



October 28, 2024

Mr. Vincent Martinez, Chair
Planning Commission
123 East Anapamu Street
Santa Barbara, CA 93101
Via email: dvillalo@co.santa-barbara.ca.us

Re: Change of Owner, Operator, and Guarantor for the Santa Ynez Unit, POPCO Gas Plant, and Las Flores Pipeline System — OPPOSE

Dear Chair Martinez and Honorable Commissioners:

On behalf of Get Oil Out! (“GOO!”), Santa Barbara County Action Network (“SBCAN”), and the Environmental Defense Center (“EDC”),¹ we urge the County to deny Sable Offshore Corp.’s (“Sable”) applications for Change in Owner, Operator, and Guarantor of the Santa Ynez Unit (the “SYU”) and related infrastructure.

These applications are part of Sable’s broader effort to restart the SYU and the corroded onshore pipelines that caused the 2015 oil spill at Refugio State Beach Park (the “Refugio Oil Spill”). Our clients were involved in the immediate response to the spill, and they remain concerned about the risks of operating the SYU and its attendant infrastructure. As to Sable in particular, they have well-founded concerns that this speculative company will not be able to safely restart these facilities, responsibly operate them, or fulfill its remediation obligations when another spill occurs.

To approve Sable’s applications, Chapter 25B of the County Code requires that the County consider, among other things, Sable’s financial stability, operational capacity, and compliance with existing permit conditions. As explained further below, the County cannot make many of the necessary findings to approve the applications.

¹ GOO! was formed in the wake of the 1969 Santa Barbara Oil Spill and continues to work to protect California from further oil and gas development and exploitation. SBCAN is a countywide grassroots organization that works to promote social and economic justice, to preserve our environmental and agricultural resources, and to create sustainable communities. EDC is a nonprofit public interest law firm that defends nature and advances environmental justice on California’s Central Coast through advocacy and legal action.

Indeed, Sable is uniquely vulnerable to financial insolvency, and it has not provided the financial assurances necessary to satisfy Chapter 25B. Sable is saddled with a \$790M debt, lacks a revenue stream, and is severely undercapitalized. If a spill were to occur during or soon after restart of the SYU — before Sable is profitable — it would not have the financial resources to respond to the spill, which could cost upwards of \$750M. Nor has Sable submitted necessary compliance plans to ensure it properly remediates a spill.

Compounding that concern is not only the likelihood of another spill occurring, but Sable’s track record as an operator. In the short time since it has acquired the SYU, Sable has already demonstrated a lack of diligence, an aversion to regulatory compliance, and a propensity to cut corners, all of which call its reliability as an operator into question.

Moreover, Sable is not in compliance with at least one of the permits that it is asking to be transferred, namely because its onshore pipelines lack effective protection from corrosion.

Accordingly, approval of Sable’s applications would not only be inconsistent with Chapter 25B, but a grave dereliction of the County’s duty to protect the public and ensure oil and gas facilities are responsibly operated. Thus, we urge the County to deny the transfers.

I. Background

A. The Facilities and Permits at Issue

The SYU is a long-dormant oil and gas production unit located on the Gaviota Coast. It consists of three offshore platforms and an onshore oil processing facility in Las Flores Canyon.² The SYU is permitted under Final Development Plan (“FDP”) Permit No. 87-DP-032cz (RV06) (the “SYU Permit”).

Once processed, crude oil from the SYU travels from Las Flores Canyon inland through CA-324 and CA-325 (the “Las Flores Pipeline System”), two aged, corroded pipelines that traverse sensitive coastal lowlands, perennial streams, and other sensitive habitat.³ The Las Flores Pipeline System is permitted under an FDP permit approved in 1986, and revised in 1988 and 2003 (the “LFP Permit”).

Natural gas produced in the SYU is processed at the Pacific Offshore Pipeline Company (“POPCO”) Gas Plant, which is also located in Las Flores Canyon.⁴ The POPCO Gas Plant is permitted under FDP Permit No. 93-FDP-015 and 74-CP-11(RV1) (the “POPCO Permit,” and together with the SYU and LFP Permits, the “Permits”).

² SYU, POPCO Gas Plant & Las Flores Pipelines Permit Transfer, Santa Barbara County, <https://www.countyofsb.org/4189/SYU-POPCO-Gas-Plant-Las-Flores-Pipelines> (last visited Oct. 18, 2024).

³ See *id.*

⁴ *Id.*

The Permits, which are subject to Chapter 25B of the County Code,⁵ currently list ExxonMobil Corporation (“Exxon”) as owner, operator, and guarantor. Per Chapter 25B, any owner, operator, or guarantor of the above-referenced facilities (the “Facilities”) must be listed on the applicable facility permit.⁶ The Permits are not transferable, and the owner, operator, or guarantor listed on the Permits cannot be changed, except in accordance with Chapter 25B.⁷

B. The Refugio Oil Spill and SYU Shut-In

On May 19, 2015, CA-324 ruptured at Refugio State Beach Park, releasing more than 120,000 gallons of heavy crude oil into the surrounding environment.⁸ The spill devastated approximately 150 miles of the California coast.⁹ Thousands of acres of shoreline and subtidal habitat were destroyed, and an untold number of animals — including marine mammals — were injured or killed.¹⁰ The spill also forced the closure of fisheries and beaches, which jeopardized local businesses and caused an estimated 140,000 lost recreational user days between Santa Barbara and Ventura Counties.¹¹

Upon investigation, the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) determined that the rupture in CA-324 was a result of “progressive external corrosion,” and that the pipeline’s cathodic protection system — intended to prevent such corrosion — had failed.¹² Ultimately, PHMSA found pervasive metal loss throughout the entirety of the Las Flores Pipeline System, and it concluded that cathodic protection is ineffective in buried, insulated pipelines like CA-324 and CA-325.¹³

Following the spill, the Las Flores Pipeline System was emptied, purged, and idled, and it remains idle to date.¹⁴ Due to the unavailability of the system, the SYU was shut in, and production at the unit was suspended indefinitely.¹⁵ The SYU has not been operated for almost ten years.¹⁶

⁵ See County Code, § 25B-2.

⁶ *Id.* at § 25B-4(a).

⁷ *Id.* at 25B-4(c), (e)-(g).

⁸ California Department of Fish and Wildlife et al., *Refugio Beach Oil Spill Final Damage Assessment and Restoration Plan/Environmental Assessment*, p. 4 (June 2021) [hereinafter “NRDA”], available at: <https://nrm.dfg.ca.gov/FileHandler.ashx?DocumentID=193144&inline>.

⁹ *Id.* at 18.

¹⁰ *Id.* at 3-9.

¹¹ *Id.* at 3.

¹² Pipeline and Hazardous Materials Safety Administration, *Failure Investigation Report, Plains Pipeline, LP, Line 901, Crude Oil Release, May 19, 2015, Santa Barbara County, California*, pp. 3, 14 (May 2016) [hereinafter “PHMSA Report”], available at: https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/PHMSA_Failure_Investigation_Report_Plains_Pipeline_LP_Line_901_Public.pdf

¹³ *Id.* at 14.

¹⁴ *Id.* at 3, 9.

¹⁵ *History*, ExxonMobil Santa Ynez Unit, <https://www.syu.exxonmobil.com/history> (last visited Oct. 18, 2024).

¹⁶ See *id.*

C. Sable's Dubious Origins and Plans to Restart the SYU

Having failed in its attempts to restart the SYU, Exxon recently looked to cut its losses and offload its SYU assets. Enter Sable, an entity specifically formed to chance the regulatory hurdles facing restart of these compromised facilities.

1. Sable's Origins

Sable began in 2020 as several special purpose entities, which were organized to evaluate and facilitate a potential acquisition of the SYU assets.¹⁷ The corporations were formed by current Sable CEO Jim Flores — a figure with a checkered history in the oil and gas industry.¹⁸

Flores first became familiar with Exxon's operations in the early 2000s, when he was running an upstream affiliate of the company responsible for the Refugio Oil Spill.¹⁹ In 2013, that affiliate was acquired by Freeport-McMoRan Copper & Gold, which retained Flores and appointed him co-chairman of its oil and gas division.²⁰ Freeport would part ways with Flores in just three years after suffering billions of dollars of losses under Flores' leadership.²¹

Shortly thereafter, Flores pivoted to Sable Permian Resources, which he and two private equity firms formed to acquire debt-laden oil and gas assets.²² It bankrupted in three years.²³ As the company floundered, Flores unsuccessfully attempted to secure a high pay-out for himself.²⁴

Flores has now cooked up Sable, setting his sights on yet another troubled oil and gas operation. And he has staffed his infant company with the same cast of executives that led Sable Permian to bankruptcy.²⁵

¹⁷ Flame Acquisition Corp., *Securities and Exchange Commission Schedule 14A Proxy Statement*, pp. 36-37, 174 (January 31, 2024), available at: https://www.sec.gov/Archives/edgar/data/1831481/000119312524020916/d377586ddefm14a.htm#toc377586_5

¹⁸ *Id.* at 174.

¹⁹ *Id.*

²⁰ See *id.*; Michael Erman and Julie Gordon, *Freeport makes \$9 billion energy bet; Wall Street pans deal*, Reuters (December 5, 2012), <https://www.reuters.com/article/idUSBRE8B40MY>.

²¹ Olivia Pushnelli, *Freeport-McMoRan Oil & Gas cuts jobs, eliminates executive positions*, Houston Business Journal (April 26, 2016), <https://www.bizjournals.com/houston/news/2016/04/26/freeport-memoran-oil-gas-to-cutjobs-eliminates.html>; Asjlynn Loder, *\$6.5 Billion in Energy Writedowns and We're Just Getting Started*, Bloomberg (October 22, 2015), <https://www.bloomberg.com/news/articles/2015-10-23/-6-5-billion-in-energy-writedowns-andwe-re-just-getting-started>.

²² See Permian Resources, LLC, *Permian Resources Announces Consensual And Transformational Restructuring Transaction*, PR Newswire (May 1, 2017), <https://www.prnewswire.com/news-releases/permian-resources-announces-consensual-and-transformational-restructuring-transaction-300449054.html>.

²³ *Sable Permian Resources files for bankruptcy*, Reuters (June 26, 2020), <https://www.reuters.com/article/%20idUSL4N2E31TQ/>.

²⁴ Peg Brickley, *Sable Permian Heads off Fight Over Executive Bonuses*, Wall Street Journal (December 10, 2020), <https://www.wsj.com/articles/sable-permian-heads-off-fight-over-executive-bonuses-11607639171>.

²⁵ *Executive Management*, Sable Offshore Corp., <https://sableoffshore.com/governance/executive-management/default.aspx> (last visited Oct. 18, 2024).

2. Acquisition of the SYU and Sable's Financial Vulnerability

On February 14, 2024, Sable acquired the SYU from Exxon, including all its associated assets: the three offshore platforms, the subsea pipelines and infrastructure, the Las Flores Canyon processing facility, and the POPCO Gas Plant.²⁶ Sable also acquired Pacific Pipeline Co., and with it, the defunct Las Flores Pipeline System.²⁷

However, Sable, being undercapitalized, lacked the financial resources to fund the \$625 million deal with Exxon.²⁸ Thus, Sable was forced to secure a \$622 million loan from Exxon — a whopping 99% of the purchase price — just to finance it.²⁹ In exchange, Sable agreed that the SYU assets and their liabilities may revert to Exxon if the SYU is not back online by early 2026.³⁰

The SYU assets — which have not been operational for nearly ten years — remain Sable's only assets, leaving Sable without a reliable or predictable source of revenue.³¹ Sable is currently operating at an astounding \$426M deficit, and it will continue operating at a deficit until it restarts the SYU.³² It is unknown when a restart will occur, if at all.

Notably, Sable reports that restarting the SYU “will require significant capital expenditures in excess of current operational cash flow,” leaving it uniquely vulnerable to financial insolvency.³³ Thus, according to Sable itself, “substantial doubt exists about the Company's ability to continue,” and it “may have insufficient funds available to operate its business prior to first production.”³⁴

Moreover, even if restart occurs, Sable must repay Exxon's loan before it can begin comfortably generating profits. Sable currently owes Exxon \$790M on the loan, and the principal is rapidly accruing interest at 10 percent a year.³⁵ Significantly, the loan will mature

²⁶ Sable Offshore Corp., *Securities and Exchange Commission Form 8-K*, p. 2 (February 14, 2024), available at: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1831481/000119312524036506/d737623d8k.htm>; Purchase and Sale Agreement between Exxon Mobil Corporation, Mobil Pacific Pipeline Company, and Sable Offshore Corp., § 2.2 [hereinafter “Purchase Sale Agreement”], available at: <https://www.sec.gov/Archives/edgar/data/1831481/000119312524036506/d737623dex1027.htm>.

²⁷ Purchase Sale Agreement, *supra* note 26, at § 2.2.

²⁸ *Id.* at § 3.1.

²⁹ Senior Secured Term Loan Agreement between Sable Offshore Corp. (f/k/a Flame Acquisition Corp.) as Borrower, Exxon Mobil Corporation as Lender, and Alter Domus Products Corp. as Administrative Agent, § 2.01, available at: <https://www.sec.gov/Archives/edgar/data/1831481/000119312524036506/d737623dex101.htm>.

³⁰ Purchase Sale Agreement, *supra* note 26, at § 7.3(c).

³¹ Sable Offshore Corp., *Securities and Exchange Commission Form 10-K*, p. 20 (March 28, 2024) (“Until we restart production of the SYU Assets, we will not generate any revenue or cash flows from operations.”), available at: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1831481/000119312524080879/d11434d10k.htm>.

³² Sable Offshore Corp., *Securities and Exchange Commission Form 10-Q*, p. 1 (August 13, 2024) [hereinafter “Q2 Report”], available at: <https://d18m0p25nwr6d.cloudfront.net/CIK-0001831481/c153b62c-fae0-466b-bba5-0ecabd862d71.pdf>

³³ *Id.* at 31.

³⁴ *Id.* at 6.

³⁵ *Id.* at 16-17.

just ninety days after the restart of the SYU, at which point the entire principal is due.³⁶ Based on historical production rates of the SYU, Sable will not yet have the revenue to meet that obligation, likely leading to default and possible bankruptcy.³⁷

3. Sable’s Dangerous Gambit to Restart the SYU

With the clock ticking on Sable’s window to restart the SYU, Sable is, predictably, trying to cut any regulatory corners it can.

Being vulnerable to pervasive corrosion, few suspected that an operator would attempt to bring the Las Flores Pipeline System back online. In fact, Plains Pipeline L.P. (“Plains”), a previous owner, actually sought to replace the compromised pipelines, ostensibly due to their obvious safety defects.³⁸ However, as Plains’ application to replace the pipelines was pending, Plains sold the Las Flores Pipeline System to Pacific Pipeline Co. (“PPC”), then a wholly-owned subsidiary of Exxon.³⁹ PPC later reneged on the plan to replace the pipelines, citing, in part, “a high degree of local permitting and business uncertainty . . . that has impacted investment commitment”⁴⁰

Following in Exxon’s footsteps, Sable plans on restarting, rather than replacing, the existing Las Flores Pipeline System. In fact, pursuant to a recent settlement agreement that Sable reached with affected landowners, it is prohibited from replacing the Las Flores Pipeline System with safer, upgraded pipelines.⁴¹

Equally troubling is the waiver that Sable is seeking from the Office of the State Fire Marshal (“OSFM”), which assumed regulatory oversight of the Las Flores Pipeline System after the Refugio Oil Spill.⁴² Instead of remediating the underlying cause of the Refugio Oil Spill, Sable is seeking a waiver “for the limited effectiveness of cathodic protection” on the

³⁶ *Id.*; Senior Secured Term Loan Agreement, *supra* note 29, at 4.

³⁷ See Sable Offshore Corporation, *Investor Presentation*, p. 4 (September 20, 2024), available at: <https://sableoffshore.com/events-and-presentations/default.aspx>.

³⁸ See *901/903 Replacement Pipeline Project*, County of Santa Barbara, <https://www.countyofsb.org/3801/901903-Replacement-Pipeline-Project> (last visited May 17, 2024).

³⁹ See Plains GP Holdings, L.P., *Securities and Exchange Commission Form 10-Q*, p. 27 (August 8, 2023), available at: https://www.sec.gov/Archives/edgar/data/1581990/000158199023000017/pagp-20230630.htm#i830e23a965c44a22b0562866c5a10bf5_139; see also Joshua Molina, *ExxonMobil Acquires Troubled Crude Oil Pipelines from Plains All American*, Noozhawk (October 17, 2022), https://www.noozhawk.com/exxonmobil_acquires_plains_all_american_crude_oil_pipelines/.

⁴⁰ Withdrawal Letter from Pacific Pipeline Company to County Department of Planning and Development (October 24, 2023), available at: <https://cosantabarbara.app.box.com/s/3gvdwbzta1119ss9r7cpkuvinte1byuv/file/1343281220509>.

⁴¹ Stipulation and Agreement of Settlement at § 1.8, *Grey Fox, LLC et al. v. Plains All American Pipeline, L.P. et al.*, No. CV 16-0317 (C.D. Cal April 9, 2024), available at: <https://www.lasflorespipelinesystemsettlement.com/admin/api/connectedapps.cms.extensions/asset?id=a117f30d-1e80-46f4-b704-8cb47a4bddd3&languageId=1033&inline=true>.

⁴² See Memorandum of Understanding between PHMSA and OSFM (May 18, 2016), attached hereto as “Attachment A.”

pipelines.⁴³ According to a recent analysis conducted by the County, operating the Las Flores Pipeline System without effective cathodic protection increases the likelihood of an oil spill by *five times*.⁴⁴

Should Sable proceed in this fashion, another spill is not a matter of if, but when. According to the County, restarting the Las Flores Pipeline System could result in a spill *every year*, and a rupture *every four years*.⁴⁵ The County estimates that another spill in the coastal zone could be nearly twice the size of the 2015 spill — even with Sable’s valve installations.⁴⁶

So, in sum, Sable intends to restart the Las Flores Pipeline System — and the SYU — without correcting the issues that led to the Refugio Oil Spill, and indeed, seeking a waiver to operate the pipelines despite those issues. All the while, Sable is rushing to complete repairs, largely in sensitive coastal habitat, while improperly circumventing state and local authority, as discussed further below.⁴⁷

Sable’s dangerous restart scheme, however, ultimately hinges on the transfer of the Permits from Exxon to Sable.

II. The County Must Deny Sable’s Applications because It Cannot Make the Requisite Financial Assurance Findings under Chapter 25B.

Sable is not the blue-chip company that Exxon is. It is a debt-laden, speculative company with no operational assets and no current revenue stream. It is severely undercapitalized, and its limited cash flow will continue to diminish unless and until the SYU is restarted. In Sable’s own words, “substantial doubt exists about the Company’s ability to continue.”⁴⁸

As it relates to financial assurances, Chapter 25B requires that Sable show it is financially capable of operating the Facilities in compliance with their respective permits, and that it has secured all financial guarantees required by the Permits.⁴⁹ Unsurprisingly, Sable is unable to do so, specifically because it:

- (1) has not demonstrated that it has the financial capacity to remediate a worst-case spill from its facilities;
- (2) has not obtained final Certificates of Financial Responsibility (“CFRs”) for its facilities, which are *required* by at least one of the Permits; and

⁴³ See Consent Decree, at Appendix B, Art. 1, § 1(A), U.S. v. Plains All American Pipeline, Civil Action No. 2:20-cv-02415 (March 13, 2020) [hereinafter “Consent Decree”], available at <https://www.epa.gov/sites/default/files/2020-03/documents/plainsallamericanpipeline.pdf>.

⁴⁴ Santa Barbara County, Administrative Draft of Draft EIR for Plains Pipeline Replacement Project, Section 5.6, p. 78 [hereinafter “County Draft EIR”], an excerpt of which is attached hereto as “Attachment B.”

⁴⁵ *Id.* at 79.

⁴⁶ *Id.*

⁴⁷ California Coastal Commission, *Notice of Violation*, pp. 2-3 (Sept. 27, 2024), attached hereto as “Attachment C.”

⁴⁸ Q2 Report, *supra* note 32, at p. 6.

⁴⁹ County Code, §§ 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2), and 25B-10(a)(9).

(3) has not posted any performance bonds for the abandonment of its facilities, which are also *required* under the Permits here.

Accordingly, the County cannot make the necessary findings for approval in Sections 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2), or 25B-10(a)(9).

A. Sable Has Not Shown that It Has Adequate Financial Resources to Remediate a Potential Spill, as Required by Chapter 25B.

As explained below, to approve the transfers, the County must find that Sable is financially capable of responding to a worst-case spill from its facilities. However, the worst-case spill volumes that Sable has provided have not been verified by the Office of Spill Prevention and Response (“OSPR”), rendering it impossible for the County to make this finding.

In any event, we know from the Refugio Oil Spill that responding to a worst-case spill would cost a *minimum* of \$750M. Thus, if a spill were to occur during Sable’s restart of the Facilities, or shortly thereafter, Sable would not have sufficient financial resources to remediate the spill. Accordingly, the County cannot make the findings in Sections 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2), or 25B-10(a)(9).

1. Required Evidence of Financial Responsibility to Remediate Spills under Chapter 25B

While an application to transfer a permit under 25B contains different requirements depending on whether the transfer is a change of owner, operator, or guarantor, there is one requirement that remains consistent: financial guarantees.⁵⁰ Financial guarantees refer to “[a]ll necessary insurance, bonds or other instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance.”⁵¹

As relevant here, SYU Permit Condition XI-2.w states that, in the event of an oil spill, the permittee “shall be responsible for the cleanup of all affected coastal and onshore resources, and for the successful restoration of all affected areas and resources to prespill conditions.” According to County staff, to satisfy Chapter 25B’s “financial guarantees” requirement, Sable must “demonstrate financial capability for this condition.”⁵²

Similarly, Section 25B-10(a)(9) requires that Sable demonstrate it has the “resources necessary to operate the [Facilities] in compliance with the [Permits].” That includes SYU Permit Condition X.I-2.w, which, again, mandates that the permittee clean and remediate any oil spills. Likewise, Sable must “demonstrate[] the ability to comply with compliance plans listed in section 25B-10.1.f,” including Oil Spill Contingency Plans that outline spill response and

⁵⁰ *Id.* at §§ 25B-9(a)(2), 25B-9(e)(1), and 25B-10(a)(2).

⁵¹ *Id.*

⁵² Staff Report for a Change of Owner, Guarantor, and Operator for the Santa Ynez Unit, POPCO Gas Plant, and Las Flores Pipeline System Final Development Permits, pp. 10 [hereinafter “Staff Report”].

remediation methods.⁵³ Both Sable’s onshore and offshore facilities require Oil Spill Contingency Plans.⁵⁴

Collectively, then, Sable must show that it is financially capable of responsibly operating the Facilities and responding to an oil spill. That inquiry necessarily requires the County to determine whether Sable can bear the costs of a “worst-case” spill from its facilities.

