

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: UGS PG&E 112023-001

Project Applicant: Pacific Gas and Electric Company (PG&E)

Project Location: San Joaquin County, McDonald Island Gas Field
Latitude 37.99485397, Longitude -121.47741699

Project Description: Pacific Gas and Electric Company (PG&E) submitted one Notice of Intention (NOI) to rework an existing underground gas storage (UGS) well at the McDonald Island Natural Gas Storage Facility (McDonald Island Facility) in San Joaquin County (Project).

The well that will be reworked is part of 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.

The McDonald Island Facility is currently comprised of 88 wells: 69 active gas storage wells, 2 idle gas storage wells, 5 abandoned gas storage wells, 4 out of service gas storage wells, 7 active observation wells, and 1 idle observation well.

The purpose of the proposed Project is to abandon a well that has lost mechanical integrity and then sidetrack it from the upper portion of the well to maintain service deliverability of the well. This action is in compliance with revised regulations (14 CCR § 1726 et seq.) to enhance the safety of UGS projects.

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.

The proposed project consists of CalGEM approving one permit for PG&E to perform rework on the gas well listed below, in the McDonald Island Gas Field.

API # 0407720168 Well Name: Whiskey Slough 1-E

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 and that none of the exceptions to the application of the exemptions apply (14 CCR § 15300.2).

Exemption Type		Statute (PRC)	Regulation (14 CCR)	
<input 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 type="checkbox"/>	Emergency Projects	21080 (b)(4)	15269 (b) or (c)	
<input 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 type="checkbox"/>	Class 3: New Construction/Conversion of Small Structures		15303	
<input checked="" 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)	

CEQA Exceptions to the Exemptions (14 CCR § 15300.2): where project is located (e.g. sensitive environment); Cumulative Impact; Significant Effect due to Unusual Circumstances; Scenic Highways; Hazardous Waste Sites; Historical Resources.

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

Class 1, Existing Facilities (14 CCR §§ 15301, 1684.1): Class 1 exemption applies as CalGEM’s regulations state: “Class 1 consists of the operation, repair, maintenance, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion of use beyond that existing previously. The Class includes, but is not limited to: remedial, maintenance, conversion, and abandonment work on oil, gas, injection, and geothermal wells...” The purpose is to abandon a well that has lost mechanical integrity and then sidetrack it from the upper portion of the well to maintain service deliverability of the well. The sidetracked well will have CalGEM compliant tubing in order to comply with revised regulations. Once the work is completed the well will be

returned to service. This required well construction upgrade will maintain or diminish the throughput capacity of the reworked gas storage well resulting in negligible or no expansion of the existing use. This sidetrack is considered remedial because it would allow for a larger diameter casing to accommodate new tubing inside the casing so that the well will maintain deliverability while complying with CalGEM's heightened well construction standards and safety regulations.

Class 2, Replacement or Reconstruction (14 CCR §15302): Class 2 applies because it consists of "replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced[.]" Examples of Class 2 include, but are not limited to, "Replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity." The proposed Project is the sidetrack, or replacement, of the existing wellbore which is needed to accommodate new CalGEM compliant tubing. The sidetracked will be on an existing well pad, utilize the upper portion of the well, and no additional construction will occur. The sidetracked well will serve the same purpose as other UGS wells in the McDonald Island Facility and continue to provide the same measure of deliverability or capacity.

Class 4, Minor Alterations to Land (14 CCR §§ 15304, 1684.2): Class 4 exemption applies. The proposed project would be conducted entirely on an existing pad with enough space to contain all equipment. The project would not disturb any undisturbed areas. The proposed project is located within an industrial area. Therefore, the proposed project "consists of drilling operations that result in only minor alterations with negligible or no permanent effects to the existing condition of the land, water, air, and/or vegetation." The sidetrack would not expand the facility and is conducted in order to comply with CalGEM safety regulations and maintain level of service.

Classes 7 and 8, Protection of Natural Resources and the Environment (14 CCR §§ 15307, 15308): Class 7 and Class 8 exemptions apply. The exemptions are for actions taken by regulatory agencies as authorized by law to assure the maintenance, restoration, enhancement, or protection of a natural resource or the environment where the regulatory process involves procedures for the protection of the environment." As demonstrated in the record, the sidetrack to abandon the well is in compliance with the regulations CalGEM promulgated in 2018, that establish standards for the design, construction, and maintenance of all gas storage wells. The regulations include stringent well construction standards that decrease the risk for adverse impacts to natural resources in the area. CalGEM has statutory and regulatory authority to protect natural resources and the environment. The abandonment to address the well's mechanical integrity, and the sidetrack to ensure CalGEM compliant tubing is installed, would ensure that potential impacts to natural resources and the environment from compliance issues associated with the well are minimized. In addition, the approval for the rework will also include conditions that protect natural resources and the environment. Therefore, as demonstrated in the proposed Project file description of the sidetrack to abandon this well would assure the maintenance, restoration, enhancement, and/or protection of a natural resource and the environment.

Exceptions to Exemptions: CalGEM further finds that there are no exceptions to the application of the categorical exemptions (PRC § 21084; 14 CCR § 15300.2) referenced above. For example, 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 exemptions 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 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: Jan Perez **Date:** _____
Department of Conservation,
Geologic Energy Management Division
CEQA Program