



American **Energy.**

American **Jobs.**

October 25, 2022

2633 Cherry Ave
Signal Hill, CA 90755

Re: *Stop the Energy Shutdown* Contribution

Dear Sir or Madam,

A group of oil producers have started a campaign committee named *Stop the Energy Shutdown* aimed at overturning SB 1137, the 3,200-foot setback bill signed into law by Governor Newsom three weeks ago. As you may know, the setback law not only prevents the drilling of new wells and doing workover work on existing wells, but it also creates many new, burdensome mitigation measures on existing facilities within those zones. This 3,200-foot setback affects all of Signal Hill Petroleum's operations. This is a massive illegal taking of California assets. It will exacerbate California's growing dependence on imported foreign crude.

More importantly, SB 1137 is just one step in the Governor's goal to rid the state of all domestic oil and gas production in favor of foreign imports. Already, the Governor is planning to follow up the passage of SB 1137 with a special session of the legislature to implement a windfall profits tax on oil companies (but not imports)! Legislators are watching to see if our industry is willing to fight for our own survival. We need your help to fight back.

We have roughly 65 days to gather 950,000 signatures to qualify the referendum. If we qualify, SB 1137 will be stayed and NOT go into effect for two years until after the referendum is voted on by California voters in November 2024.

This effort is very expensive, and we need over \$20 million to succeed. We have raised over \$13 million to date. Please help us fight back and save our industry by joining us and considering a contribution to the effort. We realize this is a big ask, but independent producers across the state are having to step up in a big way to get this done. A contribution form with all necessary instructions is attached. We will also soon have information on how you can help us gather signatures through voluntary efforts.

If you have any additional questions, please contact Alex Carnino at 562-595-6440 or community@shpi.net. We look forward to you partnering with us to fight back!

Sincerely,
Signal Hill Petroleum

Attachments:

- California Independent Petroleum Association (CIPA) Press Release
- SB 1137 Fact Sheet
- Contribution Form- With each donation you have access to the CIPA consulting company who can assist you with political reporting donation requirements. Please call them directly with any questions. Their contact information can be found on the contribution form.

Date: October 20, 2022
FOR IMMEDIATE RELEASE

Contact: Hector Barajas
(323) 314-3342
hector@amplify360inc.com

Signature Gathering Begins to Repeal Law that Will Increase Prices at the Pump

Signature gathering begins to repeal law that is a political war on California's energy workers and producers, costing Californians quality of life and jobs with skyrocketing gas prices

SACRAMENTO, CA (Oct. 20, 2022) – Frustrated by the state's high gas prices, and failure to take advantage of tapping its in-state oil reserves despite the nation's strictest environmental standards, a coalition of independent oil producers and workers have launched signature gathering for the Stop the Energy Shutdown petition.

The petition seeks to put a repeal of Senate Bill 1137 before the voters, which instituted a statewide 3,200-foot oil well setback without any scientific basis. Prior to SB 1137's passage, existing state and local laws already required various setback distances from oil wells which were established by thoughtful scientific review. This law threatens to further increase California's already high gas prices by decreasing in-state energy supply, and instead requires California to rely on more expensive imported foreign oil that contributes greater Greenhouse Gas Emissions (GHGs).

"This referendum will allow California voters to better control the prices they pay at the pump by removing barriers to boost the supply of our homegrown oil production," said Rock Zierman, Chief Executive Officer of the California Independent Petroleum Association, which is spearheading this effort. "Governor Gavin Newsom may say he is going after energy companies, but in reality, he is going after the high-paying careers of over 50,000 hardworking Californians on the heels of more than two years of COVID-19 related economic turmoil and a looming recession."

Every day Californians consume 1.8 million barrels of oil. If California oil workers go out of business, this demand will not cease but will be replaced by foreign oil from carbon-emitting tankers imported from suppliers like Saudi Arabia, Ecuador and Iraq.

"We have worked with legislative leaders in California for decades to ensure we have the strictest environmental regulations in the nation and world to protect our air, water, soil and to provide safe working conditions," Zierman said. "There are no scientific justifications for a 3,200-foot setback. As Governor Newsom has implored us over the past two years, we must 'follow the science' and use evidence-based data when enacting policy, something that SB 1137 fails to do."

There is no scientific justification for a 3,200-foot setback. The legislation fails to provide peer-reviewed literature specific to California that recommends a 3,200 foot setback. On the contrary, the state already has a setback and individual projects comply with CEQA mitigation requirements that are based on actual scientific review.

