



## EXPANDING SETBACKS COULD EXPOSE VENTURA COUNTY TO SIGNIFICANT LEGAL COSTS

Restricting local oil and natural gas production would expose cities, counties and the state to major legal costs and liabilities to mineral right owners and producers for taking the value of their property. The State of California and the City of Los Angeles recently looked at the economic impact of expanding existing setback regulations around oil and natural gas production activities. What they found was that increasing setbacks would make it no longer economically feasible for local producers to continue employing their local workforce or paying local taxes.

### STATE OF CALIFORNIA:

California's own Assembly Appropriations Committee summarized the fiscal impacts of expanded setbacks as proposed by Assembly Bill 345 (Muratsuchi) on May 9, 2019<sup>1</sup> and concluded the following:

- "Potential total lost revenue of up to \$3.5 billion from oil production from reserves in the setback zone . . ."
- The analysis also opined the issue is so extreme it will ultimately be decided by the courts "at significant cost to the state."

### CITY OF LOS ANGELES:

The City of Los Angeles Department of Public Works Office of Petroleum and Natural Gas Administration issued on July 25, 2019 a comprehensive study<sup>2</sup> which examines land use codes in regard to oil and gas development in the City of Los Angeles. Here's what the report concluded:

- "The estimated potential cost to the City of establishing a future setback distance could be as high as \$97.6 billion in compensation for the future value of mineral rights owed from takings litigation."
- "The estimated potential cost to the City of establishing a setback distance on existing operations is \$724 million, which includes the minimum value of the current oil production, land value costs, well abandonment costs, environmental clean-up costs and five years of litigation expenses."

### TAKINGS COSTS THE CITY OF LOS ANGELES AND THE STATE OF CALIFORNIA COULD EXPECT BY EXPANDING SETBACKS



#### Sources:

1. California Assembly Committee on Appropriations Analysis AB 345 (Muratsuchi) – May 7, 2019
2. City of Los Angeles Department of Public Works Office of Petroleum and Natural Gas Administration and Safety – Oil and Gas Health Report – July 25, 2019