CALIFORNIA ENERGY & FUEL POLICIES: A CLEAR AND PRESENT THREAT TO NATIONAL SECURITY AND FORCE READINESS?

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EXECUTIVE SUMMARY

The purpose of this paper was to research and discuss the influence of California oil, fuels and refining regulatory policies, statutory actions, and prevailing political attitudes on U.S. military force readiness and national security. Our analysis has identified and addresses **four** major points of California created and specific vulnerabilities which can compromise U.S. military force readiness and national security: 1- Refineries, 2- Distribution (Pipelines), 3- Production, and 4- Fuel Inventories.

1.0 Introduction

Arguably, California has the most severe restrictions regulating the oil, refining, and fuels industries in the world. California's energy policies and regulations have not only resulted in the highest gasoline prices in the nation, and the highest taxes and fees in the nation but have led to the closure of two major refineries which now threaten essential pipelines that provide crude oil and fuel supplies to California's surviving refineries, civilian markets, and military installations, as well as those in Arizona and Neveda.

The oil and gasoline industries in California account for around 8% of the state's GDP…but it is, critically, the first 8% of its overall GDP. Without oil and gasoline, the other 92% would be impossible to attain. Without petroleum, asphalt can't be made, and steel cannot be produced. Even in a state as environmentally conscious as California, fossil fuels still generate around 40% of all electricity. Without that 40%, there would be no Silicon Valley. Without gasoline and diesel fuels, California agricultural production would be a fraction of what it is today.

California was once a leading producer and exporter of oil and crude oil products in the world. Much of California's 20th century economy was predicated on oil and gasoline production which, in turn, provided the fuel to support its population growth, agricultural production, the defense industry, and later, the tech industries. Today, California is far from self-sufficient with respect to its energy needs. The state produces less than 23% of its own in-state petroleum needs, and imports over 65% of its crude oil from non-U.S. foreign sources, the largest of which was Iraq over the recent years.

As a result of California government policies and regulatory actions, as well as years of politicians demonizing refiners and producers as "price gougers" without economic proof, California is now facing a pending gasoline and aviation fuels crisis of potentially epic levels. In all planning scenarios, California will be increasing dependent on non-foreign sources for gasoline. Rather than investing in its state's resources and employment, California's policies necessitate paying petrostates, such as Iraq and Saudi Arabia, over $60 million a day for crude oil imports. In addition to buying crude oil, the Golden State will now be paying for foreign gasoline, some of which may be made from Iranian and Russian oil. In this regard, and as a direct result of its political and regulatory policies, California will be knowingly financing and aiding and abetting America's potentially most menacing adversaries.

In our collective opinion, and after considerable study, we believe that California's policies as well as its recent demonstrated inability to effectively manage the current refinery closings and in-state oil production crisis contributes to increased vulnerabilities to military fuels disruption which, in turn, can compromise U.S. force readiness and national security.

2.0 California Oil & Gasoline Consumption

California consumes around 580 to 603 million barrels or 25 to 31 billion gallons of crude oil products, annually. Of that amount, approximately 97.6 million barrels of crude or 16% is associated with aviation (jet fuel) consumption. Of the 97.6 million barrels of jet fuel consumed in 2024, around 10.0 million gallons are associated with "normal" military aviation. In times of military actions or national defense, that consumption is likely to be far higher…and California must have resiliency and redundancy in-situ; it does not. California refineries also produce aviation gasoline, commercial aviation fuel, diesel fuels and gasoline for military consumption. As demonstrated in Operations Desert Shield and Desert Storm, military mobilization often involves personnel and material movement via commercial airliners and chartered

