



# *Kern Oil & Refining Co.*

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April 25, 2012

Clerk of the Board  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**Re: Comments on Proposed Amendments to Low Carbon Fuel Standard Regulation –  
Kern Oil & Refining Co.**

Dear Clerk of the Board:

The intent of this letter is to provide comments on the proposed amendments to the Low Carbon Fuel Standard (LCFS) regulation, as presented by the California Air Resources Board (CARB) in the April 10, 2012 Notice of Public Availability of Modified Text. Kern Oil & Refining Co. (Kern) appreciates the opportunity to comment on the proposed modifications. Kern is one of only two remaining small refiners in California producing transportation fuels, and Kern is the only small refiner in California producing CARB Reformulated Gasoline and Ultra Low Sulfur Diesel.

Kern has reviewed Resolution 11-39, as well as the referenced Attachment B containing staff's suggested modifications to the original proposal, and is particularly concerned with proposed changes to section 94584 (b) pertaining to reporting requirements. Specifically, paragraph 4 of 94584(b)(3)(A) and paragraphs 1-3 of 94584(b)(4)(B) require reporting of marketable crude oil names (MCONs), volumes supplied to a refinery, as well as other very detailed production information about each crude oil and generating oil field.

As drafted, the modified LCFS text requires each producer of gasoline and diesel to report critical details about the production of crude oils purchased – critical details that are not within the realm of information provided by crude oil producers and suppliers. Details such as the particular field name, type and percentage of any diluent used, total volume of MCON produced within a given field, what percentage of that field's production involved enhanced oil recovery techniques or conversion to synthetic crude oil are simply details that a refiner would not and does not know. Frankly, these are key pieces of operational information, likely even considered confidential and/or commercially sensitive information, that oil producers do not share with their customers. Likewise, such key details of types and volumes of crudes processed by each refiner is equally sensitive and confidential information, and should be treated as such.

Kern respectfully requests that the language in the regulatory paragraphs cited above pertaining to reporting of crude oil production details be rejected. Gasoline and diesel producers are being imposed an obligation to report data that is not readily available to them and furthermore is not readily obtainable. Oil producers are under no obligation to provide these details to their customers. Understanding that certain data about crude oil lifecycle is requisite for determining carbon intensity of a given MCON, Kern is of the position that additional analysis of these matters is necessary for determining how best to gather such data. To place this requirement on the refiner is to set them up for noncompliance in meeting the LCFS reporting obligation.

As previously expressed in public comments during the December 2011 rulemaking effort, and as further communicated in meetings with CARB staff, Kern is particularly interested in the accounting of crude oil carbon intensities and development of regulatory language supportive of an individual refinery approach to compliance with the industry baseline. This too was a key point made in Resolution 11-39 that warrants additional attention and analysis in order to be appropriately addressed. Kern appreciates this opportunity to provide comment. We are committed to continue working with Staff throughout this regulatory process.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Melinda L. Hicks', written in black ink.

Melinda L. Hicks  
Manager, Environmental Health and Safety