

S271869

IN THE SUPREME COURT OF CALIFORNIA

CHEVRON U.S.A., INC., et al.

Plaintiffs and Respondents,

vs.

COUNTY OF MONTEREY, et al.

Defendants;

PROTECT MONTEREY COUNTY and DR. LAURA SOLORIO

Intervenors and Appellants.

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After a Decision by the Court of Appeal  
Sixth Appellate District, Case No. H045791

Appeal from a Judgment Entered in Favor of Plaintiffs  
Monterey County Superior Court  
Case No. 16-CV-3978 and consolidated cases  
Honorable Thomas W. Wills, Judge

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**INTERVENORS' MOTION REQUESTING JUDICIAL NOTICE**

**Volume 5, Pages 330 - 377**

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Catherine Engberg (SBN 220376)  
\*Kevin P. Bundy (SBN 231686)  
Aaron M. Stanton (SBN 312530)  
Shute, Mihaly & Weinberger LLP  
396 Hayes Street  
San Francisco, California 94102  
Telephone: (415) 552-7272  
Facsimile: (415) 552-5816  
Engberg@smwlaw.com  
Bundy@smwlaw.com  
Stanton@smwlaw.com

\*Deborah A. Sivas (SBN 135446)  
Environmental Law Clinic  
Mills Legal Clinic at Stanford  
Law School  
559 Nathan Abbott Way  
Stanford, California 94305-8610  
Telephone: (650) 723-0325  
Facsimile: (650) 723-4426  
Dsivas@stanford.edu

**(Additional attorneys listed on next page)**

\*Hollin Kretzmann (SBN 290054)  
Center for Biological Diversity  
1212 Broadway, Suite 800  
Oakland, California 94612  
Telephone: (510) 844-7100  
Facsimile: (510) 844-7150  
Hkretzmann@biologicaldiversity.org

\*Michael Geibelson (SBN 179970)  
Robins Kaplan LLP  
2049 Century Park East, #3400  
Los Angeles, California 90067  
Telephone: (310) 552-0130  
Facsimile: (310) 229-5800  
MGeibelson@RobinsKaplan.com

*Attorneys for Intervenors and Appellants*  
PROTECT MONTEREY COUNTY and DR. LAURA SOLORIO

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# EXHIBIT C



# LEGISLATIVE INTENT SERVICE, INC.

712 Main Street, Suite 200, Woodland, CA 95695  
(530) 666-1917 • Fax (530) 668-5866 • [www.legintent.com](http://www.legintent.com)

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## DECLARATION OF JENNY S. LILLGE

I, Jenny S. Lillge, declare:

I am an attorney licensed to practice in California, State Bar No. 265046, and am employed by Legislative Intent Service, Inc., a company specializing in researching the history and intent of legislation.

Under my direction and the direction of other attorneys on staff, the research staff of Legislative Intent Service, Inc. undertook to locate and obtain documents relevant to the enactment of Senate Bill 1022 of 1972. The documents listed below were obtained through Legislative Intent Service, Inc.'s online quick purchase service of previously-compiled legislative histories. Senate Bill 1022 was approved by the Legislature and was enacted as Chapter 898 of the Statutes of 1972.

The following list identifies all documents purchased on February 4, 2022, through Legislative Intent Service, Inc.'s online quick purchase service of compiled legislative histories, on Senate Bill 1022 of 1972. All documents listed in this Declaration are true and correct copies of the originals gathered by Legislative Intent Service, Inc.

### **SENATE BILL 1022 OF 1972:**

1. All versions of Senate Bill 1022 (Deukmejian-1972);
2. Procedural history of Senate Bill 1022 from the 1972 *Senate Final History*;
3. Analysis of Senate Bill 1022 prepared for the Senate Committee on Governmental Organization;
4. Material from the legislative bill file of the Senate Committee on Governmental Organization on Senate Bill 1022;
5. Analysis of Senate Bill 1022 prepared by the Legislative Analyst;

6. Analysis of Senate Bill 1022 prepared for the Assembly Committee on Planning and Land Use;
7. Material from the legislative bill file of the Assembly Committee on Planning and Land Use on Senate Bill 1022;
8. Post-enrollment documents regarding Senate Bill 1022;
9. Press Release #477 issued by the Office of the Governor on August 15, 1972, to announce that Senate Bill 1022 had been signed;
10. Excerpt regarding Senate Bill 1022 from the 1972 *Summary Digest of Statutes Enacted and Resolutions Adopted*, prepared by Legislative Counsel.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 23rd day of March, 2022 at Woodland, California.



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JENNY S. LILLGE

**Introduced by Senator Deukmejian**

March 15, 1972

*An act to amend Sections 3008, 3012, 3013, 3101, 3103, 3104, 3106, 3150, 3151, 3153, 3156, 3156.5, 3203, 3204, 3205, 3206, 3207, 3208, 3215, 3218, 3226, 3227, 3237, and 3356 of, and to add Sections 3202.5, 3205.5, and 3206.5 to, the Public Resources Code, relating to oil and gas.*

## LEGISLATIVE COUNSEL'S DIGEST

SB 1022, as introduced, Deukmejian. Oil and gas.

Redefines the term "well" for purposes of provisions pertaining to oil and gas.

Requires the chief deputy and district deputies of the Division of Oil and Gas of the Department of Conservation to be a state registered engineer or geologist.

Requires the Oil and Gas Supervisor to so supervise the drilling, operation, maintenance, and abandonment of wells as to prevent damage due to subsidence and compaction of land overlying, or immediately adjacent to, producing oil or gas pools.

Deletes provisions dividing the state into six oil and gas districts and requires the Director of Conservation to divide the state into nine oil and gas districts and to fix the district boundaries. Provides for the expiration of the terms of office of district oil and gas commissioners and the election of new commissioners.

Requires persons who acquire or become the operator of an oil or gas well to file a bond and revises provisions pertaining to the filing of bonds, including authorizing the filing of a cash bond secured by bank deposits of cash, investment certificates, or share accounts, or by bonds issued by the United States or the state in specified principal amounts and authorizing the substitution of a bond in a lesser amount upon





abandonment of a well.

Provides for automatic approval or cancellation of notice of intention to commence drilling and revises content of such notice.

Revises provisions pertaining to the abandonment of wells.

Requires the oil or gas well owner's monthly statement to show what disposition was made of the water produced from each well, including designations of injection or disposal wells.

Vote—Majority; Appropriation—No; Fiscal Committee—Yes.

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

- 1 SECTION 1. Section 3008 of the Public Resources
- 2 Code is amended to read:
- 3 3008. "Well" means any oil or gas well or well for the
- 4 discovery of oil or gas, or any well on lands producing or
- 5 reasonably presumed to contain oil or gas *or any well*
- 6 *drilled for the purpose of injecting fluids or gas for*
- 7 *stimulating oil or gas recovery, repressuring or pressure*
- 8 *maintenance of oil or gas reservoirs, or disposing of*
- 9 *oilfield waste fluids or any well drilled within or adjacent*
- 10 *to an oil or gas pool for the purpose of obtaining water to*
- 11 *be used in production stimulation or repressuring*
- 12 *operations.*
- 13 SEC. 2. Section 3012 of the Public Resources Code is
- 14 amended to read:
- 15 3012. The provisions of this ~~chapter~~ *division* apply to
- 16 any land or well situated within the boundaries of an
- 17 incorporated city in which the drilling of oil wells is now
- 18 or may hereafter be prohibited, until all wells therein
- 19 have been abandoned as provided in this chapter.
- 20 SEC. 3. Section 3013 of the Public Resources Code is
- 21 amended to read:
- 22 3013. This ~~chapter~~ *division* shall be liberally
- 23 construed to meet its purposes, and the director and the
- 24 supervisor shall have all powers which may be necessary
- 25 to carry out the purposes of this chapter.
- 26 SEC. 4. Section 3101 of the Public Resources Code is
- 27 amended to read:



1 3101. The supervisor shall appoint one chief deputy  
2 and at least one district deputy for each of the districts  
3 provided for in this chapter, and shall prescribe their  
4 duties ~~and fix their compensation~~.

5 SEC. 5. Section 3103 of the Public Resources Code is  
6 amended to read:

7 3103. The chief deputy shall be a competent engineer  
8 or geologist, *registered in the state, and* experienced in  
9 the development and production of oil *and gas*.

10 SEC. 6. Section 3104 of the Public Resources Code is  
11 amended to read:

12 3104. Each district deputy shall be ~~either~~ a competent  
13 engineer or geologist, *registered in the state, and*  
14 experienced in the development and production of oil ;  
15 *and gas* ~~or a competent and experienced oil operator,~~  
16 ~~with not less than five years of actual experience in the~~  
17 ~~oil fields of the State~~. At the time any district deputy is  
18 appointed, notice of his appointment shall be transmitted  
19 in writing to the board of commissioners of the district for  
20 which the deputy is appointed.

21 SEC. 7. Section 3106 of the Public Resources Code is  
22 amended to read:

23 3106. The supervisor shall so supervise the drilling,  
24 operation, maintenance, and abandonment of wells as to  
25 prevent, as far as possible, damage to life, health,  
26 property, and natural resources; damage to underground  
27 oil and gas deposits from infiltrating water and other  
28 causes; loss of oil, gas, or reservoir energy, *damage due*  
29 *to subsidence and compaction of land overlying, or*  
30 *immediately adjacent to, producing oil or gas pools,* and  
31 damage to underground and surface waters suitable for  
32 irrigation or domestic purposes by the infiltration of, or  
33 the addition of, detrimental substances, by reason of the  
34 drilling, operation, maintenance, or abandonment of  
35 wells.

36 The supervisor shall also supervise the drilling,  
37 operation, maintenance, and abandonment of wells so as  
38 to permit the owners or operators of such wells to utilize  
39 all methods and practices known to the oil industry for  
40 the purpose of increasing the ultimate recovery of



1 underground hydrocarbons and which, in the opinion of  
2 the supervisor, are suitable for such purpose in each  
3 proposed case. In order to further the elimination of  
4 waste by increasing the recovery of underground  
5 hydrocarbons it is hereby declared as a policy of this state  
6 that the grant in an oil and gas lease or contract to a lessee  
7 or operator of the right or power, in substance, to explore  
8 for and remove all hydrocarbons from any lands in the  
9 State of California, in the absence of an express provision  
10 to the contrary contained in such lease or contract, is  
11 deemed to allow the lessee or contractor or his successors  
12 or assigns, to do what a prudent operator using  
13 reasonable diligence would do, having in mind the best  
14 interests of the lessor, lessee and the state, in producing  
15 and removing hydrocarbons, including but not limited to  
16 the injection of air, gas, water or other fluids into the  
17 productive strata, the application of pressure heat or  
18 other means for the reduction of viscosity of the  
19 hydrocarbons, the supplying of additional motive force or  
20 creating of enlarged or new channels for the  
21 underground movement of hydrocarbons into  
22 production wells, when such methods or processes  
23 employed have been approved by the supervisor;  
24 provided, however, nothing contained in this section  
25 imposes a legal duty upon such lessee or contractor, his  
26 successors or assigns, to conduct such operations.

