

Date of Hearing: April 20, 2026

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

AB 2606 (Ellis) – As Amended March 23, 2026

**SUBJECT:** Oil and gas: subsurface energy transition research and demonstration projects: California State University, Bakersfield

**SUMMARY:** Authorizes the Department of Conservation (DOC) to establish various programs in partnership with the California State University (CSU) and CSU, Bakersfield, including the Regional Subsurface Energy Transition and Applied Research Program and a subsurface energy research field station for applied research, field testing, monitoring, and demonstration of subsurface technologies. Authorizes DOC to collaborate with the California Energy Research Center at CSU, Bakersfield, and recognize the center as a state-affiliated applied research, technical assistance, and policy support partner, as provided, and designate and support the California Core Repository at CSU, Bakersfield, as an official state-affiliated repository.

**EXISTING LAW:**

- 1) Establishes the Division of Geologic Energy Management (CalGEM) in DOC, under the direction of the State Oil and Gas Supervisor (supervisor). (Public Resources Code (PRC) 3000 *et seq.*)
- 2) Requires the supervisor to supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas production, including pipelines that are within an oil and gas field, so as to prevent, as far as possible, damage to life, health, property, and natural resources; damage to underground oil and gas deposits from infiltrating water and other causes; loss of oil, gas, or reservoir energy; and, damage to underground and surface waters suitable for irrigation or domestic purposes by the infiltration of, or the addition of, detrimental substances. (PRC 3106)
- 3) Requires, before an owner or operator can commence drilling a well, a Notice of Intention (NOI) to drill to be submitted to CalGEM, accompanied by the appropriate fee and bond. The operator shall not commence drilling until CalGEM approves the NOI. (Title 14 California Code of Regulations 1931)
- 4) Establishes the Displaced Oil and Gas Worker Pilot Program for the purpose of addressing employment dislocations associated with oil, gas, and related industries and providing grants for workforce training, high school diploma and GED acquisition, entrepreneurial training, among other things. Sunsets the program on January 1, 2027. (Unemployment Insurance Code 9921)
- 5) Requires the Department of General Services (DGS), acting for the state, to negotiate and establish a model contract with standard contract provisions with the Regents of the University of California (UC) and a model contract with standard contract provisions with the Trustees of the CSU. Requires the trustees to, and the regents are urged to, negotiate and establish with the Department of General Services the model contract applicable to their university by July 1, 2010. (Education Code 67327)

**THIS BILL:**

- 1) Requires DOC, consistent with DOC's statutory authority and in coordination with other state or federal regulatory agencies, to prioritize granting approvals for the following types of low-carbon or carbon-reducing technologies and applications:
  - a) Carbon dioxide capture, utilization, and storage (CCUS);
  - b) Enhanced oil recovery (EOR) using captured carbon dioxide;
  - c) Extraction of critical minerals from produced water or oilfield brines;
  - d) Hybrid geothermal operations;
  - e) Hydrogen-related subsurface activities; and,
  - f) Other emissions-mitigating or resource recovery projects consistent with state climate and environmental goals.
- 2) Authorizes DOC, acting through CalGEM, to establish the Subsurface Low-Carbon Demonstration Project Program (SLCDP Program) to facilitate partnerships among the state, the CSU system, private industry, and public entities to study and demonstrate innovative subsurface technologies using existing and idle wells.
- 3) Requires projects associated with the program to comply with all applicable environmental and public health protections and requirements related to financial assurances.
- 4) Provides that establishment of the SLCDP Program does not diminish existing regulatory authority or environmental review requirements.
- 5) Authorizes DOC to establish the Regional Subsurface Energy Transition and Applied Research Program (Applied Research Program) within the CSU system for the purpose of expanding interdisciplinary academic research capacity in coordination with state conservation programs in regions experiencing workforce transition from oil and gas production. Authorizes the Applied Research Program to support research and applied initiatives related to low-carbon energy, carbon management, emissions-reducing technologies, and related subsurface resource applications.
- 6) Authorizes DOC to collaborate with the California Energy Research Center at CSU Bakersfield, as a pilot partner within the CSU system. Authorizes the pilot program to serve as a model for implementation at other campuses within the CSU system that demonstrate relevant expertise and institutional capacity in disciplines aligned with DOC's statutory mission.
- 7) Authorizes DOC to establish and administer an official department office at CSU Bakersfield.
- 8) Authorizes CSU to support and collaborate on activities across the full scope of the department's statutory responsibilities, including, but not limited to, all of the following:

