

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Southern California Gas Company with Respect to the Aliso Canyon storage facility and the release of natural gas, and Order to Show Cause Why Southern California Gas Company Should Not Be Sanctioned for Allowing the Uncontrolled Release of Natural Gas from Its Aliso Canyon Storage Facility. (U904G).

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CHAPTER II

PREPARED SUR-REPLY TESTIMONY OF RODGER SCHWECKE ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)

June 30, 2020

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CHAPTER II

**PREPARED SUR-REPLY TESTIMONY OF RODGER SCHWECKE ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)**

I. INTRODUCTION.

The purpose of my prepared sur-reply testimony on behalf of Southern California Gas Company (SoCalGas) is to address the Reply Testimony submitted on behalf of the California Public Utilities Commission’s (Commission) Safety and Enforcement Division (SED) by its witness, Margaret Felts, on March 20, 2020 (SED Reply Testimony). Specifically, I address the statements made by Ms. Felts in Reasons 15 and 17, cited by SED as supporting its argument that SoCalGas has not met its burden to show cause as to why the Commission should not find that SoCalGas violated Public Utilities Code § 451.¹ As described in further detail below, SoCalGas’ oversight of well kill operations and withdrawal from Aliso Canyon to reduce reservoir pressure were prudent, and SED has not provided any facts to contradict that.

**II. SOCALGAS’ OVERSIGHT OF WELL KILL OPERATIONS WAS
APPROPRIATE.**

Ms. Felts’ attempts to cast doubt on my opening testimony, where I describe SoCalGas’ response to the incident, including oversight of well kill operations, without any evidence to support her speculation. Unlike Ms. Felts, I have direct personal knowledge of what occurred at the field during the leak because I was on site during the well control efforts and participated in numerous discussions with Boots & Coots regarding these efforts. Ms. Felts states that SoCalGas indicated “that once well kill operations were turned over to Boots & Coots, well

¹ SED Reply Testimony (Felts) at 16-20.

1 control management was no longer part of SoCalGas’s role.”² This is not supported by the
2 citation provided by Ms. Felts,³ nor is it true.⁴ My opening testimony discusses at length that
3 SoCalGas provided active oversight and worked with Boots & Coots to control the well.^{5 6} Ms.
4 Felts goes on to note that the daily operations reports prepared by Boots & Coots merely
5 “provide the details of the operation of the day,” but do not include, *inter alia*, “management
6 discussions or directions from SoCalGas... other than an occasional statement that a well kill
7 plan was given to SoCalGas.”⁷ This ignores that the purpose of the Boots & Coots daily
8 operations reports, which were prepared by Boots & Coots, was to provide a summary of
9 physical operations that occurred, not to identify all communications that occurred at the field in
10 preparation for the operation or to record SoCalGas’ oversight of Boots & Coots.

11 Foremost, it is important to know that most communications between SoCalGas and
12 Boots & Coots (as well as others) occurred orally (some of these were memorialized in meeting
13 minutes discussed below, but many were not; the situation at Aliso Canyon following the
14 occurrence of the leak was urgent and dynamic). Conversations were had all day long – from 6

² SED Reply Testimony (Felts) at 17.

³ Ms. Felts’ citation, Response to 33.01, SED_RT_0509, cites to SED’s question, quoting a response provided by SoCalGas on November 15, 2015—a mere 3 weeks after the leak was discovered—to the specific data request question of SED to provide a “Time line that describes all the events to date, including initial response, recovery and mitigation.” See Ex. II-1 (SED DR-30 dated October 24, 2018). This response does not support Ms. Felts’ statement, and none of the questions in that data request asks SoCalGas to describe its role in managing or overseeing Boots & Coots’ well control operations.

⁴ Ms. Felts was not present at Aliso Canyon during the well control operations, although I observed various SED personnel on site on many days. SED frequently attended meetings with SoCalGas and various other agencies during the well control operations and, to the best of my recollection, did not raise this issue at the time.

⁵ SoCalGas Opening Testimony Ch. II (Schwecke) at 8-14.

⁶ To the extent Ms. Felts’ random assertions are premised on a lack of understanding of a gas operator’s role in an emergency well kill scenario, that role is discussed further by witness Abel in his reply (Chapter III) and sur-reply (Chapter V) testimonies on behalf of SoCalGas.

⁷ SED Reply Testimony (Felts) at 18. Moreover, Ms. Felts’ complaints about SoCalGas’ responses to data requests (“Data responses consistently refer SED to Boots & Coots’ daily operations reports, which rarely answered the question SED asked”) are not appropriate for testimony; any issues with SoCalGas’ responses to data requests should have been handled by requesting meet-and-confers with SoCalGas and following up with motions to compel, if necessary.

