MACPHERSON ENERGY
CORPORATION

April 11, 2014

Jim Duffy
California Air Resources Board
Stationary Sources Division
P.O. Box 2815
Sacramento, CA 95812

Subject: Macpherson Oil Company Comments Regarding Proposed Low Carbon Fuel Standard (LCFS) Provisions for Use of Innovative Technologies for Crude Oil Production

Dear Mr. Duffy:

Macpherson Oil Company understands the need to reduce carbon emissions from all sources and that petroleum-based transportation fuels are a major source of carbon emissions. Given that it is not yet possible to eliminate the use of petroleum-based transportation fuels, Macpherson Oil understands CARB's efforts to reduce the carbon intensity of petroleum-based transportation fuels through the Low Carbon Fuel Standard (LCFS) regulation over the complete "life-cycle" of those fuels, which begins with oil production and ends with the combustion of fuel in vehicle engines.

As a company directly involved in oil production in California, Macpherson knows that as oil becomes harder to find and extract, the amount of energy required for oil production will increase, which in turn may increase the carbon intensity of petroleum fuels. Given this, Macpherson supports CARB's proposed changes to the LCFS regulation regarding the use of innovative technologies for crude oil production as outlined in the recently published "Low Carbon Fuel Standard Re-Adoption Concept Paper" and discussed at the March 10, 2014 LCFS workshop.

More specifically, Macpherson is pleased that CARB staff is proposing to provide LCFS credits for oil production that involves the use of onsite electricity generated using solar, wind, and biomass-based technologies and that CARB staff is proposing to modify the LCFS regulation to provide these credits to oil producers that also choose to become regulated parties under the regulation. With respect to the details of the staff proposal, Macpherson supports the proposed elimination of the minimum threshold of 1.0 g/MJ carbon intensity reduction that applies to the qualification of innovative techniques, and also supports the establishment of a default credit value of 0.6 MTCO2 per MW-hr electricity as proposed for electricity generated using solar and wind technologies.

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Macpherson also looks forward to reviewing and commenting on the CARB "White Paper" regarding the carbon reduction benefits of innovative technologies for oil production described at the March 10th workshop once it is released.

In addition to supporting CARB's proposals for providing LCFS credits to oil producers using innovative technologies, Macpherson obviously also supports CARB's efforts to ensure that a certain and stable market exist for LCFS credits. Clearly, LCFS credits provide an incentive for the use of innovative technologies only to the extent that the credits have a reasonable value that can be relied upon by oil producers in the decision-making process associated with the implementation of innovative technologies.

In summary, Macpherson supports CARB's efforts to provide appropriate credit for the use of innovative technologies in oil production and looks forward to working with CARB staff to ensure that both objectives are achieved.

Sincerely,

John T. Miller
Senior Vice President
Human Resources and Government Relations

JTM/sma