

California Governor Hands Out Fracking Permits on Behalf of Big Oil

While California was convulsed by COVID-19 and George Floyd's death, the governor gave Big Oil a big gift.

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*On June 1, in the midst of the turmoil created by the coronavirus pandemic and the death of **George Floyd** in Minneapolis, California **Gov. Gavin Newsom's** administration quietly issued [12 fracking permits](#) to Aera Energy, a joint venture owned by ExxonMobil and Shell.*

Oil drilling in California has faced criticism for its [disproportionately negative health impacts](#) on Latino communities and other people of color. The 12 new permits will be for fracking in the Lost Hills Oil Field. The Kern County town of [Lost Hills](#) is more than 97 percent Latino, according to 2010 U.S. Census data.

The fracking permits are the latest example of California's oil industry benefiting from regulatory or deregulatory action during the COVID-19 pandemic and came just months after the Newsom administration said it [supported taking actions](#) to "manage the decline of oil production and consumption in the state." Aera, which also received [24 permits](#) from the California Geologic Energy Management Division (CalGEM) on April 3 during the early days of COVID-19, has well-connected [lobbyists in its corner](#) who work for the firm [Axiom Advisors](#).

One of them, [Jason Kinney](#), headed up [Newsom's 2018 transition team](#) and formerly served as a [senior advisor](#) to Newsom while he was lieutenant governor. He is also a senior advisor to California's Senate Democrats. The other, [Kevin Schmidt](#), previously served as policy director for Newsom when the latter was lieutenant governor. Aera paid Axiom [\\$110,000](#) for its lobbying work in 2019 and, so far in 2020, has paid [\\$30,000](#), lobbying reports reveal.

Axiom's lobbying disclosure records show both Kinney and Schmidt listed as lobbyists and Aera as one of the firm's clients. Kinney's wife, Mary Gonsalvez Kinney, was also the [stylist for Newsom's wife](#)—Jennifer Siebel Newsom—dating back to their time spent living in the San Francisco Bay Area. Kinney and Schmidt did not respond to repeated requests for comment for this article.

Calling the situation "unseemly," Jamie Court, president for the Los Angeles-based group Consumer Watchdog, wrote via email that "Aera should not be able to buy the influence it apparently has over state oil and gas policy." Last November, prior to the 24 permits issued in April, Newsom had declared a statewide [fracking permit moratorium](#) in response to a scandal involving a regulator for the California Division of Oil, Gas, and Geothermal Resources (DOGGR). The regulator, who had been tasked with heading oversight issues on

issuing permits, was revealed to have [stock investments](#) valued up to \$100,000 in Aera Energy's parent company, ExxonMobil. Newsom [fired the head](#) of DOGGR at the time, Ken Harris, and eventually renamed the agency CalGEM.

Kinney and Schmidt are not the only two with Newsom ties. Aera CEO **Christina Sistrunk** sits on the governor's [Task Force on Business and Jobs Recovery](#), created to craft an economic recovery plan in response to the ongoing COVID-19 economic fallout.

Aera is one of the state's top drillers and accounts for nearly [25 percent of California's production](#), its website claims. Aera landed [490 drilling permits](#) from CalGEM in the first quarter of 2020, according to data collected by FracTracker, and [651 permits](#) in 2019.

Lost Hills

The town of Lost Hills has a population of about 2,500 people and its field [ranks sixth](#) in oil produced in the state. The field sits in close proximity to a residential neighborhood just west of Interstate Highway 5, close to both a middle school and public park.

Infrared camera footage from 2014, taken by the advocacy group Earthworks and the Clear Water Fund for a 2015 [report](#) they published, showed that the Lost Hills field emits prolific amounts of toxic chemicals into the air, including methane, acetone, dichlorodifluoromethane and acetaldehydes. High levels of isoprene and acetaldehydes can cause cancer, while the other substances can result in serious health damage, including heartbeat irregularities, headaches, nausea, vomiting, throat irritation, coughing and wheezing.

In a survey done for that same report of Lost Hills residents, respondents reported having "thyroid problems (7 percent), diabetes (7 percent), asthma (11 percent) and sinus infections (19 percent)."

"Of all respondents, 92.3 percent reported identifying odors in their homes and community," it further detailed. "Odors were described as petroleum, burning oil, rotten eggs, chemicals, chlorine or bleach, a sweet smell, sewage, and ammonia. Participants reported that when odors were detected in the air, symptoms included headache (63 percent), nausea/dizziness (37 percent), burning or watery eyes (37 percent), and throat and nose irritation (18.5 percent)."