27 *In order to best meet oil and gas needs in California,*  
28 *the supervisor shall administer this division so as to*  
29 *encourage the wise development of the oil and gas*  
30 *resources.*

31 SEC. 8. Section 3150 of the Public Resources Code is  
32 amended to read:

33 3150. For the purposes of this chapter, the ~~state is~~  
34 ~~divided~~ *director shall divide the state into six districts, the*  
35 ~~boundaries of which shall be fixed by the director and fix~~  
36 *the boundaries of such districts.*

37 SEC. 9. Section 3151 of the Public Resources Code is  
38 amended to read:

39 3151. There shall be *nine* district oil and gas  
40 commissioners for each district; ~~as follows: For district~~



1 ~~number 1, seven; for district number 2, seven; for district~~  
2 ~~number 3, seven; for district number 4, nine; for district~~  
3 ~~number 5, seven; for district number 6, seven.~~

4 The district commissioners shall be elected at the times  
5 and in the manner hereinafter provided. No person is  
6 eligible to be a district oil and gas commissioner who is  
7 not a resident of the district for which he is elected, nor  
8 who is not actually engaged in the business of oil or gas  
9 development or production within the district, except  
10 that two commissioners for each district shall be  
11 members of the public who are not engaged in the  
12 business of oil or gas development or production but who  
13 have an interest in and knowledge of the environment.  
14 ~~The terms of office of the commissioners added by the~~  
15 ~~amendment of this section at the 1970 Regular Session of~~  
16 ~~the Legislature shall commence in 1971.~~

17 SEC. 10. Section 3153 of the Public Resources Code is  
18 amended to read:

19 3153. *The terms of office of the district commissioners*  
20 *in office at the time this chapter takes effect shall serve*  
21 *out the terms for which they were elected, which terms*  
22 *expire as follows:*

23 ~~(a) In districts having five commissioners, one in 1939,~~  
24 ~~two in 1940, and two in 1941.~~

25 ~~(b) In districts having seven commissioners, two in~~  
26 ~~1939, two in 1940, and three in 1941 be considered~~  
27 ~~expired. New commissioners shall be elected in each~~  
28 ~~district with terms which will expire as follows: three in~~  
29 ~~1973, three in 1974, and three in 1975. Notwithstanding,~~  
30 ~~the term of one public member shall expire in 1974 and~~  
31 ~~the other in 1975.~~

32 SEC. 11. Section 3156 of the Public Resources Code is  
33 amended to read:

34 3156. Each of those entitled to vote may be  
35 represented by one person holding the written authority  
36 of such voter to act for him at the meeting. Each voter is  
37 entitled to one vote for each member of the board of  
38 district oil and gas commissioners who is to be selected for  
39 the district. In addition thereto, in each district, at  
40 elections to fill those offices the terms of which expire in



1 ~~1941~~ 1973, and every three years thereafter, each voter  
 2 is entitled to cast one vote for each such office for each  
 3 one hundred dollars (\$100), or fraction thereof, which  
 4 the voter has paid in accordance with his last assessment  
 5 under this chapter.

6 In all subsequent elections the qualification of voters in  
 7 the election of a district commissioner shall be the same  
 8 as in the election of the district commissioner whose  
 9 successor in office is being elected. The meeting shall  
 10 select by ballot, by a majority vote of the votes  
 11 represented, the number of persons specified in this  
 12 article to act as district commissioners for the district.

13 SEC. 12. Section 3156.5 of the Public Resources Code  
 14 is amended to read:

15 3156.5. ~~The first~~ *In the event that the director*  
 16 *establishes a new district, oil and gas commissioners for*  
 17 *that district number 6 shall be elected at a meeting of the*  
 18 *voters of the district on the third Tuesday in September;*  
 19 ~~1939~~ *of the year the district is established.* The meeting  
 20 shall be called by the State Oil and Gas Supervisor and the  
 21 election shall be conducted in all respects as provided for  
 22 district elections by this article, except that ~~one~~ *three*  
 23 ~~district commissioner~~ *commissioners* shall be elected for  
 24 three years, ~~two~~ *three* for two years, and ~~two~~ *three* for  
 25 one year, and the number of ballots cast for the  
 26 commissioners to be elected for two-year terms shall be  
 27 as provided by Section 3156.

28 ~~In the event that this section does not take effect before~~  
 29 *Terms of office of district commissioners residing in the*  
 30 *new district will be considered expired on the third*  
 31 *Tuesday in September; 1939, the State Oil and Gas*  
 32 *Supervisor shall call a meeting of the voters of district*  
 33 *number 6, to be held upon the second Tuesday after the*  
 34 *effective date of this section, at which meeting district oil*  
 35 *and gas commissioners for district number 6 shall be*  
 36 *elected in the manner and for the terms provided in this*  
 37 *section of the year the district is established. Their*  
 38 *vacancies will be filled in the manner prescribed in*  
 39 *Section 3156.*

40 SEC. 13. Section 3202.5 is added to the Public



1 Resources Code, to read:

2 3202.5. Every person who acquires the ownership of  
3 or becomes the operator of any well whether by  
4 purchase, transfer, assignment, conveyance, exchange, or  
5 otherwise, subsequent to the enactment of this section,  
6 shall file with the supervisor or district deputy a bond in  
7 the applicable amount as provided for in Sections 3204,  
8 3205, and 3206.5.

9 SEC. 14. Section 3203 of the Public Resources Code is  
10 amended to read:

11 3203. The owner or operator of any well shall, before  
12 commencing the work of drilling the well, file with the  
13 supervisor or the district deputy a written notice of  
14 intention to commence drilling. *Drilling shall not*  
15 *commence until approval is given by the supervisor or*  
16 *the district deputy; if the supervisor or the district deputy*  
17 *fails to give the owner or operator written response to the*  
18 *notice within 10 working days, such failure shall be*  
19 *considered as an approval of the notice and the notice*  
20 *shall, for the purposes and intents of this chapter, be*  
21 *deemed a written report of the supervisor. If operations*  
22 *have not commenced within one year of receipt of the*  
23 *notice, the notice will be considered canceled.* The notice  
24 shall contain the following:

25 (a) The location and elevation above sea level of the  
26 floor of the proposed derrick and drill rig.

27 (b) The number or other designation by which the  
28 well shall be known. Such number or designation shall be  
29 subject to the approval of the supervisor.

30 (c) The owner's or operator's estimate of the ~~depth of~~  
31 ~~the point at~~ *depths between which water production will*  
32 ~~be shut off, together with the method by which the~~  
33 ~~shut/off is intended to be made, and the size and weight~~  
34 ~~of casing to be used attempted.~~

35 (d) ~~The owner's or operator's estimate of the depths~~  
36 ~~between which production will be attempted~~ *Such other*  
37 *pertinent data as the supervisor may require on the*  
38 *printed forms to be supplied by the Division of Oil and*  
39 *Gas, or on forms acceptable to the supervisor.*

40 After the completion of any well the provisions of this



1 section shall also apply, as far as may be, to the deepening  
 2 or redrilling of the well, or any operation involving the  
 3 plugging of the well, or any operations permanently  
 4 altering in any manner the casing of the well. The  
 5 number or designation by which any well heretofore  
 6 drilled has been known, and the number or designation  
 7 specified for any well in a notice filed as required by  
 8 ~~Section 3203~~ *this section*, shall not be changed without  
 9 first obtaining a written consent of the supervisor.

10 SEC. 15. Section 3204 of the Public Resources Code is  
 11 amended to read:

12 3204. Every person who engages in the drilling,  
 13 redrilling, or deepening, *or in any operation involving*  
 14 *plugging or permanently altering in any manner the*  
 15 *casing* of any well shall file with the supervisor an  
 16 indemnity bond in the sum of five thousand dollars  
 17 (\$5,000) for each well *so* drilled, redrilled, ~~or~~ deepened,  
 18 *plugged or permanently altered*. The bond shall be filed  
 19 with the supervisor at the time of the filing of the notice  
 20 of intention to ~~drill, redrill, or deepen~~ *perform work on*  
 21 *the well*, provided for in Section 3203. The bond shall be  
 22 executed by such person, as principal, and by an  
 23 authorized surety company, as surety, conditioned that  
 24 the principal named in the bond shall faithfully comply  
 25 with all the provisions of this chapter, in drilling,  
 26 redrilling, or deepening any well or wells covered by the  
 27 bond, and shall secure the state against all losses, charges,  
 28 and expenses incurred by it to obtain such compliance by  
 29 the principal named in the bond.

30 The condition of the bond shall be stated in  
 31 substantially the following language:

32 "If said \_\_\_\_\_, the above bounden principal, shall  
 33 well and truly comply with all the provisions of ~~chapter~~  
 34 ~~1 of division III of the Public Resources Code~~ *this division*  
 35 and shall obey all lawful orders of the State Oil and Gas  
 36 Supervisor or his district deputy or deputies, ~~if not~~  
 37 ~~appealed subject to subsequent appeal~~ as provided in ~~that~~  
 38 ~~chapter, or upon affirmance thereof by the board of~~  
 39 ~~district commissioners having jurisdiction thereof, if~~  
 40 ~~appealed thereto, this division~~, and shall pay all charges,



1 costs, and expenses incurred by the supervisor or his  
 2 district deputy or deputies in respect of such well or wells  
 3 or the property or properties of said principal, or assessed  
 4 against such well or wells or the property or properties of  
 5 such principal, in pursuance of the provisions of said  
 6 chapter, then this obligation shall be void; otherwise, it  
 7 shall remain in full force and effect.”

8 SEC. 16. Section 3205 of the Public Resources Code is  
 9 amended to read:

10 3205. Any person who engages in the drilling,  
 11 redrilling, ~~or~~ deepening, *maintaining, or abandoning* of  
 12 one or more wells at any time, may file with the  
 13 supervisor one bond for twenty-five thousand dollars  
 14 (\$25,000) to cover all his operations in drilling, redrilling,  
 15 or deepening of any of his wells in ~~this~~ *the* state in lieu of  
 16 a five-thousand-dollar (\$5,000) bond for each well ~~being~~  
 17 ~~drilled, redrilled, or deepened by him~~ *which he is still*  
 18 *engaged in drilling, redrilling, deepening, maintaining or*  
 19 *abandoning*. The bond shall be executed by such person,  
 20 as principal, and by an authorized surety company, as  
 21 surety, and shall be in substantially the same language  
 22 and upon the same conditions as provided in Section  
 23 3204, except as to the difference in the amount.

