E&B NATURAL RESOURCES

1608 Norris Road • Bakersfield, CA 93308

August 24, 2021

*Via electronic submittal to:*
https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=sp22-co2-removal-ws&comm_period=1

Rajinder Sahota
California Air Resources Board
2022 Scoping Plan Update

**Re: OPGEE model and LCFS**

Dear Ms. Sahota,

We would like to thank CARB and Stanford for providing a forum for input to the Oil Production Greenhouse Gas Emissions Estimator (OPGEE) model. As a company with oil operations throughout the state, we would like to offer suggestions to the OPGEE model and LCFS.

As a quantitative tool or "estimator", our company believes OPGEE is not accounting for rigorous environmental standards that our company adheres to and protective environmental programs in which we take part. For example, there appears to be no input or mechanism to reduce the CI by use of a behind the grid utility scale solar array providing electricity to our operations.

Producing oil in California provides a revenue source for California's environmental programs. Our company participates in California's AB32 Cap-and-Trade Program and purchases millions of dollars of greenhouse gas allowances to offset operational emissions. The State invests the program proceeds into a variety of programs with the goal of reducing GHG, criteria and toxic air emissions. In 2018, we paid over $3 million in credits surrendered to the State and will again purchase millions of dollars of credits this year as the triennial period ends. For regulatory compliance alone, the company spends over $30,000 annually in cap-and-trade consultant support and independent verification of results. As far as we know, these audited CARB reports are not utilized as inputs to the OPGEE model. Foreign suppliers of oil are not obligated parties in the cap-and-trade program and therefore are not required to reduce their carbon intensity. They do not purchase and surrender allowances to provide income to the State to fund their programs, submit reports or subject to verification audits of their production and emissions.

On the other hand, numerous times it was mentioned that there is limited data globally, but it is not acknowledged that it must limit the accuracy of the foreign CI scores. It was already mentioned foreign oil producers have no requirements to participate in cap-and-trade. They also do not have to pay mitigation fees or surrender emissions reduction certificates.

Permits issued to E&B through the County of Kern for new projects over the last few years required $2 million of dollars in air mitigation fees to SJVAPCD and the County of Kern for their air emissions reduction program and projects. Our company has irrevocably purchased and surrendered approximately $1.5 million of Emission Reduction Certificates for NOx, SOx, and VOCs for newly permitted equipment deployed in the County of Kern and other counties. The OPGEE does not take account or deduct emissions accounting for these programs.

We comply with CARB's methane rule, strict EPA and Air District rules governing flares and fugitives' emissions. We do not see how these stringent, and ongoing, programs are reflected *relative* to foreign or other State's producers who do not adhere to these standards. The requirements are extensive. There are high standards on water quality regulations including rigorous agency and public reviews associated with oil and gas production.

E&B has supported many new environmental laws and has, as a result, implemented the new standards in our operations. Most of the time, these rules do not apply to foreign producers creating an uneven playing field. One example is the AB 2729 addressing the number of idle wells in California. Since that rule was implemented a few years ago, we have spent over $10 million and eliminated many idle wells. AB 2729 does not apply to foreign producers importing to California.

There is no accounting for this uneven playing field. The program could account for the magnitude and breadth of positive environmental stewardship in California oil production. There are published environment indexes, but they are not incorporated into OPGEE or LCFS. For example, Yale University publishes an annual Environmental Performance Index by Country. The US is one of the higher performers. Countries like Saudi Arabia and Equator (where California's oil supplies are imported from), have significantly worse scores. There OPGEE model does not account for lower environmental standards when these counties export to California.

California operators are required to adhere to stringent environmental laws and provide significant benefits to the State's programs. This should be recognized in the OPGEE or the LCFS regulatory program.

If you have any questions or concerns, I am available to discuss this matter at your convenience. I can be reached at amy.roth@ebresources.com or (562) 548-6815. You may also contact my assistant Priscilla Manning at priscilla.manning@ebresources.com or (562) 548-6812.

Sincerely

DocuSigned by:

Amy Lynne Roth

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Amy Roth
VP Regulatory Oversight
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