

Sable Offshore Corp.

Application for Change of Owner, Operator
and Guarantor

SABLE
OFFSHORE



SOC
LISTED
NYSE

PACIFIC PIPELINE
COMPANY

Overview

- Three facilities:
 - Santa Ynez Unit – change of owner, operator, and guarantor from ExxonMobil to Sable
 - Pacific Offshore Pipeline Company Gas Plant – change of operator and guarantor from ExxonMobil to Sable
 - Las Flores Pipeline System – change of operator and guarantor from ExxonMobil to Sable
- Santa Barbara County Code Section 25B provides for transfer of county permits upon satisfaction of specified criteria
- “Upon making the findings...the planning commission **shall approve** the change” of owner, operator, and guarantor.

(County Code Sec. 25B-10(b); similar language under Sec. 25B-9(g) related to Director’s approval .)
- All findings required under Section 25B are satisfied
- Consistent with requirements, the Planning Commission approved permit transfers on October 30, 2024
 - Planning Commission’s detailed findings outline compliance
 - County staff recommends denial of the appeals, as detailed in recommendation letter

Chapter 25B is Narrow and Approval Is Mandatory

- Santa Barbara County Code Chapter 25B provides for *transfer of county permits* upon satisfaction of specified criteria
- Permit transfer is required upon sale of assets to put County in direct relationship with owner, operator, and guarantor
- Chapter 25B only approves permit transfer; it does **not authorize pipeline restart**
- This Board ***already rejected Appellants' arguments*** when it approved ExxonMobil's similar application in 2023:
 - Transfer of the permits is not a project under CEQA
 - FDPs remain in effect and there is no basis to require new permits or EIR
 - Nothing from Plains' 2015 spill prevents permit transfer
 - Not inactivity of pipeline since 2015
 - Not alleged failure of cathodic protection
 - Not Plains' alleged failure to comply with county permits
- There is no lawful basis to revisit any of these determinations
- Approval is mandatory when conditions are met, as they are here

All Chapter 25B Findings Are Met

Sable Offshore Corp.
 Pacific Offshore Pipeline Company
 Pacific Pipeline Company

Sable Offshore Corp.

Sable Offshore Corp.

Owner

- Fees and Exactions
- Financial Guarantees
- Acceptance of Permits
- Facility Safety Audit
- Compliance with Existing Requirements

Operator

- Fees and Exactions
- Financial Guarantees
- Acceptance of Permits
- Facility Safety Audit
- Compliance with Existing Requirements
- Compliance Plans
- Transitional Plan
- Emergency Response Plan Drills
- Operator Capability

Guarantor

- Financial Guarantees

Planning Commission Confirmed Findings Are Met

- Fees and Exactions (Sec. 25B-9(a); 25B-10(a)(1).)
 - “The requirements of this finding are satisfied. **Planning and Development has verified with Accounting staff that no outstanding payments are due for the facility**, or related planning and compliance cases.” (Findings, pp. 1, 3, 5, 9 [emphasis added].)
- Acceptance of Permit (Sec. 25B-9(a)(3); 25b-10(a)(3).)
 - “The requirements of this finding are satisfied. **Sable provided a signed Agreement to Comply with Conditions of Approval dated March 14, 2024** accepting all conditions and requirements of the permit.” (Findings, pp. 2, 4, 7, 10 [emphasis added].)
- Safety Audit (Sec. 25B-10(a)(4).)
 - “The requirements of this finding are satisfied. The most recent **County-conducted safety audit of the Las Flores Canyon Facilities (SYU and POPCO Gas Plant)** was conducted on July 16 -17, 2014 by the County's Systems Safety & Reliability Review Committee (SSRRC).” (Findings, p. 2.)
- Compliance with Existing Permit Requirements (Sec. 25B-9(a)(5), 25B-10(a)(5).)
 - “The requirements of this finding are satisfied. The **permittee is in compliance** with all requirements of the FDP Permit. No [County] notice of violations have been issued for the facility.” (Findings, pp. 3, 8 [emphasis added].)

Appeals Should Be Denied

- Appeals filed by Center for Biological Diversity/Wishtoyo Foundation and Environmental Defense Council/Get Oil Out!/Santa Barbara County Action Network
- Appellants ask the County to exceed its authority
 - State and federal law preempt the County from regulating certain pipeline operations
 - County confirmed, in Celeron settlement, that federal and state authorities have exclusive authority over pipeline safety
- Appeals ignore evidence supporting Planning Commission's findings and misrepresent County Code requirements
 - Chapter 25B outlines clear criteria that have been met, if not exceeded
 - Because the findings have been properly made, the applications must be approved
- These arguments were presented to, and rejected by, the Planning Commission
- All code requirements have been met
- **The appeals should be denied**

Sable Exceeds Financial Requirements (Sec. 25B-9(a)(2), 25B-9(e)(1), 25B-10(a)(2).)

