

Katherine Douglas

Appellant Presentation

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From: Jeremy Frankel <jfrankel@environmentaldefensecenter.org>
Sent: Friday, February 21, 2025 10:35 AM
To: sbcob
Cc: Linda Krop
Subject: EDC Presentation for Sable 2/25 Appeal Hearing
Attachments: EDC BOS Appeal PPT Presentation_2025_02_21.pptx

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Good morning,

Attached please find Appellant Environmental Defense Center's presentation for the 2/25 hearing on Sable's requests for change of Owner, Operator, and Guarantor.

Please confirm receipt.

Thanks,



environmental
DEFENSE CENTER

JEREMY FRANKEL (he/him/his)

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

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Credit: Erin Feinblatt Photography

EDC's Opposition to Sable's Applications for Change of Owner, Operator, and Guarantor



2015 Refugio Oil Spill

- 440K Gallons
- 100s Mammals Killed
- 140K Lost Rec Days
- \$200M to Local Businesses
- ~\$870M in Total Costs



Image of Refugio State Beach in May 2015
Credit: Hunterbrook Media

The Board Cannot Make the Following Findings

1. Financial Assurances: 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2), & 25B-10(a)(9)

Sable has not assured the County that it is capable of responding to an oil spill (or other disaster) or abandoning the facilities in the likely event that it fails.

2. Operator Capability: 25B-10(a)(9)

Sable's disregard for state law and agency directives is disqualifying.

3. Permit Compliance: 25B-9(a)(5) & 25B-10(a)(5)

Sable's pipelines lack effective cathodic protection; without such protection, a spill from the pipelines is *five times* as likely.

Chapter 25B

History and Purpose

The County stands to suffer significant adverse environmental impacts and substantial harm to public health, safety, and welfare unless all owners and operators are:

a) capable of operating oil refineries and onshore oil and gas facilities that support the recovery of offshore reserves in a safe manner and in full compliance with permit conditions and applicable law,

b) financially capable of paying the cost of proper abandonment, including remediation of contaminated soils and waters, and

c) financially capable of paying for all legally compensatory damages or injuries suffered by any property or person that result from or arise out of any oil spill or other accident.

- Board of Supervisors Findings (when Adopting Chapter 25B)

Chapter 25B's Financial Assurance Findings

Chapter 25B-9(a)(2), 25B-9(e)(1), & 25B-10(a)(2):

All necessary insurance, bonds or other instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new owner(s) and will remain in full effect following the ownership change.

Staff's Interpretation is Misguided and Incorrect

Staff is incorrect:

*The ordinance **does** require new owners, operators and guarantors to demonstrate the financial wherewithal to cover the cost of timely and proper abandonment . . . and to cover natural resource damage.*

- 2001 Memorandum from Staff to Planning Commission

Unless and until a Financial Responsibility Ordinance is adopted,

[Chapter 25B] will continue . . . the present practice, which consists of case by case evaluation to determine, first, what is an adequate level of financial guarantees for the facility, and second, what types of guarantee are acceptable.

- 2001 Staff Report to Planning Commission

Other Provisions Confirm Staff is Incorrect

Chapter 25B-10(b): Permit Re-Opener Provision

The planning commission may impose additional conditions on the permit in order to ensure that any insurance or other financial guarantees that were submitted to and relied on by the planning commission as a basis to make any finding required by this chapter are maintained.

Chapter 25B-6(f): “Information Required for All Applications”

Financial information on any owner, operator, or other guarantor needed for the director or planning commission to make the financial guarantees finding. This information shall include the previous year’s annual report, audited financial statements, and required SEC filings.

Staff Ignore Additional Financial Assurance Provisions

Chapter 25B-10(a)(9):

*The proposed operator has the skills, training, and **resources** necessary to operate the permitted facility in compliance with the permit and all applicable county codes.*