Unfortunately, the worst-case spill volumes that Sable has disclosed for its facilities have not been verified — as discussed *infra* Part II.B — making it impossible for the County to make a finding that it can remediate a worst-case spill. **For that reason alone, the County simply cannot make the financial capability findings required by Sections 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2), and 25B-10(a)(9).**

2. The \$750M Cost to Respond to the Refugio Oil Spill Establishes a Baseline for Financial Assurances.

Again, Sable’s failure to provide sufficient information about a worst-case spill is fatal to its applications. However, should the County see fit to further evaluate Sable’s capacity to respond to a spill, the Refugio Oil Spill offers a baseline for determining the financial resources necessary to do so.

Indeed, unlike many facilities, the County has unequivocal evidence of the potential damage that a spill at Sable’s facilities can cause. According to the California Department of Fish and Wildlife, when CA-324 ruptured in 2015, it released more than 120,000 gallons of crude oil into the surrounding environment.⁵⁵ Some estimates put the number as high as 450,000 gallons.⁵⁶

Just six weeks after the spill, Plains estimated that it had already spent nearly \$100M in clean-up costs.⁵⁷ In the years that followed, Plains would go on to spend hundreds of millions more dollars for further clean-up, natural resource damage assessments, civil penalties, and settlements with affected business and property owners.⁵⁸ As of December 31, 2023, Plains “estimate[d] that the aggregate total costs we have incurred or will incur with respect to the [Refugio Oil Spill] will be approximately \$750 million.”⁵⁹

⁵³ County Code, § 25B-10(a)(6), (9); *see also* SYU Permit, Condition IV-E.2; LFC Permit, Condition P-5.

⁵⁴ *See* County Code, § 25B-10(a)(6), (9); SYU Permit, Conditions IV-E.2; LFP Permit, Condition P-5,

⁵⁵ NRDA, *supra* note 8, at 4.

⁵⁶ Expert Report of Igor Mezic, Ph.D., *Andrews v. Plains All American Pipeline, LP*, October 21, 2019, pp. 16-17.

⁵⁷ *Refugio oil spill cleanup costs near \$100 million*, Pacific Coast Business Times (June 27, 2015), <https://www.pacbiztimes.com/2015/06/27/refugio-oil-spill-cleanup-costs-near-100-million/>

⁵⁸ *See, e.g.*, Settlement Agreement at Art. 3, *Andrews et al. v. Plains All American Pipeline, L.P. et al.*, No. 2:15-cv-04113-PSG-JEM (C.D. Cal. May 12, 2022), available at: <https://www.plainsoilspillsettlement.com/admin/api/connectedapps.cms.extensions/asset?id=028b30fd-95e1-4e64-a236-2d84bb1b6907&languageId=1033&inline=true;> Consent Decree, *supra* note 43; Pipeline and Hazardous Materials Safety Administration, *Valuation of Crude Oil Spills in Transportation Incidents*, p. 78 (April 2023) 2016), available at:

<https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/2023-10/PHMSA-OilSpillCosts-Report-Final.pdf>

⁵⁹ Plains All American Pipeline, L.P., *Securities and Exchange Commission Form 10-K*, p. F-56 (Feb. 28, 2024), available at: https://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_PAA_2023.pdf.

The Refugio Oil Spill gives us invaluable information about what a spill could look like at Sable’s facilities, and the cost of restoring affected areas to pre-spill condition. But it is only one scenario, not the *worst-case* scenario. It is easy to see how a spill could be far more catastrophic, especially if a rupture were to occur in Sable’s subsea pipelines. Even another spill from its onshore pipelines could be twice the size of the Refugio spill, says the County.⁶⁰

In other words, we know that the volume of a *worst-case* spill can only be higher, not lower, than what we saw in the Refugio Oil Spill. Thus, the figures associated with the Refugio Oil Spill (totaling \$750M) represent the absolute floor for evaluating the financial resources necessary to respond to a spill.

3. Sable Lacks Sufficient Capital and Insurance Coverage to Remediate a Spill.

Sable is currently operating at a \$426M deficit, and it will not have a revenue stream unless and until it restarts the SYU. Without any reliable income, Sable itself acknowledges that it could have little to no capital on hand at the time it resumes production, which would leave it incapable of remediating a spill.⁶¹

In its most recent quarterly report, Sable reported that it has just \$112M in cash or cash equivalents.⁶² Yet it estimates that its remaining start-up expenses — which are “expected to [be paid] from cash on hand” — amount to approximately \$197M.⁶³ Thus, as Sable acknowledges, “[its] plans for restarting production, including restarting the existing wells and facilities and recommencing transportation through the Pipelines, will require significant capital expenditures in excess of current operational cash flow.”⁶⁴

Moreover, Sable notes that its remaining expenditures “will primarily be directed toward obtaining the necessary regulatory approvals and completing the pipeline repairs and bringing the shut-in assets back online” But Sable neglects to account for additional financial burdens, such as ongoing litigation that may be an impediment to restart. Despite its recent settlement with the County, it is incurring attorney fees in litigation with private landowners⁶⁵ and in federal litigation regarding lease extensions for its offshore platforms.⁶⁶ It was also recently notified by CalGEM that it may have to post a bond for the decommissioning of some of its “production facilities.”⁶⁷ Thus, Sable’s \$197M estimate for additional costs may be well undervalued.

⁶⁰ County Draft EIR, *supra* note 44, at 79.

⁶¹ Q2 Report, *supra* note 32, at 6.

⁶² *Id.* at 1.

⁶³ *Id.* at 31.

⁶⁴ *Id.*

⁶⁵ See Complaint, Zaca Preserve, LLC v. Sable Offshore Corp. et al., Santa Barbara County Case No. 24CV05483.

⁶⁶ See Sable Offshore Corp.’s Motion to Intervene, Center for Biological Diversity et al. v. Debra Haaland et al., No. 2:15-cv-04113-PSG-JEM (C.D. Cal. May 12, 2022), Case No. 2:24-cv-05459, Central District, Motion to Intervene.

⁶⁷ See CalGEM letter to Sable (Sept. 26, 2024), attached hereto as “Attachment D.”

And, even after restart, Sable would likely struggle to replenish its cash on hand in the face of its \$790M debt to Exxon.⁶⁸ Sable will be incentivized to pay down its debt to Exxon as soon as possible to reduce the size of its interest payments, dramatically extending the period in which Sable is operating at a deficit. Not to mention, *the entire \$790M debt comes due just ninety days after restart.*⁶⁹

Of course, all of this begs the question: how much capital will Sable actually have on hand when it resumes operations and in the months following? Even Sable acknowledges the possibility that it will exhaust its remaining capital before it restarts the SYU.⁷⁰ County staff do not account for this scenario, which is a very real possibility for which the County must be prepared.⁷¹ Indeed, according to Sable itself, “*substantial doubt* exists about the Company’s ability to continue.”⁷²

Consider what would happen if Sable diminishes its \$112M in cash — as it expects to — and a worst-case spill occurs during or shortly after Sable’s restart of the SYU. The SYU would once again become a crippling economic burden, and Sable would not have the financial resources to clean up the spill, compensate affected property owners, or pay for natural resources damages and restoration. Even the \$112M in cash that Sable has on hand today would cover only a fraction of its financial obligations, which, as discussed, would start at around \$750M. And that does not even account for Sable’s \$790M debt to Exxon, for which Sable would still be on the hook, and which raises its total possible liabilities to around \$1.5B.

Nor would Sable’s insurance coverage be sufficient to cover the costs. Sable submitted one Certificate of Liability Insurance to the County, which applies only to its offshore facilities. While the coverage appears to be for \$401M, that would be insufficient to fully respond to a worst-case spill, as explained above.

Notably, Sable has not submitted a Certificate of Insurance for its onshore facilities. It is unclear if Sable has liability coverage for its processing plants, but we are aware that it may have coverage of up to \$100M for the Las Flores Pipeline System. However, recall that, in the wake of the Refugio spill, Plains spent \$100M in clean-up costs in just a few weeks.

Nonetheless, County staff suggest that Sable’s insurance coverage is adequate for purposes of Chapter 25B.⁷³ That may have been true of Exxon, whose capitalization was never in question. But with Sable, it is distinctly possible that it has little to no capital on hand at the time it actually restarts the SYU, as explained above. Thus, even if Sable’s insurer approves a claim, Sable could still potentially face a deficit of hundreds of millions of dollars — especially if a spill were to occur from its onshore facilities. In this likely scenario, Sable would be unable to complete clean-up and restoration, compensate affected landowners and businesses, and pay required civil penalties.

⁶⁸ Q2 Report, *supra* note 32, at 17.

⁶⁹ Senior Secured Term Loan Agreement, *supra* note 29, at 4.

⁷⁰ Q2 Report, *supra* note 32, at 6.

⁷¹ See Staff Report, *supra* note 52, at 10, 24, and 29.

⁷² Q2 Report, *supra* note 32, at 31 (emphasis added).

⁷³ Staff Report, *supra* note 52, at 10, 24, and 29.

Additionally, the scope of Sable’s insurance coverage is unclear from the Certificate of Insurance that it submitted. For example, does the insurance only apply to “wells,” which are specifically referenced, or does it extend to subsea pipeline ruptures? Does it cover negligent behavior, similar to what we saw with Plains? Without the actual policy, the County simply cannot assess the possible limitations on Sable’s coverage, and thus the adequacy of its insurance.

Again, under Chapter 25B, the County must find that Sable is financially capable of remediating a worst-case spill, the total cost of which could be upwards of \$750M. Because Sable cannot assure the County that it will be able to bear that financial burden, the County cannot make the findings in Sections 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2), or 25B-10(a)(9), and it must therefore deny Sable’s applications.

B. Sable’s Lack of Final CFRs is Disqualifying.

Tellingly, Sable has yet to complete its financial responsibility review with OSPR, which requires showing that it is financially capable of remediating a worst-case spill.⁷⁴ While Sable has apparently obtained *preliminary* CFRs from OSPR, they are based on spill estimates that have not yet been verified by OSPR, and thus are subject to modification or revocation. As explained below, Sable must obtain *final* CFRs before the County can approve a transfer.

1. Sable’s CFRs are Preliminary and Inadequate for Purposes of Chapter 25B.

To operate its facilities, Sable must obtain CFRs from OSPR for its subsea pipelines and the Las Flores Pipeline System.⁷⁵ To do so, OSPR regulations require that Sable demonstrate it is financially capable of remediating a worst-case spill from these facilities.⁷⁶ The amount of financial assurances that Sable must provide is determined by calculating the worst-case spill volumes for each facility, and then plugging those figures into an equation set forth in OSPR regulations.⁷⁷

Importantly, however, the worst-case spill volume must come from an approved Oil Spill Contingency Plan, where it is carefully calculated with oversight from OSPR.⁷⁸ But Sable does not have an approved contingency plan for either its onshore or offshore facilities, as discussed *infra* Part IV. Where a CFR applicant does not have an approved contingency plan, OSPR takes the applicant’s estimates at face value and issues a *preliminary* CFR.⁷⁹ Later, when the applicant’s contingency plan is approved, it modifies the CFR to accurately reflect the worst-case

⁷⁴ See 14 CCR § 791.7(h).

⁷⁵ See 14 CCR § 791.7(h).

⁷⁶ See *id.*

⁷⁷ See 14 CCR § 791.7(h)(B).

⁷⁸ See *id.*

⁷⁹ David Reinhard (Chief of Preparedness, OSPR), Telecommunication Meeting (Oct. 23, 2024).

spill volume that was verified by OSPR.⁸⁰ And OSPR may revoke the CFR if the applicant cannot provide adequate financial assurances.⁸¹

That is what has occurred here. The CFRs that Sable submitted to the County are *preliminary* CFRs based on Sable’s unsubstantiated estimates of worst-case spill volumes. They will be subject to change, and possibly revocation, after those estimates are properly verified by OSPR.

In fact, these preliminary CFRs are *likely* to be modified or revoked, as Sable appears to have severely underestimated the worst-case spill volumes for its facilities. For example, Sable’s estimate for CA-324 — the pipeline that caused the Refugio Oil Spill — is only 1,935 barrels. But the Refugio Oil Spill was closer to 3,000 barrels.⁸² And the County has estimated that another spill from CA-324 could be twice that size, even with the addition of automatic shutoff valves.⁸³ Likewise, Sable’s estimate for a spill from its subsea pipelines is exceedingly low — just 624 barrels.

If OSPR ultimately determines that the worst-case spill volumes for these facilities are much higher, it will require additional financial assurances before Sable can obtain *final* CFRs. For example, for the Las Flores Pipeline System, Sable has apparently demonstrated financial responsibility up to \$100M. But the *verified* spill volume may require additional assurances, possibly up to \$300M.⁸⁴ And it is unclear if Sable will be able to provide such assurances. As discussed at length above, Sable has only \$112M in cash — which is steadily diminishing — and only \$100M in insurance coverage for its onshore facilities.

Accordingly, the *preliminary* CFRs that Sable submitted do not actually verify that it is financially capable of remediating a worst-case spill at its facilities, and they are thus inadequate for purposes of Chapter 25B. To conclude otherwise would lead to an absurd application of Chapter 25B: an entity could obtain preliminary CFRs by claiming whatever spill volume it pleases, use those CFRs to obtain County approval for a transfer of ownership, and then promptly have those CFRs revoked once OSPR completes its review. Construing Chapter 25B — and the Permits — to allow such a scenario would fundamentally undermine the ordinance’s financial guarantee requirement.

2. A Final CFR is a Financial Guarantee that is Required by the SYU Permit.

Sable *must* obtain a CFR to comply with the SYU Permit, which mandates that the permittee “provide the County with copies of its [CFRs]” as part of its duty to demonstrate financial responsibility.⁸⁵ Thus, before the County can approve a transfer of the SYU Permit, Chapter 25B requires that Sable obtain an adequate CFR for applicable facilities permitted

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² NRDA, *supra* note 8, at 4.

⁸³ County Draft EIR, *supra* note 44, at 79.

⁸⁴ See 14 CCR 791.7(h)(B).

⁸⁵ SYU Permit, Condition XI-2.w.

therein — i.e., its subsea pipelines (portion in state waters).⁸⁶ As explained above, Sable has failed to do so.

Importantly, it is insufficient for Sable to give assurances that it will eventually secure an adequate CFR. Section 25B-10(a)(9) requires that Sable affirmatively demonstrate that it can comply with all permit conditions before a transfer occurs. That includes the SYU Permit's requirement to obtain an adequate CFR.⁸⁷ Since it is unclear whether Sable will be able to meet that condition, as explained above, Chapter 25B requires that Sable obtain and provide a final CFR *prior* to ownership transfer.

3. Under the Circumstances, Sable Must also Obtain CFRs for the Las Flores Pipeline System.

Unlike the SYU Permit, the LFP Permit does not explicitly require CFRs as a financial guarantee. But Sable must still produce them under the circumstances.

Generally, Chapter 25B does not allow the County to require a proposed operator or guarantor to produce financial guarantees that are not required by permit.⁸⁸ However, an exception exists where a facility “is transferred from a financially strong company to a weaker one.”⁸⁹ In such cases, the County may review outside assurances and “amend a permit to require insurance or other guarantees, in order to preserve financial assurances that were provided (either explicitly or implicitly) through the financial strength of the previous owner or operator.”⁹⁰ As such, the County may “impose additional conditions on the permit” to maintain financial assurances.⁹¹

Indeed, “[t]hat the previous owner was not required to obtain insurance or provide other guarantees[] does not automatically carry over to a new owner or operator. Unless the new owner or operator also has sufficient resources to self-insure, [the County] may add a permit condition requiring financial assurances.”⁹²

Because this is quite obviously a case where facilities are being transferred from a stronger company (Exxon) to a weaker company (Sable), the County may require, via permit amendments or otherwise, that Sable submit adequate CFRs for the Las Flores Pipeline System. And it would be irresponsible not to: these pipelines have already caused a catastrophic oil spill, they are prone to rupturing again, and Sable has not otherwise assured the County that is financially capable of responding to another spill.

⁸⁶ See County Code, §§ 25B-9(a)(2), 25B-9(e)(1), and 25B-10(a)(2).

⁸⁷ See SYU Permit, Condition XI-2.w.

⁸⁸ Santa Barbara County Energy Division, *Guidelines to Implement Chapter 25B Guidelines*, p. 13 (June 13, 2022) [hereinafter “Chapter 25B Guidelines”].

⁸⁹ *Id.*

⁹⁰ Chapter 25B Guidelines, *supra* note 88, at 13.

⁹¹ County Code, § 25B-10(b).

⁹² Chapter 25B Guidelines, *supra* note 88, at 13.

Thus, before approving a transfer of the LFP Permit, the County can — and should — require that Sable submit final CFRs for the pipelines.

4. Without Final CFRs, Sable has not Offered any Assurance that it Can Remediate a Worst-Case Spill.

Again, Chapter 25B requires that the County ensure that Sable is financially capable of remediating a worst-case spill. However, the worst-case spill volumes that Sable has disclosed for its facilities have not been verified. As discussed, we know that the Refugio Oil Spill provides a baseline, but we can only speculate as to the actual scope of a worst-case disaster. According to the County’s own analysis, it is likely that a spill could be nearly double the size of the Refugio Oil Spill.⁹³

It is simply premature to approve a transfer of the Permits when Sable has not conclusively demonstrated it can remediate a worst-case spill, and when OSPR, the agency charged with making that determination, has not completed its review. At the very least, the County should consider Sable’s lack of final CFRs as compelling evidence that it lacks the financial responsibility required by Chapter 25B.

In sum, then, having not produced final CFRs for its facilities, the County cannot make the findings in Sections 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2), or 25B-10(a)(9), and it must therefore deny Sable’s applications.

C. Sable Must Post Performance Bonds for its Facilities before a Transfer can be Approved.

As noted, before the County can approve the proposed transfers, Chapter 25B requires that Sable secure/submit any financial guarantees that are required by the Permits.⁹⁴ That includes performance bonds for the abandonment of its facilities, which is *required* by the POPCO Permit, and may be required, at the County’s option, for Sable’s remaining facilities.

1. The POPCO Permit Requires that Sable Post a Performance Bond for the Abandonment of the Facility.

As staff acknowledges, Condition Q-2 of the POPCO Permit “requires the permittee to be responsible for the proper abandonment of the facility.”⁹⁵ Specifically, Condition Q-2 provides as follows:

Immediately following permanent shut down of the facilities permitted herein, [the permittee] shall abandon and restore all facility sites covered under this permit consistent with County policies on abandonment and restoration of said facilities in effect at that time. Absent any policies, [the permittee] shall remove

⁹³ County Draft EIR, *supra* note 44, at 79.

⁹⁴ County Code, §§ 25B-9(a)(2), 25B-9(e)(1), and 25B-10(a)(2).

⁹⁵ Staff Report, *supra* note 52, at 26; *see also* POPCO Permit, Condition Q-2.

any and all abandoned processing facilities and portions of the import pipeline, buried or unburied, constructed and/or operated under this permit, excavate any contaminated soil, re-contour all sites and revegetate all sites in accordance with a County approved abandonment and restoration plan within one year of permanent shut down. *[The permittee] shall post a performance bond*, or other security device acceptable to County Counsel, in an amount determined by the County.⁹⁶

Despite the plain language of the condition, staff claim that Sable only needs to post a bond *after* the permanent shutdown of the facility, and thus “no current financial guarantee is needed.”⁹⁷ Staff is mistaken.

Staff appear to misread this condition as stating: “Immediately following permanent shut down . . . POPCO shall post a performance bond.” That is not what the condition says. It says that *abandonment* should occur “immediately following” shutdown, which makes sense. But the bonding requirement is not so qualified.

Put differently, the condition imposes two requirements: (1) to abandon the facility “immediately following” shutdown, and separately, (2) to post a performance bond to ensure abandonment and restoration are completed. Staff have improperly applied the qualifying language in the first requirement — “immediately following” — to the second requirement, changing the intended meaning of the condition.

Not only does staff’s interpretation defy the plain language of the condition, it is nonsensical. The purpose of a bond is to guarantee that the operator will properly abandon the facility and restore the site after it is shut down. But there are any number of reasons why a facility may be shut down, including because an operator has gone bankrupt or does not have sufficient capital to continue operations. In that case, the operator would not be able to fund the abandonment of the facilities, leaving the County to pick up the pieces. Thus, the only way to ensure the proper abandonment of the facility is to require a bond when an operator acquires the facility, not after it has shut it down.

Accordingly, per the plain language of Condition Q-2, Sable is required to post a performance bond for the abandonment of the POPCO Gas Plant. If it fails to do so, the County cannot make the necessary “financial guarantee” findings in Section 25B-9(a)(2), 25B-9(e)(1), and 25B-10(a)(2) for the transfer of the POPCO Permit.

2. The County Can — and Should — Require that Sable Post Performance Bonds for the Abandonment of its Other Facilities.

Unlike the POPCO Permit, the SYU and Las Flores Canyon Pipeline Permits give the County an option to ensure compliance with abandonment procedures: either require that the permittee post a performance bond, or allow the permittee “to pay property taxes as assessed

⁹⁶ POPCO Permit, Condition Q-2 (emphasis added).

⁹⁷ Staff Report, *supra* note 52, at 26.

during project operation until site restoration is complete.”⁹⁸ For obvious reasons, the County should elect the former.

As discussed at length above, Sable is steadily losing capital and will not be profitable until it restarts the SYU. Thus, it is a distinct possibility that Sable runs out of funds before it can restart production, which Sable itself acknowledges.⁹⁹ If that were to occur, absent a performance bond, the County (or some other public entity) would have to foot the bill for the abandonment of Sable’s facilities.

Surprisingly, staff nonetheless suggest that it would suffice for Sable to pay property taxes rather than post a bond.¹⁰⁰ In doing so, it cites Sable’s \$112M in cash or cash equivalents, which it claims are “sufficient to cover the continued payment of property taxes.”¹⁰¹ But staff ignores that Sable (1) estimates it will spend an additional \$197M in cash expenditures before restarting; (2) is operating at a \$426M deficit and will continue to do so until restart; and (3) in light of its capital concerns, may bankrupt well before the abandonment process, either because it fails to restart its facilities, or because it cannot cover the costs of another disaster.

Accordingly, the only way to ensure the public is not left responsible for abandonment costs is to require Sable to post performance bonds for each of its facilities. Thus, the County should exercise its discretion to do so.

