Katherine Douglas Applicant Supplemental Response # 3

LATE DIST

From:	Jessica.StebbinsBina@lw.com
Sent:	Friday, October 31, 2025 11:17 AM
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Subject:	November 4, 2025 Board of Supervisors Meeting - Applicants' Submissions Sable Offshore
Attachments:	2025.10.31 Nov. 2025 Sable Board Presentation.pdf; ExxonMobil 10.31.25 Written Submission to BOS for 11.4.25 Rehearing.pdf; 2025.10.31 Sable - Supplemental Appeal Response for November 2025 Board Hearing.pdf

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Good morning,

Please find attached Applicants' Sable Offshore Corp., Pacific Pipeline Company, and Pacific Offshore Pipeline Company submission to the Board of Supervisors in connection with the November 4, 2025, Hearing regarding the Application for Change of Owner, Guarantor, and Operator for the Las Flores Pipeline System Lines CA-324 and CA-325 A/B; Application for Change of Owner, Guarantor, and Operator for the POPCO Facilities; and Application for Change of Owner, Guarantor, and Operator for the Santa Ynez Unit, as well as Applicants' planned presentation to the Board at the hearing. I am also attaching an additional letter from the ExxonMobil affiliates that currently hold the permits at issue.

Hard copies of all documents will be delivered this afternoon.

We would appreciate your confirming receipt.

Please don't hesitate to reach out with any questions.

Best regards,

Jessica Stebbins Bina

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October 31, 2025

County of Santa Barbara
Office of the Clerk of the Board
105 E. Anapamu Street, Room 407
Santa Barbara, CA 93101
sbcob@countyofsb.org

Re: Response to Appeals of Planning Commission Approval of Change of Owner, Guarantor, and Operator for the Santa Ynez Unit, Pacific Offshore Pipeline Company Gas Plant, and Las Flores Pipeline System

On behalf of Sable Offshore Corp. ("Sable"), Pacific Pipeline Company ("PPC"), and Pacific Offshore Pipeline Company ("POPCO"), the applicants (collectively, the "Applicants") for the Change of Owner, Guarantor, and Operator for the Las Flores Pipeline System ("Pipeline"), the Pacific Offshore Pipeline Company Gas Plant ("POPCO Facilities"), and the Santa Ynez Unit ("SYU") (collectively, the "Facilities," and the approvals, the "Transfers"), we write to provide additional information regarding the appeals of the County Planning Commission's ("Planning Commission") October 30, 2024, approval of the Transfers (the "Appeals"). The Appeals are again before the Board of Supervisors (the "Board") following the Board's 2-to-2 tie vote at the February 25, 2025 hearing and the subsequent litigation, resulting in a court order confirming that the Board's authority in considering the Transfers is limited by the text of Santa Barbara County Code ("County Code") Chapter 25B. The Appeals, which are the same appeals considered at the February 25, 2025, hearing, allege that the Planning Commission erred in approving the Transfers and request this Board's review of the Applicants' requests. As confirmed by County staff and detailed below, the Planning Commission acted appropriately in approving the Transfers based on the requirements of the County Code and the evidence in the County's record. Thus, consistent with the County staff's initial recommendation, the Planning Commission's approval, and staff's current recommendation, the Applicants respectfully request that the Board deny the Appeals, adopt the proposed findings ("October 2025 Proposed Findings"), and approve the Transfers.

I. OVERVIEW

This Board has been ordered by the U.S. District Court for the Central District of California to "affirm, reverse, or modify" the Planning Commission's approval of the Transfers, and, in doing so, to "comply with the requirements of Chapter 25B." (Sept. 12, 2025, Order re Cross-Motions for Summary Judgment ("Order re Cross-Motions for Summary Judgment"), p. 25, n. 17 attached

as Ex. 1.) As this Board recognized in 2023 when it approved a substantially similar application,[1] County Code Chapter 25B sets forth a narrow and straightforward process by which the County formalizes the transfer of County permits from one owner, operator, or guarantor of County-permitted oil and gas facilities to another. By design, this process is narrow and mandatory: "Upon making the findings listed in Sec. 25B-10.1, the planning commission *shall* approve the change of operator." (County Code §§ 25B-10(b) [emphasis added]; 25B-9(g) [same for change of owner and guarantor].) The Applicants have met the County Code's requirements, as was confirmed by County staff in their recommendation to the Planning Commission that the Transfers be approved, and the Planning Commission correctly made the findings for approval of the Transfers on November 4, 2024 (the "Commission Findings").

In its September 12, 2025, Order in *Sable Offshore Corp. v. County of Santa Barbara*, Case No. 2:25-cv-04165-DMG-AGR (the "Litigation"), the court held that the Board's duty to affirm, reverse or modify the Planning Commission's decision approving the Transfers "is ***mandatory*** and ***ministerial***." (Order re Cross Motions for Summary Judgment (Ex 1), p. 21.)[2] In explaining its holding, the court cited its authority to "compel the Board to *exercise* its discretion" until this Board "reaches a determination in compliance with the requirements of Chapter 25B . . ." (*Id.* at 23 [emphasis in original].) The court's order requires that the Board's decision be "tethered to the factual findings under Chapter 25B-8, 9, and 10. . ." (*Id.* at 24.) Accordingly, this Board may not deny the Appeals merely because some Supervisors believe that "restarting the facilities and pipeline [is] . . . an 'insane' and 'bad' idea" or because preventing "restart" is the "'right thing to do'"—examples specifically cited by the court as insufficient justification for a decision. (*Id.* at 25, n. 17.) Such considerations are beyond the scope of the County Code.

The scope of the Board's authority in relation to the Transfers is narrowly prescribed by the requirements of Chapter 25B, and the Applicants have fully satisfied them. As was the case at the February 25, 2025, hearing, Appellants have not identified any actual deficiencies in the Applicants' applications or the Commission Findings. Instead, Appellants, as well as other public commenters, seek to transform this simple permit transfer process into a full-blown trial on the future of oil operations in Santa Barbara County far exceeding the County's Chapter 25B jurisdiction. The Facilities are fully permitted. And regulation of oil extraction, oil processing, and oil pipelines is governed by federal and state law, which preempts the Board from considering the issues raised by Appellants. In fact, the Board recognized the narrow scope of its role with respect to Chapter 25B in September 2023, when it denied a substantially similar appeal against the previous change of owner, guarantor, and operator, of some of the same facilities, under the same County Code requirements. (2023 Board Approval (Ex. 2).)

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[1] County of Santa Barbara Board of Supervisors Action Letter for the Appeal of the Change of Ownership, Change of Guarantor, and Change of Operator of the Las Flores Pipeline System (formerly AAPL Lines 901/903); 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz; 85-DP-66cz; 83-DP-25cz) (Case No. 23APL-00027), Sept. 19, 2023 ("2023 Board Approval"), attached as Ex. 2.

[2] In the Litigation, the environmental groups Environmental Defense Center ("EDC"), Get Oil Out! ("GOO!"), Santa Barbara County Action Network ("SBCAN"), Sierra Club, and Santa Barbara Channelkeeper ("SBCK") (collectively, "Intervenors") intervened. One of the Appeals before the Board was brought by Intervenors EDC, GOO!, and SBCAN.

Appellants continue to invite error by urging the Board to arbitrarily consider factors beyond Chapter 25B, which would contravene the court's order, rather than apply the Code as written. Accordingly, the Applicants devote the majority of this submission to reconfirming the Applicants' compliance with the relevant portions of the County Code and the mandatory nature of the Board's review. However, the Applicants recognize that Appellants have raised issues that, while not appropriate for consideration under Chapter 25B, may nonetheless be matters that the Board wishes to understand more fully. Accordingly, and without waiver of its position that the Board would act in excess of its jurisdiction were it to grant the Appeals based on such matters, the Applicants also endeavor to address the other issues raised in the Appeals.

Ultimately, there is only one outcome consistent with the Board's duties under the County Code, and it is the outcome adopted already by the Planning Commission: the Transfers should be approved, and the Appeals should be denied in their entirety.

II. BACKGROUND ON FACILITIES INVOLVED

The Facilities are existing permitted facilities authorized to treat and transport crude oil and natural gas from offshore platforms in the Santa Barbara Channel. Following the procedures set forth in Chapter 25B, the Applicants applied for and the Planning Commission approved the Transfers for the Facilities in a manner that is fully consistent with the County's last approval transferring owner, guarantor, and operator status for the Facilities.

A. The Las Flores Pipeline System

The Pipeline is authorized under County Final Development Plan Permits ("FDP") 88-DPF-033 (RV01)z, 88-CP-60 (RV01), 88-DPF-25cz, 85-DP-66cz, and 83-DP-25cz. The Pipeline is a crude oil pipeline that generally runs from the Gaviota Coast to the Kern County boundary. The Planning Commission approved, and in September 2023 this Board affirmed, a Change of Owner, Guarantor, and Operator for the Pipeline that transferred owner, guarantor, and operator status from Plains Pipeline L.P. to Pacific Pipeline Company ("PPC"), Exxon Mobil Corporation ("ExxonMobil"), and ExxonMobil Pipeline Company ("EMPCo"), respectively. (2023 Board Approval (Ex. 2).)

In the instant case, the Planning Commission, following the same County Code criteria confirmed by both the Planning Commission and this Board in 2023 to be binding and applicable, approved a Change of Guarantor and Operator of the Pipeline from ExxonMobil to Sable. PPC remains the legal owner of the Pipeline, with ownership and control of PPC changing from ExxonMobil to Sable.[3]

[3] The Planning Commission did not consider the transfer of ownership of PPC and POPCO, as both companies remain the owner of their respective facilities; however, the Applicants' applications addressed both transfers and demonstrated that the Chapter 25B criteria were fully met with respect to PPC and POPCO, as well. (Planning Commission Hearing Staff Report for a Change of Owner, Operator, and Guarantor for the Santa Ynez Unit, POPCO Gas Plant, and Las Flores Pipeline System Final Development Plan Permits, Oct. 22, 2024 ("Commission Hearing Staff Report"), attached as Ex. 3, p. 2; *see also* Application Materials and Responses to Letters of Incompleteness.)

B. POPCO Facilities

The POPCO Facilities are authorized under County FDP 93-FDP-015 and 74-CP-ll (RVl). The Planning Commission approved a Change of Guarantor and Operator of the POPCO Facilities from ExxonMobil to Sable. The POPCO Facilities are onshore oil and gas processing facilities located in the Las Flores Canyon. POPCO remains the legal owner of the POPCO Facilities, with ownership and control of POPCO changing from ExxonMobil to Sable.[4]

C. Santa Ynez Unit

The SYU is authorized under County FDP 87-DP-32cz (modified on July 25, 2001, with 87-DP-032cz (RV05) Synergy Project) (modified on Feb. 19, 2003, with 87-DP-032cz (RV06) Offshore Power Cable Repair & Enhancement Project). The SYU is comprised of the onshore components connecting offshore platforms Hondo, Harmony, and Heritage to the associated onshore processing facilities. The Planning Commission approved a Change of Owner, Guarantor, and Operator of the SYU from ExxonMobil to Sable.

III. COUNTY'S NARROW AUTHORITY

The Board has been ordered by the U.S. District Court for the Central District of California to make a determination on the Appeals "in compliance with the requirements of Chapter 25B." (Order re Cross-Motions for Summary Judgment (Ex. 1), p. 25, n. 17.) As such, the Board may not consider extra-jurisdictional factors outside the narrow scope of Chapter 25B to justify its decision. Chapter 25B outlines the straightforward inquiry that the County must undertake when evaluating a requested change of owner, operator, or guarantor of certain oil and gas facilities subject to a County FDP. Specifically, Sections 25B-9 and 25B-10 detail the findings that must be made, which are limited to compliance with discrete County-imposed requirements. The Code requires that,"[u]pon making the findings listed in [Section 25B-10(a)], the planning commission ***shall*** approve the change of operator." (County Code §§ 25B-10(b) [emphasis added]; 25B-9(g) [for change of owner or guarantor: "upon making the findings listed in Sec. 25B-9.1 to 9.6 the director ***shall*** approve the change of owner, operator, or guarantor" (emphasis added)[5]].)

The same is true with respect to this Board's review. (County Code § 25B-12(b)(4).) Consistent with this framework, the court specifically mandated that the Board's decision must be limited and "tethered to the factual findings under Chapter 25B-8, 9, and 10." (Order re Cross-Motions for Summary Judgment (Ex 1), p. 24.) Anything beyond this inquiry would conflict with the court's order.

Staff wrongly asserts in the October 24, 2025, Board Letter that the Transfers are subject to "discretionary review in accordance with County Code Chapter 25B." (October 24, 2025,

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[4] The POPCO Facilities and SYU were not transferred to ExxonMobil in 2023, as ExxonMobil already owned and operated them.

[5] *See* County Code § 25B-8(c) (authorizing Planning Commission review of combined applications "that include a component under the director's jurisdiction and another component under the planning commission's jurisdiction").

Board Letter for the November 4, 2025, Hearing ("October 2025 Board Letter") at p. 2.) This is incorrect. In the Litigation, the County acknowledged that Chapter 25B involves ministerial elements "that function like a checklist and require little judgment. . ." (Excerpts from Aug. 1, 2025 County Response to MSJ, pp. 8, 19, attached as Ex. 9) Likewise, the County admitted that "County staff has stated that the County's role in the FDP Transfers under Chapter 25B is to determine whether applications are consistent with Chapter 25B and whether the findings for approval can be made." (Excerpts from Aug. 1, 2025 Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 16-17.) As detailed below and as confirmed by the Commission Findings and staff recommendations to the Board, the Applicants have complied with all Chapter 25B requirements, and all the Findings were properly made.

IV. PROCEDURAL BACKGROUND

On February 14, 2024, the Applicants acquired full ownership of PPC and POPCO, including the Pipeline and POPCO Facilities, along with the SYU. On March 14, 2024, the Applicants submitted applications to the County to authorize the change of owner, operator, and guarantor for the Facilities pursuant to Chapter 25B. After working collaboratively with the Applicants, County staff determined the applications to be complete and recommended that the Planning Commission approve the Transfers. (Commission Hearing Staff Report (Ex. 3), pp. 2-3.) After a lengthy and thorough hearing—lasting approximately six hours—on October 30, 2024, the Planning Commission made the Findings and approved the Transfers by a vote of 3 to 1.[6]

The Center for Biological Diversity and Wishtoyo Foundation ("CBD Appellants") filed an appeal (the "CBD Appeal"), and the Environmental Defense Center, Get Oil Out!, and Santa Barbara County Action Network ("EDC Appellants") (together with the CBD Appellants, "Appellants") filed a separate appeal (the "EDC Appeal") (collectively, the "Appeals").

On February 20, 2025, County staff issued the board letter and staff presentation (respectively, the "February 2025 Board Letter" and "February 2025 Staff Presentation"), recommending the Board: (1) deny the Appeals, (2) make the necessary findings for approval, (3) find the Transfers are not a "project" under the California Environmental Quality Act ("CEQA"), and (4) grant *de novo* approval of the Transfers.

The Board hearing took place on February 25, 2025. In accordance with her longstanding practice, Supervisor Hartmann recused herself from the vote, stating that she has a conflict of

[6] The Planning Commission reviewed materials presented by Appellants and heard hours of testimony, including from Appellants, before making a determination on the Transfers. In deliberations, Commissioner Martinez stated, "I can appreciate every single word that's being said out there, because I do want to hear them. I do read them." (Excerpts from October 30, 2024, Planning Commission Hearing Transcript ("Excerpts from Commission Hearing Transcript"), attached as Ex. 5, p. 145.) Commissioner Reed noted, "I had concerns … they've been satisfied, based on the public comment, and so far, other information I have heard." (*Id.*, p. 148.)

interest because the Pipeline runs through her property.[7] After several hours of public comments, the four remaining Board members failed to reach a majority decision on the appeals, resulting in a 2-to-2 split vote. Subsequently, the County refused to transfer the FDPs, leaving the Applicants in an administrative and legal limbo.

On May 8, 2025, the Applicants and ExxonMobil, EMPCo, and Mobil Pacific Pipeline Company ("MPPC") (collectively, "Petitioners") filed a Verified Petition for Writ of Mandate and Complaint for Declaratory and Damages in the U.S. District Court, Central District of California, against the County and Board alleging, among other claims, that the County failed to comply with Chapter 25B by failing to act on the appeals. (*Sable Offshore Corp. v. County of Santa Barbara*, Case No. 2:25-cv-04165-DMG-AGR). On September 12, 2025, following a hearing on cross-motions for summary judgment, the court issued a peremptory writ of mandate ordering the Board to hold a new hearing to affirm, reverse, or modify the Planning Commission's decision in compliance with Chapter 25B. In its order, the court explained that in deciding the Appeals, the Supervisors must comply with the requirements of Chapter 25B. If the Board fails to act on the Appeals again, the court has mandated that it must hold a new hearing every 45 days until it reaches a decision in compliance with Chapter 25B.

V. BACKGROUND ON SABLE, PPC, AND POPCO

As previously explained in the Applicants' February 21, 2025, submission to the Board in connection with the prior Board hearing on the Appeals, Sable is managed by James C. Flores and a management team that have extensive experience in the oil and gas exploration and production business.[8] Sable's management team prides itself on their strong record of operating safely and successfully in many jurisdictions, including California and the Pacific Region of the Outer Continental Shelf. The Sable team has received numerous awards for operational excellence, national industry leadership, employee safety, occupational excellence, environmental lease maintenance, clean lease, operator of the year, and best management practices in habitat conservation from several agencies, such as the National Safety Council, the California Department of Conservation Division of Geologic Energy Management, and the U.S. Bureau of Land Management. Specific to the County, a company operated by this management team was awarded the County's first and only "Resolution for Good Operator" recognition for outstanding

[7] In addition to recusing herself from the February 25, 2025 Board hearing involving the Appeal of the Sable Offshore Corp.'s Change of Owner, Operator, and Guarantor of the Santa Ynez Unit, POPCO Gas Plant, and Las Flores Pipeline System Final Development Plan Permits, Supervisor Hartmann formally recused herself from the August 2023 hearing on an appeal from the Planning Commission's denial of PPC's proposal to install legally required safety valves on the Pipeline. She also recused herself from the September 19, 2023 hearing involving the Appeal of the Planning Commission Approval of the Change of Ownership, Change of Guarantor, and Change of Operator for the Las Flores Pipeline System (formerly Plains All American Lines 901/903) ("2023 Permit Transfer Appeal"), where the Board affirmed the Planning Commission's approval. On October 30, 2025, the Applicants submitted letters to County Counsel and the Supervisors requesting that Supervisor Hartmann and Chair Capps recuse themselves from the November 4, 2025 hearing to ensure a fair and impartial hearing. The letters are attached hereto as Ex. 6 (Hartmann) and Ex. 7. (Capps).

[8] *See* Sable Executive Management Profile, attached as Ex. 8.

operator performance and a County Commendation for outstanding maintenance. (Commission Hearing Staff Report (Ex. 3), pp. 23-24.)

The Sable management team and personnel have extensive experience operating in the Pacific Ocean, onshore in California, and off the coast of Texas and Louisiana. Sable's CEO and Chief Operating Officer have managed oil and gas exploration and production assets in these areas together for more than 30 years. (Commission Findings, pp. 6, 13.) Sable's upper management team has extensive previous experience managing the Point Pedernales and Point Arguello Facilities also located in Santa Barbara County. (*Id*.) Operations previously supervised by Sable's management team include Platform Irene, the Lompoc Oil & Gas Plant and associated pipelines, Platforms Harvest, Hidalgo, Hermosa and the Gaviota Oil & Gas Plant and associated pipelines, as well as onshore operations in the Bakersfield and Los Angeles areas.

Further, the vast majority of the 48 experienced operations personnel responsible for overseeing operations at the Facilities transferred from ExxonMobil to Sable when Sable acquired the Facilities. These personnel have an average industry experience level of 20 years, helping to ensure a smooth transition. Sable's onsite management team, including the Construction Manager, the Senior Regulatory and Compliance Supervisor, the Senior Health, Safety & Environment Supervisor, the Production & Maintenance Manager, the Plant Superintendent, and the Plant Foremen have all transferred over from the same or similar leadership roles at the Las Flores Canyon Facilities under ExxonMobil—these key onsite employees have an average of 23 years of experience in the oil and gas industry, and an average of 21 years of service at the Las Flores Canyon Facilities specifically. (*Id*.)

VI. PREEMPTION LIMITS ON COUNTY AUTHORITY

In the Litigation, the County claimed that only one provision of Chapter 25B allows for any exercise of discretion—the "operator capability" finding at Section 25B-10(a)(9), which the County claimed calls for the exercise of discretion. (*See* Excerpts from Aug. 1, 2025, County Response to MSJ (Ex. 9), p. 19.) The Applicants do not agree that the "operator capability" finding allows for any discretion. As explained in detail below, any suggested discretion associated with the "operator capability" finding is preempted with respect to the Pipeline, and any remaining County review of operator capability provided for in Chapter 25B is ministerial. Appellants have argued that this "operator capability" provision may be used to evaluate whether or not the Applicants can safely operate the Pipeline. (EDC Appeal, Attachment, pp. 4, 5, 6, 27, 28 [alleging that with respect to Section 25B-10(a)(9), "Sable's management team cannot be relied on to safely operate these facilities"].) However, any review of "operator capability" by the County is wholly preempted with respect to the Pipeline, and the Board cannot grant the Appeals based on any "operator capability findings" related to the Pipeline. Under well-established preemption principles, a local enactment is void if it duplicates, contradicts, or invades a field fully occupied by general law. (*Chevron U.S.A. Inc. v. County of Monterey* (2023) 15 Cal.5th 135, 143-46.) Here, federal and state law fully occupy the field in the areas of pipeline safety, pipeline operations, and pipeline operator financial responsibility, and therefore preempt the County from directly or indirectly (by failing to take mandatory ministerial actions) regulating those areas.

A. Blanket Preemption With Respect to Pipeline Safety under HLPSA

Federal law, through the Hazardous Liquid Pipeline Safety Act ("HLPSA"), 49 U.S.C. §§ 60101–60143, vests exclusive authority over pipeline safety in the Pipeline and Hazardous Materials Safety Administration ("PHMSA"). The HLPSA expressly preempts any state or local attempt to impose additional or different safety standards on interstate pipelines, and it permits regulation of intrastate pipelines only by a single state agency certified by PHMSA. (49 C.F.R. § 195 app. A (2024).) Courts have consistently rejected local efforts to impose their own safety requirements in this area. (*See Sneddon v. Torch Energy Servs.* (2002) 102 Cal.App.4th 181, 187 [HLPSA preempts local regulation of pipeline safety]; *Olympic Pipe Line Co. v. City of Seattle* (9th Cir. 2006) 437 F.3d 872, 880 [invalidating local safety conditions as preempted].) California has accepted PHMSA's delegation of authority for intrastate pipelines through the Elder California Pipeline Safety Act (Gov. Code §§ 51010-51019.1) ("Elder Act"), which provides the Office of the State Fire Marshal ("OSFM") with "exclusive safety regulatory and enforcement authority over intrastate hazardous liquid pipelines." (Gov. Code § 51010.) The Act further directs OSFM to adopt procedures for maintaining, testing, and inspecting pipelines and mainline valves, which further occupy the field. (*Id.* § 51015.4(c).) Because OSFM's jurisdiction is exclusive, counties are precluded from imposing their own safety or design requirements. (*Sneddon*, 102 Cal.App.4th at 187.)

As explained in *Olympic Pipe Line Co.*, the purpose of the HLPSA is to "provide adequate protection against risks to life and property posed by pipeline transportation and pipeline facilities by improving the regulatory and enforcement authority of the Secretary of Transportation." (437 F.3d at 877-78 [citing 49 U.S.C. § 60102(a)(1)].) "Federal legislation seeks to provide 'a national hazardous liquid pipeline safety program with nationally uniform minimal standards and with enforcement administered through a Federal–State partnership.'" (*Id.* [citing 49 C.F.R. pt. 195, app. A].) State authorities are accordingly not permitted to adopt any regulations related to intrastate pipelines unless they are certified under HLPSA section 60105(a). (*Id.* at 878-79.)

This prohibition is absolute: local agencies like the County are not permitted to evaluate whether or not the Applicants can operate the Pipeline safely. Such evaluations are preempted in their entirety. Thus, to the extent Chapter 25B could be interpreted to allow the County to evaluate, impose conditions upon, or otherwise regulate Pipeline safety and operations, it is preempted and void.

The Board is also preempted from conditioning or denying the Transfers based on concerns about the timing or conditions associated with the flow of oil through the Pipeline. The Elder Act assigns to OSFM exclusive authority to review an operator's risk analysis and implementation plan and assess a pipeline's fitness for petroleum transportation. (*See* Gov. Code §§ 51010, 51013.1(c) [authorizing OSFM to adopt regulations providing "a process to assess the adequacy of the operator's risk analysis"]; 19 C.C.R. §§ 2000-2120 [regulations include defining automatic shutoff systems, creating a process to assess the adequacy of the operator's risk analysis, creating a process by which an operator may request confidential treatment of information submitted in the plan, and determining how near to an environmentally and ecologically sensitive area a pipeline must be to be subject to the requirements of Section 51013.1 regarding installing best available technology to minimize oil spill risk].)

The County acknowledged and affirmed these limitations in a settlement agreement with a prior operator related to Pipeline operation. Pursuant to this 1988 Settlement Agreement between the County and Celeron/All American, the "County shall have no authority over the design, construction and operation of [the Pipeline]" except as outlined in that agreement. (Settlement Agreement between the Celeron Pipeline Company of California and County of Santa Barbara, Feb. 8, 1988 ("Celeron Settlement"), attached as Ex. 10, Sec. 2.2.) The County further confirmed its absence of jurisdiction in the Litigation. The County admitted that it is "[u]ndisputed" that the "[Celeron] settlement agreement . . . confirmed the County's lack of jurisdiction over pipeline." (Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 17-18.) The Celeron Agreement confirms that the County lacks the ability to evaluate or condition Pipeline safety beyond what was provided for in the settlement agreement. (Celeron Settlement (Ex. 10), Sec. 2.3.)

Consistent with these well-established principles, County staff has admitted on multiple occasions that the "County has no authority to oversee [such] state and federal safety and restart requirements." (February 2025 Board Letter, p. 13; Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), p. 98 [County admission in the Litigation that it is "undisputed" that staff has stated that "the County has no authority to oversee [such] state and federal safety and restart requirements"]; *id*. at pp. 52-53 [County admission that staff stated that the Settlement Agreement "determined that the County does not have the jurisdiction to regulate any aspect of the design, construction, or operation of the pipeline that is already covered under [federal law]"].) Therefore, the County cannot grant the Appeals based on any evaluation of Pipeline "operator capability" with respect to the Pipeline.

B. Preemption With Respect to Financial Responsibility

The County is likewise preempted with respect to assessing the Applicants' financial responsibility with respect to potential oil spill prevention and response capabilities. The California Department of Fish and Wildlife Office of Spill Prevention and Response ("OSPR") is vested with exclusive authority to set and enforce evidence-of-financial-responsibility requirements for operators of oil pipelines. (Gov. Code §§ 8670.37.51, 8670.37.53, 8670.37.54.) These statutes establish a comprehensive regime for Certificates of Financial Responsibility ("COFRs"), leaving no room for local governments to impose additional or different requirements.

Government Code sections 8670.37.51, 8670.37.53, and 8670.37.54 provide that OSPR "shall" set and enforce evidence-of-financial-responsibility requirements and prescribe the amount, form, and oversight of COFRs. The Legislature's mandatory language and the statute's detailed scheme confirm that the field is fully occupied, leaving no room for local regulation. Further, County staff has admitted that Chapter 25B is "limited to ensuring facility fees are paid, and insurance, bonds, and financial guarantees reflect [the] new permittee." (February 2025 Staff Presentation, p. 10.) Staff also confirmed that the Applicants had satisfied these requirements by submitting the COFR for the SYU, which OSPR accepted, and that the County "cannot require financial documents where not already required." (February 2025 Staff Presentation pp. 7, 10; Aug. 1, 2025 Excerpts from Memorandum Responding to Petitioner's Statement of

Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 95-96 [County admission in the Litigation that it is "undisputed" that staff has stated with respect to COFRs that Chapter 25B is limited to ensuring facility fees are paid and that insurance, bonds, and financial guarantees reflect the new permittee].) Thus, the County is preempted from requiring additional or alternative evidence of financial responsibility as part of any evaluation of "operator capability."

C. Other Preemption

In addition, the State Lands Commission regulates oil and gas production operations on State tide and submerged lands. (2 C.C.R. § 2129(a).) Similarly, the California Department of Industrial Relations – Division of Occupational Safety and Health ("Cal/OSHA") establishes minimum safety standards for drilling, production, refining, and transportation of petroleum products. (8 C.C.R. §§ 6502, 6750.) And oil and gas operations in federal waters are regulated by the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement. (43 U.S.C. § 1331; 30 C.F.R. § 550.101.) These regulations completely "occupy the field" and preempt local regulation of oil and gas production, pipeline operations, and safety work.

Thus, the County is preempted by a comprehensive federal and state regulatory scheme that vests the federal and state government with exclusive jurisdiction over pipeline safety, design and the flow of oil through the Pipeline and with respect to financial responsibility for spill response.

VII. TRANSFERS MEET ALL REQUIREMENTS AND MUST BE APPROVED

The County's inquiry when determining whether to approve or deny a change of owner, operator, or guarantor is limited to determining conformity with County-imposed requirements under Chapter 25B and further limited by the preemption doctrines outlined above. Chapter 25B imposes a total of nine requirements that overlap for owner (five requirements), guarantor (one requirement), and operator (nine requirements). Each of the nine requirements are ministerial, requiring the Planning Commission to apply "fixed standards" to determine "objective" facts, such as whether fees have been paid or documents provided, or whether Sable is in conformity with various County requirements. (*Health First v. March Joint Powers Auth*. (2009) 174 Cal.App.4th 1135, 1143.) Upon making the findings, Chapter 25B mandates that "the planning commission ***shall*** approve the change" of operator, owner, or guarantor. (County Code §§ 25B-10(b); 25B-9(g); 25B-8(c).)

At the October 30, 2024, hearing, the Planning Commission made the required determination with respect to each of its Findings and granted approval of the Transfers. Each of the Commission Findings, summarized below, should be affirmed.

A. Fees and Exactions (County Code § 25B-9(a)(1), 25B-10(a)(1)) (Owner, Operator)

To make this finding, the County must determine whether "all outstanding County-required fees and exactions due for the facility have been paid." (County Code §§ 25B-9(a)(1), 25B-10(a)(1).)

This requirement has been met. As the Planning Commission correctly found, and the February 2025 Board Letter, Staff Presentation, and the October 2025 Proposed Findings confirm, "the requirements of this finding are satisfied" and there are "no outstanding payments" due for the Facilities. (Commission Findings, pp. 1, 3, 7, 10; February 2025 Board Letter, p. 16; February 2025 Staff Presentation, p. 6; October 2025 Proposed Findings, pp. 1, 3-4, 7, 12.) Planning staff consulted with other County staff to confirm that no outstanding payments are due and that there were no related planning or compliance cases requiring fees or exactions that have not yet been paid. (*Id.*)

B. Financial Instruments (County Code § 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2)) (Owner, Operator, Guarantor)

To make this finding, the County must determine that "all 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 have been updated, if necessary, *to reflect the new operator and will remain in full effect following the operator change*." (County Code §§ 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2) [emphasis added].)

This requirement has been met. As the Planning Commission correctly found, and the Board Letter, Staff Presentation, and October 2025 Proposed Findings confirm, all previously required bonds and endowments under the FDPs have been satisfied. (Commission Findings, pp. 2, 4, 6-7, 9-10; February 2025 Board Letter, pp. 4-5, 16; February 2025 Staff Presentation, pp. 6, 8, 10; October 2025 Proposed Findings, pp. 1-2, 4, 8, 12.) The Planning Commission further correctly found that the only other County-imposed financial obligations contained in the FDPs would only be triggered upon the permanent closure of the respective Facilities. (Commission Findings, pp. 2, 6-7, 9-10; February 2025 Staff Presentation at 10; October 2025 Proposed Findings, pp. 1-2, 4, 8, 12.) As none of the Facilities have permanently closed, the Planning Commission correctly determined that the requirements of this finding have been satisfied.

While this is all that is required for the County's Findings, the Facilities nevertheless are subject to separate and distinct financial responsibility requirements set forth by OSPR. (*See* Gov. Code § 8670.37.53.) OSPR has certified that the Applicants have sufficient financial resources to cover the costs of response for any "worst-case scenario" spill. (Commission Hearing Staff Report (Ex. 3), p. 11.) The Applicants have also met OSPR's requirements by demonstrating financial responsibility of up to $101 million—the maximum statutory amount—for each of the three Facilities.[9] (*Id.*)

[9] As explained at the Planning Commission hearing, the Applicants have insurance covering the Facilities in a far greater amount—over $400 million——(which has been increased to $700 million subsequent to the hearing) but the OSPR maximum for certification is $101 million. (Excerpts from Commission Hearing Transcript (Ex. 5), p. 11.)

C. Permit Obligations Acceptance (County Code § 25B-9(a)(3), 25B-10(a)(3)) (Owner, Operator)

To make this finding, the County must confirm that "the proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit." (County Code §§ 25B-9(a)(3), 25B-10(a)(3).)

This requirement has been met, and the Planning Commission correctly found that the requirements of this finding were satisfied. (Commission Findings, pp. 2, 4, 7, 10; February 2025 Board Letter, p. 16; February 2025 Staff Presentation at 6; October 2025 Proposed Findings, pp. 2, 4, 8, 12-13.) The Applicants provided the County with a signed Agreement to Comply with Conditions of Approval for each of the Facilities dated March 14, 2024, accepting all conditions and requirements of each of the FDPs. (Agreements to Comply with Conditions of Approval (Mar. 14, 2024), attached as Ex. 11.)

D. Copy of Safety Audit (County Code § 25B-9(a)(4), 25B-10(a)(4)) (Owner, Operator)

To make this finding, the County must confirm that the "current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the proposed new operator." (County Code §§ 25B-9(a)(4), 25B-10(a)(4).)

This requirement has been met, and the Planning Commission correctly determined that this finding had been satisfied and that copies of the necessary audit information had been provided by ExxonMobil to Sable as the new owner/operator. (Commission Findings, pp. 2, 4, 8, 11; February 2025 Board Letter, p. 16; February 2025 Staff Presentation at 6; October 2025 Proposed Findings, pp. 2-4, 8-9, 13.) Related to the SYU and POPCO, the Planning Commission determined that the County's Systems Safety & Reliability Review Committee had deferred annual audits until the flow of oil through the Pipeline resumed. (Commission Findings, p. 2.) Related to the Pipeline, the Planning Commission noted that the Celeron Settlement "determined that the County does not have the jurisdiction to regulate any aspect of the design, construction, or operation of the pipeline." (*Id.*, p. 11.) While no County-conducted safety audits are required for the Pipeline, safety audit information from PHMSA and OSFM safety audits from 2018 to 2023 were provided to the County and Applicants. (*Id.*)

E. Compliance with Permit Requirements as of Application Date (County Code § 25B-9(a)(5), 25B-10(a)(5)) (Owner, Operator)

To make this finding, the County must determine that, "[a]s of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit." (County Code §§ 25B-9(a)(5), 25B-10(a)(5).)

This requirement has been met. The County determined that the application was complete on July 30, 2024. The Planning Commission correctly determined, and the February 2025 Board Letter and February 2025 Staff Presentation confirm, that this requirement was satisfied, as the owner/operator "is in compliance with all requirements of the FDP" and "[n]o notices of violation

had been issued" by the County as of July 30, 2024. (Commission Findings, pp. 3, 8; February 2025 Board Letter, pp. 7-8; 16; February 2025 Staff Presentation, pp. 6, 11; October 2025 Proposed Findings, pp. 3-4, 9, 13-14.)

F. Updated Contact Information on Safety Plans (County Code § 25B-10(a)(6)) (Operator)

To make this finding, the County must confirm that the "***current owner and proposed operator have updated***, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, ***with current emergency contact information pertaining to the new operator***." (County Code § 25B-10(a)(6) [emphasis added].) The inquiry is limited to the *contact information* listed in these plans and does not entail the review or evaluation of substantive contents contained within the plans.

This requirement has been met. With respect to the SYU, Sable submitted all major Compliance Plans (e.g., Fire Protection Plan, Emergency Response Plan, etc.), which were reviewed by County staff, the Santa Barbara County Systems Safety & Reliability Review Committee ("SSRRC"), the County Fire Department, and/or P&D Energy Division's consultant, where appropriate. (Commission Hearing Staff Report (Ex. 3), pp. 16-17.) For the POPCO Facilities, POPCO and Sable have submitted all major Compliance Plans, which are integrated between the two entities. (*Id.*, p. 28.) With respect to the Pipeline, PPC and Sable submitted all major Compliance Plans, which, like the SYU, were reviewed by SSRRC, the County Fire Department, and P&D Energy Division's consultant, where appropriate. (*Id.*, p. 35.) The following list of Compliance Plans, by facility, were submitted to the County. (*Id.*)

Facility	**Plan**[10]
Las Flores Pipeline	Las Flores Pipelines Integrated Contingency Plan (dated February 2024)
	Las Flores Pipelines Noise Monitoring and Control Plan (dated April 2024)
	Las Flores Pipelines Pump Station Fire Protection Plan
	Las Flores Pipelines SIMQAP (dated June 2024)
	Las Flores Pipelines Site Security Plan (dated April 2024)
SYU/POPCO	SYU/POPCO Emergency Response Plan (dated June 2024)
	SYU/POPCO Fire Protection Plan (dated August 13, 2024)
	SYU/POPCO Groundwater Management Plan (dated July 2024)
	SYU/POPCO Integrated Noise Monitoring Plan (dated April 2024)
	SYU/POPCO NGL Inventory Management Plan
	SYU/POPCO Preservation Plan (dated 4Q2022)
	SYU/POPCO Security Control Plan (dated July 2024)

[10] Available at https://cosantabarbara.app.box.com/s/wzk06i8dw18ow6f32xz1bznrf3v0teid.

	SYU/POPCO SIMQAP (dated June 2024)
	SYU/POPCO Transportation Risk Management and Prevention Program (TRMPP) (dated April 2024)
	Santa Barbara Harbor Use Plan (dated May 2, 2024)

The Planning Commission correctly determined that "all relevant compliance plans have been updated with the current emergency contact information" for the Applicants as required by the County Code. (Commission Findings, pp. 4-5, 8, 11; February 2025 Staff Presentation, p. 6; October 2025 Proposed Findings, pp. 4-5, 9-10, 14.)

G. Approved Transitional Plan (County Code § 25B-10(a)(7)) (Operator)

To make this finding, the County must confirm that the current owner/operator and proposed operator "have submitted a transitional plan that will demonstrate that the proposed operator shall receive adequate training" to develop good working knowledge of the transferring facilities. (County Code § 25B-10(a)(7).)

This requirement has been met. On October 22, 2024, the Applicants submitted comprehensive Transition Plans, dated July 2024, and the Planning Commission correctly determined that this requirement was satisfied. (Commission Findings, pp. 5, 8, 12; February 2025 Board Letter, p. 16; February 2025 Staff Presentation, p. 6; October 2025 Proposed Findings, pp. 5-6, 10-11, 14-15.) PPC is also bound by the Consent Decree between the former owner Plains Pipeline L.P. and several state and federal agencies regarding the 2015 release from the former Line 901, which is part of the Pipeline. (Consent Decree Assumption Agreement (Oct. 13, 2022), attached as Ex. 12.)

H. County-Approved Emergency Response Drill (County Code § 25B-10(a)(8)) (Operator)

To make this finding, the County must determine that "the proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur." (County Code § 25B-10(a)(8).)

This requirement has been met. On September 19, 2024, and again on September 18, 2025, in coordination with the County Fire Department's Office of Emergency Services and other regulatory agencies, the Applicants conducted a comprehensive emergency response drill for the SYU and POPCO facilities. (Commission Findings, pp. 5, 9; October 2025 Proposed Findings, p. 6.) Related to the Pipeline, the Applicants conducted a comprehensive training exercise and emergency response drills on July 25, 2024 and again on July 17, 2025, in accordance with County requirements. (Commission Findings, p. 12; October 2025 Proposed Findings, p. 15.) The Planning Commission correctly determined that this requirement was satisfied. (Commission Findings, pp. 5, 9, 12; February 2025 Board Letter, p. 16; February 2025 Staff Presentation, p. 6; October 2025 Proposed Findings, pp. 6, 11, 15.)

I. Operator Record of Skills, Training, and Resources (County Code § 25B-10(a)(9)) (Operator)

To make this finding, the County must determine that the proposed owner/operator has the "skills, training, and resources necessary to operate the permitted facility" and the "ability to comply with compliance plans." (County Code § 25B-10(a)(9).) As noted above, this finding is fully preempted with respect to the Pipeline.

This requirement has been met. Sable's team in California includes essentially the entire workforce of the prior owner/operator comprised of 48 individuals who joined Sable that were previously operating and maintaining the SYU and POPCO Facilities under the prior owner/operator (more than 90% of the prior personnel). Sable's management team has extensive experience safely operating oil and gas production facilities in Santa Barbara County. The same well-trained, experienced, and knowledgeable team will continue to fill the roles they have been successfully filling since the County last approved the Pipeline's transfer. This team has an excellent safety record, is very familiar with the facilities, understands the operating requirements for these facilities, and is trained and ready to respond to any incident. With respect to the Las Flores Canyon facilities, Sable's onsite middle management team members have all transferred over from similar roles at the Facilities under ExxonMobil, with an average of 21 years of experience working at the facilities. Approximately 64 percent of employees for the SYU and POPCO facilities have transferred from ExxonMobil in their same or similar capacity. All employees and management teams have been trained on the facility-specific compliance plans.

The Planning Commission correctly determined, and the February 2025 Board Letter and February 2025 Staff Presentation confirm, that this requirement has been satisfied. (Commission Findings, pp. 6, 9, 12-13; February 2025 Board Letter, pp. 10-12, 16; February 2025 Staff Presentation, pp. 6, 13-14; October 2025 Proposed Findings, pp. 6-7, 11, 15-16.) The Planning Commission cited the extensive subject-matter expertise of Sable's management team, representing an average of 31 years of experience operating oil and gas facilities within the County, and the on-site management team's more than two decades of average experience. (Commission Findings, pp. 6, 12; October 2025 Proposed Findings, pp. 6-7, 11, 15-16.) Additionally, the Planning Commission noted that the team has had "zero major incidents involving crude oil and gas facilities within the U.S." while managing facilities between 2009 and 2021. (*Id.*) Sable's team also has had no major incidents since that time.

As noted above, this "operator capability" finding is entirely preempted as to the Pipeline. However, with respect to the "operator capability" finding (relevant only to operator transfers and only to SYU and POPCO), the County has suggested that it views the provision as including some limited room for County discretion ("I think the 25B process is very narrow, and the County's discretion is very narrow. But in making particularly the operator capability finding, the board is required to exercise some judgment in evaluating things. . ." [Excerpts from Hearing Transcript, LACV-25-4165-DMG, *Sable Offshore Corp., et al, versus County of Santa Barbara, et al*. (September 12, 2025), attached as Ex. 13, pp. 19-20]), and Appellants have argued for it to be used to impose essentially whatever requirements the County desires (EDC Appeal, Attachment, pp. 4, 5, 6, 27, 28). The Applicants respectfully disagree. Section 25B-10(a)(9) limits the scope of what can be considered in evaluating an operator's "skills, training, and resources" by specifically listing

what the decisionmaker may consider, such as: relevant records of compliance with respect to major incidents and systemic unsafe operations. (County Code § 25B-10(a)(9).) Section 25B-10(a)(9) requires the Planning Commission to determine that "[t]he 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 [certain specified] compliance plans." (*Id*.)

The text of this requirement makes it clear that the finding is ministerial because it confines the Planning Commission to reviewing *specifically enumerated* compliance records and corrective actions for major incidents at similar facilities, to ensure the proposed operator "does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities." (Chapter 25B-10(a)(9); *see Harrison v. PPG Industries, Inc*. (1980) 446 U.S. 578, 588 [applying the rule "where general words follow an enumeration of specific items, the general words are read as applying only to other items akin to those specifically enumerated" to statutory construction].) Further, the operator capability finding cannot be read to allow the County discretion to include new financial assurances, bonds, fees, permit compliance, safety plans, audits, response drills, transitional plans, or compliance plans because all of those are specifically addressed by *other* sections of Chapter 25B. (*See generally* County Code § 25B-10.) The Board may not erase those specific requirements into a broad catch-all that would permit the Commission to consider factors specifically not included in any of the specific, required findings. Thus, the Board may only consider the records specified by Chapter 25B itself in reviewing the "operator capability" findings for SYU and POPCO. Regardless, as discussed above, the Applicants are experienced operators with an exceptional track record and have satisfied the operator capability finding, as confirmed by the Planning Commission and County staff.

VIII. APPEAL RESPONSES

The Appeals seek to wildly expand the County's jurisdiction under Chapter 25B and transform the simple permit process into a referendum on Appellants and the future of oil in Santa Barbara County. There is no lawful basis to do so. The court's order requires the Board to make a decision based on the factors set forth in Chapter 25B.[11] As the County admitted in the Litigation, its staff has already analyzed and rejected each of Appellants' arguments, finding none of the points raised in the appeals demonstrated noncompliance with Chapter 25B. (Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioners' Statement of Uncontroverted Facts (Ex. 4), p. 95).

As evidenced in the Findings and further detailed above, all the required findings can be and have been made. The Planning Commission complied with all County Code requirements in approving the Transfers and the Appeals should be denied. As Appellants make overlapping

[11] While the Appeals before the Board were brought by EDC, GOO!, and SBCAN, Intervenors to the Litigation also include Sierra Club and SBCK. As the composition of Appellants and Intervenors is substantially the same, the Applicants address some arguments raised on Appeal with statements made by Intervenors in the Litigation.

claims alleging that the Planning Commission erred in approving the Transfers, the responses below collectively address the allegations in both Appeals.

A. Existing Permits Authorize Operation of the Facilities

The Transfers were approved pursuant to the requirements of Chapter 25B, which governs the transfer of existing FDPs for oil and gas production facilities. Like the transfer of the FDP for the Pipeline that this Board approved in September 2023, the Applicants meet all the requirements under Chapter 25B and have worked collaboratively with County staff to process the Transfers.

The CBD Appellants wrongly assert that the County must require an entirely new FDP or other approval in order to approve the transfer of the permits for the Facilities, and they assert that the Planning Commission abused its discretion in "failing to require" new permits. (CBD Appeal, p. 3.) There is no basis for these assertions, and neither the County Code nor the already-approved FDPs include any such requirements. All that is required is that "[a]ny change of owner, merger of the owner with another company, or change of form of business organization, shall require application and approval as provided" in Chapter 25B, as the Applicants have done here. (County Code § 25B-4(e).) Contrary to the CBD Appellants' position, the Planning Commission determined that the Facilities are in compliance with ***all permit conditions***. (Commission Findings, pp. 3, 4, 8, 11; *see also* October 2025 Proposed Findings, pp. 3-4, 9, 13-14.) Indeed, the documents Appellants themselves attached to their prior submission to the Board demonstrate that Chapter 25B does *not* authorize reopening of the permits unless the permit itself provides such a provision upon transfer—which the permits do not. (2001 Staff Report, p. 18, attached as Ex. 14 [explaining that "[t]his language would not open permits up for negotiation of financial responsibility, except in cases where a permit already contains the basis for doing so."].)

The CBD Appellants vaguely assert that the Facilities no longer conform to various FDP conditions but provide no further detail as to which conditions they allege have been violated. (CBD Appeal, p. 3.) Rather, without support, they allege that the Planning Commission should have required a new or revised FDP after the 2015 Plains Oil Pipeline leak, which resulted in the temporary shutdown of the Pipeline, and that PPC is somehow in "non-conformity with existing permits and conditions of approval." (*Id.*) None of this is true. First, the County's jurisdiction to require any development conditions is materially limited by the Celeron Settlement, which confirmed that the "County shall have no authority over the design, construction and operation of Celeron's interstate pipeline" except as outlined therein. (Celeron Settlement (Ex. 10), Sec. 2.2; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 53-53.) The CBD Appellants provide no evidence that the very limited circumstances outlined in the Celeron Settlement that would trigger the County's authority to impose conditions or that the County otherwise has authority to revoke the FDP or require a new permit have occurred. Further, as confirmed in the Board Letter, County Code Chapter 35, not Chapter 25B, considers permitting modifications (February 2025 Board Letter, p. 13); it would violate the Applicants' due process rights to revoke or modify the FDP in the context of a Chapter 25B proceeding.

Without citing any specific permit conditions, the CBD Appellants go on to state that certain activities trigger the need for a new or revised permit. (CBD Appeal, p. 3.) This, too, is

wrong. Under the Pipeline FDP, the Planning Commission may require a new or modified permit only when significant changes to the Pipeline are made, including major changes to the configuration and operation of the Pipeline. (Las Flores Pipeline System FDP, 88-DP-33 RV01, 88-CP-060 RV01, Condition A-7.) The County determined in 2023 that no major changes had occurred as a result of the 2015 spill or any activities that had occurred before or after that incident. (2023 Board Approval (Ex. 2), p. 6.) This Board found the same. (*Id*.) And the Board Letter and Staff Presentation confirm that there is no need for new permits, and that, in any event, revisions to the permits are not part of the Chapter 25B procedures. (February 2025 Board Letter at pp. 13-14; February 2025 Staff Presentation, p. 17.) CBD does not allege major changes since Sable obtained ownership—and, indeed, there have been none. Therefore, no new or modified permit is required pursuant to the FDP.

The CBD Appellants' attempt to avoid this result by asserting that the Planning Commission should have confirmed with OSFM and PHMSA that the Applicants are in compliance with all state and federal requirements to resume operations at the Facilities, including the Coastal Best Available Technology law and the Elder Act. (CBD Appeal, p. 3.) This argument conflates the County's approval of the Transfers—an administrative formality—with the authorizations needed to resume operation of the Facilities, which are made by state and federal authorities. To authorize the Transfers, the County is only required to find compliance with County-imposed requirements, not laws administered by OSFM and PHMSA. (County Code § 25B-10(a)(5); February 2025 Board Letter, pp. 11-12 ["Chapter 25B does not require that the permittee be in compliance with non-County permits and regulations."]; February 2025 Staff Presentation, p. 14.) As the County admitted in the Litigation, "County staff has repeatedly confirmed that Pipeline safety and restart are subject to the exclusive jurisdiction of state and federal authorities, not the County of Santa Barbara." (Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), p. 17). The County also agreed that it is "undisputed" that County staff stated "[t]he County has no role or responsibility in overseeing or determining pipeline safety restart requirements." (*Id*.)

Because the County does not have the authority to authorize the flow of oil through the Pipeline, it is precluded from duplicating the responsibilities of other agencies for the purposes of evaluating the Transfers. OSFM has ultimate authority over the flow of oil through the Pipeline, and nothing in the FDPs or Chapter 25B requires or permits the County to independently confirm compliance with these laws or otherwise infringe on OSFM's authority to implement them. (Gov. Code § 51010 ["the State Fire Marshal shall exercise exclusive safety regulatory and enforcement authority over intrastate hazardous liquid pipelines"].) The County's authority under County Code Chapter 25B is extremely limited in scope and the County is preempted from undertaking the review that the CBD Appellants insist is required. There is no basis under the FDPs or the County Code to revoke or modify the permits, nor is such revocation or modification authorized by Chapter 25B, which concerns only permit transfers.

B. Appropriate Financial Assurances Have Been Provided

Appellants are equally wrong with respect to their arguments regarding Sable's financial condition. Under Chapter 25B, the County's review of financial assurances is limited to assessing

the specific financial instruments required by County permits or County ordinance. (County Code §§ 25B-9(a)(2) [Owner change]; 25B-9(e)(1) [Guarantor change]; 25B-10(a)(2) [Operator change]; *see also* February 2025 Board Letter, p. 4; February 2025 Staff Presentation, pp. 7-10.) As confirmed by the Planning Commission in the Findings, the Applicants have fully complied with those requirements. All previously required bonds and endowments under the FDPs have been satisfied, and nothing additional is required. (Commission Findings, pp. 2, 4, 6-7, 9-10; October 2025 Proposed Findings, pp. 1-2, 4, 8, 12; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 32-33.) As explained in the Findings, the additional financial requirements alleged to be required by Appellants are not triggered until the permanent shut down of the Facilities, which has not yet occurred. (Commission Findings, pp. 2, 6-7, 9-10; February 2025 Board Letter, p. 5; February 2025 Staff Presentation, p. 8; October 2025 Proposed Findings, pp. 2, 7-8, 12.) Thus, this finding has been satisfied, the appropriate financial assurances have been provided, and there is no basis for Appellants' arguments to the contrary.

Appellants' arguments that some greater or different assurances are required is also contrary to the County's—and specifically this Board's—longstanding application of Chapter 25B's financial assurance review requirements, the Planning Commission's findings on the Transfers, and the legislative history of Chapter 25B. As a threshold matter, any attempt by the County to impose greater requirements than those required by OSPR would be preempted for the reasons discussed above. *See supra* VI.B. Moreover, Chapter 25B itself is unambiguous and cannot be reasonably read to require additional assurances. It requires only that the specific financial instruments "approved by the County and necessary to comply with the permit and any county ordinance" are provided (with respect to the guarantor) or updated with new contact information (with respect to owner and operator). (County Code §§ 25B-9(a)(2), (e)(1), 25B-10(a)(2).) The "necessary insurance, bonds, or other instruments or methods of financial responsibility" are cabined to those "necessary to comply with the permit and any county ordinance." (*Id*.) This is an objective, ministerial inquiry, and there is no ambiguity: if the instrument is required by the FDPs or the Code, the County must confirm that Sable has provided or updated it; if it is not, the County cannot require it. Appellants' arguments are also inconsistent with the Board's prior practice. The Board did not require greater or additional financial assurances when it approved the prior permit transfer in 2023. (2023 Board Approval (Ex. 2), p. 3.)

Appellants made this same argument before the Planning Commission, which squarely found that all previously required bonds and endowments under the FDPs have been satisfied. (Commission Findings, pp. 2, 4, 6-7, 9-10). The Planning Commission further correctly found that the only other County-imposed financial obligations contained in the FDPs would be triggered solely upon the permanent closure of the respective Facilities. (Commission Findings, pp. 2, 6-7, 9-10.) As none of the Facilities have permanently closed, the Planning Commission correctly determined that the requirements of this finding have been satisfied. Finally, Appellants' arguments that the Board may consider greater or different assurances, are also directly contradicted by the legislative history of Chapter 25B itself. Specifically, the 2001 staff report to the Planning Commissioners regarding a proposed draft of the Chapter 25B change of owner, operator, and guarantor ordinance (the "2001 Staff Report") clarifies that the additional and undefined financial assurances that Appellants seek are not within the scope of Chapter 25B's

financial responsibility requirements. In the 2001 Staff Report, County staff provided responses to comments received on the proposed change of owner, operator, and guarantor ordinance. In response to specific industry concerns that the proposed ordinance would impose unknown or unspecified financial responsibility requirements, the 2001 Staff Report clarified that Chapter 25B's financial responsibility requirements do not include requirements that are not specified in the permits or the County Code. The 2001 Staff Report specifically states that "***neither the Financial Guarantees nor the Abandonment findings [. . .] impose any unspecified financial requirements.*** The findings simply require that financial responsibility and abandonment provisions in permits and ordinances are adhered to." (2001 Staff Report (Ex. 14), p. 17 [emphasis added].)

Likewise, in discussing the proposed permit modifications provision, the 2001 Staff Report clarified that "[t]his language ***would not open permits up for negotiation of financial responsibility***, except in cases where a permit already contains the basis for doing so." (*Id.* at 18 [emphasis added].) This history confirms that an inquiry into financial requirements that are not specified by Chapter 25B is beyond the Board's authority.

Thus, the Board should uphold the Planning Commission's findings as they are consistent with County Code requirements, the plain language of the FDPs, and the relevant legislative history.

1. *Financial Disclosures and COFRs*

The CBD Appellants claim that the Planning Commission "failed to consider" a range of other financial-related documentation indicating that the Applicants' "cash flow ***may*** be insufficient" to address future costs. (CBD Appeal, p. 5 [emphasis added].) The EDC Appellants similarly attempt to significantly expand the Planning Commission's obligations under County Code Chapter 25B by claiming that the County is responsible for ensuring the Applicants are financially capable of operating the Facilities. (EDC Appeal, Attachment, p. 9.) As the Board Letter and Staff Presentation confirm, Appellants' arguments are wrong on the law and on the facts. (February 2025 Board Letter, pp. 3-7; February 2025 Staff Presentation, pp. 7-10.) On the law, none of these arguments are relevant to the review required by County Code Chapter 25B or the findings actually made by the Planning Commission, which do not rely upon any of the irrelevant sources cited by Appellants. (Commission Findings, pp. 2-4, 6-7, 9-10; *see also* October 2025 Proposed Findings, pp. 1-4, 7-8, 12.) And on the facts, Appellants rely on out-of-context documents to create a false narrative of financial instability that has no basis in reality. As the Planning Commission properly found, the Applicants have fully met the requirements of County Code Chapter 25B with respect to financial requirements.

As a threshold matter, Appellants' arguments focus entirely on matters that are well outside the County's jurisdiction and are committed instead to state and federal agencies as a matter of law. For example, the EDC Appellants argue that the Applicants must obtain final COFRs from OSPR before the County can approve a transfer, because the County must "ensure that Sable is financially capable of remediating a worst-case spill." (EDC Appeal, Attachment, pp. 12, 15.) This argument completely misstates the requirements of Chapter 25B. As explained above, OSPR, not the County, is charged with the authority to determine whether owners and operators of oil and

gas production facilities have the financial capacity to account for spills. (Gov. Code § 8670.37.53.) OSPR issues COFRs to facilities, vessels, and pipelines after they have submitted an application and proof that they have the financial resources to cover the costs of response for their "worst-case scenario" spill. (Gov. Code § 8670.37.53(c)(1).) As the Board Letter and Staff Presentation confirm, the only requirement under Chapter 25B is that Sable produce an OSPR-issued COFR for the SYU, which it has done: the "County cannot require financial documents where not already required." (February 2025 Board Letter, p. 4; February 2025 Staff Presentation, p. 7; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 95-96.)

On the facts, Appellants are simply wrong that the Applicants have not received COFRs for Facilities that are actually flowing oil. The Board Letter and Staff Presentation confirm that OSPR issued a COFR for the SYU—the only COFR required by Chapter 25B—in October 2024, and that, while not required under Chapter 25B, the Applicants demonstrated compliance with OSPR's financial requirements by producing COFRs for the Pipeline. (February 2025 Board Letter, p. 4; February 2025 Staff Presentation, p. 7; October 2025 Proposed Findings, p. 2; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 95-96.) Both of the OSPR-approved COFRs demonstrate Sable's financial responsibility sufficient to address any potential spill that could occur, and these COFRs are for the maximum amounts permitted under OSPR's regulatory scheme. (Certificates of Financial Responsibility (Oct. 3, 2024) ("COFRs"), attached as Ex. 15; *see also* February 2025 Board Letter, p. 4 ["the approval of a Certificate of Financial Responsibility is dependent on demonstrated financial responsibility, and <u>not</u> the status of an associated oil spill contingency plan."]; February 2025 Staff Presentation, p. 7; October 2025 Proposed Findings, p. 2.) Contrary to Appellants' claims, these COFRs were not for a pipeline holding no oil, but rather for a pipeline flowing oil.[12] The Planning Commission properly rejected Appellants' arguments regarding the adequacy of the COFRs, as OSPR fully occupies the field of oil spill prevention and response, including determining the financial capability of an operator to address emergencies. (Gov. Code §§ 8670.4, 8670.5, 8670.7, 8670.37.53(b)-(c).)

2. *Insurance Certificates Were Provided Voluntarily*

Not only did the Applicants produce their COFRs, in an effort to promote transparency and foster a good working relationship with the County, but the Applicants also provided additional evidence of the Applicant's substantial insurance coverage for the Facilities, including liability coverage in excess of $700 million (which includes sudden and accidental pollution coverage), offshore property damage coverage of $1.23 billion, and onshore property damage coverage of $1.3 billion. (Commission Findings, pp. 9-10; Commission Hearing Staff Report, pp. 24-25; February 2025 Board Letter, pp. 5-6; February 2025 Staff Presentation, p. 9; October 2025 Staff Report, p. 3 ["On October 3, 2025, Sable increased their liability insurance covering an upset condition for all assets to $700M."].) During the Litigation, the County admitted that it is

[12] Each of the COFRs issued by OSPR states that the listed owner/operator "meets the financial responsibility requirements set forth in Government Code Sections 8670.37.53 as it applies to ***the operation***" of the listed facility. (COFRs (Ex. 15) [emphasis added].)

"undisputed" that County staff found that "Sable's Certificate of Liability Insurance 'demonstrates $401 million dollars in liability insurance for all of Sable's assets . . . to cover oil spills, seepage, and pollution, as well as general liability coverage, auto liability, and workers compensation coverage.'" (Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex 4), pp. 30-31.) The Applicants have worked with the County in good faith to provide supplemental documents and information to aid in County staff's review of the Transfers, even when these materials were not required to demonstrate consistency with the requirements of Chapter 25B. (*See* February 2025 Board Letter, p. 6 ["Outside of the 25B Permit Amendment process and for information-only, Sable provided the County with copies of their Certificate of Property Insurance and their Certificate of Liability Insurance for the SYU offshore operations"]; February 2025 Staff Presentation, p. 9; *see also* October 2025 Staff Report, p. 3.)

The CBD Appellants argue that the voluntarily-provided insurance certificates are inadequate and that the Planning Commission erred in relying upon them. (CBD Appeal, p. 5.) CBD Appellants mischaracterize the Commission Findings, as the Findings do not mention or rely upon the insurance certificates the Applicants voluntarily provided. (Commission Findings, pp. 2, 4, 6-7, 9-10.) As such, the CBD Appellants' claim that the insurance certificates voluntarily proffered are insufficient to support the Commission Findings is incorrect.

Moreover, though not part of the Chapter 25B proceeding, Appellants' broad criticisms of Sable's financials are simply not based in reality: as of June 30, 2025, Sable had $247MM in unrestricted cash and a market cap exceeding $2 billion.[13]

3. *Additional Assurances for Decommissioning*

Finally, Appellants urge that the Applicants must post a bond *now* for decommissioning and restoration, but the condition requiring such a bond clearly states that the requirement will be triggered "immediately following permanent shut down of the facilities." (POPCO FDP, Condition Q-2.) The Facilities have not been permanently shut down. County staff addressed this issue directly in the Commission Hearing Staff Report by stating that "FDP Permit Condition Q-2 requires the permittee to be responsible for the proper abandonment of the facility and that a performance bond or other security device be in place immediately following permanent shutdown of the facility." (Commission Hearing Staff Report, p. 26; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp 35-36.) And County staff confirms this in the Board Letter, noting that "[d]ecommissioning bonds were not required to be posted as part of the original project approvals, and no decommissioning bonds have been required to date." (February 2025 Board Letter, p. 5; February 2025 Staff Presentation, p. 8.)

The EDC Appellants argue that County staff is "mistaken" about the meaning of this condition. (EDC Appeal, Attachment, p. 16.) However, the Planning Commission's understanding is consistent not only with the language of the FDPs, but also with their history: Appellants can point to no instance with any other transfer of these permits in which the Planning

[13] Sable Offshore Corp., Form 10-Q (Aug. 12 2025).

Commission invoked this language or required any prior owner/operator to post decommissioning bonds. It would be arbitrary and inequitable to suddenly interpret the language contrary to the way it has been interpreted since 1988.

Appellants' arguments also ignore that the County Code *already* obligates Sable to be financially responsible for proper abandonment of the Facilities at the time of abandonment. (County Code § 25B-4(i)(1).) Further, various state and federal agencies regulate the Facilities and require that Sable cover the costs associated with decommissioning and restoration. (Gov. Code §§ 8670.37.51; 43 U.S.C. § 1331; 30 C.F.R. § 550.101.) Should remediation be required, federal law requires Sable to cover the costs associated with restoration and clean-up activities. (42 U.S.C. § 9607.) Additionally, under Chapter 25B, not only is the current operator and owner liable, but the County also has the authority to hold the immediately preceding owner or operator responsible for the cost of abandonment should the current owner or operator be unable to fully cover the costs. (County Code § 25B-4(i).)

Thus, the County has assurance that decommissioning costs will be covered by Sable, not the public. Requiring Sable to post another bond, as Appellants suggest, would be inconsistent with the FDP, inconsistent with the County's practice for the Facilities since their inception, duplicative, and unnecessarily burdensome. There is no basis for such a requirement.

C. Prior Owner/Operator is in Compliance with Existing Requirements

As explained above, the Planning Commission correctly found that the Applicants are in compliance with all FDPs. Specifically, the Planning Commission found that the prior owners were in compliance with all of the requirements under the FDPs and that no notices of violation had been issued at the time the applications were determined to be complete on July 30, 2024. (Commission Findings, pp. 3, 8; *see also* October 2025 Proposed Findings, pp. 3-4, 9, 13-14.) Nonetheless, the EDC Appellants claim that the Applicants are out of compliance. But the EDC Appellants misstate the relevant legal standard. As explained above, the County's review and findings with respect to compliance with existing requirements are appropriately limited to determining whether the existing owners are in compliance with requirements of the permit or any other County-issued requirements as of the application completeness date. (County Code §§ 25B-9(a)(5), 25B-10(a)(5); February 2025 Board Letter, pp. 11-12 ["Chapter 25B does not require that the permittee be in compliance with non-County permits and regulations."]; February 2025 Staff Presentation, p. 14; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), p. 99.)

The EDC Appellants claim that the Applicants are out of compliance with the FDPs because additional cathodic protection is purportedly required. (EDC Appeal, Attachment, pp. 18-19.) But there is no such requirement in the Pipeline FDP. The EDC Appellants cite Condition A-7, but that condition makes no mention of cathodic protections or any specific equipment. (*Id.*, pp. 17-18.) The requirement claimed by the EDC Appellants simply does not exist.

Indeed, this Board found as much two years ago, when hearing the substantively identical appeal related to the transfer of the Pipeline between Plains Pipeline L.P. to PPC as owner and EMPCo as operator. (2023 Board Approval (Ex. 2).) At that time, the Board found that the

Pipeline was in compliance with all existing requirements, ***including Condition A-7.*** (*Id.*, p. 3.) There have been no material changes to the Pipeline since the Board made that finding, and thus there is no lawful basis to revisit it.

Furthermore, any inquiry regarding the cathodic protections installed at the pipeline is beyond the scope of the County's inquiry. As recognized in the Celeron Settlement, the County has "***no authority over the design, construction and operation***" of the Pipeline, as that authority is vested in state agencies. (Celeron Settlement (Ex. 10), Sec. 2.2 [emphasis added].) This is because OSFM is vested with the ***exclusive*** authority to prescribe pipeline safety measures, including cathodic protections, and oversee implementation of such measures. (Gov. Code § 51013.1.) As a result, the County is preempted from imposing safety-related requirements on the Pipeline, including the installation of specific equipment.

In any event, the EDC Appellants are again wrong on the facts. Cathodic protections have been maintained and monitored on the Pipeline in accordance with PHMSA pipeline safety regulations, as overseen by OSFM. The EDC Appellants' opinion regarding the efficacy and appropriateness of the cathodic protections maintained pursuant to oversight from various state agencies is not a basis for determining noncompliance with the County's FDP conditions. Indeed, in the intervening months since the Planning Commission's decision, the OSFM, approved by PHMSA, confirmed that Sable's plans to restore and repair the Pipeline properly address cathodic protection and have properly included additional protections that will address the limitations of cathodic protection. (*See* OSFM Letters of Decision on State Waiver Requests (Dec. 17, 2024), attached as Ex. 16; PHMSA Letters Regarding State Waivers (Feb. 11, 2025), attached as Ex. 17.) Under these additional protections, referred to as State Waivers, Sable is "required to comply with approximately 68 conditions related to pipeline operations, testing, inspections, analysis, and integrity management, and recordkeeping and reporting to address corrosion under insulation." (February 2025 Board Letter, pp. 8-9.)

The Planning Commission correctly found that the prior owner/operator was in compliance with existing requirements. Consistent with this Board's prior 2023 determination related to the Pipeline, this Board should again hold the same.

D. Compliance Plans Have Been Updated As Required

As explained above, the County's review of the compliance plans is limited to whether the Applicants have updated any existing, approved plans "with current emergency ***contact information*** pertaining to the new operator." (County Code § 25B-10(a)(6)-(8) [emphasis added].) The Planning Commission correctly found that "all relevant compliance plans have been updated with the current emergency contact information" for the Applicants as required by the County Code. (Commission Findings, pp. 4-5, 8, 11; October 2025 Proposed Findings, pp. 4-6, 9-11, 14-15) With respect to the SYU, Sable submitted all major Compliance Plans (e.g., Fire Protection Plan, Emergency Response Plan, etc.) which were reviewed by County staff, by the Santa Barbara County Systems Safety & Reliability Review Committee ("SSRRC"), and by the County Fire Department and/or P&D Energy Division's consultant, where appropriate. (Commission Hearing Staff Report (Ex. 3), pp. 16-17.) Sable also submitted Transition Plans and Emergency Response Plans. (Commission Findings, p. 5; *see also* Excerpts from Aug. 1, 2025, Memorandum

Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 8, 70-72.) As for POPCO, POPCO and Sable have submitted all major Compliance Plans, which are integrated between the two entities, Sable has submitted a comprehensive Transition Plan, and County staff confirmed the POPCO Facility Emergency Response Plan Drill was integrated into the response drill conducted for the SYU facility. (Commission Findings, p. 8; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 8, 72-74.) Related to the Pipeline,[14] PPC and Sable submitted all major Compliance Plans, which, like those related to the SYU, were reviewed by SSRRC, the County Fire Department, and P&D Energy Division's consultant where appropriate. (Commission Findings, p. 12; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 8, 74-77.) Further, Sable and PPC submitted a comprehensive Transition Plan for the Pipeline, and Sable submitted an updated Integrated Contingency Plan. (Commission Hearing Staff Report (Ex. 3), pp. 36-37; *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), p. 8.)

Appellants misstate the County's obligations, claiming it is somehow responsible for evaluating the status or content of these various plans. (CBD Appeal, p. 6; EDC Appeal, Attachment, pp. 19-20.) But, in fact, the Planning Commission properly made the finding required by the County Code, which is limited to determining whether the Applicants have the relevant emergency ***contact information***. (County Code § 25B-10(a)(6).) The County is not responsible for verifying the efficacy of these contingency plans or evaluating the Applicants' ability to implement them; that authority is vested in OSPR. (Gov. Code §§ 8670.28, 8670.29.) Appellants further incorrectly assert that the oil spill contingency plans have not yet been approved by various state and federal agencies. This is untrue.[15] Regardless, the status of a plan's approval by another agency or the contents of that plan are irrelevant to the Commission's finding that the contact information has been updated. (County Code § 25B-10(a)(6); *see* February 2025 Board Letter, p. 9 ["Chapter 25B does not require that the updated compliance plans be approved by the Office of Spill Prevention and Response, or by other non-County regulators."]; Excerpts from Aug. 1, 2025 Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 96-97.) The Planning Commission properly rejected Appellants' argument and correctly determined that this finding had been satisfied. (Commission Findings, pp. 4-5, 8, 11.)

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[14] As reflected in the Pipeline FDP's Conditions of Approval and the Celeron Settlement, the County's jurisdiction here is very limited, given the law's express vesting of regulation of safety and operational matters in state and federal agencies.

[15] The Integrated Contingency Plan was submitted to OSPR on April 9, 2024, and it is considered valid and effective as of submittal pending final approval or denial by OSPR. Over the ensuing months, OSPR has requested, and Sable has provided, various additional information regarding the Plan. On February 19, 2025, OSPR confirmed that it has identified no deficiencies in the Integrated Contingency Plan. On March 26, 2025, OSPR approved the Integrated Contingency Plan. (*See* OSPR March 16, 2025 Approvals, attached hereto as Ex. 20.)

E. Applicants Have Demonstrated Capabilities to Operate the Facilities

Appellants' claims regarding the Applicants' operator capabilities suffer similar defects. The County's inquiry into operator capability is to determine whether the operator "has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes." (County Code § 25B-10(a)(9).) As explained above, this finding is preempted in full with respect to the Pipeline. *See supra* VI.A.

In any event, the Planning Commission properly found that this finding had been satisfied. (Commission Findings, pp. 6, 9, 12-13; *see also* October 2025 Proposed Findings, pp. 6-7, 11, 15-16.) The Planning Commission made its findings based on this clear evidence of the Applicants' long-standing experience and background, including the fact that the Applicants' executive team has more than 30 years of relevant experience, has successfully operated numerous platforms and production plants, and has had zero major incidents at facilities they have controlled for nearly 15 years. (*Id*.) The same well-trained, experienced, and knowledgeable team will continue to fill the roles it has been filling successfully since the County last approved the Pipeline's transfer.

Appellants ignore the Sable team's long history of safe and successful operation of oil production facilities and assert—without evidence—that the Applicants are "unlikely" to be able to safely operate the Facilities. (EDC Appeal, Attachment, p. 20-24.)[16] The EDC Appellants' belief that Sable does not retain the appropriate credentials or track record is irrelevant, in no way a basis for evaluating conformity with County Code requirements, and, most importantly, contradicted by substantial record evidence confirming the extensive experience of Sable's team. (*See* February 2025 Staff Presentation, p. 13 [confirming "Operator has sufficient technical skills, training, and safety records as previously demonstrated"].) The Planning Commission properly rejected Appellants' baseless arguments on this issue, and the Board should do the same.

F. Approval of the Transfers Conformed to County Code Requirements

Appellants' assertions that the Planning Commission approval process was somehow unfair likewise lacks merit. The County followed appropriate procedures to ensure the Planning Commission undertook an open, fair, and transparent review process prior to approving the Transfers. The County Code requires a public hearing with at least 10 days' prior notice for an application for a change of owner, operator, or guarantor. (County Code § 25B-8(b)(3).) The Planning Commission held a hearing to consider the Transfers on Wednesday, October 30, 2024.

[16] Because they cannot refute the clear evidence of Sable's history of safely operating similar oil and gas facilities, EDC Appellants attempt to paint Sable as a bad actor. EDC cites to an editorial published by a hedge-fund-associated website and cherry picks SEC filings to claim that Sable is untrustworthy. (EDC Appeal, Attachment, pp. 20-21.) None of this purported evidence relates at all to Sable's ability to safely operate the Facilities. EDC Appellants go on to refer to letters of incompleteness issued by the County when reviewing the applications for the Transfers as further evidence of "a lack of necessary diligence" on Sable's part. (*Id.*, p. 24.) Again, EDC Appellants focus on information completely unrelated to safety and mischaracterize normal administrative activities as evidence of bad faith. The Staff Presentation confirms there is *no* evidence of "systemically unsafe operations related to major incidents" in anything presented by Appellants or otherwise. (February 2025 Staff Presentation, p. 14.) The Planning Commission correctly rejected these arguments and instead focused on Sable's qualifications and track record.

Notice of that hearing was issued on October 15, 2024, more than two weeks before the hearing. (Email from J. Ybarra re: Notice of Planning Commission Hearing - SYU, POPCO Gas Plant, and Las Flores Pipelines Change of Owner/Operator/Guarantor (Oct. 15, 2024), attached as Ex. 18.) In the Litigation, the County confirmed that it is "[u]ndisputed that notice of the public hearing was timely." (Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), p. 12.) County staff presented the Planning Commission with documentation to substantiate the necessary findings, including the FDPs with proposed amendments noted, the SYU Certificate of Insurance, the Applicants' financial statements as presented to the Securities and Exchange Commission, and the COFR for the SYU. (February 2025 Board Letter, pp. 15-16.) At that hearing, the Planning Commission heard more than three hours of public testimony, reviewed each of the required findings, and ultimately determined that the Applicants had complied with all requirements. Upon making the Findings, and as required by County Code Section 25B-10(b), the Planning Commission approved the Transfers.

Appellants were given full opportunity to be heard. Prior to the hearing, both CBD Appellants and EDC Appellants presented lengthy letters to the Planning Commission outlining their positions, and representatives from both testified at the hearing. Appellants also met with members of the Planning Commission individually in advance of the hearing.[17]

Without any basis, the CBD Appellants argue that the process preceding the Planning Commission's approval of the Transfers lacked transparency and that County staff "unfairly influenced" the Commission with "misrepresentations." (CBD Appeal, p. 7.) This is simply wrong. The Planning Commission hearing involved presentations by County staff and the Applicants, followed by extensive questioning, hours of public comment, and Commission deliberation. (*See* Excerpts from Commission Hearing Transcript (Ex. 5).) After the Planning Commission conducted a careful review of all materials and thoughtfully questioned the Applicants at the hearing, they then published extensive written findings, supported by record evidence, outlining the decision to approve the Transfers. (*See id*., pp. 107-141.)

Again, without citing to any County Code provisions or other guidance from the County, the CBD Appellants further contend that key documents were missing from the record. (CBD Appeal, p. 7.) This is not true. To the contrary, the Applicants submitted, and County staff provided, more than the required evidence in support of the Transfers, including supplemental information related to financial assurances and Sable's operating capabilities. The Planning Commission acted appropriately in reviewing the Transfers and confirming that all required findings could and should be made.

G. The Transfers Are Not A Project Under CEQA

Finally, Appellants' argument that approval of the Transfers violated CEQA are patently wrong and should be rejected by the County just as it rejected the same argument when the Pipeline

[17] At the October 30, 2024, Planning Commission hearing, both Commissioners Parke and Bridley disclosed *ex parte* communications with the EDC Appellants and their attorneys in the week leading up to the hearing. (Excerpts from Commission Hearing Transcript (Ex. 5), p. 3.)

was transferred to ExxonMobil in 2023. The Transfers are purely administrative in nature; they do not authorize any changes to the physical environment and cannot in way be conceived of as a "project" (Commission Findings, p. 1; October 2025 Proposed Findings, p. 1), and the CBD Appellants' claim that the Transfers may "impact" the environment misrepresents the nature of the Chapter 25B review process and the scope of CEQA (CBD Appeal, pp. 7-8; *see also* February 2025 Board Letter, p. 12; February 2025 Staff Presentation, p. 15; Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 97-98).

Section 15378(b)(5) exempts "organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment." (14 C.C.R. § 15378.) By definition, the Planning Commission's approval of the Transfers is not a "project" under CEQA as the action is purely administrative and will not result in *any* physical changes to the environment.[18] In issuing the Transfers, the Planning Commission merely confirmed that the Applicants are responsible to comply with the conditions and limitations contained in the FDPs and the County Code; it did not authorize any "project" or any physical work impacting the environment whatsoever.[19]

Appellants' contrary arguments are not only inconsistent with the County Code and CEQA, but they are also inconsistent with this Board's own history. The County has considered all previously processed Chapter 25B Permit Amendments as not constituting a "project" under CEQA, including the 2023 proceeding just two years ago. (*See* 2023 Board Approval (Ex. 2); *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4), pp. 19-20.) The Planning Commission correctly followed this precedent, and this Board should as well.

IX. RESPONSE TO OTHER ARGUMENTS

Under Chapter 25B, the County's authority is limited and narrow. It evaluates the applications as of the completeness date, confirms the requirements of the findings have been met (five for owner, one for guarantor, and nine for operator), and transfers the permits. This process is ministerial and mandatory; the County does not have authority to go beyond the four corners of Chapter 25B to find other bases to deny a transfer.

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[18] Indeed, it is well settled that the identity of the end-user is not a physical change in the environment, and is thus irrelevant under CEQA. (*See Maintain Our Desert Environment v. Town of Apple Valley* (2004) 124 Cal.App.4th 430, 445-446 [identity of retail store owner irrelevant to CEQA analysis]; *Uphold Our Heritage v. Town of Woodside* (2007) 147 Cal.App.4th 587, 599–600 ["CEQA should not be interpreted to allow discrimination between project applicants for an identical project based upon the financial status of the applicant."].)

[19] On February 12, 2025, County staff confirmed that physical activity along the Pipeline was previously authorized by existing permits and "was analyzed in the prior Environmental Impact Report/Environmental Impact Statement (EIR/EIS)." (*See* County of Santa Barbara, "Zoning Clearance Applications – 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096" (Feb. 12, 2025) ("County Authorization Letter") attached as Ex. 19.)

A. Procedural Due Process Requires The County To Follow The Code

A permit transfer appeal from the Planning Commission is a quasi-judicial function. When the Board performs quasi-judicial functions, the Federal and California Constitutions guarantee due process of law and obligate the Board to provide a fair tribunal to the applicant. "[T]he undeniable public interest in fair hearings in the administrative adjudication arena, militate in favor of assuring that such hearings are fair." (*See Nasha v. City of L.A.* (2004) 125 Cal.App.4th 470, 483 [quoting *Nightlife Partners, Ltd. v. City of Beverly Hills* (2003) 108 Cal.App.4th 81, 90].) Procedural due process thus requires that the Appeals be conducted in a fair manner, not an arbitrary manner or in reliance on extra-statutory considerations. (*See Kerman Tel. Co. v. Pub. Utils. Comm'n* (2023) 94 Cal.App.5th 920, 925, 932-33 [finding that "[i]n the administrative law context, the failure to give fair notice to a regulated entity of what is forbidden or required justifies vacating the imposed punishment resulting from the alleged violation of a regulation"]; *Subriar v. City of Bakersfield* (1976) 59 Cal.App.3d 175, 205-206 [ordinance requiring a showing of "convenience and necessity" to obtain a license was not impermissibly vague because it included specific factors for consideration, ensuring clarity and limiting discretion]. *See also* Order re Cross-Motions for Summary Judgment (Ex. 1), p. 25, n. 17 [ordering that "[i]n upholding or denying the appeals, Board members must comply with the requirements of Chapter 25B and Governing Procedural Rules"].)

Yet, that is what Appellants and various other individuals ask the Board to do. Should the Board accept Appellants' invitation to broadly construe Chapter 25B to authorize a searching inquiry into the Applicants' capability to safely operate the assets or remediate a spill, it would run afoul of procedural due process requirements because an applicant would have no way to understand the true requirements it must satisfy to secure a permit transfer. (*U.S. v. Gilbert* (9th Cir. 1987) 813 F.2d 1523, 1530.) Accepting Appellants' broad interpretation would render the Chapter 25B findings impermissibly vague, making compliance unclear and inviting arbitrary or discriminatory enforcement. (*Kerman Tel. Co.,* 94 Cal.App.5th at 925, 932-33.)

The following section responds to various arguments made by Appellants and others that have been proffered as bases for the Board to depart from its legal obligations and rule arbitrarily against Appellants. The Board should reject each of these. Because the Applicants continue to satisfy all the requirements of Chapter 25B, the Board should approve the Transfers.

B. Information That Post-Dates The Application Cannot Be Considered.

In accordance with Chapter 25B, the Board must consider only the information related to permit compliance available on the date the applications were deemed complete: July 30, 2024. (County Code §§ 25B-9(a)(5), 25B-10(a)(5); *see also* Excerpts from Aug. 1, 2025, Memorandum Responding to Petitioner's Statement of Uncontroverted Facts and Proposed Conclusions of Law (Ex. 4.), p. 10 ["undisputed" that County staff determined the applications were complete on July 30, 2024].) For the Compliance with Existing Requirements finding, Chapter 25B provides that "*[a]s of the date that the application is deemed complete*, the current owner(s) are in compliance with all requirements of the permit, including any requirement of a county-required safety audit, any notice of violation, and any county ordinance, or the current and proposed owner(s) have entered into a written agreement with the Director that specifies an

enforceable schedule to come into compliance with such requirements." (County Code §§ 25B-9(a)(5), 25B-10(a)(5) [same for "current operators"].)

The Appeals, like the original applications, are evaluated as of the date the applications were deemed complete. (*See* County Code §§ 25B-12(b)(2) ["The appellant shall state specifically in the appeal how [] the planning commission's decision is inconsistent with the provisions . . . of [Chapter 25B]. . ."]; 25B-9(a)(5), 25B-10(a)(5).) Each of the matters described below post-dates the application date and cannot be considered without going beyond the confines of Chapter 25B and thus violating the court's express order. (*See* Order re Cross Motions for Summary Judgment (Ex. 1), pp. 23-24 ["the Board [must] exercise its discretion to affirm, reverse, or modify and . . . reach[] a determination in compliance with the requirements of Chapter 25B—an affirmance, reversal, or modification tethered to factual findings under Chapter 25B-8, 9, and 10 would satisfy the Board's mandatory duty to act."], 25, n. 17 ["In upholding or denying the appeals, Board members must comply with the requirements of Chapter 25B and Governing Procedural Rules."].)

