

CALIFORNIA COASTAL COMMISSION

455 MARKET STREET, SUITE 300
SAN FRANCISCO, CA 94105-2421
VOICE (415) 904-5200
FAX (415) 904-5400



Th8.1, Th8.2 & Th8.3

Staff: Stephanie Cook –SF
Staff Report: March 28, 2025
Hearing Date: April 10, 2025

STAFF REPORT: RECOMMENDATIONS AND FINDINGS FOR CEASE AND DESIST ORDER, RESTORATION ORDER, AND ADMINISTRATIVE CIVIL PENALTY

Cease and Desist Order No.: CCC-25-CD-01
Restoration Order No.: CCC-25-RO-01
Administrative Penalty No.: CCC-25-AP3-01
Related Violation File: V-9-24-0152
Entity Subject to this Order: Sable Offshore Corp.

Location: The properties that are subject to this proceeding are at various locations along the existing Las Flores Pipelines CA-324 and CA-325 within the Coastal Zone, between the Gaviota coast and the Los Padres National Forest, and areas around those properties, that are being or could be impacted by the development activities at issue here, as described below, all within Santa Barbara County; as well as offshore locations in state waters, where the parties subject to this proceeding have undertaken unpermitted development in placing sand and cement bags on the seafloor below and adjacent to out-of-service offshore oil and water pipelines, all as part of an effort to restart Santa Ynez Unit oil production operations and bring the pipelines back into use.

Violation Description: Activities onshore including, but not limited to, excavation with heavy equipment; removal of

major vegetation; grading and widening of roads; installation of metal plates and other fill material within wetlands; dewatering and discharge of water; pipeline removal, replacement, and reinforcement; installation of shutoff valves; and other development associated with the Las Flores Pipelines CA-324 and CA-325; as well as offshore development including, but not necessarily limited to, placing sand and cement bags on the seafloor below and adjacent to out-of-service offshore oil and water pipelines; all without the requisite Coastal Act authorization, as part of an effort to restart Santa Ynez Unit oil production operations and bring the pipelines back into use.

Substantive File Documents:

1. Public documents in the files for Cease-and-Desist Order CCC-25-CD-01, Restoration Order CCC-25-RO-01, and Administrative Civil Penalty Order CCC-25-AP3-01
2. Exhibits 1 through 130 and Appendix A of this staff report.

SUMMARY OF STAFF RECOMMENDATIONS

Introduction

These proceedings pertain to several ongoing and extensive Coastal Act violations undertaken by Sable Offshore Corp. (“Sable”) at various onshore locations along existing crude oil conveyance pipelines on the Gaviota coast in Santa Barbara County, as well as offshore, along sections of related oil and water pipelines, located within state waters, that connect the offshore Santa Ynez Unit oil production platforms to shore. All the violations are at sites along or offshore of the Gaviota Coast, in Santa Barbara County, and all of which have adversely impacted, and continue to adversely impact, coastal resources as a result of Sable’s outright refusal to comply with the Coastal Act. Sable’s development activities on the Pipelines have also been the concern of several other state environmental and natural resource agencies including the State Water Control Resources Board and Regional Water Quality Control Board, the California Department of Fish and Wildlife, and the Department of Parks and Recreation, all of which have similarly identified issues associated with Sable’s lack of compliance with applicable environmental regulations. This issue has also generated concern from State legislators, culminating in a recent inter-agency Town Hall meeting where the aforementioned agencies, as well as some others, collectively met to discuss their respective roles, and interest, in this ongoing issue, as well as to answer questions from the public.

Both the onshore portion of the Pipelines and the offshore oil and water pipelines are part of the larger Santa Ynez Unit, which consists of three offshore platforms (Hondo, Harmony, and Heritage), the Las Flores Canyon processing facility, and associated electrical transmission and onshore and offshore oil, water and natural gas transport pipelines. The Las Flores Pipelines CA-324 and CA-325 (previously Lines 901 and 903 respectively) (“Pipelines”) are located onshore, with Line CA-324 following along the coastline between the Las Flores Canyon Plant processing facility and the Gaviota Pump Station, and line CA-325 extending inland from the pump station. Separate offshore oil and water pipelines extend from the Las Flores facility into state coastal waters and ultimately connect to the three platforms offshore in federal waters, mentioned above.

Background

This specific pipeline system is of particular historical importance as it is the source of the 2015 Refugio Beach oil spill, which caused significant environmental damage to approximately 150 miles of coastline. The oil spill occurred when a corroded portion of the onshore pipeline Line CA-324 ruptured, releasing more than 123,000 gallons of oil. Much of this oil flowed into a storm drain which traveled under the adjacent highway, before reaching the coast of Refugio State Beach, and continuing outward into the ocean.¹ The spill had a severe effect on the coast, negatively impacting wildlife and ecosystems along the coast, and requiring hundreds of millions of dollars in clean-up costs. In addition, the spill caused an estimated 140,000 lost recreation user days between Santa Barbara, Ventura, and Los Angeles Counties.² As a result of the oil spill, all production of oil was halted at the Santa Ynez Unit in 2015, and the pipelines have remained offline and out-of-service since that time.

The Las Flores Pipeline System was constructed in the 1980’s after Celeron Pipeline Company (“Celeron”) proposed to construct a pipeline that would transport crude oil produced from offshore platform locations to out-of-state refinery facilities. Celeron applied to Santa Barbara County and was granted a Conditional Use Permit (“CUP”) and Final Development Permit (“FDP”). Additionally issued under the umbrella of the FDP were two coastal development permits, each of which incorporated by reference the language in the FDP. Celeron completed construction in 1990, and thereafter, the pipelines remained in service until the 2015 oil spill, at which point they were placed out of service.

Since that time, ownership of the Pipelines has been transferred from Plains Pipeline, L.P., owner and operator in 2015, when the lines were placed offline, to ExxonMobil Corporation (“Exxon”) which purchased them on October 13, 2022. Exxon then entered into a purchase agreement with Sable one month later, on November 1, 2022. This purchase agreement between Exxon and Sable was finalized on February 14, 2024. Through this agreement, Sable purchased the entire Santa Ynez Unit (“SYU”), including the Pipelines, and all associated assets (the three offshore platforms, subsea pipelines and infrastructure, and Las Flores Canyon processing facility). As the new owner and operator of the Pipelines,

¹ <https://nrm.dfg.ca.gov/FileHandler.ashx?DocumentID=193144&inline>

² California Department of Fish and Wildlife et al., *Refugio Beach Oil Spill Final Damage Assessment and Restoration Plan/Environmental Assessment*, p. 18 (June 2021) [hereinafter “NRDA”], available at: <https://nrm.dfg.ca.gov/FileHandler.ashx?DocumentID=193144&inline>.

Sable began undertaking efforts to transfer necessary permits and to restart use of the Pipelines and SYU offshore oil production operations.

In brief, this case seeks to resolve Coastal Act violations where Sable, the current owner and operator of the SYU, including the Pipelines and other associated assets as described above, has undertaken, and continues to undertake, development activities onshore, along the Pipelines, and at locations at offshore pipelines, as well, all without prior Coastal Act authorization. Importantly, most of the activities undertaken at locations onshore, along the Pipelines, and which Sable has refused to suspend, have been carried out in direct violation of several Notice of Violation and Notice of Intent letters, and in direct violation of Commission staff warnings and even a formal Cease and Desist Order.

Violation Description

As described in greater detail below, Sable undertook development at locations onshore, along the Pipelines, as early as, if not before, September of 2024. Sable undertook such activities without prior communication or notification to the California Coastal Commission ("Commission") staff, and without Coastal Act authorization. More specifically, at locations onshore, Sable undertook development activities including the following: 1) excavation with heavy equipment; 2) removal of major vegetation; 3) grading and widening of roads; 4) installation of metal plates and other fill material within wetlands; 5) dewatering and discharge of water, including into coastal waterways; 6) pipeline removal, replacement, and reinforcement; 7) installation of shutoff valves; as well as other development associated with the inspection and anomaly correction work on Las Flores Pipelines CA-324 and CA-325. At locations offshore, Sable undertook development beginning on November 29, 2024, including the placement of sand and cement bags on the seafloor below and adjacent to Sable's out-of-service offshore oil and water pipelines.

After acquiring the Pipelines, Sable began conducting inspections along the Pipelines to assess the many sites where the pipeline had corroded and was at risk of rupture. These inspections showed over 100 locations along the Pipelines, and within the Coastal Zone, where Sable determined the pipeline was defective, and in need of repair. To complete these repairs, Sable brought in heavy equipment to excavate substantial areas, and began either, removing or replacing whole sections of pipe, or installing external sleeves or coatings to expand and reinforce the pipeline. With regard to the installation of shutoff valves, as mentioned above, 16 shutoff valves were installed at onshore locations of the Pipelines and of those 16 valves, a total of seven were located in the Coastal Zone. The shutoff valves are large structures with various apparatuses that are installed directly on the Pipelines. In certain locations, installation of this type of apparatus involved extensive grading and removal of vegetation. Importantly, the full extent of development undertaken in accordance with the above-listed Coastal Act violations, is not fully known by Commission staff as Sable has repeatedly declined requests from Commission staff to provide full-scale project plans and detailed information about the scope of work it carried out.

The onshore development along the Pipelines has resulted in adverse impacts to various sensitive habitat areas in order to create access routes and staging areas, and for the

excavations themselves. Although some of the work has been in areas of less sensitive habitat, they still raise some concerns. is pastureland, Some of these excavations extend for roughly 100 ft, with a depth of roughly 10 ft, and some occurred on steep slopes (Exh. 112 and Exh. 113 and in protected habitat areas including federal designated critical habitat for wildlife protected under the Endangered Species Act, or within streambed corridors and wetlands. Over the months in which Sable has continued to undertake this work, Commission staff received reports with concerning images depicting potential for damage of these critical habitats, including images of excavators staged in particularly sensitive areas, such as above a pool of water where a southwestern pond turtle was seen to be swimming, or alongside two southern California steelhead (See exhibit 67 for image of critical species in pool under excavator). Notably, the southwestern pond turtle is proposed for federal listing as a threatened species and designated as a species of special concern, and the southern California steelhead is listed as an endangered species under the federal Endangered Species Act and is a candidate for listing under California's Endangered Species Act.

Sable characterizes the work as routine maintenance and claims that it was authorized by the original entitlements received in the 1980s. However, despite many discussions with both Sable and the County and extensive research into the history, Commission staff has found no support for this position. Furthermore, the level of work conducted along the onshore portions of the Pipeline is extraordinary. A single campaign to excavate over 100 separate pipeline sections across a modest distance; sever, remove and replace some sections; and expose, reinforce, seal, and coat others goes beyond what could possibly have been considered by the original permit and supporting documents. The only way for this level of activity to have been contemplated at the time of the original permit would be if it were presumed that required inspections would be incapable of detecting corrosion and degradation throughout the line to the point that the pipeline ruptured at one location and was in imminent risk of rupturing at over 100 other locations. When a pipeline is operated legally and responsibly – as would have been assumed by the permit and supporting documents – this level of degradation and subsequent need for simultaneous and comprehensive remediation across the entire line would never happen.

