

## Bookmark Summary

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[2025.02.28 Water Board Inspection](#)  
[2025.04.10 Coastal Commission Presentation](#)  
[2025.05.09 JSheth Email to Sable](#)  
[2025.05.15 JSheth Email to EBriggs](#)  
[2025.05.20 Director Email to Sable](#)  
[2025.10.31 Hunterbook Article](#)  
[2025.10.31 Hunterbook Audio](#)  
[2025.11.03 BusinessWire Article](#)

Inspection of Unauthorized Discharges to Waters by Sable Offshore February 28, 2025

In Attendance: April Woods, Phil Hammer – Central Coast Water Board

Nathan Soderberg, Manager of Rights of Way, and Jeremy Willett, Manager of Operations – Sable

Sites of interest were identified using Sable's Zoning Clearance Applications 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096 to Santa Barbara County.

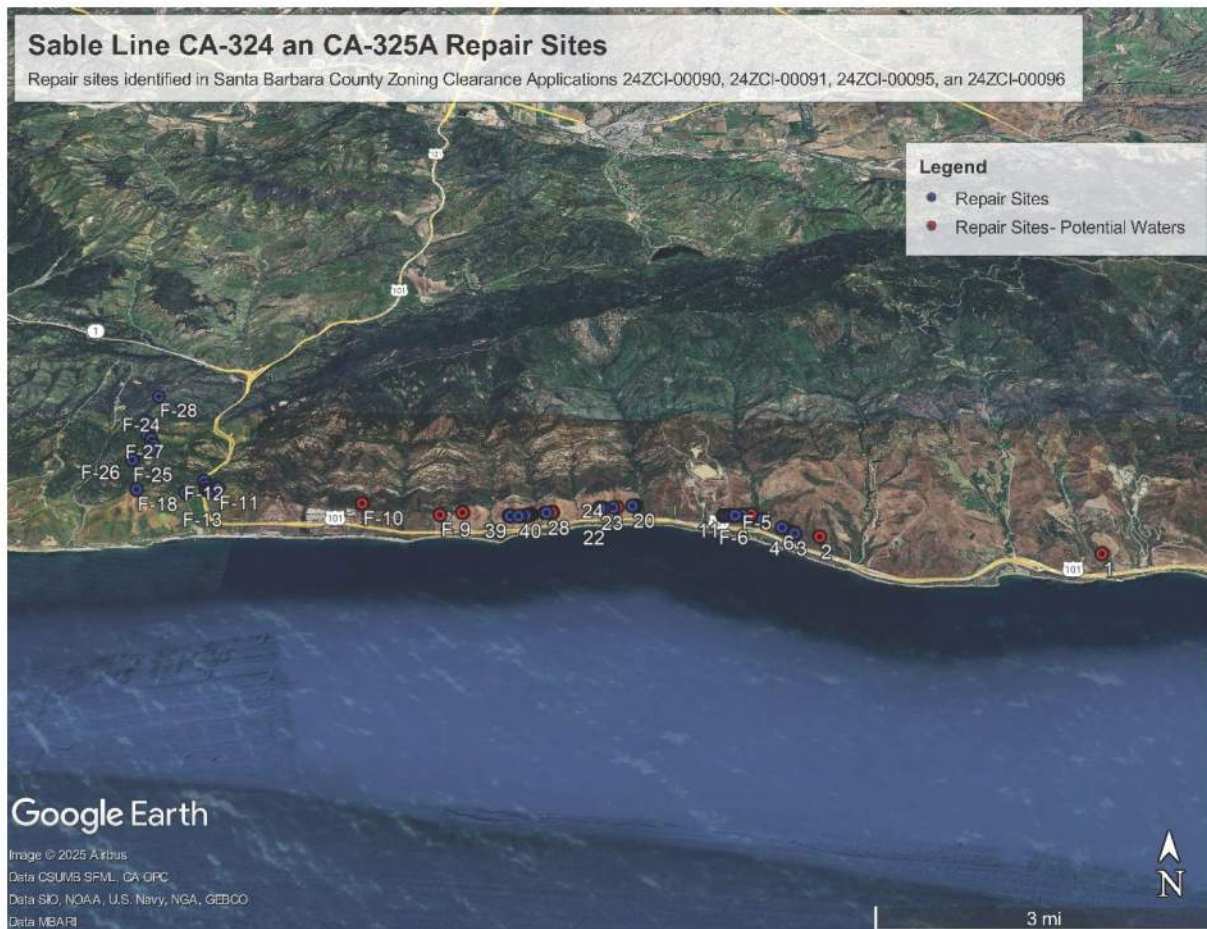


Figure 1 Anomaly Site Locations

## Site 1 – Venadito Canyon Road

**Latitude** 34.4649

**Longitude** -120.052

Work was conducted up to but not over top of bank (TOB). Work appeared to include clearing of riparian vegetation from an area approximately 30' X 40'. This is evidenced by the presence of robust riparian vegetation on both sides of the work area. Some slash and debris from the clearing activity remained on site.

Sable representatives stated pipeline anomaly repair work is complete and the site has been stabilized with replaced topsoil and additional seeding in the work area. Loose straw and straw waddles were present.



*Figure 2. Area cleared of riparian vegetation. An orange stake marks the point of the pipeline repair.*





*Figure 3. Loose, disturbed soil at the excavation and clearing site.*





*Figure 4. Vegetation removal and soil disturbance conducted to TOB.*



*Figure 5. Evidence of limbs marked for removal on slash and vegetation debris left at site.*

## Site 7 – Arroyo Quemada

**Latitude** 34.4734

**Longitude** -120.119





Figure 6. Site 7 Arroyo Quemado

Pullout along Highway leads down a road that Sables states was pre-existing. The road is newly disturbed with loose soil and cleared vegetation. It appears to have been recently graded. Portions of the disturbed road include placement of straw wattles, but other portions of the road have no erosion or sediment control. These portions of the road pose a threat to discharge sediment to the creek.

As with Site 1, work was conducted up to but not over top of bank (TOB). Work appeared to include clearing of riparian vegetation from an area approximately 45' X 30'. This is evidenced by the presence of robust riparian vegetation on both sides of the work area. Significant amounts of slash and debris from the clearing activity remained on site, including branches up to approximately 10" in diameter. In addition, freshly cut vegetation had been dumped in the flowing creek. Straw wattles were installed in the work area at the creek.



*Figure 7a. Road grading without erosion control BMPs.*





*Figure 7b. Road to work site with BMPs installed. This is the road that heavy equipment would have traversed to access the worksite.*



*Figure 8. View of work site upper perimeter.*





*Figure 9. View of mid-work site, showing scope of riparian vegetation removal.*



*Figure 10. View of lower work site perimeter, showing scope of riparian vegetation removal.*





*Figure 11. Vegetation and tree limb debris left at edge of TOB on upper work site.*





*Figure 12. Evidence of limbing greater than 6".*





*Figure 13. Figure 12. Evidence of limbing greater than 8".*





*Figure 14. Unsecured vegetative waste and woody debris at TOB above flowing stream.*





*Figure 15. View of stream below TOB seen in Fig. 13. Evidence of waste (slash, vegetation) discharge into flowing stream.*





*Figure 16. Another view of waste discharge to stream.*

## Site F-1, F19

**F-1 Latitude** 34.4734

**F-1 Longitude** -120.119

**19 Latitude** 34.4755

**19 Longitude** -120.142





Figure 17. Sites F-1 and 19

Both sites F-1 and 19 are located on Land Trust land. Sable representatives stated that the Land Trust organization was currently denying Sable access to the site and we would not be able to visit that day. Pictures were taken from the highway.



*Figure 18. Site 19 is not visible in this picture but is somewhere in the vegetated foreground.*





*Figure 19. Site F-1 can be seen in the left side of photo as a patch of exposed dirt in the upland.*

## Site F-3

**Latitude** 34.4749

**Longitude** -120.146

This site is just north of sites F-1 and on 19 and on the same Land Trust land currently inaccessible to Sable. Sable representatives stated that anomaly work has not been completed at this site though disturbed soil and silt fencing was visible from the highway. It's not clear if the site viewed that day targeted the anomaly identified as F-3 or an adjacent anomaly. Work at F-3, closer to the channel of a nearby drainage feature, may not have begun.



*Figure 20. Work site seen from highway. The scope and extent of work is indeterminate from this view.*

## Site F7/F8

**Latitude** 34.4737

**Longitude** -120.176





Figure 21. Sites F-7 and F-8 in unnamed drainage

Sites F-7 and F-8 are listed as separate excavations on the zoning clearance application, but a Sable representative stated just one excavation has been done at this site for anomaly repairs.

This site is surrounded by heavily grazed ranchland. The watercourse at this site consists of a wetted drainage with loose soil and standing pools of water. Upstream and downstream of the excavation site, the channel and banks are vegetated with grasses and herbaceous plants. Cattle demonstrate their presence on the ranch through the hoof marks and potholes left throughout the wetted channel. At points near the work site, the channel shows headcutting and sediment deposition, characteristic of erosive and unstable soil. An excavation appears to have crossed the drainage.



*Figure 22. View of work site. Disturbed soils in channel, vegetation removed from banks and upland staging area, dry vegetation discharged to channel.*





*Figure 23. Downstream headcutting and erosion.*



*Figure 24. Orange painted stake marks the point of in-channel pipeline anomaly repair.*





*Figure 25. Example of pools of standing water seen in channel. Area of disturbance in channel is wetted and subject to erosion.*



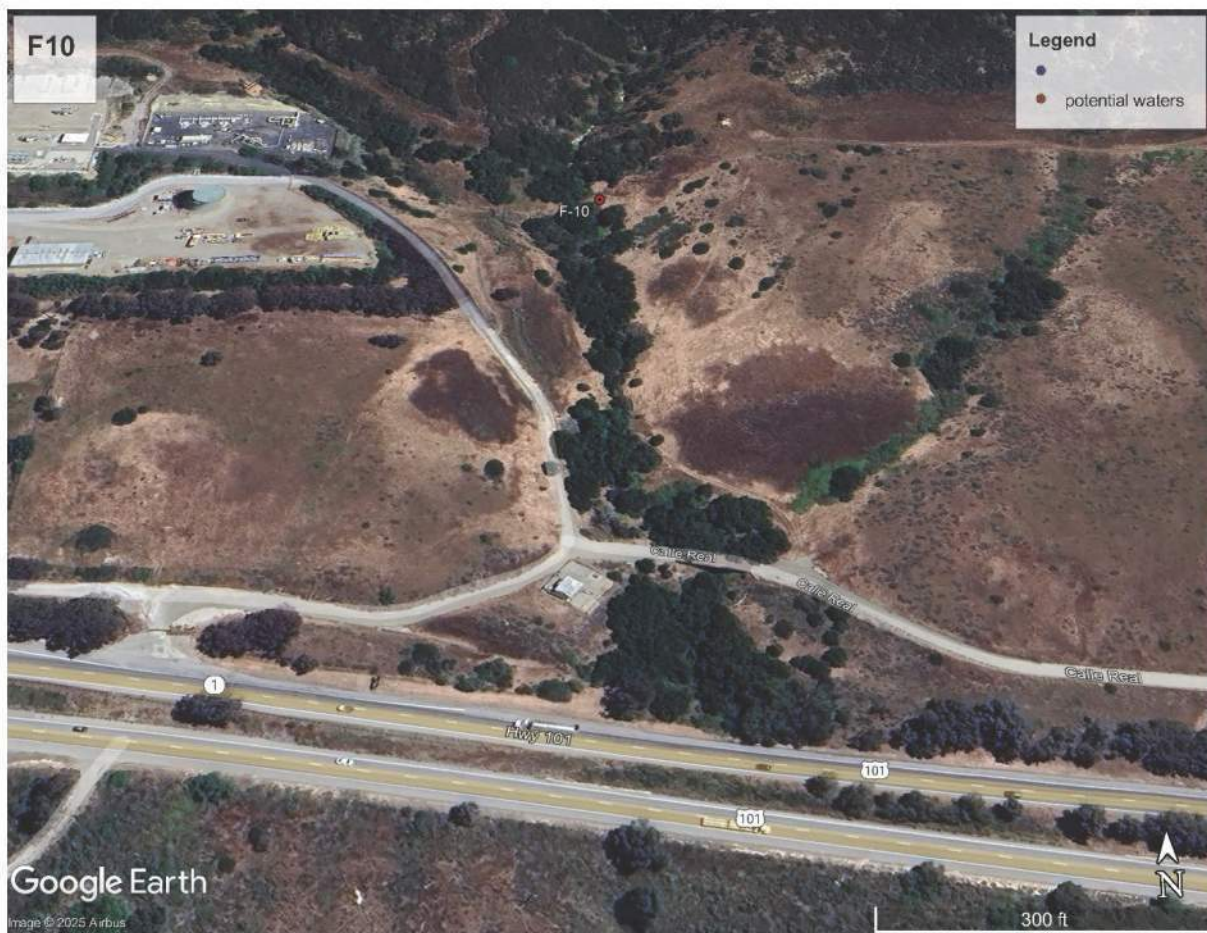
*Figure 26. Exposed dirt above excavation site in laydown area.*



## Site F10

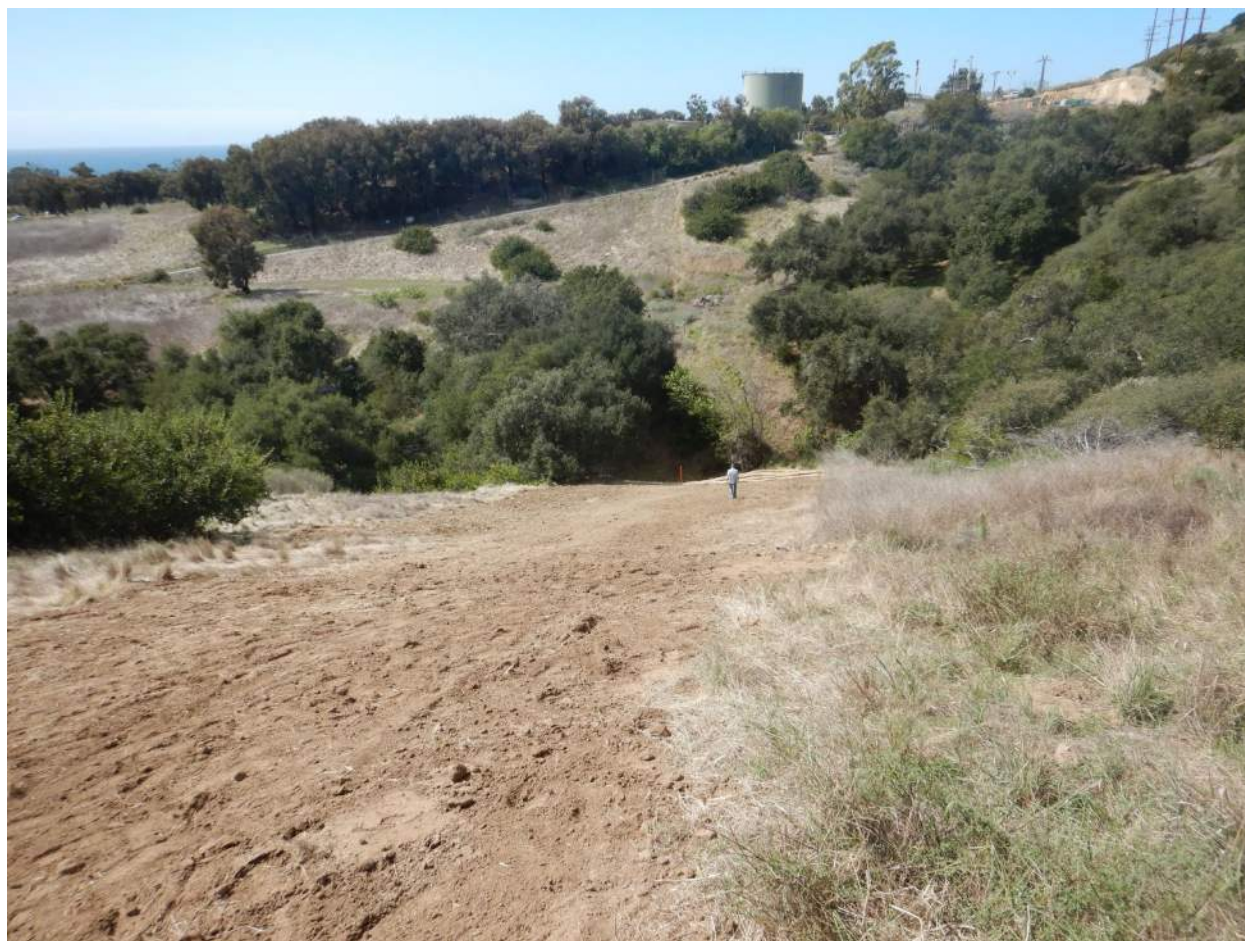
**Latitude** 34.4758

**Longitude** -120.196



A large swath of area approximately 50' X 200' was subject to vegetation removal down a steep slope through the riparian vegetation and up to TOB. This is evidenced by the presence of robust vegetation on both sides of the work area. Some BMPs were applied to the bare soil but over half the area of bare soil remained uncovered without adequate protection such as jute cover or straw wattles.

Some slash and debris from the clearing activity remained on site. Dried cut vegetation and loose sediment was observed discharged to the channel.



*Figure 27. Expanse of bare soil on steep slope to stream channel.*





*Figure 28. Loose soil with inadequate jute netting and waddles applied to only a portion of the ground disturbance. Orange stake site of pipeline anomaly repair site.*



*Figure 29. Work site extends beyond TOB. Loose sediment and vegetative debris are inadequately secured.*





*Figure 30. Cleared vegetation and loose sediment discharged to channel.*





# CEASE AND DESIST ORDER No. CCC-25-CD-01; RESTORATION ORDER No. CCC-25-RO-01; AND ADMINISTRATIVE PENALTY No. CCC-25-AP3-01

(SABLE OFFSHORE CORP.)