C. Dispute With Coastal Commission

Appellants point to the fact that Sable is involved in a dispute with the California Coastal Commission over certain repair and maintenance activities performed by Sable to ensure the safety of the Pipeline and the offshore SYU facilities. As an initial matter, Sable's dispute with the Coastal Commission does not constitute a basis to deny the Transfers under Chapter 25B. Critically, the Commission's allegations and its dispute with Sable post-dates the application completeness date (July 30, 2024) and thus may not be considered in connection with the applications or the Appeals. Moreover, the dispute does not demonstrate violation by the Applicants of any County ordinance. To the contrary, Sable undertook all repair and maintenance activities at issue with the Commission pursuant to Sable's understanding that such activities were authorized. In fact, as it relates to County jurisdiction, the Applicants relied on the County's own authorization when completing repair and maintenance activities in the Coastal Zone. It would be arbitrary and capricious for the County to deny the Transfers based on conduct it expressly authorized.[20]

Last year, Sable began repairing certain "anomalies" detected along the Pipeline in the County and in the Coastal Zone. Sable was required to undertake these repairs under applicable federal pipeline safety regulations, pursuant to a federal Consent Decree issued in *United States of America and the People of the State of California v. Plains All American Pipeline, L.P. and Plains Pipeline, L.P.*, Case No. 2:20-cv-02415, and by OSFM, which has exclusive jurisdiction over the operation and safety of the Pipeline. Anomaly repairs are a common maintenance activity

[20] *See* County Authorization Letter (Ex. 19) ("The County conducted a detailed review of pipeline permitting history and the Coastal Zoning Ordinance. Planning and Development concludes that this pipeline anomaly repair work is authorized by the existing permits (Final Development Plan, Major Conditional Use Permit, and associated Coastal Development Permits) and was analyzed in the prior Environmental Impact Report/Environmental Impact Statement (EIR/EIS).").

regularly performed on pipelines, and the County therefore has routinely authorized anomaly repairs along the Pipeline without any new or amended Coastal Act authorization.

On September 27, 2024, the Coastal Commission issued a Notice of Violation ("NOV") (File No. V-9-24-0152), alleging that unpermitted activities were taking place in the Coastal Zone, including excavation and other activities at various locations along the Pipeline. Although Sable maintained that its anomaly repair work was authorized by the Pipeline's existing coastal development permits issued by the County, Sable stopped all work in order to explore the Coastal Commission's allegations with Commission staff and the County. Sable submitted detailed plans, maps, and similar information to the County to allow County staff to assess whether any new or amended form of Coastal Act authorization would be required.

After reviewing information provided by Sable, County Planning and Development staff confirmed in a February 12, 2025, letter that Sable's anomaly repair work on the Pipeline was already authorized by the Pipeline's existing, lawfully issued coastal development permits. (*See* County Authorization Letter (Ex. 19).) The County reconfirmed this conclusion to Sable on March 21, 2025, with respect to anomaly repair work that Sable completed before receiving the NOV. After the County confirmed that Sable's remaining repair and maintenance work was authorized under the FDP and associated County approvals, Sable completed its anomaly repair program along the Pipeline.

Similarly, Sable installed 16 safety valves along the Pipeline in compliance with Assembly Bill 864 ("AB 864") after receiving express confirmation from the County that it "does not have permit authority or jurisdiction over the sixteen (16) safety valves and their ancillary equipment as currently proposed because they are safety valves required by state law [AB 864], related to the operation of an interstate Pipeline, and one foot or more underground." Sable's safety valve installation work required the same type and level of construction disturbance as Sable's anomaly repair work, and thus also falls within the scope of the Pipeline's existing coastal development permits. Finally, Sable performed repair work on the offshore SYU pipeline facilities to reinforce the existing pipelines and ensure pipeline safety in late 2024. This work, known as span remediation work, is consistent with repair and maintenance activities previously performed on the offshore SYU pipelines under the existing coastal development permit for those facilities that did not require additional Coastal Act authorization.

Notwithstanding that Sable performed these repair and maintenance activities pursuant to prior Coastal Act authorizations, the Coastal Commission asserted that such activities required new or amended coastal development permits. On April 10, 2025, the Commission issued a Cease-and-Desist Order, Restoration Order, and Administrative Penalty Order with respect to Sable's anomaly repair work, safety valve installation work, and span remediation activities notwithstanding the County's confirmation that Sable had County authorization to do the work. Sable and the Commission presently are engaged in litigation regarding these orders. Sable maintains that the Coastal Commission's allegations lack merit and that the Commission lacked authority to issue the April 10 orders. Specifically, Sable's repair and maintenance work was undertaken in accordance with applicable federal pipeline safety regulations, the Consent Decree, and OSFM's requirements, and, where applicable, authorized by the County. The ongoing

jurisdictional dispute between the Applicants and County on one side and the Coastal Commission on the other is not relevant to the permit transfer.

D. Regional Water Quality Control Board and California Department of Fish & Wildlife Related Matters

Like the Coastal Commission matter, matters relating to the Central Coast Regional Water Quality Control Board ("Water Board") and the California Department of Fish and Wildlife ("CDFW") occurred after the Applicants' application was deemed complete on July 30, 2024. Such matters also fall outside Chapter 25B's narrow scope. Regarding compliance with existing requirements, Chapter 25B allows the Board to consider only compliance with "applicable county ordinance[s]," not state laws, which are outside its jurisdiction. (County Code § 25B-9(5); B-10(5).) Neither does alleged noncompliance implicate Chapter 25B's "operator capability" finding because the "operator capability" finding is similarly limited to compliance with the County permit and all applicable County codes. (County Code § 25B-10(a)(9).)

On September 16, 2025, the Santa Barbara District Attorney's Office filed a criminal complaint alleging violations of the Water Code and the Fish and Game Code in connection with Sable's previously completed Pipeline repair and maintenance work. Relatedly, on October 3, 2025, the California Attorney General's office filed a civil complaint in Santa Barbara County Superior Court against Sable alleging various violations of the California Water Code based on the same activities.

Before the work at issue was performed, the Applicants' expert technical consultants conducted biological and cultural assessments to confirm that no adverse effects to biological and cultural resources would occur. All such activities also were witnessed and observed by OSFM personnel. According to Sable and its qualified advisors, no wildlife were adversely affected. After the work commenced, the Water Board and CDFW separately informed Sable of its perspective that certain work required additional permits and authorization. After learning of the agencies' perspectives, Sable engaged with the Water Board and CDFW in a spirit of cooperation and shared commitment to the protection of the California Central Coast and the County of Santa Barbara's local environment. To date, Sable has obtained permits for five sites from each agency, and is working with both agencies to obtain permits for an additional nine additional sites.

The September 16, 2025, and October 3, 2025, complaints are not final orders, and Sable will defend itself in court from these allegations. In any event, and as noted above, the complaints address events that occurred after the Applicants' applications were deemed complete on July 30, 2024. Thus, to comply with Chapter 25B, the Board may not consider the complaints when deciding on the Appeals. (*See* County Code §§ 25B-9(a)(5), 25B-10(a)(5); Order re Cross Motions for Summary Judgment (Ex. 1), pp. 23-24, 25, n. 17.) Moreover, the Applicants continue to vigorously deny wrongdoing, and there has been no finding of liability in either case that could possibly bear on the Transfers. As such, these complaints should not be considered in connection with the Appeals.

X. CONCLUSION

As confirmed in the February 2025 Board Letter, February 2025 Staff Presentation, and October 2025 Board Letter, and further demonstrated in this letter, the Applicants meet all applicable requirements for transfer of the FDP's; therefore, the Appeals should be denied and the Planning Commission's approval of the Transfers upheld. The Applicants have established consistency with the narrow findings, and County staff has confirmed that all requirements to approve the Transfers have been met.

We appreciate the opportunity to provide this additional information and will be available to answer any questions that arise at the hearing. We respectfully request that the Board determine that the request is not a project pursuant to CEQA, deny the Appeals, make the required findings, and grant *de novo* approval of the Transfers.

Very truly yours,

Jessica Stebbins Bina
of LATHAM & WATKINS LLP

Enclosures

cc: Steve Rusch, Sable Offshore Corp.

Index of Exhibits

Exhibit No.	Description	Date
1.	Order re Cross-Motions for Summary Judgment, *Sable Offshore Corp., v. County of Santa Barbara,* No. LACV-25-4165-DMG (C.D. Cal.)	Sept. 12, 2025
2.	Letter from County of Santa Barbara to Pacific Pipeline Co. re Board Action letter for the Appeal of the Change of Ownership, Change of Guarantor, and Change of Operator of the Las Flores Pipeline System (formerly AAPL Lines 901/903); 88-DPF-033 (RV01)z, 88-CP-60 (RV01), 88-DPF-25cz, 85-DP-66cz, 83-DP-25cz. Case No. 23APL-00027 ("2023 Board Approval")	Sept. 21, 2023
3.	Staff Report for a Change of Owner, Operator, and Guarantor for the Santa Ynez Unit, POPCO Gas Plant, and Las Flores Pipeline System Final Development Plan Permits ("Commission Hearing Staff Report")	Oct. 30, 2024
4.	Excerpts from Respondents County of Santa Barbara and Santa Barbara County Board of Supervisors Response to Petitioners' Statement of Uncontroverted Facts and Proposed Conclusions of Law, *Sable Offshore Corp., v. Santa Barbara,* No. 25-4165	Aug. 1, 2025
5.	Excerpts from Planning Comm. Hearing Transcript	Oct. 30, 2024
6.	Letter from Latham & Watkins to Board of Supervisors re November 4, 2025, Meeting of the Santa Barbara County Board of Supervisors regarding Appeals of Planning Commission Approval of Change of Owner, Guarantor, and Operator for the Santa Ynez Unit, Pacific Offshore Pipeline Company Gas Plant and Las Flores Pipeline System – Request for Recusal of Supervisor Hartmann ("Hartmann Recusal Letter")	Oct. 30, 2025
7.	Letter from Latham & Watkins to Board of Supervisors re November 4, 2025, Meeting of the Santa Barbara County Board of Supervisors regarding Appeals of Planning Commission Approval of Change of Owner, Guarantor, and Operator for the Santa Ynez Unit, Pacific Offshore Pipeline Company Gas Plant and Las Flores Pipeline System – Request for Recusal of Chair Capps ("Capps Recusal Letter")	Oct. 30, 2025
8.	Sable Executive Management Profile	Feb. 21, 2025
9.	Excerpts from Respondents County of Santa Barbara and Santa Barbara County Board of Supervisors' Response to Petitioners'	Aug. 1, 2025

Exhibit No.	Description	Date
	Motion for Summary Judgment, *Sable Offshore Corp., v. Santa Barbara,* No. 25-4165 ("Excerpts from Aug. 1, 2025, County Response to MSJ")	
10.	Settlement Agreement between Celeron Pipeline Co. of California and the County of Santa Barbara ("Celeron Settlement")	Feb. 8, 1998
11.	Agreement to Comply with Conditions of Approval	Mar. 14, 2024
12.	Consent Decree Assumption Agreement	Oct. 13, 2022
13.	Excerpts from Hearing Transcript, *Sable Offshore Corp. v. Santa Barbara,* No. 25-4165	Sept. 12, 2025
14.	Planning Comm. Staff Report re Proposed Change of Owner, Operator, and Guarantor Ordinance ("2001 Staff Report")	Sept. 7, 2001
15.	California Certificates of Financial Responsibility ("COFRs")	Oct. 3, 2024
16.	Letter from Office of the State Fire Marshal to Sable Offshore Corp. re Letter of Decision on the State Waiver Request for Limited Efectiveness [sic] of Cathodic Protection on Thermally Insulated Pipeline and Corrosion of or Along a Longitudinal Seam Weld (CA-324) ("OSFM Letters of Decision on State Waiver Requests")	Dec. 17, 2024
17.	Letter from U.S. DOT, Pipeline & Hazardous Materials Safety Admin. to OSFM re Docket No. PHMSA-2025-0002 ("PHMSA Letters Regarding State Waivers")	Feb. 11, 2025
18.	Email from J. Ybarra re: Notice of Planning Comm. Hearing - SYU, POPCO Gas Plant, and Las Flores Pipelines Change of Owner/Operator/Guarantor ("Ybarra Email")	Oct. 15, 2024
19.	County of Santa Barbara, "Zoning Clearance Applications – 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096" ("County Authorization Letter")	Feb. 12, 2025
20.	Letters from Cal. Dept. of Fish & Wildlife to Pacific Pipeline Co. (Plan No: CA-00-7217) and Sable Offshore Corp. (Plan No: CA-00-7239) re California Facility Oil Spill Contingency Plan approval	Mar. 26, 2025

Exhibit 1

JS-6

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SABLE OFFSHORE CORP., *et al.*,

Petitioners/Plaintiffs,

v.

COUNTY OF SANTA BARBARA, *et al.*,

Respondents/Defendants,

and

ENVIRONMENTAL DEFENSE CENTER, *et al.*

Intervenors.

No. CV 25-4165-DMG (AGRx)

ORDER RE CROSS-MOTIONS FOR SUMMARY JUDGMENT [36] [43]

Petitioners/Plaintiffs Sable Offshore Corp. ("Sable Offshore"), Pacific Pipeline Company ("PPC"), and Pacific Offshore Pipeline Company ("POPCO") (collectively, "Sable") filed applications seeking the transfer of Final Development Permits ("FDP") to Sable from Petitioners/Plaintiffs Exxon Mobil Corporation ("ExxonMobil"), Mobil Pacific Pipeline Company ("MPPC"), and ExxonMobil Pipeline Company ("EMPCo") (collectively, "Exxon Mobil Affiliates"). Petitioners seek a writ of mandate following the Santa Barbara County Board of Supervisors' (the "Board") tie vote on the appeal of the Santa Barbara County Planning Commission's (the "Planning Commission") decision to approve the transfer of FDPs pursuant to Santa Barbara County Code Chapter 25B (hereinafter "Chapter 25B"). Respondents/Defendants are the Board and the County of Santa Barbara (the "County").

Before the Court are two cross-motions for summary judgment ("MSJ"), brought by Petitioners [Doc. # 36-1 ("Petitioners MSJ")] and by Intervenors Environmental Defense Center ("EDC"), Get Oil Out! ("GOO!"), Santa Barbara County Action Network ("SBCAN"), Sierra Club, and Santa Barbara Channelkeeper ("SBCK") [Doc. # 43-1 ("Intervenors MSJ")]. Both motions are fully briefed. [Doc. ## 40 ("County's Response"), 46 ("Petitioners Opp."), 47 ("Intervenors Reply").]

Pursuant to the Petitioners and Respondents' proposed bifurcated schedule which was ordered by the Court [Doc. ## 17, 24], these cross-motions for summary judgment solely address the Petition/Complaint's first and second claims for relief for writ of mandate pursuant to California Code of Civil Procedure section 1085 and third claim for relief for writ of administrative mandate pursuant to California Code of Civil Procedure section 1094.5. [Doc. ## 1, 17.] At the center of this dispute is the proper interpretation of Santa Barbara County Code Chapter 25B. The Court held a hearing on September 12, 2025. Having duly considered the parties' written submissions and oral argument, the Court **GRANTS in part and DENIES in part** Petitioners' MSJ and **GRANTS in part and DENIES in part** the Intervenors' MSJ for the following reasons.

I.

FACTUAL AND PROCEDURAL BACKGROUND[1]

A. The Facilities, Pipeline, and FDPs

The POPCO facility and Santa Ynez Unit (the "facilities") are onshore oil and gas production and transportation facilities located in Santa Barbara County and connected to offshore platforms Hondo, Harmony, and Heritage in the Santa Barbara Channel. County Staff Report Admin Record ("A.R.") 15–17 (Vol. 1 at 20–22) [Doc. # 13-1].[2] The POPCO facility is an onshore gas production facility located in Las Flores Canyon. County Staff Report A.R. 17 (Vol. 1 at 22). The Santa Ynez Unit ("SYU"), as referred to here, consists of the onshore oil processing facility also located in Las Flores Canyon. *Id.* The Las Flores Pipeline (the "pipeline"), formerly known as the Plains All American Pipeline, transports oil produced from the SYU to the Pentland Station in Kern County. *Id.*

FDPs can be transferred for change of owner, operator, or guarantor. County Code §§ 25B-2, 25B-4(e), (f), (g). The transfer applications at issue are: (1) the SYU (FDP No. 87-DP-32cz) from ExxonMobil to Sable (owner, operator, and guarantor; (2) the POPCO facility (FDP No. 93-FDP-015 and 74-CP-11) from ExxonMobil Corporation to Sable (operator and guarantor); and (3) the pipeline (FDP Nos. 88-DPF-033 (RV01)z, 88-CP-60 (RV01), 88-DPF-25cz, 85-DP-66cz, 83-DP-25cv) from EMPCo to Sable (operator) and ExxonMobil to Sable (guarantor). County Staff Report A.R. 16 (Vol. 1 at 21); A.R. 162 (Vol. 1 at 167).

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[1] The facts in this section are drawn from the Administrative Record, except where otherwise indicated. The Court has reviewed the entire record [Doc. ## 13, 28, 33] but only discusses the facts that are necessary to or affect its analysis.

[2] All citations to the A.R. herein will have the following format: Bates Citation (Volume Number at CM/ECF Page Number). All other citations to the docket will refer to the page numbers inserted by the CM/ECF system. Any citations to Volumes 12 and 13 refer to the Amended Volumes. *See* Doc. # 28 (noticing amendment due to document malformations).

B. The Refugio Spill and Sable

On May 19, 2015, a section of the Las Flores Pipeline ruptured and released oil on land, beaches, and into the ocean near Refugio State Beach (hereinafter the "Refugio Spill"). County Staff Report A.R. 19 (Vol. 1 at 24). Following the spill, the pipeline was shut down, purged, and isolated, and the facilities were shutdown. *Id.* A.R. 19–20 (Vol. 1 at 24–25). The FDPs remain active. *Id.* A.R. 17 (Vol. 1 at 22).

Sable Offshore, led by Chief Executive Officer Jim Flores, was initially formed as several special purpose entities for the purpose of evaluating the opportunity to acquire the SYU assets. Appellants Board Comment Letter A.R. 3203 (Vol. 11 at 1061) [Doc. # 13-11]. On February 14, 2024, Sable Offshore acquired the facilities and the pipeline from the Exxon Mobil Affiliates. County Staff Report A.R. 18 (Vol. 1 at 23); Appellants Board Comment Letter A.R. 3204 (Vol. 11 at 1062). It also acquired PPC, which owned the pipeline. *Id.* A.R. 3204 (Vol. 11 at 1062). To fund the $625,000,000 acquisition, Sable secured an approximately $622,000,000 loan from Exxon. *Id.* A.R. 3200 (Vol. 11 at 1058).

C. Chapter 25B

Chapter 25B governs the transfer of FDPs. County Code § 25B. 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.

County Code § 25B-1. Any change in owner, operator, or guarantor, requires application and approval by the County. County Code §§ 25B-2, 25B-4(e), (f), (g).[3]

[3] Applications for change of operator are under the jurisdiction of the Planning Commission. County Code § 25B-8(b). Applications for change of owner and guarantor are under the jurisdiction of

1. Operator

The Planning Commission "shall approve or deny any application to transfer a permit for change of operator." County Code § 25B-8(b)(1). A public hearing is required. County Code § 25B-8(b)(3). "Prior to approval," the Planning Commission "shall make all findings required . . . and shall take all actions necessary []." County Code § 25B-8(b)(2). County Code section 25B-10 states that the Planning Commission "shall approve an application for change of operator only if the [Planning Commission] makes the following findings." The section lists nine findings: (1) fees and exactions, (2) financial guarantees, (3) acceptance of permit, (4) facility safety audit, (5) compliance with existing requirements, (6) compliance plans, (7) transitional plan, (8) emergency response plan drills, (9) operator capability. County Code §§ 25B-10(a)(1)–(9).

2. Owner

The Planning Commission[4] "shall approve or deny any application to transfer a permit for . . . change of ownership." County Code § 25B-8(a)(1)(a). "Prior to approval of such application, the [Planning Commission] shall make all findings required . . . and shall take all actions necessary . . . ." County Code § 25B-8(a)(2). The Planning Commission "shall approve an application for a change of owner only if the [Planning Commission] makes the following findings:" (1) fees and exactions, (2) financial guarantees, (3) acceptance of permit, (4) facility safety audit, and (5) compliance with existing requirements. County Code §§ 25B-9(a), (a)(1)-(5). The financial guarantees

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the Santa Barbara County Director. County Code §§ 25B-3, 25B-8(a). Where, as here, an application includes components under both the Planning Commission and the Santa Barbara County Director's jurisdiction, the application may be processed with a combined application and decided by the Planning Commission. County Code § 25B-8(c). The Court will therefore refer to the Planning Commission as the decisionmaker for changes of owner and guarantor in the combined application at hand.

[4] Changes of owner and guarantor do not require a public hearing. County Code § 25B-8(a)(3). But because Sable made a combined application and the Planning Commission handled all three components, the Planning Commission was required to hold a public hearing. *See* County Code § 25B-8(b)(3).

finding for change of owner is identical to the financial guarantees finding for change of operator. *Compare* County Code §§ 25B-9(a)(2) *with* 25B-10(a)(2).

3. Guarantor

The Planning Commission "shall approve an application . . . for a change in guarantor only if the [Planning Commission] makes the following finding" with regard to financial guarantees: "[t]he proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance." County Code §§ 25B-9(e), (e)(1).

4. Appeals

Decisions by the Planning Commission may be appealed to the Board by the applicant or any interested person adversely affected by such decision. County Code § 25B-12(b)(1). In the appeal, the appellant must "state specifically" how the Planning Commission's decision is "inconsistent with the provisions or purposes of this chapter" or "there was an error or abuse of direction" by the Planning Commission. County Code § 25B-12(b)(2). The Planning Commission transmits to the Board copies of the application and "a statement of findings setting forth the reasons for the planning commission's decision." County Code § 25B-12(b)(3). The Board's hearing "shall be de novo" and the Board "shall affirm, reverse, or modify the planning commission's decision at a public hearing." County Code § 25B-12(b)(4). The hearing must be noticed. *Id.*

D. Sable's Applications to the Planning Commission

On March 14, 2024, Sable submitted a combined application to the Planning Commission for change of owner, operator, and guarantor of the FDPs. SYU Application A.R. 240 (Vol. 1 at 245); POPCO Facility Application A.R. 254 (Vol. 1 at 259); Pipeline Application A.R. 269 (Vol. 1 at 274). Under Chapter 25B, if an application is found

incomplete, County Staff[5] issue a notice of incompleteness and the applicant shall provide "any additional information" required through an incompleteness letter. County Code § 25B-8(d). Sable was required to supplement its applications in response to notices of incompleteness three times. A.R. 284 (Vol. 1 at 289); A.R. 294 (Vol. 1 at 299); A.R. 307 (Vol. 1 at 312).

The County Staff deemed Sable's application complete on July 30, 2024. County Staff Report A.R. 18 (Vol. 1 at 23). The County Staff found that Sable had satisfied the requirements under Chapter 25B and recommended the Planning Commission approve Sable's applications. County Staff Presentation A.R. 1985 (Vol. 10 at 234) [Doc. # 13-10]. The Planning Commission held a public hearing on October 30, 2024. A.R. 2170 (Vol. 11 at 28). The Planning Commission, by a vote of three to one, made the required findings for approval under Chapter 25B and approved the change of owner, operator, and guarantor for the facilities and pipeline. A.R. 2170 – 2171 (Vol. 11 at 28-29). In a letter to Sable, the Planning Commission attached its findings of approval. A.R. 2172 – 2184 (Vol. 11 at 30–42).

E. The Appeal to the Board

On November 7, 2024, Intervenors EDC, GOO!, and SBCAN (hereinafter "Appellants"),[6] filed an appeal of the Planning Commission's approval.[7] Appeal Letter A.R. 2058 (Vol. 10 at 307). They previously submitted a comment letter with the same concerns to the Planning Commission. Planning Commission Comment Letter A.R. 1867

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[5] Although Chapter 25B states the Director will issue the notice of incompleteness, the County Staff Report states the County Staff were responsible for deeming the application complete. County Staff Report A.R. 18 (Vol. 1 at 23). In Sable's incompleteness letters, it also refers to the County as the notice issuer. *See, e.g.*, A.R. 284 (Vol. 1 at 289).

[6] Appellants did not include Intervenors Sierra Club and SBCK. A.R. 2058 (Vol. 10 at 307). The Sierra Club and SBCK retained EDC to represent them following the appeal. A.R. 3200 (Vol. 11 at 1058).

[7] The Center for Biological Diversity and the Wishtoyo Foundation filed a separate appeal. A.R. 2050 (Vol. 10 at 299). Because that appeal is not at issue in this action, the Court will not address it.

(Vol. 10 at 116). Appellants argued the Planning Commission made findings unsupported by evidence, plainly controverted by evidence, and/or inconsistent with Chapter 25B. Appeal Letter A.R. 2059 (Vol. 10 at 308).

F. The Board Hearing and Tie Vote

The Board held a public hearing on February 25, 2025. A.R. 2949 (Vol. 11 at 807). County Staff recommended the Board deny the appeal. Board Agenda Letter A.R. 2953 (Vol. 11 at 811). The Board has five members, one for each district: Roy Lee, Laura Capps, Joan Hartmann, Bob Nelson, and Steve Lavagnino. A.R. 2927 (Vol. 11 at 785). Hartmann recused herself. Board Hearing Minute Order A.R. 6755 (Vol. 21 at 11) [Doc. # 13-21]. The hearing lasted over five hours with almost 100 public comments. Board Hearing Minute Order A.R. 6753 – 6754 (Vol. 21 at 9–10). County Staff (Hearing Transcript A.R. 6965 – A.R. 6975 (Vol. 21 at 221–231)), EDC for Appellants (Hearing Transcript A.R. 6987 – A.R. 6992 (Vol. 21 at 243–248)), and Sable (Hearing Transcript A.R. 7013 – A.R. 7023 (Vol. 21 at 269–279)) each spoke and answered questions from the Board.

As documented in the Minute Order following the Board Hearing, Lavagnino made a motion, seconded by Nelson, to: (1) deny the appeals; (2) "[make] the required findings for approval" for change of owner, operator, and guarantor; (3) approve, and (4) "grant[] de novo approval" of the change of owner, operator, and guarantor. Board Hearing Minute Order A.R. 6755 (Vol. 21 at 11). The motion "failed" at the first stage, with Nelson and Lavagnino voting in favor of denying the appeals and Lee and Capps voting to uphold the appeals. Board Hearing Minute Order A.R. 6755 (Vol. 21 at 11); Hearing Transcript A.R. 7140 (Vol. 21 at 396) (Nelson), A.R. 7137 (Vol. 21 at 393) (Lavagnino), A.R. 7138 (Vol. 21 at 394) (Lee), A.R. 7142 (Vol. 21 at 398) (Capps), A.R. 7143 (Vol. 21 at 399) ("Motion fails two to two").

As the Supervisors voted, they articulated the basis behind their votes. Lee remarked the "restart" of the pipeline was an "insane" and "very bad" idea and voted to uphold the appeals "because that's the right thing to do." Hearing Transcript A.R. 7137 –

7138 (Vol. 21 at 393–394). Capps, "within the narrow confines" of the FDP transfer, and related to the Board's "fiscal oversight" and "fiscal responsibility" to the County's budget, concluded she lacked the "reassurance of fiscal stability" in evaluating the FDP transfers. A.R. 7140 – 7142 (Vol. 21 at 396–398). Capps identified three "red flags," or reasons, in support of her position: Sable had to obtain a loan from Exxon in order to purchase the facilities and pipeline, Sable did not show the Board the insurance policy, and the California Coastal Commission issued notices of violation against Sable around five to six months after Sable filed their applications at issue here. *Id.* A.R. 7140 – 7142 (Vol. 21 at 396–398); *see* Planning Commission Comment Letter A.R. 1889 – 1890 (Vol. 10 at 138–139), A.R. 1908 (Vol. 10 at 157), A.R. 1969 (Vol. 10 at 218).

Once the first motion failed, County Counsel advised the Board members that they did not need to reach the next step of making factual findings or granting *de novo* approval of the transfers of the FDPs. Hearing Transcript A.R. 7143 (Vol. 21 at 399); *see also* Board Agenda Letter A.R. 2953 (Vol. 11 at 811) (recommending findings of fact and *de novo* approval as subsections "b" and "d" following subsection "a" denial of the appeal). County Counsel recommended the Board make a conceptual motion to uphold the appeals. Hearing Transcript A.R. 7143 (Vol. 21 at 399). A conceptual motion was made by Capps, seconded by Lee, to uphold the appeals. A.R. 6755 (Vol. 21 at 11). The motion again "failed," as Nelson and Lavagnino voted against it. A.R. 6755 (Vol. 21 at 11); Hearing Transcript A.R. 7144 (Vol. 21 at 400) ("Motion fails two to two").

G. Sable's Letters Following the Vote

On February 26, 2025, one day after the Board hearing, Sable sent the Director a letter requesting the County transfer the FDPs. A.R. 6771 – 6773 (Vol. 21 at 27–29). Sable asserted the legal outcome of the tie vote was that it let the Planning Commission's approval stand, and therefore the County should transfer the FDPs. A.R. 6772 (Vol. 21 at 28). On March 1, 2025, EDC sent a letter to the Board in opposition. A.R. 6774 – A.R. 6778 (Vol. 21 at 30–34). EDC argued the tie vote constituted "no action," which effectively resulted in denial of the FDP applications. A.R. 6775 (Vol. 21 at 31). On

April 11, 2025, Sable sent a second letter with a request that the County transfer the FDPs and accompanied it with a threat to commence litigation for a writ of mandate. A.R. 6768 – 6770 (Vol. 21 at 24–26).

At the time of the vote during the public hearing, Capps asked County Counsel what the "potentially odd result" of the tie vote was. A.R. 7144 (Vol. 21 at 400). County Staff answered that "in order for the board to take any action, the board needs a majority vote. . . . So, on a tie vote, that's no action of the board." Hearing Transcript A.R. 7144 (Vol. 21 at 400). Following Sable's second letter, the Board went into closed session on April 16, 2025 to discuss the County's exposure to litigation regarding the FDPs. A.R. 6783 (Vol. 21 at 39). The action summary reflects the Board did not take any reportable action following the closed session. A.R. 6783 (Vol. 21 at 39). To date, the County has not taken any relevant subsequent action such as transferring the FDPs or holding a second public hearing and vote. *See also* Response at 10.

H. Petitioners File Suit

On May 8, 2025, Petitioners filed the instant lawsuit against Respondents. [Doc. # 1.] On July 25, 2025, the Court granted the Intervenors' Motion to Intervene. [Doc. # 39.] The cross-MSJs seek summary adjudication of the Complaint's first and second claim for relief for writ of mandate pursuant to California Code of Civil Procedure section 1085 and third claim for relief for writ of administrative mandate pursuant to California Code of Civil Procedure section 1094.5.

I. Requests for Judicial Notice ("RJNs")

Petitioners and Intervenors filed Requests for Judicial Notice ("RJN"). Petitioners request notice of: (1) a transcript of the Board's hearing on September 19, 2023 regarding the transfer of these FDPs to the Exxon Mobile Affiliates; (2) the County's agenda for the September 19, 2023 hearing; (3) the minute order following the September 19, 2023 hearing. [Doc. # 36-3 ("Petitioners RJN").] The transcript is a record of an agency's public hearing and the agenda and minute order are public records of agency action. *Coal. for a Sustainable Delta v. Fed. Emergency Mgmt. Agency*, 812 F. Supp. 2d

1089, 1093 (E.D. Cal. 2011); Fed. R. Evid. 201(b). The Court therefore **GRANTS** Petitioners' RJN.

Intervenors request notice of : (1) a 2025 letter from the California Fair Political Practices Commission ("FPPC") regarding Board Supervisor Hartmann; (2) Santa Barbara County Code Chapter 25B; (3) Santa Barbara County Planning and Development Department's Land Use Appeal Application Form; and (4) a transcript of the Board's hearing on August 22, 2023. [Doc. ## 43-6 ("Intervenors RJN"), 46-1, 47-2.]

The Court can take judicial notice of regulations and therefore **GRANTS in part** Intervenors' RJN as to Chapter 25B. *See Roemer v. Board of Public Works of Maryland*, 426 U.S. 736, 743 n.2 (1976) (taking judicial notice of state regulations); Fed. R. Evid. 201. The FPPC letter is a public record posted on a public agency's official website and is not subject to reasonable dispute. *Coal. for a Sustainable Delta*, 812 F. Supp. 2d at 1093; Fed. R. Evid. 201(b). Intervenors' RJN is **GRANTED in part** as to the letter. Judicial notice is taken to prove the public record's existence and content, but not for the truth of the matters asserted therein. *Coal. for a Sustainable Delta*, 812 F. Supp. 2d at 1093. The remainder of Intervenors' RJN is **DENIED as moot** as the Court did not rely upon this evidence. Because the Court grants Intervenors' RJN as to the 2025 letter, Petitioners' Alternative RJN for a 2016 letter from the FPPC regarding Hartmann is **GRANTED** for the same reasons. [Doc. # 46-4 ("Alternative RJN").]

The Court also takes *sua sponte* judicial notice of the Procedural Rules Governing Planning, Zoning and Subdivision Hearings Before the Board of Supervisors and Planning Commission (Santa Barbara County Res. No. 91-333) (hereinafter "Governing Procedural Rules"). Resolution 91-333 is posted on the Santa Barbara County website and is a public record. *See Coal. for a Sustainable Delta*, 812 F. Supp. 2d at 1093; Fed. R. Evid. 201(b).

II.

LEGAL STANDARD

Summary judgment should be granted "if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a); *accord Wash. Mut. Inc. v. United States*, 636 F.3d 1207, 1216 (9th Cir. 2011). Material facts are those that may affect the outcome of the case. *Nat'l Ass'n of Optometrists & Opticians v. Harris*, 682 F.3d 1144, 1147 (9th Cir. 2012) (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)). Where the issues before the Court are questions of law, the case is particularly "well suited" for summary judgment. *Del Real, LLC v. Harris*, 966 F. Supp. 2d 1047, 1051 (E.D. Cal. 2013); *see also Asuncion v. Dist. Dir. of U.S. Immigration & Naturalization Serv.*, 427 F.2d 523, 524 (9th Cir. 1970).

A. California Code of Civil Procedure Section 1085

A traditional writ of mandate under California Code of Civil Procedure section 1085 "is used to compel a public entity to perform a legal and usually ministerial duty." *Move Eden Hous. v. City of Livermore*, 100 Cal. App. 5th 263, 272 (2024) (quoting *Schmid v. City & Cnty. of San Francisco*, 60 Cal. App. 5th 470, 484–485 (2021); Cal. Civ. Proc. Code § 1085.[8] A writ of mandate under Code 1085 is available "where the petitioner has no plain, speedy and adequate alternative remedy; the respondent has a clear, present and usually ministerial duty to perform; and the petitioner has a clear, present and beneficial right to performance." *Conlan v. Bonta*, 102 Cal. App. 4th 745, 752 (2002).

[8] Section 1085(a) states: "A writ of mandate may be issued by any court to any inferior tribunal, corporation, board, or person, to compel the performance of an act which the law specially enjoins, as a duty resulting from an office, trust, or station, or to compel the admission of a party to the use and enjoyment of a right or office to which the party is entitled, and from which the party is unlawfully precluded by that inferior tribunal, corporation, board, or person." Cal. Civ. Proc. Code § 1085(a).

B. California Code of Civil Procedure Section 1094.5

California Code of Civil Procedure section 1094.5, writ for administrative mandamus, "provides the procedure for judicial review of adjudicatory decisions rendered by administrative agencies." *Schmid*, 60 Cal. App. 5th at 483. Section 1094.5 applies to decisions made by agencies resulting from proceedings where "a hearing is required to be given, evidence is required to be taken, and discretion in the determination of facts is vested in the inferior tribunal, corporation, board, or officer." Cal. Civ. Proc. Code § 1094.5(a). These administrative proceedings are quasi-judicial in character. *Bright Dev. v. City of Tracy*, 20 Cal. App. 4th 783, 793 (1993). The reviewing court looks to see whether the required findings are supported by the evidence. *Id.* The inquiry under section 1094.5 is "whether the respondent has proceeded without, or in excess of, jurisdiction; whether there was a fair trial; and whether there was any prejudicial abuse of discretion." Cal. Civ. Proc. Code § 1094.5(b).

III.
DISCUSSION

A. First Claim for Relief: Traditional Writ of Mandate Under Section 1085

Petitioners' first claim for relief turns on the legal effect of the Board's tie vote on the Planning Commission's approval of Sable's FDP applications. *See* Petitioners MSJ at 14; Intervenors MSJ at 12. Petitioners argue the Board was not required to issue its own findings or take direct action to approve the FDP transfers, and therefore the tie vote leaves the appealed Planning Commission decision intact, similar to a tie vote in an appellate court. Petitioners MSJ at 14. Intervenors contend that because the hearing before the Board was *de novo*, the tie vote constitutes "no action" and effectively functions as a denial. Intervenors MSJ at 12–13. Respondents decline to take a position on the tie vote. Response at 8. Instead, Respondents provide a general overview of applicable law, conclude the effect of the tie vote is unclear, and defers to the Court. Response at 16.

"As a general rule an even division among members of an administrative agency results in no action." *Lopez v. Imperial Cnty. Sheriff's Off.*, 165 Cal. App. 4th 1, 4 (2008) (quoting *Clark v. City of Hermosa Beach*, 48 Cal. App. 4th 1152, 1176 (1996) (quoting *Graves v. Comm'n On Pro. Competence*, 63 Cal. App. 3d 970, 976–977 (1976))). This general rule, however, is subject to an exception dependent upon the nature of the administrative agency's review. "Tie votes mean different things in different contexts." *Vedanta Soc. of S. California v. California Quartet, Ltd.* (hereinafter "*Vedanta*"), 84 Cal. App. 4th 517, 521 (2000).

1. California Law on the Effect of Tie Votes

In order to resolve this context-dependent question, the Court turns to cases where California courts considered the issue of a tie vote. In *Vedanta*, the elected board argued the "default" result of a deadlock vote was an adoption of the lower planning commission's findings and explanations. 84 Cal. App. 4th at 528. The Court of Appeal reasoned that a tie vote *can* result in an acquiescence, but not where it constitutes "an affirmative act de novo." *Id.* at 529. According to the Court of Appeal, the "very fact" that findings "must be made *at all* is incompatible with the nature of a tie vote" and findings "are by nature affirmative acts" which inherently require the fact-finder to take "unambiguous" action." *Id.* In support of this, the Court of Appeal pointed to the requirements that the board at issue in *Vedanta* provide brief explanations of their rationale of any findings or state in writing the specific reasons to support its action. *Id.* The regulation required *de novo* review and *de novo* fact finding. *Id.* Although the Court of Appeal in *Vedanta* declined to rule on the effects of tie votes outside of the regulation at issue, its reasoning is persuasive in the case at hand. *Id.* at 534–5.

Similarly, in *Clark*, the Court of Appeal analyzed the effect of a tie vote on a planning commission's decision. *Clark,* 48 Cal. App. 4th at 1175. Petitioners argued one member of the council should have recused himself and, if he did, the resulting tie vote post-recusal would have affirmed the planning commission's decision. *Id.* at 1175. The Court of Appeal rejected this argument. Instead, the Court of Appeal ruled that a

theoretical tie vote would have affirmed one type of appeal provision (the parcel map) but would not have affirmed another (the conditional use permit). *Id.* This result was dictated by the differences between the applicable provisions. *Id.* The conditional use permit provision in *Clark*, presumably unlike the parcel map provision, required the council to hear the matter *de novo*, take additional evidence at a public hearing, and decide whether it should grant or deny the permit. *Id.* The Court of Appeal based this conclusion on language from the municipal code, which stated the council "shall order that the conditional use permit be granted, denied, or modified" and the action by the council shall be by three affirmative votes. *Id.* (internal quotations removed). This language dictated "[a] tie vote would not suffice." *Id.* at 1176. The municipal code in *Clark* was "virtually identical" to the one in *Anderson*. *Id.* (citing *Anderson v. Pittenger*, 197 Cal. App. 2d 188, 194–5 (1961)).

In *Anderson*, the city council ended in a tie vote over an appeal of an application for a zoning variance. 197 Cal. App. 2d at 189. The Court of Appeal ruled the tie vote constituted "no action," and not an affirmance of the order of the lower commission's decision, because: (1) the council was required to hold a public hearing after publishing notice, and (2) the council did not merely review and "affirm, reverse, or modify" the order of the commission, but was required by ordinance to "act upon the appeal." *Id.* at 194, 195. Moreover, the council was not bound by the findings of the commission or the testimony before the commission, and there were no limitations on new or additional testimony. *Id.* If the council were bound by the findings of the commission, there would be "no point" in requiring the public hearing. *Id.* The *Anderson* Court of Appeal concluded the council heard the matter *de novo* and made its own determination as to the facts. *Id.*

The Court of Appeal in *Rea* considered a similar set of facts. *Rea Enters. v. California Coastal Zone Conservation Com.* (hereinafter "*Rea*"), 52 Cal. App. 3d 596 (1975). In *Rea*, the regional commission approved petitioners' application for a coastal zone development permit. *Id.* at 601. The decision was appealed to the state

commission, which conducted a public hearing that resulted in a six-to-six tie vote. *Id.* The state commission's review was a "new, unlimited look at the same request for a permit by a de novo public hearing" and a "redetermination" "of the merits of the application." *Id.* at 605 (quoting *Klitgaard & Jones, Inc. v. San Diego Coast Reg'l Com.*, 48 Cal. App. 3d 99, 108 (1975)). The petitioners argued the jurisdiction of the state commission was one "strictly of an appellate nature" and therefore the tie vote resulted in an affirmance of the regional commission's decision approving the permit. *Id.* at 606–607. In support, they contended the *de novo* public hearing referred only to the process by which the state commission is required to gather evidence and the state commission could only "affirm, reverse, or modify" the regional commission's decision. *Id.* at 607. The Court of Appeal disagreed, noting that the language of "affirm, modify, or reverse" was not dispositive—although "grant or "deny" would have been "clear[er]." *Id.* at 608–609. Rather, the Court of Appeal looked to the legislative intent and other rules of statutory interpretation and concluded the tie vote did not affirm the regional commission's approval. *Id.* at 606–611.

Petitioners rely upon *Grist Creek Aggregates*, but that case is distinguishable. *Grist Creek Aggregates, LLC v. Superior Ct.*, 12 Cal. App. 5th 979 (2017). The *Grist Creek* Court analyzed California case law to address whether the tie votes were subject to judicial review. 12 Cal. App. 5th at 990. Regarding the *effect* of the tie vote, the court relied on three of the parties' *agreement* that the effect of the tie vote was to deny the appeal. *Id.* Accordingly, most of the *Grist Creek Aggregates* opinion is inapplicable.[9]

[9] Petitioners' reliance on the unpublished decision in *Serv. Emps. Int'l Union Loc. 1021* is not particularly helpful to their cause. *Serv. Emps. Int'l Union Loc. 1021 v. Cnty. of Mendocino*, No. 20-CV-05423-RMI, 2021 WL 3471176, at *1 (N.D. Cal. Aug. 6, 2021). There, the district court did not perform a robust analysis of the legal effect of a tie vote. Rather, it addressed the plaintiffs' failure to state a claim that a tie vote amounted to a violation of his federal due process rights. *Id.* at *3. In the process of that analysis, the district court tersely found that the tie vote functioned like an appellate court vote and left the original termination decision intact—as alleged in the plaintiffs' complaint. *Id.* at *4.

2. The Board's Tie Vote Meant It Took No Action on the Planning Commission's Decision

Chapter 25B is not identical to any of the applicable regulations in the cases described above. On one hand, Chapter 25B's procedural rules share some similarities with a purely appellate review. Rather than "grant or deny" the permits, the Board shall "affirm, reverse, or modify" the Planning Commission's decision to approve the FDPs. County Code § 25B-12(b)(4). The Planning Commission is the entity that "approve[s] or "deni[es]" applications for change of operator, owner, or guarantor. County Code §§ 25B-8(b)(1), 25B-8(a)(1)(a), 25B-9(e). And, unlike in *Clark*, Chapter 25B does not require any specific number of affirmative votes.[10] 48 Cal. App. 4th at 1175. The absence of "grant, deny, or modify" language in Chapter 25B, however, is not dispositive, and the cases other than *Clark* do not turn on regulatory language mandating a certain number of affirmative votes. *See Rea*, 52 Cal. App. 3d at 607–608. All other aspects of Chapter 25B appear to be consistent with the Court of Appeal's reasoning in *Vedanta*, *Clark*, and *Anderson*.

Chapter 25B provides that the Board's hearing shall be *de novo* and the Board shall hold a public hearing. County Code § 25B-12(b)(4). This suggests that the Board has the authority to engage in affirmative acts that go beyond merely reviewing the administrative record and giving a thumbs up or down. Here, like in *Vedanta*, the Board has the authority to conduct *de novo* fact-finding. 84 Cal. App. 4th at 519. When appealed, the Planning Commission supplies copies of the application and a statement of

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[10] The majority vote requirement is instead sourced from separate procedural rules that govern hearings before the Board. Governing Procedural Rules, Sec. IV, 1 ("Any action taken by the Board of Supervisors must be by a majority of the Board of Supervisors. An abstention shall not be counted as an affirmative vote on the motion."); *see also* A.R. 6772 (Vol. 21 at 29).

The same rules state "[i]n the event the Board takes no action because a motion on the item failed to carry by the affirmative vote of a majority of the membership, the matter may be continued at the request of any party or any Board member." Governing Procedural Rules, Sec. IV, 2. This rule is consistent with the Court's conclusion that a failure to reach a majority vote does not constitute affirmance or denial.

its findings setting forth the reasons for its decision to the Board. County Code § 25B-12(b)(3). Chapter 25B does not limit the Board's review to these findings, impose any evidentiary constraints, or mandate deference to the Planning Commission's findings. *See, e.g., Anderson*, 197 Cal. App. 2d at 189; *Clark*, 48 Cal. App. 4th at 1175; *cf. Today's Fresh Start, Inc. v. Los Angeles Cnty. Off. of Educ.*, 128 Cal. Rptr. 3d 822, 839 (Ct. App. 2011), *review granted and opinion superseded*, 262 P.3d 854 (Cal. 2011), *and aff'd*, 57 Cal. 4th 197 (2013) (holding a tie vote upheld the lower decision where the review was limited to findings made by the lower body).[11] Instead, it simply states the public hearing "shall be de novo." County Code § 25B-12(b)(4). If the Board were bound by the findings of the Planning Commission, there would be "no point" to requiring the public hearing. *Anderson*, 197 Cal. App. 2d at 195.

Furthermore, the requirement that the Board make factual findings logically flows from its *de novo* review of the Planning Commission's decision. Chapter 25B requires the Planning Commission to make specific factual findings, and the applications for change of owner, guarantor, and operator, shall be approved "only if" those findings are met. *See* County Code §§ 25B-9(a), (e), 25B-10(a). The Board must look to the evidence supporting these required factual findings and determine whether those findings are supported.

Finally, it appears everyone throughout the entirety of the Board appeal and public hearing process agreed that the Board was required to make factual findings. County Staff recommended that the Board "make" the required findings for approval and "grant *de novo*" approval of the applications. Board Agenda Letter A.R. 2953 (Vol. 11 at 811). The failed motion, as reflected in the Board minutes following the hearing, was to deny

[11] Federal courts may consider unpublished California appellate decisions as persuasive authority. *Holt v. Noble House Hotels & Resort, Ltd*, 370 F. Supp. 3d 1158, 1165 (S.D. Cal. 2019) (citing California Rule of Court 8.1115(a)).

the appeal, make the required findings for approval, and grant *de novo* approval.[12] A.R. 6755 (Vol. 21 at 11). Sable's own response to the appeal is in accordance with this approach (A.R. 5240 (Vol. 14 at 495) [Doc. # 13-14] ("[T]he Planning Commission did not err in approving the Transfers, and [] the Board should *do the same*.") (emphasis added)) (A.R. 5257 (Vol. 14 at 512) ("We respectfully request that the Board . . . deny the Appeals, *make the required findings*, and grant *de novo* approval of the Transfers.") (emphasis added)).

In sum, although Chapter 25B is not a model of clarity, the *de novo* nature of the review and the Board's authority to do fact-finding, combined with the requirement of a public hearing and lack of evidentiary constraints, lead the Court to conclude the Board's review is not one "strictly of an appellate nature." *Rea*, 52 Cal. App. 3d at 606. Accordingly, the tie vote by the Board in an appeal under Chapter 25B was "no action," was not "acquiescence," and did not affirm or reverse the Planning Commission's approval of the FDPs. *Vedanta*, 84 Cal. App. 4th at 529. Petitioners' MSJ is **DENIED in part** and Intervenors' MSJ is **GRANTED in part** as to Petitioners' first claim for relief to the extent Intervenors assert the tie vote "did not affirm, reinstate, or otherwise leave in place" the Planning Commission's decision.

B. Second Claim for Relief: Traditional Writ of Mandate Under Section 1085

1. Ministerial Duty or Discretionary Duty

Under section 1085, the Court may issue a writ of mandate in two circumstances: (1) where the agency has a "mandatory" and "ministerial duty capable of direct enforcement" or (2) where the agency has a discretionary "quasi-legislative duty entitled to a considerable degree of deference" and that agency has abused its discretion. *CV*

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[12] The motion by the Board includes all proposed findings and execution of all actions recommended in the County Staff's report. *See* Governing Procedural Rules, Sec. VII, 1 ("In the case of final action by the Board of Supervisors on a motion to affirm the Planning Commission's action or recommendation . . . the motion shall be deemed to include all proposed findings and execution of all actions recommended in the staff report.").

Amalgamated LLC v. City of Chula Vista, 82 Cal. App. 5th 265, 279 (2022). Whether a duty is ministerial is generally a question of law, namely statutory interpretation. *Id.*; *see also Rodriguez v. Solis*, 1 Cal. App. 4th 495, 502 (1991).

Where the duty is mandatory and ministerial, a court may issue a writ of mandate to compel a public agency or officer to perform this duty. *CV Amalgamated LLC*, 82 Cal. App. 5th at 279. A "ministerial act" is an act the public officer "is required to perform in a prescribed manner in obedience to the mandate of legal authority and without regard to his own judgment or opinion concerning such act's propriety or impropriety, when a given state of facts exists." *Id.* (quoting *Kavanaugh v. W. Sonoma Cnty. Union High Sch. Dist.*, 29 Cal. 4th 911, 916 (2003)). "A public entity has a ministerial duty to comply with its own rules and regulations where they are valid and unambiguous." *Id.* (quoting *Gregory v. State Bd. of Control*, 73 Cal. App. 4th 584, 595, (1999)).

If a public agency has abused its discretion in carrying out a discretionary function, a court may issue a writ of mandate to correct this abuse of discretion. *CV Amalgamated LLC*, 82 Cal. App. 5th at 279. Discretion is "the power conferred on public functionaries to act officially according to the dictates of their own judgment." *AIDS Healthcare Found. v. Los Angeles Cnty. Dep't of Pub. Health*, 197 Cal. App. 4th 693, 700 (2011) (quoting *Rodriguez*, 1 Cal. App. 4th at 501–502. Discretionary agency action amounts to an abuse of discretion where it is "palpably unreasonable and arbitrary." *CV Amalgamated LLC*, 82 Cal. App. 5th at 280 (quoting *Ellena v. Dep't of Ins.*, 230 Cal. App. 4th 198, 205 (2014)).[13]

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[13] Petitioners cite to cases interpreting "discretionary projects" and "ministerial projects" within the meaning of the California Environmental Quality Act (CEQA). *See* Petitioners MSJ at 19 (citing *Prentiss v. City of S. Pasadena*, 15 Cal. App. 4th 85, 89 (1993), *Health First v. Mar. Joint Powers Auth.*, 174 Cal. App. 4th 1135, 1142 (2009) and *Friends of Juana Briones House v. City of Palo Alto*, 190 Cal. App. 4th 286, 299 (2010)), 20 (citing *Sierra Club v. Cnty. of Sonoma*, 11 Cal. App. 5th 11, 19 (2017) and *Sierra Club v. Napa Cnty. Bd. of Supervisors*, 205 Cal. App. 4th 162, 176 (2012)). Although CEQA uses the terms "discretionary" and "ministerial," these terms and the interpretations thereof are based upon CEQA regulatory definitions that are not binding in this case. *See* Cal. Code Regs. §§ 15268, 15369.

2. Duties Under Chapter 25B

Petitioners assert two theories of duty: (1) the Board had a mandatory ministerial duty to act on the appeal, *i.e.*, affirm, reverse, or modify the Planning Commission's decision, and (2) the Board had a mandatory ministerial duty to deny the appeals once the required findings were met. Petitioners MSJ at 18. The Court will first address the duty to act on the appeal.

Chapter 25B mandates that the Board "shall affirm, reverse, or modify the planning commission's decision at a public hearing." County Code § 25B-12(4). A cardinal rule of statutory interpretation is that the Court's inquiry "begins with the statutory text, and ends there as well if the text is unambiguous." *BedRoc Ltd., LLC v. United States*, 541 U.S. 176, 183 (2004); *see also California Priv. Prot. Agency v. Superior Ct.*, 99 Cal. App. 5th 705, 722 (2024) (same under California law); *Herrera v. Zumiez, Inc.*, 953 F.3d 1063, 1070 (9th Cir. 2020) (holding courts apply California rules of statutory interpretation to California regulations). Statutory interpretation begins with the "plain and commonsense meaning" of the words themselves. *Herrera*, 953 F.3d at 1070. The language here is unambiguous. The Board *shall* affirm, reverse, or modify the decision, but the Board's tie vote did not do any of these things. Because the language is unambiguous, the Court need not look to Chapter 25B's legislative history or other extrinsic aids. *BedRoc Ltd., LLC*, 541 U.S. at 183; *see also Herrera*, 953 F.3d at 1071.

The Board's duty to affirm, reverse, or modify the Planning Commission's decision is mandatory and ministerial. Chapter 25B does not provide the Board discretion to decline—if an eligible appellant appeals with the required specific statement, the Board must hear the appeal and act upon it to affirm, reverse, or modify the underlying decision. *See* County Code §§ 25B-12(b)(1), (2); *accord California Priv. Prot. Agency v. Superior Ct.*, 99 Cal. App. 5th 705, 723 (2024) (where the timeline to adopt final regulations "shall be" a certain date, the agency had a mandatory duty to adopt final regulations by that date); *Sustainability of Parks, Recycling & Wildlife Legal Def. Fund v. Cnty. of Solano Dep't of Res. Mgmt.*, 167 Cal. App. 4th 1350, 1359 (2008)

(agency's obligation to hold a hearing upon receipt of a petition was ministerial); *Lazan v. Cnty. of Riverside*, 140 Cal. App. 4th 453, 460 (2006) (where employer "shall apply for disability retirement" upon a certain condition, the employer has a mandatory and ministerial duty to apply because it "has no authority to do otherwise"). The Board has no option, for example, to remand the matter back to the Planning Commission for further consideration. *Cf. Woody's Grp., Inc. v. City of Newport Beach*, 233 Cal. App. 4th 1012, 1026 (2015) (the municipal code allows the reviewing body to remand).

The use of the word "shall" indicates a legislative intent to impose a mandatory duty. *California Priv. Prot. Agency*, 99 Cal. App. 5th at 723 (citing *In re Luis B.*, 142 Cal. App. 4th 1117, 1123 (2006)). Respondents and Intervenors claim the word "shall" does not *necessarily* create a mandatory duty under *AIDS Healthcare Found.*, 197 Cal. App. 4th at 693. *See* Response at 19, Intervenors MSJ at 24. Although *AIDS Healthcare Found.* may stand for this general proposition, the facts and reasoning undergirding it are inapplicable to the case at hand. In *AIDS Healthcare Found.,* the petitioners sought a writ of mandamus to compel the health department to issue a regulatory order requiring adult film industry performers to take certain specific actions. 197 Cal. App. 4th at 696. The applicable statute stated the health department "shall take measures as may be necessary to prevent the spread of the disease or occurrence of additional cases." *Id.* at 701. In this context, the Court of Appeal found the term "shall" did not necessarily create a mandatory duty, because "[e]ven if mandatory language appears in a statute creating a duty, the duty is discretionary if the public entity must exercise significant discretion to perform the duty." *Id.* (quoting *Sonoma Ag Art v. Dep't of Food & Agric.*, 125 Cal. App. 4th 122, 127 (2004) (internal punctuation removed)). The Court of Appeal concluded the statute left the "measures as may be necessary," or the prescribed course of action to address the spread of diseases, to the health department's discretion.[14]

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[14] Intervenors also rely on *Thompson* to claim the duty is not mandatory. Intervenors MSJ at 24 (citing *Thompson v. City of Lake Elsinore*, 18 Cal. App. 4th 49, 56 (1993)). In *Thompson*, although the

Here, the Board has no such discretion as to *what* courses of action it can take—it must affirm, reverse, or modify. Nor does it have the option *not* to take any of those three actions. It has discretion to decide *which* action of the three to take, and discretion within its *de novo* review process (*see supra* Part III(A)), but these discretionary actions are separate from the mandatory and ministerial process of hearing and affirmatively acting on the appeal. *See, e.g., CVG Amalgamated LLC*, 82 Cal. App. 5th at 221 (separating the ministerial procedural requirements of the ordinance from the discretionary merit-based scoring portion of the ordinance).

Although the Board's failure to act was not purposeful, as the tie vote presumably was unexpected and unplanned, the Board has yet to "affirm, reverse, or modify" the decision following Petitioners' demand letters and the Board's closed session. *See* Petitioners MSJ at 18. A traditional writ of mandamus is appropriate here to compel the Board to "affirm, reverse, or modify" the Planning Commission's decision where it essentially has failed to act following the tie vote. Moreover, "[m]andamus does not lie to compel a public agency to exercise discretionary powers in a particular manner, only to compel it to exercise its discretion in some manner." *AIDS Healthcare Found.*, 197 Cal. App. 4th at 700–701 (citing *Excelsior Coll. v. Bd. of Registered Nursing*, 136 Cal. App. 4th 1218, 1238 (2006)); *see also* Intervenors Reply at 12–13. In other words, having concluded that the Board's *de novo* review of the Planning Commission's decision is discretionary rather than purely appellate in nature, the Court may not compel the Board to affirm or reverse the Planning Commission's decision before the Board has made any decision at all. But the Court may compel the Board to *exercise* its discretion to affirm, reverse, or modify and essentially try again until it reaches a determination in compliance with the requirements of Chapter 25B—an affirmance, reversal, or

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ordinance stated the building official "shall" issue a permit if the application met all requirements, the Court of Appeal concluded the issuance of building permits is a historically discretionary function. *Id.* at 56 n.9, 57. This action does not concern building permits—the reasoning in *Thompson* is inapposite.

modification tethered to factual findings under Chapter 25B-8, 9, and 10 would satisfy the Board's mandatory duty to act.

Indeed, the Board has expressed its willingness to hold a new hearing. *See* Response at 24. The trial court in *Lopez* similarly remanded the matter back to the board to conduct another vote. *Lopez*, 165 Cal. App. 4th at 3. The Board here, like in *Lopez*, had five members "to foster decisions by majority votes and to avoid tie votes." *Id.* at 5. The fifth abstaining board member in *Lopez* abstained on an erroneous basis. *Id.* Accordingly, with the Court of Appeal's instruction, the remand restored the board to its intended odd number of members. *Id.* Here, Hartmann recused herself from the vote, but her presumed conflict of interest may not in fact exist.[15] On June 27, 2025, the FPPC sent a letter to County Counsel for Santa Barbara County, at County Counsel's request, regarding Hartmann's purported conflict of interest based upon her ownership of a real property parcel approximately 900 feet from the pipeline. Intervenors RJN, Ex. 1 [Doc. # 43-6 at 6–13.][16] The letter states that under certain conflict-of-interest provisions, Hartmann does not have a disqualifying financial interest in the County's decisions regarding Sable's Chapter 25B FDP applications. *Id.* at 8. That said, as Petitioners point out, Hartmann received a similar letter from the FPPC in 2016 but still recused herself in 2023. Alternative RJN, Ex. 1 [Doc. # 46-5 at 4–8]. Regardless, this factual development does not undermine the Court's ruling as the Court does not rely upon Hartman's recusal status. Whether or not Hartmann participates in the vote, the Board members must vote to "affirm, reverse, or modify" the Planning Commission's decision—which includes

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[15] Regarding the Sable FDP applications, Hartmann did not state on the record her reasons for recusal. In 2023, however, regarding the Exxon Mobil Affiliates application for FDP transfer of the pipeline, she stated "the pipeline runs directly adjacent to the northeastern corner of my property," so "due to conflict of interest potential" she recused herself. Petitioners RJN, Ex. 1 at 3 [Doc # 36-5]; *see also* Petitioners RJN, Ex. 3 at 2 [Doc. # 36-7].

[16] County Counsel originally made this request to the Attorney General's Office and the Santa Barbara County District Attorney's Office, who forwarded it to the FPPC. Intervenors RJN, Ex. 1 at 6.

upholding or denying the appeals and making the required factual findings under Chapter 25B-8, 9, and 10.[17]

C. Third Claim for Relief: Administrative Writ of Mandate Section 1094.5

Because the Court remands this matter back to the Board pursuant to Petitioners' second claim for relief under section 1085, it need not reach Petitioners' third claim for relief in the alternative for administrative writ of mandate under section 1094.5. *See* Petitioners MSJ at 26–28.

IV.
CONCLUSION

In light of the foregoing, as to the first claim for relief, the Court **DENIES in part and GRANTS in part** Petitioners' MSJ and **GRANTS in part** the Intervenors' MSJ insofar as it concludes that the Board's tie vote constitutes no action and does not affirm or reverse the Planning Commission's decision. Regarding the second claim for relief, and only as to the Board's ministerial duty to "affirm, reverse, or modify" the Planning Commission's decision, the Court **GRANTS in part** Petitioners' MSJ and **DENIES in part** Intervenors' MSJ.

Petitioners are entitled to issuance of a peremptory writ of mandate pursuant to California Code of Civil Procedure 1085 directing the Board to "affirm, reverse, or modify" the Planning Commission's decision in compliance with Santa Barbara County Code Chapter 25B. The Court will issue a peremptory writ of mandate forthwith.

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[17] In upholding or denying the appeals, Board members must comply with the requirements of Chapter 25B and Governing Procedural Rules. Lee's sparse remarks to the effect that restarting the facilities and pipeline was an "insane" and "bad" idea, and his vote was the "right thing to do," without a single mention of the findings required under Chapter 25B, would not exemplify compliance. *See* Governing Procedural Rules, Sec. VII, 1 (requiring any final action to be accompanied by written findings); *see also Topanga Assn. for a Scenic Cmty. v. Cnty. of Los Angeles*, 11 Cal. 3d 506 (1974) (agencies making decisions must render findings sufficient to allow the parties to determine whether and on what basis they should seek review and to apprise the reviewing court of the basis behind the Board's findings).

This action is **STAYED and administratively closed** pending the Board's compliance with the Court's peremptory writ of mandate. Any party may file a motion to lift the stay upon verification of the Board's compliance with the writ of mandate and, as appropriate, move to reopen the case or dismiss it.

IT IS SO ORDERED.

DATED: September 12, 2025

DOLLY M. GEE
CHIEF U.S. DISTRICT JUDGE

Exhibit 2



County of Santa Barbara
Planning and Development

Lisa Plowman, Director

Jeff Wilson, Assistant Director

Elise Dale, Assistant Director

September 21, 2023

John Fowler
Pacific Pipeline Company
ExxonMobil Pipeline Company
22777 Springwoods Village Parkway
E3.5A.537
Spring, Texas 77389

BOARD OF SUPERVISORS
HEARING OF SEPTEMBER 19, 2023

RE: Board Action Letter
for the Appeal of the Change of Ownership, Change of Guarantor, and Change of Operator of the Las Flores Pipeline System (formerly AAPL Lines 901/903); 88-DPF-033 (RV01)z, 88-CP-60 (RV01), 88-DPF-25cz, 85-DP-66cz, 83-DP-25cz
Case No. 23APL-00027

Hearing on the request of A. Barry Cappello, Appellant, to consider the appeal, Case No. 23APL-00027, of the Planning Commission's June 14, 2023 approval of the Pacific Pipeline Company (PPC) and ExxonMobil Pipeline Company (EMPCo) County Code Chapter 25B Permit Amendment for Final Development Plan (FDP) Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01) (88-DPF-25cz; 85-DP-66cz; 83-DP-25cz) of the following:

a) A Change of Ownership of the All American Pipeline L.P. (AAPL) 901 and 903 Pipeline System (Las Flores Canyon to Pentland) from Plains Pipeline L.P. (Plains) to PPC;

b) A Change of Guarantor of AAPL Lines 901 and 903 from Plains to ExxonMobil Corporation; and

c) A Change of Operator of AAPL Lines 901 and 903 from Plains to EMPCo.

The request involves a linear pipeline system crossing various Assessor Parcels within the First, Third, and Fourth Supervisorial Districts. Documents related to this request may be reviewed at the Planning and Development Department located at 123 East Anapamu Street, Santa Barbara, or on the County website at https://www.countyofsb.org/3773/Plains-Pipeline-901903-Permit-Transfer.

Dear Mr. Fowler:

On September 19, 2023, the Board of Supervisors took the following actions on Case No. 23APL-00027, which is an appeal of the Planning Commission's approval of the Change of Ownership, Change of Guarantor, and Change of Operator of the Las Flores Pipeline System (formerly AAPL Lines 901/903). Supervisor Nelson moved, seconded by Supervisor Lavagnino and carried by a vote of 4 to 0 (Hartman recused) to:

1. Deny the appeal, Case No. 23APL-00027;

2. Make the required findings for approval for the Change of Ownership, Change of Guarantor, and Change of Operator, including CEQA findings;

3. Determine that the request is not a project pursuant to CEQA Guidelines Section 15378(b)(5); and

4. Grant *de novo* approval of the Change of Ownership, Change of Guarantor, and Change of Operator for Final Development Plan Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz), subject to the Conditions of Approval.

The attached findings and conditions reflect the Board of Supervisors actions of September 19, 2023.

Sincerely,

Lisa Plowman
Director

cc: Case File: Jacquelynn Ybarra, Planner
Fire Department
County Planning Commission

Attachments: **Attachment A – Findings**
Attachment B – Conditions of Approval

ATTACHMENT A: FINDINGS OF APPROVAL

1.0 CEQA FINDINGS

1.1 CEQA EXEMPTION

The Board of Supervisors finds that the proposed project is not subject to the requirements of the California Environmental Quality Act (CEQA), as it does not constitute a "project", as defined by CEQA Guidelines Section 15378(b)(5). Please see Attachment C, Notice of Exemption.

2.0 ADMINISTRATIVE FINDINGS

The Board Agenda Letter dated September 19, 2023 for the Appeal of the Planning Commission Approval of the Change of Ownership, Change of Guarantor, and Change of Operator for the Las Flores Pipeline System (formerly Plains All American Lines 901/903), Final Development Plan (FDP) Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01) (88-DPF-25cz; 85-DP-66cz; 83-DP-25cz) is incorporated by reference herein.

2.1 CHANGE OF OWNER, OPERATOR, OR GUARANTOR FOR CERTAIN OIL AND GAS FACILITIES

2.1.1 Findings required for Change of Owner. *In compliance with Section 25B-9(a) of the County Code, prior to the approval of an application for a change of owner, the director shall make the following findings:*

(1) Fees and Exactions. All outstanding county required fees and exactions due for the facility have been paid.

The requirements of this finding are satisfied. Planning and Development has verified with Accounting staff that no outstanding payments are due for the facility, or related planning and compliance cases.

(2) Financial Guarantees. All 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 have been updated, if necessary, to reflect the new owner(s) and will remain in full effect following the ownership change.

The requirements of this finding are satisfied. Previously required bonds and endowments under the FDP Permit have been satisfied and none remain outstanding. The FDP Permit does not require the Owner, Guarantor, Operator to carry insurance or other financial responsibility (e.g. surety bond) to cover oil spills or other damages, or for the final abandonment of the pipelines. After final abandonment, the Owner will

continue to pay property taxes until site restoration is complete in accordance with FDP Permit Condition O-1.

(3) Acceptance of Permit. The proposed owner has provided a letter from a responsible official representing the proposed owner formally accepting all, conditions and requirements of the permit.

The requirements of this finding are satisfied. PPC and EMPCo provided a signed and notarized Agreement to Comply with Conditions of Approval dated November 1, 2022 accepting all conditions and requirements of the permit. The Agreement was recorded with the County Clerk-Recorder's office on May 8, 2023 as an official record. The Agreement is provided in Attachment D of the Planning Commission Staff Report dated June 6, 2023, and is included herein by reference.

(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the new or proposed new owner(s). A safety inspection maintenance and quality assurance program (SIMQAP) audit approved by the appropriate county official shall satisfy this requirement.

The requirements of this finding are satisfied. The 1988 settlement agreement between the County and Celeron Pipeline Company/Getty Trading and Transportation Company determined that the County does not have the jurisdiction to regulate any aspect of the design, construction, or operation of the pipeline which was already covered by the federal Pipeline and Hazardous Materials Safety Administration (PHMSA) under 49 C.F.R. Part 195 (*Transportation of Hazardous Liquids by Pipeline*). The settlement agreement determined that this authority rests exclusively with PHMSA and now, the CAL FIRE Office of the State Fire Marshal (OSFM).

Title 49 §§ 195.450 and §§ 195.452 require that pipeline operators implement both internal (operator-conducted) and external (agency-conducted) audits. As PHMSA and OSFM conduct audits of the pipeline system, it is not subject to County-conducted safety audits. Consequently, there is no County-conducted audit available.

The existing owner (Plains) has satisfied the County's requirement to provide audit information to the pending owner (PPC). PPC confirmed that Plains provided copies of the most recent PHMSA and OSFM-conducted audits from at least 2018 through 2021. Planning and Development confirmed with OSFM that the audits took place. A summary of PHMSA and OSFM safety audits are presented in section 6.2 of the Planning Commission Staff Report dated June 6, 2023, included herein by reference.

(5) Compliance With Existing Requirements. As of the date that the application is deemed complete, the current owner(s) are in compliance with all requirements of the permit, including any requirement of a county-required safety audit, any notice of violation, and any county ordinance, or the current and proposed owner(s) have entered into a written agreement with the Director that specifies an enforceable schedule to come into compliance with such requirements.

The requirements of this finding are satisfied. Plains is in compliance with all requirements of the FDP Permit, including Condition P-2 which requires a Safety, Inspection, Maintenance, and Quality Assurance Program (SIMQAP) for the pump stations, valves, and pipelines. A draft SIMQAP was provided to the County on March 10, 2023, and was reviewed by the County's Systems Safety & Reliability Review Committee (SSRRC). A final SIMQAP was provided to the County on May 12, 2023, satisfying this condition. The final SIMQAP is included in Attachment F to the Planning Commission Staff Report dated June 6, 2023, and is included herein by reference. Plains is also in compliance with all other FDP Permit Conditions, including Conditions A-7 and A-20 regarding the project description, and Conditions J-5, J-7, J-10, and J-11 relating to pipeline easements, which were raised as public concerns.

2.1.2 Findings required for Change of Guarantor. *In compliance with Section 25B-9(e) of the County Code, prior to the approval of an application for a change of guarantor, the director shall make the following findings:*

(1) Financial Guarantees. The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance.

ExxonMobil Corporation is the Guarantor for the Las Flores Pipeline facilities. The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (2).

2.1.3 Findings required for Change of Operator.
(a) In compliance with Section 25B-10 of the County Code, the planning commission shall approve an application for change of operator only if the planning commission makes the following findings.

(1) Fees and Exactions. All outstanding county required fees and exactions due for the facility have been paid.

ExxonMobil Pipeline Company (EMPCo) is the Operator of the Las Flores Pipeline facilities. The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (1).

(2) Financial Guarantees. All 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 have been updated, if necessary, to reflect the new operator and will remain in full effect following the operator change.

The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (2).

(3) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit.

The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (3).

(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the proposed new operator. A safety inspection maintenance and quality assurance plan audit approved by the appropriate county official shall satisfy this requirement.

The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (4).

(5) Compliance with Existing Requirements. As of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit, including any requirements of a county-required safety audit, any notice of violation, and any county ordinance, or the owner and proposed operator have entered into a written agreement with the director that specifies an enforceable schedule to come into compliance with such requirements.

The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (5).

(6) Compliance Plans. The current owner and proposed operator have updated, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. The current owner and

proposed operator have agreed in writing to revise all other plans required by the permit or any county ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate county official within six months after assuming operations.

The requirements of this finding are satisfied. County staff confirmed that all relevant compliance plans have been updated with the current emergency contact information pertaining to PPC, EMPCo and/or ExxonMobil as Owner, Operator, and Guarantor respectively. Compliance Plans are included as Attachment F to the Planning Commission Staff Report dated June 6, 2023 and are incorporated by reference.

(7) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause.

The requirements of this finding are satisfied. Plains and PPC submitted a comprehensive Transitional Plan describing the general strategy taken for the transition from Plains to PPC and EMPCo, a description of the pipeline system and general operating procedures, how the system is staffed and operated, and facility-specific transition and training activities. The Transitional Plan is included as Attachment E to the Planning Commission Staff Report dated June 6, 2023 and is incorporated by reference herein.

(8) Emergency Response Plan Drills. The proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.

The requirements of this finding are satisfied. PPC submitted an Incident Contingency Plan (ICP) that combines the once separate Emergency Response, Fire Protection, and Oil Spill Contingency plans for the Las Flores Pipeline system. PPC and EMPCo held a comprehensive ICP training exercise and emergency response drill on February 9, 2023 in coordination with the County Fire Department's Office of Emergency Services, the California Department of Fish and Wildlife's Office of Spill Prevention and Response (OSPR), OSFM, PHMSA, and the U.S. Environmental Protection Agency (EPA). Planning and Development confirmed with the County Fire Department in attendance that the emergency response drill was completed in accordance with County requirements, and that no outstanding issues were identified.

(9) Operator Capability. The proposed operator has the skills and training necessary to operate the permitted facility in compliance with the permit and all applicable county codes and has a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f. The director shall require relevant records of compliance, and corrective actions taken subsequent to any major incidents for facilities, if any, that are similar in nature to those that are the subject of the permit, as may be necessary to make findings. These records shall be used to provide sufficient assurance that the proposed operator does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.

The requirements of this finding are satisfied. EMPCo has been in operation since December 26, 1941. EMPCo operates similar pipelines and related facilities in other states, and operates over 1,000 miles of crude oil pipelines. EMPCo has had zero major incidents involving crude oil pipelines and facilities within the U.S. over the past five years (2018 – 2023).

The Las Flores Pipeline System has five full-time-equivalent EMPCo employees in addition to contracted personnel and specialists. EMPCo employees are trained under the ExxonMobil Operations Integrity Management System (OIMS), which is included in Attachment D of the Planning Commission Staff Report dated June 6, 2023. Las Flores Pipeline employees have also been trained on the site-specific Incident Contingency Plan and other facility-specific Compliance Plans, and participated in a February 2023 emergency response drill.

Exhibit 3

SANTA BARBARA COUNTY PLANNING COMMISSION

Staff Report for a Change of Owner, Operator, and Guarantor for the Santa Ynez Unit, POPCO Gas Plant, and Las Flores Pipeline System Final Development Plan Permits

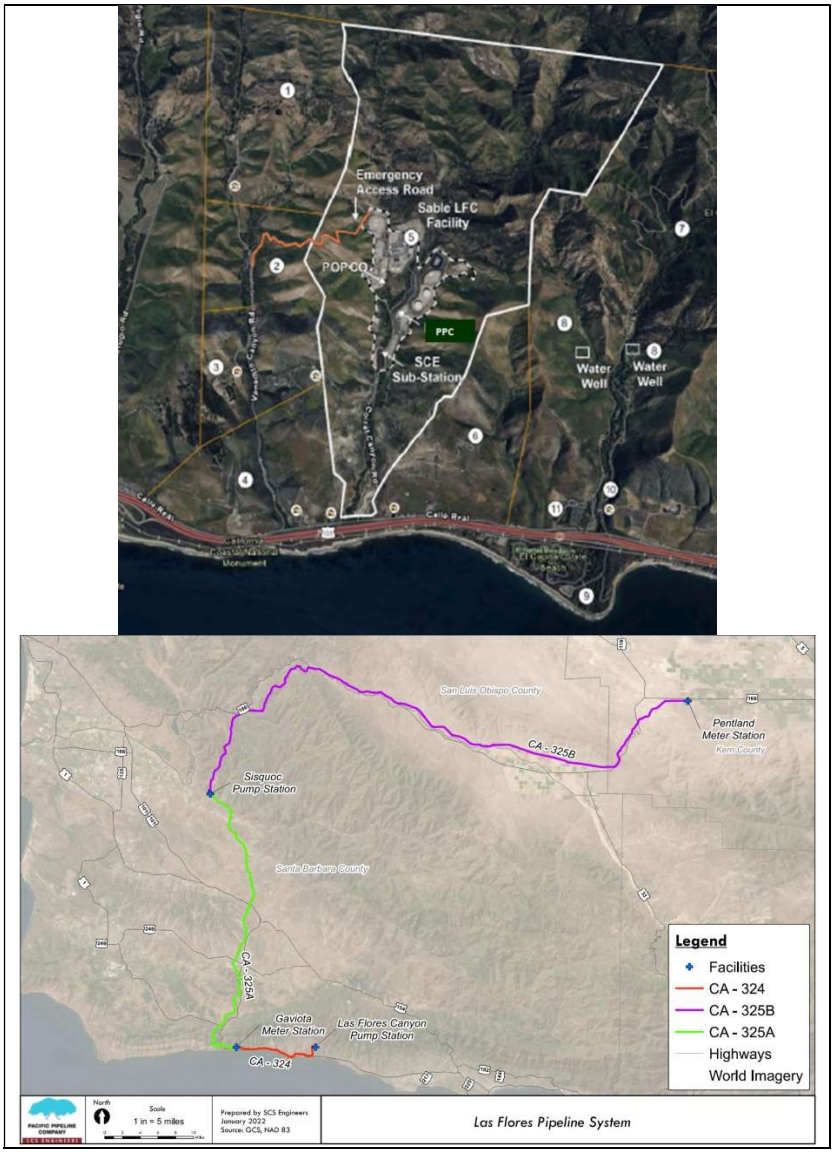
Hearing Date: October 30, 2024
Staff Report Date: October 22, 2024
Environmental Document: CEQA Exemption Section 15378(b)(5)

Deputy Director: Errin Briggs
Division: Energy, Minerals & Compliance
Supervising Planner: NA
Supervising Planner Phone #: NA
Planner Contact: Jacquelynn Ybarra
Planner Contact: jybarra@countyofsb.org

PENDING OWNER / APPLICANT:

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Location of the Santa Ynez Unit and POPCO Gas Plant in Las Flores Canyon (above) and the Las Flores Pipeline System (below) in the First, Third, and Fourth Supervisorial Districts.

1.0 REQUEST

Hearing on the request of Sable Offshore Corporation (Sable) to consider the approval of a change of Owner, Operator, and/or Guarantor for the following oil and gas facilities per Chapter 25B of the County Code:

- Santa Ynez Unit (SYU) Final Development Plan (FDP) Permit No. 87-DP-32cz (RV06) from ExxonMobil Corporation to Sable (Owner, Operator, and Guarantor);

- Pacific Offshore Pipeline Company (POPCO) Gas Plant FDP Permit No. 93-FDP-015 (AM03) from ExxonMobil Corporation to Sable (Operator and Guarantor); and

- Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz) from ExxonMobil Pipeline Company (EMPCo) to Sable (Operator), and ExxonMobil Corporation to Sable (Guarantor).

The applications for a Change of Owner, Operator, and Guarantor involve oil and gas facilities located in Las Flores Canyon along the Gaviota Coast within Assessor Parcel Numbers (APNs) 081-220-002, 081-220-014, 081-230-019, 081-230-025, and a linear pipeline system crossing various APNs spanning from Santa Barbara County to Kern County within Santa Barbara County's First, Third, and Fourth Supervisorial Districts. Documents related to this request may be reviewed at the Planning and Development Department located at 123 East Anapamu Street, Santa Barbara, and on the County's website at https://www.countyofsb.org/4189/SYU-POPCO-Gas-Plant-Las-Flores-Pipelines.

2.0 RECOMMENDATION AND PROCEDURES

Your Commission's motion should include the following:

1. Make the required findings for approval of the Change of Owner, Change of Operator, and Change of Guarantor as specified in Attachment A of this staff report, including CEQA findings;

2. Determine the requests are not a project pursuant to CEQA Guidelines Section 15378(b)(5), as included in Attachment C; and

3. Approve the Change of Owner, Operator, and Guarantor for the respective SYU, POPCO Gas Plant, and Las Flores Pipeline System FDP Permits, subject to the conditions included as Attachments B-1 through B-3.

Refer back to staff if the County Planning Commission takes other than the recommended action for appropriate findings and conditions.

3.0 JURISDICTION

The requests consist of three FDP permit transfers pursuant to County Code Chapter 25B, which governs the process to transfer a County permit from an existing Owner, Operator, and/or Guarantor to a new person(s) for certain oil and gas facilities located in the unincorporated areas of the County (herein referred to as a 25B Permit Amendment). Chapter 25B is applicable to these requests because the subject facilities are involved in the exploration, production, processing, storage and/or transportation of oil and gas extracted from offshore reserves, as provided by Sec. 25B-2. Pursuant to Sec. 25B-8, the review authority for a Change of Owner and a Change of a Guarantor is the Planning and Development (P&D) Director, and the review authority for a Change of Operator is the Planning Commission. Applications that include components under both jurisdictions may be processed with a combined application and decided on by the Planning Commission in accordance with Sec. 25B-8(C).

4.0 ISSUE SUMMARY

The SYU and POPCO Gas Plant (herein referred to as the Las Flores Canyon Facilities) are existing permitted facilities that produce and treat crude oil and natural gas from offshore Platforms Hondo, Harmony, and Heritage in the Santa Barbara Channel. The SYU is permitted under County FDP Permit No. 87-DP-32cz (RV06), and the POPCO Gas Plant is permitted under County FDP Permit No. 93-FDP-015 (RV02). Oil produced from the SYU is normally transported via the common-carrier Las Flores Pipeline System to the Pentland Station in Kern County (formerly known as the Plains All American Pipeline). The pipeline system is permitted under FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01) (88-DPF-25cz; 85-DP-66cz; 83-DP-25cz). In 2015, a section of the Las Flores Pipeline System (then the Plains All American Line 901) ruptured, resulting in the shutdown of both the Las Flores Canyon Facilities and the pipeline system. Although no oil is being processed or transported from the Las Flores Canyon Facilities or Las Flores Pipeline System, the County permits remain active. Preservation activities continue to be conducted on the systems in order to maintain integrity, including preventative and corrective maintenance and various inspection programs under federal, state, and local laws and permits.

On February 14, 2024, Sable acquired the SYU, as well as POPCO and Pacific Pipeline Company (PPC), the owners of the Gas Plant and the Las Flores Pipeline System, respectively. The County was notified of the sales on March 11, 2024, and Sable submitted 25B Permit Amendment applications on March 14, 2024. Chapter 25B requires that all applicable County laws and permits be maintained during and after all changes of Owner, Operator, and/or Guarantor for certain oil and gas facilities. Staff determined the applications to be complete on July 30, 2024, and the requests are now together before the Planning Commission for consideration. These application requests are to transfer existing County permits to a new Owner, Operator, and/or Guarantor, and not for the actual transfer of the underlying assets themselves.

5.0 PROJECT INFORMATION

5.1 Site Information

Site Information	
Ordinance, Zone	Chapter 25B of the County Code governs a Change of Owner, Operator, and Guarantor for the SYU, POPCO Gas Plant, and Las Flores Pipeline System. The facilities are also subject to Article II for coastal portions and the LUDC for inland portions.
Site Size	**Las Flores Canyon Facilities:** 1,476.67 acres **Las Flores Pipeline System:** 122 linear miles
Present Use & Development	**Las Flores Canyon Facilities:** Onshore consolidated oil and gas processing and storage facilities. Since 2015, facilities have been shut-in, isolated, and placed in a "preserved" state with ongoing maintenance activities conducted to maintain facility integrity. Facilities remain in this preserved state. **Las Flores Pipeline System:** The system is classified by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) and the CAL FIRE Office of the State Fire Marshal (OSFM) Pipeline Safety Division as "Active", but remains out-of-service since 2015.
Access	The Las Flores Canyon Facilities are located at 12000 Calle Real and accessed from U.S. Highway 101 along the Gaviota Coast. Regional access to the Las Flores Pipeline System is provided via Highway 101, Highway 1, Highway 246, and Highway 166. Various local public and private roadways are used to access the pipeline right-of-way and associated metering and regulating stations (pump stations).

