



*California Independent
Petroleum Association
California's Small, Homegrown Oil Producers*

CIPA Issues & Public Policy Brief

*Californians Making Energy in California,
for Californians*

FALL 2024

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CALIFORNIA INDEPENDENT PETROLEUM ASSOCIATION (CIPA)

Now in its 48th year, the California Independent Petroleum Association (CIPA) is a non-profit, non-partisan trade association representing approximately 300 independent crude oil and natural gas producers, royalty owners, and service and supply companies operating throughout California. Formed in 1976 from the merger of the Independent Oil & Gas Producers Association and the California Independent Producers & Royalty Owners Association, CIPA has consistently focused on advancing the political, regulatory, and public policy interests of independent oil and gas producers. Headquartered in Sacramento, CIPA advocates on behalf of its members to ensure their voices are heard in legislative and regulatory matters that impact California's energy industry.

CIPA is governed by a 48-member Board of Directors representing companies from key oil and gas regions, including the L.A. Basin, San Joaquin Valley, Central Coast, and Northern California. In addition to its work on behalf of oil producers, CIPA also established the California Natural Gas Producers Association (CNGPA) in 2001 as a wholly-owned subsidiary. The CNGPA was created to increase public awareness and address policy issues specific to California's natural gas resources. Through its extensive advocacy efforts, CIPA continues to play a critical role in shaping the future of the state's energy policy, ensuring that independent producers can contribute to California's energy needs while adhering to stringent environmental standards.

Companies serving on CIPA's board are:

- | | |
|--|--|
| <ul style="list-style-type: none"> American Energy Operations, Inc. Amplify Energy/Beta Offshore Asphalta, LLC Bridge Energy LLC Brown Armstrong Accountancy Corporation California Energy Exchange Corp. California Natural Resources Group (CaNRG) Carbon California Operating Company Cooper & Brain, Inc. Cornerstone Engineering Crimson Resources Management Drilling & Production Co. E&B Natural Resources Management Envirotech Consultants, Inc. Freeport-McMoRan Oil & Gas General Production Service of California, Inc. | <ul style="list-style-type: none"> Holmes Western Oil Corporation Hoyt Energy, LLC INpower Global Insurance Services, LLC Ivey, Kevin - Royalty Owner Maranatha Petroleum, Inc. Naftex Operating Company Norton Rose Fulbright US LLP Pacific Coast Energy Patriot Resources LLC Premier Resource Management Reedy, Jerry - Royalty Owner RMX Resources LLC San Joaquin Facilities Management Signal Hill Petroleum Termo Company TRC Operating Company, Inc. Tri Counties Bank Trio Petroleum LLC |
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EXECUTIVE SUMMARY

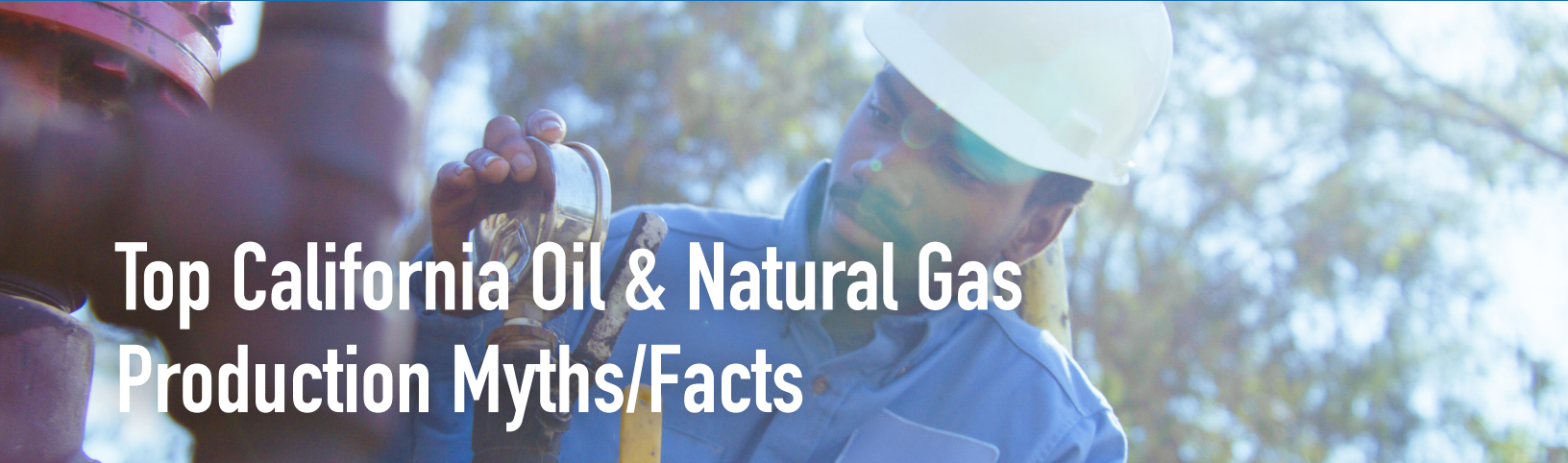
There are many myths and misconceptions surrounding oil production, including concerns over safety, economic impacts, water usage, orphan wells, and the belief that only large corporations benefit while oil workers become obsolete. This document sets the record straight about these myths and many more. Additionally, it provides an in-depth look at where production takes place and the realities facing California's energy landscape today.

In this briefing book, you will learn:

- 1** The critical role California's oil industry plays in the economy and energy landscape.
- 2** Why regulatory challenges, not resource scarcity, reduce in-state oil production.
- 3** California's ongoing reliance on petroleum and natural gas, despite renewable advancements.
- 4** The environmental and security risks of importing over 70% of California's oil from abroad.

CIPA advocates for fair, balanced policies that recognize the importance of oil production to California's economy and energy security.





Top California Oil & Natural Gas Production Myths/Facts

Myth #1: California is running out of oil.

Fact: California continues to be one of the largest oil producers in the United States, with substantial reserves still untapped.

