FROM: James C. (Chris) Hall
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DATE: August 24, 2018

TO: California Air Resources Board (CARB)

SUBJECT: Written Comments on Workshop on Additional Greenhouse Gas Reductions From Petroleum

1) THE PUBLISHED NOTICE DID NOT ADEQUATELY IDENTIFY THE MAJOR TOPICS ON THE AGENDA:
The published notice for the Workshop ("Workshop to Discuss Opportunities for Additional Greenhouse Gas Reductions From Petroleum Transportation Fuels) seriously misrepresented the material to be presented and the topics to be discussed. It wasn't until the Agenda was published a few days before the workshop that it was revealed that this would include a panel to discuss "Examining Options to Limit Production of Petroleum for Additional GHG Reductions"; furthermore, the Agenda was only available for download and was not distributed by E-mail as it should have been. As a result, most of those affected in the business of producing oil and gas were not aware of this, and thus were excluded from being participants. Given the fact that this is the first time that a discussion was being held by CARB on the mandated reduction of petroleum production, this was a serious omission.

2) DISCUSSION OF INCENTIVES AND OFF-SETS:
CARB has sometimes provided incentives and off-sets for those impacted by new regulations and programs, usually for small business owners and citizens who otherwise would be severely impacted by the compliance requirements. However, these incentives often are never available to those for whom they were intended. A specific example is the diesel truck replacement incentives for small business which was intended to help defray the very high cost of purchasing new on-road trucks: in order to maximize the amount of pollution reduction per dollar spent, CARB arbitrarily established that the incentive would only be available to businesses with trucks traveling more than 20,000 miles per year. This effectively eliminated all small business owners from being able to qualify for the incentives. The alternative loans provided little more assistance than they could get from existing financial institutions. This should not be allowed to happen.

3) THE AGENCIES OF THE STATE OF CALIFORNIA FAILED TO IDENTIFY THE ECONOMIC BENEFITS OF THE OIL AND GAS PRODUCING INDUSTRY:
Although presentations were made by the California Air Resources Board (CARB), California Energy Commission (CEC), Department of Conservation (DOC)/Division of Oil, Gas and Geothermal Resources (DOGGR), not one them provided information on the economic benefit provided by the California oil and gas producing industry. The only facts provided on the importance of the producing industry was presented by one of the non-governmental panelists and those made by attendees during the public comment period. This should be addressed by the preparation and distribution of material to correct this omission.

4) OTHER MEANS OF GREENHOUSE GAS REDUCTION FROM THE PETROLEUM INDUSTRY HAVE NOT BEEN SUPPORTED.
Under the original AB-32 Scoping Plan CARB investigated the greenhouse gas reduction

associated with the beneficial use of flared stranded oil field waste gas for the generation of power from microturbines and other platforms. However, the Draft White Paper on "Potential GHG Reductions from Clean Distributed Generation Technologies at Oil and Natural Gas Facilities" dated March 7, 2012 was revised from its original draft to greatly reduce the benefits from what had been calculated; as a result the White Paper was never issued. Subsequently, the State of California signed the World Bank Flare Reduction Initiative in December 2015 committing the State to support the beneficial use of this wasted resource. In light of this, the White Paper needs to be reviewed and modified with the recommendations that the distributed generation of power be encouraged and that the export of power in quantities of less than one megawatt is warranted and should be allowed by the Public Utilities Commission.

5) CARB'S PROPOSALS TO REDUCE PETROLEUM PRODUCTION WILL HAVE IT'S GREATEST IMPACT ON THE SMALL PRODUCERS.
The proposal to reduce oil production by not allowing permits for drilling or reworking wells, small Independent oil and gas producers will be more adversely impacted than the larger companies. Due to the economy of scale, they will be forced out of business through no fault of their own. The State will likely inherit large numbers of idle/orphan wells if this occurs.