Site Information	
Public Services	**Water Supply:** Private groundwater system **Sewage:** Private septic system **Fire:** Stations 38 (Gaviota); 31 (Buellton); 24 (Los Alamos); 21 (Orcutt); 26 and 23 (Santa Maria Valley), and 27 (Cuyama) **Police Services:** County Sherriff

5.2 Background Information

Santa Ynez Unit - Las Flores Canyon Facilities. Exxon began producing oil from Platform Hondo in 1981. At that time, crude oil was loaded onto marine tankers from an offshore storage and treatment vessel and transported to refining destinations. In 1983, the POPCO Gas Plant was completed and began processing natural gas for sale to the local market. In 1987, the County approved the consolidation of onshore oil and gas processing, and sanctioned oil transportation and sales via an onshore pipeline. In May 1993, offshore platforms Harmony and Heritage were constructed and additional onshore components were completed. The Las Flores Canyon Facilities separate oil, propane, butane, sulfur products, and fuel quality natural gas. Since late 1993, production from Platforms Hondo, Harmony, and Heritage has been processed at Las Flores Canyon and transported via the independently owned and operated Las Flores Pipeline System (formerly the Plains Line 901 and 903 pipeline system).

Las Flores Pipeline System. The Las Flores Pipeline system is a common carrier pipeline system consisting of 122 linear miles of pipeline segments, mainline valves, pipeline markers, cathodic protection test stations, and three metering and regulating stations (Las Flores Canyon Station, Gaviota Station, and Sisquoc Station) running from Santa Barbara County to the Pentland Delivery Station in Kern County. The pipeline is categorized into two parts, identified as CA-324 (formerly Line 901), and CA-325 (formerly Line 903). CA-324 is a 24-inch diameter pipeline designed to transport crude oil approximately 10.9 miles from the Las Flores Station to the Gaviota Station along the Gaviota Coast. CA-325 is a 30-inch diameter pipeline designed to transport crude oil approximately 61.7 miles from the Gaviota Station to the Sisquoc Station, through the Cuyama Valley to the Pentland Station. Pipeline construction occurred from 1988 to 1991, and the system became operational in 1994 under Celeron/All American. Plains acquired Lines 901 and 903 from Celeron/All American in 1998. PPC acquired the pipeline system from Plains in 2022.

2015 Oil Spill and Las Flores Canyon Facility Preservation. On May 19, 2015, a section of CA-324 (then Plains Line 901) ruptured and released oil on land, beaches, and into the Pacific Ocean near Refugio State Beach (herein referred to as the 2015 Refugio Incident). As a result of the oil spill,

the pipelines were shut down, purged, and isolated under the authority and review of PHMSA. Various clean-up and monitoring activities continued into 2016 and were overseen by the U.S. Coast Guard and the U.S. Environmental Protection Agency (EPA). Following the 2015 Refugio Incident, the safety oversight of the pipeline system was transferred from PHMSA to the OSFM under the State Program Certification Agreement pursuant to Title 49 U.S. Code § 61015. OSFM now has the exclusive safety regulatory and enforcement authority over the pipelines. Maintenance activities continue to date in order to maintain pipeline integrity, including "smart pig" tests and other structural testing, pipeline anomaly inspections and repairs, and external audits overseen by the OSFM.

The 2015 Refugio Incident also resulted in the shutdown of the Las Flores Canyon Facilities, as the pipelines were the only permitted transportation option for SYU oil. At the time of the 2015 Refugio Incident, oil production from SYU was about 27,500 barrels per day (bpd). Following the spill, production was curtailed and stored onsite. The stored oil was de-inventoried in February 2016 after production was fully ceased. De-inventory involved trucking approximately 400,000 barrels of crude oil to the Phillips 66 Santa Maria Pump Station in Santa Barbara County, and the Plains Pentland Terminal in Kern County under an Emergency Permit issued by the County of Santa Barbara. Following the de-inventory, a preservation plan for the Las Flores Canyon Facilities was implemented. Offshore platforms were shut-in and isolated, and onshore equipment was purged of hydrocarbons and filled with nitrogen. Though the SYU is not currently producing, routine operational activities are conducted to maintain facility integrity, including preventative and corrective maintenance, and various inspection programs overseen by PHMSA, EPA, the Occupational Safety and Health Administration (OSHA), the Bureau of Safety and Environmental Enforcement (BSEE), the Santa Barbara County Environmental Health Services Certified Unified Program Agency (CUPA), the Santa Barbara County Fire Department, the Santa Barbara County Air Pollution Control District (APCD), the Santa Barbara County P&D, and the Santa Barbara County Systems Safety & Reliability Review Committee (SSRRC).

Change of Owner/Operator/Guarantor. Transfer of County permits to a new Owner, Operator, or Guarantor are subject to 25B Permit Amendments in accordance with Sec. 25B-4. In accordance with Sec. 25B-7, the County shall list any existing Owner, Operator, or Guarantor and remove any previous Owner, Operator, or Guarantor on the appropriate County permits upon finding that such person has submitted and complied with all information required by County Code. Sable submitted 25B Permit Amendment applications for the SYU, the POPCO Gas Plant, and the Las Flores Pipeline System in March 2024. Applications were determined to be complete on July 30, 2024. In accordance with the noticing requirements outlined in the County's Land Use and Development Code Section 35.106.020, and Coastal Zoning Ordinance Section 35-181, a

Notice of Submittal of Complete Application was distributed to P&D's Energy Division Oil and Gas Interested Parties List and published in local newspapers in lieu of mailed notices to surrounding property owners (due to the regional size of the facilities). Sable also posted required notices at the entrance to Las Flores Canyon at 12000 Calle Real. Information has also been posted to the County webpage at:
https://www.countyofsb.org/4189/SYU-POPCO-Gas-Plant-Las-Flores-Pipelines.

5.3 Project Description

Sable acquired the SYU, as well as POPCO and PPC on March 14, 2024. Sable is requesting County permit transfers under Chapter 25B of the County's Code of Ordinances that governs the change of Owner, Operator, or Guarantor for certain oil and gas facilities. For the respective County FDP permits, Sable is the proposed Owner, Guarantor, and Operator for the SYU, and the proposed Guarantor and Operator for both the POPCO Gas Plant and the Las Flores Pipeline System. POPCO remains the Owner of the POPCO Gas Plant, and PPC remains the Owner of the Las Flores Pipeline System. Sable is a Delaware corporation, and was formed on October 16, 2020 for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization, or other similar business combination with one of more business entities.

6.0 PROJECT ANALYSIS

6.1 Environmental Review

The 25B Permit Amendments are not subject to the requirements of CEQA, as they do not constitute a "project", as defined by CEQA Guidelines Section 15378(a), which states in part:

> *"'Project' means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment…"*

Section 15378(b)(5) specifically exempts "organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment" from this definition. A County Chapter 25B Permit Amendment is an administrative action that would not result in any direct or indirect physical changes to the environment. Under the proposed project, the Owner, Guarantor, and Operator of the SYU would change from ExxonMobil Corporation to Sable, the Guarantor and Operator of the POPCO Gas Plant would change from ExxonMobil Corporation to Sable, and the Guarantor and Operator of the Las Flores Pipeline

System would change from ExxonMobil Corporation and EMPCo to Sable. No physical changes to the Las Flores Canyon Facilities or the Las Flores Pipeline System are proposed under this request.

Further, the County has historically considered all previously processed 25B Permit Amendments to not constitute as a "project", including the previous 2023 Change of Owner, Operator, and Guarantor for the Las Flores Pipeline System from Plains to PPC, EMPCo, and ExxonMobil, respectively. The CEQA Notice of Exemption is included as Attachment C to this Staff Report.

6.2 Consistency with Chapter 25B

Staff's consistency analysis with Chapter 25B is provided in Table 1 for the SYU, Table 2 for the POPCO Gas Plant, and Table 3 for the Las Flores Pipeline System. Findings are included as Attachment A.

6.2.1 SYU

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
Change of Owner	
Sec. 25B-9 Director approval: findings. **(a) Change of Owner.** The Director shall approve an application for a change of owner only if the director makes the following findings: **(1) Fees and Exactions**. All outstanding county required fees and exactions due for the facility have been paid.	**Consistent.** Staff has verified with the P&D Accounting Department that no outstanding payments are due for the facility, or for any related planning and compliance cases.
(2) Financial Guarantees. All 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 have	**Consistent.** No current County-required bonds are in place for the SYU. A discussion of financial guarantees as they relate to the SYU Permit Conditions are described in the bullets below. A discussion of Sable's overall

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
been updated, if necessary, to reflect the new owner(s) and will remain in full effect following the ownership change.	financial capabilities to operate the SYU are described further below in Table 1, Section 25B-10(a)(9) *Operator Capability*. ➢ Previously required bonds under the FDP Permit were limited to post-construction landscaping and revegetation of the site. These bonds were put in place prior to the issuance of the original land use permits, and were released back to Exxon following construction of the SYU. These bonds are considered closed, and no further action is required. ➢ FDP Permit Condition XXX-1 requires the permittee to be responsible for the proper abandonment of the facility, and that a performance bond be in place, or that the permittee continue to pay property taxes until abandonment is complete. There is no bond for the abandonment of the SYU. Instead, Sable would continue to pay property taxes until full abandonment and site restoration is complete. According to Sable's financial statements and exhibits filed with the Securities and Exchange Commission (SEC) through June 2024 (Form 8-K)[1], Sable has $112.1 million dollars in cash and cash equivalents, and is valued over $1.35 billion dollars,

[1] Sable SEC filings available online at: Sable Offshore Corp. - Financials - SEC Filings

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
	including debts and equities. According to the County's Assessor office[2], the 2023 property taxes for the Las Flores Canyon Facilities totaled $77,681.90. Therefore, Sable's current cash funds are sufficient to cover the continued payment of property taxes for the proper abandonment of the facilities. ➢ FDP Permit Condition XI-2.w. requires that the permittee be responsible for the cleanup and successful restoration of all affected areas and resources in the event of an oil spill or gas leak at the SYU. To demonstrate financial capability for this condition, Sable provided copies of their Property Insurance, which protects the Las Flores Canyon Facilities against loss or damage to tangible property (caused by fire, theft, natural disasters, etc.), as well as copies of their Liability Insurance, which protects Sable against financial loss from any legal claims made against the policyholder. The documents show that Sable's offshore property damage limits total $1.23 billion dollars, and that the onshore property damage limits total $1.3 billion dollars. Sable's Certificate of Liability Insurance, which was first submitted in June 2024 and increased in

[2] County Tax summaries available online at: https://sbcassessor.com/assessor/AssessorParcelMap.aspx

Table 1 **Consistency with Chapter 25B** **Change of Owner, Guarantor, and Operator for the Santa Ynez Unit** **FDP Permit No. 87-DP-32cz (RV06)**	
REQUIREMENT	**DISCUSSION**
	October 2024, demonstrates $401 million dollars in liability insurance for all of Sable's assets (the Las Flores Canyon Facilities and the Las Flores Pipeline System) to cover oil spills, seepage, and pollution, as well as general liability coverage, auto liability, and workers compensation coverage. Sable's insurance certificates are provided in Attachment G. ➢ Condition XI-2.w. also requires the permittee to provide the County with a copy of its Certificate of Financial Responsibility (COFR) for its offshore Santa Barbara operations. The CDFW Office of Spill Prevention and Response (OSPR) issues COFRs to facilities, vessels, and pipelines operating in a location where a spill could impact California marine waters after applicants demonstrate they have the financial resources to cover the costs of response for a "worst-case scenario" spill. Sable provided the COFR for the offshore crude oil & water emulsion pipeline (portion in state waters) dated September 3, 2024 that reflected a worst-case scenario of the SYU not producing. The COFR was then re-issued by OSPR on October 3, 2024 to reflect a worst-case scenario for the restart of production. The October

Table 1 **Consistency with Chapter 25B** **Change of Owner, Guarantor, and Operator for the Santa Ynez Unit** **FDP Permit No. 87-DP-32cz (RV06)**	
REQUIREMENT	**DISCUSSION**
	2024 COFR (Certificate No. 2-2623-00-001) is included as Attachment H.
(3) Acceptance of Permit. The proposed owner has provided a letter from a responsible official representing the proposed owner formally accepting all, conditions and requirements of the permit.	**Consistent**. Sable provided a signed Agreement to Comply with Conditions of Approval of the FDP Permits as part of their application materials (Attachment D). The Agreement outlines Sable's acceptance of all conditions and requirements of the permit. The Agreement was recorded with the County Clerk-Recorder's Office as an official document on September 13, 2024 to establish the permanent record of the transaction.
(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the new or proposed new owner(s). A safety inspection maintenance and quality assurance program (SIMQAP) audit approved by the appropriate county official shall satisfy this requirement.	**Consistent.** ➢ The SYU is subject to County SSRRC audits through its approved SIMQAP. The SIMQAP covers the SYU and POPCO Gas Plant, and is used during operation of the facilities to ensure all equipment, instrumentation, and safety systems function as designed. The most recent County-conducted safety audit of the Las Flores Canyon Facilities was conducted on July 16 -17, 2014 and consisted of a facility walk-through, records review, equipment inspections, alarm checks, procedure and training updates, and maintenance activities among other tasks. The 2014 audit observed 62 items that needed to be addressed. Audit items

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
	are ranked from very minor housekeeping items, to items that would cause a low, moderate, or significant potential for serious personal injury, negative environmental impact, property damage, or hazardous material release. Only minor housekeeping and low potential items were observed during the 2014 audit. All items were addressed by September 11, 2015, except for minor repairs required on an evaporative cooler and a crude oil emulsion heater. ➢ Following the 2014 SIMQAP audit, operations at the Las Flores Canyon Facilities were suspended due to the 2015 Refugio Incident, and the facilities were placed into a preserved state to manage the site over the long term. On July 9, 2015, the SSRRC approved the deferral of annual SIMQAP audits until the Las Flores Canyon Facilities resume production. Though annual SIMQAP audits are currently deferred, routine maintenance reports are still submitted to the SSRRC by the permittee monthly. Sable has submitted monthly maintenance reports beginning in February 2024, which continue to date. There are no current outstanding SSRRC recommendations on the monthly

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
	maintenance reports that need to be addressed. ➢ In addition, the County Fire Department and the County APCD continue to conduct routine inspections of the facility under their respective jurisdictions.
(5) Compliance With Existing Requirements. As of the date that the application is deemed complete, the current owner(s) are in compliance with all requirements of the permit, including any requirement of a county-required safety audit, any notice of violation, and any county ordinance, or the current and proposed owner(s) have entered into a written agreement with the Director that specifies an enforceable schedule to come into compliance with such requirements.	**Consistent.** At the date of application completeness (July 30, 2024), ExxonMobil was in compliance with all requirements of the FDP Permit. No notice of violations have been issued to any permittee regarding the facility.
CHANGE OF GUARANTOR	
Sec. 25B-9 Director approval: findings. **(e) Change of Guarantor.** The Director shall approve an application to modify a permit pursuant to Sec.25B-8.1.a.iii for a change of guarantor only if the director makes the following findings: (1) **Financial Guarantees.** The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county	**Consistent.** The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(2).

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
and necessary to comply with the permit and any county ordinance.	
CHANGE OF OPERATOR	
Sec. 25B-10 Planning Commission approval: findings. **(a)** The planning commission shall approve an application for change of operator only if the planning commission makes the following findings: **(1) Fees and Exactions**. All outstanding fees and exactions due for the facility have been paid.	**Consistent.** The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(1).
(2) Financial Guarantees. All 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 have been updated, if necessary, to reflect the new operator and will remain in full effect following the operator change.	**Consistent.** The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(2).
(3) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit.	**Consistent.** The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(3).
(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with	**Consistent.** The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(4).

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
a description of the status of implementing its recommendations, to the proposed new operator. A safety inspection maintenance and quality assurance plan audit approved by the appropriate county official shall satisfy this requirement.	
(5) Compliance with Existing Requirements. As of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit, including any requirements of a county-required safety audit, any notice of violation, and any county ordinance, or the owner and proposed operator have entered into a written agreement with the director that specifies an enforceable schedule to come into compliance with such requirements.	**Consistent.** The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(5).
(6) Compliance Plans. The current owner and proposed operator have updated, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. The current owner and proposed operator have agreed in writing to revise all other plans required by the permit or any county	**Consistent.** ➢ Sable submitted all major Compliance Plans (e.g. Fire Protection Plan, Emergency Response Plan) with the current emergency contact information pertaining to the new operator by July 30, 2024 (the date of application completeness determination), and submitted all other updated compliance plans by August 14, 2024 (within six months of assuming operations). Plans are listed in Table 1.1 below. Most SYU

Table 1
Consistency with Chapter 25B
Change of Owner, Guarantor, and Operator for the Santa Ynez Unit
FDP Permit No. 87-DP-32cz (RV06)

REQUIREMENT	DISCUSSION
ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate county official within six months after assuming operations.	plans are integrated with POPCO Gas Plant plans. All plans were reviewed and approved by the P&D planner to confirm emergency contact information was updated as required by 25B-10(a)(6). ➢ Though not required by Chapter 25B, plans were also reviewed for technical accuracy by the SSRRC, the County Fire Department's Office of Emergency Management (OEM), and P&D Energy Division's (EMC) petroleum engineering consultant where appropriate. Some plans also require formal approval from other regulatory agencies outside of the County's Change of Operator process. ➢ A link to all publicly-available (redacted) Compliance Plans submitted as part of this application is included as Attachment F. Plans that only relate to the original construction of the Las Flores Canyon Facilities are considered satisfied and are not included.

Table 1.1
SYU/POPCO Compliance Plans

Plan Name	SYU FDP Condition	POPCO FDP Condition	Reviewing Department
Emergency Response Plan	XI-2.c.	P-3	P&D / OEM / EMC
Fire Protection Plan	X1-2.i.	N-3	P&D / OEM / EMC
Groundwater Management Plan	XVI-1	-	P&D
Integrated Noise Monitoring Plan	XV-1	L-2	P&D
NGL Inventory Management Plan	VI	P-6	P&D
Preservation Plan	-	-	P&D / EMC
Santa Barbara Harbor Use Plan	X-19	-	P&D
Site Security Plan	XI-2.h.	-	P&D
SIMQAP	XI-2.a.	P-2	P&D / SSRRC
Surface Water Monitoring Plan	XVII-1	H-1	P&D

Table 1
Consistency with Chapter 25B
Change of Owner, Guarantor, and Operator for the Santa Ynez Unit
FDP Permit No. 87-DP-32cz (RV06)

REQUIREMENT	DISCUSSION
Transportation Risk Management and Prevention Program (TRMPP) VI P-7 P&D	
(7) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause.	**Consistent.** Sable submitted a comprehensive Transition Plan for the Las Flores Canyon Facilities as part of their application materials. The Plan describes the background of the facilities, the general approach to the transition from Exxon and Sable, details on the facility staffing and support employees, and asset-specific training and general training conducted. The plan demonstrates that the majority of Sable's onsite management team have stayed employed at the Las Flores Canyon Facilities by transitioning into the same or similar roles from Exxon. These positions include production and maintenance managers, health and safety supervisors, regulatory supervisors, construction managers, superintendents and foremans, as well as operators and technicians that cover day-to-day shifts. This demonstrates cohesiveness of the facility teams and the ability to continue operations with limited staffing and training disruptions. The plan was reviewed and approved by P&D as part of the application completeness determination process. A publicly-available (redacted) version of the SYU/POPCO Transition Plan is included as Attachment E-1.

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
(8) Emergency Response Plan Drills. The proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.	**Consistent.** Sable submitted an updated Emergency Response Plan (Attachment F) and staffing details for their Incident Management Team (IMT) who run the response drills as part of their application materials (Attachment D). Documents demonstrate that the IMP has maintained consistent personnel with very limited changes from Exxon to Sable. Almost all of the IMT members who participated in previous emergency response drills under Exxon (last conducted in 2023), continue to serve in the same or similar roles with Sable. The IMT under Sable held a comprehensive emergency response drill on September 19, 2024. P&D confirmed with OEM Captain, Mr. Tim Gailey, that the 2024 emergency response drill was completed in accordance with County requirements, and that no outstanding issues were identified.
(9) Operator Capability. 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. The director shall require relevant records of compliance, and corrective actions taken subsequent to any major incidents for	**Consistent.** Sable was formed in October 2020 as an independent oil and gas company headquartered in Houston Texas as a special purpose acquisition company. The bullet items below describe the technical and financial capabilities of Sable's management and operating teams, as well as previous safety and operating records.

Table 1 **Consistency with Chapter 25B** **Change of Owner, Guarantor, and Operator for the Santa Ynez Unit** **FDP Permit No. 87-DP-32cz (RV06)**	
REQUIREMENT	**DISCUSSION**
facilities, if any, that are similar in nature to those that are the subject of the permit, as may be necessary to make findings. These records shall be used to provide sufficient assurance that the proposed operator does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.	***Technical Capabilities and Staffing*** ➢ Sable's Executive Management Team consists of Mr. Jim Flores as CEO, and Mr. Gregory Patrinely as Executive Vice President and CFO. Mr. Flores and Mr. Patrinely have managed oil and gas exploration and production businesses in the Pacific Ocean, the Gulf of Mexico, and onshore California (including Santa Barbara County) together for more than 30 years. Operations previously executively managed by Mr. Flores and Mr. Patrinely in Santa Barbara County include Platform Irene and the associated Lompoc Oil & Gas Plant and Point Pedernales Pipelines (together Point Pedernales Facilities), and Platforms Harvest, Hidalgo, Hermosa and the associated Gaviota Oil & Gas Plant and Point Arguello Pipelines (together Point Arguello Facilities) while managing Plains Exploration and Production Company (PXP) and Freeport-McMoRan, Inc (FMOG). Mr. Flores and Mr. Patrinely have also executively managed oil and gas facilities in the Permian and Delaware Basins in Texas while managing Sable Permian Resources (now Permian Resources). Information on Sable' Executive Management Team was

Table 1 **Consistency with Chapter 25B** **Change of Owner, Guarantor, and Operator for the Santa Ynez Unit** **FDP Permit No. 87-DP-32cz (RV06)**	
REQUIREMENT	**DISCUSSION**
	provided in the application materials, included as Attachment D. ➢ Sable's Upper Management Team, including the Vice President of Operations, the Vice President of Environmental & Regulatory Affairs, the Director of Facilities, and the Director of Operations have all carried over from similar leadership roles at PXP/FMOG, and have extensive previous experience managing the Point Pedernales and Point Arguello Facilities. These key leadership employees have an average of 31 years of experience operating Santa Barbara County-specific oil and gas facilities. Information on Sable's Operative Management Team was provided in the SYU/POPCO Transition Plan; however, employee details are considered confidential information not available to the public. A publicly-available version of the plan is provided as Attachment E-1. ➢ Sable's Onsite Middle Management Team, including the Construction Manager, the Senior Regulatory and Compliance Supervisor, the Senior Health, Safety & Environment Supervisor, the Production & Maintenance Manager, the Plant Superintendent, and the Plant Foremen have all transferred over from the same or similar leadership roles at

Table 1 **Consistency with Chapter 25B** **Change of Owner, Guarantor, and Operator for the Santa Ynez Unit** **FDP Permit No. 87-DP-32cz (RV06)**	
REQUIREMENT	**DISCUSSION**
	the Las Flores Canyon Facilities under Exxon. These key onsite employees have an average of 23 years of experience in the oil and gas industry, and an average of 21 years of service working at the Las Flores Canyon Facilities themselves. Information on Sable's Onsite Middle Management Team was provided in the SYU/POPCO Transition Plan (Attachment E-1). ➢ Approximately 64 percent of the onsite facility employees (e.g. technicians and operators) have also transferred over in their same or similar capacity from Exxon. The average SYU employee has over 18 years of oil and gas experience. Information on facility employees was provided in the SYU/POPCO Transition Plan (Attachment E-1). ➢ All Las Flores Canyon Facility employees have had training on the facility-specific Compliance Plans, as demonstrated on a signed confirmation statement attached to the Transition Plan (Attachment E-1). New employees would train on facility-specific Compliance Plans during onboarding activities. ➢ Sable has also continued contracts with third-party contractors who have historically served the Las Flores Canyon Facilities for maintenance, landscaping,

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
	security, material handling, inventory management, integrity testing, inspections, evaluations, and restoration. ***Safety and Compliance Records*** To satisfy the required records of compliance needed for this finding, P&D directed Sable to include compliance records for any major incidents, as defined in Sec. 25B-3, for Sable management-affiliate companies from the past 5 years the management team operated those companies. This included Sable Permian Resources from 2017 – 2021, FMOG from 2013 – 2017, and PXP from 2009 – 2013. A reporting period of five years was requested, as it is sufficiently long enough for environmental assessments and legal ramifications to be complete in most cases, and long enough to observe recent trends and demonstrate how measures are taken to prevent future accidents. Based on the information provided, Sable's management team has had zero major incidents involving oil and gas facilities over the requested timeframes. To further demonstrate safe and responsible operatorship while managing PXP, FMOG, and Sable Permian Resources, Sable also provided a list of awards received from Santa Barbara County, the National Safety Council, the California Department of

Table 1 **Consistency with Chapter 25B** **Change of Owner, Guarantor, and Operator for the Santa Ynez Unit** **FDP Permit No. 87-DP-32cz (RV06)**	
REQUIREMENT	**DISCUSSION**
	Conservation, and the U.S. Bureau of Land Management (Attachment D). ***Financial Capabilities*** ➢ Financial highlights outlined in Sable's SEC Quarterly Report (Form 10-Q, page 6) dated August 13, 2024, states that Sable has experienced financial losses from its operations, and has a current cash flow of $112.1 million dollars and an accumulated deficit of $426.6 million dollars. Sable currently has investment agreements totaling $440 million dollars. Sable states that it has sufficient remaining capital to maintain operations at the current financial loss, complete necessary repairs, and obtain regulatory approvals to restart production under its current cash flow and investment amounts. ➢ For the purposes of the 25B Permit Amendment, the County's review and findings are limited to only assessing the financial guarantees required by County permits or by County ordinance. In this case, the SYU does not have any current required bonds or assurances under the County's jurisdiction as described in Table 1, Section 25B-9(a)(2). Sable has existing insurance coverages of $1.23 billion for offshore property damage, $1.3 billion for

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	**DISCUSSION**
	onshore property damage, and $401 million dollars in liability insurance. ➢ Chapter 25B does not give the County discretion to increase the amount of guarantees or require assurances for purposes not otherwise already required.
(b) Upon making the findings listed in See. 25B-10.1, the planning commission shall approve the change of operator. The planning commission may impose additional conditions on the permit in order to ensure that any insurance or other financial guarantees that were submitted to and relied on by the planning commission as a basis to make any finding required by this chapter are maintained.	The Planning Commission has the authority to impose additional conditions on the FDP Permit in order to maintain any existing insurance or financial bonds. However, as Staff determined consistency with financial guarantees as described in Table 1, Section 25B-9(a)(2), no additional conditions are recommended.

6.2.2 POPCO Gas Plant

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	**DISCUSSION**
CHANGE OF GUARANTOR	
Sec. 25B-9 Director approval: findings. **(e) Change of Guarantor.** The Director shall approve an application to modify a permit	**Consistent.** No current County-required bonds are in place for the POPCO Gas Plant. A discussion of financial guarantees as they

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	**DISCUSSION**
pursuant to Sec.25B-8.1.a.iii for a change of guarantor only if the director makes the following findings: (1) **Financial Guarantees.** The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance.	relate to the FDP Permit Conditions are described in the bullets below. A discussion of Sable's financial capabilities to operate the POPCO Gas Plant are described further below in Table 2, Section 25B-10(a)(9) *Operator Capability*. ➢ FDP Permit Condition Q-2 requires the permittee to be responsible for the proper abandonment of the facility, and that a performance bond or other security device be in place immediately following the permanent shutdown of the facility. A performance bond, or other security device would posted by Sable following permanent shut down of the facilities in accordance with an approved abandonment and restoration plan in effect at that time. Therefore, no current financial guarantee is needed.
CHANGE OF OPERATOR	
Sec. 25B-10 Planning Commission approval: findings. **(a)** The planning commission shall approve an application for change of operator only if the planning commission makes the following findings: **(1) Fees and Exactions**. All outstanding fees and exactions due for the facility have been paid.	**Consistent.** Staff has verified with the P&D Accounting Department that no outstanding payments are due for the facility, or for any related planning and compliance cases.

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	**DISCUSSION**
(2) Financial Guarantees. All 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 have been updated, if necessary, to reflect the new operator and will remain in full effect following the operator change.	**Consistent.** The analysis of this finding is discussed in the similar finding listed above in Table 2, Section 25B-9(e)(1).
(3) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit.	**Consistent**. Sable provided a signed Agreement to Comply with Conditions of Approval of the FDP Permits as part of their application materials (Attachment D). The Agreement outlines Sable's acceptance of all conditions and requirements of the permit. The Agreement was recorded with the County Clerk-Recorder's Office in September 2024 as an official record to establish the permanent record of the transaction.
(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the proposed new operator. A safety inspection maintenance and quality assurance plan audit approved by the appropriate county official shall satisfy this requirement.	**Consistent.** The POPCO Gas Plant is subject to County SSRRC audits through its approved SIMQAP. The SIMQAP covers the SYU and the POPCO Gas Plant. The analysis of this finding is discussed in the similar finding for the SYU, listed in Table 1, Section 25B-9(a)(4).

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	**DISCUSSION**
(5) Compliance with Existing Requirements. As of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit, including any requirements of a county-required safety audit, any notice of violation, and any county ordinance, or the owner and proposed operator have entered into a written agreement with the director that specifies an enforceable schedule to come into compliance with such requirements.	**Consistent.** At the date of application completeness, ExxonMobil Corporation was in compliance with all requirements of the FDP Permit. No notice of violations have been issued to any permittee regarding the facility.
(6) Compliance Plans. The current owner and proposed operator have updated, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. The current owner and proposed operator have agreed in writing to revise all other plans required by the permit or any county ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate county official within six months after assuming operations.	**Consistent.** POPCO and Sable submitted all major Compliance Plans to P&D with updated emergency contact information by July 30, 2024 (the date of application completeness determination), and submitted all other compliance plans by August 14, 2024 (within six months of assuming operations). All POPCO Compliance Plans are integrated with the SYU Compliance Plans. The analysis of this finding and a list of plans is detailed in the similar finding for the SYU, listed in Table 1, Section 25B-10(a)(6).

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	**DISCUSSION**
(7) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause.	**Consistent.** Sable submitted a comprehensive Transition Plan for the SYU and POPCO Gas Plant as part of their application materials. The analysis of this finding is discussed in the similar finding for the SYU, listed in Table 1, Section 25B-10(a)(7). A publicly-available version of the Transition Plan is included as Attachment E-1.
(8) Emergency Response Plan Drills. The proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.	**Consistent.** The Emergency Response Plan Drill for the POPCO Gas Plan was integrated into the emergency response drill conducted for the SYU on September 19, 2024. The analysis of this finding is discussed in the similar finding for the SYU, listed in Table 1, Section 25B-10(a)(8).
(9) Operator Capability. 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. The director shall require relevant records of	**Consistent.** The skills, training, and resources necessary to operate the POPCO Gas Plant are integrated into the skills, training, and resources necessary to operate the SYU. The analysis of this finding is discussed in the similar finding for the SYU, listed in Table 1, Section 25B-10(a)(9).

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	**DISCUSSION**
compliance, and corrective actions taken subsequent to any major incidents for facilities, if any, that are similar in nature to those that are the subject of the permit, as may be necessary to make findings. These records shall be used to provide sufficient assurance that the proposed operator does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.	
(b) Upon making the findings listed in See. 25B-10.1, the planning commission shall approve the change of operator. The planning commission may impose additional conditions on the permit in order to ensure that any insurance or other financial guarantees that were submitted to and relied on by the planning commission as a basis to make any finding required by this chapter are maintained.	The Planning Commission has the authority to impose additional conditions on the FDP Permit in order to maintain any existing insurance or financial bonds. However, as Staff determined consistency with financial guarantees as described in Table 2, Section 25B-9(b)(2), no additional conditions are recommended.

6.2.3 Las Flores Pipeline

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	**DISCUSSION**
CHANGE OF GUARANTOR	
Sec. 25B-9 Director approval: findings. **(e) Change of Guarantor.** The Director shall approve an application to modify a permit pursuant to Sec.25B-8.1.a.iii for a change of guarantor only if the director makes the following findings: (1) **Financial Guarantees.** The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance.	**Consistent.** No current County-required bonds are in place for the Las Flores Pipeline System. A discussion of financial guarantees as they relate to the FDP Permit conditions are described in the bullets below. A discussion of Sable's overall financial capabilities to operate the Las Flores Pipeline System are described further below in Table 3, Section 25B-10(a)(9) *Operator Capability*. ➢ Previously required bonds under the FDP Permit were limited to conditions relating to habitat restoration. These restoration bonds were put in place at the time of pipeline construction and were previously released back to the former owner/operator. ➢ FDP Permit Condition O-1 requires the permittee to continue to pay property taxes until site restoration is complete, but does not require a financial bond to be in place. Sable currently has $112.1 million dollars in cash and cash equivalents, which is sufficient to cover the continued payment of property taxes for the proper abandonment of the pipelines. ➢ Neither the FDP Permit, Chapter 25B, or other County ordinance requires the permittee to carry insurance or surety bonds

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	**DISCUSSION**
	to cover oil spills or other damages for the pipeline system. ➢ Though not required for the County's Change of Guarantor, to support demonstration of other financial guarantees Sable/PPC submitted COFRs for the Las Flores Pipeline segments CA-324 and CA-325 (Certificate Nos. 2-2624-00-001 and 4-2624-00-001). The Las Flores Pipeline COFRs are included as Attachment H.
CHANGE OF OPERATOR	
Sec. 25B-10 Planning Commission approval: findings. **(a)** The planning commission shall approve an application for change of operator only if the planning commission makes the following findings: **(1) Fees and Exactions**. All outstanding fees and exactions due for the facility have been paid.	**Consistent.** Staff has verified with the P&D Accounting Department that no outstanding payments are due for the pipeline system, or for any related planning and compliance cases.
(2) Financial Guarantees. All 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 have been updated, if necessary, to reflect the new operator and will remain in full effect following the operator change.	**Consistent.** The analysis of this finding is discussed in the similar finding listed above in Table 3, Section 25B-9(e)(1).

Table 3 **Consistency with Chapter 25B** **Change of Guarantor and Operator for the Las Flores Pipeline System** **FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)**	
REQUIREMENT	**DISCUSSION**
(3) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit.	**Consistent**. Sable provided a signed Agreement to Comply with Conditions of Approval of the FDP Permit as part of their application materials. The Agreement outlines Sable's acceptance of all conditions and requirements of the permit. The Agreement was recorded by County Clerk-Recorder's Office on September 13, 2024 as an official record. A copy of the Agreement is included in Attachment D.
(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the proposed new operator. A safety inspection maintenance and quality assurance plan audit approved by the appropriate county official shall satisfy this requirement.	**Consistent.** ➢ Due to the 1988 Settlement Agreement between the County and Celeron/All American, there is no County-conducted audit available for the Las Flores Pipeline System. The Settlement Agreement determined that the County does not have the jurisdiction to regulate any aspect of the design, construction, or operation of the pipeline that is already covered under the Code of Federal Regulations (CFR) Title 49 Part 195 *Transportation of Hazardous Liquids by Pipeline*. This precludes the County from overseeing pipeline activities such as inspection and repairs, SIMQAP audits through the County's SSRRC, certain design and operation modifications, and other activities already covered under Title 49 Part 195. The Settlement Agreement runs with the pipeline and any subsequent owner/operators of the system.

Table 3
Consistency with Chapter 25B
Change of Guarantor and Operator for the Las Flores Pipeline System
FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)

REQUIREMENT	DISCUSSION
	➢ Title 49 §§ 195.450 and §§ 195.452 require that pipeline operators implement both internal (operator-conducted) and external (agency-conducted) audits. Therefore, because PHMSA and now OSFM conduct audits of the pipeline system, it is not subject to County-conducted audits. ➢ PPC has satisfied the County's requirement to provide audit information to Sable. In their application documents, Sable provided certain details of previous PHMSA and OSFM audits from October 2018 – July 2023 (Attachment D). A summary table of the audits conducted is provided below. Information indicates that there are no preliminary findings or concerns.

Table 3.1
Las Flores Pipeline System Audits

Agency	Date	Audit #	Audit Type	Status
OSFM	6/19/23 – 7/7/23	-	HQ OME and PAPEE Inspection	No unsatisfactory results/No preliminary concerns
OSFM	4/17/23 – 4/19/23	-	Standard Annual Pipeline Inspection	No unsatisfactory results/No preliminary concerns
OSFM	3/4/23 - 4/14/23	-	Field inspection	No unsatisfactory results/No preliminary concerns
OSFM	11/17/22	-	Annual records/field inspection	No unsatisfactory results/No preliminary concerns
OSFM	7/12/21	2021-64	Annual records/field inspection	Closed
PMSA	6/16/21	2021-58	Document inspection	Closed
OSFM	1/19/21	2021-3	Field inspection	Closed
OSFM	6/22/20	2020-72	Annual records/field inspection	Closed
OSFM	10/20/19	2019-118	Annual records/field inspection	Closed
OSFM	10/15/18	2018-98	Standards inspection	Closed

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	**DISCUSSION**
(5) Compliance with Existing Requirements. As of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit, including any requirements of a county-required safety audit, any notice of violation, and any county ordinance, or the owner and proposed operator have entered into a written agreement with the director that specifies an enforceable schedule to come into compliance with such requirements.	**Consistent.** At the date of application completeness, EMPCo and PPC were in compliance with all requirements of the FDP Permit. No notice of violations have been issued to any permittee regarding the pipeline system.
(6) Compliance Plans. The current owner and proposed operator have updated, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. The current owner and proposed operator have agreed in writing to revise all other plans required by the permit or any county ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate county official within six months after assuming operations.	**Consistent.** ➢ PPC and Sable submitted all major Compliance Plans with updated emergency contact information by July 30, 2024 (the date of application completeness determination), and submitted all other compliance plans by August 14, 2024 (within six months of assuming operations). Plans are listed in Table 3.2 below. All plans were reviewed for updated information and approved by the P&D planner. ➢ Although not required under Chapter 25B, plans were also reviewed for technical accuracy by the SSRRC, OEM, and EMC's petroleum engineering consultant where appropriate. Some plans also require formal approval from other regulatory agencies

Table 3
Consistency with Chapter 25B
Change of Guarantor and Operator for the Las Flores Pipeline System
FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)

<table>
<tr><th>REQUIREMENT</th><th>DISCUSSION</th></tr>
<tr><td></td><td>outside of the County's Change of Operator process.
➢ A link to all publicly-available (redacted) Compliance Plans submitted for this application is included as Attachment F. Plans that only relate to the original construction of the pipeline system are considered satisfied and are not included.</td></tr>
<tr><td colspan="2">
Table 3.2
Las Flores Pipeline System Compliance Plans
<table>
<tr><th>Plan Name</th><th>FDP Condition</th><th>Reviewing Department</th></tr>
<tr><td>Integrated Contingency Plan</td><td>G-1, P-3, P-5, P-9, P-14</td><td>P&D / OEM / EMC</td></tr>
<tr><td>Noise Monitoring Plan</td><td>N-1</td><td>P&D</td></tr>
<tr><td>Pump Station Fire Protection Plan</td><td>P-9</td><td>P&D / OEM / EMC</td></tr>
<tr><td>SIMQAP</td><td>P-2</td><td>P&D / SSRRC</td></tr>
<tr><td>Site Security Plan</td><td>P-6</td><td>P&D</td></tr>
</table>
</td></tr>
<tr><td>(7) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from</td><td>Consistent. Sable and PPC submitted a comprehensive Transition Plan for the Las Flores Pipeline System as part of their application materials. The Plan describes the background of the pipeline system, the general approach to the transition (PPC remains the legal Owner of the pipeline with Sable as Operator), details on staffing, and asset-specific training and general training conducted. The plan outlines that there are five full-time employees managing the pipeline operations in addition to contracted field personnel. Though the Operations Middle Management Team is</td></tr>
</table>

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	**DISCUSSION**
this requirement, or portions thereof, for good cause.	new (e.g. not former Plains employees), each leadership role, including the Director of Pipeline Operations, the Marketing and Scheduling Manager, the Pipeline Operations Manager, and the Facilities, ROW & Projects Manager have extensive experience in upstream and midstream pipeline operations for both onshore and offshore pipelines with reputable companies such as Phillips 66. The average years' experience of the pipeline operating team is 23 years. These combined years of similar experience demonstrate the ability to continue operations with limited staffing and training disruptions, and with a qualified new team not previously responsible for operations when the 2015 Refugio Incident occurred. The plan was reviewed and approved by P&D as part of the application completeness determination process. A publicly-available (redacted) version of the Transition Plan is included as Attachment E-2.
(8) Emergency Response Plan Drills. The proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.	**Consistent.** PPC and Sable submitted an updated Incident Contingency Plan (ICP) as part of their application materials. The ICP combines the previously separate Emergency Response, Fire Protection, and Oil Spill Contingency Plans (see Table 3.2 and Attachment F). Sable held a comprehensive ICP training exercise and emergency response drill on July 25, 2024. P&D Staff confirmed with OEM Captain, Mr. Tim

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	**DISCUSSION**
	Gailey, that the 2024 emergency response drill was completed in accordance with County requirements, and that no outstanding issues were identified.
(9) Operator Capability. 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. The director shall require relevant records of compliance, and corrective actions taken subsequent to any major incidents for facilities, if any, that are similar in nature to those that are the subject of the permit, as may be necessary to make findings. These records shall be used to provide sufficient assurance that the proposed operator does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.	**Consistent.** Sable's technical capabilities are described in the discussion for the Transition Plan finding in Table 3, Section 25B-10(a)(7) above. Sable's safety and compliance records and overall financial capabilities are described in the similar finding for the Las Flores Canyon Facilities in Table 1, Sec. 25B-10(a)(9).
(b) Upon making the findings listed in See. 25B-10.1, the planning commission shall approve the change of operator. The planning commission may impose additional conditions on the permit in order to ensure that any insurance or other	The Planning Commission has the authority to impose additional conditions on the FDP Permit in order to maintain any existing insurance or financial bonds. However, as Staff determined consistency with financial guarantees as

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	**DISCUSSION**
financial guarantees that were submitted to and relied on by the planning commission as a basis to make any finding required by this chapter are maintained.	described in Table 3, Section 25B-9(b)(2), no additional conditions are recommended.

6.3 Conditions of Approval

Conditions of Approval for each FPD Permit are included as Attachments B1 – B3. In accordance with Sec. 25B-7, conditions were revised to remove and replace the former permittee with Sable where appropriate. The term "permittee" was used for conditions that have already been satisfied (such as those relating to the construction of the facilities and pipelines) in order to maintain the complete record of the permits.

7.0 APPEALS PROCEDURE

The action of the Planning Commission may be appealed to the Board of Supervisors within 10 calendar days of said action. For Energy Division projects, no appeal fee is required.

ATTACHMENTS

A. Findings
B. Conditions of Approval
   - B-1. SYU FDP Permit No. 87-DP-32cz (RV06)
   - B-2. POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)
   - B-3. Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)

C. CEQA Notice of Exemption
D. 25B Permit Amendment Applications
   - D-1. SYU
   - D-2. POPCO
   - D-3. Las Flores Pipeline System

E. Transition Plans
   E-1. SYU/POPCO
   E-2. Las Flores Pipeline System
F. Compliance Plans
   F-1. Las Flores Pipelines Integrated Contingency Plan
   F-2. Las Flores Pipelines Noise Monitoring and Control Plan
   F-3. Las Flores Pipelines Pump Station Fire Protection Plan
   F-4. Las Flores Pipelines SIMQAP
   F-5. Las Flores Pipelines Site Security Plan
   F-6. Santa Barbara Harbor Use Plan
   F-7. SYU/POPCO Emergency Response Plan
   F-8. SYU/POPCO Fire Protection Plan
   F-9. SYU/POPCO Groundwater Management Plan
   F-10. SYU/POPCO Integrated Noise Monitoring Plan
   F-11. SYU/POPCO NGL Inventory Management Plan
   F-12. SYU/POPCO Preservation Plan
   F-13. SYU/POPCO Security Control Plan
   F-14. SYU/POPCO SIMQAP
   F-15. SYU/POPCO Transportation Risk Management and Prevention Program (TRMPP)
G. Certificates of Insurance
H. Certificates of Financial Responsibility

ATTACHMENT A - FINDINGS

ATTACHMENT B-1

CONDITIONS OF APPROVAL

SYU FDP PERMIT NO. 87-DP-32cz (RV06)

ATTACHMENT B-2

CONDITIONS OF APPROVAL

POPCO GAS PLANT FDP PERMIT NO. 93-FDP-015 (AM03)

ATTACHMENT B-3

CONDITIONS OF APPROVAL

LAS FLORES PIPELINE SYSTEM FDP PERMIT NO. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz; 85-DP-66cz; 83-DP-25cz)

ATTACHMENT C – NOTICE OF EXEMPTION

ATTACHMENT D-1
25B PERMIT AMENDMENT APPLICATION
SYU

ATTACHMENT D-2
25B PERMIT AMENDMENT APPLICATION
POPCO GAS PLANT

ATTACHMENT D-3
25B PERMIT AMENDMENT APPLICATION
LAS FLORES PIPELINE SYSTEM

ATTACHMENT E-1
TRANSITION PLAN
SYU/POPCO GAS PLANT

ATTACHMENT E-2

TRANSITION PLAN

LAS FLORES PIPELINE SYSTEM

ATTACHMENT F – COMPLIANCE PLANS

Plans are available online at:
https://cosantabarbara.box.com/s/wzk06i8dw18ow6f32xz1bznrf3v0teid

ATTACHMENT G –CERTIFICATES OF INSURANCE

ATTACHMENT H –CERTIFICATES OF FINANICAL RESPONSIBLITLY

Exhibit 4

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Attorneys for Respondents and Defendants, COUNTY OF SANTA BARBARA and SANTA BARBARA COUNTY BOARD OF SUPERVISORS,

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SABLE OFFSHORE CORP. et al.,

Petitioners/Plaintiffs,

v.

COUNTY OF SANTA BARBARA, et al.,

Respondents/Defendants.

and

ENVIRONMENTAL DEFENSE CENTER, et al.,

Intervenors.

CASE NO. 2:25-cv-04165-DMG-AGR

RESPONDENTS COUNTY OF SANTA BARBARA AND SANTA BARBARA COUNTY BOARD OF SUPERVISORS RESPONSE TO PETITIONERS' STATEMENT OF UNCONTROVERTED FACTS AND PROPOSED CONCLUSIONS OF LAW

[Filed concurrently with Response to Petitioner's Motion for Summary Judgment; Request to Take Judicial Notice; and [Proposed] Order]

Complaint Filed: May 8, 2025

Date: September 12, 2025
Time: 2:00 p.m.
Ctrm.: 8C
Judge: Hon. Dolly M. Gee
Mag. Judge: Hon. Alicia G. Rosenberg

Pursuant to Rule 56 of the Federal Rules of Civil Procedure, Rule 56-2 of the Local Rules for the Central District of California, and this Court's Initial Standing Orders (Dkts. 20 and 23), Respondents/Defendants COUNTY OF SANTA BARBARA and SANTA BARBARA COUNTY BOARD OF SUPERVISORS respectfully submit this Statement of Uncontroverted Facts in support of Respondents' Opposition to Petitioners' Motion for Summary Judgment.

PETITIONERS' ALLEGED UNCONTROVERTED FACTS AND SUPPORTING EVIDENCE	RESPONDENTS' POSITION
COMMON FACTS SUPPORTING SUMMARY JUDGMENT ON FIRST, SECOND, AND THIRD CAUSES OF ACTION	
Facilities For Which The Planning Commission Granted Transfer of Permits	
1. The Santa Ynez Unit ("SYU") consists of the onshore components connecting offshore platforms Hondo, Harmony, and Heritage to the associated onshore processing facilities. The SYU is authorized by the County under FDPs 87-DP-32cz (modified on July 25, 2001, with 87-DP-032cz (RV05) Synergy Project) (modified on Feb. 19, 2003, with 87-DP-032cz (RV06) Offshore Power Cable Repair & Enhancement Project). *Evidence*: Dkt. 13-1, 8 (Agenda for October 30, 2024 Planning Commission Hearing "**Planning Commission Agenda**"); Dkt. 13-1, 21-26 (October 22, 2024, Planning Commission Staff Report for a	Undisputed.

299-311 (Second Response to Notice of Incompleteness, July 1, 2024); Dkt. 13-1, 312-349 (Third Response to Notice of Incompleteness, July 23, 2024).	
12. As part of its application, Sable submitted the following documents: • An application for each of the Facilities • Emergency Response Plan (April 2024) • Enterprise Value and Post-Close Financials • Letters from a responsible official representing the owner and operator formally accepting all conditions and requirements in the permits • Transition Plan (SYU-POPCO) • Transition Plan (Pipeline) • Las Flores Pipeline Integrated Contingency Plan • Las Flores Pipeline Noise Monitoring and Control Plan • Las Flores Pipeline Pump Station Fire Protection Plan • Las Flores Pipeline Safety Inspection Maintenance and Quality Assurance Program ("SIMQAP")	Undisputed.

Incompleteness); Dkt. 13-1, 299-311 (Second Response to Notice of Incompleteness); Dkt. 13-1, 312-349 (Third Response to Notice of Incompleteness).	
13. On July 30, 2024, County staff determined Sable's application was complete. *Evidence*: Dkt. 13-1, 23 (Staff Report).	Undisputed.
14. County staff concluded that Sable's application satisfied all the requirements required by Chapter 25B for each of the permit transfers requested in the application and recommended the Planning Commission approve the transfers. *Evidence*: Dkt. 13-1, 27-58 (Staff Report "Consistency with Chapter 25B"); Dkt. 13-10, 228-234 (Staff presentation to Planning Commission at October 30, 2024 hearing ("**Staff Presentation I**")).	Disputed that County staff concluded Sable's application "satisfied all the requirements required by Chapter 25B" for each of the permit transfers requested in the application. County staff concluded that the applications were "consistent with Chapter 25B." Dkt. 13-1, 27-58 (Staff Report "Consistency with Chapter 25B"); Dkt. 13-10, 229-233 ("Consistency

16. On October 30, 2024, after timely notice and a public hearing that lasted approximately six hours, the Planning Commission approved the FDP transfers from the ExxonMobil affiliates to Sable after confirming that all Chapter 25B requirements were met. The Planning Commission approved the Transfers by a vote of 3 to 1. *Evidence*: Dkt. 13-1, 10-19 (Noticing Documents for October 30, 2024 Planning Commission hearing ("**Planning Commission Noticing Documents**")); Dkt. 13-10, 256-258 (Planning Commission Minutes); Dkt. 13-11, 28-29 (November 4, 2024 Planning Commission Action Letter ("**Planning Commission Action Letter**")); Dkt. 13-21, 43-195 (October 30, 2024 Planning Commission Hearing Transcript "**Planning Commission Transcript**").	Undisputed that notice of the public hearing was timely, that the hearing lasted approximately six hours, and that the Planning Commission approved the request by a vote of 3 to 1. Disputed that the Planning Commission "confirm[ed] that all Chapter 25B requirements were met[.]" The Planning Commission made findings as specified in Attachment A to the staff report dated October 22, 2024. Dkt. 13-10, 256-258 (Planning Commission Minutes); Dkt. 13-11, 28-29 (November 4, 2024 Planning Commission Action Letter ("**Planning Commission Action Letter**")).
17. On November 5, 2024, the Center for Biological Diversity ("CBD") and the Wishtoyo Foundation provided notice of appeal	Undisputed.

Evidence: Dkt. 13-21, 27-29 (Feb. 26, 2025, letter from Sable to Director requesting FDP transfer); Dkt. 13-21, 24-26 (April 11, 2025, letter from Sable to Director requesting FDP transfer).	
22. At its April 16, 2025 meeting, the Board went into closed session to discuss Sable's threat of litigation regarding the Transfers. At the conclusion of the closed session, the Board noted that no reportable action was taken. *Evidence*: Dkt. 13-21, 39 (minutes from Board closed session on April 16, 2025).	Undisputed.
23. The County has since refused to process the Planning Commission's permit transfers approval or respond to Sable's letters, except to acknowledge receipt. *Evidence*: Dkt. 13-21, 27-29 (Feb. 26, 2025, letter from Sable to Director requesting FDP transfer); Dkt. 13-21, 24-26 (April 11, 2025, letter from Sable to Director requesting FDP transfer).	Undisputed that the County has not issued updated permits or provided a formal substantive response to Sable's letters.
ADDITIONAL FACTS SUPPORTING SUMMARY JUDGMENT ON SECOND AND ALTERNATIVE THIRD CAUSES OF ACTION	
I. Ministerial Duties to Deny Appeals Based on Chapter 25B Compliance	
24. County staff has repeatedly confirmed that the County's role in FDP transfers under Chapter 25B is limited to ensuring compliance with	Disputed. County staff has stated that the County's role in FDP transfers under

specific, enumerated requirements. *Evidence:* County Code § 25B-1; Dkt. 13-1, 25 (Staff Report); Dkt. 13-11, 813-826 (Board Letter); Dkt. 13-21, 60, 142, 153, 191 (Planning Commission Transcript); Dkt. 13-21, 235-236 (Board Hearing Transcript); Dkt 13-10, 228-234 (Staff Presentation I); Dkt 31-20, 11 (Staff Presentation II).	Chapter 25B is to determine whether applications are consistent with Chapter 25B and whether the findings for approval can be made. Dkt. 13-1, 27 (Staff Report).
25. County staff has repeatedly confirmed that Pipeline safety and restart are subject to the exclusive jurisdiction of state and federal authorities, not the County of Santa Barbara. For example, County staff stated that "[t]he County has no role or responsibility in overseeing or determining pipeline safety restart requirements." *Evidence*: Dkt. 13-21, 49, 52, 67, 70 (Planning Commission Transcript); Dkt. 13-11, 823 (Board Letter); Dkt. 13-21, 222, 229, 230 (Board Hearing Transcript); Dkt 13-10, 228 (Staff Presentation I); Dkt 31-20, 11 (Staff Presentation II).	Undisputed.
26. A settlement agreement, entered into on February 8, 1988, between the County of Santa Barbara and Celeron Pipeline Company, the predecessor of the current owner confirmed the County's lack of jurisdiction over pipeline	Undisputed.

restart. The settlement agreement explained that "[t]he County and Celeron agree that the jurisdiction of the County over an interstate pipeline is limited and partially preempted by the provisions of the federal Hazardous Liquids Pipeline Safety Act and 49 CFR Part 195." *Evidence*: Dkt. 13-14, 635 (Settlement Agreement between Celeron Pipeline Company of California and the County of Santa Barbara, Feb. 8, 1988); Dkt. 13-11, 823 (Board Letter).	
II. County's Historical Practice and County Staff Report Confirm Ministerial Nature of Chapter 25B.	
27. On September 21, 2023, the County Planning Commission approved a transfer of FDPs for owner, operator, and guarantor for the Las Flores Pipeline from Plains Pipeline L.P. to PPC (then owned by MPPC), ExxonMobil, and EMPCo, respectively pursuant to Chapter 25B. *Evidence*: Dkt. 13-14, 514-515 (September 21, 2023, Board Action letter).	Undisputed.
28. Interested parties appealed the Planning Commission's 2023 decision to grant the permits to the Board.	Undisputed.

Evidence: Dkt. 13-14, 514-515 (September 21, 2023, Board Action letter).	
29. On September 19, 2023, the Board denied the appeal and affirmed the Planning Commission's determination approving the requested change of owner, guarantor, and operator for the Pipeline. *Evidence*: Dkt. 13-14, 514-515 (September 21, 2023, Board Action letter).	Undisputed that on September 19, 2023, the Board denied the appeal. Disputed that the Board "affirmed the Planning Commission's determination approving the requested change of owner, guarantor, and operator for the Pipeline." The Board's actions were to "Make the required findings for approval" and "Grant *de novo* approval of the Change of Ownership, Change of Guarantor, and Change of Operator. . ." Dkt. 13-14, 514-515 (September 21, 2023, Board Action letter).
30. Appellants in the 2023 appeal argued that permit transfers were a project under CEQA; however, the Board determined that "the	Undisputed.

proposed action [transfer of Pipeline FDPs] is not subject to CEQA, as it does not constitute a 'project', as defined by CEQA Guidelines Section 15378(a)." Similarly, appellants in the 2023 appeal argued that prior owner was not in compliance with existing permit conditions, including with respect to cathodic protection, and that the FDP should be revised to impose conditions for purposes other than "to maintain existing insurance or financial guarantees." However, the Board found that the prior owner was "in compliance with all requirements of the FDP Permit." *Evidence*: Dkt. 13-14, 516, 518 (September 21, 2023, Board Action letter – Attachment A: Findings); Request for Judicial Notice, Exh. 1 (Hearing Transcript excerpt of the Santa Barbara County Board of Supervisors Hearing, September 19, 2023 Meeting), pp. 9-11, 13-14, 31; Dkt. 1-4, 123 (Board Agenda Letter for a Change of Owner, Operator, and Guarantor for the Las Flores Pipeline System, dated Sept. 19, 2023); see also Request for Judicial Notice, Exh. 2 (Agenda Letter), p. 85.	
31. At the September 19, 2023 hearing before the Board, Supervisor (now Chair) Laura Capps noted that the requested "change of ownership	Undisputed.

remain in full effect following the operator change." (County Code § 25B-10(a)(2)). *Evidence*: County Code § 25B-10(a)(2)	
46. County staff confirmed, based on the record reviewed, these requirements to update financial instruments and ensure the required instruments remained in place were met for the SYU change of owner, operator, and guarantor: • For SYU, pursuant to Chapter 25B section 9(a)(2), County staff issued findings analyzing the permit requirements and determined this finding had been met, as "[n]o current County-required bonds are in place for the SYU." County staff also confirmed Sable's ability to pay property taxes, noting that "Sable has $112.1 million dollars in cash and cash equivalents, is valued over $1.35 billion dollars, including debts and equities." Moreover, Sable's Certificate of Liability Insurance "demonstrates $401 million dollars in liability insurance for all of Sable's assets . . . to cover oil spills, seepage, and pollution, as well as general liability	Undisputed.

coverage, auto liability, and workers compensation coverage." • For SYU, pursuant to Chapter 25B section 9(e)(1), County staff found that found that Sable's application to change guarantor met this requirement, incorporating the finding for Chapter 25B section 9(a)(2) by reference. • For SYU, pursuant to Chapter 25B section 10(a)(2), County staff found that Sable's application to change operator met this requirement, incorporating the finding for Chapter 25B section 9(a)(2) by reference. *Evidence*: Dkt. 13-1, 27-31, 33-34, 38-44 (Staff Report); Dkt. 13-10, 230 (Staff Presentation I); Dkt. 13-21, 53, 59-60, 152-153, 184-185 (Planning Commission Transcript); Dkt. 13-10, 246-247 (Applicant Presentation I**);** Dkt. 13-1, 245-250 (SYU Application, March 14, 2024); Dkt. 13-1, 289-298 (First Response to Notice of Incompleteness, May 22, 2024); Dkt. 13-1, 165-166 (SYU Expansion Project Conditions of Approval - FDP Permit Condition No. XIX-1, Abandonment Procedures); Dkt. 13-1, 136-137 (SYU Expansion Project	

Conditions of Approval - FDP Permit Condition No. XI-2.w., Responsibility for Oil Spill Clean-Up and Restoration); Dkt. 13-9, 519-520 (Evidence of Property Insurance); Dkt. 13-9, 521-522 (Evidence of Liability Insurance); Dkt. 13-9, 523-525 (Certificates of Financial Responsibility [October 2024]).	
47. The Planning Commission confirmed these requirements to update financial instruments and ensure the required instruments remained in place were met for the SYU change of owner, operator, and guarantor: • For SYU, pursuant to Chapter 25B section 9(a)(2), the Planning Commission found that Sable's application to change owner met this requirement. The Planning Commission found that "[p]reviously required bonds and endowments under the FDP Permit have been satisfied and none remain outstanding. The FDP Permit Condition No. X[I]X-1 requires the permittee to be responsible for the proper abandonment of the facility, and that a performance bond be in place, or that the permittee continue to pay property	Undisputed.

taxes until abandonment is complete. As no bond is in place, the permittee will continue to pay property taxes until site restoration is complete." • For SYU, pursuant to Chapter 25B section 9(e)(1), the Planning Commission found that Sable's application to change guarantor met this requirement, incorporating the finding for Chapter 25B section 9(a)(2) by reference. • For SYU, the Planning Commission found that Sable's application to change operator met this requirement pursuant to Chapter 25B section 10(a)(2), incorporating the finding for Chapter 25B section 9(a)(2) by reference. *Evidence*: Dkt. 13-11, 30-33 (Planning Commission Findings); Dkt. 13-10, 256-258 (Planning Commission Minutes); Dkt. 13-21, 59-60, 151-152, 185-194 (Planning Commission Transcript); *see also* Dkt. 13-10, 246-247 (Applicant Presentation I); Dkt. 13-9, 530-31 (Applicant Written Submission I); evidence cited above at ¶ 46 supporting staff determination	

(First Response to Notice of Incompleteness, May 22, 2024); Dkt. 13-1, 192 (POPCO Expansion Project Conditions of Approval - FDP Permit Condition No. Q-2, Abandonment Procedures); Dkt. 13-10, 246-247 (Applicant Presentation I); Dkt. 13-9, 530-531 (Applicant Written Submission I)	
49. The Planning Commission confirmed these requirements to update financial instruments and ensure the required instruments remained in place were met for the POPCO Facilities change of operator and guarantor: • For the POPCO Facilities, pursuant to Chapter 25B section 9(e)(1), the Planning Commission found that Sable's application to change guarantor met this requirement. Specifically, the Planning Commission found that "[n]o bonds are in place for the POPCO Gas Plant." The Planning Commission also found that "FDP Permit Condition Q-2 requires the permittee to be responsible for the proper abandonment of the facility, and that a performance bond or other security device be in place immediately following the permanent shutdown of the facility. A	Undisputed.

performance bond, or other security device shall be posted by POPCO following permanent shut down of the facilities in accordance with an approved abandonment and restoration plan in effect at that time." • For the POPCO Facilities, pursuant to Chapter 25B section 10(a)(2), the Planning Commission found that Sable's application to change operator met this requirement, incorporating the finding for Chapter 25B section 9(e)(1) by reference. *Evidence*: Dkt. 13-11, 35-36 (Planning Commission Findings); Dkt. 13-10, 256-258 (Planning Commission Minutes); Dkt. 13-21, 152, 184-186, 189, 194 (Planning Commission Transcript); *see also* Dkt. 13-10, 246-247 (Applicant Presentation I); Dkt. 13-9, 530-31 (Applicant Written Submission I); evidence cited above at ¶ 48 supporting staff determination	
50. County staff confirmed, based on the record reviewed, these requirements to update financial instruments and ensure the required instruments remained in place were met for the Pipeline change of operator and guarantor:	Undisputed.

Findings); Dkt. 13-10, 256-258 (Planning Commission Minutes); Dkt. 13-21, 58, 61-62, 186-194 (Planning Commission Transcript); *see also* Dkt. 13-9, 531 (Applicant Written Submission I); evidence cited above at ¶ 64 supporting staff determination.	
66. County staff confirmed, based on the record reviewed, that this requirement of a facility safety audit was met for the Pipeline change of operator: • For the Pipeline, pursuant to Chapter 25B section 10(a)(4), County staff issued findings analyzing the permit requirements and determined this finding had been met and/or preempted by the County's settlement and federal law: • Specifically, County staff explained that "[d]ue to the 1988 Settlement Agreement between the County and Celeron/All American, there is no County-conducted audit available for the Las Flores Pipeline System. The Settlement Agreement determined that the County does not have the jurisdiction to regulate any aspect of the design, construction, or operation	Undisputed.

of the pipeline that is already covered under [federal law]." • The staff further determined that federal law "require[s] that pipeline operators implement both internal (operator-conducted) and external (agency-conducted) audits. Therefore, because PHMSA and now OSFM conduct audits of the pipeline system, it is not subject to County-conducted audits." • Staff also found that "PPC has satisfied the County's requirement to provide audit information to Sable." *Evidence*: Dkt. 13-1, 52-53 (Staff Report); Dkt. 13-10, 232 (Staff Presentation I); Dkt. 13-21, 56-58, 61-62 (Planning Commission Transcript); Dkt. 13-1, 274-288 (Pipeline Application, March 14, 2024); Dkt. 13-14, 635 (Settlement Agreement between Celeron Pipeline Company of California and the County of Santa Barbara, Feb. 8, 1988).	
67. The Planning Commission confirmed this requirement of a facility safety audit was met for the Pipeline change of operator: • For the Pipeline, pursuant to Chapter	Undisputed.

Findings); Dkt. 13-10, 256-258 (Planning Commission Minutes); Dkt. 13-21, 58, 163-164, 186-194 (Planning Commission Transcript); *see also* Dkt. 13-9, 532 (Applicant Written Submission I); evidence cited above at ¶ 81 supporting staff determination	
Transitional Plan (Chapter 25B § 10(a)(7) [operator])	
83. For a change in operator, Chapter 25B requires that "[t]he current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause." (County Code § 25B-10(a)(7)). *Evidence*: County Code § 25B-10(a)(7).	Undisputed.
84. County staff confirmed, based on the record reviewed, that this requirement of a transition plan was met for the SYU change of operator:	Undisputed.

• For SYU, pursuant to Chapter 25B section 10(a)(7), County staff, based on the record reviewed, including the comprehensive Transition Plan for the Las Flores Canyon Facilities that Sable submitted in July 2024, and determined this finding had been met. *Evidence*: Dkt. 13-1, 37 (Staff Report); Dkt. 13-10, 230 (Staff Presentation I); Dkt. 13-21, 54, 57-58 (Planning Commission Transcript); Dkt. 13-1, 245-250 (SYU Application, March 14, 2024); Dkt. 13-1, 299-311 (Second Response to Notice of Incompleteness, July 1, 2024); Dkt. 13-1, 312-349 (Third Response to Notice of Incompleteness, July 23, 2024).	
85. The Planning Commission confirmed this requirement of a transition plan was met for the SYU change of operator: • For SYU, pursuant to Chapter 25B section 10(a)(7), the Planning Commission found that "[t]he requirements of this finding are satisfied. Sable submitted a comprehensive Transition Plan describing the general strategy taken for the transition from ExxonMobil	Undisputed.

Corporation to Sable, a description of the facilities and general operating procedures, details on the staffing and support employees, and asset-specific training and general training conducted." *Evidence*: Dkt. 13-11, 34 (Planning Commission Findings); Dkt. 13-10, 256-258 (Planning Commission Minutes); Dkt. 13-21, 58, 159, 186-194 (Planning Commission Transcript); *see also* Dkt. 13-9, 532-33 (Applicant Written Submission I); evidence cited above at ¶ 84 supporting staff determination.	
86. County staff confirmed, based on the record reviewed, that this requirement of a transition plan was met for the POPCO Facility change of operator: • For the POPCO Facilities, pursuant to Chapter 25B section 10(a)(7), County staff found that Sable's application to change operator met this requirement, finding that "Sable submitted a comprehensive Transition Plan for the SYU and POPCO Gas Plant as part of their application materials." Staff referenced the findings for SYU under	Undisputed.

Chapter 25B section 10(a)(7). *Evidence*: Dkt. 13-1, 48 (Staff Report); Dkt. 13-10, 231 (Staff Presentation I); Dkt. 13-21, 54, 57-58 (Planning Commission Transcript); Dkt. 13-1, 259-273 (POPCO Application, March 14, 2024); Dkt. 13-1, 299-311 (Second Response to Notice of Incompleteness, July 1, 2024); Dkt. 13-1, 312-349 (Third Response to Notice of Incompleteness, July 23, 2024); Dkt. 13-1, 318-333 (SYU-POPCO Transition Plan).	
87. The Planning Commission confirmed this requirement of a transition plan was met for the POCP Facilities change of operator: • For the POPCO Facilities, pursuant to Chapter 25B section 10(a)(7), the Planning Commission found that Sable's application to change operator met this requirement, incorporating by reference the findings for SYU under Chapter 25B-10(a)(7) and explaining that "[t]he Transition Plan for the SYU also incorporates the POPCO Gas Plant." *Evidence*: Dkt. 13-11, 37 (Planning Commission Findings); Dkt. 13-10, 256-258 (Planning	Undisputed.

Commission Minutes); Dkt. 13-21, 58, 159, 186-194 (Planning Commission Transcript); *see also* Dkt. 13-9, 532-33 (Applicant Written Submission I); evidence cited above at ¶ 86 supporting staff determination.	
88. County staff confirmed, based on the record reviewed, that this requirement of a transition plan was met for the Pipeline change of operator: • For the Pipeline, pursuant to Chapter 25B section 10(a)(7), County staff found that Sable's application to change operator met this requirement, finding that "Sable submitted a comprehensive Transition Plan for the SYU and POPCO Gas Plant as part of their application materials." • Staff explained that the Plan "describes the background of the pipeline system, the general approach to the transition (PPC remains the legal Owner of the pipeline with Sable as Operator), details on staffing, and asset-specific training and general training conducted. The plan outlines that there are five full-time employees managing the pipeline operations in	Undisputed.

addition to contracted field personnel. Though the Operations Middle Management Team is new (e.g. not former Plains employees), each leadership role, including the Director of Pipeline Operations, the Marketing and Scheduling Manager, the Pipeline Operations Manager, and the Facilities, ROW & Projects Manager have extensive experience in upstream and midstream pipeline operations for both onshore and offshore pipelines with reputable companies such as Phillips 66. The average years' experience of the pipeline operating team is 23 years. These combined years of similar experience demonstrate the ability to continue operations with limited staffing and training disruptions, and with a qualified new team not previously responsible for operations when the 2015 Refugio Incident occurred." • Moreover, staff explained that the Plan "was reviewed and approved by [Planning and Development] as part of the application completeness	

determination process." *Evidence*: Dkt. 13-1, 55-56 (Staff Report); Dkt. 13-10, 233 (Staff Presentation I); Dkt. 13-21, 54, 57-58 (Planning Commission Transcript); Dkt. 13-1, 274-288 (Pipeline Application, March 14, 2024); Dkt. 13-1, 299-311 (Second Response to Notice of Incompleteness, July 1, 2024); Dkt. 13-1, 312-349 (Third Response to Notice of Incompleteness), July 23, 2024); Dkt. 13-1, 334-348 (Pipeline Transition Plan).	
89. The Planning Commission confirmed this requirement of a transition plan was met for the Pipeline change of operator: • For the Pipeline, pursuant to Chapter 25B section 10(a)(7), the Planning Commission found that Sable's application to change operator met this requirement, finding that "Sable submitted a comprehensive Transition Plan describing the background of the pipeline system, the general approach to the transition . . . details on staffing, and asset-specific training and general training conducted." *Evidence*: Dkt. 13-11, 41 (Planning Commission	Undisputed.

Findings); Dkt. 13-10, 256-258 (Planning Commission Minutes); Dkt. 13-21, 58, 159, 186-194 (Planning Commission Transcript); *see also* Dkt. 13-9, 532-33 (Applicant Written Submission I); evidence cited above at ¶ 88 supporting staff determination.	
Emergency Response Plan Drills (Chapter 25B § 10(a)(8) [operator])	
90. For a change in operator, Chapter 25B requires that "[t]he proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility." (County Code § 25B-10(a)(8)). *Evidence*: County Code § 25B-10(a)(8).	Undisputed.
91. County staff confirmed, based on the record reviewed, that this requirement of emergency response plan drills was met for the SYU change of operator: • For SYU, pursuant to Chapter 25B section 10(a)(8), County staff issued findings and determined this finding had been met. Specifically, staff determined that in February 2024, Sable submitted "an updated Emergency Response Plan and staffing details for their Incident	Undisputed.

Violation issued on September 27, 2024, after the application completion date, meant that Sable was unable to comply with state permits and regulations. *Evidence*: Dkt. 13-10, 299-306 (CBD appeal); Dkt. 13-20, 30-42 (CBD Hearing Presentation); Dkt. 13-10, 307-312 (EDC appeal); Dkt. 13-20, 43-61 (EDC Hearing Presentation); *see also* Dkt. 13-9, 534-536 (Applicant Written Submission I)	
105. The Board's letter and staff presentation provided an analysis and rejection of each of appellants' arguments, finding none of the points raised in the appeals altered their recommendation or impacted Sable's established compliance with Chapter 25B's requirements. Specifically, staff found: a) With respect to COFRs, Chapter 25B is "limited to ensuring facility fees are paid, and insurance, bonds, and financial guarantees reflect [the] new permittee" and that these findings were met through Sable's submittal of the SYU COFR; that the SYU was required to have a	Undisputed.

COFR, that OSPR had confirmed the COFR was proper, and that the County "cannot require financial documents where not already required." b) With respect to oil spill contingency plans, all compliance plans required by Chapter 25B had been submitted and Chapter 25B does not require plans approved by non-County regulators to be submitted (noting applicable contingency plans required by state and federal law were under review by OSPR, a state agency, and Sable is required to follow the most current version of the plans in the event of an oil spill). Staff confirmed that County safety oversight is confined to annual audits and monthly reviews of the onshore Facilities (SYU and POPCO), enforcement of the FDP conditions, and oversight by the "County Fire Department, Environmental Health, and Air Pollution Control district."	

c) With respect to bonds, the Chapter 25B procedure only required updating contact information on bonds, "[d]ecommissioning bonds were not required to be posted as part of the original project approvals, and no decommissioning bonds have been required to date." However, while not required by the FDPs, Sable in fact would post a decommissioning bond with ExxonMobil. d) With respect to environmental review, because "[n]o physical changes to the facilities, or modifications to facility operations would occur under" the FDP transfer process, and because "[r]estart of the facilities is not a part of the Chapter 25B Permit Amendment process," the County's action to transfer the permits is exempt from CEQA under the CEQA Guidelines section 15378(b)(5) exemption for administrative activities of governments that do not result in	

physical changes to the environment. e) With respect to restart, staff noted that in making this argument appellants relied on spill data from an incomplete draft EIR/EIS for a different project, that Sable is required by state and federal agencies to meet all safety conditions prior to restart, and the "County has no authority to oversee [such] state and federal safety and restart requirements." that is outside the County's jurisdiction. f) With respect to general resources and insurance, of the three FDPs, only the SYU required specific financial responsibility documents, and Sable had met those requirements; further noting that Sable "has cash balance of ~$363M, remaining startup costs of $125M [and] [m]argins will increase from production sales," and there was no basis to find Sable lacked resources, skill, or training	

to safely operate the Facilities. g) With respect to alleged non-compliance with FDP Condition A-7 in relation to cathodic protection, the Condition had no such requirement "related to cathodic protection" and that the Pipeline Facility met all actual requirements of A-7. h) With respect to the Coastal Commission issues, staff explained that Chapter 25B finding which requires "no record of *systemic* non-compliance or unsafe operations related to *major incidents* for similar facilities." Staff confirmed that "Chapter 25B does not require that the permittee be in compliance with non-County permits and regulations to approve the permit transfers." It further explained that the activities cited in the state agency letters citing unpermitted development "did not reflect systemically unsafe operations related to major incidents" And were "[o]utside of	

of Supervisors, 49 Cal. 3d 432, 442 (1989) ("Mandamus will not lie to control an exercise of discretion, i.e., to compel an official to exercise discretion in a particular manner.").

III. Finding on Third Cause of Action – Writ of Mandate for Violation of County Code Chapter 25B (Cal. Code Civ. Proc. § 1094.5)

4. The Board must reconsider the appeals and decide whether to affirm, deny, or modify the decision of the Planning Commission and to set forth findings "sufficient both to enable the parties to determine whether and on what basis they should seek review and, in the event of review, to apprise a reviewing court of the basis for the board's action." *Topanga Assn. for a Scenic Cmty. v. Cnty. of Los Angeles*, 11 Cal. 3d 506, 514 (1974); *see also Mountain Def. League v. Bd. of Supervisors*, 65 Cal. App. 3d 723, 732 (1977).

Dated: August 1, 2025

Respectfully submitted,
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Exhibit 5

[01:43:07]

COMMISSIONER MARTINEZ: Good morning, and thank you for your patience and allowing me the opportunity to get here from court, and I'll say thank you to the judge who gave me priority to get me here, so here we go. So we're on to item number two on the agenda, which is our last item on today's agenda. If we could announce it, please.

JEFF WILSON: Mr. Chair, while you were driving, just to bring you up to speed, and the public, just for the record. It's already been read in the record, there was a discussion on letters that were submitted. All the letters have been accepted, we'll have a discussion on the next break as far as the availability for you to review those letters, so that if any testimony or any information contained in those letters are used today, that you'll be able to act on that. We're talking specifically, there's an 18-page letter, I think that was provided by EDC, that we wanted to make you aware of, that was distributed today, and made available to the commissioners, and available online and to the public. So at this point, in the hearing, we are ready to go to public comment…not public comment, sorry. A lot happened in that hour. To the staff presentation. Just, again, to reiterate, we do have a number of people online, we have a number of people in the fourth floor hearing room. We have been made aware that there is a little bit of a lag between what is said here and by the time it gets to the fourth floor, so when we get to public comment, we will be calling out at least five names at a time to give people the opportunity to come down here to speak. So just be aware that when we

call your name, start moving towards the hearing room so you can give your testimony.

COMMISSIONER MARTINEZ: And this is the EDC letter that you're talking about?

JEFF WILSON: That is correct, Chair.

COMMISSIONER MARTINEZ: Okay. And this is the letter that was admitted?

JEFF WILSON: Yes.

COMMISSIONER MARTINEZ: Okay. And I'll just say for the record, I can read these things pretty darn quick, that's what we're taught to do in these things. It's true. Also, since it's been read into the record, and let me give at least from my perspective of how we're going to do things today. We have several speaker slips here today. Usually I announce at the beginning of any meeting that if you're going to want to speak, you have to turn in your speaker slips before it's announced. I wasn't here, obviously, so why don't I make sure that if you're going to speak and you haven't turned in a speaker slip, I'm going to go to staff, but let's say within the next five minutes, drop off your speaker slip because then I'm going to cut it off after staff. After staff presents, I'm going to cut it off. Anyone who's online who wants to speak and who hasn't raised their hand, hasn't been recognized as being one who wants to speak via remote, once staff finishes, no more. You can't raise your hand afterwards, okay? So let's just make sure we got that. Those who are speaking, we're going to limit you to a time limit of two minutes, okay? I'll say this with the most respect and

caution is that we all want to hear you. The issue today is ownership, a change of ownership. That's the issue. I'd appreciate if people can focus in on that thing. It's not these other issues, which I'm well aware of, but appreciate your time and patience in regards to these things. For those people who are upstairs, so what I'm going to do, I'm going to go and read about five or six of them, and then you're going to form a line over here, and then when you step up to the podium, you announce your name, and then I'll make sure I check that off. But for those who are upstairs, the reason I'm going to read five or six of them is then that gives you time to come down. Now, it's already mentioned by Mr. Wilson that there's about a 30-second lag time, so again, I'm going to make sure that there's time there for you to get down and get in line, and then we'll form it. Unfortunately, for those who are here, and because sometimes I go, okay, well, those who have one minute to say something, you can go first and make sure you're heard, this logistic stops that from happening, because we want to make sure that those who are upstairs have a chance to come downstairs. Again, we want to hear from everyone, and we appreciate everyone's participation. I know that our director also has an announcement to make right now, and I'd appreciate if she could make it right now.

[01:47:47]

LISA PLOWMAN: Thank you, everybody. Coming to the Planning Commission Hearings or the Board Hearings is a really important part of our public process, and our decision makers and the staff want to hear from everybody and from all sides. But unfortunately today, one of my

staff persons was shoved up against a door because somebody was unhappy that they couldn't get into this room, and that kind of behavior just cannot be tolerated. So I'm going to ask everybody to make sure that we treat each other with respect and with kindness. We have differing views, all of us, but we have to honor that. That's part of what this country is about, and our process is about, so you can express your views, but do it respectfully. If somebody does conduct themselves in that manner, they will be asked to leave the building. And I appreciate you listening to my comments today, and I appreciate your decorum that you're going to display in advance. And then I just wanted to mention one more thing, and that is, the Chair and the rest of the Commission may want to talk about that, but the way we express public support of somebody else's comments is not cheering or clapping, but it's raising your hands like this, and that way we can keep our hearing process moving and make sure that everybody is heard, so thank you very much.

COMMISSIONER MARTINEZ: Thank you. So with that, have you guys done any ex parte communications?

COMMISSIONER BRIDLEY: Not yet.

COMMISSIONER MARTINEZ: No, so let's do those first before we move on to the staff. Any ex parte communications that anyone wishes to make, disclose, I should say? Yes, Commissioner?

COMMISSIONER REED: Yeah, I had a telephone conversation with Lee Danielson of Sable on the 25th.

COMMISSIONER MARTINEZ: Commissioner Parke?

COMMISSIONER PARKE: I've had a couple of phone conversations with Lee Danielson, most of which we didn't even talk about this case, but what the heck, but they were fun.

[01:50:00]

And also, we had somebody else on the Sable team with us on the phone the second time, but I forgot his name, and I apologize. I also should disclose, I think, on the Sable side, I had a meeting or a breakfast or Zoom, I can't even remember what it was, with Jim Flores a year or two ago, and I mean, we touched on these transfer issues, so it's just fair that I disclose that, even though that was so long ago. I also had a meeting with EDC attorneys and their clients on Monday morning, and I don't believe I've had any other meetings.

COMMISSIONER MARTINEZ: As for myself, I've had no communications with any parties except for one email communication in which it was from somebody from Sable, I'm forgetting his name, but it was about the presentation of an employee outside of their 20 minutes that we were going to provide to them, and I responded to that. Thank you. Commissioner Bridley?

COMMISSIONER BRIDLEY: I had a series of meetings as well. I talked to Steve Gregg, who is partially retired, but works for Exxon. That conversation was on October 29th, regarding the general process of these kinds of transfer of ownership, transfer of operator actions, and then I also talked to the Sable team, Lee Danielson, on Friday, and then again, Steve Rusch yesterday. And then I also had a meeting with the UCSB Environmental Affairs students, Vivian Chankai and Izzy Sistek

on Monday, October 29th. And then also on Tuesday, I had a meeting with Environmental Defense Center, Audubon Society, Get Oil Out, and SBCAN regarding a lot of the issues that they brought up in their letter. That's it.

COMMISSIONER MARTINEZ: Thank you. And with that, then we'll move over to staff.

JACQUELYNN YBARRA: Okay. We're ready. Good morning, Chair, Commissioners and members of the public behind me and upstairs and online. It's nice to be here in person with you and happy day before Halloween, or Sauin, as we witches like to call it. Okay. Today, the Commission is considering the change of owner, guarantor, and operator of the Santa Ynez Unit, the POPCO gas plant, and the Las Flores Pipeline System County Permits. I'm the case planner, Jacquelynn Ybarra, and WD Director Errin Briggs is also with me today. Next slide.

So there are three separate requests before you, all on behalf of Sable Offshore Corporation dealing with three separate county permits for the following: One, a change of owner, operator, and guarantor of the Santa Ynez Unit, or SYU, final development plan permit from ExxonMobil Corporation to Sable. Two, a change of operator and guarantor of the Pacific Offshore Pipeline Company, or POPCO Gas Plant's final development plan permit from Exxon to Sable. And three, for a change of operator and guarantor of the Las Flores Pipeline System's final development plan permit from ExxonMobil Pipeline Company and ExxonMobil to Sable. To note, POPCO remains the legal owner of the gas plant, and Pacific Pipeline Company, or PPC, remains the legal

owner of the Las Flores Pipeline System. Very important to note today, which I will reiterate a couple times, is that these requests are to transfer the county permits for the individual assets, and not the underlying transfer of the assets themselves. The permit transfers do not include any authorization for work that may occur at the facilities. It doesn't include the restart of the facilities, nor any future operation of the facilities. Next slide.

