

# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

## Draft Staff Report Proposed Amended Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

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## EXECUTIVE SUMMARY

The South Coast Air Quality Management District (South Coast AQMD) staff proposes to modify requirements in Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers (Rule 1148.2) in response to concerns raised by communities located in the Wilmington, Carson, West Long Beach (WCWLB) area and South Los Angeles (SLA) area. Rule 1148.2 applies to over 300 operators of onshore oil or gas wells located within the jurisdiction of the South Coast AQMD that conduct oil and gas well drilling, well completion, well rework, and well injection activities. Proposed Amended Rule (PAR) 1148.2 will do the following: 1) add three new definitions to further clarify the amendments being proposed, 2) revise the notification time from no less than 48 hours to no less than 72 hours prior to the start of drilling, well completion, rework or acidizing of an onshore oil, gas, or injection well, 3) add an alternative process if the Notification portal is inaccessible, 4) reduce the number of extensions from five to three, 5) add workover rig operations to the notification requirements, 6) add injection well acidizing to the notification requirements, and 7) delete an obsolete reporting requirement. Additional minor changes to rule language will be made for consistency and clarity.

## **CHAPTER 1: BACKGROUND**

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**INTRODUCTION**

**BACKGROUND**

**AFFECTED FACILITIES**

**PUBLIC PROCESS**

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## INTRODUCTION

Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers establishes requirements for operators of oil and gas wells to notify the Executive Officer of operations involving well drilling, well reworks and well completions, such as hydraulic fracturing, acidizing, and gravel packing. Rule 1148.2 also requires suppliers of chemicals that are used in the aforementioned well activities to provide information on chemical use. Well activity occurs at multiple sites throughout the South Coast AQMD and may be found near residential communities. Concerns have been raised by AB 617 communities located in the Wilmington, Carson, West Long Beach (WCWLB) area and South Los Angeles (SLA) area about the need for additional, timely and reliable information related to well activities not previously regulated by Rule 1148.2. In response, staff proposes to modify requirements in Rule 1148.2 to add notification requirements for injection well acidizing work and for the use of workover rigs engaged in general maintenance activity. Staff also proposes to increase the notification time and to reduce the number of allowable extensions. Additional definitions and minor changes to rule language are made for consistency and clarity.

## BACKGROUND

Rule 1148.2 was adopted on April 5, 2013 to better quantify potential air emissions from well development activities in response to concerns regarding hydraulic fracturing. Currently, the rule requires the operator to notify South Coast AQMD prior to the start of drilling, well completion, or rework of an onshore oil or gas well. The rule includes requirements for well operators and chemical suppliers to report information on the chemical composition of trade name products used during well event activity. Under the current rule, chemical suppliers provide well operators with the identities of the trade name products, the amount of each trade name product and purpose for each chemical ingredient used in well drilling, well completion, and well stimulation fluids; as well as chemical identities, Chemical Abstract Service (CAS) numbers, and maximum concentration in percent by mass of each chemical ingredient used in the trade name product.

Rule 1148.2 was amended September 4, 2015 to: 1) disaggregate the reporting of the trade name product from the chemical ingredients within the product; 2) no longer require the reporting of the chemical mass concentration within the trade name product, and instead require the mass of each chemical ingredient; and 3) remain consistent with Senate Bill 4 Well Stimulation Treatment Regulations, making non-trade secret information available to the public on South Coast AQMD's website. It was expected that by disaggregating the trade name product from the chemical ingredient, suppliers would make fewer trade secret claims, providing greater transparency to the public regarding the chemical ingredients and their mass.

### *AB 617 and Concerns with Oil and Gas Well Activities*

In 2017, Governor Brown signed Assembly Bill (AB) 617 (C. Garcia, Chapter 136, Statutes of 2017) to develop a new community-focused program to potentially reduce exposure to air pollution

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and preserve public health. AB 617 directed the California Air Resources Board (CARB) and all local air districts, including the South Coast AQMD, to enact measures to protect communities disproportionately impacted by air pollution. On September 27, 2018, the California Air Resources Board (CARB) designated 10 communities across the state to implement community plans for the first year of the AB 617 program. Local air districts were tasked with developing and implementing community emissions reduction and community air monitoring plans in partnership with residents and community stakeholders. The Community Air Monitoring Plan (CAMP) includes actions to enhance the understanding of air pollution in the designated communities and to support effective implementation of the Community Emissions Reduction Plan (CERP). A CERP provides a blueprint for achieving air pollution emission and exposure reductions, addressing the community's highest air quality priorities. The CERP includes actions to reduce emissions and/or exposures in partnership with community stakeholders.

During their CERP development process, the WCWLB and SLA communities raised numerous concerns related to oil and gas well activity and current South Coast AQMD Rules. Specifically, community stakeholders expressed concerns that although Rule 1148.2 requires operators to notify the Executive Officer for activities related to well drilling, well reworks and well completions, other activities with potential emission sources were not being disclosed. For example, community stakeholders noted that acidizing work for water injection wells and the use of diesel workover rigs used for general maintenance activities were not being reported and requested that such activities be included as part of the notification requirement. In addition, any chemicals used in the acidizing of water injection wells should be reported similarly to other regulated activities. Lastly, stakeholders requested that chemical usage be consolidated and reported on an annual basis.

The CERP for WCWLB listed four main air quality priorities related to oil drilling and production. These priorities focused on:

- The need for near-facility air measurements and inspections to address leaks and odors from oil drilling and production;
- Improved public outreach and notifications;
- Additional requirements for oil production sites to submit either a chemical survey or annual report to develop an accurate inventory of emissions and chemicals used; and
- The use of zero-emission technology at drilling sites.

The CERP for SLA also listed multiple priorities related to oil drilling and production. These priorities focused on:

- Identification of locations of concern, characterize emissions, and identify potential elevated emissions through air measurement surveys around oil drilling sites;
- Determination of which oil well sites and activities may require additional monitoring;
- Collaboration with appropriate agencies when issues are identified at oil and gas facilities during inspection sweeps to ensure these facilities follow rules and regulations from

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appropriate agencies, in particular those related to land-use, public health, and abandoned wells;

- Information of enforcement findings and enforcement actions taken at oil and gas facilities, in particular those related to odors and fugitive emissions and CARB regulations;
- Reduction emissions and exposure to oil and gas operations through rule amendments to the Rule 1148 Series;
- Support of community members with conducting community air monitoring and understanding data;
- Information of other agencies' authority and new or ongoing projects (e.g., future regulations or ordinances) related to the oil and gas industry;
- Incentivization funding opportunities for best management practices and/or installation of emission reduction technologies at oil and gas facilities.

Note that some of these community concerns will require amending Rule 1148.1 such as air monitoring, rule amendments, zero-emission technology at drilling sites, and installation of emission reduction technologies.

### **AFFECTED FACILITIES**

Proposed Amended Rule 1148.2 affects any operator of an onshore oil or gas well located within the jurisdiction of the South Coast AQMD that is conducting oil and gas well drilling, well completion, well rework, and well injection activities. There are approximately three hundred and seven facilities potentially affected by this amendment.

### **PUBLIC PROCESS**

The development of PAR 1148.2 was conducted through a public process. Three Working Group Meetings were held on: April 14, 2022, June 8, 2022, and August 10, 2022. In addition, staff participated in AB 617 meetings to notify and update stakeholders of the rule development process. Staff also met individually with industry stakeholders and visited sites affected by the rule development process. Working group meeting notices were provided to operators, suppliers and participants of AB 617 meetings that signed up for notifications of AB 617 updates or oil and gas well rule development. A Public Workshop meeting was held on September 1, 2022 with the comment period closing on September 15, 2022. At the Public Workshop meeting, staff presented the proposed rule to the general public and stakeholders and received comments related to the proposal. A Public Consultation Meeting was held on September 29, 2022 to address additional proposed amendments.



