

Communication from Public

Name: Pico Robertson Health and Safety Coalition

Date Submitted: 03/10/2023 04:54 PM

Council File No: 21-1025

Comments for Public Posting: Please see the appended email sent to CD5 Council Member Katy Yaroslavsky, CD5 Chief of Staff Gary Gero and CD5 Deputy Chief of Staff Kristen Pawling on February 23, 2023. It is the 3rd of a set of 4 emails submitting detailed information and documents about eight (8) new unapproved (and hence prohibited) projects on oil wells at the West Pico, Hillcrest, and Rancho Park Drill Sites in CD5. This email provides details and extensive documentation on four (4) oil well sidetrack (directional redrilling) projects initiated in fall 2022, three (3) at Hillcrest and one (1) at Rancho Park. All were initiated without required applications, review, and approvals by the ZA, and thus also without required CEQA clearance of any kind. CEQA law makes it clear that, given City Code requirements, the LA City ZA must be the first agency to review such projects and must perform CEQA clearance before any agency makes a decision on whether to approve and/or permit the projects. The Hillcrest Drill Site is less than one mile from the West Pico Drill Site and the Rancho Park Drill Site is 1 1/2 miles from West Pico. *** Cumulative Impact is one of many factors that make the Categorical Exemption at West Pico improper.*** THE DOCUMENTS ACCOMPANYING THE EMAIL TO CD5 MUST BE SPLIT INTO TWO SUBMISSIONS TO STAY UNDER THE CITY CLERK'S 5MB LIMIT. A SECOND SUBMISSION TO BE SUBMITTED TOMORROW WILL COMPLETE THE PACKET OF DOCUMENTS SENT TO CD5.

Subject: email 3 of 4: Documents and information on the 4 initiated sidetrack projects at Hillcrest & Rancho Park

From:

Date: 2/23/2023, 10:33 AM

To: Katy Yaroslavsky <katy.yaroslavsky@lacity.org>, Gary Gero <gary.gero@lacity.org>, Kristen Pawling <kristen.pawling@lacity.org>

CC:

Dear Gary, Kristen, and Katy

This third email (3rd of 4) is going to transmit documentation and information on the 4 new sidetrack (directional redrilling) projects at the Hillcrest Drill Site and Rancho Park Drill Site, both operated by the Hillcrest Beverly Oil Company (HBOC, a subsidiary of E & B Natural Resources).

Basic points to follow in the documents and accompanying explanation:

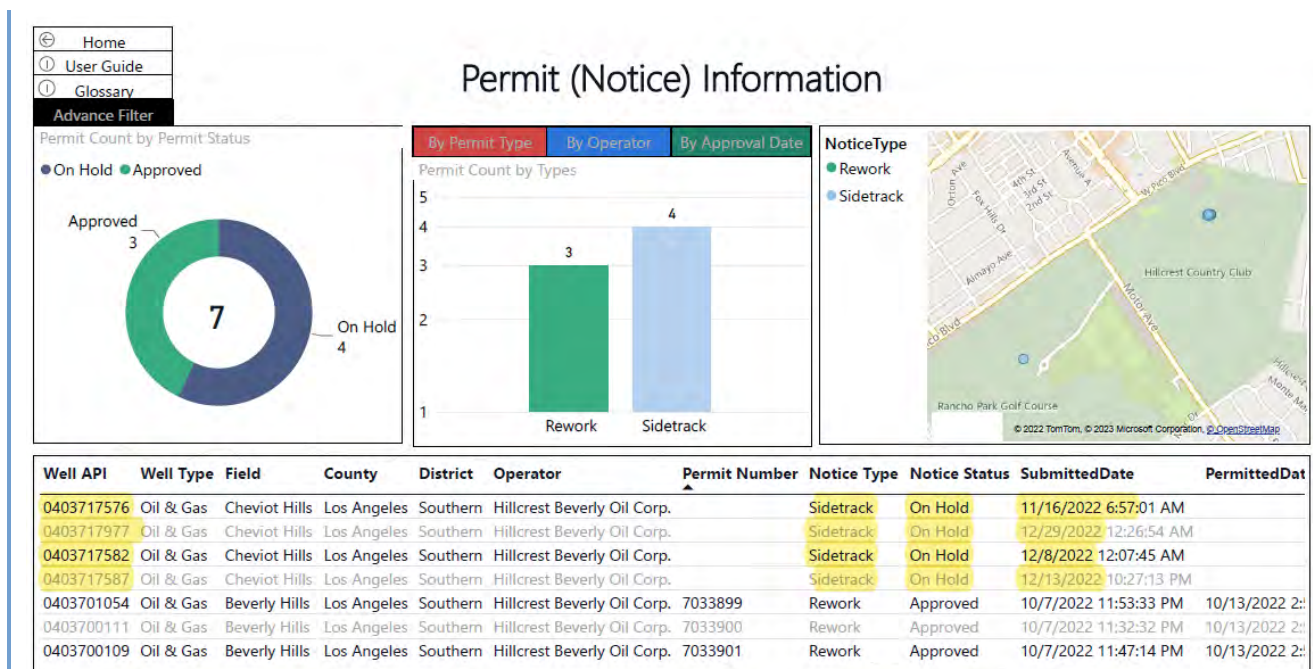
- These sidetrack projects at Hillcrest and Rancho Park were initiated with applications to CalGEM in November and December 2022, and are awaiting permit approval from CalGEM.
- Because there was no ZA case, there was no City approval and no CEQA clearance of any kind, in violation of City law, State CEQA law, and the City's duty to implement CEQA.
 - LAMC 13.01.I prohibited unapproved well projects until it was deleted from City code on 1/18/23. An unapproved oil well project is a prohibited project.
 - The new oil ordinance expressly prohibits sidetracks.
- I do not yet have copies of the NOI permit applications to CalGEM for these 4 sidetrack projects.
 - CalGEM makes them publicly accessible online after it approves permits.
 - I sent a CPRA request for the NOI applications. CalGEM is proposing release of records in May.
 - Both Senator Stern's office and Assembly Member Bryan's office are trying to expedite release of the records.
- Despite not having the applications, I will show you that:
 - 1) An oil company cannot submit a NOI permit application to CalGEM without filling out the required CEQA section of the online forms.
 - 2) The only options on the form are to assert A) that no local approval and local lead agency CEQA clearance are required OR to assert B) that local approval and local lead agency CEQA clearance have been granted. Either option would be a false statement for these applications because local approvals and CEQA clearance are required but have not been granted.
- There is a shockingly contemptuous pattern and practice of executing prohibited projects at these and other Drill Sites in LA City:
 - 3 of the 4 new sidetrack projects are for wells at the Hillcrest Drill Site. In April 2021 the ZA sent HBOC a letter about unapproved projects at Hillcrest, quoted City Code (13.01.I) that prohibited oil well projects without prior ZA approval, and reminded HBOC that City Planning needed to perform local lead agency CEQA clearance on such projects. HBOC proceeded to fully execute unapproved well casing rework projects at Hillcrest in fall 2022 and then initiate unapproved sidetrack projects.

- The 4th new sidetrack project for a well at Rancho Park is even more revealing of contempt for City law and regulations. The Rancho Park Drill Site is the subject of a check-up review by the ZA that is open on the ZA's desk right now (ZA-1958-14560-PA2) and HBOC's PA application to the ZA for this review says no new project is being proposed.
- Oil companies seem to think they can do this right under the ZA's nose, and the ZA has virtually invited them to do so by demonstrating that prohibited projects at West Pico and the large Banning Drill Site in Wilmington will be winked at in ways that make an obscenity of documented facts and the City's laws and regulations.
- I checked with the ZA's office and confirmed that HBOC has not notified the ZA about any of the new projects and has not submitted any applications for them, neither the 3 well casing rework projects already completed at Hillcrest nor the 4 new sidetrack projects at Hillcrest and Rancho Park. The ZA's office was unaware of any of the new projects at Drill Sites in CD5 until they saw copies of my emails to you.

The key permitting documents from CalGEM are not yet publicly available. But there are records proving that these projects have been initiated. Those records are itemized here and copies are attached to this email as pdf files, each individual record labelled by the API # for the well.

CalGEM's WellSTAR Dashboard has a Permits tab that lists NOI applications submitted and status of the applications, searchable by company, county, oil field, lease, year submitted, year permit approved, type of well, and type of project. Data is updated every work day. A search for new NOI applications for well projects in LA City takes about 2 minutes to perform.

- A copy of a screen capture of a search for NOI applications submitted by HBOC in 2022 is attached. HBOC's only operations are the Hillcrest and Rancho Park Drill Sites.
- Here is a snapshot of the CalGEM WellSTAR Dashboard Permits page for NOI applications submitted by HBOC in 2022:



For each of the 4 new sidetrack projects, identified by well API #:

- A copy of the Notice of Abeyance issued by CalGEM for each NOI application is attached. The Notices state that the "Division has received your Notice of Intention to Sidetrack" the particular well identified by its API number and is holding the application in abeyance, to be decided "at a later time."

CalGEM puts applications "on hold" and issues Notices of Abeyance when an application is missing data.

- CalGEM explained this use of Notices of Abeyance in a 2021 budget request it submitted to the State Legislature. A highlighted copy is attached, and you can also find the document at this link (https://esd.dof.ca.gov/Documents/bcp/2122/FY2122_ORG3480_BCP4436.pdf).
- See, in particular, the discussion of the permitting process on pages 8-9, in which CalGEM explained:

This process is initiated by an operator filing a Notice of Intent (NOI) with CalGEM, which is statutorily mandated to respond within 10 days. If the operator has provided all the necessary documentation, including CEQA compliance, a permit is ordinarily awarded. If data are missing, then the NOI is held in abeyance until the application is deemed complete.

SB 1137 has been suspended. When CalGEM deems these 4 NOI applications to sidetrack wells complete it will almost certainly approve the permits (unless the City tells CalGEM there is no local approval and no local lead agency CEQA clearance, both of which are required).

- On February 3, 2022, the California Secretary of State announced that sufficient petition signatures had been verified to place an oil industry sponsored ballot measure about SB 1137 on the ballot for the November 2024 elections. Per State law, the Secretary of State announced that operation of SB 1137 is suspended pending the outcome of the vote.
- CalGEM posted its Notice to Operators about the suspension of SB 1137 at this link (https://www.conservation.ca.gov/calgem/for_operators/Documents/NTO%202023-03.pdf)

There has been no local approval and no local lead agency CEQA clearance for these projects, despite the fact that City Code requires ZA discretionary review and hence local lead agency CEQA clearance by City Planning. The only options on the CEQA section of the NOI application are to claim no local approval and no local lead agency CEQA clearance is required OR that local approval and local lead agency CEQA clearance have been granted. Therefore there must be false information entered.

- Detailed step by step instructions for how operators must fill out the CEQA section of an NOI application are provided in the attached highlighted copy of CalGEM's instructional "WellSTAR User Reference Guide" for the "CEQA Information Step." You can also find the document at this link (<https://www.conservation.ca.gov/calgem/Documents/WellSTAR/All-Training/R5.1.1-CEQA-UG.pdf>).

- Please note that on page 3 the manual instructs users that fields marked with a red asterisk are required to complete each step and failing to fill them out will result in "red text" flagging the failure to appear at the top of the field. It literally appears with a flag.
- On page 3 the manual also explains the two basic options that each unfold a series of fields to fill in: Either the project requires local approval and CEQA clearance, which must be demonstrated, or it does not require local approvals.
- Here is that key passage from page 3:

1.1 CEQA Information Step

The CEQA Information step is associated with every program in WellSTAR (Well Management, UIC, UGS, and WST), and is the same step in each program. Depending on a 'Yes' or 'No' answer, each question has a different drop-down of additional questions or field boxes that need to be addressed. Questions and boxes with an asterisk next to them require answers before the step is considered complete.

Once saved, if the step is incomplete, red text will appear at the top of the step page notifying the operator of the fields that still need to be addressed. The step does not correct the operator when conflicting or incorrect information is entered. It was designed to be flexible and allow for answers with multiple combinations. Most of the time the data will be entered one of two ways: 1) There is an environmental document, or 2) There is no environmental document.

- Please review Sections 1.2 and 1.3 of the manual, pages 4-11, which explain the information that must be provided depending on whether there is an environmental document (i.e., one was required by a local lead agency) or there is no environmental document (because there is no local lead agency or none is required). Key portions are highlighted.

In addition to the logical necessity that false information was entered in the CEQA fields required to submit a NOI application for the 4 sidetrack projects (because local approval and CEQA clearance are required but do not exist), there is also a track record of HBOC and other oil companies operating in LA City of making false CEQA statements to CalGEM.

- HBOC just fully completed 3 casing rework projects at Hillcrest on the basis of NOI applications that claimed, impossibly, a 1957 ZA approval was a CEQA clearance, specifically a CEQA "Notice of Determination" for a ND, MND, or an EIR, and not an Exemption.
- The ZA's April 21, 2021 letter to HBOC inquired about 3 DOGGR (CalGEM's old name) permits for projects at Hillcrest that HBOC obtained in 2019. The ZA's letter included a copy of ZA Memo 133 on ZA processing of oil cases, including the handling of CEQA clearance.
 - A copy of the ZA's 2021 letter is attached to this email. Planning posted a copy online in 2022, at this link: <https://planning.lacity.org/pdiscaseinfo/document/MjEwNzg0/1823a02c-5d95-4003-95c4-258347c32f18/pdd>
 - In the West Pico case, NASE and I flagged the repeated false statements in NOI applications to DOGGR/CalGEM claiming that LA City did not require local approval and local lead agency CEQA clearance for oil well projects (included drilling 2 new wells, redrilling 12 wells, and converting 10 wells). The ZA has known about similar false CEQA statements on NOI applications for the large Banning Drill Site in Wilmington since fall

2020. And the ZA has known about other unapproved projects at Drill Sites years prior to that. So the ZA was alerted to this type of issue long before the April 2021 letter to HBOC.

- State law requires the determination and performance of the CEQA clearance before any decision making at the City or State levels proceeds to an approval.
 - The Cal. Code. Reg., Title 14, Sec 15050 (b) states, "the decisionmaking body of each responsible agency shall consider the lead agency's EIR or negative declaration prior to acting upon or approving the project." And Cal. Code. Reg., Title 14, Sec 15051 (b) (1) states, "The lead agency will normally be the agency with general governmental powers, such as a city or county, rather than an agency with a single or limited purpose such as an air pollution control district or a district which will provide a public service or public utility to the project."
 - For oil projects, City Planning is the local lead agency and DOGGR/CalGEM is a responsible agency. The lead agency needs to act first.
- HBOC told DOGGR in its NOI applications for those 2019 permits that no local approval or CEQA clearance was required and at other times for one of these projects HBOC contradicted itself by saying it was granted an Exemption from CEQA. All of these statements about local approval by the City and local lead agency CEQA clearance were false.
- Here are the documents for the "plug back and side track" project on well API # 0403717576 permitted by DOGGR in 2019 with snapshots of the false statements about local approval and CEQA clearance:
 - The NOI as approved by DOGGR is attached. See page 1 for the notation it is for a "sidetrack" and the original submission date of March 22, 2019. See page 46 for the record of permit approval on December 10, 2019. Here is a snapshot of the false assertion that no local approval or CEQA clearance was needed (from page 39 of document):



California
Department of Conservation
 Division of Oil, Gas, and Geothermal Resources

Gavin Newsom, Governor
 David Shabazian, Director
 801 K Street, MS 18-05
 Sacramento, CA 95814
 T: (916) 445-9686

Proposed Work

The proposed work is as follows.
A complete program is preferred and may be attached.
 Plug back and recomplete in Nodular Shale.
 See attached program

CEQA Information

Is a permit for this activity required by a local agency? If yes, attach a copy of the approved local permit. ☐ Yes ☒ No
 Is a CEQA document required by a local agency? If yes, attach a copy of your CEQA document. ☐ Yes ☒ No

If a CEQA document is required, complete the information below:

☐ Notice of Exemption ☒ Notice of Determination

Exemption Class: _____ State Clearinghouse Number: _____
 Lead Agency: _____ Lead Agency Contact: _____
 Lead Agency Address: _____ City: _____
 State: _____ Zip: _____

- On April 5, 2019, HBOC sent DOGGR a CEQA Checklist on which they stated the project was "Exempt" from CEQA and they cited the City Petroleum Administrator as their authority. This contradicted their earlier statement and was also false. Copy attached. Here is a snapshot from page 2:

III. DOCUMENTATION of CEQA COMPLIANCE

LEAD AGENCY INFORMATION:

Did the Local Agency prepare an Environmental Document for this Project?

☐ **YES** (DOGGR may be the Responsible Agency)

☐ Permit was issued, and an environmental document (ND, MND, EIR) was prepared for this project; or

☐ Permit was issued, and the project is within the scope of a prior environmental document

☒ **NO** (DOGGR may be the Lead Agency). The Local Agency found this activity to be ...