So this slide shows you the facility locations. On the left, you can see POPCO and the SYU. The POPCO gas plant is a very small portion of the larger onshore SYU unit, which contains an oil and water treatment plant and other related facilities. As you can see in the figure, both the gas plant and onshore SYU are co-located in the Las Flores Canyon, which is along the Gaviota Coast. And for everyone's reference, the facilities are about one and a quarter miles north of El Capitan. Although the gas plant and the onshore SYU have their own county final development permits, the operation of the facilities is very much integrated. On the right, you can see the Las Flores Pipeline System. It stretches about 122 linear miles, starting at the Las Flores Canyon, traverses up San Luis Obispo County, sort of parallels Highway 166, and ends at the Pentland Station over in Kern County.

[01:55:10]

Most everyone may know, just a little bit of background on the pipelines, that they were formerly titled Lines 901 and 903 and were operated by Plains All-American Pipeline. When PPC acquired the lines from Plains, the name was changed. So as you can see here, the lines

are now identified as CA-324, shown in red, CA-325A, shown in green, and CA-325B, shown in purple. Next slide.

So why we're before the Commission today, Chapter 25B specifically of our county code governs the process to transfer county permits for certain oil and gas facilities. All three facilities today are subject to this process as they either process or transport oil and gas extracted from offshore reserves. So a change of owner and guarantor are normally under the jurisdiction of the planning and development director, while a change of operator is under the jurisdiction of your Commission. But when we have combined applications like we do today, those could be grouped together and decided on by the Commission. And per our code, the county shall list any new owner, operator, or guarantor and remove any previous parties from the permit upon your Commission finding that the applications are consistent with all the information required by Chapter 25B. Next slide.

Okay, this slide gives you a little bit more of a background on the facilities themselves. So the SYU and POPCO gas plant, which are commonly referred to as the Las Flores Canyon facilities, those treat oil and gas produced from offshore platforms, Hondo, Harmony, and Heritage. And up until the recent stable acquisition, they were operated by ExxonMobil. Oil from the SYU is normally transported via the common carrier Las Flores Pipeline System, which I stated before was previously known as Lines 901 and 903, operated by Plains. The pipeline spill in 2015 caused both the pipelines and the Las Flores Canyon facilities to shut-in, as it was the only way to get oil out of

the SYU. However, to date, various preservation and maintenance programs still occur at the facilities to maintain facility integrity under federal, state, and county programs. So PPC acquired the pipeline system from Plains in 2022, and your Commission did approve that permit transfer last year in 2023, which now brings us to the current history of Sable acquiring the SYU, as well as ownership of POPCO and PPC in February of this year. Next slide.

Okay, a little bit of background on who Sable is, and we also wanted to highlight below what staff specifically looked at when we reviewed the applications. So Sable is a Houston-based independent oil and gas company. They were formed in 2020, formerly known as Flame, and were initially formed as a special acquisition company. Their executive management team formerly operated facilities in the county, including the Point Pedernales assets near Lompoc, and the Point Arguello assets along the Gaviota Coast, and that was under the operation and ownership of Freeport-McMoRan Oil and Gas, or FMOG, or Plains Exploration and Production Company, or PXP, not to be confused with Plains All-American. Their local teams largely comprised of former Exxon employees, as well as other local employees from other reputable oil and gas companies, such as Phillips 66 and Freeport-McMoRan. Sable entered into a purchase and sale agreement with Exxon to acquire the SYU and ownership of POPCO and PPC in November. The agreement closed in February of this year. So for the county's process, Sable submitted applications to transfer their county permits to us in March, and as part of our completeness review, we did a comprehensive study of

Sable's financial filings with the SEC. We reviewed their insurance certificates, their financial certifications from the state, known as their OSPR COFRs. We reviewed each permit's list of conditions, all relevant compliance plans. We drilled down into their staff experience and org charts.

[02:00:00]

We confirmed there's been no incidents reports under Sable's former companies, and we looked at safety audit information, operation and maintenance reports, among other things. Next slide.

For environmental review of these requests, the permit transfers do not constitute a project as defined by CEQA Section 15378, which specifically exempts administrative actions of government that do not result in direct or indirect physical changes to the environment. So these requests do meet that exemption, as they are administrative action to update the names of the owner, operator and guarantor on the facility's permits. Again, no physical changes are proposed under this process, and the permit transfers do not authorize restart of the facilities. That's an entirely separate process under the regulatory authority of several other state and federal agencies. Next slide.

Okay, getting into the meat, the Consistency Analysis. So we analyzed each application in relation to the required findings of Chapter 25B. That consistency analysis is detailed in your staff report. But for this presentation, I'll have summary slides for each of the facilities, starting with the SYU here. So in this table, you can see that Sable has demonstrated consistency with the listed findings. I

did want to highlight a few that I know or think the Commission is interested in. So first, under financial guarantees for change of owner, so Chapter 25B only requires that county insurance bonds and financial guarantees are updated to reflect the new owner of the facility. In this case, the SYU, there's no county-required bonds for the facility, so nothing for Sable to update. The final development plan permit does require that Sable pay property taxes through final abandonment of the facility, and also requires that they be responsible for any cleanup and restoration of an oil or gas leak, and that they also provide copies of other agencies' financial responsibility documents. So to satisfy the permit conditions, Sable provided copies of both their property insurance and their liability insurance, which demonstrates they have over $2.5 billion to cover damage at the SYU and POPCO, as well as over $400 million dollars to cover cleanup and restoration costs in the event of an oil spill. They also provided a copy of their California Office of Spill Prevention and Response Certificate of Financial Responsibility, that's that OSPR COFR acronym you see up there. And that is state-authorized and calculated to demonstrate that they can cover a worst-case oil spill from their offshore operations. Moving down under safety audits, we wanted to note that the last county-conducted safety audit of the SYU and POPCO occurred in 2014, and that audit had no significant findings. We did, the County did authorize those audits to be postponed during preservation of the facility, but they will resume if and when production restarts. Lastly, Exxon, and now Sable, they also submit

monthly O&M reports to the County, which also show no significant findings. Next slide.

Okay, still on SYU, this table highlights the findings for change of guarantor and operator. I just wanted to note that some of the findings for each of the changes do overlap, and that full text of the findings is available in Attachment A to your staff report, but I mostly just wanted to show the non-repetitive ones here. So things to highlight under Change of Operator. For Sable's compliance plans, so Chapter 25B just requires that active compliance plans be updated with the new operator's contact information. We did confirm they submitted 11 plans for the SYU, and those were all updated appropriately. And then above and beyond the requirements of Chapter 25B, those plans were also reviewed for technical accuracy by various county departments, by our System Safety and Reliability Review Committee or the SSRRC, the Fire Department, and Energy Division's Petroleum Engineer where applicable.

[02:05:00]

Moving down to transition plan, we also confirmed Sable submitted a comprehensive transition plan. As I mentioned earlier, the facility management team for the SYU has largely all carried over from former staff at ExxonMobil, so it demonstrates a very cohesive team that's able to continue operations with limited disruptions. And there was also asset-specific and general training conducted. Moving down to the Approved Emergency Response Drill, a drill was conducted for the SYU and POPCO in September of this year. Our County Fire Department was in

attendance, and Sable's incident management team who runs and operates those drills, they also carried over from Exxon, again, demonstrating a lot of cohesiveness from the original SYU and POPCO teams.

Finally, under Operator Skills and Resources, we wanted to highlight that we confirmed Sable has had no major incidents under their former companies for various years that they were operating those companies. As I said earlier, Sable as an entity may be new, however, all levels of their management teams have long histories of operating oil and gas facilities in the county specifically. All employees have been trained on all the updated compliance plans, and finally, according to Sable's SEC filings, they have enough capital to restart and maintain operations. Next slide.

Okay, moving on to POPCO, the orange table shows consistency for the POPCO Gas Plant. This one will be quick because POPCO and SYU are very much intertwined, so the majority of the analysis that was made for the SYU also applies to the gas plant. The only thing that's a little different is how POPCO's permit handles financial guarantees. So for this facility, similar to the SYU, there's no county-required bonds that needed to be updated. However, a future bond will be posted following the shutdown of the facility for final abandonment. And as you can see in the table below, POPCO also meets the findings for change of operator.

Last, but definitely not least, the purple table shows consistency for the Las Flores Pipeline system. So under a change of guarantor, for financial guarantees, similar to those other facilities,

there's no county-required bonds that needed to be updated. The pipeline's final development permit requires Sable to pay property taxes through final abandonment. And then we also wanted to highlight, because the pipeline's permit differs from the SYU in that their permit for the pipeline specifically does not require any insurance or bonds to cover oil spills. However, outside of Chapter 25B, above and beyond what's required in our code and in the permit to support demonstrating that Sable does have the financial capabilities to own and operate the pipeline, they also submitted copies of their liability insurance. That was for the $401 million for all their assets. And they also provided copies of their OSPR COFRs for the pipeline specifically to demonstrate that they can cover a worst-case oil spill specific to those pipelines.

Moving down to change of operator, so, under Safety Audits, we wanted to note that there is no county-conducted audit available, and that's due to the 1988 settlement agreement that precludes the county from regulating the design, construction, and operation of the pipeline. So just to clarify, the pipeline system does have a county audit document that's called the SIMQAP, however, they're not subject to county-conducted audits. However, though the county doesn't conduct audits for the pipeline, PHMSA and now the Office of the State Fire Marshal do, and so, Sable did provide a list of those audits that occurred from 2018 to 2023, and the records show that those audits are pretty limited in scope, at least as of right now, to a desktop review and visual inspections of the pipeline. And preliminary findings from those show no findings or concerns.

[02:10:00]

For pipeline compliance plans, similar to those for SYU and POPCO, staff confirmed all plans had the required updates, there was five for the pipeline, and this batch was also reviewed for technical accuracy by all the various county departments. Under the transition plan, we confirmed that the pipeline management team has also extensive experience in the industry, with employees coming from other reputable oil and gas companies that have successfully operated in the county, histories not involving Plains All-American Pipeline, and also with asset-specific and general training conducted. For the emergency response drill, a separate drill was conducted for the pipeline system in July of this year. The Fire Department was also in attendance, and everything was conducted to their satisfaction. And finally, for operator capability, the same for the SYU and POPCO analysis, as you can see here, Sable has the necessary skills, training, and resources to operate the pipeline based on the bullets here. Next slide.

In conclusion, all findings can be made, as discussed in Attachment A to your staff report. So staff recommends that the Planning Commission, (1) make the required findings for approval, (2), determine the requests are not a project pursuant to CEQA, and (3) approve all requests and adopt the conditions of approval for the following: A change of owner, operator, and guarantor for the SYU, a change of operator and guarantor for the POPCO Gas Plant, and a change of operator and guarantor for the Las Flores Pipeline System. Next

slide. Last slide. That concludes staff's presentation, and we're happy to take questions. Thank you.

COMMISSIONER MARTINEZ: Commissioners? Commissioner Reed?

COMMISSIONER REED: Okay. Easy one. So in your opinion, after conducting all this research and compiling your report, has Sable met all of the requirements under Chapter 25 to satisfy the requirements to transfer all of these documents, these permits?

JACQUELYNN YBARRA: Commissioner Reed through the Chair, yes.

COMMISSIONER REED: Okay. Thank you.

COMMISSIONER MARTINEZ: Commissioner Bridley?

COMMISSIONER BRIDLEY: Okay, I might have a few more, but this is an unusual case. It's an unusual part of our county regulation, so excuse me if I'm still catching up to it. So the underlying land ownership, you were very clear that the facilities are going to be not owned, this is just the operational transfer, right? But the facilities, the hardware, the pipes and everything, that's not going to be owned by Sable, or do I have that wrong? Or is it the underlying land is not going to be owned by Sable?

ERRIN BRIGGS: So Mr. Chair and Commissioner Bridley, the transactional relationship between Exxon and Sable is a separate action than what we're considering here today. They've already made that transaction. Sable's already acquired the assets physically and financially from ExxonMobil. Today, we are simply transferring the name on the permits to Sable.

COMMISSIONER BRIDLEY: Okay. I probably read that, but, again forgive me. And I want to dig a little bit deeper. Maybe you just need to repeat it for me. In terms of the analysis of the financial resources of Sable, we've had a lot of testimony in the letters, we're going to hear it today, about the health of Sable and that they're not Exxon. You know, they're not someone that we hear about every day in the news. So how exactly did you look at what they provided in terms of the insurance and the cash value and judge that against what? Judge that against the cost of a potential spill or judge that against the cost of the operations as Exxon disclosed it, or how does that analysis actually happen by staff?

JACQUELYNN YBARRA: Commissioner Bradley, through the Chair, so we looked at specifically what was required for Chapter 25B, and so Chapter 25B only requires that they update any county bonds that they have on file with us, which none of the facilities do. The final development plan permit for SYU and POPCO requires that they submit copies of their OSPR COFRs, those are the state-designated financial certifications, and that they provide copies of their liability insurance to demonstrate they do have financial capabilities. We looked at those insurance certificates, saw that it was over $400 million worth of liability insurance, over $2.5 billion coverage in property damage, and determined that that was sufficient to cover an oil spill from the facilities.

[02:15:06]

And for the OSPR COFRs, again, the permit condition just requires that they submit copies to the county. So once they submitted those copies of their COFRs that they got from OSPR, it gave them the green light of meeting that condition.

ERRIN BRIGGS: And Commissioner Bridley, if I can build on that just a little bit. So there are the basic requirements that are required by 25B, and in addition to that, we encourage the applicant to demonstrate additional insurance, and in their presentation they're going to be able to go over exactly the amounts and what types of insurance they have. It's a pretty robust package of various insurance sources, so we believe that not only have they met the minimum requirements in 25B, they've gone beyond that, and they can get into better detail about what they have.

COMMISSIONER BRIDLEY: Okay. I know we're going to hear it in public comment. I appreciate the statement that the $400 million and the $2+ billion is sufficient, but sufficient based on what? What was your threshold that you're looking at in terms of that meeting 25B?

ERRIN BRIGGS: So 25B does not require us to examine what the cost of the former spill was or what the cost of a spill could be. It simply requires that they provide copies of their OSPR COFR certificates.

COMMISSIONER BRIDLEY: Okay. And remind me again. The OSPR COFR certificates are not a county regulated document.

ERRIN BRIGGS: Correct.

COMMISSIONER BRIDLEY: So say that again?

ERRIN BRIGGS: That's correct.

COMMISSIONER BRIDLEY: What are they? Who is in charge of those, or who regulates it?

ERRIN BRIGGS: CDFW through the Office of Spill Prevention and Response. It's essentially their offshore unit that examines spills and responds to spills and provides for these insurance requirements.

COMMISSIONER BRIDLEY: Okay. So regardless of how the county's analysis happens, then the state looks at these two models and determines their own agreement that there's sufficient funding, right?

ERRIN BRIGGS: Correct.

COMMISSIONER BRIDLEY: So in a way, it's out of the county's control, if I have that right?

ERRIN BRIGGS: Mostly, yes.

COMMISSIONER BRIDLEY: All right. And then one other question I had was, it caught my attention in the staff report that the last safety audit was in 2014. I'm glad you clarified that was because partially in 2015 everything sort of ceased to exist. Is there any way the county could require that another safety audit happen before they continue or move ahead with using the pipeline in the facility?

ERRIN BRIGGS: So Mr. Chair and Commissioner Bridley, through our SSRRC committee, our engineer who's been working with us here on these facilities since they were constructed, he essentially ensures that each operator, including Sable, if and when they go through this process, that they go through an extremely rigorous testing and integrity management process prior to restart. So he's going to be out there conducting a safety audit at the facility. He's going to be

making sure that all the vessels and pipes and all of the hardware at the facility is tested prior to it being put into service -- tanks, vessels, pipelines, everything.

COMMISSIONER BRIDLEY: Okay. But that's not called an audit? That's just part of his compliance work and is it effectively an audit?

ERRIN BRIGGS: Yeah. I mean, we refer to it as a facility audit.

COMMISSIONER BRIDLEY: Okay.

ERRIN BRIGGS: And it involves him walking the entire plant with Sable staff and going over everything. And then in addition to the field audit, he'll also require all of the testing reports, again, for all the vessels and pipes and tanks and everything.

COMMISSIONER BRIDLEY: Okay, that was all the questions I had now.

COMMISSIONER MARTINEZ: Okay. I'm going to ask a couple questions. So in line with what was just talked about, today we're not discussing the ability to push the green button and start operations, correct?

ERRIN BRIGGS: Correct.

COMMISSIONER MARTINEZ: Okay. So what you're talking about just a second ago would obviously occur before there was a green button pushed in starting operations.

ERRIN BRIGGS: That's correct.

COMMISSIONER MARTINEZ: Okay. Now, my other question had to do with the property taxes. So Sable right now owns the real property or does it just own personal assets which are taxed under the real property taxes?

ERRIN BRIGGS: I'm hearing that they own the real property.

[02:20:00]

COMMISSIONER MARTINEZ: Okay. And how much are we talking about in property taxes being paid right now?

ERRIN BRIGGS: So Chair Martinez, there's a difference between the property taxes required during an idle status now and when they resume production. And there is a very complicated factor that gets calculated for production. So right now, the property taxes are much lower than they would be as if they were producing. But under production, it's in the order of millions.

COMMISSIONER MARTINEZ: Correct. Correct. But I'm just talking about now. Since there's no bond out there, the property taxes continue to be paid.

ERRIN BRIGGS: Yes.

COMMISSIONER MARTINEZ: If somebody doesn't abandon it yet, and they're taking time or taking whatever time they need to abandon it, there's a payment of property taxes in place of the bond.

ERRIN BRIGGS: Absolutely.

COMMISSIONER MARTINEZ: So I'm just trying to understand what amount are we talking about?

ERRIN BRIGGS: I don't have the amount.

COMMISSIONER MARTINEZ: That's something that I'm going to be interested in understanding when Sable comes up so they know. Okay?

JACQUELYNN YBARRA: Chair Martinez, the amount for SYU and POPCO, they paid in 2023, was about $77,000 from my records of the tax

assessor. I can't remember what it was for the pipeline, but maybe Sable has that information for you.

COMMISSIONER MARTINEZ: Okay. That's what I'm looking for. Thank you. Those were my questions. Commissioner Parke?

COMMISSIONER PARKE: Yes. I've given a lot of thought over the past couple days about the questions I would ask today. And I was all prepared to ask them at about 9:45. But here we are at getting close to quarter after 11. And my questions, which will relate to insurance, finances, cathodic protection, etcetera, etcetera, etcetera, I'd like to reserve them until after public comment. They rest in part on a document -- are you able to pull up this slide really quickly? I'm not going to go over this in depth right now, just to show what I'm referring to. [Refers to slide] There you go. This is from the original EIR for the pipeline. And it's important because some of these things in the EIR, they get incorporated by reference in various documents and requirements. I don't want to go right now. I just want to point out that a lot of my questions will relate to this. Often I'll ask questions at this time so that those people in public comment can be aware of where our thinking is and modify their comments. I kind of think the comment we're going to get today from the letters I've seen are going to be more pro and con kind of things and not so interested in my document here. And I want to let everybody know I gave a copy of this to Mr. Danielson to make sure that Sable was aware of it. I spoke about it with my Brown Act buddy on this case, Mr. Reed. I gave a copy to staff, and staff gave it to me in the first place. You might not

remember that a couple years ago. And I gave a copy to Environmental Defense Center. So I think I've disseminated it as widely as I could to those who might want to comment on it when we get there. So with all that noise from me, I'm going to rest until I can ask questions after the public comment. And I think that a lot of these things will require some back and forth. That's easy to do with staff, and I think it'll be a fair thing to do with Sable when you have your rebuttal time. Okay? So there you go. Let's get on to other folks.

COMMISSIONER MARTINEZ: Staff have anything to add? No? Okay. Then this will be the time and opportunity.

DAVID VILLALOBOS: Just before we get to the applicant presentation, I wanted to just reconfirm the amount of time that was agreed upon.

COMMISSIONER MARTINEZ: For Sable? It was 20 minutes is what it is. And then also, this is the time that I'm going to announce that these are the speaker slips for today, and those who have raised their hands online, that's it. Those are the ones that are in. Okay?

COMMISSIONER BRIDLEY: Did you say how many minutes?

COMMISSIONER MARTINEZ: Two minutes. It's going to be two minutes.

COMMISSIONER PARKE: And Chair, does that 20 minutes include the rebuttal time, too?

COMMISSIONER MARTINEZ: Well, let me ask you, how much time do you think you're going to be right now?

[02:25:00]

STEVE RUSCH: I'm about 12 minutes and my colleague's about 3, so 15 total, plus or minus.

COMMISSIONER MARTINEZ: Let's just stick with 20 minutes, and if I feel that there's a little bit more questions that weren't anticipated, then we can address it then, but the floor is yours. And please announce your name whenever you're speaking at the podium.

STEVE RUSCH: Can you hear me okay? Okay. Chairman and fellow Commissioners, my name's Steve Rusch and I'm Vice President of Environmental and Regulatory Affairs for Sable Offshore Corporation. The staff has already reviewed and recommended. We're here today to seek your approval of the change in owner, operator, and guarantor for SYU project, POPCO facilities, and the Las Flores Pipeline System. It appears from the attendance today that it's going to be a full and lively discussion, and as by the comments from Commissioner Parke. As a means of introduction, it's a little bit of a deja-vu all over for me. For as a supervising engineer, my team helped navigate the successful startup of SYU back in 1993. So here we are again today. I know the project well. Accordingly, I've worked with local, state, federal regulators on oil and gas projects and permitting. I've also had the unique experience of working with EDC and Get Oil Out to forge the one and only cooperative deal between Santa Barbara County and the NGOs. One and only. We look forward to working with you and the community to forge new relationships and exciting new community benefits. So starting with the opening slide. You can see the facilities there on a

beautiful spring day, I guess you'd say, with the storage tanks in the foreground and the treating facilities in the background.

So who is Sable? Sable is an independent oil and gas company founded in 2020. We're a group of seasoned operators with the skills and necessary training necessary to operate the facilities. A lot of those folks are here today in the audience, and we thank them. Our management and executive team, as staff has mentioned, has over 20 years of experience operating facilities in the Santa Barbara Channel. We're community-oriented and a solution-based company with a history of collaboration with the environmental community, as I've mentioned. And we proudly support a number of organizations, including the police officers and the vets. As I mentioned, the purpose of this hearing, and it has been mentioned by staff and others, is approval of transfer of the county's permits to Sable. And as you know, Sable acquired the facilities in February of 2024, and has been working with the county, state, and federal regulators since. Those applications recognize this reality, and as noted, this approval has no bearing on the restart of the pipeline. It's simply the transfer of the permits. The staff report confirms we've met all the requirements for owner, operator, and guarantor. I won't belabor that. Sable's management team has demonstrated its ability to operate its facilities in exemplary fashion. We received the Santa Barbara County's first and only "Resolution for Good Operator," recognizing outstanding performance. We're ranked as MMS's best operator, which is now, of course, BSEE, and the Pacific OCS for Safety of platform and pipeline operations. We

received Santa Barbara County Commendation for Outstanding Maintenance Practices at the Lompoc Oil and Gas Plant, as well as a number of other accommodations.

Now, let's talk about operator capability. As you may know, there's a multitude of compliance and contingency plans that staff reviewed with you, and the ones that I want to point out is the contingency plans there. The Las Flores Pipeline Integrated Contingency Plan is valid and effective and in place. There's been comments to the contrary submitted. Sable successfully conducted emergency response drills, which were required prior to the change in operator and ownership, and there you see some pictures, and we received very favorable feedback from the agencies that were present, commenting on our professionalism and our training and experience.

[02:30:09]

Sable meets county operator capability requirements, and in my opinion, it exceeds those requirements, as evidenced by the experience levels, most notably on similar Santa Barbara Channel facilities, and as has been mentioned, Sable senior leadership's managed the oil and gas business for over 30 years. The on-site management team transferred over from the same or similar leadership roles at LFC, the Las Flores Canyon facilities, and look at the years of experience there, quite substantial.

Financial guarantees. As has been brought up. I'm going to turn to our compliance with the financial requirements. This is expanding a little bit on the questions that were made earlier. We've satisfied the

bond requirements, right, for the 25B, but in addition, we've noted some other items on here, it's a little bit busy, but we've got $112 million in cash as of June 30. Since then, we've raised an additional $200 million in cash, and we continue to raise cash. We've raised over $700 million dollars of cash as a corporation. We carry extensive insurance, and this is what was talked about earlier. By statute, we talked about the COFRs that are issued by OSPR. The statute of limitations are $100 million, or $101 million, and we've provided an additional $300 million, above and beyond what OSPR even requires, so that was the $400 million dollar number that staff talked about. In addition, we have the $35 million oil spill financial responsibility policy regarding the offshore facilities. That number will grow as we get into full production, and as Jax mentioned, we've got $2.5 billion in property insurance covering the facilities. So in total, kind of, if you look at the whole picture, it's about $700 plus million dollars in capability to respond to an incident. And the property insurance, for instance, the $2.5 billion property insurance, which would be available if facilities were impacted, and we wouldn't be required then to take the other cash positions I mentioned there to cover those losses. So we would continue to have that $700 plus million available for an incident response. And as we've mentioned, and as I mentioned, we've received the COFRs from OSPR. And these are the ones that are listed online. This is where you can see the $100 million, which is the max that you can get. So again, we supplemented that with the $300 million.

That concludes my comments on the 25B application, which is really just for the transfer of those permits. But we've been reading the comments, as I'm sure all of you have, too, and we wanted to briefly explain some of those that were submitted in connection with this hearing and provide some context. We've already mentioned this one, Pipeline Restart. This process, or the permitting process, does not restart the pipeline. We've been through that quite a bit. Pipeline restart is a separate process subject to state and federal regulatory requirements. In the comments, there was made mention of the California Coastal Commission NOV for the Las Flores Pipeline work. Sable's understanding is that it was conducting permitted repair and maintenance pursuant to existing approvals and as required by the Office of the State Fire Marshal, OSFM. And all those activities were being conducted under the supervision of qualified biologists and cultural archaeologists who had extensively reviewed the whole 125-mile pipeline during previous environmental reviews. Those are the same individuals that we have now employed. Sable informed the Commission staff that the interim measures were necessary to secure the safety of those sites and only those interim measures were performed after the NOV was issued on the 27th. And we're now working with the Coastal Commission almost daily now to address concerns and there's no current work going on along the coast except for just this past week with the winds we had, we had to put some fences back up, but there's no work being done along the coast.

[02:35:03]

Third, Sable's experience and safety commitment. We've had decades of safe oil and gas operations as has been mentioned and we're committed to running the pipeline with state-of-the-art improvements.

Financial capability. As I mentioned, there's extensive insurance and cash reserves that exceed the requirements. And I also want to mention that there's a number of comments circulating regarding debts, the bankruptcy of an unrelated entity back in 2020. About that bankruptcy, it was a completely different situation than the situation here today. That was a private company not affiliated with Sable Offshore Corporation where this management team was specifically brought in only after a very extensive debt had been acquired by the predecessor company and the predecessor management team following a roll-up of a number of unrelated oil and gas assets in West Texas. The Sable management team was specifically brought in to fix a very distressed, highly leveraged $2.1 billion in debt in high operating cost Permian Basin. This was a financial restructuring or so-called workout situation. Prior to COVID and the Saudi/Russia oil price war, when oil prices briefly went below zero, the team successfully reduced its total debt by approximately $1.4 billion and eliminated $94 million of the annual interest expense. Very different from the situation here. Here upon restart, Sable Offshore will have efficient, low-cost assets, a healthy balance sheet, attractive leverage, which is debt to equity ratios, and access to additional public equity capital as demonstrated by, as I previously mentioned, over $700 million of equity capital raised to date. The truth is, as we've seen above, Sable has extensive

cash reserves and insurance that exceeds all requirements. And our market cap's about $1.79 billion as of today.

Cathodic Protection, mentioned earlier. The Commission already looked at this last year and found that the FTP, the final development plan, does not include any cathodic protection requirements. Staff report confirms, again, that Sable is in full compliance, and there's no changes from last year with respect to cathodic protection. So nothing is different from last year that would warrant a different answer. There's confusion about the waiver or special permit we're seeking from the Office of State Fire Marshal. Again, nothing to do with 25B. But to the extent there is concern, we're not removing anything. We're actually enhancing pipeline integrity. Corrosion protection is a part of pipeline integrity management, and I'll talk more about that in a second.

The following demonstrates Sable's commitment to world-class quality and safety. We understand people are concerned about safety, as are we. Regarding the SYU and POPCO Gas Plant, there's a lot of things going on right now as we're refurbishing and getting these back to their world-class "as-new" conditions, the testing we're doing, a lot of work going on. And we'll also end up upgrading the leak protection system also. And as I mentioned, I'll talk a little bit more about the pipeline integrity, on the pipeline, the Las Flores Pipeline, being Line 324, 325. We're implementing a world-class integrity management program using state-of-the-art management practices, multiple inspections, and then, as I mentioned, planned cathodic protection

upgrades, which are just a piece of this. And if you look at what the additional requirements are, and this is what's required by the Consent Decree in most parts, is the anomaly repair criteria, in other words, where we've had wall loss thickness, it's 20% more restrictive than the current regs. Integrity tool frequency runs, and the integrity tools are what we call the mechanical pigs, or they've got different names, but the tools that run through the pipe that measure the external and the internal corrosion, and we call those anomalies where it's been reduced, we're running those ten times greater than the regulations.

[02:40:00]

For those areas…let me back up. We do have cathodic protection on those 125 miles of pipeline. The majority of that pipeline is covered by that cathodic protection system. That cathodic protection system is in place, and we have cathodic protection test stations about every mile. So all the things are in place for cathodic protection. There are some areas where you have the insulation that's wet, where the cathodic protection is at 100%, and that's where the integrity management program comes in. That's where the State Fire Marshal and the waivers come in, is they have now applied additional requirements to bring that pipe up to as-new condition.

One other item. Prior to restart, putting oil in the pipeline, we'll do a hydrotest. And a hydrotest is simply you fill the pipe with water, then you pressure it up, usually around 1.39 to 1.5 times its maximum operating pressure that it's going to be operating at. And then they do an additional spike test even higher than that for a short

period of time, so that's kind of the final step to ensure that that pipeline is back to as-new condition, because it would not be able to withhold that pressure or withstand that pressure if you haven't done the appropriate repairs on that pipeline, which we are now in the process of doing. We have 31-plus crews out working today repairing that pipeline to the standards that are required by the Consent Decree. So that's when you talk about cathodic protection, it is just a small piece of the overall corrosion, or overall integrity program, and that corrosion protection is in place. It's been taken out of context, "well, we don't have corrosion protection." No, we do. We've got it on the majority of that 125-mile pipeline, and it is a piece of this overall program.

So what are we requesting of the Planning Commission? We respectfully request that you adopt the staff's findings and recommendations to determine that the requested change in owner, operator, and guarantor applications are not a "project" under CEQA; make the required findings under the code sections 25B-9 and 10, and approve the change in owner, operator, and guarantor applications. And now I have one of our employees, Ryan McLeod, who's going to speak. And then following that, we'll be available for questions after public comment or before, whatever your desires are. Thank you.

RYAN MCLEOD: Good morning, Commissioners. Before I begin, could I get all the Sable supporters to raise their hands? I just want to thank you for coming out today. Thanks for your time and efforts. I do appreciate it. Good morning. My name is Ryan McLeod. I don't usually do

this, so if you don't mind, I'm going to read from some notes I've written. I am a Sable employee and a proud resident of the Central Coast where I have been fortunate enough to attend school, build a family, and pursue a meaningful career. I'm here today to ask you to please approve Sable's application to become the operator of the Santa Ynez Unit and related facilities. I felt lucky when I gained employment from ExxonMobil back in 2009 and have, over the last decade, worked my way up to become offshore field foreman, leading efforts for all three platforms, Hondo, Harmony, and Heritage. I've always prided myself in ensuring that safety, compliance, and the environment are always my top priorities. When Exxon sold our assets to Sable, like so many former ExxonMobil employees, I chose to work for Sable primarily because I just love this area. Obviously there was a lot of unknowns about moving to a new employer. Would they hold the same standards? Would they support my efforts in ensuring safety and environment were the top priorities? Would they support hiring locally and be a productive member of this community? All of these questions and many more ran through my head. I'm here today because the answer to each one of those questions is yes. Now that I have worked for Sable for nearly a year, I can happily tell you that they have exceeded my expectations. Not only did they ensure that I was employed, but they also ensured that all of my coworkers kept their jobs as well. More importantly, Sable has clearly demonstrated to me and everybody I work with that they hold the same priorities I have worked so hard for all these years to enshrine

in our operations -- safety, compliance and the environment. Sable is working hard to bring local jobs back to the Central Coast.

[02:45:00]

We lost a lot of good people when ExxonMobil left. Families that were forced to find lower paying jobs or simply leave this beautiful area and now we have an opportunity to bring them back, and Sable is providing us that opportunity. I personally take a lot of pride in the role I play in bringing some of the cleanest and most environmentally friendly oil and gas in the world to the market. I love the environment and nobody more than I would love to live in a world where only clean energy exists. But until we get to a point where that is actually feasible, and while the world still runs on oil and gas, I would rather see that oil and gas come from Sable where I know it will come from the most highly regulated and most responsible operators in the world. Integrity means a lot to me and the people I work with at Sable have just that. I've gone from a number on a corporate list to a member of a tightknit team. Sable allows us to succeed as employees and that is what we are asking of you. Please approve Sable's application so we can give them the chance to succeed as well. They deserve it, and frankly, so do we as members of this community who will benefit from Sable's responsible operations at the Santa Ynez Unit for years to come. Thank you for your time.

COMMISSIONER MARTINEZ: Thank you.

COMMISSIONER BRIDLEY: Hang on. Come back. You've get another couple of seconds. You said you were with the Exxon crew, right, and I

think we saw maybe a letter from you in the record signed by a number of employees as well. So of the people that are currently working for Sable, what is the percentage that were already there under the Exxon operation?

RYAN MCLEOD: I don't know that exact number. Obviously when Exxon went through years of running idle, we were forced to lose a lot of those employees, so right now we're bringing a lot of people in. So the numbers may be fairly low, I would guess 20% maybe are still Exxon, maybe more than that. 50? I'm hearing about 50%.

COMMISSIONER BRIDLEY: 50, okay. All right. That's all.

RYAN MCLEOD: And that's only because we lost a lot of people but we're trying to get them back.

COMMISSIONER BRIDLEY: Yeah, during the [PH 02:47:10] stalled out period, right.

RYAN MCLEOD: The idle [PH 02:47:11] year, yes.

COMMISSIONER BRIDLEY: Right. Thank you.

RYAN MCLEOD: Thank you.

COMMISSIONER MARTINEZ: I have a quick question for you since you led this one and I'm going to actually ask this of the general public. When everybody was asked to support Sable, a lot of people in the audience raised their hand. And I'm just going to ask this one question. How many of those who raised their hand are residents of our County of Santa Barbara? Thank you. Okay. The reason I ask that question is we're talking about local jobs. That was mentioned in that. Thank you. Commissioner Reed?

COMMISSIONER REED: I have a question perhaps Ryan can answer it. How many employees does Sable have right now? And how many employees do they estimate they will have if at some point the whole unit pipeline, everything would be up and running?

STEVE RUSCH: Chair and Commissioner Reed, we're about 120 employees now which will ramp up to close to 200. And regarding the question, Chair Martinez, Commissioner Bridley, it was I think 48 of the 50 Exxon people transferred over. So essentially whatever that is, 99% of the people, 98% of the people transferred over. So we have been building since that time, since February of 2014, up to 120 plus, 400 or plus contract folks that are working for us right now. So we're at a very high level of employment. We've had to lay off six of those crews on the pipeline because of the situation on the coast. We hope to get them back to work right away.

COMMISSIONER MARTINEZ: I have a quick question while you're up there. I noticed that establishing a local control center at Santa Maria, what would that consist of and how many people would that consist of?

STEVE RUSCH: I think it's probably half a dozen people, plus or minus. And what a control center is, it's going to be in a building, right? It's got computers and screens, and that's where the calls will come in and they'll be monitoring all the data, every mile of that cathodic protection and things like that. The safety valves, there's been 27 what we call FRDs, Flow Restriction Devices, which is a fancy name for valves, we have those all installed now, 27 valves. Those will

all be controlled by…so if they get the signal that there's a pressure drop, then boom, the valves get shut in. That's all funneled through that. And also if there is an issue, then the calls go out from that local facility to our spill response teams, which we've added to at Gaviota, at Las Flores Canyon, above and beyond what the prior operator had so that they can respond to that location. They'll know where that location is where that pressure drop's been. So that control center, again, in Santa Maria, I think at one of the existing facilities, is something we're working on right now.

[02:50:16]

COMMISSIONER MARTINEZ: And here's my last question, really, and I've heard a lot about the insurance policies, which is good to hear, but I don't know exactly what are the ratings, if you have them even available. I know that ratings have changed from my days when it was plus, plus, then it went to AA and so forth. If that information can be provided at some time, if you don't have it now, but within today's time, that'd be great.

STEVE RUSCH: We don't have that right now, but we'll get it while we're going through the comment period.

COMMISSIONER MARTINEZ: Okay. Commissioner Bridley?

COMMISSIONER BRIDLEY: Just to follow up for you, the Coastal Commission's Notice of Violation, we've had a lot of letters about that, and I see that you reminded us that you thought it was maintenance and repair, and I'm familiar with maintenance and repair not requiring a permit. So can you just explain again, did you think

that this was all permitted under the Coastal Development Permit that had been issued for some portion of the work, and you didn't realize that this was going to require a separate CDP from the Coastal Commission, or I'm not sure that I'm getting the clear…how did that happen?

STEVE RUSCH: Yes. We have an existing CDP, which would allow us to perform that work with appropriate mitigations, and separate from that, there is also an exemption in CEQA, in the Local Coastal Act, for repair of pipelines. And as you know, this pipeline has already been installed, disturbed, so all these areas where we're digging up to repair the anomalies, is in pre-disturbed areas. But we still have the biological and cultural resource folks doing pre-surveys, and surveying while we're doing the digs, so yes.

COMMISSIONER BRIDLEY: So you thought you were doing maintenance and repair --

STEVE RUSCH: Absolutely.

COMMISSIONER BRIDLEY: -- and the Coastal Commission had a different take on it.

STEVE RUSCH: Absolutely. Absolutely.

COMMISSIONER BRIDLEY: All right. Thank you.

COMMISSIONER MARTINEZ: Commissioner Reed?

COMMISSIONER REED: I still have a couple more. I hear from time to time you mention "400 contractors," is that 400 employees of local contractors?

STEVE RUSCH: It's a mixture of both. Most of it is local. Some though for offshore we have to bring. Because the offshore California oil and gas industries, as Ryan mentioned, has declined, so we've had to bring contractors in from the Gulf while we go through a hiring process. But for the contractors that are working on refurbishing the facilities, it's a mixture of both local and sourced outside of California.

COMMISSIONER REED: So how many different contractors based in Santa Barbara County -- I've seen a letter signed by a lot of names of people I know -- but how many Santa Barbara County-based firms?

STEVE RUSCH: Let me get back to you on that while we're going through comments. I'll have that number.

COMMISSIONER REED: I have a lot more detailed questions with respect to the operation of the pipeline, but I think I'll reserve those until later. Thank you.

COMMISSIONER MARTINEZ: I'm afraid to say, but Commissioner Parke?

COMMISSIONER PARKE: I have a lot of questions, but I'm going to reserve those, and I'm sure you know that when we're asking you questions and you're answering them, that's not taken from your rebuttal time or your time.

STEVE RUSCH: Thank you.

COMMISSIONER MARTINEZ: Thank you, and so this is where we move into public comment. I have a quick question. So what I'm going to do -- I know lunch is approaching, but we're going to go past the lunch

hour for a little bit. I know we took a break, is that fine with staff right now? I'm not talking about the whole way through, but let's take a chunk out and see where we are about 12:30, okay?

I'm going to read off about seven names right here from the speaker slips, but during that interim, Mr. Villalobos is going to go to five of the people that are online. So if you can pay attention. You're supposed to come down and start lining up over just behind the podium. No specific order, but first come first served of these people I'm naming: Evie Lynn, Jonathan Ullman, I'm going to say Callian Sheehy, Matthew [PH] Cerufca from UCSB Environmental Law Club. Then we have Bart Leininger from ALG, and the next one is going to be Dustin Hoiseth from Santa Barbara South Coast Chamber. Okay, so you guys get in line, we're going to go to the five people that are online right now. Thank you.

[02:55:51]

DAVID VILLALOBOS: All right, so starting with the people who have their hand up…so if you want to speak on this item, make sure you have your hand raised online. Our first speaker will be Ted Roche to be followed by Michael Lynch. Mr. Roche?

TED ROCHE: Yes, good morning, Commissioners, my name is Ted Roche and I'm here today to speak in support of Sable and ask you to vote in favor of their owner/operator change application before you. As the founder and former CEO of Aqueos, we're a full-service marine construction and commercial diving company that I established nearly 25 years ago here in Santa Barbara. I feel I can offer a unique

COMMISSIONER MARTINEZ: Thank you, Mr. Holliday.

JOHN HOCHLEUTNER: Thank you, Chairman Martinez and board for letting me speak. I'm John Hochleutner with Pacific Petroleum California Incorporated. I've been a Santa Barbara County resident my whole life. And I've got close to 300 employees and 250 of them are based out of Santa Maria. We're a company that's pretty diversified. And one of the safest places has always been to work with ExxonMobil and then Sable. Sable has a management team that is directly involved in safety. When they had other assets in California, they used to provide us with safety conferences at all their assets, and here, and in the valley. We'd go to all the contractors. They'd let almost everybody go. They could leave the lease and go to them. They believe in safety. And we need California-based oil and clean oil in the world. Everybody talks about the environment. You guys don't go and see how they produce in other countries. We are under the strictest regulations of environmental tasks. So I want to thank you for your time.

COMMISSIONER MARTINEZ: Thank you.

LINDA KROP: Good afternoon, Chair, members of the Commission. My name is Linda Krop. I'm the Chief Counsel of the Environmental Defense Center. On behalf of our clients, Get Oil Out, SBCAN, and EDC, we urge you to deny Sable's request for change of owner, operator, and guarantor of the Santa Ynez Unit, including the onshore pipelines and processing facilities. As noted in our comment letter, the Commission cannot make the findings required by Chapter 25B. Of particular concern is Sable's clear inability to respond to an oil spill. You've heard

about the likelihood of another spill, which has been confirmed by the County's own analysis. We can't face a spill twice the size of what happened in 2015. We also know how important it is for a company to respond to an oil spill. Plains wasn't able to respond, and they were found criminally liable. We believe that Sable will not be any better. Despite the fact that County regulations require Sable to have an oil spill contingency plan, it still doesn't have one, even though they're telling their investors that they plan to start pumping by the end of the year. We submitted a Public Records Act request to the state to get a copy of their plan. After prevailing in litigation, because Sable didn't want us to get the plan, we found out that it only affects the idle state of the pipeline. They still don't have an oil spill contingency plan for operations. Neither does Exxon Mobil, which withdrew its plans. These deficiencies prevent the county from approving the requested transfers. Chapter 25B was passed for a reason. The County was concerned about larger oil companies offloading their assets to weaker companies without the necessary track record or ability to ensure safe operations. And this is exactly what Exxon Mobil and Sable are attempting to do here. And I want to point out that we did submit our comment letter Monday morning at 10:15. We have the emails to prove it. I don't know why it wasn't distributed. But I will hand out an appendix that we put together in our letter that shows the findings that have to be made and that there's no evidence to support those findings. Thank you.

COMMISSIONER MARTINEZ: Thank you.

COMMISSIONER PARKE: I have a question.

COMMISSIONER MARTINEZ: Commissioner Parke has a question for you.

COMMISSIONER PARKE: I have a question for you, Ms. Krop. And to be fair, I'm going to ask the exact same question to the Sable representatives because you're saying there's no contingency plans on file. And they had a slide, I think it was slide 15, something like that, that said "Here's all of our contingency plans that are on file." Can you explain how I got two polar opposites here and why you believe in what you believe?

[05:40:00]

LINDA KROP: Yes, thank you. So as a result of our Public Records Act request, we received the oil spill contingency plan that Sable had submitted to the Oil Spill Prevention and Response Agency, or OSPR. That plan was for the idle state of the facilities and said that there was a worst-case scenario oil spill of zero barrels. OSPR found that plan to be deficient and rejected it and directed Sable to resubmit a plan for restart. Sable did eventually submit a plan for restart and actually today is the end of OSPR's 30-day review period to see if that plan is acceptable and adequate. OSPR may accept it as being complete and then review it and make a decision on it. They may say it's still not complete and send it back. So OSPR has told us, and we have the emails to prove it, that they do not have an approved oil spill contingency plan. And they also told us, and we have the emails to prove it, that ExxonMobil withdrew its oil spill contingency plans, so

there are none for operation. We'd be happy to provide you with all these emails from OSPR.

COMMISSIONER PARKE: Okay. And Sable, you mark that, because I'll ask you the same question, okay?

STEVE RUSCH: We're ready.

COMMISSIONER PARKE: You got it.

JEREMY FRANKEL: Looks like I'm batting cleanup today. Good afternoon. My name is Jeremy Frankel. I'm an attorney with the Environmental Defense Center. Sable cannot assure the Commission that it will have the financial resources to even operate these facilities, let alone remediate another spill as required by Chapter 25B. Sable is a speculative company with no operational assets, no current revenue stream, and a debt of nearly $800 million. According to Sable's most recent quarterly report, it has about $100 million left in cash on hand. Now it says it might have a bit more. Maybe. I don't have a way to verify that. But its remaining startup expenses will be hundreds of millions in dollars. Importantly, it is unknown when or even if Sable will restart these facilities, which remain its only asset and its only path to profitability. Per Sable itself, substantial doubt exists about its ability to continue, quote, and quote, it may have insufficient funds available to operate its business prior to first production. That's from its SEC filings. Ask yourselves, what would happen if Sable exhausts its remaining cash, a real possibility, and a spill occurs during or shortly after restart? Sable would not have the financial resources to clean up the spill or compensate affected business owners.

Even the cash that Sable has on hand today would cover only a fraction of its financial obligations, which for the Refugio spill was upwards of $750 million. Inevitably, Sable would become solvent. You can look to our letter about why their insurance is insufficient, but I wanted to quickly touch on the COFRs. The COFRs that Sable submitted are not final, and they won't be until OSPR completes its contingency plan. I've explained that also in the letter. To date, Sable has not provided the commission with a verified estimate of what a worst-case spill would look like from these facilities, making it impossible for the County to find that Sable can remediate a spill. Accordingly, the Commission cannot make the requisite findings of approval for Chapter 25B and should deny the transfers. Thank you.

COMMISSIONER PARKE: Thank you.

COMMISSIONER MARTINEZ: Thank you. So there's a question. Excuse me. There's one question for you, Frankel.

COMMISSIONER PARKE: Okay. And also, I'll be asking the same question to be fair to Sable. So in your letter, you speak to, after restart, Sable is going to owe $790 million in 90 days to Exxon to complete the purchase. Would you explain what you meant in the letter?

JEREMY FRANKEL: Sure. So Sable took out a $790 million loan from Exxon to finance their acquisition of these facilities. That loan, the entire principal becomes due 90 days after they restart. So if there was a spill, they'd have the $750 million minimum obligation to remediate, but this would also come due, putting their total liabilities closer to $1.5 billion.

COMMISSIONER PARKE: And what happens to ownership after that, if it's not paid?

JEREMY FRANKEL: Well, if the commission approves the transfers today, they already own the assets. They'd have the permits, and ownership would still be in Sable's name. They'd become insolvent, leaving us, the tax payers, to clean up the mess and to ultimately decommission the facilities.

COMMISSIONER PARKE: Again, I'll ask Sable. Thank you.

COMMISSIONER MARTINEZ: Wait a minute, I'm going to follow up on that. Wouldn't the remedy be if you own a loan and there's a secured loan on it, wouldn't it revert back to the person who gave you the loan?

JEREMY FRANKEL: You'd have to review the loan agreement with Sable and Exxon.

COMMISSIONER MARTINEZ: But I thought that's what you reviewed.

JEREMY FRANKEL: That is what I reviewed.

COMMISSIONER MARTINEZ: That's why I'm asking you the question.

JEREMY FRANKEL: I don't recall that in the loan agreement that it would revert back. I know that they have an option to reclaim the facilities.

COMMISSIONER MARTINEZ: But you were saying that the taxpayers would be left with this. So that's something I'm going to ask Sable too, so I want to make sure we get a clarification on that. Thank you.

[05:45:40]

So now what we're going to do is we're going to go to staff, and then Sable gets some time up here and we'll see what time they have left in regards to it, but let's just start with staff right now. Let's just take it one step at a time.

ERRIN BRIGGS: So Mr. Chair, we heard a lot of various issues that were brought up during public comment. We're happy to answer questions of the Commission about any of those issues. It sounds to me like we have an upcoming discussion regarding cathodic protection, and rather than preemptively get into that right now, we'll get into it when Commissioner Parke brings it up.

COMMISSIONER MARTINEZ: I'll ask my question right now. Hearing what's been said, if an entity does not abandon - well, until they abandon the facilities, they have to continue to pay the property taxes, that's at the very beginning of today's hearing. Now, my understanding, and correct me if I'm wrong, that if an entity says, "Well, I don't have anything, I don't have money to pay the property taxes," it reverts back to the previous owner, which would be Exxon.

ERRIN BRIGGS: That's correct.

COMMISSIONER MARTINEZ: So then Exxon would be the one that would have to carry out the abandonment.

ERRIN BRIGGS: That's correct.

COMMISSIONER MARTINEZ: Okay. That's a very important point I wanted to have in my mind. That's the question I can remember right now I had in my mind, but I don't know if any other commissioners have questions.

ERRIN BRIGGS: And, Mr. Chair, just to clarify. We have three assets, plus offshore facilities in this case. And let's say that Sable were to go bankrupt and was out of the picture and not financially able to respond to an abandonment requirement, Exxon's on the hook for all the assets.

COMMISSIONER MARTINEZ: So this is analogous in my mind too. Any property…anybody who buys a contaminated soil, let's just go down this scenario. You buy a piece of property that's contaminated; you then sell it to somebody else. You're in the line of what we call a responsible party.

ERRIN BRIGGS: Absolutely.

COMMISSIONER MARTINEZ: Okay.

LAURA M. BRIDLEY: Questions.

COMMISSIONER MARTINEZ: Yes, Commissioner Bridley.

COMMISSIONER BRIDLEY: There were a couple of comments during public comment that said…Miss Irene Cook talked about the last time Sable was here. And I guess I'm confused about that, because Sable was not part of the transfer from Plains to Exxon. So can you confirm that?

ERRIN BRIGGS: Confirmed.

COMMISSIONER BRIDLEY: Okay, and then there's been multiple references by the EIR done by the county. And I understand from EDC that they did a public records request and they got that document and there was information in it. But can you give me a little context about what that EIR was for and it was withdrawn because of why, and does it stand in the record or not?

ERRIN BRIGGS: So Exxon, I think it was in 2018 or '19 had submitted a permit application for a replacement line. I'm sorry, Plains submitted that application that was overtaken by Exxon. And of course during the processing of that permit request staff started preparing an EIR, and we were working with a group of consultants in order to do that. And we had hired consultants to look at biology and cultural resources. And of course, we had a consultant who developed the risk analysis, and then we had a second consultant who was responsible for peer reviewing and then writing that section. So during the internal admin draft stage, meaning that the document was not finaled, this particular section had not been reviewed by staff at that time, it was very draft, Exxon decided to withdraw their application. So the EIR was never completed. This section was never reviewed completely and published by staff. None of this document ever was intended to become public in its state and all work was stopped on the project.

[05:50:00]

Now, of course those documents remain in our files uncompleted. So when a couple of parties filed PRA requests to obtain those documents, we released them. The statements that have been made by the public regarding the rate of spill are highly misleading. None of these comments have mentioned the caveats. These figures that they're referencing are highly caveated in many ways. No one has mentioned any of the caveats whatsoever. They're just simply representing this as fact. Frankly, it's a little frustrating from our perspective to have a

draft document of this nature released to the public and then have the public quote it as if it's the gospel. It's not accurate. And that's generally the context of that particular issue.

COMMISSIONER BRIDLEY: Okay, I'm going to pivot then over to County Council because, it's been a long time since I went to a CEQA seminar, but I know that admin draft EIRs are hardly ever released by a public agency for that very reason that Mr. Briggs just pointed out. So how is it that this is now something we should consider, or should we not consider, because it never rose to the level of public release after everyone's review including County Council's review. Can you help me out with that?

MS. RICHARDSON: Chair Martinez and commissioners, so some information related to this document has been discussed by the public comment, but as discussed in the presentation earlier, the CEQA determination today is that it's not a project. So staff has discussed what they think about the admin draft information, but that draft document is not before the Commission today.

COMMISSIONER BRIDLEY: Okay, I think that was the only questions. I can't believe that's the only questions I have, but yeah, thank you.

COMMISSIONER MARTINEZ: Commissioner Reed?

COMMISSIONER REED: During the public comment we heard a number of comments about the financial strength and solvency of the company, and alleged perils due to a perceived inadequacy after restart. A lot of them referred to it after restart, potential liabilities. But again,

what we're dealing with today, the decision does not involve any restart. Correct? It's a transfer of permits. Is that correct?

ERRIN BRIGGS: Mr. Chair and Commissioner Reed, that's correct.

COMMISSIONER REED: Okay. Thank you.

COMMISSIONER MARTINEZ: Commissioner Parke?

JOHN PARKE: But we are looking at financial responsibility if something happens after Sable takes over, right?

ERRIN BRIGGS: Mr. Chair and Commissioner Parke, so I think that the discussion surrounding financial responsibility has gotten a little off track as well, and really what's before the commission today is the findings that are required related to financial responsibility.

COMMISSIONER PARKE: I get it.

ERRIN BRIGGS: And they're much more narrow than the conversation that we've been having with the public here today.

COMMISSIONER PARKE: Yeah, I guess what I was getting at is it's going to be hard for Sable to earn much revenue if it doesn't restart, and it's not likely to be a pipeline failure if they don't restart. So even though today is not about restart, the issue is assumed there will be a restart or else most of today's discussion will be irrelevant. You don't have to agree with that, you don't even have to understand it. But what I'm going to do is ask a series of questions and I'm asking you folks to go first and try to answer them. If you don't know and you think it's a Sable question, well, you punt and we'll ask Sable, but let me start with you first, okay? So I heard the questions from Ms. Bridley and the answers, so if you believe that EIR for that withdrawn

project, let's call it that, is not a reliable source of evidence, but it was submitted as evidence, can you answer the questions that that EIR was referred to for? And one of them is, okay, what's the likelihood of another spill from the pipeline? And what we heard from the people that were using the EIR as evidence is that it thinks there's going to be one every year. Do you have a determination? Does P&D have a determination from some source? I haven't seen it.

[05:55:00]

ERRIN BRIGGS: So Mr. Chair and Commissioner Parke, no, we don't. Again, that analysis was never completed, it's a draft analysis.

COMMISSIONER PARKE: I understand your criticism of that one, I'm just saying do you have a different one, do you have something that gives us that information?

ERRIN BRIGGS: No, because we never completed that project, we never went through with that EIR. The study of the risk associated with the existing pipeline being restarted has never been done, especially considering the valve project, the anomaly repairs, the Consent Decree, all the requirements of the Fire Marshal. When you add up this huge package of changes that are being made to the line, that has never been studied.

COMMISSIONER PARKE: Got it. And that EIR we're not supposed to look at, okay, but we may look at maybe if it's the only source of evidence there, I don't know, we'll find that out later. It was also referred to as a source of information on the overall cost of the 2015 rupture, and we heard a reference to the overall cost was $700 million.

Does P&D have information for the overall cost of the 2015 rupture? Do you have some different figure, or any figure?

JACQUELYNN YBARRA: Yeah, Commissioner Parke through the Chair, so the EDC letter references Plains' SEC filings to get to that $750 million. I did look at that and confirmed, but that assumption from Plains, that's the entire cost of cleanup, including estimated future legal fees, lawsuits, etcetera. The estimates I found for the cleanup of the Refugio oil spill itself was between $64 million and $96 million. So those are numbers for you, but I also wanted to caveat that, again, the permit condition in Chapter 25B doesn't require Sable or the current owner/operator to have any financial guarantees for a pipeline spill. It's only for the SYU.

COMMISSIONER PARKE: Okay. If it's not for the pipeline spill, why are we even interested in if they have financial responsibility for operating the pipeline? What, that they can pay their employees to do what they need to do? It's not related to liability?

JACQUELYNN YBARRA: Commissioner through the Chair in regards to the change of operatorship and guarantorship for the pipeline: the financial guarantees aren't part of the findings.

COMMISSIONER PARKE: We heard some questions about Exxon's liability, kind of a backdoor kind of thing, and what it did, it just confused me more than it clarified things. So if Exxon doesn't take back the asset, does Exxon have any continuing liability for spill or anything else?

ERRIN BRIGGS: Mr. Chair and Commissioner Parke, I'm not sure that they have a financial responsibility for a spill, but they certainly have responsibility for abandonment.

COMMISSIONER PARKE: For what?

ERRIN BRIGGS: Abandonment. Because a spill would be part of operations, right? That would be the operator's responsibility at the time of the spill.

COMMISSIONER PARKE: No, I get it.

ERRIN BRIGGS: But again, if Sable were to go bankrupt and not be able to pay for or carry out abandonment activities, that would fall back to ExxonMobil.

COMMISSIONER PARKE: And I think that's an important point, and it's an important thing.

ERRIN BRIGGS: Very much so.

COMMISSIONER PARKE: But a spill is also very important.

ERRIN BRIGGS: Understood.

COMMISSIONER PARKE: And so you mentioned being a responsible party, essentially being on chain of title for a dirty property. You know, that's whether you sell it or not, and it lasts forever. But I don't think that's what Exxon has here, is it? They're not stuck with liability no matter what happens, right? They're not a continuing guarantor for spill, for operations?

ERRIN BRIGGS: I don't think so, no.

COMMISSIONER PARKE: No, I didn't think so either. And then we heard some questions mainly through our chair about if Exxon takes it

back under a security agreement. Of course, this is all kind of speculating because I haven't seen any of these documents.

[06:00:00]

But if they take it back under a security agreement in case of a default by Sable, then would Exxon have liability for cleanup for a rupture that had already occurred under Sable's watch? Do you know?

ERRIN BRIGGS: I don't. I don't know.

COMMISSIONER PARKE: I mean, these are awful questions to answer, but they're awful things that could happen.

ERRIN BRIGGS: Sure. Understood. No. I mean -

COMMISSIONER PARKE: Kind of got to get to them. Okay. What's a cathode protection system? What's it actually look like? What is it? I know I can't go down to the hardware store and pick one up.

ERRIN BRIGGS: Yeah. So the cathodic protection system on the pipeline is fairly complicated. To simplify the concept, we're all familiar with boats being corroded when they're put in salt water. And oftentimes on a motor or some exposed metal part of a boat, they'll put a sacrificial anode on the boat that corrodes quicker than the metal of the motor. And basically what's happening is the corrosion, rather than attacking the motor, is attacking the anode. So that general concept is also applied to the pipeline. But then there are other systems involved in the cathodic protection system that go well beyond this simple concept. And I'm not a petroleum engineer, so I'm not the best person to explain exactly how all that works, but I'm sure that the applicant team has someone that could really dive into that for you.

COMMISSIONER PARKE: Okay. Mark that one's Sable. I'll ask that. Okay. So I think I understood from Sable, they're actually repairing the pipeline right now, or maybe not right now.

ERRIN BRIGGS: They are. Yes, right now.

COMMISSIONER PARKE: Yeah. But how much of it is going to be repaired? All the way to Pentland? What's being repaired?

ERRIN BRIGGS: So I'll speak to this a little bit from a layman's perspective, and then maybe the applicant could get it…

COMMISSIONER PARKE: Well, I'm a layman, so that's probably how we can communicate best.

ERRIN BRIGGS: So they took a comprehensive look at the line. And they were...

COMMISSIONER PARKE: I'm sorry, I didn't hear that.

ERRIN BRIGGS: They took a comprehensive look at the line by using an inspection tool. And there are various tools that they can run through the line and get a reading of where the anomalies are, how deep they are, if there's a crack, if there's a seam that's failing, all these things, right? So they inspected the line, and they have a program that is intended to repair anomalies that reach a certain percentage or a certain characteristic. And there are thresholds that are required by PHMSA, or in this case, the state fire marshal, and then operators are free to go above and beyond the minimum requirements of what's required by the state. And in this case, they're going well beyond what's required by the state. And rather than attacking the anomalies that meet that state-mandated threshold, they're attacking

anomalies that meet a much lower threshold. So if, say, just for instance, the state required every metal loss anomaly at 50 percent or greater to be repaired, these guys are targeting a much lower number than 50 percent.

COMMISSIONER PARKE: So do you have a figure for how many anomalies are being attacked, as you stated?

ERRIN BRIGGS: They do, yes. It's a lot. It's a very conservative...

COMMISSIONER PARKE: I heard a figure of 90 for something, but I don't know what the...

ERRIN BRIGGS: They're more than 90, and it's a very conservative approach to integrity.

COMMISSIONER PARKE: Okay, now when we were looking at replacement of the pipeline, we had all these property owners up in arms, and they filed a lawsuit and said, "Oh, you can't replace it. You'll dig up all the pipeline on our property." And then we also had concerns over EIR that had to do with how many oak trees were taken out, and it was going to be in the thousands, and where would they farm some new oak trees? And we talked about all this stuff. But if they're digging up the pipeline anyway to do repairs, are we running into those same issues?

ERRIN BRIGGS: So Commissioner Parke, the existing line is a previously disturbed area, right? They dug up that entire line in order to install the original pipeline. And so everything along that line has been disturbed back in the late '80s. So there are some biological features that have grown back over the line that may be disturbed as

part of this maintenance program, but it's far less than what would have been disturbed by building a brand-new line.

COMMISSIONER PARKE: But the new line was going to go in the exact same spot?

ERRIN BRIGGS: Well, not in the exact same location. It would be adjacent to the existing line.

COMMISSIONER PARKE: Yeah, but not hundreds of feet away. It was going to be in the same easement, correct? I know that easement. I litigated over it once.

ERRIN BRIGGS: Generally speaking, in a very similar location, you're right. I mean, it ran parallel to the existing line, but it would have resulted in much greater disturbance to biological resources than these repairs.

[06:05:11]

COMMISSIONER PARKE: Okay. I've got to ask some questions that are kind of based on my experience with due diligence and representing landlords and tenants and businesses and going through this whole system we're kind of going through here of approving a transfer of an asset, like an assignment, and the kind of review you go through. And I'm used to reviewing insurance policies. I've even been involved in doing manuscript changes at Lloyd's of London on insurance policies, and to do all this I have some idea what's going on. And I look here in my packet, and what I have is one certificate of insurance for a liability policy. So the first thing I want to ask is, well, what did

you review? Did you just review that certificate of insurance, or did you review the policy language? Or either? Or anything? Or more?

JACQUELYNN YBARRA: Commissioner through the Chair, we just reviewed the certificate itself.

COMMISSIONER PARKE: Okay. And just looking at the certificate, and I can't tell where it is in your staff in the packet, but you must know because you put the packet together. I think it's at the very end, near the end.

COMMISSIONER MARTINEZ: It is.

COMMISSIONER BRIDLEY: Last page.

JACQUELYNN YBARRA: I think attachment G, toward the end.

COMMISSIONER PARKE: And I'm looking at the liability insurance, of course, not the property insurance. And for the commercial general liability, it has a limit of a million for each occurrence, but that's not what we're worried about here. That's going to be, I don't know, somebody slipping on a banana on a platform. We're more interested in the energy package. It says, "Energy package dash COW extra expense, OPA dash 90 oil spill FR." Did you review the rider or endorsement that has the language for that package?

JACQUELYNN YBARRA: Commissioner through the Chair, we just reviewed the certificate itself.

COMMISSIONER PARKE: Okay. And it shows a limit, an aggregate limit of $100 million, and for each incident, $35 million. Did you undertake to determine whether that was an appropriate amount for what might be the liability if there's a spill, is $35 million?

JACQUELYNN YBARRA: Commissioner, through the Chair, that $35 million, I believe, is specific to wells. Sable, they did give me a rundown and explain the certificate to me, so they'll be able to explain it better than I can. But from their explanation and me reviewing the certificate itself, we determined that was sufficient coverage for the SYU.

COMMISSIONER PARKE: Gotcha. And I notice there's no named insureds, additional named insureds under this certificate of insurance, and I'm not saying there should be, but is the county's concern more about, do they have the money to fix something, or is the county concerned about obtaining reimbursement for county expenses to deal with a spill? Do you want me to explain that question a little bit? The City of Santa Barbara, 1969, okay, I was here, okay, and I remember it very well. City of Santa Barbara filed suit to seek reimbursement of its own expenses. So that was an example of something, obviously it wasn't pipeline, that was a platform, of where the municipal entity itself wanted reimbursement for its own expenses, and that's an example. And I don't know if the county is concerned about, "Oh gosh, we're going to be cleaning things up and we need $100 million reimbursement," or is it more a concern that on an oil spill, if there's liabilities, it might be to all sorts of claimants, fishermen and farmers and whatnot, and the county hopes it all happens right, but is not directly involved. This goes to my prior question about who's an additional named insured or not. Does it even matter whether the county is not an additional named insured, I guess is what I'm asking.

JACQUELYNN YBARRA: Yeah, Commissioner, through the Chair, I understand now. So just for the findings of 25B and the financial development permit, 25B only requires that county bonds are in place for the facility. That would be when the county is an additional insured.

[06:10:02]

However, there's no bonds required for the SYU, not POPCO yet, nor for the Las Flores Pipeline. So then when you go down into the permit conditions for the SYU, there's a permit condition that just says the operator shall be responsible for a spill, and to demonstrate that, they need to provide certificates of insurance, they did, and that's what we reviewed, and then they needed to provide copies of their OSPR COFRs, which they did. So our findings and our review was limited to what was just needed to make the findings for chapter 25B and to meet their conditions.

COMMISSIONER PARKE: You know, you just mentioned a COFR, and so I know my mind is wandering a bit, but you mentioned it, so I'll ask my coffer question. And I looked over the COFRs, okay, which follow, in the packet, the certificates of insurance. And without reciting them word for word, they appear to say, "You, Sable, are the right party," okay, "you're the ones who will owe it." They don't say, "We think that you're able to do it," they don't say that "you have enough assets to do this." They just say, "You're the right party for us to look at." Do you interpret it the same way, or differently? And that's what the words appear to say to me.

JACQUELYNN YBARRA: So Commissioner, through the chair, the COFRs, as we know, are approved by OSPR, CFW OSPR, so they're outside of the county's realm. For the limited view of 25B and the permit condition, the permit condition just requires that the operator provide the county copies, which they did. But I know, just from experience, the COFRs are based on estimates of a worst case oil spill, and once the applicant demonstrates that, then OSPR approves the COFRs.

COMMISSIONER PARKE: Okay, well, so we just have to read what it says, and I don't read it to say that, I read it to say that we recognize you as the party that we will hold responsible, but that's all right. I'm getting near the end. I'm actually not used to something that you described in the staff report, of looking at insurance policies as a substitute for net worth in determining the financial responsibility of an institution. I'm used to seeing, in my law world, that you'd require a showing of net worth by a guarantor, and you'd also require insurance policies by a tenant or anybody else in the transaction. In fact, it's funny that I'm here today, because the one I remember the most clearly, I negotiated with Commissioner Bridley's husband when he was Waterfront Director for the City of Santa Barbara. And is there something in 25B, or elsewhere, that says we can supply evidence of insurance coverage as a showing of net worth or financial stability for the purposes that we're looking at, something specific?

JACQUELYNN YBARRA: Commissioner Parke, through the Chair, I don't believe there is, no.

COMMISSIONER PARKE: Last thing I'm going to ask about is the contingency plans. You heard people from EDC saying the ones that are on file were Exxon's and those are withdrawn, and that there's one for, I think it was for wells, but not for operations, and it hasn't been approved by, I'm not going to say OSPR, but I just said it, OSPR. I hate these acronyms, I hope the next time I see you, you have a glossary in your otherwise excellent staff report of OSPR and PHMSA and ooky-dooky and all these things. Okay, so contingency plan -- can you address that, do we have them or not?

ERRIN BRIGGS: Yeah, so Mr. Chair and Commissioner Parke, so it's my understanding, and again, the applicant can get a little bit more deeply into this. The contingency plans are effective upon submittal. And so in this case, as Linda had said, they have submitted their contingency plans and they haven't been approved yet, and that today is the last day of their 30-day review period. I'm being told that the plan is effective upon submittal and may be adjusted as necessary by OSPR.

[06:15:00]

So in this case, what they did was they looked back to the contingency plans that were previously deemed adequate for Exxon and said, "Hey, this was deemed adequate before, these spill volumes are still the same because the pipeline hasn't really changed, here's our estimates, which are the same that you saw 10 years ago for Exxon." So I think that they're expecting those certificates to be approved.

COMMISSIONER PARKE: And you'll know tomorrow or something.

ERRIN BRIGGS: Yeah, but for the purposes of effectiveness, they're deemed effective upon submittal.

COMMISSIONER PARKE: So as my last statement to you, I'm going to ask you a favor, please do not come to our hearing on Friday, okay, with evidence of contingency plans on this case, we'll have other things to do.

ERRIN BRIGGS: [Laughs] Okay.

COMMISSIONER PARKE: I'll let you guys stand down, and I know Sable was listening to my questions, I don't know if they made any sense to you, but on I'd like to get a Sable person up to bat to answer those. But I don't know if that's the right thing because they haven't had a chance to rebut yet. Maybe the thing to do is let's give them a chance to their rebuttal and they -

COMMISSIONER MARTINEZ: Well, they're going to have the rebuttal, and then you're going to have questions.

COMMISSIONER PARKE: And they might decide to answer those questions because they've been listening I'm sure, and then I can ask them again if I need to. Let's do that.

COMMISSIONER MARTINEZ: Sure. You already said you were going to ask them some questions.

COMMISSIONER PARKE: Yeah.

COMMISSIONER MARTINEZ: How much time have we got left? You used your whole time.

COMMISSIONER PARKE: Then maybe I just better [Crosstalk 06:16:33].

COMMISSIONER MARTINEZ: I think it's just time to ask answer the questions, because I think that's what's really at issue. I have a question for staff, though.

ERRIN BRIGGS: So Chair, I would recommend that we do give them at least two minutes for rebuttal and then go into questions.

COMMISSIONER MARTINEZ: I'll ask them, but it looks like they're ready to just answer the questions. That's what I'm thinking.

DAVID VILLALOBOS: Yes.

COMMISSIONER MARTINEZ: Okay, you'll just answer the questions then. But to the staff, in regards to contingency plans, in my mind I'm having two different kinds of senses of contingency plans. Right now, if they're doing any repairs to the pipeline or something, we're not talking about a spill, of an operating spill, we're talking about taking out something maybe you have some fluid come out of the pipeline if they're replacing it. Are there differences in the contingency?

ERRIN BRIGGS: Yes.

COMMISSIONER MARTINEZ: We're at a different stage right now. We're not an operating stage.

ERRIN BRIGGS: Correct.

COMMISSIONER MARTINEZ: So is there a contingency plan in regards to our status as of right now where they're working on it, putting safety valves, doing all that, and then later on when we look at operating when it comes to us - because it's eventually going to come -

ERRIN BRIGGS: So that's where we started, Chair Martinez. They started by submitting contingency plans that address the current state,

which is a zero spill volume, because there's no fluids. But what the public was talking about and what we were engaging with Commissioner Parke on was the updated contingency plans that are to address operations.

COMMISSIONER MARTINEZ: Okay. That's my question. Commissioner Parke, your light is still on. Do you still have a question for staff or are you ready to move on?

COMMISSIONER PARKE: No, not for staff. I asked staff questions and some of them really are better suited for Sable to answer.

COMMISSIONER MARTINEZ: I see Commissioner Reed's light on.

COMMISSIONER REED: Yeah, I still have a number of questions relative to the operation of the pipeline itself, but I think they may be better addressed to Sable rather than staff because they're pretty specific, so I'll reserve those until that time.

COMMISSIONER MARTINEZ: Okay, so we're still doing good on time. Are we okay?

COMMISSIONER BRIDLEY: I want to hear Sable.

COMMISSIONER MARTINEZ: Okay, you're up. Who's going to start asking the first questions, because you're not going to be speaking, we agreed that you're going to be answering the questions. Commissioner Parke, you were the one biting to the bit - or do you want to go, Commissioner Reed? Commissioner Parke's looking at you like, please go first. [Laughs]

COMMISSIONER PARKE: No, I'm just being a gentleman for once.

COMMISSIONER REED: Okay, I'll go.

COMMISSIONER MARTINEZ: Okay, Commissioner Reed.

COMMISSIONER PARKE: If you don't want to go, I'll go. If you do, you do.

COMMISSIONER MARTINEZ: Commissioner Reed's up.

COMMISSIONER REED: Actually, I did bring my own glossary I made up of terms. I suggested that to Commissioner Parke and he took it. You've got to be careful what you tell him. It comes out again later. Okay. No, my area of concern is with the pipeline operation Aside from the fact we hear a variety of things when we hear public comment, like people in California want to transition from oil and gas, 72% of people don't want offshore oil etc. etc. But I think those are often the product of a vocal minority, because if I look around Santa Barbara County, they keep reminding me the citizens haven't had a vote on oil and gas for years.

[06:20:00]

Well, I remember Measure P, pretty much a ban on in-county production, and it was resoundingly defeated. And sure, we may not have had any elections since then but I think the citizens of the county really vote every day when they go purchase a vehicle or provide fuel for the vehicle of their selection, and thus far that's still overwhelmingly in favor of gasoline and diesel-powered vehicles. So I think people here really see the need for that. We've had so many of these -- every time an oil project comes on, no matter how narrowly confined, the opposition seeks to expand it and turn it into Oilmageddon, when these are often much simpler, need to have a narrower

focus. So with respect to the pipeline, we've heard about the heartbreak and devastation from the oil spill, the animals, the birds, but I think we also need to consider the heartbreak and devastation of the families, the contractors, all the people that were supported by the offshore oil operations in this county. And to date, nothing has really been done for them. I think we need to address that one. And looking back at the spill. We look at the various elements, the various units here. As I said in the last public meeting regarding the trucking plan for Exxon, actually, the only statement I ever made in a meeting like that that resulted in receiving a threat, okay, here it is: When that spill occurred Exxon was not at fault. POPCO was not at fault. What generated the whole problem was the negligence -- negligence is a point later reiterated by one of the judges who handled the matter in an interview, which was published in the paper -- but the negligence, the lack of proper operations by a Texas-based pipeline company, which happened to be All American. So I have a concern -- and I think it's been alleviated when I look at the materials -- in that when I even look so far as back in…we're looking at consistency with Chapter 25b page 17, you're looking at the transition plan, and it appears that you've selected employees who were not previously employed with Plains, and in particular not employed with Plains All American at the time of the 2015 rupture. Is that correct?

STEVE RUSCH: That's correct.

COMMISSIONER REED: Okay, and that's again, I think, reiterated later on when we look in the transition plan later on. I mean, I don't

really hold…any other field employees here? I think that most of the responsibility would go to upper levels of Plains, and perhaps the people in the control center in Midland, Texas, who appear, well, to have had gauge shutoffs, overall kind of neglect to check what they should have, which was adjudicated during the many trials, etcetera. But looking at the control center, I was impressed that you plan to have it in Santa Maria.

STEVE RUSCH: Yes, Sir.

COMMISSIONER REED: You're going to have round-the-clock. And how many employees are going to be on call in that center at any given time?

STEVE RUSCH: Five.

COMMISSIONER REED: In the center. So if somebody has to go out to visit, so it's always going to be well monitored.

STEVE RUSCH: And I didn't mention, but there is a secondary control center that'll be at Las Flores Canyon at the facilities, a backup.

COMMISSIONER REED: Okay, so in the event of communications or power failure or something -

STEVE RUSCH: Yes, exactly.

COMMISSIONER REED: -- it's always going to be well controlled in real time by people here and not out playing penuckle or whatever they were doing back in Texas.

STEVE RUSCH: Right.

COMMISSIONER REED: I don't know, but I've got relatives from Texas I know they spend a lot of time playing penuckle, so neither here nor there.

STEVE RUSCH: Probably Texas Hold'em.

COMMISSIONER REED: So I find that reassuring. We've heard a lot of talk about your systems and everything you're going to have in place. I'm sure on May 18, 2015, if we'd happened to have management from Plains All American sitting here and ask them similar questions, they'd also give us great representations on their operational abilities and history and ability to control any adverse events on the 18th, although 24 hours later we knew that things were different.

[06:25:07]

And being that when I'm in this position, it's not like years ago when I got involved in public affairs and things kind of promoting, well, oil projects on our own ranches, and then kind of got into other things. But nonetheless, when we're looking at this, well they may have said on May 18th things were in great shape. And in California, I know for years and years, oil businesses correctly have stated that when you have California production -- I've said it, I've written about it myself -- we have the most carefully regulated, well managed, safest, cleanest production on Earth, so I have very little patience for operators. And we had an on-land operator in this county who failed to meet that standard. Fortunately, they're gone after decades of trying to get rid of them. And you know when I make these decisions, it's not just for me, it's not just for the pro-oil people in my district --

it's for all the people in all of the county. So when we make a decision like this, it needs to be transparent and very well-reasoned, because it's for everyone despite their feeling on the issue. So I'd just like to know: if you're entrusted with this project, how do we know that your responses and the end result of your management and capabilities is really going to be any different than the performance we saw from Plains?

STEVE RUSCH: That's a good question. And I'd first respond by saying, under our management, the current management under a prior company, PXP, as I mentioned earlier, we received the one and only Good Operator Award essentially at Santa Barbara County issued by your Board of Supervisors. That's the type of company we are. It's really, you have to look at the management, and our history. The staff found no major incidents in our past. It's our commitment to safety and operational excellence, as we kind of went through on the prior slides, that we're going to be implementing all those things so that we don't have any situation close to what was in 2015 obviously. And with the additional -- I mentioned the Integrity Management Program -- a lot of that's prescriptive by the Consent Decree, the amount of things that we have to do to bring that pipeline up to a state where the Office of State Fire Marshal can approve it, that pipeline will essentially be as new, or new. And we've already also pegged or sent internal measurements through the offshore lines which go out to the platforms, we're in the process of going through all that, and those initial reports show those lines are in very good shape. So you have to look at

kind of the overall picture our history and our experience dealing with deep water platforms in the Gulf. We are operating Point Aguayo and platform Irene off Point Conception without incident. The relationships we have with the regulators. Those are all kind of combined. We're not out of sight, out of mind. We're in the community. We live in the community. So I can give you my word that we will have safety and operational excellence on this project. We're committed to it. We all want to go home safe every night. Every one of these guys will say the same thing.

COMMISSIONER REED: Well, thank you. I mean, I hope that bears out. A lot of people are depending on those particular words, the people of the county who want a clean ocean and clean beaches, right down to all the union members, hard-working employees, contractors, and the families they support, that are going to be depending on you, someday when you get to restart, or the maintenance before, to give them a stable work environment that'll support themselves and their families.

STEVE RUSCH: And the complement to that is the regulatory oversight. I mean, we have county oversight. We have state oversight. We have federal oversight. So our performance, you know, overlaid by the county and the agencies that ensure that we comply.

[06:30:00]

You know, we've gone through all those compliance plans, we've got dozens of compliance plans to comply with. So the oversight on projects in California is the greatest of any in any oil state. So

you've got the comfort that you've got the oversight and hopefully you have the comfort that we provide is that we are going to comply to the T and even go beyond in some of these things that we're doing, so that we're a partnership that results in -- in our case, we're going to be displacing a million barrels a month of foreign based crude tankering into our ports in LA and San Francisco. The carbon index on SYU crude is 3.5. You're displacing Iraq, Iranian, Iraqi crude at 12.6 or Libya up in the uppers. So it's up to a fourth cleaner fuel. And that's greenhouse gases. So when we bring the co-gen, that's already factored into it. So if it's a global issue then it actually is a net benefit to the environment by bringing this project back on.

COMMISSIONER REED: Okay, thank you.

COMMISSIONER MARTINEZ: Yes, Mr. Parke?

COMMISSIONER PARKE: Okay, you heard my questions and I kind of starred four of them that look like they were not answered and you need to answer them. But if there's something else that I missed, you can just remind me when I go through this. I mean of a question that I asked and you thought you're to answer it. Okay, so you're in the process of repairing the pipeline.

STEVE RUSCH: Yes, sir.

COMMISSIONER PARKE: And even with this Notice of Violation for coastal, are you still able to do it in the inland and all that?

STEVE RUSCH: Yes.

COMMISSIONER PARKE: So that's ongoing.

STEVE RUSCH: We have 31 union crews out working that pipeline.

COMMISSIONER PARKE: Okay, and will that be the whole length of it?

STEVE RUSCH: All 125 miles, ex the 10 miles on the coast that's currently.

COMMISSIONER PARKE: Right, but anyway, when you have the opportunity you will repair the whole pipeline?

STEVE RUSCH: Absolutely.

COMMISSIONER PARKE: And are you able to break that down into number of anomalies or number of repairs?

STEVE RUSCH: Anomaly per mile. An anomaly dig, if you will. So when you do the tool, you find the anomalies, and we're required by the Consent Decree to repair everything up to 40% wall loss. Then you go out and you have to dig hopefully where you think that anomaly is which with the tools these days is very close to where you find it. And you expose the pipe, you find that anomaly. Of course when you expose the pipe then you have other anomalies that you can repair while you've got that hole open. So the number of anomalies that we end up repairing are in greater number than were required, because when we replace a piece of pipe, 10 feet of pipe for one anomaly, well, you're replacing it for maybe 10-percenters, 5-percenters. I mean, eventually you're going to have all new pipe.

COMMISSIONER PARKE: Or you might see something while you're there that you're going to do.

STEVE RUSCH: Right, and you take off… The issue with the 2015 spill was the insulation, water in the insulation. So we strip off the

insulation and rewrap it with the current standards of today with that new section that we put in. So we either cut the pipe out and replace the segment, or we what they call composite wrap, or you put a sleeve on it. So you put the same thickness sleeve around the anomaly and then you weld that on. So you've got the same brand new pipe now on that section. Those number of digs end up being about one every 4,000 to 5,000 feet on average over that 125 miles.

COMMISSIONER PARKE: And you're repairing those because they were corroded, right?

STEVE RUSCH: When we ran the tool, that's what they picked up. Now the tools are so good that they can pick up dents, which five years ago, or three or two years ago, you couldn't pick up dents. Because dents occur when you install the pipeline, you know, you've got a mechanical strike, so now they can even pick up those. So we're also picking up those as we do the anomaly digs. So that's how you end up with a situation where when you've completed all these anomaly digs and we've repaired more than are actually required, and we're sending a tool through every year instead of every five years or every ten years, you get to a situation where you don't get enough corrosion to really even require repairs for a number of years.

[06:35:07]

COMMISSIONER PARKE: So does the fact that there was corrosion mean that the cathodic protection system didn't work a hundred percent?

STEVE RUSCH: Yes.

COMMISSIONER PARKE: Okay, and are you repairing and replacing cathodic protection system as you go along?

STEVE RUSCH: As I mentioned earlier, the cathodic protection system is in place and working, and there is test stations I think every mile or something like that, and you've got these cathode beds like Errin was describing, like the anode on a boat, similar to that.

COMMISSIONER PARKE: Every outboard motor has them.

STEVE RUSCH: Every mile you've got your boat with the anode on it. It's a lot more complicated than that. But as we go through those anomaly digs, sure, we are repairing the cathodic protection system, as part of the overall, as I mentioned, integrity management program. Because again, cathodic protection is one thing we do, but really the big hitter is the inspection tool now being run every year.

JESSICA STEBBINS BINA: Twice a year.

COMMISSIONER PARKE: How is it that it's there now and it's working, except it didn't stop the corrosion 100% and that's why you're repairing the pipeline? I'm having a hard time adding those numbers up.

STEVE RUSCH: Say it again?

COMMISSIONER PARKE: You're telling me that it's in place and working, but you're also telling me that it didn't work a hundred percent and that's why you have corrosion in the pipeline that you're fixing in a hundred and thirty plus places.

STEVE RUSCH: Well, so 10 of 125 miles it wasn't working as well as it is on the balance of that, the 115 miles. So it's basically the coastal section that had the issues.