## **CHAPTER 2: PROPOSED AMENDMENTS TO RULE 1148.2**

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**INTRODUCTION**

**PROPOSED AMENDMENTS TO RULE 1148.2**

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## INTRODUCTION

Staff participated in multiple meetings with WCWLB and SLA community residents and listened to their requests for additional notification and reporting requirements. Staff also met and discussed these requests with various industry stakeholders. The following proposals address the concerns raised in these communities and provide an avenue for industry to comply within the existing notification structure.

## PROPOSED AMENDMENTS TO RULE 1148.2

Proposed Amended Rule 1148.2 proposes to revise the notification requirements for drilling, well rework, and well completion by including injection well acidizing and workover rig operations. In addition, PAR will include three new definitions and an annual reporting requirement. PAR 1148.2 will: 1) add three new definitions to further clarify the amendments being proposed, 2) revise the notification time from no less than 48 hours to no less than 72 hours prior to the start of drilling, well completion, rework or acidizing of an onshore oil, gas, or injection well, 3) add an alternative process if the Notification portal is inaccessible, 4) reduce the number of extensions from five to three, 5) add workover rig operations to the notification requirements, 6) add injection well acidizing to the notification requirements, 7) delete an obsolete reporting requirement.

### *Addition of New Definitions*

The definitions listed below are being added due to the proposed amendments to Rule 1148.2, including the addition of injection wells and workover rigs to the notification requirements. These definitions will assist in clarifying when a notification is required.

Three definitions are added to provide clarification of terms:

- **INJECTION WELL** means a well used to place fluid underground into porous geologic formations.

PAR 1148.2 adds a notification for acidizing activities at injection wells. Staff incorporated a new definition for an injection well since it has not been previously defined. The definition is obtained from the U.S. EPA website, *General Information About Injection Wells*.<sup>1</sup>

- **WELL MAINTENANCE ACTIVITY** means general well servicing such as rod or tubing replacement, and other maintenance that is not already covered by another definition. Acidizing would not be covered by this definition.

PAR 1148.2 adds a definition for well maintenance activity. Staff distinguishes this activity from when chemical work for acidizing is planned. This activity may incorporate the use of a

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<sup>1</sup> U.S. EPA Website: <https://www.epa.gov/uic/general-information-about-injection-wells#:~:text=Regulating%20agency-Definition%20of%20injection%20well,or%20water%20mixed%20with%20chemicals>.

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diesel engine to insert or remove rod and tubing into a well. This definition was added to further clarify what constitutes a workover rig operation for the sake of notification requirements.

- **WORKOVER RIG** means mobile self-propelled equipment used to perform one or more operations, such as a well maintenance activity, well completion, or rework.

PAR 1148.2 adds a definition to describe what a workover rig is. Staff developed this definition by researching various oil field industry websites that listed workover rigs, and from first-hand observations of workover rigs used in the local oil field production facilities.

#### *Revision of Notification Time from No Less than 48 Hours to No Less than 72 Hours*

Staff recommends changing the minimum time to submit a notification from no less than 48 hours to no less than 72 hours. This would apply to notifications related to drilling, well completion, rework or acidizing of an onshore oil, gas, or injection well. Community stakeholders in SLA expressed concerns that if a notice were made on a Friday, then the local schools or community members may not receive the notice until the following Monday. This would allow for sufficient advanced notice and enable community members time to make any efforts to mitigate potential impacts of the well activity.

Under (d)(1) within PAR 1148.2, the proposed amendment is listed below:

The operator of an onshore oil or gas well shall electronically notify the Executive Officer, using a format approved by the Executive Officer, of the following information, no more than ten (10) calendar days and no less than 72 hours prior to the start of drilling, well completion, or rework of an onshore oil or gas well.

#### *Addition of an Alternative Process if the Notification Portal is Inaccessible*

During the rulemaking process, staff heard from stakeholders that at times, they were not able to submit an electronic notification due to unknown problems with the Rule 1148.2 Notification portal. They stated that they would have to contact South Coast AQMD staff directly in order to work out connectivity or reception issues. To address these concerns, staff has added proposed rule language under section (d)(1) to have an operator call 1-800-CUT-SMOG and to provide information required under subparagraphs (d)(1)(A) through (d)(1)(E) whenever the Notification portal is inaccessible. This proposed alternative process is meant only to be used when the notification portal is inaccessible and not meant as an option to be used when the portal is operational and accessible.

#### *Reduction of the Number of Extensions from Five to Three*

Staff recommends changing the number of allowable extensions from five to three. This would apply to notifications related to drilling, well completion, rework or acidizing of an onshore oil, gas, or injection well that are anticipated to occur after the originally projected 24-hour window of the start date and time. Community stakeholders in SLA expressed concerns that it is difficult to

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plan to vacate the area during one of the aforementioned notifications given the current high number of allowable extensions.

Under (d)(3)(C) within PAR 1148.2, the proposed amendment is listed below:

If the start date and time of a notification for the drilling, well completion, or well rework of an onshore oil or gas well specified in a notification submitted to the Executive Officer pursuant to subparagraph (d)(1)(E) is anticipated to occur after the originally projected 24-hour window of the start date and time, the operator shall electronically notify the Executive Officer of an extension provided that: no more than three successive 24-hour extensions are requested.

#### *Addition of Notification Requirements for Use of Workover Rigs*

The AB 617 SLA CERP listed workover rig operations as a community concern and requested that the activity of workover rigs used for general maintenance be included in notification requirements. Workover rigs, as shown in Figure 1, are mobile self-propelled pieces of equipment used for drilling, well rework, and well completion for which a notification is already required. Typically, workover rigs use a diesel engine as a source of power to perform work on wells. The rigs can be used for general maintenance activities where well rods and tubing are inserted or removed. Community stakeholders have expressed concerns that emissions emanating from diesel engines on a workover rig may adversely impact them. Diesel exhaust emissions have been found to be carcinogenic and produce both NO<sub>x</sub> and particulate matter. Diesel exhaust emissions have also been a source of nuisance complaints from impacted communities. General maintenance activities are currently not subject to notification requirements. Staff has evaluated the request from community stakeholders and proposes an amendment to add notification requirements for the use of workover rigs where no notification was previously required.



Figure 1: A Workover Rig Used in the Oil Production Field

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Staff notes that workover rig operations for general well servicing are dynamic and unexpected maintenance issues may arise without much notice to the operator. For example, a rod in a well may have an operational issue that is identified during a night shift. The operator then may need to schedule a workover rig to come to the well as soon as the morning shift is on site to effect the repair. To provide operational flexibility, staff proposes a minimum of a 24-hour notification requirement for workover rig activity. Note that the 10-day to 72-hour (proposed) notification for oil and gas well drilling, well completion, rework, and injection well acidizing is not affected by this.

To encourage the use of the lowest pollutant emitting diesel engines that are currently commercially available, workover rigs that meet Tier 4 – Final emission standards of 40 CFR Part 1039 Section 1039.101 Table 1 or that are powered by a non-combustion source (e.g., electrically-powered, fuel cell, solar energy, etc.) will not require notification. Use of workover rigs with diesel engines that do not meet Tier 4 – Final emissions standards, including engines that connect to and assist the workover rig with any well activity will require notification of such activity, including activity for general maintenance.

Staff has received stakeholder feedback regarding the staffing required to process additional notification submittals. The concern expressed is that with the additional notification burden, operators will need to hire and train more staff to accommodate a workload increase. Under the current economic environment, it may be difficult to hire and train additional people within a short period of time. To address this concern, staff has added a proposed effective start date of July 1, 2023 for the addition of the use of workover rigs to the notification requirements.

