

COUNTY OF SANTA BARBARA

LEGISLATIVE ANALYSIS FORM

BILL NUMBER: California Senate Bill 1054	AUTHOR: Pavley
INTRO/AMEND DATE: 2-9-12/3-29-12/4-17-12/5-1-12/5-8-12	AUTHOR'S POLITICAL PARTY: Democrat
BILL STATUS: 5-14-12 hearing at Senate Appropriations	

1) BILL SUBJECT:

Requires oil/gas producer to send notice -- 20 calendar days in advance of drilling a well reasonably anticipated to pierce an underground water source and 30 calendar days in advance of commencing hydraulic fracturing -- to nearby surface property owners, Regional Water Quality Control Board, and Division of Oil, Gas, and Geothermal Resources (DOGGR), any water supplier who uses the water source, and every municipal government in which the notified surface property owners are located.

2) FROM DEPARTMENT:

Planning and Development

3) IS THIS ITEM SPECIFICALLY REFERENCED IN THE LEGISLATIVE PLATFORM?

No

4) WHICH POLICY-RELATED MATTER IS OF CONCERN WITH THIS BILL?

Tracking oil/gas operations in vicinity of groundwater sources.

5) HOW WOULD THIS BILL IMPACT THE COUNTY? (Current practices, responsibility, authority, pros/cons, affected programs and/or services, etc.)

Largely no impact; bill would provide information on extent of oil/gas well drilling and hydraulic fracturing throughout state. County's required noticing of nearby landowners during the land-use permitting process remains the same; however, SB 1054 noticing would provide those noticed with precise timing of when well drilling or hydraulic fracturing would occur.

6) IMPACT ON COUNTY PROGRAM:
 Major

 Minor

 None

SANTA BARBARA COUNTY IMPACT:
 Major

 Minor

 None

STATEWIDE IMPACT:
 Major

 Minor

 None
Explanation of Impacts:

Bill would inform public about the extent of oil/gas well drilling and hydraulic fracturing statewide.

7) WOULD THIS BILL IMPACT:

a. Efficient service delivery and operations?

 YES

 NO

b. Fiscal stability?

 YES

 NO

c. Inter-agency cooperation?

 YES

 NO

d. Local control?

 YES

 NO

e. Protection of safety net services?

 YES

 NO

f. Community sustainability/economic stability?

 YES

 NO
Additional Comments:

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8) FISCAL IMPACT ON THE COUNTY:

- | | | |
|---|---|---|
| <input type="checkbox"/> Revenue Increase | <input type="checkbox"/> Revenue Decrease | <input type="checkbox"/> Unfunded Mandate |
| <input type="checkbox"/> Cost Increase | <input type="checkbox"/> Cost Decrease | <input type="checkbox"/> Undetermined |
| <input checked="" type="checkbox"/> None | | |

Additional Comments:

9) OTHER AGENCIES THAT SHOULD REVIEW THIS BILL:

Please list other agencies below:

10) CSAC POSITION ON BILL:

- | | | |
|--|---------------------------------|---|
| <input type="checkbox"/> Support | <input type="checkbox"/> Oppose | <input type="checkbox"/> Support if Amended |
| <input type="checkbox"/> Oppose unless Amended | <input type="checkbox"/> Watch | <input checked="" type="checkbox"/> No position taken |

11) OTHER LOCAL OR STATEWIDE ORGANIZATIONS THAT HAVE TAKEN A POSITION ON THIS BILL:

(Indicate support or opposition for each)

SUPPORT: California Coastal Protection Network, California League of Conservatin Voters, Clean Water Action, Earthworks, Environment California, Environmental Working Group, League of Women Voters of California, Natural Resources Defense Fund, Planning and Conservation League, Sierra Club California, Union of Concerned Scientists. OPPOSE: California Manufactureres and Technology Association, Western States Petroleum Association, California Chamber of Commerce.

12) PROPOSED AMENDMENTS: (Attach separate sheet)**13) RECOMMENDATION:**

- | | | |
|--|--|---|
| <input type="checkbox"/> Active Support* | <input type="checkbox"/> Passive Support | <input type="checkbox"/> Support if Amended* |
| <input type="checkbox"/> Active Opposition* | <input type="checkbox"/> Passive Opposition | <input type="checkbox"/> Oppose unless Amended* |
| <input checked="" type="checkbox"/> Watch | <input type="checkbox"/> Concerns (Why? Explain in #6) | <input type="checkbox"/> No Position (Why?) |
| <input type="checkbox"/> No Change since Last Position | | |

* Indicates that the department believes that the Board of Supervisors should take a formal position on this bill

Additional Comments:

Last session, AB 591, a bill aimed at public disclosure of hydraulic fracturing fluids, was amended several times, including substantial revisions that changed the bill's original intent. SB 1054 may have a similar experience.