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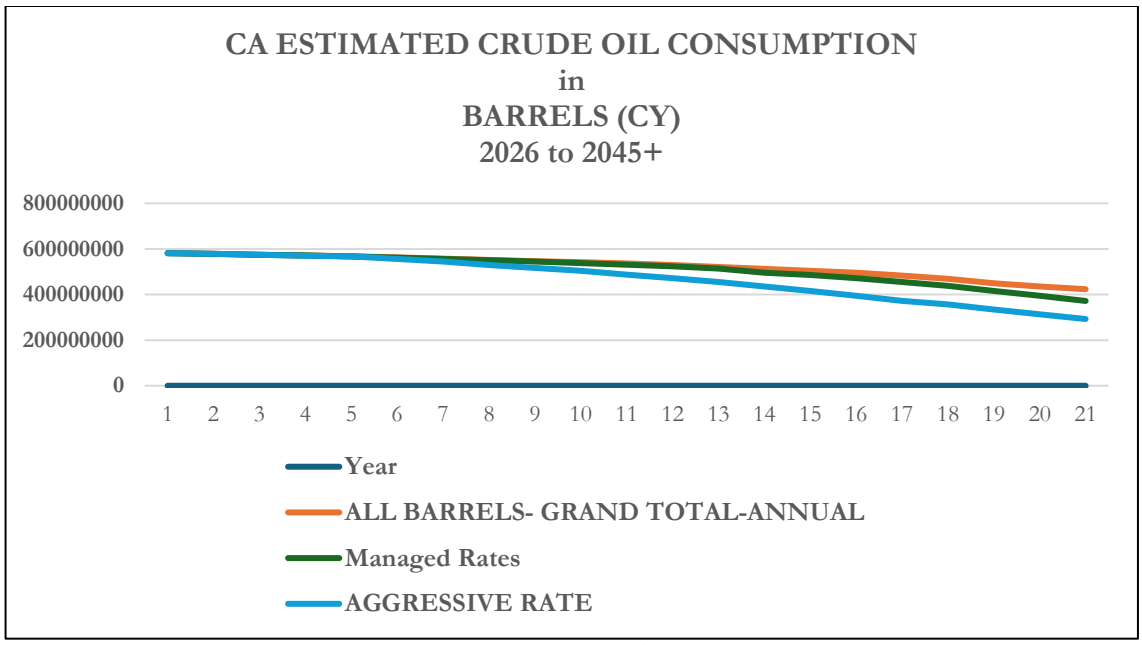
flights which use aviation jet fuel.

Despite having the 5th largest crude reserves in the U.S., California's in-state crude oil production has fallen over 68% since 1991. Consequently, California is the most heavily reliant of all U.S. states on non-U.S. crude oil sources with non-U.S. oil imports comprising over 65% of California's needs. In 1981, California imports of non-U.S. were less than 6%. While overall U.S. dependency on foreign oil has declined dramatically, California's dependency increases. That over dependency on foreign oil providers and foreign-flagged oil tankers contributes to U.S. military readiness concerns, as well as the potential for compromised national security.

Overall gasoline consumption in California, despite political hyperbola surrounding EV adoption, has not materially changed since 2001. In fact, it's less than one percent annually. EV adoption rates have slowed and are far below the projections of the California Air Resources Board (CARB). Californians consumed over 317 million barrels of gasoline in 2024. Furthermore, California supplies 88% of its gasoline needs to Neveda and 33% of its needs to Arizona, or around 44.9 million barrels of gasoline annually. Furthermore, the largest growing segment of fuel consumption in California is jet fuels. As California is losing refinery capacity and, quite possibly, pipelines due to low volumes, California's energy policies and attitudes towards its oil, gas and refinery operators creates force readiness concerns and potential conflicts in resource allocations.



Source: M. A. Mische

3.0 California Refineries

Military aviation fuels are of the highest grades and standards and require specialized refining operations. F-18, F-22, and F-35 fighter jets, heavy bombers such as the B-52, B-1 and B-2, and drones all rely on advanced aviation jet fuels. When deployed in combat or on routine missions, America's war fighters require fuel. The logistics of re-supply require precision planning and operations of the highest caliber. U.S. aircraft carries, which exist for the sole purpose of launching military aircraft, must carry millions of gallons of jet and aviation fuels in performance of their mission. California oil refineries and pipelines are the fountainhead of a long and complex military fuels supply chain. Any operational or policy failure along the logistical supply chain can and will compromise operations, the mission, and American lives.

