

AMENDED IN ASSEMBLY MAY 24, 2013

AMENDED IN ASSEMBLY APRIL 17, 2013

AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 669

Introduced by Assembly Member Stone *Members Stone and Williams*
(Coauthor: Assembly Member Williams)

February 21, 2013

An act to amend Sections 3108, 3203, and 3227 of, *and to add Sections 3017, 3203.1, 3203.2, and 3203.3 to*, the Public Resources Code, relating to oil and gas.

LEGISLATIVE COUNSEL'S DIGEST

AB 669, as amended, Stone. Oil and gas: drilling.

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. The State Oil and Gas Supervisor supervises the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities related to oil and gas production within an oil and gas field regarding safety and environmental damage. Existing law further requires a person who acquires the right to operate a well or production facility, whether by purchase, transfer, assignment, conveyance, exchange, or other disposition, to meet specific requirements before drilling operations.

This bill would additionally require the operator prior to drilling, redrilling, or deepening operations to submit proof to the supervisor

that the applicable regional water quality control board has approved the disposal method and location of wastewater disposal for the well.

Existing law requires the supervisor, on or before the first day of October of each year, to make public a report on specified information. Existing law requires an operator of a well, on or before the end of each month, to file with the supervisor a statement for the last preceding calendar month detailing specified information.

This bill would additionally require the supervisor to include information on the origin and total amount of freshwater used in each county for the production of oil and gas production, the disposal of wastewater from oil and gas production in each county, and the well casing failures in each county. The bill would additionally require the operator of a well to include in the statement information on the origin and total amount of freshwater used in each well or in each oil field if the operator has multiple wells within the oil field, and the disposal of wastewater. *Because a violation of this requirement is a crime, this bill would impose a state-mandated local program.*

This bill would require the operator of a well, at least 30 days prior to commencing a hydraulic fracturing treatment, as defined, to provide a copy of the approved hydraulic fracturing treatment permit to specified surface property owners. The bill would authorize those property owners to request the applicable regional water quality control board to perform water quality sampling and testing on any water well suitable for drinking or irrigation purposes, as specified. The bill would require a notice of intent to drill, rework, or deepen a well where hydraulic fracturing will occur to include specified information. The bill would require, as a part of a notice of intent to drill, rework, or deepen a well where hydraulic fracturing will occur, the operation of a well to provide to the appropriate water quality control board a groundwater monitoring plan containing specified information for approval under specified circumstances. Because a violation of these requirements is a crime, this bill would impose a state-mandated local program.

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: ~~no~~-yes.

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

1 **SECTION 1.** *Section 3017 is added to the Public Resources*
2 *Code, to read:*

3 3017. *“Hydraulic fracturing” means the injection of fluids or*
4 *gases into an underground geologic formation with the intention*
5 *to cause or enhance fractures in the formation, in order to cause*
6 *or enhance the production of oil or gas from a well. Alternate*
7 *terms include, but are not limited to, “fracking,” “hydrofracking,”*
8 *and “hydrofracturing.”*

9 ~~SECTION 1.~~

10 **SEC. 2.** *Section 3108 of the Public Resources Code is amended*
11 *to read:*

12 3108. (a) *On or before the first day of October of each year*
13 *the supervisor shall make public, for the benefit of all interested*
14 *persons, a report in writing showing:*

15 (1) *The total amounts of oil and gas produced in each county*
16 *in the state during the previous calendar year.*

17 (2) *The total cost of the division for the previous fiscal year.*

18 (3) *The total amount delinquent and uncollected from any*
19 *assessments or charges levied pursuant to this chapter.*

20 (4) *The origin and total amount of freshwater used in each*
21 *county for oil and gas production during the previous calendar*
22 *year.*

23 (5) *The surface and underground destinations and total amount*
24 *of disposed wastewater from oil and gas production in each county*
25 *during the previous calendar year.*

26 (6) *The total number of well casing failures in each county, the*
27 *exact location of these wells, the reason for the failures, and at*
28 *what point the failures occurred, such as during well completion,*
29 *well stimulation, or well production, during the previous calendar*
30 *year.*

