

Troubled California oil field regulator faces major overhaul

David R. Baker, San Francisco Chronicle, 8-25-15

California's embattled oil field regulatory agency will undergo a sweeping overhaul following revelations that the office for years let petroleum companies dump their waste water into federally protected aquifers.

The state's Division of Oil, Gas and Geothermal Resources will reorganize its staff into teams focused on specific technical areas, such as hydraulic fracturing or wastewater disposal. The division's nine field offices will be consolidated into four, each staffed with members of the different technical teams.

"We have a renewal plan that will put a sharp focus on all the activities we're doing," the division's supervisor, Steven Bohlen, told legislators Tuesday during a hearing in Sacramento. "Our field staff are very, very busy, and I'm holding them to a higher standard."

The division has come under intense criticism this year for allowing oil companies to drill hundreds of wastewater disposal wells into aquifers that could have been used for drinking or irrigation — groundwater that was supposed to be protected under federal law. The problem, which stretches back decades, was explored in a Chronicle investigation in February.

So far, investigators have found no drinking water supplies contaminated by the wastewater injections. But as a precaution, the division has shut down 23 injection wells deemed to pose the greatest threat to drinking or irrigation water supplies.

Even before the wastewater injections came to light, some California officials began questioning the 100-year-old division's competence. Legislators complained that the office had been oblivious to the widespread use and potential pitfalls of fracking in the state, at a time when the drought made protecting groundwater a higher priority than ever before. The Legislature passed a law in 2013 regulating fracking and other well-stimulation techniques, regulations that the division must now enforce.

Gov. Jerry Brown brought in Bohlen last year to reform the division, which is part of the California Natural Resources Agency. And lawmakers, despite vocal misgivings, approved adding 70 employees to the division, boosting its staff by 35 percent.

"We are bringing new leadership to the organization," Bohlen said Tuesday, during a hearing on fracking and other well-stimulation techniques. "It's a very big job. We have some very bad habits. I have spent a year ... putting the challenges of the division in a clear light on the table in front of you."

Bohlen developed the reorganization plan in consultation with the governor's office, and announced it to his staff on Thursday. He emphasized that the changes would be phased in, rather than implemented suddenly. The consolidation of field offices, for example, could take a year or more, Bohlen wrote.

Key to the plan is reorganizing the staff into program teams, each with its own regulatory and technical focus. An organization chart provided by the division shows teams specializing in underground injection wells, well-stimulation techniques, aquifers, abandoned wells, data management, training, environmental review and emerging technologies.

The Western States Petroleum Association, which represents California oil companies, did not return a call seeking comment. But environmental critics who want a statewide fracking ban were unimpressed.

“Reshuffling the deck won’t fix the huge problems at California’s scandal-plagued oil agency,” said Hollin Kretzmann, staff attorney with the Center for Biological Diversity. “To start restoring faith, Gov. Brown’s regulators must heed scientists’ recommendations to halt dangerous oil industry practices.”