

AMENDED IN SENATE APRIL 21, 2014

SENATE BILL

No. 1281

Introduced by Senator Pavley

February 21, 2014

An act to amend Section 3227 of, and to add Section ~~3223.5~~ to 3226.5 to, the Public Resources Code, relating to oil and gas.

LEGISLATIVE COUNSEL'S DIGEST

SB 1281, as amended, Pavley. Oil and gas production: water use reporting.

Under existing law, the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation regulates the drilling, operation, maintenance, stimulation, and abandonment of oil and gas wells in the state. *Existing law requires the owner of any well to file with the State Oil and Gas Supervisor a monthly statement that provides certain information relating to the well, including what disposition was made of the water produced from each field.* Existing law provides that a person who ~~violates any prohibition~~ *fails to comply with specific laws relating to the regulation of oil or gas operations, including failing to furnish a report or record,* is guilty of a misdemeanor.

~~Under existing law, the State Water Resources Control Board and the 9 California regional water quality control boards are the principal state agencies with responsibility for the coordination and control of water quality in the state and the Department of Water Resources operates the State Water Project and exercises other functions relating to the state's water resources.~~

~~This bill would declare that the use of freshwater in all elements of the development and production of oil and gas shall be reduced, by January 1, 2019, to an unspecified percentage of baseline freshwater~~

~~use in 2014, and would require the department and the board, in collaboration with the division, to determine the volume of that baseline use. The bill would require well and facility owners or operators to report to the division the volume, source, and use of all freshwater, recycled water, and treated water, as specified, and would require the division to make that information publicly available.~~

This bill would declare that it is the policy of the state that oil and gas field exploration, development, and production shall use or treat and use water produced through oil field activities and recycled water to the extent feasible. The bill would require the monthly statement to the supervisor to include the source and amount of fluid or gas injected into each well, as provided, and the source and amount of water used to generate injected fluid or gas. The bill would also require the statement to include additional information, including the treatment of water and the use of treated or recycled water in oil and gas field activities, as provided. Because a violation of the bill’s reporting requirements by an owner or operator would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. *The Legislature finds and declares both of the*
- 2 *following:*
- 3 (a) *Existing state policy promotes the use of recycled water in*
- 4 *industry where feasible.*
- 5 (b) *Water of previously unsuitable quality may now be used or*
- 6 *treated and used in some oil and gas industry processes due to*
- 7 *technological advancement.*
- 8 SEC. 2. *Section 3226.5 is added to the Public Resources Code,*
- 9 *to read:*
- 10 3226.5. *It is the policy of the state that oil and gas field*
- 11 *exploration, development, and production shall use or treat and*
- 12 *use water produced through oil field activities and recycled water*

1 *to the extent feasible. The use and reuse of water initially*
2 *unsuitable for drinking or irrigation purposes is encouraged.*

3 *SEC. 3. Section 3227 of the Public Resources Code is amended*
4 *to read:*

5 3227. The owner of any well shall file with the supervisor, on
6 or before the last day of each month, for the last preceding calendar
7 month, a statement, in the form designated by the supervisor,
8 showing all of the following:

9 (a) The amount of oil and gas produced from each well during
10 the period indicated, together with the gravity of the oil, the amount
11 of water produced from each well, estimated in accordance with
12 methods approved by the supervisor, and the number of days during
13 which fluid was produced from each well.

14 (b) The number of wells drilling, producing, injecting, or idle,
15 that are owned or operated by the person.

16 (c) What disposition was made of the gas produced from each
17 field, including the names of persons, if any, to whom the gas was
18 delivered, and any other information regarding the gas and its
19 disposition that the supervisor may require.