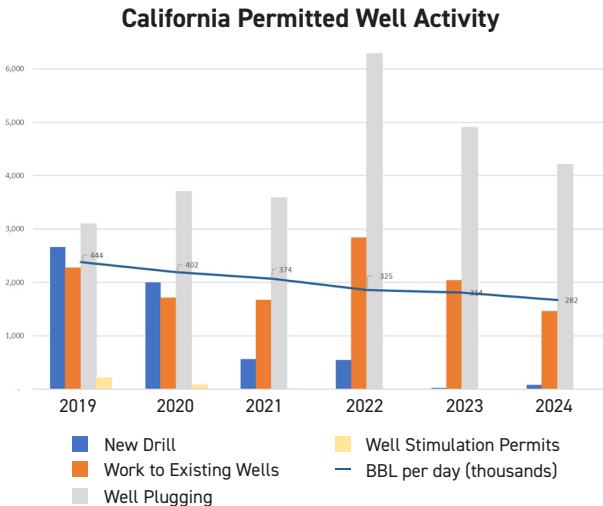
California’s oil fields, particularly in regions like Kern County and Los Angeles County, remain highly productive, and technological advancements in enhanced oil recovery have allowed producers to extract oil from mature fields effectively. The state holds significant reserves, with estimates suggesting enough oil to last at minimum for several more decades. According to the U.S. Energy Information Administration, California still had 1.5 billion barrels of proved reserves in 2022. Policy decisions, not resource depletion, drive recent production declines. Thousands of unreviewed permits at CalGEM could be processed to boost production, helping meet demand and reducing reliance on foreign oil imports, which cost an additional \$5-\$6 per barrel.

Myth #2: The reduction in California-produced oil is due to natural decline and old fields.

Fact: The primary reason for reduced production in recent years is not a lack of resources but regulatory and permitting challenges.

Thousands of drilling permits are currently unprocessed, and regulatory delays have slowed new production. If these permits were approved and new wells drilled, California could significantly increase its oil output.

The reduction in production is primarily a policy issue rather than a natural decline in resources. Local bans and setbacks, such as the 3,200-foot put forth in SB 1137, have also hindered production. These setbacks are based on studies that often do not apply to California’s regulatory environment and lack clear scientific justification for a 3,200-foot setback. The push for increased setbacks and the imposition of local bans threaten California’s capacity to meet its energy needs responsibly.



MYTHS VS. FACTS

Myth #3: California is moving away from using fossil fuels.

Fact: California's oil consumption has continued to increase even with significant investments made in renewable energy.

The transportation sector, which includes cars, trucks, airplanes, and ships, consumes the majority of the petroleum used in the state. California has the largest vehicle population in the country, and despite the rise of electric vehicles (EVs), we have not seen a decrease in demand for oil and natural gas. In fact, petroleum consumption has increased over recent years, from 524,646 thousand barrels in 2020 to 608,470 thousand barrels in 2021, reaching 628,086 thousand barrels in 2022.

Beyond transportation, natural gas plays a critical role in California's overall energy mix. While solar and wind power are important sources of renewable energy, they are intermittent and cannot provide consistent power around the clock. Natural gas serves as a reliable backup, ensuring energy reliability during peak demand times or when renewable sources are not producing enough power.

In addition, many California oil producers have invested in large-scale solar projects, underscoring their role in renewable energy development alongside traditional energy production.

Furthermore, oil is not just used for fuel—it is a key ingredient in over 6,000 everyday products, including medical supplies, plastics, cosmetics, and clothing. From syringes and heart valves to smartphones and sports equipment, oil is integral to the production of goods that people rely on every day.

The transition away from petroleum and natural gas is a long-term goal, but it will take decades before California can fully replace these energy sources. In the meantime, oil and gas will continue to be a crucial part of the state's energy landscape, supporting both transportation and the production of essential goods. That energy should be produced in California by California workers under California laws, not imported from foreign countries.



California's independent petroleum producers contribute to more than 6,000 products other than gasoline that are essential to everyday life.

Myth #4: Renewable energy can easily replace fossil fuels in California.

Fact: Renewable energy is growing in California, but it is not close to being able to fully replace oil.

The state relies on a diverse energy mix, and oil still plays a critical role, especially in transportation, agriculture, and industrial sectors. Electric vehicles (EVs) are gaining market share, but California's grid infrastructure is not yet ready to handle the mass electrification of the transportation sector. Additionally, a large portion of the state's transportation network—including trucks, airplanes, and ships—still relies on oil-based fuels, which cannot be replaced by electricity or hydrogen in the near future.

While renewable sources like wind and solar are essential to California's future energy plans, these sources are intermittent and can't always provide reliable power. Without significant advancements in energy storage technology, renewables alone cannot meet California's constant energy demand. Oil and natural gas are necessary to fill the gaps when renewable energy sources are not generating power, especially during peak hours or extreme weather events.

Until the necessary infrastructure is in place for renewables and electrification, oil will continue to be an essential energy source in California for decades to come.

Myth #5: California doesn't need to produce oil because it can rely on imports, and reducing in-state oil production won't affect consumers.

Fact: While California imports over 70% of the oil it uses, relying primarily on foreign imports comes with significant risks and downsides.

Only California-produced oil is climate-compliant, as every barrel is subject to the state's strict environmental regulations and climate programs, including cap-and-trade. In contrast, imported oil is completely exempt from these requirements, resulting in higher carbon emissions associated with transporting crude long distances by tanker, which undermines California's environmental goals. Additionally, California's port infrastructure has limited capacity to offload foreign supertankers, making it impossible to rely 100% on imports. Without in-state crude production, California would face logistical bottlenecks that could lead to gas shortages and lines of cars reminiscent of what we experienced in the 1970's.

Relying on foreign oil also makes California more vulnerable to global price fluctuations and geopolitical tensions. Disruptions in international markets—such as pandemics, sanctions, conflicts, or supply chain issues—can sharply increase oil prices, directly impacting California consumers. On average, a barrel of imported oil costs \$5-6 more than domestically produced oil, driving up fuel costs at the pump. This dependence on foreign oil, combined with producing under California's own stringent environmental regulations and fuel standards, contributes to some of the highest gasoline prices in the nation.

