Attachment A

Santa Ynez Unit Mid-Cycle Coastal Resources Mitigation Fund Fee Reassessment

Introduction

The County's Coastal Resources Mitigation Fund (CRMF) was established in 1984 and guidelines for its implementation were approved in 1988. CRMF is designed to mitigate the impacts of offshore oil development by funding projects that enhance coastal resources, thereby compensating for residual impacts of industrialization along the coast. CRMF focuses on residual impacts only, that is, those impacts that remain after other project-specific mitigation measures have been implemented. CRMF mitigation fees are required as a condition of approval on County permits for the Point Arguello, Point Pedernales, Santa Ynez Unit, and Gaviota Marine Terminal projects for the life of these projects.

Mitigation fees are assessed at five-year intervals based on information the County compiles from project monitoring and County permit compliance to determine if impacts have occurred to the extent predicted by the environmental analysis for the project and based off the initial CRMF assessment and all previous fee reassessments. When assessing CRMF fees, staff assigns impact points with values of 0-5 in four coastal impact categories including aesthetics, environmentally sensitive resources, recreation, and tourism for a maximum possible total of 20 points per year. A value of one (1) represents a low impact; a value of five (5) signifies a high impact.

Impact points are then multiplied by a fixed dollar amount of $20,000, which is adjusted for each assessment to reflect current dollars based on the change in the Consumer Price Index (CPI) for the preceding five years as reported in the Bureau of Labor Statistics, U.S. Department of Labor, *Consumer Price Index for All Urban Consumers, Los Angeles – Long Beach – Anaheim Metropolitan Area.* Permit conditions for each offshore oil development project limit the maximum annual payment that the project is required to make to CRMF. The Point Arguello and Santa Ynez Unit projects are limited to a maximum annual payment of $327,000, and the Gaviota Marine Terminal and Point Pedernales projects are limited to an annual payment of $325,000.

Below is a summary of all project fee assessments since the inception of CRMF in 1988. Table 1 shows historic impact assessment points from just the Santa Ynez Unit. A full list of historic impact assessment points for all projects can be found in the CRMF Guidelines (Attachment B), and available online at: https://www.countyofsb.org/coastal-resources-mitigation-fund-crmf.

- 1988-1992 assessed all projects mainly on construction-related impacts using $20,000 per impact point.
- 1993-1997 assessed all projects on both construction and operation-related impacts using $23,960 per impact point.
- 1998-2002 assessed all projects mostly on operation-related impacts using $26,050 per impact point.
- 2003-2007 maintained assessments of all project's operational phases with slight reductions for cumulative impacts using $29,800 per impact point.
- 2008-2012 removed the Gaviota Marine Terminal project from the fee assessment due to the removal of all hydrocarbon tanks onsite as part of the project's final demolition and reclamation activities. The assessment maintained all other project's operational phases with slight reductions for cumulative impacts using $35,600 per impact point.
- 2013-2017 maintained assessments of all project's operational phases and was modified with a mid-cycle reassessment (2015-2017) to reflect ceased operations at the Santa Ynez Unit and Point Arguello due to the 2015 shutdown of the Las Flores Pipeline System (then the Plains All American Pipeline), causing impact reductions to reflect a low likelihood of an oil spill from those two projects. A multiplier of $38,600 was used per impact point.
- 2018-2022 maintained assessments reflecting a low likelihood of an oil spill from Santa Ynez Unit and Point Arguello using $41,800 per impact point.
- 2023 – 2027 maintained assessments reflecting a low likelihood of an oil spill from Santa Ynez Unit and Point Arguello. A mid-cycle reassessment of the Point Pedernales Project was conducted due to the shutdown of the Phillips 66 export Line 300 pipeline system, causing impact reductions to reflect a low likelihood of an oil spill for that project. A multiplier of $53,100 was used per impact point.