1 a.m. to 6 p.m. – as we were side-by-side on site, all day, with Boots & Coots during the leak.
2 Moreover, SoCalGas’ involvement in the well control operations, including the oversight of
3 Boots & Coots, can be discerned from other documents provided to SED that Ms. Felts does not
4 cite in her testimony. For example, in response to SED Data Request 17, Question 12, SoCalGas
5 provided many documents, including daily email summaries, that describe activities related to
6 the SS-25 incident for a given day, as well as anticipated work activities for the subsequent day.⁸
7 The summaries identify activities at the SS-25 site, the P39A (relief well) site, and other well site
8 and/or field activities. For example, the daily email summary for November 23, 2015, which
9 was sent to DOGGR, describes Boots & Coots’ preparation work at the SS-25 site for the fifth
10 well kill.⁹ The email also provides the anticipated work activities for November 24, 2015, which
11 includes attempting to kill the well, and the kill plan for the fifth well kill.¹⁰ Another example is
12 the daily email summary for November 24, 2015, which describes the barite pill/well kill
13 operations performed, and provides the anticipated kill operations for November 25, 2015 and
14 kill plan for the sixth well kill.¹¹ Another source of information in SoCalGas’ response to SED
15 Data Request 17, Question 12 is the summaries of the daily meetings with DOGGR.¹² They
16 reflect the coordination with DOGGR, the frequent presence of SED personnel, and the
17 involvement and oversight of Boots & Coots. For example, the daily meeting summary for
18 December 8, 2015 provides a status report on the well control efforts at SS-25 with Boots &

⁸ See, e.g., Ex. II-2 (selected attachments from SoCalGas’ Response to SED Data Request 17, Question 12; the personal identifying information in these materials has been redacted, and thus these documents, marked confidential at the time of production, are not considered confidential as attached hereto).

⁹ Ex. II-2, AC_CPUC_SED_DR_17_0004146.

¹⁰ Ex. II-2, AC_CPUC_SED_DR_17_0004147 and AC_CPUC_SED_DR_17_0004150.

¹¹ Ex. II-2 (SoCalGas’ Response to SED Data Request 17, Question 12), AC_CPUC_SED_DR_17_0004441 – 0004442 and AC_CPUC_SED_DR_17_0004444.

¹² Ex. III-3 (selected attachments from SoCalGas’ Response to SED Data Request 17, Question 12: summaries of Daily DOGGR Meetings from December 8, 2015 through February 8, 2016).

1 Coots and discusses the status of withdrawals from the Aliso Canyon field.¹³ The daily meeting
2 summary for December 23, 2015 provides a summary of the prior day's well kill attempt on SS-
3 25.¹⁴ Finally, both the January 11, 2016 and January 21, 2016 daily meeting summaries provide
4 a status report with Boots & Coots on both SS-25 and the drilling of the relief well.¹⁵

5 With respect to her doubt that SoCalGas consulted with Boots & Coots and provided
6 input in the development and review of well kill plans, along with various agencies and other
7 experts and consultants, including additional well control specialists who were retained and the
8 Department of Energy's National Laboratories, notwithstanding my opening testimony, Ms.
9 Felts does not support her doubt by citing to any evidence; she merely makes the conclusory
10 inaccurate statement.¹⁶

11 Ms. Felts further states that my opening testimony does not discuss SoCalGas' first well
12 kill attempt, prior to bringing in contractors.¹⁷ This, also, is not true, as the initial top well kill is
13 described on page 2 of my opening testimony. To the extent Ms. Felts means to criticize
14 oversight of the first kill attempt, it should be noted that the first well kill attempt was conducted
15 in accordance with SoCalGas' standard practices as embodied in Gas Standard 224.045.
16 Appropriate personnel, including SoCalGas management and the well-site manager, were present
17 for the first well kill. Indeed, the Blade Report states that the first kill attempt "was a reasonable
18 response because the extent of the failure in SS-25 was unknown."¹⁸ The Blade Report further

¹³ Ex. II-3, AC_CPUC_SED_DR_17_0008313 – AC_CPUC_SED_DR_17_0008414.

¹⁴ Ex. II-3, AC_CPUC_SED_DR_17_0014851 – AC_CPUC_SED_DR_17_0014852.

¹⁵ Ex. II-3, AC_CPUC_SED_DR_17_0025073 – AC_CPUC_SED_DR_17_0025074 and
AC_CPUC_SED_DR_17_0032065 – AC_CPUC_SED_DR_17_0032066.

¹⁶ SED Reply Testimony (Felts) at 18.

¹⁷ SED Reply Testimony (Felts) at 17.

¹⁸ Blade Report at 148.