The timing of Sable's onshore work is also problematic in that it has occurred during the breeding season for the federally listed southern California steelhead and the California red legged frog, a species which is listed as threatened under the federal Endangered Species Act. The work also occurred during the nesting season for most bird species, as well as the time of year in which ground disturbance is most likely to result in erosion, scarring, and discharge of sediment into wetlands and watercourses. Moreover, several work sites are in or adjacent to environmentally sensitive habitat areas (ESHA), including coastal scrub and chaparral habitats, and in, or near, areas mapped as wetlands and riparian habitat. Other work sites are in annual or native grassland, and woodlands. Importantly, native grasslands are ESHA, while certain non-native habitats such as annual grasslands can also be ESHA if rare species are present, under Policy NS-4 (Coastal) of Santa Barbara County's Gaviota Coast Plan.³ While there appears to have been damage

³ See Gaviota Coast Plan ("GCP"), Santa Barbara County (Certified by CCC in 2018), Policy NS-4 (Coastal) at 2-16 to 2-18, available at <https://cosantabarbara.app.box.com/s/67cui9hpdphz64ajtmbdndqwwq1x8tr5h>

to these areas, it is difficult for Commission staff to assess the full extent since vegetation was removed without first providing the Commission with adequate information, and without site-specific biological surveys taken by resource agency-approved independent experts at the appropriate times of year.

It also appears that Sable carried out work on the Pipelines without implementation of appropriate coastal resource protection measures. Images taken during the first week of October, after work had already commenced, demonstrate several erosion control measures had been installed improperly, and were therefore ineffective. Thus, not only was this work undertaken in areas which require critical measures in place to safeguard against degradation of environmental resources, it appears that even the measures which were observed to have been put in place were done so haphazardly. While Sable has maintained that this work was done with thorough analysis, and consideration of potential environmental impacts, it is unclear how successful these measures were, and whether they had meaningful benefits. Without input from or review by the Commission or other independent biologists as to methods, parameters, and other critical components of any such measures, it is likely that such measures did not, in fact, provide appropriate protection to surrounding sensitive habitat areas. The limited information and photos available from the public regarding the work undertaken supports these conclusions.

Further, as noted above, Sable asserts that it can rely on permits issued nearly 40 years ago for the original construction and installation of the pipeline as authorization for the work undertaken now. There are many reasons why this is not accurate, as discussed below, but it should be noted that any measures required decades ago simply could not incorporate protections for the current habitat and species on the site, as many sensitive resources have developed on the site or been identified or provided with legal protection in the time after that initial environmental review. These include the listing of several species under the federal Endangered Species Act that are present along the pipeline corridor, as well as the designation of Critical Habitat supporting them. No analysis or consideration of these species was made in the original permit and supporting documents from the 1980s. The Southern California Distinct Population Segment of steelhead ("Southern California steelhead") was federally listed Endangered in 1997 and state listed in 2022; tidewater goby was federally listed Endangered in 1994; California red legged frog was federally listed Threatened in 1996; southwestern pond turtle was proposed as federally Threatened in 2023.

In addition to the onshore violations described above, Sable has also conducted unpermitted development at locations offshore, along the oil pipeline that connects the offshore SYU platforms to shore and an adjacent produced water discharge pipeline. This development, as mentioned above, included deployment and positioning of sand and concrete bags to provide structural support below sections from which the seafloor had scoured or eroded. Reinforcement of these pipelines was also carried out as part of an effort to restart SYU oil production operations and bring the pipelines back into use. Specifically, the project deployed a remotely operated vehicle ("ROV") to place concrete bags along more than 750 linear feet of the pipelines to create support piers along 14 identified "spans" (sections of pipeline that are unsupported by the seabed), each measuring between 41 and 70 feet.

Commission staff and the Coastal Act provisions regarding oil and gas facilities support the thorough, and prompt, remediation of any problems that have the potential to adversely affect the structural integrity of active oil and gas pipelines, and the Coastal Act has a variety of regulatory review mechanisms to help ensure such efforts can be expedited and carried out in a timely manner. It is notable in this case, however, that Sable's pipelines were purged of oil and cleaned nearly ten years ago and currently have no potential to release or spill oil, thus reducing the time sensitive nature of the work Sable undertook. Whether expedited or carried out on a regular timeline, it is crucial, for the protection of coastal resources, that regulatory review occur in advance of construction activities to ensure that those activities are designed and carried out in a manner that avoids, minimizes and mitigates any adverse effects on coastal resources. For example, certain methods of pipeline inspection and installation present enhanced risks of disturbance and displacement of commercial and recreational fishing activities and gear, marine mammal entanglement, sensitive habitat damage and disturbance, and marine debris generation and release, while others present lower risks. However, in refusing to apply for a coastal development permit ("CDP") for this type of work, and thereby not engaging in the thorough analysis that would be afforded through the CDP application and review process and having the work conditioned to minimize harms to coastal resources, Sable has engaged in activities for which the aforementioned risks are high. In contrast, because those risks could probably be lowered to the point where the work would be consistent with the Coastal Act and the County's Local Coastal Program, through the conditions and mitigations that can be provided in a CDP, it is likely this work would be approvable, if a permit were to be sought. Yet, instead, Sable opted to move forward with this work without seeking a CDP, despite being informed that doing so would be in violation of the Coastal Act.

Initial Enforcement Actions

Since learning of the development activities undertaken at onshore locations along the Pipelines in September, Commission staff have made repeated, and extensive, attempts to work with Sable, and their counsel, in an effort to resolve both onshore and offshore Coastal Act violations. Throughout this time, Sable sporadically indicated willingness to comply and take steps toward resolving these violations, which prompted Commission staff to exert considerable resources, time, and efforts toward trying to reach an amicable resolution, including Coastal Act authorization for the work being undertaken. Ultimately, these efforts have proven unsuccessful. Sable twice indicated an interest in settling in the context of a consent order and twice they ceased negotiations and ended up not agreeing to do so.

After Commission staff became aware of the activities taking place at onshore locations along the Pipeline in September of 2024, Commission staff immediately initiated conversations with Sable to discuss the activities, and a potential consent order to resolve the potential violations. As described in greater detail below, Commission staff issued a Notice of Violation letter regarding these activities (Exh, 2), and then a Notice of Intent for an Executive Director Cease and Desist Order ("EDCDO"), (Exh, 3), followed by discussions to attempt to resolve this matter amicably. When that was unsuccessful, the

Executive Director issued an EDCDO in November. (Exh.4) Importantly, after the issuance of the November EDCDO addressing the onshore work along the Pipelines, Sable did cease certain activities at those locations and complied with portions of the EDCDO. However, at this time, Sable also turned its focus to undertaking work at locations along its offshore pipelines, despite being advised by Commission permitting staff that such work would also require a CDP. In fact, mere weeks after the issuance of the November EDCDO, and after having been reminded that the planned offshore work also needed Coastal Act authorization, Sable undertook development activities at these offshore locations without Coastal Act authorization. Commission staff was unaware that they had undertaken this additional unpermitted work until January of the following year.

As noted, Commission staff have worked extensively with Sable in an attempt to resolve these issues, beginning with the activities conducted onshore along the Pipelines. On September 18, 2024, after learning of the activities Sable was conducting at the onshore locations along the Pipelines, Commission staff initiated communications with Sable, to clarify, and confirm, that Sable was the current owner and operator of the Pipelines, as well as to confirm the specifics of the development undertaken at the onshore locations, and further to inform Sable that an application for an after the fact ("ATF") CDP would be required for the work undertaken, as well as a CDP application to address any future, proposed work. On September 20, 2024, Commission staff also initiated communications with Santa Barbara County Planning and Development Department ("County") staff, informing them of the development undertaken, the Commission's position that the development needed Coastal Act authorization and requesting that the County take enforcement action. These communications also noted that the Commission would assume jurisdiction under the Coastal Act provisions regarding enforcement jurisdiction if the County declined to act. The County responded that it would review and respond but no further response was received either indicating that the County was taking action or objecting to the Commission assuming jurisdiction over the matter. Exh.15)

On September 27, 2024, Commission staff issued Sable a Notice of Violation letter addressing the onshore Coastal Act violations and directing it to immediately cease any unpermitted activities within the coastal zone and to apply for both an ATF CDP for work undertaken, and a CDP for any future, planned work. Commission staff then met with Sable on October 1, 2024, to discuss the Notice of Violation letter, and actions to be taken. Commission staff, again, reiterated the imminent need to for Sable to immediately cease all work activities and, also asked for information as to the location and scale of Sable's work to date, as well as any additional planned work and requested full-scale project plans. At this time, Commission staff remained hopeful that Sable had undertaken the work without full understanding as to the requirements of the Coastal Act, and permit application processes. Commission staff discussed legal options, and discussed the potential permit options, as well as solicited input from Sable as to what measures they felt it was necessary to take to secure the open trench sites once work fully ceased. Commission staff had hoped that they could work collaboratively to ensure the sites were secure, as Sable seemed receptive to applying to requisite CDPs, and finding an agreeable path forward to resolve the Coastal Act violations.

Despite this conversation, Commission staff received reports that Sable had not ceased work in the Coastal Zone. On October 2, Commission staff received an email from Sable, in response to the September 27, 2024, Notice of Violation letter, which started that all work “subject to interim measures” had ceased. (Exh. 9) Despite this, Commission staff continued to receive reports that work had not ceased. On October 4, Commission staff requested written assurance that work had ceased, including what Sable referred to as “interim measures,” to be provided no later than 2 pm that day. Commission staff additionally requested that Sable provide responses to staff’s information request, in accordance with the September 27, 2024, Notice of Violation letter, no later than 5pm, the following Monday. At 1:57. on October 2, Sable, again, sent an email to Commission staff asserting that work had ceased. Yet again, Commission staff received reports that no cessation of work had occurred, and therefore, again, asked for written assurance from Sable, which was ultimately provided that afternoon. (Exh 135) Sable did not, however, provide a full response to the request for information regarding what had been done, and where, by the 5pm deadline the following Monday. Sable did provide some information after the deadline regarding locations where work had been conducted within the Coastal Zone but asserted that the full information request could not be answered at that time.

Therefore, since Sable failed to satisfactorily provide information requested and, further, failed to provide written confirmation of an intent to apply for both an ATF CDP for work undertaken, and a CDP for future, proposed work, the Executive Director issued an Executive Director Cease and Desist Order (“EDCDO”) to Sable. This EDCDO directed Sable to cease all unpermitted development activities, undertake steps to temporarily secure the sites where Sable’s development had temporarily ceased, and apply for CDPs, as described above. After issuance of the EDCDO, Sable ceased operations at locations in the Coastal Zone and instead shifted its focus to operations outside of the Coastal Zone. During this time, Sable undertook steps, pursuant to the EDCDO, to secure the sites where work had ceased, and Commission staff maintained regular communication with Sable’s counsel, who indicated openness to submitting applications for CDPs, once time was afforded to more fully analyze the Pipelines’ permitting history. As an accommodation, Commission staff provided a longer deadline for the application for CDPs, which extended beyond the February 10, 2025, expiration of the EDCDO, and provided Sable an additional 30 days, with a deadline of March 12, 2025, to submit such applications.

