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May 18, 2020

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

**Subject: Request for Extension Related to COVID-19 Pandemic**

Dear Mr. Ntuk:

This letter supplements SoCalGas's initial written communication on March 23, 2020 to the Department of Conservation's Geologic Energy Management Division ("CalGEM" or "Division"), which provided the Division at the onset of the pandemic,<sup>1</sup> the status and outlook of our storage operations well activities at the time, a summary of the precautionary measures SoCalGas had taken to mitigate exposure and minimize the potential for COVID-19 infections at our workplace and job site locations, and our request for a temporary stay of enforcement for two-year well reassessments and pending plug-and-abandonment activities.<sup>2</sup>

We thank the Division for acknowledging its receipt and its ongoing review of the request,<sup>3</sup> and for accommodating a telephonic meeting on April 23, 2020 where we provided an update of our COVID-19 impacts to our field activities, shared additional COVID-19 mitigation measures we've implemented,<sup>4</sup> and reiterated our priorities for the safety and wellbeing of the public, our customers, and our workforce. We also discussed our ongoing concerns with gas system reliability and providing for gas deliverability to our customers this upcoming 2020/2021 winter season.

To date, SoCalGas continues to work as planned and necessary to comply with existing deadlines and other statutory and regulatory requirements, as safety permits and consistent with any local, state and federal COVID-19 directives or guidance. We remain committed to maintaining the safety and integrity of our storage operations.

The purpose of this letter is to respond to guidance issued by the Division on May 1, 2020 (Notice to Operators 2020-04 ("NTO"))<sup>5</sup> entitled "COVID-19 Pandemic Guidance." The NTO instructs operators on following four components the Division requires information for their consideration to extend regulatory

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<sup>1</sup> Governor Newsom's March 4, 2020 proclamation of a State of Emergency, <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.4.20-Coronavirus-SOE-Proclamation.pdf>; and President's March 13, 2020 Proclamation of a U.S. National Emergency of a COVID-19 Outbreak, <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>.

<sup>2</sup> SoCalGas letter to CalGEM "Subject: 2020 Underground Gas Storage Wells Status Update", dated March 23, 2020.

<sup>3</sup> Letter from CalGEM to SoCalGas Re "Request for Extension Related to COVID-19", dated April 23, 2020.

<sup>4</sup> See also, SoCalGas letter to CalGEM "Subject: Southern California Gas Company (SoCalGas) Health Screenings Upon Entry to Storage Fields", dated April 24, 2020.

<sup>5</sup> [ftp://ftp.consrv.ca.gov/pub/oil/Notice\\_to\\_Operators/NTO-2020-04.pdf](ftp://ftp.consrv.ca.gov/pub/oil/Notice_to_Operators/NTO-2020-04.pdf).

deadlines: (1) the operator contacts CalGEM before missing a regulatory deadline or other requirement; (2) the operator requests an extension or other assistance for a specific, limited period; (3) the operator demonstrates hardship caused by the COVID-19 pandemic or the government orders in response to the pandemic; and (4) the operator demonstrates that the extension or other assistance will adequately protect the environment, public health, and will not increase the risk of damage to life, health, property, or natural resources.

SoCalGas provides this information as follows:

### **SoCalGas Continues to Meet Regulatory Compliance Requirements Today**

SoCalGas is not reporting a missed regulatory deadline or requirement currently. Since the COVID-19 situation first began, SoCalGas has strived to communicate early and often with the Division's headquarters and local Districts to provide updates of our precautionary measures to mitigate exposure and minimize the potential for COVID-19 infections, additional safety measures we've implemented at our storage fields, operational challenges, disruptions, and related developments. SoCalGas continues to complete and plan for continued well reassessment activities and well plug-and-abandonment activities, with additional safety precautions and practices in place to promote the safety and health of our workforce and the communities we serve.

### **SoCalGas Requests a Six-Month Extension for Mechanical Integrity Testing Requirements**

We respectfully request the Division for a six-month stay of enforcement or extension of its underground storage well mechanical integrity testing requirements,<sup>6</sup> extending the well reassessment compliance deadline from October 1, 2020 to April 1, 2021. This specific, limited period extension would protect the gas deliverability for our customers this upcoming winter demand season by relieving the potential for placing a high number of injection/withdrawal wells SoCalGas has deemed fit-for service,<sup>7</sup> out-of-service in order for SoCalGas to remain compliant with regulatory requirements.<sup>8</sup>

Furthermore, this request would align with the spirit of the California Public Utilities Commission ("CPUC" or "Commission") Resolution (Res.) M-4842,<sup>9</sup> which orders gas corporations to implement Emergency Customer Protections to support California customers adopted on April 16, 2020 for a period of one year (April 2021), with an option to extend in response to the COVID-19 pandemic. The Commission issued this Resolution on its own motion in response to Governor Newsom's declaration of a state of emergency and issuance of executive orders, to provide continuity of essential utility services to customers during this health and safety crisis.<sup>10</sup>

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<sup>6</sup> 14 California Code of Regulations (CCR) §1726.6.

<sup>7</sup> SoCalGas defines wells "fit-for-service" which have passed its baseline inspection requirements as provided for in 14 CCR §§1726.6 and 1726.6.1, and where SoCalGas's Risk Management Plan (RMP) has quantitatively proposed a longer well reassessment interval to be appropriate for maintaining a well's safety and integrity. SoCalGas has proposed an alternative (to 24 month) testing frequency as part of the RMP 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.

