

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1467**

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**Introduced by Assembly Member Bass**

February 27, 2009

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An act to amend Section ~~3401~~ 3106 of the Public Resources Code, relating to natural resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1467, as amended, Bass. Natural resources: oil and gas operations: ~~charge on production.~~ *monitoring program.*

*Existing law requires the State Oil and Gas Supervisor to supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas production. Under existing law, the supervisor may require an operator to implement a monitoring program, designed to detect releases to the soil and water, including both groundwater and surface water, for aboveground oil production tanks and facilities.*

*This bill, instead, would require the supervisor to require an operator to implement that monitoring program.*

~~Existing law imposes an annual charge upon each person operating or owning an interest in an oil or gas well in respect to the production of the well which charge is payable to the State Treasurer. Existing law provides that these charges shall be used exclusively for the support and maintenance of the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation.~~

~~This bill would make technical, nonsubstantive changes to that provision.~~

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

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

1     SECTION 1. Section 3106 of the Public Resources Code is  
2 amended to read:

3     3106. (a) The supervisor shall~~se~~ supervise the drilling,  
4 operation, maintenance, and abandonment of wells and the  
5 operation, maintenance, and removal or abandonment of tanks and  
6 facilities attendant to oil and gas production, including pipelines  
7 not subject to regulation pursuant to Chapter 5.5 (commencing  
8 with Section 51010) of Part 1 of Division 1 of Title 5 of the  
9 Government Code that are within an oil and gas field, so as to  
10 prevent, as far as possible, damage to life, health, property, and  
11 natural resources; damage to underground oil and gas deposits  
12 from infiltrating water and other causes; loss of oil, gas, or reservoir  
13 energy, and damage to underground and surface waters suitable  
14 for irrigation or domestic purposes by the infiltration of, or the  
15 addition of, detrimental substances.

16     (b) The supervisor shall also supervise the drilling, operation,  
17 maintenance, and abandonment of wells so as to permit the owners  
18 or operators of the wells to utilize all methods and practices known  
19 to the oil industry for the purpose of increasing the ultimate  
20 recovery of underground hydrocarbons and which, in the opinion  
21 of the supervisor, are suitable for this purpose in each proposed  
22 case. To further the elimination of waste by increasing the recovery  
23 of underground hydrocarbons, it is hereby declared as a policy of  
24 this state that the grant in an oil and gas lease or contract to a lessee  
25 or operator of the right or power, in substance, to explore for and  
26 remove all hydrocarbons from any lands in the state, in the absence  
27 of an express provision to the contrary contained in the lease or  
28 contract, is deemed to allow the lessee or contractor, or the lessee's  
29 or contractor's successors or assigns, to do what a prudent operator  
30 using reasonable diligence would do, having in mind the best  
31 interests of the lessor, lessee, and the state in producing and  
32 removing hydrocarbons, including, but not limited to, the injection  
33 of air, gas, water, or other fluids into the productive strata, the  
34 application of pressure heat or other means for the reduction of  
35 viscosity of the hydrocarbons, the supplying of additional motive

1 force, or the creating of enlarged or new channels for the  
2 underground movement of hydrocarbons into production wells,  
3 when these methods or processes employed have been approved  
4 by the supervisor, except that nothing contained in this section  
5 imposes a legal duty upon the lessee or contractor, or the lessee's  
6 or contractor's successors or assigns, to conduct these operations.

7 (c) The supervisor ~~may~~ *shall* require an operator to implement  
8 a monitoring program, designed to detect releases to the soil and  
9 water, including both groundwater and surface water, for  
10 aboveground oil production tanks and facilities.

11 (d) To best meet oil and gas needs in this state, the supervisor  
12 shall administer this division so as to encourage the wise  
13 development of oil and gas resources.

14 ~~SECTION 1. Section 3401 of the Public Resources Code is~~  
15 ~~amended to read:~~

16 ~~3401. The proceeds of a charge levied, assessed, and collected~~  
17 ~~pursuant to this article upon the property of a person operating or~~  
18 ~~owning an interest in the production of a well shall be used~~  
19 ~~exclusively for the support and maintenance of the division of the~~  
20 ~~department charged with the supervision of oil and gas operations.~~