ITEM:  
TH8.1, TH8.2,  
AND TH.8.3



Gaviota Coast, Santa Barbara County



CALIFORNIA COASTAL COMMISSION  
STATEWIDE ENFORCEMENT



# Cease and Desist Order No. CCC-25-CD-01; Restoration Order No. CCC-25-RO-01; and Administrative Penalty No. CCC-25-AP3-01



April 4, 2025

April 4, 2025



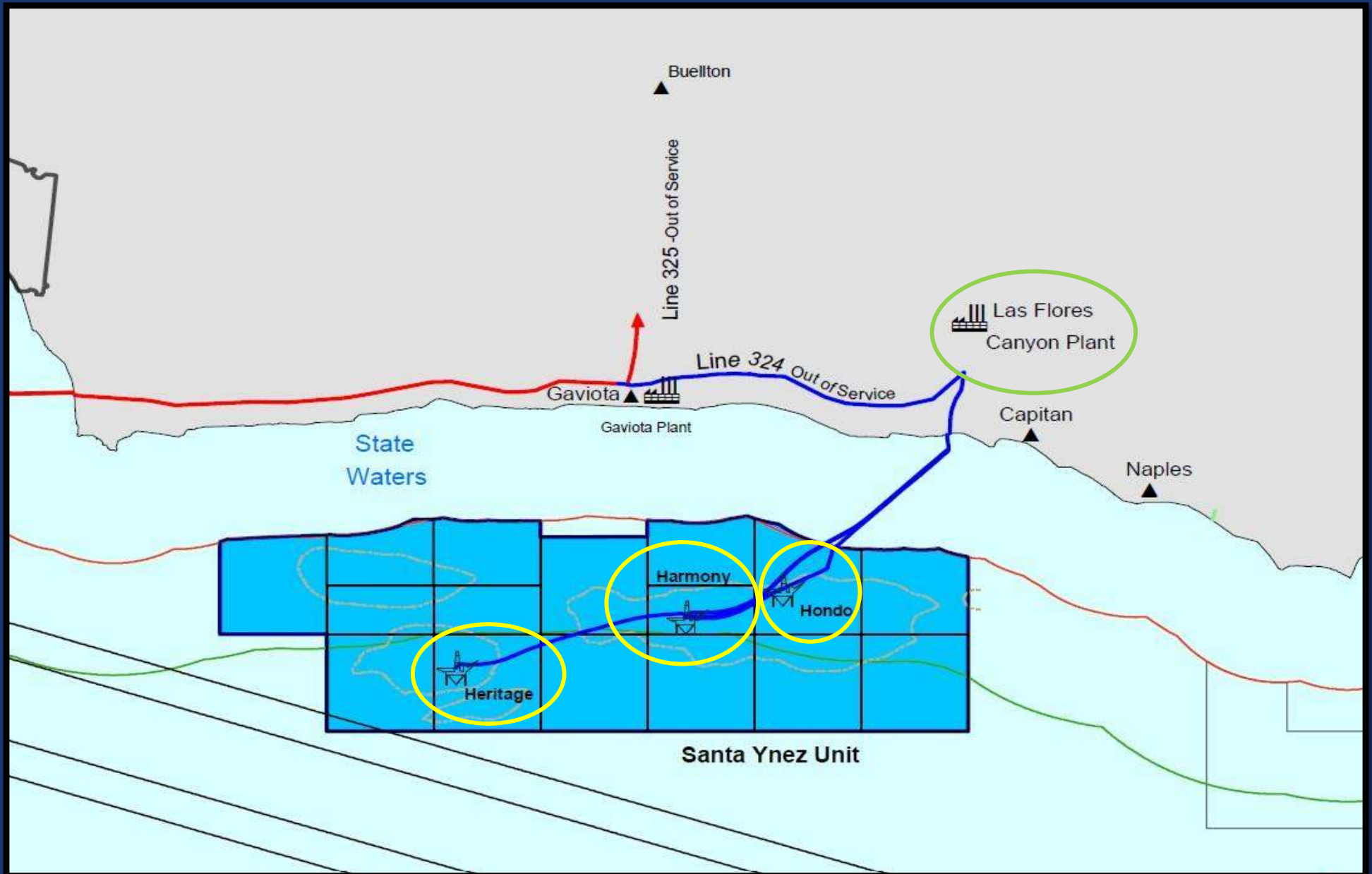


# Unpermitted Development; Excavation

## October 4, 2024



# Map of the Santa Ynez Unit





# Critical Species



Southwestern Pond Turtle

Dusky-Footed Muskrat



Southern  
Steelhead

Red Legged Frog





# Sensitive Plant Species Impacted by Unpermitted Development



Lemonade Berry Scrub



Coastal Live Oak



Red Willow



Coastal Sage Scrub



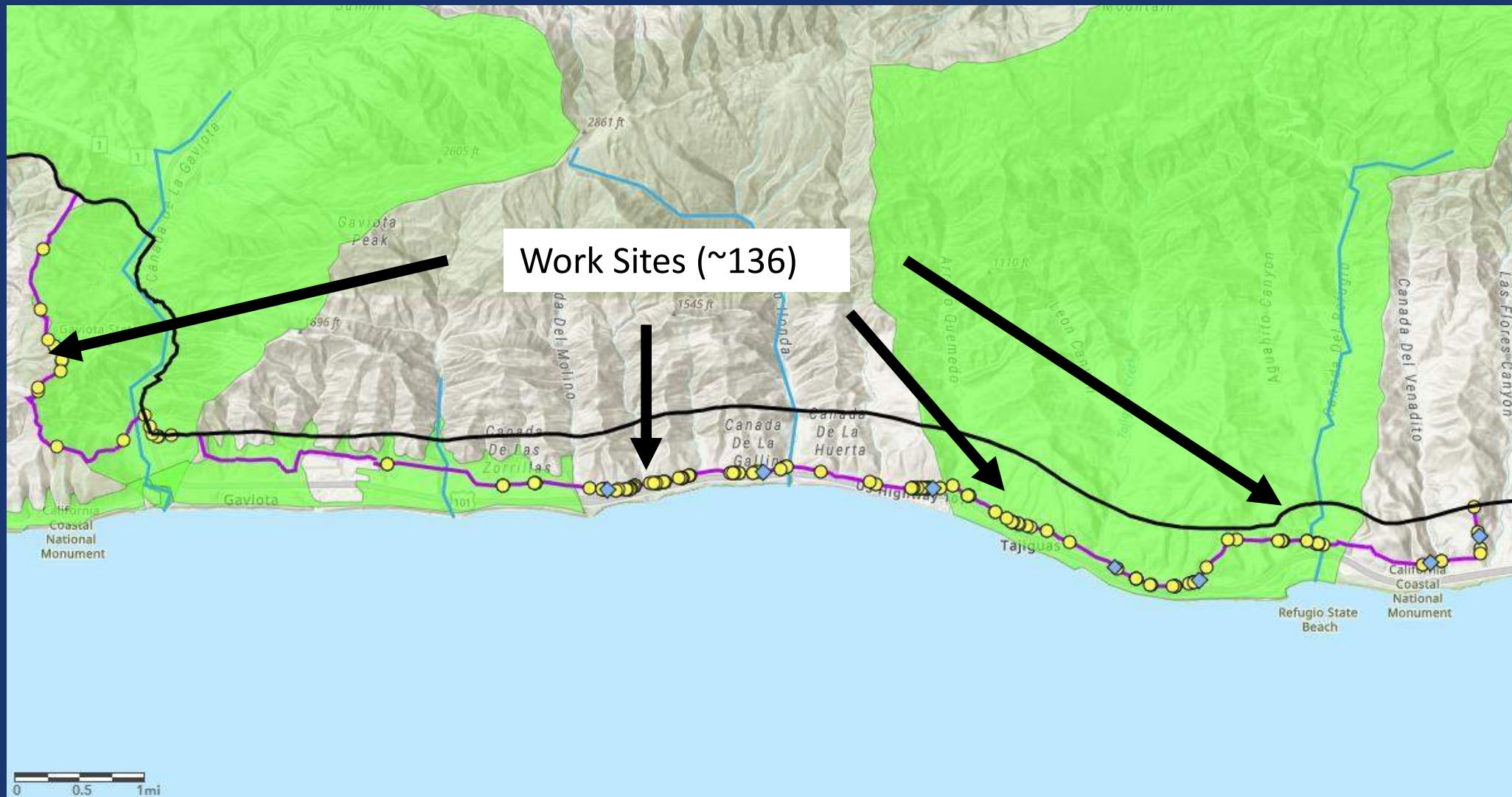
## California Red Legged Frog Critical Habitat



## Gaviota Tarplant Critical Habitat

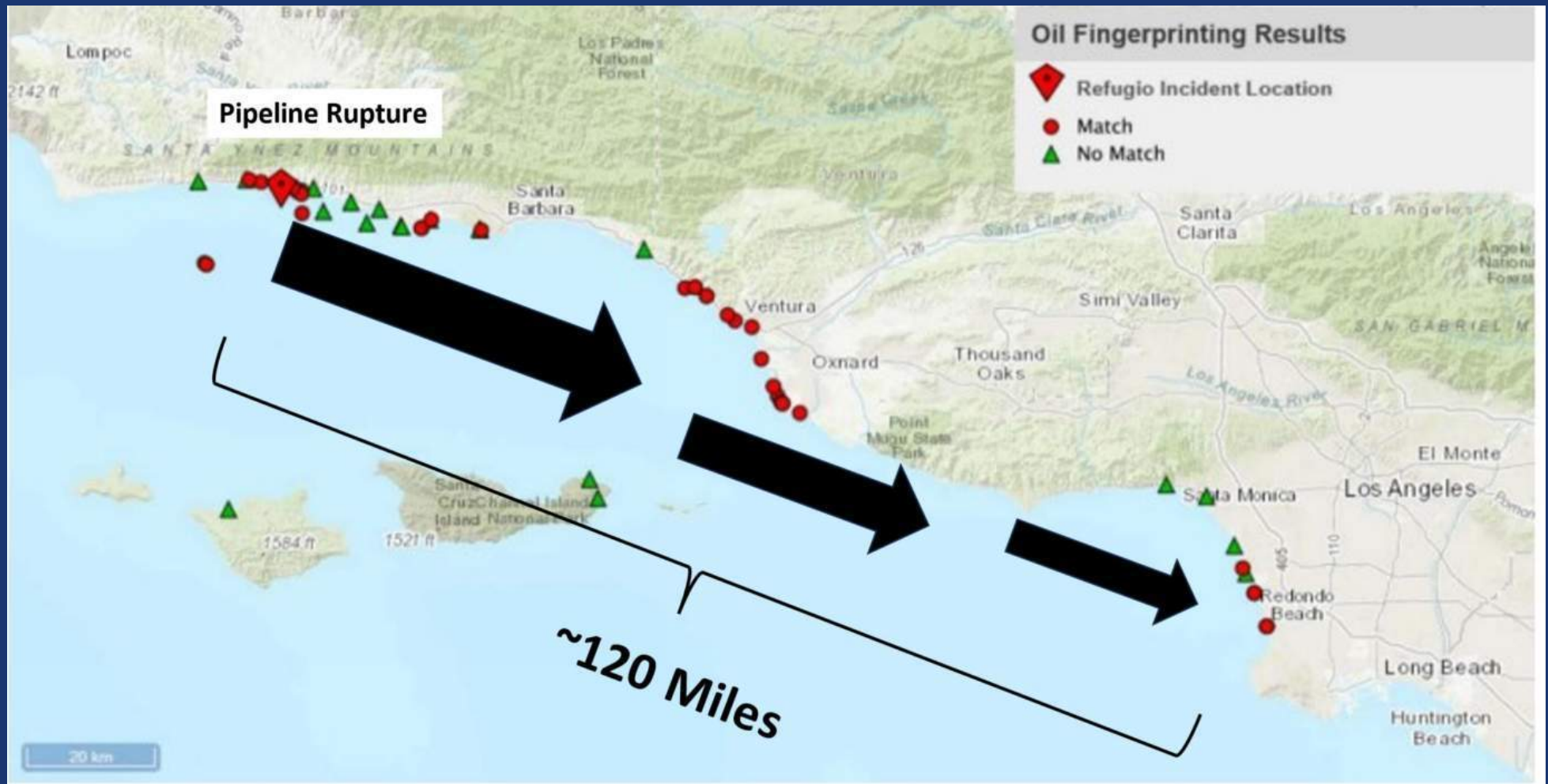
## Southern California Steelhead Critical Habitat Stream

# Scale of Pipeline Work

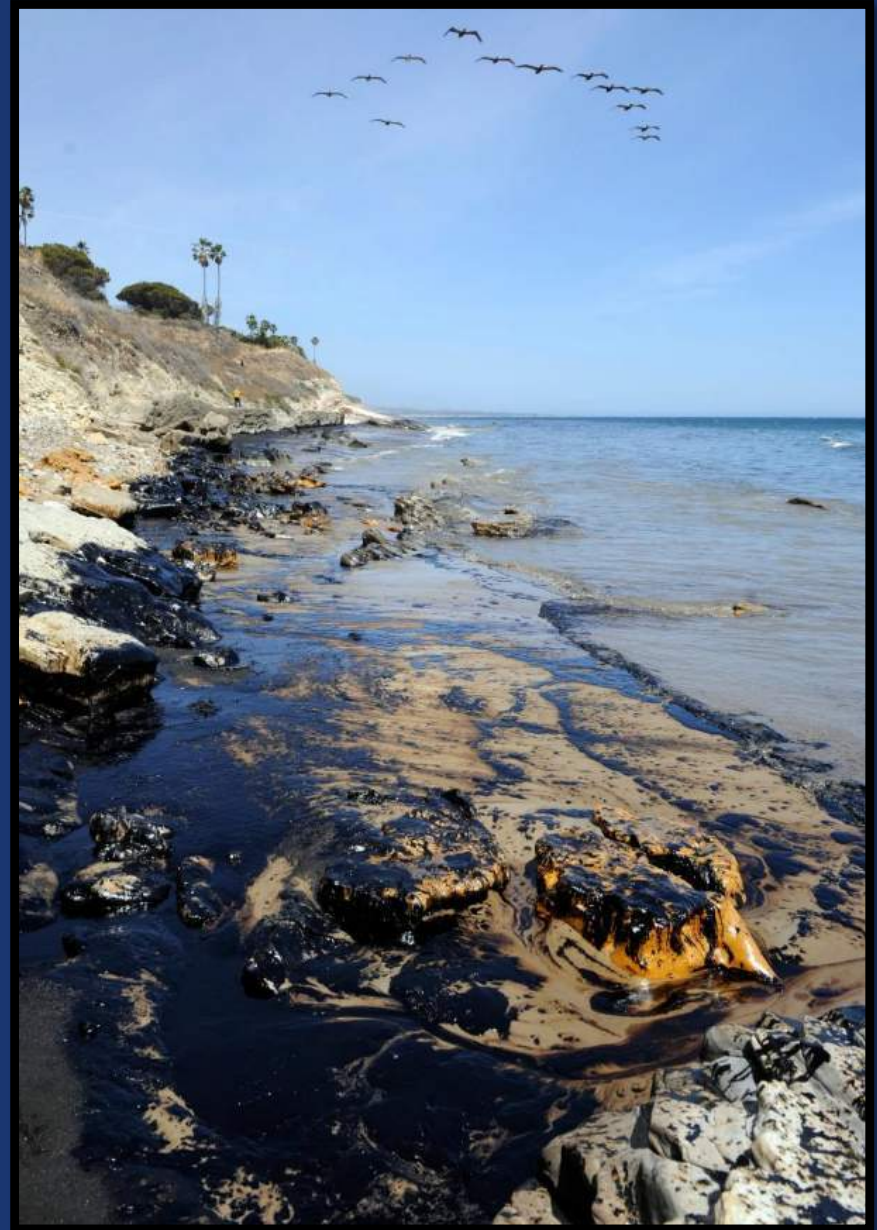




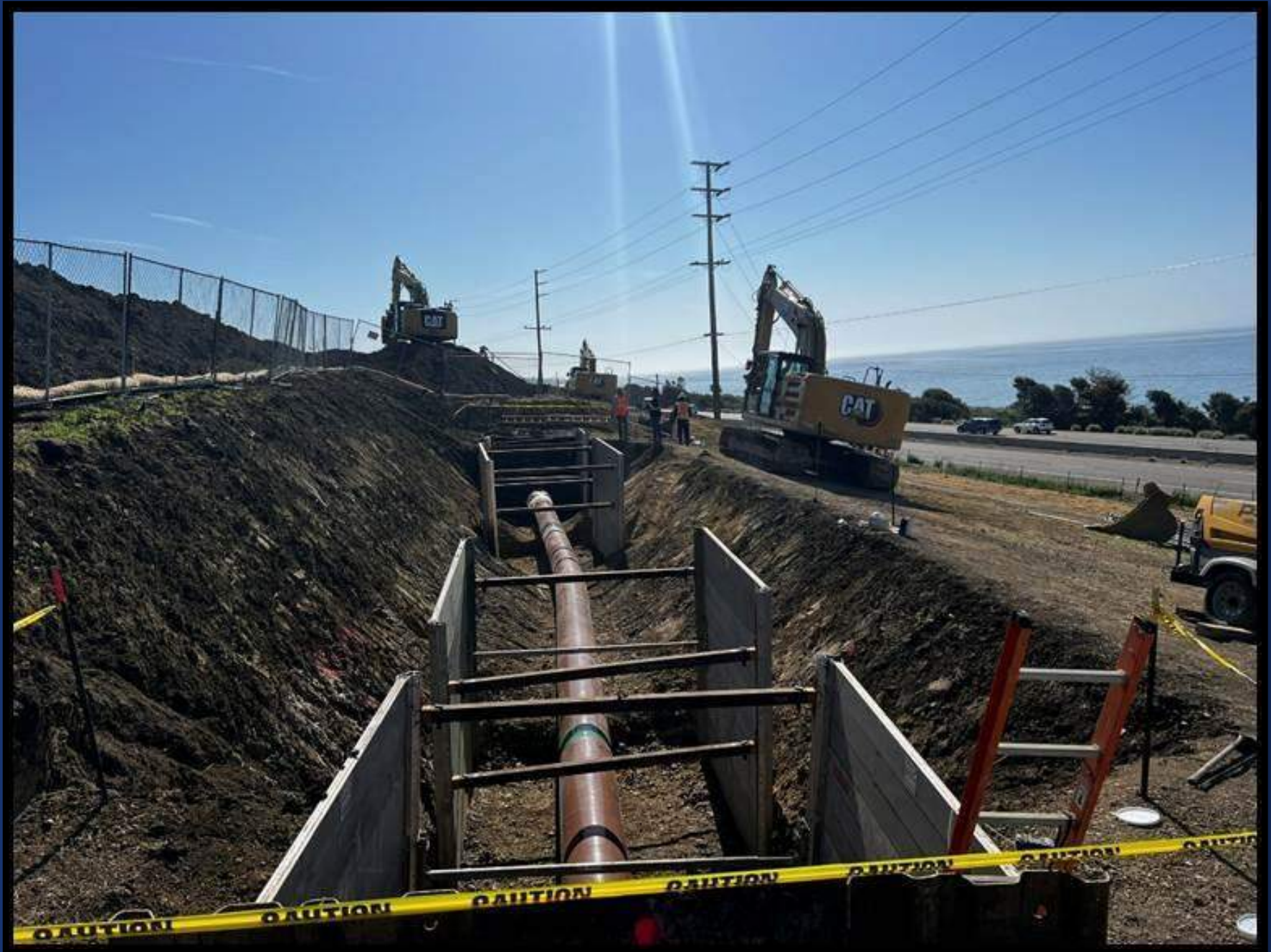
# 2015 Refugio Beach Oil Spill Location and Extent