COMMISSIONER PARKE: Oh, so it corroded for other reasons in the inland portions?

STEVE RUSCH: Very little corrosion that far out. The largest number of anomalies are between here and the top of the mountain on the way to Bakersfield.

COMMISSIONER PARKE: Got you. So the bulk of the work will be over on this side of the mountains.

STEVE RUSCH: The balance of it would be, yes.

COMMISSIONER PARKE: Okay. Do you have a ballpark time estimate for how long it'll take to fix all this, the pipeline?

STEVE RUSCH: The balance, 30 more days, 3 weeks.

COMMISSIONER PARKE: Okay, so you can fix the whole thing in a month.

STEVE RUSCH: Well, we have 31 crews. We have six or seven that we can call back, because they're shutting right now, and we can bang it out that fast. And we actually, this is what we're talking to the Coastal Commission about, we currently have 27 open holes on the coast because we were told to stop, which we believe have safety, corrosion, integrity and security issues having those holes open. So that's what's under discussion right now. So in total we could have the entire pipeline done in a month.

COMMISSIONER PARKE: By the end of the year, something like that?

STEVE RUSCH: Yep.

COMMISSIONER PARKE: And do you have a ballpark estimate of what that's going to cost?

STEVE RUSCH: I think our 8k says our total all-in is $190 million or I forget what the number was, which takes into account all the facilities including the pipeline.

COMMISSIONER PARKE: To do the repairs?

STEVE RUSCH: Yeah, to do the repairs, upgrade the offshore facilities, the onshore facilities, the whole thing. I don't have a number just for the pipeline.

COMMISSIONER PARKE: And so you're spending money now. You're not making money right now, right? There's no revenue coming in.

STEVE RUSCH: But, to just speak to one of the issues, which is kind of obfuscating things, is the value of the company based on recent third-party engineering analysis of reserves, and that present value is ten billion dollars. So that attracts a ton of capital. And once we start producing that capital, the amount of capital that's going to come in to replace the loan and things like that we'll be able to pay everything down in the time frames responsible. There's talk about an $800 million dollar debt. Our debt to equity ratio is the same as the rest of the industry. 800 million debt sounds like a big number to us, but it's not in the financial world. So you've got the ten million, and you've got a mark cap of 1.79 billion, the price of stock times the outstanding shares, which is only going up, which is why we're attracting so much capital. This is a big project, and like I say, it brings on a million barrels of oil a month to displace that Mideast crew.

[06:40:02]

COMMISSIONER PARKE: Well that that goes to my next question then, and that was, I was figuring okay, you're spending money now, and you're not making money now. You get to a point where you can restart and your best hope for that is when?

STEVE RUSCH: By the end of the year.

COMMISSIONER PARKE: Okay, so you restart and then you've got 90 days to pay $790 million to Exxon, but what you're suggesting I think from what you just said is you'll have, you know, oil that's recoverable and you'll be able to raise capital that way to pay that 790.

STEVE RUSCH: Absolutely. I mean you'll have revenue from the oil obviously. But the attraction of equity money, because you're now starting and producing that oil is just going to track more and more capital. It allows you to refinance. All sorts of things happen in the financial world once you get going.

COMMISSIONER PARKE: And you're probably not going to raise $790 million in three months from the revenue that's generated for the project, but what you're saying is the value will go up and you can refinance it in one way or another.

STEVE RUSCH: That's one way, yeah. Absolutely.

COMMISSIONER PARKE: Hang on here. You understand this controversy about the contingency plans?

STEVE RUSCH: Absolutely.

COMMISSIONER PARKE: Approved by OSPR?

STEVE RUSCH: Absolutely.

COMMISSIONER PARKE: I hate using these acronyms because I don't even know what they mean. And someday I'm going to test everybody in the room and see is there one person that can take a quiz and know every single one of these stupid acronyms we use all the time because I'll bet there's some agencies where you know the acronym but you don't even know what it stands for or even what country it's in.

STEVE RUSCH: How about PHMSA?

COMMISSIONER PARKE: There you go. All right. So let's hear your story on the contingency plans. Are all your contingency plans in and approved? And explain why and how.

STEVE RUSCH: I think a staff mentioned when you submit a contingency plan, it's effective. It becomes effective and that's what you drill to and that's what you'd implement. Now if you look at a contingency plan, 300 pages of it, the only thing you're changing is the worst case discharge. That's it. One number.

COMMISSIONER PARKE: Because you already had Exxon's.

STEVE RUSCH: The response team, the response organization, all that is already in place and that's what we drilled to in July and September successfully to match up with 25B. So they're in, they're effective, they're in for the new worst case discharges. If you look at the certificates which are with the staff report, it lists the worst case discharge for the Coastal Line of 1,935 barrels which is 40% less than the 2015 incident. And then there's another number for inland. And then for offshore, we've got the crude line that goes out to Harmony.

COMMISSIONER PARKE: I think I've asked you the questions that I asked staff and they couldn't answer.

JESSICA STEBBINS BINA: Can I just add something briefly?

COMMISSIONER PARKE: Please, but you've got to tell us who you are.

JESSICA STEBBINS BINA: Yes, I was just about to. I apologize. I'm Jessica Stebbins Bina, Council for Sable. I just wanted -

COMMISSIONER PARKE: Oh, you're at the Latham firm?

JESSICA STEBBINS BINA: Yes. I just wanted -

COMMISSIONER PARKE: I'll talk to you afterwards. I have very warm regard for the Latham firm because they made me a lot of money many years ago and I'll explain to you afterwards.

JESSICA STEBBINS BINA: I'm glad to hear it. It's an excellent firm. I just wanted to kind of -- we've been talking about a lot of things but I wanted to bring back on the contingency plans. It's exactly as we said that it's an iterative process, right? You submit a contingency plan, it's valid and effective upon submittal. If it's rejected or adjusted, then there are adjustments made. But the certificates of financial responsibility have already been issued. They're valid. They are for the maximum amount and they are based not on zero barrels but on real numbers of barrels. Why do I bring this up? Because if you look back in 2001 when this commission adopted 25B, it was very careful to say plans take a really long time, and what we don't want -- and we're going to intentionally make this a narrow, change the name on the plans, don't require all the plans to be

finalized and in order because that can take months. And what the purpose of 25B is, is to acknowledge the reality of a new owner and operator who is here and present and make sure that they are the ones who are in the relationship with the county and the commission by changing the name on the permits. So there is actually, the 2001 staff findings speak to the very issue of do you wait for the perfect plan? The answer is no. You base it on the plans that you have and that's an intentionally narrow process.

[06:45:00]

STEVE RUSCH: So in July and September, we actually drilled on a plan that had zero worst-case discharge because we weren't producing. So we submitted the new plans -- the revised number, the plans were the same, just changed the worst-case discharge number -- in anticipation of having oil flowing through the pipeline. So that was the most recent submittal that Linda was talking about. But as soon as they were modified or "submitted" they became effective. Because if we were operating and had a spill, then you'd have something to respond to, and that's what we train on.

COMMISSIONER PARKE: I think I've asked you the questions that staff wasn't comfortable with. Is there some question that I forgot to ask you that was one that looked like a Sable question?

JESSICA STEBBINS BINA: Unless there's something that's giving you heartburn about the process that you'd like us to answer.

COMMISSIONER PARKE: I wouldn't use the word "heartburn." [Laughs]

JESSICA STEBBINS BINA: I do think, we've spoken a lot about cathodic protection. I do want to remind the Commission that this issue was looked at last year. The cathodic protection issues with respect to the pipeline as a whole haven't changed. The Celeron settlement takes all of that out of county jurisdiction into state jurisdiction and the Office of the State Fire Marshal, and an extremely extensive consent decree with a number of state and federal agencies involved is supervising the safe repair of the pipeline.

COMMISSIONER PARKE: You know, you don't have to tell me. We looked at it last year. I made the same argument. I called you guys up and told you I made the same argument so you'd be prepared for it. There was a difference, though, because I don't know if the Commission will listen to me today, the other commissioners, but they didn't last year because everyone was so excited, well, it's going from Plains, which has long fallen apart, to Exxon, which has some money behind it, and this is a somewhat different situation, so we'll see in a few minutes. [Laughs]

JESSICA STEBBINS BINA: I would respectfully submit that the standard shouldn't change based on the applicant.

COMMISSIONER PARKE: You're just being logical.

STEVE RUSCH: I did want to make one clarification. I got a tap when we were talking about the ten billion dollars and what happens when we start. Because I'm not a finance guy, I'm actually an engineer trying to talk about finances. The debt that matures when production resumes will be refinanced with debt capital based on the ten billion

of oil and gas reserves. That's how I should have said it. I apologize if I misconstrued it.

COMMISSIONER PARKE: Well, that's what I heard.

STEVE RUSCH: Good.

COMMISSIONER PARKE: Thank you.

COMMISSIONER MARTINEZ: Well, since you're there, since you're on this thing, you mentioned $190 million would be utilized for redoing the pipeline. But I thought, and you correct me if I'm wrong, there was like 200-and-some-million dollars you guys have in cash. Am I wrong?

STEVE RUSCH: Going back to the -- I won't put it up there -- the slide that we had that showed the insurance and the cash, we had $112 million of cash as of June, so that may have changed, and then we have raised another $200 million in equities.

COMMISSIONER MARTINEZ: Okay, so that would leave you a little over $100 million in the bank, then, in doing what you were saying you were going to do. $190 million dollars, minus that from $300 million dollars would leave you about a hundred million.

STEVE RUSCH: Yeah.

JESSICA STEBBINS BINA: I think the answer is we're awaiting the next quarter's official financials, and there's not a certified financial result of exactly how much cash had…exactly what's been spent down. But there was $112 million at the close of the last quarter.

STEVE RUSCH: Right, in addition.

JESSICA STEBBINS BINA: There's been $200 million raised. Where that nets out at this very exact moment, we'll know when the updated financials are posted.

STEVE RUSCH: Shortly.

COMMISSIONER MARTINEZ: Yeah, well, my concern is that you spend so much money doing what you're doing now, and you have no money to go on to the next step. Kind of like going on vacation, taking all the pictures, not having enough money to develop the pictures.

STEVE RUSCH: Right. That's where the additional $200…I mean, we're raising money all the time. So at that "snapshot" in June was $112 and then $200 since then, and I think we'll be filing fairly soon.

COMMISSIONER MARTINEZ: Okay. And now my question to the gentleman who was the last person speaking, who was the one who mentioned he was vetting clean up there -- I asked him the question, and I know I suggested I was going to ask you, is that if you don't make up the payment that is due and owed to Exxon, does Exxon have the ability to basically recoup, in other words?

[06:50:00]

It's a default. A default situation occurs. Who gets back the…is Exxon's remedy, "Hey, everything comes back to me," that's the way it is? Because the comment that was being made, it's left for the taxpayers, and that's what I wanted to make sure about. No, it's Exxon who will be coming in.

ANTHONY DUENNER: Anthony Duenner with Sable Offshore Corp. Okay. Sorry. So if I can back up for a second on some of the questions you

previously asked. Sorry. Can you hear me? Anthony Duenner with Sable Offshore Corp. So if I can back up one question to the amount of capital that's being spent.

COMMISSIONER MARTINEZ: Sure.

ANTHONY DUENNER: And how the 100 -- the cash that was on the balance sheet, that was a snapshot in time, which under our accrual system, a lot of the pipeline expense had already been, if this makes sense, would have been already subtracted. So those commitments -- so the pipeline expenses and the expenses to -- for some of the enhancements for the platforms etcetera -- so those expenses already would have been netted out of the cash on the balance sheet at the end of June. And since then, we've raised -- we've had another equity raise of $150 million before expenses. And then we have another cash infusion coming in from warrants that will be announced, so the results of which will be announced, but that is another raise of up to $165 million, the results of which will be announced on November 4th. So the results of all of which will be announced in our 10Q. You know, we're a publicly traded company. Our quarterly financials will be announced in November around the 14th. But long story long, we have significant cash on the balance sheet and available. All of these projects have more than sufficient capital available for the conclusion of all the repairs and maintenance and additional safety enhancements. Okay. So on to the next question. So could you rephrase -- I just want to make sure I get the exact circumstances under which Exxon could come in?

COMMISSIONER MARTINEZ: Well, of the comment that I addressed with -- I forget his name, but the gentleman was saying, "Look, if you don't pay Exxon that $790 million," I may have the figure wrong, "it's going to be left for the taxpayers." And my question to him is, "Well, what would happen in that default situation?" which is what I'm asking you. Would it be left for the taxpayers is what I'm saying.

ANTHONY DUENNER: So under our purchase and sale agreement, Exxon would have the right but not the obligation to take the assets back, but… So depending on the circumstances under which that occurred, there are a number of let's say safety nets in place, there are performance bonds, there are also kind of for…there are P&A bonding in place, which would survive even if something were to happen to Sable, which is highly unlikely. But if something were to happen to Sable, you would still have plugging and abandonment bonding in place, which would survive. Despite what was said here earlier by one of the commenters, I think insurance and bonding and P&A, all of which is backed by highly rated -- all of it's placed through Lloyds of London, highly rated, the highest ratings -- that would survive. And that is who you would be looking to, to come in and fund the plugging and abandonment. So for P&A for the offshore, it starts at $350 million. And then contractually, it could -- is scheduled to go up in 2025 to $500 million. I mean, I've heard some concern about orphan wells in platforms, etcetera, that is not the case here. Just full stop.

[06:55:00]

COMMISSIONER MARTINEZ: So your P&A bond is $350 million dollars?

ANTHONY DUENNER: Correct.

COMMISSIONER MARTINEZ: It's a blanket bond or bonds or well specific?

ANTHONY DUENNER: Blanket.

COMMISSIONER MARTINEZ: Blanket. Okay. And how many wells are underneath that blanket bond?

ANTHONY DUENNER: 90….

MALE: 112.

ANTHONY DUENNER: 112.

COMMISSIONER MARTINEZ: And how much per -- to plug each well?

MALE: 600 to a million dollars.

ANTHONY DUENNER: 600 to a million dollars.

COMMISSIONER MARTINEZ: Okay. So there should be enough there.

ANTHONY DUENNER: Yes.

COMMISSIONER MARTINEZ: Those are the questions I had. Thank you. Commissioner Bridley:

COMMISSIONER BRIDLEY: I don't have anything for Sable, but I have one really simple question left for staff. And if you want to stay there, that's fine. A lot of conversation today about concerns about starting the production again, and you're in the process of repairing the line, and you have the approval, and you're working out -- well, maybe you can answer this. The Coastal Commission resolution of this, you didn't have probably the right follow-up CDP, but you were doing the work that was authorized under the Consent Decree or some other

kind of an approval. You had an entitlement, but maybe not the final clearance from Coastal Commission. So where does that stand?

STEVE RUSCH: Tag team.

JESSICA STEBBINS BINA: We're going to introduce another one of my colleagues.

STEVE RUSCH: [PH 06:56:31] We're phoning a friend.

JESSICA STEBBINS BINA: [Laughs] Yeah, phoning a friend.

D. J. MOORE: Good afternoon, Commissioner. I'm D. J. Moore with Latham and Watkins, outside council to Sable. So we're still in negotiations with Coastal Commission staff. I actually had an hour-long conversation with them about this yesterday. We don't have the final resolution as to approach on permitting. I think we're all still -- both Coastal Commission and we are still lining up exactly the approach that we would like to take, but we're in cooperative negotiations and looking to try and find a solution in the very immediate term.

COMMISSIONER BRIDLEY: Okay. I mean, my experience with them is if somebody does something they don't realize they needed a coastal permit or it's an emergency and they had to do it, otherwise their house is going to fall in the ocean, they work with you pretty proactively to get to the point of permit compliance. So I'm fine with that. My other question is so fundamental, I can't believe I'm still asking it here. If Sable wanted to start producing oil and use that pipeline after the repairs are done and all the inspections are done by all of the other state and federal agencies, does it need anything else from the county? Is there any other action by the County of Santa Barbara that does not

come back to the Planning Commission in order to flip the switch, correct?

ERRIN BRIGGS: Mr. Chair and Commissioner Bridley, that's correct. I would look at this in two different ways. You may be asking if there's some kind of permit touch or any other additional approvals required. The answer is no. And then the other way you could look at this would be is there any need for the county to approve an operational plan or a safety-related plan or anything like that? And the answer to that is also no, because we're preempted from doing that.

COMMISSIONER BRIDLEY: Interesting. Okay. I had a feeling that was it, because that's why we're getting all the concern about all these things, you know, precedent to starting production. So all right, thank you for stating that clearly on the record. That was all I had.

COMMISSIONER MARTINEZ: I'm going to be honest here, which I'm trying to be all the time, but… Well, all this concern about spills, then, is a real concern, because if the insurance is not enough to cover a spill, this is the time to address it? It's not going to come back to us. I was thinking it was coming back to us.

ERRIN BRIGGS: So Chair Martinez, the item before us today is 25-B.

COMMISSIONER MARTINEZ: I understand that.

ERRIN BRIGGS: And a change of the name on the permit.

COMMISSIONER MARTINEZ: I understand that. I also understand that after operations begins, then the issue becomes if something happens after that, somebody opens the faucet and it goes into the ocean by

accident, that's when it comes down to your insurances. Yours meaning, I'm sorry for just pointing over to you, I mean, to your company's insurances. That's what my question is leading to.

JESSICA STEBBINS BINA: And Mr. Chair, I think the answer here is this is a matter of state law and regulation. I'll direct you back to the COFRs, the certificates of financial responsibility. Those in turn cite government code section 8670.37.53, which says, "To receive a certificate of," and I'm quoting the code here:

[07:00:00]

"To receive a certificate of financial responsibility for a facility the applicant shall demonstrate to the satisfaction of the administrator, the financial ability to pay for any damages that might arise during a reasonable worst-case oil spill into waters of the state that results from the operations of the facility." And then there's a number of criteria that the state organization considers and they're implementing regulations. The county has not set, and I would submit it cannot set a different amount than the figure that is set by state authorities. This is regulated by the California Department of Fish and Wildlife, by the Office of the State Fire Marshal. These are state agencies that will green light or not green light the safe restart of production.

COMMISSIONER MARTINEZ: But this is our time to look at your financial ability to be financially responsible, correct?

JESSICA STEBBINS BINA: Yes, but it has to be consistent with the areas that are within the county's jurisdiction and scope, and it has

to be consistent with the final development plans that are approved and in place. And you've heard staff say there are no additional bond requirements. There are no additional insurance requirements. And you also heard staff say the actual out-of-pocket costs for the 2015 spill, while horrible, were under $100 million dollars. The 750 million figure included a lot of follow-on penalties, litigation, etcetera. We've presented evidence of over $400 million in insurance, and we have the state's certificates of financial responsibility. I would submit that that should end the county's inquiry.

COMMISSIONER MARTINEZ: Okay. Do you guys want to go straight into deliberations right now, or do you want to just take a little break and then go into deliberation? Let's take a break. Let's take a 15-minute break. Thank you.

[Break]

[07:22:58]

COMMISSIONER MARTINEZ: Okay, everyone, we're back. If you could all take your seats, and this is our final session of our afternoon session, let's put it that way. So we're at the point of deliberations, and I'm hoping that maybe if staff has anything to add at this moment.

ERRIN BRIGGS: So Mr. Chair, we're going to try and land the plane here, and we seem to be struggling a little bit with the confines of this financial responsibility conversation, and we're hearing talk of do they have enough money to pay for a spill, what's a spill going to cost, this could be billions of dollars, they can't afford it. So I want to kind of reframe the conversation and bring us back to what's

required for the item that's before us today, which is a change of owner operator guarantor under the county's 25B ordinance. So if we look at the findings that are required under 25B, there's nothing that says that they have to have enough insurance for an oil spill or a worst-case scenario. The findings under 25B essentially point back to the individual permits, and it points back to the financial responsibility conditions that are included in those permits. And for these assets, we have three separate permits. We have one for the pipeline, one for the POPCO gas plant, and one for the SYU facility that processes the oil from the offshore platforms. So if we start with the pipeline and we look at the original final development plan for the pipeline, there's really no financial responsibility conditions there.

COMMISSIONER MARTINEZ: Let me ask you this one. When you say really, my question is, there's none?

ERRIN BRIGGS: There's none. There's nothing in that permit that says they have to have a certain level of insurance. There's nothing in there that says they have to cover the cost of an oil spill. So if we look at the pipeline permit, we really don't have anything. So that's one.

[07:25:03]

Number two, the POPCO gas plant, the condition that relates to financial responsibility speaks to abandonment, and it requires the operator to put up a bond for abandonment at the time of the facility ceasing operations. So we're not there yet, so there's no bond requirement. So for permit number two, we really have no financial

responsibility requirements at this time. They happen much later. The third permit is for the San Ynez unit, which processes the offshore oil. And in this case, back at the time that the permit was approved, the commission or the board understood that that facility was going to be processing oil from offshore, and that there was this interconnection of the pipeline between the onshore facility and the platforms, and that there was the potential for an offshore spill. So in that permit, there's a condition that requires the operator to demonstrate the ability to respond to an oil spill in the form of obtaining their OSPR Certificate of Financial Responsibility. And that's one of the items that we've been discussing here today. They have that certificate. It covers them up to, I think, $100 million dollars. And so the financial responsibility requirements of that permit have been met. And therefore, when we back up again to 25B and we're looking at the findings that need to be made, the findings related to financial responsibility really are focused on them obtaining their OSPR COFR certificates. And they've done that.

COMMISSIONER MARTINEZ: And that language, the financial responsibility for that OSPR, is what, up to a million dollars or -

ERRIN BRIGGS: A hundred million.

COMMISSIONER MARTINEZ: A hundred million. But the language is "up to," or "at least," or -

ERRIN BRIGGS: I don't have the exact language, Jax?

JACQUELYNN YBARRA: Yeah, Chair Martinez, there's actually no language in the permit itself that has that threshold for the COFR

certificates. It just requires that the certificates be submitted to the county.

COMMISSIONER MARTINEZ: And who gives those certificates?

JACQUELYNN YBARRA: The state. It's the Office of Spill Prevention and Response.

COMMISSIONER MARTINEZ: Okay. So they're the ones making the determination whether they're "financially" -

ERRIN BRIGGS: Capable.

COMMISSIONER MARTINEZ: Capable.

ERRIN BRIGGS: Correct.

COMMISSIONER MARTINEZ: Okay. So any questions? Shall we enter deliberations? Let's go into deliberations. Who wants to go first? Don't all raise your hands at one time. [Laughs]

COMMISSIONER BRIDLEY: I'll go.

COMMISSIONER MARTINEZ: Well, I don't mind going first. I'll go first. I'll go. No problem. Okay. From what you just said, I mean, these were exact questions which I had and which I have concerns, because at the very end of our last session, I was really getting confused as to -- well, not confused -- concerned. The last thing I want to happen is what happened just a few years ago, and nobody wants to see that. I lived here for 30 years, and I plan on living here for the rest of my life, and I don't ever want to see that again. I appreciate the fact that in regards to the many contractors and independent contractors and those who are working with Sable right now are confirming that the safety efforts are being carried out and that

the safety and the operations are being carried out in a manner which it is -- I'm trying to find the right word -- well, in a professional manner. I mean, there is this industry standard, and you meet that industry standard, and sometimes people exceed it, and it sounds like they're exceeding it. I also appreciate the fact, and I know there were some comments about this before, but I also want to go on the record and say I appreciate every single person who takes the time and effort and energy to come up here and speak. I don't care if you're a college student. I don't care if you're a worker. I don't care. That is why we're here, because that is our democratic way of allowing people to speak their way and not be fearful of ever speaking their way. And those same kind of people, they may be young and stuff, and I hear that. We're all there, at least I was. Those…you learn. And I can appreciate every single word that's being said out there, because I do want to hear them. I do read them. And giving your time for an effort or that you're passionate about or a belief in or an interest in or a concern about because it affects your working ability is critical, taking your time to be here. That shows a lot.

[07:30:00]

The way that it's been curtailed down in regards to the financial responsibility, to me I'm understanding that we don't have anything to say about it is what I'm hearing right now. It's just basically, does that certificate come through? Which leaves me kind of humbled to say, well, why did they even bring it in front of us? Is it just because of a couple of these elements and stuff? So I'm one that's thinking that

if we're limited to that, then obviously, and things are met and the boxes are checked off, it's an administrative function. But I'm going to say it right now. I am not the one making the decision of if they're financially responsible or not. I'm not the one that has the ability to confirm or make them do that. Oil companies sometimes say, "I'll put it in a sinking fund. Every time I get a barrel, I'm going to put some money aside, and it's always going to be there to grab one." That hasn't been said or offered or whatever, but it's not my ability to make them offer that. But that's why I ask the hands, for all those out there, you may work in the industry, and you live here, and I hope you have the same concerns, because I work with just as many of these contractors, too, representing different people, environmental and non-environmental people, and I'd like to think we share in that one concern about that we have a professional operation and a safe operation. That's what I have to say. Commissioner Reed?

COMMISSIONER REED: Okay. It's always an interesting day when an oil issue is before us. We have people from industry looking to maintain or create their jobs and their ability to support their families. We have people from the environmental community who profess they're here to save the planet, etc. I think everyone…I would like to believe everyone is very sincere, but in the end we're tasked with making a decision. Not everybody is going to be thrilled with it. And often a lot of peripheral issues are raised to try to expand the area of concern and of decision-making to consider such things as saving the planet, this or that, greenhouse gas, even the strategic value of

responsible production of domestic oil. Nonetheless, in a case like this, which is narrowly defined, some might liken it to a clerical function in transfer of permits from one owner to another, and for which the methodology of making the decision is very well defined by County Code Section 25B. Of necessity, I believe we are required to rule on what is before us. I thought that's what I agreed to do when I took my pledge to become a commissioner, to rule on, make a transparent, fact-based decision on what lies before us, not on any sort of hyperbole that could be injected into the process in an attempt to justify some other sort of a decision. So toward that end, I look at the requirements of Code Section 25B, I look at each section, which is upon making the findings listed in Section 25B.10.1, "The Planning Commission shall" -- it's shall, not may -- bringing me back to my permit to carry arguments, but not germane to this one. "The Planning Commissioner shall approve the change of operator." And the findings are the fact that the applicant will agree to the findings and conditions of the original permit. So for each of these, for the change of owner, guarantor, and operator of the Santa Ynez unit, has the applicant and staff, have they provided the materials sufficient for me to make the findings? I say yes.

[07:35:04]

And I would indicate that for me, that means I shall approve it. That's the Santa Ynez unit. For POPCO, for me, similar case, I agree that I've seen materials, and as confirmed by staff, to substantiate making the findings, and I would think me, as the Planning

Commissioner, I shall approve. Similarly for the Las Flores Pipeline, I had concerns about that, they've been satisfied, based on the public comment, and so far, other information I have heard. I've seen nothing that rises to a level sufficient to prevent me from making those findings. So I'll just say, right now, I'm in a position where I would certainly approve all three.

COMMISSIONER MARTINEZ: Okay, Commissioner Parke?

COMMISSIONER PARKE: Well there's a saying that reasonable people may reasonably disagree, and I know that Commissioner Reed is very reasonable, you'll have to judge whether I am. This is a case involving hundreds of millions of dollars, if not well over a billion, and it's very important to people that have been working and will work on the project. It's very important to people that live in the area and come through the area. This is an important case. And we're asked to make a decision based on documents we got, was it last Thursday? Maybe it was late Wednesday. And, you know, to make a responsible decision, I have to look at what I have in front of me, and I don't have certain things that are very, very important. I don't even have all of 25B, but I can go look that up. But I need the time to look it up, and look at the cases and interpret that in statutes and so forth. I would like to see the insurance policies that are referred to in that certificate of insurance, because I can guarantee you that no one on this side of the room has ever looked at those, or even has any idea what they say, and yet we have a staff report that basically says the financial responsibility here comes from insurance policies. So I have a lot of

questions, and I'm somewhat annoyed that I'm asked to make a decision on this in just a matter of days. It feels more like a guess than the kind of analysis I did for 50 years doing this kind of thing. I can tell you one thing, that yes, I agree with Commissioner Reed and staff and any others, that we have a narrower range of decision-making here than the public has discussed in their public comment. It's really not up to the Planning Commission right now to vote on whether we think oil should be shut down or not shut down. It's not up to us to vote on whether there should be no oil in Santa Barbara to protect wildlife and the beaches. These are all important things, but it's not our jurisdiction to look at it today. It's not our jurisdiction to look at is this good for the workers that have stayed in here and tried to get jobs holding on since 2015? It's an important thing, I believe it is, but it's not for us today. For us today, we have to make certain findings under 25B and relevant documents. I brought up a relevant document on the corrosion and whether we have -- EDC called it effective corrosion protection, I would call it actual corrosion protection. I feel, based on what I've seen today, if I have to vote today, I can't make those findings. I might change my mind in a few months. In a few months we'll have had the work done, the pipeline will be repaired, we'll have a better idea of what's going on. Right now we're looking at a case where Exxon has transferred its liability to a company that is not Exxon. I'm not going to attack Sable. I like the Sable people, I enjoyed my time with Jim Flores, and I think that

you'll do a good job running it, so I'm not going to vote in that regard,

[07:40:09]

But with regard to whether there's the financial responsibility there, I think this goes more than just that we don't really have any authority because there's nothing in the original permits. Because I would agree with Mr. Martinez, why are we even here if that's the case, and why wasn't that stated in the staff report in the first place. But based on what we have in front of us, I can't make a very good decision right now. I'd like to wait, gather more information, see the documents, read the documents, read the law, then I'd make a better decision. But if I have to make a decision today, and that depends on the rest of the commission, then I will vote to deny because I cannot make the findings, particularly compliance with existing requirements and also the financial responsibility one.

COMMISSIONER MARTINEZ: Commissioner Bridley?

COMMISSIONER BRIDLEY: Thank you, Mr. Chair. There's a lot of things going through my head, but I'm trying to stay very organized and I really, first of all, really thank staff for doing such a good job on the staff report and guiding us and trying to bring the plane in. You know, I've been a planner all my life and so I stand behind the effort and the cost of an entitlement. And Sable, this site and this pipeline has an entitlement that's valid. There was an accident there and that has rolled forward. However, that entitlement is valid. So I don't think lightly about doing something and making a judgment to risk that

entitlement. Staff has reiterated that the findings for 25.9, their interpretation of that is very narrow. Clearly, the interpretation, and the public, about financial strength and risk assessment is -- I can't see it being more different. We have 180-degree opposite view of what some of the members of the public and the environmental community feel is that that finding should be versus what staff is telling us is being very narrow. So I'm really divided because I want to go down the path from what the environmental community is saying and they're concerned about this operator in the future. However, what I've heard from Sable, and what I've heard from people speaking and the number of contractors that have been here in front of us today, I actually am confident that Sable would be a good operator. And I am confident enough with the financial information we have, understanding that our discretion is quite limited when it comes to financial strength for this, and that instead goes to the OSPR COFR, OSPR. So I'd be inclined to support the transfer. And if the Commission chooses to follow Commissioner Parke's lead and continue it, I would support that too. But right now I'm inclined to support the case and I would be okay making the findings laid out by staff.

COMMISSIONER MARTINEZ: With that being our deliberations, then I'm looking for a motion from one of the Commissioners. Commissioner Reed?

COMMISSIONER REED: I would like to make a motion to go along with staff's recommendations to…sorry, got to make sure I get this right?

COMMISSIONER MARTINEZ: Commissioner Reed, we have it on the screen if you'd like.

COMMISSIONER REED: Oh, that's easier. Okay. That stuff up on the screen. I would like to make a recommendation that we make the required findings, determine the requests are not a project pursuant to CEQA, and approve the request to adopt conditions of approval for Change of Owner, Operator and Guarantor for the Santa Ynez Unit, Change of Operator and Guarantor for the POPCO Gas Plant, and for Change of Operator and Guarantor for the Los Flores Pipeline System.

COMMISSIONER MARTINEZ: Do I hear a second?

COMMISSIONER BRIDLEY: I'll second.

COMMISSIONER MARTINEZ: Okay, that being seconded, shall we take a vote? Do a roll call.

DAVID VILLALOBOS: Commissioner Bridley.

COMMISSIONER BRIDLEY: Aye.

DAVID VILLALOBOS: Commissioner Parke.

COMMISSIONER PARKE: No.

DAVID VILLALOBOS: Commissioner Reed.

COMMISSIONER REED: Aye.

DAVID VILLALOBOS: Chair Martinez?

COMMISSIONER MARTINEZ: Aye.

DAVID VILLALOBOS: Motion passed, it's three to one. [Applause] Mr. Chair, are we adjourned? I'm sorry. Are we adjourned?

COMMISSIONER MARTINEZ: Adjourned.

[07:45:19]

I, Anders Nelson, do hereby certify:

That I supervised the transcription and proofreading of the foregoing in a remote location at the time and place herein set forth; that the proceedings were transcribed through computerized transcription; that the foregoing is a true record of the proceedings taken to the best of my ability to hear and understand the speakers; and that I am not interested in the event of the action.

Witness my hand dated May 2, 2025.

Anders Nelson
Anders Nelson (May 2, 2025 12:44 EDT)

Anders Nelson

Project Manager

TransPerfect Legal Solutions

May 2, 2025

Exhibit 6

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October 30, 2025

VIA EMAIL AND FEDEX

Supervisor Hartmann and Honorable Supervisors
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Re: November 4, 2025, Meeting of the Santa Barbara County Board of Supervisors regarding Appeals of Planning Commission Approval of Change of Owner, Guarantor, and Operator for the Santa Ynez Unit, Pacific Offshore Pipeline Company Gas Plant and Las Flores Pipeline System – Request for Recusal of Supervisor Hartmann

Dear Supervisor Hartmann and Honorable Supervisors:

On behalf of Sable Offshore Corp. ("Sable"), Pacific Pipeline Company ("PPC"), and Pacific Offshore Pipeline Company ("POPCO") (collectively, the "Applicants"), Applicants request that Supervisor Joan Hartmann again recuse herself from the November 4, 2025, vote on the appeals of the County Planning Commission's ("Planning Commission") October 30, 2024, approval of the Change of Owner, Guarantor, and Operator for the Las Flores Pipeline System ("Pipeline"), the Pacific Offshore Pipeline Company Gas Plant ("POPCO Facilities"), and the Santa Ynez Unit ("SYU") (collectively, the "Facilities," and the approvals, the "Transfers"), and from any subsequent matters involving the Transfers. Sable acquired the Facilities on February 14, 2024, from Mobil Pacific Pipeline Company ("MPPC") and Exxon Mobil Corporation ("ExxonMobil") and subsequently applied for the Transfers to change the names on the Facilities' final development plan permits ("FDPs") to Sable. The Planning Commission approved the Transfers on October 30, 2024, and those approvals were appealed (the "Appeals") by various environmental advocacy groups to the Board of Supervisors (the "Board"). On February 25, 2025, the Board deadlocked 2-to-2 on the Appeals, resulting in no action.

The upcoming Board hearing is court-ordered. Applicants have obtained a writ of mandate from the United States District Court, Central District of California, compelling the

Board to act on the Appeals as required by County Code Chapter 25B. Thus, it is imperative that the Board reach a decision after a fair and impartial hearing.

However, Sable is concerned that the upcoming Board hearing on the Appeals will not be fair and impartial because Sable understands that Supervisor Hartmann intends to participate in the hearing in her formal role as a member of the Board.[1] Supervisor Hartmann owns real property "approximately 900 feet from" the Pipeline at issue.[2] In fact, Supervisor Hartmann has stated that the Pipeline goes *through* her property when she recused herself from the February 2025 Board hearing, stating that "the pipeline runs through the northeast corner of my property."[3] According to Supervisor Hartmann, "where the Pipeline comes, it actually abuts the northeast corner of my property."[4] Regardless of whether the Pipeline abuts or goes through her property, ***Supervisor Hartmann's ownership of land adjacent to the Pipeline creates a conflict of interest—one she has consistently and publicly acknowledged***.

Notwithstanding Supervisor Hartmann's longstanding conflict of interest with respect to the Pipeline, Sable understands that Supervisor Hartmann intends to participate in the Board's consideration of the Appeals as a result of an advice letter that County Counsel received from the California Fair Political Practices Commission dated June 27, 2025. The 2025 FPPC Letter concludes that Supervisor Hartmann does not have a disqualifying financial interest in the Board's action with respect to the Appeals because "it is not reasonably foreseeable that the [Board's] decision[] would have a material effect" on property owned by Supervisor Hartmann.[5] The 2025 FPPC Letter, however, fails to consider how the Board's discussion of potential future oil spills from the Pipeline—which dominated the Board's deliberations at the February 2025 Board hearing—impacts or could be perceived to impact Supervisor Hartmann's property. The 2025 FPPC Letter also relies on an assumption about the Pipeline's distance from Supervisor Hartmann's property that is inconsistent with numerous other public statements. Finally, the 2025 FPPC Letter did not address Supervisor Hartmann's conflict of interest due to her long

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[1] *See* Santa Barbara Independent, "Hartmann Now Eligible to Vote on Some Sable Issues" (July 16, 2025), available at: https://www.independent.com/2025/07/16/hartmann-now-eligible-to-vote-on-some-sable-issues, attached as Ex. 23.

[2] *See* Letter from Dave Bainbridge, General Counsel for the Cal. Fair Political Practices Com ("FPPC"), to Rachel Van Mullem, County Counsel for Santa Barbara County, June 27, 2025, available at: https://www.fppc.ca.gov/content/dam/fppc/documents/advice-letters/2025/25075.pdf ("2025 FPPC Letter"), attached as Ex. 1; *see also* Letter from Hyla P. Wagner, General Counsel for the FPPC, to Michael C. Ghizzoni, County Counsel for Santa Barbara County, April 27, 2016, available at: https://www.fppc.ca.gov/content/dam/fppc/documents/advice-letters/1995-2015/2017/17-037.pdf ("2017 FPPC letter"), attached as Ex. 2. The date appears to be a typographical error, as the letter appears to have been issued in 2017, as it appears in the 2017 section of the FPPC's website.

[3] Transcript of Board of Supervisors Hearing on February 25, 2025 ("February Board Hearing Transcript"), p. 18, attached as Ex. 3.

[4] Excerpts of NewsmakersWithJR, "Joan Hartmann Interview;, [sic] incumbent for 3rd Supervisor District; Jan 12, 2023" Transcript ("Jan. 2023 Hartmann Interview Transcript"), attached as Ex. 4, video available at: https://www.youtube.com/watch?v=OtVVBzN0yBI.

[5] *See* 2025 FPPC Letter (Ex. 1) at p. 2.

history of bias against Sable, ExxonMobil, and the fossil fuel industry generally. Because the 2025 FPPC Letter was limited only to analyzing whether she has a disqualifying *financial* interest and did not assess the totality of the circumstances surrounding Supervisor Hartmann and her conflicts of interest concerning the Pipeline, it cannot be relied upon here.

Thus, just as she recused herself in February 2025, Supervisor Hartmann must recuse herself from the upcoming hearing.

It is well-settled that a public official must be an **"impartial, noninvolved reviewer"** in quasi-judicial matters, such as the Appeals. The California Political Reform Act prohibits a public official from participating in a decision when the official has a conflict of interest. California courts also find an unacceptable probability of bias when public officials publicly criticize a project, publicly criticize the parties involved in a project, or become personally embroiled in a project. ***Supervisor Hartmann has done all three, confirming she cannot act as an impartial decisionmaker and necessitating her recusal under California law***. Supervisor Hartmann's numerous statements evince prejudice and opposition to the parties involved in the Transfers and preclude her from impartially considering the Appeals.

Accordingly, in the interests of fairness and good government, **Applicants respectfully request that Supervisor Hartmann recuse herself from the Board's consideration of the Appeals**.

I. BACKGROUND

As the Board is aware, the Facilities are existing, permitted facilities authorized to process, treat, and transport crude oil and natural gas from offshore platforms in the Santa Barbara Channel. Following the 2015 Refugio oil spill, which took place under the prior operator of the Pipeline, offshore oil production at the SYU was suspended. Since then, the Facilities have been subject to ongoing inspection, preservation, and maintenance activities to maintain them in an active state. From March 2022 to September 2023, the Board heard several applications involving the Facilities submitted by former owners of the Facilities. These include: (1) a March 2022 hearing concerning ExxonMobil's interim trucking proposal to transport crude oil by truck from the Facilities to local refineries ("ExxonMobil Interim Trucking Proposal"), which was denied by the Board; (2) an August 2023 hearing on an appeal from the Planning Commission's denial of PPC's proposal to install legally required upgraded safety valves for the Pipeline ("Valve Upgrade Project"), which was not approved by the Board and which was the subject of follow-on litigation and an eventual settlement permitting the valves' installation; and (3) a September 2023 hearing involving the Appeal of the Planning Commission Approval of the Change of Ownership, Change of Guarantor, and Change of Operator for the Las Flores Pipeline System (formerly Plains All American Lines 901/903) ("2023 Permit Transfer Appeal"), where the Board affirmed the Planning Commission's approval.[6]

[6] Consistent with her longstanding practice of recusing herself from all Pipeline-related matters due to her personal interest, Supervisor Hartmann formally recused herself from the August 22, 2023, Board hearing on the Valve Upgrade Project. *See* County of Santa Barbara Planning & Development, 901/903 Valve

On February 14, 2024, the Applicants acquired full ownership of the Facilities from ExxonMobil and MPPC. Promptly thereafter on March 14, 2024, the Applicants submitted applications to the County to authorize the Transfers pursuant to County Code Chapter 25B. After working collaboratively with the Applicants, County staff deemed the applications complete on July 30, 2024, and subsequently recommended that the Planning Commission approve the Transfers.[7] Following a lengthy and thorough hearing—lasting approximately six hours—on October 30, 2024, the Planning Commission made the Findings and approved the Transfers by a vote of 3-to-1.

The two Appeals were filed by (1) the Center for Biological Diversity and Wishtoyo Foundation; and (2) the Environmental Defense Center, Get Oil Out!, and Santa Barbara County Action Network. On February 20, 2025, Planning and Development staff recommended that the Board deny the Appeals on the basis that the Applicants satisfied the requirements of Chapter 25B. Under Chapter 25B, permit transfer is mandatory so long as the narrow requirements of the chapter—which largely focus on demonstrating that the new owner, operator, and guarantor of the permitted facilities have updated the permit information and agreed to comply with the FDPs' requirements—are met. Both County staff and various Supervisors have acknowledged that the requirements of Chapter 25B are, in essence, a "checklist." At its February 25, 2025, hearing, however, the Board failed to reach a decision on the Appeals. In accordance with her longstanding practice, Supervisor Hartmann recused herself from that Board vote, stating: "I must recuse the pipeline runs through the northeast corner of my property so, I am affected differently than the general members of the public and can't influence my fellow Board members."[8] After several hours of public comments, the four remaining members of the Board failed to reach a decision on the appeals, with the vote resulting in a 2-to-2 split. Subsequently, the County refused to transfer the FDPs, leaving Applicants in administrative and legal limbo.

On May 8, 2025, Applicants filed a Verified Petition for Writ of Mandate and Complaint for Declaratory Relief and Damages in the U.S. District Court, Central District of California against the County of Santa Barbara and the Board alleging, among other claims, that the County failed to comply with Chapter 25B by failing to act on the appeals. On September 12, 2025,

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Upgrade, available at: https://www.countyofsb.org/880/901903-Valve-Upgrade; Aug. 14, 2023, Board Final Action Letter, attached hereto as Ex. 5. She also recused herself from the September 19, 2023, Board hearing for the 2023 Permit Transfer Appeal, stating "the pipeline runs directly adjacent to the northeast corner of my property, so due to a conflict of interest potential, I need to recuse myself and I'll leave now." Excerpts of September 19, 2023, Board Hearing Transcript, attached hereto as Ex. 21; *see also* County of Santa Barbara Planning & Development, 901/903 Pipeline Permit Transfer, available at: https://www.countyofsb.org/3773/901903-Pipeline-Permit-Transfer; September 19, 2023, Board Minutes, attached hereto as Ex. 6. She voted against the ExxonMobil Interim Trucking Proposal. *See* County of Santa Barbara Planning & Development, ExxonMobil Interim Trucking for SYU Phased Restart, available at: https://www.countyofsb.org/872/ExxonMobil-Interim-Trucking-for-SYU-Phas; March 16, 2022, Board Final Action Letter, attached hereto as Ex. 7.

[7] Santa Barbara County Planning Commission, Staff Report for a Change of Owner, Operator, and Guarantor for the Santa Ynez Unit, POPCO Gas Plant, and Las Flores Pipeline System Final Development Plan Permits (October 22, 2024) at p. 2.

[8] February Board Hearing Transcript (Ex. 2.) at p. 18.

following a hearing on cross-motions for summary judgment, the court issued a peremptory writ of mandate ordering the Board to hold a new hearing to affirm, reverse, or modify the Planning Commission's decision in compliance with Chapter 25B. In its order, the court explained that in deciding the Appeals, the Supervisors must comply with the requirements of Chapter 25B, noting that a vote to deny the Transfers because it was "the right thing to do" or on the basis that restarting the Facilities was a "bad" idea would not exemplify compliance. The Board of Supervisors is scheduled to hold a new hearing on the Appeals on November 4, 2025.

II. PUBLIC OFFICIALS MAY NOT PARTICIPATE IN DECISIONS WHERE THE OFFICIAL HAS A CONFLICT OF INTEREST

California law bars public officials from participating in decisions in which they have a conflict of interest. Under the Political Reform Act, a public official may not "make, participate in making, or attempt to use the public official's official position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest."[9] An official has a disqualifying financial interest when it is reasonably foreseeable the decision will have a material financial effect—distinct from its effect on the public generally—on the official, a member of the official's immediate family, or on specified interests in a business entity, real property, or a source of income or gifts.[10]

Under Title 2 of the California Code of Regulations, section 18702.2, decisionmakers must recuse when it is reasonably foreseeable that a decision will materially affect their real property interests. A material effect is presumed when the governmental decision involves property in close proximity to a decision-maker's real property. Specifically, the financial effect is material when the government decision "[i]nvolves property located 500 feet or less from the property line of the parcel unless there is clear and convincing evidence that the decision will not have any measurable impact on the official's property," or "[i]nvolves property located more than 500 feet but less than 1,000 feet from the property line of the parcel" when the decision would change the parcel's development potential; income producing potential; highest and best use; character by substantially altering traffic levels, intensity of use, parking, view, privacy, noise levels, or air quality; or market value.[11]

The Pipeline runs through or in close proximity to Supervisor Hartmann's real property parcel in Santa Barbara County. While she has taken various positions on whether the Pipeline is actually located on or near her property, the Pipeline is in close enough proximity to impact her property.[12] As described below, her ownership of land adjacent to the Pipeline creates a

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[9] Gov. Code § 87100.

[10] Gov. Code § 87103.

[11] Cal. Code Regs. tit. 2, § 18702.2, subd. (a)(7), (8).

[12] The 2025 FPPC Letter states that Supervisor Hartmann's "real property parcel [is] approximately 900 feet from" the Pipeline at issue, Line 903. However, Supervisor Hartmann stated that the Pipeline goes *through* her property when she recused herself from the February 2025 Board hearing, stating that "the pipeline runs through the northeast corner of my property." February Board Transcript (Ex. 3.), p. 18. In

conflict of interest—a conflict of interest that she has consistently and publicly acknowledged. Thus, in the interest of fairness, Supervisor Hartmann must recuse herself.

A. Supervisor Hartmann's Conflict of Interest Requires Recusal

Based on Supervisor Hartmann's own admissions, the Pipeline either runs through or in close proximity to Supervisor Hartmann's property. Under California's conflict-of-interest rules, that proximity creates a reasonably foreseeable, material effect on her property interests. Consistent with this, she has repeatedly recused herself from matters involving the Pipeline, and she should do so here as well.

Because of the Pipeline's proximity to Supervisor Hartmann's parcel, decisions regarding the Facilities affect her differently than the public at large. The Political Reform Act presumes a material financial effect where a governmental decision involves property within 500 feet of an official's parcel, and the effect may still be material within 500–1,000 feet if the decision changes development potential, income-producing potential, highest and best use, or the property's character (e.g., traffic, intensity, parking, views, privacy, noise, air quality) or market value.[13] Supervisor Hartmann has publicly stated the Pipeline runs through or abuts the northeast corner of her property,[14] which triggers the presumption. Supervisor Hartmann has admitted that she cannot rebut this.[15]

The 2025 FPPC Letter does not alter this analysis.[16] It assessed only whether Supervisor Hartmann had a disqualifying financial interest in the permit transfer or related litigation. Indeed, the 2025 FPPC Letter expressly assumed the Appeals would not affect Pipeline restart or operations—which, while true, is an assumption some Supervisors have apparently disputed, viewing their votes as a referendum on "restart."[17] In its order, the U.S. District Court explained

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addition, in 2023, Supervisor Hartmann explained that "where the Pipeline comes, it actually abuts the northeast corner of my property." Jan. 2023 Hartmann Interview Transcript (Ex. 4), p. 1.

[13] California courts have also applied a common law conflict of interest doctrine to decisions involving a decisionmaker's personal interest in a project, independent of the Political Reform Act's rules on *financial* interest. *See Clark v. City of Hermosa Beach* (1996) 48 Cal.App.4th 1152, 1172 (finding a conflict of interest due a council member's personal interest in preserving an ocean view, even where there was no disqualifying *financial* interest under the Political Reform Act).

[14] February Board Transcript (Ex. 3.), p. 18; Jan. 2023 Hartmann Interview Transcript (Ex. 4), p. 1.

[15] Email from Supervisor Hartmann to Len Fleckenstein, "Re: Question on recusal for Sable pipeline" (Jan 24, 2025, attached as Ex. 8 ("The pipeline runs right next to the NE corner of my property. I receive lots of special notices from the pipeline companies because of this close proximity. My HOA is quite concerned about the potential for the pipeline to contaminate our aquifer, the source of our water. So, I am affected in a different way than a member of the general public vis a vis this project. I don't know how I could rebut the FPPC presumption . . .")

[16] 2025 FPPC letter (Ex. 1) at p. 2.

[17] During the February 25, 2025, Board hearing, Supervisor Lee stated that restarting the Pipeline is "an insane idea" and a "very bad idea." February Board Transcript (Ex. 3), p. 198. In addition, when discussing the Valve Upgrade Project in an interview, Chair Capps acknowledged that she voted against

that in deciding the Appeals, the Supervisors must comply with the requirements of Chapter 25B.[18] Chapter 25B does not allow the Board to consider "restart."

Yet, at the February 25, 2025, hearing, every participating Supervisor discussed the possibility of a future oil spill along the Pipeline,[19] and the Supervisors who voted to uphold the Appeals explained their position as motivated by concerns regarding a potential spill.[20] As she has repeatedly acknowledged in her prior recusals, even the perceived risk of such a spill on or adjacent to Supervisor Hartmann's property undoubtedly could affect its value. As such, Supervisor Hartmann should not be permitted to participate in these discussions.

The 2025 FPPC Letter also assumed the Pipeline is approximately 900 feet from her parcel, based on information provided by County Counsel.[21] This assumption conflicts with earlier estimates provided by County Counsel to the FPPC in 2017 that the distances between the Pipeline and the closest edge of Supervisor Hartmann's parcel "vary from about 50 feet to about 1,000 feet" and that the closest distance between the Pipeline and her residence is "about 750 feet."[22] In addition, in June 2025, when County Counsel told the FPPC that the closest distance between the Pipeline and the edge of Supervisor Hartmann's parcel is approximately 900 feet, County Counsel expressly acknowledged that "the County does not know for certain the exact location of the [P]ipeline." The assumption also does not address her own numerous statements

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the installation of upgraded valves on the Pipeline, despite them being required by state law, "***because it was a way to restart the pipeline***." Transcript of "Episode 498: One on One with Laura Capps; June 6, 2025," NewsmakerswithJR, (June 6, 2025), available at: https://www.youtube.com/watch?v=u4gmxCnZvDM (emphasis added) (Ex. 9), p. 2. In the same interview, Chair Capps discussed the February 25, 2025, tie vote as part of her broader efforts to prevent Pipeline "restart."

[18] *See* Order re Cross Motions for Summary Judgment, at pp. 23-24, attached as Ex. 22.

[19] *See* February Board Hearing Transcript (Ex. 3) at p. 5 (Supervisor Lee asking what would happen if an operator's "insurance could not cover the cost of a spill"); *id.*, at p. 6 (Chair Capps stating that she has "deep concerns about [the Pipeline's] safety"); *id.* at p. 7 (Supervisor Lavagnino stating that "what everybody's worried about is that the pipeline fails"); *id.* at p. 8 (Supervisor Nelson asking how common ownership of the Facilities affects spill response).

[20] *See id.* at p. 9 (Supervisor Lee explaining his vote by stating "we have a pipeline that leaked in 2015, that devastated our environment, our coastline, economy, and killed so many wildlife, and we want to restart it"); *id.* at p. 12 (Chair Capps stating that "this is not fair to the public that this is the one shot you've all had here in Santa Barbara, where we experienced a devastating spill in 2015").

[21] The FPPC assumed the Pipeline is 900 feet from her parcel based on communications from County Counsel to the FPPC on June 5, 2025. *See* email from Rachel Van Mullem to L. Karen Harrison, "FW: Question re FPPC Request 25-075" (June 5, 2025), attached as Ex. 10. County Counsel explained that certain Geographic Information System data, permitting data, and inspections of "scars in aerial imagery from construction" demonstrate that "the closest edge of Supervisor Hartmann's parcel (APN 099-430-001) to Pipeline 903 is approximately 900 feet and the closest edge of Supervisor Hartmann's residence to Pipeline 903 is approximately 1,040 feet." *Id.* at p. 1. However, County Counsel acknowledged that "the County does not know for certain the exact location of the pipeline." *Id.*

[22] Letter from Michael C. Ghizzoni to the FPPC, "Re: Request for Formal Advice on behalf of Santa Barbara County's Third District Supervisor, Joan Hartmann" (Feb. 6, 2017), attached as Ex. 11, at p. 1.

that she has a conflict because the Pipeline crosses or abuts her property.[23] Even at 900 feet, however, a material effect is still presumed if the decision changes the parcel's development potential, use, character, or value.

Supervisor Hartmann herself has acknowledged that her property is differently situated with respect to the Pipeline. In a January 24, 2025, email to a constituent, she wrote that the Pipeline "runs right next to the NE corner of my property," that she receives special notices due to the proximity, and that her HOA is concerned about aquifer contamination that could result from a Pipeline spill.[24] She further stated that if she participated in the Appeals, "it would be challenged by Sable who would likely prevail."[25] In a 2023 interview, Supervisor Hartmann similarly explained that the Pipeline abuts her property and that FPPC rules and County Counsel advice required recusal.[26] In fact, she confirmed that for the Board's discussions related to the Pipeline, she "can't even be in the room."[27]

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[23] Supervisor Hartmann and her Chief of Staff, Gina Fischer, have made numerous statements about how the Pipeline grazes or runs next to her property. *See*, *e.g.*, email from Supervisor Hartmann to John Barron, "Re: Sable Oil" (January 6, 2025), attached as Ex. 12 ("I have had to recuse myself from any decision making because the pipeline abuts the NE corner of my property. I feel like my hands are tied because of FPPC conflict of interest rules. I am not allowed to approach other members of the Board about this."); email from Supervisor Hartmann to Len Fleckenstein (Ex. 8); email from Gina Fischer to Michelle Cisneros, "FW: Daily Nexus Inquiry" (February 6, 2025), attached as Ex. 13 ("Our office is recused from participating on matters pertaining to the pipeline because it grazes by Supervisor's [sic] Hartmann's home in Buellton, therefore, per FPPC rules, it impacts her differently as a decision-maker than other matters. So we can only know what the public knows and cannot influence our colleagues."); email from Gina Fischer to Bill Woodbridge, "FW: Deny transfer of Exxon pipeline ownership to Sable" (February 19, 2025), attached as Ex. 14 ("You raise really good points and I'm glad you wrote to us. Unfortunately, the pipeline grazes by Supervisor Hartmann's residence just north of Buellton so she has to recuse from voting on pipeline matters per FPPC rules about conflicts of interest."); email from Gina Fischer to Nancy Tobin, "RE: Deny Permit transfer to Sable Offshore Corporation" (February 25, 2025), attached as Ex. 15 ("The pipeline runs right next to the NE corner of Supervisor Hartmann's property, as such, she is affected by the pipeline in ways that others are not – that is, she is materially affected"); email from Gina Fischer to Alejandro Lazo, "Minor correction on Sable pipeline story" (April 14, 2025), attached as Ex. 16 ("In reference to the County Supervisor who has to recuse on voting because the pipeline runs near her home property, she legally has to recuse . . ."); email from Gina Fischer to Gwyn Lurie, "Re: A brief conversation" (July 18, 2025), attached as Ex. 17 ("Based on the proximity of [her] residence to the pipeline, it appeared [Supervisor Hartmann] would be disqualified from participating in related decisions.")

[24] Email from Supervisor Hartmann to Len Fleckenstein (Ex. 8). *See also*, email from Supervisor Hartmann to Brandon Sparks-Gillis, "Re: Public Comment RE: Feb 25th agenda. Please deny Sable transfer requests" (Feb. 13, 2025), attached as Ex. 18 ("I am recused because the pipeline skims my property and my HOA is very concerned that a leak would contaminate our groundwater wells.")

[25] Email from Supervisor Hartmann to Len Fleckenstein (Ex 8).

[26] Jan. 2023 Hartmann Interview (Ex. 4) at p. 1.

[27] *Ibid*.

Supervisor Hartmann's conduct regarding the Pipeline has, until this hearing, matched those statements. She recused herself from the Valve Upgrade Project. She recused herself from the 2023 Permit Transfer Appeal. And she recused herself from the February 25, 2025, hearing on the same Appeals now before the Board—in that case specifically affirming that the Pipeline runs through the northeast corner of her property and that she is affected differently than the general public.[28]

Supervisor Hartmann's recent suggestion that she need not recuse herself, based on the 2025 FPPC letter, is inconsistent with both her prior public admissions and her past recusals. Indeed, even after a 2017 FPPC letter advised she could participate in certain proceedings related to remediation and corrective action following the 2015 spill,[29] Supervisor Hartmann has repeatedly chosen to recuse herself from proceedings involving the Pipeline because of her personal connection to the Pipeline, confirming that she views her conflict more broadly than the FPPC does. The underlying facts have not changed: she still owns the same property,[30] and the Pipeline's location relative to it has not changed. Yet even though she has consistently maintained that the Pipeline is close enough to her property to create a conflict of interest, she is now willing to overlook this—even when the County admits that it does not know the Pipeline's exact location or the true distance of her property from the Pipeline. In fairness and consistent application of the rules, she should continue to recuse and refrain from participating in any hearing concerning the Appeals.

For these reasons, and given her public acknowledgments and consistent past practice, Supervisor Hartmann should recuse herself from the November 4, 2025, hearing and all future proceedings involving the Pipeline.

III. SUPERVISOR HARTMANN SHOULD ALSO RECUSE HERSELF FOR BIAS

Not only is Supervisor Hartmann's personal interest disqualifying, she also has made several public statements indicating her bias against the Applicants and her willingness to prejudge the merits of the Appeals. This, too, warrants her recusal.

When the Board performs quasi-judicial functions, such as by considering a permit transfer appeal from the Planning Commission, the Federal and California Constitutions guarantee due process of law and obligate the Board to provide a fair tribunal to the applicant.

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[28] 901/903 Valve Upgrade, *supra* note 5; Aug. 14, 2023, Board Final Action Letter (Ex. 5); County of Santa Barabra, Sept. 19, 2023, Bd. of Supervisors Meeting Materials, last accessed July 2, 2025, available at: https://santabarbara.legistar.com/LegislationDetail.aspx?ID=6350694&GUID=05934DA4-A24B-488A-98DF-652D2869B9F0&Options=&Search=; Sept. 19, 2023, Board Minutes (Ex. 6); February 2025 Board Transcript (Ex. 3) at p. 3.

[29] 2017 FPPC letter (Ex. 2), pp. 1-2.

[30] Supervisor Hartmann stated that she "wish[ed] [she] could participate, although not so much that [she] will sell [her] house and move." Email from Supervisor Hartmann to Len Fleckenstein (Ex. 8).

"[T]he undeniable public interest in fair hearings in the administrative adjudication arena, militate in favor of assuring that such hearings are fair."[31]

Procedural due process thus requires that the Appeals be heard "before a reasonably impartial, noninvolved reviewer."[32] Public officials are "impliedly bound to exercise the powers conferred on [them] with disinterested skill, zeal, and diligence and primarily for the benefit of the public."[33] While the "standard for impartiality" in administrative hearings is less exacting than in judicial proceedings,[34] where "concrete facts" establish "an unacceptable probability of actual bias," by a decisionmaker, recusal is **mandatory**.[35] Decisions made without recusal may be vacated.[36] Put differently, an "unacceptable probability of actual bias . . . sufficient to preclude [a decisionmaker]" exists whenever a decisionmaker cannot serve as a "reasonably impartial, noninvolved reviewer[.]"[37] "Conclusive proof of actual bias is not required."[38]

A government official's bias against a particular project precludes them from serving as an "impartial, noninvolved reviewer." In *Nasha v. City of Los Angeles*, for example, a California court found that a planning commissioner deprived a project developer of a fair hearing as a result of the commissioner's "unacceptable probability of actual bias."[39] There, the commissioner authored a letter calling the project a "threat to [the] wildlife corridor," and, as a member of a local community association, had arranged for another member to speak out against the project.[40] The court held that the commissioner should have recused himself because "[t]he article clearly advocated a position against the project" and "was not merely informational."[41] The court held that the failure of the decision maker to recuse himself required the planning commission's decision to be vacated.[42]

Similarly, in *Petrovich Development Co., LLC v. City of Sacramento*, the court held that a developer was denied a fair hearing when a city councilmember "acted as advocate, not a neutral

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[31] *See Nasha v. City of Los Angeles* (2004) 125 Cal.App.4th 470, 483 (quoting *Nightlife Partners, Ltd. v. City of Beverly Hills* (2003) 108 Cal.App.4th 81, 90).

[32] *Burrell v. City of Los Angeles* (1989) 209 Cal.App.3d 568, 581; *see also Woody's Group, Inc. v. City of Newport Beach* (2015) 233 Cal.App.4th 1012, 1022–23; *Nasha*, *supra*, 125 Cal.App.4th at 483 (quoting *Gai v. City of Selma* (1998) 68 Cal.App.4th 213, 219).

[33] *Noble v. City of Palo Alto* (1928) 89 Cal.App. 47, 51.

[34] *Nasha*, *supra*, 125 Cal.App.4th. at p. 483.

[35] *Id.* at pp. 483-84.

[36] *Id.* at p. 484.

[37] *Ibid.*

[38] *Today's Fresh Start, Inc. v. Los Angeles County Office of Education* (2013) 57 Cal.4th 197, 216.

[39] *Nasha*, *supra*, 125 Cal.App.4th at pp. 483-84.

[40] *Id*. at p. 477.

[41] *Id.* at p. 484.

[42] *Ibid*.

and impartial decision maker" by engaging in "efforts to organize opposition" to an application for a conditional use permit.[43] This advocacy included providing the president of a local association opposing the project with key talking points in an effort to "coach[]" the association's opposition.[44] The court held the councilmember "took affirmative steps to assist opponents of the . . . conditional use permit" and helped organize opposition at the hearing.[45] These facts indicated the councilmember was "not a neutral and impartial decision maker" and that he "should have recused himself from voting . . ."[46]

In *Clark v. City of Hermosa Beach*, the court held that the city denied a permit applicant's right to a fair hearing because a local councilmember, who voted to overturn the planning commission's project approval, had a personal interest in defeating the project.[47] The project, which involved construction of a 35-foot tall condominium, was poised to obstruct the ocean view from the councilmember's own property. This, coupled with the councilmember's "personal animosity" against the applicants, evidenced by repeated harassment directed toward the applicants, was sufficient evidence that the councilmember was "not a disinterested, unbiased decisionmaker."[48]

Recently, in *Hermosa Fitness, LLC v. City of Hermosa Beach*, the Los Angeles County Superior Court found that a city councilmember deprived a cross-fit gym of a fair hearing during a nuisance abatement proceeding by helping residents "build a record" against the gym.[49] The court stated that the councilmember's coordination with residents opposed to the gym demonstrated that she "became an active participant in building a nuisance case against the Gym."[50] Even though the councilmember "may not have written an advocacy statement prior to the meeting, she performed functions of an advocate (e.g. investigation, evidence gathering) only for the complaining residents."[51] Because the councilmember did not recuse herself, the gym was deprived of a fair hearing.[52]

As described below, the same approach must apply here where the evidence shows that Supervisor Hartmann has a clear record of bias against Sable and the Facilities that precludes her

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[43] *Petrovich Development Co., LLC v. City of Sacramento* (2020) 48 Cal.App.5th 963, 975-76.

[44] *Id.* at p. 975.

[45] *Id.* at p. 976.

[46] *Ibid.*

[47] *Clark, supra,* 48 Cal.App.4th at 1173.

[48] *Id.* at p. 1173.

[49] Minute Order, *Hermosa Fitness, LLC v. City of Hermosa Beach* (Super. Ct. L.A. County, Sept. 24, 2020, No. 18STCP02840), at p. 14.

[50] *Id.* at p. 15.

[51] *Ibid*.

[52] *Ibid.*

from acting as a "reasonably impartial, noninvolved reviewer" and from applying "disinterested skill, zeal and diligence" to the quasi-judicial evaluation of the Appeals.

A. Supervisor Hartmann's Record of Bias and Lack of Impartiality Against the Fossil Fuel Industry, Sable, and ExxonMobil

As shown below and in the exhibits to this letter, Supervisor Hartmann is biased and incapable of impartially considering the Appeals.

Supervisor Hartmann has made specific statements that reveal her bias against Sable. Shortly after Exxon sold the Facilities to Sable, she stated, "[t]his is not necessarily good news for those of us concerned about oil . . . For Exxon, this is just a drop in the bucket, but for these people, it's everything. I expect them to really buckle down and try to make something happen."[53] In addition, she stated that if the Facilities' operations start back up, it would derail the County's emissions goal to cut GHGs by 2030; specifically that "it would 'blow that to hell,'" as the Facilities have been claimed to account for roughly half the greenhouse gases emitted in the County.[54] Thus, Supervisor Hartmann has expressed bias against Sable, the specific party involved in the dispute, and has indicated a bias towards preventing Sable from operating the Facilities.[55]

Supervisor Hartmann also has exhibited a bias against ExxonMobil, the current permit holder for the Facilities. When discussing her opposition to the 2022 ExxonMobil Interim Trucking Proposal, which she voted against, she stated, "Exxon has been really recalcitrant in acknowledging global warming. They funded the Heartland Institute based on the same model that tobacco used, big tobacco used to create doubt about the dangers of smoking. Very similarly, Exxon funded institutes to sow doubt about climate change, and they still have not embraced the reality that we're all facing."[56] Supervisor Hartmann's statements indicate a bias against ExxonMobil as well as Sable.

While Supervisor Hartmann has previously recused herself from matters involving the Pipeline, she has indicated to her constituents in writing that she opposes the Transfers and would vote against Sable if she were allowed. For example, in response to a constituent's comment opposing the issuance of permits to Sable and criticizing the company, Supervisor

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[53] Santa Barbara Independent, "Is ExxonMobil Sailing Off into Santa Barbara's Sunset?" (Nov. 9, 2022), available at: https://www.independent.com/2022/11/09/is-exxonmobil-sailing-off-into-santa-barbaras-sunset, attached hereto as Ex. 19.

[54] Wash. Post, "Drilling could resume where a 1969 oil spill inspired Earth Day" (Jan. 2, 2025), available at: https://www.washingtonpost.com/climate-environment/2025/01/02/oil-pipeline-santa-barbara-offshore-drilling, attached hereto as Ex. 20.

[55] *See Gai*, *supra*, 68 Cal.App.4th at 220-21.

[56] Transcript of Santa Barbara Independent podcast excerpts, "The Indy, Ep. 44: The Final Decision on Offshore Oil Trucking in Santa Barbara" (March 31, 2022), available at: https://www.independent.com/multimedia/the-indy-ep-44-the-final-decision-on-offshore-oil-trucking-in-santa-barbara, at pp. 2-3.

Hartmann replied, "I agree wholeheartedly with you."[57] She further stated that she "feel[s] like [her] hands are tied because of FPPC conflict of interest rules" which prohibit her from "approach[ing] other members of the Board about this."[58]

Like the situation in *Clark*, Supervisor Hartmann has demonstrated a "personal animosity" toward the Applicants.[59] Her statements make clear that she has pre-committed to the course of action that would prevent fossil fuel projects in Santa Barbara rather than acting as "a neutral impartial decisionmaker."[60] Through her public comments about preventing the operation of the fossil fuel industry in Santa Barbara, Supervisor Hartmann, like the councilmember in *Petrovich Development Co.*, has made it clear that she intends to "act[] as advocate, not a neutral and impartial decision maker" when deciding on the Appeals.[61] Her public statements reveal a pre-commitment and prejudice against the Applicants that is incompatible with the principles of due process and fair adjudication required in quasi-judicial proceedings.

IV. CONCLUSION

Applicants respectfully request that Supervisor Hartmann recuse herself from any involvement in the Board's consideration of the Appeals related to the Transfers. As Supervisor Hartmann herself has confirmed, she has a documented conflict of interest due to the proximity of her property to the Pipeline. In addition, her documented bias and public statements against Applicants and ExxonMobil raise serious concerns about her ability to act as an impartial decision-maker. The integrity of the administrative process and the Applicants' right to a fair hearing are at stake. To uphold the principles of fairness and due process, it is essential that Supervisor Hartmann continue to abstain from proceedings involving the Facilities, including the hearing on November 4, 2025. We trust that the Board will take the necessary steps to ensure a fair and unbiased evaluation of the Appeals, in accordance with the law and the standards of good governance. Thank you for your attention to this critical matter.

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[57] Email from Supervisor Hartmann to John Barron (Ex. 12).

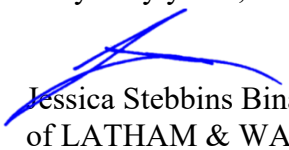
[58] In response to a constituent's question about Supervisor Hartmann's participation at the February 25, 2025, Board hearing, Supervisor Hartmann appeared to acknowledge the conflict of interest, stating that she "very much wish [she] could participate," but she must recuse herself. Email from Supervisor Hartmann to Len Fleckenstein (Ex. 8).

[59] *See Clark, supra,* 48 Cal.App.4th at 1173.

[60] *See Petrovich, supra,* 48 Cal.App.5th at pp. 975-76.

[61] *Ibid*.

Very truly yours,



Jessica Stebbins Bina
of LATHAM & WATKINS LLP

Enclosures

cc: Steve Rusch, Sable Offshore Corp.

Index of Exhibits

Exhibit No.	Description	Date
1.	Letter from Dave Bainbridge, General Counsel for the Cal. Fair Political Practices Com ("FPPC"), to Rachel Van Mullem, County Counsel for Santa Barbara County	June 27, 2025
2.	Letter from Hyla P. Wagner, General Counsel for the FPPC, to Michael C. Ghizzoni, County Counsel for Santa Barbara County	April 27, 2016
3.	Excerpts of February 25, 2025, Board of Supervisors Hearing Transcript	February 25, 2025
4.	Excerpts of NewsmakersWithJR, "Joan Hartmann Interview;, [sic] incumbent for 3rd Supervisor District; Jan 12, 2023" Transcript	January 12, 2023
5.	August 24, 2023, Board Final Action Letter	August 24, 2023
6.	September 19, 2023, Board Minutes	September 19, 2023
7.	March 16, 2022, Board Final Action Letter	March 16, 2022,
8.	Email from Supervisor Hartmann to Len Fleckenstein, "Re: Question on recusal for Sable pipeline"	January 24, 2025
9.	Excerpts of NewsmakersWithJR, "Episode 498: One on One with Laura Capps; June 6, 2025*"* (June 6, 2025) Transcript	June 6, 2025
10.	Email from Rachel Van Mullem to L. Karen Harrison, "FW: Question re FPPC Request 25-075"	June 5, 2025
11.	Letter from Michael C. Ghizzoni to the FPPC, "Re: Request for Formal Advice on behalf of Santa Barbara County's Third District Supervisor, Joan Hartmann"	February 6, 2017
12.	Email from Supervisor Hartmann to John Barron, "Re: Sable Oil"	January 6, 2025
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15.	Email from Gina Fischer to Nancy Tobin, "RE: Deny Permit transfer to Sable Offshore Corporation"	February 25, 2025
16.	Email from Gina Fischer to Alejandro Lazo, "Minor correction on Sable pipeline story"	April 14, 2025
17.	Email from Gina Fischer to Gwyn Lurie, "Re: A brief conversation"	July 18, 2025

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19.	Santa Barbara Independent, "Is ExxonMobil Sailing Off into Santa Barbara's Sunset?"	November 9, 2022
20.	Wash. Post, "Drilling could resume where a 1969 oil spill inspired Earth Day"	January 2, 2025
21.	Excerpts of September 19, 2023 Board Hearing Transcript	September 19, 2023
22.	Order re Cross Motions for Summary Judgment	September 12, 2025
23.	Santa Barbara Independent, "Hartmann Now Eligible to Vote on Some Sable Issues"	July 16, 2025

Exhibit 7

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October 30, 2025

VIA EMAIL AND FEDEX

Chair Capps and Honorable Supervisors
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sbcob@countyofsb.org

Rachel Van Mullem
County Counsel
County of Santa Barbara
105 E. Anapamu Street, Suite 201
Santa Barbara, CA 93101

Re: November 4, 2025, Meeting of the Santa Barbara County Board of Supervisors regarding Appeals of Planning Commission Approval of Change of Owner, Guarantor, and Operator for the Santa Ynez Unit, Pacific Offshore Pipeline Company Gas Plant and Las Flores Pipeline System – Request for Recusal of Chair Capps

Dear Chair Capps and Honorable Supervisors:

On behalf of Sable Offshore Corp. ("Sable"), Pacific Pipeline Company ("PPC"), and Pacific Offshore Pipeline Company ("POPCO") (collectively, the "Applicants"), the Applicants request that Chair Laura Capps recuse herself from the November 4, 2025, vote on the appeals of the County Planning Commission's ("Planning Commission") October 30, 2024, approval of the Change of Owner, Guarantor, and Operator for the Las Flores Pipeline System ("Pipeline"), the Pacific Offshore Pipeline Company Gas Plant ("POPCO Facilities"), and the Santa Ynez Unit ("SYU") (collectively, the "Facilities," and the approvals, the "Transfers"), and from any subsequent matters involving the Transfers. Sable acquired the Facilities on February 14, 2024, from Mobil Pacific Pipeline Company ("MPPC") and Exxon Mobil Corporation ("ExxonMobil") and subsequently applied for the Transfers to change the names on the Facilities' final development plan permits ("FDPs") to Sable. The Planning Commission approved the Transfers on October 30, 2024, and those approvals were appealed (the "Appeals") by various environmental advocacy groups to the Board of Supervisors (the "Board"). On February 25, 2025, the Board deadlocked 2-to-2 on the Appeals, resulting in no action.

The upcoming Board hearing is court-ordered. Applicants have obtained a writ of mandate from the United States District Court, Central District of California, compelling the

Board to act on the Appeals as required by County Code Chapter 25B. Thus, it is imperative that the Board reach a decision after a fair and impartial hearing.

However, Sable is concerned that the upcoming Board hearing on the Appeals will not be fair and impartial because of Chair Laura Capps' participation, given her substantial record of bias against the Applicants and the use of the Facilities. Chair Capps' office has proudly proclaimed that "Supervisor Capps has ***consistently*** demonstrated dedication [to climate action] principles, ***having voted against proposals to restart this [P]ipeline*** during prior Board of Supervisors hearings."[1] Chair Capps has taken these positions even though no application for Pipeline restart has ever been presented to the Board for its consideration, and County staff has acknowledged that "the [C]ounty has no authority to oversee [] state and federal restart requirements."[2] In line with Chair Capps' stated political objective to prevent the future operation of the Pipeline, Chair Capps has acknowledged that she voted against a previous proposal to install safety valves along the Pipeline as required by state law—a proposal that Chair Capps acknowledged she supported on the merits—simply "***because it was a way to restart the [P]ipeline.***"[3] These comments reveal Chair Capps' willingness to disregard the merits of, and ultimately vote against, applications involving the Pipeline as a means to achieve her broader improper goal of blocking its future use.

Similarly, Chair Capps' comments during the February 2025 Board hearing on the Appeals confirm that she intends to vote to uphold the Appeals not because Sable has failed to comply with Chapter 25B's requirements, but because she does not want Sable to restart the Pipeline. Having acknowledged the straightforward requirements of Chapter 25B, Chair Capps nevertheless stated on the record that "I do feel I was elected to look at the big picture and to extrapolate [] what we're actually doing here,"[4] and later framed her vote against the Transfers as a vote "***against Sable***" rather than on the narrow matter before the Board.[5] Because Chair Capps has demonstrated an intent to use the Board's consideration of the Appeals as an opportunity to harm the Applicants and prevent the future use of the Pipeline, she must recuse herself from the upcoming hearing.

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[1] The Daily Nexus, "Goleta City Council passes resolution against Sable Offshore restarting oil pipeline" (Feb. 14, 2025) at p. 3, https://dailynexus.com/2025-02-13/goleta-city-council-passes-resolution-against-sable-offshore-restarting-oil-pipeline, attached hereto as Ex. 1.

[2] Excerpts of Feb. 25, 2025 Board of Supervisors Hearing Transcript ("February Board Hearing Transcript") at p. 14, attached hereto as Ex. 2.

[3] *See* Excerpts of "Episode 498: One on One with Laura Capps; June 6, 2025," NewsmakersWithJR, (June 6, 2025) Transcript attached hereto as Ex. 3 ("June 2025 Capps Interview Transcript"), at p. 2, video available at: https://www.youtube.com/watch?v=u4gmxCnZvDM.

[4] February Board Hearing Transcript (Ex. 2), at p. 20.

[5] *See* Chair Capps' (@supervisorlauracapps) Instagram Post (Feb. 25, 2025), attached hereto as Ex. 4, and available at: https://www.instagram.com/supervisorlauracapps/p/DGhN_m0pMb0/#.

It is well-settled that a public official must be an "**impartial, noninvolved reviewer**" in quasi-judicial matters. [6] California courts have found an unacceptable probability of bias when public officials publicly criticize a project, become personally embroiled in it, or advise opponents. Chair Capps has done all three. **Her numerous statements evince prejudice and opposition to the Transfers and preclude her from impartially considering the Appeals. In the interests of fairness and good government, Applicants respectfully request her recusal**.

I. BACKGROUND

As the Board is aware, the Facilities are existing, permitted facilities authorized to process, treat, and transport crude oil and natural gas from offshore platforms in the Santa Barbara Channel. Following the 2015 Refugio oil spill, which took place under the prior operator of the Pipeline, offshore oil production at the SYU was suspended. Since then, the Facilities have been subject to ongoing inspection, preservation, and maintenance activities to maintain them in an active state. From March 2022 to September 2023, the Board heard several applications involving the Facilities submitted by former owners of the Facilities. These include: (1) a 2022 hearing concerning ExxonMobil's interim trucking proposal to transport crude oil by truck from the Facilities to local refineries, which was denied by the Board ("ExxonMobil Interim Trucking Proposal"); (2) an August 2023 hearing on an appeal from the Planning Commission's denial of PPC's proposal to install legally required upgraded safety valves for the Pipeline ("Valve Upgrade Project"), which was not approved by the Board and which was the subject of follow-on litigation and an eventual settlement permitting the valves' installation; and (3) a September 2023 hearing on a previous permit transfer appeal for the Pipeline from Plains Pipeline L.P. ("Plains") to PPC, a Change of Guarantor from Plains to ExxonMobil, and a Change of Operator from Plains to ExxonMobil Pipeline Company (the "2023 Permit Transfer Appeal"), which was affirmed by the Board.

On February 14, 2024, the Applicants acquired full ownership of the Facilities from ExxonMobil and MPPC. Promptly thereafter on March 14, 2024, the Applicants submitted applications to the County to authorize the Transfers pursuant to County Code Chapter 25B. After working collaboratively with the Applicants, County staff deemed the applications complete on July 30, 2024, and subsequently recommended that the Planning Commission approve the Transfers. After a lengthy and thorough hearing—lasting approximately six hours—on October 30, 2024, the Planning Commission approved the Transfers by a vote of 3-to-1.

The two Appeals were filed by (1) the Center for Biological Diversity and Wishtoyo Foundation; and (2) the Environmental Defense Center, Get Oil Out!, and Santa Barbara County Action Network. On February 20, 2025, Planning and Development staff recommended that the Board deny the Appeals on the basis that the Applicants satisfied the requirements of Chapter

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[6] *Burrell v. City of L.A.* (1989) 209 Cal.App.3d 568, 581 *see also Woody's Group, Inc. v. City of Newport Beach* (2015) 233 Cal.App.4th 1012, 1022–1023; *Nasha v. City of Los Angeles.* (2004) 125 Cal.App.4th 470, 483 (quoting *Gai v. City of Selma* (1998) 68 Cal.App.4th 213, 219).

25B. Under Chapter 25B, permit transfer is mandatory so long as the narrow requirements of the chapter—which largely focus on demonstrating that the new owner, operator, and guarantor of the permitted facilities have updated the permit information and agreed to comply with the FDPs' requirements—are met. Both County staff and various Supervisors, including Chair Capps, have acknowledged that the requirements of Chapter 25B are in essence, a "checklist." However, despite the staff recommendation and the Planning Commission's prior approval, the Board failed to make a determination on appeal as a result of a 2-to-2 tie vote of the Supervisors with Supervisor Hartmann recusing herself based on her own longstanding conflict of interest. After the Board failed to act, County staff refused to transfer the FDPs, leaving Applicants in administrative and legal limbo.

On May 8, 2025, Applicants filed a Verified Petition for Writ of Mandate and Complaint for Declaratory Relief and Damages in the U.S. District Court, Central District of California against the County of Santa Barbara and the Board alleging, among other claims, that the County failed to comply with County Code Chapter 25B by failing to act on the appeals. On September 12, 2025, following a hearing on cross-motions for summary judgment, the court issued a peremptory writ of mandate ordering the Board to hold a new hearing to affirm, reverse, or modify the Planning Commission's decision in compliance with Chapter 25B. In its order, the court explained that in deciding the Appeals, the Supervisors must comply with the requirements of Chapter 25B, noting that a vote to deny the Transfers because it was "the right thing to do" or on the basis that restarting the Facilities was a "bad" idea would not exemplify compliance. The Board of Supervisors is scheduled to hold a new hearing on the Appeals on November 4, 2025.

II. SABLE'S DUE PROCESS RIGHTS DEMAND A FAIR TRIBUNAL

When the Board performs quasi-judicial functions, such as by considering a permit transfer appeal from the Planning Commission, the Federal and California Constitutions guarantee due process of law and obligate the Board to provide a fair tribunal to the applicant. "[T]he undeniable public interest in fair hearings in the administrative adjudication arena, militate in favor of assuring that such hearings are fair."[7]

Procedural due process thus requires that the Appeals be heard "before a reasonably impartial, noninvolved reviewer."[8] Public officials are "impliedly bound to exercise the powers conferred on [them] with disinterested skill, zeal and diligence and primarily for the benefit of the public."[9] While, the "standard for impartiality" in administrative hearings is less exacting than in judicial proceedings,[10] where "concrete facts" establish "an unacceptable probability of

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[7] *See Nasha v. City of Los Angeles.* (2004) 125 Cal.App.4th 470, 483 (quoting *Nightlife Partners, Ltd. v. City of Beverly Hills* (2003) 108 Cal.App.4th 81, 90).

[8] *Burrell, supra,* 209 Cal.App.3d at p. 581; *see also Woody's Group, Inc., supra*, 233 Cal.App.4th at pp. 1022–23; *Nasha*, *supra*, 125 Cal.App.4th at 483 (quoting *Gai v. City of Selma* (1998) 68 Cal.App.4th 213, 219).

[9] *Noble v. City of Palo Alto* (1928) 89 Cal.App. 47, 51.