☒ Exempt; and/or

☐ Permit was issued, but no environmental document was prepared; or

☐ No permit was issued / Permit is not required

➤ If NO permit or NOE available, provide evidence of communication with the local agency below ◀

• Contact Name: Petroleum Administrator Uduak Ntuk Phone #: _____

• Date of Conversation: 2-21-2019 and/or Email: uduak.ntuk@lacity.org

Provide Local or State CEQA Lead Agency and Federal NEPA Lead Agency information below, as applicable:

- For reasons that are not clear, on August 6, 2019 HBOC submitted a separate NOI application to DOGGR for the first step to "plug-back" in preparation to sidetrack the well (I will explain what this means at the end of the email). This NOI claimed no local approval or local lead agency CEQA clearance was required, reverting back to the original false statement. The NOI was approved by DOGGR, the permit issued, and the plug back was executed before the separate permit for the sidetrack was issued. Document attached, and here are snapshots from pages 1 and 29:



**California
Department of Conservation**
Division of Oil, Gas, and Geothermal Resources

Gavin Newsom, Governor
David Bunn, Director
801 K Street, MS 18-05
Sacramento, CA 95814
T: (916) 445-9686

NOTICE OF INTENTION

Notice Type: ☐ New Drill ☐ Deepen ☐ Sidetrack ☐ Rework ☒ Abandon ☐ Re-Abandon ☐ Refill

NOI Date: 8/6/2019

Organization Number: H4325 Organization Name: Hillcrest Beverly Oil Corp.

Contact Name(s): Tamara Lopez Contact Phone (s): _____

Contact Email(s): Tamara.Lopez@conservation.ca.gov

Is this a Supplementary Notice to a previously approved permit? ☐ Yes ☒ No If yes, provide the Permit No: _____

Description: 03717576_NOI to plug-back to re-drill

CEQA Information

Is a permit for this activity required by a local agency? If yes, attach a copy of the approved local permit. ☐ Yes ☒ No

Is a CEQA document required by a local agency? If yes, attach a copy of your CEQA document. ☐ Yes ☒ No

If a CEQA document is required, complete the information below:

☐ Notice of Exemption ☒ Notice of Determination

Exemption Class: _____ State Clearinghouse Number: _____

Lead Agency: _____ ☐ Lead Agency Contact: _____

Lead Agency Address: _____ City: _____

State: _____ Zip: _____

- On November 21, 2019 HBOC sent DOGGR a revised CEQA project description for the sidetrack that makes no mention of any LA City requirement for approval or local lead agency CEQA clearance. As you have seen, the sidetrack permit was issued on December 10, 2019. Document attached and snapshot here:

Abbreviated Project Description

Hillcrest Beverly Oil Corp.

Well: HC -1

Project Description: HBOC plans to sidetrack the well HC-1 in the Cheviot Hills Field. This will involve the use of temporary equipment such as mud pups, bins, mixers, shale shakers etc. Upon completion, the well will be returned to use, and produce into the existing facility. No additional facilities will need to be constructed nor added to the site.

Project Location: The well is located within the Cheviot Hills Oil field in Los Angeles County. The work will be conducted from an existing drillsite located on private property.

Environmental Setting: The established drillsite around the proposed project consists of concrete well cellars, steel grating, is contained through retaining walls, and utilizes paved roads in and out of the facility.

Local Agency Requirements: SCAQMD requires a 48-hour notification before the start of the work.

Well Name	API:	Date Submitted to DOGGR
HC-1	04-037-17576-00	11/21/2019

- And it gets worse.
 - In 2005, HBOC (under previous ownership) knew that LAMC 13.01.H and 13.01.I required ZA approvals for redrilling. They applied for and received ZA approval to redrill 6 wells at Hillcrest.
 - The 2005 ZA case was ZA-1957-14422-PA1 and the Letter of Determination is at this link (<https://planning.lacity.org/pdiscaseinfo/document/NzQ2MTQ0/0adcf4f1-673b-40c4-8f45-98866eb1693a/pdd>).
 - After the 2005 ZA approval was issued, HBOC carried out projects not covered by that approval instead of the approved sidetracks, including well conversions between producer and injector, which required ZA approval that was never requested. DOGGR records prove this. See, for example, the permit and well history records for well API 0403701055 that was converted to injection but not sidetracked (see attached set of documents for this well). HBOC did not apply to DOGGR for a sidetrack permit in 2005-06 and there is no well history record of a sidetrack being performed. A sidetrack and a conversion are not the same thing, not in State or City law. The conversion was unapproved by the ZA and hence a prohibited project.
- Since the 2000's oil companies operating in the City have learned they do not need pay any regard to City Code requirements, nor to prohibitions against projects without ZA approval. In the West Pico case, the City has been telling oil companies this loud and clear. Unapproved and prohibited projects are continuing to this day, right under the City's nose.

The record of following through to fully execute unapproved (and therefore prohibited) projects at Hillcrest in fall 2022 speaks for itself. The same record exists at West Pico, the large 220 well Banning Drill Site in Wilmington, and at other Drill Sites in the City.

Unless and until the City stands up to enforce its Code and to take corrective actions, how can there be any doubt that oil companies will continue to execute prohibited projects when they

want to do it? The City virtually invites this, never more openly and egregiously than in the West Pico case. The prohibitions in the City's new ordinance mean nothing if the City continues to allow prohibited projects and do nothing about them.

One last major point requires explanation in this email. You need to know what it means to plug back and sidetrack a well.

- The American Association of Petroleum Geologists (https://wiki.aapg.org/Well_types#Sidetrack_wells) defines a Sidetrack as:

Sidetrack wells

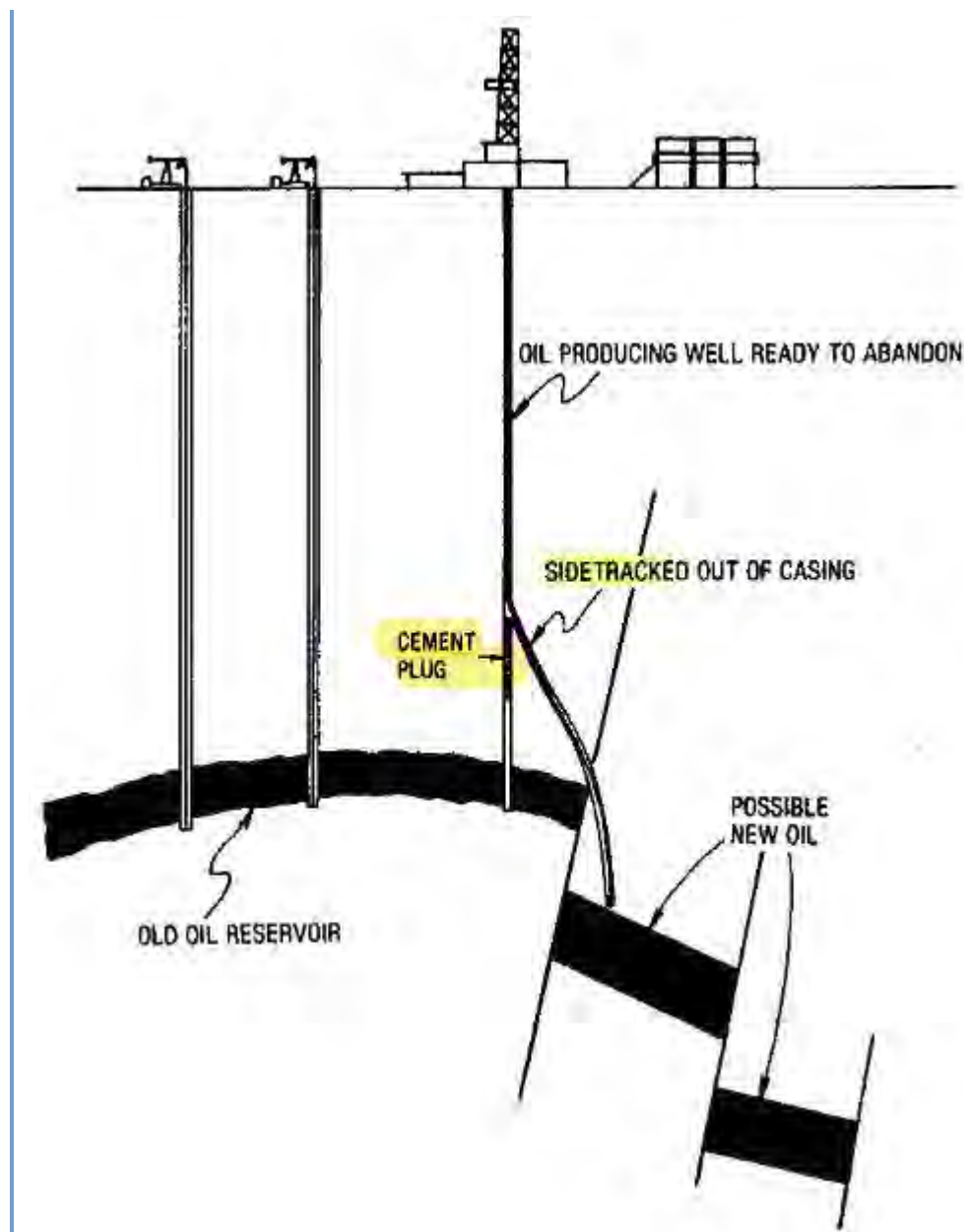
A typical operation is to sidetrack a well. This is where a well has already been drilled or partly drilled and there is a need to exit out of one side of the well to a different target. A sidetrack may be required if there is an object stuck in the original hole, which cannot be fished out. In producing fields, an existing well may be sidetracked if there is no further use for that well, e.g., the oil well has watered out. A window will be cut in the casing of the original well by a special milling assembly, and drilling will then proceed out of the window toward a new target.

- The Society of Petroleum Engineers (https://petrowiki.spe.org/Directional_drilling#Sidetrack) defines a Sidetrack as:

Sidetrack

This technique may be employed either to drill around obstructions or to reposition the bottom of the wellbore for geological reasons. Drilling around obstructions, such as a lost string of pipe, is usually accomplished with a blind sidetrack. Oriented sidetrack is required if a certain direction is critical in locating an anticipated producing formation.

- The California statutes and regulations governing the permitting and operation of oil wells use the term "sidetrack" repeatedly but do not expressly define it. The usage, however, follows standard definitions like those above and clearly indicates that a sidetrack project drills a new section of wellbore out of and away from the the original bore (hole) of a well. For example, see California Code of Regulations, Section 1724.7.1 (c) on requirements to submit "Casing Diagrams": "When multiple boreholes are drilled in a well, all of the information listed in this section is required for both the original hole and for any subsequent redrilled or sidetracked wellbores."
- Here is an illustration of a sidetrack project executed to move the producing bottom of a well from a section of oil reservoir that has been depleted to a new section of oil reservoir that has not yet been tapped.
 - Note the cement plug placed just below the point where the sidetrack exits the original well casing. That plug serves to direct all of the suction of the well's pump to the new producing bottom of the well created by the sidetrack. The producing section of a well is the section where perforations have been made in the well case during the process called well completion.
 - The project to set the plug in place and then drill the new wellbore out of the side of the old casing is called a "plug-back and sidetrack."
 - It is all about producing more oil:



- It is also possible to plug-back a well and then re-complete it, which means to plug off the bottom perforated producing section of a well and then shoot new perforations in the casing above the plug so as to pump oil from (or inject produced water into) a different geologic zone at lesser depth.
 - One of the 2019 DOGGR permits for Hillcrest was not for a sidetrack, as the ZA letter of April 21, 2021 stated, but for a plug back and re-completion. See the "Abbreviated Project Description" that HBOC submitted as part of its NOI application for the project on API # 0403717983, copy attached and snapshot [here](#):

06/14/2019

Abbreviated Project Description

Hillcrest Beverly Oil Corp

Well: U49-7 (API 04-037-17983)

HBOC proposes to rework well U49-7. The well has become uneconomic in its current state, due to a high water cut. The Rancho zone has become watered out, and should be plugged back. After reaching bottom, a cement plug will be placed. The well will be solely recompleted in the Monterey Formation.

Temporary equipment such as pumps, and return bins will be needed. No permanent facilities would be constructed.

The project does not need to be approved by Local Agency.

API #	Well Name	Work Proposed
04-037-17983-00	U49-7	Plug Back/Recomplete

- Plugging back is not plugging a well to end its use. Plugging a well in that sense is called "abandonment" in State law.
- Plugging back, as you can see, is about restoring economic use of a well by moving the productive perforated section of the casing to different geologic zone at lesser depth. In that sense, plugging back and re-completing a well is functionally the same as redrilling to deepen or sidetrack a well. All three procedures place the perforated section of casing in a new location in order to better pump oil (or better inject produced water).

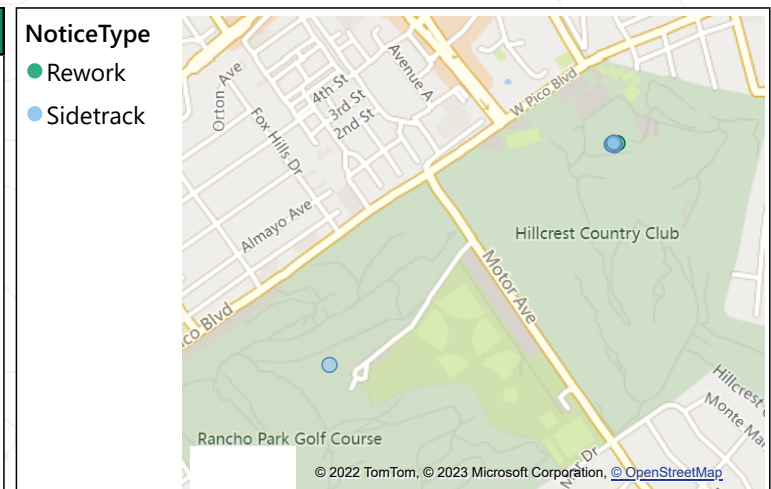
Yours,

Prof. Michael Salman

— Attachments: —

wellstar dashboard permit page for HBOC 2022 submissions highlighted.pdf	421 KB
0403717576 Hillcrest Sidetrack Notice of Abeyance Notice 12-5-22.pdf	157 KB
0403717582 Hillcrest Sidetrack Notice of Abeyance Notice 12-21-22.pdf	157 KB
0403717977 Hillcrest Sidetrack Notice of Abeyance Notice 1-11-23.pdf	157 KB
0403717587 Rancho Park Sidetrack Notice of Abeyance Notice 12-28-22.pdf	157 KB
CalGEM 2021 budget request to State Leg explains Abeyance - highlighted.pdf	500 KB
WellSTAR R5.1.1 - CEQA Information Step User Guide, 6-22-20 highlighted.pdf	495 KB
ZA to HBOC re Hillcrest 4-21-21 ZA 1957-14422 LOC.pdf	166 KB

0403717576 2019 approved NOI sidetrack 0403717576 highlighted.pdf	1.2 MB
0403717576 2019 4-5-19 CEQA checklist sidetrack 0403717576 highlighted.pdf	1.5 MB
0403717576 2019 NOI plug back to redrill 8-6-19 approved highlighted.pdf	1.2 MB
0403717576 2019 revised Nov 2019 CEQA description approved sidetrack 0403717576.pdf	97.2 KB
0403701055 2006 convert to injection NOI permit and well history.pdf	2.2 MB
0403717983 2019_Abbreviated Project Description highlighted.pdf	46.8 KB



Well API	Well Type	Field	County	District	Operator	Permit Number	Notice Type	Notice Status	SubmittedDate	PermittedDat
0403717576	Oil & Gas	Cheviot Hills	Los Angeles	Southern	Hillcrest Beverly Oil Corp.		Sidetrack	On Hold	11/16/2022 6:57:01 AM	
0403717977	Oil & Gas	Cheviot Hills	Los Angeles	Southern	Hillcrest Beverly Oil Corp.		Sidetrack	On Hold	12/29/2022 12:26:54 AM	
0403717582	Oil & Gas	Cheviot Hills	Los Angeles	Southern	Hillcrest Beverly Oil Corp.		Sidetrack	On Hold	12/8/2022 12:07:45 AM	
0403717587	Oil & Gas	Cheviot Hills	Los Angeles	Southern	Hillcrest Beverly Oil Corp.		Sidetrack	On Hold	12/13/2022 10:27:13 PM	
0403701054	Oil & Gas	Beverly Hills	Los Angeles	Southern	Hillcrest Beverly Oil Corp.	7033899	Rework	Approved	10/7/2022 11:53:33 PM	10/13/2022 2:00:00 PM
0403700111	Oil & Gas	Beverly Hills	Los Angeles	Southern	Hillcrest Beverly Oil Corp.	7033900	Rework	Approved	10/7/2022 11:32:32 PM	10/13/2022 2:00:00 PM
0403700109	Oil & Gas	Beverly Hills	Los Angeles	Southern	Hillcrest Beverly Oil Corp.	7033901	Rework	Approved	10/7/2022 11:47:14 PM	10/13/2022 2:00:00 PM



California
Department of Conservation
Geologic Energy Management Division

Gavin Newsom, Governor
David Shabazian, Director
715 P Street, MS 1803
Sacramento, CA. 95814
T: (916) 445-5986

12/5/2022

Louis Zylstra
Hillcrest Beverly Oil Corp.
18471 Mt. Langley Street
Suite P
Fountain Valley, CA 92708

Subject: HC-1RD

Dear Louis Zylstra,

The Division has received your Notice of Intention to Sidetrack dated 10/19/2022 for "Hillcrest" 1, API. 0403717576, Cheviot Hills field, Sec. 25, T. 01S, R. 15W, SB B&M, Los Angeles County. Please note, the Division is holding your Notice of Intention in Abeyance and will make a final determination at a later time.