Table 1. Santa Ynez Unit Historic Impact Assessment Points

Year	Environ. Sensitive Resources	Aesthetics	Recreation	Tourism	TOTALS
1988	5	2	0	5	**12**
1989	5	2	0	5	**12**
1990	5	2	0	5	**12**
1991	5	2	0	5	**12**
1992	5	2	0	5	**12**
1993	4	2	0	4	**10**
1994	4	2	2	3	**11**
1995	3	2	2	3	**10**
1996	3	2	2	3	**10**
1997	3	2	2	3	**10**
1998	2.5	2	1.5	3	**9**
1999	2.5	2	1.5	3	**9**
2000	2.5	2	1.5	3	**9**
2001	2.5	2	1.5	3	**9**
2002	2.5	2	1.5	3	**9**
2003	2	2	1.5	1.5	**7**
2004	2	2	1.5	1.5	**7**
2005	2	2	1.5	1.5	**7**
2006	2	2	1.5	1.5	**7**
2007	2	2	1.5	1.5	**7**

Year	Environ. Sensitive Resources	Aesthetics	Recreation	Tourism	TOTALS
2008	1.5	2	1.25	1.25	**6**
2009	1.5	2	1.25	1.25	**6**
2010	1.5	2	1.25	1.25	**6**
2011	1.5	2	1.25	1.25	**6**
2012	1.5	2	1.25	1.25	**6**
2013	1.5	2	1.25	1.25	**6**
2014	1.5	2	1.25	1.25	**6**
2015	1.5	2	1.25	1.25	**6**
2016	0.5	2	0	0	**2.5**
2017	0.5	2	0	0	**2.5**
2018	0.5	2	0	0	**2.5**
2019	0.5	2	0	0	**2.5**
2020	0.5	2	0	0	**2.5**
2021	0.5	2	0	0	**2.5**
2022	0.5	2	0	0	**2.5**
2023	0.5	2	0	0	**2.5**
2024	0.5	2	0	0	**2.5**
2025	0.5*	2	0*	0*	**2.5**
2026	0.5*	2	0*	0*	**2.5**
2027	0.5*	2	0*	0*	**2.5**

*Staff recommends these fee categories be increased as part of this reassessment

Existing Assessment

The 2023 – 2027 existing fee amounts for the Point Arguello, Point Pedernales, and Santa Ynez Unit projects is provided in Table 2. Fees reflect a low potential of an oil spill from each of the three projects as equipment was purged of oil, platform wells secured with block valves, and piping disabled to eliminate any active hydrocarbon flows. The assessments assumed that the three projects would continue to be non-operational (e.g. not producing, storing and/or treating oil) through 2027. These assessments are detailed in Board Agenda Letters dated December 6, 2022, and April 19, 2023, and are available online at: https://www.countyofsb.org/1599/Board-of-Supervisors

Table 2. Existing Annual CRMF Fees for 2023 - 2027[1]

PROJECT	2023	2024	2025	2026	2027
Santa Ynez Unit	$132,750	$132,750	$132,750	$132,750	$132,750
Point Arguello	$159,300	$159,300	$159,300	$159,300	$159,300
Point Pedernales	$26,550	$26,550	$26,550	$26,550	$26,550
Annual CRMF Fees[2]	**$318,600**	**$318,600**	**$318,600**	**$318,600**	**$318,600**

[1] As approved by the County Board of Supervisors on December 6, 2022 and April 19, 2023
[2] Assessed at $53,100 per point

Santa Ynez Unit Mid-Cycle Reassessment

The Santa Ynez Unit is an oil and gas production unit comprised of sixteen federal leases, three offshore platforms (Harmony, Heritage, and Hondo), associated undersea and onshore pipelines, and onshore processing facilities. Since CRMF's inception, the Santa Ynez Unit has been owned and operated by ExxonMobil Corporation. In February 2024, Sable Offshore Corporation (Sable) acquired the Santa Ynez Unit, as well as Pacific Offshore Pipeline Company (POPCO) and Pacific Pipeline Company, the owners of the interconnected POPCO Gas Plant and the interconnected export pipeline (Las Flores Pipeline System), respectively. Sable is a new independent oil and gas company formed in October 2020 as a special purpose acquisition company headquartered in Houston Texas.

From May of 2025 to March of 2026, Sable produced approximately 540,000 barrels of oil from the Santa Ynez Unit and stored oil at its onshore facilities. On March 14, 2026, Sable resumed the transportation of hydrocarbons produced at the Santa Ynez Unit through the Las Flores

Pipeline System after a federal Department of Energy Executive Order directed at Sable was issued under the Defense Production Act. Following that order, Sable returned Platform Harmony to full service, restarted Platform Heritage in March 2026, and resumed gas production from Platform Hondo in May 2026. According to Sable's Securities and Exchange Commission filing dated June 1, 2026, the Santa Ynez Unit is expected to produce an average of 42,500 – 47,500 barrels of oil per day, with increases in 2027 and beyond[1].

