that is at risk of an imminent loss of~~
30 ~~integrity shall be immediately repaired before returning to service.~~
31 A natural gas storage well *at high risk of a loss of integrity* shall
32 be evaluated pursuant to the measures in this subdivision at least
33 ~~annually if the well was originally drilled more than 20 years ago.~~
34 *annually.*

35 (c) Natural gas injection and production shall be through tubing
36 only and isolated from contact with the well casing.

37 (d) Annular pressure and production or injection flow rate shall
38 be continuously monitored.

39 SEC. 5. Section 3135 is added to the Public Resources Code,
40 to read:

1 3135. (a) For the purposes of this section, “sensitive receptor”
2 includes, but is not limited to, a school, hospital, and residential
3 housing.

4 (b) In addition to the requirements of Section 3134, a natural
5 gas storage well that is within 10,000 feet of a sensitive receptor
6 shall meet both of the following requirements:

7 (1) Have continuous ~~air quality~~ monitoring ~~for~~ of natural gas
8 concentrations to identify natural gas leaks at the wellhead.

9 (2) Be evaluated pursuant to the measures in subdivision (b) of
10 Section 3134 at least annually.

11 (c) The division shall not issue a permit for a new natural gas
12 storage well located within _____ feet of a sensitive receptor, and
13 the division shall order operators to cease the use of, and plug and
14 abandon, an existing natural gas storage well within _____ feet of
15 a sensitive receptor by _____.

16 SEC. 6. Section 3136 is added to the Public Resources Code,
17 to read:

18 3136. (a) The operator of a natural gas storage well shall
19 submit for the supervisor’s approval the following materials:

20 (1) A regular maintenance program for the well and the portion
21 of the facility within the division’s jurisdiction. *The maintenance*
22 *program shall include training for site personnel and proactive*
23 *replacement of equipment at risk of failure to ensure safe*
24 *operation.*

25 (2) ~~Operating~~ *Design and operating* conditions and parameters
26 for the well and the portion of the facility within the division’s
27 jurisdiction.

28 (3) ~~An inspection, leak detection, and~~ monitoring program
29 for the well and the portion of the facility within the division’s
30 jurisdiction that includes ~~air quality~~ monitoring of natural gas
31 concentrations pursuant to Chapter 6 (commencing with Section
32 42710) of Part 4 of Division 26 of the Health and Safety Code.
33 ~~Air quality~~ *Ambient natural gas* monitoring sufficient to include
34 monitoring of a new or reworked well shall be in operation before
35 a new well is drilled or a well is reworked.

36 (4) *A site-specific risk management plan to identify and plan*
37 *for mitigation of all hazards and potential hazards associated with*
38 *natural gas storage well operation. The risk management plan*
39 *shall provide for regular review and revision, as needed, to ensure*
40 *the plan appropriately reflects current conditions. The risk*

1 *management plan shall include, but is not limited to, all of the*
2 *following:*

3 ~~(4)~~

4 (A) A natural gas leak prevention and response program that
5 addresses the full range of natural gas leaks possible at the facility
6 with specific response plans that provide for immediate control of
7 the leak. The prevention and response program shall include, but
8 is not limited to, all of the following:

9 ~~(A)~~

10 (i) A protocol for public notice of the leak to the community by
11 the operator.

12 ~~(B)~~

13 (ii) Prepositioning and identification of materials and personnel
14 necessary to respond to leaks. This shall include materials,
15 including equipment to capture leaked gas, to respond to the leak
16 itself as well as to protect public health.

17 ~~(C)~~

18 (iii) A training program to ensure site personnel are prepared
19 to respond to a leak.

20 (B) *A plan for corrosion monitoring and evaluation.*

21 (C) *A schedule for regular well and reservoir integrity*
22 *assessments.*

23 (D) *An assessment of the risks associated with the natural gas*
24 *storage well and its operation.*

25 (E) *Planned risk mitigation efforts.*

26 (b) All of the materials described in subdivision (a) shall be
27 approved by the supervisor, at his or her discretion, and in the
28 possession of the division before the supervisor or district deputy
29 approves a notice required pursuant to Section 3203.

30 (c) All of the materials described in subdivision (a) shall be
31 reported to the division annually. The operator shall not deviate
32 from the ~~programs~~ *programs, plans,* and other conditions and
33 protocols contained in the materials without prior written approval
34 by the supervisor.

35 SEC. 7. Section 3137 is added to the Public Resources Code,
36 to read:

37 3137. The public has a right to review the location of a natural
38 gas storage well or conversion of an existing well to a natural gas
39 storage well before the approval of any notice required pursuant
40 to Section 3203.

1 SEC. 8. Section 3138 is added to the Public Resources Code,
2 to read:

3 3138. In the event of a loss of the integrity of a natural gas
4 storage well, well casing, or cementing resulting in a significant,
5 uncontrolled leak of natural gas, preparations for the drilling of a
6 relief well shall begin within 24 hours of the discovery of the leak
7 regardless of any other activities undertaken to stop the leak.