III. The County Must Deny Sable’s Applications because Exxon and Sable are Not in Compliance with All Existing Permit Conditions.

Section 25B-9(a)(5) and 25B-10(a)(5) prohibit the County from approving a change of owner or operator unless Exxon was in compliance with all requirements of the Permits as of July 30, 2024 — the date Sable’s applications were deemed complete.¹⁰² However, to date, Exxon and Sable are not in compliance with the LFP Permit because the Las Flores Pipeline System lacks effective cathodic protection.

The Conditions for the Los Flores Pipeline System incorporate “the procedures, operating techniques, design, equipment and other descriptions” articulated in the 1985 pipeline system Environmental Impact Report (“EIR”) as “required elements” of the permit.¹⁰³ Specifically, Condition A-7, Substantial Conformity, provides:

The procedures, operating techniques, design, equipment and other descriptions (hereinafter procedures) described in 83-DP-25 cz, 83-CP-97 cz and in subsequent clarifications and additions to that application and the Final Development Plan are incorporated herein as permit conditions and shall be *required elements* of the project. *Since these procedures were part of the project*

⁹⁸ SYU Permit, Condition XIX-1; LFP Permit, Condition O-1.

⁹⁹ Q2 Report, *supra* note 32, at 6, 31.

¹⁰⁰ Staff Report, *supra* note 52, at 9, 31.

¹⁰¹ *Id.*

¹⁰² County Code, §§ 25B-9(a)(5), 25B-10(a)(5).

¹⁰³ LFP Permit, Condition A-7.

description which received environmental analysis, a failure to include such procedures in the actual project could result in significant unanticipated environmental impacts. Therefore, modifications of these procedures will not be permitted without a determination of substantial conformity or a new or modified permit. The use of the property and the size, shape, arrangement and location of buildings, structures, walkways, parking areas and landscaped areas shall be in substantial conformity with the approved Final Development Plan.¹⁰⁴

The 1985 EIR's description of the Las Flores Pipeline System articulates the following regarding protection from external corrosion:

Protection of a pipeline from corrosion is of critical importance to the environment as well as the pipeline operator. Pitting of the pipeline can occur due to chemical reaction between the soil and the carbon steel pipe if it is not adequately protected. This pitting would eventually reduce the strength of the pipe sufficiently to cause a break and allow an oil leak. Therefore, [the operators] intend to wrap the pipelines in accordance with applicable regulations. Additionally, cathodic protection would be installed as required within 12 months of the pipeline installation dependent upon soil and chemical conditions. Corrosion control test stations would be installed with which to test the integrity of the corrosion protection. This is all in accordance with 49CFR-195.¹⁰⁵

Additionally, the EIR provides “[t]he entire pipeline would be protected from corrosion with cathodic protection systems consisting of groundbeds and rectifiers.”¹⁰⁶ The Project Description further provides “[m]aintenance activities associated with the pipeline and the ROW would include the following: . . . Inspection and maintenance of cathodic protection systems.”¹⁰⁷

As we now unfortunately know, these pipelines' cathodic protection system is ineffective in preventing corrosion from occurring beneath their coating/insulation system, which is what ultimately caused the devastating Refugio Oil Spill.¹⁰⁸ However, instead of remediating the issue, Sable is seeking a waiver from OSFM to operate the pipelines without effective protection from corrosion.

True, the Las Flores Pipeline System was constructed with a cathodic protection system, as Sable may point out. But the LFP Permit requires *effective* cathodic protection, which is what

¹⁰⁴ *Id.*, emphasis added.

¹⁰⁵ California State Lands Commission et al., *Draft Environmental Impact Report Environmental Impact Statement*, p. 4-106 (August 1984) (emphasis added) [hereinafter “Draft Celeron EIR”]. Note that the Final EIR published in 1985 is a finalizing addendum to the 1984 Draft EIR. The preface of the Final EIR explains that the Final EIR is intended to be read “in conjunction with, rather than in place of, the Draft EIR/EIS that was released for public review on August 1, 1984.” Thus, collectively, the two documents and their appendices form the project EIR.

¹⁰⁶ *Id.* at 2-5.

¹⁰⁷ *Id.* at 2-24.

¹⁰⁸ PHMSA Report, *supra* note 12, at 3, 14.

was contemplated in the original project description for the pipelines and its EIR. To construe the permit otherwise would, effectively, altogether eliminate the requirement that pipelines have cathodic protection.

The County cannot ignore the critical fact that the liner system has been compromised and **the Las Flores Pipeline System is not protected from external corrosion**. The EIR is clear that “[p]rotection of a pipeline from corrosion is of critical importance to the environment.”¹⁰⁹ As the County calculated in its Draft EIR for a replacement pipeline project, the limited effectiveness of cathodic protection makes the risk of an oil spill five times greater than was initially envisioned, potentially resulting in a spill every year.¹¹⁰

Finding that Exxon, as the current owner and operator, is in compliance with the project description when the pipelines are not protected from external corrosion is simply nonsensical. The lack of an effective system of cathodic protection leaves the project susceptible to the very environmental impacts that section Condition A-7 is designed to prevent. Therefore, the Planning Commission cannot find that Exxon is in compliance with this permit condition.

IV. The County Must Deny Sable’s Applications because It Has Not Submitted All Necessary Compliance Plans and Demonstrated a Capability of Complying with Those Plans.

Pursuant to Section 25B-10(a)(6) and (9), Sable must submit an updated Oil Spill Contingency Plan for its facilities, and it must demonstrate the ability to comply with the plans. However, Sable has failed to submit an adequate Oil Spill Contingency Plan for the Las Flores Pipeline System, and has altogether failed to submit a contingency plan that encompasses its subsea pipelines (portion in state land).

The purpose of an Oil Spill Contingency Plan is, in part, to identify a facility’s worst-case spill volume, where a worst-case spill would occur, and how the operator would respond to and remediate a worst-case spill.¹¹¹ However, in the Integrated Contingency Plan (“ICP”) that Sable submitted to the County, Sable claims that a worst-case spill from the Las Flores Pipeline System would be 0 barrels, presumably because the pipelines are currently inactive.¹¹² Thus, the plan fails to address the actual worst-case spill volume that would come from the pipelines when they become operational, and how Sable would respond to a worst-case spill. That is to say, Sable does not actually have an updated Oil Spill Contingency Plan in place for active operations.

Notably, whether an Oil Spill Contingency Plan is adequate for the purposes of the LFP Permit turns on whether the plan is “consisten[t] with the intent of the condition ‘to detail site restoration subsequent to emergency response.’”¹¹³ Because Sable’s plan only considers the pipelines in their *idle* state, it necessarily fails to address the scope of a possible spill and how

¹⁰⁹ Draft Celeron EIR, *supra* note 105, at 4-105.

¹¹⁰ County Draft EIR, *supra* note 44, at 79.

¹¹¹ See 14 CCR § 816.03(b)(E), (F).

¹¹² Sable Offshore Corp., *Pacific Pipeline Company Integrated Contingency Plan*, p. 14-3 (April 2024).

¹¹³ LFP Permit, Condition P-5.

Sable would contain a worst-case spill. Thus, it is patently deficient for purposes of the LFP Permit, and for Chapter 25B.

Indeed, the County would not be the first governing body to find Sable’s plan inadequate. This exact plan was already rejected by OSPR — an agency with special expertise in contingency plans — in part for the reasons outlined above.¹¹⁴ As County staff allude to, Sable’s Oil Spill Contingency Plan “require[s] formal approval from other regulatory agencies” — i.e., OSPR — before a transfer can be approved.¹¹⁵

Even more damning is that Sable has altogether failed to submit an Oil Spill Contingency Plan for its offshore facilities, including those permitted under the SYU Permit — i.e., its subsea pipelines.¹¹⁶ Moreover, it is not apparent that Sable even has an offshore contingency plan; according to OSPR, it has yet to approve one. The SYU Permit contemplates that the permittee must have a contingency plan in place to respond to a spill. And it is explicitly required under Section 25B-10(a)(6) and (9).

Accordingly, because Sable lacks an adequate Oil Spill Contingency Plan for the Las Flores Pipeline System, and altogether lacks a plan for its offshore facilities, Sable is not in compliance with the LFP or SYU Permits, and it has not demonstrated it can comply with all necessary compliance plans required by Chapter 25B. Thus, the County cannot approve a transfer of owner or operator of the permit.¹¹⁷

V. Sable’s Management Team has Shown that it is Unreliable, Averse to Regulation, and Lacks the Capability to Responsibly Operate the Facilities as Required by Chapter 25B.

Section 25B-10(a)(9) provides that the County shall only approve an application for a change of operator if the operator is found capable. Specifically, the proposed operator must have “the skills, training, and resources necessary to operate the permitted facility” and the operator’s past behavior must not “reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.”¹¹⁸

As to operational capacity, staff have largely copied and pasted information that Sable provides on its website, painting a rosy picture of an entity that is staffed with experienced personnel. But Sable’s actions to date tell a far different story. Sable’s history, propensity to cut regulatory corners, and even its recent struggle to submit a complete application for this very transfer request, all indicate that Sable’s management team cannot be relied on to safely operate these facilities.

A. Recent Failures and Unsafe Practices in the Oil and Gas Space

¹¹⁴ E-correspondence from Rachel Fabian, OSPR, to Jeremy Frankel, EDC (Aug. 23, 2024), attached hereto as “Attachment E.”

¹¹⁵ Staff Report, *supra* 52, at 17.

¹¹⁶ SYU Permit, Conditions IV-E.2, XI-2.e., and XI-2.w.

¹¹⁷ See County Code, §§ 25B-9(a)(5), 25B-10(a)(5), 25B-10(a)(6), and 25B10(a)(9).

¹¹⁸ County Code, § 25B-10(a)(9).

While Sable intends to retain experienced staff from the prior operator, their management team leaves much to be desired. Sable is managed by their CEO, James C. Flores, and “a management team that have historically worked with Mr. Flores in the oil and gas exploration and production business.”¹¹⁹ While Sable — and staff — tote this team’s “more than thirty years” of experience,¹²⁰ Sable fails to disclose the fate of Flores’ most recent endeavors. Flores’ leadership roles at Freeport-McMoran and Sable Permian Resources, both of which suffered massive financial losses under his management, cast tremendous doubt on his team’s capability to operate an oil project successfully and responsibly.¹²¹

While running Sable Permian, Flores and his team allegedly cut corners in pursuit of short-term profits, ultimately to the detriment of the company.¹²² Tom Laughery, who worked on distressed credit analysis at Silverback Asset Management during Flores’ time at Sable Permian, described Flores’ management of Sable Permian in scathing terms:

Sable Permian was poorly run. It was not a high-quality asset base to begin with and it was drilled horribly. Flores and his team drilled the wells way too densely. It was basically destroying the company for near term quarterly results. And that was back in the day when everyone thought no one would look at the data. It was very scammy.¹²³

That disregard for safety already appears to be rearing its head. There has **already been a spill since Sable took over, and operations have not even begun.**¹²⁴ Making matters worse, Sable does not even have an adequate plan in place to respond to a spill, as discussed *supra* Part IV.

B. Sable’s Pattern of Deceptive Statements and Efforts to Conceal Risks of its Restart Plan

After acquiring the SYU, the company told investors that it intended to restart production during the third quarter of 2024.¹²⁵ Despite numerous regulatory setbacks, Sable reaffirmed this prediction in its quarterly report filings on August 13, 2024, but allowed that restart could occur in early fourth quarter 2024.¹²⁶ Now, Sable has adjusted its prediction to the fourth quarter of 2024.¹²⁷

¹¹⁹ Sable Offshore Corp., *Application for Change of Owner, Operator and Guarantor of Oil and Gas Facilities: Santa Ynes Unit (“SYU”) Project*, p. 4. (March 14, 2024), available at:

<https://cosantabarbara.app.box.com/s/urqblguikn7jlo1igrq5yz55zyiveo7k/file/1489580351768>.

¹²⁰ *Id.*; Staff Report, *supra* note 52, at 20.

¹²¹ Daniel Sherwood, *Sable Offshore’s Oil Restart May Be Pipe Dream*, Hunterbrook Media (April 17, 2024), <https://hntbrk.com/sable/>.

¹²² *Id.*

¹²³ *Id.*

¹²⁴ Sable Offshore Corp., *Incident Report Form* (Sept. 13, 2024), attached hereto as “Attachment F.”

¹²⁵ Q2 Report, *supra* note 32, at 6.

¹²⁶ *Id.* at 31.

¹²⁷ Sable Offshore Corp., *Securities and Exchange Commission Form 8-k*, p. 2 (September 3, 2024), available at: <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001831481/20f32768-3b40-49e8-9db7-7e2c616df5f9.pdf>.

Of course, Sable was likely aware that the SYU was never going to restart in the third quarter of 2024. As of this letter, Sable has yet to secure easements from owners of property through which the Las Flores Pipeline System passes, it has not received CFRs from OSPR or created a satisfactory Oil Spill Contingency Plan, it has not completed an application with the California State Lands Commission (“CSLC”) to transfer necessary leases from Exxon, and it has not received a waiver for the limited effectiveness of cathodic protection or the go ahead from OSFM to restart the pipeline.

Sable’s restart predictions can be charitably described as extremely optimistic, but more accurately as deliberately deceptive. And such deceptive statements appear to be par for the course for Sable. For example, in a July SEC filing, it claimed that:

In cooperation with and under the supervision of OSFM personnel, PPC is **currently making pipeline repairs, installing new pump stations, and constructing multiple new control facilities for lines 324 and 325**, all in preparation for restart of Las Flores Canyon processing facilities and associated Santa Ynez Unit offshore production platforms. Restart is expected in late third quarter 2024 or early fourth quarter 2024.¹²⁸

Now, however, Sable admits that some of these activities never occurred, assuring the County that it never had any plans to install new pump stations or construct new facilities.¹²⁹

When Sable is not making misleading statements, it is attempting to conceal information altogether, specifically when it comes to the risks posed by its restart plans. For example, Sable recently sued EDC and the California Department of Fish and Wildlife to try and withhold vital information from the public about the risks of operating its facilities. The information included estimates regarding a worst-case spill from CA-324 and CA-325.¹³⁰ After prevailing in court, EDC received the information that Sable sought to keep out of public view. One of the things we learned is that, per Sable’s estimate, a worst-case spill from these pipelines could be fourteen times the volume of the Refugio spill.¹³¹

C. Ineptitude before Governing Bodies and Propensity to Cut Regulatory Corners

Perhaps more concerning is Sable’s lack of attention to detail and willingness to cut corners. Recall that CA-324 ruptured in 2015 in part because Plains failed to diligently monitor,

¹²⁸ Sable Offshore Corp., *Securities and Exchange Commission Form 8-k*, p. 2 (July 11, 2024) (emphasis added), available at <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001831481/b4d48765-05c7-47bd-8c39-998554504ac0.pdf>.

¹²⁹ See e-correspondence from Errin Briggs, Planning Department, to Jeremy Frankel, EDC (Oct. 11, 2024), attached hereto as “Attachment G.”

¹³⁰ See Complaint, Sable Offshore Corp. et al. v. California Department of Fish and Wildlife et al., Sacramento County Case No. 24WM000111.

¹³¹ ICP, *supra* note 112, at 14-4.

maintain, and repair the pipeline.¹³² Sable’s recent behavior indicates that it likely suffers from the same organizational disfunction that resulted in the dangerous corrosion of CA-324 going unnoticed.

The County need not look further than this very transfer process for an example of Sable’s ineptitude. Despite incentives for Sable to promptly provide the County with all the information it needs to approve the transfers, Sable consistently failed to provide basic information in its applications.¹³³ The County was forced to issue Sable three incompleteness letters, requesting the same information multiple times.¹³⁴ If Sable needs four attempts just to complete a basic administrative task, how can the people of Santa Barbara trust Sable to safely and responsibly own, operate, and guarantee the Facilities?

Sable had the same issue with the CSLC. Along with Exxon, it submitted applications to assign a number of state leases from Exxon to Sable that are needed to operate the SYU.¹³⁵ Those applications were initially submitted in March 2024.¹³⁶ Since then, Sable has received multiple incompleteness determinations from CSLC and, to date, the applications have still not been deemed complete.¹³⁷

But it is not just Sable’s ineptitude that is concerning. It has consistently shown a willingness to cut regulatory corners as it rushes to bring the SYU back online.

As noted above, Sable is required to get final CFRs from OSPR prior to restart. However, in a ploy to evade financial oversight, Sable grossly underestimated the risks associated with its facilities in its initial CFR applications. Like its inadequate contingency plan, it claimed, relying on its facilities’ current idle status, that the reasonable worst case spill volume for each of its facilities is just one barrel, and thus it needed to provide financial assurances of only a few thousand dollars.¹³⁸ Yet according to Sable itself, it expects to restart these facilities by the end of the year, and thus its applications did not accurately represent the liability that Sable would actually bear when operating the facilities. OSPR reached the same conclusion and required that Sable submit new applications.¹³⁹ At best, Sable’s applications were, like its many other applications, improper and incomplete; at worst, they were deliberately misleading.

Most worrisome, however, is Sable’s recent attempt to avoid County oversight and its refusal to cooperate with the California Coastal Commission (“CCC”). After suing the County to

¹³² PHMSA Report, *supra* note 12, at 3, 14.

¹³³ See Santa Barbara County Planning Department Determinations of Application Incompleteness, available at <https://cosantabarbara.app.box.com/s/urgblguikn7jlo1igrq5yz55zyiveo7k>.

¹³⁴ See *id.*

¹³⁵ ExxonMobil Corporation, *Applications to Assign Leases 4977, 5515, 6371, 7163*, on file with the California State Lands Commission.

¹³⁶ See *id.*

¹³⁷ See California State Lands Commission, *Determinations of Application Incompleteness*, attached hereto as “Attachment H.”

¹³⁸ Sable Offshore Corp., *Applications for Certificates of Financial Responsibility*, attached hereto as “Attachment I.”

¹³⁹ See Office of Spill Prevention and Response, *Response to Public Records Act Request*, attached hereto as “Attachment J.”

dissuade it from exercising its jurisdiction over certain aspects of the Las Flores Pipeline System, Sable began extensive excavations along the coast to repair the pipelines and install valves — all without any oversight.¹⁴⁰ When CCC got wind of Sable’s activities, it issued Sable a Notice of Violation (“NOV”), clarifying that, contrary to the County’s position, Sable is required to obtain Coastal Development Permits for both the valve installations and repair work.¹⁴¹ Alarming,ly, *Sable continued working despite the NOV*, prompting the CCC to send a follow-up letter laying the groundwork for a cease and desist order.¹⁴²

In sum, Sable has already demonstrated a lack of necessary diligence, an aversion to regulatory compliance, and a propensity to cut corners, all of which weigh against entrusting Sable with the immense responsibility of operating the Facilities. Indeed, whether Sable will be able to safely operate the Facilities is questionable, if not unlikely. At the very least, the matter is imbued with too much uncertainty to approve Sable’s requested transfers.

VI. Conclusion

The purpose of Chapter 25B is to “protect public health and safety, and safeguard the natural resources and environment of the county of Santa Barbara, by ensuring that safe operation, adequate financial responsibility, and compliance with all applicable county laws and permits are maintained during and after all changes of owner, operator or guarantor of certain oil and gas facilities.”¹⁴³ For the reasons outlined above, approving the transfer of the Permits to Sable would be a grave dereliction of the County’s duty to administer Chapter 25B.

Perhaps most disconcerting is Sable’s obvious financial vulnerability. We *know* that Sable lacks the financial resources on hand to remediate a spill from its facilities, particularly if one were to occur during restart, or in the months before it becomes profitable. Given the likelihood of another spill occurring, which could cost Sable upwards of \$750M, it would be negligent to find Sable financially capable here. Nor is the County even able to make that finding when it has yet to be verified what a worst-case spill would look like. Should the County approve the transfers knowing full well Sable’s lack of financial capacity, one can only imagine what the impact will be to the public, local businesses, and private landowners that are affected by another spill and cannot be made whole.

Sable’s failure to obtain final CFRs further underscores its financial instability. But it is also fatal to its transfer applications. As discussed, at least one permit *requires* Sable to obtain a final CFR, and the County can — and should — require final CFRs for all of its facilities in light of Sable’s capital concerns. Similarly, the County must require Sable to post performance bonds to ensure Santa Barbara taxpayers do not end up paying for the decommissioning of Sable’s facilities.

¹⁴⁰ Press Release, Santa Barbara County, *Conditional Settlement Reached in Litigation Regarding Safety Values on Los Flores Pipeline* (Sept. 5, 2024), available at: <https://content.civicplus.com/api/assets/d3c647be-d1b9-4384-b21d-0635ccf199cc>

¹⁴¹ See Notice of Violation, *supra* note 47, at 2-3.

¹⁴² California Coastal Commission, *Notice of Executive Director’s Intent to Issue a Cease and Desist Order*, attached hereto as “Attachment K.”

¹⁴³ County Code, § 25B-1.

Sable's noncompliance with other permit conditions is likewise disqualifying here. Most notably, its onshore pipelines lack effective cathodic protection — a critical design feature incorporated as a condition in the LFP Permit. Equally fatal is Sable's failure to provide an adequate Oil Spill Contingency Plan for any of its facilities.

Lastly, we recognize that the executives running Sable are no strangers to the industry. But Sable as an entity has never actually operated an oil and gas facility. There is no empirical evidence indicating that Sable would — or even could — reliably operate the Facilities, comply with the Permits, or comply with important safety regulations. If anything, what we have seen so far from Sable suggests the contrary. Indeed, Sable has already demonstrated a lack of necessary diligence, an aversion to regulatory compliance, and a propensity to cut corners.

By approving the transfers, the County would more or less be taking Sable at its word that it can safely operate the Facilities. But Sable has not given the County any assurance that its word can be trusted in light of its recent behavior and misleading public statements. Ultimately, whether Sable will be able to safely operate the Facilities is questionable, if not unlikely. At the very least, the matter is imbued with too much uncertainty to approve the transfers.

Accordingly, as discussed above, the County cannot make the necessary findings of approval required by Chapter 25B. *See Topanga Assn. for a Scenic Community v. County of Los Angeles* (1974) 11 Cal.3d 506, 514 -15 (the County “must set forth findings to bridge the analytic gap between the raw evidence and ultimate decision or order” and the findings must be supported by substantial evidence).