If you have any supplemental questions, please contact a CalGEM office or visit us at www.conservation.ca.gov/calgem

Sincerely,

Baldev Gill
Southern District Deputy

CC People:

CC Organizations:



California
Department of Conservation
Geologic Energy Management Division

Gavin Newsom, Governor
David Shabazian, Director
715 P Street, MS 1803
Sacramento, CA. 95814
T: (916) 445-5986

12/21/2022

Louis Zylstra
Hillcrest Beverly Oil Corp.
18471 Mt. Langley Street
Suite P
Fountain Valley, CA 92708

Subject: Hillcrest 9 ST - plug back & sidetrack well

Dear Louis Zylstra,

The Division has received your Notice of Intention to Sidetrack dated 11/30/2022 for "Hillcrest" 9, API. 0403717582, Cheviot Hills field, Sec. 25, T. 01S, R. 15W, SB B&M, Los Angeles County. Please note, the Division is holding your Notice of Intention in Abeyance and will make a final determination at a later time.

If you have any supplemental questions, please contact a CalGEM office or visit us at www.conservation.ca.gov/calgem

Sincerely,

Baldev Gill
Southern District Deputy

CC People:

CC Organizations:



California
Department of Conservation
Geologic Energy Management Division

Gavin Newsom, Governor
David Shabazian, Director
715 P Street, MS 1803
Sacramento, CA. 95814
T: (916) 445-5986

12/28/2022

Louis Zylstra
Hillcrest Beverly Oil Corp.
18471 Mt. Langley Street
Suite P
Fountain Valley, CA 92708

Subject: Ranch Park 4 ST1 - plug back & side track

Dear Louis Zylstra,

The Division has received your Notice of Intention to Sidetrack dated 11/30/2022 for "Rancho Park" 4, API. 0403717587, Cheviot Hills field, Sec. 36, T. 01S, R. 15W, SB B&M, Los Angeles County. Please note, the Division is holding your Notice of Intention in Abeyance and will make a final determination at a later time.

If you have any supplemental questions, please contact a CalGEM office or visit us at www.conservation.ca.gov/calgem

Sincerely,

Baldev Gill
Southern District Deputy

CC People:

CC Organizations:



California
Department of Conservation
Geologic Energy Management Division

Gavin Newsom, Governor
David Shabazian, Director
715 P Street, MS 1803
Sacramento, CA. 95814
T: (916) 445-5986

1/11/2023

Louis Zylstra
Hillcrest Beverly Oil Corp.
18471 Mt. Langley Street
Suite P
Fountain Valley, CA 92708

Subject: Plug back & Sidetrack fro U49-1RD

Dear Louis Zylstra,

The Division has received your Notice of Intention to Sidetrack dated 12/1/2022 for "U-49" 1, API. 0403717977, Cheviot Hills field, Sec. 25, T. 01S, R. 15W, SB B&M, Los Angeles County. Please note, the Division is holding your Notice of Intention in Abeyance and will make a final determination at a later time.

If you have any supplemental questions, please contact a CalGEM office or visit us at www.conservation.ca.gov/calgem

Sincerely,

Baldev Gill
Southern District Deputy

CC People:

CC Organizations:

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 10/20)

Fiscal Year 2021-22	Business Unit 3480	Department CONSERVATION	Priority No. 1
Budget Request Name 3480-048-BCP-2021-GB		Program 2425 California Geologic Energy Management	Subprogram 2425010 Regulation of Oil and Gas Operations

Budget Request Description
CalGEM Oversight

Budget Request Summary

The Department of Conservation requests 26 positions and a baseline increase of \$4,826,000 from the Oil, Gas, and Geothermal Administrative Fund, phased in over three years (12 positions and \$2,369,000 in 2021-22, 22 positions and \$4,061,000 in 2022-23, and 26 positions and \$4,826,000 in 2023-24 and ongoing) to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed Click or tap here to enter text.	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO Click or tap here to enter text.	Date Click or tap to enter a date.

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. Click or tap here to enter text. **Project Approval Document:** Click or tap here to enter text.

Approval Date: Click or tap to enter a date.

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Jordan Conlon	Date 1/7/2021	Reviewed By Ken Lehn	Date 1/7/2021
Department Director Clayton Haas	Date 1/7/2021	Agency Secretary Bryan Cash	Date 1/7/2021

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

PPBA Sara Swan	Date submitted to the Legislature 1/12/2021
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2021-22 Budget Change Proposal

CalGEM Oversight

A. Budget Request Summary

The Department of Conservation requests 26 positions and a baseline increase of \$4,826,000 from the Oil, Gas, and Geothermal Administrative Fund, phased in over three years (12 positions and \$2,369,000 in 2021-22, 22 positions and \$4,061,000 in 2022-23, and 26 positions and \$4,826,000 in 2023-24 and ongoing) to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

CalGEM requested a total of 128 positions over three fiscal years from the 2020-21 BCP, California Geologic Energy Management Division: Mission Transformation and Oversight with an increase of 53 positions scheduled for 2020-21. However, the BCP was withdrawn due to the economic downturn resulting from the COVID-19 pandemic. Ultimately, the Administration and the legislature agreed upon 25 positions for 2020-21 as a first-year alternative, with no increases agreed to for the 2nd and 3rd years of the BCP. This 2021-22 BCP represents many of the same positions requested for the first year in the 2020-21 BCP. Both the 2020-21 positions and the proposed 26 positions in this request are for activities related to private oil companies, including increasing our field presence to perform regulatory inspections, enhancing CalGEM's regulatory programs, meeting legislative mandates, including ensuring there is adequate financial coverage for idle and orphaned wells, improving public transparency, and continuing the mission transformation of CalGEM. CalGEM has made strides in all of these areas but needs additional resources to continue to meet its regulatory requirements.

Resource Request
(Dollars in thousands)

	2021/22	2022/23	2023/24
Funding	\$2,369	\$4,061	\$4,826
Positions	12.0	22.0	26.0

B. Background/History

As specified in Division 3 of the Public Resources Code, CalGEM supervises oil and gas operations, administers laws for the conservation of petroleum and resources, and ensures the safe development and recovery of the state's energy resources. CalGEM regulates onshore and offshore field operations by evaluating permit applications to drill, rework, and plug and abandon wells, and by providing permit conditions to prevent damage to state resources and protect oil field workers and surrounding communities. CalGEM also advises local governments when new development is planned over, near, or adjacent to historic oil field operations. CalGEM's mission is to protect public health and safety and environmental quality, including the reduction and mitigation of greenhouse gas emissions associated with the development of hydrocarbon and geothermal resources in a manner that meets the energy needs of the state.

In 2010, CalGEM requested an independent U.S. Environmental Protection Agency (US EPA) audit, and in 2011 that audit identified shortcomings in the administration of one of its central regulatory programs – its' Underground Injection Control (UIC) Program. This prompted CalGEM to develop a Renewal Plan (first developed in 2012 and then updated in 2017) to conduct a regulatory overhaul by revising existing regulations, adopting new regulations, modernizing data management, ensuring a high-quality workforce, and committing itself to effective enforcement of its statutes and regulations.

CalGEM has worked diligently to reform regulations and operating procedures over the last five years to strengthen oil and gas operations compliance with statutory and regulatory

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requirements while also protecting the environment and the health and safety of those living near oil and gas attendant facilities. This has entailed sponsoring legislation, updating data management systems, and reorganizing the program. This also included overhauling idle well, UIC, pipeline safety, well stimulation, and underground gas storage regulations. Additional rulemakings related to well construction, enforcement, pipeline data submittal, and other topics are also underway. As part of this reform effort, CalGEM conducted extensive workload analyses and found that current staff could not meet existing inspection and witnessing requirements.

Recently passed legislation that enhances CalGEM's presence in the field has increased the division's workload, thus contributing to the workload gap. Chapter 771, Statutes of 2019 (AB 1057), which renamed the Division of Oil, Gas, and Geothermal Resources within the Department of Conservation as the Geologic Energy Management Division – CalGEM, authorizes CalGEM to require increased financial assurances from onshore operators if existing assurances are inadequate and require additional documentation from operators when ownership of wells or facilities changes. By authorizing CalGEM to increase financial assurances beyond current bonding levels, this bill reduces the state's future potential liability if more operators declare bankruptcy or otherwise desert wells. AB 1057 also authorizes CalGEM to require operators to provide additional security after it completes liability evaluations and finds risk of the operator orphaned wells.

Chapter 774, Statutes of 2019 (SB 551) requires oil and gas operators to submit liability reports and requires CalGEM to conduct additional inspections of production facilities and report to the legislature on these reports. This bill requires operators to submit reports to the department's Supervisor that demonstrate (1) each operator's total liability to plug all wells and decommission attendant production facilities and (2) how the operator has accounted for these liabilities. The bill requires field inspections of production facilities attendant to long-term idle wells and modify existing reporting requirements. SB 551 also requires CalGEM to perform similar evaluations for onshore wells and facilities. Operator liability reports would provide the information needed in these evaluations to assess existing assurances and verify that operators have accounted for their assets and liabilities in their financial bookkeeping. Taken cumulatively, the legislation necessitates the hiring of additional staff with a range of backgrounds, including field staff and data and financial analysts, to bridge the workload gap.

In September of 2020 the Governor signed Executive Order N-79-20 that specifically called out CalGEM to strengthen its oversight of oil extraction activities:

11. The Department of Conservation's Geologic Energy Management Division and other relevant State agencies shall strictly enforce bonding requirements and other regulations to ensure oil extraction operators are responsible for the proper closure and remediation of their sites.

This BCP includes positions to allow the department to meet the requirements of the Executive Order, which, combined with the above legislation, prioritizes securing sufficient insurance from operators in the event they abandon their sites.

In 2018-19 CalGEM received a total of 32 positions from its Regulatory Field Inspection and Enforcement Program and AB 2729 Implementation Idle Well Testing BCPs. CalGEM received 25 positions from the 2020-21 BCP California Geologic Energy Management Division: Missions Transformation and Oversight. Below is a chart showing the division's recent resource history.

Resource History
(Dollars in thousands)

Program Budget	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Authorized Expenditures	\$56,460	\$70,143	\$83,057	\$86,526	\$82,307	\$84,548
Actual Expenditures	53,043	66,967	78,788	80,066	78,444	
Revenues	70,936	82,498	104,621	104,876	103,539	
Authorized Positions	259.9	271.9	272.9	309.9	306.9	330.9
Filled Positions	195.2	221.3	251.7	264.5	279.4	
Vacancies	59.4	50.6	21.2	45.4	27.5	

C. State Level Consideration

California is one of the largest oil-producing states in the nation, producing over 200 million barrels in 2015. Based on 2013 data, the Los Angeles Economic Development Commission estimated that oil and gas production-related activities employed over 50,000 people statewide. Property and other tax payments from the industry generate hundreds of millions of dollars in revenue for local governments and the state.

The proposal is consistent with and supports the following:

- Chapter 771, Statutes of 2019 (AB 1057 Limon)
- Chapter 774, Statutes of 2019 (SB 551 Jackson)
- The Department's mission to balance today's needs with tomorrow's challenges and foster intelligent, sustainable, and efficient use of California's energy, land, and mineral resources.
- The Department's vision of a safe, sustainable environment for all Californians.
- CalGEM's mandate to prevent, as far as possible, damage to life, health, property, and natural resources, including damage to underground and surface waters suitable for irrigation or domestic purposes.
- The need to ensure that the oil and gas industry remains accountable and that operators responsibly and safely retire assets at the end of their productive lives.
- The need to reduce potential liability to the state associated with oil and gas operator bankruptcies and deserted wells and facilities that can pose a hazard to public safety, the environment, and natural resources.
- The need to track the ownership of wells and facilities to improve CalGEM records and ensure that enforcement actions are taken against the responsible parties.
- The need to conduct additional inspections of facilities and collect information to meet reporting requirements.

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- The need to collect additional information to develop a prioritization matrix to plug deserted wells and decommission deserted facilities.
- The need to develop criteria used by operators to estimate costs to plug wells and decommission facilities.
- The need to conduct evaluations of the site-specific risks associated with wells and facilities.
- The need to conduct research into operator financial status and compliance history to make determinations about potential risks associated with future bankruptcies and desertions.
- To protect public health and safety and environmental quality, including the reduction and mitigation of greenhouse gas emissions associated with the development of hydrocarbon and geothermal resources in a manner that meets the energy needs of the state.

D. Justification

While CalGEM has made strides to improve its oil and gas industry oversight, additional resources are needed. Revised Underground Injection Control (UIC) regulations went into effect on April 1, 2019. Key elements in the revised UIC regulations include stronger well testing requirements designed to identify potential leaks, increased project data requirements to ensure proposed projects are fully evaluated, continuous well pressure monitoring, and requirements to automatically cease injection when there is a risk to safety or the environment. These new regulations reduce the risks posed by underground injection projects and other oilfield activities, but these regulations also imposed increased inspection, testing oversight and witnessing workload for field engineering and data entry/management. While the department anticipated much of that workload and sought requests for resources aligned with the need, some of the workload only became evident following enactment. The Administration worked with the Legislature to provide CalGEM with a new mission, new authority and responsibility, and a new name, the Geologic Energy Management Division - CalGEM. This new vision places an even higher emphasis on public health and safety and environmental protection and adds a new focus on reducing the climate impacts of oil production. All of these reforms require increased funding and positions to achieve the goals.

E. ENFORCEMENT of REGULATIONS

Field Presence – 9 Positions

2 Senior Oil & Gas Engineer Supervisor

1 Associate Oil & Gas Engineer

5 Engineering Geologist

1 Senior Personnel Specialist

Over the past four years, CalGEM has documented consistent year on year growth in the demand for field engineering services, including operations witnessing and lease inspections. The Department's recent field witnessing report to the Legislature documented a 31 percent increase in total field engineering witnessing jobs, bringing the total to over 50,000 unique visits in 2019. The department also documented a 67 percent growth in witnessing operations on critical wells.

Two factors drove this increase: increased abandonment volume due to the Idle Well regulations and increased testing frequency for Underground Injection Control. CalGEM

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expects the volume to continue to increase due to these factors, especially with the new requirements of the Facilities regulations that have come into effect as a result of SB 551.

CalGEM's new mission emphasizes public health, which is reflected in the department's regulations and definition of what constitutes a "critical well." While it is essential that lease inspections ensure the health of those living near oil and gas wells and their attendant facilities, expansion of this definition has resulted in increased workload. In addition, CalGEM needs to maintain and expand an active role in monitoring all oil spills and surface expressions such as those recently witnessed in the McKittrick area of Kern County and to catalog other regulatory violations in the field. CalGEM needs additional resources to oversee all tests, well work, and other actions that must be witnessed in person. This is vital to ensuring oil and gas production is done safely and protects the environment as much as possible. There is no substitute for in-person witnessing when public health and safety and environmental protection are in question.

Over the past five years CalGEM has added a number of positions, including 21 from a 2018-19 BCP for field inspection personnel. The 2018-19 BCP required that CalGEM prepare a report documenting the change in the division's performance year-to-year to assess the impacts of these new resources. CalGEM found that the percentage of witnessed "Shall Witness" field operations declined by four percent year-on-year; however, the volume of "Shall Witness" field operations requests increased by 80 percent year-on-year, representing over 16,000 new witnessing requests. With the added staff and efficiency initiatives, CalGEM increased the total number of operations witnessed, but this was offset by the demand in the number of operations due to legislative and regulatory changes. While CalGEM found efficiencies in dispatching, data mining, and other one-time fixes, it is increasingly difficult to identify additional efficiency measures that would allow CalGEM to keep pace with this increased demand at current staffing level. CalGEM anticipates an increase in field witnessing requests partly as a result of recent regulations on idle wells and Underground Injection Control (UIC), resulting in more plugging of idle wells and testing of wells than CalGEM initially anticipated when implementing the regulatory changes. The implementation of legislation (SB551 and AB1057) will also require field inspection of facilities to validate other analysis.

