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**California Independent Petroleum Association Comments  
on the August 17, 2021  
2022 Scoping Plan Update – Scenario Concepts Technical Workshop**

Ms. Rajinder Sahota  
California Air Resources Board  
2022 Scoping Plan Update

September 3, 2021

*Via electronic submittal to:*

[https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=sp22-concepts-ws&comm\\_period=1](https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=sp22-concepts-ws&comm_period=1)

Thank you for the opportunity to share comments on behalf of the members of the California Independent Petroleum Association (CIPA)<sup>1</sup>. CIPA represents nearly 400 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. Our members are committed to innovation and investment to help the state reach its statutory emission reduction targets. CIPA's member companies have the assets and knowledge to play a significant role in helping decarbonize California's economy. ***CIPA strongly opposes any Carbon Neutrality policy framework in which in-state crude, which is produced under the strictest environmental standards in the world, is replaced with imported crude. A true and successful Carbon Neutrality policy does not shift emissions, tax-base and jobs to other jurisdictions.***

The August 17<sup>th</sup> workshop laid out possible scenarios for inclusion in the upcoming Scoping Plan GHG, Air Quality and Economic modeling work<sup>2</sup>. Slide 21 asked a series of question related to potential accelerated phase-out of in-state oil extraction. CIPA believes that CARB is asking the wrong question. CARB is supposed to be analyzing the feasibility of such a phase-out, not assuming it is a foregone conclusion for which timing is the only unknown. The question should be, "How can we meet our carbon targets in the least-cost manner, and in a way that disrupts the lives of Californians the least?"

CIPA recently submitted comments to the OPGEE model update under the Low Carbon Fuel Standard. Those comment go into great detail about the need to get the science right BEFORE policy decision are made, and describe a model in which the regulatory framework of California is ignored.<sup>3</sup> We incorporate those comments by reference.

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<sup>1</sup> 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.

<sup>2</sup> [https://ww2.arb.ca.gov/sites/default/files/2021-08/carb\\_presentation\\_sp\\_scenarioconcepts\\_august2021.pdf](https://ww2.arb.ca.gov/sites/default/files/2021-08/carb_presentation_sp_scenarioconcepts_august2021.pdf)

<sup>3</sup> <https://www.arb.ca.gov/lists/com-attach/4-opgee-general-ws-AGMBbgNyVmQAWVI9.pdf>

It was stated by CARB management during the presentation that Scenarios A and B, “Oil & gas extraction ramped down linearly to 100% phase out by 2035”, could lead to more imported oil to satisfy California’s existing energy needs. Scenario C is similar but with a 2045 end date. None of these options is acceptable as all of them shift California jobs, tax-base, and our environmental stewardship to other jurisdictions. Scenario D, “Oil & gas extraction ramped down in line with remaining petroleum demand” still misses the holistic view, while predetermining the outcome of the very analysis the Scoping Plan is supposed to be evaluating.

Each of the 10 or so sectors presented were all asterisked with the following statement – “\*Represents staff initial thinking. Requesting additional options for consideration.”. CIPA members are investing in large-scale carbon reduction projects, such as renewable thermal and electrical energy and/or carbon capture and storage. There should be a scenario that looks at the global impact of replacing California crude, with its methane monitoring rules, flaring rules, vapor recovery rules and short pipeline transport distances with the equivalent volume of less regulated, long-distance transported foreign crude. Such an analysis needs to consider all the emission reduction efforts highlighted in the recent CIPA OPGEE letter to CARB.

Even with the state’s incredible vehicle efficiency rules, VMT reduction strategies, and vehicle technology requirements, California consumes among the most energy on the planet outpacing France, Germany and the United Kingdom<sup>4</sup>. Owing to the sheer size of its demand and California’s continued reliance on energy imports, state policies (or changes to those policies) can have wide ranging impacts around the U.S. and the world as a whole. Unfortunately, other energy producing regions of the world do not share California’s values for labor, health and safety or the environment. Exporting our energy needs, including the jobs and tax base they support, is a very real form of “leakage” which AB 32 sought to avoid. Rather than increasing our dependence on foreign imports, California should embrace an energy portfolio that prioritizes California produced energy, which benefits both state and local economies as well as the environment.

California will need petroleum and natural gas fuels for decades. During this time, we should prioritize in-state supply. It is foreign crude that should be targeted for primary reduction, and not in-state production. Instead of making the Saudi royal family richer, we should be focused on keeping more Californians working and using that money here to enrich our communities. **The last barrel of oil used in this state, should be produced in state with renewable electrical and thermal energy and utilizing carbon capture and sequestration.** Such an outcome is the only one consistent with a successful Carbon Neutrality policy.

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

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<sup>4</sup> CA - 7.96 quadrillion BTUs <https://www.eia.gov/state/print.php?sid=CA>

Country ranking: <https://www.eia.gov/international/rankings/world?pa=12&u=0&f=A&v=none&y=01%2F01%2F2017>