In this case, the lack of evidence prevents the County from making the following findings of approval, as outlined in detail in the **Appendix** attached hereto:

- First, Sable has not provided evidence demonstrating that it possesses the necessary financial guarantees as required by Sec. 25B-9(a)(2), Sec. 25B-9(e)(1), and Sec. 25B-10(a)(2);
- Second, Sable has not provided evidence of compliance with the existing permit requirements as required by Sec. 25B-9(a)(5) and Sec. 25B-10(a)(5);
- Third, Sable has not provided evidence of operational oil spill contingency plans, which is required for the County to make a finding pursuant to Sec. 25B-10(a)(6); and
- Fourth, Sable has not provided evidence to demonstrate that the company possesses (1) the necessary skills, training, and resources necessary to operate the Facilities in compliance with the permits and (2) the ability to comply with necessary compliance plans, which are both required to make a finding pursuant to Sec. 25B-10(a)(9).

In conclusion, another spill from these facilities is all but inevitable. And Sable has not demonstrated it has the operational or financial capacity to be entrusted with the great weight of responsibility that comes with operating these facilities. Approving the transfers would simply pose an unacceptable risk to our community, our natural resources, and our local economy. Thus, we urge the County to deny Sable's applications.

Thank you for your consideration.

Sincerely,



Linda Krop,
Chief Counsel



Jeremy Frankel,
Staff Attorney

Attachments:

- A. Memorandum of Understanding between PHMSA and OSFM (May 18, 2016)
- B. Excerpt of Santa Barbara County Administrative Draft of Draft EIR for Plains Pipeline Replacement Project
- C. CCC's Notice of Violation (Sept. 27, 2024)
- D. CalGEM Letter to Sable re Bonding Requirements (Sept. 26, 2024)
- E. E-correspondence from Rachel Fabian, OSPR, to Jeremy Frankel, EDC (Aug. 23, 2024)
- F. Incident Report Form (Sept. 13, 2024)
- G. E-correspondence from Errin Briggs, Planning Department, to Jeremy Frankel, EDC (Oct. 11, 2024)
- H. CSLC's Determinations of Application Incompleteness

I. Sable's Applications to OSPR for CFRs

J. OSPR's Response to Public Records Act Request

K. CCC's Notice of Executive Director's Intent to Issue a Cease and Desist Order

APPENDIX:
FINDINGS THAT LACK SUBSTANTIAL EVIDENCE

SYU Permit: Application for Change of Owner, Operator, and Guarantor

<p>Financial Guarantees: Sections 25B-9(a)(2), 25B-9(e)(1), and 25B-10(a)(2)</p> <p>“All necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new owner(s) or operator and will remain in full effect following the ownership or operator change.”</p>	<ol style="list-style-type: none"> 1. Sable has not demonstrated that it has the financial capacity to remediate a worst-case spill from these facilities, as required by Condition XI-2.w. (<i>See Part II.A.</i>) 2. Sable has not obtained a final CFR for its facilities, as required by Condition XI-2.w. (<i>See Part II.B.</i>) 3. Sable has not posted a performance bond for the abandonment of these facilities, which can — and should — be required under Condition XIX-1. (<i>See Part II.C.</i>)
<p>Compliance Plans: Section 25B-10(a)(6)</p> <p>“The current owner and proposed operator have updated, where applicable, any . . . oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator.”</p>	<ol style="list-style-type: none"> 1. Sable has not submitted an Oil Spill Contingency Plan that encompasses its subsea pipelines. (<i>See Part IV.</i>)
<p>Operator Capability: Section 25B-10(a)(9)</p> <p>“The proposed operator has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes and has demonstrated the ability to comply with compliance plans listed in section 25B-10.1.f.”</p>	<ol style="list-style-type: none"> 1. Sable has not demonstrated that it has the resources necessary to operate these facilities, as it may run out of capital prior to restart. (<i>See Part II.A.</i>) 2. Sable has not demonstrated that it can comply with an Oil Spill Contingency Plan, as it failed to submit a plan that encompasses its subsea pipelines, and it lacks the financial resources to comply with such a plan. (<i>See Part II.A and Part IV.</i>) 3. Sable has not shown that it can be trusted to reliably operate these facilities. (<i>See Part V.</i>)

POPCO Permit: Application for Change of Operator and Guarantor

<p>Financial Guarantees: Sections 25B-9(e)(1) and 25B-10(a)(2)</p> <p>“All necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new owner(s) or operator and will remain in full effect following the ownership or operator change.”</p>	<p>1. Sable has not posted a performance bond for the abandonment of this facility, as required by Condition Q-2. (<i>See Part II.C.</i>)</p>
<p>Operator Capability: Section 25B-10(a)(9)</p> <p>“The proposed operator has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes and has demonstrated the ability to comply with compliance plans listed in section 25B-10.1.f.”</p>	<p>1. Sable has not demonstrated that it has the resources necessary to operate this facility, as it may run out of capital prior to restart. (<i>See Part II.A.</i>)</p> <p>2. Sable has not shown that it can be trusted to reliably operate this facility. (<i>See Part IV.</i>)</p>

LFP Permit: Application for Change of Operator and Guarantor

<p>Financial Guarantees: Sections 25B-9(e)(1) and 25B-10(a)(2)</p> <p>“All necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new owner(s) or operator and will remain in full effect following the ownership or operator change.”</p>	<p>1. Sable has not obtained final CFRs for CA-324 and CA-325, which the County can — and should — require pursuant to Section 25B-10(b). (<i>See Part II.B.</i>)</p> <p>2. Sable has not posted a performance bond for the abandonment of these facilities, which can — and should — be required under Condition O-1. (<i>See Part II.C.</i>)</p>
<p>Compliance with Existing Requirements: Section 25B-10(a)(5)</p> <p>“As of the date that the application is deemed complete, the current operator is in</p>	<p>1. The current owner/operator is not in compliance with Condition A-7, as the Las Flores Pipeline System lacks effective cathodic protection. (<i>See Part III.</i>)</p>

<p>compliance with all requirements of the permit”</p>	
<p>Compliance Plans: Section 25B-10(a)(6) “The current owner and proposed operator have updated, where applicable, any . . . oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator.”</p>	<p>1. Sable has not submitted an adequate Oil Spill Contingency Plan for the Las Flores Pipeline System. (<i>See Part IV.</i>)</p>
<p>Operator Capability: Section 25B-10(a)(9) “The proposed operator has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes and has demonstrated the ability to comply with compliance plans listed in section 25B-10.1.f.”</p>	<p>1. Sable has not demonstrated that it has the resources necessary to operate the facilities, as it may run out of capital prior to restart. (<i>See Part II.A.</i>)</p> <p>2. Sable has not demonstrated that it can comply with an Oil Spill Contingency Plan, as it failed to submit a adequate plan for these facilities, and it lacks the financial resources to comply with such a plan. (<i>See Part II.A and Part IV.</i>)</p> <p>3. Sable has not shown that it can be trusted to reliably operate these facilities. (<i>See Part V.</i>)</p>

Attachment A



U.S. Department
Of Transportation

1200 New Jersey Ave., SE
Washington, DC 20590

**Pipeline and
Hazardous Materials
Safety Administration**

May 18, 2016

Mr. Bob Gorham
Program Manager/Supervising Pipeline Safety Engineer
Pipeline Safety Division
California State Fire Marshal
3500 Paramount Boulevard, Suite 210
Lakewood, CA 90712

Dear Mr. Gorham:

This letter serves to memorialize the understanding between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the California State Fire Marshal (CASFM) with respect to the transfer or regulatory oversight over Plains Pipeline, LP's (Plains) Lines 901 and 903 located in Santa Barbara County, California.

On May 19, 2015, Plains' Line 901 pipeline ruptured, releasing approximately 2,934 barrels of heavy crude oil into the environment (Failure). As a result, Line 901 and Line 903, which carries all of Line 901's crude oil throughput, were shut down.¹ Two days later, on May 21, 2015, PHMSA issued a Corrective Action Order (CAO) shutting down Line 901 and requiring immediate remedial actions. PHMSA has since amended the CAO twice,² requiring, among other actions, a shutdown of Line 903 between Gaviota and Pentland Station. Both lines remain shut down as of the date of this letter. PHMSA is currently conducting an investigation into the cause of the Failure.

Prior to the accident, Plains operated Lines 901 and 903 as interstate pipelines under Federal Energy Regulatory Commission (FERC) tariffs and were subject to PHMSA's regulatory, inspection and enforcement jurisdiction. After the Failure, Plains cancelled its FERC tariffs on Line 901 and Line 903. Specifically, it cancelled its FERC tariff on Line 901 on February 12, 2016, and Line 903 on April 29, 2016 (collectively, Transfer Dates). Effective as of the Transfer Dates, Lines 901 and 903 are now considered intrastate hazardous liquid pipelines subject to the regulatory and enforcement jurisdiction of CASFM, pursuant to state certification from PHMSA.

¹ Lines 901 and 903 provide transportation service from Santa Barbara County to Pentland Station, Kern County.

² The first amendment was issued on June 3, 2015, and the second was issued on November 12, 2015.

The post-accident transfer of regulatory authority from PHMSA to CASFM does not affect or otherwise impact PHMSA's ongoing investigation(s) of, and any enforcement action(s) related to, the Failure or to any other events involving the operation of Lines 901 and 903 occurring prior to the Transfer Dates. As a result, PHMSA will continue to assert its enforcement authority with respect to all actions and incidents occurring on Lines 901 and 903 prior to the Transfer Dates. CASFM, meanwhile, will exercise jurisdiction over any actions or events related to Lines 901 and 903 occurring after the Transfer Dates. CASFM will continue to implement and enforce the federal minimum pipeline safety regulations relating to Lines 901 and 903 beginning as of the Transfer Dates, and may adopt and enforce additional or more stringent standards for intrastate hazardous liquid pipelines under 49 U.S.C. § 60104(c). PHMSA and CASFM will cooperate and collaborate with each other, as necessary, on PHMSA's investigatory and enforcement activities relating to the Failure and on any other matters relating to Lines 901 and 903.

More specifically, PHMSA will be responsible for:

- Completing and finalizing the root-cause investigation of the Failure ;
- Issuing and finalizing any enforcement actions arising out of the investigation and any other events occurring prior to the Transfer Dates, including, but not limited to, the following types of actions: Notice of Probable Violation, Proposed Civil Penalty, Proposed Compliance Order, and/or Corrective Action Order (CAO), etc.;
- Completing the CAO issued to Plains on May 21, 2015, and any amendments thereto, and issuing any future CAOs related to the Failure;
- Collaborating with CASFM on any additional or modified safety requirements that may be needed in connection with any CAO that has been or may be imposed by PHMSA relating to Lines 901 and 903, including any potential re-start of the pipelines; and
- Transitioning full regulatory authority from PHMSA to CASFM once all PHMSA investigations and enforcement actions have been completed and closed.

CASFM will be responsible for:

- Including Lines 901 and 903 in CASFM's Annual Inspection Program (SB 295);
- Including Lines 901 and 903 in CASFM's Leak Detection Program (AB 864);
- Including Line 901 in the CASFM Higher Risk pipeline program, due to the release and absence of effective Cathodic Protection. This will require the pipeline to be tested annually for 5 years; and
- Exercising authority over Lines 901 and 903 under existing and future regulations established by CASFM.

If either pipeline is replaced rather than repaired, such work will be considered new construction, and the design, construction, operation, and maintenance would fall under the regulatory authority of the CASFM.

This Letter Agreement is subject to change based on any future events or newly-discovered facts that may impact any terms set forth herein. Please sign below and email me a PDF of the signed letter to zach.barrett@dot.gov. Thank you for your assistance and cooperation in this matter.

Sincerely,



Zach Barrett
Director for State Programs
Office of Pipeline Safety

ACKNOWLEDGED:



Bob Gorham
Program Manager/Supervising Pipeline Safety Engineer
Pipeline Safety Division
California State Fire Marshal

Attachment B

Impacts related to Hazardous Materials and Risk of Upset would only be related to maintenance and construction activities and these maintenance activities would have a minor impact on risk due to the potential for localized spills of hydraulic or diesel oils. **Impact RISK.1, RISK.2, RISK.3** would not be applicable and mitigation measures RISK.2-1 through RISK.2-7 would not be applicable. Impacts would therefore be **insignificant**.

Construction activities related to valve stations, pump stations and some segments of the pipeline that could be abandoned could potentially produce an increased risk of wildfires during construction, and **RISK.4** would still be applicable and mitigation measures RISK.4-1 through RISK.4-4 would still be applicable. Impacts related to **Impact RISK.4** and wildfires would therefore be **significant but mitigable**.

No Project, Existing Pipeline Restart Alternative

Under this alternative, the existing pipeline would be utilized instead of a new pipeline being installed, and transportation of crude oil would occur through the existing pipeline. The existing pipeline would be brought into compliance with existing requirements related to AB 864 and CSFM best available technologies (BAT), including the installation of additional valves along the pipeline route. The Applicant would have to apply to the CSFM for a waiver to utilize the existing pipeline since the existing pipeline is subject to corrosion under insulation, which could affect the efficacy of cathodic protection systems. Generally, a pipeline is not allowed to operate with ineffective cathodic protection systems. There is uncertainty as to whether the Applicant could demonstrate to the CSFM that the pipeline could be operated safely, and therefore this variation and the variation above (no Project, No Pipeline Alternative) are both addressed.

Assuming that a CSFM waiver is granted, the Applicant would have to install additional valves along the pipeline in order to comply with AB 864 and BAT requirements, similar to the proposed Project pipeline design. The installation of these additional valves would require some construction activities and some limited clearing at multiple locations along the pipeline ROW.

The existing pipeline is insulated, and therefore there would be no need for heaters at the Sisquoc Pump Station or the installation of the gas pipeline.

The installation of valves would most likely be at locations similar to the proposed Project valve installations as the pipeline would follow a similar ROW and similar terrain.

Hazards are associated with risks to the public from a spill and subsequent fire, as well as impacts from a spill to the environment, impacts to schools and potential wildfire impacts. The existing pipeline is a larger diameter pipeline, and therefore the draindown spill volumes would be larger than the proposed Project. This results in potentially larger spills and larger fires, impacting more people, as well as larger spills to the environment. In addition, the frequency of a spill from the existing pipeline would be higher due to its age and the potential for the cathodic protection to be compromised by the insulation. These factors have been incorporated into the analysis presented below.

Risks to Public Safety

Impact RISK.1 describes the potential spill sizes and the estimated frequency of spills from the pipeline system and the potential for immediate (fires, etc.) health impacts on the public.

Crude Pipeline Spill Volumes

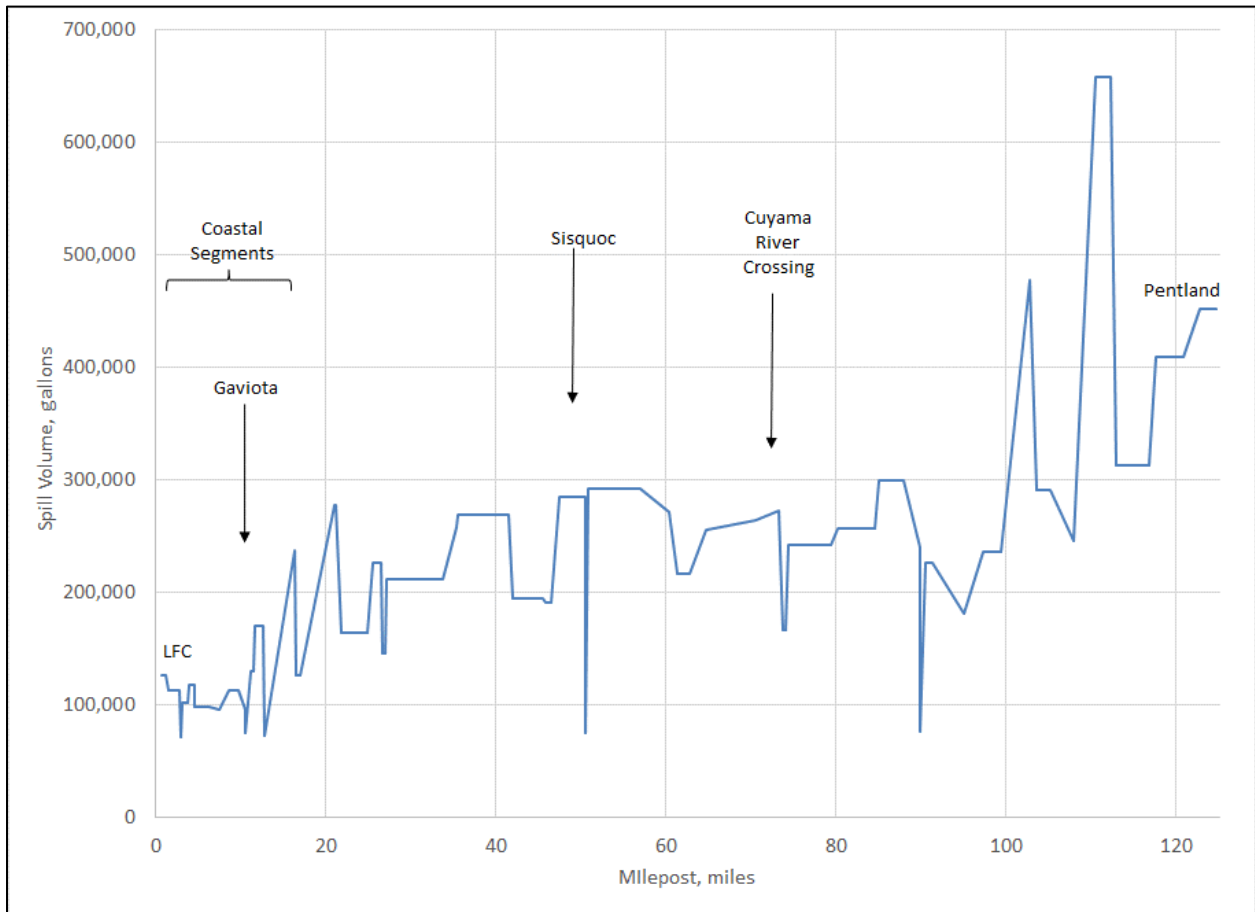
The spill volumes for this alternative were calculated based on the pipeline size, which would be larger than the proposed Project, and the associated terrain for different segments of the pipeline. The Applicant

provided a risk assessment for the proposed Project and this analysis was utilized to estimate the spill volumes associated with a larger pipeline size. Figure 5.6-11 shows the estimated spill volumes along the pipeline route for each segment as a worst case for that segment. The worst-case sized spill volume is shown in Table 5.6-16 for the different portions of the crude oil pipeline alternative.

Crude Pipeline Spill Frequencies

Spill frequencies from a crude pipeline are based on the PHMSA failure rates for the California pipeline database. The PHMSA base failure rate for crude oil pipelines is shown in Table 5.6-17. The spill frequencies are adjusted for the pipeline potential higher failure rate due to the compromised cathodic protection system and the potential for corrosion under the insulation issues. This correction is based on the CSFM report (CSFM 1993) indicating a five times increase in failure frequencies for pipelines that are not equipped with cathodic protection over the average failure rate. In addition, because the existing pipeline is older, it could experience a higher failure rate due to age. However, the CSFM study indicated a minimal increase in failure rate for pipelines that are less than 40 years old and the PHMSA database used to estimate the base failure rate includes many older pipelines. Therefore, only the five times factor was applied as an estimate of the increased failure rate for this pipeline.

Figure 5.6-11 No Project – Existing Pipeline Restart Alternative Spill Volume by Segment Milepost



Source: based on Applicant QRA and EFRD 2019, with adjustments for the size of the existing pipeline.

Table 5.6-16 No Project – Existing Pipeline Restart Alternative Crude Pipeline Worst Case Spill Volumes

Location	Proposed Project - Maximum Spill Volume, gallons	Alternative - Maximum Spill Volume, gallons
LFC – Gaviota Plant	84,000	126,000
Gaviota – Sisquoc	131,040	284,594
Sisquoc - Pentland	198,030	657,893
Coastal Segments	117,600	237,344

Source: based on Applicant QRA and EFRD 2019, with modification to address spill duration of 60 minutes. Coastal segments include up to valve station 2-500. Includes the installation of additional valve stations as per the proposed Project locations.

Table 5.6-17 No Project – Existing Pipeline Restart Alternative Crude Pipeline Spill Frequencies

Location	Spill Frequency	Return Period, years rupture/leak/total
PHMSA California Crude oil base rate	1.62 per 1,000-mile years	-
Adjustment due to Pipeline Condition	5.3 factor	-
PHMSA Adjusted Rate	8.56 per 1,000-mile years	-
Failure rate for L901R (49.2 miles)	0.43 failures per year	9/3/2 years
Failure Rate for L903R (74.1 miles)	0.63 failures per year	6/2/2 years
Failure Rate for L901R + L903R	1.07 failures per year	4/1/1 years

Source: based on Applicant QRA and EFRD 2019 with CSFM 1991 adjustment factor. PHMSA data since 2010. The return period is the anticipated period between releases. Includes leaks and ruptures.

Crude Pipeline Population Densities

The population densities along the route are based on estimates for remote, rural, low density and high-density areas with some additions for highways. The population densities are similar to those used for the proposed Project except for the area through the City of Buellton, since the existing pipeline would pass through the City of Buellton and the proposed Project would pass around the City of Buellton to the west.

Crude Pipeline Fires

In the event of a spill of oil and subsequent ignition resulting in a pool fire, the heat (i.e., thermal radiation) from the fire could result in a serious injury or fatality. The assumptions for impacts would be the same as for the proposed Project.