1 notes that similar well kill operations had been carried out in the past on wells with casing leaks
2 and “were killed successfully by pumping fluid down the tubing.”¹⁹

3 **III. SOCALGAS’ ACTIONS TO REDUCE THE RESERVOIR PRESSURE WERE**
4 **APPROPRIATE.**

5 Ms. Felts’ Reason 17 is that SoCalGas did not demonstrate that it withdrew gas from
6 Aliso Canyon as soon as it could have to reduce the reservoir pressure. Ms. Felts does not state
7 in her testimony what the impact of not commencing withdrawal sooner would have been^{20 21}
8 (although the reservoir pressure was reduced at the time the fifth, sixth, and seventh well kill
9 attempts were conducted). Ms. Felts also does not state in her testimony when SoCalGas should
10 have commenced withdrawal to reduce the reservoir pressure. Rather, she states in conclusory
11 fashion that “SED questions why SoCalGas waited 19 days before it began withdrawals from the
12 Aliso Canyon storage facility to reduce the reservoir pressure.”²² And, when asked when
13 SoCalGas should have commenced withdrawal, she states, “As soon as possible.”²³

14 In so assessing, Ms. Felts does not appear to have considered the facts that SoCalGas was
15 withdrawing gas from Aliso Canyon weeks before DOGGR issued Order 1106 advising it to do

¹⁹ Blade Report at 148.

²⁰ Ms. Felts states, “The efforts SoCalGas took to reduce leak impacts failed to make much difference in the impacts.” SED Reply Testimony (Felts) at 19. In response to a data request to specify the impacts referred to in her testimony, Ms. Felts states her references are intended to refer to those in my opening testimony, but she cannot say with certainty what they are because “Ms. Felts cannot read his [my] mind.” Ex. I-1 (SED’s June 15, 2020 Response to SoCalGas Data Request 10, Question 5(a)).

²¹ Further, SED stated that industry standard on this issue is irrelevant since “[e]very UGS facility is unique.” Ex. I-1 (SED’s June 15, 2020 Response to SoCalGas Data Request 10, Question 6(f)).

²² SED Reply Testimony (Felts) at 21. In response to SoCalGas’ data request, the statement was adjusted as follows: “The term ‘SED’ in the phrase ‘SED questions’ is a typo. The sentence on page 20, lines 6 through 8 should read, ‘I question why SoCalGas waited 19 days before it began withdrawals from the Aliso Canyon storage facility to reduce the reservoir pressure to support well kill efforts and to reduce the amount of gas released.’” See Ex. I-1 (SED’s June 15, 2020 Response to SoCalGas Data Request 10, Question 5(c)).

²³ Ex. I-1 (SED’s June 15, 2020 Response to SoCalGas Data Request 10, Question 6(d)). Note that objections submitted with this response also state, “. . . it is beyond the scope of SED’s role to prescribe when exactly SoCalGas should have commenced withdrawals, as this is a question that is part of SoCalGas’ role in handling day to day operations.” *Id.* Notwithstanding this acknowledgement, and without any support, SED’s Reply Testimony alleges SoCalGas’ withdrawal of gas from the reservoir was not commenced soon enough.

1 so, and that, the day after DOGGR issued its order, on December 10, 2015, SED commenced
2 questioning SoCalGas to confirm it was “taking the best possible course of action.”²⁴ The line of
3 questioning itself evidences an acknowledgement by SED that there are many considerations
4 prior to withdrawing gas, and that system reliability issues must be taken into account.²⁵ To my
5 knowledge, SED did not advise that SoCalGas was not taking the best possible course of action
6 with regard to withdrawing gas from Aliso Canyon. Moreover, it was not until January 21, 2016
7 that SoCalGas received a letter from the Commission as follows:

8 In order to reduce pressure within the Aliso Canyon natural gas storage facility to
9 the greatest extent possible and minimize the rate of the gas leak, *while ensuring*
10 *energy reliability requirements so that customers are not left without heat and hot*
11 *water and electricity outages do not occur*, SoCalGas is ordered to take all
12 reasonable steps to reduce the level of working gas at the Aliso Canyon storage
13 facility down to 15 billion bcf of actual working gas, until further notice.²⁶

14 Even before SoCalGas began to withdraw gas from Aliso Canyon, it ceased injecting at
15 the SS-25 wellsite on October 23, 2015 and at the Aliso Canyon storage field altogether on
16 October 25, 2015. This was the prudent course of action to take at the time, given that neither
17 SoCalGas nor anyone else was aware that the well would not be killed for many more days.
18 Context is important: SoCalGas made decisions in real-time, based on information and facts
19 available to it at the time. Ms. Felts’ testimony comes in hindsight, over four years after the
20 fact.²⁷ Ms. Felts knows the leak would continue for 111 days; SoCalGas did not have this
21 knowledge when, 19 days into the leak, it commenced withdrawing gas from Aliso Canyon to

²⁴ See December 11, 2015 letter from Safety and Enforcement Division to SoCalGas, publicly available at:
[https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/
SED%20Data%20Request%2012-11-2015.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/SED%20Data%20Request%2012-11-2015.pdf).

