



CALIFORNIA: Oil industry creates groups to battle fracking moratoriums, severance tax

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Oil industry groups and their allies have launched parallel campaigns in California to battle a proposed oil extraction tax and efforts to block unconventional oil drilling, including hydraulic fracturing, or fracking.

The alliance Californians for a Safe, Secure Energy Future appeared on Twitter and Facebook yesterday, saying that its mission is “to correct the misinformation about proven, safe oil extraction technologies.” The effort, which goes by the Twitter handle @SafeEnergyCA, targets potential fracking moratoriums at the state and local levels.

“Continued, safe domestic oil production is critical to our state’s energy independence and our economy,” Allan Zaremborg, president and CEO of the California Chamber of Commerce, said in a statement from the group. “Currently 40 percent of our state’s petroleum energy needs are met with domestic supplies and our population is growing. Hydraulic fracturing has been safely used to extract domestic oil in California for more than 60 years.”

The coalition represents the California Chamber of Commerce, California Independent Petroleum Association (CIPA), Independent Oil Producers’ Agency, National Federation of Independent Business/California and Western States Petroleum Association (WSPA). The latter association represents companies that include BP PLC, ConocoPhillips Co., Exxon Mobil Corp. and Royal Dutch Shell PLC.

Separately, the same interests have created Californians Against Higher Oil Taxes, with the aim of fighting S.B. 1017 from Sen. Noreen Evans (D). That bill would charge a new 9.5 percent severance tax on each barrel of petroleum, raising an estimated \$2 billion annually.

Californians Against Higher Oil Taxes includes all of the same members, plus the California Manufacturers and Technology Association and the California Taxpayers Association. The two groups are being run out of the same public relations shop.

“Those groups are advocating for the oil industry’s interests on both of those issues,” said Kassie Siegel, senior counsel at the Center for Biological Diversity.

“Californians do not trust the oil industry, so they would always love to have a proxy spokesperson. ... With industry campaigns like this, this is a very common dynamic.”

Sabrina Lockhart, spokeswoman for each of the groups, said that there are two organizations because “these are two distinct issues.”

Californians for a Safe, Secure Energy Future at the state level opposes S.B. 1132 from state Sen. Holly Mitchell (D), which would bar “all well stimulation treatments” such as fracking until a “comprehensive, independent and multi-agency review” on impacts is completed.

Meanwhile, Los Angeles’ City Council last month in a 10-0 vote (with five members abstaining) instructed staff to develop an ordinance that would “prohibit activity associated with well stimulation and hydraulic fracturing in the City of Los Angeles until safety and reliability of Los Angeles water supplies are assured” (E&ENews PM, Feb. 28). The Los Angeles city attorney’s office is still drafting that measure, amid lobbying from both those in favor and against.

The city council in Culver City, a southwest Los Angeles suburb, last month directed aides to come back with language for a moratorium on oil drilling that uses fracking, gravel packing or acidization (EnergyWire, March 25). Carson, about 20 miles south of Culver City, a week earlier passed a 45-day moratorium on new oil and gas drilling. That measure can be extended for up to two years. It came after Occidental Petroleum sought to dig 200 new wells in the Dominguez field there.

Green group: It means we’re winning

Asked about the new oil and business alliance, Charles Stewart, communications director for Mitchell, said that she intends to continue advocating for environmental justice and for her constituents by seeking passage of her bill, S.B. 1132.

Siegel with Center for Biological Diversity saw the creation of Californians for a Safe, Secure Energy Future as a positive sign.

“This reaction shows that the oil industry is running scared because there is so much momentum in California” toward moratoriums, Siegel said. “To launch a whole effort to promote fracking like this, I think it indicates success of the movement to ban fracking.”

Miriam Gordon, California director at Clean Water Action, criticized the group’s name.

“Their name is a misnomer,” Gordon said. “They’re making themselves seem like they’re representing California, when in fact they represent Big Oil and big business. It’s disingenuous to name themselves California to imply that they represent the perspective of the average Californian.”

Both green group representatives said that they know the oil industry has the financial ability to hire many lobbyists. But the environmentalists believe they have more backers on their side.

“They’re just a handful of organizations that represent just the same few interests,” Gordon said of those in the new alliances. “How we’re planning to counter it is to demonstrate to our elected officials that while their money is big, the interests that they represent are a minority.”

Lockhart said that Californians for a Safe, Secure Energy Future's outreach would include "public education and awareness to make sure that individuals know the economic benefits of safe oil extraction technology, and to correct any misinformation."

"California has the strictest hydraulic fracturing regulations in the country," she added, referring to the rules that are scheduled to be rolled out by California Department of Conservation's Division of Oil, Gas and Geothermal Resources, also known as DOGGR.

Those regulations were ordered by S.B. 4, from Sen. Fran Pavley (D), which passed last year.

The coalition would "prefer to allow S.B. 4 to take effect and see how that's working before imposing an unnecessary ban," Lockhart said.

Outreach with local officials

Californians Against Higher Oil Taxes is gathering people to argue that the oil severance tax bill, S.B. 1017, would have "devastating impact" on California's economy, Lockhart said.

Many had planned to speak at a Senate education committee hearing earlier this week, she said. The measure was scheduled for that committee because the money raised would go to fund state schools, parks and health needs. Evans pulled the legislation back from that hearing, and it was delayed until April 23.

Lockhart said the measure would affect people like leaders from Kern County, Calif., where a large amount of the state's oil drilling occurs.

"If production decreases, that would have an impact on their property taxes and their funding stream for local governments and schools and police and fire services," Lockhart said. "The legislation also doesn't specifically say that local governments will be made whole for any reduction in property taxes."

Teala Schaff, spokeswoman for Evans, said the Californians Against Higher Oil Taxes group isn't new.

"It's the same group of profit hungry barons who've opposed every [California] attempt to impose an oil extraction tax," Schaff said in an email. "They simply bought a new web domain, new letterhead and hired a few more platinum-plated hacks to peddle their fable."

"We knew the fight wouldn't be easy," Schaff added. "We knew we'd be taking on the one industry that outspends all others in special interest funding. But the policy is worthy and wanted so we, or someone, will move it forward as many times as it takes."

Billionaire environmentalist Tom Steyer has said that the state should impose a severance tax. Suzanne Henkels, spokeswoman for his group, NextGen Climate Action, yesterday said in an email that "California remains the only major oil-producing state to give oil companies a free ride on oil extracted from private land -- allowing them to extract our resources while Californians get nothing in return."

The oil industry is earning record profits, she said, while "contributing to historic pollution and climate disruption."

“It’s no surprise to me that Big Oil would spend millions on high-priced lobbying and PR professionals in an effort to deceive everyday taxpayers into working against their own economic self-interest, but they underestimate us -- Californians are way too smart for that,” Henkels said. “If Big Oil pays more, everyone else can pay less. It’s that simple.”