14) LEGISLATIVE ANALYSIS FORM PREPARED BY: Doug Anthony

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15) APPROVED BY: Terri Nisich, Assistant CEO

AMENDED IN SENATE MAY 29, 2012
AMENDED IN SENATE MAY 8, 2012
AMENDED IN SENATE MAY 1, 2012
AMENDED IN SENATE APRIL 17, 2012
AMENDED IN SENATE MARCH 29, 2012

SENATE BILL

No. 1054

Introduced by Senator Pavley

February 9, 2012

An act to amend Sections 3203 and 3213 of, and to add Sections 3203.1 and 3203.2 to, the Public Resources Code, relating to oil and gas.

LEGISLATIVE COUNSEL'S DIGEST

SB 1054, as amended, Pavley. Oil and gas: well operation: notice.

(1) Existing law requires, before commencing the work of drilling an oil and gas well, the operator to file a written notice of intention to commence drilling with the State Oil and Gas Supervisor or district deputy. Existing law provides that the notice is deemed approved if the supervisor or the district deputy fails to give a written response to the notice within 10 working days from the date of receipt.

This bill would extend the response time by the supervisor or the district deputy from 10 working days to 15 working days.

The bill would also require the owner or operator to provide notice to, among others, certain surface property owners and occupants no less than 20 calendar days prior to the planned drilling operations of an oil and gas well. If the oil and gas well is reasonably anticipated to pierce an underground water source that is suitable for irrigation or

domestic purposes, the bill would require the owner and operator to provide the notice to the appropriate regional water quality control board and to the supervisor or district deputy, and would require the notice to be posted on the Internet Web site of the Division of Oil, Gas, and Geothermal Resources. The bill would require the notice to include information about the oil and gas well and the planned operations. The bill would require a well owner or operator to notify, among others, the supervisor or district deputy before commencing hydraulic fracturing operations. If the oil and gas well pierces an underground water source that is suitable for irrigation or domestic purposes, the bill would require the owner or operator to notify the appropriate regional water quality control board and would require the supervisor or district deputy to post the notice on the division's Internet Web site.

The bill would also require the supervisor, beginning January 1, 2014, and on the 10th calendar day of each year thereafter, to submit to the Legislature an annual written report regarding the implementation of this notice requirement.

(2) Existing law requires the owner or operator of any oil and gas well to keep a careful and accurate history of the drilling of the well.

This bill would require the history of the oil and gas well to include the time period that hydraulic fracturing treatments are performed.

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

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

1 SECTION 1. Section 3203 of the Public Resources Code is
2 amended to read:
3 3203. (a) The operator of any well, before commencing the
4 work of drilling the well, shall file with the supervisor or the district
5 deputy a written notice of intention to commence drilling. Drilling
6 shall not commence until approval is given by the supervisor or
7 the district deputy. If the supervisor or the district deputy fails to
8 give the operator written response to the notice within 15 working
9 days from the date of receipt, that failure shall be considered as
10 an approval of the notice and the notice, for the purposes and
11 intents of this chapter, shall be deemed a written report of the
12 supervisor. If operations have not commenced within one year of
13 receipt of the notice, the notice shall be deemed canceled. The
14 notice shall contain the pertinent data the supervisor requires on

1 printed forms supplied by the division or on other forms acceptable
2 to the supervisor. The supervisor may require other pertinent
3 information to supplement the notice.

4 (b) After the completion of any well, this section also applies
5 as far as may be, to the deepening or redrilling of the well, any
6 operation involving the plugging of the well, or any operations
7 permanently altering in any manner the casing of the well. The
8 number or designation of any well, and the number or designation
9 specified for any well in a notice filed as required by this section,
10 shall not be changed without first obtaining a written consent of
11 the supervisor.

12 (c) If an operator fails to comply with an order of the supervisor,
13 the supervisor may deny approval of proposed well operations
14 until the operator brings its existing well operations into
15 compliance with the order. If an operator fails to pay a civil penalty,
16 remedy a violation that it is required to remedy to the satisfaction
17 of the supervisor pursuant to an order issued under Section 3236.5,
18 or pay any charges assessed under Article 7 (commencing with
19 Section 3400), the supervisor may deny approval of the operator's
20 proposed well operations until the operator pays the civil penalty,
21 remedies the violation to the satisfaction of the supervisor, or pays
22 the charges assessed under Article 7 (commencing with Section
23 3400).