20 ~~(d) What disposition was made of the water produced from each~~
21 ~~field, and the~~ *The source and the amount of fluid or gas injected*
22 *into each well used for enhanced recovery, underground storage*
23 *of hydrocarbons, or waste water disposal, including the source*
24 *and the amount of water used to generate injected fluid or gas,*
25 *and any other information regarding those wells that the supervisor*
26 *may require.*

27 *(e) The treatment of water and the use of treated or recycled*
28 *water in oil and gas field activities, including, but not limited to,*
29 *exploration, development, and production.*

30 *(f) The specific disposition of all water used in or generated by*
31 *oil and gas field activities, including water produced from each*
32 *well.*

33 Any operator that produces oil by the application of mining or
34 other unconventional techniques shall file a report with the
35 supervisor, on or before March 1 of each year, showing the amount
36 of oil produced by those techniques in the preceding calendar year.

37 Upon request and making a satisfactory showing therefor, a
38 longer filing period may be established by the supervisor for any
39 particular owner or operator.

1 SECTION 1. ~~Section 3223.5 is added to the Public Resources~~
2 ~~Code, to read:~~

3 ~~3223.5. (a) (1) It is the policy of the state to require~~
4 ~~conservation of freshwater used, and to promote the use and reuse~~
5 ~~of recycled and treated water, in all elements of the development~~
6 ~~and production of oil and gas.~~

7 ~~(2) The annual use of freshwater in all elements of the~~
8 ~~development and production of oil and gas shall be reduced, on~~
9 ~~or before January 1, 2019, to _____ percent of baseline freshwater~~
10 ~~use in 2014, and this reduction shall be at least maintained~~
11 ~~thereafter.~~

12 ~~(b) (1) A well and facility owner or operator shall report to the~~
13 ~~division the volume and specific source of all freshwater used, the~~
14 ~~volume and specific source of all recycled and treated water used~~
15 ~~and reused, and how these waters are used in all elements of the~~
16 ~~development and production of oil and gas. This shall include all~~
17 ~~waters supplied, treated, used, and reused by contractors on behalf~~
18 ~~of the well and facility owner or operator.~~

19 ~~(2) The information required pursuant to paragraph (1) shall be~~
20 ~~reported no later than 30 calendar days after the use or reuse of~~
21 ~~the waters. The division shall post the information reported on its~~
22 ~~Internet Web site. The information reported shall also be available~~
23 ~~for download by the public from the division's Internet Web site~~
24 ~~in a spreadsheet or similar format suitable for use in an electronic~~
25 ~~database without additional processing. Activities related to wells~~
26 ~~designated as confidential pursuant to Section 3234 are not exempt~~
27 ~~from the public reporting requirements pursuant to this section.~~

28 ~~(c) The Department of Water Resources and the State Water~~
29 ~~Resources Control Board, in collaboration with the division, shall~~
30 ~~develop a methodology to determine, and shall determine, the~~
31 ~~volume of freshwater used in the baseline 2014 year, as described~~
32 ~~in subdivision (a). If data are unavailable, estimates derived from~~
33 ~~documented evidence may be used.~~

34 ~~(d) For the purposes of this section, the following terms have~~
35 ~~the following meanings:~~

36 ~~(1) "Freshwater" means water that is or may be used in the~~
37 ~~future as a source of public drinking water.~~

38 ~~(2) "All elements of the development and production of oil and~~
39 ~~gas" includes, but is not limited to, site and facility preparation,~~
40 ~~construction, operation and maintenance, the drilling and redrilling~~

1 of any wells, any well stimulation treatments, any oil and gas
2 production and recovery, any operation and maintenance of idle
3 wells, any operation and maintenance of active observation wells,
4 any enhanced oil and gas recovery operations including injection
5 wells, any well plugging and abandonment operations and all
6 related activities.

7 ~~SEC. 2.~~

8 *SEC. 4.* No reimbursement is required by this act pursuant to
9 Section 6 of Article XIII B of the California Constitution because
10 the only costs that may be incurred by a local agency or school
11 district will be incurred because this act creates a new crime or
12 infraction, eliminates a crime or infraction, or changes the penalty
13 for a crime or infraction, within the meaning of Section 17556 of
14 the Government Code, or changes the definition of a crime within
15 the meaning of Section 6 of Article XIII B of the California
16 Constitution.