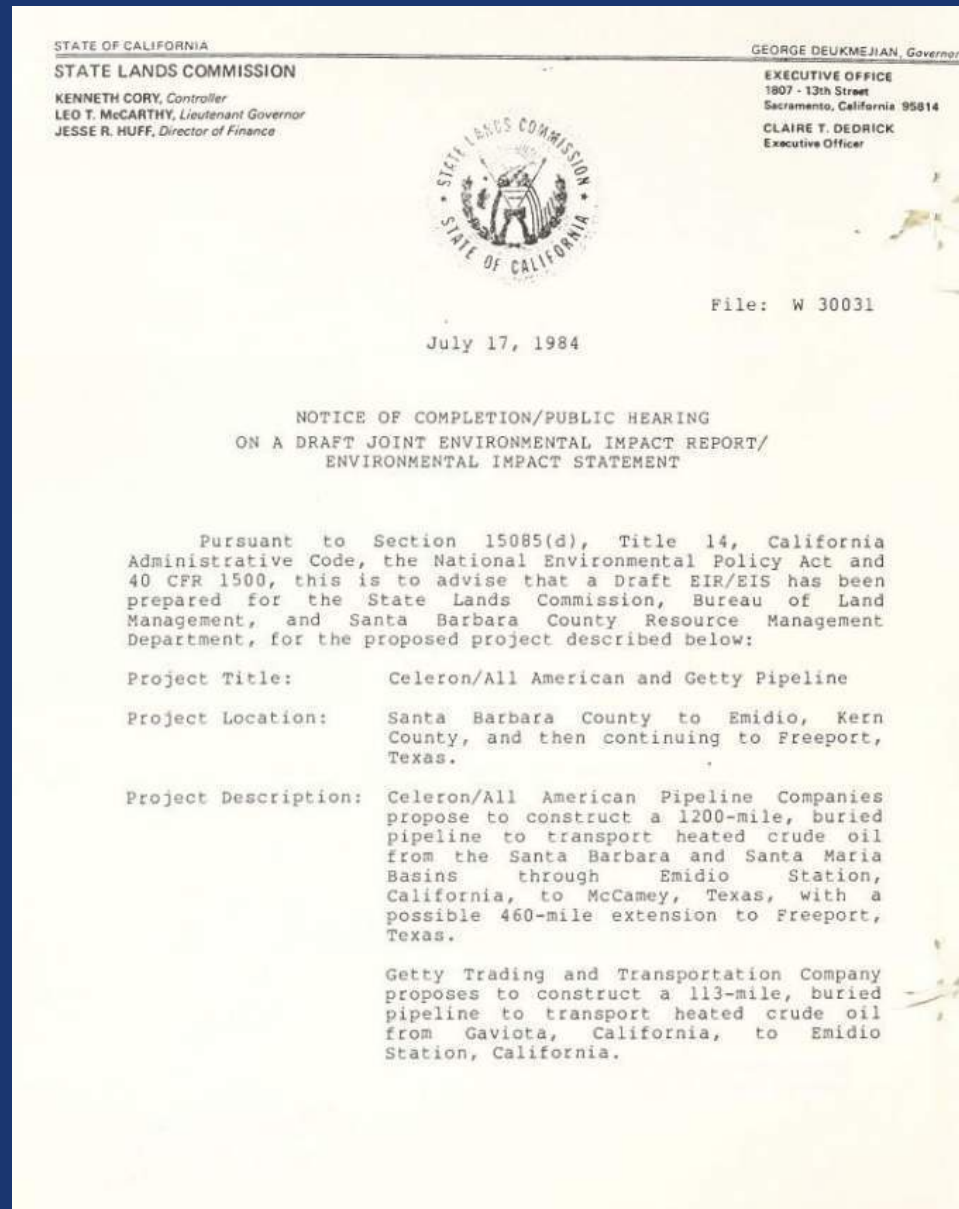
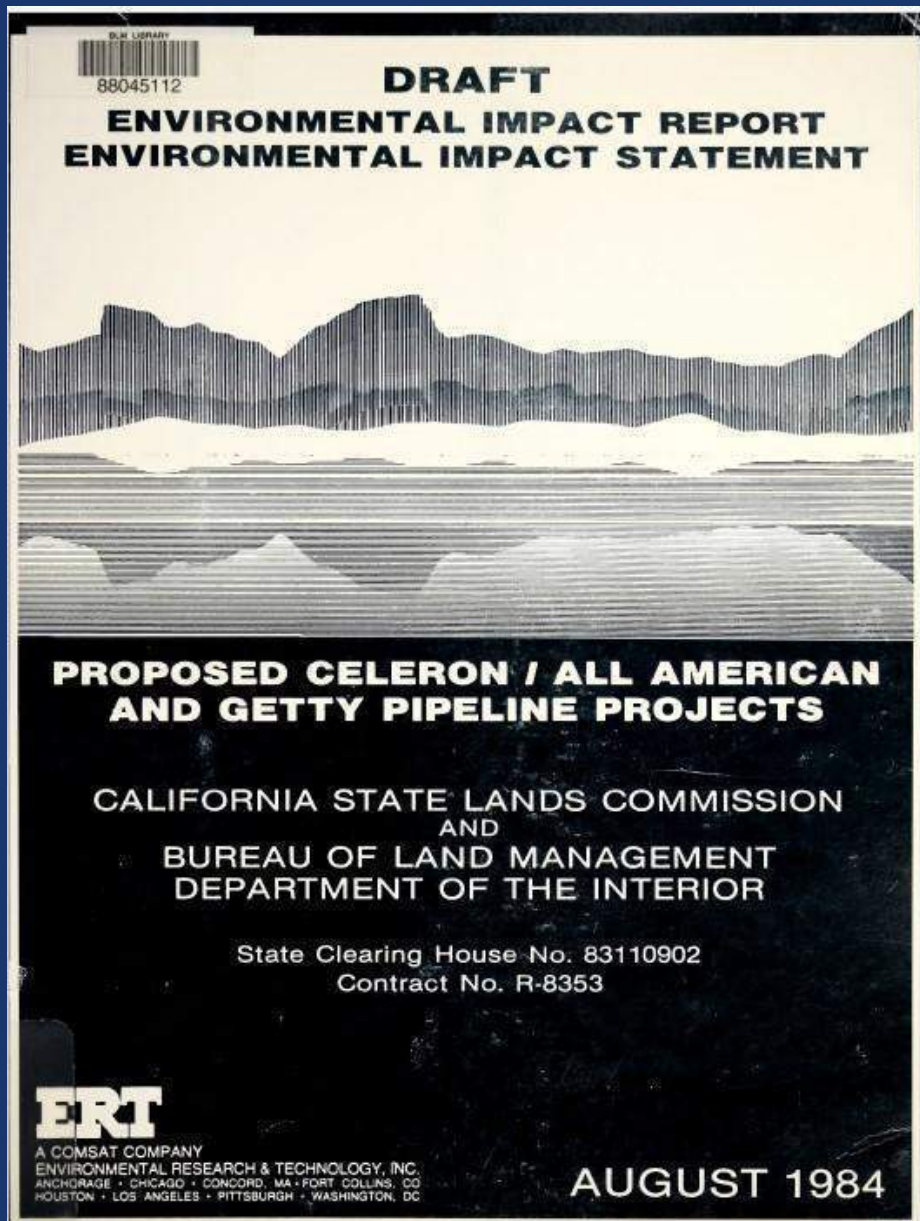


# 2015 Refugio Beach Oil Spill











# Foam and Debris Surrounding Unpermitted Development





# Pipeline Route through Gaviota State Park





# Coastal Act Violations Onshore

- Sept 9, 2024: Unpermitted Activities begin at onshore locations



# Sept 20, 2024

## Commission Staff Email to Santa Barbara County Planning and Development Dept.

Hello Mr. Briggs,

We have learned that Sable Offshore Corporation (Sable) is undertaking development in the coastal zone related to Lines 324/325 (formerly known as Lines 901/903) without any Coastal Act authorization, which is a violation of the County's LCP, and we hereby request the County to take enforcement action. At the same time, we are also aware of both the recent litigation and settlement between the County and Sable, and we assume that, as a result of that settlement, the County will not take the requested action. However, we do believe the work requires Coastal Act authorization. Thus, the Commission will assume enforcement jurisdiction based on the understanding that you are declining this request unless you indicate otherwise by close of business on Sept. 23, 2024.

Thank you.



# Communications with Sable

## Coastal Act Violations Onshore

- 9/27/24: Notice of Violation sent to Sable
- 10/1/24: Virtual meeting with Sable
- 10/2/24; Email from Sable stating work had stopped (with exceptions)
- 10/3/24: Virtual meeting with Sable to discuss violations
- 10/4/24: Notice of Intent to issue EDCDO
- 10/4/24: Assurances Requested as to Cessation of Work
- 11/12/24: Issuance of EDCDO
- 1/15/25: Sable Letter Confirmation Offshore Unpermitted Development
- 02/10/25: Expiration of EDCDO
- 02/11/25: Offshore Notice of Violation
- 2/16/25: Notice of Intent to Issue Second EDCDO
- 2/17/25: Letter from Sable Refusing to Stop Unpermitted Development
- 2/18/25: Second EDCDO issued
- 3/12/25: Expiration of Extended CDP deadline

# Sable Claims Work Has Ceased Despite Repeated Report of Ongoing Unpermitted Development

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**From:** Bertrand, Carolyn <[cbertrand@sableoffshore.com](mailto:cbertrand@sableoffshore.com)>  
**Sent:** Friday, October 4, 2024 1:52 PM  
**To:** Cook, Stephanie@Coastal <[Stephanie.Cook@coastal.ca.gov](mailto:Stephanie.Cook@coastal.ca.gov)>; Alcock, Lee <[lalcock@sableoffshore.com](mailto:lalcock@sableoffshore.com)>  
**Cc:** [DJ.Moore@lw.com](mailto:DJ.Moore@lw.com) <[DJ.Moore@lw.com](mailto:DJ.Moore@lw.com)>  
**Subject:** RE: Confirmation of Suspension of Current Operations

Dear Stephanie,

We are in receipt of your October 4, 2024 letter and write to confirm, for the avoidance of doubt, that Sable Offshore Corp. has suspended **all work** on Pipelines CA-324 and CA-325 within the Coastal Zone, **including** interim measures necessary to stabilize sites to avoid damage to coastal resources, protect life and public safety, and prevent damage to private property.



# Unpermitted Development



November 2024



# Cut and Exposed Pipeline Section Where Pipeline is to be Replaced



October 23, 2024



# Unpermitted Development: Excavation Site; Debris Surrounding Site



October 2024

# Unpermitted Development Excavation Site; Grading October 2024





# Unpermitted Development Excavation; Extensive Vegetation Removal, Grading, and Stockpiled Dirt October 2024



# Unpermitted Development Excavation on Steep Slope October 2024





# Unpermitted Development Excavation on Slope, Lack of Erosion Control Measures



October 2024

# Unpermitted Development Excavation Site; No Erosion Control Measures



October 2024



# Unpermitted Development Metal Plate in Wetland Area





# Unpermitted Development





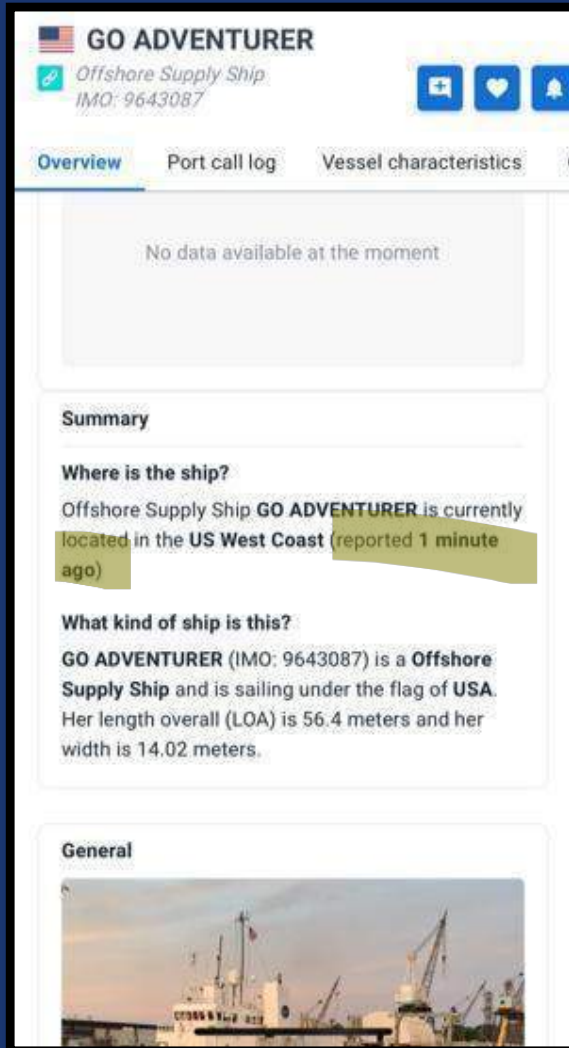
# Timeline of Events

## Coastal Act Violations Offshore

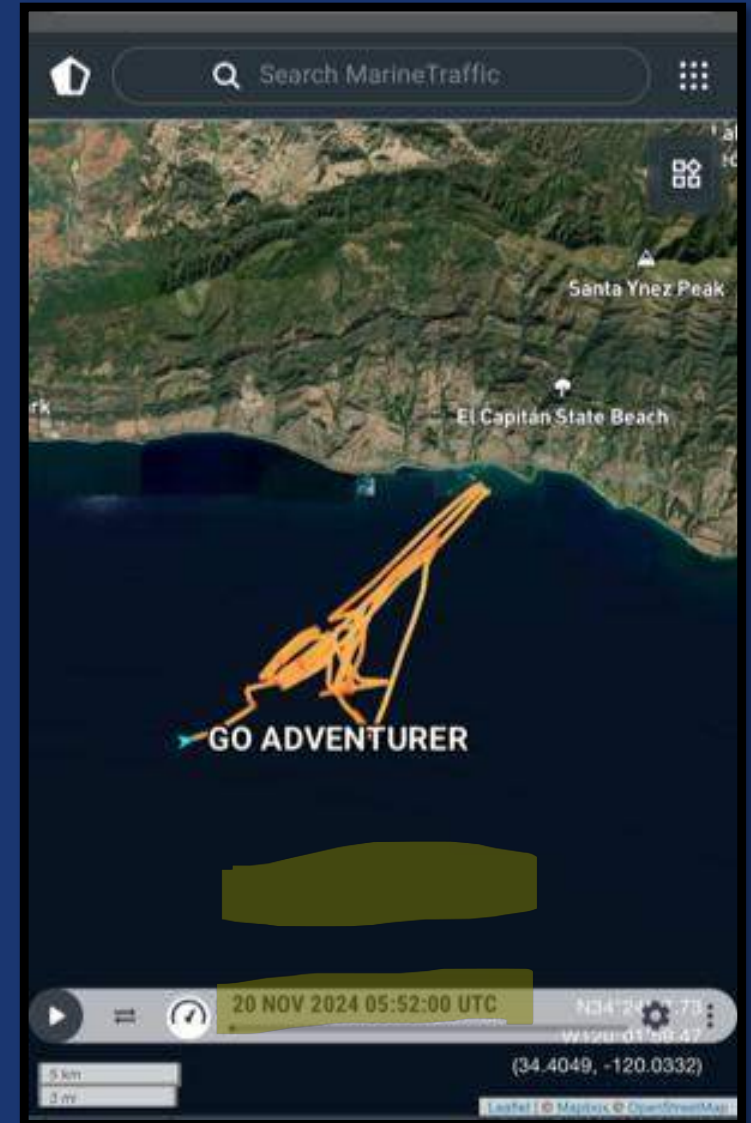


Vessel Used to Conduct Offshore Work  
Spotted off the Gaviota Coast on Nov. 20, 2024

# Offshore Vessel Apparently Used to Conduct Offshore Unpermitted Development



Go Adventurer Vessel  
AIS Route information  
11/20/24  
(right)



Go Adventurer Vessel  
Description and  
Location 11/20/24  
(left)



# Unpermitted Development Offshore

Feb 11, 2025; Notice of  
Violation letter to Sable  
for Unpermitted  
Development Activities  
undertaken Offshore



Bags filled with sand and concrete put on seabed floor

# Section 13569(c) Dispute Resolution

- 2/14/25: EDC letter Requesting Dispute Resolution Process
- 2/16/25: Commission letter to County Initiating Section 13569(c) Formal Review
- 2/17/25: Commission letter to County, request that County take formal enforcement action