Methane is a climate change-causing greenhouse gas [84 times more potent](#) than carbon dioxide during its first 20 years in the atmosphere, according to the Intergovernmental Panel on Climate Change. A 20-year window falls within the [2030 deadline](#) established by IPCC climate scientists in a [2018 report](#) that concluded that, if bold action is not taken steadily until then, the world could face some of the most severe and irreversible impacts of climate change.

Setbacks

The new Lost Hills permits came as CalGEM completed its pre-rulemaking public hearings, on June 2, for regulations pertaining to distancing setbacks of oil wells from homes, schools, health clinics and public parks.

The rulemaking process also came as a direct result of the Newsom administration's November fracking moratorium announcement, found within that same directive.

Last January, two months after the directive, new CalGEM head [Uduak-Joe Ntuk](#), Newsom's legislative affairs secretary [Anthony Williams](#) and Department of Conservation director [David Shabazian](#) all attended and spoke at a [pro-industry hearing](#) convened by the Kern County Board of Supervisors. They held the hearing [in direct response](#) to Newsom's November announcement. Aera CEO Sistrunk [spoke at that hearing](#) and the company [promoted it](#) on its website.

The lobbying disclosure records also show Kinney and Schmidt's firm represents Marathon Petroleum, which [advocated](#) against legislation that would mandate CalGEM to implement a setbacks rule by July 1, 2022. That bill, [AB 345](#), had previously mandated that a setback rule be put into place by 2020.

But [after receiving lobbying pressure](#) from the Common Ground Alliance— which has united major labor groups with the oil industry, and which was incorporated by an attorney whose clients include Chevron, ExxonMobil, BP America and Western States Petroleum Association—Assembly Appropriations **Chairwoman Lorena Gonzalez** (D-San Diego) made it a two-year bill during the 2019 legislative session. The “two-year” option for state legislators extends the lifeline of a bill for potential amendments and passage into the second year of every two-year legislative session. Gonzalez told Capital & Main the bill received two-year status due to its high implementation cost.

Aera's parent company, ExxonMobil, has given Gonzalez \$5,500 in campaign contributions since her first run for the Assembly in 2013. Aera also gave a [\\$35,000 contribution](#) to the California Latino Legislative Caucus Foundation during the first quarter of 2020, its lobbying disclosure form shows. Gonzalez is the [chairwoman](#) of the California Legislative Latino Caucus and the foundation is its nonprofit wing. And both Aera and the Common Ground Alliance share the same attorney, Steven Lucas, [incorporation documents](#) and [disclosure forms show](#).

“The Governor has been clear about the need to strengthen oversight of oil and gas extraction in California and to update regulations to protect public health and safety for communities near oil and gas operations,” **Vicky Waters**, Newsom's press secretary, told Capital & Main in an emailed statement. “CalGEM has launched a rulemaking process to develop stronger regulations and will consider the best available science and data to inform new protective requirements.”

Waters did not respond to questions about Axiom Advisors and its personnel ties to Gov. Newsom.

“An Afterthought”

The permits handed to Aera coincide with the Newsom administration granting the industry a suite of regulatory relaxation measures during the COVID-19 era. These include a [delay in implementing management plans](#) for idle oil wells and cutting the hiring of 128 analysts, engineers and geologists to bolster the state's regulatory efforts on oil wells—even though the industry was [legally obligated to pay for it](#).

These measures came after San Francisco public radio station KQED reported that the oil industry's top trade associations, the [Western States Petroleum Association](#) (WSPA) and [California Independent Petroleum Association](#) (CIPA), requested that CalGEM take such actions.

Aera's general counsel, **Lynne Carrithers**, [sits on the board](#) for CIPA, while the company is also a [WSPA dues-paying member](#).

In response to a question about the cancellation of hiring of 128 regulators, Teresa Schilling, a spokeswoman for the Department of Conservation—which oversees CalGEM—said by email that the “Administration had to revisit many proposals in the January budget as a result of the COVID-19 pandemic and the fiscal challenges it created.”

“Significantly expanding a fee-based program in this time of belt-tightening would not be appropriate,” Schilling continued, speaking to the oil industry's current financial travails. “However, CalGEM is committed to continuing its critical core enforcement and regulatory work with its current resources. Furthermore, all regulations remain in effect and operators are still accountable for meeting them.”

Schilling added that, with regards to the connections with Axiom Advisors, the administration works with “a variety of stakeholders on policy issues and budget decisions,” calling the latest budget proposal “consistent with Administration priorities.”

But **Cesar Aguirre**, a community organizer with the Central California Environmental Justice Network who lives near Lost Hills in Bakersfield, sees the situation differently.

“The Lost Hills community is already surrounded by extraction and the Newsom administration and CalGEM continue to show that they intend to put the environment and frontline communities as an afterthought,” he said, advocating for the passage of AB 345. “These actions show us that Californians can't depend on empty political promises to protect public health.”

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