

NEWS RELEASE

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California Establishes Moratorium on High-Pressure Extraction Practice, Launches New Effort to Strengthen Health and Safety Protections Near Oil and Gas Facilities, and Initiates Third-Party Review of Hydraulic Fracturing and Related Permitting

Actions reflect expanded mission and vision of California's oil and gas regulator

SACRAMENTO – The Department of Conservation's Division of Oil, Gas and Geothermal Resources – which will be renamed the Geologic Energy Management Division, or CalGEM, effective Jan. 1, 2020 – today announced a series of initiatives to safeguard public health and the environment, advance California's goal to become carbon-neutral by 2045 and manage the decline of oil production and consumption in the state.

The new actions are being taken under CalGEM's recently strengthened mission to protect public health and safety while safeguarding the environment, as outlined in legislation (AB 1057 – Limón) signed by Governor Gavin Newsom in October.

"These are necessary steps to strengthen oversight of oil and gas extraction as we phase out our dependence on fossil fuels and focus on clean energy sources," said Governor Newsom. "This transition cannot happen overnight; it must advance in a deliberate way to protect people, our environment, and our economy."

"These actions reflect an evolution in CalGEM's mission that emphasizes public health and safety, environmental protection and reducing climate impacts associated with oil production," said Natural Resources Secretary Wade Crowfoot.

The Natural Resources Agency oversees the Department of Conservation and CalGEM.

Three actions were announced today:

1. A halt of approvals of new oil extraction wells that use high-pressure steam to break oil formations below the ground, a process linked to recent oil leaks in Kern County

This moratorium prohibits new extraction wells that use a high-pressure cyclic steaming process to break apart a geological formation to extract oil. During the moratorium, regulators will consult with experts to examine records from recent leaks of oil and water, known as surface expressions, in the Cymric oil field in Kern County to determine whether high-pressure cyclic steaming can be done safely and in compliance with recent regulations that make surface expressions illegal. Oil and gas regulators could require certain safety practices, update regulations to impose new rules, or prohibit the practice altogether.

Surface expressions are illegal under new regulations that took effect April 1. CalGEM has issued several [notices of violation](#) for spills in the Cymric field, and is partnering with independent experts from the Lawrence Livermore and Sandia National Laboratories to assess underlying conditions in the Cymric formation. Simultaneous to this moratorium, CalGEM is also proactively assessing the safety of existing wells using high-pressure steaming above the fracture pressure of a formation. Wells that use cyclic steaming at lower pressures are not affected by the moratorium.

2. Rules for public health and safety protections near oil and gas extraction facilities will be updated and strengthened

Regulations to strengthen protections for public health and safety will be put in place. The intent of the rulemaking is to establish a transparent set of rules designed to protect residents and communities near oil and gas extraction sites. The rulemaking process will consider the best available science and data to inform new protective requirements. It will involve consulting with environmental and public health advocates, as well as public health authorities, including the California Department of Public Health, the California Environmental Protection Agency, and other health experts.

The first step of this process will be a series of pre-rulemaking workshops with interested parties to seek input on the best ways to protect human health through new rules. The efforts will include proactive outreach that will begin in the coming weeks to

communities near oil and gas operations, oil and gas companies, and other stakeholders, including local governments, environmental leaders and advocates, as well as academics.

The rulemaking will consider a range of protective measures, including prohibiting oil and gas activities within close proximity of homes, schools, hospitals, and parks. The pre-regulatory process will begin in 2020, with new/modified rules anticipated later that year.

"We are updating rules to better ensure that public health and safety are protected as we continue the transition away from carbon extraction to a renewable energy future," Crowfoot said.

3. Pending applications to conduct hydraulic fracturing and other well stimulation practices will be independently reviewed

The state's process for approving well stimulation permits has been under review by CalGEM since mid-July 2019. Moving forward, CalGEM has requested an independent audit of its permitting processes for well stimulation and underground injection control by the California Department of Finance's Office of State Audits and Evaluations. The audit will focus on whether the current permitting processes comply with state regulations and policies and will develop recommendations to strengthen operational processes and procedures.

While this audit is being completed in the coming months, the division is instituting a third-party scientific review of pending well stimulation permit applications to ensure the state's technical standards for public health, safety and environmental protection are met prior to approval of each permit. The review will be conducted by independent experts from the Lawrence Livermore National Laboratory.

Other recent and ongoing actions

These actions are the latest steps by Governor Newsom's Administration to strengthen regulatory oversight of oil and gas production in California. These actions are also part of a broader state effort to manage the decline in fossil fuel production and consumption in California in a way that is economically responsible and

sustainable, improves public health and safety, and protects the environment. This is in line with the state's overall climate goals of achieving carbon neutrality by 2045.

The 2019 Budget Act appropriated \$3 million in funding for two studies. One is a first-ever study to identify strategies for managing the decline in the demand and supply for fossil fuels. The second study will examine ways to significantly reduce emissions from vehicles, including transitioning to zero emission vehicles and reducing vehicle miles traveled. The California Environmental Protection Agency is developing the scope for these studies together with other state agencies and the University of California, with input gathered through a public process.

In recent months, the Governor also has:

- Made the state's first major workforce investment of \$165 million over five years to help enable economic transition away from dependence on fossil fuels.
- Changed leadership overseeing oil and gas policy at CalGEM and the Department of Conservation.
- Signed five bills to improve regulatory oversight of oil and gas extraction in the state.
- Strongly opposed President Trump's effort to expand oil and gas extraction on federal lands within California.
- Initiated the most comprehensive air monitoring campaign in the country in communities located near oil and gas operations.
- Protected the state's clean car standards against efforts by the Trump Administration to roll back greenhouse gas emission standards that protect public health and combat climate change.
- Supported a series of regulations and incentives directed at supporting zero emission transportation alternatives to facilitate the transition from petroleum.

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