24 SEC. 17. Section 3205.5 is added to the Public  
 25 Resources Code, to read:

26 3205.5. In lieu of the bond required by Sections 3204,  
 27 3205, and 3206.5, a person may with the written approval  
 28 of the supervisor file a cash bond in the applicable  
 29 amount, evidence of deposit in banks authorized to do  
 30 business in this state and insured by the Federal Deposit  
 31 Insurance Corporation, investment certificates or share  
 32 accounts in the applicable amount issued by a savings and  
 33 loan association doing business in this state and insured by  
 34 the Federal Savings and Loan Insurance Corporation, or  
 35 bonds issued by the United States or the State of  
 36 California in the principal amounts of two thousand four  
 37 hundred dollars (\$2,400), six thousand dollars (\$6,000), or  
 38 thirty thousand dollars (\$30,000), whichever is  
 39 applicable, with the State Treasurer, such bond or  
 40 security filed in lieu thereof shall be subject to all





1 conditions set forth in Sections 3204, 3205, 3206, 3206.5,  
2 3207, and 3208.

3 SEC. 18. Section 3206 of the Public Resources Code is  
4 amended to read:

5 3206. Any five-thousand-dollar (\$5,000) bond issued  
6 in compliance with this chapter may, with the consent of  
7 the supervisor, be terminated and canceled and the  
8 surety be relieved of all obligations thereunder. The  
9 supervisor shall not consent to the termination and  
10 cancellation of any bond until the well or wells for which  
11 it has been issued have been properly ~~completed or~~  
12 abandoned or another valid bond substituted therefor.

13 SEC. 19. Section 3206.5 is added to the Public  
14 Resources Code, to read:

15 3206.5. Notwithstanding any other provisions of this  
16 chapter, whenever a properly completed oil or gas well  
17 in which the producing zone is less than 2,000 feet deep  
18 as measured from the surface of the ground to the bottom  
19 of the producing interval and any portion of the hole  
20 below that depth is permanently abandoned in  
21 conformance with requirements of the supervisor the  
22 five-thousand-dollar (\$5,000) bond may be released upon  
23 the substitution of a valid bond in the amount of two  
24 thousand dollars (\$2,000). Except as to amount, such  
25 bond shall have the same wording as defined in Section  
26 3204 and may be terminated under the same provisions  
27 outlined in Section 3206.

28 SEC. 20. Section 3207 of the Public Resources Code is  
29 amended to read:

30 3207. Any twenty-five-thousand-dollar (\$25,000)  
31 bond issued in compliance with this chapter may, with  
32 the consent of the supervisor, be terminated and  
33 canceled and the surety be relieved of all obligations  
34 thereunder when all wells covered by such bond have  
35 been properly ~~completed or~~ abandoned. Should the  
36 person who has filed a twenty-five-thousand-dollar  
37 (\$25,000) bond properly ~~complete or~~ abandon a portion  
38 of his wells covered by the bond, the bond may, with the  
39 consent of the supervisor, be terminated and canceled  
40 and the surety be relieved of all obligations thereunder



1 upon the filing by such person of a five-thousand-dollar  
2 (\$5,000) bond *or two-thousand-dollar (\$2,000) bond as*  
3 *provided in Section 3206.5* for each well which he is still  
4 engaged in drilling, redrilling, ~~or~~ deepening,  
5 *maintaining, or abandoning*. Liability as to individual  
6 wells that have been drilled and abandoned ~~or completed~~  
7 under a twenty-five-thousand-dollar (\$25,000) bond may  
8 also be terminated with the consent of the supervisor.

9 SEC. 21. Section 3208 of the Public Resources Code is  
10 amended to read:

11 3208. A well is properly completed, for the purposes  
12 of ~~sections 3206 and 3207~~ *Section 3206.5*, when it has been  
13 completed to production of oil or gas, and the person  
14 engaged in drilling, redrilling, or deepening it has shown  
15 to the satisfaction of the supervisor that both the manner  
16 of drilling, redrilling, or deepening the well and the  
17 manner of producing oil therefrom are satisfactory. A  
18 well is properly abandoned when ~~drilling, redrilling, or~~  
19 ~~deepening has ceased before completion to production of~~  
20 ~~oil or gas, and~~ the person drilling, redrilling, ~~or~~  
21 deepening, *or maintaining* it has shown to the satisfaction  
22 of the supervisor that all proper steps have been taken to  
23 shut off and exclude all water from oil-bearing or  
24 gas-bearing strata encountered in the well, and to protect  
25 underground or surface water suitable for irrigation or  
26 farm or domestic purposes from the infiltration or  
27 addition of any detrimental substance *and to prevent*  
28 *subsequent damage to life, health, property, and other*  
29 *resources*.

30 SEC. 22. Section 3215 of the Public Resources Code is  
31 amended to read:

32 3215. Upon the completion *or abandonment* of any  
33 well or upon the suspension of operations upon any well,  
34 ~~for a period of six months if it has been designated by the~~  
35 ~~supervisor as a prospect well, or for a period of 30 days if~~  
36 ~~it has not been so designated,~~ true copies of the log, core  
37 record, and history in duplicate, ~~and one copy of the~~  
38 ~~electric log if made, and directional survey and if made,~~  
39 *true and reproducible copies of all electrical, physical, or*  
40 *chemical logs, tests, or surveys in duplicate and in such*



1 *form as the supervisor may approve* shall be filed with the  
 2 district deputy within ~~10~~ 60 days after such completion,  
 3 ~~or within 10 days after the expiration of said 6/month or~~  
 4 ~~30/day period suspension, or abandonment~~. The log, core  
 5 record, and history shall be in such form as the supervisor  
 6 may direct. Like copies shall be filed upon the  
 7 completion of additional work in any well. Upon a  
 8 showing of hardship, ~~additional~~ *the supervisor may*  
 9 *extend the* time within which to comply with the  
 10 provisions of this section ~~may be granted by the~~  
 11 ~~supervisor~~ *for a period not to exceed 60 additional days.*

12 SEC. 23. Section 3218 of the Public Resources Code is  
 13 amended to read:

14 3218. The supervisor upon application of an owner or  
 15 operator shall determine and designate what wells are  
 16 prospect wells, and reports shall not be required from  
 17 such prospect wells until six months after suspension of  
 18 drilling operations. *Upon a showing of hardship, the*  
 19 *supervisor may extend the time within which to comply*  
 20 *with the provisions of Section 3215 for a period not to*  
 21 *exceed six additional months.*

22 SEC. 24. Section 3226 of the Public Resources Code is  
 23 amended to read:

24 3226. Within 30 days after service of an order,  
 25 pursuant to Sections 3224 and 3225, *or 3237*, or if there has  
 26 been an appeal from the order to the board of district  
 27 commissioners, within 30 days after service of the  
 28 decision of the board, or if a review has been taken of the  
 29 order of the board of district commissioners, within 10  
 30 days after affirmance of the order, the owner shall  
 31 commence in good faith the work ordered and continue  
 32 it until completion. If the work has not been commenced  
 33 and continued to completion, the supervisor shall appoint  
 34 necessary agents who shall enter the premises and  
 35 perform the work. An accurate account of the  
 36 expenditures shall be kept, and the amounts shall be paid  
 37 from the Petroleum and Gas Fund upon the warrant of  
 38 the State Controller. Any amount so expended shall  
 39 constitute a lien against the property upon which the  
 40 work is done.



1 SEC. 25. Section 3227 of the Public Resources Code is  
2 amended to read:

3 3227. The owner of any well producing or capable of  
4 producing oil or gas shall file with the district deputy, on  
5 or before the 10th day of each month, for the last  
6 preceding calendar month, a statement, in such form as  
7 the supervisor may designate, showing:

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

14 (b) The number of wells drilling, producing, or idle,  
15 owned or operated by such person.

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

21 Upon request and satisfactory showing, a longer  
22 interval may be fixed by the supervisor for such reports  
23 in the case of any specific owner or operator.

24 (d) It is the duty of the supervisor to compile from  
25 such statements and to publish monthly statistics showing  
26 the amount of oil and gas produced in the state by  
27 oilfields and pools, together with the number of wells  
28 drilling, number of wells producing or idle, all separately  
29 stated as to oilfields and pools, with such other  
30 information as the supervisor deems proper.

31 (e) As used in this section, "pool" means an  
32 underground reservoir containing a common  
33 accumulation of crude petroleum oil or natural gas or  
34 both. Each zone of a general structure which is separated  
35 from any other zone in the structure is a separate pool.

36 (f) *What disposition was made of the water produced*  
37 *from each well, including designations of injection or*  
38 *disposal wells and such other information regarding the*  
39 *water and the disposition thereof as the supervisor may*  
40 *require.*



1 SEC. 26. Section 3237 of the Public Resources Code is  
2 amended to read:

3 3237. The supervisor or his deputy may order the  
4 abandonment of any well that has been deserted whether  
5 or not any damage is occurring or threatened by reason  
6 of said well. Suspension of drilling operations and  
7 removal of drilling machinery is *prima facie* evidence of  
8 desertion after the elapse of six months unless a request  
9 for an extension of time for a period not to exceed an  
10 additional six months is theretofore filed. *Removal of*  
11 *production equipment or facilities is prima facie*  
12 *evidence of desertion after the elapse of two years. At any*  
13 *time the supervisor may for good cause shown extend this*  
14 ~~period~~ *these periods*. Such order may be appealed to the  
15 district oil and gas commissioners.

16 SEC. 27. Section 3356 of the Public Resources Code is  
17 amended to read:

18 3356. If a review is not taken within 10 days, or if  
19 taken, in case the decision of the district board is  
20 affirmed, the lien upon the property shall be enforced in  
21 the same manner as are other liens on real property, and  
22 shall first be enforced against the owner of the well,  
23 against the operator, ~~and~~ against the personal property  
24 and fixtures used in the construction or operation thereof,  
25 *and secondly against the mineral estate of the property,*  
26 and then, if there is any deficiency, against the land upon  
27 which the work is done. Upon the request of the  
28 supervisor, the State Controller shall bring an action for  
29 the enforcement of the lien in the manner provided in  
30 Article 7 (*commencing with Section 3400*) of this  
31 chapter.



