



CARL J. WIRDAK
DIRECTOR, ENVIRONMENTAL AFFAIRS

September 27, 2011

Clerk of the Board
California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Submitted Electronically

Comments of Occidental Petroleum Corporation on Air Resources Board 15-Day Modifications to Proposed Regulations for the Mandatory Reporting of Greenhouse Gas Emissions (Release Date: September 12, 2011)

Occidental Petroleum Corporation ("Occidental") respectfully submits the following comments on provisions of the California Air Resources Board ("ARB") "15-Day Modifications to Proposed Regulations for the Mandatory Reporting of Greenhouse Gas Emissions."

Occidental is a Los Angeles-based oil and gas exploration and production company with operations in the United States, the Middle East, North Africa and Latin America. Occidental is California's largest natural gas producer and the state's second-largest oil and gas producer on a barrels of oil equivalent basis. Its California operations, where more than 8,700 employees and contractors work, encompass more than 3,700 drilling locations and 7,500 active wells in 90 producing fields spanning more than 600 miles. Occidental's significant operating interests in California include:

- Occidental of Elk Hills, Inc. – the majority owner and operator of the Elk Hills field, which produces oil and associated natural gas from the former U.S. Naval Petroleum Reserve located in Kern County;
- THUMS Long Beach Company and Tidelands Oil Production Company – serving as the contract operator for the City of Long Beach of oil and gas fields owned primarily by the State of California;
- Vintage Production Company, LLC – operating properties that produce oil and gas from more than 50 fields primarily located in the Ventura, San Joaquin and Sacramento basins; and
- Elk Hills Power, LLC – a 550-MW gas-fired power generation plant, located in western Kern County.

Harmonization of federal and state reporting programs for upstream oil and gas production entities

Occidental's comments focus on Section E (page 14) of the document "Second Notice of Public Availability of Modified Text regarding the Mandatory Reporting Regulation (MRR) for GHG Emissions." This section correctly notes that there are extensive proposed changes to Subpart W of U.S. EPA's greenhouse gas reporting rule, which forms the basis for and is incorporated into the California MRR. In California, Occidental and other upstream oil and gas production reporting entities must comply with both state and federal regulatory programs for greenhouse gas emissions reporting. The provisions of the U.S. EPA Subpart W rule and the California MRR cover nearly every aspect of upstream oil & gas extraction and significant resources are required to implement measurement and accounting systems designed to assure compliance.

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Due to the nature and scope of the changes already proposed to Subpart W and those still subject to ongoing litigation, further changes to the MRR will very likely be required to adopt and incorporate changes that EPA makes to the Subpart W rule. Accordingly, Occidental believes it is imperative for ARB to harmonize its greenhouse gas emission reporting provisions for upstream oil and gas production entities with parallel U.S. EPA provisions. Failing to do so will create confusion in the calculation of emissions covered one way by the federal rules and another way by the state rules. Inconsistency between the ARB and EPA regulated activities will impose an unnecessary administrative burden on California upstream operators. For this reason, Occidental requests that for the upstream oil and gas production sector: (1) ARB harmonize its rules to the greatest extent possible with parallel EPA provisions, and (2) ARB staff provide a publicly noticed communication of their determination of the impact on the MRR whenever U.S. EPA adopts a change in the Subpart W rule, even if ARB staff determines that no change to the MRR is necessary.

Respectfully,

A handwritten signature in cursive script that reads "Carl Wirdak". The signature is written in black ink and is positioned above the typed name and title.

Carl Wirdak
Director, Environmental Affairs