February 2025



# Coastal Act Violations Onshore



February 14, 2025

# Unpermitted Development Active Excavation at Night



This image was taken on February 18  
after the issuance of the second EDCDO



# Southwestern Pond Turtle Swimming in Pond Below Excavator February 20, 2025



California Species of Special Concern

# Southern Steelhead Swimming in Same Pond Below Excavator February 20, 2025



Endangered under Federal ESA  
Candidate for listing under CA  
ESA





# Impacts to Nesting Birds



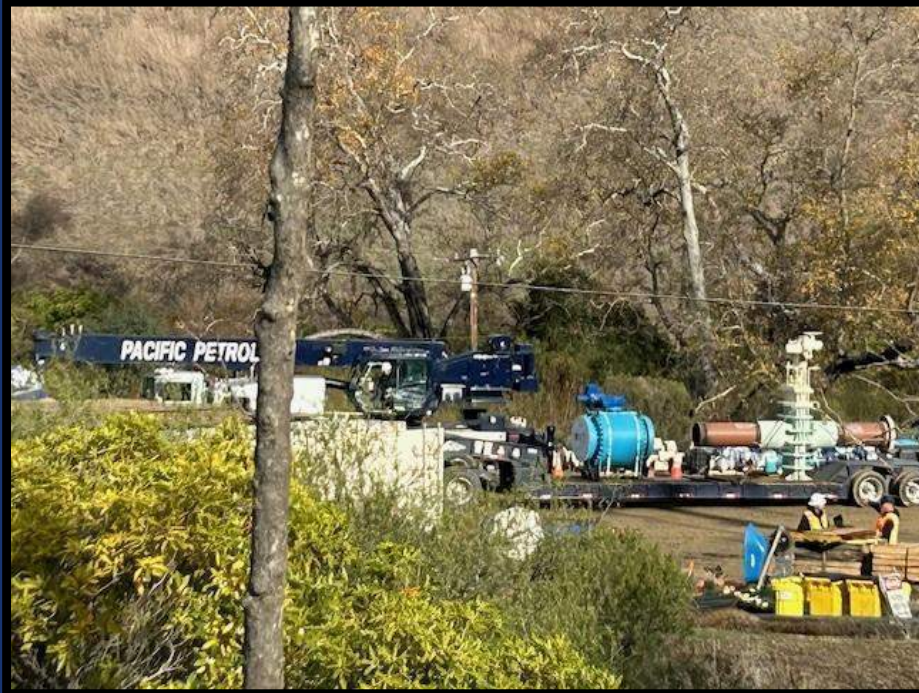
Southern Willow Flycatcher



White Tailed Kite

# Staged Construction Equipment

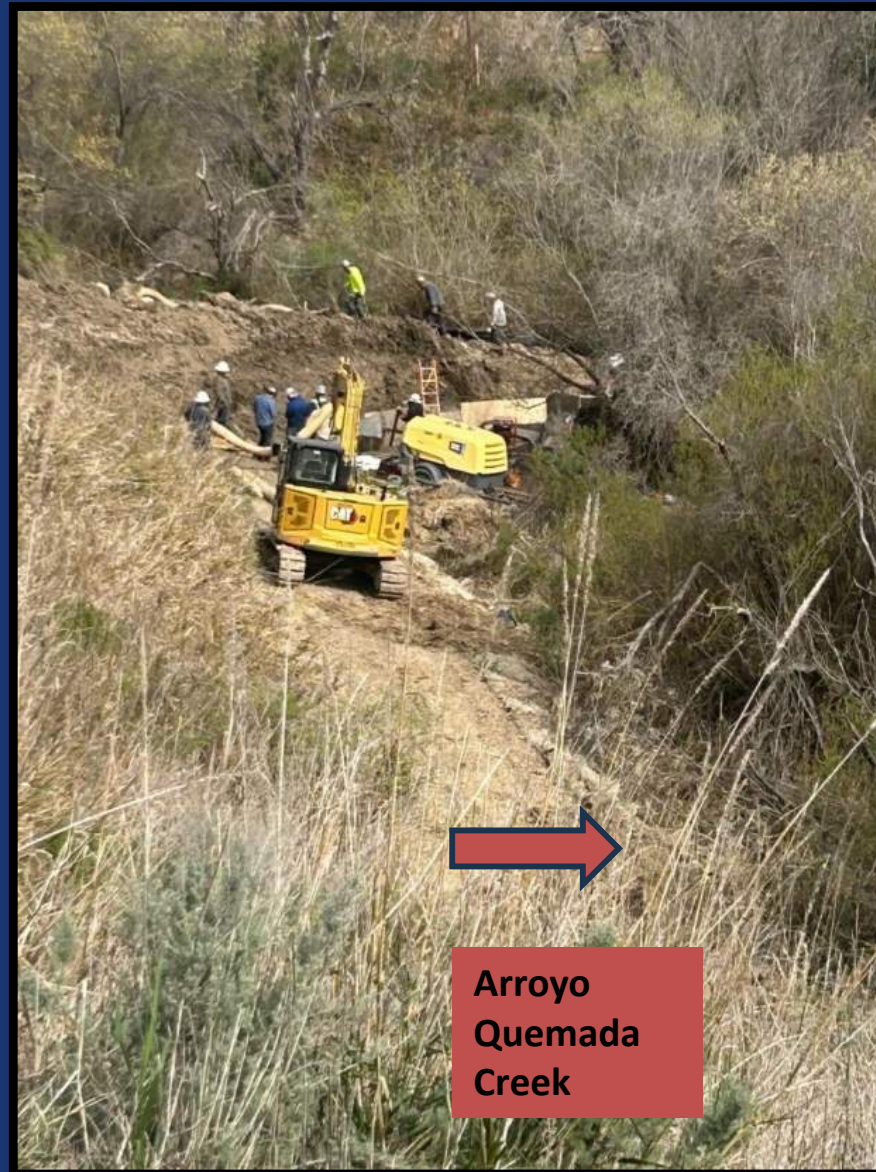
## February 2025





# Unpermitted Development

## Excavator and Generator Located on Creek Bank



Arroyo  
Quemada  
Creek

February 21, 2025



# Unpermitted Development Excavator in Oak Tree Canopy February 18, 2025





# Unpermitted Development Backfilled Pit Site Facing Downstream No Erosion Control Measures in Place



February 19, 2025



# Unpermitted Development Excavation Within Oak Trees



February 20, 2025



# Unpermitted Development Removal of Vegetation (Coyote Scrub Brush)



March 13, 2025



# Improperly Installed Silt Fencing



March 13, 2025



# Unpermitted Development Remnants of Removed Coastal Sage Scrub



March 13, 2025



# Unpermitted Development Active Excavation



March 13, 2025

APRIL 10, 2025

CCC-25-CD-01; CCC-25-RO-01 & CCC-25-AP3-01

SLIDE 46



# Basis for Issuance of Cease and Desist and Restoration Order

## Coastal Act §30810 (Cease and Desist Order)

Development occurred without a CDP

## Coastal Act §30811 (Restoration Order)

Development occurred that is:

- Unpermitted;
- Inconsistent with the Coastal Act; and
- Causing “continuing resource damage.”

# Unpermitted Development Impact on Surrounding Cultural Resources





# Basis for Issuance of Administrative Penalty

## Coastal Act §30821.3(a)

...a person...who is in violation of any provision of this division other than public access...is subject to an administrative civil penalty that may be imposed by the Commission.

# Administrative Penalties

Violation	Days Assessed	\$7,000 Daily Penalty	\$11,250 Daily Penalty
Excavation and Grading with Heavy Equipment	214		\$2,407,500
Grading and Widening of Roads	214		\$2,407,500
Removal of Major Vegetation	214		\$2,407,500
Installation of Metal Plates and Fill Within Wetlands	214		\$2,407,500
Dewatering and Discharge of Water	156*	\$1,092,000	
Pipeline Removal, Replacement, and Reinforcement	156*	\$1,092,000	
Installation of Shutoff Valves	156*	\$1,092,000	
Placing of Sand and Cement Bags on the Seafloor Below and Adjacent to Out-of-Service Offshore Oil and Water Pipelines	133 days		\$1,496,250
Failure to Comply with EDCDO	52		\$585,000



# Administrative Penalty Factors

## Coastal Act § 30821.3(c)/30820(c)

*In determining the amount of civil liability, the following factors shall be considered:*

- 1) The nature, circumstance, extent, and gravity of the violation.*
- 2) Whether the violation is susceptible to restoration or other remedial measures.*
- 3) The sensitivity of the resource affected by the violation.*
- 4) The cost to the state of bringing the action.*
- 5) With respect to the violator, any voluntary restoration or remedial measures undertaken, any prior history of violations, the degree of culpability, economic profits, if any, resulting from, or expected to result as a consequence of, the violation, and such other matters as justice may require.*

# Potential Efficiency Discount

If Sable elects to proceed with consolidated CDP application the Administrative Penalty will be reduced by 10% of the total amount.

Staff Penalty Recommendation:

\$14,987,250

Potential Efficiency Discount: 1,498,725



# Response to Defenses

- Main arguments:
  - Pre-Authorization
  - Preemption
  - Jurisdiction
  - Benefits

# Defense Response: Pre- Authorization

## Onshore Pipeline:

EIR/EIS – Draft (Aug., 1984) and Final (Jan., 1985)

FDP (March, 1986)

CDPs (July & Aug., 1986)

## Offshore:

EIR/EIS – Draft (June, 1984)

DPP (1987)

CDP/CC (1988)



# Defense Response: Pre-Authorization – County Confirmation

February 12 – County letters

February 14 – Sable letter

February 16 – Commission letter  
initiating 13569 review

February 24 – County letter

# Defense Response: Preemption

- Federal/State Preemption
- Conflict Preemption
- Field Preemption



# Defense Response: Jurisdiction

- Derivative arguments about the need for a permit
- Commission enforcement in LCP certified areas
- Penalties

# Defense Response: Benefits





# CCC-25-CD-01; CCC-25-RO-01; CCC-25-AP3-01 (Sable Offshore Corp.)







## Ybarra, Jacquelynn

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**From:** Jay Sheth <rbeg@msn.com>  
**Sent:** Friday, May 9, 2025 4:17 PM  
**To:** Justin Crowell  
**Cc:** Patrice Surmeier; Briggs, Errin; Nall, Katie; Ybarra, Jacquelynn; Hegard, Walter; Agnieszka Letts; Timothy Gailey  
**Subject:** MOC Protocol: Change in service Crude Oil Storage Tank

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

Justin:

As discussed with you earlier today, please see below a MOC (Management Of Change) Protocol for a change in service from Crude Oil Storage Tank to Diesel Storage Tank and Unloading of 57 Diesel Trucks to fill the Storage Tank with Diesel. This requires, including but not limited to addressing the following:

1. Notification of Project to the SSRRC (through EMC).
1. Design change from crude oil service to diesel service.
2. Truck unloading procedure.
3. Instrumentation change or evaluation requiring any change.
4. Truck unloading rack for unloading of 57 trucks.
5. Safety and traffic management of 57 trucks in the canyon.
6. PHA for the use of Diesel to get the facility ready for processing the Offshore production including the Oil & Gas processing Equipment (Vessels, Tanks and piping).

11:37

91



ChatGPT &gt;



Thanks for clarifying! In an **Oil & Gas Processing facility similar to a refinery**, the answer is still **yes**—a Management of Change (MOC) process is typically required for converting a storage tank from crude oil to diesel service.

Here's why, specific to your context:

1. **Process Safety Management (PSM):** In a refinery-like environment, PSM regulations (like OSHA 29 CFR 1910.119 in the U.S., or equivalent standards elsewhere) apply. These require MOC for any physical or chemical changes that could impact safety, which includes changing the contents of a tank.
2. **Engineering Review:**
  - **Structural considerations:** The density and viscosity differences between crude and diesel may affect pump loading, piping stresses, and even tank foundations over time.
  - **Corrosion and fouling:** Diesel is generally cleaner than crude, but residues from previous crude service can contaminate the diesel, necessitating tank cleaning and inspection.
3. **Instrumentation & Control:**
  - **Vapor pressure and temperature:** Diesel has a lower vapor press. ↓ than crude oil, which

Ask anything



Sent from my iPhone



2:54



ChatG

- 
- **Structural considerations**  
viscosity differences between liquids  
may affect pump loading  
even tank foundations
  - **Corrosion and fouling**  
cleaner than crude, but  
crude service can continue  
necessitating tank cleaning

11:39



ChatG

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a lower vapor pressure might affect venting ar systems.

- **Level sensing and flow** viscosity could impact response of measurement

#### 4. **Environmental & Comp**

You may need to consider





## Ybarra, Jacquelynn

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**From:** Jay Sheth <RBEG@msn.com>  
**Sent:** Thursday, May 15, 2025 3:29 PM  
**To:** Briggs, Errin  
**Subject:** Sable: Compliance - SYU Project - LFC Re-Start

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Errin:

As discussed, I still have not received an Equipment Integrity Matrix showing the inspection status of the Critical Equipment (Vessels, Tanks, Piping, etc.). I have not received any inspection reports for review, other than Crude Oil Tank, ABJ-3401B Inspection Reports. The crude oil tank has been approved for use after the repairs and the critical action items were addressed. We need to ensure that the process equipment used is Fit for Service. Sable is introducing hydrocarbons to the LFC system. Fuel Gas was brought in last month. 57 truckloads of Diesel were brought in and unloaded into the Re-run Tank two weeks ago (EMC or the SSRRC was not notified nor any details were shared prior to filling the Re-run tank). Yesterday LPG brought in and unloaded in the Offspec Propane Bullet (day before it was brought in, I was notified).

The Equipment Integrity Matrix has not been submitted. Patrice is waiting on getting an approval from the management (Trent Fontenot) to release the document. I have been requesting this document or its contents since I brought it up in the first Re-Start meeting with Sable on September 24, 2024. Since then in every monthly meeting, I have brought up this equipment integrity reports issue. Sable should not have introduced hydrocarbons in the system without our review and Fit for Service approval of the equipment used for the Re-start.

Steve Rusch is quite familiar with the process. I worked with him when he was with Exxon. I worked with him till midnight before the day Exxon was provided approval for startup to bring in the offshore crude oil.

Thanks

Jay





## Ybarra, Jacquelynn

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**From:** Rusch, Steve <srusch@sableoffshore.com>  
**Sent:** Thursday, May 22, 2025 8:30 AM  
**To:** Plowman, Lisa  
**Cc:** Briggs, Errin; Nall, Katie; Ybarra, Jacquelynn; Wade Horton; Yearwood, Lance; Surmeier, Patrice; Fontenot, Trent  
**Subject:** Re: Sable - Conditions of Approval for 88-DP-33/88-CP-060 Apply  
**Attachments:** Jason Joyce.vcf

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

Lisa,

You're welcome. I neglected to mention that for PPC, please have Jay reach out to Jason Joyce, HSE Technician to coordinate inquiries and in advance of visits to PPC facilities.

Regards,

Steve  
Sent from my iPhone

On May 22, 2025, at 6:48 AM, Plowman, Lisa <lplowman@countyofsb.org> wrote:

**CAUTION:** External Sender

Thank you for the update, Steve. We will ensure that Jay coordinates with Mr Surmeier.

Best,  
Lisa

Get [Outlook for iOS](#)

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**From:** Rusch, Steve <srusch@sableoffshore.com>  
**Sent:** Wednesday, May 21, 2025 10:08:38 PM  
**To:** Plowman, Lisa <lplowman@countyofsb.org>; Briggs, Errin <ebriggs@countyofsb.org>  
**Cc:** Nall, Katie <nallk@countyofsb.org>; Ybarra, Jacquelynn <jybarra@countyofsb.org>; Wade Horton <whorton@countyofsb.org>; Yearwood, Lance <yearwood@sableoffshore.com>; Surmeier, Patrice <psurmeier@sableoffshore.com>; Fontenot, Trent <tfontenot@sableoffshore.com>  
**Subject:** RE: Sable - Conditions of Approval for 88-DP-33/88-CP-060 Apply

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Lisa,

As you are probably aware, I try to keep Mr. Briggs abreast of our ongoing activities to the extent I am able, but please understand that as a public company I am limited to what I can share concerning material matters, such as what was announced this past Monday. Note that we are receiving crude emulsion from offshore and storing those fluids in LFC tankage. We are still lining out the oil and gas treating facilities as Mr. Sheth is aware. Similarly, PPC just completed repairs on Line 324 and 325 and is lining out the rest of their systems in preparation for restart according to the Consent Decree requirements. All activities are fully permitted and compliant with attendant conditions.

I discussed Errin's email below concerning PPC compliance with PPC senior management in April and they have shared with the entire PPC team. PPC has held numerous meetings about condition compliance, most recently prior to mobilizing on the remaining anomaly digs at Gaviota State Park. We are now in the restoration phase and are working closely with State Parks lead personnel to ensure we meet the requirements of the applicable permits.

At LFC, where we have been preparing the facilities to restart since last February, we have also been attending to the action items from the past SIMQAP audit, as outlined in the attachment to your email. We have accommodated Mr. Sheth and his visits and hold weekly meetings to inform him of our progress on our facility preparations and SIMQAP follow-ups. I do request that he continue to plan and coordinate his visits and inquiries directly with Patrice Surmeier given the high level of activity presently occurring as we ready the facilities. Please note too that there may be times we need to restrict his access or require that he be accompanied by a Sable representative to ensure his safety and that of our workers.

Don't hesitate to call me if you have any follow-up questions. I will speak with Errin when he returns next week.

Regards,

Steve

---

**From:** Plowman, Lisa <lplowman@countyofsb.org>

**Sent:** Tuesday, May 20, 2025 4:49 PM

**To:** Briggs, Errin <ebriggs@countyofsb.org>; Rusch, Steve <srusch@sableoffshore.com>

**Cc:** Nall, Katie <nallk@countyofsb.org>; Ybarra, Jacquelynn <jybarra@countyofsb.org>; Wade Horton <whorton@countyofsb.org>

**Subject:** RE: Sable - Conditions of Approval for 88-DP-33/88-CP-060 Apply

**CAUTION:** External Sender

Steve,

I've read in the news and been informed by our consultant, Jay Sheth, that Sable has started moving oil from the SYU to the facility in Las Flores Canyon. I'm reconfirming that Sable is following the conditions

of approval for the project that were sent by Errin Briggs on 4/22/5 and that your team is working to ensure that all items in the attached audit matrix have been or are being addressed. I understand that Jay has been working with your team on-site today and will be back on Thursday to confirm compliance.

I'm concerned that I did not receive any communication regarding Sable's intent to restart the pumping and transporting of oil onshore in advance of this activity. Please keep the County informed of your next steps and the timing.

Lisa

<image001.jpg>

**Lisa Plowman**

*Director*

Planning & Development Department

County of Santa Barbara

123 E. Anapamu St.

Santa Barbara, CA 93101

805-568-2086

[lpowman@countyofsb.org](mailto:lpowman@countyofsb.org)

<https://www.countyofsb.org/160/Planning-Development>

---

**From:** Briggs, Errin <[ebriggs@countyofsb.org](mailto:ebriggs@countyofsb.org)>

**Sent:** Tuesday, April 22, 2025 9:18 AM

**To:** Rusch, Steve <[srusch@sableoffshore.com](mailto:srusch@sableoffshore.com)>

**Cc:** Plowman, Lisa <[lpowman@countyofsb.org](mailto:lpowman@countyofsb.org)>

**Subject:** Sable - Conditions of Approval for 88-DP-33/88-CP-060 Apply

Good morning Steve,

Please see attached letter regarding the ongoing applicability of the conditions of approval for 88-DP-33/88-CP-060.

Call me with any quesitons.

Thank you,

<image002.jpg>

**Errin Briggs**

**Deputy Director, Energy Minerals & Compliance**

Planning & Development

County of Santa Barbara

123 E. Anapamu St.

Santa Barbara, CA 93101

805-568-2047

[ebriggs@countyofsb.org](mailto:ebriggs@countyofsb.org)

<https://www.countyofsb.org/160/Planning-Development>





# EXCLUSIVE: EXXON SPINOUT SABLE LEAKED KEY INFO TO INVESTORS INCLUDING GOLFER PHIL MICKELSON



OCT 31, 2025 1:00 PM EST

BY: [Sam Koppelman](#) [Till Daldrup](#)

EDITOR: [Jim Impoco](#)

On a leaked call, Sable Offshore CEO Jim Flores told a select group of investors in October that the company would likely have to raise up to \$200 million in equity by the end of 2025. The company had not disclosed this dilutive equity offering publicly.

It's one of several examples of apparently selective disclosure from Sable. The company seems to have shared information only with certain investors, a list that includes golfer Phil Mickelson, according to messages from a group chat leaked to Hunterbrook.

In one of those messages, Mickelson passed on a tip allegedly from the company's CEO in an X group chat that Sable would be issuing [an 8-K filing](#) about a material update later that day. Sable did in fact issue a market-moving 8-K shortly thereafter.

"I believe this beyond any doubt: These guys definitely have first hand communication from Jim and they are being fed information from Jim and giving it to other group members," one member of the chat, who previously owned the stock, told Hunterbrook, in reference to some of his fellow group chat members.



and activists have [so far stopped Sable](#) from utilizing its sole asset — a pipeline that in 2015 erupted into one of the [worst oil spills](#) in California history.