Regrettably, within a few days of the February 10, 2025, expiration of the EDCDO, Sable quickly resumed work, despite having not submitted any application for a CDP. On February 14, 2025, Commission staff began to receive several reports of equipment having been staged at construction sites, as well as reports that development was being undertaken into evening hours, and through the weekend. (Exh. 100) Two days prior to receiving these messages, on February 12, 2024, Commission staff received a letter from the County (Exh. 38), responding to Commission’s staff’s previous, January 10, 2024 request that the County agree to the Commission’s review of a consolidated permit application. In the County’s February 12th response, as discussed in greater detail in this staff report, the County asserted that Sable needed no permit for the work it had undertaken onshore, along the Pipelines, because that work was authorized by existing permits. The County also provided Commission staff with a copy of an additional letter, which the County sent to Sable, similarly notifying Sable that the work Sable had

undertaken onshore, along the Pipelines, which was the subject of the EDCDO issued in November, was, and is, covered by existing permits.

On February 14, Commission staff sent a letter to the County, objecting to the County's February 12 letter on procedural grounds and also explaining staff's disagreement with the County's position on the merits and asking for language in any permit that would support the County's position by potentially authorizing such development. (Exh. 40) This letter was also addressed to Sable. However, the County did not respond, and Sable continued its work and sent its own letter later that day defending the County's position. (Exh 38) Thus, on Sunday, February 16, Commission staff issued a notice of intent to issue a second EDCDO. (Exh. 6) In response to that notice, on February 17, 2025, Sable sent a letter to Commission staff challenging Commission staff's jurisdiction to proceed. The next day, the Commission's Executive Director issued the second EDCDO. (Exh. 7) The next day, Commission staff learned that Sable had sued the Commission over the actions to date, alleging that the Notices of Violation and the first EDCDO were illegal and effected a taking of Sable's property.

Commission staff have continued to attempt to reach an amicable settlement with Sable, including, in this instance, an offer to resolve the short-term issues with a consent EDCDO. While Sable chose to move forward with undertaking continued, unpermitted activities at the onshore locations along the Pipeline, Commission staff continued to engage in conversations with Sable, in hopes of finding an amicable resolution. In the weeks after issuance of the EDCDO, Sable, again, indicated willingness to engage in conversations with Commission staff that could lead to a potential consent agreement, in the form of a consent Cease and Desist Order. To this end, Commission staff spent extensive resources working to pull together proposed language for the potential orders, mentioned above, then spent days on intensive negotiations with Sable.

During a virtual meeting on March 11, 2025, Sable and Commission staff discussed the aforementioned language, and potential pathways forward. After this meeting, Sable provided language to be reviewed by Commission staff, which Commission staff worked late through that evening to provide. Unfortunately, before Commission staff had the opportunity to discuss this language with Sable, Sable informed Commission staff that they were terminating discussions.

To date, Sable has made no efforts to comply with this second EDCDO, has not submitted any application for a CDP, and has refused to cease operations despite being fully informed of the ongoing Coastal Act Violations and ongoing threats to coastal resources associated with its activities. Commission staff have worked exhaustively with Sable in an effort to find an agreeable path forward, and to achieve resolution of the numerous ongoing Coastal Act violations but, unfortunately, have been unable to reach any such agreement. Thus, Sable's actions, and inactions with regard to these violations have led to this action for the Commission to consider issuance of this unilateral Cease and Desist Order, Restoration Order, and Civil Administrative Penalty Order, as described below.

Proposed Resolution

The unpermitted development Sable has undertaken at both onshore and offshore locations has resulted in damage to coastal resources, but the extent of this damage is not fully known because of Sable's continued refusal to provide complete and detailed information as to the work that it has undertaken, as well as proposed, future plans. Additionally, Sable has continued to undertake development activities at onshore locations along the Pipelines, despite issuance of two separate Cease and Desist Orders and in direct contravention of the resource protection provisions of the Coastal Act.

Commission staff recommends the Commission approve Cease and Desist Order No. CCC-25-CD-01 to ensure that Sable ceases any further development activities along the Pipelines, until a complete CDP⁴ application has been submitted and addressed for future, proposed activities, as well as an ATF CDP application for all development activities already undertaken at the onshore locations along the Pipelines, and for all development activities undertaken along offshore sections of Sable's oil and water pipelines.

Commission staff also recommends that, in conjunction with the proposed Cease and Desist Order, the Commission approve Restoration Order No. CCC-25-RO-01 to address the effects of the unpermitted work.

Lastly, Commission staff recommends that the Commission issue Civil Administrative Penalty Order No. CCC-25-AP3-01. The Coastal Act provides five factors for the Commission to consider in imposing a penalty. Applying those factors here, and grouping and treating the violations as proposed herein, the Commission could justify imposing a penalty up to a maximum of \$18,022,500 in this case. Commission staff recommends that a substantial fine be imposed, given the nature of the multiple violations at both onshore and offshore locations; the lengthy and substantial amount of Commission staff resources expended in attempting to resolve these violations; the unprecedented manner in which Sable has continually refused to comply with any such attempts to resolve these violations and even a valid administrative order issued, and other public and legal policies at issue here, including the need to secure compliance with the Coastal Act CDP process. Commission staff is recommending a penalty in the range of \$12,000,000- \$15,000,000. Within that range, Commission staff is recommending the Commission, in its discretion, specify a penalty of \$14,987,250.

To address these violations, Commission staff recommends that the Commission approve issuance of Cease and Desist Order No. CCC-25-CD-01; Restoration Order No. CCC-25-RO-01; and Civil Administrative Penalty Order No. CCC-25-AP3-01 (collectively "the Orders"). The proposed Sable Orders are included as Appendix A to this Staff Report.

⁴ Although the orders require the submittal of an application for a CDP, that does not preclude a more expeditious form of review. Indeed, it is not uncommon for the Commission to approve such applications by issuing a waiver of the CDP requirement if the application materials demonstrate that the project is eligible for that form of Coastal Act authorization. This requirement for a complete CDP application is to ensure that the Commission has the necessary information to make the correct determination and is not in any way prejudging the outcome, either substantively or procedurally."

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APPENDICES

Appendix A – Cease and Desist Order No. CCC-25-CD-01; Restoration Order CCC-25-RO-01; Civil Administrative Penalty No. CCC-25-AP3-01

EXHIBITS

Exhibit 1: Facilities Map
Exhibit 2: 9/27/24 NOV Letter
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I. MOTIONS AND RESOLUTIONS

Motion1: Cease and Desist Order

I move that the Commission issue Cease and Desist Order No. CCC-25-CD-01 to Sable Offshore Corp. pursuant to the staff recommendation.

Staff recommends a YES vote on the foregoing motion. Passage of this motion will result in adoption of the resolution immediately below and issuance of the Cease and Desist Order. The motion passes only by an affirmative vote of the majority of Commissioners present.

Resolution to Issue a Cease and Desist Order:

The Commission hereby issues Cease and Desist Order No. CCC-25-CD-01, as set forth below in Appendix A, and adopts the findings set forth below on the ground that development has occurred without the requisite Coastal Development Permit, in violation of the Coastal Act and the Santa Barbara County Local Coastal Program; and that the requirements of the Cease and Desist Order are necessary to ensure compliance with the Coastal Act and the Coastal Development Permit.

Motion 2: Restoration Order

I move that the Commission issue Restoration Order No. CCC-25-RO-01 to Sable Offshore Corp. pursuant to the staff recommendation.

Staff recommends a YES vote on the foregoing motion. Passage of this motion will result in adoption of the resolution immediately below and issuance of the Restoration Order. The motion passes only by an affirmative vote of the majority of Commissioners present.

Resolution to Issue a Restoration Order:

The Commission hereby issues Restoration Order No. CCC-25-RO-01, set forth below on the grounds that Sable Offshore Corp. has undertaken development without the requisite Coastal Act authorization, the development is inconsistent with the Coastal Act, and the development is causing continuing resource damage.

Motion 3 Administrative Civil Penalty Action

I move that the Commission find that the various actions and failure to act by Sable Offshore Corp., as described in the Commission's findings, are in violation of the resource protection provisions of the Coastal Act, and the Commission impose upon them an administrative penalty in the amount of \$ 14,987,250.

Staff recommends a YES vote on the foregoing motion. Passage of this motion will result in the assessment of an administrative penalty against Sable Offshore Corporation in the amount of \$ 14,987,250. The motion passes only by an affirmative vote of a majority of Commissioners present.

Resolution to Impose Administrative Penalties:

The Commission hereby imposes an administrative civil penalty against Sable in the amount of \$ 14,987,250 dollars and adopts the findings set forth below; on grounds that development has violated the resource protection provisions of the Coastal Act, and these activities have negatively impacted coastal resources and violated 30821.3 of the Coastal Act.

II. HEARING PROCEDURES

The procedures for a hearing in which the Commission issues a Cease and Desist Order under Public Resources Code ("PRC") Section 30810 are described in the Commission's regulations at Section 13185 of Title 14 of the California Code of Regulations ("14 CCR") and the procedures for a hearing in which the Commission issues a Restoration Order under PRC Section 30811 are described in the regulations at Section 13195 of 14 CCR. Additionally, Section 30821(b) states that the imposition of administrative civil penalties by the Commission shall take place at a duly noticed public hearing in compliance with the requirements of Sections 30810, 30811, or 30812. Therefore, the procedures employed for a hearing to impose administrative penalties are the same as those for a Cease and Desist and Restoration Order, and the hearing on these Cease and Desist and Restoration Orders and Administrative Civil Penalty Actions shall proceed according to 14 CCR section 13185, including the following:

The Chair shall announce the matter and request that all parties or their representatives present at the hearing identify themselves for the record. The Chair shall announce the rules of proceeding, including time limits for presentations. The Chair shall also announce the right of any speaker to propose to the Commission, before the close of the hearing, any question(s) for any Commissioner, at his or her discretion to ask of any other party. Staff shall then present its report and recommendation to the Commission, after which the

alleged violators, or their representatives, may present their positions with particular attention to those areas where actual controversy exists. The Chair may then recognize other interested persons, after which the chair may allow the alleged violators to use any reserved rebuttal time to respond to comments from interested persons and may then have staff respond to specific points raised by the alleged violators or any of the other speakers.

The Commission will receive, consider, and evaluate evidence in accordance with the same standards it uses in its other quasi-judicial proceedings, as specified in 14 CCR Section 13186, which incorporates, by reference, Section 13065. The Chair will close the public hearing after the presentations are completed. The Commissioners may ask questions of any speaker at any time during the hearing or deliberations, including if any Commissioner so chooses, any questions proposed by any speaker in the manner noted above. The Commission shall determine, by a majority vote of those present and voting, whether to issue the Cease and Desist and Restoration Orders and impose Administrative Penalties, either in the forms recommended by staff, or as amended by the Commission. Passage of the motions above, per the staff recommendations, or as amended by the Commission, will result in issuance of the Cease and Desist and Restoration Orders and imposition of Administrative Penalties.