District operations fall into five main categories:

1. Field Witnessing Operations and Regulatory Compliance
2. Aquifer Exemptions
3. Underground Injection Control
4. Permitting
5. Construction Site Well Reviews

1. Field Witnessing Operations and Regulatory Compliance

Statutes and regulations identify certain priority witnessing actions, identified by "shall" instead of "may," that CalGEM must witness to ensure oil and gas operations comply with state laws and regulations and to protect life, health, safety, the environment, and natural resources. These actions are prioritized based on technical and risk factors to:

- Prevent blowouts.
- Ensure proper construction, operation, and testing of wells and facilities.
- Prevent or contain potential spills or surface expressions.
- Prevent contamination of groundwater and surface waters.
- Ensure that wells are abandoned to regulatory standards.
- Ensure CalGEM records important information and makes this information available to other agencies and the public.

CalGEM seeks to maintain and expand an active field presence to safely and effectively regulate oil and gas operations. CalGEM is inadequately staffed to witness 100 percent of the regulatorily mandated "Shall Witness" operations and attend to other important directives. In the past year, operations management have prioritized the witnessing schedules to emphasize "Shall Witness" operations, often at the expense of "May Witness" operations. Especially in areas with sensitive receptors, "May Witness" events can be as critical to witness as "Shall Witness" events. Decreasing the "May Witness" percentages to very low numbers is neither an appropriate nor an accurate interpretation of the intent of the regulation. There are additional benefits to having a heavily visible field presence: for instance, engineers in the field allow for random lease inspections for operations that have history of violations that often result in significant violations. These random operations are very valuable in protecting the environment and the health and safety of those living near oil and gas attendant facilities.

Witnessing Operations

2017-18 saw higher and more stable well head oil prices. This economic certainty, combined with new regulations, especially in UIC and Idle Wells, likely explained the volume of requests from operators for both "Shall" and "May" witness observation jobs increasing by 80 percent, adding an additional 16,790 unique well site witnessing events to the Field Witnessing inventory. In addition, SB551 and AB1057 require field inspection of facilities to validate financial security estimates submitted by operators. This will fall to field engineering either as an add-on to work to already-scheduled field inspection, or a new standalone segment of field engineering dedicated to these tasks.

CalGEM expects that the new regulations (Idle Wells, UIC, Facilities and Well Construction) will increase the field activity by an estimated 100 percent and increase this shortfall in witnessing. Table (1) and (2) depict field witnessing activity for the three-year period (note – Northern District was not included in the previous BCP so data are only shown for Northern for 2018).

One Senior Personnel Specialist is requested to handle additional workload driven by CalGEM's expansion. The department has had three personnel specialists for over 10 years. This number was adequate when the Department's Total Positions Authority was 452.5 in 2010/11, making the average workload 150.8 positions per personnel specialist. With the 2020/21 Total Position Authority of 666.9, that average increased to 222.3. Adding a 4th position will bring that average back to 166.7 positions per personnel specialist. As the increased staff numbers are driven by the expansion of CalGEM, the personnel specialist will only have CalGEM personnel in their purview.

SUMMARY TABLES

SHALL Witness: Table (1) (See table below Justification section)

MAY Witness: Table (2) (See table below Justification section)

2. Aquifer Exemptions

The Aquifer exemptions process is extremely resource intensive. The process itself does not confer authority to applicants to drill wells or inject fluids into the subsurface, it only documents whether the state and federal legal criteria for exemption of the aquifer have been met. It typically takes a year or more to process an Aquifer Exemption, with larger projects taking up to 3 to 5 years. These applications are densely filled with detailed technical data and analysis which must be certified by CalGEM staff prior to forwarding to other agencies for consideration.

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The UIC and well permitting process are still required before drilling and injection may occur. While the districts have reviewed many aquifer exemption applications through the US EPA approval process, many remain under evaluation. CalGEM has reviewed and approved some exemptions but additional field staff are needed to complete the field component of the Aquifer Exemption process to decrease the current backlog.

3. Underground Injection Control (UIC)

UIC Regulatory Activity Includes: new projects/modifications, periodic reviews, project-by-project reviews, and project management. There is a three-step process in the permitting of an underground injection well:

- Acquire an aquifer exemption or demonstrate that the reservoir is not an "Underground Source of Drinking Water" as defined by US EPA standards.
- Apply for and receive approval for an Underground Injection Control (UIC) Project where approval is dependent upon an agreed-upon approval process between CalGEM, the State Water Resources Control Board (State Water Board), and Regional Water Quality Control Boards.
- Permit a well that is constructed in a manner consistent with state regulations to be an injection well and whose operation and testing is consistent with the terms in the permit, the Project Approval Letter and the Aquifer Exemption (if there is one).

The state's UIC program is the vehicle for protecting drinking water and water for a beneficial end use from oil and gas activity. UIC wells have statutorily prescribed testing that includes field witnessing to confirm compliance. When these wells fail mechanical integrity or zonal isolation testing, injection must immediately cease until the well is shown to have been remediated and meets mechanical testing specifications. It is essential that CalGEM personnel witness these tests to ensure accurate evaluation of the data, incorporation of proper documentation into the WellSTAR database and initiate orders or enforcement actions based on those observations and documentation.

In densely urbanized areas, local municipalities have become very active in regulating or influencing the regulation of oil and gas operations, and frequent interactions with them is essential to keep projects in compliance with regulations. These reviews are technically intensive and require consultation with the State Water Resources Control Board and the Regional Water Quality Control Boards (Water Boards), according to an interagency memorandum of understanding (Water Boards MOU), for approval. Approved projects require periodic maintenance and review, and they generate new Notices of Intention (NOI) to drill and convert wells for injection. CalGEM staff have prioritized review of new and expansion UIC projects over project-by-project review due to limited staff resources.

Project-by-Project reviews remain a largely undelivered mandate due to limited resource capacity and displacement by other priorities. However recent organizational changes have accelerated progress. There are over 850 projects statewide that require review consistent with the CalGEM Renewal Plan, the Water Boards MOU, new regulations and US EPA expectations. The districts have a 79 percent backlog, 20 percent of which are in progress as of July 2019.

4. Permitting

Permitting is a core function of CalGEM that permits oilfield operations that will alter the casing of a well. This alteration includes:

- Drilling

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- Reworks
- Sidetracking
- Deepening
- Re-drilling
- Re-completions
- Specific maintenance work
- Abandonments
- Re-abandonments
- Site restorations

This process is initiated by an operator filing a Notice of Intent (NOI) with CalGEM, which is statutorily mandated to respond within 10 days. If the operator has provided all the necessary documentation, including CEQA compliance, a permit is ordinarily awarded. If data are missing, then the NOI is held in abeyance until the application is deemed complete.

The CalGEM-wide NOI count continues to increase, straining resources. The Well Statewide Tracking and Reporting System (WellSTAR) database only tracks current NOIs that have not been converted to permits, although it tracks historically granted permits back to May 2018. This growth in activity is attributed to new statutes and regulations, especially for idle wells.

CalGEM evaluates and then issues or denies permits for specific oil and gas operations. CalGEM typically evaluates 7,000 to 10,000 permit applications per year. The high volume of permit applications strains CalGEM's capacity to conduct other activities, such as processing UIC applications, evaluating aquifer exemptions, and processing project-by-project reviews.

Table (3) reflects well summary reviews by district in 2018-19. Through the well summary review process, the district confirms whether the operator met permit conditions and filed required documents. The volume is directly related to the number of permits issued. There is a continual backlog of well summary reviews, particularly in the Inland District. As of July 2019, there were 1,076 well summaries that remain unprocessed. Well summaries document work performed on wells, including drilling/completion or abandonment, and processing these summaries places these records into the WellSTAR database for public access and CalGEM analysis.

5. Construction Site Well Review

Construction site well review (CSWR) is especially important in densely urban areas with old wells and can be a time-intensive operation to work with the cities and developers. The recent Marina del Rey blowout underscores the importance of CalGEM's participation in this critical function, which is most prevalent in the developed areas of the Los Angeles Basin. At Marina del Rey, a well, identified by construction site well review, was being re-plugged to current standards when prior plugging failed. Had no construction site well review occurred, a hotel would have been built over that faulty plug and future hotel owners and guests could have been endangered. But even in historically less densely urbanized areas, CSWRs are critical. In the San Joaquin Valley, urban centers extending into adjacent historical agricultural and oilfields often encounter active, idle or abandoned wells requiring remediation. The building of freeways, high speed rail, municipal waste dumps and other infrastructure also requires CSWR, as does flooding of wetlands in the delta area.

Each construction site review varies in time to complete depending upon the location of the site and the attendant facilities. The districts processed 370 construction site well reviews in 2018-19, five percent are pending/in-progress.

F. REGULATORY PROGRAM ENHANCEMENT

CalGEM needs additional resources to fully staff important regulatory programs where the initial estimates we provided about those programs' workload demands have proven to be far short than is actually required. Enforcement action recommendations currently come from three sources: the Idle Wells team, Pipeline Management team and field operations. Idle Wells and Pipelines teams' actions are based on non-compliance with fee or maintenance/abandonment while field operations recommendations are based on permit violations observed during witnessing or lease inspection activities. Sustaining a defensible enforcement action requires a thorough review by the submitting team, then by Legal and finally by the Enforcement Team. It is essential that a proposal have several layers of scrutiny so that it can withstand appeal. These actions, even seemingly simple ones, can take many weeks of research and documentation before an action is submitted to the Supervisor for approval. There is currently a substantial backlog of recommendations, with some of the more complex and significant recommendations on hold due to the unavailability of staff to review them.

CalGEM cannot set a target to have the highest regulatory standards for oil and gas operations when it lacks sufficient staff to implement those regulations. In order to adequately protect the health and safety of the citizens of the state, CalGEM must be fully staffed so it can ensure regulations are enforced for areas such as setbacks near housing, schools, hospitals, and parks, and compliance with permitted oilfield operations that ensure safe and environmentally sound practices.

G. Enforcement Program – 5 Positions

- 1 Senior Oil & Gas Engineer Supervisor
- 1 Associate Oil & Gas Engineer
- 1 Associate Governmental Program Analyst
- 1 Research Data Specialist I
- 1 Associate Accounting Analyst

Created by a 2018-19 BCP, the Enforcement Program has seen a substantial increase in demand for enforcement actions as a result of new legislation, regulations, expansion of lease inspections, and an enhanced focus on compliance and enforcement. The Enforcement Office and Legal Office currently lack capacity to prosecute enforcement actions in a timely manner. This BCP requests positions to ensure that CalGEM's responses to noncompliance and other incidents that threaten public safety and the environment are not deferred or neglected due to lack of capacity.

From 2000-01 through 2017-18, CalGEM issued approximately 12 enforcement orders per year. In 2018-19, CalGEM issued 49 enforcement orders, short of the 87 enforcement orders recommended and documented by CalGEM staff. The gap between what CalGEM can and should enforce and what it has the staff to enforce has forced CalGEM to prioritize the most critical enforcement actions which has created a backlog of enforcement actions. CalGEM anticipates the need for enforcement will continue to increase and that existing enforcement and legal staff will not be able to keep pace. CalGEM assumes demand for enforcement orders will increase by 15 percent each year. These estimates are based on new regulatory and legislative changes mentioned above, the number of oil and gas producers, and the portion of operators who wait for enforcement action before complying with new requirements. In the COVID-19 downturn, many operators are facing significant

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financial struggles, and some will likely be unable to maintain their leases. With current resources and process improvements, CalGEM could issue roughly 60 enforcement orders per year.

Table (4) illustrates the anticipated gap between the need for enforcement action and capacity to take enforcement action. Without additional resources to close the gap, CalGEM would be forced to prioritize some enforcement actions over others, potentially increasing risks to public health, safety, natural resources, and the environment. (See table below Justification section).

Five additional positions would significantly decrease the gap between the number of recommended enforcement orders and those that the division can issue. With these additional positions, CalGEM anticipates increasing the issuance of enforcement orders by up to 25 percent over the next three years if annual orders numbers remain the same.

H. Pipelines and Facilities Program – 3 Positions

- 1 Associate Oil & Gas Engineer
- 1 Associate Governmental Program Analyst
- 1 Research Data Analyst II

New pipeline regulations require operators to provide maps of their oil and gas pipelines and tank facilities, spill plans, to create Pipeline Management Plans, and to test sensitive oil and gas pipelines regularly. CalGEM retains this information in a database, including test and inspection results, which includes geospatial capabilities to allow staff to monitor pipelines, other facilities, and equipment.

WellSTAR has enabled CalGEM to begin collecting and systematically retaining high quality geospatial data for surface facilities, including well production areas, pipelines, tank settings, and other production equipment. There are, however, missing elements in the spatial data. For example, over 25 percent of the 16,152 tanks in California lack accurate spatial information. Other surface production equipment, including thousands of pressure vessels, compressors, and flares, require GIS staff to coordinate with field inspection engineers to accurately locate, characterize, and prioritize compliance inspection. Additional GIS staff would better inform management and regulatory efforts.

Transforming large volumes of historical and current facility data into information to guide regulatory efforts and inform public use requires tremendous resources. GIS staff must review, format, edit, and regularly update geospatial data to protect the dataset's integrity. The dataset has significant value to operators and the public, as well as CalGEM, which uses the data to monitor facility locations and conditions, target hazardous facilities, and prioritize inspection and abandonment efforts. Facilities that are mapped, monitored, and updated regularly will also improve the safety of operations. The GIS Services Office can utilize this information to assess risks to the public, allowing CalGEM to prioritize inspection, enforcement, and abandonment efforts.

Chapter 652, Statutes of 2017 (SB 724, Lara) requires the Department to report to the Legislature by October 1, 2020 on, among other things, the number of hazardous wells, idle-deserted wells, deserted facilities, and hazardous facilities remaining, and the estimated costs to abandon and decommission those wells and facilities. The GIS Services Office is developing capabilities to utilize collected data to identify, map, and categorize wells and facilities to inform management and guide monitoring. This will allow CalGEM to: (1) plan for

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inspections; (2) identify hazards; (3) collect, manage, and analyze facility condition information; (4) retain data on abandonment costs; and, (5) systematically prioritize abandonment efforts. Additional GIS staff would help CalGEM to meet the reporting requirements.

Without additional resources, CalGEM would lack the capacity to efficiently identify pipelines and other surface facilities and equipment that pose the greatest risks to the public and environment. It would limit the availability of test and geospatial data and require staff to manage compliance activities via spreadsheet or other less effective methods.

With these additional resources, CalGEM is hoping to inspect and map at least 40 percent of pipelines and facilities that are located nearest the most sensitive receptors, accurately over the next three years and provide this information to relevant state agencies. In addition, we will create a plan to incrementally increase these numbers after that time period focusing on the pipelines and facilities located near sensitive receptors

I. Idle Wells Program – 2 Positions

2 Associate Oil & Gas Engineer

CalGEM requests 2.0 positions to meet new idle well laws and regulations, which expanded the Idle Wells Program's (IWP) responsibilities, as specified in Section B. Background. Idle wells can pose risks to life, health, property, and natural resources if not monitored adequately. Roughly 30 percent of the idle well inventory is in urban and sensitive areas. Half of the idle wells in the State have been idle for eight years or more, with approximately 6,500 wells idle for 20 years or more. The IWP sponsors 75 percent of the enforcement actions reviewed by the Enforcement Office. Additional resources would help to reduce idle well risks to the State by holding operators accountable for the proper maintenance and elimination of idle wells. The resources would also assist to reduce the state's financial liability from deserted and orphan wells as closer monitoring of operations and an increased enforcement capacity would enable CalGEM to proactively pursue these operators.

J. LEGISLATIVE MANDATES AB 1057 and SB 551 – 3 Positions

2 Associate Oil & Gas Engineer

1 Associate Governmental Program Analyst

As the oil and gas industry declines it is anticipated that more operators may go out of business, leaving their assets to the State to remediate. CalGEM needs to make sure operators don't leave their wells behind for the state to plug, creating a large financial liability to the state. CalGEM requires additional resources to evaluate bonding levels and impose higher levels when necessary to prevent decommissioning of wells and associated facilities from becoming liabilities of the state.

AB 1057 renamed the Division of Oil, Gas, and Geothermal Resources within the Department of Conservation as the Geologic Energy Management Division - CalGEM. It authorizes CalGEM to require increased financial assurances from onshore operators if existing assurances are inadequate and require additional documentation from operators when ownership of wells or facilities changes. It also makes the Oil and Gas Environmental Remediation Account permanent.

2021-22 Budget Change Proposal

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Deserted wells and facilities without financially capable operators present substantial risks to public health, safety, property, and the environment and contribute to potential statewide liability. California has nearly 100,000 active and idle onshore wells. Furthermore, costs to plug wells routinely exceed the amount of the indemnity bonds required by statute. By authorizing CalGEM to increase financial assurances beyond current bonding levels, this bill reduces the state's future potential liability if more operators declare bankruptcy or otherwise desert wells. Additionally, the bill aims to help CalGEM track and trace the ownership of wells and facilities with greater accuracy to enable it to take enforcement actions against the appropriate operators.

AB 1057 authorizes CalGEM to require operators to provide additional security after it completes liability evaluations and finds risk of inadequate security if the operator orphans wells. These evaluations include cost estimates to plug wells and decommission facilities, assessments of the potential risks associated with operator compliance history and financial strength, and site-specific risks associated with wells and facilities.