Neither the U.S. or California government own and operate oil fields or refineries. Contrary to common

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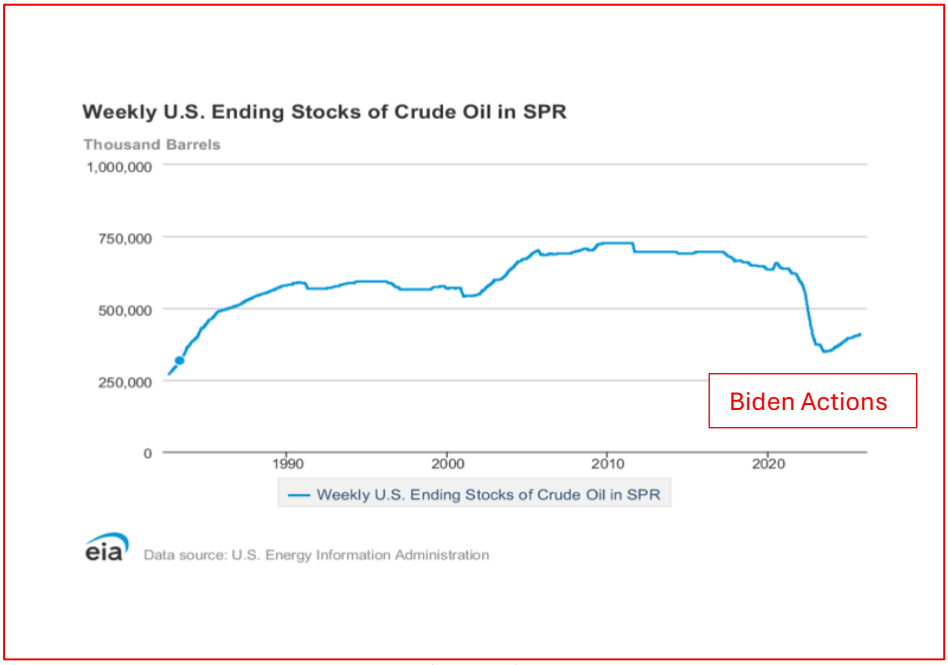
belief, the U.S. Strategic Petroleum Reserve (SPR) which was created in the 1970s and located predominantly in America's southeast, does not store gasoline or jet fuels. The SPR stores crude oils. Alarmingly, the SPR, under President Joe Biden was drained of crude with days' supply plummeting 62% from 12/25/20 to 12/27/24.



(Source: EIA)

Amplifying U.S. national security vulnerabilities is that California, despite being the largest state in the Union and 4th largest economy in the world, has no inbound pipelines supplying crude oil, gasoline or aviation fuels. Astonishingly, over 95% of California's inbound crude and gasoline supplies are delivered by maritime tankers, the majority of which are not U.S. flagged vessels, including tanker ships owned by Russia's SCF Group and China's Cosco Shipping Energy Transportation.

In 1991, there were over 40 refineries in California. As of October 16, 2025, there are 8 refineries operating in California with a combined processing capacity of 1.467 million barrels of crude oil daily. That's down 68% in the number of refineries since 1991. As Chevron President Andy Walz recently noted in a Fox Business interview, "I think it's been a tyranny of about 25 years to get the refining business to leave California." Consequently, it was not, as some California politicians and agency "experts" assert that it was by intentional desire nor some industry conspiracy that created industry concentration and reduced the number of refineries in the state; it was state regulations and policies that drove the refiners out.

By April 2026, there will only be 7 refineries surviving in California. As a result of the two most recent refinery closures (Phillips 66 and Valero), in-state gasoline production will be reduced by at least 6.2 million gallons a day with progressive worst-case estimates totaling 9.33 million gallons a day. In addition, jet fuel production from Valero will drop by 600,000 gallons a day (14.285 gallons). For the 2023 to 2035 period, California refinery production is estimated to decline by 35% or more, placing increasingly greater pressure on shrinking supplies, increasing consumer prices past $8.00 a gallon, and forcing greater dependency on non-U.S. suppliers for fuels and crude oils and foreign shippers.

