

17-3-6
Jennifer Pitcher

California State Senate

SENATOR
JEAN FULLER

SENATE REPUBLICAN LEADER
SIXTEENTH SENATE DISTRICT



March 23, 2017

Ms. Mary Nichols, Chair
California Air Resources Control Board
1001 I Street
Sacramento, CA 95814

Re: Comments on 15-day Modifications to Draft ARB Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations

Dear Ms. Nichols:

I am writing to express my concerns regarding certain provisions outlined in the California Air Resources Board (ARB) 15-day Modifications to the Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations.

As you know, the oil industry is vital to Kern County's economy. Over 80% of the state's oil production occurs in Kern County which makes up a large portion of my District. The tax revenue generated from the oil industry and the tens of thousands of jobs (approximately 45,000) that the industry provides serves as a pillar of Kern County's economy. When the oil industry is burdened with excessive, expensive, and overreaching regulations with little to no environmental impact or scientific reliability, Kern County's economy suffers, thus significantly lowering the quality of life for my constituents.

Our oil producers already operate under the most stringent regulations in the nation. I understand the importance of reducing greenhouse gas emissions. But the effectiveness of costs associated with those reductions should also be important to your Board. I ask that you direct your staff to re-assess the cost effectiveness of this program at a future date.

It is imperative that staff weigh the environmental benefits, if any, to the costs associated with implementing the program. I am referring specifically to the leak detection and reporting (LDAR) program. If staff finds that increased inspections do not correlate with a reduction in leaks, then I recommend that your staff look into reducing the frequency of inspections. The purpose of this rule is to reduce greenhouse gas emissions, not to increase bureaucracy and unless there is a strong scientific correlation between inspections and methane emission reductions, I do not believe there is significant reason to justify quarterly LDAR inspections.

Therefore, I respectfully urge ARB to carefully consider the abundant costs associated with the implementation of this rule and verify that those costs are effectively benefitting the environment. Should you have any questions or would like to discuss my letter further, please feel free to contact me at (916) 651-4016. Thank you in advance for your kind consideration.

Sincerely,

A handwritten signature in blue ink that reads "Jean Fuller".

JEAN FULLER
Senate Republican Leader

STATE CAPITOL
SACRAMENTO, CA 95814
(916) 651-4014

California State Senate

SENATOR
ANDY VIDAK
FOURTEENTH SENATE DISTRICT



March 20, 2017

Ms. Mary Nichols, Chair
California Air Resources Control Board
1001 I Street
Sacramento, CA 95814

Re: Comments on 15-day Modifications to Draft ARB Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations

Dear Ms. Nichols,

I am writing to express my concerns regarding leak detection and reporting (LDR) program outlined in the California Air Resources Board (ARB) 15-day Modifications to the Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations.

As you know, the oil industry is vital to Kern County's economy. Over 80% of the State's oil production occurs in Kern County which makes up a large portion of my district. The industry creates approximately 45,000 jobs for the men and women of the Valley, along with the tax revenue generated from the oil industry provides serve as a pillar of Kern County's economy. When the oil industry is burdened with excessive, expensive, and overreaching regulations with little to no environmental impact or scientific reliability, Kern County's residents' quality of life suffers.

California oil producers already operate under the most stringent regulations in the nation. When implementing the LDR program, it is imperative that the environmental benefits (if any) are weighed against the associated costs.

I respectfully urge the ARB to carefully consider the abundant costs associated with the implementation of this rule and verify that those costs are effectively benefitting the environment. Should you have any questions or would like to discuss my letter further, please feel free to contact me at (916) 651-4014.

Thank you for your kind consideration.

Sincerely,

Andy Vidak

A large, stylized handwritten signature of Andy Vidak in black ink, written over the printed name.

BOARD OF SUPERVISORS

SUPERVISORS

Mick Gleason..... District 1
Zack Scrivner..... District 2
Mike Maggard District 3
David R. Couch..... District 4
Leticia Perez..... District 5



KATHLEEN KRAUSE

CLERK OF BOARD OF SUPERVISORS

Kern County Administrative Center
1115 Truxtun Avenue, 5th Floor
Bakersfield, California 93301
Telephone (661) 868-3585
TTY Relay 800-735-2929

March 14, 2017

Ms. Mary D. Nichols, Chair
California Air Resources Board
1101 "I" Street
Sacramento, CA 95814

**Re: Kern County Board of Supervisor comments in opposition to unnecessary regulations
Proposed Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations (the
Methane Rule) March 23/24 Board Hearing**

Honorable Chairman and Board members,

The Kern County Board of Supervisors appreciates the opportunity to comment on the proposed Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations. Over 80% of the State's oil production occurs in Kern County, and over 90% of well stimulation treatments occur in Kern County. Continuous reductions in oil prices have resulted in sweeping layoffs in the oil industry and other related trades, causing economic hardships for many families in Kern County. In addition, the County's FY 2016-17 discretionary resources shrank by \$29 million due to the continued decline in the market price of oil.