Reducing local production not only increases energy prices but also poses a significant economic risk, especially in oil-producing regions like the Central Valley and Los Angeles, where thousands of workers depend on the oil industry. Job losses in these areas would ripple through local economies, reducing tax revenues that fund vital public services and infrastructure projects.

Continued on pg. 7

MYTHS VS. FACTS

(Cont.) Producing oil locally under California's climate-compliant framework would help buffer the state from external risks, lower costs for consumers, and protect tens of thousands of jobs. Maintaining a stable domestic oil supply is crucial for keeping energy prices affordable, supporting local economies, and ensuring the state's energy security, all while adhering to the highest environmental protections in the world.

Myth #6: California's oil is dirtier and more harmful to the environment than oil from other regions.

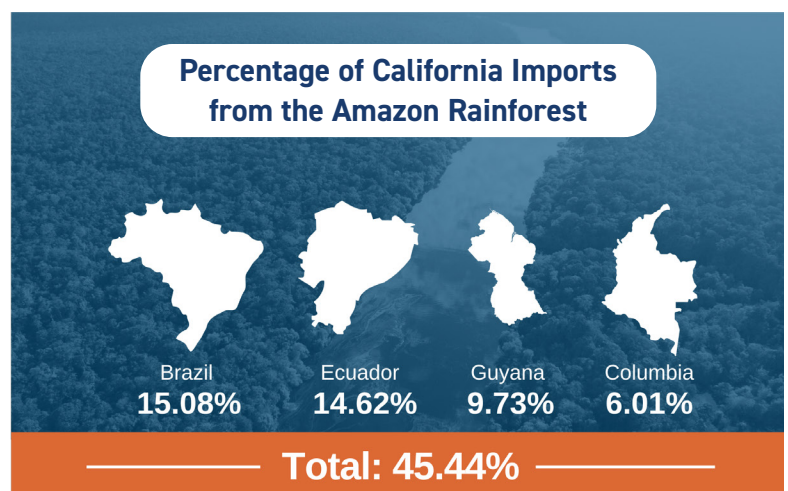
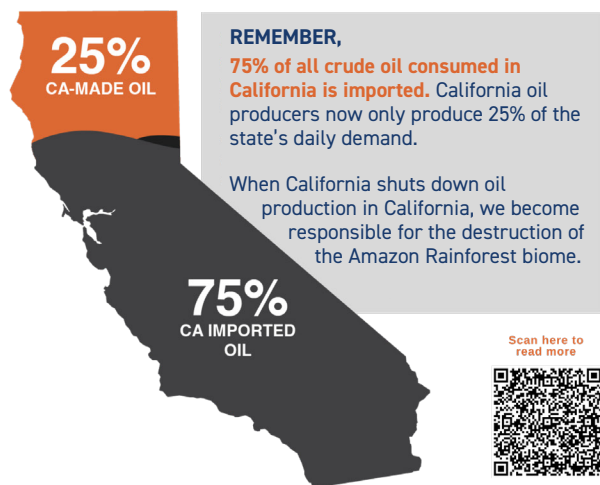
Fact: California's oil production is among the cleanest in the world, thanks to the state's rigorous environmental regulations.

The California Air Resources Board (CARB) enforces strict limits on emissions, while other key agencies such as the California Department of Conservation's Geologic Energy Management Division (CalGEM), the State Water Resources Control Board, and the U.S. Environmental Protection Agency (EPA) oversee various aspects of oil production, from groundwater protection to air quality. In total, California oil production is regulated by over 25 federal, state, and local agencies, ensuring that operations meet the highest environmental standards.

What makes California truly unique is that it produces the world's only climate-compliant oil, adhering to stringent laws that aim to reduce greenhouse gas emissions and minimize the environmental footprint of oil extraction. These regulations ensure that oil production in California has minimal impact on air quality, water resources, and wildlife, setting a global standard for environmentally responsible production.

In contrast, much of the oil imported into California comes from countries with far fewer environmental protections. For example, oil extraction in regions like the Ecuadorian rainforest has led to widespread environmental degradation, harming local ecosystems, wildlife, and indigenous communities. Lax regulations in these areas allow for higher carbon emissions, oil spills, and deforestation, contributing to the destruction of vital rainforests. The reliance on imported oil not only increases global carbon emissions but also compromises California's environmental goals while supporting harmful practices abroad.

Imported oil is \$5-\$6 more per barrel than California crude, driving up gas prices





Myth #7: Oil production is draining California's water supply.

Fact: Oil and gas producers in California produce 10 times more water than they use.

For every barrel of oil produced in the state, approximately 15 barrels of brackish water—naturally co-mingled with the oil and gas—are also brought to the surface. This water, known as produced water, is carefully managed and, in most cases, reinjected back into the same underground formations from which it was extracted.

Before reinjection can occur, oil operators must obtain permits for injection wells, which are regulated by multiple agencies, including the California Department of Conservation's Geologic Energy Management Division (CalGEM), the U.S. Environmental Protection Agency (EPA), and the state and regional water boards. These agencies enforce strict criteria to ensure that the reinjection of produced water does not harm potential sources of drinking water. Notably, the water that is reinjected is often cleaner than when it was extracted, as the hydrocarbons have been removed during the production process.

In addition to reinjection, approximately 8% of produced water is treated and recycled for agricultural use, particularly for irrigation. This water undergoes rigorous testing by independent certified laboratories and must meet stringent quality standards set by the Regional Water Quality Control Board. Farmers in California, especially during recent historic droughts, have described this water recycling program as a lifeline for keeping their crops alive. This practice has been in place for more than 30 years, demonstrating the oil industry's contribution as a net producer of water for agricultural use.

California's oil production industry provides over 43,000 acre-feet of water for agriculture annually, compared to the 4,500 acre-feet of fresh water it uses. Through these carefully managed processes, oil production in California not only safeguards but also contributes to the state's water resources.

MYTHS VS. FACTS

Myth #8: Living near oil wells poses serious health risks.

Fact: Scientific studies have not shown that living near an oil well causes significant health risks, particularly in California, where the oil industry operates under some of the strictest regulations in the world.

