
UNFINISHED BUSINESS

Bill No: SB 567
Author: Limón (D)
Amended: 9/4/25
Vote: 21

SENATE NATURAL RES. & WATER COMMITTEE: 7-0, 3/25/25
AYES: Limón, Seyarto, Allen, Grove, Hurtado, Laird, Stern

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 8-0, 4/30/25
AYES: Blakespear, Valladares, Dahle, Gonzalez, Hurtado, Menjivar, Padilla, Pérez

SENATE APPROPRIATIONS COMMITTEE: 5-0, 5/23/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Seyarto, Dahle

SENATE FLOOR: 33-1, 6/3/25
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Durazo, Gonzalez, Grayson, Grove, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Padilla, Pérez, Rubio, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NOES: Jones
NO VOTE RECORDED: Dahle, Hurtado, Ochoa Bogh, Reyes, Richardson, Seyarto

ASSEMBLY FLOOR: 79-0, 9/8/25 - See last page for vote

SUBJECT: Gravity-Based Energy Storage Well Pilot Program

SOURCE: Author

DIGEST: This bill establishes the Gravity-Based Energy Storage Well Pilot Program until January 1, 2035 and authorizes the State Oil and Gas Supervisor to

authorize the conversion of 250 oil and gas wells for use as gravity-based energy storage wells, as defined, in order to evaluate their use to safely generate energy, among other provisions.

Assembly Amendments revise and recast many of the pilot program requirements, including requiring the Geologic Energy Management Division (CalGEM) to consult with the State Water Resources Control Board (State Water Board) or appropriate regional water quality control board (regional board) prior to authorizing a well conversion; explicitly authorize CalGEM, the State Water Board or appropriate regional board to request additional information from an operator seeking to convert a well to a gravity-based energy storage well; require an operator to submit a written notice of intention to convert a well to a gravity-based energy storage well; revise and recast CalGEM's ability to assess an annual charge to recover its costs in implementing the pilot program; revise operator data reporting requirements, revise and recast well mechanical integrity testing requirements; remove the prohibition on CalGEM authorizing other uses for wells; and make various conforming and technical changes.

ANALYSIS:

Existing law:

- 1) Establishes CalGEM in the Department of Conservation as the state's oil and gas production regulator. The State Oil and Gas Supervisor (supervisor) leads CalGEM.
- 2) Defines "well" to mean any oil or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas; any well drilled for the purpose of injecting fluids or gas for stimulating oil or gas recovery, among other definitions related to oil and gas production and related activities.
 - a) An "idle well" is a well that for a period of 24 consecutive months has not either produced oil or natural gas, or been used for enhanced oil recovery or other related purposes, as provided. A long-term idle well means a well that has been idle for eight or more years (Public Resources Code (PRC) §3008).
- 3) Requires bonds or other financial surety to be provided to CalGEM when a well is drilled, transferred, re-drilled or otherwise re-worked, as provided (PRC §3204, §3205, §3205.8, among others).

- 4) Requires that the operator of an idle well either pay an annual fee or submit a plan to the supervisor for the management and elimination of all long-term idle wells (PRC §3206).
- 5) Requires that the proceeds of charges levied, assessed, and collected pursuant to the state's oil and gas conservation laws upon the properties of every person operating or owning an interest in the production of a well shall be used exclusively for the support and maintenance of the department charged with the supervision of oil and gas operations, and for certain other state entities for their activities related to oil and gas operations, as provided (PRC §3401).

This bill:

- 1) Establishes the Gravity-Based Energy Storage Well Pilot Program (pilot program).
 - a) Defines various terms including that a gravity-based energy storage well means a well that is plugged with all perforations sealed, is isolated from a hydrocarbon reservoir, has mechanical integrity, is not a conduit for fluid migration, and is exclusively used to store or generate energy by raising or lowering a weight within the well casing, as provided. Wells eligible for conversion include orphan and idle-deserted wells, as specified.
 - b) Authorizes the supervisor, after consulting with the State Water Board or appropriate regional board, to allow the conversion of up to 250 wells to gravity-based energy storage wells to evaluate their use to safely store and generate energy, as provided.
 - c) Authorizes the supervisor, State Water Board or appropriate regional board to require the operator to provide additional information demonstrating the suitability of the well for use as a gravity-based energy storage well including, but not limited to, an analysis of the chemical composition of the fluid in the wellbore, as provided.
 - d) Requires the operator to submit to the supervisor a written notice of intention to convert the well to a gravity-based energy storage well, as provided.
 - e) Requires the supervisor to obtain an enforceable commitment from the operator prior to authorizing a well conversion that all contractors and subcontractors performing the conversion will pay at least prevailing wages and use a skilled and trained workforce to perform all work within an apprenticeable occupation in the building and construction trades,

unless a project labor agreement for all work performed for the conversion already requires the payment of prevailing wages and the use of a skilled and trained workforce, as provided.

