

Politicians push to revise oil project review process

John Cox, Bakersfield Californian, 4-9-11

Kern County politicians are urging Gov. Jerry Brown to ease what the local oil industry sees as a clampdown on certain drilling-related activities that state regulators view as environmentally risky.

Members of the local delegation say inexperienced bureaucrats in Sacramento have held up job creation by withholding approval of numerous oil field projects rather than keeping to longstanding if informal collaboration with industry.

State oil regulators acknowledge a slowdown in project approvals, but they blame a combination of staffing limitations, complex engineering issues and the need to follow state and federal laws protecting California drinking water.

While friction between local oil producers and regulators has remained almost constant in recent years, this latest escalation stands out both for its timing and political reach. With oil prices approaching all-time highs and employment low, newly seated local politicians are pressing Brown to prod a department that many contend has taken a more cautious direction since a leadership change in 2009.

The specific activities at issue, underground injection projects, involve pumping nonlethal fluids into new or existing oil fields. Sometimes these projects reinject substances that already exist underground, such as water or hydrogen sulfide that come up during the oil production process. Other underground injection projects introduce steam and other materials that make oil easier to draw up from below.

Slow approvals

The state Division of Oil, Gas and Geothermal Resources says it received 55 underground injection project applications in 2008, and that 93 percent of them have since been approved. In 2009, 52 applications came in, 71 percent of which have won DOGGR's approval. Fully 100 projects were formally proposed last year; 27 percent of them have been approved. (One proposed project may serve 10 or more producing oil wells.)

Most of California's proposed injection wells are in Southern California. Only 30 percent of 158 pending projects are proposed in Kern County, according to DOGGR.

DOGGR says state worker furloughs account for much of the backlog. And while a division spokesman stated that staff are mindful of industry's impatience amid strong oil prices, such projects are discretionary and require engineering analysis to make sure what is injected does not spread to unintended surrounding areas.

Spokesman Don Drysdale also noted that the division must ensure that oil fields are not damaged to the point that future generations cannot continue to recover oil.

"The division is doing its best to balance the needs of this important industry with the needs of Californians for effective environmental oversight for public health and safety," Drysdale wrote in an email.

A spokesman for the state Natural Resources Agency, which has oversight authority over the division, emphasized that DOGGR is only following the legal process, which he said is not supposed to be informal.

Special care must be taken to ensure that injected fluids do not spill out from abandoned wells nearby, spokesman Richard Stapler said.

Oil industry representatives say the state is being overcautious. Before the September 2009 arrival of Elena Miller, a lawyer who leads DOGGR as California's oil and gas supervisor, oil producers would appeal project rejections to a working group composed of various state regulators and industry representatives. They say compromises were usually worked out at such meetings.

But now, industry representatives say, not only has a wide degree of local discretion been replaced with micromanaging in Sacramento, but the division refuses to issue rejections, thereby removing the opportunity for appeal.

Les Clark, executive vice president of Bakersfield's Independent Oil Producers Agency, said a new state law governing oil spills, known as AB 1960, has complicated the review process. Still, he blames Miller for "overkill" with regard to safety, saying she insists on measures that make projects far too expensive.

Clark also said Miller and her staff have been inconsistent in what they ask of producers.

"Every time you talk with her it's a different story," he said.

Miller could not be reached for comment.

Several oil producers operating in Kern County declined to comment on the record. One that did, Chevron, cited progress in working with DOGGR.

"While we have experienced delays, we have provided extensive technical information that DOGGR requested and have begun receiving permits and are getting people back to work," Chevron spokeswoman Carla Musser wrote in an email. "We are continuing to work with DOGGR on obtaining permits."

Politicians get involved

Local politicians have met with Gov. Brown's staff in an attempt to come to a resolution. They do not necessarily agree about what should be done, however.

Assemblywoman Shannon Grove, R-Bakersfield, suggested firing Miller outright.

"The governor needs to replace her with somebody who understands the oil industry," Grove said.

Two other local representatives -- State Sen. Jean Fuller, R-Bakersfield, and Sen. Michael Rubio, D-Bakersfield -- said they favor creating a clear path of approval for the industry.

Fuller said that if DOGGR's policy has changed, then the industry needs to know how.

"If it's not that, if it's a manpower issue, then we need to look at the manpower issue," she said.

Rubio said producers need to know how long the review process will take, and that more control should be given to DOGGR's local staff.

"I'm confident that very soon there will be a solution," he said, referring to comments made by the governor's staff. Fuller, Grove and the office of Assemblyman David Valadao, R-Hanford, also expressed expectations for a prompt resolution.

Efforts to reach the governor's office were unsuccessful.