The debate over setbacks, such as Senate Bill 1137's proposed 3,200-foot setback from oil wells, largely relies on data from studies that are not directly applicable to California's regulatory environment. Of the 69 studies cited to justify the 3,200-foot setback, 45 come from other states, many of which focus on practices like hydraulic fracturing (fracking) which has never been widely used in California and is now banned by administrative decree. Furthermore, 19 of the studies are not even related to oil and gas production at all.

The Scientific Advisory Panel (SAP), which recommended the 3,200-foot setback, also relied on a flawed application of the Bradford-Hill criteria—a set of controversial guidelines used to determine causal relationships in health studies. The SAP's interpretation of these criteria did not account for key factors that typically influence health outcomes, such as traffic pollution, industrial activities, or socio-economic conditions. This selective use of the Bradford-Hill criteria led to an overstatement of the risks associated with oil production, based on incomplete and often irrelevant data.

Moreover, the list of studies cited by the SAP overlooks several California-specific studies that focus on oil and gas operations under the state's rigorous environmental controls. These California-based studies have found no conclusive evidence supporting the need for a 3,200-foot setback. They affirm that oil production in California can be done safely without posing significant health risks to nearby residents.

California's comprehensive regulatory framework ensures that oil production is conducted safely, minimizing risks to surrounding communities. The strict oversight from multiple agencies ensures that responsible energy production and public health protection are not mutually exclusive, demonstrating that the push for increased setbacks is not supported by California-specific evidence or sound scientific reasoning. In fact, local governments to this day continue to site developments within 3,200 feet of oil wells after extensive environmental impact reports demonstrate no potential harm.



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Myth #9: The state is facing a huge liability from orphan wells caused by oil companies.

Fact: California has several mechanisms in place to manage and mitigate the financial risks associated with plugging and abandoning wells.

Under existing California law, operators are required to post bonds or other forms of financial assurance to cover the costs of plugging wells. When an operator fails to fulfill their plugging obligations, the state can draw from these bonds to cover the costs of plugging and abandonment. Additionally, California's Public Resources Code (PRC) Section 3237 allows the state to go back through the chain of title to hold any past operators accountable for these costs, ensuring that the burden does not fall solely on taxpayers.

To address orphan wells, California has also created several funds which are currently at record balances. The CIPA-supported state Orphan Well Program is funded by fees paid by oil operators, and as of February 2024, the Hazardous and Idle-Deserted Well Abatement Fund had a balance of \$25.5 million. In addition, the OGER (Oil, Gas, and Geothermal Resources) fund had a balance of \$1.7 million, with the potential to be replenished annually by \$5 million. California has also secured over \$100 million in state funds and \$25 million in federal funds, with the eligibility to receive an additional \$140 million in federal funds for plugging and abandoning orphan wells.

In total, California has access to over \$292 million in funds dedicated to managing orphan wells. Aside from these funds, the state has also made significant progress in reducing its idle well count, with operators plugging over 11,000 wells in the last two years through CalGEM's Idle Well Management Program, a system negotiated with CIPA in 2016. This program has been enhanced with a bill passed last session, AB 1866, that requires an even greater rate of annual plugging of idle wells. This comprehensive framework ensures that the financial responsibility for orphan wells does not fall on California's taxpayers, and the state remains well-equipped to handle potential risks through a combination of operator accountability and secure funds.

MYTHS VS. FACTS

Myth #10: Only massive corporations profit from oil production in California.

Fact: California's oil industry is made up of a diverse range of companies, including CIPA members, many of which are small and independent producers.

While large corporations do operate in the state, there are numerous small businesses and family-owned companies that also play a significant role in oil production. These smaller operators are vital to local economies, especially in regions like Kern County, where oil production provides tens of thousands of jobs and supports small businesses. 75% of oil production in California is done by California-based independent companies that are not international conglomerates and have no refining operations.

The economic benefits of oil production extend beyond large corporations. The industry supports a wide array of local businesses, including service and supply companies, equipment manufacturers, and construction firms. Oil production also generates significant tax revenues that fund schools, public safety, and infrastructure projects throughout the state.

By continuing to support producers, California can ensure that the economic benefits of oil production are shared widely across communities.

Myth #11: Oil workers are becoming obsolete in California.

Fact: Oil workers remain essential to California's economy, providing tens of thousands of high-paying jobs in the state's oil and gas industry.

With average wages above \$100,000, these positions range from engineers and geologists to rig operators and field technicians, all of whom contribute to the efficient and safe extraction of California's energy resources. These jobs are particularly critical in oil-producing regions like the San Joaquin Valley, where oil production serves as a major source of employment and economic stability.

In addition to supporting local economies, the oil and gas industry has provided opportunities for second-chance employment, helping formerly incarcerated individuals reintegrate into the workforce. By offering these individuals pathways to meaningful, well-paid jobs, the industry plays a role in reducing recidivism, giving people the chance to build stable lives and contribute positively to their communities. The average oil and gas industry job offers competitive wages, far exceeding the minimum wage and many other industries, making these roles highly desirable and impactful for workers seeking financial security.

Far from becoming obsolete, oil workers are playing a key role in ensuring a reliable and sustainable energy future for California, bridging traditional and emerging energy industries. By continuing to support the development of both oil and natural gas, California can leverage the expertise of its workforce to meet the state's energy and environmental goals while providing economic opportunities for tens of thousands of workers.