AMENDED IN SENATE MAY 2, 1972

SENATE BILL

No. 1022

Introduced by Senator Deukmejian

March 15, 1972

*An act to amend Sections 3008, 3012, 3013, 3101, 3103, 3104, 3106, 3150, 3151, 3153, 3156, 3156.5, 3203, 3204, 3205, ~~3206~~, 3207, 3208, 3215, 3218, 3226, 3227, 3237, and 3356 of, and to add Sections ~~3202.5, 3205.5, and 3206.5~~ SECTION 3205.5 to, the Public Resources Code, relating to oil and gas.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1022, as amended, Deukmejian. Oil and gas.

Redefines the term "well" for purposes of provisions pertaining to oil and gas.

Requires the chief deputy and district deputies of the Division of Oil and Gas of the Department of Conservation to be a state registered engineer or geologist.

Requires the Oil and Gas Supervisor to so supervise the drilling, operation, maintenance, and abandonment of wells as to prevent damage due to subsidence and compaction of land overlying, or immediately adjacent to, producing oil or gas pools.

Deletes provisions dividing the state into six oil and gas districts and requires the Director of Conservation to divide the state into ~~nine~~ oil and gas districts and to fix the district boundaries. ~~Provides~~ *Requires that there be 9 district oil and gas commissioners for each district and provides for the expiration of the terms of office of ~~district oil and gas~~ commissioners and the election of new commissioners.*

~~Requires persons who acquire or become the operator of an oil or gas well to file a bond and revises~~ *Revises* provisions pertaining to the filing of bonds *by persons who engage in the drilling, re-drilling, or deepening of, or in any operation*



*involving plugging or permanently altering the casing of, any well, including authorizing the filing of a cash bond secured by bank deposits of cash, investment certificates, or share accounts, or by bonds issued by the United States or the state in specified principal amounts and authorizing the substitution of a bond in a lesser amount upon abandonment of a well.*

*Provides Prohibits commencement of drilling until the notice of intention to commence drilling is approved by the supervisor or the district deputy and provides for automatic approval or cancellation of such notice of intention to commence drilling under prescribed conditions and revises content of such notice.*

Revises provisions pertaining to the abandonment of wells.

Requires the oil or gas well owner's monthly statement to show what disposition was made of the water produced from each well, including designations of injection or disposal wells.

*Provides that removal of production equipment or facilities is prima facie evidence of desertion of a well after the elapse of 2 years.*

Vote—Majority; Appropriation—No;  
Fiscal Committee—Yes.

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

- 1 SECTION 1. Section 3008 of the Public Resources
- 2 Code is amended to read:
- 3 3008. "Well" means any oil or gas well or well for the
- 4 discovery of oil or gas, or any well on lands producing or
- 5 reasonably presumed to contain oil or gas or any well
- 6 drilled for the purpose of injecting fluids or gas for
- 7 stimulating oil or gas recovery, repressuring or pressure
- 8 maintenance of oil or gas reservoirs, or disposing of
- 9 oilfield waste fluids or any well drilled within or adjacent
- 10 to an oil or gas pool for the purpose of obtaining water to
- 11 be used in production stimulation or repressuring
- 12 operations.
- 13 SEC. 2. Section 3012 of the Public Resources Code is
- 14 amended to read:
- 15 3012. The provisions of this division apply to any land



1 or well situated within the boundaries of an incorporated  
2 city in which the drilling of oil wells is now or may  
3 hereafter be prohibited, until all wells therein have been  
4 abandoned as provided in this chapter.

5 SEC. 3. Section 3013 of the Public Resources Code is  
6 amended to read:

7 3013. This division shall be liberally construed to meet  
8 its purposes, and the director and the supervisor shall  
9 have all powers which may be necessary to carry out the  
10 purposes of this chapter.

11 SEC. 4. Section 3101 of the Public Resources Code is  
12 amended to read:

13 3101. The supervisor shall appoint one chief deputy  
14 and at least one district deputy for each of the districts  
15 provided for in this chapter, and shall prescribe their  
16 duties.

17 SEC. 5. Section 3103 of the Public Resources Code is  
18 amended to read:

19 3103. The chief deputy shall be a competent engineer  
20 or geologist, registered in the state, and experienced in  
21 the development and production of oil and gas.

22 SEC. 6. Section 3104 of the Public Resources Code is  
23 amended to read:

24 3104. Each district deputy shall be a competent  
25 engineer or geologist, registered in the state, and  
26 experienced in the development and production of oil  
27 and gas. At the time any district deputy is appointed,  
28 notice of his appointment shall be transmitted in writing  
29 to the board of commissioners of the district for which the  
30 deputy is appointed.

31 SEC. 7. Section 3106 of the Public Resources Code is  
32 amended to read:

33 3106. The supervisor shall so supervise the drilling,  
34 operation, maintenance, and abandonment of wells as to  
35 prevent, as far as possible, damage to life, health,  
36 property, and natural resources; damage to underground  
37 oil and gas deposits from infiltrating water and other  
38 causes; loss of oil, gas, or reservoir energy, damage due to  
39 subsidence and compaction of land overlying, or  
40 immediately adjacent to, producing oil or gas pools, and





1 damage to underground and surface waters suitable for  
2 irrigation or domestic purposes by the infiltration of, or  
3 the addition of, detrimental substances, by reason of the  
4 drilling, operation, maintenance, or abandonment of  
5 wells.

6 The supervisor shall also supervise the drilling,  
7 operation, maintenance, and abandonment of wells so as  
8 to permit the owners or operators of such wells to utilize  
9 all methods and practices known to the oil industry for  
10 the purpose of increasing the ultimate recovery of  
11 underground hydrocarbons and which, in the opinion of  
12 the supervisor, are suitable for such purpose in each  
13 proposed case. In order to further the elimination of  
14 waste by increasing the recovery of underground  
15 hydrocarbons it is hereby declared as a policy of this state  
16 that the grant in an oil and gas lease or contract to a lessee  
17 or operator of the right or power, in substance, to explore  
18 for and remove all hydrocarbons from any lands in the  
19 State of California, in the absence of an express provision  
20 to the contrary contained in such lease or contract, is  
21 deemed to allow the lessee or contractor or his successors  
22 or assigns, to do what a prudent operator using  
23 reasonable diligence would do, having in mind the best  
24 interests of the lessor, lessee and the state, in producing  
25 and removing hydrocarbons, including but not limited to  
26 the injection of air, gas, water or other fluids into the  
27 productive strata, the application of pressure heat or  
28 other means for the reduction of viscosity of the  
29 hydrocarbons, the supplying of additional motive force or  
30 creating of enlarged or new channels for the  
31 underground movement of hydrocarbons into  
32 production wells, when such methods or processes  
33 employed have been approved by the supervisor;  
34 provided, however, nothing contained in this section  
35 imposes a legal duty upon such lessee or contractor, his  
36 successors or assigns, to conduct such operations.

37 In order to best meet oil and gas needs in California,  
38 the supervisor shall administer this division so as to  
39 encourage the wise development of the oil and gas  
40 resources.



1 SEC. 8. Section 3150 of the Public Resources Code is  
2 amended to read:

3 3150. For the purposes of this chapter, the director  
4 shall divide the state into districts, and fix the boundaries  
5 of such districts.

6 SEC. 9. Section 3151 of the Public Resources Code is  
7 amended to read:

8 3151. There shall be nine district oil and gas  
9 commissioners for each district.

10 The district commissioners shall be elected at the times  
11 and in the manner hereinafter provided. No person is  
12 eligible to be a district oil and gas commissioner who is  
13 not a resident of the district for which he is elected, nor  
14 who is not actually engaged in the business of oil or gas  
15 development or production within the district, except  
16 that two commissioners for each district shall be  
17 members of the public who are not engaged in the  
18 business of oil or gas development or production but who  
19 have an interest in and knowledge of the environment.

20 SEC. 10. Section 3153 of the Public Resources Code is  
21 amended to read:

22 3153. The terms of office of the district commissioners  
23 in office at the time this chapter takes effect shall be  
24 considered expired. New commissioners shall be elected  
25 in each district with terms which will expire as follows:  
26 three in 1973, three in 1974, and three in 1975.  
27 Notwithstanding, the term of one public member shall  
28 expire in 1974 and the other in 1975.

29 SEC. 11. Section 3156 of the Public Resources Code is  
30 amended to read:

31 3156. Each of those entitled to vote may be  
32 represented by one person holding the written authority  
33 of such voter to act for him at the meeting. Each voter is  
34 entitled to one vote for each member of the board of  
35 district oil and gas commissioners who is to be selected for  
36 the district. In addition thereto, in each district, at  
37 elections to fill those offices the terms of which expire in  
38 1973, and every three years thereafter, each voter is  
39 entitled to cast one vote for each such office for each one  
40 hundred dollars (\$100), or fraction thereof, which the



1 voter has paid in accordance with his last assessment  
2 under this chapter.

3 In all subsequent elections the qualification of voters in  
4 the election of a district commissioner shall be the same  
5 as in the election of the district commissioner whose  
6 successor in office is being elected. The meeting shall  
7 select by ballot, by a majority vote of the votes  
8 represented, the number of persons specified in this  
9 article to act as district commissioners for the district.

10 SEC. 12. Section 3156.5 of the Public Resources Code  
11 is amended to read:

12 3156.5. In the event that the director establishes a  
13 new district, oil and gas commissioners for that district  
14 shall be elected at a meeting of the voters of the district  
15 on the third Tuesday in September of the year the district  
16 is established. The meeting shall be called by the State Oil  
17 and Gas Supervisor and the election shall be conducted  
18 in all respects as provided for district elections by this  
19 article, except that three district commissioners shall be  
20 elected for three years, three for two years, and three for  
21 one year, and the number of ballots cast for the  
22 commissioners to be elected for two-year terms shall be  
23 as provided by Section 3156. Terms of office of district  
24 commissioners residing in the new district will be  
25 considered expired on the third Tuesday in September of  
26 the year the district is established. Their vacancies will be  
27 filled in the manner prescribed in Section 3156.