“We are gathering signatures because we know that if we fail to act, families will suffer, our communities will falter, and Californians will pay the price at more than just the pump,” concluded Zierman.

The Stop the Energy Shutdown committee has raised over \$8.1 million to date for their effort.

To learn more about CIPA, our members and our mission, visit www.cipa.org.

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The California Independent Petroleum Association (CIPA) is a non-profit, non-partisan trade association representing approximately 300 independent crude oil and natural gas producers, royalty owners, and service and supply companies operating in California. Our members represent approximately 70% of California's total oil production and 90% of California's natural gas production. Since 1976, when the Independent Oil & Gas Producers' Association merged with the California Independent Producers & Royalty Owners Association to form CIPA, the association has kept the political, regulatory and public policy interests of independent oil and gas producers at the forefront of its agenda.

ALERT: Governor's Shutdown of In-State Energy Production Will Increase GHG Emissions

1 A setback does nothing to change DEMAND. California will continue to consume the same amount of oil with or without the Governor's arbitrary setbacks. This would result in an increase of imported foreign oil to satisfy everyday demand for Californians. California is an energy island. There are zero oil pipelines moving crude into California. All the oil produced in the state is used by its citizens, and without pipelines to import oil, all out-of-state sources must be delivered by carbon-spewing supertankers.



2 Reliance on foreign crude destroys the Amazon Rainforest. Ecuador is the new top exporter of crude oil into California. Ecuadorian oil is produced under zero environmental standards and is drilled after bulldozing the Amazon rainforest, displacing indigenous people groups and native wildlife, according to NBC News.



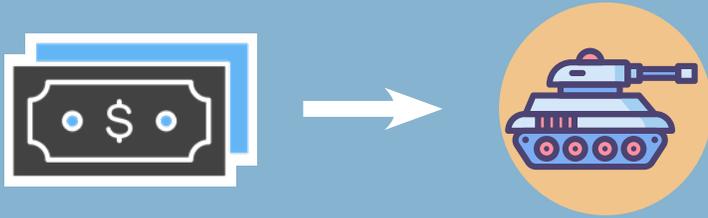
3 A 3,200-foot setback is not based in science and will not help California achieve its climate goals. In fact, this proposal is counterproductive and would increase global greenhouse gas emissions by halting production of climate-compliant California crude in favor of foreign crude that is produced under little or no environmental regulations.

4 The distance specified as the exclusion area is arbitrary and not supported by the numerous human health risk assessments and studies conducted by state and local governments in California (or elsewhere). One 2019 scientific study found "no air emissions exceeding National Ambient Air Quality Standards (NAAQS) between 715 and 1,288 feet from a well pad."

5 The proposal would impact 5,334 active production wells and 2,950 injection wells, which produced 28,320,594 barrels of oil in 2019. If these wells are shut down, all of this production goes away, along with tens of thousands of California workers, and will be replaced by imports arriving on supertankers which are horrible polluters.



6 Reliance on foreign crude emboldens foreign dictators. This puts our energy security in the hands of violent dictatorships, like Vladimir Putin and Russia. In 2019, California imported over 18 million barrels of crude oil from Russia, according to the U.S. Energy Information Administration. California helped fund Putin's terror war in Ukraine.

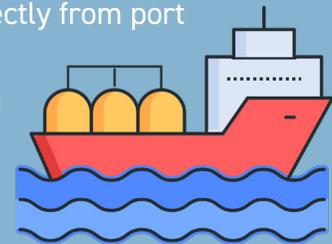


8 If adopted, setbacks will kill thousands of high-paying jobs that provide “climate compliant crude oil” to California’s residents. Killing local jobs only to have those jobs exported to foreign countries is an insult to California’s labor community. The Governor is trying to put the California oil industry out of business, killing over 55,000 high-paying jobs. Think about the 55,000 families whose income will vanish.

7 By killing the California oil industry, we invest in Ecuador, Saudi Arabia and other nations that do not follow California’s strict climate rules. The remainder of the state’s needed oil supply will come from supertankers from foreign suppliers, which are exempt from all of California’s complex and aggressive climate program.

9 Californians already pay the highest gas prices in the nation. The Governor’s proposal will make gas prices higher and more volatile by increasing dependence on foreign producers and unreliable supply chains and increasing exposure to geopolitical issues overseas. And, foreign oil is more expensive than oil produced in California, since refineries must pay for the transportation of the crude via supertankers.

