



February 14, 2020

The Honorable Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

Dear Governor Newsom,

We write today to report that all oil and gas well permits issued in 2019 hit 4,545—a number that is just 1% down from 4,590 permits issued in 2018, former Governor Jerry Brown’s last year in office, according to FracTracker Alliance’s analysis of state data for our website mapping new permits at NewsomWellWatch.com. In addition, permits for wells within 2,500 feet of homes, hospitals, daycares or nursing facilities made up 12.2% of permits issued in 2019, an ominous sign for public health.

The numbers give fresh urgency on the need to order a 2,500-foot health barrier between oil industry operations and people living as close as just yards away. Action on this and a start to phasing out oil and gas production in the state simply cannot wait for the results of more time-consuming studies. The evidence for this is stark.

We appreciate the Administration’s actions to reform the California Geologic Energy Management Division (CalGEM), starting with a moratorium on new fracking and high-pressure cyclic steam permits pending reviews by federal researchers. We applaud the removal of three key oil and gas regulators at CalGEM and its overseer, the Department of Conservation, that protected the oil industry over the public health. But the pace of oil and gas permitting is much too aggressive and waiting still longer to reverse this trend is not acceptable if the state wants to prevent devastating illnesses while averting the worst effects of climate change.

While a moratorium is in effect for high-pressure cyclic steaming that can break rock formations, permits for new cyclic steaming and steam injection wells—dangerous and dirty techniques to access hard-to-reach crude oil at any pressure—skipped up 23.5% over 2018. Since your moratorium in November 2019, FracTracker found that CalGEM has permitted 63 new cyclic steam wells, 9 in the Cymric Field where Chevron’s cyclic steam wells caused an 900,000-gallon spill.

Even if high-pressure cyclic steaming were banned, that would not solve our problem of a Swiss Cheese of destabilized and leaking wells in California exacerbated by dangerous steam injections. These methods can destabilize other nearby wells and lead to casing failures, blowouts, and sinkholes that have cost workers their lives. They also require the burning of large amounts of climate-polluting natural gas to create the steam to loosen hard-to-reach oil.

Yet such permit approvals continue at a rapid clip because conflicts of interest remain among regulators at CalGEM. What is needed is an urgent shift in policy and continued housecleaning at CalGEM.

Last July, together with FracTracker Alliance, we revealed that eight regulators held stock in oil companies they were responsible for regulating at the then-Division of Oil, Gas and Geothermal Resources. In fact, 45% of the well permits issued by your Administration at that point in time benefitted oil companies invested in by regulators.

The Fair Political Practices Commission has opened an investigation into two of them. We also revealed that oil and gas drilling permits and fracking had skyrocketed in the first five months of 2019 over the same period under Jerry Brown the year before. Fracking permits had jumped by 103% and oil and gas drilling permits had risen 35%.

In November, we launched our website, www.NewsomWellWatch.com, that maps and updates the pace of permitting. As you know, the map revealed that permits in the first ten months of 2019 were on track to beat Governor Brown’s for the same period in 2018. We pointed out that there was still a chance, based on policy decisions, that the pace in 2019 could have slowed enough to come in under Brown’s 2018 totals. Unfortunately, that did not happen.

The immediate establishment of a setback of 2,500 feet between communities and polluting oil infrastructure to protect public health, the phase out of existing wells within those parameters, and refusal to issue new permits would go a long way towards shoring up public faith in state government. States such as Colorado, Texas, and Pennsylvania have setbacks, though they are inadequate. California, seen as an

environmental leader, has none at all though the California Council on Science and Technology called for setbacks in 2015.

The consequences of inaction take a human toll. The poster child is Nalleli Cobo, who is just one of the 5.4 million Californians living within one mile of oil and gas wells in disadvantaged and overwhelmingly non-white communities. As a child, Nalleli fought to shut down an oil well near her house and just two blocks from her school. She is 19 now and announced at a Firedrill Friday rally last week in Los Angeles that she has an aggressive form of cancer that will prevent her from ever bearing children. Along with Jane Fonda and Joaquin Pheonix, Nalleli called for immediate action to phase out oil drilling near homes and schools. (Read the Los Angeles Times story on Nalleli here:

<https://www.latimes.com/california/story/2020-02-07/nalleli-cobo-young-activist>)

We ask that you answer Nalleli's call in the State of the State.

A phase out of new well permits must begin immediately, especially for wells using enhanced extraction techniques such as steam injections and cyclic steaming at any pressure. As it is, the state is potentially on the hook for billions of dollars in cleanup costs to deal with the toxic legacy of idle and orphaned wells, according to a months-long investigation by the Los Angeles Times and the Center for Public Integrity. (See: <https://www.latimes.com/projects/california-oil-well-drilling-idle-cleanup/>) Yet thousands of permits are issued annually for new wells that will have to be eventually cleaned up and plugged without any requirement that the oil industry put up adequate money for this purpose. These practices are not fiscally sustainable.

The oil industry has also not put up money to cover ongoing surface expressions, spills, leaks and other mishaps. In 2018, in response to a Public Records Act request by Consumer Watchdog, the then Division of Oil, Gas and Geothermal Resources informed us that they did not have any "life-of-facility or life-of-well bonds" related to surface expressions and other incidents. "The ability to require bonding for financing spill response and clean-up...is applicable only to an operator 'with a history of violating [the state's oil and gas regulations] or that has outstanding liabilities to the state associated with a well production facility.'" As of August 2018, only one operator had been ordered to acquire such a bond, but it was not related to surface expressions, the agency said.

Meaningful fines must be levied on oil companies for surface expressions and other types of leaks. In response to the same Public Records Act request, the Division informed us that no fines had been issued for surface expressions between 2012 and

August 2018. The rules and regulations on both bonding and fining must be immediately revisited.

We commend you for signing a bill last year that transforms the mission of CalGEM to consider public health, safety, and environmental concerns. For CalGEM to live up to its mission, reform at the agency must continue. Regulators who did not publicly speak up about Chevron's massive oil spill last year are still in charge in Bakersfield. Indeed, William Bartling, a long-time industry employee and CalGem's Chief Deputy, oversees the Northern District. He spent 14 years at Chevron and two at Occidental Petroleum before joining CalGEM.

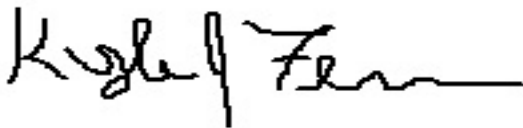
The public must be assured that permitting decisions are based on public and environmental safety, not the protection of corporate profits. The state has a responsibility to protect Nalleli Cobo and millions of other Californians suffering the ill effects of living next to oil and gas operations. This can only occur with a change in the division's culture.

We stand ready to assist you in any way possible to achieve the reforms needed to ensure that the public health is protected. California must take concrete action immediately because time is running out to preserve California for future generations while protecting the public health and environment in the here and now.

Sincerely,

A handwritten signature in black ink, appearing to read "Liza Tucker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Liza Tucker, Consumer Advocate
Consumer Watchdog

A handwritten signature in black ink, appearing to read "Kyle Ferrar". The signature is cursive and somewhat stylized, with a long horizontal stroke at the end.

Kyle Ferrar, Western Program Coordinator
FracTracker Alliance

Cc:

Secretary Jared Blumenfeld
California Environmental Protection Agency
1001 I Street, PO Box 2815
Sacramento, CA 95812-2815
Blumenfeld.jared@calepa.ca.gov

Secretary Wade Crowfoot
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814
secretary@resources.ca.gov