While supporting our oil industry as an important source of jobs and property tax revenue, the Kern County Board of Supervisors has also set a high standard for protection of the environment related to oil and gas exploration. The comprehensive Kern County Zoning Ordinance for Oil and Gas Activities effective December 9, 2015 implements new permitting requirements where none existed before, and extensive mitigation measures on new wells, well stimulation and specific ongoing oil and gas activities based on a detailed and publicly reviewed Environmental Impact Report for the entire Kern County oil activity areas. The Board appreciates the coordination and comments we received on this document from your staff and the California Division of Oil, Gas and Geothermal Resources (DOGGR), regarding the environmental impacts and the design of mitigation measures. Many of these measures go beyond regulations currently in place by State Agencies such as DOGGR, RWQCB and the San Joaquin Valley Air Pollution Control District under the authority of the California Environmental Quality Act. Since December 9, 2015, a Kern County Oil and Gas Conformity Review permit must be obtained before any permit is issued from DOGGR.

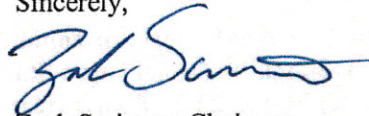
The Conformity Review process now includes the first uniform air mitigation imposed on oil and gas operations in the State with a standard of no net increase for criteria pollutants, the functional equivalent of zero. The Board of Supervisors executed a precedent setting Emission Reduction Agreement with the San Joaquin Valley Air Pollution Control District (SJVAPCD) and the County collects air mitigation fees on every permit. To date, even in this depressed market, the program has collected over \$3 million for use in air reduction grants for replacement of polluting engines, vehicle fleets and other approved programs. This fee is in addition to extensive mitigation measures that address dust control and the already adopted

SJVAPCD requirements that apply to Oil and Gas operations. Our Board, through the adoption of this new and costly program, has shown its support for reasonable and effective environmental protection for our region and our important right to clean air.

We are, however, in opposition to duplicative regulation that increases burdens on the industry without adding to environmental protection. The LDAR program with the SJVAPCD program is effective, locally administered and enforced, and it should be utilized rather than creating a new state program for the same purpose.

The Board appreciates our continued partnership in developing reasonable, meaningful regulations that protects our environment while allowing for economic stability so that we may continue to provide critical services to our communities, including many disadvantaged communities.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Zack Scrivner', is written over the word 'Sincerely,'.

Zack Scrivner, Chairman
Kern County Board of Supervisors

cc:

Mr. Seyed Sedredin Executive Director San Joaquin Valley Air Pollution Control District
Mr. Ken Harris, State Oil and Gas Supervisor CA Division of Oil, Gas and Geothermal
Mr. David Bunn Director, CA Department of Conservation
Kern County Planning and Natural Resources Department

Kern County Administrative Office



County Administrative Center

1115 Truxtun Avenue, Fifth Floor • Bakersfield, CA 93301-4639

Telephone 661-868-3198 • FAX 661-868-3190 • TTY Relay 800-735-2929

RYAN ALSOP

County Administrative Officer

March 14, 2017

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

**REQUEST FOR POSITION IN OPPOSITION TO INCREASED UNNECESSARY REGULATION
OF OIL AND GAS PRODUCERS BY CALIFORNIA AIR RESOURCES CONTROL BOARD
AND CENTRAL VALLEY REGIONAL WATER QUALITY CONTROL BOARD**

Fiscal Impact: None

This is to request that your Board adopt a position in opposition to increased and unnecessary regulation of oil and gas producers by state agencies.

As your Board is aware, continuous reductions in oil prices have resulted in sweeping layoffs in the oil industry and other related trades, causing economic hardships for many families in Kern County. In addition, the County's FY 2016-17 discretionary resources shrank by \$29 million due to the continued decline in the market price of oil.

