

April 14, 2020

Governor Gavin Newsom
California State Capitol
Sacramento, California 95814

Re: Reject oil industry efforts to roll back regulations and oversight

Dear Governor Newsom:

We write to express our support for your efforts to provide emergency aid to Californians suffering from the COVID-19 pandemic and associated economic impacts, urge you to do everything possible to protect public health and safety during this crisis, and urge you to reject the efforts by the oil industry to exploit this emergency as an excuse to roll back regulatory oversight.

First, we urge you to reverse the Geologic Energy Management Division's (CalGEM) recent decision to resume issuing permits for fracking. Air pollution lowers the body's ability to fight off infections, and it worsens reactions to viruses in people with health challenges like asthma. As reported in a recent Harvard study, even a small increase in long-term exposure to PM2.5 pollution leads to a large increase in the COVID-19 death rate.¹ In the midst of the COVID-19 respiratory pandemic, the last thing we need is more toxic chemicals in the air we breathe or in our water supplies. The state should do everything possible to reduce air pollution at this time—not abruptly resume the issuance of permits to frack. On the same day that CalGEM resumed permitting fracking here, the New York legislature made the fracking ban in New York—first announced by Governor Cuomo in 2014—permanent. We urge you to follow New York's lead and ban this dangerous, toxic, climate-destroying practice.

Second, we urge you to reject the requests in the letter from the California Independent Petroleum Association (CIPA), dated March 30, proposing that you reverse your effort to improve the oversight capabilities of CalGEM to provide enhanced field enforcement of regulations and protections at oil field operations and to evaluate the state bonding requirements for oil operators. Just as national lobbying groups such as American Petroleum Institute are using the pandemic as cover to demand the elimination of federal environmental and safety regulations, CIPA (whose members include Chevron, BP, Exxon, Halliburton, and other industry giants) is cynically trying to do the same in California.

CIPA asks that the state eliminate the proposed jobs CalGEM needs to add to conduct basic oversight of the oil industry. The simple truth is that CalGEM is currently dangerously understaffed. Oil companies are legally required to have a CalGEM witness when conducting many types of dangerous operations in the field. Yet CalGEM was forced to

¹ Xiao Wu et al., Exposure to air pollution and COVID-19 mortality in the United States, Harvard University (2020), available at <https://projects.iq.harvard.edu/covid-pm>.

“waive” this legal requirement for roughly one-third of those events from 2016 to 2018 due to lack of capacity.²

Also, CalGEM has not fully exercised its authority to issue remediation orders that would force oil companies to clean up thousands of idle wells. Issuing remediation orders would kickstart plugging and abandonment work that would protect public health, safety and the environment from these dangerous unattended wells – and provide jobs in the oil industry. Furthermore, the short-staffed agency has failed to review dangerous oil and gas projects. For example, it has approved injection projects through the use of “dummy files” used to skirt required technical reviews for injection projects.³ In 2015 CalGEM vowed to conduct a project-by-project review of improperly permitted injection projects. Nearly five years later, CalGEM still has not completed its review.

The CIPA letter points to a report by the state’s Legislative Analyst’s Office (LAO) as evidence that increases in staff resources are not needed at CalGEM. In reality, that report found that new positions at CalGEM are necessary for the agency to function effectively as a regulator. The LAO concluded that there is a “clear ongoing need for the division to have a greater presence in the field.”⁴

CIPA’s assertion that the state does not need permanent positions to assess bonding requirements is nonsense. Current state bond requirements, which are supposed to ensure that oil companies set aside enough money to cover the costs of plugging and abandoning the well and clean up any environmental damage, are woefully inadequate. Oil companies are supposed to be liable for their own remediation costs, but many companies have already walked away from their cleanup liabilities, offloading their responsibilities to the public. If CalGEM fails to hold oil companies financially accountable, these polluters will continue to abandon their obligations, and the costs to the state and taxpayers will be astronomical.

The standing security requirement for a well is as low as \$25,000. The recent study by the California Council on Science and Technology found that the cleanup costs for all oil and gas wells in California would exceed \$9 billion. Yet the oil companies responsible for the cleanup have set aside a small fraction of that amount for cleanup, putting taxpayers at risk of being stuck with the cleanup cost.

² Legislative Analyst’s Office, *The 2020-21 Budget: Resources and Environmental Protection* (Feb. 25, 2020), at page 46 (“LAO Analysis”).

³ Wilson, Janet, *California oil regulators made ‘dummy’ approval files for risky drill permits, records show*, Desert Sun, Aug. 12, 2019, <https://www.desertsun.com/story/news/environment/2019/08/12/california-oil-regulators-doggr-permit-steam-records-dummy-files/1926347001/> (last visited April 9, 2020).

⁴ LAO Analysis, at page 46. [of the 53 jobs proposed in the first year, LAO only questioned 3 positions dealing with increased transparency, and only because the request lacked detail. CalGEM could use these positions to convey timely information to the public about the dangers of oil and gas. For example, CalGEM can sometimes take years to respond to basic requests for documents under the California Public Records Act.]

