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California Independent Petroleum Association's (CIPA) Statement on Future of Referendum and

Legal Challenge to Senate Bill 1137

California Independent Petroleum Association's (CIPA) Statement on Future of Referendum and Legal Challenge to Senate Bill 1137

In the last five days of session in 2022, the California Legislature hastily pushed through Senate Bill 1137 (SB 1137), which imposes an arbitrary 3,200-foot setback for oil operations. This new law not only prevents drilling new wells but also prevents the maintenance of existing ones, potentially impacting more than 15,000 wells across California. In response, the California Independent Petroleum Association (CIPA) launched a successful campaign to collect nearly one million voter signatures in just 65 days to place a referendum on the 2024 ballot.

Polling has consistently shown that Californians would rather produce their energy locally under California's strict environmental rules and regulations than increase our already troubling reliance on imported foreign crude from Saudi Arabia, Iraq, and Ecuador.

Supporters of SB 1137 say the science is clear on health impacts living near an oil well. However, the state has not produced actual scientific studies that prove causation in California. Instead, the state used a "Science Advisor Panel (SAP)" that conducted a survey of studies, nearly all of which are from other states, most examine hydraulic fracturing which is not permitted in California, and not a single one calls for a 3,200-foot setback (see document). The survey also ignored several scientific studies conducted in California that show production can be done safely.

A poll conducted by CIPA in April (memo attached) showed only 49% initial support for maintaining SB 1137 among California voters, even before being informed about all the negative aspects of the Energy Shut Down Law. Typically, referendums and initiatives need to start with over 65% support to survive a robust campaign.

Supporters of SB 1137 tout polling that shows support for upholding the law. However, unlike CIPA's polling that used the actual language drafted by the Attorney General, their polling uses language that would not appear in the ballot summary. Supporters ask if voters would support banning new wells near

schools, hospitals, and nursing homes. They do not inform voters the setback distance is a full kilometer, applies to all businesses not just sensitive receptors, and affects maintenance at existing facilities, not just new wells.

While CIPA is confident in its ability to be successful at the ballot box, we also recognize the likelihood of the Legislature simply introducing other similar bills, driven by the same unfounded narratives and lack of sound science. Therefore, judicial intervention is necessary to truly resolve this matter.

CIPA and other opponents of the energy shutdown effort are pivoting from pursuing the referendum to instead pursuing a legal path to demonstrate that SB 1137, and any future legislation of its kind, is not legally sound. The in-state energy sources being shut down by SB 1137 have all been duly permitted both by local and state entities and have undergone environmental reviews. Additionally, the California Environmental Quality Act (CEQA) requires all impacts be mitigated, and current California law mandates monitoring and inspection of facilities to ensure no emissions.

Shutting down these permitted assets, into which companies have invested millions of dollars without any proven environmental harm, constitutes an illegal taking under Article 5 of the US Constitution. It also violates due process and equal protection given that entities with much higher proven emissions that exist in the setback zones such as landfills, ports, water treatment and other industrial facilities, are not shut down by this or any other law. Instead of unfounded claims, the state will have to prove their case in a court of law where statements must be factual and backed by evidence.

The state has also not answered whether it would permit any housing or other development within 3,200 feet of an existing oil well. If in fact the science has demonstrated harmful effects, why would the state or local governments permit new sensitive receptors from being built in the “Health Protection Zones (HPZ)? The state’s own consultant that reviewed scientific studies stated that SB 1137 may create “reverse setbacks” that disallow any development in the HPZ.

CIPA is confident that we can secure a decisive legal resolution that allows California's oil producers to continue supplying the world's only climate-compliant oil, meeting the energy demands of Californians while reducing our dependency on more expensive foreign oil that drives up Californians' already sky-high gasoline prices.

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