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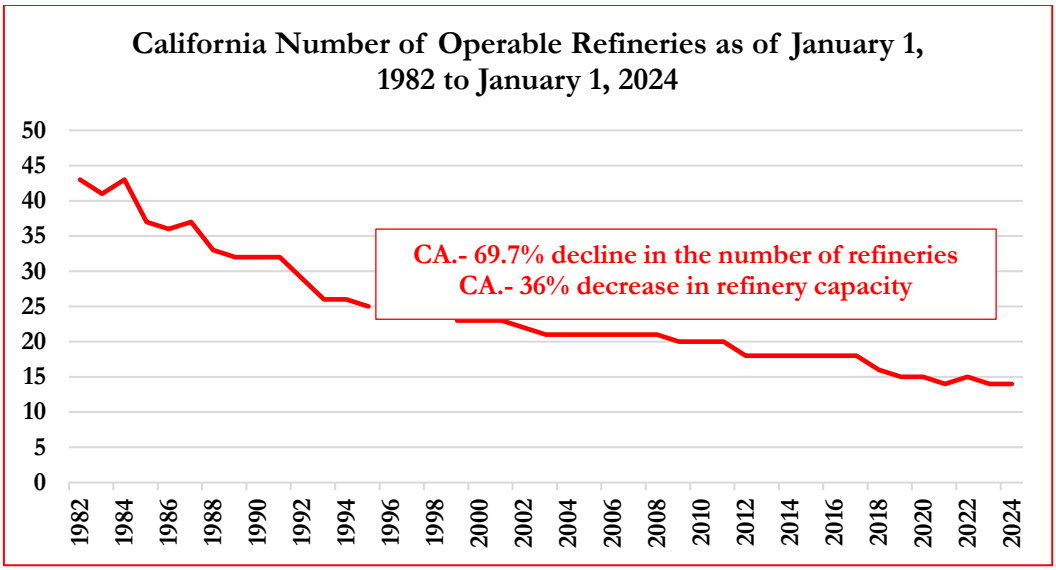

Source: M.A. Mische

4.0 California: America's Asia-Pacific Military Vanguard

Since 1945, U.S. military doctrine has been founded on deterrence and "Peace Through Strength." California's military installations sit as the vanguard of U.S. forces with direct facing to potential nuclear adversaries such as North Korea, Russia, and the People's Republic of China (PRC), and transnational terrorist organizations in Philippines, Malysia, and Middle East. California is home to some 50 plus U.S. military installations which include, but are not limited to:

- The Pacific Fleet is based in San Diego, Alameda, Point Lome.
- United States Marines are stationed at Camp Pendelton, Twenty-nine Palms, Miramar, and Barstow.
- U.S. Coast Guard ports and stations located along the state's 840-mile coastline and from bases inland.
- U.S. Air Force bases including Los Angeles, Edwards and Travis and missile bases such as Vandenberg are located in the Golden State.
- The U.S. Navy Post-Graduate College is located in Monterey.

California's refinery capabilities extend to provide fuels to U.S. bases located in Arizona and Neveda. For example, California supplies Luke Air Force base, USMC base in Yuma, and the Air National Guard based in Arizona. California also supplies fuels to Nellis and Clark Air Force bases in Neveda, as well as military testing, proving and training areas, which are essential for war readiness, and also located Arizona and Nevada.

California-based military forces are under the command of U.S. Indo-Pacific Command (USINDOPACOM) and are capable of providing lethal forces, at strength and scale, as needed, anywhere in the world within 72-hours…assuming, of course, that those forces have sufficient fuel to reach the designated theaters and threats and can prosecute continuous war operations. To help put the U.S. commitment to the Asia-Pacific Theater, two of the largest U.S. military installations are located in Japan and South Korea. Total U.S. troop strength in Asia-Pacific Command deployed to Japan and South Korean outnumbers that of Europe.

California's energy policies, political sentiments, and regulatory environment have become a direct threat to U.S. military force readiness on the West Coast. As has been documented in various U.S. war planning exercises and studies, America confronts a new axis of evil composed of China, Iran, North Korea and

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Russia. These potential adversaries, along with the emergence of transglobal terrorism have presented the U.S. the considerable challenges for both 2.5 and 4+1 war planning scenarios. However, with diminishing refining capacity placing pressures on supply, and extreme reliance on non-U.S. crude and gasoline, as well as foreign tankers for supplies, California's policies appear to not align with nor support the concept of self-sufficiency, and need for force readiness.

