

Senate Bill No. 1281

CHAPTER 561

An act to amend Section 3227 of, and to add Section 3226.3 to, the Public Resources Code, relating to oil and gas.

[Approved by Governor September 25, 2014. Filed with
Secretary of State September 25, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1281, 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 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.

This bill would require the statement to the supervisor to include the source and volume of any water reported, including water used to generate or make up the composition of any injected fluid or gas, as provided, and would require that information to be reported on a quarterly basis. 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, and would require that information to be reported on a quarterly basis. The bill would require the division, among other things, to use a standardized form or format to facilitate reporting and to use noncustom software, as feasible, to implement online reporting by the operator of specified information. 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.

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

SECTION 1. Section 3226.3 is added to the Public Resources Code, to read:

3226.3. The division shall annually provide to the State Water Resources Control Board and the California regional water quality control boards an inventory of all unlined oil and gas field sumps.

SEC. 2. Section 3227 of the Public Resources Code is amended to read:

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

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

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

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

(4) What disposition was made of water produced from each field and the amount of fluid or gas injected into each well used for enhanced recovery, underground storage of hydrocarbons, or wastewater disposal, and any other information regarding those wells that the supervisor may require.

(5) The source of water, and volume of any water, reported in paragraph (4), including the water used to generate or make up the composition of any injected fluid or gas. Water volumes shall be reported by water source if more than one water source is used. The volume of untreated water suitable for domestic or irrigation purposes shall be reported. Commingled water shall be proportionally assigned to individual wells, as appropriate.

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

(7) (A) The specific disposition of all water used in or generated by oil and gas field activities, including water produced from each well reported pursuant to paragraph (1). Water volumes shall be reported by disposition method if more than one disposition method is used. Commingled water shall be proportionally assigned to individual wells, as appropriate.

(B) This information shall also include the temporary onsite storage of water, as or if appropriate, and the ultimate specific use, disposal method or method of recycling, or reuse of this water.

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

(c) (1) Upon request and making a satisfactory showing therefor, a longer filing period may be established by the supervisor for any particular owner or operator.

(2) Notwithstanding subdivision (a), the owner of any well shall file with the supervisor, on a quarterly basis, a statement containing the information required to be reported pursuant to paragraphs (5), (6), and (7) of subdivision (a) in the form designated by the supervisor.

(d) The division shall use a standardized form or format to facilitate reporting required pursuant to this section.

(e) The division shall use noncustom software, as feasible, to implement online reporting by the operator of the information required pursuant to paragraphs (5), (6), and (7) of subdivision (a). This information may be reported separately from other information required to be reported pursuant to this section.

(f) For purposes of this section, the following terms have the following meanings:

(1) “Source of water” or “water source” means any of the following:

(A) The well or wells, if commingled, from which the water was produced or extracted.

(B) The water supplier, if purchased or obtained from a supplier.

(C) The point of diversion of surface water.

(2) “Specific disposition of all water” means the identification of the ultimate specific use, disposal method or method of recycling, or reuse of the water. This includes, but is not limited to, the identification of any treatment or recycling method used, injection of the water into specific injection or disposal well or wells, if commingled, discharge of the water to surface water or sumps, and sale or transfer of the water to a named entity.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.