



State of California • Natural Resources Agency  
Department of Conservation  
**Division of Oil, Gas, and Geothermal Resources**  
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STATE OF CALIFORNIA  
EDMUND G. BROWN JR., *Governor*  
**PUBLIC UTILITIES COMMISSION**  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 10, 2017

Mr. Roberto Dentici, Agent  
Southern California Gas Company  
555 West 5<sup>th</sup> St., ML 17G4  
Los Angeles, CA 90013

Dear Mr. Dentici:

### WELL STANDARD SESNON 25 – REVIEW OF PROPOSED OPERATIONS

The Division of Oil, Gas, and Geothermal Resources (Division) and the California Public Utilities Commission (CPUC), in consultation with the National Laboratories, have reviewed both the Southern California Gas Company (SoCalGas) Well Plug and Decommission Program draft dated December 8, 2016 and the Blade Energy Partners (Blade) Phase 3 Extraction Protocol (Phase 3 Protocol) dated November 23, 2016.

As you are aware, the Safety and Enforcement Division (SED) of the CPUC is conducting an investigation into Standard Sesnon 25 (SS-25) well failure in parallel with the Division. Public Utilities Code Section (PU Code Section) 315 mandates that the CPUC “investigate the cause of all accidents occurring within this State upon the property of any public utility.” PU Code Section 701 states that the CPUC “may supervise and regulate every public utility in the State and may do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction.” In addition, PU Code Section 451 requires that SoCal Gas furnish and maintain service to “promote the safety, health, comfort and convenience of its patrons, employees and the public.” A key component of the investigation is the technical root cause analyses (RCA) which is being performed by an independent third party, Blade. It is vital that the root cause of the SS-25 well failure at Aliso Canyon be conducted in a safe, expeditious and impartial manner. As such, the CPUC expects SoCalGas to cooperate fully with Blade, the Division, and SED to safely remove as much evidence as necessary, safely and operationally feasible in order to determine the cause of the SS-25 well failure.

Given the complexity of the overall proposed evidence extraction and well control, the Division requests that a Notice of Intention to Rework be filed with the Division by February 24, 2017, covering operations to verify cement in the 2 7/8” tubing, to isolate the 2 7/8” tubing, to cut and pull the tubing, and to conduct proposed testing of the 7” casing. The Notice of Intention to Rework should cover the *Phase 3-A: Recover 2-7/8” Tubing and Inspect 7” Casing* of the Phase 3 Protocol through steps 14, modifying step 8.1.1. #4, and excluding Phase 3-A contingency tasks. At this point, the Division requests a hard stop after the tubing is pulled to gather more data prior to any proposed cutting of the 7” casing. In the event that the removal of the 2 7/8” tubing is not possible without cutting and/or removal of the 7” casing, the work must be stopped.

The Notice of Intention to Rework shall include tagging the cement inside the 2 7/8” tubing. Once the cement is tagged, the Division will require cement to be emplaced inside the 2 7/8” tubing from the tagged depth (currently estimated at 8175 feet) to the approximate height of

cement fill in the 7" x 2 7/8" annulus (currently estimated at 7590 feet). The 2 7/8" tubing shall then be cut and pulled from as close to the top of cement in the 7" x 2 7/8" annulus as practicable.

All operations for the rework must be conducted utilizing at least a 6" diverter system installed on the 7" casing. A fluid column in the 7" casing shall be maintained at all times to prevent reservoir fluid from entering the wellbore. Sufficient material to control lost circulation of the hole shall be readily available for immediate use at the well site.

The operations shall include performing tests or surveys to determine at a minimum:

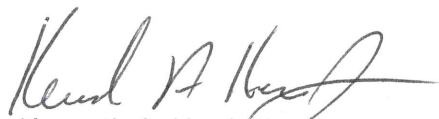
- a) The integrity of the 7" casing;
- b) The integrity of the 11 3/4" casing;
- c) Competent cement lift outside of the 7" casing;
- d) If uncemented, the annular space between the formation and the 7" casing, indicating potential washouts as well as the risk of shifting sections of casing resulting from cutting and pulling operations;
- e) Zones behind the 7" casing that may be charged with gas, and provide data to analyze risk of gas entry if the 7" casing is pulled.

Once the above operations for removal of the 2 7/8" tubing have been completed, the Division, the CPUC, Blade, the Pipeline and Hazardous Materials Safety Administration, and National Laboratories will have an opportunity to review the testing results and confer prior to approving the next steps. Our common goal is to move forward in a safe, timely, and effective manner.

Prior to filing any notice for any work beyond what is described in this letter, but in any event no later than 30 days after completion of all test and survey results, a report must be supplied to the Division and the CPUC detailing the proposed Blowout Prevention Equipment (BOPE) along with an analysis of the competency of the anchor string used with the BOPE for installation. The report shall also include an estimate of pressures and volumes for any gas charged zones identified and operations to prevent that gas from uncontrollably escaping the wellbore or area around the wellbore.

Should you have any questions, please contact Ms. Pat Abel, Coastal District Deputy, at (805) 937-7246 or email [Pat.Abel@conservation.ca.gov](mailto:Pat.Abel@conservation.ca.gov).

Sincerely,



Kenneth A. Harris, Jr.,  
State Oil and Gas Supervisor  
Division of Oil, Gas, and Geothermal  
Resources



Timothy J. Sullivan,  
Executive Director  
California Public Utilities Commission