September 13, 2024

Mr. Kelly Yonn

California Air Resources Board

1001 I Street

Sacramento, Ca 95814

Subject: Comments Regarding

Potential Amendments to the Oil and Gas Methane Regulation

Ms. Yonn,

California Resources Corporation (CRC) appreciates the opportunity to provide comments on the proposed modifications to COGR.

CRC would appreciate CARB’s consideration that California continues to rely upon domestic production for energy needs. It should be recognized that domestically produced oil is the most environmentally-considerate energy available. California’s oil and gas industry, and Kern County’s producers like CRC provide a significant economic impact on Central Valley communities. CRC reminds CARB that the state oil and gas industry expended more than $40M to implement the current requirements of SB1137 and have a schedule to continue implementation to satisfy the current regulation.

Regarding Open Casing Well Vents:

Recent studies indicate that a small number of point sources contribute disproportionately to methane emissions in California.

CRC recommends:

* Targeting high-emitting sources, prioritizing within SB1137 health protection zones, for maximum impact
* Aligning with EPA's proposed threshold of 3 tons/year (8.2 kg/day) for methane emissions from open casing wells
* Implementing a 5-year timeline to allow for:
  + Impact assessment
  + Cost-effectiveness evaluation
  + Permitting (12-18 months)
  + Infrastructure development:

Include cost considerations - Extensive recent expenses related to BARCT retrofits that were required on SJVAPCD related equipment (steam gens, engines, etc)

This approach balances environmental protection with practical feasibility while complementing existing federal regulations (OOOOb/c, IRA), already affecting approximately 1 million U.S. wells.

Regarding Pneumatics:

In 2023, CRC proactively replaced pneumatic devices, eliminating 269 venting devices and reducing methane emissions by over 400 MT/year.

CRC recommends:

* Focusing pneumatic replacement efforts in an accelerated but tiered implementation of what is required by federal regulations (OOOOb/c) within the newly established SB1137 health protective zones
* Recognizing the necessity of natural gas-powered pneumatics where electricity or compressed air are unavailable or uneconomical
* Acknowledging industry's prior transition from high-bleed to either low-bleed or non-venting alternatives

Regarding Heavy Oil Exemption:

CARB cannot discard the background behind adoption of the heavy oil exemption. The exemption is based upon the economic justification of regulation. Heavy crude oil is not a significant source of uncontrolled methane emissions.

CRC recommends:

* Applying CARB's "Remaining useful life and other factors" concept to balance environmental protection with economic considerations
* Removing exemptions only for operations near sensitive receptors rather than absolute removal of the exemption
* Developing realistic timelines for emissions reductions that account for existing infrastructure and economic factors
* Presenting additional cost-based and health risk-based analysis to the oil and gas industry to demonstrate the justification to completely remove the exemption

Modifications to COGR will require additional cost to an industry inundated with recent additional regulatory expenses. CRC requests integration of the proposed amendments in a manner similar to CARB’s Fleet Replacement plans (with a five-year roadmap) and by prioritizing effort within established health protection zones. CRC believes this would align with precedent and will balance health and environmental goals with practical and economic realities.

On behalf of California Resources Corporation, thank you for your consideration of these comments and concerns.

Sincerely,

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Wm. Douglas Shaffer PE

HSE Advisor, Sr

California Resources Corporation