- a) Subsurface energy systems, carbon management, critical mineral extraction, geothermal resources, mining, land resource management, reclamation, and geologic hazard assessment;
  - b) Public health, biological, ecological, and environmental science studies related to resource development and environmental protection;
  - c) Engineering and related technical disciplines supporting safe and environmentally responsible operations and remediation;
  - d) Policy research, economic analysis, data management, modeling, and regulatory support and,
  - e) Workforce development initiatives and grant administration.
- 9) Authorizes the DOC office to receive and administer state, federal, and private funds consistent with state law.
- 10) States that this collaboration with the CSU does not delegate regulatory authority from DOC to CSU.
- 11) Authorizes DOC, in partnership with CSU, to establish a subsurface energy research field station for applied research, field testing, monitoring, and demonstration of subsurface technologies.
- 12) Authorizes the field station to conduct carbon dioxide injection research, monitoring, and verification testing, critical mineral extraction research, hybrid geothermal evaluation, testing applicable to idle or orphan wells, and workforce training.
- 13) Requires the activities of the field station to be subject to all applicable requirements related to environmental review, permitting, and financial assurances.
- 14) Authorizes DOC to collaborate with the California Energy Research Center at California CSU Bakersfield, and recognize the center as a state-affiliated applied research, technical assistance, and policy support partner.
- 15) Requires the California Energy Research Center to provide interdisciplinary research, analytical capacity, and technical expertise consistent with DOC's mission, including, but not limited to, all of the following:
- a) Operation and coordination of research laboratories and field research facilities supporting subsurface science, engineering, environmental testing, materials analysis, water quality assessment, emissions monitoring, and related technical disciplines;
  - b) Public health research, including exposure assessment, air and water quality impacts, community health analysis, and risk assessment associated with resource development, well remediation, and reclamation activities;
  - c) Environmental science and biological research related to ecosystem protection, land stewardship, habitat restoration, groundwater protection, and reclamation effectiveness;

- d) Engineering research and technical evaluation, including petroleum engineering, environmental engineering, civil engineering, infrastructure integrity assessment, wellbore analysis, monitoring systems development, and site remediation technologies;
  - e) Economic, fiscal, and workforce analysis related to resource development, regional economic transition, long-term liability reduction, cost-benefit evaluation, and regulatory impact assessment;
  - f) Data science, reservoir modeling, geographic information systems, laboratory analysis, monitoring technology development, and quantitative risk modeling to inform evidence-based regulatory decisionmaking;
  - g) Participation in advisory panels, research committees, and technical working groups in an advisory capacity to provide scientific expertise supporting interagency coordination and regulatory development;
  - h) Federal grant development, administration, and collaboration with the United States Department of Energy, national laboratories, and other federal or state agencies; and,
  - i) Public education, stakeholder engagement, workforce training, and dissemination of research findings to promote transparency and informed public participation.
- 16) Authorizes the California Energy Research Center to leverage existing university infrastructure, including laboratory space, research equipment, field research assets, and facilities associated with the center and related academic programs.
- 17) Provides that this does not delegate regulatory authority, permitting authority, enforcement authority, or statutory decisionmaking responsibilities to the California Energy Research Center or to CSU.
- 18) Authorizes DOC to designate and support the California Core Repository at CSU Bakersfield, as an official state-affiliated repository.
- 19) Requires the California Core Repository to preserve geological samples and subsurface data, provide access for research and to the public, and support activities conducted pursuant to this bill.
- 20) Authorizes DOC to enter into agreements related to the operation and modernization of the California Core Repository, and the repository may receive state, federal, and private funds consistent with state law.
- 21) Authorizes university-based researchers associated with any of the programs established pursuant to this bill to serve on advisory panels, technical working groups, and research committees in an advisory capacity, and provide scientific expertise to inform regulatory development, interagency coordination, and public communication. These university-based researchers shall not exercise regulatory authority.

