

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: 586136_Harvest_UIC

Project Applicant: Harvest Petroleum Inc

Project Location: Kern County, Rosedale Ranch Oil Field
Latitude 35.44934464, Longitude -119.10911560

Project Description: The permitted activity consists of remediating a casing integrity issue by installing and cementing an inner casing, pressure testing to ensure mechanical integrity across the freshwater zone, and then returning the well back to injection within UIC 62606009 project area. A CalGEM engineer has confirmed that the proposed work is within the scope of UIC project 62606009 and would be a continuation of operations within the UIC project.

Based on information provided by Harvest Petroleum Inc. (the Operator) and confirmed by CalGEM, casing holes were discovered in the Lerdo 2 during a Standard Annular Pressure Test (SAPT) on Feb 22, 2023, and the well's lack of mechanical integrity was reconfirmed during a rig-job from May 1 to July 6, 2023. During this rig-job, a retrievable bridge plug was set above the injection perforations at 3500 feet, and a test packer was used to attempt to locate the casing holes for repair via cement squeezes. Cement squeezes were unsuccessful at restoring mechanical integrity of the casing. The Operator described the threat as holes in the casing within a freshwater zone above the injection zone, which could lead to contamination from oilfield fluids into the freshwater zone if not addressed through repair.

With the base of fresh water at 3200 feet, the permitted activity to install a new inner casing and cement is necessary to prevent a potential threat to public health, safety, or the environment by repairing the casing so the well does not have a conduit to freshwater above the injection zone. The freshwater zone is one of many surface and underground sources of potential irrigation and/or drinking water.

Temporary surface equipment will be needed and will consist of a well service rig and ancillary equipment required to perform the casing repair work. No permanent facilities will be constructed. No expansion of associated facilities will be required.

Any waste generated will be sampled, tested, and disposed of at the appropriate licensed waste disposal site and sent to site under Uniform Manifest.

Water usage is estimated to be approximately 7,500 gallons. The water will be sourced produced water.

As confirmed by Wellstar mapping, the well is located on an existing pad with access by existing roads. No disturbance to biological resources in the area is anticipated.

The permitted activity consists of CalGEM approving one permit to rework the oil and gas well listed below.

| API # | Well Name |
|------------|------------------------|
| 0402985041 | Lerdo 2 Water Disposal |

Exempt Status: As the Lead Agency, CalGEM has determined that the permitted activity 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 permitted activity 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 | | | |
| <input 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>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.</p> | | | | |

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.

Statutory Exemption – Emergency Projects: As the CEQA lead agency for the permitted activity, CalGEM has determined that the permitted activity 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 of the potential impacts to freshwater reservoirs due to a leaking casing. Therefore, immediate action is necessary to prevent or respond to a threat to public health, safety, or the environment.

Class 1, Existing Facilities (14 CCR §§ 15301, 1684.1): Class 1 applies to the permitted activity. Class 1 consists of the "operation, repair, maintenance, or minor alteration" of existing facilities involving "negligible or no expansion of use beyond that existing previously." (§ 1684.1.) The project involves the maintenance and repair of a production well and does not include modifications or changes to an existing use. The permitted activity involves installing an inner casing and cementing on the well to seal the casing to eliminate potential impacts to freshwater reservoirs due to a leaking casing. The operator indicates that no permanent facilities would be constructed, and the project would not involve any new ground surface disturbance, including no new roads or other corridors. Therefore, there is no expansion of use beyond that previously existing. A CalGEM engineer has confirmed that the proposed work is within the scope of UIC project 62606009 and would be a continuation of operations within the UIC project.

Class 2, Replacement or Reconstruction (14 CCR § 15302): Class 2 applies to the permitted activity. Class 2 includes the "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." This is a rework that involves installing an inner casing and cementing on the well to seal the casing to eliminate potential impacts to freshwater reservoirs due to a leaking casing and does not propose changes to the structure of the well (the wellbore). The location of the well would not change, nor would the underground structure of the well (the wellbore), nor would the purpose of the well, which is water injection.

Class 7 & 8 Protection of Natural Resources and the Environment (14 CCR §§ 15307, 15308): Class 7 and 8 also apply to the permitted activity. Class 7 and Class 8 include 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, this well presents a concern that may increase the risk for adverse impacts to the environment or natural resources in the area due to the potential impacts to freshwater reservoirs due to a leaking casing. CalGEM has statutory and regulatory authority to protect natural resources and the environment. The Operator is required to repair the well under CCR section 1724.10, subdivision (i)(5), which requires an Operator to conduct necessary remedial work when an injection well fails a mechanical integrity test.

Repairing this well will ensure that potential impacts to natural resources and the environment from compliance issues associated with the well are minimized, and the approval for the rework will also include conditions that protect natural resources and the environment. Therefore, as demonstrated in the permitted activity file description of the well rework operations, which include a casing installation and cement work, the rework 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 (c)) referenced above. There is no substantial evidence that there are any "unusual circumstances" associated with the permitted activity that create a reasonable possibility that the activity will have a significant effect on the environment. The approved project is within a Health Protection Zone (HPZ) as defined by PRC section 3280(b). The HPZ does not present an unusual circumstance because SB 1137 (PRC § 3280 et seq.) requires all oil or gas production facilities or wells with a wellhead within an HPZ to comply with specified health, safety, and environmental requirements. In addition, CalGEM further finds 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.

A copy of this NOE (as required by 14 CCR § 15062(a)) and all other related materials can be made available to the public by contacting the CalGEM CEQA Program, located at 715 P Street, MS 1803, Sacramento, CA 95814-3530; by calling (916) 445-9686; or an electronic copy of these documents may be requested by contacting CEQA@conservation.ca.gov. A copy of this NOE may also be accessed online at the State Clearinghouse: <https://ceqanet.opr.ca.gov>

Certified: Mikayla Vaba

Department of Conservation,
Geologic Energy Management Division
CEQA Program

Date: 11/15/2024