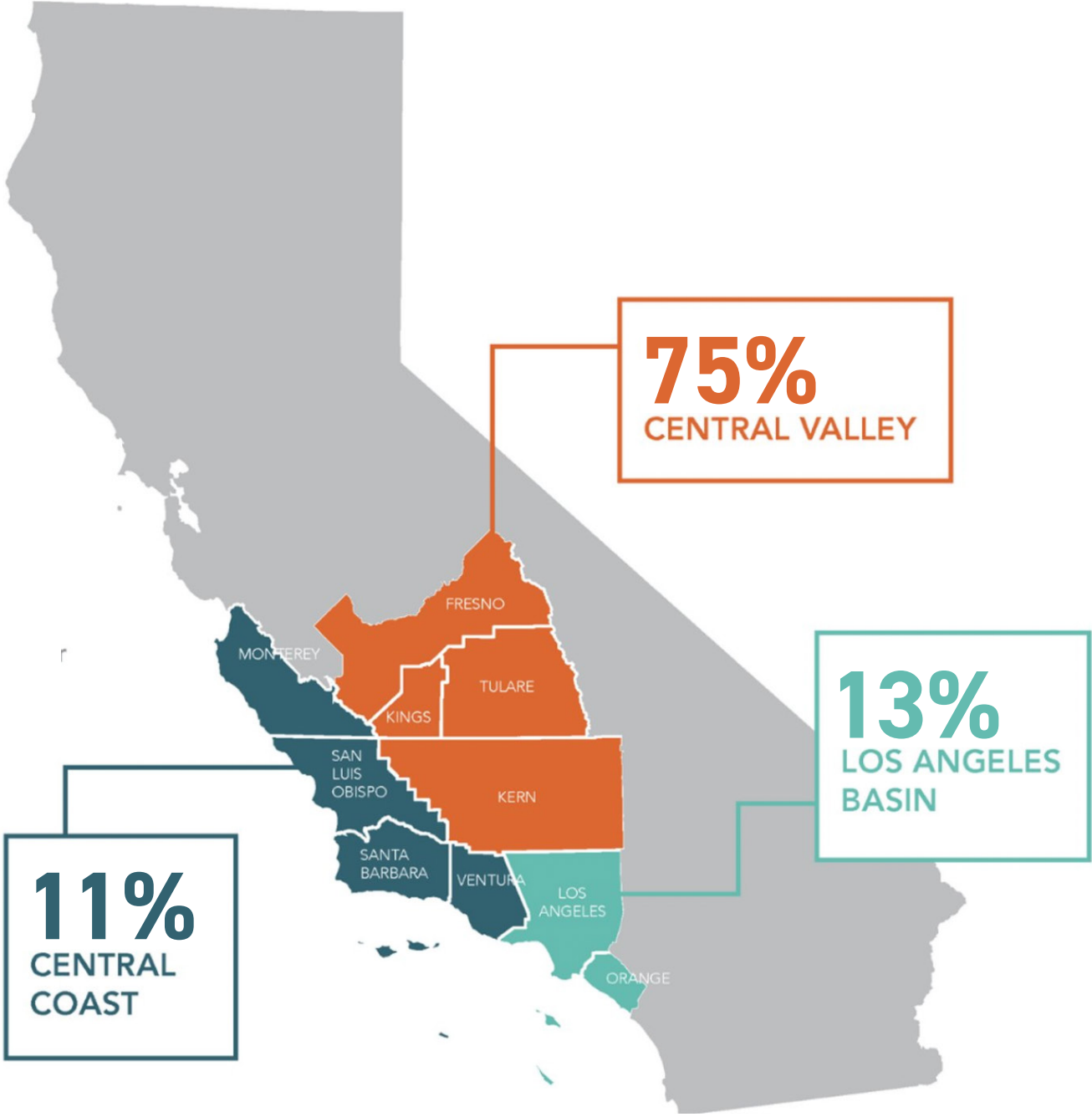


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CALIFORNIA'S OIL PRODUCING REGIONS










WHERE CALIFORNIA OIL PRODUCTION OCCURS

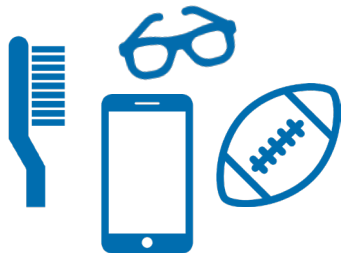


SOURCE: Economic and Revenue Impacts of a Statewide Oil Production Ban in California

BY THE NUMBERS

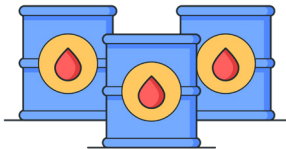
ABOUT CALIFORNIA OIL AND NATURAL GAS PRODUCTION AND CONSUMPTION

<p>7th largest oil producing state in the U.S. in 2020</p>	 <p>374,000 average barrels of oil produced per day in 2022</p>	<p>100% of all oil and natural gas produced in California is consumed in-state by Californians.</p>
 <p>California is the #1 consumer of motor gasoline and jet fuel in the nation</p>	<p>149 billion cubic feet California's gross natural gas production in 2020</p>	
<p>1.8 million barrels of oil used per day</p>	<p>36.4  million registered vehicles in CA — highest in the nation</p>	 <p>1,659 flights per day to and from LAX alone</p>
 <p>\$874 average annual savings for households that use natural gas appliances</p>	 <p>Opportunity across the educational spectrum</p> <ul style="list-style-type: none"> • 23.2% of oil workers have a college degree • 28% have attended some college • 39.2% have a high school education or less 	
 <p>55,000 total jobs in CA oil industry; nearly 50% of the oil and natural gas industry workforce is ethnically diverse</p>	 <p>\$123,000 average annual pay for oil workers; nearly double the private sector average in California</p>	 <p>Californians pay over \$25 billion a year for imported oil</p>



6,000+

everyday products made from petroleum such as shoes, phones, toothbrushes, eyeglasses, heart valves, disposable diapers



2nd

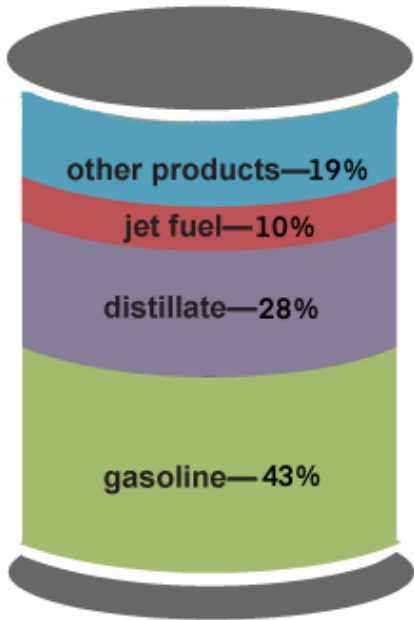
California ranks **2nd** in total demand for oil and natural gas in the nation, and our demand is about double the #3 ranked state



Homes

Petroleum engineering is the best degree for home ownership, with enough earning power to buy a home in two years

Petroleum products made from a barrel of crude oil, 2020



Note: A 42-gallon (U.S.) barrel of crude oil yields about 45 gallons of petroleum products because of refinery processing gain. The sum of the product amounts in the image may not equal 45 because of independent rounding.

