



Comments of Macpherson Oil Company
on LCFS Concept Paper and August 7, 2017, Pre-Rulemaking Public Meeting Focused on
the OPGEE Model

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Via electronic submittal to: LCFSworkshop@arb.ca.gov

Macpherson Oil Company (MOC) is pleased to submit these comments on the July 24, 2017, Pre-Rulemaking Concept Paper and the August 7, 2017, Pre-Rulemaking Public Meeting presentation.

Macpherson Oil Company is part of a third-generation family owned and operated California energy company. MOC works to meet California's current and future energy needs. MOC's employees and families strive to make California the best place to live and work.

The concept paper, staff presentation, and public meeting discussion (materials) highlighted areas of the rule CARB would like to amend. MOC's comments are narrowly focused on the OPGEE model update portion of the LCFS triennial update provisions.

MOC supports the efforts to continue to improve the OPGEE model. MOC understands as noted in the OPGEE documents the non-California data used in the OPGEE model is the best publically available, and there are concerns with the accuracy of the non-California data.

It is with this understanding and efforts MOC is seeking to improve the accuracy of the OPGEE model. MOC recommends the development of a process to validate the modeling results using actual field data submitted to and validated by CARB. The OPGEE model estimates the energy used to produce oil were as MOC's verification method uses actual energy used to produce oil. In MOC's review the OPGEE model over estimates the Round Mountain field CO₂e/MJ on a year to year bases at 2 to 6 times higher than when calculated using the GHG verification data. MOC's calculated results include the additional elements identified in the OPGEE such as the land use CO₂e/MJ component listed in the current version of the OPGEE model.

A second step in the validation process would be to calculate a correction factor based on the CO₂e/MJ calculated using the verified data supplied and verified by CARB and apply the correction factor to the OPGEE model results. Resulting in a more accurate CO₂e/MJ rating for each field.

MOC recommends the OPGEE model results reference participation in California's Cap and Trade program for fields in California's Cap and Trade program, and the acknowledgement that electricity used for California oil production is also covered by Cap and Trade.

In addition with the passage of SB 32 and AB 398, along with the implementation of the Oil and Gas Methane rule and Short-Lived Climate Pollutant strategy, California oil producers will be subject to even more GHG/ CO2 reduction mandates. These mandates are part of an overall 40% reduction in GHG for the state. Since almost 40% of California produced oil is provided by in-state production, this is a statistically significant value. Again further reducing California oil producers CO2e/MJ impact.

The accuracy of the OPGEE model is of the utmost importance to MOC as MOC competes with non-California oil production. The accuracy of the OPGEE model is also important to the individuals working at MOC and their families, and the citizens of California who want to know how oil production in California is better than foreign produced oil.

The current requirement to update the OPGEE model should allow ARB sufficient time to incorporate the new regulatory requirements being placed on in-state crude production. MOC recognizes the LCFS regulation requires a triennial update of the OPGEE model, and MOC continues to review the details of the most current update, and requests a follow up meeting includes other California oil producers to dive into the OPGEE model.

Please do not hesitate to reach out to me should you have any questions or if you or your staff would like to discuss these issues further.

Sincerely,

T. Lovley

Tim Lovley
Macpherson Oil Company

Cc: Rock Zierman, CIPA