Gas Pipeline

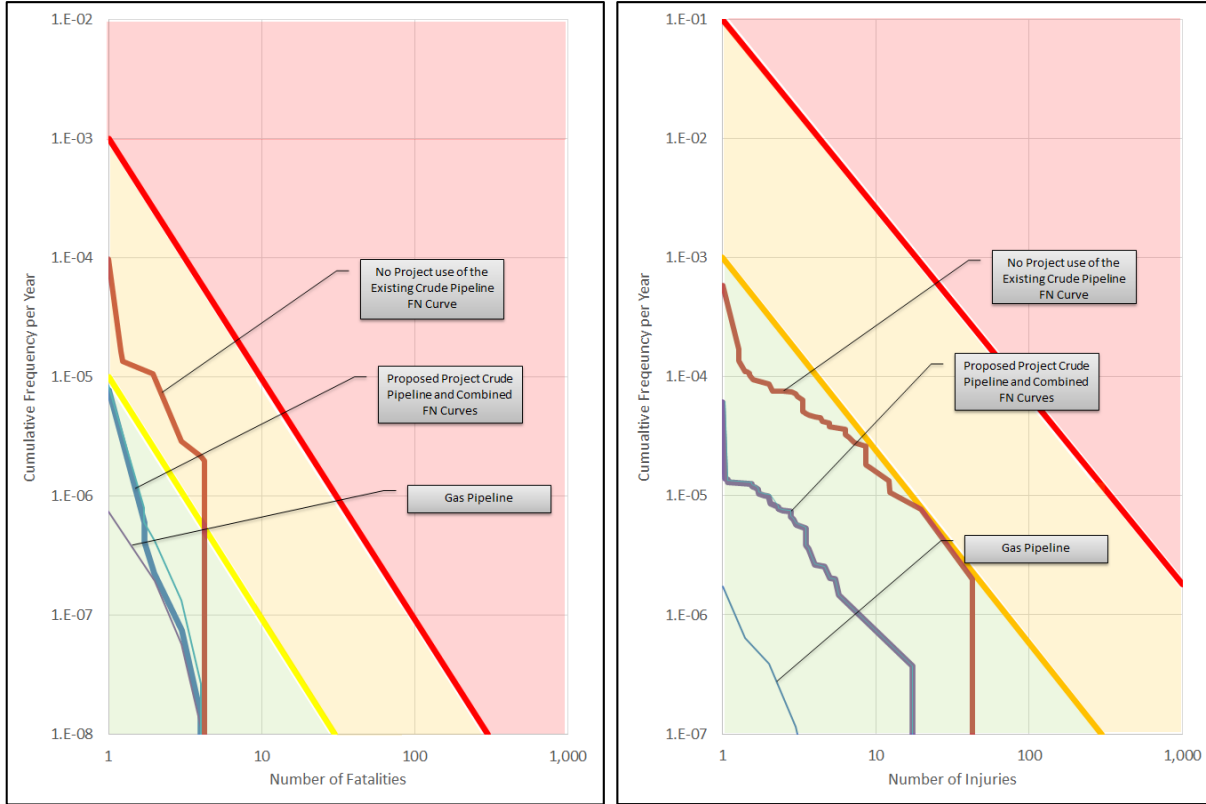
The proposed gas pipeline would not be installed as part of this alternative since heaters at Sisquoc would not be installed.

Alternative Pipeline: Public Safety Risk

The combination of scenario frequency and consequences is combined to estimate risk using FN curves. FN curves are depictions of the risk levels of a project and show the frequency (F) of scenarios that could produce a given fatality or injury level (N) or greater. These are presented for the proposed Project in **Impact RISK.1**. Santa Barbara County has established risk thresholds that use societal risk profiles (FN curves) to determine the significance of hazardous material releases. These FN curves address both injury and fatality. The Santa Barbara County’s adopted thresholds are generally applicable to fixed facilities and pipelines. The risk FN curves are shown in Figure 5.6-12 and are based on the FN curves developed as part of the Plains 2019 QRA analysis, with adjustments for the existing pipeline (increased pipeline diameter

and failure frequency). The FN curves would be located within the amber region, and the impacts to public health due to pipeline releases would be **significant and unavoidable**.

Figure 5.6-12 No Project – Existing Pipeline Restart Alternative Pipeline Risk FN Curves



Source: Plains 2019 with modifications

Risks to the Environment

A spill of crude oil from the pipeline could impact resources in the vicinity of the pipeline ROW. See Section 5.2 Biological Resources, Section 5.4 Cultural Resources and Section 5.9 Hydrology and Water Quality for a discussion of the impacts of a crude oil spill on biological, hydrological and cultural resources along the crude oil pipeline ROW.

Crude Pipeline Spill Volumes

The spill volumes are discussed above under **Impact RISK.1**. For the public health assessment under **Impact RISK.1**, a worst-case spill shutdown time of 15 minutes was used due to the already conservative analysis for fires and impacts to the public used in the QRA. However, for spills that could affect the environment, a longer duration is used. As evidenced by the May 2015 Refugio spill, there is the potential for a pipeline shutdown to take longer than 15 minutes.

Crude Pipeline SCADA System

The SCADA system used for the alternative would be the same as that used for the proposed Project since the SCADA system would be required to be updated per CSFM and AB864 requirements.

Proposed Project Pipeline: Spills Affecting Marine Resources

Portions of the pipeline extend along the Santa Barbara County coastline. A crude oil spill could drain from the spill location through existing culverts or drainages and enter the marine environment. This is what occurred during the May 2015 Refugio Beach spill. An estimated 43 percent of the oil entered the ocean from the Refugio spill location, which was an estimated 750-foot pathway from the ocean shoreline. Because the proposed pipeline is located onshore at various distances from the shoreline, a rupture at different locations spilling the same amount of oil could allow for oil to enter the marine environment. Assuming a linear function of oil being trapped and adsorbed onshore with distance, the maximum amount of oil could enter the ocean where the pipeline is closest to the ocean and potential worst-case spill volumes are large. An estimated maximum amount of 71,621 gallons of crude oil could enter the ocean at the worst-case spill location. An estimated 11.8 miles of the 16.6-mile coastal portion (71 percent) of the pipeline would be vulnerable to spills entering the ocean if a spill were to occur along any of those segments and the adsorption rate were similar to that which occurred during the Refugio spill. This assumes that no rain event is occurring and that drainages are not flowing.

There are a number of variables affecting the amount of oil that could reach the ocean from an onshore spill, including the terrain, the location of drainages under the freeway and the railroad tracks, the soil type, and extent of rocky interfaces as well as the amount of moisture. During a rain event, when drainages and creeks are flowing, a spill into the waterways could follow the flow and enter the marine environment more readily. A spill under these conditions would also have more extensive terrestrial impacts and reach the marine environment more readily but would also be subjected to turbulence and mixing along the drainages.

For inland areas, the area with the largest potential impacts is along the Cuyama River. Based on the elevation profile and the spill volumes, the maximum spill volume along the Cuyama River segments of the pipeline (between proposed Project valve 3-800 and 5-400 nearest the Cuyama River) and using the absorption rate as seen in the Refugio spill, a spill along the Cuyama River portion of the pipeline could impact resources a distance as far as about 3,200 feet, which means that pipeline segments within about 3,200 feet of the Cuyama River could potentially impact the river in the event of a spill.

Potential Impacts

Depending on the location of the spill, the environmental conditions, and the biological resources present, Impact RISK.2 short and long-term effects to biological resources associated with a crude oil spill has the potential to be significant and unavoidable. Mitigation measures RISK.1-1 through RISK.1-7 would apply. Due to the increased size and frequency of spills, this significant and unavoidable impact would be a greater severity than that presented by the proposed Project.

Risks to Schools

For **Impact RISK.3** (schools), the pipeline construction activities for the existing pipeline would only affect areas near the proposed valve installations. The existing pipeline is located about 500 feet from the Oak Valley School in western Buellton. In order to address the risk levels to this school, the California Department of Education (CDE) school siting risk protocol was utilized to determine the risk levels.

The assessments demonstrated that the risk levels are acceptable under the CDE Risk Protocols with a Total Individual Risk/Individual Risk Criteria (TIR/IRC) ratio of 0.29, with a 1.0 TIR/IRC ratio being the CDE Protocol threshold. It is important to note that the CDE protocol examines the individual risk at the closest school and does not examine the risks cumulatively along the entire pipeline route. Because the CDE

Attachment C

CALIFORNIA COASTAL COMMISSION

455 MARKET STREET, SUITE 300
SAN FRANCISCO, CA 94105-2421
VOICE (415) 904-5200
FAX (415) 904-5400

**NOTICE OF VIOLATION****Sent by Electronic Mail**

September 27, 2024

Steve Rusch
VP Environmental & Regulatory Affairs
Sable Offshore Corp.
srusch@sableoffshore.com

Violation File No.: **V-9-24-0152** (Sable Offshore Corporation)

Location: At various locations along the existing Las Flores Pipelines CA-324 and CA-325 (previously known as Lines 901 and 903), which are part of the pipeline system originally constructed by Plains All American in 1988, spanning from the Gaviota coast to the Los Padres National Forest within Santa Barbara County, on 16 different properties.

Violation¹ description: Unpermitted development in the Coastal Zone, including, but not necessarily limited to, excavation with heavy equipment and other activities associated with the Line 324 and 325.

Dear Mr. Rusch:

As you have recently discussed with Cassidy Teufel and Wesley Horn of our staff, it has come to our attention that unpermitted activities are currently taking place in the Coastal Zone, including excavation and other activities at various locations along the existing Lines 324/325 (formerly known as Lines 901/903) now owned by Sable Offshore Corp. ("Sable")

¹ Please note that the description herein of the violation at issue is not necessarily a complete list of all unpermitted development on the subject property that is in violation of the Coastal Act and the Santa Barbara County LCP. Accordingly, you should not treat the Commission's silence regarding (or failure to address) other unpermitted development on the subject property as indicative of Commission acceptance of, or acquiescence in, any such development. Please further note that the term "violation" as used throughout this letter refers to alleged violations of the Coastal Act/County LCP.

associated with a proposed restart of the Santa Ynez Unit. These activities constitute violations of the Coastal Act² and Santa Barbara County's Local Coastal Program ("LCP").

As you may know, the California Coastal Act was enacted by the State Legislature in 1976 to provide long-term protection of California's 1,250-mile coastline through implementation of a comprehensive planning and regulatory program designed to manage conservation and development of coastal resources. The California Coastal Commission ("Commission") is the state agency created by, and charged with administering, the Coastal Act of 1976. In making its permit and land use planning decisions, the Commission carries out Coastal Act policies, which, amongst other goals, seek to protect and restore sensitive habitats; protect natural landforms; protect scenic landscapes and views of the sea; protect the marine environment and its inhabitants; protect against loss of life and property from coastal hazards; and provide maximum public access to the sea. The Commission plans and regulates development and natural resource use in the coastal zone in keeping with the requirements of the Coastal Act.

Violations

It has been confirmed that Sable is currently performing various unpermitted construction activities in the Coastal Zone associated with upgrades to Lines 324/325 in connection with Sable's proposed restart of that pipeline.³ As part of that proposed restart, Sable is currently undertaking work including a pipeline upgrade project to address pipeline corrosion in locations within the Coastal Zone and to install new safety valves in portions of the pipeline in the Coastal Zone. These activities constitute development and are not exempt from coastal development permit ("CDP") requirements.

Pursuant to Section 30106 of the Coastal Act and Section 35-58 the Santa Barbara County Local Coastal Program ("LCP"):

*"Development" means, on land, in or under water, the placement or erection of any solid material or structure; discharge or disposal of any dredged material or of any gaseous, liquid, solid, or thermal waste; **grading, removing, dredging, mining, or extraction of any materials**; change in the density or intensity of use of land, including, but not limited to, subdivision pursuant to the Subdivision Map Act...change in the intensity of use of water, or of access thereto; **construction, reconstruction, demolition, or alteration of the size of any structure...***
(emphasis added)

² The Coastal Act is codified in the California Public Resources Code, sections 30000 to 30900. Unless otherwise indicated, references to section numbers in this letter are to that code, and thus, to the Coastal Act.

³ The California Office of the State Fire Marshall has not reviewed or approved the proposed restart of the pipeline, which includes a review of a proposed State Waiver and a final Restart Plan, among other required materials. The Commission's investigation of this matter is continuing, and it reserves its right to review the proposed restart and other associated activities or other matters concerning the pipeline.

Under this definition, the unpermitted development activities, as described above, constitute “development” under the Coastal Act and the County’s LCP. Coastal Act Section 30600(a), and Section 35-58 of the Santa Barbara County LCP, require Sable to obtain authorization under the Coastal Act and/or the LCP prior to performing or undertaking any development activity in the Coastal Zone, in addition to obtaining any other permit required by law. Any non-exempt development activity conducted in the Coastal Zone without such authorization constitutes a violation of the Coastal Act/LCP. Thus, the unpermitted development activities described above constitute Coastal Act and LCP violations.

In addition, the upgrade project does not qualify as CDP-exempt repair and maintenance work. Activities that “result in addition to, or enlargement or expansion of, the object” of the activities require a CDP under the Coastal Act and the LCP. (Public Resources Code § 30610(d); Coastal Zoning Ordinance § 35-169.2; Appendix C, Section I.) At a minimum, because the project involves the installation of safety valves, this is an addition to the pipeline that does not qualify as “repair and maintenance.” Even if the project could be considered repair and maintenance (which it cannot), Section 30610(d) of the Coastal Act and the Appendix C, Section III of the LCP nonetheless require a CDP for categories of repair and maintenance activities that are designated as presenting a “risk of substantial adverse environmental impact.” These include the following:

(3) Any repair or maintenance to facilities or structures or work located in an environmentally sensitive habitat area, any sand area, within 50 feet of the edge of a coastal bluff or environmentally sensitive habitat area, or within 20 feet of coastal waters or streams that include: . . .

(B) The presence, whether temporary or permanent, of mechanized equipment or construction materials.

Title 14, California Code of Regulations § 13252(a)(3); Coastal Zoning Ordinance § 35-169.2; Appendix C, Section III(a)(3).)

Furthermore, although Sable appears to have taken the position that the upgrade project involves work for which the Coastal Act requirement for a CDP is entirely preempted, this is incorrect. Although the California Office of the State Fire Marshall has authority over certain aspects of pipeline safety under the federal Pipeline Safety Act (49 U.S.C § 60101 *et seq.*), any resulting preemption is limited in scope. Other state agencies, as well as local governments, may review and impose requirements related to other issues. Thus, the Commission and the County have jurisdiction to review and impose requirements relating to consistency with the Coastal Act and the LCP that do not pertain directly to pipeline safety. For example, a CDP review for construction impacts to environmentally sensitive habitat areas, cultural resources, water quality, or public access (to name a few) are not preempted. Finally, the 1988 settlement between the County and Celeron Pipeline Company does not affect the preemption analysis because the settlement cannot contractually limit the County’s duties under the law or the applicability of the law. Thus, a CDP is required for the upgrade project.

Resolution

To begin resolution of the Coastal Act/LCP violations, please cease Immediately any unpermitted activities/development in the Coastal Zone associated with Lines 324/325.⁴ At this time, we have no information that any development activities are currently taking place related to the three offshore platforms and offshore pipelines owned by Sable. However, if any such activities are taking place, please cease those as well. These are all activities that require a CDP and/or federal consistency review from the Commission.

Please note that in certain cases when unpermitted development takes place, but Commission staff believe that some version of the work could have been found to be consistent with the applicable standard of review and authorized accordingly, staff recommends that the party undertaking the development submit a CDP application to the regulating authority (in this case, Santa Barbara County), seeking after-the-fact ("ATF") authorization for the previously undertaken unpermitted development within the County's LCP jurisdiction. In other cases, when staff has determined that the unpermitted development is not something for which staff would recommend approval due its inconsistency with the Coastal Act/certified LCP, staff advises the alleged violator to seek resolution through removal, mitigation, restoration, and/or payment of penalties, etc., and not to seek a CDP to authorize such development.

In this case, we are uncertain at this time whether Santa Barbara County would be able to approve a CDP application from Sable that was seeking ATF authorization for the unpermitted construction activities that have already taken place, as well as authorization going forward for continued construction or other development activities related to the pipeline, such as the installation of safety valves. More information regarding the project would be necessary to come to any such conclusion at this time; however, since such an application might be found approvable by the County, we recommend that you submit a CDP application to the County as soon as possible. Please note that should the County grant approval of such a CDP application, those portions of the project that are located within the Coastal Commission's appeals jurisdiction would be appealable to the Commission and those portions of the project, if any, that are located within the Commission's original jurisdiction would require a CDP from the Commission.

To help us evaluate the project, it would be helpful if you could submit to us a complete description of all development activities currently taking place, as well as those activities that are being contemplated (e.g., installation of safety valves; any work to the platforms or offshore pipeline) prior to the anticipated restart of the pipeline, including scope of the project; exact locations of where the development activities are taking place/will take place; project schedule, etc.

Enforcement Remedies

⁴ Please note that interim measures to stabilize the site may also be necessary to avoid damages to coastal resources, and any such measures should be coordinated with Commission and County staff to avoid additional harm and to ensure consistency with Coastal Act/LCP requirements.

Santa Barbara County has declined to enforce the above-noted Coastal Act/LCP violations, and thus, pursuant to Section 30810 of the Coastal Act, the Coastal Commission is pursuing enforcement regarding the Coastal Act/LCP violations described above.

Please note that the recent Settlement Agreement between Sable and the County does not preempt the Coastal Act or the LCP, and does not obviate the need for Sable to seek authorization for development activities in the Coastal Zone.

Whenever possible, Commission enforcement staff prefers to work cooperatively with alleged violators to resolve Coastal Act violations administratively. We are hopeful that we can resolve this matter without resorting to formal action. However, should we be unable to resolve this matter through this process, please be advised that the Coastal Act has a number of potential remedies to address violations of the Coastal Act, including the following:

Section 30809 states that if the Executive Director of the Commission determines that any person has undertaken, or is threatening to undertake, any activity that may require a permit from the Coastal Commission without first securing a permit, the Executive Director may issue an order directing that person to cease and desist. Section 30810 states that the Coastal Commission may also issue a cease and desist order. A cease and desist order may be subject to terms and conditions that are necessary to avoid irreparable injury to the area or to ensure compliance with the Coastal Act. Section 30811 also provides the Coastal Commission the authority to issue a restoration order to address violations at a site. A violation of a cease and desist order or restoration order can result in civil fines of up to \$6,000 for each day in which each violation persists.

Additionally, Sections 30803 and 30805 authorize the Commission to initiate litigation to seek injunctive relief and an award of civil fines in response to any violation of the Coastal Act. Section 30820(a)(1) provides that any person who undertakes development in violation of the Coastal Act may be subject to a penalty amount that shall not exceed \$30,000 and shall not be less than \$500 per violation. Section 30820(b) states that, in addition to any other penalties, any person who "knowingly and intentionally" performs or undertakes any development in violation of the Coastal Act can be subject to a civil penalty of not less than \$1,000 nor more than \$15,000 per violation for each day in which each violation persists.

Finally, as of January 1, 2022, the Commission's administrative penalty authority was expanded, allowing the Commission to administratively impose penalties for all violations of the Coastal Act. Section 30821 and Section 30821.3 collectively authorize the Commission to impose administrative civil penalties in an amount of up to \$11,250 per day for each violation.

Failure to resolve the violations noted above could result in formal action under the Coastal Act. Said formal action could include a civil lawsuit, the issuance of an Executive Director

Steve Rusch
Sable Offshore Corp.
Page 6

Cease and Desist Order or Commission Cease and Desist and/or Restoration Order, and/or imposition of monetary penalties, as described above, including imposition of administrative penalties.

We understand that you will be meeting soon with our staff to discuss the pipeline situation. Please contact me by telephone at **415-904-5269** or by email at jo.ginsberg@coastal.ca.gov within a week of that meeting, or by October 21, 2024, whichever is earlier, to discuss how you intend to resolve the Coastal Act/LCP violations associated with the pipeline. Also, you may contact Wesley Horn at Wesley.Horn@coastal.ca.gov to discuss any permitting or planning issues associated with the pipeline.

Failure to meet the deadline noted above may result in formal action by the Commission to resolve this Coastal Act violation, including initiation of the enforcement remedies discussed above.

Thank you for your cooperation and prompt attention to this matter. I look forward to speaking with you soon.

Sincerely,



Jo Ginsberg,
Enforcement Analyst

cc: Kate Huckelbridge, CCC, Executive Director
Cassidy Teufel, CCC, Deputy Director
Lisa Haage, CCC, Chief of Enforcement
Sarah Esmaili, CCC, Senior Attorney
Pat Veesart, CCC, Enforcement Supervisor
Aaron McLendon, CCC, Deputy Chief of Enforcement
Alex Helperin, CCC, Assistant Chief Counsel
Joseph Street, CCC, EORFC Program Manager
Jonathan Bishop, CCC, Oil Spill Program Coordinator
Wesley Horn, CCC, Environmental Scientist
Jim Hossler, CA State Fire Marshal, Jim.Hosler@fire.ca.gov
Errin Briggs, Deputy Director, Santa Barbara County Planning & Development, ebriggs@countyofsb.org

Attachment D



September 26, 2024

Sent via electronic mail only to Michael.mills@stoel.com

Dear Mr. Mills:

I am reaching out regarding your client, Sable Offshore Corporation's (Sable)s, acquisition of the Las Flores Canyon Processing Facility (the Facility). Based upon publicly available information, it appears that equipment at the Facility meets the definition "production facility" found in Public Resources Code section 3010.

There are a handful of compliance issues CalGEM would like to discuss with Sable in more detail.

I. Equipment at the Facility appears to be equipment regulated by CalGEM.

CalGEM regulates production facilities, which includes "any equipment attendant to oil and gas production or injection operations, including but not limited to, tanks flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valve, compressors, injection equipment, and pipelines that are not under the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code." Based upon publicly available information, the Facility includes equipment that meets the definition of "production facility," including at a minimum, pipelines not under the jurisdiction of the State Fire Marshal and tanks.

II. Bonding requirements under Public Resources Code section 3205.8.

The acquisition of the Facility appears to have occurred after January 1, 2024, thereby triggering the requirements of Public Resources Code section 3205.8, including the filing of a bond. Given the unique aspects of the Facility, and the newness of these requirements, Sable was probably unaware these bonding requirements apply to those production facilities attendant to oil and gas production.

CalGEM would like to develop a timeline for expeditiously getting Sable into compliance, which will require a determination of equipment attendant to oil and gas production at the Facility. CalGEM is requesting your cooperation in timely scheduling an inspection of the Facility. To facilitate a more productive inspection, in advance of that inspection, CalGEM requests that you provide a facility map which identifies the equipment on site, including pipelines, and point of sale information, as well as the contact information for your operations manager, so that CalGEM may contact them with questions in advance.

Please have Sable contact Michael Takamori (Michael.Takamori@conservation.ca.gov or (661) 434-8163) to schedule an inspection and provide the information described above no later than October 3, 2024.

III. Additional requirements for production facilities.

In addition to these important bonding requirements, there are a range of inspection, testing, and maintenance requirements that apply to production facilities, which you should be aware of, outlined below.

First and foremost, it appears that at least a portion of the production facilities at the facility fall within a health protection zone. **Effective June 27, 2024, subject to the exceptions outlined in the regulation, in advance of new construction or operation of a new production facility, an operator is required to submit a notice for CalGEM's approval before undergoing that work.** (Cal. Code of Regs., tit. 14, § 1765.5.) Additional requirements for health protections zones may be found in Article 2.5 of title 14 of the California Code of Regulations.

Additional production facility requirements include, but are not limited to the filing of spill contingency plan, filing of a pipeline management plan, and production facility containment, maintenance, and testing. (Cal. Code of Regs., tit. 14, §§ 1722, subd. (b); 1773.4; 1774.2; 1773-1773.4-1774.1.)

