

State of California
Natural Resources Agency / Department of Conservation
DIVISION OF OIL, GAS AND GEOTHERMAL RESOURCES

California Environmental Quality Act

Notice of Exemption

To: Office of Planning & Research
State Clearinghouse
1400 Tenth Street, Room 113
Sacramento, CA 95814

From: Department of Conservation
Division of Oil, Gas & Geothermal Resources
801 K Street, MS 18-05
Sacramento, CA 95814

Contact: Cathi Slaminski (916) 445-9686

Project Title: Updated Underground Injection Control Regulations
(OAL Notice File Number: Z-2018-0717-06)

Project Location: Statewide

Project Description: The project is a rulemaking action taken by the Department of Conservation, Division of Oil, Gas, and Geothermal Resources (Division) to: (1) update the Division's Underground Injection Control (UIC) regulations with improved, more transparent standards that better align with modern industry practices; and (2) to better implement the commitments expressed in the Primacy Agreement the Division has with the US Environmental Protection Agency (US EPA). The rulemaking makes changes to Subchapters 1 and 1.1 of Chapter 4 of Division 2 of Title 14 of the California Code of Regulations as follows: add sections 1720.1, 1724.5, 1724.7.1, 1724.7.2, 1724.8, 1724.10.1, 1724.10.2, 1724.10.3, 1724.10.4, 1724.11, 1724.12, and 1724.13; amend sections 1724.6, 1724.7, 1724.10, and 1748; and deletes existing sections 1724.8, 1748.2, and 1748.3.

These changes are necessary for the Division to carry out its statutory mandate under Public Resources Code section 3106 to prevent, as far as possible, damage to life, health, property, and natural resources, while also permitting the operators of wells to utilize all known and suitable methods for increasing the ultimate recovery of underground hydrocarbons. In addition, these revisions to the existing regulations are necessary to fully implement the Division's Primacy Agreement with the US EPA under the federal Safe Drinking Water Act, which the Division first entered in 1982. Concurrent with the Division's state law mandates, the primacy delegation commits the Division to several regulatory objectives for underground injection wells. These objectives include two-part mechanical integrity testing for injection wells, evaluation of other wells within a specified "area of review" around injection wells prior to regulatory approval of injection projects, and protection of underground sources of drinking water (generally, groundwater aquifers with water containing less than 10,000 or less milligrams per liter total dissolved solids).

The proposed amendments include:

- Defining key terms.
- Requiring operators to submit additional data and information demonstrating injection fluid will be confined to the approved injection zone and not cause damage to life, health, property or natural resources.
- Requiring certification that appropriately licensed professionals are responsible for the data and analysis submitted to the Division.
- Specifying the constituents to be sampled in injection liquid analyses.
- Specifying the substantive standard all wells in the Area of Review (AOR) must meet in order for injection projects to be approved. Specifically, wells in the AOR must be evaluated to ensure they will not act as conduits for fluid migration outside the approved injection zone, and plugged and abandoned wells must meet specific standards or be remediated to ensure they will not act as conduits.

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- Clarifying and standardizing the data needed to evaluate wells within the AOR.
- Requiring operators of injection wells located near a water supply well to annually report on any chemicals added to the injection well and injection fluid.
- Requiring operators of cyclic steam wells to maintain records about steam cycles performed.
- Standardizing casing integrity pressure test procedures, and clarifying that such tests apply to cyclic steam wells.
- Standardizing integrity tests to demonstrate the absence of fluid behind well casings, and clarifying that such tests apply to cyclic steam wells.
- Imposing monitoring requirements for certain injection projects that have been known to cause surface expressions, clarifying that injection projects shall not cause surface expressions, and codifying regulatory response procedures when surface expressions are observed in the field.
- Automatically prohibiting injection if certain events occur such as failure to perform required mechanical integrity tests, and strengthening enforcement actions against operators who inject in violation of the regulations.

Public Review & Comment:

A 48-day public review and comment period on the proposed regulatory amendments (project) was held July 27, 2018 through September 13, 2018. This was followed by a 15-day public comment period on the revised text, that was held October 29 to November 14, 2018.

Exempt Status:

As the Lead Agency, the Division, has determined that the proposed project is exempt from further environmental review requirements under the California Environmental Quality Act (CEQA), pursuant to the specified exemptions marked in the section below. The Division further finds that there is no possibility that implementation of the activities required by the proposed project would result in a significant adverse impact to the environment, or that any of the exceptions to the exemptions apply. (Cal. Code Regs., tit.14, § 15300.2.)

Exemption Type	Statute (PRC)	Regulation (14 CCR)	
<input type="checkbox"/> Statutory Exemption:			
<input type="checkbox"/> Ministerial	21080 (b)(1)	15268	
<input type="checkbox"/> Declared Emergency	21080 (b)(3)	15269 (a)	
<input type="checkbox"/> Emergency Projects	21080 (b)(4)	15269 (b) or (c)	
<input checked="" type="checkbox"/> Categorical Exemption:	21084		
<input type="checkbox"/> Class 1: Existing Facilities		15301	1684.1
<input type="checkbox"/> Class 3: New Construction/Conversion of Small Structures		15303	
<input type="checkbox"/> Class 4: Minor Alterations to Land		15304	1684.2
<input checked="" type="checkbox"/> Class 7: Protection of Natural Resources		15307	
<input checked="" type="checkbox"/> Class 8: Protection of the Environment		15308	
<input type="checkbox"/> Class 11: Accessory Structures		15311	
<input type="checkbox"/> Class 21: Enforcement Actions to revoke a permit		15321	
<input type="checkbox"/> Class 30: Minor Actions to Prevent, Minimize, Stabilize, Mitigate, or Eliminate a Release (Actual or Threat) of Hazardous Substances (Waste or Material)		15330	
<input type="checkbox"/> Class 33: Small Habitat Restoration Projects		15333	
<input checked="" type="checkbox"/> General Exemption ("common sense")		15061 (b)(3)	

CEQA Exceptions to the Exemptions (Cal. Code Regs., tit. 14, § 15300.2): where the project is located (e.g. sensitive environment); Cumulative Impact; Significant Effect due to Unusual Circumstances; Scenic Highways; Hazardous Waste Sites; and Historical Resources.

