The Energy Industry in California

Priority Issues

October 30, 2014
The Best Of Times…

U.S. crude oil production has reached its highest point since 1997, due to production from shale and other tight rock formations, while reducing imports to their lowest level in more than 20 years.

American Petroleum Institute
The Best Of Times…

“For the first time in nearly two decades, we now produce more oil here at home than we buy from the rest of the world, and our all-of-the-above strategy for new American energy means lower energy costs.”

President Barack Obama, December 20, 2013
“The fossil fuel deposits in California are incredible.”

California Governor Jerry Brown, March 15, 2013
The Worst Of Times…
The Worst Of Times…
The Worst Of Times…

We need to go straight at the fossil fuel industry

Bill McKibben
The Worst Of Times…
The Worst Of Times...
The Worst Of Times…

The goal here is not to win. The goal here is to destroy these people, we want a smashing victory.

Tom Steyer
California Fuel Facts

Annual Oil Production

Thousands of Barrels

Source: U.S. Energy Information Administration
California Fuel Facts

Downstream

- 96 percent of California’s transportation fuels are petroleum based
- We produce 42 million gallons of gasoline, 15 million gallons of diesel fuel, 11 million gallons of jet fuel every day
- California refineries produce more than 2.8 million gallons of gasoline, diesel and jet fuel every hour, 365 days a year
- We are the third largest fuel consuming entity on earth, behind the U.S. as a whole and all of China

Source: California Energy Commission
Petroleum’s Impact on California

- The industry generates 468,000 total jobs and adds $113 billion to the state GDP

- The industry’s contribution to California alone is larger than 17 other state economies

- Industry investments combine to create $21.6 billion in state and local tax revenues

### Fiscal Contribution of Oil and Gas Industry

**California 2012**

<table>
<thead>
<tr>
<th>State and Local Taxes ($ millions):</th>
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<tbody>
<tr>
<td>Sales and excise taxes</td>
<td>$14,650</td>
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<tr>
<td>Property taxes</td>
<td>3,760</td>
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<tr>
<td>Personal income taxes</td>
<td>1,060</td>
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<tr>
<td>Corporate profits taxes</td>
<td>990</td>
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<tr>
<td>Social insurance</td>
<td>110</td>
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<tr>
<td>Other taxes</td>
<td>780</td>
</tr>
<tr>
<td>Fees, fines and permits</td>
<td>210</td>
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<tr>
<td><strong>Total State and Local Taxes</strong></td>
<td><strong>$21,550</strong></td>
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</tbody>
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Source: Estimates by LAEDC

Source: Los Angeles Economic Development Corporation
Hydraulic Fracturing

- 2,000 wells fracturing in California since FracFocus started
- 830 wells fractured in 2013
- 97% in Kern County
- Average amount of water used was 127,000 gallons
- Total water used in 2013 was 323 acre feet
- Farming in California uses approximately 34 million acre feet of water annually

Source: FracFocus website, California Department of Water Resources
Hydraulic Fracturing

- Enacted September 16, 2013
- Provides most stringent regulation of hydraulic fracturing in the country

Requires:

- Prior notification to surrounding land owners
- Mandatory disclosure of fracturing fluid
- Well integrity testing before and after fracturing
- Testing of nearby drinking water sources
- Development of water management plans and environmental impact reports
- Independent, science-based study of hydraulic fracturing
Hydraulic Fracturing
Hydraulic Fracturing Campaign
Santa Barbara County Measure P

“Measure P would severely damage our community: The loss of more than a thousand local jobs; the loss of millions of dollars in county tax revenue; the loss of hundreds of millions of dollars in overall economic activity, exposure to huge lawsuit costs and the greatest liability risk the county has ever faced.”

– Frank Banales- Executive Director, Zona Seca
According to the report, petroleum operations could add hundreds of new jobs in San Benito County—with wages ranging between $95,000 and $112,000 a year—as wells now dormant or running at low capacity are rehabbed, replaced and brought back online.
April 13, 2013

**Environmentalist Tom Steyer calls for new oil tax in California**

A wealthy environmentalist who has become an increasingly prominent force in California politics called on Democratic lawmakers today to use their supermajority powers to enact a new tax on oil pumped in the state.

**Tom Steyer**, the San Francisco billionaire who recently left his job as a hedge fund firm to focus on political and environmental activism, called the oil severance tax the one area of energy policy where California lags other states in the nation in a speech at the California Democratic Party convention Saturday.

"This isn't just a question of our taking a fair share from huge, hugely profitable oil companies," Steyer told delegates. "This is about doing the simple task - the walk and chew gum of government - to showing us that we can do the right thing for the citizens of California in opposition of some very, very big companies."

Previous attempts to set a tax on oil extracted in the state has failed to attract enough votes to win approval in the state Legislature. Steyer said the legislative supermajorities, which could allow Democrats to pass new taxes without GOP votes, and the potential that hydraulic fracking will lead to more oil production in the state make now the right time to act.
Oil Severance Tax Campaign

THE FAMILY BUDGET
DOESN’T INCLUDE
A NEW TAX
on oil

CALIFORNIANSAGAINSTHIGHEROILTAXES.COM
Crude By Rail

2013 Monthly Crude Oil Imports by Rail

Sources: PIIRA data, Energy Commission analysis
Crude By Rail

2014 Monthly Crude Oil Imports by Rail

Sources: PIIRA data, Energy Commission Analysis
Crude By Rail

This is what energy independence looks like

Gas Prices Tumble to 4-Year Low

Oct. 27, 2014

Iran's Shadow War in Iraq

The U.S.-backed fight against Sunni extremists is doing the work of Iran in Baghdad.

October 27, 2014

Ukraine crisis: Russia must not back separatist vote – US

October 28, 2014
California Climate Change Campaign

Cap and Trade (Stationary Sources)
$0.02 to $0.08 per gallon*

Cap & Trade (Fuels)
$0.14 to $0.69 per gallon*

Low Carbon Fuel Standard
$0.33 to $1.06 per gallon*

*Cost of compliance

Source: Boston Consulting Group, Understanding the impact of AB 32, June 19, 2012
California Climate Change Campaign

Put the brakes on the “Hidden” Gas Tax!

On January 1, 2015, California drivers can expect a large “hidden” gas tax that the California Air Resources Board notes may climb to an additional 76 cents per gallon.

For further information, or to SIGN THE PETITION to Stop the Hidden Gas Tax, visit:

www.CaliforniaDriversAlliance.org
California Climate Change Campaign

LCFS FUEL CLIFF 2015

WHAT HAPPENS WHEN FUEL PROVIDERS ARE REQUIRED TO MEET AN INFEASIBLE REGULATION? BAD THINGS HAPPEN.

FIND OUT HOW BAD AT CAFUELFACTS.COM.
Our Energy Reality

Figure 8. U.S. primary energy consumption by fuel, 1980-2040 (quadrillion Btu)

- Petroleum and other liquids: 32%
- Coal: 18%
- Nuclear: 8%
- Liquid biofuels: 2%
- Renewables (excluding biofuels): 10%
- Natural gas: 30%

Source: U.S. Energy Information Administration, Annual Energy Outlook 2014
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