An act to amend Section 3403.5 of the Public Resources Code, relating to oil and gas.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 3403.5 of the Public Resources Code is amended to read:

3403.5. (a) The Legislature finds that there are underground storage facilities for gas that utilize depleted or partially depleted oil or gas reservoirs. Purchased gas, usually from out of state, is injected for storage and withdrawn during peak load periods. The supervisor is required to maintain surveillance over these facilities to ~~insure~~ ensure that the original reserves are not lost, that drilling of new wells is conducted properly, and that no damage occurs to the environment by reason of injection and withdrawal of gas.

(b) In order to help support the regulatory effort of the supervisor, there shall be imposed an annual charge computed at a uniform rate based on the total number of wells ~~used to inject and withdraw gas from~~ associated with an underground storage facility at any time during the preceding calendar ~~year.~~ year, including associated wells that were not used to inject or withdraw gas during the preceding calendar year but excluding wells that have been plugged and abandoned pursuant to Section 3208. The charge shall defray the costs incurred by the state in conducting the activities described in this section.

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Underground gas storage facilities: regulation: annual charge.

Under existing law, the State Oil and Gas Supervisor is required to impose an annual charge computed at a uniform rate based on the number of wells used to inject and withdraw gas from an underground storage facility during the preceding calendar year and requires the charge to defray the costs incurred by the state in maintaining surveillance over those facilities.

This bill would instead require that annual charge to be based on the total number of wells associated with an underground storage facility at any time during the preceding calendar year, including associated wells that were not used to inject or withdraw gas during the preceding calendar year but excluding wells that have been plugged and abandoned.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.