²⁵ Id.

²⁶ See January 21, 2016 letter from Timothy Sullivan, Executive Director of the California Public Utilities
Commission, to SoCalGas, publicly available at
[https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/01-21-
16%20Aliso%20Canyon%20Draw%20Down%20Levels.pdf%20-%20Adobe%20Acrobat%20Pro.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/01-21-16%20Aliso%20Canyon%20Draw%20Down%20Levels.pdf%20-%20Adobe%20Acrobat%20Pro.pdf).

²⁷ SED personnel were frequently at the Aliso Canyon facility during the leak and, to the best of my recollection, did
not raise any concerns to SoCalGas regarding the timing of drawing down the reservoir.

1 reduce the reservoir pressure. That SoCalGas began to withdraw gas to reduce reservoir pressure
2 19 days after discovery of the leak, and before Boots & Coots' first well kill attempt,
3 demonstrates prudence.

4 Ms. Felts also fails to acknowledge that it is not good practice to take quick action
5 without understanding the impacts of the action. Prior to drawing down the reservoir, SoCalGas
6 assessed the reservoir and the surrounding area.

7 Further, the leak at SS-25 occurred at the start of SoCalGas' winter operating season,
8 which runs from November through March. SoCalGas' highest demand conditions are
9 experienced during the winter months and withdrawals from SoCalGas' storage facilities are
10 critical in supporting customer demand during the winter season. At 86 billion cubic feet (BCF),
11 Aliso Canyon is SoCalGas' largest storage facility and represented a significant amount of local
12 supply necessary to provide winter season reliability to our core and noncore customers during
13 the 2015-2016 winter. Aliso Canyon's local supply is instrumental in meeting winter demand
14 and provides assurance that customer service and system integrity can both be maintained if
15 conditions upstream of the SoCalGas system impact the ability to receive supply from the
16 interstate pipelines. Both SoCalGas and the Commission were concerned about how much gas
17 could be withdrawn from Aliso Canyon, and how quickly, without jeopardizing customer
18 reliability. In fact, the Commission directed SoCalGas not to completely empty the storage field,
19 and required SoCalGas to maintain a minimum of 15 BCF to provide for a minimum withdrawal
20 capacity for system reliability.²⁸

²⁸ See January 21, 2016 letter from Timothy Sullivan, Executive Director of the California Public Utilities Commission, to SoCalGas, publicly available at https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/01-21-16%20Aliso%20Canyon%20Draw%20Down%20Levels.pdf%20-%20Adobe%20Acrobat%20Pro.pdf.

1 Ms. Felts also appears not to account for the practicalities of withdrawing gas from Aliso
2 Canyon. Supply and demand continue in usual fashion: gas still comes into the system and is
3 either consumed or stored. Withdrawing additional storage supplies creates an imbalance, i.e.,
4 an oversupply of gas; and there has to be somewhere for this additional storage gas to go.
5 SoCalGas had to make appropriate arrangements to prioritize the storage supply over the
6 interstate pipeline supply, which entailed limiting gas delivered at SoCalGas' receipt points,
7 including the gas volumes for which customers had purchased firm receipt point access rights,
8 and thereby stranding their interstate gas supplies. This prioritizing, or "windowing," occurred
9 daily based on forecasted demand and scheduled receipt point volumes, and were adjusted to
10 give precedence to withdrawal volumes from Aliso.

11 Finally, Ms. Felts states in her testimony, without any supporting foundation, that "SED
12 also questions whether SoCalGas was making operating decisions based on inaccurate reservoir
13 pressure data, which could have led to over pressuring the reservoir...."²⁹ In response to a
14 SoCalGas data request, Ms. Felts supported her belief with a citation to the Blade Report;³⁰
15 however, the citation does not support Ms. Felts' conclusion, nor am I aware of any facts
16 supporting her contention. Moreover, there is no point in speculating about an event that never
17 occurred.

18 **IV. CONCLUSION.**

19 For the reasons stated above, SoCalGas' actions in overseeing well kill operations and in
20 withdrawing gas from the reservoir to reduce pressure were prudent and reasonable.

21 This concludes my prepared sur-reply testimony.

²⁹ SED Reply Testimony (Felts) at 21.

³⁰ Ex. I-1 (SED's June 15, 2020 Response to SoCalGas Data Request 10 Question 8(a)).