Per Section 2.2. of the CRMF Guidelines (*Timing of Payments*), a mid-five-year cycle reassessment can be conducted if circumstances significantly affect the CRMF fees. Restart of the Santa Ynez Unit constitutes such a circumstance as there is once again offshore oil and gas production contributing to cumulative impacts in the Santa Barbara Channel, with the potential for a spill or other upset event to occur. The Santa Ynez Unit's Final Development Plan permit condition No. X-8 (*Coastal Resource Enhancement Fund*) defines CRMF as mitigation for cumulative impacts only as follows:

> *ExxonMobil shall make payments to the industry-wide Coastal Resource Enhancement Fund established for enhancement of the region to offset the impacts of increased industrial development associated with cumulative oil development in Santa Barbara County as identified in the FEIS/R.*
>
> *It is recognized that given the proposed cumulative offshore oil and gas development in the Santa Barbara Channel, the impacts to recreation and tourism in the County will be adverse and significant, and that each applicant should be responsible for a pro-rata share of the cost of reducing these impacts.*
>
> *The County Board of Supervisors shall determine, in a noticed public hearing, the amount of ExxonMobil's payment to the fund that is required to mitigate residual impacts. Mitigation shall not exceed $327,400 annually for the life of the project, which is based on information contained in the FEIS/R.*

Below are descriptions of Santa Ynez Unit's historic and current impacts, associated impact points, and staff's recommendations for the fee reassessment. A summary is provided in Table 3. No changes are recommended for the Point Arguello and Point Pedernales projects, as those facilities remain purged of oil with a very low likelihood of an oil spill.

- ***Environmentally Sensitive Impacts:*** The first CRMF assessment assigned the maximum of five points (5.0) for environmentally sensitive resources based on the loss of habitat from project construction and the potential loss of habitat and marine communities from a major

[1] Available online at: Sable Offshore SEC Filing Form 8-K dated June 1, 2026

oil spill. Points were then decreased in each following assessment cycle due to the completion of construction, the implementation of direct mitigation (e.g. early abandonment of pipelines and offshore pilings and site revegetation and restoration) and because several cumulative projects identified in the project's Environmental Impact Reports either did not occur or were completed and the sites restored. While the Santa Ynez Unit was last operating from 2008 – 2015, one point (1.0) was assigned to represent a low risk from a major oil spill. During ExxonMobil's operation of the Santa Ynez Unit, minor hazardous materials spills/releases occurred; however no major incidents occurred, defined as an oil spill of fifty barrels or more that enters the environment in accordance with County Code Chapter 25B. While the Santa Ynez Unit was shut down and idle, points were reduced to zero as the facilities were purged of hydrocarbons and preservation activities were conducted to maintain integrity under federal, state, and local laws and permits.

Now that the Santa Ynez Unit is once again operational, staff recommends that 1.0 point be reinstated beginning in May 2025 to reflect the potential for an operational oil spill and/or fire. One (1.0) point is recommended as the offshore platforms were restarted and are producing in accordance with the federal Bureau of Safety and Environmental Enforcement and Bureau of Ocean Energy Management requirements, onshore facilities were restarted and are operating in accordance with County Final Development Plan permit conditions related to facility operations, an updated Oil Spill Response Plan is in place with the State's Office of Spill Prevention and Response (OSPR #CA-00-7239), no new development has occurred, no changes in operational procedures have been made, no major incidents have occurred since restart (as defined by County Code Chapter 25B), and no increases in oil production or storage over permitted limits have been made as indicated in Sable's production reports provided to the County from May 2025 through March 2026[2].

In addition to this one point, a half point (0.5) has been assigned since 2008 to represent the constant cumulative industrialization of the Gaviota Coast (i.e., degradation of environmentally sensitive coastal resources from all types of development). Once the restoration of the Ellwood Marine Terminal at the University of California at Santa Barbara's north campus is complete, the cumulative degradation of environmentally sensitive coastal resources may be reduced. Restoration of the Ellwood Marine Terminal site is still ongoing; therefore, staff recommends that the half point remain.