Source: U.S. Energy Information Administration, *Petroleum Supply Monthly*, June 2021, preliminary data

\$1.7 billion

in tax revenues for:

- K-12 schools
- Higher education
- Health
- Public Safety
- Social Services



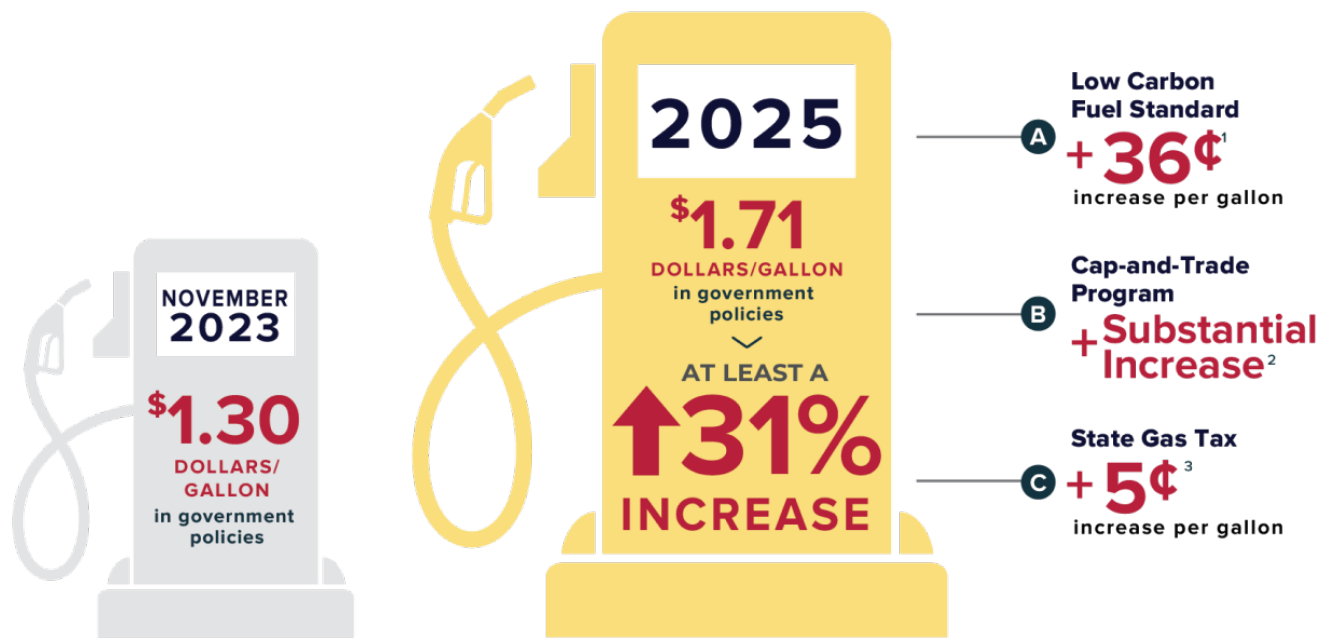
25+

federal, state, and local agencies overseeing oil and natural gas production

CALIFORNIA'S HIGH ENERGY COSTS

HIGH CALIFORNIA GAS PRICES ARE SOLELY DUE TO GOVERNMENT

Californians pay some of the highest gasoline prices in America. Contrary to what the current administration suggests, this is not due to oil producers or refiners, but due to taxes and lack of permitting. Recent data from the California Energy Commission exposes a stark reality. **Refiners in the state only earn \$0.19 for every barrel produced, while the government collects \$1.30.** Adding to the complexity, the cost of importing oil stands at \$5-\$6 more per barrel than domestically produced oil. This combined impact of government policies, permitting challenges, and the cost disparity with imported oil significantly contributes to the persistent surge in gas prices across California.



California's policies are projected to significantly impact our costs for gasoline and diesel. Policy makers have authority over several government programs, fees and taxes, that are planned to increase substantially by mid-2025:

A

The State estimates that upcoming changes to Low Carbon Fuel Standard program, which is meant to lower the carbon intensity of liquid fuels in a cost-effective way, will increase the cost-per-gallon by 11 to 47 cents in 2025. That's a 327% increase from today!

B

The State is planning to significantly adjust the cap-and-trade program, which they acknowledge will significantly increase the cost per gallon in 2025.

C

The State's gas tax will increase by an estimated 5 cents per gallon by July 1, 2025 to 62.5 cents per gallon.

*SOURCE: California Energy Commission, OPIS West Coast Spot Market Report, Effective as of 6 November 2023

**Source: California Energy Commission, OPIS West Coast Spot Market Report, October 2023.

A) Low Carbon Fuel Standard 2023 Amendments Standard Regulatory Impact Assessment, Table 22

