



August 11th, 2023

California Geologic Energy Management Division  
801 K Street, MS 24-01  
Sacramento, CA 95814

## RE: Recommendations for CalGEM's State Abandonment Expenditure Plan Draft

Dear CalGEM Orphan Well Abandonment Program Team:

The undersigned organizations represent hundreds of thousands of members and supporters in California. We would like to thank the California Geologic Energy Management division (CalGEM) for its efforts to remediate high-risk orphan wells impacting communities in California. If left unplugged, these wells present an ongoing **risk to public health and the environment**, in addition to being an imminent **fiscal risk to taxpayers** if well operators are not held accountable for cleaning up their assets. Ensuring that the companies responsible for these risks are held fiscally responsible for remediation to the fullest extent possible is among our highest priorities, especially given that the anticipated federal and state funds for orphan well remediation would not, in combination, be sufficient to address all the orphan wells in California.

We believe there are key elements of this draft plan that can be improved on in order to: strengthen the program's equity values, clarify the fee recuperation status and process for all wells remediated with the funds outlined in this plan, and address issues with public engagement. The following are our recommendations, and outstanding questions not addressed in the plan:

### Recommendations

- **We strongly urge CalGEM to consider equity beyond the bare minimum requirements laid out in the Justice40 initiative.** [Of the 5.4 million Californians that live within a mile of at least one oil or gas well, 69% \(3.7 million\) are people of color. Additionally, 92% of Californians that live in communities that bear disproportionate amounts of the state's water and soil pollution are people of color.](#) The 40% minimum funds required through the Justice40 initiative do not match the stark inequity of health and safety impacts on BIPOC and low-income communities in California, and the reality of impacts should be considered when determining funding priority. After wells that are leaking or have a history of leaks- all wells within 3,200 feet of sensitive receptors, near communities with the highest burden of collective air and water pollution, should be awarded the **highest remediation priority** through this program, to align with the equity values set out in this plan.
  - In an email sent out by CalGEM on July 18th, 2023, it is stated that the agency is working with the Santa Ynez Band of Chumash Indians to provide cultural monitoring and guidance in restoring the remediation areas of the Cat Canyon oil field, once the wells are

sealed permanently. Including a list of all impacted tribes that CalGEM plans to consult would increase transparency and ensure equitable tribal consultation is being conducted if included in the final draft.

- **Polluters should pay for the clean up of their wells.** We urge CalGEM to prioritize taxpayer funding for remediation of orphan wells with no solvent operators, and that the state recoups the full cost of remediation from existing operators to the fullest extent possible. Current operators and those who owned these wells as of 1996 should pay for clean up, rather than state and federal taxpayers per Public Resources Code § 3237 subds. (c)(1) and (c)(2).
  - The projected California allocations of IRA and state funds for orphan well remediation will not cover the total costs of clean up for the over 5,300 orphan wells CalGEM has currently identified, and the oil industry must be held accountable for clean up if these wells are going to be remediated. For wells that have operators that are not financially viable, the financial documentation or method proving non-viability for all operators listed in this plan should be shared with the public for full transparency.
    - The 378 wells being addressed in the first round of this program represent only 7.1% of the total wells currently identified by CalGEM as being orphan, or at risk of being orphaned. With estimated costs of remediation for these 378 being cited at \$80 million, projected federal and state funding will not even marginally meet the total costs of clean up of all orphan wells in the state if CalGEM does not aggressively pursue funding recoupment from all owners operating between 1996-present for all well remediation through this program.
  - Many of the wells included in this plan are long-term idle wells that operators failed to pay the required idle well fees over multiple years. With an estimated 37,587 idle wells currently in California, it is of utmost importance that CalGEM is proactively using all of the mandated authority cited in this plan to issue plugging and abandonment orders for all non-compliant idle wells **before** they become orphaned. The idle wells in the state present a ticking time bomb of fiscal risk and must be dealt with proactively to prevent undue cost burden falling on taxpayers.
- **Companies with orphan/deserted wells should not be issued any new drilling permits.** As stated in a comment letter submitted by CFROG (Climate First: Replacing Oil & Gas) from Ventura, no operators undergoing CalGEM funded remediation should be receiving permits for new drilling on any well sites in California until costs of remediation for CalGEM funding plugging and abandonment have been fully recouped.
- **Include expenditure details for all sites included in this plan.** Given that this draft is called an expenditure plan, a site by site reporting of the cost estimates for well remediation would be helpful to include, and is a needed transparency when using taxpayer funds.

- **Clarify wage standards and include incumbent, experienced oil and gas workers in the plan's workforce development values and metrics.** Along with fiscal responsibilities of remediation, labor and workforce costs and considerations to safely and efficiently remediate wells must also be considered. As part of the high wage standards outlined in the plan, clarification that contractors must pay no less than prevailing wage on public works projects should be included. Further, in requirements that contractors use a skilled and trained workforce, the plan should specifically add that eligible workforce includes workers with well maintenance and oil well capping experience; including experienced, incumbent, tenured workers who have been or are covered by a collective bargaining agreement, trained through a joint labor-management or community college training program, like Los Angeles Trade Technical College (LATTC). Additionally, including in preference for contractors that commit through written agreement to hire apprentices from High Road Training Partnerships funded by the Oil and Gas Well Capping Pilot initiative, displaced oil and gas workers, particularly incumbent, experienced workers covered by a collective bargaining agreement, will strengthen equity and transition commitments for workforce development qualifications for contractors. We suggest adding to the plan's workforce development metrics: Percentage of workers employed through state contracts for plug and abandonment that are an incumbent workforce, trained through a joint labor-management or community college training program, like LATTC.
- **We urge CalGEM to address issues in transparency that prevent the general public from being able to adequately engage in programs like this one that directly impact community health and safety.** For example, the publication of this draft expenditure plan was stated to be in March of this year and publication was delayed until July, yet no updates on the timeline of this plan from CalGEM were provided to the public via the CalGEM website, emails, or when directly asked in community meetings. At minimum, updates on timeline delays, site remediation status, funding allocations, and fee recoupment status should be provided to the public via the CalGEM webpage and email as this program progresses.