Mickelson declined to comment directly to Hunterbrook despite repeated outreach. In a message to the group chat, which is called “Sable Quantum Offshore Compute,” he warned that Hunterbrook was “looking into this chat as if we have inside info.”

“What’s funny about it is we’ve all been wrong on just about everything and we’ve all lost money but whatever,” Mickelson added, before posting a phone number of a Hunterbrook reporter to the chat. (Another group member then attempted to dox the reporter in a Craigslist post offering free dog food, apparently not realizing that Hunterbrook was still reading their messages. Lol.)

On Wednesday, an anonymous X account [posted a very short excerpt](#) from the same call with investors obtained by Hunterbrook. Soon thereafter, a member of Mickelson’s chat relayed to the group that the company had contacted them claiming that the audio was AI generated, and asking investors to push back against an anticipated Bloomberg News article on Sable’s conduct. Within hours, a chorus of Sable investors, including Mickelson, was repeating that message on social media.

In response to questions about this, Sable told Hunterbrook that “based upon information provided to us we believe that the alleged recording was either AI generated or otherwise altered.”

The company did not respond to follow up questions regarding what led it to that belief, or what portions of the recording it believed had been altered. At Hunterbrook’s request, a leading AI detection company ran the recording through their platform and concluded that it is likely not to be manipulated using generative artificial intelligence in any way. Hunterbrook also asked a senior AI engineer at a top research lab to analyze the recording; he also confirmed that it was highly unlikely to be AI generated or altered. The recording Hunterbrook obtained includes the short excerpt that was posted on X, though the version on X sounds distorted.

Perhaps the most notable part of the call comes toward the end — when Flores lays out his Hail Mary plan to bring his project online: Enlisting President Trump and Commerce Secretary Howard Lutnick to avoid California regulations and secure federal funding for the project.

A carrot Sable is prepared to offer, according to the recording? A round of golf with “a certain lefty.”

A source close to Lutnick told Hunterbrook: “He’s never heard of the company and has no plans to golf with Mickelson.”

Hunterbrook Media’s investment affiliate, Hunterbrook Capital, does not have any positions related to this article at the time of publication. Positions may change at any time. Full disclosures below.



The leaked audio recording of the video conference begins with a familiar lament: “Every time I open this thing up, it’s got a different set of instructions,” says an individual identified by sources as Sable Offshore’s chief executive Jim Flores, noting the “anxiety” of logging onto platforms like Zoom and Teams.

That’s about the only normal moment on the call, in which Flores ultimately tells a small group of investors the company would likely need to raise as much as \$200 million in equity within weeks, information he hadn’t disclosed to the general public. Issuing new equity would dilute the value of existing shareholder’s stock.

When one participant on the call suggested that it would be in investors’ interest for the stock price to be as high as possible when the equity was raised, Flores acknowledged that the company was “doing everything we can” to make that happen. Another participant noted that the company might be “able to announce the debt financing first for the package with the government, which will get the stock price up and then raise the equity.”

Almost as an afterthought, he or someone else on the call adds “without seeming overly manipulative.”



After those comments, Flores pivoted to discussing whether getting approval for debt financing from the federal government was feasible during the ongoing shutdown.

0:00 / 0:54

The audio clip — which Hunterbrook obtained from a third party who claimed not to be on the call himself — offers a rare window into how a struggling public company has navigated the tension between needing capital and avoiding further dilution, while sharing potentially material information with a handpicked investor group.

Hunterbrook has obtained evidence indicating that Sable also may have shared material information with professional golfer Phil Mickelson, who in addition to being a shareholder, has become one of the most vocal Sable boosters, with posts on X calling on California officials to meet with him and “[enable Sable](#).”<sup>1</sup>

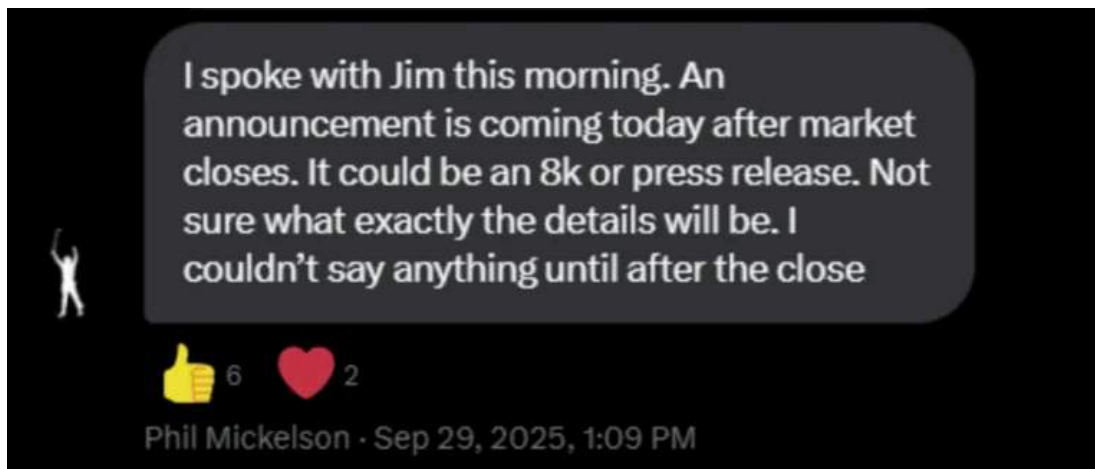
Mickelson is also in a private group chat with select Sable investors, with whom he has shared insights from his conversations with the company’s CEO.

“The CEO Jim Flores and I are both on the same board of another company,” Mickelson wrote in a now-deleted post, explaining one possible origin story of their relationship. That company seems to be Intrepid Investment Management, which listed both men on its advisory board [as recently as January](#). Mickelson has since been removed from the page.

In 2016, Mickelson paid the Securities and Exchange Commission more than \$1 million to settle allegations he traded on inside information — after receiving [tips](#) about a public company from Billy Walters, [dubbed](#) the “world’s most successful sports bettor.” Walters was [sentenced](#) to five years in federal prison but ultimately did not serve the full sentence. In the waning hours of President Trump’s first term, Walters, who was found [guilty](#) of making more than \$40 million in illicit profits over six years of trading, secured a [commutation](#).

allegedly speaking directly with Flores about regulatory approvals and company strategy, according to the private messages reviewed by Hunterbrook.

“I spoke to Jim this morning. An announcement is coming today after market closes. It could be an 8K or press release,” Mickelson wrote to a group of Sable investors, in one example, on September 29.



A screenshot from the investor group chat showing Phil Mickelson knew about Sable's incoming 8-K before it was published.

Later that afternoon, just after 5pm, [Sable filed the 8-K](#) — a form companies use to disclose material events to the public — disclosing its new strategy to circumvent California regulators.

The stock initially shot up 8% in after-hours trading after the news, before closing down the following day.

“Usually an 8-K is a release of material information,” said Adam Badawi, a securities law professor at UC Berkeley Law. “And so, if you know about the release of potential material information before it’s released to the general public, that’s generally going to be material non-public information.”

“It could be a potential Reg FD violation” by the company, he added, referring to the SEC rule that prohibits public companies from making selective disclosures of insider information to certain individuals, such as analysts or investors, before disclosing it to the general public. “It sounds like material information. And if you’re



This incident wasn't necessarily an aberration.

"I believe this beyond any doubt: These guys definitely have first hand communication from Jim and they are being fed information from Jim and giving it to other group members. There is a hierarchy to the insiders," a member of the chat opined to Hunterbrook, referring to certain other members of the group whom he did not name. "There are people that are very close to Jim and Jim is giving real information to. Then there's people that think they're close to Jim who he is giving fraudulent information to."

(Asked when he sold his Sable shares, the source explained: "There comes a point after the fourth fraudulent 8-K where you realize this company isn't what it says." While Hunterbrook is not aware of any conclusive finding that the company has engaged in fraud, and believes the source was speaking figuratively, the company is facing at least [one lawsuit](#) making such allegations.)

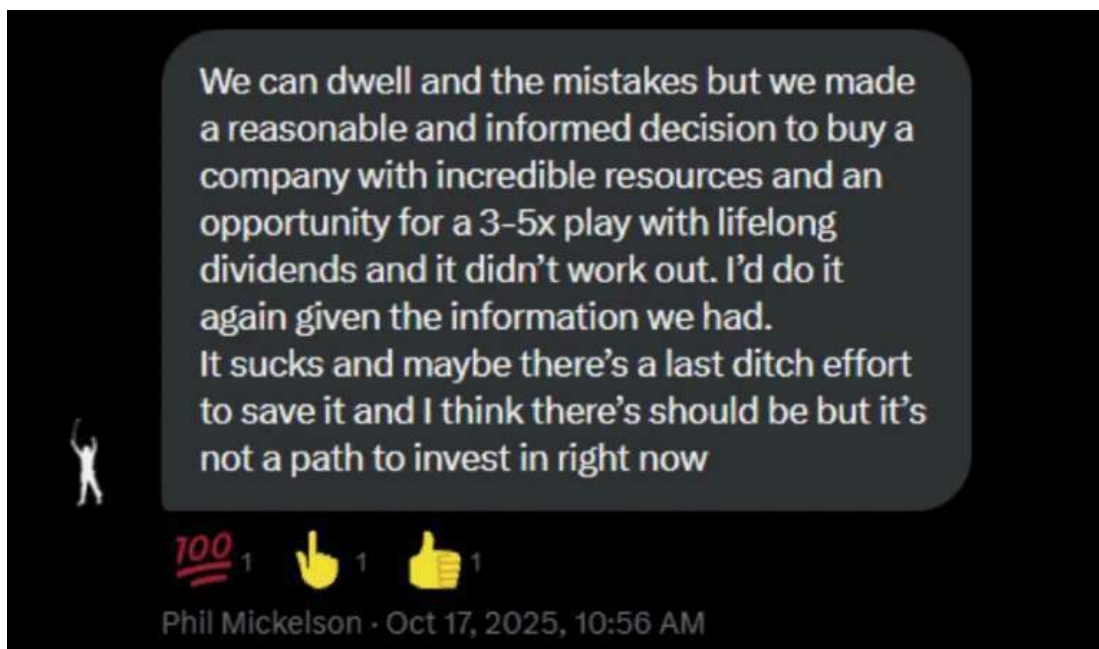
Numerous messages from recent months reviewed by Hunterbrook show Mickelson claiming to have frequently communicated with Flores, receiving details about company developments from the CEO — whom he sometimes called "BJF" for "Big Jim Flores."

The leaked call and messages raise questions about the selective disclosure of material nonpublic information at a company racing against [a March 1, 2026, deadline](#). If Sable doesn't restart production by then, its only asset — three offshore oil platforms and an aging pipeline responsible for one of California's worst oil spills — reverts to Exxon Mobil without compensation, unless Exxon extends the terms of its loan.

The company's struggles have intensified in recent months. After Sable told shareholders it had [completed pipeline repairs](#) — a claim that helped its stock soar in May — California's fire marshal [said in October](#) that more work was required. California officials have filed criminal [charges](#) against the company and its executives, an act Sable in turn called "politically motivated."

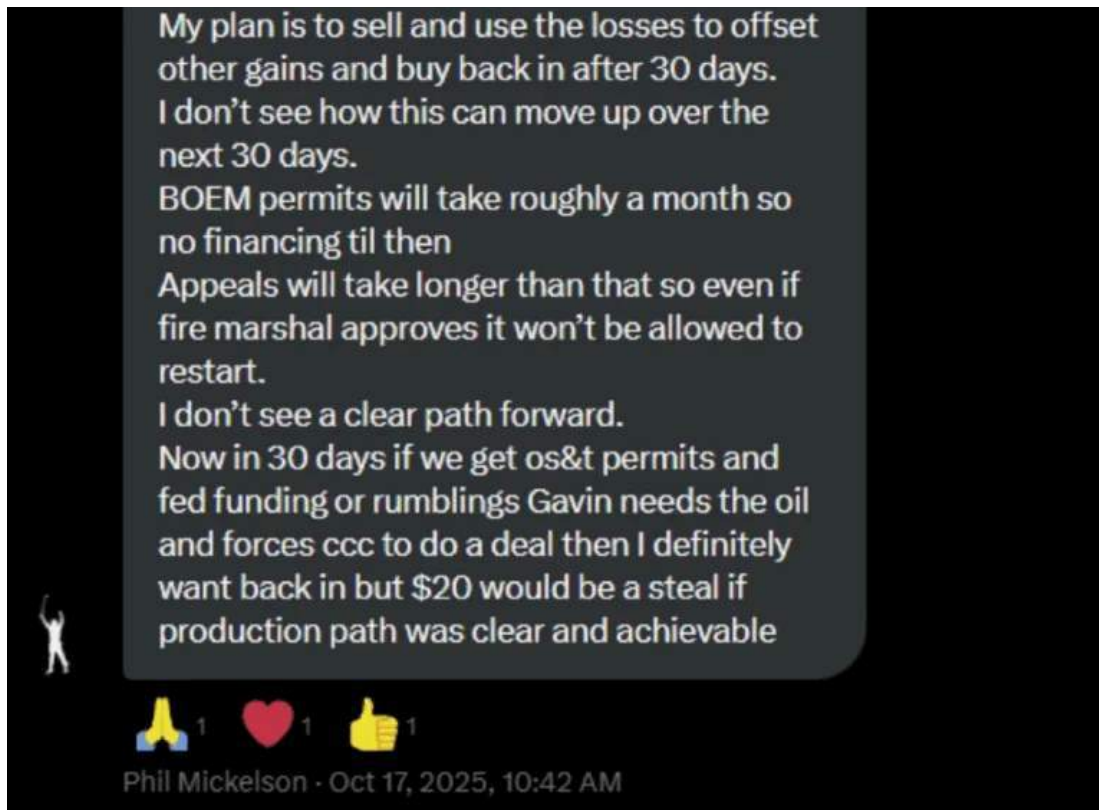
denials have shareholders fearful, according to screenshots.

“We need an actual prayer,” Mickelson writes in one, admitting he planned to sell shares. “I don’t see a clear path forward.” In another, he writes: “I’m very defeated right now.” In a third, he says: “I’d do it again given the information we had. It sucks and maybe there’s a last ditch effort to save it and I think there’s should be but it’s not a path to invest in right now.”



A screenshot from the investor group chat showing Phil Mickelson's resignation regarding Sable after several legal setbacks and regulatory denials.



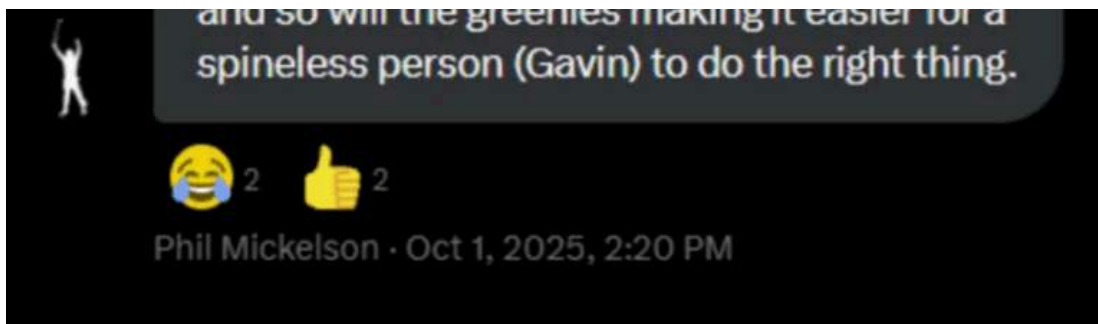


A screenshot from the investor group chat showing Phil Mickelson planned on selling his Sable shares and then buying back in at a later point.

But after selling his shares, Mickelson, who has a [documented history](#) of gambling addiction, wrote in a message that he bought them back — in part because there is now a Hail Mary path Mickelson seems to believe the company should pursue: convincing President Donald Trump to circumvent California Governor Gavin Newsom by funding an effort to run the project entirely in federal waters. Instead of pumping oil through the California pipeline, Sable would ship it around the world from a [storage vessel](#) off the coast.

This, Mickelson seems to believe according to the messages, could work — or, at the very least, buoy what remains of his investment. Trump confronting Newsom, Mickelson predicted (in more colorful language), could “drive up any stock.”

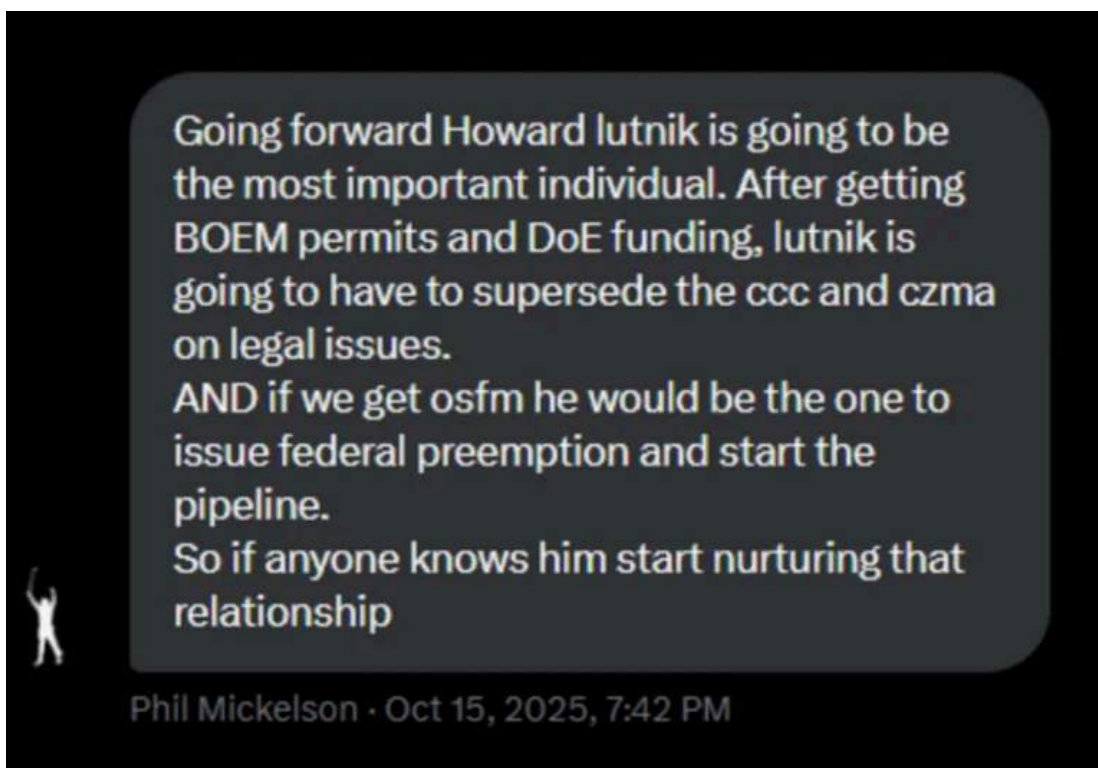
While waiting on the federal government, Mickelson has been taking his anger out at California elected officials and environmentalists — including Environmental Defense Center environmental lawyer Linda Krop, an advocate against the project, whom Mickelson referred to as “Linda ‘the kunt’ Krop.”