In addition, certain bonding requirements require annual adjustments based on a review of any new information about the costs of remediation, the financial stability of the operator, and risks to public health and the environment.⁵ CalGEM has been unable to conduct such reviews, and the current crisis makes the need for them even more urgent. Furthermore, CIPA mischaracterizes SB 551 by claiming that there is nothing for CalGEM to do until oil companies submit remediation estimates in 2022. However, the statute explicitly orders CalGEM to study “estimated costs of abandoning...orphan wells” and publish a study annually beginning in 2019 through 2026.⁶

In summary, contrary to CIPA’s claims, the coronavirus outbreak and economic disruption is all the more reason to add these positions and improve bonding requirements. CIPA’s demands must be rejected.

Again, we urge you to reject the oil industry’s specific proposals in their March 30 letter, and to reject their attempts more generally to obtain handouts of public funds and to evade regulatory oversight. We also urge you to move forward with efforts to protect Californians’ health, environment, and economy from the dangers posed by the oil industry while securing a positive transition for those employed by them. We look forward to working with your administration to accomplish these goals, and to support your efforts to provide emergency aid to Californians suffering from the COVID-19 pandemic and economic emergency.

Thank you for your attention to these critical issues. We look forward to continuing to work with your administration to protect Californians’ health, environment, and future.

Sincerely,

Kathy Dervin, 350 Bay Area Action
Mary Kay Benson, 350 Butte County
Alan Weiner, 350 Conejo / San Fernando Valley
Marti Roach, 350 Contra Costa
Laurie Litman, 350 Sacramento
Ilonka Zlatar, 350 Sacramento
Sherry Lear, 350 South Bay Los Angeles
Matt Leonard, 350.org
Ken Jones, 350 Marin
Barbara Sattler, Alliance of Nurses for Healthy Environments
Kevin Koenig, Amazon Watch
Janette Robinson Flint, Black Women for Wellness
Karuna Jaggar, Breast Cancer Action
RL Miller, California Democratic Party Environmental Caucus

⁵ Cal. Code Reg., tit. 14, § 1722.8(c)(3).

⁶ Cal. Pub. Res. Code § 3206.3.

Neena Mohan, California Environmental Justice Alliance (CEJA)
Igor Tregub, California Young Democrats Environmental Caucus
Tiffanie Huang, California Youth Climate Strike
Kassie Siegel, Center for Biological Diversity
Ingrid Brostrom, Center on Race, Poverty & the Environment
RL Miller, Climate Hawks Vote
Amanda Millstein, Climate Health Now
Megan Phelps, Climate Reality Project Campus Corps at UC Davis
Bahram Fazeli, Communities for a Better Environment
Liza Tucker, Consumer Watchdog
Cynthia Mahoney, Contra Costa Chapter of Citizens Climate Lobby
Nina Zvaleko, Converging Storms Action Network
Jennifer Krill, Earthworks
Dan Jacobson, Environment California
Tara Messing, Environmental Defense Center
Rabeya Sen, Esperanza Community Housing Corporation
Joy Frew, Fallbrook Climate Action Team
Jane Fonda, Fire Drill Fridays
Alexandra Nagy, Food & Water Watch
Sandy Emerson, Fossil Free California
Brook Lenker, FracTracker Alliance
Josefa Vega, Fresno Democratic Socialists of America
Supriya Patel, Fridays For Future Sacramento
Nicole Ghio, Friends of the Earth
Caroline Henderson, Greenpeace USA
David Levitus, LA Forward
Joe Uehlein, Labor Network for Sustainability
Lynn Kersey, Maternal and Child Health Access
Samuel Molina, Mi Familia Vota
Sandy Naranjo, Mothers Out Front
Collin Rees, Oil Change International
Martha Dina Arguello, Physicians for Social Responsibility-Los Angeles
Matt Nelson, Presente.org
Richard Parks, Redeemer Community Partnership
Chance Cutrano, Resource Renewal Institute
Joyce Lane, San Diego 350
Kathryn Phillips, Sierra Club California
Jack Eidt, SoCal 350 Climate Action
Eric Romann, Standing Together Against Neighborhood Drilling-Los Angeles (STAND-LA)

Shoshana Wechsler, Sunflower Alliance
Kobi Naseck, Sunrise Bay Area
Claire Donahue, Sunrise Los Angeles Youth
Khristina Rhead, Sunrise Movement Los Angeles
Kylie Kirkwood, Sunrise Rancho Cucamonga
Ozzy Simpson, Sunrise Sequoyah
Ellie Cohen, The Climate Center

Cc: Wade Crowfoot, Secretary, Natural Resources Agency
David Shabazian, Director, California Department of Conservation
Uduak-Joe Ntuk, Supervisor, California Geologic Energy Management Division
Jared Blumenfeld, Secretary, California Environmental Protection Agency