28 ~~SEC. 13. Section 3202.5 is added to the Public~~  
29 ~~Resources Code, to read:~~

30 ~~3202.5. Every person who acquires the ownership of~~  
31 ~~or becomes the operator of any well whether by~~  
32 ~~purchase, transfer, assignment, conveyance, exchange, or~~  
33 ~~otherwise, subsequent to the enactment of this section,~~  
34 ~~shall file with the supervisor or district deputy a bond in~~  
35 ~~the applicable amount as provided for in Sections 3204,~~  
36 ~~3205, and 3206.5.~~

37 ~~SEC. 14~~ SEC. 13. Section 3203 of the Public  
38 Resources Code is amended to read:

39 3203. The owner or operator of any well shall, before  
40 commencing the work of drilling the well, file with the



1 supervisor or the district deputy a written notice of  
2 intention to commence drilling. Drilling shall not  
3 commence until approval is given by the supervisor or  
4 the district deputy; if the supervisor or the district deputy  
5 fails to give the owner or operator written response to the  
6 notice within 10 working days, such failure shall be  
7 considered as an approval of the notice and the notice  
8 shall, for the purposes and intents of this chapter, be  
9 deemed a written report of the supervisor. If operations  
10 have not commenced within one year of receipt of the  
11 notice, the notice will be considered canceled. The notice  
12 shall contain the following:

13 (a) The location and elevation above sea level of the  
14 floor of the proposed derrick and drill rig.

15 (b) The number or other designation by which the  
16 well shall be known. Such number or designation shall be  
17 subject to the approval of the supervisor.

18 (c) The owner's or operator's estimate of the depths  
19 between which production will be attempted.

20 (d) Such other pertinent data as the supervisor may  
21 require on the printed forms to be supplied by the  
22 Division of Oil and Gas, or on forms acceptable to the  
23 supervisor.

24 After the completion of any well the provisions of this  
25 section shall also apply, as far as may be, to the deepening  
26 or redrilling of the well, or any operation involving the  
27 plugging of the well, or any operations permanently  
28 altering in any manner the casing of the well. The  
29 number or designation by which any well heretofore  
30 drilled has been known, and the number or designation  
31 specified for any well in a notice filed as required by this  
32 section, shall not be changed without first obtaining a  
33 written consent of the supervisor.

34 ~~SEC. 15~~ SEC. 14. Section 3204 of the Public  
35 Resources Code is amended to read:

36 3204. Every person who engages in the drilling,  
37 redrilling, or deepening, or in any operation involving  
38 plugging or permanently altering in any manner the  
39 casing of any well shall file with the supervisor an  
40 indemnity bond in the sum of five thousand dollars



1 (\$5,000) for each well so drilled, redrilled, deepened,  
 2 plugged or permanently altered. The bond shall be filed  
 3 with the supervisor at the time of the filing of the notice  
 4 of intention to perform work on the well, provided for in  
 5 Section 3203. The bond shall be executed by such person,  
 6 as principal, and by an authorized surety company, as  
 7 surety, conditioned that the principal named in the bond  
 8 shall faithfully comply with all the provisions of this  
 9 chapter, in drilling, redrilling, or deepening any well or  
 10 wells covered by the bond, and shall secure the state  
 11 against all losses, charges, and expenses incurred by it to  
 12 obtain such compliance by the principal named in the  
 13 bond.

14 The condition of the bond shall be stated in  
 15 substantially the following language:

16 “If said \_\_\_\_\_, the above bounden principal, shall  
 17 well and truly comply with all the provisions of ~~this~~  
 18 ~~division~~ *Division 3 of the Public Resources Code* and shall  
 19 obey all lawful orders of the State Oil and Gas Supervisor  
 20 or his district deputy or deputies, subject to subsequent  
 21 appeal as provided in this division, and shall pay all  
 22 charges, costs, and expenses incurred by the supervisor or  
 23 his district deputy or deputies in respect of such well or  
 24 wells or the property or properties of said principal, or  
 25 assessed against such well or wells or the property or  
 26 properties of such principal, in pursuance of the  
 27 provisions of said chapter, then this obligation shall be  
 28 void; otherwise, it shall remain in full force and effect.”

29 ~~SEC. 16~~ *SEC. 15*. Section 3205 of the Public  
 30 Resources Code is amended to read:

31 3205. Any person who engages in the drilling,  
 32 redrilling, deepening, ~~maintaining, or abandoning~~ or in  
 33 *any operation involving plugging or permanently*  
 34 *altering in any manner the casing* of one or more wells at  
 35 any time, may file with the supervisor one bond for  
 36 twenty-five thousand dollars (\$25,000) to cover all his  
 37 operations in drilling, redrilling, ~~or deepening~~ of  
 38 *deepening, plugging, or permanently altering* any of his  
 39 wells in the state in lieu of a five-thousand-dollar (\$5,000)  
 40 bond for each well ~~which he is still engaged in drilling,~~



1 ~~redrilling, deepening, maintaining or abandoning drilled,~~  
 2 ~~redrilled, deepened, plugged, or permanently altered.~~  
 3 The bond shall be executed by such person, as principal,  
 4 and by an authorized surety company, as surety, and shall  
 5 be in substantially the same language and upon the same  
 6 conditions as provided in Section 3204, except as to the  
 7 difference in the amount.

8 ~~SEC. 17~~ *SEC. 16.* Section 3205.5 is added to the Public  
 9 Resources Code, to read:

10 3205.5. In lieu of the bond required by Sections ~~3204,~~  
 11 ~~3205, and 3206.5~~ *3204 and 3205*, a person may with the  
 12 written approval of the supervisor file a cash bond in the  
 13 applicable amount, evidence of deposit in banks  
 14 authorized to do business in this state and insured by the  
 15 Federal Deposit Insurance Corporation, investment  
 16 certificates or share accounts in the applicable amount  
 17 issued by a savings and loan association doing business in  
 18 this state and insured by the Federal Savings and Loan  
 19 Insurance Corporation, or bonds issued by the United  
 20 States or the State of California in the principal amounts  
 21 of ~~two thousand four hundred dollars (\$2,400), six~~  
 22 ~~thousand dollars (\$6,000),~~ *six thousand dollars (\$6,000)* or  
 23 thirty thousand dollars (\$30,000), whichever is  
 24 applicable, with the State Treasurer, such bond or  
 25 security filed in lieu thereof shall be subject to all  
 26 conditions set forth in Sections 3204, 3205, 3206, ~~3206.5,~~  
 27 3207, and 3208.

28 ~~SEC. 18.~~ *Section 3206 of the Public Resources Code is*  
 29 *amended to read:*

30 ~~3206. Any five/thousand/dollar (\$5,000) bond issued~~  
 31 ~~in compliance with this chapter may, with the consent of~~  
 32 ~~the supervisor, be terminated and canceled and the~~  
 33 ~~surety be relieved of all obligations thereunder. The~~  
 34 ~~supervisor shall not consent to the termination and~~  
 35 ~~cancellation of any bond until the well or wells for which~~  
 36 ~~it has been issued have been properly abandoned or~~  
 37 ~~another valid bond substituted therefor.~~

38 ~~SEC. 19.~~ *Section 3206.5 is added to the Public*  
 39 *Resources Code, to read:*

40 3206.5. Notwithstanding any other provisions of this



1 chapter, whenever a properly completed oil or gas well  
 2 in which the producing zone is less than 2,000 feet deep  
 3 as measured from the surface of the ground to the bottom  
 4 of the producing interval and any portion of the hole  
 5 below that depth is permanently abandoned in  
 6 conformance with requirements of the supervisor the  
 7 five/thousand/dollar (\$5,000) bond may be released upon  
 8 the substitution of a valid bond in the amount of two  
 9 thousand dollars (\$2,000). Except as to amount, such  
 10 bond shall have the same wording as defined in Section  
 11 3204 and may be terminated under the same provisions  
 12 outlined in Section 3206.

13 ~~SEC. 20~~ SEC. 17. Section 3207 of the Public  
 14 Resources Code is amended to read:

15 3207. Any twenty-five-thousand-dollar (\$25,000)  
 16 bond issued in compliance with this chapter may, with  
 17 the consent of the supervisor, be terminated and  
 18 canceled and the surety be relieved of all obligations  
 19 thereunder when all wells covered by such bond have  
 20 been properly *completed or* abandoned. Should the  
 21 person who has filed a twenty-five-thousand-dollar  
 22 (\$25,000) bond properly *complete or* abandon a portion  
 23 of his wells covered by the bond, the bond may, with the  
 24 consent of the supervisor, be terminated and canceled  
 25 and the surety be relieved of all obligations thereunder  
 26 upon the filing by such person of a five-thousand-dollar  
 27 (\$5,000) bond ~~or two/thousand/dollar (\$2,000) bond as~~  
 28 ~~provided in Section 3206.5~~ for each well which he is still  
 29 engaged in drilling, redrilling, deepening, ~~maintaining,~~  
 30 ~~or abandoning~~ *plugging, or permanently altering.*  
 31 Liability as to individual wells that have been drilled and  
 32 abandoned *or completed* under a  
 33 twenty-five-thousand-dollar (\$25,000) bond may also be  
 34 terminated with the consent of the supervisor.

35 ~~SEC. 21~~ SEC. 18. Section 3208 of the Public  
 36 Resources Code is amended to read:

37 3208. A well is properly completed, for the purposes  
 38 of ~~Section 3206.5~~ *Sections 3206 and 3207*, when it has been  
 39 completed to production of oil or gas, and the person  
 40 engaged in drilling, redrilling, ~~or deepening~~ *deepening,*



1 *plugging, or permanently altering* it has shown to the  
2 satisfaction of the supervisor that both the manner of  
3 drilling, redrilling, ~~or deepening~~ *deepening, plugging, or*  
4 *permanently altering* the well and the manner of  
5 producing oil *or gas* therefrom are satisfactory. A well is  
6 properly abandoned when *drilling, redrilling, deepening,*  
7 *plugging, or permanently altering has ceased before*  
8 *completion to production of oil or gas, and the person*  
9 *drilling, redrilling, deepening, or maintaining plugging,*  
10 *or permanently altering* it has shown to the satisfaction of  
11 the supervisor that all proper steps have been taken to  
12 shut off and exclude all water from oil-bearing or  
13 gas-bearing strata encountered in the well, and to protect  
14 underground or surface water suitable for irrigation or  
15 farm or domestic purposes from the infiltration or  
16 addition of any detrimental substance and to prevent  
17 subsequent damage to life, health, property, and other  
18 resources.

19 ~~SEC. 22~~ *SEC. 19.* Section 3215 of the Public  
20 Resources Code is amended to read:

21 3215. Upon the completion or abandonment of any  
22 well or upon the suspension of operations upon any well,  
23 true copies of the log, core record, and history in  
24 duplicate, and if made, true and reproducible copies of all  
25 electrical, physical, or chemical logs, tests, or surveys in  
26 duplicate and in such form as the supervisor may approve  
27 shall be filed with the district deputy within 60 days after  
28 such completion, suspension, or abandonment. Like  
29 copies shall be filed upon the completion of additional  
30 work in any well. Upon a showing of hardship, the  
31 supervisor may extend the time within which to comply  
32 with the provisions of this section for a period not to  
33 exceed 60 additional days.