  - In addition, Methane Task Force and CalGEM public meetings do not currently allow for questions brought by community members or advocates to be answered in real time, nor are answers to questions sent out after these meetings are adjourned. Individuals have reported that emails to [methanetaskforce@conservation.ca.gov](mailto:methanetaskforce@conservation.ca.gov) and other CalGEM program email addresses receive no response, and we urge CalGEM to determine methods for answering community questions in a timely manner, and to encourage staff to answer questions posed by the public in public meetings.
- **Include poorly abandoned wells in the state's orphan well analysis.** This plan included the remediation of one previously abandoned well in Los Angeles, owned by Cache Oil Co., with integrity concerns, but it is unclear how these types of wells are being systematically prioritized. CalGEM has not completed an inventory or analysis of poorly abandoned wells across the state, and this type of well should be accounted for in CalGEM's orphan and idle well analysis. The

necessary re-abandonments will further increase costs that should be recuperated from the oil industry.

### Questions

- In the executive summary, the draft states that “...Because there is no responsible operator, in many instances orphan wells are left to the State to remediate and permanently seal (or plug and abandon).” Are “permanently seal” and “plug and abandon” being used interchangeably here? If not, what are the criteria for determining if a well is permanently sealed vs. plugged and abandoned? Which wells on the initial list included in this plan will be permanently sealed vs. plugged and abandoned?
  
- Almost all of the wells included in this plan appear to be deserted wells per CalGEM’s definition and there is a lack of information on the financial status of cited owner companies. Of these wells that CalGEM has determined to be orphan, what steps have been taken to recoup fees for all operators listed in this plan, and which sites has CalGEM attempted to hold all post 1996 operators accountable for plugging and abandonment costs?
  - The Sunray Petroleum and Blackstone Inc. section states a bankruptcy filing year and a citation that fiscal documentation has been provided to CalGEM proving these operators are lacking funds to address remediation of these wells. Of all the other operators listed in this plan, what is the status of fiscal documentation CalGEM has received in relation to the wells in question?
  - **Specifically, what fiscal state documentation has been provided to CalGEM, or what is the fee recoupment status for the following companies with wells being remediated through this program:** HVI Cat Canyon Inc., Citadel Exploration Inc., Griffin resources LLC, Harley Natural Resource Development, Prine Oil Company, Sunray Petroleum Inc., Blackstone Oil & Gas Co., Clarence R. Barnett Inc., Peak Operator LLC, Vaca Energy LLC, AllenCo Energy Inc., Cache Oil Co., Crown of the Valley Oil Co., Estate of Harold C. Morton, Rex Oil Co., Santa Ana Canyon Dev. Corp., and Frank Knapp.
  - **Of the companies listed above, how many have applied for new permits while refusing to respond to CalGEM plugging and abandonment orders for the wells included in this plan?**

We would very much like to meet with your staff in the near term to discuss how these recommendations can be implemented and discuss the questions included above. Brandon Dawson and Jasmine Vazin of the Sierra Club ([brandon.dawson@sierraclub.org](mailto:brandon.dawson@sierraclub.org), 830-309-1092, [jasmine.vazin@sierraclub.org](mailto:jasmine.vazin@sierraclub.org), 615-428-0897) can coordinate with your office on scheduling.

Thank you for your consideration of these written comments and we look forward to continuing to work with the agency on the next steps of this process.

Sincerely,

Brandon Dawson, Executive Director, Sierra Club California  
Cesar Aguirre, Oil and Gas Director, Central California Environmental Justice Network  
Matt Nelson, Executive Director, Presente.org  
Haley Ehlers, Director, CFROG (Climate First: Replacing Oil & Gas)  
Kayla Karimi, Staff Attorney, Center on Race, Poverty, and the Environment  
Hollin Kretzmann, Senior Attorney, Center for Biological Diversity  
Benjamin Smith, Senior Campaigner, Strategic Relationships , Greenpeace USA  
Kyle Ferrar, Western Program Coordinator, FracTracker Alliance  
Katie Huffling, Executive Director, Alliance of Nurses for Healthy Environments  
Nik Evasco, Program Director, 350 Bay Area  
Ilonka Zlatar, Organizer, Oil and Gas Action Network  
Ellie Cohen, CEO, The Climate Center  
Shoshana Wechsler, Co-Coordinator, Sunflower Alliance  
Nicole Ghio, Senior Fossil Fuels Program Manager, Friends of the Earth  
Emily Brandt, Secretary, San Joaquin Valley Democratic Club  
Veronica Wilson, California Organizer, Labor Network for Sustainability