Under (d)(6) within PAR 1148.2, the proposed amendment is listed below:

Effective July 1, 2023, the operator of a workover rig operating at sites where the engine does not meet a minimum Tier 4 – Final emissions standards of 40 CFR Part 1039 Section 1039.101 Table 1, or where the engine is not powered by a non-combustion source, shall electronically notify the Executive Officer no more than 10 calendar days and no less than 24 hours prior to the use of the workover rig on either an onshore oil or gas well, or an injection well. This engine standard shall also apply to any engine that connects to, and assists, the workover rig with any well activity.

#### *Addition of Notification Requirements for the Acidizing of Injection Wells*

The AB 617 SLA CERP listed acidizing of injection wells as a community concern. An injection well is used to place fluid underground into porous geologic formations. These underground formations may range from deep sandstone or limestone, to a shallow soil layer. Injected fluids may include water, wastewater, brine (salt water), or water mixed with chemicals.<sup>2</sup> Figure 2 shows a typical cycle for an oil production well and associated injection well. As shown, an oil and water mixture is pulled out of the ground by a production oil production well. The mixture is then pumped to a separator tank where oil and water are allowed to decant into two immiscible liquids

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<sup>2</sup> Source: <https://www.epa.gov/uic/general-information-about-injection-wells>.

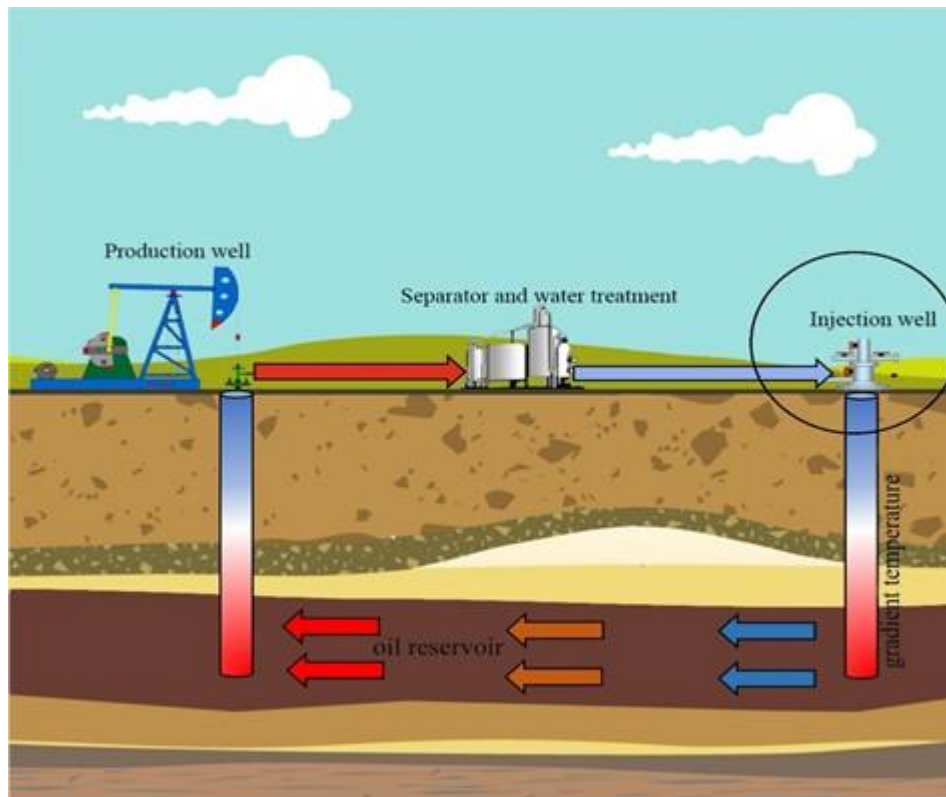


Figure 2: Typical Cycle of Oil Production and Water Reinjection

with oil floating on top of the water. The oil is taken off for further processing whereas the water is pumped back into the ground.

Acidizing of well is a periodic maintenance activity to remove scale buildup in injection wells. Over time, scale forms inside injection wells which can then lead to higher pressure. The higher pressure increases the work that a pump is required to push up against as it tries to inject liquid into the well. Scale buildup may take more than two years for pump performance degradation to occur that would then necessitate the acidization of the injection well to dissolve and clear the scale.

Rule 1148.2 currently requires an operator of an oil or gas well to notify the South Coast AQMD when an oil or gas well undergoes an acidization activity. However, a notification for acidizing of an injection well is not currently required. Community stakeholders expressed concern that chemicals being used in the acidization of an injection well may create a hazard where a spill or an air-borne release may occur. Because of the potential hazards associated with this activity, community stakeholders requested that the rule be amended so that notification requirements for the acidizing of injection wells be added.

Staff has evaluated the request from community stakeholders and proposes an amendment to add notification requirements for the acidizing of injection wells to the rule. This addition to the

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notification requirements addresses potential chemical spills used in the acidizing of injection wells and possible impacts to the local community.

Staff has received stakeholder feedback regarding the staffing required to process additional notification submittals. Stakeholders are concerned that with the additional required notifications, operators will need to hire and train more staff to accommodate a workload increase. Under the current economic environment, it may be difficult to hire and train additional people within a short period of time. To address this concern, staff has added a proposed effective start date of July 1, 2023 for the addition of acidizing of injections wells to the notification requirements.

Under (d)(9) within PAR 1148.2, the proposed amendment is listed below:

Effective July 1, 2023, an operator conducting an acidizing of an injection well at an oil and gas production site shall be subject to the requirements of paragraphs (d)(1) through (d)(7).

#### *Deletion of an Obsolete Reporting Requirement*

Rule 1148.2 (e)(1) required that beginning June 4, 2013 and until April 5, 2015, for each well, the operator of an onshore oil and gas well shall electronically submit a report to the Executive Officer that would be used for data gathering purposes. Staff deleted this paragraph of the rule since the reporting timeframe has expired. Following the deletion of this paragraph, staff updated the rule numbering to account for this change.

### **ADDITIONAL CONSIDERATIONS**

#### *Enhancements to the Rule 1148.2 Notification Portal*

During the rulemaking development, stakeholders requested enhancements to the notification process to allow users to be notified via text and to limit notifications to specific geographical areas. Although these requested enhancements do not change the existing notification requirements, staff will work to modify the web-based infrastructure to address these requests.

#### *Removal of 1500-foot Sensitive Receptor Exclusion*

Staff had initially proposed adding a 1500-foot sensitive receptor exclusion in which only well activities that are within 1500 feet of a sensitive receptor would require having a notification submitted. Stakeholders expressed concerns regarding this proposal such that the rule may be regressive relative to the current rule which does not have a 1500-foot sensitive receptor exclusion. Notifications of well activities will continue to apply regardless of distance to nearest sensitive receptor.

#### *Use of Miscellaneous Chemicals at Oil and Gas Facilities*

Staff was recently made aware of community concern that various chemicals were observed being transported into an urban oil and gas facility without a Rule 1148.2 notification being made. Staff

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investigated and noted that various chemicals including corrosion inhibitors, bleach, amine solutions, demulsifiers, and other chemicals were brought into the facility and stored on-site. Normally these chemicals are brought in via plastic totes or pumped into storage tanks and are used in various areas of the oil and gas facility. For example, demulsifiers are used in oil-water tanks to assist in the separation of oil from water. Amines can be used in the removal of impurities from gas that can be used in on-site equipment or transmitted for sale to a local utility. Corrosion inhibitors can be used as a preventative measure to reduce scale build up in piping. These chemicals are not used in drilling, well completion, reworks or acidizing activities that are regulated by this rule.