In any conflict scenario, U.S. force readiness and response plans require jet, diesel and gasoline to prosecute war operations. As the vanguard to the Asia- Pacific Theater, the weight of U.S. pacific readiness stands squarely on the shoulders of California and its refineries and gas and oil infrastructure. Given the current status and trajectory of California energy policy, it is not an issue of whether military fuel supplies will fail, that process has already begun. The larger and more urgent issue is that if left unchecked, and if left to the whims of the California Legislature and wisdom of Governor Newsom, California's failure to fully comprehend and manage the current oil and gasoline crisis will only accelerate fuel concerns and insecurities, and ultimately, compromise U.S. military force readiness and U.S. war doctrine.

Under Defense Fuel Support Point (DFSP) cover levels, as verified in DLA Energy Logistics Manual (3–5 days peacetime working stock and faster under surge demand) Pacific readiness begins degrading within ~72 hours. DFPS, which maintains only minimal day's supplies of fuel stocks, acquires its fuel from commercial refineries owned and operated by for-profit corporations and predominantly uses commercially available pipelines for the delivery of its fuel supplies. In practical terms, this means that if fuel deliveries stop, California and its neighbors begin running dry almost immediately, imperiling both civilian mobility and military operations.

The collective effect of California's policies and regulations have created vulnerabilities to America's war readiness which are, undoubtedly, well-studied and well-known to our adversaries. California's central role in National Defense extends beyond its borders and neighboring states. For example, the closure of the Red Hill Bulk Fuel Storage Facility in Hawaii eliminated the Pacific's only hardened strategic reserve, forcing U.S Indo-Pacific Command to adopt a dispersed fuel posture. Fuel once stored under a mountain at Red Hill is now distributed among new and expanded bulk sites in Australia (Darwin ~ 80 million gallons), Guam, Japan, Korea, and the Philippines. While this distributed model improves survivability, it multiplies dependence on California's refinery output and tanker lift capacity to sustain forward forces. Analysts estimate that roughly 86 tankers would be required to maintain continuous supply during a major Pacific contingency; several dozen more than the U.S. fleet now controls. Every gallon that fails to leave California on schedule compresses the ~72-hour readiness window described in this report. In effect, California's fuel network is not just a state vulnerability, it is the starting point of America's forward defense posture, and its failure would ripple through every Pacific operational node within days.

Other than increasing reliance on oil and gasoline from non-U.S. suppliers and foreign owned tankers for transport, California's government and leadership have no real plan to address its pending gasoline and aviation fuels crisis. More importantly, California leadership has woefully underestimated the implications of their actions on overall U.S. national security. For example:

- The Phillips 66 Rodeo refinery, formerly a 120 kbpd crude facility, has already transitioned to renewable diesel and no longer contributes CARB-compliant gasoline or jet fuel to the state supply. With no local reserves and only working stocks at DFSPs, every disruption must be absorbed in real time by an already strained supply chain.

- Recent incidents further illustrate the magnitude of capacity attrition. PBF Martinez sustained a maintenance fire on February 1, 2025, forced the refinery offline until late April. It did not return to full restoration until the third quarter to year-end in 2025.

- Marathon Martinez, a 161,000 BPD refinery was idled by a fire on November 19, 2023, and has yet to resume full crude operations and continues producing about 17,000 BPD of renewable

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diesel, effectively removing roughly 160,000 BPD of crude-mode capacity from the state's system.

EIA data indicates that California and the broader West Coast have no strategic refined-fuel reserve. At any given time, the total volume of transportation fuel in transit or storage across the region equals only about two to three weeks of normal demand—roughly fourteen to twenty-one days of supply. In a national emergency, the federal government could requisition commercial fuel stocks for military-priority use, but without active resupply even those operational reserves would be exhausted within roughly two weeks. Replenishment would rely on long-distance imports that take additional weeks to arrive, especially as in-state production continues to shrink.