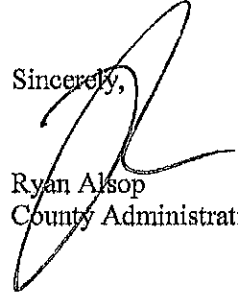
Several state agencies are proposing further burdensome regulations on oil and gas production while California continues to rely on oil and natural gas for 96% of all vehicle mileage, and while 52% of all electricity generated in California uses natural gas. Therefore, regardless of restrictions aimed at curtailing and eventually ending California oil production, the 32 million cars in use in California will continue to use gasoline, and much of our electricity will continue to be generated from natural gas products. Imposing costly and unnecessary rules on top of those already enacted will only serve to further diminish the local economy and replace local oil production with cheaper imports from other states and nations while heightening the documented environmental risks attached to marine and overland transport of crude oil.

The attached letters request the California Air Resources Control Board and Central Valley Regional Water Quality Control Board to reject proposed uneconomic regulations on California petroleum producers who are already complying with the new Kern County permitting structure, which includes the most comprehensive mitigation measures in the state.

Board of Supervisors
Agency Oil Regulations
March 14, 2017
Page 2

Therefore, IT IS RECOMMENDED that your Board adopt a position in opposition to the increased and unnecessary regulation of oil and gas producers and authorize the Chairman to sign correspondence to the appropriate officials.

Sincerely,



Ryan Alsop
County Administrative Officer

RA\TBLEGGEN State Agency Oil Regulations-OPPOSE.docx
CP 1000.30

Attachments

cc: California Air Resources Control Board
Central Valley Regional Water Quality Control Board
Western States Petroleum Association
Independent Oil Producers Agency
California Independent Petroleum Association
Kern County Planning and Natural Resources Department



500 Capitol Mall, Suite 1600
Sacramento, CA 95814
T. 916.447.0700
F. 916.447.4781
www.stoel.com

MICHAEL N. MILLS
D. 916.319.4642
michael.mills@stoel.com

March 23, 2017

Ms. Mary Nichols
Chair
California Air Resources Control Board
1001 I Street
Sacramento, CA 95814

Re: Comments on 15-day Modifications to Draft ARB Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations

Dear Ms. Nichols:

I am writing to express my concerns regarding certain provisions outlined in the California Air Resources Board (ARB) 15-day Modifications to the Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations. I am an attorney at Stoel Rives in Sacramento, California, and my law firm represents operators in the oil and gas industry in Kern County and other areas of California.

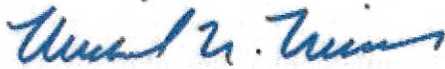
When the oil industry is burdened with excessive, expensive, and overreaching regulations with little to no environmental impact or scientific reliability, California's economy suffers, thus significantly lowering the quality of life for its residents. Oil producers in California already operate under the most stringent regulations in the nation. I understand the importance of reducing greenhouse gas emissions. But the effectiveness of costs associated with those reductions should also be important to your Board. I ask that you direct your staff to re-assess the cost effectiveness of this program at a future date.

It is imperative that staff weigh the environmental benefits (if any) to the costs associated with implementing the program. I am referring specifically to the leak detection and reporting (LDAR) program. If staff finds that increased inspections do not correlate with a reduction in leaks, then I recommend that your staff look into reducing the frequency of inspections. The purpose of this rule is to reduce greenhouse gas emissions, not to increase bureaucracy, and unless there is a strong scientific correlation between inspections and methane emission reductions, I do not believe there is significant reason to justify quarterly LDAR inspections.

Ms. Mary Nichols
March 23, 2017
Page 2

Therefore, I respectfully urge ARB to carefully consider the abundant costs associated with the implementation of this rule and verify that those costs are effectively benefitting the environment. Should you have any questions or would like to discuss my letter further, please feel free to contact me at (916) 319-4642. Thank you in advance for your kind consideration.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Michael N. Mills". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael N. Mills



C&J Energy Services

C & J ENERGY SERVICES

C & J Well Services, Inc.
7515 Rosedale Hwy • Bakersfield, CA 93308
Phone: (661) 589-3970 • Fax: (661) 589-5276
California Contractor's License 974990

RE: CARB Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations ("Methane Rule")

C&J Well Services, Inc. ("CJWS"), a leading provider of well construction, well completions, well support and other complementary oilfield services to the oil and gas exploration and production companies in the U.S. and Western Canada, provides rig services and fluid management services, among other services in California such as well drilling services. CJWS has participated for the past 24 years in the development of emissions-reducing regulations for California. CJWS is a member of Western States Petroleum Association to ensure that our domestic petroleum industry remains a strong contributor to California's vitality and quality of life. CJWS advocates cost effective regulations and achieving a balanced approach between environmental protection and viability of the oil industry.