III. FINDINGS FOR CEASE AND DESIST ORDER, RESTORATION ORDER, AND ISSUANCE OF ADMINISTRATIVE PENALTIES⁵

A. DESCRIPTION OF PROPERTY

The properties subject to this enforcement action are at various locations along the Las Flores Pipelines CA-324 and CA -325 (formerly Lines 901, and 903). The Las Flores Pipelines are part of the greater Santa Ynez Unit which consists of three offshore platforms (Hondo, Harmony, and Heritage), Las Flores Canyon processing facility, and associated electrical transmission facilities and lines, oil, natural gas and produced water transport pipelines, (including offshore pipelines as well as CA-325 and CA-325 onshore) and associated rights-of-way and easements. (Exh.1) All Santa Ynez Unit infrastructure is located along or offshore of the Gaviota Coast, within Santa Barbara County.

B. DESCRIPTION OF COASTAL ACT VIOLATIONS

The Coastal Act violations, and threatened violations, addressed by the proposed Commission Cease and Desist Order, Restorations Order and Administrative Penalty ("Orders") involve development that has occurred in the Coastal Zone without the requisite

⁵ These findings also hereby incorporate by reference the Summary at the beginning of the March 28, 2025, staff report ("STAFF REPORT: Recommendations and Findings for Cease and Desist Order, Restoration Order, and Administrative Civil Penalty") in which these findings appear, which section is entitled "Summary of Staff Recommendations."

Coastal act authorization, including, but not necessarily limited to, excavation with heavy equipment; removal of major vegetation; grading and widening of roads; installation of metal plates over water courses; placement of fill in wetlands and coastal waters; dewatering and discharge of water; pipeline removal, replacement, and reinforcement; any installation of shutoff valves; and other development along onshore locations of the Pipelines, as well as development, including but not limited to, placement of sand and cement bags on the seafloor below and adjacent to out-of-service oil and water pipelines.

C. ENFORCEMENT ACTIVITIES AND ATTEMPTS AT RESOLUTION

In mid-September of 2024, Commission staff became aware of development activities occurring at locations onshore, along the Las Flores Pipelines CA-324 and CA-325. On September 18, 2024, Commission staff initiated communications with Sable, through their representative Steve Rusch, to confirm Sable's position as owner and operator of the Pipelines, as well as to convey the need for Coastal Act authorization for any development activities on, or along, the Pipelines. After receiving confirmation of Sable's status as owner and operator, and that development activities were being undertaken at locations along the onshore Pipelines, on September 20, 2024 Commission staff sent an email to the County, providing notification that the Commission had learned of development activities being undertaken along the Pipelines, and informing the County of Commission staff's position that such work required Coastal Act Authorization. This email message further requested the County take formal enforcement action and provided "... 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." In response, the County stated, in email, that they were looking into the issue, and would respond "ASAP". The County did not provide further response to this email, nor did the County affirmatively decline the Commission's request to take formal enforcement action, before the deadline provided. (Exh. 13)

Thus, on September 27, 2024, Commission staff sent a "Notice of Violation" letter regarding the unpermitted development activities taking place within the Coastal Zone, along the Pipelines. Commission staff requested Sable immediately cease all unpermitted development in state coastal waters, or elsewhere in the Coastal Zone. Commission staff further detailed the need for Coastal Act authorization for any development in the Coastal Zone, which should be sought through the submittal of an application for an "after the fact" Coastal Development Permit ("ATF CDP"), and a Coastal Development Permit ("CDP") for any future, proposed development. The lack of a CDP with conditions to minimize adverse impacts to coastal resources was particularly concerning given the time of year in which the work was occurring was sensitive for a variety of protected wildlife species and also presented increased risks of erosion due to the pending start of the rainy season.

On October 1, 2024, Sable met with Commission staff on a video conference to discuss these Coastal Act violations. In this conversation, Commission staff conveyed to Sable that all unpermitted development activities along the Pipeline, must cease immediately. Recognizing that immediate cessation of all work would result in several open pit sites, where excavation activities had already begun, Commission staff discussed potential steps

necessary to safely, and temporarily, secure the sites. However, staff made it clear to Sable that all work must stop immediately, and that information must be provided so that staff could assess the full scope, nature and location of work before such measures to secure the sites could be evaluated and taken. Nonetheless, Commission staff received an email from Sable on the following day, October 2, 2024, stating that work had been suspended, "subject to taking interim measures." Images received after these communications and later on October 2, 2024, show an excavator, which appears to be actively excavating next to ESHA.⁶(See. Exh.126 of excavator located adjacent to riparian area)

Despite receiving assurances from Sable that work had ceased, Commission staff continued to receive reports that work had continued and, again, met with Sable via video conference, on October 3, 2024, to reiterate that all work must fully cease, including any such "interim measures" which involved development requiring Coastal Act authorization.

However, Commission staff continued to receive reports that Sable had yet to cease all work, and, on October 4, 2024, Commission staff sent a letter ("EDCDO NOI") to Sable providing formal notice of the Executive Director's intent to issue an order to halt the ongoing work, and requested written assurances by 2:00 p.m. that day, that Sable had, in fact ceased work entirely. At 1:57 p.m., Sable sent an email to Commission staff asserting that all work, including the actions in which Sable characterized as "interim work measures", had ceased. Commission staff continued to receive messages, after receiving this confirmation from Sable, that work was ongoing. In response, Commission staff sent a second email to Sable, again, asking for assurance that work had completely stopped. In response, Sable, sent an email to Commission staff around 4 p.m. stating that all work had ceased.

In addition to the cessation of all work, the October 4, 2024 EDCDO NOI letter required Sable to provide information, as to work undertaken, or planned, along the Pipeline, including information regarding what work had been undertaken and where, as well as information about the project plans for the remainder of the work being done, and this information was to be provided no later than 5pm the following Monday, October 7, 2024. Additionally, the October 4, 2024, letter asked for written confirmation of intent to apply for a CDP(s) for ATF authorization for any work that had already occurred in the Coastal Zone and prospective authorization for any proposed future work. After 5 pm on October 7, 2024, Commission staff received an email from Sable's counsel, DJ Moore, which provided a spreadsheet as to locations where Sable had undertaken development, but they stated that the remainder of the information request could not be met by the deadline.

Because Sable did not provide a "satisfactory response", as required by PRC Section 30809, by not providing the information as requested in Commission staff's October 4 letter, and further, because it failed to provide written confirmation as to its commitment to apply for an ATF CDP for work previously undertaken within the Coastal Zone, the Executive Director issued a EDCDO on November 12, 2024. This EDCDO, directed Sable to complete an Interim Restoration Plan (the "Plan") to safely secure the open excavation

sites in the interim period necessary for Sable to apply for both an ATF CDP for all work previously undertaken along the Pipeline as well as apply for a CDP for future, proposed work. As an accommodation, to allow them additional time to apply for these CDPs, this letter provided for 120 days from the issuance of the EDCDO for Sable to apply for requisite CDPs, which provided Sable an additional 30 days, beyond the expiration date of the EDCDO, to submit the requisite CDP applications. Staff offered to meet with Sable and its representatives to assist them in the application process and to make the permit process as streamlined and efficient as possible. Throughout November, commission staff worked extensively with Sable's counsel to ensure effective implementation of the Plan and, on December 20, 2024, Sable submitted a completion report for the Plan. However, Sable declined to submit any application for a CDP, even through the extended deadline provided. Further, Commission staff had repeatedly requested information as to the development which Sable had already undertaken, or planned to undertake, including any full-scale work plans, but did not receive adequate responses to the information required in the EDCDO.

Given the lack of information from Sable about what work they had actually undertaken, and where, (such as whether it was in or adjacent to environmentally sensitive habitat areas ("ESHA") or wetlands) it was difficult to determine fully the potential for adverse impacts on resources. Commission staff did, however, begin to receive reports from the public about the activities and the potential harm to coastal resources they had and were likely to result in.

While Sable has maintained that it conducted its work onshore along the Pipelines with measures in place to minimize environmental harms, the work was done without any coordination with Commission staff, and it is unclear the extent to which any measures it may have undertaken did, in fact, protect coastal resources. Without communication with Commission staff, or a complete CDP application, which would have provided an opportunity to fully analyze the potential impacts of the work, it is highly likely that the extent of work undertaken by Sable caused greater damage than what Commission staff are currently aware of. Images provided to Commission staff, that were taken during the first week of October, show erosion control measures in place improperly and ineffectively. Further, there are several images depicting excavation work occurring on steep slopes, in, or near, riparian wetlands, and near ESHA. All of this leads Commission staff to have serious doubts as to the effectiveness of any potential measures taken to safeguard against coastal resources damage.

Further, in its February 14 letter arguing that its work was authorized, Sable relied heavily on environmental review documents from the 1980s, which it claimed had analyzed the impacts of future "maintenance" work and provided mitigation measures to address those impacts. But if Sable's basis for the development of protection measures is the environmental review conducted 40 years ago, it could not have fully incorporated appropriate considerations. since many sensitive resources have been identified or designated since that initial environmental review occurred in 1985. In particular, several species that are present along the pipeline corridor have since been listed and protected under the federal Endangered Species Act, and areas have been designated as Critical Habitat for them No analysis or consideration of these species was made in the original

permit and supporting documents because these were drafted in the 1980s. In contrast, the Southern California Distinct Population Segment of Steelhead was federally listed as Endangered in 1997 under the Endangered Species Act and state listed in 2022; the tidewater goby was federally listed as Endangered in 1994; the California red legged frog was federally listed as Threatened in 1996; and the southwestern pond turtle was proposed as federally Threatened in 2023.⁷

Additionally, the manner of work currently being carried out on the Pipelines appears incompatible with the original design and construction authorized in 1987. Specifically, these Pipelines were designed, analyzed and permitted to be covered in a layer of insulation so they could transport heated oil that would otherwise be too viscous to transport by pipeline. In fact, the Pipelines were one of the first of this kind to be constructed and operated. However, the work currently being carried out by Sable has resulted in the permanent removal of the pipeline's insulation from over 100 individual sections, some of which extend for close to 100 feet in length. This is because we learned as a result of the 2015 spill that the original line's design was flawed. The insulation layer, designed to keep the oil warm, also impaired the functioning of the cathodic protection system that was to prevent corrosion. Sable is therefore actively removing insulation from the line as part of the current work – something that would have been unheard of as part of the original design and thus the authorizations provided for it. Moreover, Sable has acknowledged, in its application to the Office of the State Fire Marshal (OSFM) for a "State Waiver" that the corrosion protection strategy described and approved in the original authorizations for the pipeline's construction and operation – namely, a cathodic protection system – cannot appropriately manage the risk of corrosion under the pipeline's insulation and an entirely new strategy and approach must be developed. Sable proposes this new strategy and approach in its application to OSFM and in its December 17, 2024, letter in response to that application, OSFM provides Sable with 12 pages of specific protocols and conditions (67 in total) that must be added to further expand Sable's proposed approach. None of this was considered, analyzed, described or approved in the 1980s permits issued for the original construction of the pipeline. The removal of the pipeline's insulation and implementation of this new strategy for managing corrosion risk represents such a fundamental shift in the pipeline's design and operation that resuming operations under this new system would not be consistent with the existing permit and should necessitate an amendment to the original permit due to the significant deviation between what was analyzed, permitted and constructed and what Sable has been actively trying to transform the pipeline and its operation into through the current activities.