The U.S. military consumes over an estimated 100 million barrels of oil annually. The U.S. Air Force is the largest consumer of crude among the branches…Navy is second and Marines are third. To help put military consumption in perspective, according to various estimates, the USS Ronald Reagan, a Nimitz class carrier, which posts F/A-18 Super Hornets airwings, and other aircraft, maintains at least 3.4 million gallons of jet fuel as inventory to support airwing operations. An F/A-18 fighter jet carrier-based airwing is composed of 35 to 43 aircraft and consumes up to 800,000 gallons a day if operating in combat conditions and depending on fuel density and aircraft efficiencies. A single F/A-18 Super Hornet alone can burn upwards of 1,100 gallons per hour and around 72,000 pounds per hour with full afterburners. A 2020 analysis of F/A-18F fuel consumption based on over 400,000 sorties, indicated that the average fuel consumption for Asia-Pacific is 13,396.9 lbs. per sortie or about 2,000 gallons. The U.S. Air Force's B-2 bomber holds 172,000 lbs. of fuel and burns 3,300 lbs. per hour and America's "The Bone" B-1 supersonic bomber carries 265,274 lbs. For comparative purposes, a Boeing 747-Bi used for commercial flight and charter transport of military personnel carries around 63,000 lbs. of fuel.

5.0 California Pipelines

California has an extensive network of pipelines within the state. However, California's gasoline dilemma is further exasperated by the absence of any inbound pipelines from other states for oil or gasoline. As a result, California is isolated and has become increasingly dependent on foreign oil imported mostly by large maritime tankers and, to a lesser extent, rail and truck transports. Consequently, 98% of all foreign sourced inbound crude oil is supplied to California via maritime vessels. The lack of inbound pipelines from other states isolates California from U.S. and Canadian sources and places the State in a vulnerable position with respect to oil and gasoline supplies.

California's immediate concern is related to its major northbound pipeline which has a capacity of around 300,000 barrels of throughput daily. Since assuming office in January 2019, new oil drilling permits under Governor Newsom fell by 95%. The reduction in new drilling permits and California's long-standing policies which have crippled California's in-state onshore oil production and have prohibited offshore producers from using existing pipelines to move production onshore, the northbound pipelines are susceptible to imminent closure as they require 90,000 barrels a day in production to remain operationally and economically viable. Currently, they are operating at around 17% of capacity or 50,000 barrels a day and the owner/operators are experiencing financial losses of around $2.0 million a month. In reaction, California passed SB 237, which is intended to provide additional in-state oil production from Kern County, ostensibly to address the potential of pipeline closures. Initial research indicates that SB 237 will not provide sufficient production to meet California's needs and at prevailing lower Brent crude prices, it is questionable whether any new production will come online in time to make the northbound pipeline system economically sustainable.

The closure of the northbound pipelines presents a direct threat to U.S. force readiness and represents a profound vulnerability in national security. By example, technical weakness in California's fuel network directly translates into a potential military vulnerability. If a major pipeline or terminal disruption halts deliveries of JP-8 jet fuel or diesel to regional bases, the ability of U.S. forces to project power is immediately constrained. Fighter and transport aircraft cannot launch, and Army or Marine convoys cannot deploy without JP-5, JP-8, or diesel in their tanks. The interdependence is absolute: every service

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branch operating in the western United States relies on the same California-linked logistics chain for refined fuels and any disruption or interruption can compromise military mission readiness.

For any Asia-Pacific operation, California's refinery and in-state oil production will be essential to the fighting effectiveness of U.S. forces, and any further losses will compromise U.S. force readiness. To compensate for California's actions, the American Taxpayer will have to pay additional costs and fees to acquire, transport and store the fuels that were once produced in California. As it currently stands, California has lost a significant portion of its gasoline production from the October 16, 2025, closure of the Los Angeles area Phillips 66 refinery. In addition, California will lose another 145,000 barrels a day of production with the closure of the Valero refinery in Northern California. Between 2023 to April 2025, California refinery production will have cumulatively dropped by almost 22%. Any further loss in in-state oil production will result most likely in the loss of the north-south pipeline system. The loss of the pipelines will necessitate hundreds of additional trucks to be used on California's roads to transport both crude oil and fuels predominantly to the few surviving northern refineries. Although the roads may be able to accommodate massive increases in the volume of truck traffic, the originating and receiving ports for the transported cargo have physical limitations and road blockages, accidents, equipment failures, will create the inevitable back-ups and delays in supplies. In the event of military mobilization, at any scale, those self-imposed California limitations will become liabilities.

