State of California Natural Resources Agency / Department of Conservation GEOLOGIC ENERGY MANAGEMENT DIVISION

California Environmental Quality Act

Notice of Exemption

To: Office of Planning & Research

State Clearinghouse

1400 Tenth Street, Room 113 Sacramento, CA 95814 From: Department of Conservation

Geologic Energy Management Division

801 K Street, MS 18-05 Sacramento, CA 95814

Contact: Larry Kleinecke, (916) 445-9686

Project Title: PAL SPR 45403022

Project Applicant: Sentinel Peak Resources California LLC

Project Location: McKittrick Oil Field

 County:
 Kern
 Section:
 19

Township: 29S Range/Baseline: 21E / MD B&M

Latitude/Longitude: 35.45454500, -119.706852001

Project Description:

The proposed project is an amendment to an UIC project originally approved on November 10, 2008 to dispose up to 10,000 barrels of wastewater per day in to the Olig/Reef Ridge zone, a formation which is not an underground source of drinking water. The amendment (UIC project #45403022) will allow Sentinel Peak Resources California LLC (SPR) to inject up to 70,000 barrels of waste water per day into the Olig/Reef Ridge zone. The increase in injection volume is justified in that the zones are EPA exempt for UIC Class II injection. The Olig/Reef Ridge zone character of high permeability to water, significant thickness, and low pressure due to production depletion make this zone suitable for long-term water disposal.

CalGEM approved this water disposal project to eliminate the use of surface ponds. The ponds now in use (Valley Water Management Ponds 1 and 1-3) are the subject of a cease-and-desist order by the State Water Resources Control Board, an order which establishes a compliance deadline of September 1, 2020. In a letter dated October 7, 2020 the CVRWQCB stated they have completed their review of the proposed project, which includes expanding the existing UIC operations by adding two additional water disposal wells and increasing the permitted injection rate. Based on the information provided and the conditions contained in CalGEM's 16 September 2020 draft Project Approval Letter, CVRWQCB Staff do not object to the project provided that the final PAL includes equivalent conditions.

The UIC injection area, parcel 197, is a densely developed 40-acre lot that includes 66 active wells, 25 abandoned wells or pilot holes, cyclic steam injection facilities and equipment, and gas injection facilities and equipment. Three of the five UIC project injection wells have been drilled and the remaining two proposed injection wells have been permitted by CalGEM as oil and gas wells. No additional potential environmental impacts have been identified as part of well activities.

Kern County approved the UIC pumps, tankage, and wastewater pipelines, and the operator provided Job Cards to CalGEM to document the approvals. These Job Cards are valid and require county cost recovery and inspections and compliance with mitigation measures, the issued Oil and Gas Conformity Review, and all other applicable standards and conditions outlined in the permit. No additional potential environmental impacts have been identified as part of UIC pumps, tankage, and wastewater pipeline construction.

Details on Underground Injection Control can be found on CalGEM's website at:

http://www.conservation.ca.gov/calgem/Pages/Undergroundinjectioncontrol.aspx

Exempt Status:

As the Lead Agency, the Geologic Energy Management Division (CalGEM) determined that the proposed project is exempt from further environmental review requirements of the California Environmental Quality Act (CEQA), pursuant to the specified exemptions marked in the section below. The proposed project would not result in a significant adverse impact to the environment, or that any of the exceptions to the exemptions apply (14 CCR 15300.2).