As also discussed here, several sites are in, or adjacent to, ESHA, including coastal sage scrub, lemonadeberry scrub, wetland or drainages, and are also in, or near, Mapped Wetlands. Other work sites are in annual or native grassland. Importantly, native grasslands are ESHA, while annual grasslands are ESHA if they support rare species, under Policy NS-4 (Coastal) of Santa Barbara County's Gaviota Coast Plan. While there appears to be damage to these areas, the full extent of the damage is difficult for Commission staff to analyze fully as vegetation was removed, without first providing the Commission

with information, or biological surveys carried out by resource agency-approved independent experts at the appropriate times of year.

While Sable temporarily ceased operations on the onshore locations of the Pipeline after receiving the November EDCDO, the company quickly shifted operations offshore and carried out additional development activities, beginning on November 29, 2024, and without the benefit of a CDP. These activities include, but are not limited to, the deployment of an unspecified number of sand and concrete bags. Specifically, the project deployed a remotely operated vehicle (“ROV”) to place concrete bags along more than 750 linear feet of the pipelines to create support piers along 14 identified spans of between 41 and 70 feet. These activities took place over three days from November 29, 2024, to December 1, 2024.

On December 13, 2024, Commission Staff met via video conference with Santa Barbara County Planning and Development staff (“County”) staff. , Commission staff learned that during this conversation, instead of submitting application for CDPs for the onshore violations described in the EDCDO, Sable, instead, sought authorization for those onshore violations described above through the County’s zoning clearance process. In this meeting, Commission staff were informed that Sable had submitted zoning clearance applications to the County on November 22, 2024, and December 5, 2024, requesting authorization for pipeline “anomaly repair work” conducted along the Las Flores Pipelines, CA-324 and CA-325. However, in this conversation, Commission staff were provided assurances that no such applications would be granted without follow up discussions with the Commission.

On January 10, 2025, Commission staff held a follow up video conference call with the County to, again, discuss Sable’s pending zoning clearance applications, as well as the potential for a consolidated coastal development permit covering both onshore and offshore development activities. During this conversation, County staff agreed to follow up with information, including the citations and provisions within existing County issued permit(s) that the County believed might have pre-authorized the recently completed and proposed Pipeline work, as well as any other evidence Sable provided that the County found to be compelling. The parties to the call further confirmed that they would have a follow-up discussion before any County approval of Sable’s Zoning Clearance applications. Despite this, however, no such information was received, and Commission staff, therefore, followed up on this conversation through email, on February 7, 2025, again requesting this information. (Exh 66)

On February 12, 2025, Commission staff received a letter from the County, in response to the prior request made by Commission staff that the County agree to the Commission’s review of a consolidated permit application, pursuant to California Public Resources Code section 30601.3(a)(2). In this letter, the County stated that it had concluded that the “anomaly repair work” addressed in Sable’s zoning clearance applications “is authorized by existing permits” and therefore no further application to, or action by, the County is required. However, the County expressed its support for the Commission’s review of a consolidated permit application, if submitted by Sable.

In addition to this letter, the County provided Commission staff with copy of an additional letter, which the County sent to Sable, notifying Sable that work addressed in Sable's zoning clearance permits "is covered by prior permits," though neither letter provided any citation to or quotation of any language in any such permits to support this assertion.

In response to these two letters and a February 14, 2025, request from the Environmental Defense Center, (Exh, 48) on February 16, 2025, the Executive Director issued a letter to the County initiating a review of the County's determination, pursuant to Section 13569 of the Commission's regulations, and requesting a complete copy of any coastal development permit applications submitted by Sable and/or its predecessor(s) for the shutoff valve installation work on the Pipelines and Sable's application for the zoning clearance(s) for the repair anomaly work along the Pipelines.

Additionally, on February 16, 2025, the Executive Director, provided Sable with notice of her intent to issue a new EDCDO to Sable. In this letter, the Executive Director responded to arguments that Sable submitted on February 14, purporting to support the position the County had taken, and explained why, despite those arguments, based on the information Commission staff had received to date, she continued to believe that Sable's proposed activities lacked the necessary Coastal Act authorization. The Executive Director therefore directed Sable to confirm, in writing, by February 17, 2025, that Sable would cease all development as described in, and subject of, that letter unless and until Sable either: (a) demonstrates, to the Executive Director's satisfaction, that it already possesses the necessary Coastal Act authorization for the work, or (b) obtain a new, final, operative CDP or other valid Coastal Act authorization specifically covering the work at issue and comply with the terms of any final, validly issued CDPs. On February 17, 2025, Commission staff received a letter from Sable reiterating their position that Sable's work "does not constitute a violation of the Coastal Act or the County's LCP because it is authorized under the pipelines' existing CDPs and other approvals."

In the following weeks, Commission staff made a concerted effort to work with Sable to resolve both onshore, and offshore violations through numerous conversations. During these conversations, Sable indicated a willingness to submit ATF applications for the development undertaken at both onshore, and offshore locations, if such could be done under protest. Commission staff agreed to work with Sable, and assist in this application process, with hopes that this would be a productive step toward further fully resolving all violations. In addition, Commission staff spent a considerable amount of time engaging in several conversations with Sable as to terms for the proposed Cease and Desist, Restoration, and Administrative Penalty orders, as noticed in the February EDCDO. Over the course of these conversations, Sable continually indicated a willingness to find agreeable terms, and, to that end, Commission staff worked tirelessly to provide a mechanism that would provide resolution. Unfortunately, despite these efforts on the part of Commission staff, Sable ultimately refused to engage in any further productive conversations and declined to move forward with any potential consent order process.

IV. BASIS FOR ISSUING CEASE AND DESIST ORDER

A. Statutory Provision

The statutory authority for issuance of these Cease and Desist Orders is provided in Coastal Act Section 30810, which states, in relevant part:

- (a) If the commission, after public hearing, determines that any person or governmental agency has undertaken, or is threatening to undertake, any activity that (1) requires a permit from the commission without securing the permit, or (2) is inconsistent with any permit previously issued by the commission, the commission may issue an order directing that person or governmental agency to cease and desist. The order may also be issued to enforce any requirements of a certified local coastal program*

Additionally, Section 30810 (b) provides that, in part

- (b) The cease and desist order may be subject to such terms and conditions as the commission may determine are necessary to ensure compliance with this division, including immediate removal of any development material or the setting of a schedule within which steps shall be taken to obtain a permit pursuant to this division.*

B. Jurisdiction

Santa Barbara County's Local Coastal Program ("LCP") was adopted by the Board of Supervisors on January 7, 1980, and was partially certified by the Commission on March 17, 1981. After an LCP is certified by the Commission, review authority over new development within the coastal zone rests with the locality; development appealable to the Commission is defined in Section 35-58 of the LCP (and Section 30603 of the Coastal Act) to include development approved by the County between the sea and the first public road paralleling the sea.

Once the Commission has certified a locality's LCP, the locality has inherent authority, via its police power, to take enforcement actions for violations of its LCP. The Commission also retains enforcement authority including under Coastal Act section 30811 and in the specific circumstances enumerated in Coastal Act Sections 30810(a) to address violations of the LCP. Pursuant to Section 30810(a) of the Coastal Act, the Commission can issue a cease and desist order to address an LCP/Coastal Act violation within a certified area if 1) the local government requests the Commission assume enforcement responsibility; 2) the Commission requests that the local government take action and the local government declines to act or does not take action in a timely manner; or 3) if the local government is a party to the violation.

On September 20, 2024, Commission staff sent an email to the County, providing notification that the Commission learned of development activities being undertaken along the Pipelines and informing the County of Commission staff's position that such work

required Coastal Act authorization. This email message further requested the County take formal enforcement action and provided "... 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." In response, the County stated, in email, that they were looking into the issue, and would respond "ASAP". The County did not provide further response to this email, nor did the County affirmatively decline the Commission's request to take formal enforcement action, before the deadline provided.

Commission staff, additionally, addressed the issue of jurisdiction through the exchange of several letters in February of 2025. On February 12, 2024, the County sent a letter to Commission staff responding the Commission staff's request that the County consent to the Commission's processing of a consolidated CDP covering both Sable's onshore activities along the Pipelines and its offshore work. In this letter, the County asserted that the pending onshore work, referred to as "anomaly repair work" was "...authorized by the existing permits (Final Development Plan, Major Conditional Use Permit, and associated Coastal Development Permits) and was analyzed in the prior Environmental Impact Report/Environmental Impact Statement. Thus, no further application to or action by the County is required." However, the County further stated that, despite their position that Sable's work was authorized, the County would agree to a consolidated CDP process, if Sable also agreed. Commission staff responded explaining that they disagreed with the County's assertion regarding the existing permits, and found them problematic for multiple reasons, both procedural and substantive. Substantively, Commission staff had repeatedly asked both the County and Sable, for any such specific language or permit conditions that would support this proposition that future work was pre-authorized through existing permits issued nearly 40 years ago. Commission staff had additionally carried out extensive efforts to locate any such language or permit condition. The County has not, to this day, provided any citations to any evidence to supports its conclusion. On February 14, 2024, Sable provided its own analysis, which it then repeated and expanded in its March 10, 2024 Statement of Defense, and that analysis is discussed in detail below, in Section VII, and that discussion is incorporated herein by reference.

Notably, and as discussed above, Commission staff had also continuously asked for detailed work plans relating the work in which Sable has undertaken. Without a detailed work plan to provide specifics as to the scope, nature, and location of the completed work, and future work that is proposed to occur, it is unclear to us how the County could conclude that such work is covered by prior permits. In other words, without knowing what work is going to be carried out, how could the County determine it was included in existing permits. Further, while its letter additionally asserts that the County fully conducted an analysis of review of all relevant permit history, as well as potential implications of the County's coastal zone ordinance, the letter provided no citations or actual permit language to support that assertion.

Moreover, Commission staff found this letter to be procedurally problematic as the County provided no forewarning as to the issuance of this letter. In fact, in a January 10, 2024, video conference meeting between Commission staff and the County, the County agreed to follow up with Commission staff with information, including relevant citations and

provisions within existing County-issued permits that the County believed preauthorized the activities in which Sable conducted onshore, along the Pipelines, prior to taking action. In this conversation, Commission staff further confirmed the County and Commission staff, would have a follow-up discussion before any County approval of Sable's Zoning Clearance applications. The County provided no such citations or provisions, and Commission staff, therefore, followed up on this conversation through email, on February 7, 2025, again requesting this information. Unfortunately, Commission staff received no response before receiving the County's February 12, 2025, letters.