Travis Air Force Base provides a hypothetical example of how reduced refinery capacity and pipeline disruption influence readiness risk. The base's resupply threshold triggers when on-hand inventory falls below roughly 8–9 million gallons, at which point Valero dispatches a jet-fuel batch from Benicia. The refinery maintains three jet-fuel storage tanks totaling about 290,000 barrels (~ 12.2 million gallons). During standard peacetime operations, Travis issues around 200,000 gallons per day, equivalent to roughly one week of cover. Under surge or contingency conditions, when heavy- lift and tanker sorties increase sharply, that stock would last fewer than three days. By example, during mobilization and extensive operations, tanker sorties increase sharply thereby increasing overall Travis consumption to over 1.0 million gallons per day or less than three days of fuel supplies in on-hand inventory.

Travis receives its jet fuel from a private pipeline from a northern California refineries, predominantly Valero. The disruption of the pipeline and/or the closure of the refinery suppling the base would require replenishment most likely by truck. Based on approved capacities, that would require approximately 21 trucks per day, seven days a week, 365 days a year, just to compensate for equivalent amounts lost due to refinery and pipeline closures. Looking at it differently and assuming that California will lose more refineries, and or loses the major north-south pipeline system which has a around a 300,000 barrels a day capacity, the state would require an additional 1,333 tanker trucks per day to transport fuels and crude oil. California's road system, bridges, and loading and receiving terminals would be overloaded and flooded with traffic and incapable of processing such volume on a daily basis. Using railroad tankers would require at least 44 more cars per day which would still need truck support.

6.0 War Planning: Understanding The Stress Case (Multi-Point Failure

War planning is a complex and sophisticated process. Multiple scenarios and an endless list of permutations and combinations are possible. For purposes of this study, we focused on a "Worst Case" scenario involving multi-point failures. Specifically, and for example and discussion purposes only, a concurrent disruption, such as a major refinery casualty combined with a CalNev/SFPP East pipeline shutdown and temporary marine-terminal outage, would eliminate 70–90 percent of refined-product inflow across California and the interior Southwest for at least one week.

- Day 1: Within the first 24 hours, refineries and terminals exhaust operational buffers and activate allocation orders. DFSPs suspend all non-mission fuel activity and re-route limited deliveries to priority installations.

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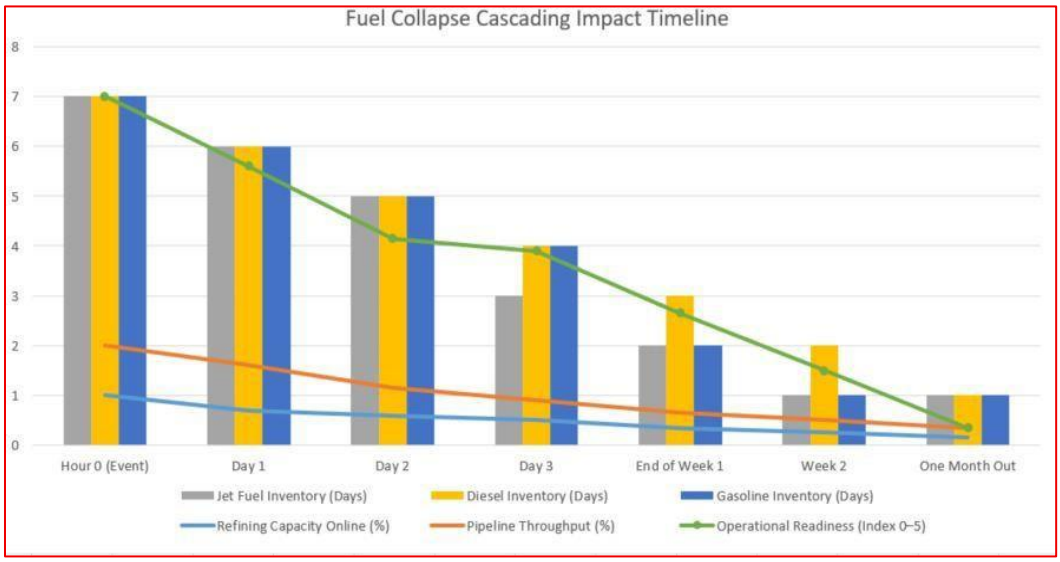
- Days 2 & 3: Regional airports including LAX and Phoenix begin rationing jet fuel; interior corridors such as Las Vegas approach critical supply. Retail shortages expand rapidly, forcing fuel-priority declarations for emergency services.

