E&B
NATURAL RESOURCES

1608 Norris Road • Bakersfield, CA 93308

January 5, 2022

Via electronic submittal to: https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=lcfs-wkshp-dec21-ws%20&comm_period=1

Ms. Cheryl Laskowski
LCFS Branch Chief
California Air Resources Board

Thank you for the opportunity to comment. At the December 7th workshop LCFS staff requested input as they consider eliminating LCFS credits for petroleum projects in a future rulemaking process. Staff indicated they are contemplating an elimination of LCFS benefits for new, lower intensity investments in crude production. E&B is opposed to such a policy reversal.

E&B receives solar PV to energize two of its oil production operations. Both facilities are qualified and are approved under the LCFS. These investments would not have been executed without the LCFS Innovative Crude provision. Given the State's goal is to achieve carbon neutrality by reducing the 'sources' of emissions, it would serve the State's goal if traditional energy sources reduce carbon intensity by making additional investments in new and innovative technologies. For these greener investments, LCFS can represent a significant portion of the project value, provide a strong signal from the State supporting the investment, and reliable revenue steam throughout the project life.

Removal of LCFS for qualifying projects in the oil field is short-sighted and creates an uneven playing field with other sectors making investments in new technologies. For decades, crude oil (as transportation fuel feedstock) will be utilized in California. During this time, the in-state producers should be treated equitably with other sectors and provided incentives to reduce carbon intensity. Whether a carbon dioxide molecule is reduced in the oil field or at the tailpipe makes no difference in its global warming impact. A ton of carbon dioxide removed is a ton removed. If oil producers emit less carbon dioxide, then the state should incentivize its decarbonization as it does other sectors.

Our sector is dealing with the increasing costs of cap-and-trade, and the Innovative Crude provision provides incentives to lower carbon intensity, as well as direct emissions. As you may already know, if there is natural gas combustion in a steam generator, for instance, there is a cap-and-trade obligation to the State, *even if the CO2 is sequestered*. If this program is removed, unintended consequences will be difficult to predict. For instance, if California oil producers produce less of their share of the State's demands, the crude producers in Ecuador, Saudi Arabia, and Iraq will increase supertanker shipments to California coasts which have been jammed with supertankers emitting bunker fuel emissions as uncontrolled black carbon.

California • Kansas • Louisiana • Wyoming

Bus: (661) 387-8500 • www.ebresources.com • Fax: (661) 387-8690

NATURAL RESOURCES

1608 Norris Road • Bakersfield, CA 93308

We encourage you to continue the Innovative Crude incentive program under the LCFS for it has already worked to incent the sector to reduce its emissions. E&B is proof that investment in cleaner technology will follow a well-designed and balanced program.

Sincerely,

Amy Roth

Amy Roth
VP Regulatory Oversight