CalEPA
California Environmental
Protection Agency

Edmund G. Brown Jr.
Governor
Matthew Rodriquez
Secretary for Environmental Protection

December 28, 2015

Ms. Anita Marangoly George
Senior Director, Energy and Extractives Global Practice
The World Bank Group
1818 H Street, NW
Washington, DC 20433

Re: Invitation for the State of California to join the "Zero Routine Flaring by 2030" Initiative

Dear Ms. George,

Congratulations on the success of the "Zero Routine Flaring by 2030" Initiative in Paris. On behalf of the State of California, I am pleased to submit this letter as confirmation of California's endorsement of the initiative. We look forward to working with the World Bank to commit to eliminating existing legacy routine flaring no later than by 2030, and to help ensure that new oil fields are developed with plans that include a gas utilization solution without routine flaring or venting.

My agency will be the focal point for further coordination in support of this initiative.

Sincerely,

Matthew Rodriquez
Secretary for Environmental Protection

Attachment

Cc: Mr. Ken Alex
Senior Advisor
California Governor's Office of Edmund G. Brown Jr.

Ms. Aimee Barnes
Deputy Secretary for Border and Intergovernmental Affairs
California Environmental Protection Agency

Richard Corey
Executive Officer
California Air Resource Board

ANITA MARANGOLY GEORGE
Senior Director
Energy and Extractives Global Practice

December 2, 2015

Mr. Matthew Rodriquez
California Secretary for Environmental Protection
1001 I Street, P.O. Box 2815
Sacramento, CA

Dear Mr. Rodriguez,

Initiative to Reduce Global Gas Flaring:
"Zero Routine Flaring by 2030"

Early this year, United Nations Secretary-General Ban Ki-moon and World Bank President Jim Kim launched a global initiative to end the oil and gas industry practice of wastefully and routinely flaring gas at oil production sites around the world. The "Zero Routine Flaring by 2030" Initiative (attached) aims to eliminate existing "legacy" routine flaring no later than by 2030, and to help ensure that new oil fields are developed with plans that include a gas utilization solution without routine flaring or venting.

We are requesting the State of California join 42 other governments, oil companies, and development institutions (attached with Initiative text) who have endorsed this Initiative. Our ambition is to garner the broadest coalition of leading oil-producing countries and oil companies, thereby establishing its principles as a global industry standard. While the United States government has yet to endorse the Initiative, we believe California could lead the way to a subsequent national endorsement, given the State's climate change mitigation goal of reducing greenhouse gas emissions by 40 percent below 1990 levels by 2030 and further eliminating methane and black carbon from the oil and gas sector.

The "Zero Routine Flaring by 2030" Initiative addresses a major climate change and resource management issue. Flaring at oil production sites around the world causes about 350 million tons of CO_2 emissions every year, and there are also negative impacts from black carbon emissions and un-combusted methane. Furthermore, gas flaring is a waste of energy resources that the world can ill afford. If the gas that is flared globally every year were used for power generation, it could provide about 750 billion kWh of electricity, or more than the African continent's current annual electricity consumption.

We plan to bring a powerful message on climate action through gas flaring reduction to the COP21 and will announce and recognize recent endorsers of the Initiative at an event there on December 7.

Although the Initiative is not a legally binding document, oil companies have already made it clear that it will have real impact on their upstream business going forward. The many leading international oil companies that already have a no-flaring policy for new field developments consider the Initiative a positive contribution because it will level the playing field: other companies would adopt the same practice and governments would require it.

We would like to confirm the Initiative focuses solely on routine flaring. Thus, non-routine flaring such as during startup, malfunction or maintenance, as well as safety flaring, is not within its scope. Furthermore, routine flaring, as applicable to this Initiative, excludes combustion of hazardous or polluting emissions such as volatile organic compounds and hydrogen sulfide. Nevertheless, these emissions should be minimized.

Please let us know if you have questions or would like additional information about the Initiative, by email, teleconferencing or visit by our experts.

We remain hopeful that California will endorse this important Initiative and look forward to hearing from you soon.