*Provide Access to Annual Chemical Usage at Oil and Gas Facilities*

During the rulemaking development, community stakeholders requested that an annual report that includes the amounts of chemicals used at oil and gas facilities be made available. Staff notes that chemical usage information is inputted by the operators per event and can be made available through the database which receives this data. Staff is working to modify the Notification portal to provide this service.



## **CHAPTER 3: IMPACT ASSESSMENTS**

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**INTRODUCTION**

**EMISSION REDUCTIONS**

**COST-EFFECTIVENESS**

**SOCIOECONOMIC IMPACT ASSESSMENT**

**CALIFORNIA ENVIRONMENTAL QUALITY ACT ANALYSIS**

**DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY  
CODE SECTION 40727**

**INCREMENTAL COST-EFFECTIVENESS**

**COMPARATIVE ANALYSIS**

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## **INTRODUCTION**

In general, staff notes that no emissions reductions will occur as a result of this amendment. Any additional financial burden associated with the proposed amendment by industry stakeholders is expected to be minimal.

## **EMISSION REDUCTIONS**

Rule 1148.2 is designed as a notification and reporting tool for oil- and gas-related activities. As such, no emission reductions are expected.

## **COST-EFFECTIVENESS**

Since no emission reductions are expected, a cost-effectiveness analysis was not required. Staff met with industry stakeholders and learned that any additional reporting can be accomplished within the existing reporting infrastructure that is in place. Staff anticipates that there may be over three-hundred notifications annually due to injection well acidizing activity, with an estimated time of a half hour to create each notification and to follow-up with usage information. Additional labor related to data input is expected should an operator choose to use a non-Tier 4 final engine to conduct general maintenance involving a workover rig. However, staff notes that there is currently existing engine technology such that the use of such equipment is at the discretion of the operator.

## **SOCIOECONOMIC IMPACT ASSESSMENT**

The proposed amendments to Rule 1148.2 are not expected to result in emission reductions and will not significantly affect air quality or emissions limitations. Therefore, no socioeconomic impact assessment is required under California Health and Safety Code Sections 40440.8 and 40728.5.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT ANALYSIS**

Pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15002(k) and 15061, the proposed project (PAR 1148.2) is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3). A Notice of Exemption has been prepared pursuant to CEQA Guidelines Section 15062 and if PAR 1148.2 is approved, the Notice of Exemption will be filed for posting with the county clerks of Los Angeles, Orange, Riverside, and San Bernardino counties, and with the State Clearinghouse of the Governor's Office of Planning and Research.

**DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 40727**

*Requirements to Make Findings*

California Health & Safety Code Section 40727 requires that the Board make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report. In order to determine compliance with Sections 40727 and 40727.2, a written analysis is required comparing the proposed rule with existing regulations.

The draft findings are as follows:

*Necessity*

PAR 1148.2 is necessary to address concerns raised by AB 617 communities for additional, timely and reliable information related to nearby well activities by: providing for additional notifications when acidizing of injection wells and general maintenance activities using a workover rig are planned, decreasing the number of extensions for a planned activity from five to three, and increasing the minimum notification time for a planned activity from 48 hours to 72 hours.

*Authority*

The South Coast AQMD obtains its authority to adopt, amend, or repeal rules and regulations pursuant to California Health and Safety Code Sections 39002, 40000, 40001, 40440, 40702, 40725 through 40728, 40920.6, and 41508.

*Clarity*

PAR 1148.2 is written or displayed so that its meaning can be easily understood by the persons directly affected by them.

*Consistency*

PAR 1148.2 is in harmony with and not in conflict with or contradictory to, existing statutes, court decisions or state or federal regulations.

*Non-Duplication*

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PAR 1148.2 will not impose the same requirements as any existing state or federal regulations. The proposed amended rules are necessary and proper to execute the powers and duties granted to, and imposed upon, the South Coast AQMD.

### *Reference*

In amending this rule, the following statutes which the South Coast AQMD hereby implements, interprets or makes specific are referenced: California Health and Safety Code Sections 39002, 40001, 40406, 40702, and 40440(a).

### **INCREMENTAL COST-EFFECTIVENESS**

California Health and Safety Code Section 40920.6 requires an incremental cost-effectiveness analysis for BARCT rules or emission reduction strategies when there is more than one control option which would achieve the emission reduction objective of the proposed amendments, relative to ozone, CO, SO<sub>x</sub>, NO<sub>x</sub>, and their precursors. The proposed amendment does not include new BARCT requirements. Therefore, this provision does not apply to the proposed amendment.

### **COMPARATIVE ANALYSIS**

Under California Health and Safety Code Section 40727.2, the South Coast AQMD is required to perform a comparative written analysis when adopting, amending, or repealing a rule or regulation. The comparative analysis is relative to existing federal requirements, existing or proposed South Coast AQMD rules and air pollution control requirements and guidelines which are applicable to oil and gas production activities. Because PAR 1148.2 does impose new reporting and recordkeeping requirements, a comparative analysis was conducted.

Table 3-1: Comparative Analysis

| Topic                                 | AQMD Rule 1148.2 Oil and Gas Notification Rule   | CalGEM Senate Bill 4 Well Stimulation Treatment Regulations   | San Joaquin Valley Air Pollution Control District   | Texas Commission on Environmental Quality  | U.S. EPA  |
|---------------------------------------|--|---|---|--|---|
| Newly Added Notification Requirements | <ul style="list-style-type: none"> <li>Acidizing of injection wells</li> <li>Notification of workover rig</li> </ul>                                 | <ul style="list-style-type: none"> <li>Well stimulation (existing requirement, such as for hydraulic fracturing)</li> <li>Diagnostic testing (to check on potential breach in well)</li> </ul>  | <ul style="list-style-type: none"> <li>No relevant requirements observed</li> </ul>   | <ul style="list-style-type: none"> <li>No relevant requirements observed</li> </ul>  | <ul style="list-style-type: none"> <li>No relevant requirements observed</li> </ul>   |
| Other amendments                      | <ul style="list-style-type: none"> <li>Changing notification timing from 48 hrs to 72 hrs</li> <li>Changing extensions from five to three</li> </ul> | <ul style="list-style-type: none"> <li>72 hrs</li> </ul>  | <ul style="list-style-type: none"> <li>No relevant requirements observed</li> </ul>   | <ul style="list-style-type: none"> <li>No relevant requirements observed</li> </ul>  | <ul style="list-style-type: none"> <li>No relevant requirements observed</li> </ul>   |
| Notes                                 |  | CalGEM's notifications for well activities differ from SCAQMD's Rule 1148.2   | Reviewed Rule 4401 – Steam-Enhanced Crude Oil Production Wells and Rule 4404 – Heavy Oil Test Station – Kern County and did not observe any notification-type language. Other oil and gas related rules appear to cover registration, fees, components, etc. but not notifications. | Reviewed Ch. 30 SECTION 106.352. Oil and Gas Handling and Production Facilities and did not observe any notification-type language for notifying on well maintenance activities. | Notification requirements appear to apply to activities such as hydraulic fracturing and not the maintenance types that Rule 1148.2 refers to.  |
| Links                                 | <a href="https://www.aqmd.gov/home/rules-compliance/compliance/1148-2">https://www.aqmd.gov/home/rules-compliance/compliance/1148-2</a>              | <a href="https://www.conservation.ca.gov/index/Documents/12-30-14%20Final%20Text%20of%20SB%204%20WST%20Regulations.pdf">https://www.conservation.ca.gov/index/Documents/12-30-14%20Final%20Text%20of%20SB%204%20WST%20Regulations.pdf</a> | <a href="https://www.valleyair.org/rules/1ruleslist.htm">https://www.valleyair.org/rules/1ruleslist.htm</a>   | <a href="https://www.tceq.texas.gov/assistance/industry/oil-and-gas/oilgas_air.html">https://www.tceq.texas.gov/assistance/industry/oil-and-gas/oilgas_air.html</a>              | <a href="https://www.epa.gov/sites/default/files/2016-08/documents/2016-compliance-guide-oil-natural-gas-emissions.pdf">https://www.epa.gov/sites/default/files/2016-08/documents/2016-compliance-guide-oil-natural-gas-emissions.pdf</a> |

## **APPENDIX A: PUBLIC COMMENTS**

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Comments Received:

1. Bryan Hardwick, California Resources Corporation
2. Multiple Community Groups (received 9/22/2022 via email)
3. California Resources Corporation (received 9/29/2022 via email)

1. Comment received from Bryan Hardwick, California Resources Corporation

**Comment:** Mr. Hardwick requested clarification on the definition of a sensitive receptor. In particular, he had asked if a hotel or a boat marina should be considered a “sensitive receptor”.