**Reasons Why
Project is
Exempt:**

The basis for the Division's determination that the proposed project is exempt from the requirements of CEQA, is provided in the brief explanation below.

Class 7 – Protection of Natural Resources

Class 8 – Protection of the Environment

The Division has determined that the regulatory amendments are categorically exempt from CEQA under the "Class 7" and "Class 8" exemptions because it is an action taken by a regulatory agency to assure the [WT1]protection of the environment where the regulatory process involves procedures for protection of the environment. (Cal. Code Regs., tit. 14, §§ 15307 and 15308.)

Injection wells have been an integral part of California's oil and gas operations for nearly 60 years. There are approximately 55,000 oilfield injection wells operating in California. These include enhanced oil recovery wells used to increase oil recovery through sustained injection or reinjection of large volumes of fluids, and wells devoted to the disposal of the "produced water" that emerges from hydrocarbon deposit areas simultaneously and commingled with the produced hydrocarbons.

Past regulations require considerable case-by-case interpretation to identify appropriate project-specific requirements. Over time, this led to a general lack of transparency and inconsistent application of requirements, and, in some cases, aging regulatory constructs that have not kept up with changing oil production method sand advancements in the understanding of threats to health, safety, and the environment.

These regulations will implement the Division's statutory mandates and the Primacy Agreement with the US EPA to ensure its regulations are sufficient in protecting groundwater resources. These regulations will (1) modernize, clarify, and augment the regulatory standards applicable to underground injection operations associated with oil and gas development in California; (2) ensure that injected fluids are confined to approved injection zones and that wells are not allowed to become a potential conduit for contamination of groundwater or the dilution of hydrocarbon resources; (3) ensure that underground injection operations will not result in surface expressions; and (4) specify a list of circumstances that require operators to notify the Division and cease injection until the Division authorizes resumption.

The amendments are designed to protect natural resources and the environment, and overall would enhance protection of life, health, property, natural resources, and the environment, and there will be no physical change in the environment resulting from the activities needed to comply with the new requirements. For these reasons, the Division has determined there is no substantial evidence indicating the project could adversely affect any of the environmental resource areas, as listed in Appendix G of the CEQA Guidelines.

Exceptions to Categorical Exemptions

The Division further finds that there are no exceptions to the otherwise-applicable categorical exemptions. (Pub. Resources Code, § 21084; Cal. Code Regs., tit. 14, § 15300.2, subd. (c).) There is no substantial evidence that there are any "unusual circumstances" associated with the proposed project that create a reasonable possibility that the activity will have a significant effect on the environment, and that there is no significant "cumulative impacts" resulting from successive projects of the same type in the same place. Therefore, reliance on these exemptions is appropriate.

General or "Common Sense" Exemption

The Division has determined that the regulatory amendments are exempt from CEQA under the General Rule or "Common Sense" exemption, which states that a project is exempt from CEQA if "the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. (Cal. Code Regs., tit. 14, § 15061, subd. (b)(3).) Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA". As discussed above, the Division has determined there is no substantial evidence indicating the activities required to implement the project could adversely affect any of the environmental resource areas, as listed in Appendix G of the CEQA Guidelines.

In addition, many of the proposed changes are administrative and procedural in nature, which would not result in significant or potentially significant adverse impacts on the environment because compliance responses to the proposed amendments would not result in any physical change to the existing environment. These administrative and procedural changes consist of:

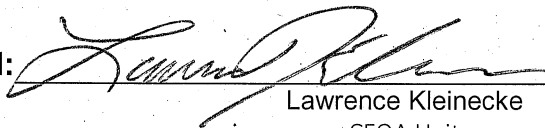
(1) Adding or modifying existing terms and adding new definitions to the existing regulations to clarify the meaning of ambiguous terms, promote transparency, and support consistent application of the regulations. These terms include the following:

Area of review	Injection Zone	Surface expression containment measure
Cyclic steam injection well	Mechanical integrity	Underground injection project
Disposal injection well	mg/l TDS	Underground source of drinking water - USDW
Fluid	Steamflood injection well	Waterflood injection well
Injection well	Surface Expression	Water supply well

(2) Requiring operators to submit casing diagrams and additional data and information demonstrating injection fluid will be confined to the approved injection zone and not cause damage to life, health, property or natural resources.

A copy of this Notice of Exemption and all other related materials are available for public examination at the Division of Oil, Gas & Geothermal Resources/CEQA Unit, located at 801 K Street, 14th floor, Sacramento, CA 95812; or an electronic copy of these documents may be accessed online at: <http://www.conservation.ca.gov/dog/CEQA>. (pursuant to Cal. Code Regs., tit. 14, § 15062, subd. (a).)

Certified:



Lawrence Kleinecke
CEQA Unit

Department of Oil, Gas, and Geothermal Resources

Date:

2/11/2019