
UNFINISHED BUSINESS

Bill No: SB 1137
Author: Gonzalez (D) and Limón (D), et al.
Amended: 8/27/22
Vote: 21

PRIOR SENATE VOTES NOT RELEVANT

ASSEMBLY FLOOR: 46-24, 8/30/22 - See last page for vote

SUBJECT: Oil and gas: operations: location restrictions: notice of intention:
health protection zone: sensitive receptors

SOURCE: Author

DIGEST: This bill establishes health protection zones that are 3,200 feet in all directions from a sensitive receptor; prohibits the Geologic Energy Management Division from approving the drilling of new oil or gas wells or the reworking of existing oil or gas wells within a health protection zone with certain exceptions, such as to plug-and-abandon a well; and establishes additional monitoring and other requirements for existing oil and gas operations in a health protection zone, among other things.

Assembly Amendments gut-and-amend the bill to its current form.

ANALYSIS:

Existing law:

- 1) Establishes the Geologic Energy Management Division (CalGEM) in the Department of Conservation. CalGEM regulates oil and gas production in the state, and CalGEM's leader is the State Oil and Gas Supervisor (supervisor).
- 2) Provides that the purposes of the state's oil and gas conservation laws include protecting 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. (Public Resources Code (PRC) §3011)

- 3) Directs the supervisor to so supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas production, as specified, so as to prevent, as far as possible, damage to life, health, property, and natural resources, as provided. (PRC §3106)
- 4) Requires the operator of a well to file a written notice of intention (NOI) to commence drilling, and prohibits any drilling until approval is given by, the supervisor or district deputy. (PRC §3203)
 - a) Once issued, a NOI is valid for drilling or re-drilling work, as applicable, for two years and cannot be renewed. A NOI effectively authorizes the operation of the well once the well is completed.

This bill establishes health protection zones that are 3,200 feet in all directions from a sensitive receptor; prohibits CalGEM from approving the drilling of new oil or gas wells or the reworking of existing oil or gas wells within a health protection zone with certain exceptions, such as to plug-and-abandon a well; and establishes additional monitoring and other requirements for existing oil and gas operations in a health protection zone, among other things. Specifically, this bill:

- 1) Defines a health protection zone to be the area within 3,200 feet of a sensitive receptor, as provided. Sensitive receptors include a residence, an education resource, such as a school, a community resource center, a health care facility, a long-term care hospital, a prison, and any building housing a business open to the public, among others.
- 2) Prohibits CalGEM starting January 1, 2023, from approving a notice of intention to drill a new well or rework an existing well in a health protection zone, subject to the following exceptions:
 - a) To prevent or respond to a threat to public health, safety, or the environment.
 - b) To comply with a court order finding that denying approval would amount to a taking of property, or a court order otherwise requiring approval of a notice of intention.
 - c) To plug and abandon or reabandon a well, including an intercept well needed to plug and abandon or reabandon a well.
- 3) Exempts underground gas storage wells and attendant facilities from all bill provisions.

- 4) Requires an operator who submits a notice of intention to submit a sensitive receptor inventory and map, and a statement certifying that the operator has confirmed, and CalGEM has verified, that there are no sensitive receptors within 3,200 feet of the wellhead or proposed wellhead, as provided.
- 5) Authorizes CalGEM to approve NOIs for the plug and abandonment or re-plug and abandonment of certain wells submitted by public and private entities who own, purchase or lease land for non-fossil fuel development or production or injection or related purposes, as provided. Prohibits these public or private entities, their tenants, lessors or occupants from engaging in oil or gas development or production or injection or related purposes, as provided.
- 6) Requires all oil or gas production facilities or wells within a health protection zone to be in compliance with additional requirements starting January 1, 2025, that include limiting nighttime noise and light pollution, dust control and vapor venting requirements, representative chemical analyses of certain produced waters, and publicly posted contact information, as specified.
- 7) Requires all operators with a production facility or wellhead in a health protection zone to develop a leak detection and response plan (plan).
 - a) Requires the plan to be submitted to CalGEM by January 1, 2025, and fully implemented by January 1, 2027. Requires plans submitted by January 1, 2025, to either be approved or a notice of deficiencies provided by CalGEM by January 1, 2026. Requires a plan to be subject to CalGEM approval, as specified.
 - b) Requires, after January 1, 2027, the operator to suspend all production and injection operations within a health protection zone unless an approved plan is fully implemented.
 - c) Requires the plan to identify chemical constituents, such as methane and hydrogen sulfide, and potential toxics of highest concern that will be detection targets for the emissions detection system to ensure early detection of leaks. Authorizes methane to serve as a surrogate for certain chemical constituents, as provided. Requires the use of a continuously operating emissions detection system with an alarm system, as specified.
 - d) Requires an alarm system protocol in the plan so that if a leak is not stopped within 48 hours, the surrounding community is notified in appropriate languages.