**FISCAL EFFECT:** Unknown

**COMMENTS:****1) Author's statement:**

California's oil and gas sector supports thousands of jobs and contributes significantly to our state's economy, particularly in the Central Valley. However, many marginal and low-producing wells face serious challenges from high operational costs and stringent financial assurance requirements. Current bonding levels are often insufficient to fully cover plugging and restoration costs, creating risks of orphaned wells that could lead to unnecessary environmental and taxpayer liabilities. Furthermore, overly burdensome requirements can also strain responsible operators and accelerate premature well shutdowns.

AB 2606 authorizes the Department of Conservation to prioritize approvals for low-carbon technologies, establish voluntary demonstration projects using existing and idle wells, and partner our world-class California State University institutions on applied research, a field station, and technical collaboration.

This measure promotes responsible stewardship of existing infrastructure, encourages innovation in carbon management and resource recovery, reduces the risk of orphan wells, and supports workforce opportunities in oil-producing regions — all while maintaining full environmental protections and regulatory oversight.

**2) Value of applied research and academic coordination.** Almost all California state departments and agencies can and routinely do contract with the UC and the CSU system for research, technical assistance, and policy advice. In the 2006–07 fiscal year, state agencies and departments entered into more than 2,500 contracts or contract amendments with the UC or CSU (contract figures are likely greater today). Many of these contracts contain similar provisions, such as provisions dealing with issues relating to liability, intellectual property, the right to undertake additional research, the right to publish, hiring, personnel, invoicing, and payments.

California's California Model Agreement provides standard contract terms for research, training, and service agreements between any state agency and UC/CSU campuses. DGS is required to seek the active participation of state agencies and departments that have contracts with UC or CSU.

CalGEM is a little different because it is a regulator, not a research-funding agency. Research is often indirect through interagency agreements (i.e. with the Air Resources Board, U.S. Geological Survey, national labs) that have direct contracts with UC or CSU or is structured as cooperative agreements/data-sharing rather than classic R&D contracts.

**3) Kern County.** Kern County encompasses the Bakersfield metropolitan area, and its economy is heavily linked to petroleum extraction. The County today contributes more than three-quarters of all the oil produced onshore in California, producing about 190,000 barrels of oil per day. Last year, the Legislature enacted SB 237 (Grayson), Chapter 118, Statutes of 2025, to authorize, among other things, increased oil drilling in Kern County with up to 2,000 new oil permits.

This bill authorizes DOC to establish various programs in partnership with CSU Bakersfield, including the Applied Research Program and a subsurface energy research field station for applied research, field testing, monitoring, and demonstration of subsurface technologies. Further, the bill authorizes DOC to collaborate with the California Energy Research Center at CSU Bakersfield and recognize the center as a state-affiliated applied research, technical assistance, and policy support partner. Lastly, the bill designates and supports the California Core Repository at CSU, Bakersfield, as an official state-affiliated repository.

The intent with the bill is to establish structured opportunities for state-university-industry collaboration to research and demonstrate lower-carbon ways to manage or repurpose California's oil and gas infrastructure (such as idle wells), reduce orphan well risks, support the workforce in oil regions, and build technical expertise — all while staying within existing environmental and regulatory guardrails.

By creating this academic, research, field testing, and federal grant writing partnership with CSU Bakersfield, this bill could create some concerns. First, it could create conflict with other applied research contracts DOC may have or pursue. Second, it assumes CSU Bakersfield has the breadth of academic and expert advice the bill calls for, and that that academic and expert advice is readily available. Lastly, the bill could create an advisory role for applied research and demonstration biased toward oil drilling and consumption in California at a time when the state is shifting to meet 2045 carbon neutrality. Under current law, CalGEM or the DOC could contract directly with CSU Bakersfield without additional legislation.

- 4) **Alternative uses for idle oil wells.** CAU Bakersfield writes in support that AB 2606 strengthens the state's technical capacity to evaluate subsurface energy applications that intersect with federal jurisdiction, including certain carbon storage and hydrogen activities, while supporting evidence-based regulatory development and interagency coordination.