Exemption Type	Statute (PRC)	Regulation (14 CCR)	
Statutory Exemption: Ongoing Project (pre-CEQA. Approval prior to April 5, 1973) Ministerial Declared Emergency Emergency Projects	21169 21080 (b)(1) 21080 (b)(3) 21080 (b)(4)	15261 (b) 15268 15269 (a) 15269 (b) or (c)	
 Categorical Exemption: ✓ Class 1: Existing Facilities ☐ Class 3: New Construction/Conversion of Small Structures ✓ Class 4: Minor Alterations to Land ☐ Class 6: Information Collection ☐ Class 7: Protection of Natural Resources ✓ Class 8: Protection of the Environment ☐ Class 11: Accessory Structures ☐ Class 21: Enforcement Actions to revoke a permit Class 30: Minor Actions to Prevent, Minimize, Stabilize, Mitigate, or Eliminate a Release (Actual or Threat) of Hazardous Substances (Waste or Material) 	21084	15301 15303 15304 15306 15307 15308 15311 15321	1684.1 1684.2
☐ Class 33: Small Habitat Restoration Projects General Exemption ("common sense")		15333 15061 (b)(3)	
Not a "Project" subject to CEQA		15378 (b)(2)	

Reasons Why Project is Exempt:

The basis for CalGEM's determination that the project is exempt from further CEQA review is briefly explained below.

Class 1 – Existing Facility: The project is categorically exempt from CEQA under the "Class 1" (14 CCR §15301) exemption per the CEQA Guidelines and CalGEM's regulations (14 CCR §1684.1) because the project includes installation of downhole production or injection equipment as part of the operation and maintenance of existing private facilities and mechanical equipment. It does not present an expansion of use beyond that existing at the time of the Lead Agency's determination. Parcel 19Z is comprised entirely of wells, well pads, and support infrastructure. The addition of two additional wells and minor infrastructure do not represent an expansion of use of the parcel. Approximately 60 percent of the proposed pipeline follows the path of the Star Fee pipeline described in the 2011 IS/MND. The remainder of the proposed pipeline is located on disturbed land within a densely developed oil field.

Class 4 – Minor Alterations to Land: The project is categorically exempt from CEQA under the "Class 4" (14 CCR 15304) exemption per the CEQA Guidelines because the project consists of private alterations to the condition of land and/or vegetation that does not involved the removal of mature, scenic trees. The project is not located in a particularly sensitive environment, well away from any residential housing, near the center of a densely developed oil field

Class 8 – Actions by Regulatory Agencies for Protection of the Environment: The project is categorically exempt from CEQA under the "Class 8" (14 CCR 15308) exemption per the CEQA Guidelines because the project consists of actions to assure the protection of the environment. Those actions, as required by the CVRWQCB, will eliminate the use of surface sumps for waste water disposal.

Exceptions to Exemptions: CalGEM further finds that there are no exceptions to the otherwise-applicable categorical exemptions (PRC §21084; 14 CCR 15300.2(c)). There is no substantial evidence that there are any "unusual circumstances" associated with the proposed project that create a reasonable possibility that the activity will have a significant effect on the environment or that significant "cumulative impacts" would result Important considerations are that: 1) The change from surface ponds to injection wells is a change in the location and method of oil and gas wastewater disposal for this oil field, 2) Per CalGEM review the Olig/Reef Ridge zone has the capacity to support 70,000 barrels of waste water per day without significant effect. It was a matter of requesting approval to use the formation as a wastewater resource, for which it is already used, rather than storing the excess in surface ponds in the same oil field, a practice subject to a case-and-desist order of the State Water Resources Control Board. Exempt aquifers are not sources of drinking water nor are they likely to be in the future because they naturally contain petroleum or high levels of toxic elements, 3) processed wastewater is returned to the geologic zone from which it originated, cleaner than when it was removed, but still not a drinkable source. It is then reused in oil and gas extraction known as enhanced oil recovery (EOR). Existing producing wells may benefit from this EOR but are already in existence and have been approved for production. Increased production for this oil and gas field would require the operator to obtain additional permits for oil and gas production, which would require their own CEQA review.

	other related materials are available for public inspection 5814; or an electronic copy of these documents may also https://ceganet.opr.ca.gov	· · · · · · · · · · · · · · · · · · ·
Certified:	larry kleinecke	Date:
	Geologic Energy Management Division CEQA Unit	