On February 14, 2024, Commission staff received a letter from the Environmental Defense Center requesting, pursuant to Section 13569(c) of the Commission's regulations, that Commission staff review the County's determinations regarding the activities undertaken by Sable at onshore locations, on the Pipeline, as asserted in the County's February 12, 2024, letter.

Thus, on February 16, 2024, Commission staff provided the County with a letter stating, pursuant to section 13569(c) of the Commission's regulations, the Executive Director was initiating a formal review process by requesting a copy of any coastal development permit applications submitted by Sable and/or its predecessor(s) for the safety valve installation work on the Pipeline and Sable's application for the zoning clearance(s) for the repair anomaly work along the Pipelines, as well as the County's determinations on these matters, including the specific grounds for the determinations (and the permit files and records on which the County relies for its determinations. Further, Commission staff provided the County with an additional letter on February 17, 2024, again, requesting the County take formal enforcement action.

To date, Commission staff have not received a full response to this request. Though the County provided a follow up letter on February 24, 2025, asserting a claim that the Dispute Resolution process is inapplicable in this instance, Commission staff disagree and have attempted to obtain information from and have conversations with the County to resolve this interpretation. While the County has been responsive about providing documents to Commission staff, County staff continue to fail to respond to the core request, perpetuating a dynamic that has now persisted since at least January, 10, 2025, when Commission staff first asked County staff to identify the specific grounds for its determinations -- the exact section(s) within the County's 1987 coastal development permit and/or supporting documents that purportedly provide CDP authorization for the pipeline work at issue.

Commission staff have now requested this information from County staff on no less than seven separate occasions spanning nearly three months and have provided County staff with ample opportunity to provide it and demonstrate that a factual basis exists to support its position and determination regarding the scope of the County's 1987 coastal development permit. Commission staff have also thoroughly reviewed all of the documents County staff provided but have not located any basis for the County's position that there was prior CDP authorization for Sable's recent and current pipeline work.

As such, the second prong of Section 30810(a), has been met in that the County has declined to act to enforce its LCP, despite two separate instances in which Commission staff has requested the County do so.

C. Application to Facts

This section and this Staff Report set forth the basis for the issuance of the proposed Cease and Desist Order by providing substantial evidence that existing development meets all of the required grounds listed in Coastal Act Section 30810 for the Commission to issue a Cease and Desist Order.

Violations of the Coastal Act

Development, as described below, that required a CDP has occurred at onshore locations of the Pipelines, and at offshore locations along separate oil and water pipelines, in state coastal waters, without the required CDP. Section 30600(a) of the Coastal Act, state that, in addition to obtaining any other permit required by law, any person wishing to perform or undertake any development in the Coastal Zone must obtain a coastal development Permit. “Development” is defined broadly by Section 30106 of the Coastal Act as follows, in relevant part:

“‘Development’ means, on land, in or under water, the placement or erection of any solid material or structure; discharge or disposal of any dredged material or of any gaseous, liquid, solid, or thermal waste; grading, removing, dredging, mining, or extraction of any materials; change in the density or intensity of use of land, including, but not limited to, subdivision pursuant to the Subdivision Map Act (commencing with Section 66410 of the Government Code), and any other division of land, including lot splits, except where the land division is brought about in connection with the purchase of such land by a public agency for public recreational use; change in the intensity of use of water, or of access thereto; construction, reconstruction, demolition, or alteration of the size of any structure, including any facility of any private, public, or municipal utility...” (emphasis added)

In this case, development was undertaken at onshore locations of the Pipelines including, but not limited to; excavation of underground pipeline; removal of major vegetation; grading and widening of roads; placement of fill in wetlands; installation of metal plates over water courses; dewatering and discharge of water; removal, replacement, and reinforcement of a pipeline and pipeline infrastructure; installation of shutoff valves; and other development associated with the Las Flores Pipelines CA-3214 and CA-325, Development also occurred at offshore locations including, but not limited to, deploying sand/cement fill materials on the seafloor adjacent to, and below, Sable’s out-of-service offshore oil and water pipelines. Each of these activities clearly meets the definition of development under Section 30106 and each required a CDP as required under the Coastal Act.

As indicated above, one may not perform such development in the Coastal Zone unless it is authorized by a CDP. No CDP has been issued for any of the work described above. Sable argues that the work was authorized by permits granted in the 1980s to authorize

the original construction of the pipeline system and the Santa Ynez Unit development and production plan. However, those permits do not specifically authorize any of the work at issue here, and this issue is discussed in much greater detail in Section VII, below, in which the Commission responds to Sable's Statement of Defense.

Further, construction equipment and material related to the unpermitted development activities, as well as placement of solid fill and other materials in some locations, all remain and are therefore causing continued resource damage as defined in the Coastal Act, and the Commission regulations, and therefore constitutes an ongoing violation of the Coastal Act, and its resource protection provisions. Commission staff understand that while the unpermitted development activities undertaken offshore, along Sable's oil and water pipelines, have been completed, the materials remain in place. In addition, unpermitted development activities, at onshore locations along the Pipelines have continued, and the removal of vegetation and placement of solid materials in many places remain.

Lastly, Section 30610(d) of the Coastal Act enumerates categories of development that are exempt from the requirement to obtain a permit; the development undertaken by Sable does not fit within these exempt categories and therefore required a coastal development permit.

Sable's work offshore is subject to the Commission's jurisdiction, and Sable's work onshore is largely subject to Santa Barbara's permitting jurisdiction (with areas subject to the Commission's appeals jurisdiction), but the Commission's retained enforcement authority is predicated, in part, on Section 30810(a) of the Coastal Act, which states the following:

The order may also be issued to enforce any requirements of a certified local coastal program or port master plan, or any requirements of this division which are subject to the jurisdiction of the certified program, or plan, under and of the following circumstances...the commission requests and the local government or port governing body declines to act, or does not take action in a timely manner, regarding an alleged violation which could cause significant damage to coastal resources..."

As described above, the County has declined to take formal enforcement action, regarding violations undertaken, by Sable, at locations onshore, along the Pipelines. On September 20, 2024, after learning of Sable's development activities undertaken onshore, along the Pipelines, Commission staff-initiated communications with the County, informing them of the development undertaken, the Commission's position that the development needed Coastal Act authorization and requesting that the County take enforcement action. These communications also noted that the Commission would assume jurisdiction under the Coastal Act provisions regarding enforcement jurisdiction if the County declined to act. The County responded that it would review and respond but no further response was received objecting to the Commission assuming jurisdiction over the matter. Further, despite several conversations between Commission staff and the County, the County has taken the position that the work Sable has conducted onshore, along the Pipelines, is covered by prior permits issued nearly 40 years ago for the initial construction and installation of the

Pipelines, though the County has declined to provide any citation to or quotation of any language in any such existing permits to support this assertion. The Commission has reviewed the materials and disagree with this position as further analyzed in the Statement of Defense section of this Staff Report, and maintain that Sable must submit complete CDP applications, for both onshore, and offshore development activities.

In sum, the activities at issue clearly meet the definition of development under Section 30106, and no permit has been issued for the work.

Therefore, the development required a CDP and no CDP was issued. It is only necessary to find that development has been undertaken without a required permit or in violation of a previously issued permit in order for the Commission to issue a cease and desist order.

V. Basis for Issuance of Restoration Order

A. Statutory Provisions

The statutory authority for issuance of this Restoration Order is provided in Section 30811 of the Coastal Act, which states, in relevant part:

In addition to any other authority to order restoration, the commission... may, after a public hearing, order restoration of a site if it finds that [a] the development has occurred without a coastal development permit from the commission, local government, or port governing body, [b] the development is inconsistent with this division, and [c] the development is causing continuing resource damage.

The following paragraphs and this Staff Report set forth the basis for the issuance of the Cease and Desist and Restoration Orders by providing substantial evidence that the development meets all of the required grounds listed in Section 30810 and 30811 for the Commission to issue a Cease and Desist and Restoration Order.

B. Application of Facts

The following paragraphs and this Staff Report set forth the basis for the issuance of the Cease and Desist and Restoration Orders by providing substantial evidence that the development meets all of the required grounds listed in Section 30810 and 30811 for the Commission to issue a Cease and Desist and Restoration Order

1. Development Without a Permit

The statutory provision requires the Commission to demonstrate that Sable undertook or maintained development that requires a CDP from the Commission without first securing one.

This element for 30811 is the same as required for 30810 and is discussed above and incorporated here by reference.

2. Development Inconsistent with the Coastal Act

The unpermitted development described herein is inconsistent with several resource protection policies enumerated under the Coastal Act, including:

Section 30240 (requiring protection of environmentally sensitive habitat areas or ESHA);

Section 30233 (requiring protection of wetlands);

Section 30231 (requiring protection of biological productivity and water quality);

Section 30230 (protection of marine resources)

Section 30234 (protection of commercial fishing and recreational boating facilities).

The unpermitted development caused significant negative impacts to the above-listed coastal resources and was inconsistent with a number of Coastal Act policies including those mentioned above. The areas surrounding the Pipelines include ESHA in some locations including, but not limited to, coastal scrub, chaparral, riparian and wetland habitat, woodlands, and annual and native grasslands. Examples of specific sensitive plant species that have been adversely impacted by the development include but are not limited to: Lemonade berry scrub (*Rhus integrifolia*), Red willow (*Salix laevigata*), Coast Live Oak (*Quercus agrifolia*), as well as other rare vegetation communities and alliances. Additionally, several development sites are within the known occurrence range of the Gaviota tarplant (*Deinandra increscens*), a federally and state listed special-status plant species. These areas also provide habitat to support several rare species, including the California red legged frog (*Rana draytonii*), southern California steelhead (*Oncorhynchus mykiss*), southwestern pond turtle (*Actinemys pallida*), as well as the Dusky-footed Woodrat (*Neotoma macrotis*). Federally designated critical habitat for several of these species is also located within areas Sable has and/or proposes to carry out pipeline excavation, inspection and replacement or reinforcement activities. The activities also had likely impacts on water quality and biological productivity and marine resources via things such as erosion into streams, given the location of the work and the proximity to such resources, as documented in the photos of the work in progress noted above. In addition, the activities undertaken offshore, along the separate oil and water pipelines in state waters, had the potential to result in adverse impacts to marine resources such as damage or disturbance to sensitive seafloor habitats, degradation of water quality, disruption to commercial and/or recreational fishing, and release of marine debris. The coastal waters in this are known to support several species of marine mammals, including Harbor seals (*Phoca vitulina*), California sea lions (*Zalophus californianus*), and several species of common dolphin and whales. Project offshore activities had the potential to adversely impact these species. Given the location and the activities, the violations offshore also had the potential to adversely impact marine resources, commercial fishing and recreational boating facilities.

3. Continuing Resource Damage

The unpermitted development is causing 'continuing resource damage', as those terms are defined by 14 CCR Section 13190.