California does not currently have a way to permit subsurface technologies or uses for oil and gas wells outside of their current permitted use as it would be outside CalGEM's statutory jurisdiction. The Legislature spent two years negotiating legislation that led to SB 567 (Limón), Chapter 419, Statutes of 2025, to provide explicit authority, until January 1, 2035, for a pilot program for CalGEM to permit the conversion of up to 250 wells for use as gravity-based energy storage wells to evaluate their use, including the establishment of appropriate operating conditions and physical parameters to safely store and generate energy.

This bill authorizes CalGEM to establish the SLCDP Program to facilitate partnerships among the state, the CSU system, private industry, and public entities to study and demonstrate innovative subsurface technologies using existing and idle wells. Given the investment the Legislature made to authorize the use of *one* subsurface technology, for a limited term, it may not make sense to provide blanket authorization for unspecified and unlimited "subsurface technologies."

- 5) **NOI prioritization.** This bill directs CalGEM to prioritize granting approvals for CCUS, EOR captured carbon, extraction of critical minerals from produced water or oilfield brines, hybrid geothermal operations, and hydrogen-related subsurface activities.

Prioritizing permit approvals can interfere with CalGEM's administrative processes for approving notices of intention, and delay or frustrate current project applications currently

pending at CalGEM. Also, the list of projects the bill would prioritize conflicts with recently enacted legislative direction. For example, EOR uses captured carbon to extract additional oil that would not otherwise be produced, resulting in increased lifecycle greenhouse gas emissions when that oil is refined and combusted. When carbon is injected underground for EOR, the additional emissions from using the produced oil exceed the amount of carbon stored, meaning the net effect is an increase in greenhouse gas emissions. California has already prohibited EOR using carbon. The Legislature passed two bills– AB 1314 (Limón), Chapter 336, Statutes of 2022, and SB 905 (Caballero) Chapter 359, Statutes of 2022) – banning the practice in recognition of its health and safety risks and inconsistencies with state climate policy.

- 6) **Double referral.** This bill is also referred to the Assembly Higher Education Committee.
- 7) **Committee amendments.** The *committee may wish to consider* approving the following amendments, to be adopted in the Assembly Higher Education Committee on April 21 should that committee approve the bill:
- a) To avoid permitting conflicts, Strike PRC 3191 from the bill prioritizing permitting at CalGEM.
  - b) Require contracts be completed consistent with Education Code 67327.
  - c) Amend PRC 3191.1 (b) and 3191.4 (a) to require all projects be done within DOC’s existing statutory authorities.
  - d) Strike reference to testing applicable to idle or orphan wells in PRC 3191.4 (b).
  - e) Require the California Energy Research Center to leverage existing university infrastructure upon written permission of the university sharing the requested resource.
  - f) Requires DOC to implement the provisions of the bill to the extent that funds are appropriated by the California State Legislature or otherwise available.
- 8) **Related legislation.** AB 2157 (Connolly and Bryan) extends the Displaced Oil and Gas Worker Pilot Program indefinitely and requires DOC to contract with UC Berkeley Center to develop a recommended program design for turning the Displaced Oil and Gas Worker Pilot Program from a pilot into a permanent program able to support displaced fossil fuel workers during the clean energy transition. This bill is referred to the Assembly Appropriations Committee.

## REGISTERED SUPPORT / OPPOSITION:

### Support

None on file

### Opposition

350 Bay Area Action  
 Biofuelwatch  
 Center for Biological Diversity

Center for Environmental Health  
Center for Race, Poverty, and the Environment  
Central California Asthma Collaborative  
Central California Environmental Justice Network  
Central Valley Air Quality Coalition  
Cleaneart4kids.org  
Climate Action California  
Food and Water Watch  
Fossil Free California  
Greenpeace USA  
Leadership Counsel Action, a Project of Tides Advocacy  
Physicians for Social Responsibility - Los Angeles  
San Francisco Bay Physicians for Social Responsibility  
San Francisco Baykeeper  
Santa Cruz Climate Action Network  
Sierra Club California  
Sunflower Alliance  
The Climate Center  
Valley Improvement Projects

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