24 SEC. 2. Section 3203.1 is added to the Public Resources Code,
25 to read:

26 3203.1. (a) For the purposes of this section, "surface property
27 owner" means the owner of a real property as shown on the latest
28 equalized assessment roll or, if more recent information than the
29 information contained on the assessment roll is available, the owner
30 of record according to the county assessor or tax collector.

31 (b) (1) Not less than 20 calendar days prior to the planned start
32 of drilling operations of a well, the well owner or operator shall
33 notify all of the following:

34 (A) Every surface property owner, or authorized agent of that
35 owner, and every surface property occupant whose property line
36 or place of residence is within 300 feet of the real property upon
37 which the wellhead will be located, with the exception of an owner
38 or occupant whose property line or place of residence is located
39 more than 2,500 feet from the centerline of the planned vertical
40 wellhead at the surface.

- 1 ~~(B) (i) The appropriate regional water quality control board for~~
 2 ~~any underground waters suitable for irrigation or domestic~~
 3 ~~purposes, if the well is reasonably anticipated to pierce the~~
 4 ~~underground water source.~~
- 5 ~~(ii) If the notice is provided to a regional water quality control~~
 6 ~~board pursuant to this subparagraph, the notice shall also be~~
 7 ~~provided to the supervisor or the district deputy and shall be posted~~
 8 ~~on the division's Internet Web site within five days of the receipt~~
 9 ~~of the notice.~~
- 10 ~~(C) Every water supplier who uses any underground waters~~
 11 ~~suitable for irrigation or domestic purposes that the well is~~
 12 ~~reasonably anticipated to pierce.~~
- 13 ~~(B) The appropriate regional water quality control board based~~
 14 ~~on the wellhead location.~~
- 15 ~~(D)~~
- 16 (C) Every municipal government in which a recipient of the
 17 notice pursuant to subparagraph (A) is located.
- 18 (2) The notice shall be mailed or delivered. Notice to a municipal
 19 government pursuant to subparagraph ~~(D)~~ (C) of paragraph (1);
 20 and a regional water quality control board pursuant to subparagraph
 21 (B) of paragraph (1), ~~and the division,~~ may be provided
 22 electronically by prior written agreement. *Notice to the division*
 23 *shall be provided electronically.*
- 24 (3) The notice shall provide all of the following:
- 25 (A) The location of the well.
- 26 (B) The well identification number, if available.
- 27 (C) A description of the planned drilling operations
 28 understandable to a layperson.
- 29 (D) The time period when drilling operations are planned to
 30 occur.
- 31 (E) Instructions on how to obtain additional information on the
 32 status of drilling operations from the well owner or operator.
- 33 (F) The contact information for the district deputy.
- 34 (G) Information on how to obtain additional information on the
 35 well from the division, including well log data.
- 36 (4) The well owner or operator shall provide to the supervisor
 37 or district deputy a complete list of all recipients of the notice and
 38 a copy of the information provided in the notice required pursuant
 39 to this subdivision, in no less than 10 calendar days prior to
 40 commencing drilling operations. *The division shall post a copy of*

1 *the information provided in the notice on the division's Internet*
2 *Web site within five days of receiving this information.*

3 (5) The well owner or operator shall notify all recipients of the
4 notice required, pursuant to this subdivision, if the drilling
5 operations do not occur during the proposed time period.

6 (c) A well owner or operator who complies with this section is
7 deemed to be in compliance with the notice requirement pursuant
8 to Section 848 of the Civil Code.

9 (d) *For the purposes of enforcing this section, the division may*
10 *conduct a random sample of 5 percent or less of the lists provided*
11 *pursuant to paragraph (4) of subdivision (b).*

12 SEC. 3. Section 3203.2 is added to the Public Resources Code,
13 to read:

14 3203.2. (a) For the purposes of this section, the following
15 definitions apply:

16 (1) "Surface property owner" means the owner of a real property
17 as shown on the latest equalized assessment roll or, if more recent
18 information than the information contained on the assessment roll
19 is available, the owner of record according to the county assessor
20 or tax collector.

21 (2) "Hydraulic fracturing" or "fracking" means a well
22 stimulation treatment that typically includes the pressurized
23 injection of water and other materials into an underground geologic
24 formation in order to create or propagate fractures in the formation,
25 thereby or with the intent of causing or improving the production
26 of oil or gas from a well.