- e) Authorizes the California Air Resources Board (CARB), CalGEM, and the State Water Resources Control Board (SWRCB) to adopt regulations to implement and set standards for the emissions detection system.
 - f) Requires CalGEM and CARB to collaborate to develop methods for providing public access to data generated from operators' emissions detection systems.
 - g) Requires CalGEM to hold at least three public workshops to provide information and guidance to operators and the public on the plans, as provided. Requires CalGEM to hold at least one public technical workshop at least biennially to provide information and guidance to operators on best practices related to the plans.
 - h) Requires an operator's plan to be reviewed and updated at least once every five years. Requires operators to maintain records of emissions for 10 years, as provided.
 - i) Requires, starting July 1, 2023, the supervisor to notify applicable legislative committees on progress towards achieving the deadlines in subdivision (a).
- 8) Requires, prior to commencing work that requires a NOI, the operator to provide baseline and follow-up groundwater testing to property owners and tenants within the health protection zone, as provided. Requires water quality data to be reported to the SWRCB, as specified.
- 9) Requires an operator to submit annually to CalGEM a sensitive receptor map and inventory starting July 1, 2023, as provided. Requires CalGEM to review at least 30 percent of the submissions annually.
- 10) Requires an operator in the health protection zone starting January 1, 2027, to annually submit certain information about operations in the health protection zone to CalGEM, as specified. Requires CalGEM to submit an annual report to the Legislature starting by July 1, 2027, concerning the implementation of health safety zones and related matters.
- 11) Authorizes CalGEM, CARB, and the SWRCB to use emergency rulemaking to implement this bill. Provides that the emergency regulations remain in effect for two years, as specified. Requires CARB, SWRCB, certain local air districts and local water quality control boards to enter into memoranda of understanding (MOUs) with CalGEM to clearly delineate respective responsibilities pursuant to this bill. Requires the MOUs to be executed by June 1, 2023.

- 12) Provides a savings provision for the authority or jurisdiction of state regulators, as specified. Provides that a city, county, or city and county may impose more stringent regulations, limit, or prohibitions on oil and gas development. Provides that the supervisor's authority to deny, revoke, or suspend permits is not diminished or altered by this bill, as provided.
- 13) Provides that provisions of this bill are severable, and makes relevant legislative findings and declarations.

Background

In November 2019, the Newsom Administration issued a press release ordering three actions specific to oil and gas development and production. One of the actions announced the start of what was intended to become a regulatory process to update public health and safety protections for communities near oil and gas production operations. As part of that effort, CalGEM convened a panel of public health and other experts on the California Oil and Gas Public Health Rulemaking Scientific Advisory Panel (Panel). In an October 1, 2021 letter to the Newsom Administration, the Panel stated:

Our Panel concludes with a high level of certainty that the epidemiological evidence indicates that close residential proximity to oil and gas development is associated with adverse perinatal and respiratory outcomes, for which the body of human health studies is most extensive in California and other locations.

The Panel also concluded “with a high level of certainty that concentration of health-damaging air pollutants, including criteria air pollutants and toxic air contaminants, are more concentrated near oil and gas development activities compared to further away,” and that “studies consistently demonstrate evidence of harm at distances less than 1 km, and some studies also show evidence of harm linked to oil and gas development activity at distances greater than 1 km.”

One kilometer is approximately 3,200 feet. Existing CalGEM regulations protect against acute risks to public health and safety (i.e. well blowouts during drilling), and do not appear designed to address chronic, low-level exposures to potential emissions of oil and gas wells and related facilities.

Through zoning and local ordinances, many local jurisdictions throughout the state have established setback distances for new oil and gas wells and various permitting requirements depending upon land use. There are some locations where oil and gas wells are in close proximity to housing (within 100 feet), and some locations where oil and gas development pre-dates local zoning requirements.

Comments

CalGEM retains authority to continue its public health rulemaking. Discussion draft regulations were released in December 2021, and public comment taken. Certain elements proposed in the discussion draft regulations are incorporated into this bill. CalGEM retains the authority to continue its public health rulemaking, and is further authorized to seek emergency regulations to implement this bill.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

Unknown with latest amendments.