[10] *Nasha*, *supra*, 125 Cal.App.4th.at p. 483.

actual bias," by a decisionmaker, recusal is **mandatory**.[11] Decisions made without recusal may be vacated.[12] Put differently, an "unacceptable probability of actual bias . . . sufficient to preclude [a decisionmaker]" exists whenever a decisionmaker cannot serve as a "reasonably impartial, noninvolved reviewer[.]"[13] "Conclusive proof of actual bias is not required."[14]

A government official's bias against a particular project precludes them from serving as an "impartial, noninvolved reviewer." In *Nasha v. City of Los Angeles*, for example, a California court found that a planning commissioner deprived a project developer of a fair hearing as a result of the commissioner's "unacceptable probability of actual bias."[15] There, the commissioner authored a letter calling the project a "threat to [the] wildlife corridor," and, as a member of a local community association, had arranged for another member to speak out against the project.[16] The court held that the commissioner should have recused himself because "[t]he article clearly advocated a position against the project" and "was not merely informational."[17] The court held that the failure of the decision maker to recuse himself required the planning commission's decision to be vacated.[18]

Similarly, in *Petrovich Development Co., LLC v. City of Sacramento*, the court held that a developer was denied a fair hearing when a city councilmember "acted as advocate, not a neutral and impartial decision maker" by engaging in "efforts to organize opposition" to an application for a conditional use permit.[19] This advocacy included providing the president of a local association opposing the project with key talking points in an effort to "coach[]" the association's opposition.[20] The court held the councilmember "took affirmative steps to assist opponents of the . . . conditional use permit" and helped organize opposition at the hearing.[21] These facts indicated the councilmember was "not a neutral and impartial decision maker" and that he "should have recused himself from voting . . ."[22]

In *Clark v. City of Hermosa Beach*, the court held that the city denied a permit applicant's right to a fair hearing because a local councilmember, who voted to overturn the planning

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[11] *Id.* at pp. 483-84.

[12] *Id.* at p. 484.

[13] *Ibid.*

[14] *Today's Fresh Start, Inc. v. Los Angeles County Office of Education* (2013) 57 Cal.4th 197, 216.

[15] *Nasha*, *supra*, 125 Cal.App.4th at pp. 483-84.

[16] *Id*. at p. 477.

[17] *Id.* at p. 484.

[18] *Ibid*.

[19] *Petrovich Development Co., LLC v. City of Sacramento* (2020) 48 Cal.App.5th 963, 975-76.

[20] *Id.* at p. 975.

[21] *Id.* at p. 976.

[22] *Ibid.*

commission's project approval, had a personal interest in defeating the project.[23] The project, which involved construction of a 35 foot tall condominium, was poised to obstruct the ocean view from the councilmember's own property. This, coupled with the councilmember's "personal animosity" against the applicants, evidenced by repeated harassment directed toward the applicants, was sufficient evidence that the councilmember was "not a disinterested, unbiased decision maker."[24]

Recently, in *Hermosa Fitness, LLC v. City of Hermosa Beach*, the Los Angeles County Superior Court found that a city councilmember deprived a cross-fit gym of a fair hearing during a nuisance abatement proceeding by helping residents build a record against the gym.[25] The court stated that the councilmember's coordination with residents opposed to the gym demonstrated that she "became an active participant in building a nuisance case against the Gym."[26] Even though the councilmember "may not have written an advocacy statement prior to the meeting, she performed functions of an advocate (e.g. investigation, evidence gathering) only for the complaining residents."[27] Because the councilmember did not recuse herself, the gym was deprived of a fair hearing.[28]

As described below, the same approach must apply here where the evidence shows that Chair Capps has a clear record of bias against Sable and the Facilities that precludes her from acting as a "reasonably impartial, noninvolved reviewer" and from applying "disinterested skill, zeal and diligence" to the quasi-judicial evaluation of the Appeals of the Planning Commission's decision to approve the Transfers.

III. CHAIR CAPPS' RECORD OF BIAS AND LACK OF IMPARTIALITY AGAINST SABLE AND THE FACILITIES

As shown below and in the exhibits to this letter, Chair Capps is biased and incapable of impartially considering the Appeals. Chair Capps has repeatedly acted as an advocate against Applicants and against actions that she perceives as facilitating "restart" of the Pipeline, notwithstanding her obligations as a Supervisor to act in a quasi-judicial role. While the Appeals would not affect Pipeline restart or operations, Chair Capps' past statements confirm that she improperly views the Board's action on the Appeals as an opportunity to block the future operation of the Pipeline, consistent with her public animus toward the Applicants and the fossil fuel industry generally.

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[23] *Clark v. City of Hermosa Beach* (1996) 48 Cal.App.4th 1152, 1173.

[24] *Id.* at p. 1173.

[25] Minute Order, *Hermosa Fitness, LLC v. City of Hermosa Beach* (Super. Ct. L.A. County, Sept. 24, 2020, No. 18STCP02840), at p. 14.

[26] *Id.* at p. 15.

[27] *Ibid*.

[28] *Ibid.*

For example, in a June 6, 2025, interview, Chair Capps extensively discussed her opposition both to the oil industry and specifically to actions that she viewed as potentially facilitating Pipeline restart. In the interview Chair Capps acknowledged intentionally voting against the installation of upgraded valves on the Pipeline in 2023 despite state law requiring the valves be installed: "I voted against [the Valve Upgrade Project] ***because it was a way to restart the pipeline***."[29] Chair Capps openly acknowledged that she disregarded the merits of the application before her, explaining that her vote was "counterintuitive" because "of course I want safety valves in a pipeline."[30] Instead, Chair Capps disregarded her legal obligation to consider facts impartially while acting in a quasi-judicial capacity and voted against the application to impede the Applicants' ability to operate the Pipeline.[31] This is not the first time that Chair Capps has acknowledged voting on matters brought before the Board of Supervisors in a manner that is intended to block Pipeline restart—even though Pipeline restart has never been before the Board. In fact, just before the February 2025 Board hearing, Chair Capps' District Representative and Communications Director, Eleanor Gartner, proudly proclaimed that: "Supervisor Capps has ***consistently*** demonstrated dedication [to climate action] principles, ***having voted against proposals to restart this pipeline*** during prior Board of Supervisors hearings."[32]

During the same June 2025 interview segment identified above, Chair Capps discussed her vote during the February 2025 Board hearing as part of her broader efforts to prevent Pipeline "restart." Like her vote on the 2023 Valve Upgrade Project, Chair Capps confirmed that she will not evaluate the Applicants' permit transfer application or the Appeals on the merits because she views the Transfers as a step toward restarting the Pipeline.[33]

Chair Capps' bias also was evident at the February 2025 Board hearing itself. She repeatedly expressed alignment with the opponents of the Transfers, stating "***this is our one shot***" and that "this is not fair to the public that this is the one shot."[34] She then departed from the narrow, quasi-judicial function required by County Code Chapter 25B, stating that, "I get the tension of what we are being asked to do" by considering the Chapter 25B factors, "but ***I do feel I was elected to look at the big picture and to extrapolate [] what we're actually doing here.***"[35]

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[29] *See* June 2025 Capps Interview Transcript (Ex. 3) at p. 2 (emphasis added).

[30] *Ibid.*

[31] After litigation regarding the scope of the County's authority to prevent compliance with the state law requiring that the valves be installed along the Pipeline, the County confirmed to Sable that "it does not have permit authority or jurisdiction over the [] safety valves and their ancillary equipment as currently proposed because they are safety valves required by state law, related to the operation of an interstate [p]ipeline, and one foot or more underground." *See* Letter from Errin Briggs to J. Caldwell Flores (Sep. 4, 2024), https://content.civicplus.com/api/assets/2bc001ba-1883-4bc9-a99b-4a2e927404fb, attached hereto as Ex. 5.

[32] Daily Nexus Article (Ex. 1) at p. 2 (emphasis added).

[33] *See* June 2025 Capps Interview Transcript (Ex. 3) at p. 2.

[34] February Board Hearing Transcript (Ex. 2) at p. 18 (emphasis added).

[35] *Id.* at p. 20 (emphasis added).

Chair Capps also called into question the Applicants' purchase of the Facilities, calling the acquisition "fishy," and faulting the Applicants for failing to pass her subjective "smell test."[36] After the hearing, Chair Capps explicitly framed her decision as a vote against Sable, stating: "***Today, I voted 'no' against Sable*** and voted 'yes' to public safety, environmental protections, and financial prudence."[37]

Chair Capps has long harbored animus toward the Facilities and those operating them. Prior to the current proceedings, Chair Capps has made multiple public statements against oil production, including specifically in connection with both the ExxonMobil Interim Trucking Proposal and the Valve Upgrade Project, where she articulated opposition to local oil production and against the Facilities in particular. For example:

- In October 2014, Chair Capps posted on Twitter to complain of an "obscene amount of oil money" being spent in Santa Barbara County.[38]

- In January 2019, Chair Capps aligned herself with anti-oil activists by stating that "we" are "against, obviously, more oil drilling."[39]

- In May 2019, during a discussion of the ExxonMobil Interim Trucking Proposal involving the Facilities, Chair Capps explained that oil production in Santa Barbara is "the bad thing that we do" and that "[a]ll the scientists tell us it's not the right way."[40]

- In February 2020, she criticized political opponents for being supported by the Pipeline's former owner, linking to an article endorsing her because—unlike those political opponents—she would "stand up ***relentlessly against the fossil fuel industry***."[41]

- At the August 22, 2023, hearing on the Valve Upgrade Project, in which she ostensibly served in a quasi-judicial capacity, she stated that she was elected to

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[36] *Id.* at p. 19.

[37] *See* Chair Capps' February 25, 2025, Instagram Post (Ex. 4) (emphasis added).

[38] *See* Chair Capps' October 21, 2014, Twitter Post, attached hereto as Ex. 6.

[39] Excerpts of "January 23, 2019 Newsmakers," NewsmakersWithJR (January 24, 2019) Transcript, attached hereto as Ex. 7 ("Jan. 2019 Newsmakers Transcript"). Video available at: https://www.youtube.com/watch?v=kIcH7vKzdGE.

[40] Excerpts of May 8, 2019, Newsmakers video, NewsmakersWithJR, (May 8, 2019) Transcript, attached hereto as Ex. 8 at p. 2. Video available at: https://www.youtube.com/watch?v=lsAMb1gQYrA.

[41] Chair Capps February 19, 2020 Facebook post, attached hereto as Ex. 9 (emphasis added), available at: https://www.facebook.com/LauraCappsSB/posts/pfbid02KSh7oSL2fpy9UqGCWKPGAnX482szdNQWkRKbgTp4YZ1c1gp3HzMgZBVq7RLHf27il; Mary O'Gorman, "Where the Special Interests Roam", (February 19, 2020), https://www.independent.com/2020/02/19/where-the-special-interests-roam, attached hereto as Ex. 10.

consider "the big picture" of climate change and reliance on fossil fuels, and that the Project was "about restarting" and "putting oil back in the that pipeline," which she could not "stand behind" so she would vote to deny.[42]

- At the September 19, 2023, Board hearing on the 2023 Permit Transfer Appeal, she asserted that the former owner "downplay[s] risks" and stated that her mission is to "address the climate crisis and decrease our dependence on fossil fuels" adding that that "environmentalism is in our DNA."[43]

- On May 5, 2025, Chair Capps further aligned herself with opponents of Sable by sending an email to County staff with a link to an op-ed criticizing Sable as "a hastily-formed speculative company." The op-ed was titled "Restarting Sable's Pipeline Would Harm Our Communities, Environment, and Economy," and was authored by Dr. Paasha Mahdavi—who also authored an "economic analysis" submitted to the Board by one of the Appellants, Environmental Defense Center, to ***oppose*** the Transfers. Chair Capps noted in her email to County staff that the op-ed was "***[b]y our new friend*** Dr. Mahdavi."[44]

This evidence demonstrates that Chair Capps is not "reasonably impartial,"[45] and instead has a pattern of disregarding the merits of the applications before her involving the Facilities in order to vote against any action she views as potentially affecting Pipeline restart, such as the Appeals. Like during prior Board actions regarding the Pipeline, she has expressed an intent to use her "one shot" to achieve this personal political objective, rather than apply the law to the facts. Her public statements reveal a prejudgment of the issues and bias against the Applicants that are incompatible with due process and fair adjudication required in quasi-judicial proceedings. Notably, by referring to Environmental Defense Center's consultant as "our new friend," Chair Capps has identified herself as being coordinated with the Appellants in this matter—a far cry from being impartial.[46] Like the situation in *Clark*, Chair Capps has demonstrated a "personal animosity" to the Facilities and to the Applicants[47] and aligned herself with opponents of the Transfers as an advocate rather than acting as "a neutral impartial decisionmaker."[48] Given this record, Chair Capps must recuse herself from participating in the Board's consideration of the Appeals to ensure a fair and unbiased hearing.

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[42] Excerpts from the August 22, 2023, Board Hearing Transcript, attached hereto as Ex. 11.

[43] Excerpts from the September 19, 2023, Board Hearing Transcript, attached hereto as Ex. 12.

[44] May 8, 2025, Chair Capps email to staff members, attached hereto as Ex.13 (emphasis added).

[45] *See Nasha*, *supra*, 125 Cal.App.4th at p. 483; *see also Today's Fresh Start, Inc.*, *supra*, 57 Cal.4th at pp. 215–16.

[46] Minute Order, *Hermosa Fitness, LLC v. City of Hermosa Beach* (Super. Ct. L.A. County, Sept. 24, 2020, No. 18STCP02840), at pp. 14-15.

[47] *See Clark, supra,* 48 Cal.App.4th at p.1173.

[48] *See Petrovich, supra,* 48 Cal.App.5th at pp. 975-76.

IV. CONCLUSION

Applicants respectfully request that Chair Capps recuse herself from any involvement in the Board's consideration of the Appeals related to the Transfers. Her documented bias and public statements raise serious concerns about her ability to act as an impartial decision-maker. The integrity of the administrative process and the Applicants' right to a fair hearing are at stake. To uphold the principles of fairness and due process, it is essential that Chair Capps abstain from participating in the upcoming proceedings. We trust that the Board will take the necessary steps to ensure a fair and unbiased evaluation of the Appeals, in accordance with the law and the standards of good governance. Thank you for your attention to this critical matter.

Very truly yours,

Jessica Stebbins Bina
of LATHAM & WATKINS LLP

Enclosure

cc: Steve Rusch, Sable Offshore Corp.

LATHAM & WATKINS LLP

Index of Exhibits

Exhibit No.	Description	Date
1.	The Daily Nexus, "Goleta City Council passes resolution against Sable Offshore restarting oil pipeline"	February 14, 2025
2.	Excerpts of Board of Supervisors Hearing Transcript	February 25, 2025
3.	Excerpts of "Episode 498: One on One with Laura Capps; June 6, 2025," NewsmakersWithJR, (June 6, 2025) Transcript	June 6, 2025
4.	Chair Capps' February 25, 2025, Instagram Post	February 25, 2025
5.	Letter from Errin Briggs to J. Caldwell Flores	September 4, 2024
6.	Chair Capps' October 21, 2014, Twitter Post	October 21, 2014
7.	Excerpts of "January 23, 2019 Newsmakers," NewsmakersWithJR (January 24, 2019) Transcript	January 24, 2019
8.	Excerpts of May 8, 2019 Newsmakers video, NewsmakersWithJR, (May 8, 2019) Transcript	May 8, 2019
9.	Chair Capps' February 19, 2020, Facebook post	February 19, 2020
10.	Mary O'Gorman, "Where the Special Interests Roam," (February 19, 2020)	February 19, 2020
11.	Excerpts from August 22, 2023, Board Hearing Transcript	August 22, 2023
12.	Excerpts from September 19, 2023, Board Hearing Transcript	September 19, 2023
13.	Chair Capps' email to staff members	May 8, 2025

Exhibit 8

sableoffshore.com /governance/executive-management/default.aspx

Executive Management



Mr. Flores has served as Chairman and Chief Executive Officer of Sable Offshore Corp. since September 2021. Since 1982, Mr. Flores has had an extensive career in the oil and gas industry in the roles of Chairman, Chief Executive Officer, and President of five E&P companies, four of which were listed on the New York Stock Exchange. In 1994, he led Flores & Rucks, Inc. (NYSE: FNR) which was subsequently renamed Ocean Energy Inc. (NYSE: OEI) in 1997. In 2001, Mr. Flores became the Chairman and CEO of Plains Resources Inc. (NYSE: PLX) where, under his leadership, its E&P assets were spun off into Plains Exploration & Production Company (NYSE: PXP) and PLX was taken private in 2004. Mr. Flores served as PXP's Chairman, CEO, and President when, after more than 10 years of substantial growth, PXP was acquired by Freeport-McMoRan Copper & Gold Inc. (NYSE: FCX), one of the world's largest publicly traded copper producers, in May 2013. Mr. Flores served as Vice Chairman of FCX and as Chairman and CEO of Freeport-McMoRan Oil & Gas LLC ("FMOG"), a wholly owned subsidiary of FCX, until April 2016. From May 2017 until February 2021, Mr. Flores served as Chairman of the Board, Chief Executive Officer and President of Sable Permian Resources, LLC ("Sable Permian"). Mr. Flores is a member of the National Petroleum Council and he was inducted into the All-American Wildcatters in 1999. He was recognized as the Executive of the Year in 2004 in Oil and Gas Investor magazine. Mr. Flores received a B.S. degree in corporate finance and petroleum land management from Louisiana State University.



Mr. Flores has served as President of Sable Offshore Corp. since March 2023. He has also served as President of Sable Minerals, Inc., a Houston-based private oil and gas company, overseeing the daily operations and administration, as well as providing investment analysis for the firm. Prior to assuming the role of President of Sable Minerals, Inc., Mr. Flores was a Senior Associate for Sable Permian Resources, LLC, which engaged in the acquisition, consolidation and optimization of oil and gas upstream opportunities from February 2018 until February 2021. Prior to that time, Mr. Flores served as Operations Manager for Sable Minerals, Inc. from 2015 through 2017. Mr. Flores attended the University of Houston where he graduated with a Bachelor of Science in Business Administration.



Mr. Patrinely has served as Executive Vice President and Chief Financial Officer of Sable Offshore Corp. since September 2021. Mr. Patrinely has over 13 years of leadership, finance and operations experience in the E&P sector. From June 2018 until February 2021, Mr. Patrinely served as Executive Vice President and Chief Financial Officer of Sable Permian. Prior to serving as Sable Permian's CFO, Mr. Patrinely served as Treasurer for Sable Permian where his primary focus was leading the financial analysis and execution of various refinancing, restructuring and acquisition efforts. In addition, Mr. Patrinely was also responsible for cash management, insurance and hedging strategies and execution. Prior to Mr. Patrinely's service at Sable Permian, he was a Manager in the Acquisitions & Divestments Group of FMOG following the company's merger with PXP. Mr. Patrinely served in the same capacity with PXP. During his tenure at FMOG and PXP, Mr. Patrinely managed the execution of financings, mergers, acquisitions and divestments. Prior to his service with PXP, Mr. Patrinely worked in the Energy Investment Banking group at Madison Williams. Mr. Patrinely holds a B.S. degree in Economics with Financial Applications and a B.A. degree in English, with Honors, from Southern Methodist University.



Mr. Bourgeois has served as Executive Vice President and Chief Operating Officer of Sable Offshore Corp. since March 2023. He served as Executive Vice President of Sable Permian Resources, LLC from May 2017 until February 2021. Mr. Bourgeois served as President and Chief Operating Officer of Freeport-McMoRan Oil & Gas ("FM O&G") from July 2015 until April 2016. Mr. Bourgeois served as Executive Vice President, Exploration and Production of FM O&G from June 2013 until July 2015. He previously served as Executive Vice President, Exploration and Production of FM O&G's predecessor, Plains Exploration & Production Company ("PXP") from June 2006 until PXP merged into Freeport-McMoRan Copper & Gold in May 2013. Mr. Bourgeois also served as PXP's Vice President of Development from April 2006 to June 2006 and as PXP's Vice President—Eastern Development Unit from May 2003 to April 2006. Prior to that time, Mr. Bourgeois was Vice President at Ocean Energy, Inc. from August 1993 to May 2003. He also served in various production engineering and drilling engineering roles for Consolidated Natural Gas Producing Company from August 1983 to August 1993 and for Mobil Oil Company from December 1980 to August 1983. Mr. Bourgeois is a graduate of Louisiana State University with a Bachelor of Science degree in Petroleum Engineering.



Mr. Duenner has served as Executive Vice President, General Counsel & Secretary of Sable Offshore Corp. since March 2023. Mr. Duenner has over 35 years of diverse legal and commercial energy experience. From

May 2017 until February 2021, Mr. Duenner served as Vice President, Corporate Development of Sable Permian Resources, LLC, which engaged in the acquisition, consolidation and optimization of oil and gas upstream opportunities. Prior to Sable Permian Resources, LLC, from June 2013 to April 2017, Mr. Duenner was Vice President—International & New Ventures for Freeport-McMoRan Oil & Gas ("FM O&G"), a wholly owned subsidiary of Freeport-McMoRan Inc., where he had responsibility for the company's international commercial activities as well as new ventures and partnerships. He previously served as Vice President – International & New Ventures of FM O&G's predecessor, Plains Exploration & Production Company ("PXP") from May 2005 until PXP merged into Freeport-McMoRan Copper & Gold in May 2013. While with PXP, Mr. Duenner also served as the company's Assistant General Counsel from May 2005 until November 2007. Prior to that time, Mr. Duenner was Vice President, Corporate Development for integrated energy company Entergy Corp., where he led corporate development activities for Entergy and its subsidiaries from 2004 to 2005. Prior to Entergy, from 1998 to 2004, Mr. Duenner served in various project development and wholesale origination functions within Enron International and its successor Prisma Energy International. Previously, Mr. Duenner was in the private practice of law with Bracewell LLP in Houston (Partner from 1994 to 1997 and Associate from 1988 to 1994) and with Morgan Lewis in Washington, D.C (Associate from 1986 to 1988). Mr. Duenner attended the University of Oklahoma and received a Bachelor of Science in Finance and a Juris Doctor degree from the University of Tulsa.

Exhibit 9

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COUNTY OF SANTA BARBARA and
SANTA BARBARA COUNTY
BOARD OF SUPERVISORS

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SABLE OFFSHORE CORP. et al,

Petitioners/Plaintiffs,

v.

COUNTY OF SANTA BARBARA et al.,

Respondents/Defendants,

and

ENVIRONMENTAL DEFENSE CENTER et al.,

Intervenors.

Case No: 2:25-cv-04165-DMG-AGR

RESPONDENTS COUNTY OF SANTA BARBARA AND SANTA BARBARA COUNTY BOARD OF SUPERVISORS' RESPONSE TO PETITIONERS' MOTION FOR SUMMARY JUDGMENT

[Filed concurrently with Request to Take Judicial Notice; Response to Petitioners' Statement of Uncontroverted Facts and Conclusions of Law; and [Proposed] Order]

Complaint Filed: May 8, 2025

Date: September 12, 2025
Time: 2:00 p.m.
Ctrm.: 8C
Judge: Hon. Dolly M. Gee
Mag. Judge: Hon. Alicia G. Rosenberg

COUNTY COUNSEL
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Respondents/Defendants County of Santa Barbara and Santa Barbara County Board of Supervisors (collectively "County") hereby respectfully submit the below Memorandum of Points and Authorities in response to Petitioners/Plaintiffs Sable Offshore Corp., Pacific Pipeline Company, Pacific Offshore Pipeline Company ("Sable"), Exxon Mobil Corporation, Mobil Pacific Pipeline Company, and Exxonmobil Pipeline Company's ("Exxon" and collectively "Petitioners") Memorandum of Points and Authorities in Support of their Motion for Summary Judgment on the first, second, and third causes of action in this matter.

Dated: August 1, 2025

Respectfully submitted,

RACHEL VAN MULLEM
COUNTY COUNSEL

By: /S/ - Callie Patton Kim
Callie Patton Kim
Senior Deputy County Counsel for
COUNTY OF SANTA BARBARA
and SANTA BARBARA COUNTY
BOARD OF SUPERVISORS

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2) Chapter 25B's process is ministerial and the Board has a mandatory duty to deny the appeals and approve the transfers, or 3) the Board must hold another public hearing that complies with Chapter 25B.

The County disputes that Chapter 25B's process is ministerial. Although there are aspects of the process that function like a checklist and require little judgment, there are other aspects of the process that call for the exercise of discretion. With respect to Petitioners' other arguments, in light of the absence of a Board majority, the County responds by setting forth the facts and applicable law without taking a position on whether the Board's tie vote leaves the Planning Commission decision intact or whether this Court should remand for another hearing before the Board.

II. FACTUAL BACKGROUND

As may be seen from the County's Response to Petitioner's Statement of Undisputed Facts, the County does not dispute the majority of facts asserted by Petitioners. The County, therefore, offers the following short summary.

A. The Facilities

The Santa Ynez Unit (SYU) and Pacific Offshore Pipeline Company (POPCO) Gas Plant are existing permitted facilities that produce and treat crude oil and natural gas from offshore Platforms Hondo, Harmony, and Heritage in the Santa Barbara Channel. (SUF ¶¶ 1, 3.) Historically, oil produced from the SYU was transported via the Las Flores Pipeline System to the Pentland Station in Kern County (formerly known as the Plains All American Pipeline). (SUF ¶ 5; Dkt. 13-1, 22.) In 2015, a section of the Las Flores Pipeline System ruptured and released over 100,000 gallons of crude oil onto the beach and into the ocean near Refugio State Beach ("Refugio Oil Spill") resulting in the shutdown of both the Las Flores Canyon Facilities and the pipeline system. (Dkt. 13-1, 25; Dkt. 13-10, 118; Dkt. 13-20, 13.) The Refugio Oil Spill caused significant financial and environmental damage and harm to the surrounding communities and cost

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Board was without authority to take a final action. Mot. at fn. 5; Cal. Gov't Code § 25005.

Petitioners also argue the County had a mandatory duty to deny the appeals. They contend Chapter 25B's findings require the decision maker to apply "fixed standards" to determine "objective" facts that do not permit the exercise of discretionary judgment. Mot. at 13. They rely on *itt Home Ranch, Inc. v. Cnty. of Sonoma*, where a court held the issuance of a certificate of compliance "is a ministerial act, requiring the responsible local agency to determine whether a valid final or parcel map has been recorded or, if not, what must be done to complete the process." 165 Cal.App.4th 543, 565 (2008). The Court contrasted the certificate of compliance with "the actual approval of a subdivision map" which requires "the exercise of judgment, and the careful balancing of conflicting interests[.]" *Id.* at 565-66.

Chapter 25B includes a mix of ministerial and discretionary elements. For instance, 25B requires that an appeal must state how "the planning commission decision is inconsistent with the provisions or purposes" of [Chapter 25B] or that "there was an error or abuse of discretion by the planning commission." §25B-12(b) (emphasis added). And at least one of the Chapter 25B findings clearly calls for the exercise of discretion—the decision-maker must determine whether "[t]he proposed operator has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes." §25B-10(a)(9).

Petitioners assert that finding 10(a)(9) does not provide the County with broad discretion to consider any skills, training, and resources. Mot. at 17. They contend the ordinance should be interpreted to set out a narrow objective path for making the finding—by examining only relevant records of compliance and corrective actions to determine whether the proposed operator has a record

/ / /

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must be remanded for the Board to make the necessary findings to support its resolution.").

Similar to the court in *Lopez*, this Court may remand the matter for a rehearing before the Board because neither Sable nor the appellants met their burden of convincing a majority of the members of the Board to affirm, deny, or modify the decision of the Planning Commission. *See Lopez*, 165 Cal.App.4th at 4-5 (holding that the tie vote constituted a failure to act and affirming trial court's decision to remand for the board to conduct another vote because respondent did not meet its burden of proving its charges to the satisfaction of a majority of the Board); *cf. Clark,* 48 Cal.App.4th at 1172-73 (holding the trial court should have remanded the matter for a rehearing before the city council because one member who voted with the majority in a three-to-two vote had a conflict of interest).

V. CONCLUSION

For the foregoing reasons, the County respectfully requests that this Court decide whether the tie vote affirmed the decision of the Planning Commission or requires a remand for a hearing to allow the Board to decide the appeals and make findings to support its decision.

Dated: August 1, 2025

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

The undersigned, counsel of record for Respondent and Defendant, certifies that this brief contains 6505 words, which complies with the word limit of L.R. 11-6.1.

Dated: August 1, 2025

Respectfully submitted,

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EXHIBIT 10

SETTLEMENT AGREEMENT

BETWEEN

CELERON PIPELINE COMPANY OF CALIFORNIA

AND THE

COUNTY OF SANTA BARBARA

FEBRUARY 8, 1988

SETTLEMENT AGREEMENT

This Agreement is entered into this 8th day of February 1988 between the County of Santa Barbara and Santa Barbara County Flood Control District hereinafter referred to collectively as "COUNTY" and Celeron Pipeline Company of California hereinafter referred to as "CELERON".

I. RECITATIONS

Whereas, Celeron, as part of the All American Pipeline Project, has constructed a 30" diameter pipeline which extends from Gaviota to Emidio, California. The portion of Celeron's pipeline in Santa Barbara County is shown in the attached Exhibit A. Exhibit A also sets forth the planned additions, feeder lines and pump stations in Santa Barbara County to this pipeline system.

Whereas, Celeron has received construction permits from the County and has constructed the completed portion of the pipeline. The attachment marked as Exhibit B sets forth those permits and conditions in effect during the time of Celeron's construction.

Whereas, Celeron objected to some of the permit conditions claiming that the conditions were outside of the jurisdiction of the County to enforce and represented an exaction upon Celeron. Celeron filed Notice of Objection and Protest of the fees and exactions. Failing to resolve this matter by negotiation, Celeron filed its action in the United States District Court, Central District of California in April, 1987, Case Number CV-87 02088, styled "Celeron Pipeline Company of California, a Delaware Corporation, versus County of Santa Barbara" (Federal Action). Celeron's Complaint in the Federal Action sought injunctive and declaratory relief and a refund for impositions of fees and exactions previously paid.

Whereas, previous to the objections raised by Celeron, the County established a process for a third party review and inspection which is now a subject of litigation. The Federal Action is based in part on Celeron's contention that the County has no jurisdiction to require this process by reason of the Federal preemption under the Hazardous Liquids Pipeline Safety Act and the regulations thereunder in 49 CFR 195 (Part 195). The Parties through this Agreement intend to resolve the review and inspection role of the County.

Whereas, the parties have disagreed as to the scope of the County's jurisdiction over interstate pipelines. As to areas covered by Part 195, the County is generally without jurisdiction. There are some environmental aspects of construction which are under County jurisdiction and these are some areas that need greater clarification.

Whereas, the County through County Counsel and Department Heads along with representatives of Celeron have met and negotiated this Agreement to settle the issues arising from litigation. The attached Exhibit C is the proposed Order to be signed by the Court establishing the jurisdictional issues raised in the case and approving and incorporating this Settlement Agreement as appropriate.

Whereas, Celeron has received modifications of some of the conditions affecting Celeron's right to design, construct and operate this pipeline. Some of tne conditions are purely environmental, others are matters that are jurisdictional with the U.S. Department of Transporation and otners perhaps are mixed. The modified Conditions are attacned as part of Exhibit D.

Whereas, Celeron has performed its audit in part on the County and certain of its contractors. The result of this audit is contained in the attachment marked Exhibit E.

Whereas, Celeron may have need of a pipeline easement over some property owned by the County Flood Control District on Celeron's proposed Interconnect Line from Shell's proposed processing facility near Santa Maria to Celeron's Sisquoc Pump Station. The requested form of the Option of Easement together with a brief description of the land under consideration is set forth in the attached Exhibit F.

Whereas, the County will adopt a Resolution supporting the Celeron Pipeline as it extends from Gaviota to Las Flores. Attached to this Agreement is Exhibit G which sets forth this Resolution.

Whereas, the County has previously filed a Complaint with the United States Department of Transportation (D.O.T.) which has now been reviewed. The D.O.T. found that the pipeline, as now constructed, is constructed in conformance with all federal standards. These reports are attached as Exhibit H.

Whereas, the Part 195 federal regulations covering Celeron's interstate pipeline are attached and marked Exhibit I. The attached letters from Frank Breckenridge, Building Official of the Division of Building and Safety, Department of Public Works for the County attacned as Exhibit J and Exhibit K are an accurate description of how future pipeline construction will be reviewed and approved by Public Works.

WHEREAS, IN CONSIDERATION OF THE MUTUAL PROMISES, UNDERSTANDINGS AND DOLLAR CONSIDERATIONS HEREINAFTER SET FORTH, THE PARTIES AGREE AS FOLLOWS:

II. JURISDICTION OF COUNTY OVER INTERSTATE PIPELINE

2.1 The County and Celeron agree that the jurisdiction of the County over an interstate pipeline is limited and partially preempted by the provisions of the federal Hazardous Liquids Pipeline Safety Act and 49 CFR Part 195 which are set forth in full in Exhibit I. This issue was specifically addressed to the Court in the Federal Action on October 14, 1987 and again at the December 14, 1987 hearings.

2.2 The County shall have no authority over the design, construction and operation of Celeron's interstate pipeline except as might be set forth under this Agreement including the attached Exhibit D, J, and K or as the County may be required to assert under a mandatory and enforceable state or federal law or regulation. This means clearly that the County will not require any permit to construct or operate Celeron's pipeline except as specifically set forth in this Agreement including the attached Exhibits D, J, and K. In the event Exhibit D is modified with the express written consent of Parties, such modified Exhibit D will be controlling under the terms of this Agreement.

2.3 Should Celeron seek to construct a new interstate pipeline project which requires from the County a new Preliminary and/or Final Development Plan, the County and Celeron will work together to satisfy environmental concerns. All Preliminary/Final Development Plan conditions required to satisfy County's concerns must be compatible and not inconsistent with this Agreement unless mutual written agreement is reached between Celeron and the County.

2.4 The Parties will request the Federal Court in the Federal Action to sign the proposed Order marked as Exhibit C. Any right either Party has to appeal the Order entered by the Court is specifically waived.

2.5 It is mutually understood and acknowledged by Celeron and the County that if Celeron is forced to stop work during pipeline construction and/or operation by reason of some action of the County, the cost to Celeron could be extremely high depending on the activity stopped or delayed. Prior to exercising any stop work authority, the County and Celeron agree to exercise their best efforts through their senior personnel to resolve the issues involved. It is for this reason that the Parties seek to clarify the areas where the County can issue a stop work order without resort to a judicial action and areas where the County would be required to seek judicial relief.

2.5.1 Celeron will comply with all relevant design, construction and operating standards in 49 CFR 195; however, it is agreed that the County's stop work authority in those areas covered by Part 195 shall be limited to those cases where there is clear and convincing evidence that Celeron's activity, unless stopped, would:

- o Pose a present and imminent threat to life or property;
- o Violate the terms of this Agreement with the Exhibits attached hereto, and result in irreparable injury; or,
- o Violate a provision of the Environmental Quality Assurance Program which sets forth its own means and method for work activity stoppage.

2.5.2 The County agrees that, if it uses its lawful stop work authority, work stoppage shall be limited to the particular work that is objectionable and not to any other work being done by Celeron.

2.5.3 If after execution of this Agreement, the County is taking or contemplating the taking of any action which involve Part 195 areas and is not authorized under 2.5.1 above, including suspending or withholding ministerial permits, and which will stop or delay Celeron's construction and/or operation, the County shall immediately cease such action or contemplated action upon receipt of a written notice from Celeron stating its objection. In such case, County's action or proposed action may resume or commence only upon the County obtaining judicial sanction by order of a State or Federal Court.

2.5.4 Except as specifically limited by this Agreement, the County shall retain its right to apply review, approval or enforcement procedures pursuant to law covering Celeron's actions in violation of this Agreement or in violation of the terms and conditions of Celeron's permits which have been issued and approved by Celeron or in violation of statutes, ordinances and regulations which are not preempted and which lawfully pertain to the Celeron project.

2.5.5 Either Party at any time shall have the ability to file an action in either Federal or State Court claiming a breach of this Settlement Agreement. Nothing contained in this Agreement is intended to preclude either Party from filing such an action.

2.6 To the best knowledge and information and belief of the County there are no actions intended of a civil or criminal nature against Celeron or any of its employees. The County agrees to drop its appeal of the Planning Commission's decision to modifying Exhibit D. The County agrees that no further action will be taken to require Celeron to modify any of its presently constructed pipeline in areas covered by Part 195. The only exception would be for future activities involving the presently constructed pipeline that represent an imminent threat to persons or property under the County's police power.

III. PRESUMPTIONS OF PREEMPTION

3.1 For an aid in determining what is preempted by Part 195 and what is a valid area for the County to enter based upon the terms of this Agreement it shall be presumed that the County is preempted:

3.1.1 If the activity to be performed is covered by Part 195.

3.1.2 If the activity to be performed is impliedly but not expressly specified by Part 195 and it deals with design, construction or operation of an interstate pipeline. The activities of Public Works and Flood Control, which are specifically covered in Exhibits J and K are excepted from this presumption.

3.1.3 If the activity to be performed is one foot or more below the surface of the ground. The activities of Public Works and Flood Control below one foot below the surface which are not covered by this presumption are set forth in Exhibits J and K.

3.2 The presumption of preemption can only be rebutted by clear language granting jurisdictional rights to the County under the terms of this Agreement including Exhibit D or by law binding upon the County and Celeron.

3.3 Notwithstanding the provisions of Paragraphs 3.1 and 3.2, the County shall retain its police powers as necessary to prevent present and imminent danger to persons or property.

IV. FUTURE REVIEW, APPROVAL AND MONITORING

4.1 In the areas that are covered by the D.O.T. under Part 195, the County and Celeron will comply with Exhibit D as amplified and clarified below:

4.1.1 Exhibits J, and K set forth the specific power and rights of the County to review, approve and monitor construction. For purpose of pre-construction review, Celeron shall be required to submit only the documents listed in Exhibit K. Celeron shall not be required to develop for the County any document relating to Part 195 areas unless such document is specifically listed in Exhibit K.

4.1.2 Celeron shall bear the cost of this review process and consultation which shall not exceed $1,250.00 per mile of pipeline construction or $4,000.00 per pump station. Should such costs be higher than these amounts such costs shall be borne entirely by the County. The County has completed its review of the Sisquoc Pump Station and Alignment Sheet #2 of the Las Flores extension. Celeron agrees to pay the entire cost of this review.

4.1.3 The cost of the County's Public Works designee during construction will not exceed 500.00 dollars per day. The total cost for the County designee on the segment from Gaviota to Las Flores will not be greater than $12,000. Any costs above these amounts shall be borne entirely by the County.

V. RIVER CROSSINGS

5.1 Celeron and County agree that the scour depth of the future pipeline crossings at the Santa Maria and Sisquoc Rivers will be a minimum of twenty feet below the thalweg (flow line) unless a lesser depth is approved by both parties.

VI. ENVIRONMENTAL AREAS

6.1 There are a number of environmental areas where the County has jurisdiction to place conditions upon Celeron. One of the major concerns that Celeron has relative to these conditions is the area of environmental monitoring costs. Specifically, Celeron is concerned that successful revegetation is being frustrated by reason of the grazing cattle and other animals on the right-of-way.

In recognition of potential revegetation problems due to grazing, the County will apply the following evaluation procedures to specific locations determined by the County, in consultation with Celeron, to have severe grazing problems:

6.1.1 After initial seeding efforts, locations subject to grazing will be assessed for absolute percentage cover of the specified plant species. This assessment shall be accomplished by the County revegetation monitor.

6.1.2 Should the absolute percentage cover value fall below 40 per cent, Celeron shall reseed the area according to the Revegetation Plan (Condition H-1), implementing appropriate additional measures in the Plan which have been developed to improve the likelihood of successful revegetation. Application of these additional measures shall be acceptable to the County, Celeron, and landowner on a site-specific basis.

6.1.3 At an appropriate time of the year, (winter to early spring, beginning in the Spring of 1988) the County as part of the Revegetation Monitoring Program, shall reassess the reseeded location for absolute cover. Should absolute cover fall between 40 to 70 per cent, the County shall re-evaluate the location for relative percentage cover, as described in 6.1.4 below.

6.1.4 Relative percentage cover shall be determined by comparing the "on-right-of-way" (on-ROW) location to vegetative cover off the ROW. This assessment shall be made by the County, in consultation with Celeron. The grazed location may be released from further revegetation treatment if this assessment reveals that vegetative cover on the ROW is at least 90% of cover off-ROW. Celeron will use its best efforts to obtain a landowner release for the County for these specific locations. The intent of this relative cover assessment is to evaluate revegetation of specific grazed locations along the ROW relative to adjacent vegetative and other environmental conditions.

6.2 In order to place some quantifiable measure of exposure to Celeron on revegetation and the cost of long-term revegetation monitoring of completed construction, it is agreed that future annual revegetation monitoring costs shall be based on unreleased miles* and competitive annual revegetation monitoring bids. The County will base monitoring costs for the year 6/1/88 to 6/1/89 on a revegetation survey to be performed prior to May 1 1988 and timed so as to observe maximum revegetation success. Subsequent revegetation monitoring contracts will be based on similar surveys. The contract for the constructed pipeline should not exceed $1,500 per unreleased mile.

The future long-term revegetation monitoring contract for the as yet unbuilt coastal pipeline segment has not been developed. However, the County agrees that long-term revegetation monitoring of grassland portions should not exceed $3,000 per mile for the first year and $1,500 per unreleased mile thereafter. Celeron recognizes that the costs of long-term monitoring of riparian zones will be higher.

* "Unreleased mile" refers to sections of the right of way not released from Celeron's revegetation bond coverage.

Based on the currently proposed project, current costs, and the County's understanding of the project, future long-term revegetation monitoring contract for the Interconnect pipeline should not exceed $1500 per unreleased mile for the first year and each succeeding year.

6.3 Celeron shall be entitled to full and timely consultation during the development of the long-term revegetation monitoring proposal, including the selection and scoping process, to assure that long-term revegetation monitoring is occurring in the most cost effective manner possible, with the ultimate goal of phasing out long-term revegetation monitoring in an efficient and timely way. This consultation includes the development and implementation of methodologies on the existing ROW and any future areas constructed.

VII. OPTION FOR EASEMENT

7.1 The County agrees to grant to Celeron upon execution of this Agreement an Option to acquire an Easement over property owned by County for Celeron's proposed interconnect pipeline. The terms and conditions of the Option are described in Exhibit F. The promises contained in this Agreement will serve as consideration for this Option. The Option may be exercised within a period of five years from date of this Agreement. Celeron may record the Option in the public records. The County may impose reasonable conditions in the Easement that protect the existing adjacent flood control levee. In any event the final form of the Easement shall provide:

A 50 foot permanent easement will be granted by the County with an additional 50 feet of working space unless less area is needed by Celeron.

The Easement price will be based upon 60% of the agricultural value of the permanent easement area acquired by Celeron from the County.

Celeron shall have the right to modify the location of its Easement based upon changes made in the routing of the Interconnect.

VIII. COSTS

8.1 The County has agreed to modify its billing for previous charges made to Celeron to eliminate all County charges arising from its D.O.T. Complaint, the inquiry by the County Sheriff's Office or District Attorney's Office for potential criminal complaints, the Federal Action including time charges for staff and all other costs incurred by County including the cost of Public Hearing required by the County to reach this Settlement Agreement. The computation for these charges is set forth in Exhibit L and represents all the charges made to Celeron for which Celeron should receive a credit or refund.

8.2 Celeron will not bear any costs associated with the development of a future Complaint to the D.O.T. In the event the County decides to file a Complaint with the D.O.T. and that Complaint is dismissed or otherwise determined by the D.O.T. to be ill-founded, the County will bear all of its own costs associated with the filing of the Complaint. The County agrees that it will give Celeron 10 days written notice before filing a complaint with D.O.T. unless there is an imminent danger to person or property that prohibits a 10 day notification. The County agrees that it will not directly or indirectly file a D.O.T. complaint unless it has concrete verifiable evidence of a significant D.O.T. violation by Celeron.

8.3 Celeron shall pay Native American monitors selected by Celeron up to the hourly rate of its normal archeological staff person unless Celeron is satisfied the particular monitor has greater qualification and is therefore entitled to greater compensation. This means that Celeron may pay the particular Native American monitor selected to monitor for cultural concerns at the rate of a field hand or, depending upon his or her qualifications, at a rate comparable to other archeological personnel based upon their technical expertise.

8.4 Celeron and County representatives will meet to review Exhibit E. If the County and Celeron agree on the overcharges made by the County Contractors, County will use its best efforts, short of litigation, to collect such overcharges. If Celeron believes that litigation is required, the County will transfer to Celeron all of its rights to enforce the terms of its contract with the consultants and will cooperate with Celeron as appropriate in the litigation brought by Celeron.

IX. FIRE STATION

9.1 Celeron has previously committed itself to fund a portion of a fire station under provisions of the Final Development Plan P-7 and P-8 Conditions. The fire risk of Celeron's facilities is minimal due to the nature of its operation and the crude oil it will carry. The method of determining Celeron's liability shall take into account the relative risk of fire associated with Celeron's facility and the service radius of the fire station contemplated by such Conditions. County shall require full participation by other projects occurring in the area which the fire station may serve together with future projects served by the proposed station.

X. EMERGENCY RESPONSE PLAN

10.1 The County-wide Emergency Response Plan requires participation by Celeron. The cost burden upon Celeron shall be shared with present and future projects included in the plan based upon a risk analysis.

XI. AUDIT

11.1 The attached audit reports marked Exhibit E will be the basis for the County's inquiry into charges made by its Consultants to the Celeron Project. If the County determines that there are overcharges, it will use its best efforts, not including litigation, to obtain adjustments for any overcharges made by the County's consultants and give Celeron credit for such adjustments. If the County and Celeron do not agree on the appropriate adjustments, County will assign its contractural rights to Celeron in order to enable Celeron to pursue its collection efforts.

XII. CULTURAL PROCEDURES

12.1 The County and Celeron will in good faith discuss ways to maximize consistency between currently approved FDP Conditions concerning cultural resources and Celeron's approved Memorandum of Agreement between the U.S. Bureau of Land Management, affected State Historic Preservation Officers, and the Advisory Council on Historic Preservation for all future construction activities by Celeron.

XIII. GENERAL

13.1 In the event of any action or proceeding required to be filed to interpret and/or enforce any provisions of this Agreement, the prevailing Party shall be entitled to receive from the other Party all damages and as costs all of its attorney fees and other costs reasonably incurred.

13.2 The Exhibits which are attached are made a part of this Agreement as if fully set forth herein. Should there be a conflict between the terms of this Agreement and the attached Exhibits the text of this Agreement will control.

13.3 Celeron shall have the right to assign all or any part of the rights under this Agreement to third parties at its discretion.

13.4 The duration of this Agreement shall extend for the period that Celeron or its successors or assigns is designing, constructing or operating its interstate pipeline facilities in Santa Barbara County.

13.5 Nothing in this Agreement shall be construed to restrict County's authority derived from future changes to state or federal laws, except as set forth in this paragraph. To the extent that such changes do not deal with police powers as defined herein and are not mandatory upon the County, the parties shall meet and discuss implementation. To the extent that County and Celeron are not able to reach agreement on the implementation and in case of conflict with this Agreement, this Agreement shall control. If

the DOT gives up some or all of its jurisdiction over the design, construction and/or operation of Celeron's pipeline and DOT delegates such authority to the County then, notwithstanding the foregoing, the County shall have the right to exercise such authority without restriction under this Agreement.

13.6 Nothing in this Agreement is intended to diminisn federal authority or jurisdiction over Celeron including federal power given to the State Fire Marshal.

This Agreement represents the full agreement between Celeron and the County and, subject to compliance of tnis Agreement, disposes of all issues raised in Celeron's Complaint against the County and any action or contemplated action by the County against Celeron. This Agreement can only be modified or amended in writing subscribed to by the respective Parties. The terms and conditions of this Agreement will be binding upon tne County and upon Celeron, its successors and assignees.

Dated the 8th day of February, 1988

Signed:

CHAIRMAN, BOARD OF SUPERVISORS

SANTA BARBARA COUNTY
FLOOD CONTROL DISTRICT

CELERON PIPELINE COMPANY
OF CALIFORNIA

Approved As To Form:

Kenneth Nelson
County Counsel

Approved As To Form:

John Dee Roper
Celeron Counsel

Exhibit 11

AGREEMENT TO COMPLY WITH CONDITIONS OF APPROVAL

OWNER(S) and OPERATOR OF RECORD for the Las Flores Pipeline System, hereinafter referred to as the PROPERTY.

MONITORING AND REPORTING. This agreement is made to ensure that all conditions of approval for the All American Pipeline Project, Final Development Plan 88-DPF-033 (RV01)z, 88-CP-60](RV01) [88-DPF-25cz; 85-DP-66CZ; 83-PD-25cz} are complied with and that all monitoring and reporting actions required of the OWNER(S) / OPERATOR OF RECORD shall be fulfilled.

OWNER(S) and OPERATOR OF RECORD hereby agrees to allow the County or its representatives onto the PROPERTY, beginning at APN 081-220-014 to monitor and ensure compliance with all conditions of approval and/or to gather information relevant for reporting purposes and compliance with the conditions of approval.

FEES. The OWNER(S) and OPERATOR OF RECORD understands and agrees that they shall promptly pay all fees for monitoring compliance or enforcing conditions as required by conditions of the Final Development Plan.

PENALTIES FOR NON-COMPLIANCE. OWNER(S) and OPERATOR OF RECORD acknowledges that the County of Santa Barbara retains the right to bring any action which it determines is necessary to require compliance by OWNER with all conditions of approval. The County of Santa Barbara further retains the right to seek all remedies and sanctions for non-compliance, either criminal or civil, as may be provided for by law.

By signing this document, the OWNER(S) / OPERATOR OF RECORD agrees to comply with all conditions of approval.

I (WE) accept and agree to all terms, restrictions and obligations set forth in this agreement either expressly or by reference and incorporation.

Executed on the 14 day of MARCH, 2024.

OWNER OF RECORD

By B. Lance Yearwood

B. Lance Yearwood
Vice President
Pacific Pipeline Company

OPERATOR OF RECORD

By J Caldwell Flores

J. Caldwell Flores
President
Sable Offshore Corp.

AGREEMENT TO COMPLY WITH CONDITIONS OF APPROVAL

OWNER(S) and OPERATOR OF RECORD for the Pacific Offshore Pipeline Company, hereinafter referred to as the PROPERTY.

MONITORING AND REPORTING. This agreement is made to ensure that all conditions of approval for the POPCO Gas Plant Expansion Project, Final Development Plan Permit 93-FDP-015 and 74-CP-II (RVI) are complied with and that all monitoring and reporting actions required of the OWNER(S) / OPERATOR OF RECORD shall be fulfilled.

OWNER(S) and OPERATOR OF RECORD hereby agrees to allow the County or its representatives onto the PROPERTY, at 12000 Calle Real, Goleta CA 93117 to monitor and ensure compliance with all conditions of approval and/or to gather information relevant for reporting purposes and compliance with the conditions of approval.

FEES. The OWNER(S) and OPERATOR OF RECORD understands and agrees that they shall promptly pay all fees for monitoring compliance or enforcing conditions as required by conditions of the Final Development Plan.

PENALTIES FOR NON-COMPLIANCE. OWNER(S) and OPERATOR OF RECORD acknowledges that the County of Santa Barbara retains the right to bring any action which it determines is necessary to require compliance by OWNER with all conditions of approval. The County of Santa Barbara further retains the right to seek all remedies and sanctions for non-compliance, either criminal or civil, as may be provided for by law.

By signing this document, the OWNER(S) / OPERATOR OF RECORD agrees to comply with all conditions of approval.

I (WE) accept and agree to all terms, restrictions and obligations set forth in this agreement either expressly or by reference and incorporation.

Executed on the _____ day of _____, 2024.

OWNER OF RECORD

By _____

William S. Flores
Vice President
Pacific Offshore Pipeline Company

OPERATOR OF RECORD

By _____

J. Caldwell Flores
President
Sable Offshore Corp.

AGREEMENT TO COMPLY WITH CONDITIONS OF APPROVAL

OWNER(S) and OPERATOR OF RECORD for the Santa Ynez Unit, hereinafter referred to as the PROPERTY.

MONITORING AND REPORTING. This agreement is made to ensure that all conditions of approval for the ExxonMobil Santa Ynez Unit Expansion Project, Final Development Plan 87-DP-32cz (Modified on July 25, 2001 with 87-DP-032cz (RV05) Synergy Project) (Modified on February 19, 2003 with 87-DP-032cz (RV06) Offshore Power Cable Repair & Enhancement Project) are complied with and that all monitoring and reporting actions required of the OWNER(S) / OPERATOR OF RECORD shall be fulfilled.

OWNER(S) and OPERATOR OF RECORD hereby agrees to allow the County or its representatives onto the PROPERTY, at 12000 Calle Real, Goleta CA 93117 to monitor and ensure compliance with all conditions of approval and/or to gather information relevant for reporting purposes and compliance with the conditions of approval.

FEES. The OWNER(S) and OPERATOR OF RECORD understands and agrees that they shall promptly pay all fees for monitoring compliance or enforcing conditions as required by conditions of the Final Development Plan.

PENALTIES FOR NON-COMPLIANCE. OWNER(S) and OPERATOR OF RECORD acknowledges that the County of Santa Barbara retains the right to bring any action which it determines is necessary to require compliance by OWNER with all conditions of approval. The County of Santa Barbara further retains the right to seek all remedies and sanctions for non-compliance, either criminal or civil, as may be provided for by law.

By signing this document, the OWNER(S) / OPERATOR OF RECORD agrees to comply with all conditions of approval.

I (WE) accept and agree to all terms, restrictions and obligations set forth in this agreement either expressly or by reference and incorporation.

Executed at on the _____ day of _____, 2024.

OWNER and OPERATOR

By _____ Date 03-14-2024

J. Caldwell Flores
President
Sable Offshore Corp.

Exhibit 12

CONSENT DECREE ASSUMPTION AGREEMENT

This CONSENT DECREE ASSUMPTION AGREEMENT (this "***Agreement***"), dated as of October 13, 2022 (the "***Effective Date***"), is made and entered into by and between Plains Pipeline, L.P., a Texas limited partnership ("***Seller***") and Pacific Pipeline Company, a Delaware corporation ("***Buyer***").

WITNESSETH:

WHEREAS, reference is made herein to that certain Consent Decree issued by the United States District Court for the Central District of California in relation to Civil Action No. 2:20-cv-02415 (*United States of America and the People of the State of California v. Plains All American Pipeline, L.P. and Plains Pipeline, L.P.*) (the "***Consent Decree***");

WHEREAS, pursuant to that certain Asset Purchase and Sale Agreement, dated October 10, 2022, by and between Seller and Buyer (the "***Purchase Agreement***") and those certain instruments of sale, assignment, transfer and conveyance executed in connection with the Purchase Agreement, Buyer has acquired certain assets from Seller, which include Line 901 (as defined in Consent Decree) and the segment of Line 903 (as defined in the Consent Decree) from Seller's Gaviota pump station to Seller's Pentland pump station (collectively, the "***Assets***");

WHEREAS, the Consent Decree applies to the Assets and the sale and transfer of ownership and operating responsibility of the Assets by Seller to Buyer;

WHEREAS, Paragraphs 88-89 of the Consent Decree require that Buyer agree to be bound by those provisions of the Consent Decree and Appendices B and D thereof that are specifically applicable to the Assets, unless Seller has already completed the required action or unless the California Department of Forestry and Fire Protection's – Office of the State Fire Marshal (and any of its successor departments or agencies) agrees to relieve Buyer of the obligations of any otherwise applicable provision; and

WHEREAS, pursuant to this Agreement, Seller and Buyer intend to evidence Buyer's agreement to be bound by those provisions of the Consent Decree and Appendices B and D thereof that are specifically applicable to the acquired Assets as required by Paragraphs 88-89 of the Consent Decree.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and in the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer hereby agree as follows:

1. Pursuant to Paragraphs 88-89 of the Consent Decree, Buyer hereby agrees to be bound by those provisions of the Consent Decree and Appendices B and D thereof that are specifically applicable to the Assets.

2. From time to time, as and when requested by Seller, Buyer shall execute and deliver, or cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions, as Seller or its successors and permitted assigns may reasonably deem necessary or desirable in order for Seller to comply with the Consent

Decree, including Paragraphs 88-89 thereof.

3. This Agreement may be executed in one or more counterparts (including by means of facsimile or a portable document format (*.pdf)), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY CHOICE OF LAW RULES WHICH MAY DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY AGREES THAT ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT HEREOF SHALL BE BROUGHT AND DETERMINED IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN HOUSTON, HARRIS COUNTY, TEXAS. EACH OF THE PARTIES HERETO HEREBY (I) IRREVOCABLY SUBMITS WITH REGARD TO ANY SUCH ACTION OR PROCEEDING TO THE EXCLUSIVE PERSONAL JURISDICTION OF THE AFORESAID COURTS IN THE EVENT ANY DISPUTE ARISES OUT OF THIS AGREEMENT AND WAIVES THE DEFENSE OF SOVEREIGN IMMUNITY, (II) AGREES THAT IT SHALL NOT ATTEMPT TO DENY OR DEFEAT SUCH PERSONAL JURISDICTION BY MOTION OR OTHER REQUEST FOR LEAVE FROM ANY SUCH COURT OR THAT SUCH ACTION IS BROUGHT IN AN INCONVENIENT FORUM AND (III) AGREES THAT IT SHALL NOT BRING ANY ACTION RELATING TO THIS AGREEMENT IN ANY COURT OTHER THAN THE ABOVE COURTS. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY A PARTY HERETO AGAINST THE OTHER PARTY IN ANY MATTER WHATSOEVER ARISING OUT OF OR IN RELATION TO OR IN CONNECTION WITH THIS AGREEMENT.

5. This Agreement shall not be assigned by either party hereto without the written consent of the other party hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

[*Signature Pages to Follow*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

PLAINS PIPELINE, L.P.
By: Plains GP LLC, its general partner

By:_____
Name: Jeremy Goebel
Title: Executive Vice President PAS
CAO

PACIFIC PIPELINE COMPANY

By:_____
Name: Ryan Allain
Title: Director

Exhibit 13

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

HONORABLE DOLLY M. GEE, JUDGE PRESIDING

SABLE OFFSHORE CORP., ET AL.,	)	
	)	
Plaintiff,	)	
	)	
Vs.	)	**No. CV25-04165-DMG**
	)	
COUNTY OF SANTA BARBARA, ET AL.,	)	
	)	
Defendants.	)	
	)	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

LOS ANGELES, CALIFORNIA

FRIDAY, SEPTEMBER 12, 2025

MIRIAM V. BAIRD, CSR 11893, CCRA
OFFICIAL U.S. DISTRICT COURT REPORTER
411 WEST FOURTH STREET, SUITE 1-053
SANTA ANA, CALIFORNIA 97201
VELIZBAIRDMIRIAM@GMAIL.COM

A P P E A R A N C E S

ON BEHALF OF THE PLAINTIFF, OFFSHORE SABLE CORP.:	JESSICA STEBBINS BINA LATHAM AND WATKINS LLP 10250 CONSTELLATION BOULEVARD SUITE 1100 LOS ANGELES, CA 90067 LAUREN F. KAPLAN O'MELVENY AND MYERS LLP 400 SOUTH HOPE STREET 19TH FLOOR LOS ANGELES, CA 90071-2900
ON BEHALF OF THE DEFENDANT, COUNTY OF SANTA BARBARA, ET AL.,:	CALLIE PATTON KIM SANTA BARBARA OFFICE OF COUNTY COUNSEL - CA 105 EAST ANAPAMU STREET SUITE 201 SANTA BARBARA, CA 93101 805-568-2950
ON BEHALF OF THE INTERVENORS:	TARA RENGIFO LINDA KROP ENVIRONMENTAL DEFENSE CENTER 906 GARDEN STREET SANTA BARBARA, CA 93101

LOS ANGELES, CALIFORNIA; FRIDAY, SEPTEMBER 12, 2025; 2:46 PM

THE CLERK: Calling item number one, LACV-25-4165-DMG, Sable Offshore Corp., et al, versus County of Santa Barbara, et al.

02:46PM

Counsel, please state your appearances, starting with the plaintiff.

MS. BINA: Good afternoon, Your Honor. Jessica Stebbins Bina of Latham & Watkins on behalf of the Sable affiliates.

02:47PM

MS. KAPLAN: Good afternoon, Your Honor. This is Lauren Kaplan at O'Melveny on behalf of the Exxon Mobil affiliates.

MS. KIM: Good afternoon, Your Honor. Callie Kim on behalf of the respondent, County of Santa Barbara.

02:47PM

MS. KROP: Good afternoon, Your Honor. Linda Krop from the Environmental Defense Center on behalf of intervenors.

MS. RENGIFO: Good afternoon, Your Honor. Tara Rengifo of the Environmental Defense Center on behalf of intervenors.

02:47PM

THE COURT: All right. Good afternoon, everyone.

I assume that all of you have had a chance to review the Court's tentative.

02:47PM

MS. BINA: Yes, Your Honor.

There are a variety of reasons a board member might recuse themselves. It could be a conflict of interest. It could also be, you know, that the board member wasn't available at the prior hearings on the same matter. There's a multitude of reasons.

03:10PM

It's ultimately up to that board member to decide for themselves whether they're going to participate or not and then to disclose. They do just need to disclose the reasons why. I'm remembering now.

03:10PM

THE COURT: I see. All right. So there really isn't any -- their discretion is what is at issue when they decide to recuse themselves. There's nothing that prohibits them from just recusing because they don't want to have to decide on the matter?

03:11PM

MS. KIM: No, Your Honor, although I've never seen that happen before.

THE COURT: All right. Thank you.

MS. KIM: The only final comment I wanted to make is just an objection to the idea of ruling that the County must deny the 25B application. I think the 25B process is very narrow, and the County's discretion is very narrow.

03:11PM

But in making particularly the operator capability finding, the board is required to exercise some judgment in evaluating things like, as Sable presented, years of experience, you know, that the executive team is familiar

03:11PM

with the local facility, things like that that they've presented. That's not a check-the-box exercise that requires some judgment on the part of the board, but it is a narrow issue.

03:12PM THE COURT: All right. Thank you.

MS. KIM: Thank you.

THE COURT: The intervenors, would you like to address the tentative?

MS. KROP: Thank you, Your Honor. Linda Krop on behalf of intervenors. I just wanted to address a few points in the tentative. So on appeal it's clear from the tentative and the plain language of Chapter 25B that once the board holds a hearing on appeal, the board has discretion to affirm, reverse, or modify. And modify elevates the amount of discretion.

The board doesn't have to just affirm or reverse, but the board actually has to accept additional evidence that's required in the code, and they have the ability to impose conditions. That's the modify piece. So that confirms how much discretion the board has.

This is not similar to a judicial appellate review standard. In fact, it's a de novo standard, and I think that's, you know, been made clear. But what that means, contrary to what petitioner said, is the board has to consider the evidence on its own, has discretion to decide if

MS. KROP: Thank you.

THE COURT: All right. If there are no further comments, then this matter will stand submitted and I will issue the order hopefully today, but at the latest by Monday.

03:21PM MS. BINA: Thank you, Your Honor.

MS. KIM: Thank you, Your Honor.

THE COURT: All right. Thank you.

We are adjourned.

(Proceedings concluded at 3:21 p.m.)

CERTIFICATE

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT TRANSCRIPT OF THE STENOGRAPHICALLY RECORDED PROCEEDINGS IN THE ABOVE MATTER.

FEES CHARGED FOR THIS TRANSCRIPT, LESS ANY CIRCUIT FEE REDUCTION AND/OR DEPOSIT, ARE IN CONFORMANCE WITH THE REGULATIONS OF THE JUDICIAL CONFERENCE OF THE UNITED STATES.

/s/ Miriam V. Baird 09/23/2025

MIRIAM V. BAIRD
OFFICIAL REPORTER

DATE

Exhibit 14

COUNTY OF SANTA BARBARA
PLANNING AND DEVELOPMENT

MEMORANDUM

TO: Planning Commissioners

FROM: Doug Anthony, Energy Specialist, (805) 568-2046
John Day, Planner, (805) 568-2045

DATE: September 7, 2001

RE: Proposed Change of Owner, Operator, and Guarantor Ordinance – Summary of staff's responses to public testimony received on the proposed ordinance during the August 1st hearing

---

Commissioner Beall suggested that staff provide a written version of its responses to public testimony received during the August 1st hearing of the proposed Change of Owner, Operator, Guarantor Ordinance. We are providing that written version as Attachment A to this memorandum.

Second, Commissioner Beall requested a matrix that compares the proposed ordinance to current regulatory practices of the Minerals Management Service for change of lessor, operator, and guarantor. We are providing that matrix as Attachment B, in which we also compare the proposed ordinance to past practices of the County to show how such practices vary according to a particular permit.

Third, Commissioner Valencia asked for a summary of outstanding issues with the ordinances that the oil industry raised during meetings with staff and at public workshops. We are providing that summary in Attachment C.

Fourth, Commissioner Oberdeck asked for a response to testimony from the Santa Barbara Region Chamber of Commerce, Goleta Valley Chamber of Commerce, Santa Maria Valley Chamber of Commerce, and Santa Maria Valley Economic Development Association. We are providing this response in Attachment D.

Fifth, Commissioners Beall and Farr raised some questions about the ordinance in the final minutes of the hearing. We are providing answers to those questions in Attachment E.

Finally, Attachment F is a revised draft of the proposed ordinance showing proposed changes in response to public comments.

Attachment A

Summary of Staff's Oral Responses to Public Comment
August 1st Planning Commission Hearing
Item No. 5: Proposed Change of Owner, Operator, Guarantor Ordinance

Comment No. 1: Several representatives of the oil industry and chambers of commerce questioned the lack of guidance provided in the ordinance for determining the appropriate amount of financial responsibility should a change of operator, owner, or guarantor take place.

Public testimony is accurate that, as currently drafted, the proposed ordinance does not provide specific guidance for determining the appropriate amount of financial responsibility. The ordinance does require new owners, operators and guarantors to demonstrate the financial wherewithal to cover the cost of timely and proper abandonment (including remediation of contaminated soils and waters) and to cover natural resource damage. The County is separately pursuing ordinances to establish specific procedures for determining adequate financial assurances for both types of liability. The Change of Owner ordinance is the first in the sequence of three ordinances that together will provide a solid structure of financial responsibility regulations that apply to ongoing operations as well as to the special case of owner/operator change.

Subsequent to the August 1st hearing, staff has revisited the question of how to specify financial responsibility requirements during the interim, until a financial responsibility ordinance is adopted. Our recommendations are given in Attachment C (Outstanding Issues), Issues 2 and 3.

Comment No. 2: One speaker questioned the lack of precise safety standards when assessing a proposed change of operator.

Summary of Staff's Response: First, standards are proposed. The standards are necessarily qualitative, but they are nonetheless definite:

> "The records demonstrate the proposed operator has the skills and training necessary to operate the permitted facility in compliance with all applicable law. The accident and compliance records shall be obtained from the agencies listed in Appendix A. If the proposed operator is a new company or lacks a seven year operational record, the operator has demonstrated to the County that the key personnel have sufficient experience and expertise to operate the facility safely." [§25B-10(2)(j)]

The County has the capability to review operator qualifications utilizing the expertise of the Office of Emergency Services, Building and Safety, and 3rd party technical consultants. These personnel routinely provide Energy staff with expert advice on facility safety and on compliance plans such as emergency response plans. Additionally, MMS and State Lands Commission have expressed willingness to discuss operator safety records, and are expected to be an useful source of information.

Let's examine what the proposed ordinance seeks with regard to oversight of safety upon a change of operator.

a) The ordinance asks for a transitional plan so that a new operator is sufficiently trained and familiar with the new facility and has working knowledge of emergency and safety plans prior to taking over. The ordinance recommends cross-training with the current operator prior to the change of operator where practical. The oil industry agrees that cross-training is valuable when changing operators and some companies have exercised this approach to changing operators in the past.
b) The ordinance asks for a test, one that requires the proposed new operator to pass a simulated emergency response drill. This test is similar in concept to practices of the Minerals Management Service (MMS) to ensure that the operator has a good working knowledge of the facility. Specifically, the MMS requires the new operator, standing side-by-side with the current operator, to bring the entire platform down and, then, to bring it back on line. Onshore, we ask for adequate performance on one or more simulated emergency response drills, the details of which are per the standards of the County's Office of Emergency Services.
c) The ordinance asks for an examination of the accident and compliance records of the proposed new operator for the previous seven years. The Minerals Management Service looks at such records for the last five years; environmental groups have requested the County look back 10 years. We chose the mid-point of seven years because that's equivalent to the normal period of time for which records are retained.

Staff has not proposed any quantitative standards upon which to implement the above requirements because such reviews require sufficient discretion to consider case-specific factors. For example, staff does not propose any specific threshold that would disqualify a new operator based on the number of accidents it has had at other facilities over the last seven years. Such a threshold would not provide the fair and objective basis for qualification that would be provided through a prudent evaluation of the case-specific facts. For the same reason, both MMS and State Lands Commission evaluate potential new operators by examining and weighing the case-specific facts. Quantitative standards would be unworkable. Consider, for instance, the following hypothetical examples that illustrate problems that could arise should we set a threshold of 10 accidents.

- Proposed pipeline operator A would automatically be disqualified with a record of 11 accidents, even if these accidents were very minor (or caused by third-party intrusion at no fault of the pipeline operator) and the cause of the accidents were corrected immediately. Proposed pipeline operator B would automatically qualify with a record of 4 accidents, even if deaths and injuries resulted from willful negligence on the part of the operator, and reflected no improvement by the operator over a period of seven years. These case-specific factors favor an opposite result than that prescribed by the hypothetical standard of 10 accidents; that is, qualification of operator A and disqualification of operator B.
- Proposed facility operator A shows a record of 11 accidents, but operates 100 such facilities nationwide, including major refineries. Proposed facility operator B shows a record of 8

accidents, and only operates two such facilities nationwide. Again, a prudent examination and sound judgment of the case-specific factors indicate an opposite conclusion than a pre-established threshold or standard. Operator A's record may be notably better than the industry average based on a per facility basis, whereas Operator B's record may be notably worse than the average.

Identification of quantitative standards up-front would not capture every potential variation and nuance that would become apparent in the case-specific examination of a proposed new operator. Instead, staff believes a prudent, discretionary review of case-specific factors, based upon the objective data obtained in the accident and compliance records referenced in the proposed ordinance, best serves the County's ability to render a fair and equitable review. Such a discretionary review has been successful in approving the change of operator for the Point Arguello and GTC oil terminal facilities. It has also been successful for determining if the level of key personnel is sufficient for new companies which do not have previous accident or compliance records.

Comment No. 3: Two members of the public stated that the proposed ordinance duplicates regulations currently administered by the Minerals Management Service, State Lands Commission, and California Public Utilities Commission, and California Department of Fish and Game (Division of Oil Spill Prevention and Response).

Summary of Staff's Response: The proposed ordinance does not duplicate these current regulations, but rather seeks to fill the gap by extending such regulatory practices to facilities not covered by current regulations. Section 25B-2 of the proposed ordinance is quite explicit about the applicability of the proposed ordinance as follows:

"Sec. 25-2 Applicability

(1) This Chapter shall apply to any person who owns, operates or guarantees performance for or who seeks to own, operate or guarantee performance for any of the following facilities **located in the unincorporated areas of the County of Santa Barbara**:
   a) any facility involved in exploration, production, processing, storage or transportation of oil or gas extracted from offshore reserves;
   b) any oil refinery;
   c) any pier, supply base, marine terminal or staging area within the County's jurisdiction that supports development of offshore oil and gas reserves.

(2) This Chapter shall not apply to:
   a) the change of owner, operator or guarantor of the following:
      i. **sales gas pipelines operated by a public utility and regulated by the California Public Utilities Commission**;
      ii. trucks, railroads;
      iii. **facilities located in state waters**;
      iv. a change of ownership consisting solely of a change in percentage ownership of a facility and which does not entail addition or removal of an owner or affect any financial guarantee for a permit." [emphasis added.]

Compare this to the regulatory jurisdiction of the Minerals Management Service (MMS), California State Lands Commission (SLC), California Public Utilities Commission (PUC), and California Department of Fish and Game (DFG).

- MMS regulates the change of lessee, operator, and other guarantor for leases and facilities on the Outer Continental Shelf (OCS). The OCS covers federal waters beginning 3 geographical miles seaward of the national coastline, including three miles seaward of the coastline of offshore islands. The proposed ordinance, on the other hand, applies to onshore facilities; however, borrows many of the tested regulatory practices that the MMS applies for change of lessor, operator, or guarantor.

- SLC regulates the change of lessee, operator, and other guarantor for oil and gas leases and facilities on the State Tidelands. The State Tidelands comprise an offshore zone three miles wide between the coast and the OCS. The proposed ordinance, on the other hand, applies to onshore facilities and explicitly excludes applicability to "... facilities located in state waters. However, the proposed ordinances borrows from the regulatory practices that the SLC applies for change of lessor, operator, or guarantor.

- PUC regulates the changes of owner or operator for public utilities. The proposed ordinance explicitly excludes applicability to the very onshore facilities that the CPUC regulates: "... sales gas pipelines operated by a public utility and regulated by the California Public Utilities Commission."

- DFG's Division of Oil Spill Prevention and Response (OSPR) requires financial assurances to cover liability relating to oil spills into marine waters, which are defined as tidally influenced waters. It does not preclude other financial assurances such as that applied by the County for marine terminals via Chapter 25A of the County Code (Evidence of Financial Responsibility to Clean Up Oil Spills), nor does it address financial assurances for terrestrial oil spills and other types of accidents that may occur from the operation of applicable facilities under the proposed ordinance.

Comment No. 4: One speaker testified that, among other things, timely and proper abandonment of an oil and gas site subject to this ordinance should not be of any concern. He noted that all facilities subject to this ordinance that currently have terminated operations either have undergone abandonment or are undergoing abandonment. Therefore, there is no historic record to suggest a need of financial assurances for abandonment.

Summary of Staff's Response: Last fall, the Planning Commission initiated amendments to the General Plan (Coastal Land Use Plan and Land Use Element) and to the County code to promote more timely and proper abandonment of the subject facilities. Your recommendations included:

- The revocation of discretionary land-use permits when, after thorough consideration of case-specific evidence, a facility will not be reactivated within a reasonable period of time.

- The imposition of monetary penalties if, after sufficient notification, an operator fails to remove abandoned facilities and restore the site.
- A refinement to the permitted uses of such facilities that precludes long-term salvage operations, recycling facilities, or junkyards.
- A requirement that operators post appropriate financial securities for the purpose of ensuring timely and proper abandonment.[1]

These recommendations were based, in part, on a historical record of notably disparate results with regard to timely abandonment. In one worse case, Texaco did not abandon its Gaviota processing facility until 25 years after it ceased operations permanently.[2] This facility was located in the Coastal Zone, in the view shed between Highway 101 and the ocean. The County would have had more leverage to require timely abandonment had it access to a performance-based financial guarantee. The following table provides an accurate historic overview for processing facilities and marine terminals.[3]

Timing for Abandonment of Downstream Facilities

Facility	Year Installed	Year Operations Ceased	Year Production Wells Plugged	Year Facility Abandoned	Years to Abandon after Ceasing Operations
Chevron's Gaviota Gas Facility	1962	1984	1986	1987	3
Shell's Hercules Gas Plant	1963	1989	1997	Ongoing,* commenced in 1994	>11
Phillips' Tajiguas Gas Facility	1964	1990	1997	1993	3
ARCO's Dos Pueblos Facility	1920s	1997	1997	Ongoing,** commenced in 1995	>3
ARCO's Alegria Facility	1962	1991	1997	Not commenced	>9
Unocal's Battles Gas Facility	1940s	1995	Not yet plugged	Ongoing,* commenced in 1995	>5
Texaco's Gaviota Processing Facility	1961	1973	1985	1998	25
Unocal's Gov't Pt. Processing Facility	1968	1993	1999	Not commenced	>7
Unocal's Cojo Bay Marine Terminal	Early 1960s	1993	1999	Not commenced	>7

* Facilities have been dismantled; however, remediation remains ongoing, often due to operator's resistance to prescribed clean-up of hydrocarbons (see Chapter 7).

[1] County of Santa Barbara, Planning and Development Department, Energy Division. *Abandonment of Oil and Gas Fields Offshore Santa Barbara County and Related Infrastructure.* October 25, 2000. Pages 89-93.
[2] *Ibid.* Page 87, Section 5.2.6.
[3] See Chapter 4 of the foregoing report for historic record for production facilities and Chapter 6 for pipelines.

** Facilities have been removed, except for offsite pipelines (see Chapter 6). Remediation has been delayed because development permit, which authorizes both remediation and development of a golf course, is under appeal to the Coastal Commission.

This is not to suggest that all operators have not or will not pursue timely abandonment. Several operators have been very efficient in abandoning their facilities upon terminating operations permanently. But we would like everyone to do that and believe we can facilitate that result with performance-based financial guarantees. Nationally, financial assurances are an increasingly common component of environmental regulation, guaranteeing that costs associated with a future performance or liability are borne by the responsible party rather than society, despite bankruptcy, prior corporate dissolution, sheltering of assets overseas, or resistance by the responsible party. California's Surface Mining and Reclamation Act, for instance, requires performance-based financial assurances of applicable mining operations.[4]

Comment No. 5: One speaker suggested that the proposed ordinance creates a lot of costly paperwork because it requires applications for transfer of permits when owners change (rather than just operators).

Summary of Staff's Response: The permits of the subject facilities have a condition that holds all owners and operators jointly and severally liable.

For non-managing owners where more than one entity owns the facility, the ordinance as proposed on August 1st simply requires acknowledgement that a new non-managing part-owner accepts that liability and that all owners are listed in the permit. The ordinance requires new non-managing owners to submit an application with a letter accepting the permit and its liability under the permit as an owner. It is in the County's interest to name all owners and operators on the permit, so as to leave no uncertainty about their joint and several liability and also to avoid having to track them down in the aftermath of a major accident. However, upon the advice of County Counsel, staff has determined that the requirement for a letter explicitly accepting the permit is unnecessary. This issue is discussed further in Appendix C, under Issue 1.

For change of full ownership or managing owners, there are more requirements for transferring the permit, including:

- Payment of all outstanding County-required fees and exactions due for the facility. Although most facility owners or operators pay such fees and exactions timely, the Energy Division does deal with delinquent payments periodically. In these cases, the proposed ordinance reduces costly paperwork for the County by bringing accounts up-to-date.

[4] Most oil producing states require some sort of financial guarantees for abandonment. At the federal level, financial assurances are required under the Oil Pollution Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Resource Conservation and Recovery Act, the Safe Drinking Water Act, the Outer Continental Shelf Lands Act, the Federal Land Policy and Management Act, and the Surface Mining Control and Reclamation Act. However These applications do not address the facilities subject to the Change of Owner, Operator, Guarantor Ordinance.

- Provision of all required financial guarantees for future liability and performance of timely and proper abandonment. This requirement is moot should such guarantees already be in-place and not diminished in the transfer of ownership. However, the ordinance seeks to reduce social costs by ensuring coverage for future liability and performance. Studies have found that, in practice, financial guarantees are both available and affordable and more cost-effective to smaller companies than having to respond financially to a major oil spill, for example.[5]
- Requirement of acceptance of permit, similar to that for non-managing owners.
- Requirement of a safety audit to divulge the status and condition of the facility to the new owner. SIMQAP audits conducted within the last three years satisfy this requirement. Such disclosure, which is typical of real estate transactions, represents prudent business, and gives the new owner a clear understanding of financial expenditures to bring facilities into compliance with County and State requirements. Such a requirement addresses latent issues such as those encountered by Venoco after it acquired the Ellwood facilities from Mobil.
- Provision to comply with existing requirements. This simply serves to enforce requirements of the permit. There is no costly paperwork associated with this requirement provided that the owner has maintained the facility in compliance with the permit.
- Provision to update specific compliance plans, where applicable, to provide current emergency contact information pertaining to the new owner. Such changes are geared solely to reflect the change in ownership and identify new responsible parties that may need to be contacted in the event of an emergency or other safety situation.

Staff believes that meeting such provisions are either minor or, in the case of financial assurance, are part of the cost of doing business, similar to other types of liability insurance such as automobile insurance.

Comment No. 6: One speaker asked how the County can determine a performance-based financial assurance for abandonment, specifically, remediation of contaminated soils and waters, absent a site assessment.

Summary of Staff's Response: Last fall, the Planning Commission initiated amendments to the General Plan (Coastal Land Use Plan and Land Use Element) and to the County code to promote more timely and proper abandonment of the subject facilities. These initiated amendments included the following recommendation:

"Recommendation 40: Structure the regulatory oversight of decontamination so it is treated routinely as an issue of operations rather than abandonment. The County should undertake the following actions to achieve this goal:

1. Amend appropriate codes to require, where appropriate, testing of soils and water under and around oil and gas facilities that were in operation before 1980. Testing should focus on areas and facilities suspected of having historic waste releases (areas may include those listed in

[5] See, for example, James Boyd. *Financial Assurance Rules and Natural Resource Damage Liability: A Working Marriage?* 2001. Resources for the Future, Washington, D.C. pages 34-39 for discussion of the cost-benefit of financial assurances, comparing the costs of such assurances versus the costs to society absent such assurances.

Table 7-1) and occur in accordance with procedures approved by PSD and RWQCB. Suspect areas, for example, would be under tanks and under pipelines that are not regularly tested to verify their structural integrity. Identifying and characterizing areas at sites that commenced operation with possible contamination as early as possible will allow the appropriate regulatory agency to respond more proactively to waste releases and subsequent migration. However, requirements for testing should consider locations that avoid or minimize risk due to testing in or near an operating facility.

2. Due to greater government-mandated safety requirements, sites that began operations after 1980 are expected to have much less soil and water contamination. Notwithstanding, sites that began operation after 1980 should also be monitored in areas where it is likely that an undetected release could occur.

3. Impose penalties, including fines and termination of operations, if soil and groundwater sampling is not conducted in a reasonable period of time."[6]

The Energy Division is currently processing these amendments through environmental review and will return to the Planning Commission with policy and ordinance language early next year. Staff recommends that the requirement of a site assessment continue to be handled in the foregoing manner. The approach to site assessments recommended above focuses our attention not just on sites with changes of operator or managing owner, but on those sites most likely to be contaminated. Staff plans to draft the requirement for site assessments in a manner that requires owners and operators to disclose any new information regarding site contamination both before and after the site assessment is performed. Accordingly, any new information found by a future, internal site assessment performed by a new or old owner as part of the real estate transaction would be required to be disclosed to the County.

Comment No. 7: One speaker asked for an amendment to the Planning Commission finding that requires a new operator to pass an emergency response plan drill. The amendment would require a follow-up drill to occur some period after the operator has taken control of the facility. This follow-up drill would be unannounced. Further, the Planning Commission's approval of a new operator would remain conditional until the follow-up drill occurs. Failure to pass the follow-up drill could constitute a basis to reverse approval of the new operator.

Summary of Staff's Response: Tom Haug, staff with the County's Office of Emergency Services, fielded this inquiry. He explained that his office shares the concerns for safety expressed by the speaker. He further explained that his office periodically conducts drills and would undertake such a follow-up drill under its current authority; therefore, he saw no need to specify a requirement for a follow-up drill in the ordinance. The new applicant (operator in this case) accepts the permit, and all it's responsibilities and conditions (i.e., drill requirements). He also explained that, in practice, no drill is completely unannounced, although several elements of the drill, such as the particular emergency scenario, may be unannounced. Most of the elements are

[6] County of Santa Barbara, *op. cit.*, 2000, page 140.

unknown to the facility operators. Some type of coordination goes into developing a realistic and effective drill. Drills conducted by OES are not only just a tool to evaluate the operator's knowledge of the Emergency Response Plan, but they are designed to be learning tools for the facility operators and the responding agencies. In some cases this can take numerous drills in a short timeframe. However, each of the participants and the public has benefited from this use of drills.

Comment No. 8: One speaker stated that the County need not worry about financial assurances for timely and proper abandonment, including remediation of contaminated soils and waters, because state law already covers liability. If the most recent operator is not financially solvent, the County can track down previous operators.

Summary of Staff's Response: Financial assurance rules have become a common tool to enforce liability law. While liability alone works in theory, financial assurances provide the necessary guarantees that a facility will be timely and properly abandoned even in the event of bankruptcies, corporate (or company or partnership) dissolution, or sheltering of assets overseas.[7]

Moreover, the County's own experience shows that efforts to hold previous oil operators financially responsible can be very costly to the County. The County expended over $300,000, for example, to get previous oil operators to clean up contaminated soils at Santa Barbara Shores. The County incurred these costs in conducting a site assessment, tracking down previous owners, negotiating clean-up responsibilities of contaminated sites with previous owners, paying for permitting costs associated with clean up that previous oil operators refused to pay, and paying for post-clean up restoration of the site. Financial assurance requirements can foster timely and relatively lost-cost public access to compensation or performance by reducing litigation and administrative costs.[8]

Comment No. 9: One speaker stated that, although the Minerals Management Service (MMS) and California State Lands Commission (SLC) require approval of operators and lessees, they do so as landowner, not regulator.