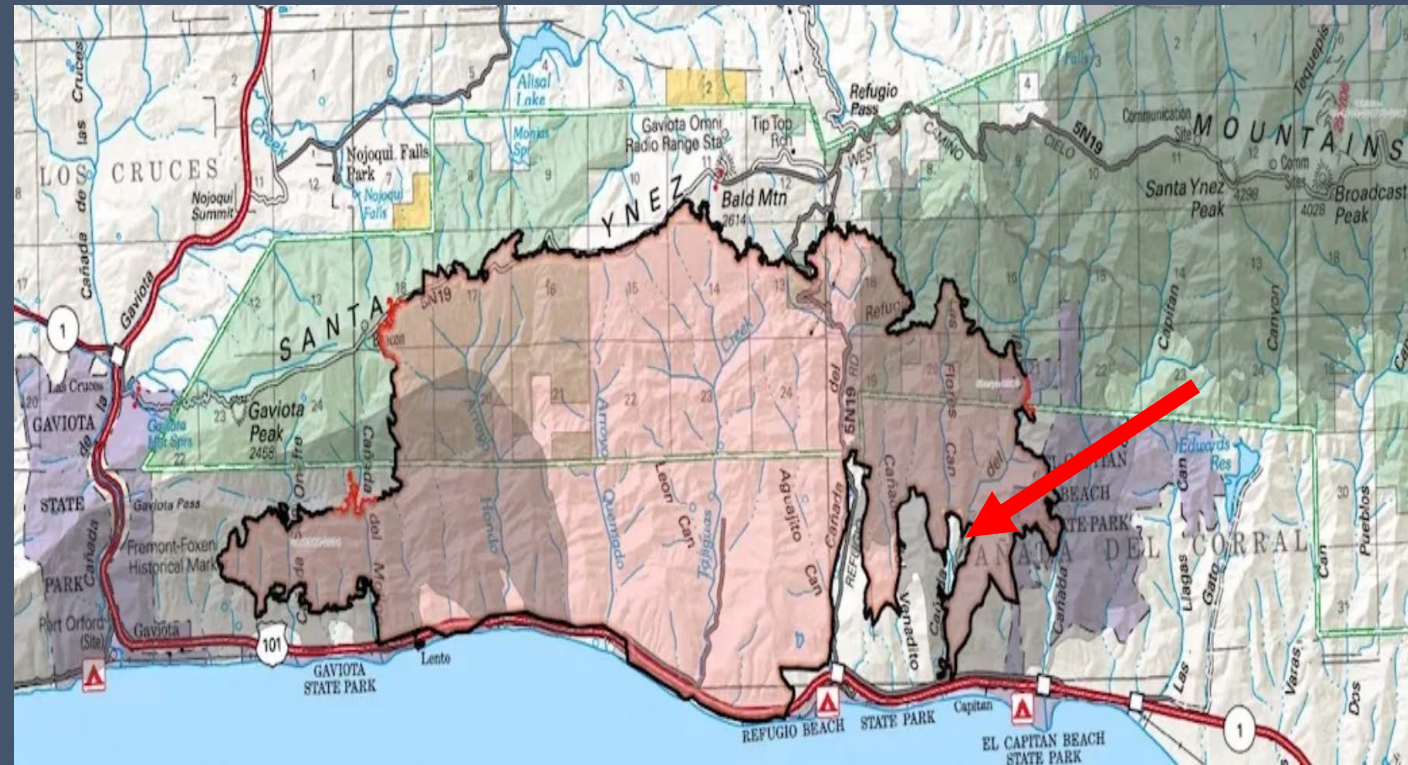
“Resources” Defined:

*Stocks or reserves of **money**, materials, people, or some other asset which can be drawn on when necessary.*

Sable's Financial Incapacity: Oil Spills and Other Disasters



Sable's Defective Pipeline
Credit: Bill Reitherman



201 Alisal Fire Burn Scar

\$870M Cost of the Refugio Oil Spill

- \$100M in 6 weeks
- \$200M Damage to Businesses
- \$60M in Civil Penalties
- ~\$870M in Total Costs



Image of Refugio State Beach in May 2015

Credit: Noozhawk

Sable by the Numbers: Extreme Risk of Insolvency

- Available Cash: \$288M
- Remaining Startup Expenses: \$197M
- Deficit: \$682M
- Debt: \$814M, and growing

*As of September 30, 2024

[S]ubstantial doubt exists about the Company's ability to continue

[T]he Company may have insufficient funds available to operate its business prior to first production

- Sable Offshore Corp.

Sable has not Demonstrated it has the Financial Wherewithal to Respond to a Disaster

Oil spill during or near restart → Bankruptcy all but guaranteed

Sable's *one* certificate of insurance cannot satisfy Chapter 25B:

1. Staff have not evaluated the underlying policy
2. Full reimbursement very unlikely
3. Policy amount insufficient to cover cost of a disaster

Sable's Financial Incapacity: Abandonment of Facilities



Platform Holly
Credit: State Lands Commission



Ellwood Onshore Facility
Credit: Noozhawk

- Obtain a new easement from California Department of Parks and Recreation
- Resolve litigation in *Zaca Preserve, LLC v. Sable Offshore Corp. et al.* Resolve litigation in *Center for Biological Diversity et al. v. Debra Haaland et al.*
- Lift the injunction on acid well stimulation treatments stipulated in *Environmental Defense Center et al. v. Bureau of Ocean Energy Management et al.*
- Obtain a new or modified permit for pipelines
- Obtain four State Lands Commission leases
- Obtain a CDP for valve installations (CCC)
- Obtain a CDP for repair work (CCC)
- Comply with RWCQB's Notices of Violation
- Obtain an Incidental Take Permit (USFWS)
- Post a bond with the CalGEM
- Complete repairs/deferred maintenance on CA-324
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- Complete a successful hydrotest of CA-324
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- Obtain approval from OSFM to restart CA-324
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- And more . . .

Sable May Never Restart Production

Sable has not Demonstrated it has the Financial Wherewithal to Abandon the Facilities

[S]ubstantial doubt exists about the Company's ability to continue

*[T]he Company may have insufficient funds available to operate its
business prior to first production*

- Sable Offshore Corp.

Chapter 25B's Operator Capacity Finding

Chapter 25B-10(a)(9):

The proposed operator has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes.

Sable Does Not Have a Track Record – Only Violations

Repeated Violations of State Law and Agency Directives:

1. September 27, 2024 Notice of Violation (CCC)
2. October 4, 2024 Notice of Violation (CCC)
3. November 12, 2024 Cease-and-Desist Order (CCC)
4. December 13, 2024 Notice of Violation (RWQCB)
5. December 13, 2024 Notice of Violation (RWQCB)
6. December 17, 2024 Notice of Violation (CDFW)
7. January 22, 2025 Notice of Violation (RWQCB)
8. February 11, 2025 Notice of Violation (CCC)
9. February 16, 2025 Notice of Violation (CCC)
10. February 18, 2025 Cease-and-Desist Order (CCC)
11. Continuing failure to cooperate with CalGEM
12. Continuing failure to cooperate with USFWS



Unpermitted Repair Work; Ignoring Cease and Desist

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