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Commissioner : Cliff Rechtschaffen
Admin. Law Judge : Tim Kenney
: Marcelo Poirier
:



**SAFETY ENFORCEMENT DIVISION
CALIFORNIA PUBLIC UTILITIES COMMISSION**

CHAPTER FOUR
PREPARED SUR-REPLY TESTIMONY
OF
MARGARET FELTS IN RESPONSE TO
REPLY TESTIMONY OF
DANNY WALZEL AND ARASH HAGHSHENAS

San Francisco, California
June 30, 2020

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1 **I. INTRODUCTION**

2 The purpose of the following prepared Sur-Reply testimony, submitted on behalf
3 of the California Public Utilities Commission’s (“Commission”) Safety Enforcement
4 Division (“SED”), is to reply to the testimony of Danny Walzel and Dr. Arash
5 Haghshenas, both employees of Boots & Coots. The Walzel and Haghshenas testimony
6 states, “The purpose of our prepared joint reply testimony is to answer certain questions
7 so as to correct and rebut certain inaccuracies and assumptions which serve as the factual
8 basis for SED violations 79-83.”¹

9 Violations 79 through 83 are stated in my Opening Testimony as follows:

10	Violation	Violation Summary
11	79	“Failure to successfully execute well SS-25 kill attempt numbers
12		2 through 7, due to lack of proper modeling.” ²
13	80 – 82	“Failure to provide well kill programs for relief well #2, well SS-
14		25A and well SS-25B.” ³
15	83	“Prevention of surface plumbing failures on SS-25 from enabling
16		that well to be kept filled.” ⁴

17 As noted in my sur-reply testimony to Mr. Abel, I am withdrawing violations 80
18 through 82 from my Opening Testimony.⁵ Also, although the Walzel and Haghshenas
19 testimony mentions violation 83 in the introduction, it does not explicitly say where it
20 addresses violation 83, and there is nothing apparent in the testimony that addresses
21 violation 83. Therefore, the rest of my sur-reply will respond to Walzel and Haghshenas
22 as it relates to violation 79.

23

¹ Walzel and Haghshenas testimony, p. 1, lines 7-9.

² See Opening Testimony of Margaret Felts, p. 3.

³ See Opening Testimony of Margaret Felts, p. 4.

⁴ See Opening Testimony of Margaret Felts, p. 4.

⁵ See Sur-reply testimony of Margaret Felts, Chapter 3, Section V.

1 **II. WALZEL AND HAGHSHENAS TESTIFY THAT BOOTS &**
 2 **COOTS PERFORMED TRANSIENT KILL MODELING**
 3 **AFTER NOVEMBER 15, 2015 BUT BEFORE NOVEMBER 18,**
 4 **2015 (4TH KILL ATTEMPT)**

5 According to the Walzel and Haghshenas testimony, “Boots & Coots attempted its
 6 second well kill attempt on November 15, 2015, and before its well kill attempt on
 7 November 18, 2015, and for additional kill attempts thereafter, Boots & Coots performed
 8 transient modeling.”⁶ As discussed in my testimony in Chapter 3 (Abel), the result of this
 9 statement is that the 4th kill attempt was the first one that Boots & Coots modeled.⁷ Even
 10 though Walzel and Haghshenas say they did not begin modeling kill attempts until after
 11 kill attempt 3, SED’s violation 79 includes the first two attempts. As an aid to match up
 12 the dates Boots & Coots use with SoCalGas’ well kill attempts, an excerpt from Blade’s
 13 RCA Table 15 is below, and shows each well kill attempt, and the date it occurred.

14 **Blade RCA Table 15: Chronology of Key Events During the SS-25 Incident⁸**
 15

Date	Day	Event(s)
October 23, 2015	1	SS-25 leak was discovered at 3:15 PM and injection header valve was closed at 3:30 PM.
October 24, 2015	2	Kill attempt #1. Failed. Tubing plugged.
November 13, 2015	22	Kill attempt #2. Failed. Relief well planning started.
November 15, 2015	24	Kill attempt #3. Failed. ²
November 18, 2015	27	Kill attempt #4. Failed. ¹⁰
November 24, 2015	33	Kill attempt #5. Failed
November 25, 2015	24	Kill attempt #6. Failed

⁶ Walzel and Haghshenas Testimony, p. 3, lines 9-11.

⁷ Felts Sur-Reply, Chapter 3, Section III

⁸ Blade RCA, pp. 126-127, Table 15.

² Walzel and Haghshenas testimony, p. 3, lines 20-8-11, call this attempt the Boots & Coots second well kill attempt.

¹⁰ Walzel and Haghshenas testimony, p. 3, lines 9-11, merely refer to a well kill attempt on November 18, 2015 without describing which one it is.