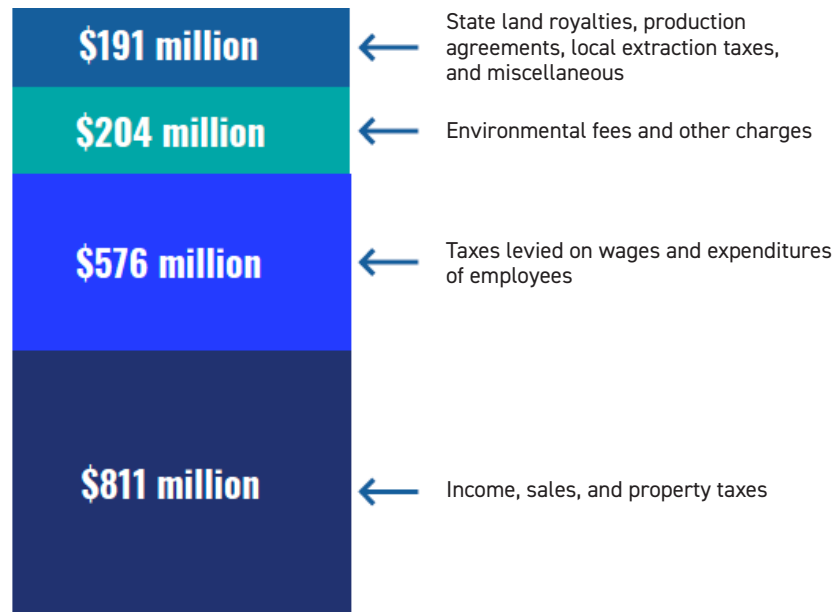
B) CA Air Resources Board, <https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/cap-and-trade-meetings-workshops>, slide 8

C) SB 1 automatically increases the state excise tax based on the California CPI

HOW OIL IS TAXED IN CALIFORNIA

Unlike most states, which tax oil after it is produced, California taxes oil while it is in the ground through ad valorem property taxes on oil reserves. In addition to these ad valorem taxes collected by the county, CalGEM also levies an assessment per barrel of crude oil. This fee for 2023/2024 is currently \$1.01, which is up \$0.51 since 2017. This, coupled with some of the nation's steepest sales, personal income, and corporate tax rates, leads California to tax oil production at a rate equal to most other oil-producing states.

CALIFORNIA PRODUCERS PAY \$1.8 BILLION IN TAXES AND FEES



TOP 10 TAXPAYERS IN KERN COUNTY 2023-2024 TAX AMOUNT OWED

Chevron	\$55.6 million
California Resources Corporation	\$43.9 million
Aera Energy LLC	\$27.5 million
Southern California Edison	\$27.1 million
Pacific Gas & Electric	\$25.8 million
Berry Petroleum Company LLC	\$14.6million
Sentinel Peak Resources Cal LLC	\$10.5 million
Southern California Gas Company	\$10.1 million
US Borax INC	\$8.6 million
Paramount Farms International	\$7.1 million

Total Owed to Kern County: \$230.8 million

THE WORLD'S TOUGHEST REGULATIONS


WHO REGULATES US

Oil and gas producers must follow rules at the state, federal, local, and regional levels. In some jurisdictions, operators must follow rules from 20 different government entities. The state requires operators to be bonded and state regulators from several agencies perform unannounced inspections of operations.


WHO REGULATES


OIL & NATURAL GAS PRODUCTION?*

* PARTIAL LIST





FEDERAL






STATE





LOCAL



REGULATORY MATRIX

1. California Geologic Energy Management Division (CalGEM)

- Permit to drill
- Surface Equipment Permits (mechanical integrity)
- Bonding Required
- Inspections (unannounced)
- SB 4–Standalone permit/application for well stimulation
- Idle Well Programs/Assessments
- Ground water monitoring/reporting
- Separate Injection Well Permit
- Bonding via AB 1057 (2019) and AB 1167 (2023)

2. Air Pollution Control Board

- Reporting & notification for drilling & stimulation
- Vapor control fixed facility (tanks, pipelines)
- Flares (permits)
- Annual emissions report
- Quarterly fugitive emissions report (3rd party)
- Permits and Inspections (unannounced)

3. Fire Department

- Permits for producing wells
- Bonding
- Hazardous material business plans
- Inspections (unannounced)

4. CAL-OSHA

- Inspections of equipment (pressure vessels)
- Worker Safety-HAZCOM Program

5. State Water Quality Control Board

- Injection application review
- Well stimulation ground water monitoring plans
- Storm water run-off permit (construction of pad)
- Inspections (unannounced)
- Aquifer Exemption Process

6. CA Air Resources Board

- AB 32 Compliance (reporting and credit purchases)
- Inspection for validation of records (3rd party)
- Methane rule

7. Local City/County

- Zoning administration public hearing/permit (CUP/CEQA)
- In Kern County, must meet 88 mitigation measures

8. State Fire Marshall/Dept. of Transportation

- Pipeline permit/franchise
- Monitors workers (drug/qualification testing)

9. Sanitation Department

- Water discharge (permit)

10. Department of Water and Power

- Inspects backflow prevention devices

11. US EPA

- Spill prevention control and counter measure plans
- Inspection and audits
- Aquifer exemptions

12. CA Department of Fish & Wildlife

- Endangered species regulations
- Habitat conservation plan/land bank

13. Office Spill Prevention & Response

- Spill prevention contingency and emergency response action plan (on & offshore)
- Bonds
- Conducts annual training drill
- Witnesses the drill

14. Homeland Security

- Hazardous material handling and transportation plan (anti-terrorism standards)

15. Dept. Toxic Substance Control/Cal-EPA

- Solid waste management and discharge
- Annual reconciliation (hazardous/non-hazardous)
- Inspections

16. DMV Permits/CHP

- Motor carrier permits (over 10k gross)
- Rig movement permits

17. CA Office of Emergency Services

- Emergency response

18. Offshore Operations add:

- State Lands Commission
- CA Coastal Commission
- Bureau of Ocean Energy Management
- Bureau of Safety and Environmental Enforcement

19. Regional Water Quality Control Board

- Sump testing/permitting
- Inspections
- Groundwater quality monitoring

STATE LAWS ENACTED

TAKING EFFECT IN 2025

AB 1866: The bill significantly increases the minimum number of idle wells operators must eliminate each year. Producers have already greatly increased the number of idle wells they eliminate each year, a record 11,000 in just the last two years.

AB 2716: This law introduces new regulatory constraints specifically targeting wrongly defined "low producing wells" in the Inglewood oil field, which are standard operational wells producing a normal daily amount of petroleum. These added regulations make it more difficult to meet California's energy needs efficiently.

