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COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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TO: Each Supervisor

FROM: Mark Pestrella, PE
Director of Public Works

BOARD MOTION OF MAY 13, 2025, AGENDA ITEM 16 ADVANCING THE COUNTY'S LONG-TERM HEALTH, ACCOUNTABILITY, AND JUST TRANSITION GOALS DURING THE PHASE OUT OF URBAN OIL DRILLING REPORT – DIRECTIVE 3

On May 13, 2025, the Board adopted a motion directing several departments to take actions to advance the County's long-term health, accountability, and Just Transition goals during the phase-out of urban oil drilling. This report specifically addresses Directive 3, which instructs the Director of Public Works, through the Office of Oil and Gas, to report back annually with an analysis of compliance data related to Senate Bill (SB) 1137 and Assembly Bill (AB) 1866, including rework permits and idle well management plans for oil wells in unincorporated Los Angeles County and the status of oil wells identified as high risk by the Oil and Gas Strike Team.

This report provides a summary of compliance data from the California Department of Conservation Geologic Energy Management Division (CalGEM) and an update on the status of high-priority oil wells located within unincorporated Los Angeles County. These wells were previously identified through County analysis using CalGEM data and environmental and public health screening criteria to prioritize inactive wells posing elevated potential risks to surrounding communities.

The ongoing collection and review of compliance data will assist the Office of Oil and Gas to better oversee oil and gas operations within unincorporated Los Angeles County, identify potential regulatory and/or enforcement gaps that may be addressed locally, and help inform and update local communities living near oil and gas operations.

Senate Bill 1137

SB 1137 was signed into law by the Governor on September 16, 2022. It went into effect in June 2024 after a referendum was withdrawn. It requires operators of oil and gas production wells and facilities located within a Health Protection Zone¹ to submit a leak detection and response plan by July 1, 2028, and to fully implement the approved plan by July 1, 2030. The California Air Resources Board (CARB) is developing performance standards for emission detection systems and, along with CalGEM, will review and approve the leak detection and response plans. In addition, SB 1137 also required operators to submit a sensitive receptor inventory and maps by July 1, 2025.

There are 774 active wells and 463 idle wells located within a verified Health Protection Zone in unincorporated Los Angeles County. CalGEM has reported that nine operators within unincorporated Los Angeles County did not submit their inventory and/or maps by the July 2025 deadline. Those operators that did not meet the submission requirements were issued violation notices, and most have since provided the required submittals.

On August 1, 2025, SB 1137 First Implementation Regulations were posted on the Office of Administrative Law (OAL) Notice Register for public comment. On April 27, 2026, OAL approved the First Implementation Regulations. The regulations were filed with the Secretary of State and will take effect on July 1, 2026. This rulemaking will replace the emergency regulations that will expire on July 1, 2026, with permanent regulations that cover the applicable provisions of SB 1137.

On January 14, 2026, the United States Department of Justice – Environment and Natural Resources Division filed a lawsuit challenging SB 1137, contending that two federal laws, the Mineral Leasing Act and the Federal Land and Policy Management Act, preempt California's rule. The lawsuit is seeking that SB 1137 be declared unconstitutional.

On March 31, 2026, the Court issued an order denying the United States' motion for preliminary injunction. A request to extend the deadline to file the Joint Status Report to June 18, 2026, was submitted on April 28, 2026.

Additional lawsuits have been filed challenging SB 1137. The most recent was filed on January 27, 2026, by the National Association of Royalty Owners, which claims the bill constitutes an uncompensated taking of private property in violation of the Fifth Amendment. It is not yet known how these lawsuits will affect the continued implementation of SB 1137.

¹ A Health Protection Zone is a 3,200-foot setback area surrounding homes, schools, childcare centers, health care facilities, and other sensitive receptors where new oil and gas wells are prohibited and existing wells are subject to additional requirements.

Assembly Bill 1866

AB 1866 was signed into law by the Governor on September 25, 2024. The bill increased annual idle well fees and altered the provisions of the Idle Well Management Plan (IWMP) requirements to allow for the management and elimination of all idle wells and to increase the minimum percentages of idle wells required to be eliminated each year. Any operator that did not submit an IWMP by May 1, 2025, must pay increased idle well fees.

Since AB 1866 became effective in January 2025, five applications for rework permits have been submitted for locations within unincorporated Los Angeles County. About 440 operators in California did not submit a plan or pay the required fee by the deadline. Within unincorporated Los Angeles County, 32 operators were out of compliance. These operators are responsible for nearly 3,500 idle wells across the State, with 152 idle wells in unincorporated Los Angeles County, the majority of which are located in the Second and Fifth Supervisorial Districts. CalGEM has indicated that they have an active enforcement program under which violators are subject to enforcement actions, including fines.

Status of High Priority Wells

In 2016, the Board passed a motion to convene a Strike Team to assess the conditions, regulatory compliance, and potential public health and safety risks associated with existing oil and gas facilities in unincorporated Los Angeles County. In 2021, the Strike Team issued its final report, which identified 43 high-priority abandoned wells and 34 high-priority idle wells for inspection. Since these wells were inspected, six of the high-priority idle wells have been plugged and abandoned. Per a subsequent Board Motion in September 2021 (<https://file.lacounty.gov/SDSInter/bos/supdocs/161824.pdf>), the Office of Oil and Gas identified 19 high-priority idle wells and submitted them to CalGEM for further investigation and determination if they should be plugged and abandoned. Of those 19 wells, CalGEM confirmed that seven have since been plugged and abandoned, three are no longer idle and are considered active wells, and two are likely orphan wells but were determined to be inaccessible and therefore not top candidates to be plugged and abandoned through the State's Well Abandonment Program.

Six wells in the unincorporated West Hills area were identified through the State's Well Abandonment Program as prime candidates to be plugged and abandoned during Phase I of the Program. These wells are located near a busy recreational area and were operated by Cache Oil Co., Canoga Oil Company, Frank Knapp, and Liu, Cheng, and Lin, all of whom face multiple violations that resulted in CalGEM ordering the wells to be plugged. CalGEM held a community meeting for local residents in September 2025 and anticipates completing the physical work to plug and abandon those wells in 2026.

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The Office of Oil and Gas will continue coordinating with CalGEM to identify additional wells in unincorporated Los Angeles County for inclusion in future phases of the State Well Abandonment Program.

Next Steps

The next annual report back to the Board will be submitted by May 13, 2027.

This report fulfills the reporting directive contained in the Board's motion for Directive 3. If you have any questions on the information contained in this report, please contact me or your staff may contact Deputy Director Luis Ramirez at (626) 458-4004 or luramire@pw.lacounty.gov.

ACL:jc

HEALTH SAFETY PROTECTION OIL DRILLING PHASE OUT BOARD REPT 1.DOCX

cc: Chief Executive Office

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Executive Office, Board of Supervisors

Fire (Mario Tresieras, Fernando Florez)

Public Health (Dr. Barbara Ferrer, Azar Kattan, Christine De Rosa, Christine Montes)

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