
THIRD READING

Bill No: SB 1319
Author: Grove (R), et al.
Amended: 5/2/22
Vote: 21

SENATE NATURAL RES. & WATER COMMITTEE: 9-0, 4/5/22
AYES: Stern, Jones, Allen, Eggman, Grove, Hertzberg, Hueso, Laird, Limón

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 7-0, 4/27/22
AYES: Allen, Bates, Dahle, Gonzalez, Skinner, Stern, Wieckowski

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: Oil imports: air quality emissions data

SOURCE: Author

DIGEST: This bill requires the California Air Resources Board to calculate and put on its Internet website the greenhouse gas emissions associated with the transportation of crude oil into and within the state, and requires the Geologic Energy Management Division in the Department of Conservation to link to that information, as provided, among other things.

ANALYSIS: Existing federal law establishes the Clean Air Act, and its implementing regulations set National Ambient Air Quality Standards (NAAQS) for six criteria pollutants, and designate air basins that do not achieve NAAQS as nonattainment, among other things: (1) the six criteria pollutants are carbon monoxide, lead, ground-level ozone, particulate matter, nitrogen dioxide and sulfur dioxide; and (2) the primary NAAQS concentration levels are set to protect public health.

Existing state law:

- 1) Establishes the Geologic Energy Management Division (CalGEM) in the Department of Conservation. CalGEM regulates oil and gas production in the state.
- 2) Establishes the State Energy Resources Conservation and Development Commission (California Energy Commission, (CEC)), the state's primary energy policy and planning agency.
- 3) Establishes the Petroleum Industry Information Reporting Act of 1980 (Public Resources Code (PRC) §§25350 *et seq.*), which requires that certain qualifying petroleum industry companies submit data regularly to the CEC. These data include the sources of the oil imported into the state, among others.
- 4) Establishes the California Air Resources Board (ARB) as the air pollution control agency in California and requires the ARB, among other things, to be the state agency responsible for monitoring and regulating sources that emit greenhouse gases (GHGs) to control emissions from a wide array of mobile sources and coordinate with local air districts to control emissions from stationary sources in order to implement the federal Clean Air Act. Local air districts are required to adopt and enforce rules and regulations to achieve and maintain the state and federal ambient air quality standards in all areas affected by emission sources under their jurisdiction, and to enforce all applicable provisions of state and federal law.

This bill requires the ARB to calculate and put on its Internet website the GHG emissions associated with the transportation of crude oil into and within the state, and requires CalGEM to link to that information, as provided, among other things. Specifically, this bill:

- 1) Requires the ARB to annually produce an assessment of the GHG emissions associated with the transportation of oil in California, and make the assessment available on its website.
- 2) Requires the assessment to include:
 - a) An estimate of the GHG emissions associated with oil transported into the state during the previous year by country of origin;
 - b) An estimate of the GHG emissions associated with the transportation of oil within the state that is produced in the state;

- c) A description of the methodology and assumptions used in the assessment;
and
 - d) A citation or link to the data used to produce the assessment.
- 3) Requires the CEC to provide certain data to the ARB for the purposes of the assessment annually.
 - 4) Requires CalGEM to provide a link on its website to air quality emissions data associated with the transportation of oil imported into the state.
 - 5) States the legislative intent that the CEC identify on its website those foreign countries that export oil to California and that have demonstrated human rights abuses and lower environmental standards for oil production than California, as specified.

Background

California is a major oil and gas producing state. According to the US Energy Information Administration, the state ranked 7th for oil production among the 50 states in 2021. Production of oil was about 131 million barrels in 2021.

According to data obtained from CalGEM's website, there are approximately 125,000 active and idle oil and gas wells in the state (2021 data) and related production facilities under its jurisdiction located in over 180 oil and gas fields. Of these wells, about 77,000 are active, and 48,000 are idle. Most of the state's oil production is facilitated by methods to enhance oil recovery, and most active fields have been under production for multiple decades.

The state uses more crude oil than it produces, and has about 1/10th of the nation's refining capacity. According to the CEC, approximately 525 million barrels of petroleum were processed by California refineries in 2021. In the last several years, the amount of oil produced in California and Alaska has continued to decline, and foreign countries supplied about half of the crude oil refined in the state. For 2017-2021 in aggregate, California, Alaska, and foreign sources provided 31%, 13%, and 56% of the oil refined in the state's refineries, respectively. Transportation used about 85% of the oil used in the state. Policies supporting electric vehicles, mass transit, and other low or zero-emission transportation technologies will help reduce oil consumption in that sector in the future.

Major foreign sources of crude oil to the state are Ecuador, Saudi Arabia, and Iraq. These countries provided over 65% of foreign supplies in 2020. Various sources report human rights abuses and environmental pollution associated with oil production in many of the countries that supply crude oil to the state.

The CEC collects information on the source of oil imported into the state. Businesses that ship, receive, store, process and sell crude oil and petroleum products file reports with the CEC pursuant to the Petroleum Industry Information Reporting Act of 1980. Tanker and barges bring both foreign and domestic crude oil to the state by water and there is a small amount of foreign and domestic oil imported by rail.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 5/16/22)

American Association of Drilling Engineers
Associated Builders and Contractors – Central California Chapter
Associated Builders and Contractors of California
B & L Casing Services
Berry Petroleum
California Independent Petroleum Association
California Resources Corporation
City of Needles
City of Taft
FieldView Capital Advisors, LLC
Gene Hull Trucking, Inc.
Greater Bakersfield Chamber of Commerce
Greater Tehachapi Chamber of Commerce
Hammonds Ranch, Inc./Hammonds Holdings, Inc.
Hathaway, LLC
Holmes Western Oil Corporation
Home Builders Association of Kern County
Huddleston Crane Service
Independent Oil Producers Alliance
Kenaj Drilling
Kern County Board of Supervisors
Kern County Builders Exchange
Kern County Hispanic Chamber of Commerce
Kern River Valley Chamber of Commerce
Kern Taxpayers Association

Lederhos Engineering Consulting, Inc.
Lederhos Farms, Inc.
Lonnie A Kerley Consultant, LLC
Lucerne Valley Economic Development Association
Macpherson Energy Corporation/Macpherson Oil Company, LLC
MMI Services, Inc.
MTS Solutions
Premier Resource Management, LLC
PROS Incorporated
Supervisor Nathan Magsig, County of Fresno
Trio Petroleum, LLC
Vaquero Energy, Inc.
West Side Recreation & Park District

OPPOSITION: (Verified 5/16/22)

None received

ARGUMENTS IN SUPPORT: According to the author, “SB 1319 expresses the intent of the legislature to prohibit the import of crude oil into California from if the source of the oil is a foreign nation with demonstrated human rights abuses, or a foreign nation with environmental standards that are lower than those in California. The measure would also require the Geologic Energy Management Division to report on its website the amount of particulate matter released into the air from tanker ship emissions from oil imported into the state. The bill is a recognition that California should not be importing oil from countries that do not share our California values. We can produce the oil we import, and keep the jobs and revenues inside our Golden State while protecting our environment.”

Prepared by: Katharine Moore / N.R. & W. / (916) 651-4116
5/18/22 14:29:04

**** END ****