

AMENDED IN ASSEMBLY MARCH 7, 2016
AMENDED IN ASSEMBLY FEBRUARY 16, 2016
AMENDED IN SENATE JANUARY 27, 2016

SENATE BILL

No. 380

Introduced by Senator Pavley
(Principal coauthors: Senators De León and Huff)
(Coauthors: Senators Allen, Hertzberg, and Runner)
(Coauthor: Assembly Member Wilk)

February 24, 2015

An act to add *and repeal* Section 3217-~~to~~ of the Public Resources Code, and to add Section 713 to the Public Utilities Code, relating to natural gas, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 380, as amended, Pavley. Natural gas storage: moratorium.

(1) 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 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 related to oil and gas production within an oil and gas field, so as to prevent damage to life, health, property, and natural resources, as provided; to permit owners and operators of wells to utilize all known methods and practices to increase the ultimate recovery of hydrocarbons; and to perform the supervisor's duties in a manner that encourages the wise development of oil and gas resources to best meet oil and gas needs

in this state. Under existing law, a person who fails to comply with certain requirements relating to the regulation of oil or gas operations is guilty of a misdemeanor.

This bill would require the supervisor to immediately institute a moratorium on injections of natural gas into any *gas storage* wells located within and serving the Aliso Canyon *natural gas* storage facility located in the County of Los Angeles until specified conditions are met, including that the integrity of each *gas storage* well has been quantitatively and objectively evaluated using state-of-the-art technology, as determined by the supervisor with input from independent experts, and the risks posed by *gas storage* well failure have been evaluated. The bill would require the division to hold at least one public meeting concerning the technical methods and equipment to be used to evaluate *gas storage* well integrity and the risks posed by *gas storage* well failure, request the independent experts to also develop objective criteria to assess the overall risk of the *Aliso Canyon natural gas storage* facility, and make that objective criteria available to the public. The bill would also require the supervisor to prohibit the production of natural gas by any *gas storage* well originally drilled earlier than 1954 at the Aliso Canyon *natural gas* storage facility located in the County of Los Angeles until specified conditions are met, except as specified. Because a violation of these requirements would be a crime, the bill would impose a state-mandated local program. *The bill would repeal these provisions on January 1, 2021.*

(2) Under existing law, the Public Utilities Commission is authorized to supervise and regulate every public utility in the state.

This bill would require the ~~commission~~ *commission, no later than July 1, 2017*, to determine the feasibility of minimizing or eliminating use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy reliability for the region, and to consult with specified entities in making its determination.

(3) 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.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Section 3217 is added to the Public Resources
2 Code, to read:

3 3217. (a) The supervisor shall immediately institute a
4 moratorium on injections of natural gas into any *gas storage* wells
5 located within and serving the Aliso Canyon *natural gas* storage
6 facility located in the County of Los Angeles until all of the
7 following conditions are met:

8 (1) The integrity of each *gas storage* well has been quantitatively
9 and objectively evaluated using state-of-the-art technology, as
10 determined by the supervisor with input from independent experts,
11 and the risks posed by *gas storage* well failure have been evaluated.

12 (A) The age, history, and condition of each *gas storage* well
13 shall be specifically addressed, with particular emphasis on *gas*
14 *storage* wells drilled prior to 2006.

15 (B) The technical methods and equipment used to evaluate *gas*
16 *storage* well integrity and the risks posed by *gas storage* well
17 failure shall be determined by the supervisor with input from
18 independent experts and the public.

19 (C) The division shall hold at least one public meeting
20 concerning the technical methods and equipment. The division
21 shall request the independent experts to also develop objective
22 criteria to assess the overall risk of the *Aliso Canyon natural gas*
23 *storage* facility. The division shall make the objective criteria
24 available to the public.

25 (2) Any *gas storage* well posing an enhanced risk of failure has
26 been repaired to mitigate the enhanced risk or plugged and
27 abandoned.

28 (3) The supervisor determines that the overall risk from *gas*
29 *storage* well failure satisfies the supervisor's duty pursuant to
30 Section 3106 to prevent damage to life, health, property, and
31 natural ~~resources~~ *resources*, and other ~~requirements~~ *requirements*,
32 *as specified in Section 3106*.

33 (4) The Public Utilities Commission and the State Energy
34 Resources Conservation and Development Commission concur
35 with the supervisor's determination in paragraph (3).

36 (b) The supervisor shall prohibit the production of natural gas
37 by any *gas storage* well originally drilled earlier than 1954 at the
38 Aliso Canyon *natural gas* storage facility located in the County

1 of Los Angeles until after the integrity of and the risks associated
2 with any of these *gas storage* wells have been evaluated and
3 determinations by the supervisor, with the concurrence of the
4 commissions, have been made pursuant to the process described
5 in subdivision (a), except when necessary to do either of the
6 following:

7 (1) Respond to the uncontrolled leak of natural gas from the
8 “Standard Sesnon 25” well (American Petroleum Institute
9 identification number 03700776).

10 (2) Maintain regional energy reliability, at the written direction
11 of the commissions.

12 (c) *This section shall remain in effect only until January 1, 2021,*
13 *and as of that date is repealed, unless a later enacted statute, that*
14 *is enacted before January 1, 2021, deletes or extends that date.*

15 SEC. 2. Section 713 is added to the Public Utilities Code, to
16 read:

17 713. ~~The commission~~ *commission, no later than July 1, 2017,*
18 *shall determine the feasibility of minimizing or eliminating use of*
19 *the Aliso Canyon natural gas storage facility located in the County*
20 *of Los Angeles while still maintaining energy reliability for the*
21 *region. The commission shall consult with the State Energy*
22 *Resources Conservation and Development Commission, the*
23 *Independent System Operator, the local publicly owned utilities*
24 *that rely on natural gas for electricity generation, the Division of*
25 *Oil, Gas, and Geothermal Resources in the Department of*
26 *Conservation, and other relevant government entities, in making*
27 *its determination.*

28 SEC. 3. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the only costs that may be incurred by a local agency or school
31 district will be incurred because this act creates a new crime or
32 infraction, eliminates a crime or infraction, or changes the penalty
33 for a crime or infraction, within the meaning of Section 17556 of
34 the Government Code, or changes the definition of a crime within
35 the meaning of Section 6 of Article XIII B of the California
36 Constitution.

37 SEC. 4. This act is an urgency statute necessary for the
38 immediate preservation of the public peace, health, or safety within
39 the meaning of Article IV of the Constitution and shall go into
40 immediate effect. The facts constituting the necessity are:

1 In order to mitigate, at the earliest possible time, ongoing harm
2 from the gas leak at the Aliso Canyon *natural gas* storage facility,
3 and to evaluate the integrity of and the risks associated with older
4 *gas storage* wells at that facility, it is necessary that this act take
5 effect immediately.

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