<sup>8</sup> At the pace SoCalGas is currently able to proceed with well plug-and-abandonment and well reassessment activities safely, SoCalGas estimates approximately 25 wells that would need to be temporarily taken out-of-service (plugged and isolated) in order to remain compliant with October 1, 2020 requirements, and estimates a 15-25% withdrawal capacity reduction by year end 2020, barring further COVID-19 pandemic disruptions or additional, unanticipated hardships.

<sup>9</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M333/K482/333482381.PDF>.

<sup>10</sup> Res. M-4842 required gas utilities to take immediate actions and file a Tier 2 Advice Letter (AL) for a number of Customer Protections, which includes, among other things, waiving deposit requirements for residential customers,

## **The COVID-19 Pandemic is Causing Disruptions to our Workforce and Supply Chain**

While California has announced the gradual process of relaxing the *Safer at Home* guidelines last week, and projected rates of illness and death in our communities continue to shift based on changes in circumstances and behaviors, official State projections indicate we are facing a much more prolonged impact on our communities than initially contemplated. SoCalGas anticipates the mitigation measures and enhanced safety protocols we have established to safeguard our workforce and our communities will remain in place in some form for the foreseeable future, adding time to complete tasks safely. Additionally, external disruptions to our supply chain and access to qualified contractors and specialized equipment persist and continue to present a challenge.

The steps SoCalGas is taking for the safety and wellbeing of our workforce include, but are not limited to:

- Enhancing personal hygiene best management practices and increasing facility sanitization at all SoCalGas facilities
- Implementing Centers for Disease Control and Prevention (CDC) social distancing guidelines including staging workforce, spreading out staff to maintain a 6-foot distance between employees during the workday and in essential trainings
- Limiting company vehicle occupancy to one employee at a time (this has increased requirements for traffic control and has presented more challenging management of logistics)
- Imposing business travel restrictions, social interaction and meeting restrictions
- Requiring remote work for those who are able to (including our underground storage management workforce)
- Adopting quarantine protocols for employees, contractors, and vendors who test positive for COVID-19, come into close contact with those at risk of transmitting COVID-19, or employees exhibiting COVID-19 symptoms, including self-isolation and return to work procedures
- Encouraging the use of face coverings at company locations, and
- Temperature and health screening requirements upon entry to our storage fields (shared with the Division in our letter dated April 24, 2020).<sup>11</sup>

As discussed in our telephonic meeting on April 23, 2020, SoCalGas continues to experience external disruptions to our supply chain, such as delays in manufacturing and logistics for certain well completion components that have only been available from overseas. The oil and gas industry are responding to historically low demand with significant layoffs and cutbacks, impeding our access to qualified contractors and specialized equipment. We anticipate these pressures will continue to persist for some time.

## **SoCalGas's Wells Have Undergone Baseline Assessment Testing and Are Fit-For-Service**

SoCalGas believes this request for a six-month extension of underground gas storage well mechanical integrity testing will not increase the risk of damage to life, health, property, or natural resources, and supports continuity of essential utility services to customers during this health and safety crisis.

As described in SoCalGas's initial request letter dated March 23, 2020, this stay of enforcement

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suspending service disconnections, and working with customers to turn their gas back on as soon as possible with no required payment, late fees or reconnection fees. SoCalGas filed AL No. 5604-A on May 1, 2020.

<sup>11</sup> Letter to CalGEM, "Southern California Gas Company (SoCalGas) Health Screenings Upon Entry to Storage Fields", dated April 24, 2020.

would apply (1) to wells that have already passed baseline inspections and (2) where SoCalGas has, consistent with its Risk Management Plan, utilized industry best practices to determine the well casing remaining useful life to be such that a longer reassessment interval is appropriate for maintaining a well's safety and integrity.

Additionally, SoCalGas's underground gas storage wells will continue to comply with Federal Pipeline and Hazardous Materials Safety Administration (PHMSA) Underground Natural Gas Storage Final Rule regulations (Final Rule) effective March 13, 2020, without deviation. In this context, SoCalGas would note that PHMSA regulations require a frequency of risk reassessment not to exceed seven years, and which a downhole integrity inspection may not be required for each well risk reassessment.

The industry and experts continue to evaluate the risk of well entry inspections. While this research is still new and ongoing, to-date there has not been any fact-based or science-based research affirming that two-year well reassessment intervals requiring well entry decreases the risk of damage to life, health, property, or natural resources. In this matter, absent of any final research, PHMSA references buried pipe as an analog for downhole pipe as the basis for its regulations: *"PHMSA assumed that the stress conditions for the downhole piping used at the well site are similar to the stress conditions for buried pipe. Because of this, PHMSA chose a seven[-]year reassessment (maximum) interval to be consistent with other gas pipeline regulations."*<sup>12</sup>

Furthermore, SoCalGas will continue to monitor wells with continuous pressure and ambient methane monitors, compliant with California Air Resources Board (CARB) Oil and Gas Rule regulations to monitor the safety and integrity of its wells.

We look forward to the Division's response to this extension request and would be happy to discuss this matter further. The safety and wellbeing of the public, our customers, and our workforce remain 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.

We view communication and coordination with our workforce, customers, and regulators as integral to our success navigating through this unprecedented time. Please contact me if you have any questions or concerns.

Sincerely,



Paul Goldstein  
Vice President of Gas Transmission and Storage

SOUTHERN CALIFORNIA GAS COMPANY

cc:

Alan Walker, CalGEM; Rodger Schwecke, SoCalGas; Gina Orozco, SoCalGas

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<sup>12</sup> Federal Register / Vol. 85, No. 29 / February 12, 2020 / Rules and Regulations, p. 8115.