31 (b) *The report shall also include other information as the*
32 *supervisor deems advisable.*

33 ~~SEC. 2.~~

34 **SEC. 3.** *Section 3203 of the Public Resources Code is amended*
35 *to read:*

36 3203. (a) *The operator of a well, before commencing the work*
37 *of drilling the well, shall file with the supervisor or the district*
38 *deputy a written notice of intention to commence drilling. Drilling*

1 shall not commence until approval is given by the supervisor or
2 the district deputy. If the supervisor or the district deputy fails to
3 give the operator written response to the notice within 10 working
4 days from the date of receipt, that failure shall be considered as
5 an approval of the notice and the notice, for the purposes and
6 intents of this chapter, shall be deemed a written report of the
7 supervisor. If operations have not commenced within one year of
8 receipt of the notice, the notice shall be deemed canceled. The
9 notice shall contain the pertinent data the supervisor requires on
10 printed forms supplied by the division or on other forms acceptable
11 to the supervisor. The supervisor may require other pertinent
12 information to supplement the notice.

13 (b) After the completion of any well, this section also applies
14 as far as may be, to the deepening or redrilling of the well, any
15 operation involving the plugging of the well, or any operations
16 permanently altering in any manner the casing of the well. The
17 number or designation of any well, and the number or designation
18 specified for any well in a notice filed as required by this section,
19 shall not be changed without first obtaining a written consent of
20 the supervisor.

21 (c) If an operator has failed to comply with an order of the
22 supervisor, the supervisor may deny approval of proposed well
23 operations until the operator brings its existing well operations
24 into compliance with the order. If an operator has failed to pay a
25 civil penalty, remedy a violation that it is required to remedy to
26 the satisfaction of the supervisor pursuant to an order issued under
27 Section 3236.5, or to pay any charges assessed under Article 7
28 (commencing with Section 3400), the supervisor may deny
29 approval to the operator's proposed well operations until the
30 operator pays the civil penalty, remedies the violation to the
31 satisfaction of the supervisor, or pays the charges assessed under
32 Article 7 (commencing with Section 3400).

33 (d) Prior to the approval of the commencement of any drilling,
34 redrilling, or deepening of a well, the operator shall submit written
35 proof to the supervisor that *a waste discharge report has been filed*
36 *with the applicable regional water quality control board—has*
37 *approved pursuant to Section 13260 of the Water Code for the*
38 *disposal method and location of the wastewater for the well.*

39 *SEC. 4. Section 3203.1 is added to the Public Resources Code,*
40 *to read:*

1 3203.1. (a) At least 30 days prior to commencing a hydraulic
2 fracturing treatment, the operator shall provide a copy of the
3 approved hydraulic fracturing treatment permit to every surface
4 property owner or authorized agent of the owner whose property
5 line location is either of the following:

6 (1) Within a 1,500 foot radius of the wellhead.
7 (2) Within 500 feet from the horizontal projection of all
8 subsurface portions of the designated well to the surface.

9 (b) The operator shall provide the division with a list of entities
10 and property owners notified pursuant to subdivision (a).

11 (c) (1) A property owner notified pursuant to subdivision (a)
12 may request the applicable regional water quality control board
13 to perform water quality sampling and testing on any water well
14 suitable for drinking or irrigation purposes and on any surface
15 water suitable for drinking or irrigation purposes as follows:

16 (A) Baseline measurements prior to the commencement of the
17 hydraulic fracturing treatment.

18 (B) Followup measurements after the hydraulic fracturing
19 treatment on the same schedule as the pressure testing of the well
20 casing of the hydraulically fractured well.

21 (2) The regional water quality control board may contract with
22 an independent third party that adheres to board-specified
23 standards and protocols to perform the water sampling and testing.

24 (3) The regional water quality control board shall retain and
25 archive sufficient samples collected pursuant to this subdivision
26 to permit a reasonable number of additional analyses.

