

The Point of No Return

Recently I wrote an editorial about the threat to our military and the threat to our very way of life as Californians. Now, just three weeks later, events have occurred in our state and abroad that have put the risk at the point of no return.

In my previous writing I highlighted the fact that many of the oil refineries in our state have been shut down or cut way back. Since then, we have had the Phillips 66 refinery in Wilmington shut down on October 17th taking 140,000 barrels per day of crude oil refining offline. Originally Valero in Benicia was slated to shut down in April of 2026. However, given the fact that they cancelled their crude oil contracts over six weeks ago it looks like they will be shutting down no later than January of 2026, four months ahead of schedule.

Back in 2000 Valero purchased the refinery from Exxon for more than 800 million dollars. Now, in 2025, Valero is not even seeking to try and sell the refinery. Even after the state tried to convince Valero to remain open, they elected to shut down. And instead of shutting down in April, they have moved the shutdown ahead to January. All due to the state's egregious regulations and unprecedented unjustified fines.

At this point we will be importing nearly half (50%) of our gasoline and 40% of our jet fuel from overseas. This is unprecedented in our country's history. This leaves both us and our military at extreme risk to multiple events. Many of these have occurred just within the past 8 weeks.

- The Chevron Refinery in El Segundo had a massive fire resulting in a loss of both jet fuel and gasoline production. The loss of jet fuel forced a rerouting of a gulf tanker from the east coast to the west coast AND a rerouting of Northern California produced jet fuel south.
- A fuel oil tanker bound for a refinery in Singapore was hijacked by the Iranian revolutionary guard.
- A cargo ship at the port of Los Angeles had a huge fire resulting in it being towed out and away from the dock to prevent damage.
- A major Olympic gasoline pipeline near Seattle sprang a leak resulting in its shutdown for repair.

These are all real-world events that have just occurred. Real events that make us extremely vulnerable along with Phoenix and all of Nevada. One additional real-world event that can bring us severe shortages is the weather. When I ran the Valero refinery on the Control Board, we experienced crude oil shortages due to storms in Alaska delaying the tankers bringing Alaskan North Slope crude oil to Benicia. At one point I cut the refinery from 135,000 barrels per day down to 100,000 barrels per day.

In another instance we were mere hours away from running out of crude oil which would have resulted in a refinery shutdown. ALL these events are real. They have ALL occurred.

On the base case I see gasoline prices soaring to over \$8 per gallon up to as high as \$12 per gallon. We will in fact have the highest gasoline prices in the world. Diesel will go up accordingly. And since every truck, piece of farm equipment, and piece of construction equipment runs on diesel, we can expect the prices of everything to skyrocket!

WE can also plan on experiencing shortages! Especially in Phoenix along with Las Vegas, Reno, and California. If any of these real-world type events occur in conjunction with our overseas dependency, then we can expect severe shortages. Major episodes of civil unrest will ensue in all metropolitan areas. Chico will not be immune to these problems. Our military will most certainly divert jet fuel from civilian uses to keep it's fleet airborne. However, if a significant event occurs in the world requiring military intervention, then we can still count on our fleet being grounded in short order as we have no substantial reserves to speak of.

At this point all efforts need to be made to keep the refineries open. The Marathon Refinery in Martinez needs to start back up. The PBF refinery in Martinez needs to come back up on full rates. Phillips 66 in Wilmington needs to be brought back up and Valero needs to remain online. Immediate federal intervention needs to take place. CARB, the CEC, and all other agencies that have caused this problem need to have all their influence on this industry suspended immediately and permanently!!! All efforts to help our refineries come back and remain online need to be made at the federal level.

Once these refineries go down for any significant amount of time they become very difficult to bring back up. This is due to mechanical issues and lack of qualified personnel. For instance, if Valero goes down for a significant amount of time very few people are available on the planet that can help bring it back online due to its unique complexity.

At this point POTUS needs to invoke articles under the Defense Protection Act and the National Securities Act to give refining corporations the immediate help and relief that they need to stay afloat and succeed. POTUS should also consider utilizing the Supremacy Clause of the U.S. Constitution to protect gasoline and jet fuel production along with petroleum assets.

Congressional members and assembly members need to pull their heads out of the sand! These problems are already here. If any of these real world events or a combination of events occur then we will experience the worst economic, civil, and military crisis of any state in history.

The question now stands at will we find the courage to realize that we are “AT the Point of NO RETURN” and take the necessary steps to turn this around? Or will we stand around and do nothing while everything crashes and burns??

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