14 CCR Section 13190(a) defines the term 'resource' as it is used in Section 30811 of the Coastal Act as follows:

'Resource' means any resource that is afforded protection under the policies of Chapter 3 of the Coastal Act, including but not limited to public access, marine and other aquatic resources, environmentally sensitive wildlife habitat, and the visual quality of coastal areas. The unpermitted development here took place in and around environmentally sensitive habitat areas, wetlands, areas of scenic visual resources, and so coastal resources were affected here.

The term 'damage' in the context of Restoration Order proceedings is defined in 14 CCR Section 13190(b) as follows:

'Damage' means any degradation or other reduction in quality, abundance, or other quantitative or qualitative characteristic of the resource as compared to the condition the resource was in before it was disturbed by unpermitted development.

In this case, the damage caused by the unpermitted development includes degradation of environmentally sensitive habitat area and impairing of water quality. Thus, damage to coastal resources did occur here.

The term 'continuing' is defined by 14 CCR Section 13190(c) as follows:

'Continuing', when used to describe 'resource damage', means such damage, which continues to occur as of the date of issuance of the Restoration Order.

As of this time, the unpermitted development that is the subject of these proceedings and the results thereof is ongoing and in many cases the development remains in place, and the impacts of such development remain in place, with the result of continuing resource damage. As described above, the various types of unpermitted development result in a variety of impacts to coastal resources, as is discussed further below. For example, the removal of vegetation and the grading of environmentally sensitive habitat areas can continue to impact coastal resources by stimulating growth and establishment of invasive weedy species which can prevent native plants from returning and diminish the suitability of the area for rare and sensitive wildlife species. Fill in wetlands continues to impact the habitat and the species reliant thereon unless and until some restoration is successful. Because excavation occurred on steep slopes, without proper protections in place, can contribute to ongoing erosion and, with ineffective erosion controls in place, the potential for harm to coastal resources is even greater.

As described above, the unpermitted development is causing damage to resources protected by the Coastal Act that continue to occur as of the date of this proceeding, and therefore damage to resources is 'continuing' for purposes of Section 30811 of the Coastal

Act. The damage caused by the unpermitted development, which is described in the above paragraphs, satisfies the regulatory definition of ‘continuing resource damage.’ Thus, the third and final criterion for issuance of a Restoration Order is therefore satisfied.

C. Jurisdiction

Santa Barbara County’s Local Coastal Program (“LCP”) was adopted by the Board of Supervisors on January 7, 1980, and was partially certified by the Commission on March 17, 1981. After an LCP is certified by the Commission, review authority over new development within the coastal zone rests with the locality; development appealable to the Commission is defined in Section 35-58 of the LCP (and Section 30603 of the Coastal Act) to include development approved by the County between the sea and the first public road paralleling the sea.

Once the Commission has certified a locality’s LCP, the locality has inherent authority, via its police power, to take enforcement actions for violations of its LCP. The Commission also retains enforcement authority including under Coastal Action section 30811 and in the specific circumstances enumerated in Coastal Act Sections 30810(a) to address violations of the LCP. Pursuant to Section 30810(a) of the Coastal Act, the Commission can issue a cease and desist order to address an LCP/Coastal Act violation within a certified area if 1) the local government requests the Commission assume enforcement responsibility; 2) the Commission requests that the local government take action and the local government declines to act or does not take action in a timely manner; or 3) if the local government is a party to the violation.

On September 20, 2024, Commission staff sent an email to the County, providing notification that the Commission learned of development activities being undertaken along the Pipelines and informing the County of Commission staff’s position that such work required Coastal Act authorization. This email message further requested the County take formal enforcement action and provided “... 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.” In response, the County stated, in email, that they were looking into the issue, and would respond “ASAP”. The County did not provide further response to this email, nor did the County affirmatively decline the Commission’s request to take formal enforcement action, before the deadline provided.

Commission staff, additionally, addressed the issue of jurisdiction through the exchange of several letters in February of 2025. On February 12, 2024, the County sent a letter to Commission staff responding the Commission staff’s request that the County consent to the Commission’s processing of a consolidated CDP covering both Sable’s onshore activities along the Pipelines and its offshore work. In this letter, the County asserted that the pending onshore work, referred to as “anomaly repair work” was “...authorized by the existing permits (Final Development Plan, Major Conditional Use Permit, and associated Coastal Development Permits) and was analyzed in the prior Environmental Impact Report/Environmental Impact Statement. Thus, no further application to or action by the

County is required.” However, the County further stated that, despite their position that Sable’s work was authorized, the County would agree to a consolidated CDP process, if Sable also agreed. Commission staff responded explaining that they disagreed with the County’s assertion regarding the existing permits, and found them problematic for multiple reasons, both procedural and substantive. Substantively, Commission staff had repeatedly asked both the County and Sable, for any such specific language or permit conditions that would support this proposition that future work was pre-authorized through existing permits issued nearly 40 years ago. Commission staff had additionally carried out extensive efforts to locate any such language or permit condition. Although the County has not, to this day, provided any citations to any evidence to supports its conclusion, on February 14, Sable provided its own analysis, which it then repeated and expanded in its March 10 Statement of Defense, and that analysis is discussed in detail below, in Section VII, and that discussion is incorporated herein by reference.

Notably, and as discussed above, Commission staff had also continuously asked for detailed work plants relating the work in which Sable has undertaken. Without a detailed work plan to provide details as to the scope, nature and location of the completed work and future work that is proposed to occur, it is unclear to us how the County could conclude that such work is covered by prior permits. In other words, without knowing what work is going to be carried out, how could the County determine it was included in existing permits. Further, while its letter additionally asserts that the County fully conducted an analysis of review of all relevant permit history, as well as potential implications of the County’s coastal zone ordinance, the letter provided no citations or actual permit language to support that assertion.

Moreover, Commission staff found this letter to be procedurally problematic as the County provided no forewarning as to the issuance of this letter. In fact, in a January 10, 2024, video conference meeting between Commission staff and the County, the County agreed to follow up with Commission staff with information, including relevant citations and provisions within existing County-issued permits that the County believed preauthorized the activities in which Sable conducted onshore, along the Pipelines, prior to taking action. In this conversation, Commission staff further confirmed the County and Commission staff, would have a follow-up discussion before any County approval of Sable’s Zoning Clearance applications. The County provided no such citations or provisions, and Commission staff, therefore, followed up on this conversation through email, on February 7, 2025, again requesting this information. Unfortunately, Commission staff received no response before receiving the County’s February 12, 2025, letters.

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Thus, on February 16, 2024, Commission staff provided the County with a letter stating, pursuant to section 13569(c) of the Commission’s regulations, the Executive Director was initiating a formal review process by requesting a copy of any coastal development permit

applications submitted by Sable and/or its predecessor(s) for the safety valve installation work on the Pipeline and Sable's application for the zoning clearance(s) for the repair anomaly work along the Pipelines, as well as the County's determinations on these matters, including the specific grounds for the determinations (and the permit files and records on which the County relies for its determinations. Further, Commission staff provided the County with an additional letter on February 17, 2024, again, requesting the County take formal enforcement action.

To date, Commission staff have not received a full response to this request. Though the County provided a follow up letter on February 24, 2025, asserting a claim that the Dispute Resolution process is inapplicable in this instance, Commission staff disagree and have attempted to obtain information from and have conversations with the County to resolve this interpretation. While the County has been responsive about providing documents to Commission staff, County staff continue to fail to respond to the core request, perpetuating a dynamic that has now persisted since at least January, 10, 2025, when Commission staff first asked County staff to identify the specific grounds for its determinations -- the exact section(s) within the County's 1987 coastal development permit and/or supporting documents that purportedly provide CDP authorization for the pipeline work at issue.

Commission staff have now requested this information from County staff on no less than seven separate occasions spanning nearly three months and have provided County staff with ample opportunity to provide it and demonstrate that a factual basis exists to support its position and determination regarding the scope of the County's 1987 coastal development permit. Commission staff have also thoroughly reviewed all of the documents County staff provided but have not located any basis for the County's position that there was prior CDP authorization for Sable's recent and current pipeline work.

As such, the second prong of Section 30810(a), has been met in that the County has declined to act to enforce its LCP, despite two separate instances in which Commission staff has requested the County do so.

VI. BASIS FOR IMPOSITION OF ADMINISTRATIVE PENALTIES

A. Statutory Provisions

The statutory authority for imposition of administrative penalties for violations of non-access provisions of the Coastal Act is provided in the Coastal Act in Public Resources Code Section 30821.3⁸, which states, in relevant part:

- (a) In addition to any other penalties imposed pursuant to this division, a person, including a landowner, who is in violation of any provision of this division other than public access, including, but not limited to, damage to archaeological and wetlands resources and damage to environmentally sensitive habitat areas, is subject to an

⁸ All section references in this section, III.C, are to the California Public Resources Code, and as such, to the Coastal Act, unless otherwise indicated.

administrative civil penalty that may be imposed by the commission in an amount not to exceed 75 percent of the amount of the maximum penalty authorized pursuant to subdivision (b) of Section 30820 for each violation. The administrative civil penalty may be assessed for each day the violation persists, but for no more than five years.

Through the proposed Cease and Desist Order, Restoration Order, and Administrative Penalty Order, Sable Offshore Corp. would be required to pay penalties based on the Section 30821.3 as described above, and as detailed below.

B. Application to the Facts

1. The Violations are Ongoing:

As the courts have consistently recognized, the Coastal Act should be interpreted broadly, since the Coastal Act and case law says that it is to be “liberally construed to accomplish [the act’s] purposes and objectives.” (See e.g., *Pacific Palisades Bowl Mobile Estates, LLC. v. City of Los Angeles* (2012) 55 Cal.4th 783, 796.) The various actions and inactions by Sable have led to ongoing adverse impacts to coastal resources and constitute ongoing violations of the Coastal Act’s resources protection provisions generally. The impact to coastal resources from these actions and inactions is borne by the public every day and will be until this matter is resolved.

2. Exceptions Do Not Apply:

De Minimis Violations

There are some statutory conditions on when the Commission can impose administrative penalties. One such limit is in Section 30821.3(f) of the Coastal Act, which provides that:

In enacting this section, it is the intent of the Legislature to ensure that unintentional, minor violations of this division that only cause de minimis harm will not lead to the imposition of administrative penalties if the violator has acted expeditiously to correct the violation.

This language establishes four criteria, all of which must be met for the violation to be deemed *de minimis* under 30821.3(f). The violation must: (1) be unintentional, (2) be “minor,” (3) cause only *de minimis* harm, and (4) be corrected expeditiously.

