

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
715 P Street, MS 1803
Sacramento, CA 95814

Contact: CEQA@conservation.ca.gov

Project Title: OG PG&E 022023-001

Project Applicant: Pacific Gas and Electric Company

Project Location: McDonald Island Gas Field

County: San Joaquin Section: 30

Township: 02N Range/Baseline: 05E / SB B&M

Latitude/Longitude: 37.987433, -121.473644

Project Description: Pacific Gas and Electric Company (PG&E) submitted three Notices of Intention (NOIs) to drill three new replacement underground gas storage (UGS) wells at the McDonald Island Natural Gas Storage Facility (McDonald Island Facility) in San Joaquin County (Project). The three new replacement UGS wells will be installed in the McDonald Island Facility, an existing facility of an investor-owned utility that is used to provide natural gas services. The McDonald Island Facility is on the man-made McDonald Island, in the Sacramento-San Joaquin Delta, in San Joaquin County; approximately 40 miles south of Sacramento and 10 miles west of Stockton. McDonald Island is 5,900 acres in size and bounded on the north by San Joaquin River, on the west by Middle River and Latham Slough, and on the south by Empire Cut. The McDonald Island Facility on the island is approximately 2,760 acres. The remaining acreage is actively farmed. McDonald Island Facility is currently comprised of 88 wells: 69 active gas storage wells, 2 idle gas storage wells, 5 abandoned gas storage well, 4 out of service gas storage wells, 7 active observation wells, and 1 idle observation well.

The purpose of the proposed Project is to replace a total of 45 million cubic feet per day (MMCFD) of gas (15 MMCFD per well) deliverability of an estimated 576 MMCFD that was lost from wells being converted to tubing and packer and outage associated with the ongoing inspections in compliance with CalGEM’s 2018 UGS regulations that establish standards for the design, construction, and maintenance of all gas storage wells. The McDonald Island Facility is PG&E’s largest gas storage field and has a maximum capacity of 82 billion cubic feet (BCF). The McDonald Island Facility provides Northern California with a reliable supply of natural gas. In the winter, the McDonald Island Facility can provide up to 25 percent of Northern California’s peak-day gas demand.

In 2018, CalGEM promulgated regulations that establish standards for the design, construction, and maintenance of all gas storage wells. The regulations include stringent well construction standards that are required to ensure that gas storage wells are safe and will maintain their integrity over time. The well construction standards promote environmental safety by focusing on leak prevention.

Meeting the new well construction standards requires operators to upgrade and rework all existing gas storage wells or plug and abandon any nonconforming wells. The required well construction upgrades diminish the throughput capacity of each new or reworked gas storage well. Once the new well construction standards are complied with, the only way to maintain the overall throughput capacity of a UGS facility is to add replacement gas storage wells. The new replacement gas storage wells must comply with the regulatory standards and are necessary to make up for lost deliverability that was incurred due to wells that were permanently removed from service. If approved, the proposed Project will meet CalGEM’s UGS construction standards set forth in CalGEM’s regulations.

The proposed Project consists of CalGEM approving three permits for PG&E to install the three new replacement gas storage wells, listed below, in the McDonald Island Gas Field.

API #	Well Name
0407720742	McDonald Island Farms 01A-N
0407720741	Turner Cut 01B-N
0407720743	Lil Mac 2

Exempt Status: As the Lead Agency, CalGEM has determined that the proposed Project is exempt from full environmental review requirements of the California Environmental Quality Act (CEQA), pursuant to the specified exemptions marked in the section below. CalGEM further finds that the proposed Project would not result in a significant adverse impact to the environment, or that any of the exceptions to the application of the exemptions apply (14 CCR § 15300.2).

Exemption Type		Statute (PRC)	Regulation (14 CCR)	
<input checked="" type="checkbox"/>	Statutory Exemption:			
	<input type="checkbox"/> Ongoing Project (<i>pre-CEQA approval on April 5, 1973</i>)	21169	15261 (b)	
	<input type="checkbox"/> Ministerial	21080 (b)(1)	15268	
	<input type="checkbox"/> Declared Emergency	21080 (b)(3)	15269 (a)	
	<input checked="" type="checkbox"/> Emergency Projects	21080 (b)(4)	15269 (b) or (c)	
<input checked="" type="checkbox"/>	Categorical Exemption:	21084		
	<input checked="" type="checkbox"/> Class 1: Existing Facilities		15301	1684.1
	<input checked="" type="checkbox"/> Class 2: Replacement or Reconstruction		15302	
	<input checked="" type="checkbox"/> Class 3: New Construction/Conversion of Small Structures		15303	
	<input type="checkbox"/> Class 4: Minor Alterations to Land		15304	1684.2
	<input checked="" type="checkbox"/> Class 7: Protection of Natural Resources		15307	
	<input checked="" type="checkbox"/> Class 8: Protection of the Environment		15308	
	<input type="checkbox"/> Class 11: Accessory Structures		15311	
	<input type="checkbox"/> Class 21: Enforcement Actions to revoke a permit		15321	