34 ~~SEC. 23~~ *SEC. 20.* Section 3218 of the Public  
35 Resources Code is amended to read:

36 3218. The supervisor upon application of an owner or  
37 operator shall determine and designate what wells are  
38 prospect wells, and reports shall not be required from  
39 such prospect wells until six months after suspension of  
40 drilling operations. Upon a showing of hardship, the





1 supervisor may extend the time within which to comply  
2 with the provisions of Section 3215 for a period not to  
3 exceed six additional months.

4 ~~SEC. 24~~ *SEC. 21*. Section 3226 of the Public  
5 Resources Code is amended to read:

6 3226. Within 30 days after service of an order,  
7 pursuant to Sections 3224 and 3225, or 3237, or if there has  
8 been an appeal from the order to the board of district  
9 commissioners, within 30 days after service of the  
10 decision of the board, or if a review has been taken of the  
11 order of the board of district commissioners, within 10  
12 days after affirmance of the order, the owner shall  
13 commence in good faith the work ordered and continue  
14 it until completion. If the work has not been commenced  
15 and continued to completion, the supervisor shall appoint  
16 necessary agents who shall enter the premises and  
17 perform the work. An accurate account of the  
18 expenditures shall be kept, and the amounts shall be paid  
19 from the Petroleum and Gas Fund upon the warrant of  
20 the State Controller. Any amount so expended shall  
21 constitute a lien against the property upon which the  
22 work is done.

23 ~~SEC. 25~~ *SEC. 22*. Section 3227 of the Public  
24 Resources Code is amended to read:

25 3227. The owner of any well producing or capable of  
26 producing oil or gas shall file with the district deputy, on  
27 or before the 10th day of each month, for the last  
28 preceding calendar month, a statement, in such form as  
29 the supervisor may designate, showing:

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

36 (b) The number of wells drilling, producing, or idle,  
37 owned or operated by such person.

38 (c) What disposition was made of the gas produced  
39 from each well, including the names of persons, if any, to  
40 whom the gas was delivered, and such other information



1 regarding the gas and the disposition thereof as the  
2 supervisor may require.

3 Upon request and satisfactory showing, a longer  
4 interval may be fixed by the supervisor for such reports  
5 in the case of any specific owner or operator.

6 (d) It is the duty of the supervisor to compile from  
7 such statements and to publish monthly statistics showing  
8 the amount of oil and gas produced in the state by  
9 oilfields and pools, together with the number of wells  
10 drilling, number of wells producing or idle, all separately  
11 stated as to oilfields and pools, with such other  
12 information as the supervisor deems proper.

13 (e) As used in this section, "pool" means an  
14 underground reservoir containing a common  
15 accumulation of crude petroleum oil or natural gas or  
16 both. Each zone of a general structure which is separated  
17 from any other zone in the structure is a separate pool.

18 (f) What disposition was made of the water produced  
19 from each well, including designations of injection or  
20 disposal wells and such other information regarding the  
21 water and the disposition thereof as the supervisor may  
22 require.

23 ~~SEC. 26~~ *SEC. 23.* Section 3237 of the Public  
24 Resources Code is amended to read:

25 3237. The supervisor or his deputy may order the  
26 abandonment of any well that has been deserted whether  
27 or not any damage is occurring or threatened by reason  
28 of said well. Suspension of drilling operations and  
29 removal of drilling machinery is prima facie evidence of  
30 desertion after the elapse of six months unless a request  
31 for an extension of time for a period not to exceed an  
32 additional six months is theretofore filed. Removal of  
33 production equipment or facilities is prima facie  
34 evidence of desertion after the elapse of two years. At any  
35 time the supervisor may for good cause shown extend  
36 these periods. Such order may be appealed to the district  
37 oil and gas commissioners.

38 ~~SEC. 27~~ *SEC. 24.* Section 3356 of the Public  
39 Resources Code is amended to read:

40 3356. If a review is not taken within 10 days, or if



1 taken, in case the decision of the district board is  
2 affirmed, the lien upon the property shall be enforced in  
3 the same manner as are other liens on real property, and  
4 shall first be enforced against the owner of the well,  
5 against the operator, against the personal property and  
6 fixtures used in the construction or operation thereof, and  
7 secondly against the mineral estate of the property, and  
8 then, if there is any deficiency, against the land upon  
9 which the work is done. Upon the request of the  
10 supervisor, the State Controller shall bring an action for  
11 the enforcement of the lien in the manner provided in  
12 Article 7 (commencing with Section 3400) of this  
13 chapter.

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AMENDED IN SENATE MAY 23, 1972

AMENDED IN SENATE MAY 2, 1972

**SENATE BILL**

**No. 1022**

**Introduced by Senator Deukmejian**

March 15, 1972

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*An act to amend Sections 3008, 3012, 3013, 3101, 3103, 3104, 3106, 3150, 3151, 3153, 3156, 3156.5, 3203, 3204, 3205, 3207, 3208, 3215, 3218, 3226, 3227, 3237, and 3356 of, and to add Section 3205.5 to, the Public Resources Code, relating to oil and gas.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1022, as amended, Deukmejian. Oil and gas.

Redefines the term "well" for purposes of provisions pertaining to oil and gas.

Requires the chief deputy and district deputies of the Division of Oil and Gas of the Department of Conservation to be a state registered engineer or geologist.

Requires the Oil and Gas Supervisor to so supervise the drilling, operation, maintenance, and abandonment of wells as to prevent damage due to subsidence and compaction of land overlying, or immediately adjacent to, producing oil or gas pools.

Deletes provisions dividing the state into six oil and gas districts and requires the Director of Conservation to divide the state into oil and gas districts and to fix the district boundaries. Requires that there be 9 district oil and gas commissioners for each district and provides for the expiration of the terms of office of commissioners and the election of new commissioners.

Revises provisions pertaining to the filing of bonds by persons who engage in the drilling, redrilling, or deepening of, or in any operation involving plugging or permanently

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altering the casing of, any well, including authorizing the filing of a cash bond secured by bank deposits of cash, investment certificates, or share accounts, or by bonds issued by the United States or the state in specified principal amounts.

Prohibits commencement of drilling until the notice of intention to commence drilling is approved by the supervisor or the district deputy and provides for automatic approval or cancellation of such notice of intention under prescribed conditions and revises content of such notice.

Revises provisions pertaining to the abandonment of wells.

Requires the oil or gas well owner's monthly statement to show what disposition was made of the water produced from each well, including designations of injection or disposal wells.

Provides that removal of production equipment or facilities is prima facie evidence of desertion of a well after the elapse of 2 years.

Vote—Majority; Appropriation—No;  
Fiscal Committee—Yes.

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

1 SECTION 1. Section 3008 of the Public Resources  
2 Code is amended to read:

3 3008. "Well" means any oil or gas well or well for the  
4 discovery of oil or gas, or any well on lands producing or  
5 reasonably presumed to contain oil or gas or any well  
6 drilled for the purpose of injecting fluids or gas for  
7 stimulating oil or gas recovery, repressuring or pressure  
8 maintenance of oil or gas reservoirs, or disposing of  
9 oilfield waste fluids or any well drilled within or adjacent  
10 to an oil or gas pool for the purpose of obtaining water to  
11 be used in production stimulation or repressuring  
12 operations.

13 SEC. 2. Section 3012 of the Public Resources Code is  
14 amended to read:

15 3012. The provisions of this division apply to any land  
16 or well situated within the boundaries of an incorporated  
17 city in which the drilling of oil wells is now or may  
18 hereafter be prohibited, until all wells therein have been



1 abandoned as provided in this chapter.

2 SEC. 3. Section 3013 of the Public Resources Code is  
3 amended to read:

4 3013. This division shall be liberally construed to meet  
5 its purposes, and the director and the supervisor shall  
6 have all powers which may be necessary to carry out the  
7 purposes of this chapter.

8 SEC. 4. Section 3101 of the Public Resources Code is  
9 amended to read:

10 3101. The supervisor shall appoint one chief deputy  
11 and at least one district deputy for each of the districts  
12 provided for in this chapter, and shall prescribe their  
13 duties.

14 SEC. 5. Section 3103 of the Public Resources Code is  
15 amended to read:

16 3103. The chief deputy shall be a competent engineer  
17 or geologist, registered in the state, and experienced in  
18 the development and production of oil and gas.

19 SEC. 6. Section 3104 of the Public Resources Code is  
20 amended to read:

21 3104. Each district deputy shall be a competent  
22 engineer or geologist, registered in the state, and  
23 experienced in the development and production of oil  
24 and gas. At the time any district deputy is appointed,  
25 notice of his appointment shall be transmitted in writing  
26 to the board of commissioners of the district for which the  
27 deputy is appointed.

28 SEC. 7. Section 3106 of the Public Resources Code is  
29 amended to read:

30 3106. The supervisor shall so supervise the drilling,  
31 operation, maintenance, and abandonment of wells as to  
32 prevent, as far as possible, damage to life, health,  
33 property, and natural resources; damage to underground  
34 oil and gas deposits from infiltrating water and other  
35 causes; loss of oil, gas, or reservoir energy, ~~damage due to~~  
36 ~~subsidence and compaction of land overlying, or~~  
37 ~~immediately adjacent to, producing oil or gas pools, and~~  
38 *and* damage to underground and surface waters suitable  
39 for irrigation or domestic purposes by the infiltration of,  
40 or the addition of, detrimental substances, by reason of



1 the drilling, operation, maintenance, or abandonment of  
2 wells.

3 The supervisor shall also supervise the drilling,  
4 operation, maintenance, and abandonment of wells so as  
5 to permit the owners or operators of such wells to utilize  
6 all methods and practices known to the oil industry for  
7 the purpose of increasing the ultimate recovery of  
8 underground hydrocarbons and which, in the opinion of  
9 the supervisor, are suitable for such purpose in each  
10 proposed case. In order to further the elimination of  
11 waste by increasing the recovery of underground  
12 hydrocarbons it is hereby declared as a policy of this state  
13 that the grant in an oil and gas lease or contract to a lessee  
14 or operator of the right or power, in substance, to explore  
15 for and remove all hydrocarbons from any lands in the  
16 State of California, in the absence of an express provision  
17 to the contrary contained in such lease or contract, is  
18 deemed to allow the lessee or contractor or his successors  
19 or assigns, to do what a prudent operator using  
20 reasonable diligence would do, having in mind the best  
21 interests of the lessor, lessee and the state, in producing  
22 and removing hydrocarbons, including but not limited to  
23 the injection of air, gas, water or other fluids into the  
24 productive strata, the application of pressure heat or  
25 other means for the reduction of viscosity of the  
26 hydrocarbons, the supplying of additional motive force or  
27 creating of enlarged or new channels for the  
28 underground movement of hydrocarbons into  
29 production wells, when such methods or processes  
30 employed have been approved by the supervisor;  
31 provided, however, nothing contained in this section  
32 imposes a legal duty upon such lessee or contractor, his  
33 successors or assigns, to conduct such operations.

