

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

California Environmental Quality Act Notice of Exemption

To: Office of Land Use & Climate Innovation
 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: 252900_59800003_CalNRG_UIC

Project Applicant: CalNRG Operating, LLC (CalNRG)

Project Location: Orange County, Richfield Oil Field; 28/03S/09W/SB; Latitude 33.87435913, Longitude -117. 83261108

Project Description: The project consists of modifying the existing underground injection control (UIC) project 59800003 to comply with the 2019 updated UIC regulations. UIC project 59800003 is a waterflood injection project that injects into the Kraemer formation. The project requires a modification to the project approval letter (PAL) to include two existing wells in the UIC project to maintain current production volumes. These wells would be converted from oil and gas production to waterflood injection. The proposed work includes pulling out of hole with existing rods and tubing, cleaning out the wells, running a scraper to the top perforations, and running packers and tubing. The conversions will require no changes to the casing and will not change the permanent mechanical condition of the wells. All necessary mechanical integrity tests and tracer surveys would be conducted in accordance with the 2019 UIC Regulations prior to beginning injection operations. This work is expected to take less than two weeks and will require no modification or expansion of surface facilities. There would be no new ground surface disturbance associated with this project.

The proposed project consists of the California Department of Conservation, Geologic Energy Management Division (CalGEM) approving one PAL for CalNRG to modify UIC project 59800003, including to rework the wells listed below, in the Richfield Oil Field.

| API # | Well Name |
|------------|-----------|
| 0405921143 | Stern 14 |
| 0405906568 | Stern 8 |

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 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 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 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 type="checkbox"/> Class 7: Protection of Natural Resources | | 15307 | |
| | <input 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.

Class 1, Existing Facilities (14 CCR §§ 15301, 1684.1):

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." This includes "remedial, maintenance, conversion, and abandonment work on oil, gas, injection, and geothermal wells involving the alteration of well casing, such as perforating and casing repair, removal, or replacement; installation or removal of downhole production or injection equipment, cement plugs, bridge plugs, and packers

set to isolate production or injection intervals." (14 CCR § 1684.1.) The proposed project involves remedial, maintenance, and conversion work on two existing wells to modify UIC project 59800003. The proposed work includes pulling out of hole with existing rods and tubing, cleaning out the wells, running a scraper to the top perforations, and running packers and tubing. This work would be a negligible change in use because the conversions will require no changes to the well casing and will not change the permanent mechanical condition of the wells. The wells are already completed with existing perforations in the Kraemer formation, and their inclusion in the PAL would not change the overall injection volume of the project. The proposed UIC modification would maintain the current production volumes of the field. As indicated in review conducted by the State Water Resources Control Board, and the technical review conducted by the CalGEM UIC program, the proposed modification would not result in any potential impacts to the beneficial use of groundwater in the project area and all injection fluids would be confined to the approved zones. Therefore, any environmental impacts of the proposed project would be negligible and therefore less-than-significant.

Class 2, Replacement or Reconstruction (14 CCR § 15302):

Class 2 consists of 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 as the structure replaced[.]" (14 CCR § 15302.) The proposed project would convert two existing wells to update UIC project 59800003. This work is a minor reconstruction of the wells that requires no changes to the casing of the wells. The wells are located on existing well pads that are large enough to accommodate the necessary equipment and can be accessed by existing roads. The wells are already completed with existing perforations in the Kraemer formation, and their inclusion in the PAL would not change the overall injection volume of the project. The work would result in a negligible change in use of the wells from production to injection, to maintain the production volume of the field.

Class 4, Minor Alterations to Land (14 CCR §§ 15304, 1684.2):

Class 4 consists of "drilling operations that result only in minor alterations with negligible or no permanent effects to the existing condition of the land, water, air, and/or vegetation." (14 CCR § 1684.2; see also 14 CCR § 15304.) The proposed project would make minor modifications to two existing wells to modify UIC project 59800003. The wells can be accessed by existing roads, are active producers that are regularly monitored and maintained, and tie into the existing injection line is already present at the well pads. The procedure that would be conducted to convert the wells from producer to injector wells is an activity that is also conducted as part of a normal maintenance program for wells within the field and would require no additional trucks or heavy equipment to visit the well than would occur as part of regular oil field operations. Therefore, there would be no surface disturbance as a result of the project that would significantly disturb the surrounding 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 proposed project that create a reasonable possibility that the activity will have a significant effect on the environment. In addition,

