



The Honorable Dawn Addis
1021 O Street, Suite 5350
Sacramento, CA 95814

Subject: AB 3233 OPPOSE

Dear Assembly Member Addis:

On behalf of the California Independent Petroleum Association (CIPA) and its over 350 independent oil and natural gas producers, service and supply companies, and royalty owners, we respectfully oppose your Assembly Bill 3233. AB 3233 is designed to shut down California's in-state oil industry by giving cities and counties authority to create ordinances banning or strictly regulating oil and natural gas production.

AB 3233 is bad public policy, despite the "green" bona fides of the bill's sponsors.

Regulatory Chaos:

The State of California should not delegate its regulatory authority over oil and natural gas production to subordinate jurisdictions. It is critical that California's mineral resources are overseen by a central state regulator who has the knowledge and expertise to ensure safe production and uniformity of policies throughout the state. For different jurisdictions to attempt to fulfill the federal rules and regulations that surround oil production could cause havoc within California's energy production industry and is likely illegal.

California has been granted primacy over the Federal Clean Water Act Underground Injection Control Program by the US Environmental Protection Agency. As the California Supreme Court unanimously pointed out, the state does not have the authority to delegate this authority to other jurisdictions.

Under CEQA, local jurisdictions maintain primacy over surface land use decisions. Neither this bill, nor the litigation it is claiming to fix changes that fact. However, AB 3233 allows jurisdictions to regulate the downhole operations of oil and gas wells, a highly technical and regulated activity about which local governments lack expertise and are not permitted to do under the Federal Clean Water Act.

AB 3233 would likely create an ugly patchwork of potentially confusing, overlapping, and contradictory regulations that would reduce the state's overall efficacy in safely managing the development of its natural resources. In addition, this bill could cause unequal treatment of oil producers and the mineral owners for whom they are harvesting crude oil.

California Oil is Essential:

Californians use 1.8 million barrels of petroleum every day, in the form of gasoline, jet fuel, plastics, medical supplies, and other petroleum-based products essential to our daily lives.

You may recall that during the COVID-19 Pandemic, the Governor's Executive Order creating a statewide "stay at home" mandate exempted first responders and essential industries. The oil and gas production industry was specifically designated as an exempt and essential industry to keep online to ensure California gets the oil and natural gas it needs for daily life.

By contrast, AB 3233 would ultimately shut down much of California's oil production and force our state to be reliant on foreign countries with no loyalty to Californians for this essential product. California should not be "subbing out" its authority to any other jurisdiction when it comes to essential industries like the oil industry.

A State and National Security Issue:

As California production is reduced and our demand remains the same, we become more reliant on oil from foreign sources. Any disruption of the petroleum supply chain from the Middle East or South America would cause prices of goods and services to skyrocket and bring California's families and businesses to their knees. Making California wholly dependent upon supertankers from Iraq, Saudi Arabia, and Ecuador (the big three exporters to California) is insanity.

AB 3233 Will Hurt Californians:

AB 3233 would seek to shut in billions of dollars of mineral resources in California. This would result in millions of dollars in lost local tax revenue for services like police, fire, and schools in the communities where oil is currently produced.

In addition, there are over 50,000 oil workers in California, and nearly 300,000 additional workers in the service and supply business supporting responsible production. This bill is a direct threat to upwards of 350,000 California workers, many of whom do not have a college degree but are able to support their families in high-cost California because of the oil industry. Note also that a very high percentage of the oil sector's workforce are Latino or African American. Pushing them out of good paying jobs with excellent benefits is cruel.

There are also hundreds of thousands of mineral owners who depend on monthly checks from local oil production to make ends meet.

Beyond these specific communities, eliminating California oil production would raise gas prices for every constituent in the state.

AB 3233 Does Nothing to Help the Environment:

This bill does nothing at all to mitigate the global climate crisis. Foreign oil from overseas is completely exempt from California's strictest-in-the-world laws and regulations, including the state's greenhouse gas cap and trade program. It is also worse for the environment to import crude oil from far-away lands, because supertankers belch emissions from low grade bunker fuel during their entire 3-week journey across the oceans to California ports. The state's ports are the number one source of pollution among stationary sources in the South Coast Air Quality Management District.

In addition, oil imported to California from Ecuador is produced by razing the Amazon rainforest. This is exponentially worse for the environment, since the rainforest is known to have air-cleaning effects on our atmosphere.

False Claims:

Allow me to address two assertions included in your press release of March 22, 2024, which makes these false claims:

False Claim #1: “Pollution from oil and gas production causes grave harm to our health, climate, and environment.”

Fact: There is no known, or proven and peer-reviewed scientific study in California that supports this claim beyond ignorant conjecture.

False Claim #2: “As California transitions away from its dependency on fossil fuels, more cities and counties have introduced ordinances to ban oil and gas operations.”

Fact: While the latter is certainly true, the former is not: Californians are not transitioning away from fossil fuels. Demand remains at 1.8 million barrels per day, and that number is growing, not falling. Any assertion about demand decreasing is uninformed, according to the US Energy Information Agency and the California Energy Commission.

These false claims and many others, which are continually bandied about in the halls of the Legislature by special interest environmental groups, are leading this body into perilous territory.

As Long as California Needs Oil, That Oil Should be Produced in California

A state that brags about it being equivalent to the 5th largest economy in the world should assert more control over its energy security. Rather than seeking to shut down California’s oil and gas producers, the Legislature should be encouraging expanded production in California and a drastic reduction of imported oil from countries that blatantly mock California values as they take our state’s billions of dollars to the bank.

The incessant attacks by uninformed and misinformed legislators against an essential industry and its diverse workforce, which provide an essential product used by you and every elected lawmaker in California every day, are wearisome and dangerous. Shutting down the only climate-compliant crude oil production on Planet Earth (producers who are compliant under AB 32 and all California climate laws) in favor of oil produced abroad with zero concern for worker protections, the environment, or the climate crisis, is the antithesis of what you and many of your colleagues say you believe.

Lastly, please remember that if every airplane were grounded and every gasoline-powered car in the state were taken off the road today, California would still need 500,000 barrels of crude oil per day to meet the state’s needs for petroleum byproducts, including life-saving health care materials and machines, personal protective equipment (PPE) for front line workers, tires for EVs, lubricants for windmills, and thousands of other consumer products that the state’s 40 million residents demand each day to live.

For these reasons, as well as others, CIPA strongly opposes your AB 3233. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sean Wallentine', written in a cursive style.

Sean Wallentine
Vice President of Government Affairs

CC: The Honorable Isaac Bryan, Chair, Assembly Natural Resources Committee
The Honorable Heath Flora, Vice Chair, Assembly Natural Resources Committee
The Honorable Rebecca Bauer-Kahan, Member, Assembly Natural Resources Committee
The Honorable Laura Friedman, Member, Assembly Natural Resources Committee
The Honorable Josh Hoover, Member, Assembly Natural Resources Committee
The Honorable Ash Kalra, Member, Assembly Natural Resources Committee
The Honorable Devon Mathis, Member, Assembly Natural Resources Committee
The Honorable Al Muratsuchi, Member, Assembly Natural Resources Committee
The Honorable Gail Pellerin, Member, Assembly Natural Resources Committee
The Honorable Buffy Wicks, Member, Assembly Natural Resources Committee
The Honorable Jim Wood, Member, Assembly Natural Resources Committee
Staff of the Assembly Natural Resources Committee
Staff of the Republican Caucus