27 SEC. 5. Section 3203.2 is added to the Public Resources Code,
28 to read:

29 3203.2. A notice of intent to drill, rework, or deepen a well
30 where hydraulic fracturing will occur shall include all of the
31 following information:

32 (a) A description of the estimated quantity of water planned to
33 be used in the hydraulic fracturing process.

34 (b) The source or sources of water to be used.

35 SEC. 6. Section 3203.3 is added to the Public Resources Code,
36 to read:

37 3203.3. (a) As part of any notice of intent to drill, rework, or
38 deepen a well where hydraulic fracturing will occur, the operator
39 shall provide a groundwater monitoring plan for approval or
40 denial by the appropriate regional water quality control board.

1 *The groundwater monitoring plan shall include, at a minimum,*
 2 *all of the following information:*

3 *(1) The current water quality of the groundwater basin through*
 4 *which the well will be drilled that is sufficient to characterize the*
 5 *quality of the aquifer and identify the zone of influence of the*
 6 *proposed well.*

7 *(2) Water quality data or a plan to obtain data regarding the*
 8 *presence and concentration of the constituents to be used in, or*
 9 *that can be influenced by, the drilling process.*

10 *(3) A plan that includes sites for monitoring wells that will allow*
 11 *the detection of contamination associated with well operation*
 12 *during and after the period of its active use.*

13 *(4) An emergency monitoring plan that will be implemented in*
 14 *the case of well casing failure or any other event that has the*
 15 *potential to contaminate groundwater.*

16 *(b) The operator shall submit electronically the water quality*
 17 *monitoring data to the State Water Resources Control Board's*
 18 *geotracker database and any public data registry identified by the*
 19 *division for disclosure of hydraulic fracturing data.*

20 *(c) This section does not apply if the appropriate regional water*
 21 *quality control board confirms that the proposed well will not*
 22 *penetrate or will not be located within the zone of influence of an*
 23 *aquifer that is designated for a beneficial use.*

24 ~~SEC. 3.~~

25 *SEC. 7.* Section 3227 of the Public Resources Code is amended
 26 to read:

27 3227. (a) The owner of a well shall file with the supervisor,
 28 on or before the last day of each month, for the last preceding
 29 calendar month, a statement, in the form designated by the
 30 supervisor, showing all of the following:

31 (1) The amount of oil and gas produced from each well during
 32 the period indicated, together with the gravity of the oil, the amount
 33 of water produced from each well, estimated in accordance with
 34 methods approved by the supervisor, and the number of days during
 35 which fluid was produced from each well.

36 (2) The number of wells drilling, producing, injecting, or idle,
 37 that are owned or operated by the person.

38 (3) What disposition was made of the gas produced from each
 39 field, including the names of persons, if any, to whom the gas was

1 delivered, and any other information regarding the gas and its
2 disposition that the supervisor may require.

3 (4) The amount of fluid or gas injected into each well used for
4 enhanced recovery, underground storage of hydrocarbons, and any
5 other information regarding those wells that the supervisor may
6 require.

7 (5) The total amount of wastewater generated per well, the
8 amount of wastewater disposed per disposition type, and the
9 location of each disposition site.

10 (6) The origin and total amount of freshwater used in each well
11 or in each oil field if the operator has multiple wells within the oil
12 field.

13 (b) An operator that produces oil by the application of mining
14 or other unconventional techniques shall file a report with the
15 supervisor, on or before March 1 of each year, showing the amount
16 of oil produced by those techniques in the preceding calendar year.

17 (c) Upon request and making a satisfactory showing therefor,
18 a longer filing period may be established by the supervisor for any
19 particular owner or operator.

20 *SEC. 8. No reimbursement is required by this act pursuant to*
21 *Section 6 of Article XIII B of the California Constitution because*
22 *the only costs that may be incurred by a local agency or school*
23 *district will be incurred because this act creates a new crime or*
24 *infraction, eliminates a crime or infraction, or changes the penalty*
25 *for a crime or infraction, within the meaning of Section 17556 of*
26 *the Government Code, or changes the definition of a crime within*
27 *the meaning of Section 6 of Article XIII B of the California*
28 *Constitution.*