A screenshot from the investor group chat showing Phil Mickelson referring to environmental lawyer Linda Krop with a misogynistic expletive.

In a comment to Hunterbrook, Krop said: “This isn’t about me. It’s about a company that can’t get it together to operate responsibly and is now being charged with felonies for its illegal activities, in addition to a state attorney general enforcement lawsuit, a maximum \$18 million fine, and multiple injunctions preventing repairs and restart.”

The exact plan for how Sable Offshore plans to be saved by the federal government appears unclear — and, at this point, largely improvisational. “Going forward Howard lutnik [sic] is going to be the most important individual,” Mickelson wrote of the Commerce Secretary on October 15. “So if anyone knows him start nurturing that relationship.”





Lutnick came up again in the leaked audio file. “I’ve got a certain golf buddy that’s in the Commerce Department, all the way at the top” said one of the participants. “I’ve had to promise Lutnick a golf game on the West Coast with a certain left hander,” Flores responded, in an apparent reference to Mickelson.

A source close to Lutnick told Hunterbrook: “He’s never heard of the company and has no plans to golf with Mickelson.”

Flores cited ties with Energy Secretary Chris Wright as well and claimed to have reached Trump through an intermediary.

“DJT,” as Flores called him, had supposedly heard about a proposal to rename the Pacific Ocean as “Ocean America.”

“He liked it *too much*,” Flores said of the name, according to an alleged source of Flores’ who had spoken with Trump about Sable. “So if you hear Ocean America,” Flores told the investors, “that’s where it came from.”

Flores added that he had told his source to tell Trump that he would “put some gold leaf on the platforms.” The platform would also, apparently, boast Trump’s name. “We need to know whether we need to paint the letters 50 feet tall or 70 feet tall,” Flores said, “so we make sure Oprah can see the tanker from her Montecito mansion.”

On the call, Flores claims the message was indeed passed to Trump. Predictably, Flores said: “He liked it in gold.”

## SABLE OFFSHORE: A PIPE DREAM?

The oil came ashore slowly — and then all at once.

On May 19, 2015, a corroded [pipeline ruptured](#) beneath the California coast and released more than 120,000 gallons of crude, large amounts of which ended up in the Pacific Ocean. By the time workers shut down the flow, oil had contaminated 3,700 acres of Santa Barbara beaches and fisheries — the state’s worst spill in a quarter



*A pelican covered in oil near Refugio Beach the day following the spill. Source: With permission from Michel Brewer*

Federal investigators [found](#) that the company behind the pipeline had failed to prevent the corrosion and missed warning signs that could have stopped the rupture. A jury convicted the company on [nine criminal counts](#). The pipeline company, Plains, was ordered to pay more than \$305 million in settlements and penalties.

The pipeline had been carrying oil from three offshore platforms called the Santa Ynez Unit, owned by Exxon Mobil. After the spill, California tightened regulations on coastal pipelines. Plains agreed to enhanced oversight. And Exxon began the long process of trying to bring Santa Ynez back online.

Seven years later, Exxon gave up. The oil giant had tried three different restart plans — retrofitting old pipes, trucking oil onshore, everything short of reinventing the wheel. Nothing worked. California officials remained skeptical that the aging infrastructure could operate safely. In early 2024, Exxon [wrote down](#) the value of Santa Ynez by more than \$2 billion and blamed “continuing challenges in the state regulatory environment.”

That’s when Flores saw an opportunity.



his tenure running Freeport McMoran's oil and gas division. He was ultimately replaced amid billions in losses and writedowns.

Sable Permian Resources, Flores' next act, went [bankrupt](#) in 2020 after three years of operation. Tom Loughrey, who analyzed distressed credit in the oil and gas sector at the time, told Hunterbrook that Sable Permian "was poorly run" and "very scammy."

Sable *Offshore* was supposed to be Flores' comeback. In 2021, he formed a blank check SPAC. In 2022, he began pitching a takeover of Exxon's project, projecting a restart within two years.

In February 2024, Flores closed the deal — paying \$988 million for the Santa Ynez platforms and the pipeline, financed largely by a \$625 million loan from Exxon itself. The Santa Ynez Unit became Sable's only asset. The company went public on the New York Stock Exchange. And Flores told investors he could restart production in the third quarter of 2024, succeeding where Exxon had failed, and doing it in just eight months.

The catch? If Sable didn't restart production by March 1, 2026, everything could revert to Exxon. No compensation. (That is, unless Exxon extends the term of the loan.)

At the time, Hunterbrook Media expressed skepticism, calling Sable a "speculative gamble at the mercy of California regulators, litigators, and communities" and predicting that the project would not "restart production at Santa Ynez on time, if at all."

That prediction held: Sable kept moving its target restart date, from September 2024 to December 2024; then January of 2025; then February; and so on. It still hasn't restarted.

But the *idea* of Sable, the age-old promise of pulling treasure out of the ocean, caught fire. The stock price kept soaring, with backing from investors ranging from one of the main characters from "The Big Short" and Himalaya Capital founder Li Lu to, eventually, Phil Mickelson.

Then reality caught up. After losing several key rulings in court; being sued by the California Attorney General; and still not yet being approved by the Office of the State Fire Marshal, Sable stock has fallen over 50% in recent months.

One central issue: Sable had told the public it had completed all necessary repairs on its pipeline, including in [a May 19 press release](#) that sent the stock soaring. The claim about construction being finished was critical. It was the reason Sable claimed it could restart the project, despite a May 28 preliminary injunction against it from the California Coastal Commission, which had jurisdiction over the repairs. If repairs were not complete, the CCC's injunction could prevent restart.

In an [October letter](#) to Sable, the Office of the State Fire Marshal explicitly said more repairs were required.

"I lost money. And without a doubt a lot of it was cause of miscommunication from management," said one of the members of the group chat in an interview with Hunterbrook, citing specifically "the whole idea that the CCC case had no bearing over Fire Marshal approval."

Amid the turmoil, and with Sable's market cap falling precipitously, the loyal, tight-knit group of Sable backers began to wonder if they had been lied to by the company — or if California politics was just *that* unpredictable. And some started turning on each other.

Which is how Hunterbrook ended up with Phil Mickelson's DMs.

## THE CAPITAL CRUNCH

On the call, Flores appeared to outline over \$2 billion Sable would need to execute its Plan B.

The money would fund: \$900 million to buy out Exxon, \$500 million for a vessel, \$300 million for operations through early 2027, and \$500 million in bonding. (A Reuters article from October 21 [claimed](#) sources cited \$1.7 billion as the total cost.)



“There’s a lot of money up there that’s being reprioritized toward hydrocarbon projects and away from the green like the solar panels,” Flores said of Trump administration energy programs.

Flores claimed — without substantiation — that Sable could employ a permit “still active” from the Exxon era. He said he expected regulatory clearance “before Thanksgiving” along with “an announcement out of one of the federal agencies on loan sponsorship,” though he also expressed concerns regarding whether this would be possible during a government shutdown.

The equity discussion began when an investor on the October call noted what Flores hadn’t focused on in his \$2 billion financing overview: “I didn’t hear any equity in that scenario, and all I hear from people who are dumping the stock, shorting the stock, is equity is sorely needed here.”

Flores appeared to confirm the need: “We’re supposed to be on production in September, right? We’re not gonna be on production in September, so we’re gonna have to bridge a little to the financing. We’ll need some type of injection somewhere in the \$100 to \$150 to \$200 million dollar range.”

The admission was notable because Sable hadn’t publicly disclosed plans for an imminent equity raise. And the timing was delicate: With the stock price depressed, selling new shares in a fundraiser would heavily dilute existing shareholders — including Flores and other insiders.

Investors on the call pressed the point. “If the bridge or the patch is gonna be in a form of equity, the lower the stock price goes, the more dilutive it’s gonna be to the largest shareholders, i.e., you guys, the insiders,” one said.

Another asked directly whether Flores could do anything to boost the stock price before the raise — prompting Flores’ pledge to do “everything we can.”

Flores was also asked directly whether any company insiders would participate in a financing. “I think it would just show a lot of confidence,” said the investor. Flores

Asked about timing, Flores suggested the equity raise would come “in the fourth quarter”— potentially within weeks of the late October call, before any promised federal approvals had materialized.

A person Flores introduces as “Greg” – likely Sable’s chief financial officer, Gregory Patrinely – tried to provide reassurance, noting the company has “\$250 million unsecured investments” under its Exxon loan that could be tapped instead of selling equity. But he acknowledged a catch: Using that money requires Exxon’s consent, which is “in their sole discretion.”

Flores suggested the company is also working to add language to a federal spending bill blocking “any kind of legal or judicial or regulatory challenge” to the project.

When asked why Sable would even consider returning to California given the state’s opposition, Flores was blunt: “I’d much rather be offshore, but if they force me onshore... I’m gonna take it.”

Despite over a year of missed deadlines, Flores laid out another timeline on the call: close on the vessel by January, shipyard work through July, mobilization in August and September, production in the fourth quarter of 2026. “I’d be highly confident in a one-year span of getting on production,” he said.

In the meantime, Flores said he might seek an extension from Exxon as a contingency.

When asked why Exxon would agree, Flores relayed their supposed position: “They would not do what we’ve done. They’re not adept to operate in California because California moves the goalposts so bad, they cheat so bad.” He compared Exxon to “the red coats in the Revolutionary War — they march out with their coats on. We’ll follow the rules and the rules keep changing, and we’re more adaptable.”

An investor cut through the diplomacy: “ExxonMobil said fuck those Californians, I’d rather not be playing with them. Life’s too short for my career.”



## THE 'AI GENERATED' EXCUSE – AND THE GROUP CHAT APPARENTLY TRYING TO TROLL HUNTERBROOK WHILE WE WATCHED

When an excerpt of Sable's investor call leaked online from an anonymous X account on Wednesday, Sable moved to discredit the clip.

According to screenshots reviewed by Hunterbrook, the company told a member of Mickelson's investor group chat to spread the word that the recording was "AI generated," as well as urging investors to proactively counter the narrative of an anticipated Bloomberg News article on the recording.

Within hours of the leak, Mickelson took to X to insist he knew Flores' voice and shot back at the anonymous poster: "That is definitely not him." Internally, the group chat seemed to be split on whether the recording was genuine.

In a statement to Hunterbrook, Sable claimed that "based upon information provided to us we believe that the alleged recording was either AI generated or otherwise altered."

The company did not respond to follow up questions regarding what information had been provided to it that led it to that belief, or what portions of the recording it believed had been altered.

At Hunterbrook's request, a leading AI detection company ran the recording through their platform and concluded that it is likely not to be manipulated using generative artificial intelligence in any way. Hunterbrook also asked a senior AI engineer at a top research lab to analyze the recording; he also confirmed that it was highly unlikely to be AI generated or altered. The recording provided to Hunterbrook includes the short excerpt that was posted on X, though the version on X sounds distorted.

A wide variety of factors supported the verisimilitude of the more than 35 minute long audio file.

why a company might target corporeal human beings for sharing an audio file it claims might not exist at all.

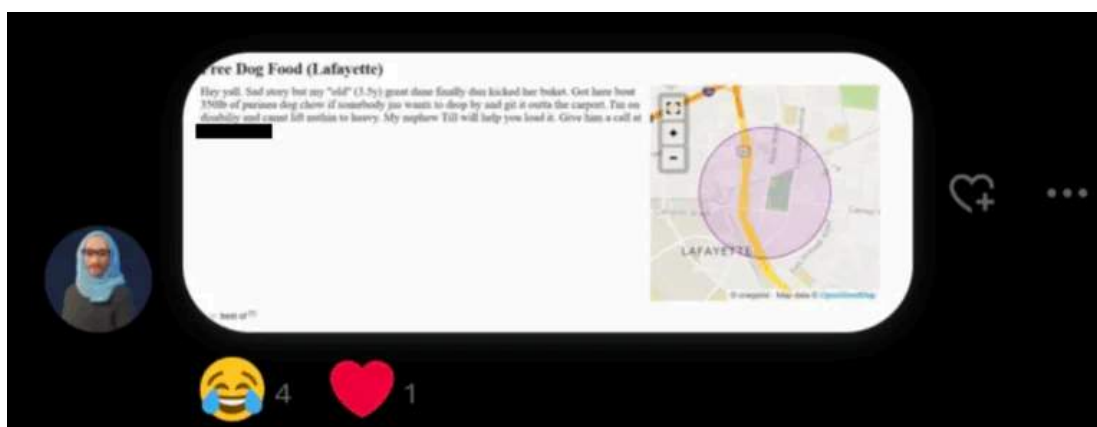
Asked whether telling investors an audio recording is AI — when, in fact, it is real — could cause any legal issues for Sable, Badawi said he “would expect that to be a problem when you try to defend yourself against a Reg FD claim.”

“If you said you didn’t do it and were blatantly lying, that would not help your Reg FD case,” Badawi added.

On the eve of publication, Hunterbrook called Mickelson, after he did not respond to a written request for comment sent to his representatives. He picked up, and upon hearing the reporter was calling from Hunterbrook, hung up promptly.

Instead, Mickelson took to the group chat — sharing the (incorrectly spelled) name of one of Hunterbrook’s reporters who reached out.

Mickelson shared the phone number of a different Hunterbrook reporter with the chat, prompting another member to seemingly attempt to dox Hunterbrook’s publisher using a Craigslist page including the phone number with an offer of “free dog food.” (Kind of funny.)



A screenshot from the investor group chat showing a Craigslist ad for “free dog food” that lists the phone number of Hunterbrook’s publisher (redacted by Hunterbrook) and refers to one of its reporters.

Others were in less of a joking mood. “Did we get subpoenaed?” asked one.



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## AUTHORS

**Sam Koppelman** is a New York Times best-selling author who has written books with former United States Attorney General Eric Holder and former United States Acting Solicitor General Neal Katyal. Sam has published in the New York Times, Washington Post, Boston Globe, Time Magazine, and other outlets. He has a BA in Government from Harvard, where he was named a John Harvard Scholar and wrote op-eds like “Shut Down Harvard Football,” which he tells us were great for his social life. Sam is based in New York.

**Till Daldrup** joined Hunterbrook from The Wall Street Journal, where he focused on open-source investigations and content verification. In 2023, he was part of a team of reporters who won a Gerald Loeb Award for an investigation that revealed how Russia is stealing grain from occupied parts of Ukraine. He has an M.A. in Journalism from New York University and a B.S. in Social Sciences from University of Cologne. He’s also an alum of the Cologne School of Journalism (Kölner Journalistenschule). Till is based in New York.

## EDITORS

**Jim Impoco** is the award-winning former editor-in-chief of Newsweek who returned the publication to print in 2014. Before that, he was executive editor at Thomson Reuters Digital, Sunday Business Editor at The New York Times, and Assistant Managing Editor at Fortune. Jim, who started his journalism career as a Tokyo-based reporter for The Associated Press and U.S. News & World Report, has a Master’s in Chinese and Japanese History from the University of California at Berkeley.

**Dhruv Patel, Matthew Termine, and Gabi Josefson** also contributed reporting.

This investigation underwent dedicated fact-checking by two fact-checkers, as well as review by multiple Hunterbrook attorneys.

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**Hunterbook Media**

**LEAKED: Audio from Sable Offshore Call With Select Investors**

Original Audio available online at: <https://www.youtube.com/watch?v=-keFkilOHNc>

**Speaker 1**

(0:00) Hey, Jim.

**Speaker 2**

(0:02) Thank you for making the time. (0:04) Hello everyone, Jeff. (0:05) Just get through all the anxiety of getting through Teams and Zoom and all of this. (0:10) Every time I open this thing up, it's got a different set of instructions. (0:15) Anyway, good to see everybody.

**Speaker 1**

(0:16) Likewise, likewise.

**Speaker 3**

(0:17) She's an expert, and she's still not in Teams. (0:24) I'll stay in my favorite way, that's for sure.

**Speaker 1**

(0:26) Jim, we know you're obviously really busy these days. (0:29) We last saw each other at that meeting right after Labor Day weekend back in New York with Callen. (0:35) It's been a very dynamic few weeks since. (0:38) We just had a bunch of questions, just wanted to check in. (0:42) Before we go down the route, anything you want to share or start off on, or we should jump into questions, whatever you prefer, however you prefer.

**Speaker 2**

(0:50) Yeah, there's lots of updates. (0:51) If you want to jump as far away, we'll get into it. (0:54) We'll stay on your schedule, how's that.

**Speaker 1**

(0:55) Great. (0:57) Guys, you want to feel free to start off, and then I'll jump in after.

**Speaker 4**

(1:02) Jim, the big question on everybody's mind is really, are you going to be able to finance this with so much, in commercially reasonable terms, with so much skepticism in the market about everything that's taken place over the past few months, so much worry that

California will do something to step in in some way if they could? (1:31) What's your level of confidence that you will be able to finance this?

**Speaker 2**

(1:37) Yeah, we've been obviously working on that feverishly, Steve. (1:41) It's one of the big things. (1:43) We think we have a lot of good stuff coming out that will answer that question definitively. (1:49) So let me kind of give you kind of directionally, for the purpose of where we are on the calendar standpoint. (1:56) We've been working very hard on number one, getting the extension on the Exxon due date in January and so forth, and I'm highly confident there that I'd be very pleased with that.

(2:09) We've been working very hard on commercializing our situation with all the financing needs coming out with Exxon (2:18) and also in going to an offshore OS&T strategy, what we're talking about, (2:23) and we have a lot of support at the government level, and there's a lot of money up there that's being reprioritized (2:33) toward hydrocarbon projects and away from the green solar panels and so forth, (2:39) and all my friends are the trigger for us on it. (2:41) So without disclosing anything, we expect to have an extension on our due date and also some federal support for our credit to really keep our cost of capital extremely low, much lower than we even planned, because it would be something with Treasuries Plus.

(3:04) That's something that's allowed us to get going. (3:08) JP Morgan sat in there and said we're happy to finance it once we get past the Department of Energy, Interior (3:17) clearance to proceed on putting the OS&T out there, so we have a defined plan of when the production is going to come on (3:25) and how we're going to bring sales on and not have to depend on California's emotional winds of environmentalism (3:34) and so forth, whether they're going to leave the pipe on and that type of thing. (3:38) So we've got JP Morgan, federal backing, and Exxon extension and all the credits on it.

**Speaker 1**

Ok

**Speaker 4**

(3:46) Jim, does that mean that it will be a JP Morgan project financing with a DOE guarantee to bring down the rate? (3:57) Is that how it works?