- ***Aesthetics Impacts:*** Two (2.0) points were given to reflect the aesthetic impact of Santa Ynez Unit's three offshore platforms and are meant to be assessed at two points per year

[2] Available online at: https://www.countyofsb.org/santa-ynez-unit-popco-gas-plant-las-flores-pipeline-system

for the life of the project, as the platforms continue to create a significant visual impact and represent the westerly extension of the Santa Barbara Channel's offshore oil platforms. The onshore Santa Ynez Unit facilities are consolidated and located on the inland (mountain) side of the Gaviota coast within Las Flores Canyon west of Refugio State Beach and El Capitan State Beach. Only a portion of the facilities are visible from public viewing places and Highway 101. As no new development has occurred or has been removed, staff recommends that 2.0 points be given to reflect the aesthetic impact of the offshore platforms.

- ***Recreational Impacts:*** Initial assessments assigned zero points for recreational impacts, as no significant cumulative impacts were identified in the project's Environmental Impact Reports for the construction phase of the Santa Ynez Unit. However, with operations starting in 1994, two (2.0) points were assigned due to the potential for an oil spill to affect coastal recreation, especially recreational experience at Gaviota, Refugio, and El Capitan State Parks. In 1998, points were reduced to one and a quarter points (1.25) due to successful mitigation from the development and enhancement of more recreational opportunities and access along the coast from CRMF-funded projects. Points remained at 1.25 from 1998 through 2015. During Santa Ynez Unit's shut down and idle status, points were reduced to zero. Now that Santa Ynez Unit is once again operational, staff recommends that 1.25 points be reinstated beginning in May 2025 to reflect the potential for an operational oil spill and/or fire to affect coastal recreation. Staff recommends the same number of points be assigned as previously determined as no new cumulative oil development projects that would impact coastal recreation have been constructed.

- ***Tourism Impacts:*** The first CRMF assessment assigned the maximum of five points (5.0) for tourism impacts because the project was expected to reduce both quantity and quality of tourist visits due to noise, degradation of air quality, and degradation of the visual environment during construction of the Santa Ynez Unit. In addition, the risk of an oil spill was identified as having a cumulative impact on tourism. Over time, points were reduced to reflect the completion of construction, and to reflect a reduction in cumulative impacts from an oil spill as several oil development projects either did not occur or were completed and restored. Since 2008, one and a quarter point (1.25) were assigned to reflect this lower risk, and in 2016, points were reduced to zero after the Santa Ynez Unit was purged of oil, its platforms' wells secured with block valves, and piping disabled to eliminate any active flow. Now that Santa Ynez Unit is operational again, staff recommends that 1.25 points be reinstated beginning in May 2025 to reflect the potential for an operational oil spill and/or fire. Staff recommends the same number of points be assigned as previously determined as no new cumulative oil development projects that would impact tourism have been constructed.

Table 3. Santa Ynez Unit Approved and Modified Impact Points

Impact Category	Approved Impact Points (2023-2027)	Modified Impact Points (May 2025 – December 2027)
Environmentally Sensitive Resources	0.5	1.5
Aesthetics	2	2
Recreation	0	1.25
Tourism	0	1.25
Total Impact Points	**2.5**	**6**
Value Per Point[1]	$53,100	$53,100
Annual CRMF Fees	**$132,750**	**$318,600**

1 - Calculated based on a $20,000 value multiplied by the CPI-adjusted amount based on September 2022 Bureau of Labor Statistics Data to reflect constant dollars. Available online at: https://data.bls.gov/series-report, series ID# CUURS49AAA0

Table 4 shows the modified annual CRMF fees for the Santa Ynez Unit, Point Arguello, and Point Pedernales projects.

Table 4. Modified Annual CRMF Fees for 2023 - 2027

PROJECT	2023	2024	2025	2026	2027
Santa Ynez Unit	$132,750	$132,750	$256,650[1]	$318,600	$318,600
Point Arguello Unit	$159,300	$159,300	$159,300	$159,300	$159,300
Point Pedernales Project	$26,550	$26,550	$26,550	$26,550	$26,550
Total Fees	**$318,600**	**$318,600**	**$442,500**	**$504,450**	**$504,450**

1 – Prorated fee amount from May 2025 – December 2025

Table 5 shows the remaining fee amounts to be collected from Sable for the Santa Ynez Unit under the modified program.

Table 5. Santa Ynez Unit Annual Coastal Resources Mitigation Fund Payments

	2023	2024	2025	2026	2027
Amount Owed	$132,750	$132,750	$256,650	$318,600	$318,600
Amount Paid	$132,750	$132,750	$132,750	$132,750	$0
Amount Remaining	$0	$0	$123,900	$185,850	$318,600
Total Remaining Fees					**$628,350**