- “The requirements of this finding are satisfied. **Previously required bonds** and endowments under the FDP Permit **have been satisfied** and none remain outstanding. The FDP Permit Condition No. XXX-1 requires the permittee to be responsible for the proper abandonment of the facility, and that a performance bond be in place, or that the permittee continue to pay property taxes until abandonment is complete. **As no bond is in place, the permittee will continue to pay property taxes until site restoration is complete.**” (Findings, pp. 2, 4, 6-7, 9-10.)

- Santa Barbara County Sections 25B-9 and 25B-10 do not require bonds for the Change of Owner, Operator and Guarantor
- FDP requires payment of property taxes
 - As of November 18, 2024, Sable had **\$363 million** in unrestricted cash
 - Sable has a current market capitalization exceeding **\$2.6 billion**

Sable carries extensive insurance:

- More than **\$400 million** in liability coverage (incidents and spills)
- Additional **\$35 million** in Oil Spill Financial Responsibility policy that will significantly increase at restart
- **\$2.5 billion** in property insurance covering SYU, the POPCO Gas Plant and the Las Flores Pipeline System

Sable Exceeds Financial Requirements

Though not required here, Sable/PPC submitted Certificates of Financial Responsibility (Certificate Nos. 22624-00-001, 42624-00-001 and 22623-00-001), which confirm consistency with state financial responsibility requirements.

OIL SPILL PREVENTION AND RESPONSE

DISPATCH REPORT

INLAND FACILITY, EVIDENCE OF CERTIFICATE OF RESPONSIBILITY

By Applicant Name

<i>App. #</i>	<i>Applicant Name</i>	<i>Facility Name</i>	<i>Cert. #</i>	<i>Cert. Exp.</i>	<i>Evidence Type</i>	<i>Evidence Expires</i>			<i>Fin. Resp. Demon</i>
						<i>1</i>	<i>2</i>	<i>3</i>	
2624	PACIFIC PIPELINE COMPANY	LAS FLORES PIPELINE SYSTEM	42624-00-001	08/31/2026	01	08/14/2025			\$101,000,000

OIL SPILL PREVENTION AND RESPONSE

DISPATCH REPORT

MARINE FACILITY, EVIDENCE OF CERTIFICATE OF RESPONSIBILITY

By Applicant Name

<i>App. #</i>	<i>Applicant Name</i>	<i>Facility Name</i>	<i>Cert. #</i>	<i>Cert. Exp.</i>	<i>Evidence Type</i>	<i>Evidence Expires</i>			<i>Fin. Resp. Demon</i>	<i>MTU Fin. Resp. Demon.</i>
						<i>1</i>	<i>2</i>	<i>3</i>		
2624	PACIFIC PIPELINE COMPANY	CA-324- LAS FLORES PIPELINE (LAS FLORES CANYON TO GAVIOTA)	22624-00-001	08/31/2026	01	08/14/2025			\$101,000,000	
2623	SABLE OFFSHORE CORP.	CRUDE OIL & WATER EMULSION PIPELINE - PORTION IN STATE WATERS FROM	22623-00-001	08/31/2026	01	08/14/2025			\$101,000,000	



Compliance and Transition Plans Were Updated

- Compliance Plans (Sec. 25B-10(a)(6).)
 - “The requirements of this finding are satisfied. **County staff confirmed that all relevant compliance plans have been updated with current emergency contact information pertaining to Sable.**” (Findings, pp. 5, 8, 12.)
- Transition Plans (Sec. 25B-10(a)(7).)
 - “The requirements of this finding are satisfied. **Sable submitted a comprehensive Transition Plan describing the general strategy taken for the transition from ExxonMobil Corporation to Sable**, a description of the facilities and general operating procedures, details on the staffing and support employees, and asset-specific training and general training conducted.” (Findings, pp. 5, 8, 12.)

County Staff Reviewed the Following Plans

1. Las Flores Pipeline Integrated Contingency Plan (including valid & effective oil spill contingency plan)
2. Las Flores Pipeline Noise Monitoring and Control Plan
3. Las Flores Pipeline Pump Station Fire Protection Plan
4. Las Flores Pipeline SIMQAP
5. Las Flores Pipeline Site Security Plan
6. Santa Barbara Harbor Use Plan
7. SYU/POPCO Emergency Response Plan
8. SYU/POPCO Fire Protection Plan
9. SYU/POPCO Groundwater Management Plan
10. SYU/POPCO Integrated Noise Monitoring Plan
11. SYU/POPCO NGL Inventory Management Plan
12. SYU/POPCO Preservation Plan
13. SYU/POPCO Security Control Plan
14. SYU/POPCO SIMQAP
15. SYU/POPCO Transportation Risk Management and Prevention Program (TRMPP)

Sable Conducted Required Emergency Drills (Sec. 25B-10(a)(8).)