AB 3233: This law grants local governments the authority to impose additional restrictions on oil production within their jurisdictions or outlaw it altogether. This change enables cities and counties, who have no experience in regulating oil production, to regulate or limit oil and gas activities beyond state-level requirements. This could significantly disrupt oil operations, making it more difficult for producers to navigate inconsistent local regulations, further stifling the development of new projects.

FROM 2016-2024

AB 398: Extends California's Cap and Trade program for 10 years

SB 32/AB 197: Gives CARB authority to reduce GHG emissions to 40% of 1990 levels by 2030

AB 2729: Increases fees, bond amounts and requirements to abandon idle wells

AB 2756: Increases penalties and fee structure for state regulators

AB 2912: Makes additional revisions to recent expansions to the state's oil spill preparedness and response program

SB 1383: Requires a 40% reduction in methane, a 40% reduction in hydrofluorocarbon gases, and a 50% reduction in anthropogenic black carbon, from 2013 levels by 2030

SB 100: Sets a goal for the state to generate 100 percent of its electricity by renewable sources by 2045

SB 834 and AB 1775: Complicates process and increases review time of renewals of pipeline rights of way serving existing offshore oil and natural gas production

AB 1057: Changes name and mission of DOGGR, increases bonding requirements for long-term remediation liability

SB 551: Requires operators to report costs of decommissioning assets

AB 3214: Increases penalties for oil spills

AB 896: Collections unit at CalGEM and lien authority for abandoned oil wells

SB 47: Raises fees on oil producers by \$3 million annually to pay for orphan well remediation

SB 1137: Prohibits new oil and gas wells or major retrofitting of existing wells within a new buffer zone of 3,200 feet between the wells and homes, schools, nursing homes, and hospitals

AB 1167: Requires a person who acquires the right to operate a well or production facility to file a bond to cover, in full, all costs of plugging and abandonment

FROM 2008-2015

AB 1960: Facilities Permitting & Inspection

SB 4: Well Stimulation

AB 861: Spill Prevention

AB 1966: Mineral/Surface Estates

SB 665: Increased Bond Amounts

SB 1281: Water Reporting

AB 1420: Pipelines in Sensitive Areas

AB 864: State Fire Marshal

SB 612: Dept. of Toxic Substance Control Reporting

AB 1937: Pipeline Repairs Near Sensitive Receptors

SB 1168: Ground Water Analysis/Prioritization

State Budgets: DOGGR & Water Board Assessments

RECENT REGULATORY AGENCY RULES & STUDIES

- Highest bonding requirements in the country
- Toughest rule in the country to reduce fugitive and vented emissions of methane
- Active gas pipeline mapping regulations
- Study of Neighborhoods around Petroleum Sources (SNAPS)
- CARB Community Air Protection Program
- Office of Spill Prevention and Response (OSPR) Spill Management Team (SMT) regulation
- Idle Well Management Program
- Underground Injection Control (UIC) Regulations
- Aquifer Exemption reviews
- CalEPA series of studies related to carbon neutrality and achieving the state's goal of carbon neutrality by 2045
- UIC Project by Project Review
- Brand new water ponds rules and mitigation measures
- Kern County Oil and Gas Ordinance that introduced 88 mitigation measures backed by a comprehensive EIR
- California-only methane rule
- Cap and trade
- Low carbon fuel standard

INVESTING IN CALIFORNIA'S FUTURE

R.M. PYLES BOYS CAMP

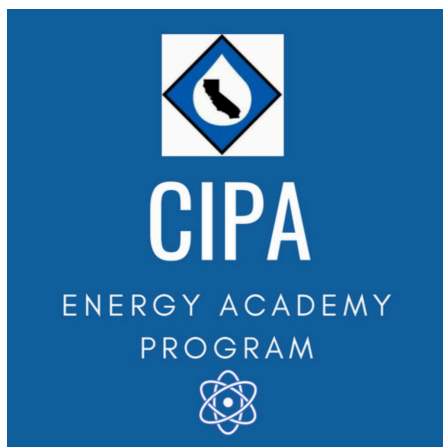
- Free, multi-year wilderness camp experience for at-risk youth in the National Sequoia Forest, founded in 1949.
- Program includes year-long mentoring and scholarships for vocational education and college.
- Funded entirely by charitable donations, with the oil and natural gas industry serving as major contributors.
- Several CIPA Board Members serve on the Board of Directors for Pyles Boys Camp and some CIPA members are former campers.
- Approximately 500 campers attend each summer with more than 28,000 boys served since the camp began.

Testimony

"R.M. Pyles Boys Camp provided me with more than just a camp for the summer- it provided me a home for life.

For the first time in my life I met others who cared about me like family. I met those that pushed me, and others who taught me. I figured if I could climb a mountain, I can really do anything."

*-FORMER CAMPER JULIO MATRIX CHAVEZ,
WHO IS CURRENTLY ATTENDING UCLA*



SUPPORTING FUTURE CAREERS IN ENERGY

Recognizing that not every high school graduate plans on attending college, CIPA and its member companies have teamed up on an innovative internship called the CIPA Energy Academy Program.

CIPA conducts energy-focused STEM presentations in LA-area schools as a way of introducing students to the significance of California energy production. Students planning to enter the workforce right after high school are then encouraged to apply for the 6-week internship program where they receive both on-the-job training in operations and safety which may lead to continued employment at the end of the program.

"This program demonstrates the connection between what students learn in the classroom and how it can apply to their future employment."

DR. F. PAUL CHOUNET

FORMER SUPERINTENDENT FROM CUYAMA JOINT UNIFIED SCHOOL DISTRICT (SANTA BARBARA COUNTY)

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Every day, Californians use 1.8 million barrels of oil, with imports accounting for over 70% of this demand. By investing in infrastructure and modern extraction techniques, California could increase its oil output and decrease its dependence on foreign oil, which often comes from countries with lower environmental standards and a history of human rights abuses, thereby compromising our national security. Increased domestic production would also help keep gas prices lower for California consumers by reducing reliance on the volatile global oil market, ensuring a more stable and cost-effective supply of energy for the state.



California Independent
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California's Small, Homegrown Oil Producers

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