**Speaker 2**

(3:58) If you're just talking conceptually, yes. (4:02) Instead of using a couple words like project financing, it would be something that the federal government has a lot of different programs. (4:11) They have a program where they actually outright loan money. (4:14) They



have a program where they take equity or buy equity type thing. (4:20) The fastest one you can get is the one where they just guarantee the loan, the Treasury-backed guarantee the loan. (4:27) So you're talking about something like Treasury's up plus 100.

**Speaker 4**

(4:30) So it's a DOE wrapper in essence?

**Speaker 2**

(4:34) I'm not using the word DOE. (4:35) That's your word. (4:36) I'm talking about federal government.

**Speaker 4**

(4:37) It's a federal government, but it's a government wrapper. (4:39) It's about you to get the multiplier effect of the financing at lower rates.

**Speaker 2**

(4:44) Exactly, that's correct, and that's the fastest one to get. (4:47) When you have to get Treasury to cut a check, it takes six to nine months. (4:50) When we have a bank to cut a check, we'd love to give them the confidence to wrap it. (4:57) The most appealing thing about it in government terms, 10 years is a short-term paper. (5:04) So think about a 10-year piece of paper with that kind of rate. (5:07) It can get quite interesting, quite exciting. (5:12) Nothing's been done, we haven't agreed on terms or anything like that, but that's directionally where all this is headed.

**Speaker 4**

(5:18) I was going to say, with the LTV that you guys have, it's a no-brainer. (5:22) You've just got to be able to show you, get you out of the ground. (5:25) But circling back just real quickly, Jim, the OS&T that you're referring to, is that synonymous with getting a fiscal permit? (5:34) You need to wait for that? (5:35) Is that what you're saying?

**Speaker 2**

(5:36) We're calling it OS&T Clearance. (5:39) Yeah, so the OS&T means All Stores and Treaties Vessel. (5:43) That was the original vessel that was out there that Exxon had out there. (5:47) It was 160 million barrels for 11 or 12 years. (5:53) That permit is still active. (5:56) That permit is still active because when California had to decide between leaving OS&T out there or going to the pipeline route that we've had today, Exxon and California's agreement, Exxon said if ever the pipeline is not available to the operator, then the OS&T permit is current and up to date, ready to go.

#### **Speaker 4**

(6:20) So then what's the clearance you're referring to that you need to get if the permit is still outstanding?

#### **Speaker 2**

(6:24) Perfect. (6:25) So that first DPP development and production plan was about 500 pages. (6:35) It included Platform Harmony and Platform Heritage. Putting those platforms in and doing all that stuff. (6:40) What we had to provide in this normal course of business with BOEM, Bureau of Ocean Energy and Management under DOI, Department of Interior, we had to provide them an update. (6:52) We filed a 30-page update about a week or eight days ago. (6:56) And they've got that. (6:58) It's basically, this is what we're going to do, this is how we're going to do it and so forth, and details to come. (7:05) And so what they'll do is we're waiting for them to give us a clearance on that, clearance to proceed, just to fill in the details like we're going to acquire the vessel, the vessel details, the mooring, how it's attached to the C4, how many anchors, that type of thing. (7:22) You go through that process. (7:24) It basically says it happens. (7:26) The one thing that Department of Interior and BOEM are doing right is that they're working in lockstep with the Commerce Department. (7:37) And what's key about this, the short story I understand is that the Commerce Department brought the Coastal Commission in this case.

(7:45) When Exxon got the pipeline permit in agreement with California, the Coastal Commission voted against that. (7:58) The Commerce has all, can override the Coastal Commission, and they did in that case. (8:04) On our permit, our OS&T permit that we have, BOEM is going to give us a clearance to proceed in conjunction with the override from the Commerce Secretary on any kind of blockage from the Coastal Commission if we want to deal with them at all. (8:20) And that's one of the key things. (8:22) It's part of blocking the whole deal. (8:23) And we expect that before Thanksgiving.

(8:26) Okay. (8:26) We expect the clearance. (8:28) The clearance to proceed before Thanksgiving. (8:31) And by that point in time, we should have the Exxon extension. (8:34) We should have an announcement out of one of the federal agencies on loan sponsorship as far as whether we're invited into the program, which is basically qualified. (8:45) And then also we should have a vessel into it as well.

#### **Speaker 1**

(8:49) What do you see that can go wrong with that? (8:54) Not being invited. (8:56) And by the way, while you're sipping, I'm going to tell you, you might have a certain golf buddy lefty. (9:00) I've got a certain golf buddy that's in the Commerce Department.

**Speaker 2**

(9:04) Nice to know. (9:05) Nice to know.

(9:08) I've had to promise Ludnick a golf game on the West Coast with a certain left-hander. (9:13) So how about that? (9:15) I'm quite committed, so we'll bounce him in. (9:17) How's that?

**Speaker 1**

(9:18) Howard was told he could only have one secret service guy come to play instead of three regular questions. (9:23) So when you come to the East Coast, he can take you out.

**Speaker 2**

(9:27) You've got to win it. (9:28) That'd be fantastic.

**Speaker 4**

(9:29) So what can go wrong? (9:34) We need to be invited.

**Speaker 2**

(9:37) Yeah, so what happens, this is their process. (9:39) They basically go through everything to get invited, and then once you're invited, then they actually do the modeling and get down to the brass tacks of how much money. (9:48) So right now, we're scoped in, and we've got legal opinions. (9:52) You know, for the \$900 million to take Exxon out in January, we've got the \$500 million ball with OS&T. (10:00) We've got the \$300 million of LOE and G&A. (10:08) It's going to take you all the way through, basically. (10:10) Like you talked about, the whole project is not project finance, but it's a big project. (10:15) And then any kind of bonding information at Exxon, as was forced, \$350 million at the beginning, then it escalates to \$500 million as P&A bonding. (10:26) We still can negotiate something with Exxon on that. (10:28) So if you add it all up, it's like \$2.3 billion, somewhere between. (10:32) And that's easy within the \$400 billion that they're accessing.

**Speaker 5**

(10:40) Sorry, one more time. (10:41) The \$500 million for the OS&T vessel and \$300 million for G&A, and what was the other thing? (10:48) I mean, it sounded like a lot.

**Speaker 2**

(10:49) G&A slash LOE, lease operating expenses. (10:53) Oh, lease expense. (10:55) Yeah, lease operating expenses is the biggest part of that. (10:57) And that takes you to cash flow. (10:59) I'd love for it to be \$300 million at G&A. (11:01) It's not.



**Speaker 5**

(11:03) Right, and that takes you to. (11:04) I thought you said it was \$100 in that last eight days. (11:08) One second.

**Speaker 2**

(11:09) Can I change that statement? (11:11) Can I take you all the way through? (11:12) So let's go through it again. (11:13) \$900 million Exxon acquisition, \$500 million for the OS&T, \$300 million for LOE and G&A through first quarter 27, okay, and then \$500 million of P&A, abandoned bonding support. (11:28) Okay. (11:29) All right, that doesn't include, it means \$100 million of CapEx that we included in our report that we just put out there. (11:40) That's inside the \$500 million worth of OS&T. (11:45) We have that included.

**Speaker 5**

(11:46) So what's the other \$400 million, I'm just curious.

**Speaker 2**

(11:48) So it does include the \$100 million. (11:50) It does include the \$100 million of that \$500 million. (11:52) It doesn't, sorry.

**Speaker 5**

(11:53) And the other \$400 million in OS&T is what? (11:56) That's other related expenses?

**Speaker 2**

(11:59) No, we got to purchase the OS&T. (12:01) We got to do the top side.

**Speaker 5**

(12:02) Got it, got it, got it. (12:03) Okay.

**Speaker 2**

(12:04) Let's quarter for the OS&T to get \$100 million worth of CapEx and get all of our platforms in great shape ready to take it. (12:12) So \$500 million for OS&T, all the related CapEx.

**Speaker 5**

(12:15) Okay, thank you.

**Speaker 2**

(12:16) Yeah, sorry about that.

**Speaker 4**

(12:18) Do you foresee being able to lock down the FDSO on a term sheet fairly quickly?

**Speaker 2**

(12:28) We sure are planning that right now. (12:31) We're planning that September 4th. (12:33) Yeah, yeah, here early November. (12:36) So it's a good bet. (12:38) We have three of them we're looking at right now. (12:40) This is the best one, so.

**Speaker 4**

(12:41) Okay, so just to circle back, why is an ExxonMobil extension needed if you're able to take them out before January 15th, 26th?

**Speaker 5**

(12:49) It's not needed.

**Speaker 4**

(12:51) Do you want to be able to explain to your colleague?

**Speaker 2**

(12:54) No, the aspect of it, you can take advantage of this aspect to make sure that we're going to, if it takes longer to get to OS&T or whatever, I'm trying to satisfy the banks that put money into the financing before the loan program shows up. (13:10) So I'm just saying all angles, hoping to make sure we satisfy everybody.

**Speaker 4**

(13:14) And do you think Exxon will play nice in the sandbox with you?

**Speaker 2**

(13:18) So far, yes.

**Speaker 4**

(13:20) And are we talking about a modest 25, 50 bit kind of kick, kiss or something?

**Speaker 2**

(13:26) No, it's going to be, I wouldn't call it modest, but I'd call it a kiss. (13:31) And then I would call it, if it's contingent, just if we need it, we're still planning to take it out January.

**Speaker 4**

(13:38) Okay, so this is not something that's going to kick in and still have a knock on effect post January 15th, if you avail yourself of it.

**Speaker 2**

(13:45) Yeah, exactly.

**Speaker 4**

(13:47) And is there a reason, just humor me, why does an ExxonMobil want to asset it back themselves to do everything that they were doing before that you're doing now?

**Speaker 2**

(13:59) Their words, okay, their words, I got to be humble here, okay. (14:02) Their words, you know, is that they would not do what we've done and that they're very proud of what we've done and so forth. (14:10) And they're fully convinced that they're not adept to operate in California because California moves the goal posts so bad, they cheat so bad. (14:22) And Exxon's, totally like the Redcoats from the Revolutionary War, they march out with their coats on and say, this is what we're going to do, we're going to follow the rules. (14:29) And the rules keep changing and we're more adaptable than they are.

**Speaker 1**

(14:33) Let me recapitulate. (14:35) In their straight-laced, pinstripe suits. (14:40) ExxonMobil said, fuck those Californians, I'd rather not be playing with them.

**Speaker 2**

(14:44) The line is too short for my career.

**Speaker 1**

(14:47) Okay, thank you.

**Speaker 2**

(14:50) You understand the sensitivity there. (14:53) I get it. (14:56) They're as elegant as you just said right there, I promise you.

**Speaker 1**

(14:59) You control your destiny once you take them out.



**Speaker 2**

(15:01) That's one of the things also that we're trying to make sure is that the reason we're going to the offshore route is so much more important than we have to deal with all this anymore.

**Speaker 5**

(15:12) But could you squeeze me on that for a sec? (15:14) Because people are saying, again, this might just be hearsay, but there are gas emissions coming out and California might still have some regs that you guys might have to deal with as far as gas emissions are extracted. (15:25) Can you speak to that? Can we talk about that?

**Speaker 2**

(15:28) You would normally think that. (15:29) But putting the OS&T out there that has 40-year improvement in equipment and so forth, turbines and so forth, the modern equipment versus the 40-year-old equipment we have at LSE that we're going to be updating over the next five years, LSE being our onshore facility, our emissions will be about 75% of our existing emissions right now and will be well within our air permits.

**Speaker 5**

(15:53) Okay, so you foresee no obstacles or dealings with California after you go?

**Speaker 2**

(15:56) We're working closely with DOE, with Chris Wright, the secretary there, and his buddy Lee Zeldin, the EPA, and Lee would love to get involved if we need to make sure we get that set.

**Speaker 5**

(16:10) We saw some articles about that.

**Speaker 2**

(16:15) That is California's normal plight. Coastal Commission and air emissions, that's their standard plight.

**Speaker 5**

(16:20) Yeah, the government shut down. (16:21) There's articles about Chris Wright potentially losing some power at DOE. (16:25) Has that impacted things lately?

**Speaker 2**

(16:27) Total bullshit. (16:28) That was strictly coming out of California Politico. (16:32) That's exactly what it is. (16:36) And we're the number one project for the NEDC, which is the National Energy Dominance Council, because we're on board. (16:45) And also, you heard it right here, guys. (16:48) I've suggested this, and it's been ramped up to DJT, that we ought to change the name to Ocean America instead of Pacific Ocean and start drilling again out here. (16:58) And I said, how'd it go? (17:00) He goes, he liked it way too much, is the word I got back. (17:04) So if you hear that, Ocean America, that's where it came from.

**Speaker 4**

(17:07) I was just telling him you're going to put some gold leaf on the platforms as well.

**Speaker 2**

(17:11) Well, we've also added that we're happy to plant—we need to know whether we need to paint the letters 50 feet tall or 70 feet tall for the Trump one on the side so we make sure Oprah can see the tanker from her Montecito mansion. (17:32) We're not putting buffers on. (17:34) He came back and said he liked it in gold.

**Speaker 6**

(17:39) We don't expect California to play nice in the sandbox here. (17:44) What do you expect them to do?(17:46) Do they have any rights?

**Speaker 2**

(17:48) There are two areas, the coastal commission and air rights and so forth. (17:53) We've gone so far. (17:54) I said, Chris, if they won't let us operate in California, we're going to need to go out of the Marine Base at Fort Hueneme. (18:01) That's our port right there. (18:03) They have the Marine Base. (18:04) We need to be able to set up props so they can get you access to that. (18:06) We thought about that. (18:07) We thought about—we're adding some legislation to the omnibus bill that's supposed to get passed before you're in here. (18:16) We had it set up in the big beautiful bill. (18:19) They took out all that legislation to get it passed. (18:22) Now, hopefully when the government goes back to work on the clean CR, we have—the CR, I'll take them through December 1st or whatever. (18:30) Then the omnibus bill for the last month, we should have a legislation there that restricts any kind of legal or judicial or regulatory challenge strictly to be adhered by BOEM and BSEE as well inside of the Department of the Interior that the courts can't challenge and also any kind of air rights as well challenges in Congress as well. (18:52) We're putting that in the U.S. Congress and U.S. law, so we hope to have that

cleared by your end. (18:58) We're doing everything possible to look down the road at what they can do and block them.

**Speaker 1**

(19:03) So over the \$2-plus billion that we just spoke about, I didn't hear any equity in that scenario. (19:11) All I hear from people who are dumping the stock or shorting the stock is equity is solely needed here.

**Speaker 2**

(19:18) Yeah, they're supposed to talk in terms of equity. (19:22) They're supposed to talk in terms of a patch because there's different forms of stuffing. (19:27) We're supposed to be on production in September, right, and make it and so forth. (19:32) We're not going to be on production in September, so we're going to have to bridge to this financing stuff and so forth. (19:39) We'll need some type of injection somewhere in the \$100-\$150-\$200 million range. (19:45) That's it.

**Speaker 1**

(19:47) Okay. (19:47) Do you expect—I mean, I don't know if you can comment, but do you expect people to—insiders to participate in that type? (19:52) I think that would just show a lot of confidence if people.

**Speaker 2**

(19:56) Insiders all get a lot more stock than everybody else. (19:59) I'm not that concerned about that. (20:00) Okay. (20:02) There's a lot of, you know, a lot of interest from everybody. (20:08) Like you said, it's not a secret. (20:11) It's just where we are.

**Speaker 4**

(20:12) If the bridge or the patch is going to be on a form of equity, the lower the stock price goes, the more dilutive it's going to be to the larger shareholders, i.e., you guys, the insiders. (20:22) Right, right. (20:23) So if there's a John that passes the SNF test of L&T, if you have lawyers who come to help you raise the markets, that can actually help you get the price up to help yourself. (20:41) Because from our perspective— Yeah.

(20:43) I'm sorry.

(20:44) I was just going to say, from our perspective, for a lot of wages now, we're just depending— we're just trying to figure out what IRR we're underwriting this to. (20:50) Is it a year? (20:51) Is it a two-year? (20:51) Is it a three-year based on your delay? (20:54) But the



equity rates is single-handedly the most dilutive thing that might happen depending on the price at which you do it.

**Speaker 2**

(21:01) Yeah, and it's been like that for every equity rate we've had and so forth because it's been our path to liquidity to keep our operations going and so forth. (21:11) So the aspect of it is I'd be highly confident that one year ahead of getting on production, we're hoping to knock a lot of those contingents out to that before we have to raise equity. (21:24) We'll do as many as we can. (21:25) The key one, financing out of the way. (21:26) We'll have any kind of maturities out of the way, and then hopefully we'll have the line of sight on the vessel and be going that direction too.

**Speaker 4**

(21:36) My apologies. (21:37) I think I'm either not picking up what you're putting down. (21:41) You're talking about a patch, but that patch is going to come in the new year, but before—

**Speaker 2**

(21:47) No, it will come here in the fourth quarter.

**Speaker 4**

(21:49) It will come. (21:50) So the stock price is very important, and that goes back to my question. (21:55) Is there something you could do to help yourself?

**Speaker 2**

(22:00) We're doing everything we can.

**Speaker 4**

(22:03) Within the legal concept to get the price up to raise at a higher price.

**Speaker 2**

(22:07) Yeah, we're doing everything we can.

**Speaker 7**

(22:09) We should be able to announce the debt financing first for the package with the government, which will get the stock price up and then raise the equity. (22:19) Without seeming overly manipulative like a loser can't—

**Speaker 5**

(22:22) You're talking about getting the federal government to do that while they're shut down and all that kind of stuff.

**Speaker 2**

(22:27) Yeah, there's a shot, Stephen, but I can't control all these different aspects. (22:32) We've been working diligently on this. (22:34) This isn't a new idea around here. (22:36) So we've been following up trying to do this. (22:39) We'll get as much out of the way as possible. (22:41) At the end of the day, it's going to be about who wants to buy the stock at, what, \$12 or \$12.39 today for a shot at \$40.

**Speaker 5**

(22:48) Yeah, I think it's back to just the natural owner base over the last few months or quarters. (22:56) Obviously, a lot of them left the room, and I think once you show a confident plan and financing and permits and all that, I think if there's a new plan that's— we're bypassing the state level, these crazies, and we're going to a federal level, and there's a path, and there's a line that's public documentation and public support, then I think that'll really help things.

**Speaker 2**

(23:18) That's it. (23:19) We're trying to keep the government open enough to get all this stuff, as much stuff done as possible for what we need to capture.

**Speaker 4**

(23:26) Let me ask you, has anything changed substantially, sorry, Stephen, since Exxon was operating in 94 in the law that's been codified that can prevent you or your data to permit or—

**Speaker 2**

No, just the opposite of the Permits Act. (23:45) We're updating the permit. (23:47) That's the whole thing. (23:48) We're going to get it waived by the Commerce Secretary. (23:50) I couldn't say this if the previous administration, since we've already— Chris is our sponsor, the DOE Secretary. (24:00) He's already talked to Howard and said, fine, we already talked about this. (24:04) It calls being a golf game. (24:05) So we've got full coordination. (24:07) I've got three-hour turnaround from the Department of the Interior. (24:10) You see Solicitor going on. (24:13) It's a new day. (24:14) So, you know, we're going to run as fast as we can to get all this patched together right now. (24:18) So without this administration, it'd be very difficult.

