

State of California  
 Natural Resources Agency / Department of Conservation  
 GEOLOGIC ENERGY MANAGEMENT DIVISION

**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  
 715 P Street, MS 1803  
 Sacramento, CA 95814  
**Contact:** CEQA@conservation.ca.gov

**Project Title:** Cost Estimate Regulations for Oil and Gas Operations

**Project Applicant:** Department of Conservation, Geologic Energy Management Division

**Project Location:** Statewide

**Project Description:** The Project is the Cost Estimate Regulations for Oil and Gas Operations rulemaking action taken by the Department of Conservation, Geologic Energy Management Division (CalGEM). The regulations add a schedule and criteria for operators to submit cost estimates related to plugging and abandoning their wells and attendant decommissioning attendant facilities.

CalGEM designed the regulations to ensure that the State and public understand the costs that may fall to the State when an operator is unable to meet its responsibilities to safely retire its assets. Accordingly, the rulemaking would:

1. Inform appropriate bonding requirements;
2. Educate stakeholders on potential future costs;
3. Allow for identification of changing cost trends over time; and
4. Create a basis for determining how much funding from State and federal allocations to dedicate to plugging and abandoning wells and decommissioning attendant facilities.

The Project adds sections 1753, 1753.1, 1753.1.1, 1753.1.2, 1753.2, 1753.2.1, 1753.2.2, 1753.3, 1753.3.1, and 1753.3.2 to the California Code of Regulations, title 14, division 2, chapter 4, subchapter 2, article 1.

**Exempt Status:** As the Lead Agency, CalGEM has determined that the proposed Project is exempt from full environmental review requirements of the California Environmental Quality Act (CEQA), pursuant to the specified exemptions marked in the section below. CalGEM further finds that the proposed Project would not result in a significant adverse impact to the environment and that none of the exceptions to the application of the exemptions apply (14 CCR § 15300.2).

Exemption Type		Statute (PRC)	Regulation (14 CCR)
<input type="checkbox"/>	<b>Statutory Exemption:</b>		
<input type="checkbox"/>	Ongoing Project ( <i>pre-CEQA approval on April 5, 1973</i> )	21169	15261 (b)
<input type="checkbox"/>	Ministerial	21080 (b)(1)	15268

Exemption Type		Statute (PRC)	Regulation (14 CCR)	
<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"/>	<b>Categorical Exemption:</b>	21084		
<input type="checkbox"/>	<b>Class 1:</b> Existing Facilities		15301	1684.1
<input type="checkbox"/>	<b>Class 2:</b> Replacement or Reconstruction		15302	
<input type="checkbox"/>	<b>Class 3:</b> New Construction/Conversion of Small Structures		15303	
<input type="checkbox"/>	<b>Class 4:</b> Minor Alterations to Land		15304	1684.2
<input checked="" type="checkbox"/>	<b>Class 6:</b> Information Collection		15306	
<input checked="" type="checkbox"/>	<b>Class 7:</b> Protection of Natural Resources		15307	
<input checked="" type="checkbox"/>	<b>Class 8:</b> Protection of the Environment		15308	
<input type="checkbox"/>	<b>Class 11:</b> Accessory Structures		15311	
<input type="checkbox"/>	<b>Class 21:</b> Enforcement Actions to revoke a permit		15321	
<input type="checkbox"/>	<b>Class 30:</b> Minor Actions to Prevent, Minimize, Stabilize, Mitigate, or Eliminate a Release (Actual or Threat) of Hazardous Substances (Waste or Material)		15330	
<input type="checkbox"/>	<b>Class 33:</b> Small Habitat Restoration Projects		15333	
<input checked="" type="checkbox"/>	<b>General Exemption</b> (“common sense”)		15061 (b)(3)	
<input type="checkbox"/>	<b>Not a “Project” subject to CEQA</b>		15378 (b)(2)	

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

**Reasons Why Project is Exempt:** The basis for CalGEM’s determination that the Project is exempt from the requirements of CEQA is provided in the brief explanation below.