**Response:** Sensitive Receptor is defined in Rule 1148.2(c)(13), which states:

SENSITIVE RECEPTOR means any residence including private homes, condominiums, apartments, and living quarters; education resources such as preschools and kindergarten through grade twelve (k-12) schools; daycare centers; and health care facilities such as hospitals or retirement and nursing homes. A sensitive receptor includes long term care hospitals, hospices, prisons, and dormitories or similar live-in housing.

For purposes of interpreting sensitive receptor under Rule 1148.2, hotels are not considered residences, given their short-term nature, and thus not sensitive receptors. On the other hand, boats docked at the Long Beach Marina may be residences given that the marina allows for live aboard permits, thus they will be considered sensitive receptors.



## 2. Comment Letter from Multiple Community Groups (received 9/22/2022 via email)



Dear Mr. Morris:

We are encouraged that the South Coast Air Quality Management District (SCAQMD or Air District) is revisiting Rule 1148.2 and applaud the Air District for confirming that injection wells are subject to its requirements. We look forward to another opportunity to continue working with Air District staff to improve and strengthen Rule 1148.2 during the next SCAQMD Rule 1148.2 Working Group Meeting, before it is adopted by the SCAQMD Governing Board. We offer the following recommendations to strengthen the final rule and ensure an effective and prompt notification system:

1. **Notification System:** require mandatory third-party first-class mailing of notices to all addresses within 3,200-feet at least 10-days prior and no more than 14-days prior to all 1148.2 events and provide same-day certainty regarding when toxic oil activities will take place in communities;
2. **Language Justice:** Eliminate language barriers that prevent people with Limited English Proficiency (LEP) from understanding 1148.2 notifications; and
3. **Enforcement:** Penalize oil operators that fail to comply with Rule 1148.2 requirements, ensure proper enforcement of Rule 1148.2, and close potential 1148.2 loopholes.

#### I. Background

It is well established that proximity to oil drilling operations correspond to devastating health impacts including chronic asthma, headaches, rashes, cardiovascular disease, nausea, nosebleeds, and reproductive harm in California. Neighborhood drill sites, sometimes an arm's length from homes, cloak communities with a slew of toxic emissions such as hydrogen sulfide, benzene, known carcinogens, and endocrine disruptors. One recent study estimated that approximately 34,000 Californians died prematurely due to fossil fuel pollution in 2018. In addition, a growing body of scientific research shows that health harms and safety hazards associated with oil production are well established up to and beyond 1km or 3,200 feet. For example, the Scientific Advisory Panel for the California Geologic Energy Management Division's public health rulemaking process concluded that, "...studies consistently demonstrate evidence of harm at distances less than 1 km, and some studies also show evidence of harm linked to [oil and gas development] activity at distances greater than 1 km."<sup>1</sup>

In Los Angeles, frontline residents are all too familiar with the reality of living near rampant oil drilling operations. Over 70% of individuals living within 1,500 feet of active oil drilling operations in Los Angeles are people of color. Since the 1930s, oil companies have been producing fossil fuels in

<sup>1</sup> Gonzalez, D., et. al., *Upstream Oil and Gas Production and Ambient Air Pollution in California*, Science Direct, Feb. (2022) 6, available at: <https://www.sciencedirect.com/science/article/pii/S0048969721053754#bb0130>

Wilmington, a predominantly Latinx community of Los Angeles and an area now home to hundreds of active oil drilling operations. Similarly, Baldwin Hills in South Los Angeles, a historically Black community, is home to the largest urban oil field in the nation. It has been well documented that Black and brown communities are disproportionately harmed by a host of cumulative burdens such as urban oil drilling, refineries, and heavy diesel truck traffic, while systematically denied the same health protections and safeguards provided to white affluent communities.<sup>2</sup> The Stand Together Against Neighborhood Drilling coalition (STAND-LA) is committed to ensuring community members are properly informed about dangerous operations happening in their communities and are given the opportunity to escape health, safety, and environmental hazards. For this reason, we urge the Air District to provide community members with proper notice and information about the toxic chemicals and operations that have been approved near sensitive areas such as homes, schools, churches, and hospitals.

## II. The Air District Must Strengthen Rule 1148.2 to Safeguard Community Health and Safety

### A. Physical Mailings for 1148.2 Events Will Ensure Proper Notice

We urge the Air District to timely notify all community members that are in harm's way about toxic events such as acid maintenance work, without requiring these individuals to complete a multi-step opt-in process to receive regular notifications about hazardous events. Community members should not carry the burden of tracking when and where toxic chemicals will be released into their air, water, and soil. In the same manner the City of Los Angeles notifies residents living within 1,500 feet of proposed projects, the Air District should take advantage of all available options to ensure that community members are alerted when toxic activities are happening in their neighborhoods. The final Rule 1148.2 must require that physical mail notices are mailed to all sensitive receptors, including homes, schools, and hospitals, within a 3,200 foot radius of the toxic activity. Sending physical mail will ensure maximum accessibility for all residents, as many STAND-LA community members and allies do not have reliable internet access or smart phones. More importantly, they do not have time to monitor the Air District's website or spend hours investigating oil and gas activity in their neighborhoods. A burdensome opt-in system risks excluding the majority of residents living within 3,200 feet of oil and gas wells from learning about toxic activities taking place in their own backyard.

2-1

Although the Air District has raised concerns that mail notices are infeasible under the current Rule 1148.2 requirement for operators to give notice between 10 days and 48 hours prior to the noticed activity, it is STAND-LA's position that community members' health and safety should be prioritized. Ensuring consistent and effective notice should guide the notification timeline. Relying on superficial emailed notifications that only reach a small pool of proactive community members, places most community members' health at risk leaving them uninformed and unaware of looming health threats. The Air District must adjust their noticing timeline requirements to ensure that physical mailed notices reach as many people as possible. In addition, the Air District could tailor these notification systems to increase efficiency and enhance community engagement. For example, mail notices could include an option for individuals to opt into receiving notices by SMS or email if they prefer receiving e-notices.

### B. Community Notification Process

<sup>2</sup> See LIBERTY HILL FOUND., *DRILLING DOWN: THE COMMUNITY CONSEQUENCES OF EXPANDED OIL DEVELOPMENT IN LOS ANGELES 5* (2015), available at: <https://psr-la.org/wpcontent/uploads/2015/11/DrillingDown-Report-Final.pdf>.