10 Supertankers are the biggest polluters of the LA Basin, and they are a dangerous risk for catastrophic oil spills: According to the South Coast Air Quality Management District, the number one source of toxic pollution in the LA Basin comes directly from port ships, including supertankers carrying foreign oil. Why does Governor Newsom want to invite more greenhouse gasses and toxic pollution into the black and brown neighborhoods of Los Angeles? Supertankers can carry over 1 million barrels of crude oil and have a history of causing catastrophic oil spills that destroy marine habitat and coastal communities.



Vote NO on the Governor’s harmful energy shut down of California oil production.

It’s bad for the environment. | It makes the climate crisis worse. | It increases pollution in our coastal cities. | It increases risks of devastating oil spills. | It makes our enemies richer. | It kills tens of thousands of jobs, and entire families will be without an income.

STOP THE ENERGY SHUTDOWN

a coalition of Small Business Owners, Concerned Taxpayers and Local Energy Producers

(FEIN #: 92-0412689 | FPPC Committee ID #: pending)

CONTRIBUTOR RESPONSE FORM

THE FOLLOWING INFORMATION IS REQUIRED:

Contributor Name: _____

Address: _____ City/State/Zip: _____

E-mail: _____

Occupation (if contributor is an individual): _____ Retired

Employer (if contributor is an individual): _____

Mark Box if Contributor is a Limited Liability Company.

Name & title of the LLC's "responsible officer"—i.e., the individual primarily responsible for approving the LLC's political activity/contributions: _____

Amount of Contribution: \$ _____

Please mark box if contribution is a loan:

Please make **checks** payable to and mail to:

Stop the Energy Shutdown

FEIN: 92-0412689

c/o Steve Lucas

2350 Kerner Boulevard, Suite 250, San Rafael, CA 94901

Wire Instructions: Bank of Marin

504 Tamalpais Drive, Corte Madera, CA 94925

ABA Routing #121141877

Account #01759092

Questions? Please contact Steve Lucas of Nielsen, Merksamer: slucas@nmgovlaw.com

Stop the Energy Shutdown, a Coalition of Small Business Owners, Concerned Taxpayers and Local Energy Producers (the "Committee"; FPPC ID No. pending) has been formed as a California non-profit corporation and is exempt from taxation under Section 501(c)(4) of the Internal Revenue Code. The Committee has been formed to qualify the referendum against SB 1137 (2022), the energy shutdown legislation.

Donations to **Stop the Energy Shutdown** are not subject to any limits and can be accepted from any source other than foreign principals.

Donations to **Stop the Energy Shutdown** are not deductible as charitable contributions for federal income tax purposes. All contributions of \$100 or more will be disclosed on the Committee's campaign reports. Contributors to California state and local political committees, including the Committee, of \$10,000 or more in a calendar year will trigger their own campaign disclosure obligations. We are available to assist you (see next page).

STOP THE ENERGY SHUTDOWN ASSISTANCE WITH CAMPAIGN REPORTING

To make it easier for you to support Stop the Energy Shutdown, we have engaged the law firm of Nielsen, Merksamer to take care of the campaign disclosure obligations on your behalf, at the Committee's expense. If you would like this assistance, please fill out the form below.

Major Donors: If your contribution(s) to California state or local committees total(s) \$10,000 or more in a calendar year, California law requires you to file a Major Donor Committee Campaign Statement (Form 461).

24-Hour Reports: In addition, once you become a Major Donor, you are required to file a report within 24 hours (Form 497) if you make contributions totaling \$1,000 or more to a candidate or certain committees during the 90 days before the election.

LLC Donors: Donors that qualify as Major Donors (above) and are formed as Limited Liability Companies (LLCs) incur additional disclosure requirements that require them to disclose member ownership interests and capital contributions.

REQUEST FOR FILING ASSISTANCE

PLEASE MARK ALL THAT APPLY

- Yes, I would like Nielsen Merksamer to file my California Major Donor Report (and 24-hour reports, if applicable) at the Committee's expense. Nielsen, Merksamer is authorized to prepare and file the required report(s) as my agent.

- I confirm that I have **not made any other state or local campaign contributions** in California during this calendar year. I will **immediately** apprise you of any changes.

- I have attached a list of the additional state or local campaign contributions made in California during this calendar year, and I will **immediately apprise** you of any additional contributions.

Contributor Name: _____

Address: _____ City/State/Zip: _____

E-mail: _____

PLEASE EMAIL THIS COMPLETED FORM TO STEVE LUCAS at slucas@nmgovlaw.com AND CONFIRM RECEIPT BY RETURN EMAIL