Summary of Staff's Response: These two agencies serve the dual role of landowner and regulator. Moreover, their role of landowner is one of stewardship of the land under the principles of the public-trust doctrine. Such stewardship, which includes ensuring environmental protection in accordance with applicable laws and regulations, necessarily melds with the role of regulator. Lastly, the MMS and SLC require the financial assurances, safety audits, and new operator testing in accordance with regulation and, therefore, do so as regulators.[9] However, these agencies do not regulate the onshore components of offshore oil and gas projects.

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[7] Boyd, *op. cit.*, page 1.
[8] *Ibid*, page 5.
[9] These regulations were developed to implement laws such as the federal Oil Pollution Act, the federal Outer Continental Shelf Land Act, the federal Clean Water Act, and the California Oil Spill Prevention and Response Act.

Staff is recommending the County follow the stewardship and regulatory example set by the MMS and SLC offshore in the context of applicable onshore oil and gas facilities when owner or operator change. The County certainly performs a regulatory role under its police powers and other statutes when permitting such facilities and enforcing compliance with laws and permit conditions. It also exercises stewardship of the environment in the County. Consequently, the relevance of the dual roles that the MMS and SLC meld together in their oversight of offshore oil and gas development – regulator and steward – is one that supports adoption of the proposed ordinance.

Comment No. 10: One speaker asked if the proposed ordinance seeks to nullify existing permits.

Summary of Staff's Response: The ordinance does not nullify existing permits, but rather provides a necessary tool, fashioned after the tested regulatory practices of the MMS and SLC offshore, to ensure continued financial assurances, safe operations, and compliance with applicable laws and permit conditions. However, the ordinance could lead to denial of a transfer of permit to a new operator if that operator is unqualified; it could lead to denial of a transfer to a new owner should the new owner not provide the required financial assurances, in which case the previous owner remains liable.

Comment No. 11: Some representatives of the oil industry objected to the component of the proposed ordinance that allowed additional conditioning of permits to ensure that the new operator, owner, or guarantor maintains adequate financial guarantees for operations and abandonment.

Summary of Staff's Response: The ability to add conditions to a permit is limited to maintenance of adequate financial guarantees for operations and abandonment. It mirrors the practices of both the Minerals Management Service and California State Lands Commission, which tailor financial guarantees based on the financial strength and operating records of lessees and operators. Additional requirements for financial guarantees are prudent if the new guarantor (including a new owner or operator) does not have the financial strength of the previous guarantor. The current amounts and mechanisms may not be sufficient or appropriate for a new guarantor if the previous guarantor had provided financial guarantees via self-insurance, for example. Therefore, staff recommends that the ability to amend the permit to ensure adequate financial guarantees remain in the ordinance. However, staff recommends clarifying the draft ordinance to limit such amendments to cases where there is a basis in the permit for doing so. [See Attachment C, Issue 3.]

Comment No. 12: Several speakers from the oil industry commented that smaller independent companies, including limited liability corporations or partnerships, are not necessarily less safe or financial weaker than majors.

Summary of Staff's Response: Staff recognizes that many independent oil companies have sufficient experience, assets, and safety records to operate facilities subject to the ordinance. Staff also recognizes, however, that there is no guarantee that any given operator, owner or guarantor automatically has the financial or technical requirements to operate such facilities.

Accordingly, we retain our recommendation for adoption of the proposed ordinance, and again note, this ordinance adapts regulatory processes already in-place for offshore oil and gas projects to apply to onshore components of those projects. Prospective operators with sound records and good experience should not find the ordinance troublesome, but rather should embrace the opportunity to demonstrate their sound qualifications to the community. Similarly, new owners and guarantors with strong financial balance sheets should take requirements of the ordinance in stride and embrace the opportunity to build confidence with the hosting county – items such as safety audits, financial assurances, and compliance with laws and permits are nothing new to their line of work.

Attachment B

Comparison of Proposed Change of Owner or Operator Ordinance Requirements with Practices of State and Federal Agencies and Handling of Recent Energy Division Cases

	Minerals Management	State Lands Comm.	Recent cases processed in Energy Division		Proposed Ordinance
			Point Arguello Project	Ellwood Facilities	
Change of Owner			Change of owner & operator. FDP revision. Denied by P/C. Approved 3/00 on appeal to Board.	Change of owner & operator. Done as ministerial change. Permit does not require SCD or FDP revision.	
Pre-sale facility audit	Yes	Yes	No	No	Yes. Audit within 3 years prior to sale.
Joint & several liability (owners)	Yes	Yes	Yes	Yes	Yes, based on pre-existing permit conditions
Non-managing partners	Approval required. Must be listed on lease. [1]	Approval required. Must be listed on lease.	Listed on permit.	No (N/A?)	Must accept permit. Must be listed on permit
Guarantor (approval of amount and method)	Yes	Yes	Yes	Marine Terminal only (under FROG [2]).	Yes
Change of Operator					
Pre-change facility audit	Yes	Required in some cases.	No	No	Yes. Audit within 3 years prior to sale.
Joint & several liability (operator)	Yes.	Yes	Yes	Yes	Yes
Cross training	Yes [3]	No [4]	Not required, but did occur.	Not required, but did occur.	Yes, where feasible
Pre-change emergency drills	Yes [3]	No [4]	Not required, but did occur.	No	Yes
Check safety & compliance records	Yes – 5 years	Yes – as available	Included in staff report	No	Yes – 7 years
Change of either Owner or Operator					
Applicability	OCS, state waters seaward of coastline & certain inland. Worst case spill >1000 bbl.	Marine waters of state (tidally influenced).	Point Arguello Project	Ellwood Marine Terminal, onshore processing facilities.	Onshore facilities in unincorporated S.B. 1. facilities supporting offshore oil/gas 2. refineries
Financial responsibility -- oil spill	Provided by lessee, operator, or 3rd party. Up to $150 million, depending on worst case spill potential.	Provided by lessee, operator, or 3rd party. OSPR administers. Up to $300 million, depending on worst case spill potential.	$260 million general liability insurance provided by operator.	$250 million for marine terminal required by FROG. No coverage for onshore processing facilities.	Yes, as required by permits or laws. May add permit conditions to assure adequate guarantees. [5]
Financial responsibility -- abandonment	Lessees provide "supplemental bonds." Amount discretionary, based on projected cost, operator safety & compliance track record, and financial soundness.	Lessees provide "structure bonds" & "performance bonds." Amount discretionary, based on projected cost, operator safety & compliance track record, and financial soundness.	Bond to be required immediately following permanent shut down of the facilities.	No bond required.	Yes, as required by permits or laws. [5]

1. Record title interest owners are jointly and severally liable and must be listed on the permit. Companies with an "operating right interest" in a lease and that are not jointly and severally liable are not necessarily listed on the lease.

2. S. B. County Code, Chapter 25A, *Evidence of Financial Responsibility to Clean Up Oil Spills* (Guidelines).

3. MMS requires facility inspections, cross training of new operator with departing operator, and rigorous drills prior to a change of operator. Drills include full facility shut down and restart to demonstrate operator competence.

4. SLC inspects facilities regularly and is on site monthly or more frequently monitoring operation. However, they have no special drills or cross training requirements in connection with change of operator.

5. Some permits contain conditions requiring financial responsibility or abandonment bonds. The proposed ordinance allows permit conditions to be added to ensure adequate financial responsibility. The proposed ordinance also looks forward to future adoption of financial responsibility and abandonment ordinances that will specify procedures and standards. In response to oil industry concerns that the financial assurance requirements are not specified in the Change of Owner/Operator ordinance, we will propose a separate interim ordinance specifying minimum requirements, to serve until financial responsibility and abandonment ordinances take effect.

Attachment C

Summary of Outstanding Issues

The draft ordinance went through many revisions in response to feedback from many sources, oil industry representatives in particular. In some cases, staff agreed outright with revisions recommended by the industry because we believe those revision made good sense and enhanced the draft ordinance. In other cases, staff believes the two parties reached a compromise. Staff has identified four substantive issues with the proposed ordinance that remain outstanding. These issues are summarized below, followed by a brief overview of earlier issues that have been resolved.

Unresolved issues

Staff understands the oil industry's principal outstanding concerns about the proposed ordinance have been reflected in the testimony presented during the August 1 Planning Commission hearing. These issues include:

- Operator of the facility versus owner or guarantor of the facility,
- Unknown financial responsibility definitions and procedures,
- Total permit condition re-opener provision, and
- Severe unnecessary penalties

Issue 1: Operator versus owner

SUMMARY OF ISSUE: One of WSPA's major contentions with the proposed ordinance rests with a requirement to obtain approval to transfer a permit when changes of owner or guarantor occur, rather than just the operator of the applicable facilities. WSPA's written testimony states that the operator is responsible both to the owners and to the County; therefore, the County should not be concerned about changes of owner or guarantor.[10] The critical issues identified in this proposed ordinance (safe operations, financial responsibility for oil spills and accidents, adequate financial responsibility for abandonment, and full compliance with County permits and law) can be addressed adequately through the operator of the facility, according to WPSA and Santa Barbara Region Chamber of Commerce.[11]

STAFF'S RESPONSE: First, the distinction between owners and operators is not as clear-cut as WSPA maintains. In some cases, the owner (or a subsidiary) is the operator. Where the owner is not the operator, a permit may be issued to either owner or operator, not necessarily to the operator. For example, Gaviota Terminal is owned by the partnership Gaviota Terminal Company (GTC), which is the permit holder. Equilon Pipeline Company, managing partner of GTC, is the operator. An application has been submitted for Arguello, Inc. to become operator, but the permit will remain with GTC. Furthermore, even where the permit is held by the operator

[10] Oral testimony of Mr. Frank Holmes, Coastal Coordinator for WSPA, is slightly inconsistent with his written testimony on this point. His oral testimony appears to clarify that, in most cases rather than all cases, the operator of the facility takes responsible on behalf of the owners to ensure compliance with permits and adequate financial responsibility. In a few cases, the owner provides the financial guarantees.

[11] In its written comments, the regional chamber opposes the ordinance for other reasons, but states that, should the County pursue such an ordinance, it should focus solely on the operator.

of record, the owner may actually be operating the facilities. An example is the Las Flores Canyon Gas Plant. The permit is in the name of POPCO, former owner and operator, which Exxon Mobil maintains is still operator. However, there is compelling evidence that the facility is now actually operated by ExxonMobil Pipeline Co. Another example of the blurring of the distinction between owner and operator example is Tosco's Unocap pipeline. Tosco owns Unocap as its parent company, and is the permit holder and actual operator of the pipeline, but the operator of record is Unocap. From these and other examples, it is apparent that if the County were to limit permits strictly to facility operators, the person that actually runs a facility would escape County oversight and enforcement under the permit in some cases.

Second, the owner and guarantor requirements under the proposed ordinance are not an attempt to control transfer of facility ownership. Consider the four provisions that pertain to change of owner or guarantor. The first three involve relatively minor changes handled by the Director.

a) For mergers and changes of form of business organization, the findings require that County fees are paid, that any required financial assurances are in place, and that the new owner agree to accept the permit. If the accounts with the County are up to date and the ownership change does not affect financial assurances, then the findings reduce to a single requirement, that is the owner agrees to accept the permit (and in doing so, agrees to joint and several liability under the permit). Thus, if financial assurances are provided by the operator (as WSPA indicates is appropriate) or a third party guarantor, then the change of owner process can be nearly ministerial, requiring a permit acceptance letter and listing of the new owner on the permit.
b) For change of guarantor, the only findings are to assure that financial assurances are in place. If the operator were to provide these assurances, the permit process reduces to listing the guarantor on the permit, attesting to the applicable guarantees.
c) For change of non-managing owner, the only finding is that a new part-owner accept the permit and be listed on the permit. If the modification to the ordinance recommended below is adopted, then new non-managing partners need only submit an application and be listed on the permit. (See p.16, top.)
d) For major changes in ownership or change of the managing partner of a partnership that owns the facility, under Planning Commission jurisdiction, three additional findings are required, beyond those required under (a) above. These findings relate to responsibilities of the managing owner for a facility (see 7/19/01 Staff Report, p. 20). The requirements in no sense discriminate against a new owner or obstruct a sale, and we have not heard any industry objections to these findings as presently worded.

One provision in the proposed ordinance that could potentially affect an ownership change is a clause that allows additional permit conditions to be added to assure adequate financial guarantees. This provision is discussed below in the staff response to WSPA's third issue.

Third, the County has a legitimate interest in requiring that all owners and operators of a facility be named on the permit. All owners, including part-owners, and operators are liable for oil spills and site contamination damages. Naming all parties may strengthen the County's hand in future pollution lawsuits. Should it be necessary to collect damages following a major accident, it is prudent for the County to have ready access to all owners, particularly since when it comes collection time some owners may be found without accessible assets. The requirement to submit an application and be listed on the permit should not discourage potential buyers, unless they

were previously unaware of their legal exposure as owners of an oil facility, or they believe their exposure is less if they are not named on the permit. Furthermore, because the distinction between owners and operators is blurry (the operator on the permit may not be the actual operator, as explained above), it is important to name all participants.

The above notwithstanding, staff appreciates industry's concern that the permit acceptance letter could place a burden, in the form of legal fees, on part-owners who have no direct involvement with a project, other than to have an ownership interest. Upon further consideration and advice from County Counsel, staff has determined that the requirement for a letter explicitly agreeing to the permit is not necessary to assure that a part-owner is jointly and severally liable under the permit. At this time, staff recommends modification of the ordinance, deleting the requirement for the permit acceptance letter. [See Attachment F, Sections 25B-4(2), 25B-6(6)(a)(3) and 25B-9(4).] This change would not affect the requirement that new part-owners must submit an application and be listed on the permit.

Fourth, although the role of the County is not identical with that of MMS and State Lands Commission, it is wrong to cast the roles as fundamentally different. MMS is a landowner, true, but as such it is charged with stewardship of the public lands. Part of MMS' role is to assure safe operation of platforms and protect the environment. Similarly, it is Santa Barbara County's charge to safeguard public safety and the environment. MMS names owners and part owners on leases, in part to make explicit their joint and several liability. Likewise, the proposed ordinance requires permit acceptance and listing. Under MMS and SLC rules, it is the lessees, not the operator, that are ultimately responsible for a facility and it's abandonment, although financial assurances may be provided by any qualified person, including lessee, operator, or third party guarantor. The proposed ordinance provides flexibility regarding who must provide assurances.

Finally, at core here is that by including owners on a permit the County is simply asking owners to understand and accept the very permit that allows them to conduct business in the County. Surely, public expectation is that oil companies doing business in the County based on County permits should at least be named on them as a matter of public record.

Issue 2: Unknown financial responsibility definitions and procedures

SUMMARY OF ISSUE: Another of WSPA's major contentions lies with undefined requirements for financial guarantees. WSPA notes that:

> *"... various oil and gas facilities have had operator changes over the past several years that have resulted in long and expensive County processes that revolved around the financial assurances. The current proposed ordinance does not remedy this core issue of how the level of financial assurance is determined and what financial assurance mechanisms are acceptable. ... If the County feels it necessary to have an ordinance with a stated purpose of assuring* "adequate financial responsibility," *then the ordinance should provide the clear mechanisms to comply with the requirement."*

STAFF'S RESPONSE: WSPA is correct in noting that determining the amount of financial assurances on a case-by-case basis, as changes of operator or owner occur, often results in prolonged negotiations between the County and the responsible parties. However, this difficulty

is by no means unique to Santa Barbara County. Relevant literature on the subject and current practices nationwide show the processes for determining financial guarantees in amounts adequate to cover the costs of clean-up and damages to natural resources to be contentious unless the amount of the liability itself is legislatively limited.[12] Experience also instructs us that the processes of clean-up of contamination and of assessing damage to natural resources are long and controversial (e.g., Exxon's Valdez incident, Casmalia Class I hazardous land fill, Torch's Point Pedernales oil spill). Such controversy holds true even after an event such as a major oil spill has occurred, let alone the task of projecting the costs of future liability from a potential event. It reflects a desire on part of owners to limit liability and a desire on part of government to ensure that financial responsibility for full clean-up and payment of damages falls to the owners and not the public.

As stated during the August 1st hearing, the County is currently seeking funds to draft a Financial Responsibility Ordinance that would address liability-based financial guarantees for potential damages to natural resources from events such as a major oil spill or chronic leakage of oil. Staff is also processing amendments to the Comprehensive Plan and related ordinances that, among other issues related to abandonment of oil and gas facilities, will recommend procedures for determining performance-based financial guarantees for abandonment, including remediation.

In the interim, staff had assumed the current case-by-case method for determining the amounts and methods of financial assurances would continue, utilizing the permit reopener provisions. The issue of unspecified financial responsibility had not been raised by industry in any of the meetings or public workshops. In fact, neither the Financial Guarantees nor the Abandonment findings [Sections 25B-9(1-3) and 25B-10(1-2)] impose any unspecified financial requirements. The findings simply require that financial responsibility and abandonment provisions in permits and ordinances are adhered to following changes of owner, operator, or guarantor. On the other hand, the reopener provisions [Sections 25B-9(5) and 25B-10(3)] do allow the Director or Planning Commission to add financial responsibility requirements. Industry has consistently opposed any permit reopener conditions. If the ordinance were adopted unchanged, the current practice of setting financial responsibility requirements, on a case by case basis, would continue until a financial responsibility ordinance is adopted.

If definite financial responsibility standards (or interim standards) were available, the permit reopener clause would be less crucial. Subsequent to the August 1st hearing, staff evaluated the possibility of drafting interim standards, patterned after the financial responsibility regulations of the State of Alaska. We concluded this approach would be inadvisable, because the time required to prepare the standards and conduct public hearings would result in excessive delays in adoption of the Change of Owner/Operator ordinance. The task of developing standards is complex, involving first, development of a method to evaluate the potential costs of onshore spills, and second, reevaluation of financial responsibility instruments to determine which are acceptable and realistically within the County's expertise to administer. Staff does not at present believe that the guidelines in Chapter 25A (financial responsibility for marine terminals) offer a model

[12] See, for example, James Boyd. *Financial Assurance Rules and Natural Resource Damage Liability: A working Marriage?* (Washington, D.C.: Resources for the Future, 2001). Pages 30-32. The Minerals Management Service reports that negotiations with proposed new offshore operators about adequate amounts of financial assurances for decommissioning of offshore facilities can take as along as 18 months. The State of Alaska's financial assurances for the same types of facilities addressed in the proposed ordinance evolved over 3 decades that included litigation by the oil industry.

suitable for onshore facilities. Formulation of sound standards is best left for the financial responsibility and abandonment ordinances.

Issue 3: Permit Condition Re-opener

SUMMARY OF ISSUE: WSPA objects to a provision that allows the Director or Planning Commission to impose additional conditions on a permit in order to ensure that the new owner, operator, or other guarantor maintains adequate financial guarantees for operations and abandonment.[13]

STAFF'S RESPONSE: The intent of this re-opener is to augment financial assurances where a new owner or operator may not have the financial wherewithal to cover the costs of spills or abandonment. The augmentation may address either the type of assurances provided or the amount of assurances. The ability to reevaluate financial assurances would be especially important if an under-capitalized firm were to purchase a facility from one of the majors or large independents. For example, an existing permit may allow the current owner to provide financial assurances via self-insurance, since original owners most often were large, vertically integrated corporations. A new owner may not have sufficient net worth to cover its liability through self-insurance. Therefore, the ordinance provides the decision-maker with discretion to require another, more secure instrument of financial assurance, such as commercial insurance or bond.

Staff believes that the vagueness of the financial responsibility reopener needs to be addressed. As discussed in the previous section, staff does not recommend rushing to develop standards, in view of the complexities involved. Nor do we believe it is constructive to postpone going forward with this ordinance, since that approach would do nothing to address the acknowledged need for definite financial responsibility standards and would lead to further delays in processing pending applications.

An alternative course, and the one we recommend, is to clarify the wording of the reopener sections of the proposed ordinance so as to limit the imposition of permit conditions. [See Attachment F, Sections 25B-9(5), 25B-10(3).] Under the revised wording, permit conditions could be added to ensure that the new owner, operator, temporary operator, or other guarantor "maintains any insurance or other financial guarantees that were submitted to and relied on by the Director as a basis to make any finding required by this Chapter." This language would not open permits up for negotiation of financial responsibility, except in cases where a permit already contains the basis for doing so. Under present practice, conditions may be added to adjust financial assurance requirements in cases where there is a change in the underlying assumptions of the project resulting from an owner or operator change, provided there is a condition in the permit that allows additional conditioning for changes of project description. Most permits contain such a provision. With the revised language, the reopener capability would be limited to that which already exists in practice.

Staff also recommends addition of a new provision to help assure that financial responsibility for abandonment is maintained following changes of owner or operator. [See Attachment F, Section

[13] WSPA's testimony incorrectly characterized this provision as one that allows re-opening of all existing conditions of a permit; however, the provision is limited to imposing new conditions to ensure maintenance of adequate financial assurances (see sections 25B-9(5) and 25B-10(3) of the proposed ordinance)..

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SUMMARY OF ISSUE: WSPA objects to a provision that allows the Director or Planning Commission to impose additional conditions on a permit in order to ensure that the new owner, operator, or other guarantor maintains adequate financial guarantees for operations and abandonment.[13]

STAFF'S RESPONSE: The intent of this re-opener is to augment financial assurances where a new owner or operator may not have the financial wherewithal to cover the costs of spills or abandonment. The augmentation may address either the type of assurances provided or the amount of assurances. The ability to reevaluate financial assurances would be especially important if an under-capitalized firm were to purchase a facility from one of the majors or large independents. For example, an existing permit may allow the current owner to provide financial assurances via self-insurance, since original owners most often were large, vertically integrated corporations. A new owner may not have sufficient net worth to cover its liability through self-insurance. Therefore, the ordinance provides the decision-maker with discretion to require another, more secure instrument of financial assurance, such as commercial insurance or bond.

Staff believes that the vagueness of the financial responsibility reopener needs to be addressed. As discussed in the previous section, staff does not recommend rushing to develop standards, in view of the complexities involved. Nor do we believe it is constructive to postpone going forward with this ordinance, since that approach would do nothing to address the acknowledged need for definite financial responsibility standards and would lead to further delays in processing pending applications.

An alternative course, and the one we recommend, is to clarify the wording of the reopener sections of the proposed ordinance so as to limit the imposition of permit conditions. [See Attachment F, Sections 25B-9(5), 25B-10(3).] Under the revised wording, permit conditions could be added to ensure that the new owner, operator, temporary operator, or other guarantor "maintains any insurance or other financial guarantees that were submitted to and relied on by the Director as a basis to make any finding required by this Chapter." This language would not open permits up for negotiation of financial responsibility, except in cases where a permit already contains the basis for doing so. Under present practice, conditions may be added to adjust financial assurance requirements in cases where there is a change in the underlying assumptions of the project resulting from an owner or operator change, provided there is a condition in the permit that allows additional conditioning for changes of project description. Most permits contain such a provision. With the revised language, the reopener capability would be limited to that which already exists in practice.

Staff also recommends addition of a new provision to help assure that financial responsibility for abandonment is maintained following changes of owner or operator. [See Attachment F, Section

[13] WSPA's testimony incorrectly characterized this provision as one that allows re-opening of all existing conditions of a permit; however, the provision is limited to imposing new conditions to ensure maintenance of adequate financial assurances (see sections 25B-9(5) and 25B-10(3) of the proposed ordinance)..

25B-4(9).] The provision requires that the previous owners and operators remain liable for proper abandonment of the facility if the new owner and operator do not have adequate financial resources. This requirement parallels a California law applying to onshore oil wells [Public Resource Code 3237(c)]. It also reflects the practice of MMS and State Lands Commission, which often require previous offshore operators to remain responsible for abandonment costs.

Issue 4: Severe and unnecessary penalties

SUMMARY OF ISSUE: WSPA contends that the civil, criminal, and injunctive penalties are too severe because, for instance, jail time and $25,000 per day in fines could be levied for a missed filing deadline. WSPA further contends that the mere requirement of County approval for any change of operator is sufficient to ensure compliance.

STAFF RESPONSE: Staff reiterates its recommendation that the ordinance provide a mechanism for enforcement, otherwise the County would have no defined recourse to address violations to the ordinance. For instance, what recourse would the County have without imposition of penalties if the operator of an applicable facility changed operators without receiving county approval? WSPA's explanation – that the mere requirement of obtaining County approval is sufficient –does not enforce compliance in itself. The penalties described in Section 25B-13 address cases of non-compliance just as traffic fines address cases of non-compliance with the California Vehicle Code. Section 25B-13 also provides an economic incentive for compliance with the ordinance.

Issues Resolved by Compromise

In a number of instances, staff believes we found a middle ground that partially answers industry's objections. For example:

a) In response to a comment that the application contents were vague, a section was added specifying the required application contents, but a provision was included to allow the Director to require supplementary information, if needed.
b) In response to industry's request that non-managing part-owners not be required to submit applications or be listed on the permit, we simplified the application requirements so that part-owners have only to agree to accept the permit, a process requiring but a single brief letter.
c) Industry expressed two concerns about the requirement for review of an incoming operator's safety and compliance records, namely, the absence of hard and fast standards of past operating performance, and how to qualify a new operator that lacks the requisite track record. In staff's opinion, based in part on discussions with Minerals Management Service and State Commission, a fair evaluation of operating records can only be done on a be case by case basis; evaluation of diverse records is not amenable to fixed standards, which preclude the use of judgement as well as consideration of all the relevant facts. However, we added to the ordinance a list of source agencies for operator records, in order to help ensure that operating record evaluation is based on objective source data. Also, we added a provision that enables a new operator that lacks a 7-year record to qualify. (This provision contrasts with the MMS rule requiring OCS platform operators to have 5 years of satisfactory operating record.)

Industry Suggestions Integrated as Points Well Taken

Many issues concerning specific wording or practical workability in previous drafts were rectified by means of clarifications of language, rethinking of procedures, and deletions of unnecessary or unworkable provisions. Some examples include:

a) deletion of the requirement for site contamination assessments, which we agreed was more appropriately addressed in the forthcoming Abandonment Ordinance;
b) clarification of the applicability section, limiting applicability of the ordinance to unincorporated areas of the County;
c) redesign of the application process, including addition of a requirement for the Director to determine application completeness within 30 days of receiving an application for change of owner; and
d) spelling out how the process prescribed in the ordinance interfaces with the permit process under the Zoning Ordinance.

Attachment D

Response to Comments from Chambers of Commerce

The Planning Commission received written testimony from the Santa Barbara Region Chamber of Commerce, and the Santa Maria Valley Chamber of Commerce & Visitor & Convention Bureau. It also received oral testimony from the Goleta Valley Chamber of Commerce (Mr. Bob Poole), and the Santa Maria Valley Economic Development Association (Mr. Bill Snow). At the request of Commissioner Oberdeck, staff has summarized the issues raised in this testimony and provided a response.

Of the six issues summarized below, the first four repeat the four issues raised by the Western States Petroleum Association (WSPA). The final two issues summarized below (5 & 6) appear to represent misunderstanding of the ordinance as proposed.

Comment 1: Operator of the facility versus the owner or guarantor of the facility

SUMMARY OF ISSUE: As noted in Attachment C, one of WSPA's major contentions with the proposed ordinance rests with a requirement to obtain approval to transfer a permit when changes of owner or guarantor occur, rather than just the operator of the applicable facilities. WSPA's written testimony states that the operator is responsible both to the owners and to the County; therefore, the County should not be concerned about changes of owner or guarantor.[14] The critical issues identified in this proposed ordinance (safe operations, financial responsibility for oil spills and accidents, adequate financial responsibility for abandonment, and full compliance with County permits and law) can be addressed adequately through the operator of the facility, according to WPSA and Santa Barbara Region Chamber of Commerce.[15]

STAFF'S RESPONSE: Please refer to the staff's response to Issue 1 on page 14.

Comment 2: Unknown Financial Responsibility Definitions and Procedures

SUMMARY OF ISSUE: Another of WSPA's major contentions lies with undefined requirements for financial guarantees. WSPA notes that:

> *"... various oil and gas facilities have had operator changes over the past several years that have resulted in long and expensive County processes that revolved around the financial assurances. The current proposed ordinance does not remedy this core issue of how the level of financial assurance is determined and what financial assurance mechanisms are acceptable. ... If the County feels it necessary to have an ordinance with a stated purpose of assuring* "adequate financial responsibility," *then the ordinance should provide the clear mechanisms to comply with the requirement."*

[14] Oral testimony of Mr. Frank Holmes, Coastal Coordinator for WSPA, clarifies that, in most cases rather than all cases, the operator of the facility takes responsible on behalf of the owners to ensure compliance with permits and adequate financial responsibility. In a few cases, the owner provides the financial guarantees.

[15] In its written comments, the regional chamber opposes the ordinance for other reasons, but states that, should the County pursue such an ordinance, it should focus solely on the operator.

The Santa Barbara Region Chamber of Commerce, Goleta Valley Chamber of Commerce, and Santa Maria Valley Chamber of Commerce repeated this concern.

STAFF'S RESPONSE: Please refer to the staff's response to Issue 2 on page 16.

Comment 3: Permit Re-Opener

SUMMARY OF ISSUE: WSPA objects to a provision that allows the Director or Planning Commission to impose additional conditions on a permit in order to ensure that the new owner, operator, or other guarantor maintains adequate financial guarantees for operations and abandonment.[16] The Goleta Valley Chamber of Commerce and the Santa Maria Valley Economic Development Association repeated this objection.

STAFF'S RESPONSE: Please refer to staff's response to Issue 3 on page 18.

Comment 4: Severe and unnecessary penalties

SUMMARY OF ISSUE: WSPA contends that the civil, criminal, and injunctive penalties are too severe because, for instance, jail time and $25,000 per day in fines could be levied for a missed filing deadline. WSPA further contends that any penalty is unnecessary; the County simply needs to require its approval of a new operator via the ordinance. The Santa Maria Valley Chamber of Commerce appeared to repeat this contention, while the Santa Barbara Region Chamber of Commerce expressed concern that the penalties were not defined.

STAFF RESPONSE:

(a) Purpose of the enforcement provision. Staff reiterates its recommendation that the ordinance provide a mechanism for enforcement, otherwise the County would have no defined recourse to address violations to the ordinance. For instance, what recourse would the County have without imposition of penalties if the operator of an applicable facility changed operators without receiving county approval? WSPA's explanation – that the mere requirement of obtaining County approval is sufficient –does not enforce compliance in itself. The penalties described in Section 25B-13 address cases of non-compliance just as traffic fines address cases of non-compliance with the California Vehicle Code. Section 25B-13 also provides an economic incentive for compliance with the ordinance.

(b) Discretionary versus arbitrary penalties. The penalties proposed in Section 25B-13 mirror those found in the County's zoning ordinances.[17] In so doing, Section 25B-13 sets maximum civil and criminal penalties and leaves the setting of specific penalties to the discretion of the court, which would do so in an amount that is based on case-specific facts and extent of the

[16] WSPA's testimony mistakenly represented this provision as one that allows re-opening of all existing conditions of a permit; however, the provision is limited to imposing new conditions to ensure maintenance of adequate financial assurances (see sections 25B-9(5) and 25B-10(3) of the proposed ordinance)..

[17] See Sections 35-185.4 and 35-330.4 of Article II (Coastal Zoning Ordinance) and Article III (Inland Zoning) of the Santa Barbara County Code.

offense. Far from being arbitrary, such practice represents the common exercise of discretion in the legal system of the United States to allow for consideration of case-specific factors.

The example provided by WSPA, a $25,000 per day fine plus jail time for merely missing a filing deadline, is unrealistic. In this example, WSPA has chosen a minor violation and implied that a judge would impose the maximum penalty defined in the ordinance. This example does not reflect actual judicial practice.

The underlying issue here essentially, is whether the determination of penalties should be a fully ministerial process or a discretionary process with maximum limits prescribed in advance. A fully ministerial process is ideal for instances where the type and permutations of violations are straight-forward, regardless of case-specific factors. In applications such as ensuring compliance with the proposed ordinance, the importance of case-specific factors make a discretionary process with prescribed maximum limits more appropriate.

Comment 5: Double Regulation

SUMMARY OF ISSUE: The Santa Barbara Region Chamber of Commerce and the Santa Maria Valley Chamber of Commerce suggest that the ordinance is unnecessary because it establishes double regulations on a industry that is already heavily, and adequately, regulated.

STAFF RESPONSE: As noted in the staff report, the transfer of ownership, operator, or guarantor for the offshore components of oil and gas projects is regulated by the Minerals Management Service and State Lands Commission. The transfer of ownership, operator, or guarantor for the onshore components is currently regulated only through permit conditions, and only for facilities that have such conditions (compare, for example, the differences in change of operator/owner processes for the Point Arguello and Ellwood facilities as summarized in Attachment B). Moreover, these permit conditions vary considerably. Please see staff's response to comment number 3, which appears on page 3 of this memorandum.

We believe it is prudent to ensure that:

- new operators are capable of operating the facility safely and in compliance with those conditions,
- new owners understand all safety upgrades required of a facility they desire to purchase,
- new owners, operators, or guarantors understand and can assume their liability and required financial assurances for a facility,
- transfers of permits proceed only after all outstanding fees and exactions are paid,
- transfers of permits proceed with agreements to come into compliance with current laws and permit conditions, and
- new owners and operators accept the permit.

None of these items is duplicated by other laws or regulations. Moreover, Section 25B-5 of the ordinance explicitly establishes that the procedures of the proposed ordinance supercede other procedures in the zoning ordinances and specific permits to eliminate any procedural duplication or conflict.

Comment 6: Ownership of private business

SUMMARY OF ISSUE: Testimony from the Santa Barbara Region Chamber of Commerce and the Santa Maria Valley Economic Development Association raised concerns that the ordinance might be an attempt to regulate the ownership of private business.

STAFF RESPONSE: The ordinance seeks to ensure that the obligations of the discretionary permits that go with ownership of the subject facilities are fulfilled. The County issued these permits with the understanding that the subject facilities would be operated safely and in compliance with applicable law and permit conditions. These permits were also issued with the understanding that the County would monitor and enforce the permit requirements and applicable regulations. The proposed ordinance fills a gap by ensuring that any transfer of owner, operator, or guarantor meets the obligations of the very permits that allow the subject facilities to operate in the first place. New owners willing to fulfill such pre-existing obligations and operators with sufficient experience (supported by good safety and compliance records) to manage the day-to-day operations of subject facilities safely should not find or encounter any substantial burden in complying with the ordinance.

Attachment E

Clarifications of Proposed Ordinance for Change of Owner/Operator in Response to Planning Commission Questions

Comment 1: Rationale for bifurcation of cases between Director and Planning Commission

Staff's intention in creating two approval paths is to route the more substantive cases to the Planning Commission and less substantive, more administrative cases to the Director.

We anticipate a continuum of change of owner/operator cases, ranging from minor, administrative cases, such as a merger of a facility owner with another company, to a full facility sale involving changes of both owner and operator. In past practice, cases involving major changes of owner or operator have been brought before the Planning Commission, where the Zoning Ordinance and permits have allowed. This process is appropriate, because such changes potentially raise public safety and environmental concerns. These types of changes may also raise controversy, and should be presented in a public hearing. Examples include the Chevron's sale of its share of the Point Arguello Project to Plains/Arguello, Inc. and Unocal's sale of the Point Pedernales Project to Torch. On the other hand, in staff's view, cases that are routine and administrative in nature, involving relatively minor changes of ownership that are not likely to be controversial, would put an unnecessary burden on the Commission, and can be well handled at the Director level. Consider the recent merger of Exxon with Mobil to form Exxon Mobil Corp. This change of owner and operator will have no effect on operations, and will only increase the company's financial strength and ability to respond to accidents. Should such changes require a Planning Commission hearing? We believe not, particularly since a Director's decision is appealable to the Planning Commission.

In principle it makes good sense to partition change of owner/operator cases into administrative and substantive classes to guide case processing, but what criteria can be used for the bifurcation? Two underlying premises have steered us to recommend the criteria that appear in the proposed ordinance [Sec. 25B-8]. First, ownership changes that involve replacement of the existing owner with a new owner should be heard by the Planning Commission. In such cases, control and responsibility for a project passes to a new entity without continuity. Major changes in management and personnel are likely. The new owner's philosophy and culture may be different from the existing owner's, and this may affect permit compliance and influence operations for better or worse. Also, a change of owner is usually accompanied by a change of operator. Where a partnership owns the facility, replacement of the managing partner has similar potential effect as replacement of a facility owner. Second, a change of the operator who has day-to-day control of facility operations needs public airing at the Planning Commission level, due to potential concerns about the capability of the new operator to operate the facility safely. Thus, as the proposed ordinance is written, all cases where there is likelihood of discontinuity in ownership, managing partner, or operator are directed to the Planning Commission [Sec. 25B-8(2)].

Changes of owner or operator to be handled by the Director [Sec. 25B-8(1)] would rarely entail major disruption or discontinuity as described above. The merger of an owner or operator with another company implies a continuing involvement of the existing owner or operator. The company's culture and personnel can be expected to undergo much less change than would occur if a new owner or operator replaced a current one. In many cases, there will be no changes in management style or personnel. Similarly, conversion from a corporation to a limited liability company may involve no tangible changes. The County's primary concerns in all such cases are to assure continuing financial responsibility for operations, accidents and spills, and facility abandonment, and to ensure that the new parties agree to accept responsibility under the permit. Change of a guarantor requires only establishing that the new guarantor provides sound financial guarantees. Though these cases require analysis and discretionary judgement, they are relatively cut-and-dried compared to the cases the proposed ordinance routes to the Planning Commission. These cases listed in Sec. 25B-8(1) are unlikely to give rise to controversy and can reasonably be handled by the Director.

Comment 2: Rationale for Director-Approval of Temporary Operator

As discussed in the Staff Report (p.18), the provision for a Director-approved temporary operator is intended as a safety valve to be invoked under special circumstances to facilitate temporary replacement of a poor operator with an acceptable one. The provision was included because of staff's concern that the more demanding and potentially lengthy review required for change of operator [Sec. 25B-10(2)] might impede an owner from replacing an unsatisfactory operator even where both the owner and County agree that the operator should be replaced immediately. The provision gives the Director discretionary power to approve an operator for six months, during which the temporary operator (or another operator) would seek approval for permanent operator status.

One Commissioner asked if this discretion could be abused. Two protections are included in the approval of a temporary operator. First, to make the *Operator Capability* finding [Sec. 25B-9(3)(c)], the Director must have factual basis, albeit of an unspecified nature, that the proposed temporary operator has the necessary skills and training for safe operation. This includes "good working knowledge of the crucial compliance plans listed..." Second, the Director's decision may be appealed to the Planning Commission, and most likely would be appealed if the Director approved an operator with a poor safety record. In the judgement of staff, although the temporary operator provision carries some risk of abuse, the possible consequences of not including such a safety mechanism are more serious.

A question was raised as to how the process of approving a temporary operator would occur in practice. In determining a temporary operator's capability, the Director has latitude to work with the applicant, discuss and agree on how the change will take place, arrange for emergency drills, etc., as the circumstances may demand. After making the required findings [Sec. 25B-9(3)], the Director would approve the application, as stipulated under Processing [Sec. 25B-8(c)]. The process requires noticing, but no hearing, and is modeled after the process for a Director's Amendment (see County Code, Sec. 35-317.10(2)(c)).

Comment 3: Rationale for Approval of Non-Managing Partner

While replacement of the managing partner of a partnership that owns a facility would go to the Planning Commission under the bifurcation rules, addition or deletion of a non-managing partner or similar part-owner of a facility is included under the Director's path. Many oil and gas projects include multiple part-owners who play no active role in the project. Under the proposed ordinance, those part-owners who are not guarantors for a facility and are not managing partners need only agree to accept the permit and be listed on the permit. If the modification to the ordinance recommended under Issue 1 of Attachment C is adopted, then non-managing part-owners will only need to submit an application and be listed on the permit. Similarly, the Minerals Management Service and State Lands Commission require all part-owners to be listed on offshore leases. In view of the fact that these part-owners neither provide financial guarantees nor manage the partnership, staff believes a more burdensome process is not warranted. Industry may argue that even these minimal requirements are excessive, first, because all part-owners are already liable under state and federal laws, and second, because such a provision will impair the ability to sell an ownership interest. However, County Counsel maintains that if such part-owners are listed on the permit, the County's hand will be strengthened should a lawsuit arise over oil spills, abandonment, or site contamination. It is also in the public interest to assure that new owners are fully cognizant of the liability they assume in buying into an oil and gas project.

One possible concern about the abbreviated process for approving part-owners is the possibility that an owner could purchase a large percentage ownership share in a project and exercise control without being designated as managing partner. If a part-owner were in fact to assume management functions, that company would be considered a managing partner, and as such would be required to apply for a change of owner through the Planning Commission approval route. If they engaged surreptitiously in managing the project, that would constitute a violation of the ordinance, subject to its enforcement provisions. Staff believes there is little cause for concern in such cases, because all owners and part-owners are jointly and severally liable under the permit..

Comment 4: Changes in Percentage Ownership Among Existing Owners

If a part owner is added or deleted from a project, the Director handles the change, as discussed above. Under either a general partnership or joint operating agreement (which is a kind of quasi-partnership common in the oil and gas industry), ownership share of the partners may change. Such a change of percentage share in project ownership is exempted from the ordinance, except where the change entails addition or deletion of a part-owner or affects financial guarantees [Sec. 25B-2(2)(b)]. The reason is that nowhere in the ordinance does percentage ownership come into play. An owner is either on the permit or not, and whether they own 1% or 51% interest makes no difference. What does make a difference, in terms of the approval process, is whether an owner has management authority and whether they provide financial guarantees. Hence, if a part-owner buys part an additional interest and becomes 60% owner, the key question the Director would ask is "Have they become the managing partner?" If so, an application for change of owner/managing partner would be required, and the application would be under the Planning Commission approval path. If the percentage change were in some way to impact financial

responsibility guarantees, an application for change of guarantor would be required under the Director's approval path. Ongoing notification of any such changes is required, whether or not the change necessitates a change of owner application [Sec. 25B-4(4)]. The notification requirement is meant to ensure that the County is notified of and can review changes that might potentially require an application.

Attachment F

Draft Ordinance for Change of Owner, Operator, or Guarantor for Certain Oil and Gas Facilities

showing revisions proposed 9/7/01

R

Chapter 25B of Santa Barbara County Code (Proposed Ordinance, Revised 9/7/01)

CHANGE OF OWNER, OPERATOR OR GUARANTOR FOR CERTAIN OIL AND GAS FACILITIES

Sec. 25B-1. Purposes of Chapter.

The purposes of this Chapter are 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.

Sec. 25B-2. Applicability.

(1) This Chapter shall apply to any person who owns, operates or guarantees performance for or who seeks to own, operate or guarantee performance for any of the following facilities located in the unincorporated areas of the County of Santa Barbara:

a) any facility involved in exploration, production, processing, storage or transportation of oil or gas extracted from offshore reserves;

b) any oil refinery;

c) any pier, supply base, marine terminal or staging area within the County's jurisdiction that supports development of offshore oil and gas reserves.

(2) This Chapter shall not apply to:

a) the change of owner, operator or guarantor of the following:

i. sales gas pipelines operated by a public utility and regulated by the California Public Utilities Commission;

ii. trucks, railroads;

iii. facilities located in state waters;

b) a change of ownership consisting solely of a change in percentage ownership of a facility and which does not entail addition or removal of an owner or affect any financial guarantee for a permit.

Sec. 25B-3. Definitions. As used in this Chapter:

"Director" shall mean the Santa Barbara County Director of Planning and Development.

"Existing guarantor" shall mean a guarantor who has guaranteed performance for an existing owner or operator, on the date of adoption of this chapter, but shall not include any person who is required to but has not yet obtained an amendment to a permit that requires County approval prior to listing that guarantor on the permit.

"Existing owner or operator" shall mean any person who owns or operates a facility identified as subject to this chapter pursuant to Section 25B-2 on the date of adoption of this chapter, but shall not include any person who owns or operates such a facility and is required to but has not yet obtained an amendment to a permit that requires County approval prior to the transfer of the permit to that owner or operator.

"Guarantor" shall mean any person who guarantees performance for any County permit or ordinance requirement for a facility subject to this Chapter. For purposes of this Chapter, guarantor may include any owner, operator, or third party.

"Managing partner" of a partnership shall mean the partner formally designated and vested by the partnership with authority to make all ordinary business decisions for the partnership on behalf of all partners. ~~If no partner is so designated, then all partners shall be considered managing partners.~~

"Operator" shall mean any person having day-to-day control or management of operations of a facility, or a portion thereof, subject to this Chapter.

"Owner" shall mean any person that owns or leases a facility, or a portion thereof, subject to this Chapter.

"Pending owner or operator" shall mean any person who owns or operates a facility subject to this chapter and is required to but has not yet obtained an amendment to any necessary permit that requires County approval prior to the transfer of the permit to that owner or operator.

"Person" shall include, but is not limited to, any individual, proprietorship, firm, corporation, partner, partnership, limited partnership, limited liability company, joint venture, business trust, or other business entity, or an association, or other organization.

Sec. 25B-4. Requirements.

(1) Listing on Permit. Any person who owns or operates a facility that is subject to this Chapter pursuant to Section 25B-2 shall be listed as a permittee on the permit(s) issued for that facility, pursuant to Chapter 35 of the County Code, or Ordinances 661, 2919 or 3238. Any guarantor for such facility shall be listed on the applicable permit(s), identifying its responsibilities as guarantor. Should any owner, operator, or guarantor consist of a partnership, all partners shall be listed on the permit and~~, where applicable,~~ the managing partner shall be identified in this list.

(2) Acceptance of Permit. Prior to being listed on a permit, any owner or operator of a facility that is subject to this Chapter shall provide the County with a letter from a responsible official of the owner or operator formally accepting all conditions and requirements of the permit. This provision shall not apply to part owners that are not managing partners.

(3) Permits Not Transferable. Any permit issued or authorized pursuant to Chapter 35 of the County Code, or Ordinances 661, 2919 or 3238, for a facility that is subject to this Chapter shall not be transferable, whether by operation of law or otherwise, from any existing owner, operator, or guarantor to a new owner, operator, or guarantor, except in accordance with this Chapter.

(4) Ongoing Notification. All owners, operators, and guarantors shall, as an ongoing requirement, notify the Director in writing of any change in the information listed in 25B-6(1)(a-e) within thirty days of such change.

(5) Change of Owner. Any change of owner, merger of the owner with another company, or change of form of business organization, shall require application and approval as provided in this Chapter. Until a change of owner is approved pursuant to this chapter, the former owner(s) shall continue to be liable for compliance with all terms and conditions of the permit and any applicable County ordinances.

(6) Change of Operator. Any change of operator shall not occur until approved in accordance with this Chapter, except as follows. Any change of operator that consists solely of a merger or change of form of business organization, but does not entail any change to operations or personnel of the facility, shall require an application within 30 days of the change, as provided in Section 25B-6(3) for change of owner.

(7) Change of Guarantor. Any change of guarantor, including merger of the guarantor with another company or change of form of business organization, shall require application and approval as provided in this Chapter. Until a change of guarantor is approved pursuant to this chapter, the former guarantor(s) listed on the permit shall continue to be liable for compliance with all terms and conditions of the permit and any applicable County ordinance.

(8) Liability for Compliance with Permit Conditions. Any owner, operator or guarantor listed on a permit pursuant to this Chapter shall comply with all conditions of such permit, as applicable, to owners, operators and guarantors. Failure to comply with such permit conditions shall subject the owner, operator or guarantor to the applicable penalty and enforcement provisions of Chapter 35 or other applicable ordinance for such permits.

(9) Liability for Abandonment.

(a) The current owner or operator, as determined by the records of the Director, of a facility subject to this chapter shall be responsible for the proper abandonment of the facility. If the Director determines that the current owner or operator does not have the financial resources to fully cover the cost of abandoning the facility, the immediately preceding owner or operator shall be responsible for the cost of abandoning the facility.

(b) The Director may continue to look seriatim to previous owners or operators until an owner or operator is found that the Director determines has the financial resources to cover the cost of abandoning the facility. However, the supervisor may not hold an owner or operator responsible for abandonment under this chapter that made a valid transfer of ownership or operation of the facility prior to [adoption date of this ordinance].

Sec. 25B-5. Relation to permits and Zoning Ordinance.

(1) The provisions of this Chapter shall, for applicable facilities, supercede any provision of Chapter 35, Articles II and III, governing the transfer of permits for such facilities. The procedures of this Chapter shall also supercede any procedures specified in any permit governing the transfer of permits for such facilities, but shall not invalidate any substantive requirements of such permits.

(2) Permit amendments approved pursuant to this Chapter shall be entitled "25B Permit Amendments" and shall be enforceable as provided in this Chapter.

Sec. 25B-6. Applications.

(1) Existing Owners, Operators, and Guarantors. Within 30 days of the effective date of this Chapter, any existing owner, operator or guarantor, shall submit a certification to the Director, on a form approved by the Director, specifying the following information regarding the current owner(s), operator(s), and guarantor(s):

a) name and address;

b) role in ownership, operation and management of facility, or in guaranteeing performance for an owner or operator;

c) names and addresses of official company representatives authorized and designated to execute applications, agreements and permits with the County on behalf of the company;

d) description of the company business organization, including relation to parent companies, partnership composition, and other information needed to fully and accurately disclose who it is that owns, operates, or is otherwise responsible for the facility;

e) expiration date of any company described in §25B-6(1)(a-d), above.

(2) Pending Owners and Operators. Within 30 days of the effective date of this Chapter, any pending owner or operator shall submit an application to the Director requesting transfer of the applicable permit(s).

(3) New Owners or Deletion of Owners. Prior to any transfer of a permit to a new owner or deletion of an owner from a permit the current owner(s) and proposed owner shall submit an application to the Director requesting such change. The application shall be filed before the transfer of ownership, or if not practicable, in no event, later than 30 days after the change of ownership.

(4) New Operators. Prior to any transfer of permit to a new operator, the current permittee(s) and the proposed operator shall submit an application to the Director requesting such transfer.

(5) New Guarantors or Deletion of Guarantors. Prior to the listing of a new guarantor or the deletion of a guarantor on a permit, the permittee(s), the current guarantor, and, as appropriate, the proposed guarantor shall submit an application to the Director requesting

such transfer or deletion. The application shall be filed before the change of guarantor, or, in no event, later than 30 days after the change of guarantor.

(6) Application Contents. Applications submitted pursuant to this Chapter shall include the following information:

(a) Information Required for Applications for Change of Non-Managing Partners and Non-Operators Pursuant to Section 25B-8(1)(a)(v).

i. All information listed in Section 25B-6(1)(a-e) of this Chapter.

ii. A brief statement of the changes or proposed changes.

~~iii. A letter from the new owner accepting the permit(s).~~

(b) Information Required for All Applications, Except as Provided in Section 25B-6(6)(a):

i. All information listed in Section 25B-6(1)(a-e) of this Chapter.

ii. A detailed statement of the changes or proposed changes for which approval is sought.

iii. General background information on any proposed new permittee or guarantor, including business plan, if available.

iv. Financial information on any owner, operator, or other guarantor needed for the Director or Planning Commission to make the Financial Guarantees and Abandonment findings. This information shall include the previous year's annual report, audited financial statements, and required SEC filings.

v. Any required letter accepting the permit(s).

vi. Any other information that the Director or the Planning Commission may require to approve any change in owner, operator, or guarantor in accordance with this Chapter.

(c) Additional Information for Temporary Operator:

Evidence demonstrating that the proposed temporary operator has the necessary skills and training, as required by Section 25B-9(3)(c).

(d) Additional Information for Change of Owner Under Section 25B-8(2):

All documentation needed to make the findings required by this Chapter for Facility Safety Audit, Compliance With Existing Requirements, and Compliance Plans.

(e) Additional Information for Change of Operator Under Section 25B-8(2):

i. All documentation needed to make the findings required by this Chapter for Facility Safety Audit, Compliance With Existing Requirements, and Compliance Plans.

ii. Approved transitional plan.

iii. Evidence that operating personnel have been trained in and have good working knowledge of the crucial compliance plans.

iv. Evidence of satisfactory performance on emergency drills.

v. Documentation of safe operating record or adequate experience and expertise, as required by Section 25B-10(2)(j).

Sec. 25B-7. Listing of owners, operators, guarantors and temporary operators on permits.

(1) Existing Owners, Operators, and Guarantors. The Director shall list any existing owner, existing operator, or existing guarantor, as they are defined in Section 25B-3 of this Chapter, on the appropriate permit(s) upon finding that such person has submitted all information required in Section 25B-6(1) and has complied with Section 25B-4(2), if applicable.

(2) New Owners, Operators, Guarantors, and Temporary Operators. The Director shall list any new owner, operator, guarantor, or temporary operator on the appropriate permit(s), and remove any previous owner, operator, guarantor, or temporary operator that no longer serves such role, upon approval of the permit transfer, pursuant to Sections 25B-9 and 25B-10.

Sec. 25B-8. Processing.

(1) Applications Under Jurisdiction of the Director.

a) The Director shall approve or deny any application to transfer a permit for changes that consist solely of the following:

i. merger of a current owner or operator with another company;

ii. change in form of business organization of a current owner or operator, including change from corporation to limited partnership or limited liability company;

iii. change of a guarantor;

iv. substitution of a temporary operator;

v. addition or deletion of non-managing partner or non-operator under a joint operating agreement, where such person is not a guarantor;

vi. any other change of ownership not under the Planning Commission's jurisdiction.

b) Prior to approval of such application, the Director shall make all findings required by Section 25B-9(1),(2), (3), or (4), as applicable, and shall take all actions necessary under Section 25B-9(5).

c) A public hearing shall not be required for applications approved or denied by the Director. Notice shall be given, however, at least ten (10) days prior to the date of the Director's decision, as provided in Santa Barbara County Code, Chapter 35, Article II, Section 35-181.2 or Article III, Section 35-326.2, as appropriate.

(2) Applications Under Jurisdiction of the Planning Commission.

a) The Planning Commission shall approve or deny any application to transfer a permit for changes that consist of the following:

i. Full ownership change, that is, where there is a complete transfer of facility ownership to new owner(s);

ii. Operator change, except as specifically placed under the Director's jurisdiction in Section 25B-8(1)(a)(i, ii, or iv);

iii. Change of managing partner of an owner or any partner of an operator.

b) Prior to approval of an application for change of owner, the Planning Commission shall make all findings required by Section 25B-10(1) and shall take all actions necessary under Section 25B-10(3). Prior to approval of an application for change of operator, the Planning Commission shall make all findings required by Section 25B-10(2) and shall take all actions necessary under Section 25B-10(3).

c) A public hearing shall be required for applications approved or denied by the Planning Commission. Notice shall be given at least ten (10) days prior to the date of the hearing, as provided in Santa Barbara County Code, Chapter 35, Article II, Section 35-181.2 or Article III, Section 35-326.2, as appropriate.

(3) Combined Applications.

Applications that include a component under the Director's jurisdiction and another component under the Planning Commission's jurisdiction may, at the discretion of the Director, be processed with a combined application and decided by the Planning Commission. In such cases the findings required for approval of the component that falls under the Director's jurisdiction shall be those listed for a Director's Amendment (§25B-9(1), (2), or (4), as appropriate).

(4) Application Completeness

a) An application shall be deemed accepted unless the Director finds the application incomplete and notifies the applicant of incompleteness by mail within thirty calendar days of receipt of the application. Notice shall be deemed given when mailed.

b) The applicant shall provide any additional information required by the Director in an incompleteness letter within thirty calendar days of issuance of the letter.

Sec. 25B-9. Director Approval: findings.

(1) The Director shall approve an application to transfer a permit pursuant to Section 25B-8(1)(a)(i, ii, or vi) only if the Director makes the following findings:

a) Fees and Exactions. All outstanding County required fees and exactions due for the facility have been paid.

b) Financial Guarantees. The proposed owner, operator, or other guarantor has provided all necessary instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.

c) Abandonment. The proposed owner, operator, or other guarantor has demonstrated the financial capability through financial guarantees to comply with all federal, state and local law and permits regarding abandonment of the facility and remediation of contamination.

d) Acceptance of Permit. The proposed owner or operator has provided a letter from a responsible official representing the proposed owner or operator formally accepting all conditions and requirements of the permit.

(2) The Director shall approve an application to transfer a permit pursuant to Section 25B-8(1)(a)(iii) for a change of guarantor only if the Director makes the following findings:

a) Financial Guarantees. The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.

b) Abandonment. Where applicable, the proposed guarantor has demonstrated the financial capability through financial guarantees to comply with all requirements of federal, state and local law and permits regarding abandonment of the facility and remediation of contamination.

(3) The Director may approve a qualified temporary operator pursuant to Section 25B-8(1)(a)(iv) where the owner demonstrates to the satisfaction of the Director that good cause

exists for an immediate change of operator. The temporary operator may operate the facility for a period of no longer than 6 months. In order to approve a temporary operator, the Director must make the following findings:

a) Financial Guarantees. The proposed temporary operator has provided all necessary instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.

b) Acceptance of Permit. The proposed temporary operator has provided a letter from a responsible official representing the proposed temporary operator formally accepting all conditions and requirements of the permit.

c) Operator Capability. The proposed temporary operator has the skills and training necessary to operate the permitted facility in compliance with all applicable law and has a good working knowledge of the crucial compliance plans listed in Section 25B-10(2)(g).

(4) The Director shall approve an application to transfer a permit pursuant to Section 25B-8(1)(a)(v) for a change of non-managing partner or non-operator under a joint operating agreement, where such person is not a guarantor, upon submission of a complete application and payment of any required application fees. ~~only if the Director makes the following finding~~:

a) ~~Acceptance of Permit. The proposed owner has provided a letter from a responsible official representing the proposed owner formally accepting all conditions and requirements of the permit.~~

(5) Upon making the findings listed in Section 25B-9(1), (2), (3), or (4), the Director shall approve the change of owner, operator, or guarantor, or approve the temporary operator. The Director may impose additional conditions on the permit, except for applications approved under Section 25B-9(4), in order to ensure that the new owner, operator, temporary operator, or other guarantor maintains any insurance or other financial guarantees that were submitted to and relied on by the Director as a basis to make any finding required by this Chapter. ~~adequate financial guarantees for operations and abandonment.~~

Sec. 25B-10. Planning Commission Approval: findings.

(1) The Planning Commission shall approve an application for a change of owner only if the Planning Commission makes the following findings:

a) Fees and Exactions. All outstanding County required fees and exactions due for the facility have been paid.

b) Financial Guarantees. The proposed owner or other guarantor has provided all necessary insurance, bonds and other instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.

c) Abandonment. The proposed owner or other guarantor has demonstrated the financial capability through financial guarantees to comply with all federal, state and local law and permits regarding abandonment of the facility and remediation of contamination.

d) Acceptance of Permit. The proposed owner has provided a letter from a responsible official representing the proposed owner formally accepting all conditions and requirements of the permit. If the proposed owner is a partnership, all partners have provided such letters, or the managing partner has provided a letter on behalf of all partners and has agreed to resubmit such letter should any partners change in the future.

e) Facility Safety Audit. The County has completed a comprehensive safety audit for the physical facility within 3 years prior to submission of a complete application, and the current owner or operator has provided a copy of this audit, along with a description of the status of implementing its recommendations, to the proposed owner(s). A Safety Inspection Maintenance and Quality Assurance Program (SIMQAP) audit approved by the appropriate County official shall satisfy this requirement. This finding shall be waived if the application is for the current operator of a facility to become an owner.

f) Compliance With Existing Requirements. The current owner(s) are in compliance with all requirements of the permit, including any requirement of a County required safety audit, any Notice of Violation, and any County ordinance, or the current and proposed owner(s) have entered into a written agreement with the Director that specifies an enforceable schedule to come into compliance with such requirements.

g) Compliance Plans. The new owner or operator has updated any existing, approved Safety Inspection Maintenance and Quality Assurance Program, Emergency Response Plan, Fire Protection Plan, and Oil Spill Contingency Plan, or equivalent approved plans, with current emergency contact information pertaining to the new owner. If any of these plans did not previously exist or was not approved, the new owner or operator has prepared an acceptable plan and it has been approved by the appropriate County official. The new

owner and operator have agreed in writing to revise all plans required by the permit or any County ordinance, as necessary to reflect the change of owner, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate County official within six months after assuming ownership.

(2) The Planning Commission shall approve an application for change of operator only if the Planning Commission makes the following findings:

a) Fees and Exactions. All outstanding County required fees and exactions due for the facility have been paid.

b) Financial Guarantees. The current owner, proposed operator, or other guarantor has provided all necessary insurance, bonds and other instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.

c) Abandonment. The proposed operator or other guarantor has demonstrated the financial capability through financial guarantees to comply with all federal, state and local law and permits regarding abandonment of the facility and remediation of contamination.

d) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit. If the proposed operator is a partnership, all partners have provided such letters.

e) Facility Safety Audit. The County has completed a comprehensive safety audit for the physical facility within 3 years prior to submission of a complete application, and the current owner or operator has provided a copy of that audit, along with a description of the status of implementing its recommendations, to the proposed operator. A Safety Inspection Maintenance and Quality Assurance Plan (SIMQAP) audit approved by the appropriate County official shall satisfy this requirement. This finding shall be waived if a current owner of a facility becomes the operator.

f) Compliance With Existing Requirements. The current operator is in compliance with all requirements of the permit, including any requirements of a required safety audit, any Notice of Violation, and any County ordinance, or the owner and proposed operator have entered into a written agreement with the Director that specifies an enforceable schedule to come into compliance with such requirements.

g) Compliance Plans. The current owner and proposed operator have updated any existing, approved Safety Inspection Maintenance and Quality Assurance Program, Emergency Response Plan, Fire Protection Plan, and Oil Spill Contingency Plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. If any of these plans did not previously exist or was not approved, the current owner and proposed operator have prepared an acceptable plan and it has been approved by the appropriate County official. The current owner and proposed operator have agreed in writing to revise all plans required by the permit or any County ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate County official within six months after assuming operations.

h) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will ensure the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Section 25B-10(2)(g) before assuming control of operations. The plan has been approved by the Director. The Planning Commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause.

i) Emergency Response Plan Drills. The proposed operator has adequately performed one or more County approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.

j) Operation Record. The owner and proposed operator have submitted a list of any other facilities the proposed operator owns or operates, and have submitted the proposed operator's accident and compliance records for the last 7 years for operating facilities, if any, that are similar in nature to the facility subject to the permit. The records demonstrate the proposed operator has the skills and training necessary to operate the permitted facility in compliance with all applicable law. The accident and compliance records shall be obtained from the agencies listed in Appendix A. If the proposed operator is a new company or lacks a seven year operational record, the operator has demonstrated to the County that the key personnel have sufficient experience and expertise to operate the facility safely.

(3) Upon making the findings listed in Section 25B-10(1) or (2), the Planning Commission shall approve the change of owner or operator. The Planning Commission may impose additional conditions on the permit in order to ensure that the new owner, operator, or other guarantor maintains any insurance or other financial guarantees that were submitted to and relied on by the Planning Commission as a basis to make any finding required by this Chapter. ~~adequate financial guarantees for operations and abandonment.~~

Sec. 25B-11 . Administration and Fees.

The Director shall administer the procedures established by this chapter. Any applicant shall be assessed fees in an amount necessary to recover costs incurred by the County for processing applications for change of owner, operator, or guarantor required by this chapter. No application to change owner, operator, or guarantor shall be processed unless the applicant has entered into an Agreement for Payment of Processing Fees with the County and has provided the required deposit to cover a portion of the case processing fees.

Sec. 25B-12. Appeals.

(1) Appeals to the Planning Commission.

a) The decision of the Director to approve or deny an application may be appealed to the Planning Commission by the applicant or any interested person adversely affected by such decision. The appeal, which shall be in writing, and accompanying fee shall be filed with the Planning and Development Department within ten (10) calendar days following the date of the Director's decision.

b) The appellant shall state specifically in the appeal how 1) the Director's decision is inconsistent with the provisions or purposes of this Chapter or 2) there was an error or abuse of discretion by the Director.

c) Prior to the appeal hearing, the Planning and Development Department shall transmit to the Planning Commission copies of the application, including all attachments and related materials, and a statement setting forth the reasons for the Director's decision.

d) The Planning Commission hearing shall be *de novo* and the Commission shall affirm, reverse, or modify the Director's decision at a public hearing. Notice of the time and place of the hearing shall be given in accordance with Santa Barbara County Code, Section 35-

326.2 (Noticing) or Section 35-181.2, as appropriate. Notice shall also be mailed to the appellant.

(2) Appeals to the Board Of Supervisors.

a) The decision of the Planning Commission to approve or deny an application may be appealed to the Board of Supervisors by the applicant or any interested person adversely affected by such decision. The appeal, which shall be in writing, and accompanying fee shall be filed with the Clerk of the Board of Supervisors within ten (10) calendar days following the date of the Planning Commission's decision.

b) The appellant shall state specifically in the appeal how 1) the Planning Commission's decision is inconsistent with the provisions or purposes of this Chapter or 2) there was an error or abuse of discretion by the Planning Commission.

c) Prior to the appeal hearing, the Clerk of the Board of Supervisors shall notify the Planning Commission that an appeal has been filed. The Planning Commission shall then transmit to the Board of Supervisors copies of the application, including all attachments and related materials, and a statement of findings setting forth the reasons for the Planning Commission's decision.

d) The Board of Supervisors hearing shall be *de novo* and the Board shall affirm, reverse, or modify the Planning Commission's decision at a public hearing. Notice of the time and place of the hearing shall be given in accordance with Santa Barbara County Code, Section 35-326.2 (Noticing) or Section 35-181.2, as appropriate. Notice shall also be mailed to the appellant.

Sec. 25B-13. Enforcement

(1) Civil Penalties. Any owner, operator, guarantor, or permittee who fails to comply with the provisions of this chapter is subject to a civil penalty not to exceed twenty-five thousand dollars per day of operation.

(2) Criminal Penalties. Any person, whether as principal, agent, employee or otherwise, violating any provisions of this chapter shall be guilty of an infraction, and upon conviction thereof, shall be punishable by a fine not exceeding five hundred dollars for each violation. An offense that would otherwise be an infraction may, at the discretion of the district attorney, be filed as a misdemeanor. Upon conviction of a misdemeanor, punishment shall be

a fine of not less than five hundred dollars nor more than twenty-five thousand dollars or imprisonment in the county jail for a period not to exceed six months or by both such fine and imprisonment. Each and every day during any portion of which any violation of this chapter is committed, continued or permitted by such person shall be deemed a separate and distinct offense.

(3) Injunction. Whenever, in the judgment of the Director, any person has engaged in, is engaged in, or is about to engage in any act(s) or practice(s) which constitute or will constitute a violation of the provisions of this chapter of the Santa Barbara County Code, or any rule, regulation, requirement, or other order issued, promulgated, or executed thereunder, the district attorney or county counsel may make application to the Superior Court for an order enjoining such acts or practices, or for an order directing compliance, and upon a showing that such person has engaged in or is about to engage in any such acts or practices, a permanent or temporary injunction, restraining order, or other order may be granted. In any civil action brought pursuant to this chapter in which a temporary restraining order, preliminary injunction, or permanent injunction is sought, it shall not be necessary to allege or prove at any stage of the proceeding that irreparable damage will occur should the temporary restraining order, preliminary injunction, or permanent injunction not be issued; or that the legal remedies are inadequate.

(4) Cumulative Remedies and Penalties. The remedies or penalties provided by this chapter are cumulative to each other and to the remedies or penalties available under all other laws of this state.

Sec. 25B-14. Severability.

If any provision of this chapter is determined to be invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

Appendix A. Source Agencies for Operator Accident and Compliance Records.

Accident and compliance records shall be obtained from the following agencies, as applicable:

Federal Agencies

Environmental Protection Agency
D.O.T. Office of Pipeline Safety
Occupational Safety and Health

Minerals Management Service
Coast Guard
Army Corps of Engineers

California Agencies

State Fire Marshall
Cal OSHA
State Lands Commission
Division of Oil, Gas, & Geothermal Resources
Dept. of Fish and Game Office of Spill Prevention and Response
California Coastal Commission
Air Resources Board
Office of Environmental Health Hazard Assessment
Department of Toxic Substances Control
State Water Resources Control Board

Agencies in Other States

If the facilities for which the records are obtained are located outside California, records shall be obtained from agencies that serve similar functions to the above agencies, where possible.

Regional and Local Agencies

Fire Department
Water quality monitoring agency
Air quality monitoring agency
Agencies responsible for enforcing land use and zoning regulations
Agencies responsible for enforcing safety regulations
Agencies responsible for oversight of hazardous or toxic materials
Agencies responsible for monitoring environmental pollution or contamination

Exhibit 15

CALIFORNIA CERTIFICATE OF FINANCIAL RESPONSIBILITY (CA COFR)

OWNER OR OPERATOR:
SABLE OFFSHORE CORP.
meets the financial responsibility requirements set forth in the Government Code Sections 8670.37.53 as it applies to the operation of

NAME: **RWCS:** 654.00 Bbl(s)
CRUDE OIL & WATER EMULSION PIPELINE - PORTION IN STATE WATERS FROM

LOCATION:
FEDERAL SANTA YNEZ UNIT TO LAS FLORES CANYON FACILITY. SEG.# 5510190

CERTIFICATE: 2-2623-00-001 **CONTROL #:** FI663

ISSUED DATE: October 03, 2024 **EXPIRATION DATE:** August 31, 2026

The holder of this document named above is subject to the provisions of California Code of Regulations, Title 14, Sections 791-797, implementing the financial responsibility requirements set forth in the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Act). This certificate holder has provided the necessary evidence of financial responsibility mandated by these requirements.

For the purpose of determining liability pursuant to the Act, this Certificate of Financial Responsibility is conclusive evidence that the person or entity holding the certificate is the party responsible for the specific Marine Facility.

No alterations of this certificate are permitted after issuance by the Administrator of OSPR. If there is a change in the name or ownership of the Marine Facility, the certificate holder must notify the Office of Spill Prevention and Response (OSPR) immediately. If the certificate expires, a new certificate will be required.

This certificate remains valid as long as the current method for demonstrating financial responsibility is maintained (eg. insurance). Any changes in this status must be reported to OSPR immediately.

It is the owner or operator's responsibility to ensure that this certificate number is also included in the owner or operator's marine oil spill contingency plan, which must be submitted to this office for approval, before operating in a location where a spill could impact California marine waters.

If you have any questions, please contact me.

Sincerely,

Caitlin Hichborn

Financial Analyst
(916) 375-6071
Office of Spill Prevention and Response
cacofr-facilities@wildlife.ca.gov

CALIFORNIA CERTIFICATE OF FINANCIAL RESPONSIBILITY (CA COFR)

OWNER OR OPERATOR:
PACIFIC PIPELINE COMPANY
meets the financial responsibility requirements set forth in the Government Code Sections 8670.37.53 as it applies to the operation of

NAME: **RWCS:** 1935.00 Bbl(s)
24" CA-324- Las Flores Pipeline (Las Flores Canyon to Gaviota)

LOCATION:

CERTIFICATE: 2-2624-00-001 **CONTROL #:** FI661

ISSUED DATE: October 03, 2024 **EXPIRATION DATE:** August 31, 2026

The holder of this document named above is subject to the provisions of California Code of Regulations, Title 14, Sections 791-797, implementing the financial responsibility requirements set forth in the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Act). This certificate holder has provided the necessary evidence of financial responsibility mandated by these requirements.

For the purpose of determining liability pursuant to the Act, this Certificate of Financial Responsibility is conclusive evidence that the person or entity holding the certificate is the party responsible for the specific Marine Facility.

No alterations of this certificate are permitted after issuance by the Administrator of OSPR. If there is a change in the name or ownership of the Marine Facility, the certificate holder must notify the Office of Spill Prevention and Response (OSPR) immediately. If the certificate expires, a new certificate will be required.

This certificate remains valid as long as the current method for demonstrating financial responsibility is maintained (eg. insurance). Any changes in this status must be reported to OSPR immediately.

It is the owner or operator's responsibility to ensure that this certificate number is also included in the owner or operator's marine oil spill contingency plan, which must be submitted to this office for approval, before operating in a location where a spill could impact California marine waters.

If you have any questions, please contact me.

Sincerely,

Caitlin Hichborn

Financial Analyst
(916) 375-6071
Office of Spill Prevention and Response
cacofr-facilities@wildlife.ca.gov

CALIFORNIA CERTIFICATE OF FINANCIAL RESPONSIBILITY (CA COFR)

OWNER OR OPERATOR:
PACIFIC PIPELINE COMPANY
meets the financial responsibility requirements set forth in California Government Code Section 8670.37.53 as it applies to the operation of

NAME:
Las Flores Pipeline System

RISK TYPE: Perennial

LOCATION:
CA-325A/B- Las Flores Pipeline, Gaviota to Pentland

RWCS: 15269.00 Bbl(s)

CERTIFICATE: 4-2624-00-001

CONTROL #: FI662

ISSUED DATE: October 03, 2024

EXPIRATION DATE: August 31, 2026

The holder of this document named above is subject to the provisions of California Code of Regulations, Title 14, Sections 791-797, implementing the financial responsibility requirements set forth in the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Act). This certificate holder has provided the necessary evidence of financial responsibility mandated by these requirements.

For the purpose of determining liability pursuant to the Act, this Certificate of Financial Responsibility is conclusive evidence that the person or entity holding the certificate is the party responsible for the specific Facility.

No alterations of this certificate are permitted after issuance by the Administrator of OSPR. If there is a change in the name or ownership of the Facility, the certificate holder must notify the Office of Spill Prevention and Response (OSPR) immediately. If the certificate expires, a new certificate will be required.

This certificate remains valid as long as the current method for demonstrating financial responsibility is maintained (eg. insurance). Any changes in this status must be reported to OSPR immediately.

It is the owner or operator's responsibility to ensure that this certificate number is also included in the owner or operator's oil spill contingency plan, which must be submitted to OSPR office for approval, before operating in a location where a spill could impact California waters of the state.

If you have any questions, please contact me.

Sincerely,

Caitlin Hichborn

Financial Analyst
Office of Spill Prevention and Response
(916) 375-6071
cacofr-facilities@wildlife.ca.gov

Exhibit 16

Docusign Envelope ID: 87118E7A-ED76-4881-86B3-BCE5F180FFD7

DEPARTMENT OF FORESTRY AND FIRE PROTECTION
OFFICE OF THE STATE FIRE MARSHAL
P.O. Box 944246
Sacramento, California 94244-2460
(916) 568-3800
Website: www.fire.ca.gov

CERTIFIED MAIL No: 9589-0710-5270-1475-5353-08

December 17, 2024

Lance Yearwood
Vice President
Sable Offshore Corp
845 Texas Avenue, Suite 2920
Houston, Texas 77002

SUBJECT: LETTER OF DECISION ON THE STATE WAIVER REQUEST FOR LIMITED EFECTIVENESS OF CATHODIC PROTECTION ON THERMALLY INSULATED PIPELINE AND CORROSION OF OR ALONG A LONGITUDINAL SEAM WELD (CA-324)

Operator: Sable Offshore Corp
OPID# 40851
845 Texas Avenue, # 2920
Houston, Texas 77002

Pipeline: OSFM Line ID 0015 - 10.86 miles (Las Flores Canyon to Gaviota) of Sable Offshore Corp CA-324 (OSFM Line ID 0015) located in Santa Barbara County, California as described in the request of state waiver dated April 24, 2024

Dear Mr. Yearwood:

The Office of the State Fire Marshal (OSFM) received Sable Offshore Corp's (*Sable*) state waiver request (*Application*) on April 24, 2024, in accordance with the terms of the Consent Decree (CD) between Plains Pipeline, L.P. and the United States of America and the People of the State of California, DOJ Case REF. NO. 90-5-1-1-1130 (Appendix B, Article 1.1.D).

In addition, Sable requested a regulatory relief from Title 49 Code of Federal Regulations (49 C.F.R.), § 195.452(h)(4)(iii)(H) *Corrosion of or along a longitudinal seam weld* for Sable CA-324.

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Sable explained that its goal is to appropriately manage the risk of corrosion under insulation that may occur as a result of inadequate cathodic protection due to the shielding effects of the polyurethane foam and the polyethylene tape wrap. Sable described the measures it has taken to address this risk and implemented and proposed a number of additional measures designed to mitigate the risk of corrosion under insulation that may result from potential ineffective cathodic protection (CP).

Sable provided the OSFM with its proposed measures to mitigate the risk of corrosion under insulation. Sable also provided the OSFM information from the completed in-line inspections and additional data requested by our office. The OSFM Pipeline Safety Engineers have reviewed the materials provided and have been in communication with the United States Department of Transportation (USDOT), Pipeline and Hazardous Materials Safety Administration (PHMSA) Engineering and Research Division to incorporate PHMSA's recommended conditions into the state waiver.

The OSFM has regulatory jurisdiction over the safety standards and practices of intrastate hazardous liquid pipeline transportation within California. As a Pipeline Safety Program that is certified under 49 USC § 60105, the OSFM may grant a state waiver with a pipeline safety regulation adopted by the state of California. Title 49 C.F.R., Part 195 was adopted by reference as it relates to hazardous liquid pipelines within Title 19 California Code of Regulations (19 CCR), Section 2000.

This state waiver applies to Sable's Line CA-324 (OSFM Line ID 0015) which consists of a 10.86 mile long, 24-inch outside diameter pipeline segment with the origin and termination points as described in the application. The pipeline is located in Santa Barbara, California and shall be referred herein as *CA-324.*

The state waiver shall not become effective until (1) PHMSA issues an Order approving the waiver or stating it has no objection to the waiver or (2) PHMSA takes no action on the waiver within sixty (60) days after receiving the Letter of Decision from the OSFM.

The state waiver is limited to a term of no more than ten (10) years from the date it becomes effective, which shall be considered as the date of issuance. The OSFM may terminate the state waiver under conditions detailed below.

Applicable Regulations

The OSFM hereby grants this state waiver for CA-324, provided that Sable complies with the specific requirements in this state waiver and any additional conditions outlined by PHMSA. The pipeline must be operated and maintained in accordance with the CD, these state waiver conditions and 49 C.F.R. Part 195, with the exception of 49 C.F.R. §195.452(h)(4)(iii)(H). In the event of a conflict between the state waiver conditions and the applicable requirements under 49 C.F.R. Part 195, the state waiver conditions control.

Docusign Envelope ID: 87118E7A-ED76-4881-86B3-BCE5F180FFD7

Should additional federal or State statutory or regulatory requirements come into effect following the implementation of this state waiver, CA-324 shall be subject to those requirements except where they are in conflict with the State Waiver or the safe operation of the pipeline.

General Conditions

1. The pipeline can only be used to transport crude oil as stated in the application.
2. The maximum operating pressure (MOP) of CA-324 cannot exceed 1003 pounds per square inch gauge (psig).
3. The maximum operating temperature of the crude oil that transports in CA-324 must not exceed 140 Fahrenheit for more than 12 consecutive hours.
4. Prior to startup, Sable must develop and implement procedures for the conditions and requirements described in the state waiver.
5. This state waiver does not relieve Sable from other requirements under 49 C.F.R. Part 195 or the Elder California Pipeline Safety Act of 1981 other than contained herein.
6. This state waiver does not relieve Sable from any requirements imposed by the Consent Decree (United States District Court Central District of California Civil Action No. 2:20-cv-02415).
7. In-line inspection must include:
    a. Use of a tool that is at least capable of reliably detecting and identifying cluster corrosion and general corrosion. Definition of cluster and general corrosion is as follows:
        i. Cluster means two or more adjacent metal loss features in the wall of the pipe or weld that may interact based on interaction criteria.
        ii. General corrosion means uniform or gradually varying loss of wall thickness over an area.
    b. Use of a tool that is at least capable of reliably detecting and sizing corrosion at a 90 percent probability of detection (POD) and probability of identification (POI).
    c. Use of a tool that is at least capable of reliably detecting and sizing cracks or crack-like anomalies at a 90 percent POD and POI.
8. Prior to placing CA-324 in operation, Sable must perform fracture toughness tests on the existing 24” pipe from CA-324 in accordance with ASTM E1820-23B Standard Test Method for Measurement of Fracture Toughness. All of the test specimens must be from the predominant existing 24” pipe, specifically API 5L X65 HF-ERW pipe with a nominal thickness of 0.344” that was manufactured by

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Nippon Steel Corp. in the 1980s. At least three (3) separate tests must be performed to obtain the fracture toughness values of the pipe body, heat affected zone (HAZ)[1], and the HF-ERW long seam weld on the pipe to represent the fracture toughness of its CA-324 (i.e. three (3) samples for pipe body, three (3) samples for HAZ, and three (3) samples for the HF-ERW long seam weld). The lowest fracture toughness value must be applied to conditions 10, 30, 33, and 48. Sable may use pipe samples taken opportunistically during ongoing pipeline maintenance and repair efforts.[2]

9. All immediate and 180-day repair conditions that are listed in this state waiver must be evaluated and remediated prior to restarting CA-324. Sable must utilize Ultrasonic Thickness Wall Measurement (UTWM) and Ultrasonic Shear Wave Crack Detection (USCD) in-line inspection (ILI) tools within seven (7) days of achieving initial steady state operation in accordance with an ILI survey schedule approved by OSFM. Sable must utilize the most recent Ultrasonic Thickness Wall Measurement (UTWM) and Ultrasonic Shear Wave Crack Detection (USCD) in-line inspection (ILI) results when identifying these repair conditions.
10. Remaining strength of pipe calculation for all metal loss anomalies must be in accordance with the Modified B31G method as described in ASME B31G *Manual for Determining the Remaining Strength of Corroded Pipelines.* If ASME B31G 2012 Edition is used, then it must comply with the conditions in accordance with Section 1.2 and exclusions in accordance with Section 1.3 of ASME B31G 2012 Edition. However, if the metal loss anomaly intersects or is within one (1) inch (circumferentially) of the longitudinal seam weld, Sable must also calculate the predicted failure pressure of the anomaly by using the crack-like flaw evaluation method ASME FFS-1/API 579-1.
11. Sable must utilize cleaning pigs at regular intervals not to exceed a biweekly basis to maintain adequate cleanliness on the internal pipe wall of its CA-324.

Pressure Testing

12. Prior to placing the pipeline in operation, Sable must conduct a spike hydrostatic pressure test of the state waiver pipeline segments at a minimum pressure that is at least 1.5 times the MOP or 100% SMYS, for a minimum of 15 minutes after

[1] The heat affected zone (HAZ), as used in the state waiver, is defined as a 1-inch-wide area on either side of the longitudinal weld seam.

[2] Sable must submit all fracture toughness results to the OSFM prior to restarting the pipeline.

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the spike test pressure is stabilized. Sable must field evaluate and remediate the following anomalies before performing the spike hydrostatic test on CA-324:

a. All metal loss anomalies that have an ILI reported depth of 40% and greater wall loss.
b. All anomalies that have a predicted failure pressure less than or equal to 1.6 times MOP.

13. Immediately following the spike hydrostatic pressure test, Sable must conduct an 8-hour hydrostatic pressure test of the state waiver pipeline segments at a minimum of 1.25 times the MOP.
14. Sable must obtain the Test ID from the OSFM for each hydrostatic pressure test and have the approved independent testing firm forward separately the certified test results to the OSFM.
15. Each hydrostatic pressure test must be performed in accordance with the applicable requirements of 49 C.F.R., Part 195 Subpart E – Pressure Testing and monitored by an independent testing firm listed under the OSFM approved hydrostatic testing companies.
16. Failures resulting from the spike hydrostatic pressure test or the 8-hour strength test shall be immediately reported[3] to the OSFM via email at PipelineNotification@fire.ca.gov
    Subject: OSFM State Waiver - Hydrotest Failure
17. Section(s) of the state waiver pipeline segments that failed during the required hydrotesting must be repaired by removing and replacing the failed section. The OSFM reserves the right to revoke the state waiver if failure(s) raise the concern that the pipeline cannot be safely operated.

In-Line Inspection (ILI) Assessment and Frequency

18. At least 90 days prior to performing in-line inspections of the state waiver segment, Sable shall provide the OSFM with a written notification to PipelineNotification@fire.ca.gov describing its assessment plan with the following information:
    a) Dates for integrity assessment
    b) In-line inspection tool(s) selected, in accordance with API Standard 1163 Section 5 and NACE SP0102[4] to assess the integrity of the subject pipe

[3] In addition to the OSFM reporting, Sable shall follow all additional state reporting requirements.
[4] Industry standards that are referenced in this state waiver must utilize the editions that are incorporated by referenced in Title 49 Part 195.3 unless another edition was explicitly specified.