Sincerely,

Courtney Kasberg

Courtney Kasberg

Attachment E

Jeremy Frankel

From: Fabian, Rachel@Wildlife <Rachel.Fabian@wildlife.ca.gov>
Sent: Friday, August 23, 2024 1:49 PM
To: Jeremy Frankel; Reinhard, David@Wildlife
Cc: Linda Krop
Subject: RE: Sable Offshore's Contingency Plans

Good afternoon Jeremy,

Thanks very much for reaching out with these questions. We have provided answers below.

1. What is the expected timeline for OSPR's review of the two plans?

OSPR has completed the initial review of the Las Flores Canyon onshore pipeline plan (CA-00-7217). Since the legal matter regarding public release of the plans was resolved earlier this week, we will direct Sable to correct the identified deficiencies. In accordance with OSPR's contingency plan regulations, a plan holder has 30 days to submit a new or modified plan, which is thoroughly reviewed as a new submittal (§ 816.03 (a)(4)).

OSPR will take at minimum 30 days to review the re-submittal dependent upon the complexity of the deficiencies. This often involves multiple back and forth communications with the plan holder to get the required information. The timeline for plan approval is dependent on Sable's timeliness in correcting the identified deficiencies.

Our initial review of the Santa Ynez Unit offshore plan (CA-00-7239) is in progress.

2. In both of the plans, Sable claims that a reasonable worst-case spill from its facilities is 0 bbl. In doing so, they cite the fact the facilities are currently idle – even though they are claiming that they will be restarting the facilities as soon as next month. Does OSPR expect Sable to submit new contingency plans, before it restarts, that consider a worst-case spill from the facilities when active?

OSPR regulations specify that plan holders shall ensure all plans are up-to-date and complete (§ 816.05 (a)(1)(A)). Sable must submit revisions to their contingency plans to account for all details associated with commencing operations of any assets covered by the plans. These revised plans must be submitted prior to any change in operations, and the plans will be fully reviewed for compliance.

3. In addition to estimating the potential volume of a spill, does a contingency plan have to consider the frequency of a spill? (In light of the corrosion issues in the onshore pipelines, Santa Barbara County estimated that a restart could lead to a spill every year, and a rupture every four years.)

The risk and hazard analysis required in contingency plans must consider any hazards that resulted in a historical spill, as well as analysis of potential discharges and their size, frequency, cause, duration, and location resulting from each type of hazard identified. The primary focus of the plan is on the ability to clean up a spill, not on how many times on operator might spill.

4. Relatedly, must Sable's onshore contingency plan account for the fact that its onshore pipelines don't have adequate protection from corrosion?

OSPR evaluates whether contingency plans comply with our regulations, which center around the actions, processes, and resources involved in responding to a spill. The Office of the State Fire Marshal holds the authority to inspect pipelines and determine whether a pipeline has the appropriate measures in place to operate in compliance with state pipeline safety regulations.

The Coastal Commission and/or the State Lands Commission might establish equipment or protection requirements as part of any permits or leases. If any of the pipeline is within the jurisdiction of the CA Geologic Energy Management Division, there may be additional operational requirements.

Have a lovely weekend!

Thanks,

Rachel Fabian, PhD (she/her)

Response Certification & Planning Unit Supervisor

Preparedness Branch

Office of Spill Prevention and Response

California Department of Fish and Wildlife

(916) 616-0355

From: Jeremy Frankel <jfrankel@environmentaldefensecenter.org>

Sent: Thursday, August 22, 2024 12:44 PM

To: Reinhard, David@Wildlife <David.Reinhard@Wildlife.ca.gov>; Fabian, Rachel@Wildlife <Rachel.Fabian@wildlife.ca.gov>

Cc: Linda Krop <lkrop@environmentaldefensecenter.org>

Subject: Sable Offshore's Contingency Plans

WARNING: This message is from an external source. Verify the sender and exercise caution when clicking links or opening attachments.

Hi David and Rachel,

We received Sable's 2 contingency plans from OSPR yesterday: one for its offshore facilities, and one for its onshore. We're in the process of reviewing them, but we have a few initial questions that we were hoping you folks could answer:

1. What is the expected timeline for OSPR's review of the two plans?
2. In both of the plans, Sable claims that a reasonable worst case spill from its facilities is 0 bbl. In doing so, they cite the fact the facilities are currently idle – even though they are [claiming](#) that they will be restarting the facilities as soon as next month. Does OSPR expect Sable to submit new contingency plans, before it restarts, that consider a worst case spill from the facilities when *active*?
3. In addition to estimating the potential volume of a spill, does a contingency plan have to consider the frequency of a spill? (In light of the corrosion issues in the onshore pipelines, Santa Barbara County [estimated](#) that a restart could lead to a spill every year, and a rupture every four years.)
4. Relatedly, must Sable's onshore contingency plan account for the fact that its onshore pipelines don't have adequate protection from corrosion?

Thanks,



JEREMY FRANKEL (he/him/his)

STAFF ATTORNEY

906 Garden Street

Santa Barbara, CA 93101

805.963.1622 x100

www.EnvironmentalDefenseCenter.org



We recognize that EDC sits on occupied, unceded, stolen lands of the Chumash Peoples, on Shmuwich Territory, who have called this area home for time immemorial. We commit today to make space to elevate indigenous voices and support our local Chumash and indigenous communities in our work to protect our environment.

CONFIDENTIALITY NOTE: The information contained in this communication may be confidential, is intended only for the use of the recipient named above, and maybe legally privileged. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication, or any of its contents, is strictly prohibited. If you have received this communication in error, please re-send this communication to the sender and delete the original message and any copy of it from your computer system. Thank you.

Attachment F

HAZARDOUS MATERIALS NON-EMERGENCY/MINOR SPILL/RELEASE

INCIDENT REPORT FORM

Fax Completed Incident Report Form Within 1 Working Day To Local Fire Agency & OEM Listed On Page 1 And Follow Up With A Phone Call First Thing The Next Business Day.

1. INCIDENT AND RESPONSE DESCRIPTION

911 CALLED? Yes No

Date / Time Discovered	9:13:24 00:39	Date / Time	Discharge Stopped	
Incident Reporting Date / Time	9:13:24 02:28 NCR / 02:33 Cal OES / 02:33 CUPA		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Incident Business / Site Name	Sable Offshore Corp, Las Flores Canyon Facility			
Incident Address	12000 Calle Real Goleta Ca 93117			
Other Locators (Bldg, Room, Oil Field, Lease, Well #, GIS)	Oil TREATMENT Plant			
Please describe the incident and indicate specific causes and area affected.				
See attached				
Indicate actions to be taken to prevent similar spills from occurring in the future.				
See attached				

2. ADMINISTRATIVE INFORMATION

Business Name	Sable Offshore Corp.		
Address	12000 Calle Real Goleta Ca 93117		
Supervisor in charge at time of incident	James Esparza	Phone	805 567 9547
Contact Person	Patrice Surmeier	Phone	805 450 6573

3. HAZARDOUS MATERIAL / RELEASE INFORMATION CALL 911 FOR RELEASES INTO WATERWAYS, WETLANDS OR AGRICULTURE AREAS.

Chemical	Oil	Quantity	2.5	<input checked="" type="checkbox"/> GAL	<input type="checkbox"/> LBS	<input type="checkbox"/> FT ³
Chemical	Water	Quantity	46	<input checked="" type="checkbox"/> GAL	<input type="checkbox"/> LBS	<input type="checkbox"/> FT ³
Chemical		Quantity		<input type="checkbox"/> GAL	<input type="checkbox"/> LBS	<input type="checkbox"/> FT ³
Clean-Up Procedures & Timeline: See attached						
Completed By			Patrice Surmeier		Phone 805 450 6573	
Print Name			Patrice Surmeier		Title Sr. Reg & Compliance Spc Date and Time 9/14/24 10:20	

Santa Barbara County Local Fire Agency Use Only

Date Received	Time	OES Control #	CIR #
Received By	Assigned To		ER <input type="checkbox"/> Yes <input type="checkbox"/> No
Date / Time Reported to 911	Late Report <input type="checkbox"/> Yes <input type="checkbox"/> No	INCIDENT #	
From 911 Dispatch <input type="checkbox"/> Yes <input type="checkbox"/> No	Investigator Requested <input type="checkbox"/> Yes <input type="checkbox"/> No	Time of Request	
Time Responding	Time On Scene	Time Back in Service	<input type="checkbox"/> Joint <input type="checkbox"/> Multi-Agency
PROP 65 <input type="checkbox"/> Yes <input type="checkbox"/> No	DATE/TIME TO HCS	DATE/TIME TO COUNTY OEM	
MATERIAL			VOLUME
HAZARD			EVACUATION/ACCESS RESTRICTED <input type="checkbox"/> Yes <input type="checkbox"/> No
Current Status	<input type="checkbox"/> Clean-Up Underway	<input type="checkbox"/> Pollution Characterization Underway	<input type="checkbox"/> Case Closed (Clean-Up Completed or Unnecessary)
	<input type="checkbox"/> Condition Abated	<input type="checkbox"/> Preliminary Site Assessment Underway	<input type="checkbox"/> Investigation
	<input type="checkbox"/> No Action Taken	<input type="checkbox"/> Other	
COMMENTS			
NOTIFICATION CHECKLIST			
<input type="checkbox"/> COUNTY OEM	<input type="checkbox"/> COUNTY PETROLEUM	<input type="checkbox"/> COUNTY AG COM	<input type="checkbox"/> LOCAL FIRE
<input type="checkbox"/> STATE OES RESPONSE	<input type="checkbox"/> STATE DOGGR	<input type="checkbox"/> STATE FISH & WILDLIFE	<input type="checkbox"/> APCD
		<input type="checkbox"/> ROAD DEPT	<input type="checkbox"/> CAL TRANS
		<input type="checkbox"/> STATE RWQCB	<input type="checkbox"/> CAL OSHA
			<input type="checkbox"/> DTSC
			<input type="checkbox"/> CLERK OF THE BOARD
			<input type="checkbox"/> CHP
			<input type="checkbox"/> EHS

Describe incident and indicate specific causes and area affected

At approximately 00:38 9/13/24, a vacuum truck operator reported a spill to the Las Flores Canyon Control Room. Approximately 5 minutes before, at 00:33, the operator discovered that he mistakenly overfilled the truck during an oily water transfer operation and approximately 49 gallons of oily water (2.5 gallons of oil, 46 gallons of water) was released onto an asphalt roadway and adjacent gravel within a developed processing area called the Oil Treatment Plant. The truck operator stopped the fluid transfer upon discovery. Absorbent litter and berms were put out to limit the spread of the material. The release did not enter or threaten to enter state waters.

Indicate actions to be taken to prevent similar spills from occurring in the future

An investigation of the incident is being performed. Vacuum trucks will be positioned on containment mats or equivalent to collect any unanticipated releases.

Clean-Up Procedures & Timeline

Clean up crews were called out and arrived onsite at 02:45 9/13/24. Absorbent material was used to remove the oily water. Contaminated material was collected and bagged. Clean up activities were completed at 12:05 9/13/24. The waste will be characterized and disposed at an appropriate waste facility following state and federal waste regulations.

Attachment G

Jeremy Frankel

From: Briggs, Errin <ebriggs@countyofsb.org>
Sent: Friday, October 11, 2024 4:20 PM
To: Jeremy Frankel
Cc: Nall, Katie; Linda Krop; Ybarra, Jacquelynn
Subject: RE: Sable pipeline questions

Hi Jeremy,

I understand what Sable is representing to its investors. As with much of what they push out to investors, not everything they represent is accurate.

I have no information that would lead me to believe they are, or will construct new pump stations. If they do wish to construct a new pump station, certainly that would require a permit from the County and I would expect Sable to request that permit prior to any development activities. I have let them know what my expectations are in this regard.

They mentioned in their statement below that they plan to “outfit a control center” in the Santa Maria area. I have no additional information on where this may be located at this time. When anything else on this topic becomes available, Jax and I will let you guys know.

Thank you and have a great weekend,



Errin Briggs
Deputy Director, Energy Minerals & Compliance
Planning & Development
County of Santa Barbara
123 E. Anapamu St.
Santa Barbara, CA 93101
805-568-2047
ebriggs@countyofsb.org
<https://www.countyofsb.org/160/Planning-Development>

From: Jeremy Frankel <jfrankel@environmentaldefensecenter.org>
Sent: Friday, October 11, 2024 3:39 PM
To: Briggs, Errin <ebriggs@countyofsb.org>
Cc: Nall, Katie <nallk@countyofsb.org>; Linda Krop <lkrop@environmentaldefensecenter.org>; Ybarra, Jacquelynn <jybarra@countyofsb.org>
Subject: RE: Sable pipeline questions

Caution: This email originated from a source outside of the County of Santa Barbara. Do not click links or open attachments unless you verify the sender and know the content is safe.

Thanks, Errin.

Just a reminder, here is what Sable represented to the SEC and its investors in July, which appears to be inaccurate:

“In cooperation with and under the supervision of OSFM personnel, PPC is **currently . . . installing new pump stations, and constructing multiple new control facilities for lines 324 and 325**, all in preparation for restart of Las Flores Canyon processing facilities and associated Santa Ynez Unit offshore production platforms. Restart is expected in late third quarter 2024 or early fourth quarter 2024.”

JF



JEREMY FRANKEL (he/him/his)

STAFF ATTORNEY

906 Garden Street

Santa Barbara, CA 93101

805.963.1622 x100

www.EnvironmentalDefenseCenter.org



We recognize that EDC sits on occupied, unceded, stolen lands of the Chumash Peoples, on Shmuwich Territory, who have called this area home for time immemorial. We commit today to make space to elevate indigenous voices and support our local Chumash and indigenous communities in our work to protect our environment.

CONFIDENTIALITY NOTE: The information contained in this communication may be confidential, is intended only for the use of the recipient named above, and maybe legally privileged. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication, or any of its contents, is strictly prohibited. If you have received this communication in error, please re-send this communication to the sender and delete the original message and any copy of it from your computer system. Thank you.

From: Briggs, Errin <ebriggs@countyofsb.org>

Sent: Friday, October 11, 2024 3:18 PM

To: Jeremy Frankel <jfrankel@environmentaldefensecenter.org>

Cc: Nall, Katie <nalk@countyofsb.org>; Linda Krop <lkrop@environmentaldefensecenter.org>; Ybarra, Jacquelynn <jybarra@countyofsb.org>

Subject: RE: Sable pipeline questions

Hi Jeremy,

Here's what I received from Sable staff:

Pacific Pipeline Company (PPC), which is a wholly owned subsidiary of Sable Offshore Corp., owns three existing pump stations along the pipeline route at Las Flores Canyon, Gaviota (Pt. Arguello at Mariposa Reina) and Sisquoc which are critical to decreasing pipeline pressure consistent with enhanced safety plans. No new pump stations will be installed. PPC plans to outfit a control room near Santa Maria within an existing building requiring no new construction.

Hope this helps,



Errin Briggs
Deputy Director, Energy Minerals & Compliance
 Planning & Development
 County of Santa Barbara
 123 E. Anapamu St.
 Santa Barbara, CA 93101
 805-568-2047
ebriggs@countyofsb.org
<https://www.countyofsb.org/160/Planning-Development>

From: Jeremy Frankel <jfrankel@environmentaldefensecenter.org>
Sent: Tuesday, October 8, 2024 2:02 PM
To: Briggs, Errin <ebriggs@countyofsb.org>
Cc: Nall, Katie <nallk@countyofsb.org>; Linda Krop <lkrop@environmentaldefensecenter.org>; Ybarra, Jacquelynn <jybarra@countyofsb.org>
Subject: RE: Sable pipeline questions

Caution: This email originated from a source outside of the County of Santa Barbara. Do not click links or open attachments unless you verify the sender and know the content is safe.

Hi Errin,

Just following up on this.

Did the County look in to whether Sable was installing new pump stations and control facilities? If so, did the County make any determinations about whether those activities would require a CDP?

Thanks,



JEREMY FRANKEL (he/him/his)
 STAFF ATTORNEY
 906 Garden Street
 Santa Barbara, CA 93101
 805.963.1622 x100
www.EnvironmentalDefenseCenter.org



We recognize that EDC sits on occupied, unceded, stolen lands of the Chumash Peoples, on Shmuwich Territory, who have called this area home for time immemorial. We commit today to make space to elevate indigenous voices and support our local Chumash and indigenous communities in our work to protect our environment.

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Attachment H

**CALIFORNIA STATE LANDS
COMMISSION**

100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202



Established in 1938

JENNIFER LUCCHESI, Executive Officer

916.574.1800

TTY CA Relay Service: 711 or Phone **800.735.2922**
from Voice Phone **800.735.2929**
or for Spanish **800.855.3000**

Contact Phone: (916) 574-1900

April 10, 2024

File Ref.: Leases 4977,
7163, 5515, 6371

Dylan Boyer (SENT VIA ELECTRONIC MAIL ONLY:

dylan.w.boyer@exxonmobil.com)

Exxon Mobil Corporation

Subject: Applications for Assignment of Lease, Santa Ynez Unit Facilities, Santa
Barabara County

Dear Mr. Boyer:

On March 13, 2024, Exxon Mobil Corporation (Exxon) submitted four applications to assign its lease interest in the referenced leases to Sable Offshore Corporation (Sable). Based on our review of the materials submitted with the applications, it has been determined that the applications are complete for purposes of the California Environmental Quality Act (CEQA) as of April 12, 2024. For the purpose of processing the applications, Exxon may be requested to clarify, amplify, correct, or otherwise supplement the information submitted on the applications.

While the applications are complete for purposes of CEQA, staff require additional information to continue processing the applications and prior to scheduling them for the Commission's consideration. Please provide the following information at your earliest convenience.

1. Describe who will staff, operate, and maintain the three offshore platforms, the Las Flores Canyon processing facility, lines 901/903, and other Santa Ynez Unit (SYU) facilities under Sable's ownership, including the authorized improvements under leases 4977, 7163, 5515, and 6371.
 - o Organization chart and brief bios of staff's experience in operations of these assets or similarly situated offshore oil and gas production facilities.

2. Provide a copy of the final, executed purchase and sales agreement between Exxon and Sable.
3. Provide an organization chart and brief bios for the Sable senior management team. Include all relevant information related to the individual's experience in the offshore oil and gas industry, including oil and gas pipeline operation and maintenance, and when they last worked in the industry.
4. Provide staff with contingency plans that Sable will implement during periods of extended low oil prices, significant financial losses, and bankruptcy.
5. Provide staff with information addressing how Sable will address financing/operating the SYU if it remains shut-in longer than anticipated.
6. Provide copies of the bonds for Leases 5515 and 6371 and provide verification from the bond issuer that they are in good standing.
 - o Lease 6371 requires a bond of \$80,000, however, staff is only in receipt of a \$25,000 bond (Bond No. 019051655) issued by Liberty Mutual Insurance Company in 2015.
 - o Lease 5515 requires a \$30 million bond.
7. Update the attached timeline chart previously provided to staff on January 25, 2023.
8. Provide an updated projected reserve and resource summary. The previous summary was provided to staff on February 28, 2023 (attached).
9. Provide Sable Pro Forma projected financial statements (Balance Sheet, Income Statement, and Statement of Cash Flows) for 2024 and any other future periods.
10. On February 28, 2023, Sable provided staff information related to plans for restarting production at the SYU facilities (see response #1). Please provide an update for each of the four primary workflows and the projected SYU restart date. Also provide a detailed summary of the process and timeline for restarting SYU operations.

11. Provide a detailed summary of the process and timeline for bringing lines 901/903 back into operation.
12. Information detailing the economic life of the SYU facilities under a reasonable range of oil price scenarios, taking into account per barrel price fluctuations over the past 10 years. Sable previously provided information to staff on February 28, 2023, under an assumed \$50 flat Brent crude price. Please provide the estimated economic life at varying oil prices, specifically at \$40, \$80, and \$100 per barrel.
13. List of financial securities for decommissioning the federal platforms (including plugging the wells and removing the associated oil infrastructure). Sable previously informed staff that the dollar amount of these securities had not been determined as of February 28, 2023.
14. Provide an independent third party estimate for cost of removal for the lease improvements for leases 4977 and 7163.

You will be advised as to the conduct and needs of this process as it progresses. Please contact me at (916) 574-2275 or at Drew.Simpkin@slc.ca.gov, if you have any questions concerning the applications.

Sincerely,



Drew Simpkin
Public Land Management Specialist

Attachments

cc: Nathan Franka (nathan.p.franka@exxonmobil.com)
Steve Rusch (srusch@sableoffshore.com)
Chris Workman (CSLC)

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Contact Phone: (916) 574-1900

May 23, 2024

File Ref.: Leases 4977,
7163, 5515, 6371

Dylan Boyer (SENT VIA ELECTRONIC MAIL ONLY:

dylan.w.boyer@exxonmobil.com)

Exxon Mobil Corporation

Subject: Applications for Assignment of Lease, Santa Ynez Unit Facilities, Santa
Barabara County

Dear Mr. Boyer:

On April 30, 2024, Exxon provided written responses to Commission staff's request for additional information, dated April 10, 2024. After reviewing Exxon's responses, additional information is required to continue processing the applications and prior to scheduling the proposed assignments for the Commission's consideration. Please provide the following information at your earliest convenience.

Question/response #1:

- In accordance with Public Resources Code section 6804, subd. (b), which allows the commission to consider the experience and managerial control of the proposed assignee, we request an organizational chart of:
 - Sable's senior management team; and
 - Sable's staff who will operate and maintain the SYU assets, namely the pipelines leased by the Commission.

This information is necessary to evaluate the qualifications and experience of key personnel who will be responsible for managing the leases, ensuring compliance with all terms and conditions.

Question/response #14

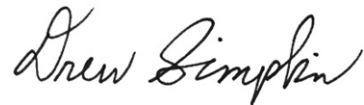
- Include the removal cost estimate for the three power cables under lease 7163 to the Petra cost estimate, dated April 24, 2024.

D. Boyer
May 23, 2024
Page 2

Additionally, Exxon must provide evidence of a legal relationship with Sable in order for Sable to operate the pipelines and other lease improvements. An agreement between Exxon and Sable is required stating that Sable is authorized (as a subcontractor, operator, agent, etc.) to operate the pipelines and lease improvements on behalf of Exxon and that Sable will be acting as Exxon's agent in the submission of required restart testing/inspections and other required lease submissions until such time as the Commission authorizes the assignments.

You will be advised as to the conduct and needs of this process as it progresses. Please contact me at (916) 574-2275 or at Drew.Simpkin@slc.ca.gov, if you have any questions concerning the applications.

Sincerely,

A handwritten signature in black ink that reads "Drew Simpkin". The signature is written in a cursive, flowing style.