### 1. Timeline and Same-day Certainty

Oil and gas operators must abide by a linear and dependable noticing process that is designed to ensure overburdened families have the option to avoid unacceptable health risks. A meaningful notification process includes **10 to 14 days'** advance notice with same-day accuracy for Rule 1148.2 events. This is to ensure that all vulnerable members of the community have time to plan ahead and take appropriate health precautionary measures against dangerous levels of benzene, VOCs, and other toxic chemicals associated with these activities. When unforeseen circumstances cause delays, operators must notify the Air District and ensure the community still has 10 to 14 days' notice of the new date of planned activity. This incentivizes operators to give earlier notice of delays and plan carefully to avoid needing to reschedule. Same-day accuracy means that operators, not community members, take on the responsibility of making contingency plans in case of unforeseen delays. Allowing operators to delay their activities without advance notice to residents, schools, and hospitals up to three, four, or five times unfairly burdens people who are already struggling to survive, and is simply inhumane.

2-2

### 2. Content of Notices

The Air District should be mindful of the needs of their intended audience in crafting notices for oil and gas activity. Families, schools, and hospitals need to know who is at greatest risk of each activity, what those risks are, and what precautions they should take to avoid those risks. For instance, providing the identity, purpose, mass, and CAS number of chemicals is important and should continue to be included, but it hardly provides actionable information to the average community member. The Air District should ensure that notices contain sufficient information for STAND-LA community members to understand whether they should take precautionary measures during well or workover rig activity, and if so, what precautions they should take. This information should include the volume of any chemicals used and their potential acute and chronic health impacts, inherent hazards, and environmental risks. We urge the Air District to model this information sharing on the Chemical Hazard and Alternatives Toolbox ([www.chemhat.org](http://www.chemhat.org)).

2-3

Furthermore, this information must be accessible - written in plain language and in the language(s) of the community. Mail notices must contain actionable information without requiring the recipient to take the additional step of entering a url or following a QR code. As previously stated, many health-compromised STAND-LA community members do not have stable internet connection or smart phones, or they may struggle to navigate a government website.

### 3. Third Party Mailing Service

The Air District has raised concerns about implementation costs for the above recommendations. The Los Angeles Office of the Zoning Administrator requires oil operators to contract with third-party mailing houses to create radius maps and send out notices to the public. These mailings also provide certification to government agencies of the date, time, and addresses of proposed well activity. The District can avoid additional expense by requiring operators to use a third-party mailing service.

2-4

### III. Language Justice

The proposed notification and reporting requirements fail to meet language justice requirements set forth by the California Legislature. Government Code § 68560(e) recognizes the need to provide language

2-5

justice for non-English speaking Californians. Furthermore, the Dymally-Alatorre Bilingual Services Act offers language justice protections to address concerns that many Limited English Proficiency (LEP) people are being denied their rights due to language barriers. This concern is well-founded, as demonstrated by the limited multilingual options currently available for the notification system here. It is the responsibility of the agency to determine what languages, including indigenous languages, are in the vicinity, and to employ sufficient translation and interpreter services so that LEP people are not denied access to the notification and reporting. Cal. Gov. Code § 7293. The agency must utilize demographic information to make these determinations and offer sufficient language translation services. Failure to do so would constitute a denial of the rights and benefits that LEP people are entitled to.

2-5  
(cont.)

#### **IV. Enforcement and Addressing Ongoing 1148.2 Violations**

A strong rule means nothing without proper enforcement. Communities across Los Angeles are paying the price for Rule 1148.2 loopholes that are regularly exploited by oil operators. For example, community members have witnessed smaller tanker trucks at the Murphy Drill Site in South Los Angeles perform acid maintenance jobs without receiving proper notice from the Air District. At other times, community members have documented workers in head-to-toe protective gear emplacing acid from 5,000-gallon tanker trucks just 10 feet away from bedroom windows. Residents received no advance notice of this work. When the job was over, neighbors documented how the ambient fumes had chemically burned plants outside the drill site on the downwind corner, scarring a palm trunk and killing multiple plant species.

2-6

While it is our position that all activities related to oil and gas should be subject to strict notification requirements, at minimum, all activities and oil well components covered by 1148.2 should be subject to strict enforcement requirements by the Air District, coupled with substantial penalties when operators fail to meet these public health requirements.

Finally, the Air District suggested at times that the elimination of 1148.2 events in certain neighborhoods may be due to the depletion of those oil fields. We ask that AQMD provide answers to the following questions:

- Why has there been a decrease in 1148.2 events/notifications since the rule was first implemented, especially at drill sites where oil production has increased? Have oil operators really ceased to maintain and stimulate production wells or is there some other explanation?
- Can smaller tanker trucks be used to circumvent Rule 1148.2 requirements?
- Are there currently requirements to specify the number of diesel engines on site?

2-7

#### **Conclusion**

STAND-LA urges AQMD staff to strengthen Rule 1148.2 by creating and safeguarding the health and safety of our communities. We appreciate AQMD's efforts to include us, and we ask for more substantive dialogue about these important issues. We look forward to continuing to engage in this process with AQMD to protect the health of residents.

Sincerely,

Tianna Shaw-Wakeman,

Environmental Justice Program Lead, Black Women for Wellness

Richard Parks  
President, Redeemer Community Partnership

Nancy Halpern Ibrahim  
Executive Director, Esperanza Community Housing Corporation

Reverend Louis A. Chase  
Minister of Community Outreach, Holman United Methodist Church

Elizabeth Chi  
Law Clerk, Communities for a Better Environment

Alison Hahn  
Staff Attorney, Communities for a Better Environment



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## Responses to Comment Letter No. 2

Comment 2-1: Rule 1148.2 requires operators to identify sensitive receptors that are within 1500 feet of a proposed and regulated activity. However, notifications are not limited to just people who are located within 1500 feet. Notifications are sent to all people who are signed up to receive them. Based on the large numbers of notifications that are received by the South Coast AQMD related to Rule 1148.2 activity, staff considers the cost associated with physical mailings to be prohibitively expensive and inefficient when considering today's common and accessible electronic technology. The current opt-in system is timely, inexpensive, and available to all interested parties. Mailing is inefficient, prohibitively expensive, and would likely reach interested parties after the activity was complete. Staff is proposing revising the minimum notification time from 48 hours to 72 hours to address community concerns related to notifications received prior to a weekend. In addition, staff will be considering adding increased signage requirements to Rule 1148.1 when Rule 1148.1 is open to review in 2023.

Comment 2-2: Staff is proposing to limit the number of allowable extensions from five to three. The proposed notification timeline will also require notification no more than 10 days prior and no less than 72 hours. Requiring longer notification periods with no opportunity for extensions would create considerable delays in business practices. Staff considers the proposed timing of notification to effectively balance community concerns with reasonable operational needs.

Comment 2-3: Staff is considering upgrades and enhancements to the notification portal, including enabling interested parties to receive notifications based on localized areas. In addition, staff is considering notifications via text to interested parties' cell phones with a link to health-related information. As an alternative to electronic notifications, staff will consider additional signage options when Rule 1148.1 is open for amendment scheduled for early 2023.

Comment 2-4: Staff looks to its experience related to mailing public notifications and similar announcements and does not consider actions taken by the Los Angeles Office of the Zoning Administrator (LA City) to be comparative. LA City utilizes Better Technology Corporation (BTC) as its mailing contractor. Based on their published rates<sup>3</sup>, BTC offers two tiers of mailing service: (1) preparing labels from a list of up to 20 addresses provided by the Applicant at a cost of \$2.61 per address; or (2) accepting formatted labels prepared by the Applicant and preparing for mailing at a cost of \$2.21 per address.