**Speaker 4**

(24:21) Okay. (24:21) You agree, Chief Katten. (24:22) Chief, that's a cheap call option to get this sent across the ballot.

**Speaker 2**

(24:25) Absolutely. (24:26) Without any question.

**Speaker 8**

(24:27) What happened with Newsom in the sense that for the last year and a half, you guys say he's supported, he's helped us. (24:36) What changed?

**Speaker 2**

(24:37) Yeah, I think what—and I'm a guest at the end, but do you think about operationally, we whipped him. (24:44) Regulatory, we whipped him. (24:45) Judicially, we whipped him. (24:46) So we get into the legislative session here in September, okay? (24:49) And all of his big environment donors out there, they all want cap-and-trade so he gets a return on their investment and stuff. (24:56) And so he traded cap-and-trade with the enviros. (25:00) They said, we want stop offshore oil. (25:04) So that's—he made a political step right there. (25:06) He left this window open between the legislative session in September and 1-1-26 from that billing pass. (25:14) And then they got—the legislators were embarrassed. (25:18) They put a whole lot of pressure on Newsom. (25:20) And so Newsom just said, hey, fine, tell our guys, find a way to overcome some of these environmentalists and so forth. (25:26) And we're saying, okay, fine, we'll just go to offshore after OST.

(25:29) I know in my bones in December we're going to get a shot at the pipeline, okay? (25:35) I can't guarantee you that, because we're going to OST. The more we do—the more we solidify our position going forward, the more pressure is going to be on Newsom to say, okay, let's do the pipelines because they hate the OST. They hate the tankers and so forth.

**Speaker 5**

(25:51) But isn't that like a cutoff date like by mid-November even or late August — because you get to finance—like the ball gets rolling to finance the tanker?

**Speaker 2**

(26:00) Well, we do all that on the option purchase basis. (26:03) Got it. (26:03) So we try to keep all our options open on that. (26:06) And so we would close on the tanker probably



after the Exxon refinance. (26:12) So it's when it's come, we're kind of thinking about that. (26:15) So we'll have the option. (26:17) But it's got to be his move because he's locked up in California politics right now. (26:23) But that was a big case. (26:24) It was the legislature in September because up to that point, it's gone balls and strikes as long as you all follow the rules, that's fine.

(26:30) We've got some bogus, you know, Santa Barbara County DA has some civil charges, and they ramp them up to criminal and stuff. (26:39) They're trying all kinds of stuff with all the crazies. (26:41) We're trying to Teflon to all that kind of stuff. (26:43) And even the last hearing where we're suing for \$347 million, and the judge listed the three hours of spectacular testimony, how we're permitting everything else. (26:52) I'm not changing my mind, but did he really hear the case? (26:58) You know, he went against us. (26:59) And I said, wait a second, we're suing them. (27:02) Well, that's suing us. (27:03) So it's like just strange. (27:05) It will all get out, but it really did. (27:07) So all that stuff, we'll hopefully leave behind and continue to press our claims for damages and recover that money over time. (27:16) But as long as we have a clear path with OST, which we do, and then there will be a situation where if they want to make some kind of deal, it will be in December. (27:27) And we could actually start with a pipeline, and it would take us two weeks to fill it.

### **Speaker 1**

(27:31) But then you still have to go back to Judge Jett.

### **Speaker 2**

(27:34) Yeah, yeah. (27:35) Judge Jett's situation, that was more of a capture for us to make sure she controlled it. (27:39) They couldn't go to another court and have another case, kind of keep trying to bring it all out. (27:44) So I think we're in good shape there. (27:48) But we're not going to stop on OS&T. I'm just saying, what if this is a lightning bolt possibility that because of their disdain for it, that they may do it? (27:58) And that's the same way they tried to do it 35 years ago. (28:00) That's the way they tried to sell you off a pipeline 35 years ago.

(28:05) So you've got to stop there, and then we go forward and execute on OS& T, and we'll have it up on sales, fourth quarter, 26. (28:15) And we've done this offshore, Africa, and so forth. (28:19) You actually get higher prices because you're selling at world oil prices, and there's not that capture inside the California market and stuff like that (28:25) So it's got some benefits on the long term, on the price realizations, and a longer legal budget and things like that that should be overlooked. (28:36) Greg, were you guys going to add to that left off?

**Speaker 7**

(28:41) I would just clarify that we have other options available to us in terms of capital needs other than equity. (28:48) We still have baskets under the existing Exxon term laws. (28:51) I think a lot of people are just extrapolating things. (28:54) So just keep that in mind. (28:56) We've got a \$259 unsecured basket. (28:58) So when we talk about capital needs, we're not necessarily talking about equity.

**Speaker 4**

(29:04) So in order of priority, it seems like that would probably be your best choice before you delete your sales and shareholders.

**Speaker 7**

(29:11) It all depends on price. (29:12) I'm just making the point that we're not committing to saying we're having one type of offering or another.

**Speaker 4**

(29:18) I appreciate that. (29:19) Thank you, Greg.

**Speaker 5**

(29:21) So it sounds like the next update will be... (29:27) I'm just backtracking for a second before we leave off. (29:30) What do you expect the next potential update to be, Jim?

**Speakers**

(29:34) That would be fun. (29:35) You wouldn't be surprised. (29:39) Enough surprises in the last two months. (29:41) I'm sorry. (29:41) We're all up.

**Speaker 2**

(29:44) Fair enough. (29:45) We think in a couple weeks we'll have lots and lots of good news out.

**Speaker 4**

(29:50) Gregory, can I just circle back for a second? (29:52) Because I don't have a full PSA for ExxonMobil. (29:57) But that basket, is that dependent on certain bridge tests?

**Speaker 7**

(30:00) No

**Speaker 4**

(30:01) Ok. Thank you. So you're free and clear to use that as you wish if you so choose to.

**Speaker 7**

(30:09) Correct. Under, with Exxon's direction. I think the other limitation would be for some reason they a problem with doing it. It's not hard consent, but again it's in their sole discretion.

**Speaker 9**

(30:28) Inquiry. The \$3-\$4 dollar difference that you've talked about in terms of the cost differential between pipeline and FTSO, does that include all the costs in terms of fuel, crude, bringing back an empty ship from let's say from Latin America, all those other costs.

**Speaker 2**

(30:50) They'll start strictly at the field level with our with our platforms and the FPTs itself. The marketing, once the tanker comes up there that probably third party tankering and so forth that'll give us a net price at that at that point in time. And so what happens is California imports about 100 million barrels of fuel a year, gasoline, jet fuel, diesel, and all those tankers leave empty. So we're willing to put crude oil in and send it back, Chevron called us up said (31:19) "Look, that'd be great. We'd love to do that." Uh said, "We can either take it down to our Long Beach, pop it into El Segundo, South LA, or we'll take it over to Indonesia, Singapore, refine it, bring it back as fuel, sell to California at higher prices."

(31:31) So from our standpoint, we're going to be a backhaul depot for all those empties. Two thirds of all the fuel comes in from Asia, either Korea, Indonesia or Singapore, and one third comes into the Gulf Coast United States. under the Trump agenda if we have to keep it in the United States, we don't have to bring it to California, we bring it around salted from refineries here in Texas and Louisiana. (31:55) So it's going to be a fungible barrel at that point in time.

**Speaker 4**

(32:05) Yeah. Just trying to address all the short and bare stories that are out there uh in terms of basically say you guys are just making up numbers, don't know what they're doing, all the rest. I don't have to -

**Speaker 2**

(32:22) We understand that. No, you can ship it pretty much anywhere in the world for about \$5 a barrel, okay, as a as a max cost. It obviously be less if we're just going to bring it



to California. But uh and the pipelines and the refineries, it's a captured system inside California with the collapsing infrastructure inside California that that there's the Crimson pipeline is the only pipeline to go from central California oil fields north to San Francisco. It's is announced it's closing its doors, there's no more oil going north to California. It's all going to be imported oil and then our wall is obviously going to loop around and go south down to El Segundo and that's the only pass port for the SYU.

(33:00) So differentials under a lot of pressure there and you can see \$10 - \$15 all in costs between differentials on the pipeline and the refinery and the difference in the refinery and also tariffs on the on the pipelines themselves. So we all think its a lot better offshore. I mean you multiply it times 646 million barrels. It's a real number.

#### **Speaker 5**

(33:20) Jim, why would you even entertain going back to California at this point after the behavior and all the you know terrible stuff that they did. Like?

#### **Speaker 2**

(33:29) We wouldn't entertain. We'd have to be back. But is there is a thing about not spending \$700 million in the present value of those reserves getting put on. We'd have to draw some calculations, how's that. I'd much rather be offshore, but if they force me onshore with money, I'm going to take it.

#### **Speaker 4**

(33:50) Hey Jim, whatever happened to the idea would be quicker, the Feds, as far as nationalizing the pipeline?

#### **Speaker 2**

(33:55) They brought it up and we said, "Look, you know, that that I don't know if that'd be quicker or not." You know, because you kind of need state cooperation to do that. The only pipeline they've ever nationalized is Alaska Trans Alaska pipeline. So, Prudhoe Bay down to Valdez and so forth. And that would that would be a war between Trump and Newsom. That would be that would be epic, you know, from that standpoint.

#### **Speaker 1**

(34: You need state approval to do that.

**Speaker 2**

(34:24) You're going to go to courts and all that kind of stuff. It took five years to do it in Alaska or three years or whatever. That was in the middle of the oil crisis. So I can imagine. We've had enough battles in California. We want to win the ones we have that that we have good cases on and move on.

**Speaker 4**

(34:41) So if I may just go back to the subject, and I'm going to seize on a word choice he used. If they seduce me with money. Considering there was something floated around to 100 200 million to refiners to keep them going. You said if California seduces you with money, is that you saving from having to spend it, but then potentially giving you money to bring you to use the pipeline?

**Speaker 2**

(35:06) Saving without having to spend it.

**Speaker 4**

(36:05) Okay.

**Speaker**

And cash flow a year earlier.

**Speaker 4**

I got all that is the fact that somebody posited that they give 100 to 200 million to the refineries to keep them there. That maybe -

**Speaker 2**

(35:21) Well, no, it's a good concept. I think it's they should be doing it, but they they've kind of gone too far the other way because we'd be saving 500 in OS&T 300 and GNA and O&E, say we have revenue lost to offset it and so forth, you know, and that that's a lot that's a lot of money 800 million bucks to entice us with to put it on December and it's there in the court. So, we we do we'll do the right MP on this thing and y'all can figure out what that is.

**Speaker 4**

(35:47) Thank you.

**Speaker 7**

(35:48) But the good thing is with the OS&T, if we progress to that point, then we've already got to that point. So we have that as leverage to hold over them going forward that we can bring we can go bring one out anytime we need to. We've got everything kind of facilitated with the federal government. So they can't kind of come back to the spot if if and when we get invited back onshore.

**Speaker**

(36:11) Is nine months a good timeline in terms of building all the capex that you'll need to do here? How much risk is there that that gets extended?

**Speaker 2**

(36:19) Yeah, Steve, I think I think it is. We've got three vessels that we really like. One that we like the best and it's all really just topside plumbing like what the what the oil treating capacity is and stuff. It's not like magic stuff that we put them on. So, we're kind of think about this way. We close on the OST bike by January having the shipyard in February through July and then having move and demove August and September uh out to the field for production in fourth quarter 26. So you know we we think that's we we've done that before and it's using existing ship. It may not be the perfect you know deal. It's only engineers perfection to deal. Good enough gets it done you know right now. So making sure we do that.

(37:06) So you're talking about the same turbines, the same pumps, the same electricity generation and stuff like that and they're all today all the equipment is so much more emission sensitive that we're well within our air permits and things like that. So seem like we got enough options there to feel like feel pretty good about our plan going forward.

**Speaker 4**

(37:28) And the work at the shipyard they have availability. There's no issue. No issue there?

**Speaker 2**

(37:33) In certain shipyards. Yes.



**Speaker 4**

(37:44) And all the equipment that you need is American sourced, wouldn't be tied up with either additional cost in tariffs or?

**Speaker 2**

(37:50) Well I don't I don't know that, but we're talking to Congress about getting a waiver on that to make sure it's a certain percentage American source that type of thing for the waiver activity.

(38:09) We're not shy about asking this administration. They're not shy about saying that sounds great. So, we're going to try to get as much of that taken care of as possible.

**Speaker 5**

(38:27) Good luck with everything. Thank you guys.

**Speaker 2**

(38:29) Appreciate y'all calling in, not tormenting yourself so much with all the groups. We're here with the answers and we're on the same team.

**Speaker 1**

Wish you guys a lot of luck into your run. It's a lot happen.

**Speaker 2**

(38:44) Appreciate you alls time.



Nov 3, 2025 8:57 AM Eastern Standard Time

## Sable Offshore Corp. Provides Strategic Update to Investors

Share



HOUSTON--([BUSINESS WIRE](#))--Sable Offshore Corp. ("*Sable*" or the "*Company*") (NYSE: SOC) today, in its updated investor presentation, provided a strategic update to investors. Sable is actively evaluating and pursuing an accelerated Offshore Storage and Treating Vessel ("*OS&T*") strategy as its main path to unlocking the value of the Santa Ynez Unit ("*SYU*").

Sable submitted a Development and Production Plan update for the SYU to the U.S. Department of the Interior on October 9, 2025. Prior to implementation of the OS&T strategy, regulatory authorizations are required, including clearance from the U.S. Department of the Interior. Sable is working to receive regulatory clearance for its OS&T strategy. Sable has identified multiple potential vessels and expects to opportunistically acquire an existing OS&T in Q1 2026. Sable expects to complete vessel topside modifications, platform modifications, and vessel installation at the SYU before recommencing oil sales in the fourth quarter of 2026. Sable expects that the OS&T strategy will be beneficial to investors long term through the achievement of lease operating expense savings, crude oil marketing benefits, and a favorable regulatory environment.

### Amendment of the Senior Secured Term Loan

On November 3, 2025, the Company and Exxon Mobil Corporation entered into an amendment (the "*Amendment*") the Senior Secured Term Loan Agreement (the "*Existing Secured Term Loan*" and, after the Amendment is effective, the "*Senior Secured Term Loan*"). The Amendment will become effective upon the satisfaction of certain conditions, including the Company receiving equity contributions in an amount of no less than \$225.0 million, net of underwriting fees and other



transaction costs and expenses, and other customary closing conditions. The Amendment, once effective, will extend the maturity date of the Existing Secured Term Loan to the earlier of (i) March 31, 2027 or (ii) 90 days after first sales of Hydrocarbons (as defined in the Existing Secured Term Loan). The Amendment, once effective, will increase the interest rate from ten percent (10%) per annum to fifteen percent (15%) per annum, compounded annually, payable in arrears on January 1st of each year. At the Company's election, accrued but unpaid interest may be deemed paid on each interest payment date by adding the amount of interest owed to the outstanding principal (paid-in-kind) amount under the Senior Secured Term Loan. The Amendment will also include additional reporting covenants and a financial liquidity covenant that will require the Company to have not less than \$25.0 million in unrestricted cash, measured at the end of each month. There is no guarantee that the Company will be able to satisfy the necessary conditions to effect the Amendment.

Upon receiving regulatory clearance for its OS&T strategy, Sable expects to pursue debt financing solutions to fund the accelerated OS&T strategy and to refinance the Senior Secured Term Loan. As a component of these potential financing solutions, Sable is actively pursuing multiple avenues of federal financing support in order to achieve an optimal cost of capital for the Company.

### **Special Committee**

The members of the Company's Board of Directors formed a Special Committee of independent directors to undertake an independent investigation of the allegations contained in an October 31, 2025 report published by Hunterbrook, which contains audio recording of a call that took place in October 2025. The Special Committee investigation is underway and the Company expects to provide additional information when appropriate.

### **Conference Call**

Sable will hold a special conference call today, Monday November 3<sup>rd</sup> at 8:00am CST / 9:00am EST to discuss this strategic update. Please use the following link to register to attend the special conference call:

<https://sable-offshore-strategic-update-nov25.open-exchange.net/>

### **About Sable**

Sable Offshore Corp. is an independent oil and gas company, headquartered in Houston, Texas, focused on responsibly developing the Santa Ynez Unit in federal waters offshore California. The Sable team has extensive experience safely operating in California.

## **Forward-Looking Statements**

The information in this press release include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this press release, the words "could," "should," "will," "may," "believe," "anticipate," "intend," "estimate," "expect," "project," "continue," "plan," "forecast," "predict," "potential," "future," "outlook," and "target," the negative of such terms and other similar expressions are intended to identify forward- looking statements, although not all forward-looking statements will contain such identifying words. These statements are based on the current beliefs and expectations of Sable's management and are subject to significant risks and uncertainties. Actual results may differ materially from those described in the forward-looking statements. Factors that could cause Sable's actual results to differ materially from those described in the forward-looking statements include: the ability to recommence full production of the SYU assets, including the implementation of an OS&T strategy, bringing oil to market, and the cost and time required therefor, and production levels once recommenced; availability of future financing; our financial performance; failure to satisfy the closing conditions for effectiveness of the Amendment ; global economic conditions and inflation; increased operating costs; lack of availability of drilling and production equipment, supplies, services and qualified personnel; geographical concentration of operations; environmental and weather risks; regulatory changes and uncertainties; litigation, complaints and/or adverse publicity; privacy and data protection laws, privacy or data breaches, or loss of data; our ability to comply with laws and regulations applicable to our business; and other one-time events and other factors that can be found in Sable's Annual Report on Form 10-K for the year ended December 31, 2024, and any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K, which are filed with the Securities and Exchange Commission and are available on Sable's website ([www.sableoffshore.com](http://www.sableoffshore.com)) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)). Except as required by applicable law, Sable undertakes no obligation to publicly release the result of any revisions to these forward-looking statements to reflect the impact of events or circumstances that may arise after the date of this press release.

## **Disclaimers**

The Santa Ynez Unit assets discussed in this press release restarted production in May 2025 and have not sold commercial quantities of hydrocarbons since such Santa Ynez Unit assets were shut in during June of 2015 when the only onshore pipeline transporting hydrocarbons produced from such Santa Ynez Unit assets to market ceased transportation. Since the May 2025 production restart, the oil produced has been transported via pipeline to storage tanks onshore at Sable's Las Flores Canyon processing facility where it is being stored pending resumed petroleum transportation through an OS&T vessel or the Las Flores Pipeline System. There can be no assurance that the necessary approvals will be obtained that would allow the use of an OS&T vessel or the Las Flores Pipeline System to recommence sales.

## Contacts

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**SABLE OFFSHORE CORP.**

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## RELEASE SUMMARY

Sable Offshore Corp. Provides Strategic Update to Investors

## RELEASE VERSIONS

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