- f) Requires a well that has been part of a Class II Underground Injection Control program project to receive written acknowledgement and authorization for its conversion to a gravity-based energy storage well from the U.S. Environmental Protection Agency, as provided.
- g) Requires identification of an idle well as a gravity-based energy storage well in the operator's idle well management plan or update to the plan. Requires identification as a gravity-based energy storage well to constitute elimination of an idle well for purposes of compliance with the plan, as provided.
- h) Authorizes returning a former gravity-based energy storage well to idle well status, as applicable, in an operator's idle well management plan or update to the plan.
- i) Requires a gravity-based energy storage well to remain subject to certain bonding requirements.
- j) Requires CalGEM to require the mechanical integrity testing of well prior to its conversion to a gravity-based energy storage well, and not less than annually thereafter, as provided. Requires a gravity-based energy storage well that has lost mechanical integrity to cease operation until integrity is restored, and requires appropriate reporting in the event of a leak, including to any schools or community members living within 3,200 feet of the well, as provided.
- k) Requires a gravity-based energy storage well to be continuously monitored for leaks, as provided.
- l) Requires the operator to annually report certain data to CalGEM, including the number of leaking gravity-based energy storage wells, and energy production from the gravity-based energy storage wells, among other requirements, as provided.
- m) Requires a gravity-based energy storage well that has lost its mechanical integrity to be plugged and abandoned within one year or scheduled for plugging and abandonment, unless the mechanical integrity is restored, as provided.

- n) Requires CalGEM to identify all gravity-based energy storage wells on its internet website.
 - o) Requires a gravity-based energy storage well to meet all requirements applicable to a well except as otherwise provided.
 - p) Requires CalGEM to conduct a study, in consultation with specified stakeholders, by January 1, 2033 to evaluate the pilot program and make recommendations to the Legislature for a framework to implement an ongoing Gravity-Based Energy Storage Well program to regulate the operation of gravity-based energy storage wells, as provided, including appropriate design and operating parameters, and fees.
 - q) Sunsets the pilot program on January 1, 2035, as provided. Requires any gravity-based energy storage wells to be reclassified as idle wells after the sunset, as specified.
- 2) Requires an annual charge be imposed on operators of gravity-based energy storage wells to defray the regulatory costs incurred by the state, as specified. Sunsets the annual charge on January 1, 2035.
- 3) Provides that no reimbursement for a state mandated local program is required, as specified.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Assembly Appropriations Committee:

- 1) The Department of Conservation will incur annual costs of an unknown amount, likely in the high hundreds of thousands to low millions of dollars, to develop and administer the pilot program until it sunsets in 2035. These costs could be offset by fees assessed to cover CalGEM's implementation costs, as provided for in the bill.
- 2) ARB and CalEPA will incur annual costs of an unknown amount until January 1, 2033, likely in the high hundreds of thousands of dollars, to evaluate the pilot program and make specified recommendations.

SUPPORT: (Verified 9/8/25)

Environmental Defense Fund
County of Kern
County of Santa Barbara

Renewell
State Building and Construction Trades Council of California

OPPOSITION: (Verified 9/8/25)

California Department of Finance
Water Replenishment District of Southern California

ARGUMENTS IN SUPPORT: According to the author, “SB 567 will allow idle wells to be used for energy storage once they have been isolated from the oil or gas reservoir and satisfy other monitoring requirements. California has over 38,000 idle wells and a projected need of 52,000 MW of energy storage by 2045. To address both of these issues it is important the State consider new technologies. This bill will create a pathway for transitioning some idle wells into energy storage, while providing for the plugging and abandoning of the well when it is no longer being used for energy storage.”

ARGUMENTS IN OPPOSITION: Writing in opposition, the Water Replenishment District of Southern California that they “oppose SB 567 due to the threat the use of idle oil and gas wells for gravity-based energy storage in the Central and West Coast basins would pose to groundwater quality and access to drinking water for four million residents.” They are concerned that the integrity of a gravity-based energy storage well could fail during use and result in groundwater contamination that could be challenging to remediate.

They recommend amendments to limit the geographic scope of the pilot program, among other provisions.

ASSEMBLY FLOOR: 79-0, 9/8/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa,

Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Nguyen

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9/8/25 19:49:51

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