



***A Profile of
California's
Independent
Crude Oil &
Natural Gas
Exploration &
Production Industry***

What is an Independent Producer?

An independent producer is a non-integrated company which receives most of its revenue from crude oil or natural gas production at the wellhead. Independents are exclusively in the exploration and production segment of the industry with no retail outlets, marketing or refining operations. Independents are price takers -- they have little control over the price they receive for their product and cannot pass through to consumers the costs incurred in producing it.

What is CIPA?

The California Independent Petroleum Association (CIPA) is a non-profit, non-partisan trade association representing independent producers, royalty owners, service and supply companies operating in California.

Industry Highlights

California produces approximately 840,000 barrels of oil per day, and consumes about two million barrels per day. California produces 920 million cubic feet per day of natural gas. Twenty nine California counties produce some oil or gas. More oil is produced in Kern County than in Oklahoma, the fifth largest producing state.



California is the fourth largest oil producer (out of 33 states) in the United States, behind Louisiana (1.5 million barrels per day - bpd), Texas (1.4 million bpd) and Alaska (965,000 bpd); and is the tenth largest natural gas producing state.



Annual state and local revenues from petroleum production in California total almost \$400 million. Direct and indirect employment in the petroleum exploration and production industry in California totals approximately 75,000.*



California's petroleum reserves are predominantly heavy oil which require a large, long term capital investment to produce. Seventy percent of California's produced crude is "heavy oil", most of which must be produced by expensive "Enhanced Oil Recovery (EOR)" technologies. Over 60 percent of the state's total oil production comes from the incremental increase in oil production due to EOR techniques.



California has approximately 45,000 producing oil and natural gas wells.



The upstream petroleum industry is highly regulated with some 28 federal, state, regional and local agencies with review and oversight responsibilities. Thirty five major federal and state regulatory statutes, and many more local and regional ordinances and rules, govern industry activities in California.

*Latest figures available
(2/6/01)