34 In order to best meet oil and gas needs in California,  
35 the supervisor shall administer this division so as to  
36 encourage the wise development of the oil and gas  
37 resources.

38 **SEC. 8. Section 3150 of the Public Resources Code is**  
39 **amended to read:**

40 **3150. For the purposes of this chapter, the director**



1 shall divide the state into districts, and fix the boundaries  
2 of such districts.

3 SEC. 9. Section 3151 of the Public Resources Code is  
4 amended to read:

5 3151. There shall be nine district oil and gas  
6 commissioners for each district.

7 The district commissioners shall be elected at the times  
8 and in the manner hereinafter provided. No person is  
9 eligible to be a district oil and gas commissioner who is  
10 not a resident of the district for which he is elected, nor  
11 who is not actually engaged in the business of oil or gas  
12 development or production within the district, except  
13 that two commissioners for each district shall be  
14 members of the public who are not engaged in the  
15 business of oil or gas development or production but who  
16 have an interest in and knowledge of the environment.

17 SEC. 10. Section 3153 of the Public Resources Code is  
18 amended to read:

19 3153. The terms of office of the district commissioners  
20 in office at the time this chapter takes effect shall be  
21 considered expired. New commissioners shall be elected  
22 in each district with terms which will expire as follows:  
23 three in 1973, three in 1974, and three in 1975.  
24 Notwithstanding, the term of one public member shall  
25 expire in 1974 and the other in 1975.

26 SEC. 11. Section 3156 of the Public Resources Code is  
27 amended to read:

28 3156. Each of those entitled to vote may be  
29 represented by one person holding the written authority  
30 of such voter to act for him at the meeting. Each voter is  
31 entitled to one vote for each member of the board of  
32 district oil and gas commissioners who is to be selected for  
33 the district. In addition thereto, in each district, at  
34 elections to fill those offices the terms of which expire in  
35 1973, and every three years thereafter, each voter is  
36 entitled to cast one vote for each such office for each one  
37 hundred dollars (\$100), or fraction thereof, which the  
38 voter has paid in accordance with his last assessment  
39 under this chapter.

40 In all subsequent elections the qualification of voters in





1 the election of a district commissioner shall be the same  
2 as in the election of the district commissioner whose  
3 successor in office is being elected. The meeting shall  
4 select by ballot, by a majority vote of the votes  
5 represented, the number of persons specified in this  
6 article to act as district commissioners for the district.

7 SEC. 12. Section 3156.5 of the Public Resources Code  
8 is amended to read:

9 3156.5. In the event that the director establishes a  
10 new district, oil and gas commissioners for that district  
11 shall be elected at a meeting of the voters of the district  
12 on the third Tuesday in September of the year the district  
13 is established. The meeting shall be called by the State Oil  
14 and Gas Supervisor and the election shall be conducted  
15 in all respects as provided for district elections by this  
16 article, except that three district commissioners shall be  
17 elected for three years, three for two years, and three for  
18 one year, and the number of ballots cast for the  
19 commissioners to be elected for two-year terms shall be  
20 as provided by Section 3156. Terms of office of district  
21 commissioners residing in the new district will be  
22 considered expired on the third Tuesday in September of  
23 the year the district is established. Their vacancies will be  
24 filled in the manner prescribed in Section 3156.

25 SEC. 13. Section 3203 of the Public Resources Code is  
26 amended to read:

27 3203. The owner or operator of any well shall, before  
28 commencing the work of drilling the well, file with the  
29 supervisor or the district deputy a written notice of  
30 intention to commence drilling. Drilling shall not  
31 commence until approval is given by the supervisor or  
32 the district deputy; if the supervisor or the district deputy  
33 fails to give the owner or operator written response to the  
34 notice within 10 working days, such failure shall be  
35 considered as an approval of the notice and the notice  
36 shall, for the purposes and intents of this chapter, be  
37 deemed a written report of the supervisor. If operations  
38 have not commenced within one year of receipt of the  
39 notice, the notice will be considered canceled. The notice  
40 shall contain the following:



1 (a) The location and elevation above sea level of the  
2 floor of the proposed derrick and drill rig.

3 (b) The number or other designation by which the  
4 well shall be known. Such number or designation shall be  
5 subject to the approval of the supervisor.

6 (c) The owner's or operator's estimate of the depths  
7 between which production will be attempted.

8 (d) Such other pertinent data as the supervisor may  
9 require on the printed forms to be supplied by the  
10 Division of Oil and Gas, or on forms acceptable to the  
11 supervisor.

12 After the completion of any well the provisions of this  
13 section shall also apply, as far as may be, to the deepening  
14 or redrilling of the well, or any operation involving the  
15 plugging of the well, or any operations permanently  
16 altering in any manner the casing of the well. The  
17 number or designation by which any well heretofore  
18 drilled has been known, and the number or designation  
19 specified for any well in a notice filed as required by this  
20 section, shall not be changed without first obtaining a  
21 written consent of the supervisor.

22 SEC. 14. Section 3204 of the Public Resources Code is  
23 amended to read:

24 3204. Every person who engages in the drilling,  
25 redrilling, or deepening, or in any operation involving  
26 plugging or permanently altering in any manner the  
27 casing of any well shall file with the supervisor an  
28 indemnity bond in the sum of five thousand dollars  
29 (\$5,000) for each well so drilled, redrilled, deepened,  
30 plugged or permanently altered. The bond shall be filed  
31 with the supervisor at the time of the filing of the notice  
32 of intention to perform work on the well, provided for in  
33 Section 3203. The bond shall be executed by such person,  
34 as principal, and by an authorized surety company, as  
35 surety, conditioned that the principal named in the bond  
36 shall faithfully comply with all the provisions of this  
37 chapter, in drilling, redrilling, or deepening any well or  
38 wells covered by the bond, and shall secure the state  
39 against all losses, charges, and expenses incurred by it to  
40 obtain such compliance by the principal named in the



1 bond.

2 The condition of the bond shall be stated in  
3 substantially the following language:

4 "If said \_\_\_\_\_, the above bounden principal, shall  
5 well and truly comply with all the provisions of Division  
6 3 of the Public Resources Code and shall obey all lawful  
7 orders of the State Oil and Gas Supervisor or his district  
8 deputy or deputies, subject to subsequent appeal as  
9 provided in this division, and shall pay all charges, costs,  
10 and expenses incurred by the supervisor or his district  
11 deputy or deputies in respect of such well or wells or the  
12 property or properties of said principal, or assessed  
13 against such well or wells or the property or properties of  
14 such principal, in pursuance of the provisions of said  
15 chapter, then this obligation shall be void; otherwise, it  
16 shall remain in full force and effect."

17 SEC. 15. Section 3205 of the Public Resources Code is  
18 amended to read:

19 3205. Any person who engages in the drilling,  
20 redrilling, deepening, or in any operation involving  
21 plugging or permanently altering in any manner the  
22 casing of one or more wells at any time, may file with the  
23 supervisor one bond for twenty-five thousand dollars  
24 (\$25,000) to cover all his operations in drilling, redrilling,  
25 deepening, plugging, or permanently altering any of his  
26 wells in the state in lieu of a five-thousand-dollar (\$5,000)  
27 bond for each well drilled, redrilled, deepened, plugged,  
28 or permanently altered. The bond shall be executed by  
29 such person, as principal, and by an authorized surety  
30 company, as surety, and shall be in substantially the same  
31 language and upon the same conditions as provided in  
32 Section 3204, except as to the difference in the amount.

33 SEC. 16. Section 3205.5 is added to the Public  
34 Resources Code, to read:

35 3205.5. In lieu of the bond required by Sections 3204  
36 and 3205, a person may with the written approval of the  
37 supervisor file a cash bond in the applicable amount,  
38 evidence of deposit in banks authorized to do business in  
39 this state and insured by the Federal Deposit Insurance  
40 Corporation, investment certificates or share accounts in



1 the applicable amount issued by a savings and loan  
2 association doing business in this state and insured by the  
3 Federal Savings and Loan Insurance Corporation, or  
4 bonds issued by the United States or the State of  
5 California in the principal amounts of six thousand dollars  
6 (\$6,000) or thirty thousand dollars (\$30,000), whichever  
7 is applicable, with the State Treasurer, such bond or  
8 security filed in lieu thereof shall be subject to all  
9 conditions set forth in Sections 3204, 3205, 3206, 3207, and  
10 3208.

11 SEC. 17. Section 3207 of the Public Resources Code is  
12 amended to read:

13 3207. Any twenty-five-thousand-dollar (\$25,000)  
14 bond issued in compliance with this chapter may, with  
15 the consent of the supervisor, be terminated and  
16 canceled and the surety be relieved of all obligations  
17 thereunder when all wells covered by such bond have  
18 been properly completed or abandoned. Should the  
19 person who has filed a twenty-five-thousand-dollar  
20 (\$25,000) bond properly complete or abandon a portion  
21 of his wells covered by the bond, the bond may, with the  
22 consent of the supervisor, be terminated and canceled  
23 and the surety be relieved of all obligations thereunder  
24 upon the filing by such person of a five-thousand-dollar  
25 (\$5,000) bond for each well which he is still engaged in  
26 drilling, redrilling, deepening, plugging, or permanently  
27 altering. Liability as to individual wells that have been  
28 drilled and abandoned or completed under a  
29 twenty-five-thousand-dollar (\$25,000) bond may also be  
30 terminated with the consent of the supervisor.

31 SEC. 18. Section 3208 of the Public Resources Code is  
32 amended to read:

33 3208. A well is properly completed, for the purposes  
34 of Sections 3206 and 3207, when it has been completed to  
35 production of oil or gas, and the person engaged in  
36 drilling, redrilling, deepening, plugging, or permanently  
37 altering it has shown to the satisfaction of the supervisor  
38 that both the manner of drilling, redrilling, deepening,  
39 plugging, or permanently altering the well and the  
40 manner of producing oil or gas therefrom are satisfactory.



