



June 29, 2020

**Transmitted via Electronic Mail**

Paul Goldstein, Vice President  
Southern California Gas Company  
Gas Transmission & Storage Group  
555 W. 5th Street, GT20C4  
Los Angeles, CA 90013-1011

**REQUEST FOR EXTENSION OF TIME TO COMPLETE MECHANICAL INTEGRITY TESTING**

Dear Mr. Goldstein,

The Geologic Energy Management Division (CalGEM) has reviewed Southern California Gas Company's (SoCalGas) letter dated May 18, 2020, requesting a six-month extension of time to complete the underground gas storage well mechanical integrity testing (MIT) requirements that are required to be completed by October 1, 2020. CalGEM's regulations include framework for establishing well-specific frequencies for casing wall thickness evaluation and pressure testing gas storage wells. However, as discussed below, the extension of time that SoCalGas is requesting is not consistent with that regulatory framework, and therefore the request is denied.

CalGEM's requirements for underground gas storage projects were substantially revised under CalGEM's Underground Gas Storage Regulations, which went into effect October 1, 2018. CalGEM's Underground Gas Storage Regulations require three different types of periodic MIT for gas storage wells: casing wall thickness inspection, pressure testing, and temperature and noise logs.<sup>1</sup>

- **Casing wall thickness inspection.** Section 1726.6, subdivision (a)(2), requires casing wall thickness inspection every 24 months, or at an alternative frequency based on the demonstration casing wall thickness and demonstrated corrosion rate. The regulations contemplate that such an alternative frequency will be based on at least two rounds of inspections and the first round of inspection results is due on October 1. In SoCalGas' case, the inspections due on October 1 will actually be the second round because SoCalGas had already conducted a round of testing before the new regulations went into effect in October 2018. Still, it would be a deviation from the regulations to allow for an inspection frequency of less once every 24 months without analysis based on two complete rounds of inspection. Once the second round of casing wall thickness inspection is complete, CalGEM will work with SoCalGas to establish well-specific inspection frequencies based on the demonstrated casing wall thickness and calculated corrosion rate.

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<sup>1</sup> California Code of Regulations, title 14, section 1726.6.



- **Pressure testing.** Section 1726.6, subdivision (a)(3), requires pressure testing of gas storage wells on a “well-specific minimum pressure testing frequency” based on risk management analysis that has been reviewed and approved by the Division. If the operator has not taken the necessary steps to establish a well-specific pressure testing frequency, then pressure testing must be done every 24 months. For those wells, the first pressure test under the new regulations is due on October 1.
- **Temperature and noise logs.** Section 1726.6, subdivision (a)(1), requires temperature and noise logs every year. The first round of logs required under the new regulations were completed by October 1, 2019, and the next round is due this October 1. The regulations do not allow for variance from this schedule, but CalGEM’s understanding is that it has not been a significant challenge to complete this part of the MIT requirements and the temperature and noise logs are not within the scope of your request for an extension.

These MIT requirements are a central part of the comprehensive regulations that CalGEM adopted in response to the Aliso Canyon well blow out incident, and they are central to CalGEM’s commitment that all possible steps will be taken to ensure safe operation of underground gas storage projects statewide. CalGEM understands that compliance with the MIT requirements for gas storage wells are challenging and that COVID-19 has compounded that challenge. Nonetheless, adherence to the recently adopted regulations is essential and CalGEM will only approve changes in testing frequency that are consistent with the regulatory framework. For this reason, your request does not adhere to the requirements announced in the May 1<sup>st</sup> Notice to Operators because it does not demonstrate that the extension will not increase risk of damage to life, health, property, or natural resources.

If you have any questions or need additional information, please contact Emily Reader at [emily.reader@conservation.ca.gov](mailto:emily.reader@conservation.ca.gov) or (916) 322-9769.

Sincerely,

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**Uduak-Joe Ntuk**  
State Oil and Gas Supervisor

cc: Emily Reader, Chief Deputy of Programs  
Justin Turner, Assistant Chief Counsel  
Al Walker, Supervising Oil & Gas Engineer