The California Air Resources Board ("CARB") is developing an AB32 Upstream Methane Rule on the oil and gas industry and several items related to the draft regulations concern CJWS. California has the most stringent recovery requirements and this regulation will be another regulatory layer. The existing regulations, effectively carry out CARB mandates.

Further, this regulation will result in additional cost burdens across the industry on top of costs for existing vapor recovery requirement already in place. CJWS is concerned about the burdensome financial impact from the regulations on operators. CARB cost estimates to install vapor recovery systems are approximately \$35,000 to \$100,000 on each tank and industry cost estimates are closer to \$250,000 to \$500,000 for the same equipment. We urge CARB staff to re-evaluate the implementation costs and operating costs to determine whether the cost of regulation is cost-effective. Another concern is that the contractors supporting the oil and gas operators are investing millions of dollars in equipment and engines in the portable, off-road and on-road application to reduce greenhouse gas emissions. With all the investments by operators in the past to reduce greenhouse gases, the higher cost impact from the Methane Rule and cost to support contractors on the reduction of greenhouse gas emissions, the petroleum industry is currently investing millions which will result in a reduction of activities and a loss of jobs in California.

This rule incorporates thousands of new components requiring leak detection checks on a quarterly basis. Oil producers have been under LDAR programs through the SJVAPCD for decades with a high rate of success. This additional requirement will add significant costs for leak inspections. We urge the Board to reconsider re-incorporating the "Step-Down" provision during re-assessment and based on data showing minimal leaks.

Our major concern is the safety of all the employees exposed to the vapor recovery system. The vapor recovery system requirements for circulation tanks in this rule have the potential to pose significant safety risks to operators and contractors in the field. There are numerous flammable and inflammable solids and gases present during oil and gas production. To capture oxygen-rich vapors from circulation tanks in a closed system is unsafe and poses a huge fire risk. We urge CARB staff to review the rule's requirements and to develop solutions to reduce the exposure of danger to the field employees.

The oil industry has a long-standing history of leadership in environmental compliance and commitment to continued improvement. We continue to look forward in working with CARB staff on the development of solutions to the Methane Rule and developing a cost-effective regulation. If you have any questions regarding our comments, please contact Jerry Fernandez at 661-201-6056 or by email at jerry.fernandez@cjes.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jerry Fernandez", with a stylized flourish at the end.

Jerry Fernandez
Environmental Compliance Manager

March 23, 2017

Ms. Mary Nichols
Chair
California Air Resources Control Board
1001 I Street
Sacramento, CA 95814

(661) 873-4709
P.O. BOX 5551,
BAKERSFIELD, CA. 93388
Email: norchamber@bak.rr.com



RE: 15 Day Modifications to the Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil & Natural Gas Operations

On behalf of the NOR Chamber of Commerce, I am writing to express my concerns regarding certain provisions outlined in the California Air Resources Board (ARB) 15-day Modifications to the Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations.

California already has some of the most rigorous regulations on the oil industry. Over 80% of the state's oil production occurs in Kern County. The tax revenue generated from the oil industry and the thousands of jobs are a vital aspect to the local economy. Adding additional regulations will hurt business owners and our economy. Kern County cannot afford excessive regulations that have a negative impact on local businesses.

We are concerned about the high cost impact the regulation will have on operators. ARB cost estimates to install vapor recovery systems on a tank is about \$35,000 to \$100,000 whereas industry cost estimates are closer to \$250,000 to \$500,000. We feel that ARB did not take into consideration all costs, not just equipment cost or one-time costs. We urge ARB staff to utilize the data collected to review the cost to actual methane emissions reduced to determine whether the cost of the regulation is effective or not at a future date.

For these reasons, we respectfully urge ARB to carefully consider the abundant costs associated with the implementation of this rule and verify that those costs are truly benefitting the environment and do not restrict jobs in our communities.