SB 551 requires oil and gas operators to submit liability reports, as specified, to the State Oil and Gas Supervisor and requires CalGEM to conduct additional inspections of production facilities and use the findings therefrom to inform future legislative reports. It also adds a new element to an existing legislative report.

Existing law requires CalGEM to ensure that operators safely maintain, plug, and abandon wells and decommission attendant facilities. The deterioration of aging infrastructure has added significantly to the environmental and safety hazards of attending these operations as well as to the costs of eventual decommissioning. Consequently, when CalGEM contracts to plug wells and decommission facilities that have been deserted, costs routinely exceed the financial assurances posted by operators. This bill requires operators to submit reports to the Supervisor that demonstrate (1) each operator's total liability to plug all wells and decommission attendant production facilities and (2) how the operator has accounted for these liabilities. The bill also requires field inspections of production facilities attendant to long-term idle wells and modify existing reporting requirements.

Liability Reports

Existing law requires the State Oil and Gas Supervisor to estimate costs to decommission offshore oil and gas wells. If necessary, the State Oil and Gas Supervisor must use these estimates to increase financial assurances to ensure the state has sufficient funding to decommission deserted oil and gas wells. SB 551 also requires CalGEM to perform similar evaluations for onshore wells and facilities. Operator liability reports would provide the information needed in these evaluations to assess existing assurances and verify that operators have accounted for their assets and liabilities in their financial bookkeeping. Operators would have to use Financial Accounting Standards Board accounting principles to balance the costs of retirement obligations with the depreciated value of these long-lived assets. The bill requires CalGEM to develop criteria for operators to estimate costs to plug wells, decommission facilities, and perform site remediation.

K. PUBLIC TRANSPARENCY- 4 Positions

- 1 Staff Services Manager I
- 1 Research Data Analyst I
- 2 Associate Governmental Program Analysts

CalGEM is transitioning to a more transparent, efficient and effective organization through its Transformation Plan, specifically with regard to oilfield and underground gas storage facility regulations. This new level of transparency will be achieved through:

- Better data analytics and improved public reporting help restore confidence in government agencies generally, and in CalGEM specifically.
- Ongoing data analytics. The WellSTAR project, which provides a best in industry tracking of permitting, is nearing completion. This system required staff who can use the system to analyze and synthesize data for policy makers, leadership and the public.
- Additionally, having a dedicated Public Outreach Coordinator for CalGEM will strengthen the capacity to work with local government agencies and community organizations and will improve transparency and facilitate a collaborative working relationship with our partners. This role is especially important in urban areas such as the L.A. basin, where wells and facilities are embedded within communities.
- CalGEM's transformation begins with the implementation of a Transformation Plan that aims to increase effectiveness in carrying out our mission. CalGEM is working with an outside organization skilled in Six Sigma to assess the Division's current processes, identify needed improvements and author a strategic plan. The SSMI position will assist in these efforts. This will allow the Division to fill some of the performance gaps previously documented, create processes by which information will flow much more seamlessly to the spectrum of CalGEM stakeholders and set policy, culture and direction to meet the mandates of the new CalGEM.
- CalGEM Public Transparency staff will assist in the implementation of Executive Order N-79-20 and the public health rulemaking. Staff will be needed to provide data to the public and interested stakeholders and for the Office of Administrative Law regulatory process.

L. FLAME RESISTANT CLOTHING

CalGEM field staff are required to wear and properly launder adequate personal protective equipment (PPE) for safety when entering an oil operator's lease, such as flame-resistant clothing (FRC). Currently, the allowance for the engineers is vastly inadequate to supply them with sufficient quantity and variety of PPE to work in diverse environments such as Long Beach in the winter or Bakersfield in the summer.

To ensure the safety of field staff, CalGEM requests \$130,000 in funds annually to secure a multi-year service contract with an established uniform services provider. This service would provide: a standard CalGEM uniform, proper fitting, Department logo, routine laundering and replacement clothing when merited.

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Table 1.

% Witnessed Shall

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Inland	55%	72%	59%	53%
Southern	86%	76%	78%	90%
Coastal	59%	58%	79%	87%
Northern			100%	97%
TOTALS	62%	71%	68%	70%

Table 2.

% Witnessed May

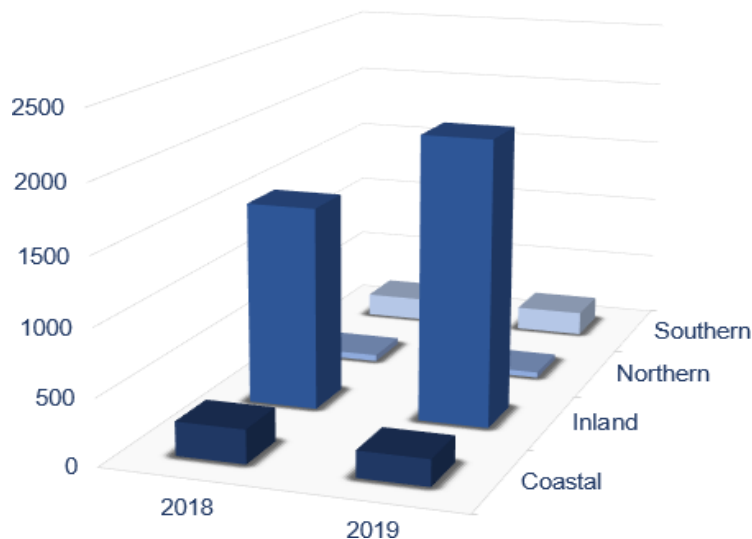
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Inland	47%	70%	56%	43%
Southern	64%	79%	76%	85%
Coastal	61%	54%	75%	42%
Northern			100%	75%
TOTALS	57%	72%	70%	53%

Total Witnessing Jobs

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Inland	13,929	14,420	21,175	28,166
Southern	5,417	4,450	7,936	11,395
Coastal	2,879	2,095	5,228	7,785
Northern			3,119	2,734
TOTALS	22,225	20,965	38,211*	50,080

* Total includes 753 witnessing jobs not entered to a specific district

Table (3) Well Permits Completed
District Well Summary Reviews 2018 - Mid 2019



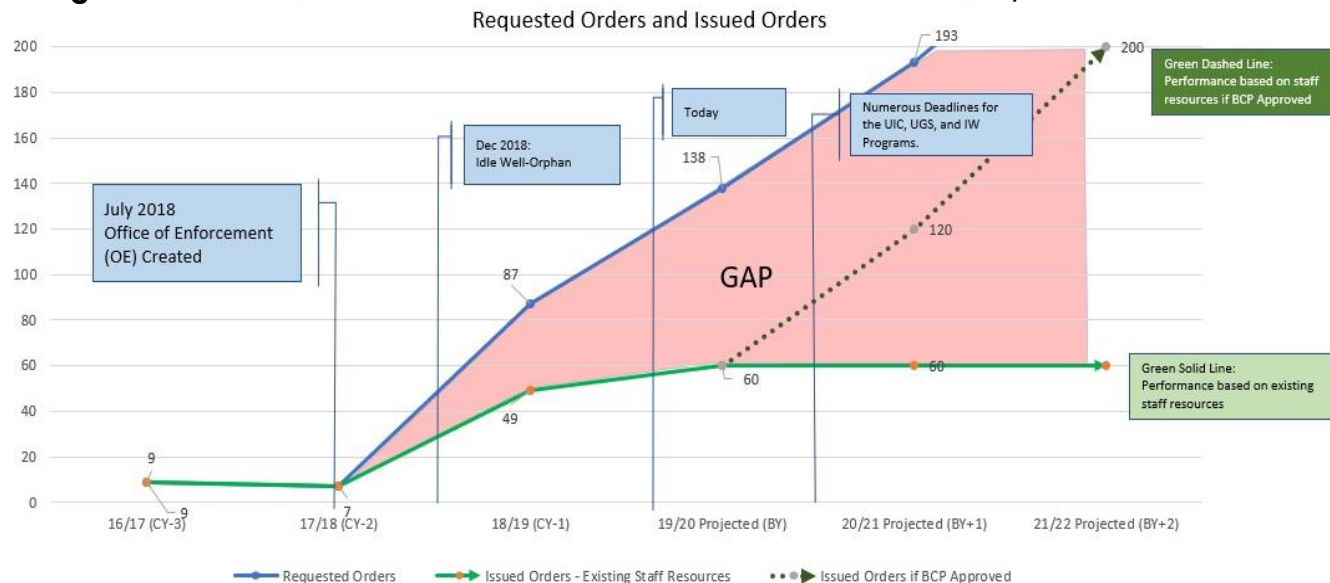
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Year	Coastal	Inland	Northern	Southern	Totals
2018	254	1,531	49	176	2,010
2019	198	2,128	42	182	2,550
Grand Total	452	3,659	91	358	4,560

Table (4) Enforcement Statistics

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Requested orders	9	7	87	138	193	263
Issued orders	9	7	49	-	-	-
Existing Staff Capacity	-	-	-	60	60	60
Staff w BCP	-	-	-	60	120	200

Figure 1 – CalGEM Enforcement Statistics – Year-Over-Year Since 2016/2017



M. Outcomes and Accountability

Enforcement of Regulations – Field Presence

Approving this request allows CalGEM to increase district operational performance and reduce the substantial resource gap that is currently preventing it from meeting regulatory requirements. Additional resources will enable conformance with statute. Annual gap and performance analyses will be conducted to ensure program goals have been met and to reevaluate continuing needs.

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With the additional staffing from this proposal, CalGEM is anticipating reducing the gap by five to ten percent depending upon how well industry rebounds from the pandemic and adheres to legislative and regulatory changes. This gap reduction may grow as efficiencies are found and as CalGEM implements the Transformation Plan.

Regulatory Program Enhancement Enforcement Program

During its first year, the Enforcement Office identified shortcomings in CalGEM's ownership records and tracking, which is required to establish ownership for wells, facilities, and pipelines. The Enforcement Office took steps to gather county records to build strong cases to support enforcement orders. The addition of staff dedicated to enforcement within the District offices will improve communications, response time to data requests, and efficiencies as well as enhance CalGEM's ability to keep pace with enforcement demand.

This BCP requests five positions to resolve these issues. It would provide more staff for enforcement work and embed enforcement staff within the districts to streamline work. This would help to close the gap between the number of orders recommended and orders issued. District enforcement staff would help collect and organize necessary evidence, gather and evaluate ownership and lease information to identify responsible parties, and coordinate efforts between the districts on state contracts to carry out work ordered but not completed by operators.

The performance metric for added staff would be an increase in the total number of enforcement orders issued by up to 25 percent and a corresponding decrease in the gap between enforcement orders requested and issued. We believe this will substantially narrow or eliminate the gap. The projected outcomes from the requested increase in staff are summarized below. (See Table (5) below Outcomes and Accountability section)

Pipelines and Facilities Program

With these additional resources, CalGEM anticipates mapping and/or inspecting at least 40 percent of pipelines and facilities found nearest the most sensitive receptors accurately over the next three years. CalGEM will also provide this information to relevant state agencies. In addition, we will create a plan to incrementally increase these numbers after that time period focusing on the pipelines and facilities located near sensitive receptors.

Idle Wells Program

With additional staff, CalGEM would be able to increase idle well oversight and improve Idle Wells Program efficiency. The positions would support Chapter 272, Statutes of 2016 (AB 2729, Williams) to ensure idle wells are properly identified and tested. CalGEM anticipates the following outcomes from approval of this request:

- Consistency – Standardized forms and processes utilized by CalGEM staff and operators and a centralized Idle Wells Program that disseminates information, audits district offices, and disseminates information to the regulated community regarding statutes, regulations, and policies.
- Improved Efficiency – Increase the ability to track operator compliance with statutes and regulations; identify operators at risk of non-compliance; and process operator plans for idle well elimination and testing at a higher rate.
- Improved Collections – Increase the funds collected by the state for use in plugging and remediating hazardous and deserted idle wells.

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- Improved Operator Compliance – Decrease the number of enforcement actions sponsored by the Idle Wells Program as a result of pro-active engagement with operators at risk of non-compliance.

Legislative Mandates - AB 1057 and SB 551

The vast majority of the work required by AB 1057 and SB 551 consists of new tasks never performed by CalGEM, such as developing cost estimates to plug wells and decommission facilities for every well in the state, evaluating operator financial strength and solvency, making determinations about the adequacy of existing financial assurances, receiving and evaluating operator liability reports, and conducting mandatory field inspections of facilities attendant to long-term idle wells, idle-deserted wells, hazardous wells, and deserted facilities to develop a prioritization matrix and a schedule of goals to plug deserted wells and decommission attendant facilities.

N. Table (5) Enforcement Projected Outcomes

Workload Measure	2020-21	2021-22	2022-23	2023-24	2024-25
Orders Issued	120	150	150	150	150
Order Requested	190	200	175	165	150
Gap	70	50	25	15	0

O. Analysis of All Feasible Alternatives

Alternative #1 – Approve 26 positions and a baseline increase of \$4,826,000 from the Oil, Gas, and Geothermal Administrative Fund, phased in over three years (12 positions and \$2,369,000 in 2021-22, 22 positions and \$4,061,000 in 2022-23, and 26 positions and \$4,826,000 in 2023-24 and ongoing) to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

Pros:

- Immediately provides all requested resources needed to implement increased regulatory framework
- Enables CalGEM to close the gap to fulfill regulatory mandates and mitigate risks
- No impact to the General Fund

Cons:

- Requires additional resources

Alternative #2 – Deny this BCP request.

Pros:

- No additional expenditures will be incurred.

Cons:

- Continues CalGEM's inability to meet statutory mandates for district operations.

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- Fails to address needs, hindering CalGEM's ability to respond.
- Increases future economic liability to the state because oil and gas operations will not be regularly and more thoroughly inspected.
- New regulations set to increase workload will go inadequately resourced.

Alternative #3 – Approve 103 positions and \$17,171,000 Oil, Gas and Geothermal Administrative Fund, phased in over three years (2021-22: 28 positions totaling \$6,715; 2022-23: 48 additional positions totaling \$12,331,000; and 2023-24: 27 additional positions totaling \$17,171,000) to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

Pros:

- This alternative would provide the balance of the 128 positions requested by the 2020-21 BCP that were not received in 2020/21.
- Will provide phased resources to implement increased regulatory framework.
- Improves CalGEM's ability to address regulatory mandates and progress to mitigate risks.
- No impact to the General Fund.

Cons:

- Requires additional resources.
- Requires aggressive recruitment efforts. CalGEM is unlikely to be able to hire all positions in this time frame.

P. Implementation Plan

The Department of Conservation is proposing a three-year phased in approach to hiring the 26 positions to effectively recruit and onboard these positions in an effective manner while minimizing the first year budget increase. The phased approach will be designed around three phases over three fiscal years. Each set of recruitments will be posted prior to the beginning of the fiscal year noting that they will be filled upon budget approval with an anticipation hiring date of no earlier than July 1st.

The first phase of 12 positions will contain field operations, enforcement management positions, and public transparency positions. This phase will focus on hiring all of the management positions to make sure all of the units have supervisors that can establish the units and prepare for the next two phases. In addition, this phase will hire field inspectors to continue to progress toward meeting the goal of witnessing all "shall" witness tests. This phase will also include public transparency positions to meet the high number of legislative, media, and stakeholder inquiries in a timely fashion. Finally, this phase will include enforcement positions to ensure the Division has adequate staff to effectively enforce the industry.

- 2 – Senior Oil and Gas Engineers for Field Operations
- 1 – Associate Oil and Gas Engineer for Field Operations
- 2 – Engineering Geologists for Field Operations
- 1 – Senior Personnel Specialist for Field Operations
- 1 – Senior Oil and Gas Engineer for Enforcement
- 1 – Associate Governmental Program Analyst for Enforcement
- 1 – Associate Oil and Gas Engineer for Pipelines and Facilities

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- 1 – Research Data Analyst II for Pipelines and Facilities
- 1 – Staff Services Manager I for Public Transparency
- 1 – Research Data Analyst I for Public Transparency

The second phase of 10 positions will contain positions for field operations, enforcement, idle wells, administrative positions, legislative mandated positions, and public transparency. These positions will allow CalGEM to continue to progress toward our witnessing goals and address recent legislative changes. We can continue to grow our regulatory programs and ensure idle wells management plans are addressed timely.

- 2 – Engineering Geologists for Field Operations
- 1 – Associate Oil and Gas Engineer for Enforcement
- 1 – Research Data Specialist I for Enforcement
- 1 – Associate Accounting Analyst for Enforcement
- 1 – Associate Governmental Program Analyst for Pipelines and Facilities
- 1 – Associate Oil and Gas Engineer for Idle Wells
- 1 – Associate Oil and Gas Engineer for Legislative Mandates (SB 551, AB 1057)
- 1 – Associate Governmental Program Analyst for Legislative Mandates (SB 551, AB 1057)
- 1 – Associate Governmental Program Analyst for Public Transparency

The third phase will be the remaining 4 positions. These will allow CalGEM to examine where the Division is on meeting witnessing goals and legislative mandates for future requests.