<input type="checkbox"/>	Class 30: Minor Actions to Prevent, Minimize, Stabilize, Mitigate, or Eliminate a Release (Actual or Threat) of Hazardous Substances (Waste or Material)	15330
<input type="checkbox"/>	Class 33: Small Habitat Restoration Projects	15333
<input type="checkbox"/>	General Exemption (“common sense”)	15061 (b)(3)
<input type="checkbox"/>	Not a “Project” subject to CEQA	15378 (b)(2)
<p><u>CEQA Exceptions to the Exemptions (14 CCR 15300.2):</u> Where project is located (e.g., sensitive environment); Cumulative Impact; Significant Effect due to Unusual Circumstances; Scenic Highways; Hazardous Waste Sites; Historical Resources.</p>		

Reasons Why Project is Exempt: The basis for CalGEM’s determination that the proposed Project is exempt from the requirements of CEQA is provided in the brief explanation below.

Statutory Exemption – Emergency Projects: As the CEQA lead agency for the proposed Project, CalGEM has determined that the proposed Project is exempt from further environmental review requirements of CEQA, pursuant to the statutory exemption: Emergency Project (PRC § 21080(b)(4); 14 CCR § 15269(c).) because gas storage is essential to the State’s energy infrastructure and electricity reliability.

Class 1 – Existing Facility: The proposed Project is categorically exempt from CEQA under the “Class 1” (14 CCR § 15301) exemption per the CEQA Guidelines because the proposed Project involves the operation, repair, maintenance, or minor alteration of an investor-owned utility and the new replacement gas storage wells will result in no expansion of the facility’s existing or former use. The McDonald Island Natural Gas Storage Facility is an investor-owned utility that provides natural gas services to California’s consumers. (Cal. Code Regs. Tit. 14, § 15301(b).) The project’s purpose is to make up for lost deliverability from wells being converted to tubing and packer and outage associated with the ongoing inspections in compliance with CalGEM’s 2018 regulations that establish standards for the design, construction, and maintenance of all gas storage wells. Deliverability is the measure of the amount of gas that can be delivered (withdrawn) from a storage facility on a daily basis. Because the proposed Project is to make up for lost deliverability, the replacement wells will enable the facility to operate in substantially the same manner as it did before capacity was lost to comply with the 2018 regulations. In addition, the proposed Project will not increase the gas injection or withdrawal rates, beyond what the facility is permitted for.

Class 2 – Replacement or Reconstruction. The proposed Project is categorically exempt from CEQA under the “Class 2” (14 CCR § 15302) because the project involves the replacement existing facilities involving negligible or no expansion of capacity. The proposed Project involves the installation of three new replacement gas storage wells from wells being converted to tubing and packer and outage associated with the ongoing inspections in compliance with CalGEM’s 2018 regulations that establish standards for the design, construction, and maintenance of all gas storage wells. The new replacement gas storage wells will be installed on existing well pads and no additional construction will occur. The replacement gas storage wells serve the same purpose as the wells that were plugged and abandoned and are necessary for the McDonald Island Facility to provide the same measure of deliverability. The proposed Project will not result in an expansion in gas compressor capacity, nor will there be an expansion of the injection and withdrawal rates. The proposed Project is also consistent with the surrounding land use, a gas storage facility.

Class 3 – New Construction/Conversion of Small Structures. The proposed Project is categorically exempt from CEQA under the “Class 3” (14 CCR § 15303) exemption per the CEQA Guidelines because the project involves the installation of a limited number of small structures on a natural gas facility and the structures are an extension of the natural gas transmission process.

Class 7 – Actions by Regulatory Agencies for Protection of Natural Resources: The proposed Project is categorically exempt from CEQA under the “Class 7” (14 CCR § 15307) exemption per the CEQA Guidelines because the project is attendant to compliance with the heightened well construction standards under California Code of Regulations, title 14, section 1726.5.

Class 8 - Actions by Regulatory Agencies for Protection of the Environment: The proposed Project is categorically exempt from CEQA under the “Class 8” (14 CCR § 15308) exemption because the project is attendant to compliance with the heightened well construction standards under California Code of Regulations, title 14, section 1726.5.

Exceptions to Exemptions:

CalGEM further finds that there are no exceptions to the application of the categorical exemptions (PRC § 21084; 14 CCR § 15300.2 (c)) referenced above. 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, and that there are no significant “cumulative impacts” resulting from successive projects of the same type in the same place. Therefore, reliance on the exemption(s) is appropriate.

Consistent with the purposes of PRC § 3250 et seq and the documentation available for the preliminary review, the proposed Project will benefit the environment. In addition, the work under the contracts and any resulting impacts will be temporary in duration. Therefore, the proposed Project can be considered exempt from the need for full CEQA review.

A copy of this NOE (as required by 14 CCR § 15062(a)) and all other related materials are available for public inspection at CalGEM's CEQA Program, located at 715 P Street, 18th floor, Sacramento, CA 95814; or an electronic copy of these documents may also be accessed online at the State Clearinghouse: <https://ceqanet.opr.ca.gov>

Certified: _____ **Date:** _____

Jan Perez
Department of Conservation,
Geologic Energy Management Division
CEQA Program