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<sup>3</sup> BTC published rates: <https://planning.lacity.org/odocument/cbc94bf6-6ea7-4e8b-82a9-8c19a1087736/Mailing%20Procedures%20Instructions.pdf>

To briefly describe LA City's notification process, abutting property owners are required to be notified of a public hearing. Depending on the action(s) requested, notification of property owners and occupants within a set radius of the subject property may also be required. To determine the applicable notification radius, the LA City Planning Staff is consulted and a radius is set unique to the project. For example, an application for Conditional Use Permit may require a land use radius map of up to 500 feet.<sup>4</sup> It should be noted that not all projects may require a radius map and thus, a mailing is sent only to abutting property owners.

For a general application submitted to the Zoning Administrator, only one mailing, known as a Letter of Determination, may be needed. Applicants are required to pay BTC for a mailing approximately 6-8 weeks prior to a hearing date or actual mainlining. In this case before the Zoning Administrator, a one-time mailing may be reasonable; however, having a mailing for each and every notification related to the numerous periodic activities under Rule 1148.2 is prohibitively expensive and impractical. In comparison to the policies of the Los Angeles Office of the Zoning Administrator, the system utilized under Rule 1148.2 has an ability to reach a wider audience more efficiently and timely.

Comment 2-5: The South Coast AQMD is sensitive to the need of communicating with members of the public. Notifications for rules, legal notices, and other official documents are normally published in English. However, when a need to provide information in another language(s) has been identified, the South Coast AQMD will work towards doing so. Staff will not include this request into the rule language, but will seek administrative ways in cooperation and in conjunction with community stakeholders to address this concern.

Comment 2-6: The South Coast AQMD Compliance and Enforcement staff routinely inspects oil and gas production sites and monitors well activities. Additionally, compliance staff responds to complaints made by the public and conducts investigations to verify allegations. Enforcement actions are taken when violations are observed. For example, stakeholders have highlighted a complaint made by a community member regarding alleged chemical burns noticed on a palm tree. Staff investigated the original complaint at that time and found that the palm tree was located outside a fenced oil and gas production site. Staff noted that discoloration was observed only on one palm tree at its base and on localized ground covering around the palm tree but no other vegetation around the facility or in and around the neighborhood exhibited any similar effects. Staff determined that the cause of the discoloration was unknown and that the effect was localized to only one small area. It should be noted that the facility has permanently shut down its operations.

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<sup>4</sup> Application checklist for a Conditional Use Permit: <https://planning.lacounty.gov/assets/upl/apps/updated/zoning-permit-checklist.pdf>

Comment 2-7: Operators determine the necessity of when to conduct drilling, well rework and completion and any acidizing activity. The South Coast AQMD does not participate in this decision. Based on a review of DOGGR/CalGEM data, staff notes that over the last 15 years, oil production throughout the Southern California has steadily declined. In addition, based on discussions with operators, staff notes that companies are hesitant to expand their operations because of economic and regulatory uncertainty. Staff has not observed any circumvention activities. There are no requirements to specify the number of diesel engines that are on a site.



## 3. Comment Letter from California Resources Corporation (received 9/29/2022 via email)

September 29, 2022

California Resources Corporation (CRC) is providing written comment regarding the presentation for the Public Workshop to be held on September 29, 2022, for PAR 1148.2. Since Draft Rule language was unexpectedly changed on September 22, 2022, CRC has identified numerous issues with the updated proposed rule that will greatly impact our operations and will need to be addressed before the Public Workshop on November 4, 2022. The recent rule revisions will also require system upgrades and the hiring and training of additional staff; therefore, CRC is requesting an extension to the Public Hearing on November 4, 2022, and a minimum of six- nine months before the rule takes affect from date of adoption. Below are our concerns:

CRC Response to Public Workshop Presentation on 9/29/2022:

Slide 6 – Recent Community Concerns:

- Issue 1 – Too many extensions to original notification date. Staff is proposing reducing the number of extensions from five to three times.
  - CRC believes changing the notification time from 48 hours to 72 hours will unnecessarily create more extensions as workover activity is variable. Lengthening the notification date will lead to additional extensions, cancellations, and new original notification submittals. As listed below, even with 48-hour notifications, extensions are common.
    - 73 extensions in 2022 – accounts for 26% of all notifications (January – September 24)
    - 43 extensions in 2021 – accounts for 22% of all notifications
    - 38 extensions in 2020 – accounts for 18% of all notifications
- Issue 2 – Notifications need to be tailored to specific geographic area. Staff working to modify the R1148.2 notification platform to allow for geographic focused notifications.
  - CRC supports this request, however, prior to the rule implementation date, issues with the 1148.2 portal should be fully corrected, tested, with additional hiring of AQMD staff to support the substantial increase in notifications. CRC will submit over a 1,000 notifications per year, and based on current experiences, we believe AQMD does not have adequate technological support or data base to support the draft rule requirements.
  - CRC has experienced and documented weekly issues while submitting notifications as the 1148.2 portal unexpectedly goes down and we are unable to submit the required notification. AQMD needs to incorporate rule language and notification procedures to follow when issues to the AQMD Portal arise, similar to the RECLAIM Electronic Emissions Reporting System Status or Rule 1118 Flare Event Notification System.
  - AQMD only has one contact to assist with portal issues and this individual is planning on retiring. Additional staff and night/weekend contacts are needed if rule language is not provided when AQMD server/portal issues arise.
  - In 2022, there have been 700 duplicate notifications resulting from issues with AQMD's portal with the 285 submitted notifications. Similar issues have also occurred in past

|   |              |
|---|--------------|
| <p>years. CRC is greatly concerned of what potential problems and delays to our business will occur when we begin submitting over 1,000 notifications.</p>  | 3-2<br>Cont. |
| <ul style="list-style-type: none"> <li>• Issue 3 – Additional signage needed to alert community of activity. Staff will consider additional signage requirements under Rule 1148.1. <ul style="list-style-type: none"> <li>○ CRC has no issue with this request.</li> </ul> </li> </ul>   | 3-3          |
| <p>Slide 9 – Notification Requirement Independent of Sensitive Receptor Distance – (d)(1) and (d)(6). Remove 1,500 feet notification exclusion to PAR language. Notifications will apply to all relevant activities regardless of distance to sensitive receptor.</p> <ul style="list-style-type: none"> <li>○ CRC believes a 1500 feet notification exclusion is necessary to limit the number of unnecessary notifications and community members have demonstrated similar feelings per AQMD’s presentation. Community members have requested as issue #2 those notifications be tailored to a specific region. This demonstrates communities are not interested in activity outside of their immediate area, especially at distances 2,000 – 7,000 feet offshore. <ul style="list-style-type: none"> <li>○ Historically, 65% of all 1148.2 notifications occur <u>offshore</u> at distances ranging from 1800 feet to greater than 7,000 feet from a sensitive receptor (THUMS Islands). <ul style="list-style-type: none"> <li>• CRC requests the THUMS Islands to be excluded from Rule 1148.2 notifications.</li> </ul> </li> <li>○ Historically, 16% of all 1148.2 notifications occur within the Port of Long Beach. Less than 10% of wells in this area have a sensitive receptor within 1500 feet of the well.</li> <li>○ If a 1500 foot exclusion zone remained in Rule language, the public could still access information pertaining to all well maintenance activities including acid maintenance with production and injection wells, drilling, and gravel packs through CalGEM WellSTAR: <a href="https://www.conservation.ca.gov/calgem/for_operators/Pages/WellSTAR.aspx">https://www.conservation.ca.gov/calgem/for_operators/Pages/WellSTAR.aspx</a> (online data - well maintenance – explore data – well maintenance).</li> </ul> </li> </ul> | 3-4          |
| <p>Slide 10 – Additional Time for Notifications Prior to Start of Activity (d)(1). Changing notification time from no less than 48 hours to no less than 72 hours prior to start of drilling, well completion, rework or acidizing of an onshore oil, gas, or injection well. Addresses concerns that notifications occurring on Fridays do not provide enough time for schools and other community centers that reopen on Monday to plan to mitigate impact of oil well activities.</p> <ul style="list-style-type: none"> <li>• This requirement further demonstrates the communities concern for activity near (within 1500 feet of a sensitive receptor) and AQMD staff should reinstate the 1500 feet exclusion.</li> </ul>  | 3-5          |
| <p>Slide 11 – Reduction of Number of Notification Extensions – (d)(3)(C). Changing notification extensions from five to three.</p> <ul style="list-style-type: none"> <li>○ CRC believes additional notifications will arise from this change as operators will cancel the original/extension notification and submit a new original notification. Operators cannot account for unforeseen downhole issues.</li> </ul>  | 3-6          |
| <p>Slide 13 – Community Concern Regarding Chemical Usage</p>  | 3-7          |

- o CRC believes the local CUPA has regulatory oversight, and this is not an SCAQMD issue.

