

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2711 (Ellis) – As Amended April 22, 2026

Policy Committee: Natural Resources

Vote: 8 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill provides that if the supervisor of the California Geologic Energy Management Division (CalGEM) fails to give the operator of an oil or gas well an approval or denial of a notice of intention (NOI) to commence drilling within 30 working days from the date of receipt, the failure shall be considered an approval of the NOI.

Specifically, this bill:

- 1) Provides that if the supervisor or district deputy of CalGEM fails to approve or deny an NOI within 30 working days from the date of receipt, the failure shall be considered an approval of the NOI – instead of, per existing law, an NOI being deemed approved if the supervisor or district deputy fails to give the operator “written response to the notice within 10 working days from the date of receipt.”
- 2) Provides that if operations have not commenced within 24 months of receipt of approval of the notice (as opposed to within 24 months of receipt of the notice), the notice shall be deemed canceled, the notice shall not be extended, and the cancellation shall be noted in CalGEM’s records.
- 3) Requires, if the NOI is denied by the supervisor or district deputy within 30 working days from the date of receipt, the supervisor or district deputy to include in the denial a rational explanation for why the notice was denied.

**FISCAL EFFECT:**

CalGEM estimates ongoing annual costs of about \$1.4 million for five associate oil and gas engineers and one analyst (Oil, Gas, and Geothermal Administrative Fund) to track NOI review deadlines and – on an expedited timeline – perform technical reviews of NOIs submitted by operators for well work applications, including new drills, reworks, abandonments, and wells within health protection zones. As discussed below, currently, CalGEM must simply provide a “written response” to an NOI within 10 days – which could be an acknowledgment of receipt. This bill, however, requires CalGEM to issue a decision (approval or denial) on the NOI within 30 days. While the amount of time it currently takes CalGEM to approve or deny an NOI varies and depends on numerous factors, including, among other things, the type and complexity of the proposed drilling operation, the level of environmental review required (pursuant to the California Environmental Quality Act (CEQA), and the overall volume of applications CalGEM is reviewing at any given time, this bill, by imposing a firm deadline on CalGEM for a decision

on an NOI (before the NOI is automatically deemed approved), is likely to result in increased workload and associated costs for the division.

#### COMMENTS:

1) **Purpose.** According to the author:

California is facing a serious energy security crisis as in-state oil and gas production declines and refineries shut down. Robust domestic production has never been more critical to protect working families from shortages, price spikes, and reliance on volatile, dirty, and unsafe overseas supplies. Unfortunately, loopholes in the current drilling permit process have allowed approval times for [NOIs] to drill to balloon from just days to many months – or even years. These excessive delays are stifling production at the very moment California needs it most.

AB 2711 closes these loopholes by requiring CalGEM to approve or deny a Notice of Intention within 30 working days of receipt. This common-sense reform will restore predictability and efficiency to the permitting process, strengthen our energy independence, and help safeguard California families and businesses from supply disruptions.

2) **Background.** CalGEM permits any activity involving the drilling, reentry, and plugging and abandonment of oil and gas wells. Oil and gas operators seeking approval for new wells must first obtain approval from local authorities, where applicable. Then, a company must submit an application to CalGEM before commencing any new operations. CalGEM is mandated to respond to an NOI application within 10 working days of submittal. If CalGEM does not respond within this timeframe, the NOI is deemed approved. After receiving approval, an operator must begin operations within 24 months or else the NOI expires.

CalGEM notes it thoroughly reviews each permit application for adherence to health and safety rules, environmental rules (via CEQA), and other state laws and guidelines. Generally, CalGEM will not approve an application unless the application meets CalGEM's regulatory requirements and potential impacts to health, safety, or the environment identified by CalGEM are effectively addressed by mitigating permit conditions.

According to the California Independent Petroleum Association (CIPA), only 17 new drilling permits were approved in 2025, and the average approval time reached 240 days. CIPA argues this bill “addresses a serious and longstanding problem in the administration of [NOIs] to drill.” The association contends that under current practice, operators may receive an automated acknowledgment from CalGEM “that is treated as the agency’s required written response, while the actual approval or denial of the permit application can then languish for months or even years.” CIPA argues this bill closes this loophole “by requiring CalGEM to issue an approval or denial within 30 working days of receiving the notice, and to provide an explanation when a notice is denied.”

The California Environmental Justice Alliance (CEJA) is opposed to this bill and argues that “if a final approval or denial is required in 30 working days and the Department of Conservation is not staffed to meet that deadline, notices of intention to drill will be approved

by default.” CEJA notes it is concerned “the proposed bill will create circumstances in which [NOIs] to drill will be approved solely because [DOC] staff do not have the time and resources to properly review and deny requests as current law allows.”

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