SUPPORT: (Verified 8/29/22)

1000 Grandmothers for Future Generations
350 Bay Area Action
350 Conejo/San Fernando Valley
350 Humboldt
350 Sacramento
350 Silicon Valley
350 Southland Legislative Alliance
350 Ventura County Climate Hub
Active San Gabriel Valley
Alliance of Nurses for Healthy Environments
Azul
Better World Group
Black Women for Wellness
California Climate Voters
California Communities Against Toxics
California Environmental Voters
California Faculty Association
California Federation of Teachers
California Green New Deal Coalition
California Safe Schools
California School Employees Association
California Teachers Association
Californians Against Waste
CALPIRG
Carbon Cycle Institute
CEJA Action
Center for Biological Diversity
Center on Race, Poverty, and the Environment
Central California Environmental Justice Network

Central Valley Air Quality Coalition
Citizen's Climate Lobby – LA West Chapter
Clean Water Action
Climate First: Replacing Oil & Gas
Climate Health Now
Climate Reality Bay Area Chapter
Coalition for Clean Air
Communities for a Better Environment
Community Water Center
Conejo Climate Coalition
Congregation Beth Am Dayenu Circle
Congregation Netivot Shalom Climate Tzedek
Courage California
Crop Swap LA
Dayenu Circle of Congregation Shir Ami in Castro Valley
Dayenu Circle of Jewish Silicon Valley
Dayenu: A Jewish Call to Climate Action
Earthjustice
Ecology Center
Elder Climate Action – NorCal Chapter
Elder Climate Action – SoCal Chapter
Environment California
Environmental Defense Fund
Environmental Working Group
Fierce Courage
Food & Water Watch
Fossil Free California
FracTracker Alliance
Friends Committee on Legislation of California
Glendale Environmental Coalition
Greenpeace USA
Hall Enterprises
Heal the Bay
Indivisible Sacramento
Indivisible Ventura
Leadership Counsel for Justice and Accountability
Let's Green CA!
Liberty Hill Foundation
Local Clean Energy Alliance
Long Beach Alliance for Clean Energy
Los Angeles County Dayenu Circle

Miracle Mile Democratic Club
Mothers Out Front Silicon Valley
Napa Climate Now!
Natural Resources Defense Council
NextGen California
Northern California Recycling Association
Oil and Gas Action Network
Orange County Environmental Justice
Pacific Environment
Pacoima Beautiful
Peninsula Interfaith Climate Action
Peninsula Temple Beth El
Peninsula Temple Beth El Rodfei Tzedek Leadership Team
Physicians for Social Responsibility – Los Angeles Chapter
Physicians for Social Responsibility – Sacramento Chapter
Physicians for Social Responsibility – San Francisco Chapter
Planning and Conservation League
Plastic Oceans International
Plastic Pollution Coalition
Protect Playa Now
RAC-CA/California Religious Action Center of Reform Judaism
Richmond Our Power Coalition
Rincon-Vitova Insectaries
Sacramento Area Congregations Together
Sacred Ground
San Diego 350
San Fernando Valley Young Democrats
Save Our Shores
Save the Albatross Coalition
SBCAN
SEIU California
Seventh Generation Advisors
Sierra Club California
SoCal 350 Climate Action
Stand.earth
Strategic Concepts in Organizing and Policy Education
Sunflower Alliance
Sunrise Bay Area
Sunrise Los Angeles Youth
Surfrider Foundation
Temple Beth El, Aptos, CA

The 5 Gyres Institute
The Center for Oceanic Awareness, Research, and Education
The Climate Center
The Climate Reality Project – Los Angeles Chapter
The Climate Reality Project – San Fernando Valley
The Greenlining Institute
The Kitchen SF Rainmakers
The Nature Conservancy
The Orchard
Transformative Wealth Management, LLC
Upstream
Voices for Progress
Voices in Solidarity Against Oil in Neighborhoods
Wishtoyo Chumash Foundation
Zero Waste USA

OPPOSITION: (Verified 8/29/22)