- “The requirements of this finding are satisfied. Sable submitted an updated Emergency Response Plan and staffing details for their Incident Management Team who run the response drills. **Sable held a comprehensive emergency response drill on September 19, 2024** in coordination with the County Fire Department's Office of Emergency Services and other regulatory agencies.” (Findings, pp. 5, 9.)



Sable/PPC performed an onshore emergency response drill with California Department of Fish and Wildlife's Office of Spill Prevention ("OSPR") and Santa Barbara County Fire Department ("SBC Fire") present in July 2024.



Sable performed a federally-monitored emergency response drill with the U.S. Coast Guard ("USCG"), the Bureau of Safety and Environmental Enforcement ("BSEE"), the California State Lands Commission, OSPR and SBC Fire present in September 2024.

Sable Meets Operator Capability Requirements (Sec. 25B-10(a)(9).)

- “The requirements of this finding are satisfied. Sable's Executive Management Team have managed oil and gas exploration and production businesses in the Pacific Ocean, offshore Texas and Louisiana, and onshore California **for more than 30 years**.
- Sable's **Onsite Middle Management Team** have all transferred over from similar roles at the Las Flores Canyon Facilities under Exxon, with **an average of 21 years of experience working at the facilities**.
- Approximately 64 percent of the onsite facility employees have also transferred over in their same or similar capacity from Exxon.
- All employees and management have been trained on the facility-specific Compliance Plans.
- **Sable has had zero major incidents involving crude oil and gas facilities** within the U.S. while managing Sable Permian Resources from 2017 - 2021, FMOG from 2013 - 2017, and PXP from 2009 - 2013.” (Findings, pp, 6, 9, 12-13 [emphasis added].)

Sable Management Team's Extensive Safety Track Record

Management Team Previously Operated in Santa Barbara

- Received Santa Barbara County's First and Only "Resolution for Good Operator" Recognizing Outstanding Operating Performance
- Ranked MMS's (now BSEE) Best Operator in the Pacific OCS for Safety of Platform and Pipeline Operations
- Santa Barbara County Commendation for Outstanding Maintenance Practices at LOGP



- **2011**: Occupational Excellence Achievement Award for 21 PXP locations
- **2010**: Occupational Excellence Achievement Award for PXP's California Los Angeles Basin San Vicente and Packard locations
- **2009 – 2010**: Perfect Record Award for operating 11,390 employee hours without occupational injury or illness involving days away from work
- **2009**: National Industry Leadership Award
- **2008**: Occupational Excellence Achievement Awards for Outstanding Safety Practices
- **2007**: Occupational Excellence Achievement Awards for Outstanding Safety Practices
- **2008**: Recipient of the Environmental Lease Maintenance Award
- **2007**: Recipient of the Environmental Lease Maintenance Award
- **2006**: Recipient of the Clean Lease Awards
- **2006**: Recipient of the Environmental Lease Maintenance Award
- **2005**: Recipient of the Environmental Lease Maintenance Award
- **2004**: Recipient of the Environmental Lease Maintenance Award
- **2006**: U.S. Bureau of Land Management Operator of the Year Award
- **2006**: Best Management Practices National Award in the area of Habitat Conservation



World Class Quality and Safety Assurance

- **Santa Ynez Unit and POPCO Gas Plant**

- Production facilities being fully “re-commissioned” to original world-class design specifications
 - Equipment will meet “as-new” service requirements
 - Facilities maintained since 2015 shutdown with continuous monitoring of critical systems to ensure equipment maintained for re-commissioning
 - Conducting testing (wall thickness measurements) of all process piping and vessels to ensure equipment meets original design requirements
 - Testing all process and safety control devices to ensure they meet or exceed current design standards
 - Pressure testing all piping and equipment above maximum expected operating pressures to provide extra measure of safety
- Upgrading the existing leak detection system on emulsion pipeline to shore to current state-of-the-art technology

World Class Quality and Safety Assurance

- **Las Flores Pipeline**

- Implementing a world-class integrity management program, using state-of-the-art management practices, multiple annual internal inspections, planned cathodic protection upgrades and more
 - Anomaly repair criteria is **20% more restrictive** than current regulations - **far exceeding industry standards**
 - Integrity **tool run frequency is 10 times greater** than current regulations
 - Restart hydrotest criteria, including “spike tests,” will **ensure the pipelines are in as-new condition and good for decades of safe operation**
- Incorporating substantially enhanced leak detection and system improvements
 - Includes real time transient monitoring, additional flow meters, pressure instrumentation and other enhancements
- Significantly reduced system reaction times using automatic shutoff systems and 27 new emergency flow restriction devices
 - Meets and exceeds California’s Best Available Technology mandates
- Sable has voluntarily enhanced its emergency response capabilities through deployment of additional Spill Response Teams and strategically located response equipment
 - Active engagement with local emergency responders
 - Establishing a local control center in Santa Maria, vs. prior location of Midland, TX