3-7  
Cont.

Additional Issues CRC has identified:

- (a) Purpose – The purpose of this rule is to gather air quality-related information on oil, gas, and injection wells for drilling, well completion, rework, and acidizing.
  - CRC believes the purpose of this rule is administrative for “Notification” and not air quality related, as no emissions monitoring or reduction occurs from this Rule. The definition of “Purpose” should be changed to “maintenance.”
- (d)(6) - The operator of a workover rig operating at sites where the engine does not meet a minimum Tier 4 – Final emissions standards of 40 CFR Part 1039 Section 1039.101 Table 1, or where the engine is not powered by a non-combustion source, shall electronically notify the Executive Officer no more than (10) calendar days and no less than 24 hours prior to the use of the workover rig on either an onshore oil or gas well, or an injection well. This engine standard shall also apply to any engine that connects to, and assists, the workover rig with any well activity
  - CRC believes the exemption for “powered by non-combustion source” should also apply to drilling rigs. CRC utilizes electric drilling rigs whenever possible (THUMS Islands). Green technology should be encouraged and rewarded, and therefore be able to operate without providing notifications similar to workover rigs. This request is directly resulting from the changes to the rule on September 22, 2022.
- (e)(6) - The operator of an onshore oil and gas well shall electronically report, using a format approved by the Executive Officer, the total amount of each chemical ingredient used per well for the previous calendar year to the Executive Officer no later than April 1st of the following calendar year.
  - CRC believes this requirement is redundant to the chemical report submitted 60-days following the reported activity. If AQMD staff can modify the 1148.2 Portal to allow community members to receive notifications according to geographical locations, then the portal should be able to summarize the provided data into a 12-month total.
    - i The notification and chemical reports submitted by an operator provides the well name, API, and facility ID, which should make summarizing an annual emission report easy for the AQMD portal.
    - ii CRC believes community members would agree that a tabulated total easily assessable throughout the year would be more beneficial than one provided four months after the end of the year.
- Changes to the proposed rule have occurred without enough time to properly evaluate and hire additional staff to cover the reporting requirements for both industry and the chemical provider.
  - o CRC requests delaying the public hearing on November 4, 2022 and continue until first quarter 2023 to allow for additional working groups to take place to account for the significant and recent changes. CRC also request at least six to nine months before final rule implementation to allow time to hire and train additional staff.
  - In addition, timely notification for the removal of the 1500-foot exclusion was not properly notified to operators and therefore CRC has not had enough time to adequately identify the additional costs and manpower needed to support over 1,000

3-8

3-9

3-10

3-11

notifications per year, as well as the additional support our chemical providers and contractors will need.

3-11  
Cont.

CRC appreciates the continued dialog with staff and hopes for the opportunity to continue modifying this rule.

Sincerely,

Bryan Hardwick  
HSE Lead  
California Resources Corporation

### **Responses to Comment Letter No. 3**

Comment 3-1: Staff is proposing to change the notification time for well activities from a minimum of 48 hours to 72 hours in response to concerns raised by community stakeholders. Community stakeholders note that with a shorter notification period concerned individuals cannot effectively nor in timely manner prepare or respond to a given planned well activity. Although there may be more extensions requested as a result of the timing change, staff considers such an increase to be an incremental amount that may or may not be realized. Currently, as noted by the commenter, extensions are used, but staff recognizes that factors other than those attributed strictly to the 48-hour restriction are common such as delays in transportation or staffing issues.

Comment 3-2: Staff will be including additional flexibility in the event of portal issues as described by the commenter. Included in the proposed rule will be the option to notify the District via the 1-800-CUT-SMOG hotline should the portal experience reception problems.

Comment 3-3: Thank you for your comment. As noted by staff, staff will be considering additional signage requirements when Rule 1148.1 is subject to amendment.

Comment 3-4: Although staff had initially proposed to limit notifications to a 1500-foot radius near sensitive receptors, concerns that such actions could be detrimental to the public by reducing the amount of information available to them were raised. As part of the rulemaking process, staff evaluates consequences of proposed actions or amendments and balances these with concerns raised by all stakeholders. As such, the rulemaking process is a dynamic process where initial proposals can change as more information is gathered and reviewed. Staff understands the commenter's concerns about the volume of new notifications and is proposing that the amendments be effective on or before July 1, 2023.

Comment 3-5: See response to Comment 3-1.

Comment 3-6: Currently, an operator may cancel on original/extension notification at their discretion. Although extensions to a notification may be reduced from five to three, such discretion remains in effect.

Comment 3-7: During this rulemaking effort, concerns regarding the use of chemicals at an urban oil and production site were raised by community stakeholders. Specifically, delivery of chemicals

to the site were observed and it was alleged that such chemicals were being used in activities regulated by Rule 1148.2 and that such activities were not being properly noticed.

Staff investigated these allegations and noted that chemicals such as corrosion inhibitors, demulsifiers, amine, etc. are normally and typically used in activities that support the operation or maintenance of the site. These chemicals are delivered at a frequency and quantity determined by the operator and in some cases, are stored on site. Staff determined that the delivery, storage, and usage of these chemicals are used in activities not regulated by Rule 1148.2 such as drilling, well completion, well rework, or well acidizing. For example, a demulsifier is injected into an oil-water storage tank to help to separate the oil and water into two distinct phases. In addition, many of these chemicals are used in small quantities compared to the volume used in the activities covered by the Rule. Inclusion of the delivery, storage, and usage of these chemicals into the Rule 1148.2 notifications requirements strays significantly from the purpose and applicability of this Rule which is to have operators notify when a designated activity will occur.

Comment 3-8: Although no emissions monitoring or reduction occurs as a result of this Rule, it is important to notify the community when certain defined oil-field activities will be taking place. The substitution of the term “maintenance” does not apply to all activities regulated by the Rule. An important part of the notification process is the identification of chemicals and their respective quantities used as part of the activities regulated by the Rule.

Comment 3-9: The use of the phrase “powered by non-combustion source” is not meant to exclude the use of electrically-powered rigs. Initially, staff had incorporated language identifying only “electrically-powered” rigs, but opted to use a more generic description of “powered by non-combustion source” in the event that sometime in the future, technology based on solar panels, batteries, fuel-cells, wind-driven equipment, etc. could become viable options and as such be used as well as “electrically-powered” equipment.

Comment 3-10: Staff agrees with the commentor and is upgrading the Rule 1148.2 Notification Portal to compile and provide the annual report rather than requiring a separate submittal by applicable facilities.

Comment 3-11: Staff is proposing that the implementation of the newly proposed amendments be effective on or before July 1, 2023. The proposed rule language will be revised to reflect this recommendation.