Sincerely,



John Heath

President

NOR Chamber of Commerce

March 23, 2017

Ms. Mary Nichols
Chair
California Air Resources Control Board
1001 I Street
Sacramento, CA 95814

(661) 873-4709
P.O. BOX 5551,
BAKERSFIELD, CA. 93388
Email: norchamber@bak.rr.com



RE: 15 Day Modifications to the Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil & Natural Gas Operations

On behalf of the NOR Chamber of Commerce, I am writing to express my concerns regarding certain provisions outlined in the California Air Resources Board (ARB) 15-day Modifications to the Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations.

California already has some of the most rigorous regulations on the oil industry. Over 80% of the state's oil production occurs in Kern County. The tax revenue generated from the oil industry and the thousands of jobs are a vital aspect to the local economy. Adding additional regulations will hurt business owners and our economy. Kern County cannot afford excessive regulations that have a negative impact on local businesses.

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For these reasons, we respectfully urge ARB to carefully consider the abundant costs associated with the implementation of this rule and verify that those costs are truly benefitting the environment and do not restrict jobs in our communities.

Sincerely,



John Heath

President

NOR Chamber of Commerce



Kern Citizens for
Energy

Leadership Committee

Paul Linder
City of Taft

Brooke Antonioni
Trans-West Security Services, Inc.

Kevin Burton
San Joaquin Community Hospital
Foundation

Roy Pierucci
Pierucci Farms

Mike Williams
Kern High School District/Businessman

Keith Wolaridge
PBVSD Board of Trustees

Zane Smith
Boys & Girls Clubs of Kern County

Richard Chapman
Kern Economic Development Corporation

Colleen McGauley
CASA of Kern County

Garth Milam
Bakersfield City Fire, Retired

Michael Turnipseed
Kern Taxpayers Association

Jay Tamsi
Kern County Hispanic Chamber

Sheri Horn-Bunk
Taft College Foundation

Terry Maxwell
Businessman

Clay Koerner
Businessman

Louis Gill
Bakersfield Homeless Center

Keith Brice
Midstate Development Corp

Gregory Bynum
Businessman

Greg Williamson
Formerly Bakersfield Police Dept.

Dr. Sonya Christian
Bakersfield College

Nick Ortiz
Greater Bakersfield Chamber of
Commerce

Hugh McMahon
Tejon Ranch Company

Robin Mangarin-Scott
Dignity Health

Dr. Christine Lizardi Frazier
Former Kern County Superintendent of
Schools

Tomeka Powell
Kern County Black Chamber of
Commerce

Susan Snedden
Snedden Ranch/KC Cattleman's
Association

Tom Bracken
Sunridge Nurseries

March 23, 2017

Ms. Mary Nichols
Chair
California Air Resources Control Board
1001 I Street
Sacramento, CA 95814

Re: Comments on 15-day Modifications to Draft ARB Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations

Dear Ms. Nichols:

We are writing to express our concerns regarding certain provisions outlined in the California Air Resources Board (ARB) 15-day Modifications to the Draft Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Operations.

As you know, the oil industry is vital to Kern County's economy. Over 80% of the State's oil production occurs in Kern County. The tax revenue generated from the oil industry and the tens of thousands of jobs (approximately 45,000) that the industry provides serves as a pillar of Kern County's economy. When the oil industry is burdened with excessive, expensive, and overreaching regulations with little to no environmental impact or scientific reliability, Kern County's economy suffers, thus our collective businesses and organizations are negatively impacted.

Our oil producers already operate under the most stringent regulations in the nation. While we understand the importance of reducing greenhouse gas emissions, we believe the effectiveness of costs associated with those reductions should also be important to your Board.

It is imperative that staff weigh the environmental benefits (if any) to the costs associated with implementing the program. We are referring specifically to the leak detection and reporting (LDAR) program. If staff finds that increased inspections do not correlate with a reduction in leaks, then we recommend that your staff consider reducing the frequency of inspections. The purpose of this rule is to reduce greenhouse gas emissions, not to increase bureaucracy; unless there is a strong scientific correlation between inspections and methane emission reductions, we do not believe there is significant reason to justify quarterly LDAR inspections.

Therefore, we respectfully urge ARB to carefully consider the abundant costs associated with the implementation of this rule and verify that those costs are effectively benefitting the environment. Thank you in advance for your kind consideration.

Sincerely,

Gregory D. Bynum
Gregory D. Bynum and
Associates, Inc.

Tom Bracken
Sunridge Nurseries

Sheri Horn-Bunk
Taft College/ West Kern
Community College District