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**California Independent Petroleum Association Comments on the
April 25, 2023 Proposed Amendments to the
Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities**

Liane Randolph and Board Members
California Air Resources Board

June 12, 2023

Via hand delivery to CARB docket.

Thank you for the opportunity to share comments related to the proposed formal amendments to the California Oil and Gas Methane Regulation, or COGR. We appreciate the opportunity to continue to improve the implementability of this regulation on behalf of the members of the California Independent Petroleum Association (CIPA)¹. CIPA is a non-profit, non-partisan trade association that represents nearly 300 crude oil and natural gas producers, royalty owners, and service and supply companies who all operate in California under the toughest regulations on the planet.


CIPA understands the primary reason for this update is to address U.S. EPA required changes which are needed for federal CTG consistency and approval. CIPA also appreciates CARB's understanding that this amendment package presents an opportunity to make important, and needed implementation clarifications. Additionally, CIPA has provided comments on the new Remote Sensing provisions.

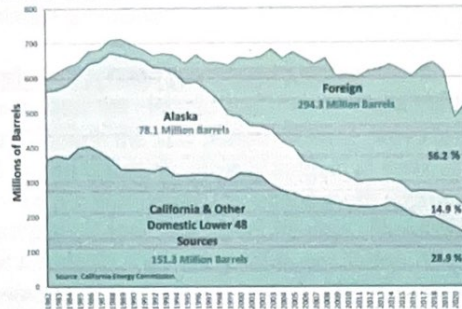
We would like to initially state that staff has been open and willing to discuss these amendments with CIPA in a transparent process. This effort led to early discussions and subsequent improvements from the January informal proposal. CIPA also understands that a 15-day amendment package is needed to ensure that pending, or recently adopted, local air district rules can be correctly referenced in the final COGR rule. Given the fact that additional changes will be forthcoming, CIPA respectfully requests some additional clarifications to the COGR before it is finalized.

Before discussing the proposed amendments in detail, we must reiterate that CIPA remains strongly opposed to any amendments in which in-state crude, produced under the strictest environmental standards in the world, is replaced with imported crude either by direct regulation or indirect impact. A true and successful methane reduction program would not shift emissions, tax-base and jobs to other jurisdictions. The CEC staff presented the slide below at meeting on

¹ The mission of CIPA is to promote greater understanding and awareness of the unique nature of California's oil and natural gas resources, and the independent producers who contribute actively to California's economy, employment and environmental protection.

gasoline prices² showing just such a shift has occurred. This effect is known as ‘emissions leakage’ and CARB is statutorily mandated to minimize it. The 2022 Scoping Plan Update explicitly states that reducing in-state production will lead to increased crude imports³—which bring port communities additional pollution burdens.

 **Crude Oil Sources for California Refineries**



CIPA would be interested in sitting down with CARB, the local districts and U.S. EPA in an effort to see if there is a better way to consistently regulate the sector in practice. Initial invitations have been sent, and we hope to be able to meet in a reasonable timeframe.

This regulation, as an adopted set of statewide standards and limits should be used by other state agencies as they address methane emissions from this sector. CIPA strongly requests that within the Final Statement of Reason, or adopting resolution that CARB states such intention as a fact. Other state agencies should not be allowed to implement different methane leak detection and emission standards, thus putting CIPA members in Double Jeopardy.

Staff and stakeholder requested changes and clarifications

The following issues were previously flagged by the technical review of CIPA members for updating⁴:

Definition of Separator: States “In natural gas production a separator may be referred to as a heater/separator”. This is incorrect since it applies to an oil/gas/water separator. A gas separator would include a “chiller”/separator” but not a “heater/separator”.

Definition of “Sump”: Under local regulations, sumps as currently defined are no longer in use. Furthermore, an impoundment containing produced water is defined as a “pond”. This can be clarified by adding: “A pond containing produced water is not considered a sump”.

Page 44, (d)(1) Leak Detection and Repair Plan: This section would require a written plan specific to each facility that encompasses all components, including the listing of components to be monitored. The existing regulations already provide clear guidance of what needs to be done and with what frequency; these have been carried out successfully for five years without such specificity. Listing “components” is akin to requiring individual component identification and numbering; there is no doubt that this is what would be required as it is currently proposed. This would add greatly to the time and cost of carrying out the plan to

² https://www.energy.ca.gov/event/workshop/2022-11/commissioner-hearing-california-gasoline-price-spikes-refinery-operations?utm_medium=email&utm_source=govdelivery

³ <https://ww2.arb.ca.gov/sites/default/files/2023-04/2022-sp.pdf>

⁴ <https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2023/oilgas2023/israppal.pdf>

what is already a very costly and time-consuming program, *without* a demonstrated benefit to justify the additional cost.

LDAR

- LDAR Section 95669(i), CIPA recommends including language that allows a tag to also be affixed “near” the leaking component. As currently written, it is too restrictive, especially if the leak has a rotating component.

New provisions related to remote sensing

CIPA appreciates the changes and clarifications made to this new section of the proposed regulation. Though the new remote sensing provisions are adding costs and workload to impacted facilities that are already subject to Leak Detection and Repair standards and reporting, the newly update provisions are indeed more appropriate by limiting notices to only come from CARB using state-sponsored satellite data. The earlier draft was far too open ended and did not rise to the standard of an enforceable regulation. We look forward to working with CARB on implementation of this new set of technology, so that fair and consistent practices can be developed.

Conclusion

The adopted 2022 Update to the AB 32 Scoping Plan acknowledges that California will need petroleum and natural gas fuels for many years, and that when in-state production is reduced faster than the demand reduction, GHG leakage occurs⁵. During this time, California should prioritize in-state supply. Any regulatory proposals that run counter to the ultimate goal of reducing GHG emissions worldwide should be discarded.

The last barrel of oil used in this state, should be produced in state. Thank you for continuing the dialogue with us. We look forward to working with CARB on this important topic.

Sincerely,



Rock Zierman
Chief Executive Officer
California Independent Petroleum Association

⁵ <https://ww2.arb.ca.gov/sites/default/files/2022-12/2022-sp.pdf> [pages 100-106]