Date	Day	Event(s)
December 22, 2015	61	Kill attempt #7. Failed
February 11, 2016	112	Relief well intersected with SS-25 and brought it under control. Leak was stopped.
February 14-17, 2016	115-118	SS-25 was permanently isolated from the gas storage reservoir with cement

1

2 **III. SOCALGAS PRODUCED NO DATA TO SHOW MODELING**
3 **BEFORE ITS LAST KILL ATTEMPT**

4 The Walzel and Haghshenas testimony acknowledges, “Mr. Walzel’s transient
5 modeling was not saved anywhere else, nor was it sent to anyone else.”¹¹ In Section III of
6 my sur-reply to Mr. Abel’s testimony, I provide multiple points that show that, despite
7 Boots & Coots statement that they did modeling, Boots & Coots provide no evidence to
8 show that to be true. I do not repeat those points, but incorporate all of them by reference
9 into this section.

10 **IV. BOOTS & COOTS WAS TOLD BY SOCALGAS ‘COUNSEL**
11 **TO PRESERVE ALL DOCUMENTS RELATED TO WELL**
12 **SS-25 AND TO SOCALGAS’ AND ITS CONSULTANTS’**
13 **RESPONSE TO THE LEAK AT ALISO**

14 Latham & Watkins wrote a letter to Boots & Coots entitled, “Aliso Canyon
15 Storage Facility Leak Response”.¹² The letter instructed Boots & Coots to preserve
16 records related to the leak, stating specifically,

17 As you know, Boots & Coots (“B&C”) has been retained to assist the
18 Southern California Gas Company (“SoCalGas”) in its response to the gas
19 leak at one of its gas storage wells (SS-25) located at the Aliso Canyon
20 Storage facility. Because the incident may lead to legal or regulatory
21 proceedings, on behalf of SoCalGas, we request that B&C take steps to
22 preserve all documents and other evidence that relates to well SS-25 and to
23 SoCalGas’ and its consultants’ response to the leak. This request includes
24 electronic documents, such as e-mails, Microsoft Word documents,

¹¹ Walzel and Haghshenas testimony, p. 3, lines 31-33.

¹² See AC_CPUC_SED_DR_16_0043472-0043473; Latham & Watkins Letter to Boots & Coots, dated November 12, 2015.

1 spreadsheets, databases, etc. Please make sure that document retention
2 policies relating to relevant documents are suspended, including any
3 automatic e-mail deletion protocols.¹³

4
5 This letter also stated that Latham & Watkins, “has also been retained to assist
6 SoCalGas in these efforts.”¹⁴

7 **V. SOCALGAS DOES NOT HOLD BOOTS & COOTS**
8 **RESPONSIBLE FOR ITS BEHAVIOR RELATED TO SS-25**

9 An agreement between SoCalGas and Halliburton (Boots & Coots subsidiary),
10 stated, “Boots & Coots have been requested by SoCalGas to submit a proposal for the
11 evolving well control situation on Standard Sesnon 25.”¹⁵ The Agreement executed by
12 SoCalGas, includes the following indemnity clause:

13 Customer [SoCalGas] agrees to release, protect, defend, indemnify and
14 hold harmless HALLIBURTON, its parent, subsidiary and affiliated
15 companies and subcontractors and its/their officers, directors, employees,
16 servants and agents (hereinafter “HALLIBURTON Group”) from and
17 against any and all liability, claims, losses, lawsuits, demands, causes of
18 action and other litigation, including all costs and attorneys’ fees of every
19 kind and character, including but not limited to personal injury, illness,
20 death, property damage or loss, arising in favor of any persons, companies,
21 or other legal entities, including but not limited to, members of the
22 HALLIBURTON Group, CUSTOMER, CUSTOMER’S employees,
23 contractors and subcontractors and third parties regardless of cause, even if
24 such is contributed to or caused by any act or omission, negligence (active,
25 passive, sole, joint or concurrent), fault or strict liability of any member(s)
26 of HALLIBURTON Group, or any defect in the data, products, supplies, ,
27 materials or equipment of any members of Halliburton Group, whether in
28 the preparation, design, manufacture, distribution or marketing
29 thereof. . .CUSTOMER’S release, defense, and indemnity obligations set
30 forth in this article do not apply to the extent that any claims, losses,
31 liability, or lawsuits are caused by the gross negligence or willful

¹³ See AC_CPUC_SED_DR_16_0043472-0043473; Latham & Watkins Letter to Boots & Coots, dated November 12, 2015.

¹⁴ See AC_CPUC_SED_DR_16_0043472-0043473; Latham & Watkins Letter to Boots & Coots, dated November 12, 2015.

¹⁵ See AC_CPUC_0164723; Southern California Gas Company Standard Services Agreement Number 5660044243 (AC_CPUC_0164695-0164723).

1 misconduct of any member(s) of HALLIBURTON Group. For the
2 purposes of this Contract, “gross negligence” shall mean “willful and
3 wanton disregards for the harmful, avoidable and foreseeable consequences
4 of its actions.”¹⁶

5
6 As a result, even though Boots & Coots was directed to preserve evidence related
7 to the SS-25 incident, there would be no consequences if they failed to do so.

¹⁶ AC_CPUC_0164709; Southern California Gas Company Standard Services Agreement Number 5660044243, p. 7 of 21.