



OFFICE OF THE GOVERNOR

OCT 07 2023

To the Members of the California State Assembly:

I am signing Assembly Bill 1167, which creates a process requiring the State Oil and Gas Supervisor to approve transfers of marginal oil and gas wells only once the full cost of well plugging and abandonment and site restoration is covered by a bond or other financial assurance mechanisms.

I share the author's desire to minimize the risk that the state will be liable for costs of plugging and abandonment of orphaned and abandoned oil and gas wells where operators failed to provide sufficient financial assurances. This bill helps achieve this objective. However, increasing the financial assurances required for oil and gas well transfers also potentially creates risk of current oil and gas well operators deserting these hazardous wells. I look forward to working with the Legislature to enact legislation to make any necessary revisions to address this risk and otherwise align this law with programs that the Department of Conservation's Geologic Energy Management Division is already developing to address orphaned and abandoned wells.

Sincerely,

Gavin Newsom

