

## DRAFT – FOR DISCUSSION ONLY

### Proposal for Interim Crude Oil Screening Process

Please see the attached decision tree for a visual description of this process.

#### **Step 1: Non-HCICO Identifiers**

1. Crude oil produced using recovery techniques other than thermal enhanced oil recovery (steam/hot water injection or in-situ combustion) or crude bitumen mining.
2. Crude oil produced from a country with an average flaring rate of less than 10 scm/bbl as determined using the most recent NOAA/NGDC gas flaring rate data together with annual oil production data.

Crude oil for which both 1 and 2 are applicable will be considered non-HCICO and fuels derived from this crude oil will be assigned the average carbon intensity value for CARBOB or diesel from the lookup table? Failure to meet either 1 or 2 will require the crude source to be considered as potentially HCICO therefore subjected to a more refined assessment as described starting in Step 2.

ARB realizes that in some circumstances other production methods and/or production characteristics may result in a crude oil that is designated as non-HCICO while having a carbon intensity that approaches or exceeds 15 g/MJ. ARB will continue to analyze and research these and may revise the identifiers in the future based on the results of this analysis and research. Should a revision of the non-HCICO identifiers result in a reclassification of the crude, the regulated party using this crude shall use the new carbon intensity of the crude oil from the date the reclassification of the crude becomes final by ARB. The re-classification value should not be applied to the crude retroactively.

The identifiers will be applied to crudes that are not part of the 2006 California baseline crude mix based on the marketing name of the crude. If a marketing crude name consists of a blend of crudes from different fields, each field must meet the requirements of the non-HCICO identifiers for the marketing crude name to be classified as non-HCICO.

#### **Step 2: Consideration of additional information**

For a crude designated as a possible HCICO in Step 1, an applicant would be permitted to produce data, relative to the above identifiers, to indicate special circumstances for that crude that might result in passage of the test(s) that was(were) failed. If the consideration of additional information results in a finding that the crude is a non-HCICO, this finding should be made public by adding this crude to the ARB-maintained list of non-HCICOs

#### **Step 3: Refined Assessment of Crude CI**

For crudes deemed to be possible HCICOs after Step 2, an applicant may choose to either:

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- A. Option A: Use a default carbon intensity value for crude oil production and transport. This default value(s) will be determined by ARB using existing literature assessments for potential HCICO sources.
- B. Option B: Perform a life cycle assessment, similar to the level of rigor required for a Method 2 application, to determine the production and transportation CI for that crude oil. The data may be provided on a confidential basis in order to protect proprietary information. ARB staff will evaluate the adequacy of the analysis and accuracy of the CI determined.
  - a. If the CI is determined to be less than or equal to 15.00 gCO<sub>2</sub>e/MJ, that crude will be designated as a non-HCICO and added to the ARB-maintained list of non-HCICOs. For those crude sources found to be less than but close to 15.00 gCO<sub>2</sub>e/MJ, ARB may periodically require the regulated party to update the life cycle assessment to ensure that the CI does not increase over time.
  - b. For those crude sources found to be greater than 15.00 gCO<sub>2</sub>e/MJ, the applicant may choose to either use the default CI value for Option A or enter into the Method 2B process (Step 4).

### **Step 4: Method 2B**

For crudes deemed to be HCICOs after Step 3, an applicant may enter into the Method 2B process in order to develop lookup table values for CARBOB and Diesel derived from that crude, including a full public process, hearing, and reporting of findings by amending the appropriate ARB maintained list of HCICOs.