Appellants Misstate Material Facts

- Appellants claim that the County must require new permits to authorize the facilities
 - Existing permits are still valid and none of the circumstances allowing modification or revocation have occurred
 - Facilities are in compliance with all conditions and will continue to be operated in compliance with the permits
- Appellants demand additional financial assurances
 - Permits only require bonding upon permanent cessation of operations; this Board has never required one
 - Sable has provided evidence of financial assurances well above and beyond what is required by the permits or the County Code
- Appellants argue that the facilities are not in compliance with permit requirements
 - This Board determined that the prior owner/operator was in compliance with all County requirements in September 2023
 - Nothing has changed in ~18 months - Sable continues to comply with all permit and County Code requirements
- Appellants claim that County staff misled the Planning Commission
 - Planning Commission reviewed hundreds of pages of materials and listened to hours of public testimony before making the required findings and approving the transfers
 - Appellants and the public had many opportunities to present their claims, which were fully rejected by the Planning Commission
- Appellants argue that CEQA requires additional review of the County's action
 - Approval of the transfers is an administrative action that is not a project under CEQA
 - Consistent with prior approvals under the same County Code section, approval of the change of owner, operator and guarantor is exempt from CEQA

Responses to Comments

1) Pipeline Restart

- Approval of permit transfer **does not** authorize pipeline restart
- Pipeline restart is a separate process subject to state and federal regulatory requirements

2) Sable's Experience and Safety Commitment

- Sable management team has decades of safe oil and gas operations
- Sable is committed to a state-of-the-art pipeline

3) Financial Capability

- Sable's extensive insurance and cash reserves exceed requirements

NOVs Associated with Repair and Maintenance Activities

- NOVs are not a basis to deny approval of the transfers:
 - Outside the scope of Chapter 25B – not issued by the County and not issued before the applications were “deemed complete.”
 - Code does not in any event contemplate denial even for County NOVs; only assigns responsibility to work through them.
- ***Existing approvals and authorizations allowed Sable to repair pipeline anomalies, install safety valves, and support offshore pipeline facilities as required by federal and state regulations***
- On September 27, 2024, Sable received a Notice of Violation (NOV) from the Coastal Commission as to the anomaly repair and safety valve work
 - Sable worked with Commission staff to complete interim onshore measures to secure repair sites as Sable worked with Commission and County staff to evaluate the NOV allegations
- ***On February 12, 2025, the County confirmed in writing that Sable’s anomaly repair work was previously authorized***
 - Commission staff dispute the County’s conclusions and commenced enforcement proceedings
- Sable has been forced to file suit against the Coastal Commission to preserve its rights consistent with the County’s confirmation that the repair work was previously authorized
- On February 11, 2025, Commission staff issued a separate NOV for the offshore SYU pipeline support work
 - This work was fully authorized by BSEE and SLC and is the same as past offshore work that did not require a new coastal development permit
- Sable also is in receipt of notices from the Water Board and CDFW regarding alleged violations for completed work on the pipeline route and is working with those agencies toward a cooperative resolution

Response to Comments Re: Cathodic Protection

- This Board already considered and rejected claim that cathodic protection did not meet permit requirements:
 - The FDP and associated Conditions of Approval do not include any cathodic protection requirements
 - Staff report confirms Sable is in **full compliance** with FDP
 - Cathodic protection system remains intact and is actively monitored under **exclusive jurisdiction of OSFM and DOT**
- Existing cathodic protection is in full compliance with original EIR/EIS project description
- Sable applied for OSFM “waiver” to allow the company to **enhance integrity** measures beyond existing cathodic protection, including:
 - Enhanced anomaly response, repair criteria, and accelerated reassessments of pipeline integrity
 - Integration of data from appropriate alternating in-line inspection tool technologies designed to ascertain various types of integrity concerns
 - Improved cathodic protection test stations located every mile or less
 - Significantly more frequent inspections
 - Permanent removal of any insulation encountered during repair and maintenance program
 - Coating repair procedures to prevent external corrosion and seal transition areas

Request of the Board of Supervisors

- Sable respectfully requests that the Board of Supervisors:
 - Deny the appeals;
 - Determine that the requested Change of Owner, Operator and Guarantor applications are not a “project” and exempt from CEQA;
 - Make the required findings under Santa Barbara County Code Sections 25B-9 and 25B10; and
 - Approve the Change of Owner, Operator and Guarantor applications.