**Class 6, Information Collection (14 CCR § 15306):** The Project is categorically exempt from CEQA under the Class 6 exemption per the CEQA Guidelines because the Project is administrative and procedural in nature. CalGEM would collect data from operators of the estimated costs to plug and abandon their wells and decommission attendant facilities. CalGEM would then study the data to revise bonding requirements for operators and create a basis for CalGEM to request additional State and federal funds to plug and abandon orphan wells and decommission attendant facilities. The Class 6 exemption therefore applies, as it involves basic data collection for study that would lead to action that CalGEM has not yet approved, adopted, or funded.

**Classes 7 and 8, Actions by Regulatory Agencies for Protection of Natural Resources and the Environment (14 CCR §§ 15307, 15308):** The Project is categorically exempt from CEQA under the Class 7 and Class 8 exemptions per the CEQA Guidelines because the Project consists of regulations to implement. Per Public Resources Code (PRC) section 3250 et. seq., hazardous and idle-deserted oil and gas wells are public nuisances, and it is essential, in order to protect life, health, natural resources, and the environment that such oil and gas wells be plugged and abandoned, re-abandoned, produced, or otherwise remedied to mitigate, minimize,

or eliminate their danger to life, health, natural resources, and the environment. CalGEM would undertake the rulemaking as authorized by State statute, including PRC section 3205.7. Moreover, the rulemaking would be undertaken to assure the maintenance, restoration, enhancement, and protection of natural resources and the environment via criteria and reporting that CalGEM, the Legislature, and stakeholders would study and rely upon for decision making and other actions consistent with the Class 7 and Class 8 exemptions.

For example, the cost estimates resulting from the rulemaking would inform appropriate bonding requirements for operators, making additional necessary funding available when the State needs to plug and abandon orphan wells and otherwise remediate the well sites to protect life, health, natural resources, and the environment. Further, tracking the changes in the criteria-driven cost estimates over time would facilitate the ability to adjust bond requirements and seek additional State and federal funding to ensure the monies that the State requires for orphan wells are available when needed to perform the protective work.

**General or “Common Sense” Exemption** (14 CCR § 15061(b)(3)): CalGEM has determined that the Project is exempt from full review under CEQA under the General Rule or “Common Sense” exemption (14 CCR § 15061(b)(3)), 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. 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.”

The Project is administrative and procedural in nature, which would not result in significant or potentially significant adverse impacts on the environment because compliance responses to the regulations would not result in any physical change to the existing environment. These administrative and procedural changes consist of establishing criteria for operators to submit cost estimates related to plugging and abandoning their wells and decommission attendant facilities.

**Exceptions to Exemptions:** CalGEM further finds that there are no exceptions to the application of the categorical exemptions (PRC § 21084; 14 CCR § 15300.2(c)) referenced above. 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 are no significant “cumulative impacts” resulting from successive projects of the same type in the same place. Therefore, reliance on the exemptions is appropriate.

Consistent with the purposes of PRC § 3250 et seq. and the documentation available for the preliminary review, the proposed Project will benefit the environment. In addition, the work under the contracts and any resulting impacts will be temporary in duration. Therefore, the Project can be considered exempt from the need for full CEQA review.

A copy of this NOE (as required by 14 CCR § 15062(a)) and all other related materials can be made available to the public by contacting the CalGEM CEQA Program, located at 715 P Street, MS 1803, Sacramento, CA 95814-3530; by calling (916) 445-9686; or an electronic copy of these documents may be requested by contacting [CEQA@conservation.ca.gov](mailto:CEQA@conservation.ca.gov). A copy of this NOE may also be accessed online at the State Clearinghouse: <https://ceqanet.opr.ca.gov>

**Certified:**

**Date:**

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Department of Conservation,  
Geologic Energy Management Division  
CEQA Program