- 1 – Engineering Geologists for Field Operations
- 1 – Associate Oil and Gas Engineer for Idle Wells
- 1 – Associate Oil and Gas Engineers for Legislative Mandates (SB 551, AB 1057)
- 1 – Associate Governmental Program Analyst for Public Transparency

Q. Supplemental Information

Requested funds include \$130,000 for a Flame-Resistant Clothing service contract with an established uniform service to ensure the safety of field staff.

R. Recommendation

The department recommends Alternative #1: 26 positions and a baseline increase of \$4,826,000 from the Oil, Gas, and Geothermal Administrative Fund, phased in over three fiscal years (12 positions and \$2,369,000 in 2021-22, 22 positions and \$4,061,000 in 2022-23, and 26 positions and \$4,826,000 in 2023-24 and ongoing) to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

BCP Fiscal Detail Sheet

BCP Title: CalGEM Oversight

BR Name: 3480-048-BCP-2021-GB

Budget Request Summary

	FY21					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Personal Services						
Positions - Permanent	0.0	12.0	22.0	26.0	26.0	26.0
Total Positions	0.0	12.0	22.0	26.0	26.0	26.0
Salaries and Wages						
Earnings - Permanent	0	1,252	2,179	2,609	2,609	2,609
Total Salaries and Wages	\$0	\$1,252	\$2,179	\$2,609	\$2,609	\$2,609
Total Staff Benefits	0	627	1,092	1,307	1,307	1,307
Total Personal Services	\$0	\$1,879	\$3,271	\$3,916	\$3,916	\$3,916
Operating Expenses and Equipment						
5301 - General Expense	0	36	66	78	78	78
5304 - Communications	0	12	22	26	26	26
5320 - Travel: In-State	0	24	44	52	52	52
5322 - Training	0	60	110	130	130	130
5324 - Facilities Operation	0	156	286	338	338	338
5340 - Consulting and Professional Services						
- External	0	130	130	130	130	130
5346 - Information Technology	0	60	110	130	130	130
539X - Other	0	12	22	26	26	26
Total Operating Expenses and Equipment	\$0	\$490	\$790	\$910	\$910	\$910
Total Budget Request	\$0	\$2,369	\$4,061	\$4,826	\$4,826	\$4,826
Fund Summary						
Fund Source - State Operations						
3046 - Oil, Gas, and Geothermal	0	2,369	4,061	4,826	4,826	4,826
Administrative Fund						
Total State Operations Expenditures	\$0	\$2,369	\$4,061	\$4,826	\$4,826	\$4,826
Total All Funds	\$0	\$2,369	\$4,061	\$4,826	\$4,826	\$4,826

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Program Summary

Program Funding						
2425010 - Regulation of Oil and Gas Operations	0	2,369	4,061	4,826	4,826	4,826
9900100 - Administration	0	119	258	258	258	258
9900200 - Administration - Distributed	0	-119	-258	-258	-258	-258
Total All Programs	\$0	\$2,369	\$4,061	\$4,826	\$4,826	\$4,826

Personal Services Details

Positions	Salary Information			<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
	Min	Mid	Max						
1317 - Sr Personnel Spec				0.0	1.0	1.0	1.0	1.0	1.0
3756 - Engring Geologist				0.0	2.0	4.0	5.0	5.0	5.0
3780 - Sr Oil & Gas Engr (Supvr)				0.0	3.0	3.0	3.0	3.0	3.0
3783 - Assoc Oil & Gas Engr				0.0	2.0	5.0	7.0	7.0	7.0
4588 - Assoc Accounting Analyst				0.0	0.0	1.0	1.0	1.0	1.0
4800 - Staff Svcs Mgr I				0.0	1.0	1.0	1.0	1.0	1.0
5393 - Assoc Govtl Program Analyst				0.0	1.0	4.0	5.0	5.0	5.0
5729 - Research Data Analyst I				0.0	1.0	2.0	2.0	2.0	2.0
5731 - Research Data Analyst II				0.0	1.0	1.0	1.0	1.0	1.0
Total Positions				0.0	12.0	22.0	26.0	26.0	26.0
Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4			
1317 - Sr Personnel Spec	0	59	59	59	59	59	59	59	59
3756 - Engring Geologist	0	192	384	480	480	480	480	480	480
3780 - Sr Oil & Gas Engr (Supvr)	0	456	456	456	456	456	456	456	456
3783 - Assoc Oil & Gas Engr	0	264	660	924	924	924	924	924	924
4588 - Assoc Accounting Analyst	0	0	73	73	73	73	73	73	73
4800 - Staff Svcs Mgr I	0	82	82	82	82	82	82	82	82
5393 - Assoc Govtl Program Analyst	0	70	280	350	350	350	350	350	350
5729 - Research Data Analyst I	0	56	112	112	112	112	112	112	112
5731 - Research Data Analyst II	0	73	73	73	73	73	73	73	73
Total Salaries and Wages	\$0	\$1,252	\$2,179	\$2,609	\$2,609	\$2,609	\$2,609	\$2,609	\$2,609
Staff Benefits									
5150900 - Staff Benefits - Other	0	627	1,092	1,307	1,307	1,307	1,307	1,307	1,307
Total Staff Benefits	\$0	\$627	\$1,092	\$1,307	\$1,307	\$1,307	\$1,307	\$1,307	\$1,307
Total Personal Services	\$0	\$1,879	\$3,271	\$3,916	\$3,916	\$3,916	\$3,916	\$3,916	\$3,916



User Reference Guide

CEQA
CEQA Information Step

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COURSE OVERVIEW

Course Description

The CEQA Information submission course describes the process that operators will use to enter data into WellSTAR regarding approved or certified CEQA documents, CEQA notices, local agency permits, and NEPA documents, as well as what to enter when documentation is lacking.

District CEQA reviewers then confirm that the information entered is correct before signing off the CEQA review. District CEQA Reviewers (Internal) should read through the External section of this document as it pertains to their review of the information.

Questions about CEQA Information submission can be directed to the CalGEM Districts or the CalGEM CEQA Unit in Headquarters.

Process Flow:

- Operator enters data into CEQA Information form in WellSTAR
 - Submits NOI/application
- District does a completeness review to determine if information is correctly entered and that required documentation is accounted for
 - Passes the Completeness Review or Returns the NOI/application back to the operator
- District CEQA reviewer evaluates CEQA documentation and/or information
 - Passes the CEQA review or Returns the NOI/application back to the operator

1 EXTERNAL

1.1 CEQA Information Step

The CEQA Information step is associated with every program in WellSTAR (Well Management, UIC, UGS, and WST), and is the same step in each program. Depending on a 'Yes' or 'No' answer, each question has a different drop-down of additional questions or field boxes that need to be addressed. Questions and boxes with an asterisk next to them require answers before the step is considered complete.

Once saved, if the step is incomplete, red text will appear at the top of the step page notifying the operator of the fields that still need to be addressed. The step does not correct the operator when conflicting or incorrect information is entered. It was designed to be flexible and allow for answers with multiple combinations. Most of the time the data will be entered one of two ways: 1) There is an environmental document, or 2) There is no environmental document.

The following examples show how the CEQA Information step can be filled in for different scenarios. For detailed “how to” instructions in WellSTAR click on the Help button in the upper right corner of the CEQA Information step page.

1.2 How to Fill in the Step When There is an Environmental Document

If a Local Agency (City or County) has an adopted Negative Declaration (ND) or Mitigated Negative Declaration (MND), or a certified Environmental Impact Report (EIR) that covers the proposed project’s activities, then they are the considered the Local Lead Agency. Instruction for filling in the step when there is a Local Lead Agency are shown below.

Step	Action	Required Fields
1.	Select “Yes” if a Local Agency prepared an Environmental Document that applies to the NOI/application. The value selected in this field will determine which fields display below.	Yes/No dropdown
2.	Indicate if the Environmental Document was: Prepared for this project, or The project is within the scope of a prior Environmental Document.	Radio Buttons

CEQA Information Submission

Step	Action	Required Fields
3.	<p>Select “Yes” to indicate that there is a CEQA Lead Agency (other than CalGEM). The lead agency is the one that prepared the environmental document referred to in the first question.</p> <p>The CEQA Lead Agency section opens.</p>	Radio Button

CEQA Lead Agency *

CEQA Lead Agency Contact

CEQA Lead Agency Address

Address Line 2

City

State

CA

Zip Code

Phone Number

Extension

Email

CEQA Document *

☐ Environmental Impact Report
 ☐ Addendum

☒ Mitigated Negative Declaration
 ☐ Supplemental

☐ Negative Declaration
 ☐ Subsequent

☐ Substitute Document

Project Title

Project Scope *

Date EIR Certified or ND/MND Adopted *

3/23/2017

State Clearinghouse Number ?

CEQA Notice Type *

Step	Action	Required Fields
4.	<p>Complete the CEQA Lead Agency section:</p> <ul style="list-style-type: none"> Enter the CEQA Lead Agency contact information. 	CEQA Lead Agency, CEQA Lead Agency

CEQA Information Submission

Step	Action	Required Fields
	<ul style="list-style-type: none"> Check the appropriate CEQA Lead Agency Documentation box and upload the document(s) to the Document Upload step. Briefly summarize the original project scope from the Lead Agency CEQA document. Identify the page numbers where the proposed project activity is discussed in the Lead Agency's CEQA document (new drill, rework, abandonment, UIC, etc.). <ul style="list-style-type: none"> If you are providing a link instead of a PDF of the CEQA document, provide the link. Enter the date the EIR was certified or the ND/MND was adopted. Enter the State Clearinghouse number or number assigned by the local lead agency, as applicable. Select the CEQA Notice type (typically NOD). 	Contact, Address, City, State, Zip Code, Phone Number, Email Address, CEQA Documentation, Project Scope, Date EIR Certified or ND/MND Adopted, and CEQA Notice Type

Please indicate the surface ownership ⓘ *

☒ Private
☐ State
☐ Federal
☐ Tribal

Please indicate the mineral ownership ⓘ *

☐ Private
☐ State
☒ Federal
☐ Tribal

Agency Name *

BLM

Step	Action	Required Fields
5.	<p>Indicate the Surface and Mineral Ownership.</p> <p>If the Surface or Mineral Ownership is State or Federal a box will drop down.</p> <p>Multiple boxes may be checked at one time.</p>	<p>check One or more boxes, as applicable.</p> <p>Enter the agency name if State or Federal is checked.</p>

CEQA Project Description *

Please enter a CEQA Project description in the box below. You may also upload it as an attachment on the Document Upload Step, but please indicate that in the textbox below. Please include:

- Project Proposal
- Project Location
- Environmental Setting
- Local Agency Requirements
- If this project description applies to multiple wells, please include a list of all wells (include API # and Well Name/Designation, if known).
- Additional guidance on how to write a CEQA Project Description can be found on the DOGGR CEQA homepage

See Document Uploads section 11 CEQA Operator Checklist

Step	Action	Required Fields
6.	<p>Insert or attach a CEQA Project Description in the Document Upload step for the proposed project. Instruction on how to prepare a project description for this section is located in the Operator Guidance: Project Description document on the CalGEM CEQA webpage.</p>	<p>Project Description text box</p>

1.2.1 Key Points

- Question One and Two are Related** - When the answer to the first question, “Did the Local Agency prepare an Environmental Document for this project” is “Yes”, the answer to the second question “Is there a CEQA Lead Agency? (other than DOGGR) will always be “Yes”.
 - An Exemption Resolution and Notice of Exemption (NOE) are not considered an Environmental Document.
- CEQA Lead Agency Section** - Information for the CEQA Lead Agency section can be found in the Environmental Document provided by the CEQA Lead Agency, most likely on the title page of the document and within the project description.

- **CEQA Documentation** - Check the appropriate box(s) for the CEQA Document provided by the Local Lead Agency. The document must be either uploaded to the Document Upload step or a direct link to the document should be included in Project Scope.
- **Project Title** - The Project Title is the title provided in the Environmental Document.
- **Project Scope** - The Project Scope is a brief summary of the Environmental Document's description of what it covers. It is normally located under the project description section in the beginning of the environmental document.

The information listed in the Project Scope should include the page numbers in the Environmental Document that specifically address the NOI/application activities. If the Environmental Document does not specifically address the activity being permitted, it may not be applicable to the project.

- **Date EIR Certified or ND/MND Adopted** will be located on the Notice of Determination for the environmental document or a cover letter in the beginning of the environmental document.
- **State Clearinghouse Number** – The local lead agency is required to file a copy of the Notice of Determination with the State Clearinghouse if the environmental document will be used by a State Agency that performs discretionary approvals. (CCR 14 § 15075(d))
- **CEQA Notice Type** should always be NOD when a ND, MND, or EIR is submitted as the environmental document.
- **Local Permits** - If a permit was issued for the proposed activity, then the permit must be provided in the Document Upload step.
- **Surface and Mineral Ownership** - The forms allow for multiple box selections in the Surface and Mineral ownership section because it is designed for multiple programs. However, for Well Management (NOIs), only one selection should be made for surface, and one selection for mineral. The surface cannot be both Federal and private for a single well. For UIC, multiple selections for surface and multiple selections may be made as the project can cover multiple well locations.
- **Federal Surface Ownership** - If only Federal is checked for surface ownership, there is still a possibility that a local agency has prepared a CEQA document. Check with the Local Agency. Double check the CEQA Lead Agency information to ensure accuracy and confirm that any Environmental Documents provided apply to the NOI/application.

1.3 How to Fill in The Step When There is no Environmental Document

If the Local Agency (City/County) does not have an environmental document that covers the proposed project, then CalGEM assumes the role of Lead Agency when the proposed NOI/Application is reviewed.

When there is no environmental document available, the operator is tasked with discussing permitting requirements of their project with the local agency. This is so the local agency is aware of potential land uses occurring in their jurisdiction and can offer permitting requirements or advise.

In some cases, the local agency does not issue permits or may still issue a ministerial permit¹. A current permit from the Local Agency or contact with them regarding other projects within the last year, shows that the operator has been in communication. When there is no environmental document, the CEQA Information submission step places the onus on the operator to put in writing that they have contacted the local agency to discuss permitting requirements.

Instruction for filling in the step when there is no environmental document is shown below.

The screenshot shows a form titled "Did the Local Agency prepare an Environmental Document for this project? ⓘ *". Below the title is a dropdown menu with "No" selected. A yellow callout box contains the text: "Since the Local Agency did not prepare an environmental document that covers the project, indicate if the project was exempted (with a Notice of Exemption or Local Agency resolution): *". Below this are two radio button options: "Yes, a NOE or resolution was adopted and will be uploaded to WellSTAR" (unselected) and "No, there was no NOE or resolution prepared" (selected). Another yellow callout box contains the text: "Please indicate if a permit was issued: *". Below this are two radio button options: "Permit was issued." (unselected) and "No permit was issued/Permit is not required" (selected).

Step	Action	Required Fields
1.	Select "No". The Local Agency did not prepare an Environmental Document for the NOI/Application. Two additional questions appear.	Yes/No dropdown
2.	Was the project exempted: Select "Yes" if a NOE or resolution will be uploaded to WellSTAR. Select "No" if no exemption was prepared.	Radio buttons

¹ A ministerial permit is a permit that is granted upon determination that a proposed project complies with established standards set forth in the zoning ordinance and/or other applicable policy documents.

CEQA Information Submission

3.	Was a permit issued: Yes or No	Radio Button
----	-----------------------------------	--------------

Is there a CEQA Lead Agency? (other than DOGGR) ⓘ *

☐ Yes ☒ No

Local Agency

Local Agency Name *

Fresno County

Local Agency Contact Name *

Jose Martinez

CEQA Documentation *

☐ Exempt ☒ None Available

Local Agency Contact Date *

7/2/2018

Phone Number *

(559) 600-4256

Phone Number Extension (Ext.)

Email *

J.Martinez@co.fresno.ca.us

Or

Is there a CEQA Lead Agency? (other than DOGGR) ⓘ *

☐ Yes ☒ No

Local Agency

Local Agency Name *

Fresno County

Local Agency Contact Name *

Jose Martinez

CEQA Documentation *

☒ Exempt ☐ None Available

State Clearinghouse Number

2013021456

CEQA Notice Type *

Notice of Exemption

Step	Action	Required Fields
4.	<p>Select “No” to indicate that there is no CEQA Lead Agency.</p> <p>When selected, a Local Agency section opens requesting the Local Agency name and the name of the staff person at the Local Agency who was contacted.</p> <p>Under CEQA Documentation, two options are given. Select either Exempt or None Available.</p> <ul style="list-style-type: none"> • The Exempt section requests confirmation that a Notice of Exemption or Local Resolution recognizing an exemption for the propose project will be uploaded to WellSTAR. <ul style="list-style-type: none"> ○ Fill in the remaining fields that request information about the exemption. • The None Available section requests evidence of communication with the Local Agency, since there is no environmental document or NOE/Resolution available for upload to WellSTAR. <ul style="list-style-type: none"> ○ Fill in the remaining fields that request information about the last time the local agency was contacted regarding permitting requirements. 	<p>Local Agency Name, Local Agency Contact Name, CEQA Documentation, Exemption Information or Local Agency Contact Date, Phone Number, and Email</p>

Continue to fill out the CEQA Information Step for Surface Ownership, Mineral Ownership, and Project Description as explained above in Section 1.2 How to Fill in the Step When There is an Environmental Document.