Drew Simpkin
Public Land Management Specialist

cc: Nathan Franka (nathan.p.franka@exxonmobil.com)
Steve Rusch (srusch@sableoffshore.com)
Chris Workman (CSLC)

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or for Spanish **800.855.3000**

Contact Phone: (916) 574-1900

May 23, 2024

File Ref.: Leases 4977,
7163, 5515, 6371

Dylan Boyer (SENT VIA ELECTRONIC MAIL ONLY:

dylan.w.boyer@exxonmobil.com)

Exxon Mobil Corporation

Subject: Applications for Assignment of Lease, Santa Ynez Unit Facilities, Santa Barbara County

Dear Mr. Boyer:

On April 30, 2024, Exxon provided written responses to Commission staff's request for additional information, dated April 10, 2024. After reviewing Exxon's responses, additional information is required to continue processing the applications and prior to scheduling the proposed assignments for the Commission's consideration. Please provide the following information at your earliest convenience.

Question/response #1:

- In accordance with Public Resources Code section 6804, subd. (b), which allows the commission to consider the experience and managerial control of the proposed assignee, we request an organizational chart of:
 - Sable's senior management team; and
 - Sable's staff who will operate and maintain the SYU assets, namely the pipelines leased by the Commission.

This information is necessary to evaluate the qualifications and experience of key personnel who will be responsible for managing the leases, ensuring compliance with all terms and conditions.

Question/response #14

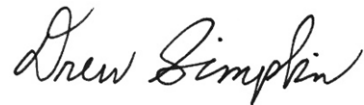
- Include the removal cost estimate for the three power cables under lease 7163 to the Petra cost estimate, dated April 24, 2024.

D. Boyer
May 23, 2024
Page 2

Additionally, Exxon must provide evidence of a legal relationship with Sable in order for Sable to operate the pipelines and other lease improvements. An agreement between Exxon and Sable is required stating that Sable is authorized (as a subcontractor, operator, agent, etc.) to operate the pipelines and lease improvements on behalf of Exxon and that Sable will be acting as Exxon's agent in the submission of required restart testing/inspections and other required lease submissions until such time as the Commission authorizes the assignments.

You will be advised as to the conduct and needs of this process as it progresses. Please contact me at (916) 574-2275 or at Drew.Simpkin@slc.ca.gov, if you have any questions concerning the applications.

Sincerely,



Drew Simpkin
Public Land Management Specialist

cc: Nathan Franka (nathan.p.franka@exxonmobil.com)
Steve Rusch (srusch@sableoffshore.com)
Chris Workman (CSLC)

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from Voice Phone **800.735.2929**
or for Spanish **800.855.3000**

Contact Phone: (916) 574-1900

August 16, 2024

File Ref.: Leases 4977,
7163, 5515, 6371

Dylan Boyer (SENT VIA ELECTRONIC MAIL ONLY) dylan.w.boyer@exxonmobil.com
Exxon Mobil Corporation

Subject: Applications for Assignment of Lease, Santa Ynez Unit Facilities, Santa
Barabara County

Dear Mr. Boyer:

I am writing in acknowledgment of, and in response to, Exxon's July 3, 2024, letter. In that letter, Exxon granted consent "to Sable's direct engagement with CSLC in regards to the submission, review and approval of the SYU PRIP by Sable, provided that Exxon Mobil is fully informed of material updates in regard to same, including any approvals thereof."

In our earlier communication on May 23, 2024, Exxon was explicitly asked to provide clear evidence of a legal relationship with Sable that would authorize Sable to operate the pipelines and other lease improvements (please see the attached for reference). Staff appreciates Exxon's efforts; however, the response in your recent letter falls short of addressing the core issue. The Commission's engagement with Sable is not predicated on Exxon providing its consent.

For staff's review of the pending lease assignment applications, it is imperative that Exxon formalizes its relationship through a binding agreement with Sable regarding the use of the lease premises on state land. Importantly, while each lease requires Commission authorization for assignment or sublease, the leases also permit the existing lessee to allow employees, agents, servants, and invitees to occupy or use any portion of the lease premises without specific

Commission authorization.¹ This point is critical in light of Exxon's decision to transfer ownership of the SYU assets to Sable while retaining the leases on state land. Therefore, to facilitate staff's review of the pending applications, staff expect Exxon to submit a copy of a formal agreement with Sable that links Exxon's ongoing status as a lessee with Sable's authorization to operate on the lease premises as an agent or equivalent, as permitted under the leases.

Please contact me at (916) 574-2275 or at Drew.Simpkin@slc.ca.gov, if you have any questions concerning the applications.

Sincerely,



Drew Simpkin
Public Land Management Specialist

Attachment(s): CSLC Letter to Exxon dated May 23, 2024

cc: Nathan Franka (nathan.p.franka@exxonmobil.com)
Steve Rusch (srusch@sableoffshore.com)
Stephen Laperous (slaperouse@sableoffshore.com)
Chris Workman (CSLC)

¹ See e.g., Lease 5515, section 3 (General Provisions), paragraph 11(a). Each lease contains similarly phrased language for this allowance.

Attachment I



WARNING: For security purposes all ZIP files transmitted to DFW/OSPR via-email will be returned undeliverable.

NOTE: A Contingency Plan is also required, pursuant to Government Code section 8670.29

Please type or print clearly in English when completing this application. Refer to page 4 of application for instructions on completing this form.

SECTION A. APPLICANT INFORMATION

1. Legal name of applicant: Sable Offshore Corp.

Mailing Address: 845 Texas Ave, Ste 2920, Houston, TX 77002

Phone Number: (713) 579-6161

Email: Not Applicable

2. Address of principal place of business of applicant if different from above:

845 Texas Ave, Ste 2920, Houston, TX 77002

3. Trade name (if any), dba, or other name generally known to the public:

Las Flores Canyon

4. Financial contact person:

Contact Name: Todd Griggs

Title: VP Treasury

Mailing Address:

845 Texas Ave, Ste 2920, Houston, TX 77002

Phone Number:

Fax Number:

Email:

(832) 563-6952

Not Applicable

TGriggs@sableoffshore.com

5. If applicant is a subsidiary or not wholly owned, provide the following information:

Name of parent corporation or owning entities: Sable Offshore Corp.

Mailing Address: 845 Texas Ave, Ste 2920, Houston, TX 77002

Date and State of incorporation of parent corporation/owning entities:

Date: October 16, 2020

State: Delaware

6. Certificate recipient (who should receive certificates):

Recipient Name: Todd Griggs

Mailing Address:

845 Texas Ave, Ste 2920, Houston, TX 77002

Phone Number:

Fax Number:

Email:

(832) 563-6952

Not Applicable

TGriggs@sableoffshore.com

7. Agent for Service of Process. Agent must provide a California address. (No P.O. Boxes):

Agent Name: CT Corporation System

Mailing Address: 330 North Brand Blvd, Glendale, CA 91203

Phone Number: (844) 878-1800

8. Name and address of lessor if the facility is leased or located on leased land:

Lessor Name: N/A

Lessor Address: N/A



SECTION B. DESCRIPTION OF INLAND FACILITIES

1. Type of facility or facilities (pipeline, production facility, railroad line, or other type of facility). If application applies to more than one type of facility, list the types of facilities to which the application applies:

2. List the name and location of facility or facilities to which the application applies below. Include pipeline number, beginning and terminus of pipelines. Provide beginning and terminus of railroad lines.

3. Please indicate the type risk (Intermittent or Perennial) imposed by each facility listed below by circling the correct risk type.

Las Flores Canyon

Facility Name: Las Flores Canyon

Risk Type - **Perennial** or Intermittent

Facility location and reasonable worst case spill volume:

12000 Calle Real, Goleta, CA 93117

1 Bbl while active but idle

*RWCS _____

Facility Name:

Risk Type - Perennial or Intermittent

Facility location and reasonable worst case spill volume:

*RWCS _____

Facility Name:

Risk Type - Perennial or Intermittent

Facility location and reasonable worst case spill volume:

*RWCS: _____

Facility Name:

Risk Type - Perennial or Intermittent

Facility location and reasonable worst case spil

*RWCS: _____

Facility Name:

Risk Type - Perennial or Intermittent

Facility location and reasonable worst case spill volume:

*RWCS: _____

*Reasonable worst case spill (RWCS) volume reported in applicant's California oil spill contingency plan. (Reference Title 14, California Code of Regulations, section 817.04(k)(3))



INSTRUCTIONS

1. Submit completed application by selecting one of the following methods:

U.S. Mail:

Department of Fish and Wildlife
Office of Spill Prevention and Response
P.O. Box 944209
Sacramento, CA 92444-2090

Courier Service:

Department of Fish and Wildlife
Office of Spill Prevention and Response
1010 Riverside Parkway
West Sacramento, CA 95605

Fax: (916) 371-8941

Email: cacofr-facilities@wildlife.ca.gov

WARNING: For security purposes all ZIP files transmitted to DFW/OSPR via email will be returned undeliverable.

2. **Application Process:** Applications will be reviewed within 30 calendar days of receipt provided that adequate information is furnished in the application and acceptable evidence of financial responsibility is received. OSPR verifies the amount of financial responsibility provided per the formulas located in regulation.

To calculate financial responsibility, see Title 14, California Code of Regulations, section 791.7(e)(2)(A-G) at <https://www.wildlife.ca.gov/OSPR/Legal/OSPR-Regulations-Index>

3. **Renewal Process:** COFRs for facilities are valid for two (2) years. Applications will be reviewed within 30 calendar days of receipt provided that adequate information is furnished in the application and acceptable evidence of financial responsibility is received.

NOTE: Use of self-insurance requires submission of audited financial statements annually.

4. Specific instructions relating to the application process:

Section A - Applicant Information: All applications must include an 'Agent for Service of Process', see #7.

Section B - Description of Facility: Include reasonable worst case spill (RWCS) volume, reported in applicant's California oil spill contingency plan, for each facility.

Section C - Declaration

Section D - Delegation of Authority

Miscellaneous instructions:

- a. If a question does not apply, answer "not applicable."
- b. Incomplete applications will not be processed until OSPR receives additional information needed for processing.
- c. If additional space is required, supplemental sheets may be attached.

Please contact the Financial Responsibility Unit at (916) 375-6072 if you have any questions.

APPLICATION FOR CERTIFICATE OF FINANCIAL RESPONSIBILITY FOR MARINE FACILITIES



WARNING: For security purposes all ZIP files transmitted to DFW/OSPR via-email will be returned undeliverable.

NOTE: A Contingency Plan is also required, pursuant to Government Code Section 8670.29

Please type or print clearly in English when completing this application. Refer to pages 8 and 9 of application for instructions on completing this form.

SECTION A. GENERAL INFORMATION

1. Legal name of applicant: Sable Offshore Corp.

2. Mailing 845 Texas Ave, Ste 2920
Houston, TX 77002

3. Telephone: (713) 579-6161

4. Email address: Not Applicable

5. Address of principal place of business of applicant if different from above.

845 Texas Ave, Ste 2920
Houston, TX 77002

6. Trade name (if any), dba, or other name generally known to the public

N/A

7. Financial contact person contact information: name, address, title, telephone, facsimile, and email address.

Contact Name: Todd Griggs

Title: VP Treasury

Mailing Address: 845 Texas Ave, Ste 2920
Houston, TX 77002

Telephone number: (832) 563-6952

Facsimile number: N/A

Email address: TGriggs@sableoffshore.com

8. If applicant is a subsidiary or not wholly owned, provide the following information:

a. Name of parent corporation or owning entities:

Sable Offshore Corp.

Mailing

845 Texas Ave, Ste 2920
Houston, TX 77002

b. Date and state of incorporation of parent corporation/owning entities.

Date: October 16, 2020 State: Delaware

9. Certificate(s) recipient (who should receive certificates) including name, address, telephone, facsimile, email address. (NO P.O. Boxes)

Recipient Name: Todd Griggs

Mailing Address: 845 Texas Ave, Ste 2920
Houston, TX 77002

Telephone number: (832) 563-6952

Facsimile number: N/A

Email address: TGriggs@sableoffshore.com

10. Agent for Service of Process. Agent must provide California address. No P.O. Boxes.

Name: CT Corporation System

Mailing Address: 330 North Brand Blvd
Glendale, CA 91203

Telephone number: (844) 878-1800

SECTION B. GENERAL DESCRIPTION OF THE FACILITY OR FACILITIES

1. Type of facility or facilities (Marine Terminal, Pipeline, Platform, Small Marine Fueling Facility, or other type of facility). If application applies to more than one facility, list the types of facilities to which the application applies.

Pipeline

2. Name and location of facility or facilities to which the application applies.

Facility Name: Crude Oil & water emulsion pipeline - portion in state waters from the

Facility location: Federal Santa Ynez Unit to Las Flores Canyon Facility. SEG # 5510190

3. Name and address of lessor if the facility is leased or located on leased land.

Lessor name: Not Applicable

Lessor address: Not Applicable

SECTION C. SPECIFIC DESCRIPTION OF FACILITY OR FACILITIES

1. MARINE TERMINAL(S)

- a. For each terminal, fill out the pipeline information in 2. below, and provide the following information that is reflected in the contingency plan for the facility following information that is reflected in the contingency plan for the facility.

Description/location: Not Applicable

Reasonable Worst Case Spill volume: Not Applicable

Attach additional spread sheet if necessary

2. PIPELINE(S) (To be completed by pipeline owners or operators as well as owners or operators of offshore platforms and marine terminals.)

- a. Pipeline number or designation

Description/location: Crude oil & water emulsion pipeline from SYU to Las Flores Canyon Facility

Reasonable Worst Case Spill volume: 1 Bbl

Attach more forms as necessary

Attach additional spread sheet if necessary

INSTRUCTIONS

1. Owner or operator means, in the case of a marine facility, any person who owns, has ownership interest in, or operates the marine facility.
2. Submit completed application by selecting one of the following methods:

U.S. Mail:
Department of Fish and Wildlife
Office of Spill Prevention and Response
P.O. Box 944209
Sacramento, CA 92444-2090

Courier Service:
Department of Fish and Wildlife
Office of Spill Prevention and Response
1010 Riverside Parkway
West Sacramento, CA 95605

Fax: (916) 371-8941

Email: cacofr-facilities@wildlife.ca.gov

WARNING: For security purposes all ZIP files transmitted to DFW/OSPR via email will be returned undeliverable.

3. Application Process: Applications will be reviewed within 21 calendar days of receipt provided that adequate information was furnished in the application and acceptable evidence of financial responsibility has been received. OSPR verifies the amount of financial responsibility provided per the formulas located in regulation.

To calculate financial responsibility, see Section 791.7 (e) (2) A-F at http://www.dfg.ca.gov/ospr/Law/index_ospr_regs.aspx

NOTE: Use of self insurance requires submission of audited financial statements annually.

4. Renewal Process: COFRs for marine facilities are good for two (2) years. COFRS for mobile transfer units are good for one (1) year. Applications will be reviewed within 21 calendar days of receipt provided that adequate information was furnished in the application and acceptable evidence of financial responsibility has been received.

5. Specific instructions relating to the application process.

Section A - General Information: MUST BE completed by all applications.

Section B - Description of Facility: Description of the Facility: must be completed by all applicants. (If application applies to more than one facility, for each facility list the specific information required in Section C on separate sheets.)

Section C - Specific Description of the Facility or Facilities:

1. **Marine Terminal:** Must be completed by the owner or operator of those marine terminal(s) for which the applicant intends to obtain certificate(s) of financial responsibility. A marine terminal includes the pipeline(s) located in marine waters. The pipeline(s) are not considered a separate facility where the applicant is the

owner or operator of both the terminal and the pipeline(s).

2. **Pipeline:** Must be completed by the owner or operator of those pipeline(s) and offshore platforms for which the applicant intends to obtain certificate(s) of financial responsibility. For the purpose of this application, the pipeline(s) that is (are) used to transfer oil from an offshore platform(s) located outside California marine waters to an on-shore facility(s) is (are) considered to be a separate facility(s).
3. **Small Marine Fueling Facility:** Must be completed by the owner or operator of the small marine fueling facility(s) unless the facility is a "small craft refueling dock". Certificates of Financial Responsibility are not required for "small craft refueling docks". However, each "small craft refueling dock" must be registered with the Department of Fish and Game's Office of Spill Prevention and Response. A "small craft refueling dock" is a waterside operation that dispenses non-persistent products (e.g., gasoline and diesel fuel) in bulk and/or small amounts of persistent lubrication oil in containers, primarily to small craft and does not have storage capacity exceeding 20,000 gallons in any single storage tank or tank compartment, and has a total useable tank storage capacity not exceeding 75,000 gallons. For these purposes, "small craft" is defined as a waterborne craft, other than a tanker or barge, which is less than 20 meters in length.
4. **Offshore Facilities:** Must be completed by the owner or operator of those offshore platform(s), production piers, artificial island, or any other type of offshore facility located in California marine waters for which the applicant intends to obtain certificate(s) of financial responsibility.
5. **Other Types of Facilities:** Must be completed by owners or operators of other types of facilities that are located on or in California marine waters or are located where a release of oil could impact marine waters.

Section D - Declaration

Section E - Delegation of Authority

Sections A, B, C and D must all be completed by the applicant or delegated authority. Section E, Delegation of Authority, must be executed by the applicant or a principal of the applicant when an application is signed by an agent of the applicant.

6. **Miscellaneous instructions:**
 - a. If a question does not apply, answer "not applicable."
 - b. Incomplete applications will not be processed until OSPR receives additional information needed for processing.
 - c. If additional space is required, supplemental sheets may be attached.

Please contact the Financial Responsibility Unit at (916) 375-6072 if you have any questions.

SAVE AS

PRINT

State of California - Department of Fish and Wildlife

APPLICATION FOR CERTIFICATE OF FINANCIAL RESPONSIBILITY FOR MARINE FACILITIES



DFW 1924 (Rev.8/14) Page 1

WARNING: For security purposes all ZIP files transmitted to DFW/OSPR via-email will be returned undeliverable.

NOTE: A Contingency Plan is also required, pursuant to Government Code Section 8670.29

Please type or print clearly in English when completing this application. Refer to pages 8 and 9 of application for instructions on completing this form.

SECTION A. GENERAL INFORMATION

1. Legal name of applicant: Pacific Pipeline Company

2. Mailing 845 Texas Ave, Ste 2920
Houston, TX 77002

3. Telephone:

4. Email address: Not Applicable

5. Address of principal place of business of applicant if different from above.
845 Texas Ave, Ste 2920
Houston, TX 77002

6. Trade name (if any), dba, or other name generally known to the public
N/A

7. Financial contact person contact information: name, address, title, telephone, facsimilie, and email address.

Contact Name: Todd Griggs

Title: VP Treasury

Mailing Address: 845 Texas Ave, Ste 2920
Houston, TX 77002

Telephone number: (832) 563-6952

Facsimile number: N/A

Email address: TGriggs@sableoffshore.com

8. If applicant is a subsidiary or not wholly owned, provide the following information:

a. Name of parent corporation or owning entities:

Sable Offshore Corp.

Mailing

845 Texas Ave, Ste 2920
Houston, TX 77002

b. Date and state of incorporation of parent corporation/owning entities.

Date: October 16, 2020

State: Delaware

9. Certificate(s) recipient (who should receive certificates) including name, address, telephone, facsimile, email address. (NO P.O. Boxes)

Recipient Name: Lance Yearwood

Mailing Address: 845 Texas Ave, Ste 2920
Houston, TX 77002

Telephone number: (832) 434-9461

Facsimile number: N/A

Email address: LYearwood@sableoffshore.com

10. Agent for Service of Process. Agent must provide California address. No P.O. Boxes.

Name: CT Corporation System

Mailing Address: 330 North Brand Blvd
Glendale, CA 91203

Telephone number: (844) 878-1800

SECTION B. GENERAL DESCRIPTION OF THE FACILITY OR FACILITIES

1. Type of facility or facilities (Marine Terminal, Pipeline, Platform, Small Marine Fueling Facility, or other type of facility). If application applies to more than one facility, list the types of facilities to which the application applies.

Pipeline

2. Name and location of facility or facilities to which the application applies.

Facility Name: CA-324 - Las Flores Pipeline (Las Flores Canyon to Gaviota)

Facility location: 24-inch diameter crude oil pipeline, extends approximately 10.86 miles in length from Los Flores Station to Gaviota Station, in Santa Barbara County, California.

3. Name and address of lessor if the facility is leased or located on leased land.

Lessor name: Not Applicable

Lessor address: Not Applicable

SECTION C. SPECIFIC DESCRIPTION OF FACILITY OR FACILITIES

1. MARINE TERMINAL(S)

- a. For each terminal, fill out the pipeline information in 2. below, and provide the following information that is reflected in the contingency plan for the facility following information that is reflected in the contingency plan for the facility.

Description/location: Not Applicable

Reasonable Worst Case Spill volume: Not Applicable

Attach additional spread sheet if necessary

2. PIPELINE(S) (To be completed by pipeline owners or operators as well as owners or operators of offshore platforms and marine terminals.)

- a. Pipeline number or designation

Description/location: 24" CA-324 - Las Flores Pipeline (Las Flores Canyon to Gaviota)

Reasonable Worst Case Spill volume: 1 Bbl

Attach more forms as necessary

See attached map, 2.83 Mile segment between LFC Station and Refugio Creek

Attach additional spread sheet if necessary

3. SMALL MARINE FUELING FACILITY(S) (For mobile transfer units, use the "Application for Certificate of Financial Responsibility for Mobile Transfer Units", DFW 1946 (6/14)). For each small marine fueling facility indicate:

a. Type of vessels served (e.g., recreational/commercial/combination).

Not Applicable

b. During the past twelve-month period, approximately what percent of the craft serviced by this facility were greater than 20 meters in length?

Not Applicable %

c. Types of oil products handled.

Not Applicable

d. Annual throughput volume of over-the-water transfers (in gallons).

Not Applicable

e. Indicate the capacity in each storage tank at the facility.

Description/location: Not Applicable

Reasonable Worst Case Spill volume:

Not Applicable

Attach additional spread sheet if necessary

4. OFFSHORE FACILITY (If the offshore facility is located in California marine waters, complete this Section and Section C (2) of this application. If the offshore facility is in Federal waters and has a pipeline coming into California waters, complete Section C (2)).

a. For each offshore facility indicate type of facility (e.g., production platform, drilling unit, satellite well, production pier, artificial island, etc.):

Not Applicable

b. Is the owner or operator of the facility currently authorized to engage in drilling operations under a permit issued by the California State Lands Commission or Division of Oil and Gas and Geothermal?