African American Farmers of California
Agilitech
American Pistachio Growers
Asian Industry Business to Business
Banning Chamber of Commerce
Beaumont Chamber of Commerce
Big Bear Chamber of Commerce
Big Red Crane Co.
BrandSafway
C&J Energy Services
California Alliance of Business Associations
California Chamber of Commerce
California Fuels & Convenience Alliance
California Hispanic Chambers of Commerce
California Independent Petroleum Association
Calimesa Chamber of Commerce
Carson Chamber of Commerce
Central California Association of Builders and Contractors
Central Valley Energy Coalition
Chino Valley Chamber of Commerce
City of Taft
Coalinga Chamber of Commerce
Coalition of California Chambers – Orange County
Coastal Energy Alliance

Corona Chamber of Commerce
County of Kern
Fontana Chamber of Commerce
Fresno Chamber of Commerce
Fresno County Farm Bureau
Fresno Deputy Sheriff's Association
Garden Grove Chamber of Commerce
Greater Bakersfield Chamber of Commerce
Greater Coachella Valley Chamber of Commerce
Greater High Desert Chamber of Commerce
Greater Los Angeles African American Chamber of Commerce
Greater Ontario Chamber of Commerce
Harbor Association of Industry and Commerce
Hemet San Jacinto Chamber of Commerce
Highland Area Chamber of Commerce
Hmong Business Incubator
Inland Empire Economic Partnership
Kern Citizens for Energy
Kern County Economic Development Corporation
Kern County Farm Bureau
Kern County Firefighters
Kern County Hispanic Chamber of Commerce
Kern County Oil Contractors Association
Kern County Taxpayers Association
Krazan & Associates
Latin Business Association
Long Beach Area Chamber of Commerce
Los Angeles Area Chamber of Commerce
Los Angeles Latino Chamber of Commerce
Madera County Farm Bureau
Menifee Valley Chamber of Commerce
Milk Producers Council
MJ Tank Lines
Moreno Valley Chamber of Commerce
Murrieta Wildomar Chamber of Commerce
National Association of Royalty Owners, California Chapter
National Federation of Independent Business
Nisei Farmers League
North of the River Chamber of Commerce
Numeric Solutions, LLC
Orange County Business Council

Orange County Hispanic Chamber of Commerce
OST Truck and Crane
Perris Valley Chamber of Commerce
Pomona Chamber of Commerce
R & R Pumping Unit Repair & Service
Rancho Cucamonga Chamber of Commerce
Redondo Beach Chamber of Commerce
Robin Brassfield-Cooper
San Gabriel Valley Economic Partnership
San Joaquin County Farm Bureau
San Juan Chamber of Commerce
San Pedro Chamber of Commerce
Si Se Puede!
South Bay Association of Chambers of Commerce
Southwest California Legislative Council
Sustainable Ag and Energy (SAGE) Monterey
Taft Chamber of Commerce
The Business Federation (BizFed-Central Valley)
The Business Federation (BizFed-Los Angeles)
The Honorable Adam Adkisson, Councilmember, City of Coalinga
The Honorable Brian Pacheco, Supervisor, County of Fresno
The Honorable Buddy Mendes, Supervisor, County of Fresno
The Honorable Dennis Townsend, Supervisor, County of Tulare
The Honorable Doug Verboon, Supervisor, County of Kings
The Honorable Drew Bessinger, Councilmember, City of Clovis
The Honorable Garry Bredefeld, Councilmember, City of Fresno
The Honorable Jesus Mendoza, Mayor Pro Tem, City of Mendota
The Honorable Joe Neves, Supervisor, County of Kings
The Honorable Larry Micari, Supervisor, County of Tulare
The Honorable Luis Chavez, Councilmember, City of Fresno
The Honorable Mike Karbassi, Councilmember, City of Fresno
The Honorable Nathan Magsig, Supervisor, County of Fresno
The Honorable Oscar Rosales, Councilmember, City of Mendota
The Honorable Pete Vander Poel, Supervisor, County of Tulare
The Honorable Ray Singleton, Councilmember, City of Coalinga
The Honorable Richard Valle, Supervisor, County of Kings
The Honorable Robert Poythress, Supervisor, County of Madera
The Honorable Rolando Castro, Mayor, City of Mendota
The Honorable Ron Ramsey, Mayor, City of Coalinga
The Honorable Rudy Mendoza, Mayor, City of Woodlake
The Honorable Sal Quintero, Supervisor, County of Fresno

The Honorable Steve Brandau, Supervisor, County of Fresno
The Honorable Vong Mouanoutoua, Councilmember, City of Clovis
Torrance Area Chamber of Commerce
Tulare County Farm Bureau
U.S. Metals
Upland Chamber of Commerce
Valley Industry & Commerce Association
Ventura County Agricultural Association
Ventura County Coalition of Labor Agriculture and Business
Ventura County Taxpayers Association
West Ventura County Business Alliance
Western States Petroleum Association
Wilmington Chamber of Commerce