8 SEC. 9. Section 3139 is added to the Public Resources Code,
9 to read:

10 3139. In the event of a leak of any size from a natural gas
11 storage well, the operator shall notify the division immediately.
12 Within 24 hours of notification, the division shall post information
13 about the leak on its Internet Web site and provide regular updates
14 to the public until the leak is stopped.

15 SEC. 10. Section 3140 is added to the Public Resources Code,
16 to read:

17 3140. (a) The division shall convene an independent panel of
18 recognized experts to develop best practices for natural gas storage
19 facilities. The panel shall consider at least ~~of~~ all of the following:

20 (1) The proximity of a natural gas storage facility and wells to
21 ~~population.~~ *populations of people.*

22 (2) The age ~~when~~ *or condition at which* a well should be plugged
23 and abandoned, and what standards the plugging and abandonment
24 should meet.

25 (3) The range of proactive methods to assess the integrity of a
26 well, well casing, and ~~cementing.~~ *cementing, and identifying the*
27 *best available technology for these assessments.*

28 (4) A thorough analysis of the risks associated with the
29 conversion of a well for use as a natural gas storage well.

30 (5) Natural gas storage well operating, maintenance, and
31 monitoring standards.

32 (b) Upon completion of the panel's work pursuant to subdivision
33 (a), the division shall review and incorporate best practices
34 developed by the panel into its regulations for natural gas storage
35 wells, as appropriate, and for other wells under the division's
36 jurisdiction, as applicable.

37 SEC. 11. Section 3141 is added to the Public Resources Code,
38 to read:

39 3141. (a) The division, in consultation with the Office of
40 Environmental Health Hazard Assessment, the State Department

1 of Public Health, and the Department of Industrial Relations, shall
2 perform a risk assessment of natural gas storage wells. The risk
3 assessment shall include, but is not limited to, all of the following
4 information:

5 (1) The age *and construction* of a well.

6 (2) The service history and operating conditions of the well.

7 (3) The potential impact of a leak on public, occupational, and
8 environmental ~~health~~: *health, safety, and welfare*.

9 (b) The risk assessment shall be subjected to peer review by
10 independent experts.

11 (c) The findings of the risk assessment shall be reported to the
12 Legislature in accordance with Section 9795 of the Government
13 Code.

14 SEC. 12. Section 3142 is added to the Public Resources Code,
15 to read:

16 3142. To ensure that the division has all the records it needs
17 to evaluate natural gas storage wells, the well history maintained
18 pursuant to Section 3213 shall include all operations, injection,
19 production, and emplacement of any materials into the well. The
20 operator shall disclose the well history to the division for each
21 operation, injection, production, and emplacement of any material
22 into the well.

23 SEC. 13. Section 3143 is added to the Public Resources Code,
24 to read:

25 3143. All materials provided to the division to comply with
26 Section 3133 to 3142, inclusive, shall be posted and available to
27 the public on the Internet Web site of the division.

28 SEC. 14. Section 3144 is added to the Public Resources Code,
29 to read:

30 3144. A member of the public may bring suit for writ of
31 mandate against the division for failure to enforce Sections 3133
32 to 3143, inclusive.

33 SEC. 15. Section 3236.5 of the Public Resources Code is
34 amended to read:

35 3236.5. (a) A person who violates this chapter or a regulation
36 implementing this chapter is subject to a civil penalty not to exceed
37 twenty-five thousand dollars (\$25,000) for each violation. A person
38 who commits a violation of Article 3 (commencing with Section
39 3150) or Section 3300 is subject to a civil penalty of not less than
40 ten thousand dollars (\$10,000) and not to exceed twenty-five

1 thousand dollars (\$25,000) per day per violation. An act of God
2 and an act of vandalism beyond the reasonable control of the
3 operator shall not be considered a violation. The civil penalty shall
4 be imposed by an order of the supervisor pursuant to Section 3225
5 upon a determination that a violation has been committed by the
6 person charged. The imposition of a civil penalty under this section
7 shall be in addition to any other penalty provided by law for the
8 violation. When establishing the amount of the civil penalty
9 pursuant to this section, the supervisor shall consider, in addition
10 to other relevant circumstances, all of the following:

- 11 (1) The extent of harm caused by the violation.
 - 12 (2) The persistence of the violation.
 - 13 (3) The pervasiveness of the violation.
 - 14 (4) The number of prior violations by the same violator.
- 15 (b) An order of the supervisor imposing a civil penalty shall be
16 reviewable pursuant to Article 6 (commencing with Section 3350).
17 When the order of the supervisor has become final and the penalty
18 has not been paid, the supervisor may apply to the appropriate
19 superior court for an order directing payment of the civil penalty.
20 The supervisor may also seek from the court an order directing
21 that production from the well or use of the production facility that
22 is the subject of the civil penalty order be discontinued until the
23 violation has been remedied to the satisfaction of the supervisor
24 and the civil penalty has been paid.

25 (c) Any amount collected under this section shall be deposited
26 in the Oil, Gas, and Geothermal Administrative Fund.

27 SEC. 16. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or
31 infraction, eliminates a crime or infraction, or changes the penalty
32 for a crime or infraction, within the meaning of Section 17556 of
33 the Government Code, or changes the definition of a crime within
34 the meaning of Section 6 of Article XIII B of the California
35 Constitution.