1 A well is properly abandoned when drilling, re-drilling,  
2 deepening, plugging, or permanently altering has ceased  
3 before completion to production of oil or gas, and the  
4 person drilling, re-drilling, deepening, plugging, or  
5 permanently altering it has shown to the satisfaction of  
6 the supervisor that all proper steps have been taken to  
7 shut off and exclude all water from oil-bearing or  
8 gas-bearing strata encountered in the well, and to protect  
9 underground or surface water suitable for irrigation or  
10 farm or domestic purposes from the infiltration or  
11 addition of any detrimental substance and to prevent  
12 subsequent damage to life, health, property, and other  
13 resources.

14 SEC. 19. Section 3215 of the Public Resources Code is  
15 amended to read:

16 3215. Upon the completion or abandonment of any  
17 well or upon the suspension of operations upon any well,  
18 true copies of the log, core record, and history in  
19 duplicate, and if made, true and reproducible copies of all  
20 electrical, physical, or chemical logs, tests, or surveys in  
21 duplicate and in such form as the supervisor may approve  
22 shall be filed with the district deputy within 60 days after  
23 such completion, suspension, or abandonment. Like  
24 copies shall be filed upon the completion of additional  
25 work in any well. Upon a showing of hardship, the  
26 supervisor may extend the time within which to comply  
27 with the provisions of this section for a period not to  
28 exceed 60 additional days.

29 SEC. 20. Section 3218 of the Public Resources Code is  
30 amended to read:

31 3218. The supervisor upon application of an owner or  
32 operator shall determine and designate what wells are  
33 prospect wells, and reports shall not be required from  
34 such prospect wells until six months after suspension of  
35 drilling operations. Upon a showing of hardship, the  
36 supervisor may extend the time within which to comply  
37 with the provisions of Section 3215 for a period not to  
38 exceed six additional months.

39 SEC. 21. Section 3226 of the Public Resources Code is  
40 amended to read:



1 3226. Within 30 days after service of an order,  
2 pursuant to Sections 3224 and 3225, or 3237, or if there has  
3 been an appeal from the order to the board of district  
4 commissioners, within 30 days after service of the  
5 decision of the board, or if a review has been taken of the  
6 order of the board of district commissioners, within 10  
7 days after affirmance of the order, the owner shall  
8 commence in good faith the work ordered and continue  
9 it until completion. If the work has not been commenced  
10 and continued to completion, the supervisor shall appoint  
11 necessary agents who shall enter the premises and  
12 perform the work. An accurate account of the  
13 expenditures shall be kept, and the amounts shall be paid  
14 from the Petroleum and Gas Fund upon the warrant of  
15 the State Controller. Any amount so expended shall  
16 constitute a lien against the property upon which the  
17 work is done.

18 SEC. 22. Section 3227 of the Public Resources Code is  
19 amended to read:

20 3227. The owner of any well producing or capable of  
21 producing oil or gas shall file with the district deputy, on  
22 or before the 10th day of each month, for the last  
23 preceding calendar month, a statement, in such form as  
24 the supervisor may designate, showing:

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

31 (b) The number of wells drilling, producing, or idle,  
32 owned or operated by such person.

33 (c) What disposition was made of the gas produced  
34 from each well, including the names of persons, if any, to  
35 whom the gas was delivered, and such other information  
36 regarding the gas and the disposition thereof as the  
37 supervisor may require.

38 Upon request and satisfactory showing, a longer  
39 interval may be fixed by the supervisor for such reports  
40 in the case of any specific owner or operator.



1 (d) It is the duty of the supervisor to compile from  
2 such statements and to publish monthly statistics showing  
3 the amount of oil and gas produced in the state by  
4 oilfields and pools, together with the number of wells  
5 drilling, number of wells producing or idle, all separately  
6 stated as to oilfields and pools, with such other  
7 information as the supervisor deems proper.

8 (e) As used in this section, "pool" means an  
9 underground reservoir containing a common  
10 accumulation of crude petroleum oil or natural gas or  
11 both. Each zone of a general structure which is separated  
12 from any other zone in the structure is a separate pool.

13 (f) What disposition was made of the water produced  
14 from each well, including designations of injection or  
15 disposal wells and such other information regarding the  
16 water and the disposition thereof as the supervisor may  
17 require.

18 SEC. 23. Section 3237 of the Public Resources Code is  
19 amended to read:

20 3237. The supervisor or his deputy may order the  
21 abandonment of any well that has been deserted whether  
22 or not any damage is occurring or threatened by reason  
23 of said well. Suspension of drilling operations and  
24 removal of drilling machinery is prima facie evidence of  
25 desertion after the elapse of six months unless a request  
26 for an extension of time for a period not to exceed an  
27 additional six months is theretofore filed *after April 1,*  
28 *1973.* Removal of production equipment or facilities is  
29 prima facie evidence of desertion after the elapse of two  
30 years. At any time the supervisor may for good cause  
31 shown extend these periods. Such order may be appealed  
32 to the district oil and gas commissioners.

33 SEC. 24. Section 3356 of the Public Resources Code is  
34 amended to read:

35 3356. If a review is not taken within 10 days, or if  
36 taken, in case the decision of the district board is  
37 affirmed, the lien upon the property shall be enforced in  
38 the same manner as are other liens on real property, and  
39 shall first be enforced against the owner of the well,  
40 against the operator, against the personal property and



1 fixtures used in the construction or operation thereof, and  
2 secondly against the mineral estate of the property, and  
3 then, if there is any deficiency, against the land upon  
4 which the work is done. Upon the request of the  
5 supervisor, the State Controller shall bring an action for  
6 the enforcement of the lien in the manner provided in  
7 Article 7 (commencing with Section 3400) of this  
8 chapter.

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STATE OF CALIFORNIA  
Supreme Court of California

**PROOF OF SERVICE**

STATE OF CALIFORNIA  
Supreme Court of California

Case Name: **CHEVRON U.S.A. v. COUNTY OF MONTEREY (PROTECT MONTEREY COUNTY)**

Case Number: **S271869**

Lower Court Case Number: **H045791**

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REQUEST FOR JUDICIAL NOTICE	Volume 1
REQUEST FOR JUDICIAL NOTICE	Volume 2
REQUEST FOR JUDICIAL NOTICE	Volume 3
REQUEST FOR JUDICIAL NOTICE	Volume 4
REQUEST FOR JUDICIAL NOTICE	Volume 5
REQUEST FOR JUDICIAL NOTICE	Volume 6
REQUEST FOR JUDICIAL NOTICE	Volume 7
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Sean Hecht Frank G. Wells Environmental Law Clinic 181502	hecht@law.ucla.edu	e-Serve	3/28/2022 7:51:54 PM
Theodore Boutrous Gibson Dunn & Crutcher LLP 132099	tboutrous@gibsondunn.com	e-Serve	3/28/2022 7:51:54 PM
Jeffrey Dintzer Alston & Bird LLP 139056	jeffrey.dintzer@alston.com	e-Serve	3/28/2022 7:51:54 PM
Dione Garlick Gibson, Dunn & Crutcher 293012	dgarlick@gibsondunn.com	e-Serve	3/28/2022 7:51:54 PM
Andrew Bassak Hanson Bridgett LLP 162440	abassak@hansonbridgett.com	e-Serve	3/28/2022 7:51:54 PM
Donald Oldaker Clifford and Brown 166230	doldaker@clifford-brownlaw.com	e-Serve	3/28/2022 7:51:54 PM
Kevin Bundy	bundy@smwlaw.com	e-	3/28/2022

Shute, Mihaly & Weinberger LLP 231686		Serve	7:51:54 PM
Leslie Girard Monterey County Counsel	girardlj@co.monterey.ca.us	e-Serve	3/28/2022 7:51:54 PM
Gene Tanaka Best Best & Krieger LLP 101423	gene.tanaka@bbklaw.com	e-Serve	3/28/2022 7:51:54 PM
Todd Smith Ragghianti Freitas LLP	tsmith@rflawllp.com	e-Serve	3/28/2022 7:51:54 PM
Deborah Sivas Mills Legal Clinic at Stanford Law School 135446	dsivas@stanford.edu	e-Serve	3/28/2022 7:51:54 PM
Michael Geibelson Robins Kaplan LLP 179970	mgeibelson@robinskaplan.com	e-Serve	3/28/2022 7:51:54 PM
Hollin Kretzmann Center For Biological Diversity 290054	hkretzmann@biologicaldiversity.org	e-Serve	3/28/2022 7:51:54 PM
Jacqueline Zischke Attorney at Law 171670	jzischkelaw@charter.net	e-Serve	3/28/2022 7:51:54 PM
Jason Retterer JRG Attorneys at Law 194651	jason@jrgattorneys.com	e-Serve	3/28/2022 7:51:54 PM
Edward Renwick Hanna and Morton LLP 29325	erenwick@hanmor.com	e-Serve	3/28/2022 7:51:54 PM
Barton Thompson Attorney at Law 72927	bthompson@omm.com	e-Serve	3/28/2022 7:51:54 PM
Alison Hahm Communities for a Better Environment 336969	ahahm@cbecal.org	e-Serve	3/28/2022 7:51:54 PM
Julia Forgie NRDC 304701	jforgie@nrdc.org	e-Serve	3/28/2022 7:51:54 PM
Elizabeth Vissers Office of the County County, County of Santa Clara 321365	elizabeth.vissers@cco.sccgov.org	e-Serve	3/28/2022 7:51:54 PM
Matthew Kline O'Melveny & Myers LLP 211640	mkline@omm.com	e-Serve	3/28/2022 7:51:54 PM
Matthew C. Wickersham 241733	matt.wickersham@alston.com	e-Serve	3/28/2022 7:51:54 PM
Dana L. Craig	dcraig@gibsondunn.com	e-Serve	3/28/2022 7:51:54 PM
Christopher A. Rheinheimer 253890	crheinheimer@hansonbridgett.com	e-Serve	3/28/2022 7:51:54 PM

Heather A. Welles 302256	hwelles@omm.com	e-Serve	3/28/2022 7:51:54 PM
Dimitri D. Portnoi 282871	dportnoi@omm.com	e-Serve	3/28/2022 7:51:54 PM
Glenn Danas 270317	gdanas@robinskaplan.com	e-Serve	3/28/2022 7:51:54 PM
David Balch 226519	david@jrgattorneys.com	e-Serve	3/28/2022 7:51:54 PM
Daniel Ress	dress@crpe-ej.org	e-Serve	3/28/2022 7:51:54 PM
Damon Nagami	dnagami@nrdc.org	e-Serve	3/28/2022 7:51:54 PM

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

3/28/2022

Date

/s/Kevin Bundy

Signature

Bundy, Kevin (231686)

Last Name, First Name (PNum)

Shute, Mihaly & Weinberger LLP

Law Firm