Yes

No

If yes, Issue date:

Not Applicable

Expiration date:

INSTRUCTIONS

1. Owner or operator means, in the case of a marine facility, any person who owns, has ownership interest in, or operates the marine facility.
2. Submit completed application by selecting one of the following methods:

U.S. Mail:
Department of Fish and Wildlife
Office of Spill Prevention and Response
P.O. Box 944209
Sacramento, CA 92444-2090

Courier Service:
Department of Fish and Wildlife
Office of Spill Prevention and Response
1010 Riverside Parkway
West Sacramento, CA 95605

Fax: (916) 371-8941

Email: cacofr-facilities@wildlife.ca.gov

WARNING: For security purposes all ZIP files transmitted to DFW/OSPR via email will be returned undeliverable.

3. Application Process: Applications will be reviewed within 21 calendar days of receipt provided that adequate information was furnished in the application and acceptable evidence of financial responsibility has been received. OSPR verifies the amount of financial responsibility provided per the formulas located in regulation.

To calculate financial responsibility, see Section 791.7 (e) (2) A-F at http://www.dfg.ca.gov/ospr/Law/index_ospr_regs.aspx

NOTE: Use of self insurance requires submission of audited financial statements annually.

4. Renewal Process: COFRs for marine facilities are good for two (2) years. COFRS for mobile transfer units are good for one (1) year. Applications will be reviewed within 21 calendar days of receipt provided that adequate information was furnished in the application and acceptable evidence of financial responsibility has been received.

5. Specific instructions relating to the application process.

Section A - General Information: MUST BE completed by all applications.

Section B - Description of Facility: Description of the Facility: must be completed by all applicants. (If application applies to more than one facility, for each facility list the specific information required in Section C on separate sheets.)

Section C - Specific Description of the Facility or Facilities:

1. **Marine Terminal:** Must be completed by the owner or operator of those marine terminal(s) for which the applicant intends to obtain certificate(s) of financial responsibility. A marine terminal includes the pipeline(s) located in marine waters. The pipeline(s) are not considered a separate facility where the applicant is the

owner or operator of both the terminal and the pipeline(s).

2. **Pipeline:** Must be completed by the owner or operator of those pipeline(s) and offshore platforms for which the applicant intends to obtain certificate(s) of financial responsibility. For the purpose of this application, the pipeline(s) that is (are) used to transfer oil from an offshore platform(s) located outside California marine waters to an on-shore facility(s) is (are) considered to be a separate facility(s).
3. **Small Marine Fueling Facility:** Must be completed by the owner or operator of the small marine fueling facility(s) unless the facility is a "small craft refueling dock". Certificates of Financial Responsibility are not required for "small craft refueling docks". However, each "small craft refueling dock" must be registered with the Department of Fish and Game's Office of Spill Prevention and Response. A "small craft refueling dock" is a waterside operation that dispenses non-persistent products (e.g., gasoline and diesel fuel) in bulk and/or small amounts of persistent lubrication oil in containers, primarily to small craft and does not have storage capacity exceeding 20,000 gallons in any single storage tank or tank compartment, and has a total useable tank storage capacity not exceeding 75,000 gallons. For these purposes, "small craft" is defined as a waterborne craft, other than a tanker or barge, which is less than 20 meters in length.
4. **Offshore Facilities:** Must be completed by the owner or operator of those offshore platform(s), production piers, artificial island, or any other type of offshore facility located in California marine waters for which the applicant intends to obtain certificate(s) of financial responsibility.
5. **Other Types of Facilities:** Must be completed by owners or operators of other types of facilities that are located on or in California marine waters or are located where a release of oil could impact marine waters.

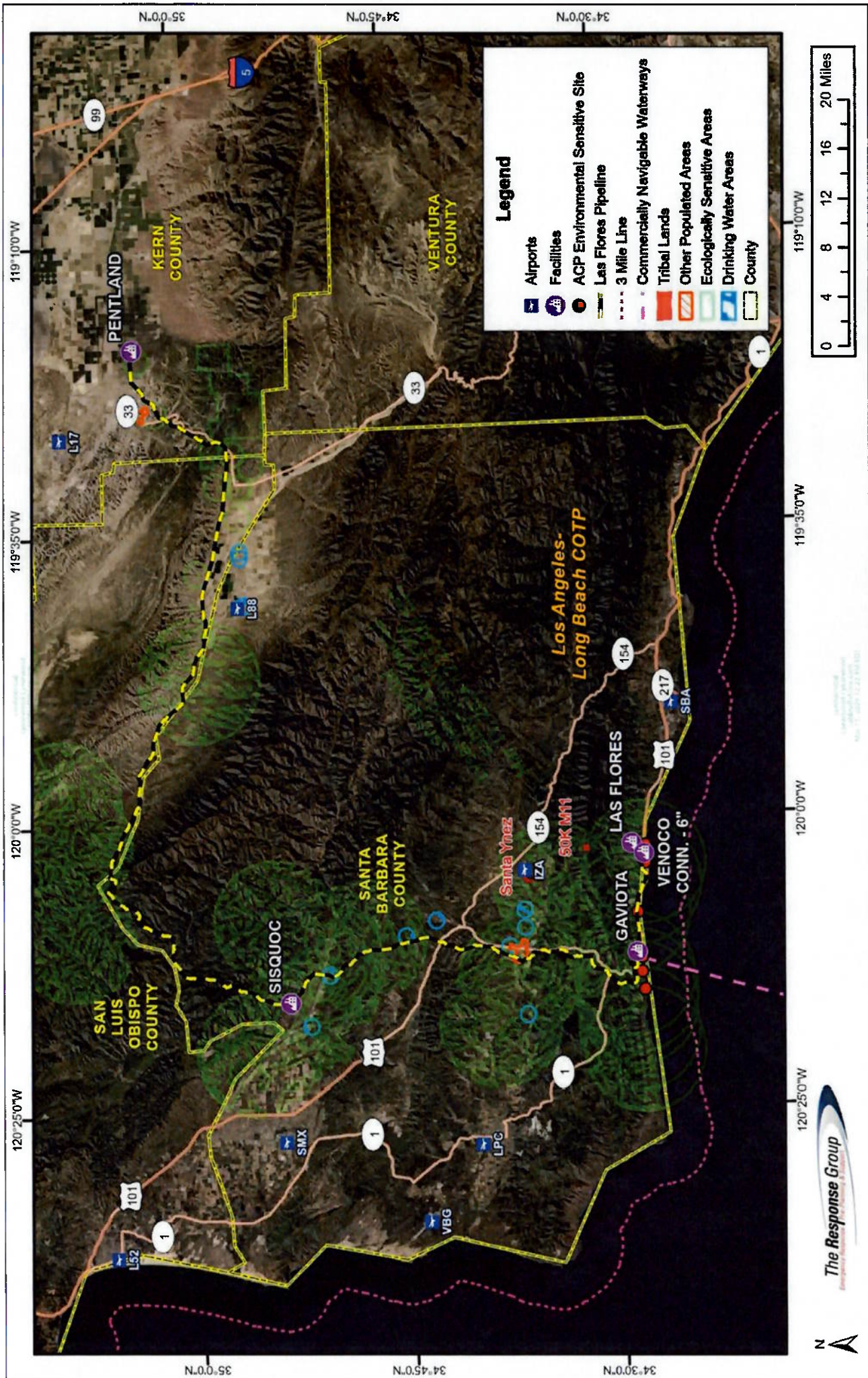
Section D - Declaration

Section E - Delegation of Authority

Sections A, B, C and D must all be completed by the applicant or delegated authority. Section E, Delegation of Authority, must be executed by the applicant or a principal of the applicant when an application is signed by an agent of the applicant.

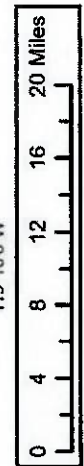
6. **Miscellaneous instructions:**
 - a. If a question does not apply, answer "not applicable."
 - b. Incomplete applications will not be processed until OSPR receives additional information needed for processing.
 - c. If additional space is required, supplemental sheets may be attached.

Please contact the Financial Responsibility Unit at (916) 375-6072 if you have any questions.



Legend

- Airports
- Facilities
- ACP Environmental Sensitive Site
- Las Flores Pipeline
- 3 Mile Line
- Commercially Navigable Waterways
- Tribal Lands
- Other Populated Areas
- Ecologically Sensitive Areas
- Drinking Water Areas
- County



Map coordinates: 120°25'0"W, 120°00'0"W, 119°35'0"W, 119°10'0"W; 34°30'0"N, 34°45'0"N, 35°0'0"N

Counties: SAN LUIS OBISPO COUNTY, SANTA BARBARA COUNTY, KERN COUNTY, VENTURA COUNTY

Highways: SR 101, SR 154, SR 33, SR 99, SR 5

Airports: L52, SMX, VBG, LPC, L47, L88, LZA, SBA, Santa Ynez

Other Labels: SISQUOC, GAVIOTA, LAS FLORES, VENOCO CONN. - 6", Los Angeles-Long Beach COTP, 50K M11





WARNING: For security purposes all ZIP files transmitted to DFW/OSPR via-email will be returned undeliverable.

NOTE: A Contingency Plan is also required, pursuant to Government Code section 8670.29

Please type or print clearly in English when completing this application. Refer to page 4 of application for instructions on completing this form.

SECTION A. APPLICANT INFORMATION

1. Legal name of applicant: Pacific Pipeline Company

Mailing Address: 845 Texas Ave, Ste 2920, Houston, TX 77002

Phone Number: (713) 579-6161

Email: Not Applicable

2. Address of principal place of business of applicant if different from above:

845 Texas Ave, Ste 2920, Houston, TX 77002

3. Trade name (if any), dba, or other name generally known to the public:

Las Flores Pipeline (Gaviota to Pentland)

4. Financial contact person:

Contact Name: Todd Griggs

Title: VP Treasury

Mailing Address:

845 Texas Ave, Ste 2920, Houston, TX 77002

Phone Number:

(832) 563-6952

Fax Number:

Not Applicable

Email:

TGriggs@sableoffshore.com

5. If applicant is a subsidiary or not wholly owned, provide the following information:

Name of parent corporation or owning entities: Sable Offshore Corp.

Mailing Address: 845 Texas Ave, Ste 2920, Houston, TX 77002

Date and State of incorporation of parent corporation/owning entities:

Date: October 16, 2020

State: Delaware

6. Certificate recipient (who should receive certificates):

Recipient Name: Lance Yearwood

Mailing Address:

845 Texas Ave, Ste 2920, Houston, TX 77002

Phone Number:

(832) 434-9461

Fax Number:

Not Applicable

Email:

LYearwood@sableoffshore.com

7. Agent for Service of Process. Agent must provide a California address. (No P.O. Boxes):

Agent Name: CT Corporation System

Mailing Address: 330 North Brand Blvd, Glendale, CA 91203

Phone Number: (844) 878-1800

8. Name and address of lessor if the facility is leased or located on leased land:

Lessor Name: N/A

Lessor Address: N/A



SECTION B. DESCRIPTION OF INLAND FACILITIES

1. Type of facility or facilities (pipeline, production facility, railroad line, or other type of facility). If application applies to more than one type of facility, list the types of facilities to which the application applies:

2. List the name and location of facility or facilities to which the application applies below. Include pipeline number, beginning and terminus of pipelines. Provide beginning and terminus of railroad lines.

3. Please indicate the type risk (Intermittent or Perennial) imposed by each facility listed below by circling the correct risk type.

Las Flores Pipeline System (Gaviota to Pentland)

Facility Name: CA-325A/B - Las Flores Pipeline (Gaviota to Pentland) Risk Type - **Perennial** or Intermittent

Facility location and reasonable worst case spill volume:
 30-inch diameter crude oil pipeline extends approximately 113 miles in length from Gaviota Station in Santa Barbara County, CA to Pentland Station in Kern County, CA

1 Bbl

*RWCS _____

Facility Name:

Risk Type - Perennial or Intermittent

Facility location and reasonable worst case spill volume:

*RWCS _____

Facility Name:

Risk Type - Perennial or Intermittent

Facility location and reasonable worst case spill volume:

*RWCS: _____

Facility Name:

Risk Type - Perennial or Intermittent

Facility location and reasonable worst case spil

*RWCS: _____

Facility Name:

Risk Type - Perennial or Intermittent

Facility location and reasonable worst case spill volume:

*RWCS: _____

*Reasonable worst case spill (RWCS) volume reported in applicant's California oil spill contingency plan. (Reference Title 14, California Code of Regulations, section 817.04(k)(3))



INSTRUCTIONS

1. Submit completed application by selecting one of the following methods:

U.S. Mail:

Department of Fish and Wildlife
Office of Spill Prevention and Response
P.O. Box 944209
Sacramento, CA 92444-2090

Courier Service:

Department of Fish and Wildlife
Office of Spill Prevention and Response
1010 Riverside Parkway
West Sacramento, CA 95605

Fax: (916) 371-8941

Email: cacofr-facilities@wildlife.ca.gov

WARNING: For security purposes all ZIP files transmitted to DFW/OSPR via email will be returned undeliverable.

2. **Application Process:** Applications will be reviewed within 30 calendar days of receipt provided that adequate information is furnished in the application and acceptable evidence of financial responsibility is received. OSPR verifies the amount of financial responsibility provided per the formulas located in regulation.

To calculate financial responsibility, see Title 14, California Code of Regulations, section 791.7(e)(2)(A-G) at <https://www.wildlife.ca.gov/OSPR/Legal/OSPR-Regulations-Index>

3. **Renewal Process:** COFRs for facilities are valid for two (2) years. Applications will be reviewed within 30 calendar days of receipt provided that adequate information is furnished in the application and acceptable evidence of financial responsibility is received.

NOTE: Use of self-insurance requires submission of audited financial statements annually.

4. Specific instructions relating to the application process:

Section A - Applicant Information: All applications must include an 'Agent for Service of Process', see #7.

Section B - Description of Facility: Include reasonable worst case spill (RWCS) volume, reported in applicant's California oil spill contingency plan, for each facility.

Section C - Declaration

Section D - Delegation of Authority

Miscellaneous instructions:

- a. If a question does not apply, answer "not applicable."
- b. Incomplete applications will not be processed until OSPR receives additional information needed for processing.
- c. If additional space is required, supplemental sheets may be attached.

Please contact the Financial Responsibility Unit at (916) 375-6072 if you have any questions.

Attachment J

Jeremy Frankel

From: CALIFORNIADFW Support <californiadfw@govqa.us>
Sent: Thursday, September 19, 2024 4:55 PM
To: Jeremy Frankel
Subject: Public Records Act Request :: R012679-091924



Dear Jeremy Frankel:

Thank you for your interest in public records of the California Department of Fish and Wildlife, Fish and Game Commission, or Wildlife Conservation Board. Your request has been received and is being processed in accordance with the California Public Records Act, Government Code section 7920.000 et seq. Your request was received in this office on 9/17/2024 and given the reference number R012679-091924 for tracking purposes.

Records Requested: Just following up here: 1. Has Sable submitted a revised ICP for its onshore facilities? 2. Has Sable submitted revised applications for COFRs? 3. What is the status of OSPR's review of Sable's offshore contingency plan? Also, could you please send us a copy of the deficiency letter that OSPR sent to Sable on 8/30? Thanks, as always, for your time and attention to this.

Your request will be forwarded to the relevant regions and/or programs to locate records and to determine the volume and any costs associated with satisfying your request. You will be contacted about the availability of the records in question. PLEASE NOTE: The Public Records Act does not require a governmental body to create new records, to do legal research, or to answer questions.

You can monitor the progress of your request at the link below and you'll receive an email when your request has been completed. Again, thank you for using [CDFW's Records Center](#).

To monitor the progress or update this request please log into the [Public Records Center](#)



1. Has Sable submitted a revised ICP for its onshore facilities?

No, we have not received a revised contingency plan.

2. Has Sable submitted revised applications for COFRs?

Yes, they are in queue to be reviewed in the order they were received.

3. What is the status of OSPR's review of Sable's offshore contingency plan?

Our reviewer has nearly concluded the review and expects to send feedback to Sable by the end of this week.

Attachment K

CALIFORNIA COASTAL COMMISSION

455 MARKET STREET
SAN FRANCISCO, CA 94105-2219
VOICE (415) 904- 5200
FAX (415) 904-5400
TDD (415) 597-5885
WWW.COASTAL.CA.GOV

**VIA CERTIFIED AND ELECTRONIC MAIL**

10/04/2024

Carolyn Bertrand, Deputy General Counsel
Lee Alcock, Assistant General Counsel
Cbertrand@Sableoffshore.com
Lalcock@Sableoffshore.com

Sable Offshore Corporation
12000 Calle Real
Goleta, CA 93117

Subject: Confirmation of Suspension of Current Operations

Dear Ms. Bertrand and Mr. Alcock,

This letter is a follow-up to your video conference with California Coastal Commission (“Commission”) staff on October 1, 2024, to memorialize both your discussions regarding unpermitted activities taking place within the Coastal Zone, associated with existing Las Flores Pipelines CA-324/325 (formerly known as Lines 901/903), and your follow-up email message the next day. It also lays the groundwork for an order, just in case that proves to be necessary, by providing formal notice of that possibility, as is explained on page three. As stated in the “Notice of Violation” letter sent to you on September 27, 2024 (the “NOV”), and as discussed in the October 1 video conference, because the prerequisite Coastal Act authorization was not granted, the activities you’ve been discussing with my staff (which include, but are not limited to, the placement of solid material, excavation/grading/earth movement work, and the alteration of the size of a structure, all of which qualify as “development” under the Coastal Act) constitute violations of the Coastal Act and Santa Barbara County’s Local Coastal Program (“LCP”).

I appreciate your willingness to meet with my staff to discuss the issues detailed in the NOV and steps forward, and your stated commitment to working collaboratively and maintaining open dialogue with the Commission. I also thank you for the email message you sent to Commission staff on October 2, 2024, responding to the request made in the NOV and during the October 1 meeting that development immediately cease. This letter confirms that my staff received that email message, providing your assurances that development along Pipelines CA-324 and CA 325 has ceased.

However, Commission staff subsequently received a report that Sable Offshore Corp. (“Sable”) has restarted development along the pipelines, which would be unfortunate

and would materially alter our discussions regarding next steps. I am therefore requesting your assurances that this is not the case and ask that you confirm this by email or telephone **by 2:00pm today (October 4, 2024)**.

I recognize that in your October 2, 2024 email to Commission staff, you stated that Sable will be taking “interim measures necessary to stabilize the sites...” Commission staff acknowledged in the NOV that some measures may be necessary to address the site conditions and prevent harms to coastal resources, wildlife, and/or the public, and requested, during your discussion with Commission staff on both October 1, 2024, and October 3, 2024, that you coordinate with Wes Horn of the Commission’s Energy Division on any such measures, including regarding what actions are to be taken, where they will be taken, and the timing of such measures. I appreciate that you began collaboration during an October 1 in a meeting with Mr. Horn and others, but my understanding is that in that meeting, Mr. Horn emphasized the need for additional information before you commence any site stabilization measures. Commission staff remain available to answer questions you may have, and I hope that we can continue to coordinate in advance of any such work to avoid any misunderstandings or inadvertent additional violations.

In addition, I would like to reiterate the request in the NOV and in subsequent conversations with Commission staff that you confirm that the unpermitted development activities have fully ceased, and that any further measures are conducted safely, effectively, and in a manner that prevents further resource damage. Specifically, I ask that you provide clarification as to: 1) what specific activities constitute “interim measures”; 2) the specific development along the pipeline that was undertaken prior to your cessation of activities; 3) identification of the location of each of these activities; 4) identification of which activities have ceased; 5) identification of proposed steps to be taken to secure the sites; 6) a timeline as to when such “interim measures,” assuming we approve them, will be initiated and fully completed; and 7) any available full-size project plans, including site plan(s) and other applicable plans. If possible, please provide photos of each category so we can more easily understand the current site conditions and work performed, and coordinate steps to resolve the current situation. Please send this information directly to Wesley Horn at Wesley.Horn@coastal.ca.gov, with a copy to Stephanie Cook at Stephanie.Cook@coastal.ca.gov, **no later than 5:00 pm on October 7, 2024**.

Additionally, I reiterate that generally any development that has been undertaken along Pipelines CA-324 and CA-325, within the Coastal Zone, requires a coastal development permit (“CDP”). As Commission staff communicated to you on October 1, any current or future development along Pipelines CA-324 or CA-325 requires authorization by the regulating authority under the Coastal Act. If you intend to continue to undertake development activities along the pipelines, including “interim measures”, we recommend that you submit CDP applications for that work as soon as possible. We also ask that you provide Commission staff with written confirmation of your commitment to apply for a CDP from Santa Barbara County (or the Commission, for any work in the

Commission's jurisdiction) seeking after the fact ("ATF") authorization for work that has already occurred.

As indicated in the NOV, the Commission has several administrative and judicial remedies available to it to respond to unpermitted development, including the ability to issue administrative orders (both cease-and-desist orders and restoration orders), and violations of either the Coastal Act or those orders can result in significant administrative and judicial fines.

Finally, in order to ensure that we are in a position to be able to act quickly in case there is any misunderstanding, this letter also serves as a notice of the Executive Director's intent to issue an Executive Director Cease and Desist Order ("EDCDO") if you fail to provide, in a satisfactory manner, the information and assurances requested above regarding both clarification of operations and commitment to apply for required CDPs. Your willingness to cooperate with the Commission and prompt email regarding suspension of operations would provide assurances that we would not need to issue such an order, and I hope we can continue working with you collaboratively. However, please also be aware that if you fail to comply with the NOV or, if unpermitted development along the pipelines recommences without Coastal Act authorization, you will be in direct violation of the Coastal Act, and I may issue an EDCDO directing you to take cease work immediately and correct the all violations. Such violations may subject Sable to additional fines, and/or action by the Commission itself.

Again, I appreciate your attention and coordination with us in this matter. Please respond to this letter to provide written assurances regarding the cessation of unpermitted development activities **no later than 2:00pm today (October 4, 2024) and follow up with the aforementioned written clarifying information no later than 5:00 pm October 7, 2024.**

If you have any questions regarding enforcement actions detailed in this letter, please direct them to Stephanie Cook at (415) 904-5273 or Stephanie.Cook@Coastal.ca.gov. Additionally, you may send any inquiries or requisite information to:

California Coastal Commission
Attn: Stephanie Cook
455 Market Street, Suite 300
San Francisco, CA 94105

Sincerely,



Kate Huckelbridge
Executive Director

Sable Offshore Corporation

10/04/2024

Page 4 of 4

cc: Cassidy Teufel, CCC, Deputy Director
Lisa Haage, CCC, Chief of Enforcement
Sarah Esmaili, CCC, Senior Attorney
Aaron McLendon, CCC, Deputy Chief of Enforcement
Stephanie Cook, CCC Enforcement Attorney
Alex Helperin, CCC, Assistant Chief Counsel
Wesley Horn, CCC, Environmental Scientist