- Days 4 to 7: Routine flight training ceases entirely to preserve JP-8/JP-5, hospitals and water utilities will near diesel exhaustion, and consumer panic drives queueing and sporadic unrest.

Without rapid restoration, regional readiness degrades sharply by the end of the first week. The initial marine backfill arrives only after three to six weeks (average Asia–California voyage plus terminal delay), confirming that import cadence cannot stabilize inventories before collapse. Under this stress test, a two- to four-week period of severe operational degradation emerges—a pattern consistent with DOE CESER and RAND interdependency models and observed colonial- scale disruptions. While the probability of simultaneous multi-node failure is low, correlation rises sharply under major seismic events, coordinated cyber intrusion, or deliberate sabotage. This scenario therefore defines the upper bound of regional vulnerability and validates the trigger thresholds established in Eq. E10 (days-of-supply < 5, pipeline outage > 24 hours, or refinery unit loss > 40 kbpd) as the points at which immediate federal allocation, waiver, and unified-command actions must initiate.

The chart below illustrates the sequential decline of refining capacity, pipeline throughput, and fuel inventories following a multi-node outage. As illustrated jet fuel would collapse first which would reduce operational readiness within 72 hours. By Week 2, operational readiness falls below 40% of baseline, confirming that cascading logistics failures drive exponential loss of capability and are not linear. In this scenario, the loss will most likely accelerate, exasperating U.S. operational efficacy.



Source: Eq. E1 (Inventory with Transport Lags), Eq. E9 (Economic Loss from Shortages); EIA PADD 5 2024; CEC Petroleum Watch 2024; DLA Energy Data 202

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7.0. Call for Presidential Action & Immediate Relief

Californians pay the highest gasoline prices and are burdened with the highest taxes and environmental program costs in the nation. Consequently, California consumers suffer at the pump. Furthermore, California, through its history of legislative actions and the consequential implications leading to the loss of in-state oil production, pipeline capacities, and refinery losses, has demonstrated its incapability to recognize and inability to preserve the national security interests the nation, as well as the economic interests of neighboring states, with respect to energy production.

Although it was not the objective of this paper to determine the legal and political remedies to the California energy crisis and its contagion effect on the broader national interests, nonetheless, there are some intuitive actions that may provide POTUS with several options to mitigate the actions of California and protect the security interests of the U.S. as related to California.

The most direct method may be for POTUS to declare California oil production pipelines, terminals, ports, refineries and all related infrastructure as essential assets and invoke the Defense Protection Act (DPA) as provided under DPA Titles I and III, and DoD (now DoW) Directive 3020.40. This would have the effect of allowing POTUS to preserve and protect California oil production and refining assets essential to national defense. Secondly, POTUS may be able to avail himself to the national Emergencies Act, to provide temporary relief to California producers, operators and refiners. Finally, as a critical and essential national security asset, POTUS may have constitutional powers for protecting California gasoline production and other petroleum assets potentially through operation of the Supremacy Clause of the U.S. Constitution.

California, and the nation, can ill afford a self-engineered and created California gasoline and aviation fuel crisis. Both the economic and national security interests are profoundly influenced, and sadly, compromised by California political sentiment and legislative actions related to refinery operations and oil production.

The need for action is <u>now</u> and the potential for a crisis caused by California's selfish policies creating a contagion effect on U.S. force readiness are imminent. It's time for Presidential intervention and national oversight.

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