1.3.1 Key Points

- **Permits** – The question asks if a permit was issued by the Local Agency to: 1) remind the operator to upload a copy of the permit, and 2) to remind the District CEQA reviewer to look for a permit as a sign of communication between the operator and Local Agency.
- **Exemption Notice or Resolution Required** - An Exemption Resolution or a Notice of Exemption (NOE) must be uploaded if the CEQA Information step is filled out indicating that the Local Agency has prepared one. If the NOE or Resolution is not available, None Available must be marked and the step must be filled out according to direction given for the None Available option.
- **Local Agency Contact Date** – Due to continually changing local ordinances, the date entered in this box should be no older than two years from the date the NOI/application was submitted, or the NOI/application may be returned. For purposes of CEQA compliance, the more recent the date, the more assurance CalGEM has that the operator and the local

agency communicated regarding any requirements applicable to the proposed project. The operator is responsible for current knowledge of all local agency permitting requirements and submittal of accurate information to CalGEM.

- **Unincorporated Kern County Local Agency Contact Date** – Kern County posted an Oil and Gas Permit Process Suspension letter on their [website](#) which can be viewed or downloaded by following this [link](#). The letter informs operators that any permits issued after March 25, 2020 would no longer undergo a CEQA review.

Operators with projects located in unincorporated Kern County should use the February 28, 2020 date of the letter to fill in the Local Agency Contact Date in the CEQA Information step and are encouraged to submit a copy of the Kern County letter in the Document Upload step of WellSTAR.

1.4 Federal Land

If the NOI/application is *only* located on Federal land. The following will apply:

Step	Action	Required Fields
1.	Select “No” if the Local Agency (City/County) did not prepare an Environmental Document for the NOI/Application located on Federal land. Two additional questions appear.	Yes/No dropdown
2.	Was a CEQA NOE or Local Exemption Resolution prepared: Select “Yes” if a NOE or resolution will be uploaded to WellSTAR. Select “No” if no NOE or Resolution was prepared.	Radio buttons
3.	Was a permit issued: Yes or No	Radio Button

CEQA Information Submission

Is there a CEQA Lead Agency? (other than DOGGR) ⓘ *

Yes ☐ No ☒

Local Agency

Local Agency Name *

None

Local Agency Contact Name *

None

CEQA Documentation *

☒ Exempt ☐ None Available

State Clearinghouse Number

CEQA Notice Type *

N/A

Step	Action	Required Fields
4.	<p>Select “No” to indicate that there is no CEQA Lead Agency.</p> <p>The Local Agency section opens requesting the Local Agency Name and the name of the staff person at the Local Agency who was contacted. For projects <i>only</i> located on Federal Land, do the following:</p> <p>Local Agency Name: None</p> <p>Local Agency Contact: None</p> <p>Under CEQA Documentation, two options are given. Select Exempt.</p> <p>Under CEQA Notice Type, select N/A</p>	<p>Local Agency Name, Local Agency Contact Name, CEQA Documentation, CEQA Notice Type</p>

CEQA Information Submission

Is there a NEPA Lead Agency? *

☒ Yes ☐ No

NEPA Lead Agency *

NEPA Lead Agency Contact

NEPA Lead Agency Address

Address Line 2

City State Zip Code

Phone Number Extension

Email *

NEPA Document *

☐ Categorical Exclusion ☐ Sundry Notice

☐ Environmental Assessment/FONSI/DNA ? ☒ Environmental Impact Statement

Project Title NEPA Project Number

Date of Decision Record/Record of Decision Publication Date Federal Register Notice Number

3/23/2017 3/23/2017

Step	Action	Required Fields
5.	Select “Yes” there is a NEPA Lead Agency.	Radio Button
6.	Complete the NEPA Lead Agency section. <ul style="list-style-type: none"> NEPA Lead Agency contact information must be provided. NEPA Lead Agency Documentation must be uploaded to the Document Upload step. 	NEPA Lead Agency, NEPA Lead Agency Address, City, State, Zip Code, Phone Number, Email Address, NEPA Documentation

1.4.1 Key Points

- **Addressing whether there is a CEQA Lead Agency** - If the Local Agency has *not* prepared a CEQA Environmental Document for the submitted NOI/Application, whether it is considered exempt, permitted by right, located on Federal property, or for any other reason, then the answer to the first question is “No”. WellSTAR will assign the CEQA review task to the CEQA HQ Workgroup.
- **Local Agency section** – Under CEQA documentation, “Exempt” refers to a Notice of Exemption or Local Resolution that was approved by the Local Agency. However, for projects on Federal land the question does not apply. Since it requires an answer, follow the instruction for projects on Federal land above.
- **Remember to Upload Permits** - If a permit was issued, it must be provided in the Document Upload step.
- **NEPA information Required** - If the surface or mineral rights are owned by a Federal Agency, a NEPA document or Sundry Notice is required.
- **Where to Find NEPA Information** - NEPA Lead Agency information is available from the NEPA Document or Documentation.
- **Types of NEPA Documentation Required** - Check the appropriate NEPA Documentation box and upload the documentation to WellSTAR. For new wells, where both surface and/or mineral rights are federally owned, consistent with the Bureau of Land Management’s revised process, CalGEM will continue to need:
 - a Bureau of Land Management (BLM) Application for Permit to Drill (BLM APD); and
 - an Environmental Assessment (EA)/Finding of No Significant Impact (FONSI) (or Determination of NEPA Adequacy (DNA); and
 - a Record of Decision (ROD not required if a DNA was provided*).

* CalGEM will no longer require an ROD to be submitted if a DNA is provided. Previously, a BLM APD, EA/FONSI (or a DNA) and an ROD were all required to be submitted to CalGEM. For reworks and most abandonments, a Sundry Notice (or a BLM APD) is sufficient.

1.5 Multiple Surface Owners

For Underground Injection Control (UIC) project applications, there may be instances where The CEQA Information step needs to address both an environmental document prepared by a Local Lead Agency (County/City) and a NEPA document from the Federal government. See instruction above for How to Fill in the Step for a Local Lead Agency and Federal Land.

Because UIC application projects tend to cover large areas, there may be multiple land and mineral owners. The CEQA Information step allows for multiple ownerships to be checked. Agency Name(s) are required if State or Federal is checked.

The screenshot shows a web form with two identical sections for surface and mineral ownership. Each section has a title 'Please indicate the surface ownership' and 'Please indicate the mineral ownership' respectively, followed by four radio button options: Private (checked), State, Federal (checked), and Tribal. Below each set of options is a text field labeled 'Agency Name' containing the text 'BLM'.

1.6 Documentation Required

Certain documents or documentation is required based on how each question in the CEQA Information Step is answered. Required documents are submitted through the Document Upload step.

The screenshot shows a single question: 'Did the Local Agency prepare an Environmental Document for this project?'. Below the question is a dropdown menu. A red dashed box highlights the following text: 'If the Local Agency prepared an environmental document for this project, please indicate which of the following applies:'. Below this text are two radio button options: 'An environmental document was prepared for this project' (selected) and 'The project is within the scope of a prior environmental document'.

CEQA Documents – Subject to the question above, an approved Negative Declaration or Mitigated Negative Declaration, or a certified Environmental Impact Report is required to be uploaded in WellSTAR, or a link to the document can be provided in the Project Scope text box of the CEQA Lead Agency section.

CEQA Information Submission

Did the Local Agency prepare an Environmental Document for this project? * ?

Since the Local Agency did not prepare an environmental document that covers the project, indicate if the project was exempted (with a Notice of Exemption or Local Agency resolution): *

☒ Yes, a NOE or resolution was adopted and will be uploaded to WellSTAR

☐ No, there was no NOE or resolution prepared

Please indicate if a permit was issued: *

☐ Permit was issued

☒ No permit was issued / Permit is not required

Exemption - Subject to the question above, a Notice of Exemption or a Resolution from the Local Agency recognizing an exemption for the proposed project is required to be uploaded in WellSTAR.

Is there a NEPA Lead Agency? *

☒ Yes ☐ No

NEPA Documents - Subject to the question above, for new wells, a BLM APD, an EA/FONSI (or a DNA), and an ROD (or a DNA) is required. For reworks and most abandonments, a Sundry Notice (or a BLM APD) is sufficient. Upload the documents/documentation to WellSTAR.

CEQA Project Description *

Please enter a CEQA Project description in the box below. You may also upload it as an attachment on the Document Upload Step, but please indicate that in the textbox below. Please include:

- Project Proposal
- Project Location
- Environmental Setting
- Local Agency Requirements
- If this project description applies to multiple wells, please include a list of all wells (include API # and Well Name/Designation, if known).
- Additional guidance on how to write a CEQA Project Description can be found on the DOGGR CEQA homepage

Project Description – Subject to the instruction above, the project description is the starting point for every project that must undergo a CEQA review at CalGEM. It is prepared by the operator for their NOI/application. It's important to note that this CEQA project description is focused on surface activities, and not on technical aspects of below-ground activities. Guidance and project description examples can be found in the [Operator Guidance: Project Description](#) document on the [CalGEM CEQA webpage](#).

OFFICE OF ZONING ADMINISTRATION
200 N. SPRING STREET, ROOM 763
LOS ANGELES, CA 90012-4801
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**CITY OF LOS ANGELES
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ERIC GARCETTI
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planning.lacity.org

April 21, 2021

Louis P. Zylstra, Jr. P.E. (Op)
Hillcrest Beverly Oil Corporation
10000 West Pico Boulevard
Los Angeles, CA 90067

CASE NO. ZA-1957-14422-O-PA2

LETTER OF COMMUNICATION

10000 West Pico Boulevard
West Los Angeles Community Plan

Zone: A1-1XL-O

C.D: 5 - Koretz

D.M.: 129B161 & 129B165

Legal Description: Portion of Lot D, Rincon
De Los Bueyes Showing in Subdivision of
the Property of Jose de Arnaz

Mr. Zylstra,

The Department of City Planning is contacting Hillcrest Beverly Oil Corporation (HBOC) concerning the oil drill site operation at 10000 West Pico Boulevard. The facility is commonly known as the Hillcrest Country Club Drill Site (Drill Site). After reviewing state records of drilling operations, it appears there may have been work conducted without Department of City Planning review as outlined in the Los Angeles Municipal Code Section 13.01.

Background

The (Drill Site) has been in operation since 1958 and is located in Urbanized Oil District U-11 as established by Ordinance No. 109,733. The subject controlled drill site is located on a leased 1.14 acre portion of the Hillcrest Country Club. The Drill Site has had numerous operators since its inception and it is currently operated by HBOC. Information from the California Geologic Energy Management Division (CalGEM) shows that the Drill Site is located within the Cheviot Hills Oil Field in the state's Southern District jurisdiction. CalGEM records also indicate that there are 32 wells on-site: 17 wells are idle, 9 are active, and 6 are plugged.

The Zoning Administrator has granted approvals for the Drill Site through the Plan Approval review process. The most recent determination, ZA 14422(PA2), was made on November 16, 2005 when the Zoning Administrator approved scopes of work involving drilling four new wells and redrilling of two existing wells at the Drill Site. There have been no requests from

HBOC for new scopes of work since this last determination, and the Zoning Administrator has not taken any recent actions.

Drill Site Issues

The Department of City Planning (DCP) has reviewed CalGEM records and found that the operator has conducted several operations at the Drill Site since November 2005 that did not receive a Zoning Administrator's review nor received approval from the Zoning Administrator. CalGEM approved scopes of work involving rework on wells and sidetracking projects. Records confirm that HBOC was the applicant for these activities. Below is a chart indicating the American Petroleum Institute (API) number, description of work, CalGEM's approval date, and CalGEM's permit number. The issued permits are enclosed with this letter as one attachment.

API No.	Scope of Work	Approved Date	Permit No.
03717983	Sidetracking	6/21/2019	7009512
03717984	Sidetracking	11/22/2019	7012445
03717576	Sidetracking	12/13/2019	7012832

There are also two wells, identified below, that were converted from idle wells to active wells in recent years per CalGEM's WellSTAR Portal. DCP staff has requested copies of the permit documents from CalGEM.

API No.	Scope of Work	Approved Date
03700109	Conversion of well status from idle to active	6/8/2019
03717984	Conversion of well status from idle to active	11/15/2019

Future Direction

The oil drilling activities identified above qualify as projects per the Los Angeles Municipal Code (LAMC) sections 13.01-H:

"Any person desiring to drill, deepen, or maintain an oil well in an oil drilling district that has been established by ordinance...shall file an application in the Department of City Planning on a form provided by the Department, requesting a determination of the conditions under which the operations may be conducted."

Sidetracking does qualify as well maintenance and/or deepening of a well. Rework projects on an existing well that changes the status from idle to active does qualify as well maintenance. Per LAMC Section 13.01-I, operators must receive approval from the Zoning Administrator, when they:

"... drill, deepen or maintain an oil well or convert an oil well from one class to the other and no permits shall be issued for that use, until a determination has been made by the Zoning Administrator or Area Planning Commission pursuant to the procedure prescribed in Subsection H of this section."

Both LAMC Section 13.01 and ZA 14422(PA2) reserves to the Zoning Administrator the authority to review and determine drilling activities at the property, including assigning environmental clearance to any proposed projects. Please find attached Zoning Administrator's Memorandum No. 133 that identifies the procedure to submit an application for drilling, deepening, or well maintenance.

With regard to the five scopes of work, outlined above, conducted at the Drill Site, the Office of Zoning Administration requests to know more information. The operator shall provide the following:

1. An explanation of why these activities took place and the function it provided for the Drill Site's overall operations.
2. A description of plans to convert Well API Nos. 03717983, 03717984, and 03717576, which received a permit for sidetracking. Will these wells be converted to an injector/producing well in the next 12 months?

Our department anticipates an initial response from your team within 30 calendar days of the date of this correspondence. You may contact Edber Macedo with the Office of Zoning Administration at edber.macedo@lacity.org or at 213-978-1198.



ESTINEH MAILIAN
Chief Zoning Administrator

EM:VS:ecm

cc: Councilmember Paul Koretz, Fifth District
Erica Blyther, Office of Petroleum and Natural Gas Administration
Chief Anthony Hardaway, Los Angeles Fire Department
Royce Long, Los Angeles Fire Department
Catherine Nuezca Gaba - Code Enforcement Bureau, Department of Building and Safety

Jennifer Tobkin, Office of the City Attorney

Attachments:

Case No. ZA 14422(PA2)

Zoning Administrator's Memorandum No. 133



NOTICE OF INTENTION

Notice Type: ☐ New Drill ☐ Deepen ☒ Sidetrack ☐ Rework ☐ Abandon ☐ Re-Abandon ☐ Refile

NOI Date: 3/22/2019

Organization Number: H4325 Organization Name: Hillcrest Beverly Oil Corp.

Contact Name(s): Louis Zylstra Contact Phone (s): (714) 968-4770

Contact Email(s): lzylstra@ebresources.com

Is this a Supplementary Notice to a previously approved permit? ☐ Yes ☒ No If yes, provide the Permit No: _____

Description: HC-1ST

Well API: 0403717576 Bond Number (required): RLB0015649
Leave blank for New Drill – assigned by DOGGR

Unspecified 1
Well Name Well Number

Well Information

This section is not required for an Abandon or Re-abandon

Well Type: ☐ Air Injection ☐ Dry Gas – Production ☐ Gas Disposal – Injection ☐ Gas Storage – Production & Injection
☐ Geothermal ☐ Observation ☒ Oil & Gas – Production ☐ Liquefied Gas – Production & Inject.
☐ Pressure Maintenance – Injection ☐ Cyclic Steam – Injection ☐ Steamflood – Injection
☐ Water Disposal – Injection ☐ Water Flood – Injection ☐ Water Source - Production

Oil & Gas Lease(s) associated with this Notice:

Hillcrest

Do the mineral and surface leases coincide? ☐ Yes ☒ No

If no, attach a legal description of both surface and mineral leases, and a map or plat to scale.

Mineral Owner: ☒ Fee ☐ Federal ☐ State ☐ Tribal Surface Owner: ☒ Fee ☐ Federal ☐ State ☐ Tribal

Do any of the following conditions apply to this well? (Check all that apply)

- ☐ This is an exploratory well
☐ This is a dry hole

Are you including a Confidentiality Request Letter with this Notice? **If yes, please attach.**

☐ Yes ☒ No

Is this notice submitted in conjunction with a request for Well Stimulation project authorization? **If yes, please attach.**

☐ Yes ☒ No

Is H₂S (Hydrogen Sulfide) or waste gas anticipated? **If yes, please attach contingency plan.**

☐ Yes ☒ No

Concentration (ppm): _____

If this well is part of a UIC Project, or UIC Project Application, please indicate the Project Code: 299716



California
Department of Conservation
Division of Oil, Gas, and Geothermal Resources

Gavin Newsom, Governor
David Shabazian, Director
801 K Street, MS 18-05
Sacramento, CA 95814
T: (916) 445-9686

Well Information Continued

This section is not required for an Abandon or Re-abandon.