ARGUMENTS IN SUPPORT: According to the author, “Of the approximately five and a half million Californians who live within a mile of one or more oil and gas wells, one-third live in areas that are the most burdened by environmental pollution, and 92% of Californians living in these overburdened neighborhoods are people of color. Moreover, this proximity brings disastrous health implications including, increased risk of asthma and other respiratory illnesses, pre-term births and high-risk pregnancies, and cancer. Given these disproportionate, cumulative impacts on communities of color and low-income communities, state action is long overdue –the time is now to limit exposure from toxic contaminants and protect our frontline communities, vulnerable populations, and families.

“SB 1137 will mandate a 3,200-foot health and safety buffer zone between new and reworked oil and gas wells and sensitive land uses, which include schools, childcare centers, community resource centers, residential homes and live-in housing, and hospitals. In addition, SB 1137 will require oil and gas facility operators in these protection zones to implement strict air and water pollution controls and to develop response plans to protect the health of over 2 million Californians currently living within 3,200 feet of an existing oil well.

“In 2015, the California Council on Science and Technology reviewed existing scientific studies and determined that, from a public health perspective, the most significant exposures to toxic air contaminants occur within one-half mile of a well, and recommended that the State of California develop science-backed setback requirements for wells to limit these exposures. While CalGEM’s own public health researchers have determined that there is no safe distance from oil and gas wells for humans—3, 200 feet will avoid some of the worst exposure and harm to public health. Recent studies consistently demonstrate evidence of harm from pollutants and extraction consequences at distances less than 1 kilometer. SB

1137 takes a science based approach to protecting public health and follows other state jurisdictions that have already required setbacks requirements.”

ARGUMENTS IN OPPOSITION: According to a joint sign-on letter in opposition, the Western States Petroleum Association (WSPA) and others write, “SB 1137 completely undermines the Governor’s own three-year regulatory process, currently underway at the Geologic Energy Management Division (CalGEM), to enact rules for health and safety around oil and gas extraction facilities. [...] The Governor and CalGEM have repeatedly said they want to rely on the best available science to determine any potential setback and ensured all stakeholders have had input into the process.

“An 11th hour bill, with no real input or debate, completely undermines the current regulatory and legislative process.”

WSPA further argues that the bill “results in a significant loss of revenue and costs the state BILLIONS. [...] According to an Assembly Appropriations Committee’s analysis of a prior setback bill (AB 345 Muratsuchi, 2019), SB 1137 could cost up to \$4 billion dollars [sic] in lost state and local revenue, as well as subject the state to significant legal liability under the takings clause of the U.S. Constitution. Regionally, the largest impact would be found in Los Angeles County, followed by Kern, Orange, and Ventura Counties.”

They continue, “SB 1137 would lead to a loss of high wage, blue-collar jobs in California and hundreds of millions of dollars in lost revenue to state and local governments.”

“This bill will simply result in increased imports from foreign sources who do not operate under the same environmental standards as producers in California. It will only lead to significantly higher transportation costs and an increase in greenhouse gasses and other emissions associated with bringing that oil into the state.”

ASSEMBLY FLOOR: 46-24, 8/30/22

AYES: Aguiar-Curry, Bauer-Kahan, Bennett, Berman, Bloom, Boerner Horvath, Mia Bonta, Bryan, Calderon, Carrillo, Cervantes, Mike Fong, Friedman, Gabriel, Cristina Garcia, Eduardo Garcia, Gipson, Haney, Holden, Jones-Sawyer, Kalra, Lee, Levine, McCarty, McKinnor, Medina, Mullin, Muratsuchi, Nazarian, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Santiago, Stone, Ting, Villapudua, Ward, Akilah Weber, Wicks, Wilson, Wood, Rendon

NOES: Bigelow, Chen, Choi, Cooley, Cooper, Cunningham, Megan Dahle,
Davies, Flora, Fong, Gallagher, Gray, Kiley, Lackey, Mathis, Nguyen,
O'Donnell, Patterson, Salas, Seyarto, Smith, Valladares, Voepel, Waldron
NO VOTE RECORDED: Alvarez, Arambula, Daly, Grayson, Irwin, Low,
Maienschein, Mayes, Petrie-Norris, Blanca Rubio

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