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March 23, 2020

Mr. Uduak-Joe Ntuk
State Oil and Gas Supervisor
Geologic Energy Management Division
801 K Street, MS 24-01
Sacramento, CA 95814

Subject: 2020 Underground Gas Storage Wells Status Update

Dear Mr. Ntuk:

As you are aware, the state, counties and cities we operate in have issued various orders related to the current Novel Coronavirus (“COVID-19”) situation.¹ Under these orders, residents are required or advised to stay at home as much as possible, with certain exceptions such as essential activities and services. As the COVID-19 situation continues to develop, Southern California Gas Company (“SoCalGas”) is doing everything it can to enhance the safety and wellbeing of our communities, customers, employees, contractors, and agency personnel. We also remain committed to continuing to provide safe and reliable natural gas service to our 22 million customers.

¹ Governor Newsom’s March 19, 2020 Statewide “Stay at Home” Order;
Los Angeles Mayor Garcetti’s March 19, 2020 “Safer at Home” Emergency Order;
Orange County Health Officer Dr. Nichole Quick’s March 17, 2020 “Order to Slow Spread of COVID-19” Health Officer’s Order, <https://cms.ocgov.com/civicax/filebank/blobdload.aspx?BlobID=114362>;
Governor Newsom’s March 15, 2020 Executive Order N-27-20 and guidance “Whereas the most critical health and safety standards must be our state’s highest priority at this time given the emergency associated with COVID-19...” <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.15.2020-COVID-19-Facilities.pdf>;
Los Angeles Mayor Garcetti’s March 15, 2020 “New City Measures to Address COVID-10” Emergency Order, <https://www.lamayor.org/sites/g/files/wph446/f/article/files/Mayor%20Garcetti%20Emergency%20Order%20-%20March%2015%202020.pdf>;
Los Angeles Mayor Garcetti’s March 12, 2020 “COVID-19 City Guidelines” Order: <https://www.lamayor.org/sites/g/files/wph446/f/article/files/Mayor%20Memo%20-COVID-19%20LA%20City%20Guidelines.pdf>;
California Department of Public Health March 11, 2020 Gathering Guidance https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/Gathering_Guidance_03.11.20.pdf;
Governor Newsom’s March 4, 2020 proclamation of a State of Emergency, <https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/>;

In addition to closely monitoring the situation with local, state and federal health and emergency response agencies, SoCalGas has taken several precautionary measures to mitigate exposure and limit the possibility of COVID-19 infections, including assessing, evaluating and discontinuing, certain non-essential work.

This letter serves to inform the Department of Conservation’s Geologic Energy Management Division (“CalGEM” or “Division”) of SoCalGas’ concerns over the continuation of certain activities not deemed critical or essential for safe, reliable delivery of natural gas service under these exigent circumstances.^{2,3} Accordingly, SoCalGas requests that CalGEM consider a temporary stay of enforcement for two-year well *reassessments* and pending plug-and-abandonment well activities at its underground storage facilities, as SoCalGas proceeds with: (1) only activities it deems essential and in accordance with its Risk Management Plan (RMP) filed and submitted to the Division on April 1, 2019^{4,5} and (2) maintaining certain wells in a plugged-and-isolated condition with continuous pressure and ambient methane monitoring to provide for their safety and integrity.

This request is for the temporary suspension and stay of enforcement of the prescribed two-year *reassessment* requirement for wells that have: (1) both already passed baseline inspections,⁶ and where SoCalGas’ RMP has quantitatively proposed a longer well reassessment interval to be appropriate for maintaining a well’s safety and integrity⁷ and (2) pending plug-and-abandonment well activities.

This temporary suspension will enable employees, contractors, and agency personnel, who need to witness certain activities related to this work, to fully engage in federal, state, and local social distancing and “stay home where possible” orders and is also supported by SoCalGas’ RMP to maintain the safety and integrity of our storage operations.

² COVID-19 was declared a California State of Emergency on March 4, 2020 by the Governor and was declared a U.S. National Emergency on March 13, 2020 by the President.

³ The federal Pipeline and Hazardous Materials Safety Administration (PHMSA) published on March 20, 2020 a “Notice of Stay of Enforcement and Notice of Enforcement Discretion to Operators Affected by the Coronavirus (COVID-19) Outbreak,” which states, among other things, “*In light of the March 13, 2020, the President’s Declaration of a National Emergency (National Emergency) Relating to the Novel Coronavirus Disease (COVID-19) Outbreak, the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, recognizes that operators (including hazardous liquid and gas pipeline, underground natural gas storage and liquefied natural gas operators) impacted by recent events may be faced with resource constraints due to COVID-19.*”

⁴ 14 CCR §1726.3.

⁵ SoCalGas’ Risk Management Plan is still under review by the Division, and SoCalGas continues to cooperate with the Division to facilitate and expedite its review.

⁶ Meets the requirements of 14 CCR §§1726.6 and 1726.6.1.

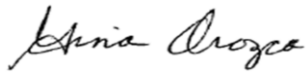
⁷ SoCalGas has proposed an alternative (to 24 month) testing frequency as part of the Risk Management Plan proposing that the maximum reassessment interval will be ½ of the calculated remaining life of the most severe defect condition on the well casing or tubing, not to exceed ten years. This RMP is in alignment with American Petroleum Institute (API) Recommended Practice (RP) 1171 *Functional Integrity of Natural Gas Storage in Depleted Hydrocarbon Reservoirs and Aquifer Reservoirs*, recommended practices that were adopted by the Pipeline and Hazardous Materials Safety Administration’s (PHMSA) Underground Storage Final Rule federal regulation (49 CFR 192 Section 192.12).

Furthermore, SoCalGas requests that CalGEM consider the approval of its RMP, which proposes a well assessment testing frequency based on an assessment of risks and a history of assessments for each well,⁸ and is an alternative to the Division's two-year frequency requirements.

The COVID-19 situation continues to change rapidly. The safety and wellbeing of the general public, our customers, and our employees remains foundational to our company as we continue to closely monitor this national emergency with local, state and federal health and emergency response agencies and strive to provide safe and reliable natural gas service.

Please contact me if you have any questions or concerns.

Sincerely,



Gina Orozco

Vice President of Gas Engineering and System Integrity

cc: David Shabazian, DOC, Director; Al Walker, CalGEM, Supervising Petroleum Engineer; Pat Abel, CalGEM Coastal District Deputy Supervisor; Dan Dudak, CalGEM Southern District Deputy Supervisor; Rodger Schwecke, SVP of Gas Operations & Construction; Paul Goldstein, SoCalGas, VP of Gas Transmission & Storage; Neil Navin, SoCalGas, VP of Construction

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