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Christina Zhang-Tillman  
Air Resources Board  
1001 I Street  
Sacramento, CA 95814

RE: Comments on the December, 2008 draft of The California Low Carbon Fuel Standard (LCFS) Regulations

On behalf of Chevron, I am pleased to provide additional comments on the December, 2008 draft of The California Low Carbon Fuel Standard (LCFS) regulations. These comments build on our previous comments submitted on December 19, 2008.

Chevron is concerned about the ARB's proposed differentiation between "conventional" and "unconventional" crudes. Such differentiation is neither necessary to ensure that such "unconventional" crudes are accurately accounted nor conducive to a workable LCFS. The LCFS would be better served by a system in which all petroleum products are treated the same based on the contributions of the various crudes without separation into artificial categories.

The LCFS must be based on accurate representations of the carbon intensity of all regulated transportation fuels. For petroleum products, a portion of the lifecycle carbon intensity depends on the crude used to refine them. If there are changes in the carbon intensity distribution of crudes, those changes should be reflected in the two default values for refined products (i.e., gasoline and diesel). Such updates would logically be a part of the regularly scheduled LCFS program reviews. In the case of what the ARB has referred to as "unconventional" crudes, those crudes should be counted in the determination of the average crude just as "conventional" crudes are now. There is no need to create a regulatory classification system that treats some crudes separately from others.

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ARB's insistence on separate treatment has created unnecessary complications in the development of the LCFS regulations. Part of staff's proposal includes a provision that "unconventional" crudes that deviate from "conventional" crudes by less than a threshold amount would be given the average value of the "conventional" crudes instead of their actual carbon intensity. In addition, it has been apparent that creating regulatory definitions that capture the proposed artificial differentiation in crude type is very difficult. Treating all crudes in the same way ensures that accounting will be based on each crude's true carbon intensity, and avoid regulatory gymnastics in order to create definitions.

The proposed differentiation by crude type also threatens the feasibility of the LCFS. In order to account for the refined product share that is attributed to "unconventional" crude, a refiner would need to track the source and quantity of the "unconventional" crudes that they refine. The resulting product would then have a different carbon intensity than the default product produced solely from "conventional" crudes. This creates the possibility that otherwise identical products could be treated differently as they enter commerce. All these problems are precisely why staff has recognized the need to treat all "conventional" crudes identically. We support that conclusion.

I would be happy to discuss this proposal with ARB staff. If you have any questions, please contact me at (760) 731-0361 or [juih@chevron.com](mailto:juih@chevron.com).

Sincerely,



James P. Uihlein

cc: Robert Fletcher  
Dean Simeroth  
Steve Brisby  
John Courtis  
Renee Littaua