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segment(s) in which ILIs must be capable to detect and size wall loss, dents, internal corrosion, external corrosion, cracks and crack-like indications

c) In-line inspection tool vendor(s)
d) Required tool specifications including operational specifications and anomaly sizing tolerances
e) Tool validation methodology
f) Anomaly feature identification criteria and reporting thresholds – wall loss, dents, internal corrosion, external corrosion, cracks, and crack-like indications
g) Criteria used to identify locations for excavation and field verification
h) Non-destructive examination

19. Within seven (7) days prior to any anticipated ILI tool run, Sable must utilize extensive brush pigs and solvents (xylene or other chemicals) to ensure that the internal pipe wall does not have any corrosive products, wax, and bacteria buildup that may affect the ILI tool performance.
20. Metal Loss Tool(s)
    a. Initial ILI tool runs – Each year, during the first two (2) years of operating CA-324, Sable shall conduct at least two (2) ILIs using a UTWM tool with an inertial measurement unit (IMU). Sable shall compare both runs and evaluate all available information, including these tool runs and corresponding IMU data. Sable shall perform the UTWM tool run every six (6) months not to exceed nine (9) months. If a UTWM tool run is unsuccessful, Sable shall identify the limitations that prevented the UTWM tool run from being successful, consider changes to increase the likelihood of a successful UTWM tool run, and use best efforts to rerun the UTWM tool within 30 days.
    b. Subsequent ILI tool runs – After the first two (2) years of operating CA-324, Sable shall conduct at least one (1) Ultrasonic Wall Measurement tool (UTWM) each calendar year, not to exceed 15 months or the ILI assessment must be assessed at more frequent intervals if the remaining Failure Pressure Ratio will be less than 1.39 times MOP prior to the next ILI assessment, based upon anomaly growth estimates and pressure cycling. If any UTWM tool run is deemed to be unsuccessful, Sable shall document the reasons why the UTWM tool was unsuccessful, consider changes to increase the likelihood of a successful UTWM tool run, and must reassess the pipeline within 30 days after it was deemed to be unsuccessful. All metal loss tool runs must also utilize an Inertial Measurement Unit (IMU).
21. Crack Detection Tools - Sable shall conduct at least one (1) Ultrasonic Shear Wave Crack Detection (USCD) tool each calendar year, not to exceed 15

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months[5] or ILI assessment must be assessed at more frequent intervals if condition 48 determined a shorter assessment interval.

a. These crack tool runs must utilize an Inertial Measurement Unit (IMU) and must be able to detect and size axial and circumferential cracks.
b. USCD Performance Specification Requirements
    i. The USCD tools must have a probability of detection that is ≥ 90% for axial and circumferential cracks.
    ii. The minimum crack depth that can be detected must be at least 1 mm for axial and circumferential cracks that are located in the base material.
    iii. The minimum crack depth that can be detected must be at least 2 mm for axial and circumferential cracks that are located in the weld.
    iv. The depth sizing accuracy for cracks must be ± 0.8 mm for axial cracks and ± 1 mm for circumferential cracks.

22. Dents and Pipe Deformation: Sable shall conduct a high-resolution deformation ILI tool with each UTWM.
23. Where any ILI tool fails to record data for 5% or more of the external and/or internal surface area of the inspected segment, reassess with the ILI tool to cover the area that is deemed to be inadequate data of the inspected segment. In addition, if the ILI tool travels at a speed that is outside the range of the tool velocity listed in the tool specification for 2% or more of the length of the inspected segment, Sable must rerun the ILI tool to reassess the pipeline segment in which the ILI tool velocity was outside of the specified tool velocity range.
24. All ILI tool runs must obtain the Test ID from the OSFM prior to run.
25. Sable must require its ILI tool vendor(s) to include in the vendor's inspection report all metal loss indications of 10% or greater, based on raw data, prior to adding in any correction for tool tolerance.
26. Sable must incorporate ILI tool accuracy by ensuring that each ILI tool service provider determines the tolerance of each tool, in accordance with API Standard 1163 Second Edition and includes that tolerance in determining the size of each indication reported to Sable.
27. Sable must account for ILI tool tolerance and anomaly growth rates in scheduled response times, repairs, and future reassessment intervals. Sable must

[5] Sable may petition the OSFM to revise the reassessment interval for Crack Detection Tool(s) when sufficient evidence is available to determine if crack growth rates could support a longer reassessment interval. Changes to the reassessment interval are subject to OSFM and PHMSA approval.

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document and justify the values used. Sable must demonstrate ILI tool tolerance accuracy for each ILI tool run by using calibration, excavations, and unity plots[6] that demonstrate ILI tool accuracy to meet the tool accuracy specification provided by the vendor (typical for depth within +10% accuracy for 80% of the time). Sable must compare previous indications to current indications that are significantly different. If a trend is identified where the tool has been consistently over-calling or under-calling, the remaining ILI features must be re-graded accordingly.

28. Prior to the ILI final report being received, Sable must perform at least four (4) separate validation digs that do not interact with each other. At a minimum, Sable must perform validation digs in accordance with Level 2 of API Standard 1163, "In-line Inspection System Qualification" (Second Edition, April 2013).

Discovery of Condition

29. The discovery date must be within 180 days of any ILI tool run for each type of ILI tool.

Immediate Repair Conditions[7]

30. A crack or crack-like anomaly that meets any of the following criteria:
    a. Crack or crack-like anomaly that is equal to or greater than 50% of pipe wall thickness.
    b. Crack or crack-like anomaly that has predicted failure pressure of less than 1.39 times the MOP as calculated using crack-like flaw evaluation method ASME FFS-1/API 579-1.
31. Internal or external metal loss anomalies where the remaining strength of pipe shows a predicted failure pressure less than 1.39 times the MOP.
32. Any external cluster corrosion or external general corrosion that is located on the bottom half of the pipeline (below the 3 and 9 o'clock positions) where the

[6] A minimum of four (4) independent direct examination excavations must be used for unity plots.

[7] The criteria outlined in the state waiver is supplemental to the requirements set forth in *§195.452(h)(4)(i) Immediate repair conditions* and does not relieve Sable from complying with §195.452(h)(4)(i). All immediate repair conditions must be remediated with a permanent repair method.

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remaining strength of pipe shows a predicted failure pressure less than 1.5 times the MOP.[8]

180-Day Repair Conditions[9]

33. A crack or crack-like anomaly that has predicted failure pressure of less than 1.5 times the MOP.
34. Internal or external metal loss anomalies where the remaining strength of pipe shows a predicted failure pressure less than 1.5 times the MOP.
35. All internal or external metal loss anomalies that have an ILI reported depth of 40% or greater wall loss, including tool sizing tolerance for depth.[10]
36. For any crack (likely crack or possible crack) or crack-like anomaly, regardless of its dimensions, that interacts with metal loss anomalies and are within one (1) inch (circumferentially) of the longitudinal seam weld, Sable must integrate the ILI results from the most recent crack tool run and the most recent metal loss tool run before the discovery date deadline.

Corrosion Growth Rate Analysis (CGRA)

37. Sable must develop a CGRA procedure to annually calculate corrosion growth rates between successive ILI's (using most recent ILI compared to prior ILI) and perform pipeline remediations needed to assure the integrity of the pipeline is maintained.[11] The timing of pipeline remediations under this condition shall be based on the most recent calculation of short-term corrosion rates.
38. The CGRA procedure must include ILI data matching methods[12] to analyze data from successive ILI's, methodologies for growth rate calculations and errors from comparing ILI data.

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[8] Cluster means two or more adjacent metal loss features in the wall of the pipe or weld that may interact based on interaction criteria. General corrosion means uniform or gradually varying loss of wall thickness over an area.

[9] The criteria outlined in the state waiver is supplemental to the requirements set forth in *§195.452(h)(4)(iii) 180-day conditions* and does not relieve Sable from complying with §195.452(h)(4)(iii). All 180-day repair conditions must be remediated with a permanent repair method.

[10] For example, if the ILI tool reports a 31% metal loss anomaly and the tool sizing tolerance is ±10 for depth, then this anomaly is a 180-day repair condition since it can be considered as an external metal loss anomaly with 41% metal loss depth. If Sable is unable to remediate such indications within 180 days of discovery, Sable must notify the OSFM, temporarily reduce the operating pressure, and take further remedial action in accordance with 49 C.F.R. §195.452 until the indication is remediated or until otherwise authorized by OSFM.

[11] At a minimum, Sable must include signal matching between ILI data sets.

[12] If there are several matching techniques that can be used, Sable must utilize the most accurate method of comparing ILI data sets.

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39. Sable must identify the projected date when remaining metal loss indications will reach a depth of 70% or greater wall loss.
40. When determining the projected date when remaining metal loss indications will reach a depth of 70% or greater wall loss, Sable must account for reported ILI depth, tool tolerance and corrosion growth rates[13].
41. All metal loss indications that are projected to reach a depth of 70% or greater wall loss prior to the next ILI, will become actionable and must be remediated before the next ILI.

Pressure Reduction

42. If Sable is unable to perform field evaluation and remediation of any required conditions within the time limit conditions specified in the state waiver, Sable must temporarily implement a minimum 20 percent or greater operating pressure reduction, based on actual operating pressure for two (2) months prior to the date of inspection, until the anomaly is repaired.

In Field Direct Examination of Pipe

43. Direct examinations[14] of pipe must include appropriate non-destructive examination methods for cracking such as magnetic particle inspection (MPI), shear wave technology or phased array ultrasonic testing (PAUT).[15] PAUT must be used for sizing any crack or crack-like anomaly lengths and depths.
44. Permanent repairs of metal loss anomalies are required for any section of pipe with wall loss equal to or greater than 40% in accordance with repair method 1, 4b, or 5 of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition. However, the following additional conditions are applied if Sable chooses repair method 5 for metal loss anomalies:
    a. Method 5 must not be used on metal loss anomalies that are in the HAZ, girth weld, or longitudinal seam weld.

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[13] Growth projections must use corrosion rates determined in accordance with the CGRA procedure. A default corrosion rate of 32 mpy must be used in determining projections, if corrosion rates determined by CGRA are less than the default value.
[14] Any time the pipeline is exposed for direct examination of an indication or to perform a repair, Sable must document the condition of the coating and carrier pipe (including anomalies) with photographs.
[15] Direct examinations for ILI reported crack or crack-like indications must include a magnetic particle inspection complimented by shear wave technology or inspection by phased array ultrasonic testing.

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b. Sable must increase the metal loss anomaly's depth by 20% when they input it into the formula for calculating the number of wraps needed for repair method 5.
c. After the anomaly is repaired via repair method 5, Sable must monitor the anomaly's wall loss depth in subsequent UTWM tool runs. If the anomaly's wall loss depth increases by more than 15% of the wall thickness in the subsequent UTWM tool runs, Sable must repair this anomaly via repair method 1 or 4b of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition.

45. Permanent repairs are required for all cracks and/or crack-like anomalies discovered during direct examination, regardless of crack depth or crack length in accordance with repair method 1 or 4b of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition.
46. Sable must develop a coating repair procedure for excavated or remediated corrosion anomalies that prevents further external corrosion and seals transition areas from currently insulated pipe to newly coated sections. Any time a shrink sleeve or coating is exposed, remove the shrink sleeve and coating, investigate circumferentially and longitudinally along the pipe for external corrosion and coating deterioration, and recoat with two-part epoxy. Sable must recoat in accordance with their coating repair procedure.[16]
47. All external polyurethane foam and the polyethylene tape wrap on buried pipe that are exposed during the field evaluation must not be replaced with new insulation or polyethylene tape wrap.

Integrity Management

48. A fracture mechanics and pressure cycling evaluation is required for un-remediated cracks and crack-like indications detected by ILI or indirect inspection tools.
    a. Sable must determine the predicted failure pressure, failure stress pressure and crack growth of un-remediated cracks and crack-like anomalies in accordance with 49 C.F.R. §192.712(d)(1).
    b. Sable must perform a fatigue analysis using an applicable fatigue crack growth law or other technically appropriate engineering methodology in accordance with 49 C.F.R. §192.712(d)(2).
49. Sable must analyze a sample of additional indications of varying amounts of metal loss between 10% and 40% for validation. The sample size shall be at least ten (10), unless fewer than ten (10) indications are reported within that range, in which case Sable would examine the number of indications called.
50. When sizing metal loss indications, apply interaction/clustering criteria of 6t by 6t for applicable ILI tool(s).

[16] The coating procedure must be submitted to the OSFM prior to the prior to the effective date of the state waiver.

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51. Sable must send all field measurements to the ILI tool vendor within 90 days of completing direct examinations and require the ILI vendor to validate the accuracy of the tool. Sable must conduct annual meetings with the ILI tool vendor to discuss tool performance and incorporate lessons learned.
52. Sable must utilize a third-party expert to review all ILI reports, verification of digs, data integration, ILI tool tolerances, development of unity plots, measured field findings, failure pressure ratios and any other finding that could affect the integrity of the pipeline. The review must be conducted within six (6) months of each ILI assessment. The third-party expert must be approved by the OSFM prior to being selected.
53. Within one (1) year from date of issuance, Sable must use a NACE-certified expert to conduct an evaluation and determine if alternating current (AC) interference or direct current (DC) interference or shorting that could contribute to external corrosion is occurring. The expert must recommend the frequency of subsequent interference surveys. All evaluations must be approved and signed by the NACE-certified expert.

Data Requirements for Predicted Failure Analysis

54. Unless the defect dimensions have been verified using a direct examination measurements, Sable must explicitly analyze uncertainties in reported assessment results including but not limited to tool tolerance, detection threshold, probability of detection, probability of identification, sizing accuracy, conservative anomaly, interaction criteria, location accuracy, anomaly findings, and unity chart plots or equivalent for determining uncertainties and verifying tool performance, in identifying and characterizing the type and dimensions of anomalies or defects used in the analyses.
55. The analyses performed in accordance with this state waiver must utilize pipe and material properties of the pipe body and longitudinal weld seam that are documented in *traceable, verifiable, and complete* records.

Recordkeeping

56. Procedures, records of investigations, data, analyses, and other actions made in accordance with the requirements of this state waiver shall be kept for the life of the pipeline and must be submitted to the OSFM, in the manner requested (electronic, hardcopy, or other format) within 30 days.
57. Sable must maintain the following records:
    a. Technical approach used for the analysis
    b. All data used and analyzed
    c. Pipe and longitudinal weld seam properties
    d. Procedures used to implement state waiver conditions

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e. Evaluation methodology used
f. Models used
g. Direct in situ examination data
h. All in-line inspection tool assessments information evaluated
i. Pressure test data and results
j. All in-the-ditch assessments performed on the pipeline segments
k. All measurement tool, assessment, and evaluation accuracy specifications and tolerances used in technical and operations results
l. All finite element analysis results
m. The number of pressure cycles to failure, the equivalent number of annual pressure cycles, and the pressure cycle counting methodology
n. The predicted fatigue life and predicted failure pressure from the required fatigue life models and fracture mechanics evaluation methods
o. Safety factors used for fatigue life and/or predicted failure pressure calculations
p. Reassessment time interval and safety factors
q. The date of the review
r. Confirmation of the results by qualified technical subject matter expert(s)
s. Approval by responsible Sable management personnel
t. Records of additional preventive and mitigative (P&M) measures performed
u. Reports required by this State Waiver.

Reporting

58. Any release on the pipeline shall be reported to the OSFM at the earliest practicable moment following discovery but no later than 24 hours from the time of discovery via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Accident Notification*.[17]
59. An email notification shall be made at least three (3) days prior to the pipeline being exposed for non-emergency purposes of field evaluation and repair via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Pipeline Repair CA-324*. The email notification shall include, if applicable:
    a. Tool type and run date
    b. Unique identifier (e.g. Dig Number, Joint Number, Flaw ID, Condition Type)
    c. Dig sheets
    d. Field contact information for Sable
    e. Time and location of the field evaluation and repair.
60. Sable shall provide a Summary of Conditions Report within 210 days of the last date of an ILI run via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Summary of Conditions CA-324* and include:

[17] This requirement does not relieve Sable from spill reporting requirements that might exist under local, state or federal regulations.

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a. Tool type
b. Run date
c. Summary of Conditions Report[18]
d. Final Vendor Report and Pipe Tally

61. Sable shall provide a report to the OSFM by June 15th of every year for the duration of the state waiver. The report shall be addressed to the OSFM Assistant Deputy Director, Chief of Pipeline Safety via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Annual Report CA-324*. At a minimum, the annual report shall contain the following, if applicable:
    a. A Closure Report for the previous calendar (CY) which contains:
        i. Features that were remediated in previous CY
            1. Provide documentation for the in-the-ditch assessments and repairs
        ii. Identify features that remain to be assessed
        iii. Unity Plots for previous ILI runs
    b. Fracture mechanics and pressure cycling analyses in accordance with Condition 48
    c. The third-party ILI expert reviews in accordance with Condition 52
    d. AC and DC Interference surveys that are due in accordance with Condition 53
    e. A copy of the CGRA for prior year including:
        i. Mean corrosion growth rate for the pipeline
        ii. Distribution graph of the corrosion growth rate for the pipeline (e.g. occurrences (#) vs. corrosion rate (mpy)

Limitations

62. This state waiver is limited to a term of no more than (10) years from the date of issuance. If Sable elects to seek renewal of this state waiver, it must submit a renewal request to the OSFM at least 180 days prior to the expiration date, including a justification for continuation of the waiver.
63. Should Sable fail to comply with any conditions of this state waiver or should the OSFM determine that this state waiver is no longer appropriate or is inconsistent with pipeline safety, the OSFM may revoke the state waiver and require Sable to comply with all appropriate regulatory requirements.
64. The OSFM may order the pipeline shutdown at any time.
65. The OSFM may issue a compliance order or may initiate proceedings to determine the nature and extent of the violations and appropriate civil penalty for

[18] The OSFM may stipulate specific formatting or other information (e.g. Condition Type, Anomaly Details, Remaining Strength Calculation Method, Failure Pressure, CGRA, etc.) to be included in the Summary of Conditions Reports, Closure Report and Annual Reports if information provided is not deemed sufficient.

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failure to comply with this state waiver. The terms and conditions of any compliance order shall take precedence over the terms of the state waiver.

66. In the event of conflict between the state waiver conditions and industry standards, the state waiver conditions shall prevail.
67. If Sable sells, merges, transfers or otherwise disposes of all or part of the assets covered by the state waiver, Sable must provide the OSFM written notice of the change within 30 days of the consummation date. In the event of such transfer, the OSFM reserves the right to revoke, suspend, or modify the state waiver.

Should you have any questions, please contact Alin Podoreanu, Supervising Pipeline Safety Engineer at (916) 212-8891.

Sincerely,

DocuSigned by:
James Hosler
980F8D3AE95C42E...

JAMES HOSLER
Assistant Deputy Director
Chief of Pipeline Safety and CUPA Programs

Enclosure(s): (1) Pacific Pipeline Company State Waiver Application for CA-324

cc: Doug Allen, Supervising Pipeline Safety Engineer, OSFM
Andy Chau, Supervising Pipeline Safety Engineer, OSFM
Brendan Feery, Supervising Pipeline Safety Engineer, OSFM
Huy Nguyen, Supervising Pipeline Safety Engineer, OSFM
Alin Podoreanu, Supervising Pipeline Safety Engineer, OSFM
Tuan Tran, Pipeline Safety Engineer, OSFM
Josh Cleaver, Staff Counsel, CAL FIRE
Max Kieba, Engineering and Research Division, PHMSA
Joshua Johnson, Engineering and Research Division, PHMSA

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DEPARTMENT OF FORESTRY AND FIRE PROTECTION
OFFICE OF THE STATE FIRE MARSHAL
P.O. Box 944246
Sacramento, California 94244-2460
(916) 568-3800
Website: www.fire.ca.gov

CERTIFIED MAIL No: 9589-0710-5270-1475-5353-15

December 17, 2024

Lance Yearwood
Vice President
Sable Offshore Corp
845 Texas Avenue, Suite 2920
Houston, Texas 77002

SUBJECT: LETTER OF DECISION ON THE STATE WAIVER REQUEST FOR LIMITED EFECTIVENESS OF CATHODIC PROTECTION ON THERMALLY INSULATED PIPELINE AND CORROSION OF OR ALONG A LONGITUDINAL SEAM WELD (CA-325A/B)

Operator: Sable Offshore Corp
OPID# 40851
845 Texas Avenue, Suite 2920
Houston, Texas 77002

Pipeline: OSFM Line ID 0001 - 113.56 miles (Gaviota to Sisquoc to Pentland) of Sable Offshore Corp CA-325A/B (OSFM Line ID 0001) located in Santa Barbara County, San Luis Obispo County, and Kern County, California as described in the request of state waiver dated April 24, 2024

Dear Mr. Yearwood:

The Office of the State Fire Marshal (OSFM) received Sable Offshore Corp's (*Sable*) state waiver request (*Application*) on April 24, 2024, in accordance with the terms of the Consent Decree (CD) between Plains Pipeline, L.P. and the United States of America and the People of the State of California, DOJ Case REF. NO. 90-5-1-1-1130 (Appendix B, Article 1.1.D).

In addition, Sable requested a regulatory relief from Title 49 Code of Federal Regulations (49 C.F.R.), § 195.452(h)(4)(iii)(H) *Corrosion of or along a longitudinal seam weld* for Sable CA-325 A/B.

Sable explained that its goal is to appropriately manage the risk of corrosion under insulation that may occur as a result of inadequate cathodic protection due to the

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shielding effects of the polyurethane foam and the polyethylene tape wrap. Sable described the measures it has taken to address this risk and implemented and proposed a number of additional measures designed to mitigate the risk of corrosion under insulation that may result from potential ineffective cathodic protection (CP).

Sable provided the OSFM with its proposed measures to mitigate the risk of corrosion under insulation. Sable also provided the OSFM information from the completed in-line inspections and additional data requested by our office. The OSFM Pipeline Safety Engineers have reviewed the materials provided and have been in communication with the United States Department of Transportation (USDOT), Pipeline and Hazardous Materials Safety Administration (PHMSA) Engineering and Research Division to incorporate PHMSA's recommended conditions into the state waiver.

The OSFM has regulatory jurisdiction over the safety standards and practices of intrastate hazardous liquid pipeline transportation within California. As a Pipeline Safety Program that is certified under 49 USC § 60105, the OSFM may grant a state waiver with a pipeline safety regulation adopted by the state of California. Title 49 C.F.R., Part 195 was adopted by reference as it relates to hazardous liquid pipelines within Title 19 California Code of Regulations (19 CCR), Section 2000.

This state waiver applies to Sable's Line CA-325A/B (OSFM Line ID 0001) which consists of a 113.56 mile long, 30-inch outside diameter pipeline segment with the origin and termination points as described in the application. The pipeline is located in Santa Barbara County, San Luis Obispo County, and Kern County, California and shall be referred herein as CA-325A/B. CA-325A/B consists of two shorter pipeline segments, CA-325A and CA-325B. The pipeline segment CA-325A, located completely in Santa Barbara County, starts in Gaviota and ends at Sisquoc. CA-325A is approximately 38.72 miles long. The other pipeline segment, CA-325B, which is directly downstream of CA-325A, begins at Sisquoc and terminates in Pentland. CA-325B is approximately 74.84 miles long and traverses Santa Barbara County, San Luis Obispo County, and Kern County, California. The state waiver shall not become effective until (1) PHMSA issues an Order approving the waiver or stating it has no objection to the waiver or (2) PHMSA takes no action on the waiver within sixty (60) days after receiving the Letter of Decision from the OSFM.

The state waiver is limited to a term of no more than ten (10) years from the date it becomes effective, which shall be considered as the date of issuance. The OSFM may terminate the state waiver under conditions detailed below.

Applicable Regulations

The OSFM hereby grants this state waiver for CA-325 A/B, provided that Sable complies with the specific requirements in this state waiver and any additional conditions outlined by PHMSA. The pipeline must be operated and maintained in accordance with the CD, these

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state waiver conditions and 49 C.F.R. Part 195, with the exception of 49 C.F.R. §195.452(h)(4)(iii)(H). In event of a conflict between the state waiver conditions and the applicable requirements under 49 C.F.R. Part 195, the state waiver conditions control. Should additional federal or State statutory or regulatory requirements come into effect following the implementation of this state waiver, CA-325 A/B shall be subject to those requirements except where they are in conflict with the State Waiver or the safe operation of the pipeline.

General Conditions

1. The pipeline can only be used to transport crude oil as stated in the application.
2. The maximum operating pressure (MOP) cannot exceed:
   a. 1000 pounds per square inch gauge (psig) for CA-325A.
   b. 1292 psig for CA-325B.
3. The maximum operating temperature of the crude oil must not exceed:
   a. 125 Fahrenheit for more than 12 consecutive hours for CA-325A. Temperature transmitters must be installed on CA-325A at Gaviota station to monitor the temperature of CA-325A/B at this facility.
   b. 110 Fahrenheit for more than 12 consecutive hours for CA-325B. Temperature transmitters must be installed on CA-325A/B at Sisquoc station to monitor the temperature of CA-325A/B at this facility.
4. Prior to startup, Sable must develop and implement procedures for the conditions and requirements described in the state waiver.
5. This state waiver does not relieve Sable from other requirements under 49 C.F.R. Part 195 or the Elder California Pipeline Safety Act of 1981 other than contained herein.
6. This state waiver does not relieve Sable from any requirements imposed by the Consent Decree (United States District Court Central District of California Civil Action No. 2:20-cv-02415).
7. In-line inspection must include:
   a. Use of a tool that is at least capable of reliably detecting and identifying cluster corrosion and general corrosion. Definition of cluster and general corrosion is as follows:
      i. Cluster means two or more adjacent metal loss features in the wall of the pipe or weld that may interact based on interaction criteria.
      ii. General corrosion means uniform or gradually varying loss of wall thickness over an area.
   b. Use of a tool that is at least capable of reliably detecting and sizing corrosion at a 90 percent probability of detection (POD) and probability of identification (POI)
   c. Use of a tool that is at least capable of reliably detecting and sizing crack or crack-like anomalies at a 90 percent POD and POI

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8. Prior to placing CA-325A/B in operation, Sable must perform fracture toughness tests on the existing 30" pipe from CA-325A/B in accordance with ASTM E1820-23B Standard Test Method for Measurement of Fracture Toughness. All of the test specimens must be from both of the two following predominant existing 30" pipe specifications:
   a. API 5L X70 pipe with a nominal thickness of 0.281" that was manufactured by the various pipe mills in the 1980s.
   b. API 5L X65 pipe with a nominal thickness of 0.344" that was manufactured by the various pipe mills in the 1980s.

   At least three (3) separate tests must be performed from each pipe mill, for both of the two pipe specifications listed above, to obtain the fracture toughness values of the pipe body, heat affected zone (HAZ)[1], and the DSAW long seam weld on the pipe to represent the fracture toughness of CA-325A/B (i.e. three (3) samples for pipe body, three (3) samples for HAZ, and three (3) samples for the DSAW long seam weld). The lowest fracture toughness value must be applied to conditions 10, 31, 34, and 49. Sable may use pipe samples taken opportunistically during ongoing pipeline maintenance and repair efforts.[2]
9. All immediate and 180-day repair conditions that are listed in this state waiver must be evaluated and remediated prior to restarting CA-325A/B. Sable must utilize Ultrasonic Thickness Wall Measurement (UTWM) and Ultrasonic Shear Wave Crack Detection (USCD) in-line inspection (ILI) tools within seven (7) days of achieving initial steady state operation in accordance with an ILI survey schedule approved by the OSFM. Sable must utilize the most recent Ultrasonic Thickness Wall Measurement (UTWM) and Ultrasonic Shear Wave Crack Detection (USCD) in-line inspection (ILI) results when identifying these repair conditions.
10. Remaining strength of pipe calculation for all metal loss anomalies must be in accordance with the Modified B31G method as described in ASME B31G *Manual for Determining the Remaining Strength of Corroded Pipelines.* If ASME B31G 2012 Edition is used, then it must comply with the conditions in accordance with Section 1.2 and exclusions in accordance with Section 1.3 of ASME B31G 2012 Edition. However, if the metal loss anomaly intersects or is within one (1) inch (circumferentially) of the longitudinal seam weld, Sable must also calculate the predicted failure pressure of the anomaly by using the crack-like flaw evaluation method ASME FFS-1/API 579-1.
11. Sable must utilize cleaning pigs at regular intervals not to exceed a biweekly basis to maintain adequate cleanliness on the internal pipe wall of its CA-325A/B.

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[1] The heat affected zone (HAZ), as used in the state waiver, is defined as a 1-inch-wide area on either side of the longitudinal weld seam.
[2] Sable must submit all fracture toughness results to the OSFM prior to restarting the pipeline.

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Pressure Testing

12. Prior to placing the pipeline in operation, Sable must conduct a spike hydrostatic pressure test of the state waiver pipeline segment *CA-325A* at a minimum pressure that is at least 1.39 times the MOP, for a minimum of 15 minutes after the spike test pressure is stabilized. Sable must ensure that the spike hydrostatic pressure at the highest elevation of each testable segment is at least 1.39 times the MOP. Sable must field evaluate and remediate the following anomalies before performing the spike hydrostatic test on CA-325A:
    a. All metal loss anomalies that have an ILI reported depth of 40% and greater wall loss.
    b. All anomalies that have a predicted failure pressure less than or equal to 1.5 times MOP.
13. Immediately following the spike hydrostatic pressure test, Sable must conduct an 8-hour hydrostatic pressure test of the state waiver pipeline segment *CA-325A* at a minimum of 1.25 times the MOP.
14. Prior to placing the pipeline in operation, Sable must conduct a hydrostatic pressure test of the state waiver pipeline segment *CA-325B* at a minimum pressure of 1.25 times the MOP, for a minimum of 8 hours. Sable must ensure that the hydrostatic pressure at the highest elevation of each testable segment is at least 1.25 times the MOP. Sable must field evaluate and remediate the following anomalies before performing the hydrostatic test on CA-325B:
    a. All metal loss anomalies that have an ILI reported depth of 40% and greater wall loss.
    b. All anomalies that have a predicted failure pressure less than or equal to 1.4 times MOP.
15. Sable must obtain the Test ID from the OSFM for each hydrostatic pressure test segment and have the approved independent testing firm forward the certified test results to the OSFM.
16. Each hydrostatic pressure test must be performed in accordance with the applicable requirements of 49 C.F.R., Part 195 E – Pressure Testing and monitored by an independent testing firm listed under the OSFM approved hydrostatic testing companies.
17. Failures resulting from the spike hydrostatic pressure test or the 8-hour strength test shall be immediately reported[3] to the OSFM via email at PipelineNotification@fire.ca.gov
    Subject: OSFM State Waiver - Hydrotest Failure.
18. Section(s) of the state waiver pipeline segments that failed during the required hydrotesting must be repaired by removing and replacing the failed section. The OSFM reserves the right to revoke the state waiver if failure(s) raise the concern that the pipeline cannot be safely operated.

[3] In addition to the OSFM reporting, Sable shall follow all additional state reporting requirements.

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In-Line Inspection (ILI) Assessment and Frequency

19. At least 90 days prior to performing in-line inspections of the state waiver segment, Sable shall provide the OSFM with a written notification to PipelineNotification@fire.ca.gov describing its assessment plan with the following information:
    a) Dates for integrity assessment
    b) In-line inspection tool(s) selected, in accordance with API Standard 1163 Section 5 and NACE SP0102[4] to assess the integrity of the subject pipe segment(s) in which ILIs must be capable to detect and size wall loss, dents, internal corrosion, external corrosion, cracks and crack-like indications
    c) In-line inspection tool vendor(s)
    d) Required tool specifications including operational specifications and anomaly sizing tolerances
    e) Tool validation methodology
    f) Anomaly feature identification criteria and reporting thresholds – wall loss, dents, internal corrosion, external corrosion, cracks, and crack-like indications
    g) Criteria used to identify locations for excavation and field verification
    h) Non-destructive examination
20. Within seven (7) days prior to any anticipated ILI tool run, Sable must utilize extensive brush pigs and solvents (xylene or other chemicals) to ensure that the internal pipe wall does not have any corrosive products, wax, and bacteria buildup that may affect the ILI tool performance.
21. Metal Loss Tool(s)
    a. Initial ILI tool runs – Each year, during the first two (2) years of operating CA-325 A/B, Sable shall conduct at least two (2) ILIs using a UTWM tool with an inertial measurement unit (IMU). Sable shall compare both runs and evaluate all available information, including these tool runs and corresponding IMU data. Sable shall perform the UTWM tool run every six (6) months not to exceed nine (9) months. If a UTWM tool run is unsuccessful, Sable shall identify the limitations that prevented the UTWM tool run from being successful, consider changes to increase the likelihood of a successful UTWM tool run, and use best efforts to rerun the UTWM tool within 30 days.
    b. Subsequent ILI tool runs – After the first two (2) years of operating CA-325 A/B, Sable shall conduct at least one (1) Ultrasonic Wall Measurement tool (UTWM) each calendar year, not to exceed 15 months or the ILI assessment must be assessed at more frequent intervals if the remaining Failure Pressure Ratio will be less than 1.39 times MOP prior to the next ILI assessment, based upon anomaly growth estimates and pressure cycling. If,

[4] Industry standards that are referenced in this state waiver must utilize the editions that are incorporated by referenced in Title 49 Part 195.3 unless another edition was explicitly specified.

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any UTWM tool run is deemed to be unsuccessful, Sable shall document the reasons why the UTWM tool was unsuccessful, consider changes to increase the likelihood of a successful UTWM tool run, and must reassess the pipeline within 30 days after it was deemed to be unsuccessful. All metal loss tool runs must also utilize an Inertial Measurement Unit (IMU).

22. Crack Detection Tools - Sable must run at least one (1) Ultrasonic Shear Wave Crack Detection (USCD) tool each calendar year, not to exceed 15 months[5] or the ILI assessment must be assessed at more frequent intervals if Condition 49 determined a shorter assessment interval.
    a. These crack tool runs must utilize an Inertial Measurement Unit (IMU) and must be able to detect and size axial and circumferential cracks.
    b. USCD Performance Specification Requirements
        i. The USCD tools must have a probability of detection that is ≥ 90% for axial and circumferential cracks.
        ii. The minimum crack depth that can be detected must be at least 1 mm for axial and circumferential cracks that are located in the base material.
        iii. The minimum crack depth that can be detected must be at least 2 mm for axial and circumferential cracks that are located in the weld.
        iv. The depth sizing accuracy for cracks must be ± 0.8 mm for axial cracks and ± 1 mm for circumferential cracks.
23. Dents and Pipe Deformation: Sable shall conduct a high-resolution deformation ILI tool with each UTWM.
24. Where any ILI tool fails to record data for 5% or more of the external and/or internal surface area of the inspected segment, reassess with the ILI tool to cover the area that is deemed to be inadequate data of the inspected segment. In addition, if the ILI tool travels at a speed that is outside the range of the tool velocity listed in the tool specification for 2% or more of the length of the inspected segment, Sable must rerun the ILI tool to reassess the pipeline segment in which the ILI tool velocity was outside of the specified tool velocity range.
25. All ILI tool runs must obtain the Test ID from the OSFM prior to run.
26. Sable must require its ILI tool vendor(s) to include in the vendor's inspection report all metal loss indications of 10% or greater, based on raw data, prior to adding in any correction for tool tolerance.
27. Sable must incorporate ILI tool accuracy by ensuring that each ILI tool service provider determines the tolerance of each tool, in accordance with API Standard 1163 Second Edition and includes that tolerance in determining the size of each indication reported to Sable.

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[5] Sable may petition the OSFM to revise the reassessment interval for Crack Detection Tool(s) when sufficient evidence is available to determine if crack growth rates could support a longer reassessment interval. Changes to the reassessment interval are subject to the OSFM and PHMSA approval.

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28. Sable must account for ILI tool tolerance and anomaly growth rates in scheduled response times, repairs, and future reassessment intervals. Sable must document and justify the values used. Sable must demonstrate ILI tool tolerance accuracy for each ILI tool run by using calibration, excavations, and unity plots[6] that demonstrate ILI tool accuracy to meet the tool accuracy specification provided by the vendor (typical for depth within +10% accuracy for 80% of the time). Sable must compare previous indications to current indications that are significantly different. If a trend is identified where the tool has been consistently over-calling or under-calling, the remaining ILI features must be re-graded accordingly.
29. Prior to the ILI final report being received, Sable must perform at least four (4) separate validation digs that do not interact with each other. At a minimum, Sable must perform validation digs in accordance with Level 2 of API Standard 1163, "In-line Inspection System Qualification" (Second Edition, April 2013).

Discovery of Condition

30. The discovery date must be within 180 days of any ILI tool run for each type of ILI tool.

Immediate Repair Conditions[7]

31. A crack or crack-like anomaly that meets any of the following criteria:
    a. Crack or crack-like anomaly that is equal to or greater than 50% of pipe wall thickness.
    b. Crack or crack-like anomaly that has predicted failure pressure of less than 1.39 times the MOP as calculated using crack-like flaw evaluation method ASME FFS-1/API 579-1.
32. Internal or external metal loss anomalies where the remaining strength of pipe shows a predicted failure pressure less than 1.39 times the MOP.
33. Any external cluster corrosion or external general corrosion that is located on the bottom half of the pipeline (below the 3 and 9 o'clock positions) where the remaining strength of pipe shows a predicted failure pressure less than 1.5 times the MOP.[8]

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[6] A minimum of four (4) independent direct examination excavations must be used for unity plots.

[7] The criteria outlined in the state waiver is supplemental to the requirements set forth in *§195.452(h)(4)(i) Immediate repair conditions* and does not relieve Sable from complying with §195.452(h)(4)(i). All immediate repair conditions must be remediated with a permanent repair method.

[8] Cluster means two or more adjacent metal loss features in the wall of the pipe or weld that may interact based on interaction criteria. General corrosion means uniform or gradually varying loss of wall thickness over an area.

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180-Day Repair Conditions[9]

34. A crack or crack-like anomaly that has predicted failure pressure of less than 1.5 times the MOP.
35. Internal or external metal loss anomalies where the remaining strength of pipe shows a predicted failure pressure less than 1.5 times the MOP.
36. All internal or external metal loss anomalies that have an ILI reported depth of 40% or greater wall loss, including tool sizing tolerance for depth.[10]
37. For any crack (likely crack or possible crack) or crack-like anomaly, regardless of its dimensions, that interacts with metal loss anomalies and are within one (1) inch (circumferentially) of the longitudinal seam weld, Sable must integrate the ILI results from the most recent crack tool run and the most recent metal loss tool run before the discovery date deadline.

Corrosion Growth Rate Analysis (CGRA)

38. Sable must develop a CGRA procedure to annually calculate corrosion growth rates between successive ILI's (using most recent ILI compared to prior ILI) and perform pipeline remediations needed to assure the integrity of the pipeline is maintained.[11] The timing of pipeline remediations under this condition shall be based on the most recent calculation of short-term corrosion rates.
39. The CGRA procedure must include ILI data matching methods[12] to analyze data from successive ILI's, methodologies for growth rate calculations and errors from comparing ILI data.
40. Sable must identify the projected date when remaining metal loss indications will reach a depth of 70% or greater wall loss.
41. When determining the projected date when remaining metal loss indications will reach a depth of 70% or greater wall loss, Sable must account for reported ILI depth, tool tolerance and corrosion growth rates[13].

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[9] The criteria outlined in the state waiver is supplemental to the requirements set forth in *§195.452(h)(4)(iii) 180-day conditions* and does not relieve Sable from complying with §195.452(h)(4)(iii). All 180-day repair conditions must be remediated with a permanent repair method.

[10] For example, if the ILI tool reports a 31% metal loss anomaly and the tool sizing tolerance is ±10 for depth, then this anomaly is a 180-day repair condition since it can be considered as an external metal loss anomaly with 41% metal loss depth. If Sable is unable to remediate such indications within 180 days of discovery, Sable must notify OSFM, temporarily reduce the operating pressure, and take further remedial action in accordance with 49 C.F.R. §195.452 until the indication is remediated or until otherwise authorized by the OSFM.

[11] At a minimum, Sable must include signal matching between ILI data sets.

[12] If there are several matching techniques that can be used, Sable must utilize the most accurate method of comparing ILI data sets.

[13] Growth projections must use corrosion rates determined in accordance with the CGRA procedure. A default corrosion rate of 32 mpy must be used in determining projections, if corrosion rates determined by CGRA are less than the default value.

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42. All metal loss indications that are projected to reach a depth of 70% or greater wall loss prior to the next ILI, will become actionable and must be remediated before the next ILI.

Pressure Reduction

43. If Sable is unable to perform field evaluation and remediation of any required conditions within the time limit conditions specified in the state waiver, Sable must temporarily implement a minimum 20 percent or greater operating pressure reduction, based on actual operating pressure for two (2) months prior to the date of inspection, until the anomaly is repaired.

In Field Direct Examination of Pipe

44. Direct examinations[14] of pipe must include appropriate non-destructive examination methods for cracking such as magnetic particle inspection (MPI), shear wave technology or phased array ultrasonic testing (PAUT).[15] PAUT must be used for sizing any crack or crack-like anomaly lengths and depths.
45. Permanent repairs of metal loss anomalies are required for any section of pipe with wall loss equal to or greater than 40% in accordance with repair method 1, 4b, or 5 of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition. However, the following additional conditions are applied if Sable chooses repair method 5 for metal loss anomalies:
    a. Method 5 must not be used on metal loss anomalies that are in the HAZ, girth weld, or longitudinal seam weld.
    b. Sable must increase the metal loss anomaly's depth by 20% when they input it into the formula for calculating the number of wraps needed for repair method 5.
    c. After the anomaly is repaired via repair method 5, Sable must monitor the anomaly's wall loss depth in subsequent UTWM tool runs. If the anomaly's wall loss depth increases by more than 15% of the wall thickness in the subsequent UTWM tool runs, Sable must repair this anomaly via repair method 1 or 4b of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition.
46. Permanent repairs are required for all cracks and/or crack-like anomalies discovered during direct examination, regardless of crack depth or crack length in accordance with repair method 1 or 4b of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition.

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[14] Any time the pipeline is exposed for direct examination of an indication or to perform a repair, Sable must document the condition of the coating and carrier pipe (including anomalies) with photographs.
[15] Direct examinations for ILI reported crack or crack-like indications must include a magnetic particle inspection complimented by shear wave technology or inspection by phased array ultrasonic testing.

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47. Sable must develop a coating repair procedure for excavated or remediated corrosion anomalies that prevents further external corrosion and seals transition areas from currently insulated pipe to newly coated sections. Any time a shrink sleeve or coating is exposed, remove the shrink sleeve and coating, investigate circumferentially and longitudinally along the pipe for external corrosion and coating deterioration, and recoat with two-part epoxy. Sable must recoat in accordance with their coating repair procedure.[16]
48. All external polyurethane foam and the polyethylene tape wrap on buried pipe that are exposed during the field evaluation must not be replaced with new insulation or polyethylene tape wrap.

Integrity Management

49. A fracture mechanics and pressure cycling evaluation is required for un-remediated cracks and crack-like indications detected by ILI or indirect inspection tools.
    a. Sable must determine the predicted failure pressure, failure stress pressure and crack growth of un-remediated cracks and crack-like anomalies in accordance with 49 C.F.R. §192.712(d)(1).
    b. Sable must perform a fatigue analysis using an applicable fatigue crack growth law or other technically appropriate engineering methodology in accordance with 49 C.F.R. §192.712(d)(2).
50. Sable must analyze a sample of additional indications of varying amounts of metal loss between 10% and 40% for validation. The sample size shall be at least ten (10), unless fewer than ten (10) indications are reported within that range, in which case Sable would examine the number of indications called.
51. When sizing metal loss indications, apply interaction/clustering criteria of 6t by 6t for applicable ILI tool(s).
52. Sable must send all field measurements to the ILI tool vendor within 90 days of completing direct examinations and require the ILI vendor to validate the accuracy of the tool. Sable must conduct annual meetings with the ILI tool vendor to discuss tool performance and incorporate lessons learned.
53. Sable must utilize a third-party expert to review all ILI reports, verification of digs, data integration, ILI tool tolerances, development of unity plots, measured field findings, failure pressure ratios and any other finding that could affect the integrity of the pipeline. The review must be conducted within six (6) months of each ILI assessment. The third-party expert must be approved by the OSFM prior to being selected.
54. Within one (1) year from date of issuance, Sable must use a NACE-certified expert to conduct an evaluation and determine if alternating current (AC)

[16] The coating procedure must be submitted to the OSFM prior to the prior to the effective date of the state waiver.

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interference or direct current (DC) interference or shorting that could contribute to external corrosion is occurring. The expert must recommend the frequency of subsequent interference surveys. All evaluations must be approved and signed by the NACE-certified expert.

Data Requirements for Predicted Failure Analysis

55. Unless the defect dimensions have been verified using a direct examination measurements, Sable must explicitly analyze uncertainties in reported assessment results including but not limited to tool tolerance, detection threshold, probability of detection, probability of identification, sizing accuracy, conservative anomaly, interaction criteria, location accuracy, anomaly findings, and unity chart plots or equivalent for determining uncertainties and verifying tool performance, in identifying and characterizing the type and dimensions of anomalies or defects used in the analyses.
56. The analyses performed in accordance with this state waiver must utilize pipe and material properties of the pipe body and longitudinal weld seam that are documented in *traceable, verifiable, and complete* records.

Recordkeeping

57. Procedures, records of investigations, data, analyses, and other actions made in accordance with the requirements of this state waiver shall be kept for the life of the pipeline and must be submitted to the OSFM, in the manner requested (electronic, hardcopy, or other format) within 30 days.
58. Sable must maintain the following records:
    a. Technical approach used for the analysis
    b. All data used and analyzed
    c. Pipe and longitudinal weld seam properties
    d. Procedures used to implement state waiver conditions
    e. Evaluation methodology used
    f. Models used
    g. Direct in situ examination data
    h. All in-line inspection tool assessments information evaluated
    i. Pressure test data and results
    j. All in-the-ditch assessments performed on the pipeline segments
    k. All measurement tool, assessment, and evaluation accuracy specifications and tolerances used in technical and operations results
    l. All finite element analysis results
    m. The number of pressure cycles to failure, the equivalent number of annual pressure cycles, and the pressure cycle counting methodology

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n. The predicted fatigue life and predicted failure pressure from the required fatigue life models and fracture mechanics evaluation methods
o. Safety factors used for fatigue life and/or predicted failure pressure calculations
p. Reassessment time interval and safety factors
q. The date of the review
r. Confirmation of the results by qualified technical subject matter expert(s)
s. Approval by responsible Sable management personnel
t. Records of additional preventive and mitigative (P&M) measures performed
u. Reports required by this State Waiver.

Reporting

59. Any release on the pipeline shall be reported to the OSFM at the earliest practicable moment following discovery but no later than 24 hours from the time of discovery via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Accident Notification*.[17]
60. An email notification shall be made at least three (3) days prior to the pipeline being exposed for non-emergency purposes of field evaluation and repair via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Pipeline Repair CA-325 A/B*. The email notification shall include, if applicable:
    d. Tool type and run date
    e. Unique identifier (e.g. Dig Number, Joint Number, Flaw ID, Condition Type)
    f. Dig sheets
    g. Field contact information for Sable
    h. Time and location of the field evaluation and repair.
61. Sable shall provide a Summary of Conditions Report within 210 days of the last date of an ILI run via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Summary of Conditions CA-325 A/B* and include:
    i. Tool type
    j. Run date
    k. Summary of Conditions Report[18]
    l. Final Vendor Report and Pipe Tally
62. Sable shall provide a report to the OSFM by June 15th of every year for the duration of the state waiver. The report shall be addressed to the OSFM Assistant Deputy Director, Chief of Pipeline Safety via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Annual Report*

[17] This requirement does not relieve Sable from spill reporting requirements that might exist under local, state or federal regulations.
[18] The OSFM may stipulate specific formatting or other information (e.g. Condition Type, Anomaly Details, Remaining Strength Calculation Method, Failure Pressure, CGRA, etc.) to be included in the Summary of Conditions Reports, Closure Report and Annual Reports if information provided is not deemed sufficient.

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CA-325 A/B. At a minimum, the annual report shall contain the following, if applicable:

a. A Closure Report for the previous calendar (CY) which contains:
    i. Features that were remediated in previous CY
        1. Provide documentation for the in-the-ditch assessments and repairs
    ii. Identify features that remain to be assessed
    iii. Unity Plots for previous ILI runs
b. Fracture mechanics and pressure cycling analyses in accordance with Condition 49
c. The third-party ILI expert reviews in accordance with Condition 53
d. AC and DC Interference surveys that are due in accordance with Condition 54
e. A copy of the CGRA for prior year including:
    i. Mean corrosion growth rate for the pipeline
    ii. Distribution graph of the corrosion growth rate for the pipeline (e.g. occurrences (#) vs. corrosion rate (mpy)

Limitations

63. This state waiver is limited to a term of no more than ten (10) years from the date of issuance. If Sable elects to seek renewal of this state waiver, it must submit a renewal request to the OSFM at least 180 days prior to the expiration date, including a justification for continuation of the waiver.
64. Should Sable fail to comply with any conditions of this state waiver or should the OSFM determine that this state waiver is no longer appropriate or is inconsistent with pipeline safety, the OSFM may revoke the state waiver and require Sable to comply with all appropriate regulatory requirements.
65. The OSFM may order the pipeline shutdown at any time.
66. The OSFM may issue a compliance order or may initiate proceedings to determine the nature and extent of the violations and appropriate civil penalty for failure to comply with this state waiver. The terms and conditions of any compliance order shall take precedence over the terms of the state waiver.
67. In the event of conflict between the state waiver conditions and industry standards, the state waiver conditions shall prevail.
68. If Sable sells, merges, transfers or otherwise disposes of all or part of the assets covered by the state waiver, Sable must provide the OSFM written notice of the change within 30 days of the consummation date. In the event of such transfer, the OSFM reserves the right to revoke, suspend, or modify the state waiver.

Docusign Envelope ID: 166BEFF3-211E-476E-8D10-BAFB95600F3B

Should you have any questions, please contact Alin Podoreanu, Supervising Pipeline Safety Engineer at (916) 212-8891.

Sincerely,

DocuSigned by:
James Hosler
980F8D3AE95C42E...

JAMES HOSLER
Assistant Deputy Director
Chief of Pipeline a Safety and CUPA Programs

Enclosure(s): (1) Pacific Pipeline Company State Waiver Application for CA-325 A/B

cc: Doug Allen, Supervising Pipeline Safety Engineer, OSFM
Andy Chau, Supervising Pipeline Safety Engineer, OSFM
Brendan Feery, Supervising Pipeline Safety Engineer, OSFM
Huy Nguyen, Supervising Pipeline Safety Engineer, OSFM
Alin Podoreanu, Supervising Pipeline Safety Engineer, OSFM
Tuan Tran, Pipeline Safety Engineer, OSFM
Josh Cleaver, Staff Counsel, CAL FIRE
Max Kieba, Engineering and Research Division, PHMSA
Joshua Johnson, Engineering and Research Division, PHMSA

Exhibit 17

U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

February 11, 2025

Mr. James Hosler
Assistant Deputy Director
Chief of Pipeline Safety and CUPA Programs
Department of Forestry and Fire Protection
Office of the State Fire Marshal
3780 Kilroy Airport Way, Suite 500
Long Beach, CA 90806

Re: Docket No. PHMSA-2025-0002

Dear Mr. Hosler:

On December 17, 2024, pursuant to 49 United States Code (USC) § 60118(d), the Pipeline and Hazardous Materials Safety Administration (PHMSA) received a notification letter from CAL FIRE – Office of the State Fire Marshal (OSFM), granting a waiver of 49 Code of Federal Regulations (CFR) § 195.452(h)(4)(iii)(H) to Sable Offshore Corp (Sable). This waiver will allow Sable to manage the risk of corrosion under insulation that may occur as a result of inadequate cathodic protection due to the shielding effects of the polyurethane foam insulation and the polyethylene tape wrap.

The OSFM granted the state waiver to Sable in accordance with the terms of the Consent Decree between Plains Pipeline, L.P. (Plains), the United States of America, and the People of the State of California, DOJ Case Ref. No. 90-5-1-1-1130, as well as for variance from the evaluation and remediation requirements of 49 CFR § 195.452(h)(4)(iii)(H) for 10.86 miles of 24-inch diameter pipeline (Sable CA-324) between Las Flores Canyon and Gaviota, California. The state waiver requires Sable comply with over 60 conditions, including this pipeline be hydrostatically tested using a "spike" hydrostatic test prior to putting the pipeline into operation, and the pipeline be inspected with ultrasonic thickness wall measurement and ultrasonic shear wave crack detection in-line inspection tools capable of assessing seam integrity and detecting corrosion, deformation, and cracking-type anomalies within seven days of achieving initial steady state operation of the pipeline. Thereafter, the pipeline must be reassessed at least every year.

Pursuant to 49 USC § 60118(d), PHMSA does not object to granting of this waiver by the OSFM for the Sable CA-324 pipeline. PHMSA requests that a copy of OSFM's final waiver to Sable be forwarded to PHMSA within 30 days of the issuance.

If you wish to discuss this or any other pipeline safety matter, my staff would be pleased to assist you. Please contact Max Kieba, Director of Engineering and Research Division at 202-493-0595, for technical matters.

Sincerely,

ALAN KRAMER MAYBERRY

Digitally signed by ALAN KRAMER MAYBERRY
Date: 2025.02.11 12:30:07 -05'00'

Alan K. Mayberry,
Associate Administrator for Pipeline Safety

U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

February 11, 2025

Mr. James Hosler
Assistant Deputy Director
Chief of Pipeline Safety and CUPA Programs
Department of Forestry and Fire Protection
Office of the State Fire Marshal
3780 Kilroy Airport Way, Suite 500
Long Beach, CA 90806

Re: Docket No. PHMSA-2025-0003

Dear Mr. Hosler:

On December 17, 2024, pursuant to 49 United States Code (USC) § 60118(d), the Pipeline and Hazardous Materials Safety Administration (PHMSA) received a notification letter from CAL FIRE – Office of the State Fire Marshal (OSFM), granting a waiver of 49 Code of Federal Regulations (CFR) § 195.452(h)(4)(iii)(H) to Sable Offshore Corp (Sable). This waiver will allow Sable to manage the risk of corrosion under insulation that may occur as a result of inadequate cathodic protection due to the shielding effects of the polyurethane foam insulation and the polyethylene tape wrap.

The OSFM granted the state waiver to Sable in accordance with the terms of the Consent Decree between Plains Pipeline, L.P. (Plains), the United States of America, and the People of the State of California, DOJ Case Ref. No. 90-5-1-1-1130, as well as for variance from the evaluation and remediation requirements of 49 CFR § 195.452(h)(4)(iii)(H) for 113.56 miles of 30-inch diameter pipeline (Sable CA-325A/B) between Gaviota, Sisquoc, and Pentland, California. The state waiver requires Sable comply with over 60 conditions, including this pipeline be hydrostatically tested using a "spike" hydrostatic test prior to putting the pipeline into operation, and the pipeline be inspected with ultrasonic thickness wall measurement and ultrasonic shear wave crack detection in-line inspection tools capable of assessing seam integrity and detecting corrosion, deformation, and cracking-type anomalies within seven days of achieving initial steady state operation of the pipeline. Thereafter, the pipeline must be reassessed at least every year.

Pursuant to 49 USC § 60118(d), PHMSA does not object to granting of this waiver by the OSFM for the Sable CA-325A&B pipeline. PHMSA requests that a copy of OSFM's final waiver to Sable be forwarded to PHMSA within 30 days of the issuance.

If you wish to discuss this or any other pipeline safety matter, my staff would be pleased to assist you. Please contact Max Kieba, Director of Engineering and Research Division at 202-493-0595, for technical matters.

Sincerely,

ALAN KRAMER MAYBERRY

Digitally signed by ALAN KRAMER MAYBERRY
Date: 2025.02.11 12:30:44 -05'00'

Alan K. Mayberry,
Associate Administrator for Pipeline Safety

Exhibit 18

Dickson, Rob (OC)

From: Stebbins Bina, Jessica (CC)
Sent: Wednesday, October 16, 2024 4:14 PM
To: Glaser, Lauren (LA); Kerns, Brandon (LA)
Subject: FW: Notice of Planning Commission Hearing - SYU, POPCO Gas Plant, and Las Flores Pipelines Change of Owner/Operator/Guarantor
Attachments: Notice of PC Hearing.pdf

Jessica Stebbins Bina

LATHAM & WATKINS LLP
10250 Constellation Blvd. Suite 1100 | Los Angeles, CA 90067
D: +1.424.653.5525

From: Alcock, Lee <lalcock@sableoffshore.com>
Sent: Wednesday, October 16, 2024 10:56 AM
To: Stebbins Bina, Jessica (CC) <Jessica.StebbinsBina@lw.com>
Cc: Duenner, Anthony <aduenner@sableoffshore.com>
Subject: FW: Notice of Planning Commission Hearing - SYU, POPCO Gas Plant, and Las Flores Pipelines Change of Owner/Operator/Guarantor

Jessica,

Please see attached Notice of hearing.

Thanks, Lee

From: Surmeier, Patrice <psurmeier@sableoffshore.com>
Sent: Wednesday, October 16, 2024 12:50 PM
To: Rusch, Steve <srusch@sableoffshore.com>; Alcock, Lee <lalcock@sableoffshore.com>; Bertrand, Carolyn <cbertrand@sableoffshore.com>; Lundell, Robert <rlundell@sableoffshore.com>
Subject: FW: Notice of Planning Commission Hearing - SYU, POPCO Gas Plant, and Las Flores Pipelines Change of Owner/Operator/Guarantor

---

From: Ybarra, Jacquelynn <jybarra@countyofsb.org>
Sent: Tuesday, October 15, 2024 11:08 AM
To: Ybarra, Jacquelynn <jybarra@countyofsb.org>
Subject: Notice of Planning Commission Hearing - SYU, POPCO Gas Plant, and Las Flores Pipelines Change of Owner/Operator/Guarantor

Interested Parties,

This email serves to inform you that the County Planning Commission will hold a public hearing on **Wednesday, October 30, 2024** on the request of Sable Offshore Corporation to consider the approval of a Change of Owner, Operator, and Guarantor for the Santa Ynez Unit, Pacific Offshore Pipeline Company Gas Plant, and Las Flores Pipeline System Final

Development Plan Permits. Notice will also be published in the Santa Barbara Independent and distributed to interested parties this week.

Please see the attached Notice of Public Hearing for more information. Additional project information can also be found at the County's website at: https://www.countyofsb.org/4189/SYU-POPCO-Gas-Plant-Las-Flores-Pipelines

Sincerely,

Jacquelynn Ybarra (she/her)
Senior Planner
Planning & Development Department
County of Santa Barbara
123 E. Anapamu St.
Santa Barbara, CA 93101
jybarra@countyofsb.org
https://www.countyofsb.org/160/Planning-Development

Exhibit 19

Planning and Development
Lisa Plowman, Director
Jeff Wilson, Assistant Director
Elise Dale, Assistant Director

February 12, 2025

Mr. Steve Rusch
Sable Offshore Corporation/Pacific Pipeline Corporation
12000 Calle Real
Goleta, CA 93117

Sent via email: srusch@sableoffshore.com

SUBJECT: Zoning Clearance Applications - 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096

Mr. Rusch,

On November 22, 2024 and December 6, 2024, Santa Barbara County Planning and Development received four Zoning Clearance applications for pipeline "anomaly repair work" to Lines 324 and 325a. These applications stated that they sought to permit anomaly repair work in the enclosed descriptions of work for case numbers 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096. Sable's position is that the Zoning Clearance process meets the requirements of the County's Local Coastal Program because it is a means for the County to determine if the activities fall within an existing Coastal Development Permit or if a new Coastal Development Permit is required.

The County conducted a detailed review of pipeline permitting history and the Coastal Zoning Ordinance. Planning and Development concludes that this pipeline anomaly repair work is authorized by the existing permits (Final Development Plan, Major Conditional Use Permit, and associated Coastal Development Permits) and was analyzed in the prior Environmental Impact Report/Environmental Impact Statement (EIR/EIS). The County previously exercised its authority under its Local Coastal Program and delegated Coastal Act authority in approving the permits and the requested anomaly repair work is within the scope of those approved permits. (Pub. Resources Code § 30519.) The County's assessment is consistent with the type of reviews conducted by the County, both inside and outside the Coastal Zone, on a regular basis to determine whether proposed development activities fall within the scope of existing permits. Planning and Development will be returning the Zoning Clearance applications to Sable without taking action on them. Alternatively, Sable can choose to withdraw the applications.

This conclusion is related to the requested pipeline anomaly repair work in case numbers 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096 and the information supplied with those applications and does not speak to permitting or jurisdiction on any other past or future work on or changes to the Pipeline and associated equipment.

This is not a: 1) permit exemption; 2) Director determination on the meaning or applicability of the provisions of the Coastal Zoning Ordinance; 3) decision on an application for a Coastal Development Permit; or 4) any other ground set forth in Article II Section 35-182. Rather, this letter confirms that the requested anomaly repair work was contemplated, analyzed, and approved in the existing Final Development Plan, Major Conditional Use Permit, associated Coastal Development Permits and certified EIR/EIS. Thus, no further application to or action by the County is required. This conclusion is not appealable to the Planning Commission, Board of Supervisors, or Coastal Commission and it does not require a Notice of Final Action. (Article II §§ 35-182; 35-181.4.)

Planning and Development encourages and requests that Sable continue to provide information to the County about any future anomaly repair work consistent with what was supplied in the above-referenced application. Such information will allow the County to evaluate whether particular anomaly repair work results in any different conclusions than those set forth in this letter. That information can be directed to my attention.

Sincerely,

Errin Briggs
Deputy Director, Energy, Minerals, Compliance & Cannabis Division

Enclosures: 24ZCI-00090 Description of Work
24ZCI-00091 Description of Work
24ZCI-00095 Description of Work
24ZCI-00096 Description of Work

CC: Mickey Johnson, ExxonMobil Upstream Company, via email
mickey.d.johnson@exxonmobil.com

24ZCI-00090 + 91

Zoning Clearance Applications for CA-324 Pipeline Routine Anomaly Repair Work – Description of Work

Scope of Work

In order to repair an anomaly, Sable must undertake the following steps: (1) excavate the site where an anomaly was detected, including the dirt beneath the affected pipeline segment, (2) expose the pipeline segment by removing insulation and sandblasting, (3) evaluate whether a "Composite Repair"[1] or "Cut-Out Repair"[2] is required, (4) conduct the Composite or Cut-Out Repair as appropriate, sandblast the repaired pipeline segment, and apply an epoxy coating, pipe tape, and rockguard wrap, (5) backfill the anomaly site, and (6) conduct final site cleanup, including revegetation activities (collectively, the "Anomaly Repair Work").

Sable previously commenced the Anomaly Repair Work in compliance with Sable's obligation under federal regulations to take "prompt action" to address pipeline anomalies. (See 49 C.F.R., § 195.452, subd. (h)(1).) On September 27, 2024, the California Coastal Commission issued Sable Notice of Violation V-9-24-0152 ("NOV") and required Sable to immediately stop all Anomaly Repair Work. In accordance with the NOV, Sable stopped undertaking the Anomaly Repair Work. On November 12, 2024, Commission staff issued Executive Director Cease and Desist Order No. ED-24-CD-02 ("EDCDO"), which required Sable to submit an Interim Restoration Plan to secure and backfill the open anomaly sites without completing the Anomaly Repair Work. Commission staff approved Sable's proposed Interim Restoration Plan on November 20, 2024 with respect to the remedial grading and BMP segment of the Interim Restoration Plan. As of November 21, 2024, Sable and Commission staff were continuing to coordinate regarding the hydroseeding segment of the plan. Consistent with the Interim Restoration Plan, each anomaly site will be backfilled and restored to original grade without completing the Anomaly Repair Work.

As such, Sable's Zoning Clearance applications seek *both*:

1. After-the-fact Zoning Clearances for the Anomaly Repair Work previously undertaken at each anomaly site identified in the applications; and
2. Zoning Clearances to complete the Anomaly Repair Work at each such anomaly site in the future (including by excavating the anomaly site again after it is backfilled and restored in compliance with the EDCDO and Interim Restoration Plan).

---

[1] A "Composite Repair" involves wrapping the exposed pipeline segment in a composite material and allowing the material to cure.

[2] A "Cut-Out Repair" involves cutting out and replacing the affected pipeline segment, welding the replaced pipeline segment in place, and X-raying the replaced pipeline segment to confirm successful replacement.

Location

45 anomaly sites require Anomaly Repair Work. As discussed above, these sites are located along existing pipeline CA-324 in APNs 081-140-019, 081-140-025, 081-150-002, 081-150-006, 081-150-007, 081-150-028, 081-150-032, 081-150-033, and 081-230-021. Table 1 details each anomaly site. Attachments C.1 and C.2 include overview and concentrated mapping depicting these sites.

Table 1. Anomaly Sites

Legend	
	Application #1
	Application #2

No.	Anomaly Number	Latitude	Longitude	APN	Application No.	Within 50 feet of ESHA?
1	0324-2022-0009495.75	34.464907	-120.052393	081-230-021	2	Yes
2	0324-2022-0028065.19	34.46834	-120.106234	081-150-007	1	No
3	0324-2022-0029534.66	34.469233	-120.110945	081-150-006	1	No
4	0324-2022-0029566.37	34.469275	-120.111038	081-150-006	1	No
5	0324-2022-0029824.49	34.469643	-120.111754	081-150-006	1	No
6	0324-2022-0030390.55	34.470461	-120.113328	081-150-006	1	No
7	0324-2022-0032500.09	34.473362	-120.119116	081-150-032	2	Yes
8	0324-2022-0033065.98	34.47309	-120.120851	081-150-032	1	No
9	0324-2022-0033494.92	34.473089	-120.12227	081-150-032	1	No
10	0324-2022-0033565.52	34.47309	-120.122504	081-150-032	1	No
11	0324-2022-0033621.39	34.47309	-120.122688	081-150-032	1	No
12	0324-2022-0033655.nn	34.473093	-120.123312	081-150-032	1	No
13	0324-2022-0033810.34	34.473093	-120.123312	081-150-032	1	No
14	0324-2022-0033814.99	34.473093	-120.123312	081-150-032	1	No
15	0324-2022-0033996.77	34.473106	-120.123926	081-150-033	1	No
16	0324-2022-0034153.09	34.473117	-120.124443	081-150-033	1	No
17	0324-2022-0034200.49	34.473121	-120.1246	081-150-033	1	No
18	0324-2022-0034234.83	34.473123	-120.124714	081-150-033	1	No
19	0324-2022-0039593.1	34.47553	-120.141705	081-150-002	2	Yes
20	0324-2022-0039919.56	34.475268	-120.142599	081-150-002	1	No
20.a	0324-2022-0041106.12	34.474858	-120.146417	081-150-028	1	No
21	0324-2022-0041678.93	34.474773	-120.148304	081-150-028	1	No
22	0324-2022-0041882.67	34.474769	-120.148975	081-150-028	1	No
23	0324-2022-0041886.92	34.474769	-120.148988	081-150-028	1	No
24	0324-2022-0041944.74	34.474769	-120.149179	081-150-028	1	No
25	0324-2022-0044830.73	34.473801	-120.158366	081-140-019	1	No
26	0324-2022-0044891.12	34.47377	-120.158562	081-140-019	1	No
27	0324-2022-0044951.nn	34.47377	-120.158562	081-140-019	1	No
28	0324-2022-0045197.92	34.47364	-120.159561	081-140-019	1	No

No.	Anomaly Number	Latitude	Longitude	APN	Application No.	Within 50 feet of ESHA?
29	0324-2022-0045321.21	34.473718	-120.159957	081-140-019	1	No
30	0324-2022-0046170.44	34.473334	-120.162532	081-140-025	1	No
31	0324-2022-0046208.31	34.473283	-120.162712	081-140-025	1	No
32	0324-2022-0046309.64	34.473135	-120.162993	081-140-025	1	No
33	0324-2022-0046332.77	34.473102	-120.163058	081-140-025	1	No
34	0324-2022-0046364.44	34.473057	-120.163146	081-140-025	1	No
35	0324-2022-0046378.46	34.473037	-120.163186	081-140-025	1	No
36	0324-2022-0046411.08	34.473005	-120.163285	081-140-025	1	No
37	0324-2022-0046472.47	34.472983	-120.163491	081-140-025	1	No
38	0324-2022-0046550.76	34.472965	-120.163748	081-140-025	1	No
39	0324-2022-0046848.73	34.472896	-120.164729	081-140-025	1	No
40	0324-2022-0046966.28	34.47287	-120.165099	081-140-025	1	No
41	0324-2022-0047470.3	34.472916	-120.166717	081-140-025	1	No
42	0324-2022-0047502.6	34.472924	-120.166815	081-140-025	1	No
43	0324-2022-0047508.88	34.472931	-120.166893	081-140-025	1	No
44	0324-2022-0047542.11	34.472935	-120.166941	081-140-025	1	No

The proposed work would utilize the existing roads to access each site. No new roads will be constructed.

Construction & Equipment

Excavation depth would vary for each anomaly site based on unique factors, including the number of immediately proximate anomalies and site-specific requirements. All material will be balanced onsite, and no material will be imported or exported. Shoring boards will be utilized to stabilize the excavation walls prior to entry. Equipment needed to complete the Anomaly Repair Work includes the following:

- Excavator(s)
- Light and heavy-duty work trucks
- Air compressor(s)
- Welding machine(s)
- Bulldozer(s)
- Front loader(s) with back drag
- Backhoe
- Reachlift
- Water buffalo
- Water trucks

Fire Protection

If welding is required, Sable will provide a mowed work area within a minimum of 50 feet around the welding activities and maintain a fire watch at the location with 500 gallons of

water onsite, in addition to the fire extinguisher requirements of the Office of the State Fire Marshal (OSFM) and the Santa Barbara County Fire Department (SBCFD).

Construction Best Management Practices

In addition to the Construction Best Management Practices (BMPs) identified in Attachments D.1 and D.2, the following BMPs will be implemented to ensure potential effects on various environmental resources are avoided:

- Define limits of disturbance including the length/width of dig excavation trench, trench soil stockpile, equipment, staging, access, vehicle parking.
- Before construction activities commence, conduct pre-construction a biological resources survey to confirm the expected limits of work and minimal impact, or ensure that a biologist is onsite the first day of construction to monitor excavation to salvage and release any wildlife encountered.
- Before construction activities commence, conduct an environmental awareness training for all onsite personnel to discuss BMPs and other potential biological resources issues. While not expected in any of the dig sites, awareness of potential occurrence of special-status species should be discussed.
- All oak tree impacts are to be avoided including no vehicles, equipment, or stockpile within the drip line of any oaks.
- Stockpiles should be in uplands and avoid any stockpile, materials storage, vehicles, equipment, etc. in any drainage features or riparian habitat.
- Topsoil (the first 6" to 12" inches) removed for the excavation should be stockpiled separately for use in restoring original contours and grade, and to promote rapid plant growth restoration.
- The open trench should be safely fenced (hog wire, orange construction fence, or similar) at the end of each workday to exclude wildlife entrapment.

Conclusion

Sable is committed to designing, constructing, operating and maintaining Line CA-324 and CA-325 in a safe and reliable manner, and to meeting or exceeding applicable federal, state, and local regulatory standards.

24ZC1-00095 & 96

Zoning Clearance Applications for CA-324 and CA-325A Pipeline Routine Anomaly Repair Work – Description of Work

Scope of Work

In order to repair an anomaly, Sable must undertake the following steps: (1) excavate the site where an anomaly was detected, including the dirt beneath the affected pipeline segment, (2) expose the pipeline segment by removing insulation and sandblasting, (3) evaluate whether a "Composite Repair"[1] or "Cut-Out Repair"[2] is required, (4) conduct the Composite or Cut-Out Repair as appropriate, sandblast the repaired pipeline segment, and apply an epoxy coating, pipe tape, and rockguard wrap, (5) backfill the anomaly site, and (6) conduct final site cleanup, including revegetation activities (collectively, the "Anomaly Repair Work").

Location

28 anomaly sites require Anomaly Repair Work. As discussed above, these sites are located along existing pipeline CA-324 and CA-325A in APNs 081-130-068, 081-140-023, 081-150-002, 081-150-028, 081-150-032, 081-270-011, 083-590-003, 083-650-008, 083-650-009, and 083-650-011. Table 1 details each anomaly site. Attachments C.1 and C.2 include overview and concentrated mapping depicting these sites.

Table 1. Anomaly Sites

Legend	
	Application #1
	Application #2

No.	Anomaly Number	Latitude	Longitude	APN	Application No.	Within 50 feet of ESHA?
F-1	0324-2022-0039763.37	34.475459	-120.14209	081-150-002	1	No
F-2	0324-2022-00039813.1	34.475366	-120.142337	081-150-002	1	No
F-3	0324-2022-0040844.81	34.474904	-120.145592	081-150-028	2	Potentially
F-4	0324-2022-0031629.86	34.472196	-120.116839	081-150-032	1	No
F-5	0324-2022-0031641.76	34.472196	-120.116839	081-150-032	1	No
F-6	0324-2022-0031710.31	34.472207	-120.117064	081-150-032	1	No

[1] A "Composite Repair" involves wrapping the exposed pipeline segment in a composite material and allowing the material to cure.

[2] A "Cut-Out Repair" involves cutting out and replacing the affected pipeline segment, welding the replaced pipeline segment in place, and X-raying the replaced pipeline segment to confirm successful replacement.

No.	Anomaly Number	Latitude	Longitude	APN	Application No.	Within 50 feet of ESHA?
F-7	0324-2022-0050408.79	34.473675	-120.176187	081-140-023	2	Potentially
F-8	0324-2022-0050421.48	34.473672	-120.176229	081-140-023	2	Potentially
F-9	0324-2022-0051757.7 / 0324-2022-0051781.24[3]	34.473331	-120.180629	081-140-023	2	Potentially
F-10	0324-2022-0056868.13	34.475761	-120.196403	081-130-068	2	Potentially
F-11	325A-2023-0010334.69	34.479002	-120.225849	081-270-011	1	No
F-12	325A-2023-0010879.52	34.478830	-120.227566	081-270-011	1	No
F-13	325A-2023-0010974.56	34.478879	-120.227858	081-270-011	1	No
F-14	325A-2023-0011203.75	34.479152	-120.228505	081-270-011	1	No
F-15	325A-2023-0011558.76	34.480095	-120.228780	081-270-011	1	No
F-16	325A-2023-0012084.97	34.481247	-120.229442	081-270-011	1	No
F-17	325A-2023-0013534.48	34.478472	-120.232424	083-650-011	2	Potentially
F-18	325A-2023-0016929.57	34.477695	-120.241564	083-650-011	1	No
F-19	325A-2023-0022057.18	34.487453	-120.240861	083-650-008	1	No
F-20	325A-2023-0022103.07	34.487568	-120.240897	083-650-008	1	No
F-21	325A-2023-0022703.65	34.488999	-120.241762	083-650-008	1	No
F-22	325A-2023-0022762.08	34.489104	-120.241909	083-650-008	1	No
F-23	325A-2023-0023122.77	34.489766	-120.242792	083-650-008	1	No
F-24	325A-2023-0024519.31	34.493156	-120.243801	083-650-009	1	No
F-25	325A-2023-0020090.71	34.483923	-120.244169	083-650-009	1	No
F-26	325A-2023-0020309.43	34.484404	-120.244033	083-650-009	1	No
F-27	325A-2023-0021547.53	34.486258	-120.240993	083-650-008	1	No
F-28	325A-2023.00027215.8	34.499924	-120.243416	083-590-003	1	No

The proposed work would utilize the existing roads to access each site. No new roads will be constructed.

Construction & Equipment

Excavation depth would vary for each anomaly site based on unique factors, including the number of immediately proximate anomalies and site-specific requirements. All material will be balanced onsite, and no material will be imported or exported. Shoring boards will be utilized to stabilize the excavation walls prior to entry. Equipment needed to complete the Anomaly Repair Work includes the following:

- Excavator(s)
- Light and heavy-duty work trucks
- Air compressor(s)
- Welding machine(s)
- Bulldozer(s)

[3] F-9 is associated with two anomaly numbers from separate investigatory tool runs but is associated with one anomaly.

- Front loader(s) with back drag
- Backhoe
- Reachlift
- Water buffalo
- Water trucks

Fire Protection
If welding is required, Sable will provide a mowed work area within a minimum of 50 feet around the welding activities and maintain a fire watch at the location with 500 gallons of water onsite, in addition to the fire extinguisher requirements of the Office of the State Fire Marshal (OSFM) and the Santa Barbara County Fire Department (SBCFD).

Construction Best Management Practices

In addition to the Construction Best Management Practices (BMPs) identified in Attachments D.1 and D.2, the following BMPs will be implemented to ensure potential effects on various environmental resources are avoided:

- Define limits of disturbance including the length/width of dig excavation trench, trench soil stockpile, equipment, staging, access, vehicle parking.
- Before construction activities commence, conduct pre-construction a biological resources survey to confirm the expected limits of work and minimal impact, or ensure that a biologist is onsite the first day of construction to monitor excavation to salvage and release any wildlife encountered.
- Before construction activities commence, conduct an environmental awareness training for all onsite personnel to discuss BMPs and other potential biological resources issues. While not expected in any of the dig sites, awareness of potential occurrence of special-status species should be discussed.
- All oak tree impacts are to be avoided including no vehicles, equipment, or stockpile within the drip line of any oaks.
- Stockpiles should be in uplands and avoid any stockpile, materials storage, vehicles, equipment, etc. in any drainage features or riparian habitat.
- Topsoil (the first 6" to 12" inches) removed for the excavation should be stockpiled separately for use in restoring original contours and grade, and to promote rapid plant growth restoration.
- The open trench should be safely fenced (hog wire, orange construction fence, or similar) at the end of each workday to exclude wildlife entrapment.

Conclusion

Sable is committed to designing, constructing, operating and maintaining Line CA-324 and CA-325A in a safe and reliable manner, and to meeting or exceeding applicable federal, state, and local regulatory standards.

Exhibit 20

State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
Office of Spill Prevention and Response
P.O. Box 944209
Sacramento, CA 94244-2090
Telephone: (916) 327-9943
www.wildlife.ca.gov/ospr

GAVIN NEWSOM, Governor
CHARLTON H. BONHAM, Director

March 26, 2025

Pacific Pipeline Company
Lance Yearwood
1200 Calle Real
Goleta, CA 93117

Dear Lance Yearwood:

Your California Facility Oil Spill Contingency Plan has been reviewed for compliance with Title 14, California Code of Regulations, Subchapter 3, §§ 815, 816, and 817. Based on this review the following plan is approved:

Pacific Pipeline Company **Plan Number: CA-00-7217**
Integrated Contingency Plan
Las Flores Canyon Response Zone

A copy of this letter should be kept on all facilities covered by this contingency plan. **This approval expires on March 26, 2030.**

Your California Oil Spill Contingency Plan must be kept current. Information on California's Oil Spill Contingency Plan requirements can be found on the Department of Fish and Wildlife website at: https://wildlife.ca.gov/OSPR/RCPU/Facility-Contingency-Plans.

Contingency plan revisions and questions regarding contingency plan requirements can be sent to facilitycplans@wildlife.ca.gov.

Drills and Exercises
Facility contingency plans must be exercised annually in accordance with OSPR's Drills and Exercises requirements, described in 14 CCR § 820.1. Per the acknowledgment letter issued for this plan on **April 16, 2024**, your annual exercise cycle began in **2024.** The frequency and scheduling requirements of § 820.1 are summarized in the table below. Please refer to § 820.1 to determine the requirements for drills and exercises as applicable to this contingency plan. If you are relying on plan holder-owned equipment for on-water containment and recovery, a semi-annual equipment deployment drill is also required.

The Drills and Exercises regulations, drill coordinator contact information, state-wide drill calendar, regulatory forms, and job aids are available at: https://wildlife.ca.gov/OSPR/Drills-Exercises. Questions concerning the Drills and Exercises program should be directed to osprdrills@wildlife.ca.gov.

Event	Frequency	Scheduling Requirements
Tabletop Exercises	1 per calendar year 820.1(b)(1)	60 calendar day notice 820.1(i)(1)
Equipment Deployment Drills	A drill must be conducted in the first six months of the calendar year (January 1 through June 30) 820.1(b)(2)	30 calendar day notice 820.1(i)(1)

Certified Spill Management Teams
Contingency plans must identify a spill management team (SMT) that is certified to manage a response to the reasonable worst-case spill (RWCS) volume listed in the plan (14 CCR § 830.1(a)(2)). The certified SMT must maintain a current certification for your contingency plan to remain valid. For more information on SMT certification, refer to the OSPR's SMT website: https://wildlife.ca.gov/OSPR/RCPU/Spill-Management-Teams.

Public Review of Contingency Plans
As a reminder, contingency plans submitted to OSPR must be open to public review. [Gov. C. § 8670.28(e)] A plan holder may submit two versions of their contingency plan. One version of the plan must disclose all information needed for OSPR to verify compliance with the regulations. The plan holder may submit a second version depicting redactions of any sensitive information that the plan holder believes should not be for public disclosure. The redacted plan is the version intended for public review. The process for designating confidential information is fully explained in section 790.3 of CCR Title 14. As explained in section 790.3, each redaction must be supported with a justification indicated as to why the information is sensitive. The justification must clearly and distinctly identify each paragraph, sentence, number, data, map, photograph, or other item, and provide the specific legal authority for each item that the person believes should be withheld from public disclosure. However, OSPR ultimately decides what information must be publicly disclosed pursuant to the California Public Records Act, an order by a Court, or other required disclosure.

We appreciate your efforts to maintain the safety of California's environment. If you have any questions regarding this approval, please contact us at facilitycplans@wildlife.ca.gov.

Sincerely,

David Reinhard
Chief of Preparedness
Office of Spill Prevention and Response
Department of Fish and Wildlife

Send to: Plan holder contact
Cc: R. Fabian, FRT supervisor, Reviewer, OSPR SMT, OSPR D&E

State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
Office of Spill Prevention and Response
P.O. Box 944209
Sacramento, CA 94244-2090
Telephone: (916) 327-9943
www.wildlife.ca.gov/ospr

GAVIN NEWSOM, Governor
CHARLTON H. BONHAM, Director

March 26, 2025

Sable Offshore Corporation
Patrice Surmeier
12000 Calle Real
Goleta, CA 93117

Dear Patrice Surmeier:

Your California Facility Oil Spill Contingency Plan has been reviewed for compliance with the California Code of Regulations Title 14, Subchapter 3, Sections 815, 816, and 817. Based on this review the following plan is approved:

Sable Offshore Corporation **Plan Number: CA-00-7239**
Pacific Region Oil Spill Response Plan

A copy of this letter should be kept on all facilities covered by this contingency plan. **This approval expires on March 26, 2030.**

Your California Oil Spill Contingency Plan must be kept current. Information on California's Oil Spill Contingency Plan requirements can be found on the Department of Fish and Wildlife website at: https://wildlife.ca.gov/OSPR/RCPU/Facility-Contingency-Plans.

Contingency plan revisions and questions regarding contingency plan requirements can be sent to facilitycplans@wildlife.ca.gov.

Drills and Exercises
Facility contingency plans must be exercised annually in accordance with OSPR's Drills and Exercises requirements, described in 14 CCR § 820.1. Per the acknowledgment letter issued for this plan on **June 24, 2024**, your annual exercise cycle began in **2024.** The frequency and scheduling requirements of § 820.1 are summarized in the table below. Please refer to § 820.1 to determine the requirements for drills and exercises as applicable to this contingency plan. If you are relying on plan holder-owned equipment for on-water containment and recovery, a semi-annual equipment deployment drill is also required.

The Drills and Exercises regulations, drill coordinator contact information, state-wide drill calendar, regulatory forms, and job aids are available at: https://wildlife.ca.gov/OSPR/Drills-Exercises. Questions concerning the Drills and Exercises program should be directed to osprdrills@wildlife.ca.gov.

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Public Review of Contingency Plans
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We appreciate your efforts to improve the safety of California's environment. If you have any questions regarding this approval, please contact us at facilitycplans@wildlife.ca.gov.

Sincerely,



David Reinhard
Chief of Preparedness
Office of Spill Prevention and Response
Department of Fish and Wildlife

Send to: Plan holder contact
Cc: R. Fabian, FRT supervisor, Reviewer, OSPR SMT, OSPR D&E