Sincerely,

Anita George

Anita Marangoly George
Senior Director
Energy and Extractives Global Practice

Attachment: "Zero Routine Flaring by 2030" Initiative with list of current endorsers

Website: www.worldbank.org/zeroroutineflaring

Contact: Francisco J. Sucre
World Bank
fsucre@worldbank.org
202-473-5479

Initiative to Reduce Global Gas Flaring:
"Zero Routine Flaring by 2030"

During oil production, associated gas is produced from the reservoir together with the oil. Much of this gas is utilized or conserved because governments and oil companies have made substantial investments to capture it; nevertheless, some of it is flared because of technical, regulatory, or economic constraints. As a result, thousands of gas flares at oil production sites around the globe burn approximately 140 billion cubic meters of natural gas annually, causing more than 300 million tons of CO_2 to be emitted to the atmosphere.

Flaring of gas contributes to climate change and impacts the environment through emission of CO_2, black carbon and other pollutants. It also wastes a valuable energy resource that could be used to advance the sustainable development of producing countries. For example, if this amount of gas were used for power generation, it could provide about 750 billion kWh of electricity, or more than the African continent's current annual electricity consumption. While associated gas cannot always be used to produce power, it can often be utilized in a number of other productive ways or conserved (re-injected into an underground formation).

This "Zero Routine Flaring by 2030" initiative (the Initiative), introduced by the World Bank, brings together governments, oil companies, and development institutions who recognize the flaring situation described above is unsustainable from a resource management and environmental perspective, and who agree to cooperate to eliminate routine flaring no later than 2030.

The Initiative pertains to routine flaring and not to flaring for safety reasons or non-routine flaring, which nevertheless should be minimized. Routine flaring of gas is flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market. Venting is not an acceptable substitute for flaring.

Governments that endorse the Initiative will provide a legal, regulatory, investment, and operating environment that is conducive to upstream investments and to the development of viable markets for utilization of the gas and the infrastructure necessary to deliver the gas to these markets. This will provide companies the confidence and incentive as a basis for investing in flare elimination solutions. Governments will require, and stipulate in their new prospect offers, that field development plans for new oil fields incorporate sustainable utilization or conservation of the field's associated gas without routine flaring. Furthermore, governments will make every effort to ensure that routine flaring at existing oil fields ends as soon as possible, and no later than 2030.

Oil companies that endorse the Initiative will develop new oil fields they operate according to plans that incorporate sustainable utilization or conservation of the field's associated gas without routine flaring. Oil companies with routine flaring at existing oil fields they operate will seek to implement economically viable solutions to eliminate this legacy flaring as soon as possible, and no later than 2030.

Development institutions that endorse the Initiative will facilitate cooperation and implementation, and consider the use of financial instruments and other measures, particularly in their client countries. They will endeavor to do so also in client countries that have not endorsed the Initiative.

Governments and oil companies that endorse the Initiative will publicly report their flaring and progress towards the Initiative on an annual basis. They also agree to the World Bank aggregating and reporting the same.

The parties that endorse the Initiative acknowledge that its success requires all involved – governments and oil companies, with the support of development institutions – to fully cooperate and take the action described herein to eliminate routine flaring no later than 2030.

The following governments endorse the Initiative:

Angola
Cameroon
Republic of Congo
France
Gabon
Germany
Kazakhstan
Mexico
Netherlands
Norway
Peru
Russian Federation
Turkmenistan
Uzbekistan

The following oil companies endorse the Initiative:

BG Group
BP
Eni
Entreprise Tunisienne d'Activités Pétrolières (ETAP – Tunisia)
KazMunayGaz (Kazakhstan)
Kuwait Oil Company
Niger Delta Petroleum Resources Ltd. (Nigeria)
ONGC (India)
Petroamazonas EP (Ecuador)
Royal Dutch Shell
Societé Nationale des Hydrocarbures (SNH – Cameroon)
Societé Nationale des Petroles du Congo (SNPC)
Sonangol (Angola)
State Oil Company of the Azerbaijan Republic (SOCAR)
Statoil
TOTAL
Wintershall

The following development institutions endorse the Initiative:

African Development Bank (AfDB)
Agence Française de Développement (AFD)
Asian Development Bank (ADB)
ECOWAS Bank for Investment and Development (EBID)
European Bank for Reconstruction and Development (EBRD)
Inter-American Development Bank (IDB)
Islamic Development Bank (IsDB)
OPEC Fund for International Development (OFID)
United Nations Sustainable Energy for All (SE4ALL)
West African Development Bank (BOAD)
World Bank Group