27 (b) (1) Thirty calendar days prior to the commencement of
28 hydraulic fracturing operations on a well, the well owner or
29 operator shall notify all of the following:

30 (A) Every surface property owner, or authorized agent of that
31 owner, and every surface property occupant whose property line
32 or place of residence is within 300 feet of the real property upon
33 which the wellhead will be located, with the exception of an owner
34 or occupant whose property line or place of residence is located
35 more than 2,500 feet from the centerline of the planned vertical
36 wellhead at the surface.

37 (B) Every surface property owner, or authorized agent of that
38 owner, and every surface property occupant whose property line
39 or place of residence is within 300 feet, in any direction, from the

1 horizontal projection of the subsurface portion of the designated
2 well to the surface.

3 (C) The appropriate regional water quality control board ~~for~~
4 ~~any underground waters suitable for irrigation or domestic~~
5 ~~purposes, if the well pierces the underground water source. The~~
6 ~~owner or operator shall, at the same time, notify the supervisor or~~
7 ~~district deputy that a notice has been provided pursuant to this~~
8 ~~subparagraph, and the supervisor or district deputy shall post the~~
9 ~~notice on the division's Internet Web site within five days of the~~
10 ~~notification based on the wellhead location.~~

11 ~~(D) Every water supplier who uses any underground waters~~
12 ~~suitable for irrigation or domestic purposes that the well pierces.~~

13 ~~(E)~~

14 (D) Every municipal government in which recipients of the
15 notice pursuant to subparagraphs (A) and (B) are located.

16 (2) The notice shall be mailed or delivered. Notice to the
17 regional water quality control board ~~and the division~~ pursuant to
18 subparagraph (C) of paragraph (1); and to a municipal government
19 pursuant to subparagraph ~~(E)~~ (D) of paragraph (1); may be provided
20 electronically by prior written agreement. *Notice to the division*
21 *shall be provided electronically.*

22 (3) The notice shall provide all of the following:

23 (A) The location of the well.

24 (B) The well identification number.

25 (C) A description of the planned fracking well stimulation
26 technique understandable to a layperson.

27 (D) The time period when fracking well stimulation is planned
28 to occur.

29 (E) Instructions on how to obtain additional information on the
30 status of drilling operations from the well owner or operator.

31 (F) The contact information for the district deputy.

32 (G) Information on how to obtain additional information on the
33 well, including well log data.

34 (4) The well owner or operator shall provide to the supervisor
35 or district deputy a complete list of all recipients of the notice and
36 a copy of the information provided in the notice required pursuant
37 to this subdivision, in no less than 20 calendar days prior to starting
38 a hydraulic fracturing stimulation treatment. *The division shall*
39 *post a copy of the information provided in the notice on the*

1 *division's Internet Web site within five days of receiving this*
2 *information.*

3 (5) The well owner or operator shall notify all recipients of the
4 notice required pursuant to this subdivision if the hydraulic
5 fracturing well stimulation treatment does not occur during the
6 proposed time period.

7 (6) The well owner or operator shall add the actual time period
8 of the hydraulic fracturing well stimulation treatment to the records
9 contained in the well drilling history pursuant to Section 3213 and
10 report it accordingly.

11 (c) A well owner or operator who complies with this section is
12 deemed to be in compliance with the notice requirement pursuant
13 to Section 848 of the Civil Code.

14 (d) *For the purposes of enforcing this section, the division may*
15 *conduct a random sample of 5 percent or less of the lists provided*
16 *pursuant to paragraph (4) of subdivision (b).*

17 ~~(d)~~

18 (e) Beginning January 1, 2014, and no later than the 10th
19 calendar day of each year thereafter, the supervisor shall submit
20 to the Legislature a written report describing ~~compliance with this~~
21 ~~section, in order to evaluate compliance and the regulatory burden~~
22 ~~imposed the materials received from the well owners and operators~~
23 ~~pursuant to this section. Data shall be aggregated geographically~~
24 ~~by the municipal government and district.~~ The report shall include
25 ~~the total number of notices issued,~~ the number of wells with
26 notices; and any additional information necessary to interpret the
27 results. The report shall be submitted in compliance with Section
28 9795 of the Government Code.

29 SEC. 4. Section 3213 of the Public Resources Code is amended
30 to read:

31 3213. The history shall show the location and amount of
32 sidetracked casings, tools, or other material, the depth and quantity
33 of cement in cement plugs, the shots of dynamite or other
34 explosives, and the results of production and other tests during
35 drilling operations. The history shall include the time period that
36 hydraulic fracturing treatments are performed.