Depth measurements taken from top of: ☐ Derrick Floor ☐ Ground Level ☒ Kelly Bushing ☐ Rotary Table
Which is 12 feet above ground.

Elevation of ground above Sea Level: Proposed: 210

Please submit proposed Directional Drilling Survey Electronic Data, and indicate the direction of your well:

☐ Horizontally Drilled ☒ Directionally Drilled ☐ Vertically Drilled

Will the well be drilled with underbalanced fluids program?

☐ Yes ☒ No

Is Fresh Water present?

☒ Yes ☐ No

Is USDW present?

☒ Yes ☐ No

Will this proposal result in the well passing into, or through, a thermal enhanced oil recovery project?

☐ Yes ☒ No

If yes, what steps are you proposing to address the anticipated heat?

Plug back, isolate perforations, new re-completion in Nodular Shale.

	Proposed Measured Depth (ft)	Actual (ft)
Bottom Hole (MD)	<u>12054</u>	
Bottom Hole (TVD)	<u>10688</u>	
Plugback Depth (MD)		
Plugback Depth (TVD)		

Describe any known significant geologic markers below, and estimated depths:

Upper Miocene - Nodular Shale

Blowout Prevention Equipment

Please check any of the following Blowout Prevention Equipment that are present (check all that apply)

- ☐ Annular Preventer. Pressure rating (in PSI:) 3000
Ram Types
- ☒ Pipe Pressure rating (in PSI:) 3000 How many? 1
- ☒ Blind Pressure rating (in PSI:) 3000 How many? 1
- ☒ Shear Pressure rating (in PSI:) 3000 How many? 1
- ☐ Rotating Head. Pressure rating (in PSI:) 1000

Drilling Program Information

Check all that apply

- ☐ Salt Formations are anticipated. Formation names: Upper Miocene - Rancho Sand - Nodular Shale
- ☐ Salt Based drilling fluids will be used
- ☐ Oil Based drilling fluids will be used

Mud System: Closed Loop
Mud Disposal Method: Commercial Disposal Site
Cuttings Disposal: Offsite Pit



Well Information

Actual Zones of Significance:

Zone Category	Fresh Water
Zone Name	
Top - TVD (ft)	638
Top - MD (ft)	700
Bottom – TVD (ft)	638
Bottom – MD (ft)	700
Pressure (PSI)	320
Oil/ Gas Show	No

Zone Category	USDW
Zone Name	
Top - TVD (ft)	975
Top - MD (ft)	975
Bottom – TVD (ft)	975
Bottom – MD (ft)	975
Pressure (PSI)	425
Oil/ Gas Show	No

Zone Category	
Zone Name	
Top - TVD (ft)	
Top - MD (ft)	
Bottom – TVD (ft)	
Bottom – MD (ft)	
Pressure (PSI)	
Oil/ Gas Show	

Zone Category	
Zone Name	
Top - TVD (ft)	
Top - MD (ft)	
Bottom – TVD (ft)	
Bottom – MD (ft)	
Pressure (PSI)	
Oil/ Gas Show	



California
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T: (916) 445-9686

Location Information

This section is not required for an Abandon or Re-abandon

Surface Location:

Surface location information is only required for a New Drill.

25	01 S	15 W	SB		34.0506706	-118.4054260
Section	Township	Range	B&M	Field	Latitude	Longitude
					(Datum NAD 83)	

Corner Call: 860' S & 140' W from intersection County: Los Angeles

Location Description

Is this an offshore well? ☐ Yes ☒ No

Is this well in an urban area? ☐ Yes ☒ No

Is this a critical well as defined in California CCR, title 14, to Section 1720(a)? ☐ Yes ☒ No

Is this well in an environmentally sensitive area as defined in California CCR, title 14, to Section 1760(e)? ☒ Yes ☐ No

If this is a critical well or in an environmentally sensitive area, check all that apply:

<input checked="" type="checkbox"/> Occupied Building	<input type="checkbox"/> Operating Railroad	<input type="checkbox"/> Water Well	<input checked="" type="checkbox"/> Road	<input type="checkbox"/> Power Line
<input type="checkbox"/> Surface Water	<input type="checkbox"/> Airport Runway	<input type="checkbox"/> Recreational Area	<input type="checkbox"/> Wildlife Preserve	

Bottom Hole Location:

25	01 S	15 W	SB		34.050693	-118.404518
Section	Township	Range	B&M	Field	Latitude	Longitude
					(Datum NAD 83)	

Corner Call: 1800' south and 1850 east of surfa County: Los Angeles



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	F1
Feature Type	
Top	0
Bottom	598
Outside Diameter	16.000
Inside Diameter	15.250
Weight	65
Grade/Type	H40
New Pipe?	Yes
Install Date	9/1/1958
Remove Date	
Pulled	No
Pressure	
Connection Type	Buttress Threaded &

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	
Associated Feature	
Inside/Out Casing?	
Top	
Bottom	
Volume (cubic ft)	
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	F2
Feature Type	
Top	0
Bottom	5692
Outside Diameter	11.750
Inside Diameter	10.880
Weight	54
Grade/Type	J55
New Pipe?	Yes
Install Date	3/1/1957
Remove Date	
Pulled	
Pressure	
Connection Type	Unknown

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	
Associated Feature	
Inside/Out Casing?	
Top	
Bottom	
Volume (cubic ft)	
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	F3
Feature Type	
Top	0
Bottom	10219
Outside Diameter	7.000
Inside Diameter	6.276
Weight	26
Grade/Type	N80
New Pipe?	Yes
Install Date	
Remove Date	
Pulled	
Pressure	
Connection Type	Long Threaded & Coupled

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	
Associated Feature	
Inside/Out Casing?	
Top	
Bottom	
Volume (cubic ft)	
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	F4
Feature Type	
Top	5948
Bottom	6124
Outside Diameter	5.500
Inside Diameter	4.892
Weight	17
Grade/Type	L80
New Pipe?	Yes
Install Date	7/17/2015
Remove Date	
Pulled	
Pressure	
Connection Type	Flush Seal-Lock Connection

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	C1
Associated Feature	F1
Inside/Out Casing?	Outside
Top	0
Bottom	598
Volume (cubic ft)	688
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	3/1/1957
Remove Date	
Cement ID	
Job Type	Cement Job
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	
Feature Type	
Top	
Bottom	
Outside Diameter	
Inside Diameter	
Weight	
Grade/Type	
New Pipe?	
Install Date	
Remove Date	
Pulled	
Pressure	
Connection Type	

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	C2
Associated Feature	F2
Inside/Out Casing?	Outside
Top	4292
Bottom	5692
Volume (cubic ft)	688
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	Cement Job
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	
Feature Type	
Top	
Bottom	
Outside Diameter	
Inside Diameter	
Weight	
Grade/Type	
New Pipe?	
Install Date	
Remove Date	
Pulled	
Pressure	
Connection Type	

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	C3
Associated Feature	F3
Inside/Out Casing?	Outside
Top	5688
Bottom	10219
Volume (cubic ft)	1376
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	Cement Job
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	
Feature Type	
Top	
Bottom	
Outside Diameter	
Inside Diameter	
Weight	
Grade/Type	
New Pipe?	
Install Date	
Remove Date	
Pulled	
Pressure	
Connection Type	

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	C4
Associated Feature	F2
Inside/Out Casing?	Outside
Top	675
Bottom	743
Volume (cubic ft)	
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	
Feature Type	
Top	
Bottom	
Outside Diameter	
Inside Diameter	
Weight	
Grade/Type	
New Pipe?	
Install Date	
Remove Date	
Pulled	
Pressure	
Connection Type	

Cement Class

Associated Cement	C1
Cement Type	G (Basic)
Weight (lbs/gal)	15.87
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	1900
Description	

Cement Segment

Unique ID	
Associated Feature	
Inside/Out Casing?	
Top	
Bottom	
Volume (cubic ft)	
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	
Feature Type	
Top	
Bottom	
Outside Diameter	
Inside Diameter	
Weight	
Grade/Type	
New Pipe?	
Install Date	
Remove Date	
Pulled	
Pressure	
Connection Type	

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	
Associated Feature	
Inside/Out Casing?	
Top	
Bottom	
Volume (cubic ft)	
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	
Description	



Casing & Cement

If a description is available for Wellbore Feature and Cement Segment, please attach additional information.

Wellbore Construction Feature Record

Feature Type can be one of the following: Surface Casing, Intermediate Casing, Casing Liner, Production Casing, Hole Size, Plug, Junk, Casing Damage, Repair-Patch, Repair-Squeeze

Unique ID	
Feature Type	
Top	
Bottom	
Outside Diameter	
Inside Diameter	
Weight	
Grade/Type	
New Pipe?	
Install Date	
Remove Date	
Pulled	
Pressure	
Connection Type	

Cement Class

Associated Cement	
Cement Type	
Weight (lbs/gal)	
Slurry Consistency (Bu)	
Lead/Tail	
Compressive Strength	
Description	

Cement Segment

Unique ID	
Associated Feature	
Inside/Out Casing?	
Top	
Bottom	
Volume (cubic ft)	
Volume (Sacks)	
Yield (cu ft per sack)	
Cement Co.	
Verify Method	
Install Date	
Remove Date	
Cement ID	
Job Type	
Description	



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	C1
Type	Oil & Gas
Interval Status	New
Top	9190
Bottom	9994
Area	Any Area
Field	Cheviot Hills
Pool Code	Miocene
Formation	Rancho

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.550
Top	9190
Bottom	9210
Spacing	
Number of Shots	20
Perforated Date	9/7/2015



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.550
Top	9245
Bottom	9285
Spacing	
Number of Shots	40
Perforated Date	7/17/2015



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9301
Bottom	9302
Spacing	
Number of Shots	4
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9303
Bottom	9304
Spacing	
Number of Shots	4
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.550
Top	9310
Bottom	9365
Spacing	
Number of Shots	55
Perforated Date	7/17/2015



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9324
Bottom	9342
Spacing	
Number of Shots	18
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9352
Bottom	9370
Spacing	
Number of Shots	18
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.550
Top	9385
Bottom	9500
Spacing	
Number of Shots	115
Perforated Date	7/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9390
Bottom	9422
Spacing	
Number of Shots	32
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9427
Bottom	9433
Spacing	
Number of Shots	6
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9464
Bottom	9470
Spacing	
Number of Shots	6
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9476
Bottom	9502
Spacing	
Number of Shots	26
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9510
Bottom	9520
Spacing	
Number of Shots	10
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.550
Top	9550
Bottom	9730
Spacing	
Number of Shots	180
Perforated Date	7/17/2015



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9554
Bottom	9623
Spacing	
Number of Shots	69
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9628
Bottom	9674
Spacing	
Number of Shots	46
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9684
Bottom	9712
Spacing	
Number of Shots	28
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9715
Bottom	9727
Spacing	
Number of Shots	12
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9730
Bottom	9842
Spacing	
Number of Shots	102
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9846
Bottom	9939
Spacing	
Number of Shots	84
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9948
Bottom	9978
Spacing	
Number of Shots	30
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	C1
Method	Oil & Gas
Perf Status	New
Diameter	0.500
Top	9990
Bottom	9994
Spacing	
Number of Shots	4
Perforated Date	10/17/1958



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	
Method	
Perf Status	
Diameter	
Top	
Bottom	
Spacing	
Number of Shots	
Perforated Date	



Completion & Perforation

Completion Interval

Indicates required field

Unique ID	
Type	
Interval Status	
Top	
Bottom	
Area	
Field	
Pool Code	
Formation	

Perforation

Indicates required field

Associated Completion Interval	
Method	
Perf Status	
Diameter	
Top	
Bottom	
Spacing	
Number of Shots	
Perforated Date	



Proposed Work

The proposed work is as follows.

A complete program is preferred and may be attached.

Plug back and recomplete in Nodular Shale.

See attached program

CEQA Information

Is a permit for this activity required by a local agency? **If yes, attach a copy of the approved local permit.**

☐ Yes

☒ No

Is a CEQA document required by a local agency? **If yes, attach a copy of your CEQA document.**

☐ Yes

☒ No

If a CEQA document is required, complete the information below:

☐ Notice of Exemption

☒ Notice of Determination

Exemption Class: _____

State Clearinghouse Number: _____

Lead Agency: _____

Lead Agency Contact: _____

Lead Agency Address: _____

City: _____

State: _____ Zip: _____

Abandonment Information

This section is ONLY required for an Abandon or Re-abandon

Are you abandoning the last well on the lease? **If yes, attach a Lease Restoration Plan.**

☐ Yes

☐ No



Gavin Newsom, Governor
David Shabazian, Director
801 K Street, MS 18-05
Sacramento, CA 95814
T: (916) 445-9686

[illegible]



Document Upload

Upload Date	Uploaded By	Type	Description	Filename	Size
4/12/2019	Louis Zylstra	Casing Program	HC-1 rework program Nodular Shale	HC-1 ST1 - Program - 3-2019 v6.pdf	0.055 MB
4/12/2019	Louis Zylstra	CEQA Docume	CEQA Document	CEQA DOGGR Document 4-1-2019.pdf	4.44 MB
4/12/2019	Louis Zylstra	Map	HC-1 BHL Map	Layout for Rework 4-1-2019.pdf	0.628 MB
4/12/2019	Louis Zylstra	GIS Data	HC-1 Layout	Survey Program HC-1 4-1-2019.pdf	2.19 MB
9/16/2019	Tamara Lopez	Other	Revised program_drilling only	HC-1 ST1 - Program - 9-2019 v7.pdf	1.32 MB
12/9/2019	Tamara Lopez	Directional	Revised proposed directional survey	Proposal 11292019-01 7500KOP PDF	0.140 MB
12/9/2019	Tamara Lopez	Other	Revised CEQA Description	Abbreviated Project Description _	0.098 MB



Gavin Newsom, Governor
David Shabazian, Director
801 K Street, MS 18-05
Sacramento, CA 95814
T: (916) 445-9686

Online Form Association

[illegible]



Submission Information

Comments

Comment Date	Comment Submitter	Comment Organization	Comment Text

Acknowledgement

Submitter	4/12/2019 2:01:50 PM	Louis Zylstra	Hillcrest Beverly Oil Corp.
	Submit Date	Submitter Name	Submitter Organization

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.



Review & COAs

Review	
Well Not Under DOGGR Jurisdiction:	
Operator Given Verbal Approval to Proceed With the Proposed Action Before a Permit Was Completed:	False
Reason for Verbal Approval:	False

Conditions of Approval to appear on the permit		
P-Code	Description	Category
1	1. Blowout Prevention	COA - Requirements
2	BOPE requirements for critical	COA - Requirements
3	c. Any and all control lines	COA - Requirements
4	d. Separate controls must be	COA - Requirements
5	e. A minimum of one control	COA - Requirements
1	f. An emergency backup	COA - Requirements
2	g. An access line of 2-inch	COA - Requirements
3	2. Blowout prevention practice	COA - Requirements
4	3. Well fluid of a quality and in	COA - Requirements
5	4. Sufficient material to control	COA - Requirements
2	5. The overlap between the 7"	COA - Requirements
	6. The producing interval of this	COA - Requirements
5	7. Witness a test to demonstrate	COA - Requirements

Confidentiality Review

Well API:	
Onshore/Offshore	
Current Confidentiality Status:	
Current Confidentiality Expiration Date:	
Confidentiality Request Type:	
Additional Notes:	

Confidentiality History		
Confidentiality Type	Status	Date

Confidentiality Status Determination	
Confidentiality Determination Date	
Confidentiality Exp Date:	



NOI Correspondence

Correspondence Type	Approved Permit
Date	12/11/2019
Agent Name	Louis Zylstra
Address Line 1	1600 Norris Road
Address Line 2	
City	Bakersfield
State	CA
Zip Code	93308
Organization Name	
Subject	Permit to Sidetrack well "Hillcrest" 1, API 040371757600
Signatory Name	Scott Walker
Signatory Title	Senior Oil and Gas Engineer
CC Organizations	
CC People	
Correspondence Text	



Review

Review

Task Name	Workgroup	Task Owner	Task Create Date	Task Update Date	Review Status
Final Determination	Southern Senior Engineer	Scott Walker	12/10/2019 11:53:53 AM	12/13/2019 2:16:09 PM	Approve
Completeness Check	Southern Completeness	Tamara Lopez	4/12/2019 2:02:30 PM	12/10/2019 9:32:43 AM	Pass
Notice of Intention Review	Southern Notice Review	Tamara Lopez	12/10/2019 9:33:02 AM	12/10/2019 11:53:31 AM	Pass



Review

Comments

Comment Date	Comment Submitter	Comment Organization	Comment Text