None of the Section 30821.3(f) criteria is applicable to this case. Sable’s actions in undertaking development, at both onshore and offshore locations, without requisite CDPs were not unintentional. While unlikely, if Sable were initially unaware of the Coastal Act implications of the development they undertook at onshore locations, along the Pipelines, they were directly informed, first informally and then through a Notice of Violation letter, in September 2024, yet Sable has continued to undertake these activities through today. With specific regard to the activities taken at locations offshore, Sable was informed of the

need for Coastal Act authorization for proposed work, before it was undertaken, but chose to undertake the work without first securing a CDP, nonetheless. As such, the actions with regard to Coastal Act violations at both, onshore and offshore, locations have not been undertaken unintentionally. Moreover, these actions have resulted in ongoing harms to coastal resources, and although the full extent of this impact has not been fully disclosed to Commission staff, it is clear such impacts extend to the areas surrounding the onshore locations of the Pipelines and have potential to negatively impact important habitat areas which support rare and sensitive species, as more fully discussed above. These violations thus cannot be considered minor, nor have they resulted in *de minimis* harm. Lastly, Sable has declined to affirmative actions to correct the violations, at either onshore or offshore locations and further, has continued operations at onshore locations, along the Pipelines, despite an active Cease and Desist order.

Cure Period

In order to encourage quick and informal resolutions of violations, the Coastal Act also has a provision to allow, in certain limited circumstances, a period of time in which a party can “cure” the violation without penalties attaching. This is set forth in Section 30821.3(h) of the Coastal Act, which lists circumstances in which a property owner can prevent the imposition of administrative penalties by correcting the violation within 30 days of receiving written notification from the Commission regarding the violation. Section 30821.3(h) is inapplicable to the matter at hand.

For 30821.3(h) to apply and prevent the issuance of an administrative penalty, there are several requirements, all of which must be met: 1) the violation must be remedied within 30 days of notice; and 2) the violation must be able to be resolved without needing to undertake additional development that would require Coastal Act authorization. In addition, opportunity for a cure does not apply to cases involving resolutions of violations of permit conditions, since the party with a permit would have had previous notice of the requirements of permits. This section does not apply here, for several reasons.

First, Sable did not resolve this within 30 days of receiving notice. Sable received written notice of the onshore Coastal Act violations at issue in the form of a Notice of Violation letter dated September 27, 2024 (Exh. 2), which was followed up in the Notice of Intent to Issue an EDCDO on October 4, 2024 (Exh. 3), the issuance of the EDCDO on November 12, 2024 (Exh. 4), and by a second EDCDO issued on February 18, 2024 (Exh. 8) which additionally provided Notice of Intent to commence a formal proceeding before the Commission to consider issuance of a Commission Cease and Desist Order, Restoration Order and Administrative Penalty. Sable additionally received written notice of the offshore Coastal Act violations in the form of a Notice of Violation letter issued February 11, 2025 (Exh. 5). Sable was fully informed through all of these documents, and in numerous and extensive conversations over the course of multiple months, as detailed above. Sable has not fully complied with any of the above listed actions and has indicated their current position as continuing to refuse to comply in any manner. As such, the violations were not only not remedied in a period of 30 days, but remain unresolved, to date.

Second, the violations need legal authorization to be resolved, as has been reiterated to Sable consistently, in numerous letters, and over the course of multiple conversations, through a full and complete application for ATF CDP for all development, both onshore and offshore, that has been conducted to date, (as well as needing an application for a CDP for any onshore, or offshore, proposed, future development).

In summary, the cure pursuant to Section 30821.3(h) is inapplicable in this matter.

C. Penalty Amount

Under section 30821.3(a) of the Coastal Act, the Commission may impose penalties in “an amount not to exceed 75 percent of the amount of the maximum penalty authorized pursuant to subdivision (b) of Section 30820 for each violation.” Section 30820(b) authorizes civil penalties that “shall not be less than one thousand dollars (\$1,000), nor more than fifteen thousand dollars (\$15,000), per day for each day in which the violation persists.” Therefore, the Commission may impose penalties of up to \$11,250 per day (75% of \$15,000) for each separate violation. 30821.3(a) also specifies that the “administrative civil penalty may be assessed for each day the violation persists, but for no more than five years.” Section 30821.3 and Section 30820’s use of daily penalties reflects the legislative intent in the Coastal Act to encourage quick resolution of violations and to deter lengthy, on-going violations and thereby provide greater protection of coastal resources. The daily penalty amounts are also intended to encourage prompt and effective compliance with the Coastal Act.

Number of Violations

In this case, staff grouped the violations into a total of 9 distinct categories or types of Coastal Act violations, based on what staff was able to identify, each of which they treated as one violation, even though each category arguably comprises many individual violations. The Commission adopts this approach as a conservative approach to identifying the number of violations at issue. While the nature and extent of each separate violation may be slightly different, the cumulative impact of undertaking all of these actions, collectively, is considerable, especially as all actions were taken without specific, protective measures which could have been delineated through appropriate regulatory review processes, including by the Commission, California Department of Fish and Wildlife, California Department of Parks and Recreation and the Central Coast Regional Water Quality Control Board, all of which were avoided by Sable.

There are seven separate violations undertaken onshore along the Pipelines including, 1) excavation with heavy equipment; 2) removal of major vegetation; 3) grading and widening of roads; 4) installation of metal plates and fill in wetlands; 5) dewatering and discharge of water; 6) pipeline removal, replacement, and reinforcement; 7) installation of shutoff valves; as well as other development associated with the Las Flores Pipelines CA-324 and CA-325. There is an additional eighth violation which was undertaken at locations offshore in state waters: Sable undertook development including placement of sand and cement bags on the seafloor below and adjacent to Sable’s out-of-service oil and water pipelines. Lastly, the ninth violation arises from Sable’s failures to comply with the EDCDOs issued in

this matter. Sable failed to fully comply with the first EDCDO, issued in November 2024, in that Sable did not submit any application for CDP for, either activities undertaken onshore, along the Pipelines, or at offshore locations of the pipeline. Moreover, Sable knowingly, and completely, refused to comply with the terms of the second EDCDO issued in February 2025. Recognizing that Sable complied with at least a portion of the first EDCDO, issued in November, and in order to be conservative, Commission staff recommend assessment of penalties for noncompliance with the second EDCDO, issued in February only. Thus, this would amount to an additional violation, with a cumulative amount of nine penalties in total.

Number of Days

Penalties under Section 30821.3 may be “assessed for each day the violation persists” up to a period of five years. In this case, the violations have persisted for varying amounts of time. With regard to the activities undertaken at locations onshore along the Pipelines, since we were not given notice of the activities, Commission staff are not aware of the exact date of when activities began. Images show an excavated trench, at location along the Pipelines, as early as June 2024. However, Commission staff first learned of these activities in a call with the County, on September 9, 2024. Thus, these activities were being undertaken, at the very least, by that date, and we have used that date as a conservative marker for calculation of the number of days of the violations.

Because these activities have been ongoing, the conservative date range for the activities undertaken onshore used to calculate penalties under 30821.3 would begin on September 9, 2024, and run through April 10, 2024, the date of today’s hearing, or for 214 days.

However, the Commission staff recognizes that Sable did, temporarily comply with the directive to cease and desist activities, provided in the November EDCDO, (Exh. 4) and are therefore recommending the Commission apply a tolling period to the assessment of certain penalties, as described below. (though Sable did immediately resume operations on February 14, 2024). Thus, staff is recommending that the penalties under 30821.3 not be assessed for the period of time in which Sable was complying, at least in large part, with the first EDCDO, for certain, specified violations namely the dewatering and discharge or water, pipeline removal, replacement, and reinforcement, and installation of shutoff valves, as described in detail below, While Commission staff have concerns about whether the work was fully ceased during this time, and, and whether work actually commenced earlier than September 9, 2024, for purposes of calculated these specific activities, Commission staff have taken a conservative approach. It is important to note that these specified activities did negatively impact coastal resources greatly, as discussed below. However, Commission staff recognize that such impacts, while not corrected, were, at least, partially abated during the period of time in which Sable complied with the first EDCDO.

However, and as also described in greater detail, Commission staff do not feel this tolling of penalties should be applied to the full list of Coastal Act violations undertaken, since the impacts of other violations could not be abated by simply ceasing actively undertaking additional such activities. More specifically, this tolling period should not be applied to

excavation with heavy equipment, installation of metal plates and fill in wetlands, removal of major vegetation, or grading and widening of roads, given that for these violations, coastal resource damage has been ongoing, despite temporary cessation of the additional activities itself.

There are 4 basic categories of violations: Onshore violations with tolling periods (as discussed above), Onshore violations without tolling periods, Offshore violations and violations of the Orders issued in this matter. We discuss each in turn.

Coastal Act Violations; Onshore, Along the Las Flores Pipelines CA-324 and CA-325

Assessment of Penalties to Which Tolling Period is Applied:

For those activities discussed above to which Commission staff believe it would be appropriate to toll the penalty period, the date range for assessment of penalties would be starting on December 19, 2024. On this date, Sable submitted to Commission staff an Interim Restoration Report, completed in compliance with the terms of the November EDCDO. Commission staff recognize that the actions taken by Sable, in implementing the measures as required by the Interim Restoration Plan hopefully reduced the likelihood of certain environmental damage from worsening, and therefore believe this date is appropriate to begin the tolling period. However, once Sable resumed development activities on February 14, 2025, penalties should again be assessed after that date, as the damage to coastal resources would no longer be halted.

In sum, Commission staff recommend that three specified activities-- the, dewatering and discharge of water; pipeline removal, replacement, and reinforcement; and installation of shutoff valves, be assessed at lower penalty range, through tolling applied to the date range in which penalties are assessed. These activities, thus, would be assessed for a period of 156 days. The period of time between December 19, 2024, and February 14, 2025, amounts to a 58-day tolling period. Subtracting that tolling period (58 days) from the full date range in which violations would otherwise be assessed (which is period of 214 days, as described above), would result in a penalty assessment period, for these specific violations, of 156 days. For these three activities, Commission staff recommend that the penalty be assessed at \$7,000 a day for a period of 156 days, (The full date range for violation, with tolling period of 58 days subtracted) for the three violations discussed above. In accordance with this calculation (156 days at \$7,000/day), Commission staff specifically recommends a penalty in the amount of \$1,092,000 for each of these three violations, or a total of \$3,276,000.

Assessment of Penalties to Which Tolling Period is Not Applied:

For the remainder of the violations, as noted above, staff would not recommend applying a tolling period to the accrual of penalties. Again, in evaluating the severity of each violation and its impacts, it should be noted that even assuming there was a cessation of work during this time, certain activities and violations continued to have the potential to cause ongoing impacts to coastal resources, even when temporarily halted. Specifically, those

four activities are as follows: excavation with heavy equipment; removal of major vegetation; installation of metal plates and fill within wetlands, and the grading and widening of roads. All of these activities caused significant environmental harms that temporary cessation of the physical activity does not alleviate. Without affirmative actions taken to correct these violations, their impacts are ongoing. Further, because of the extensive damage to coastal resources these activities caused, as described below, Commission staff recommend these three violations be assessed at the maximum daily penalty (\$11,250) for the full period of 214 days, amounting to \$2,407,500 for each of the violations or a total of \$9,630,000.

Coastal Act Violations; Offshore Locations of the Pipeline

In addition to the unpermitted development activities undertaken onshore, Sable has additionally undertaken unpermitted development activities at offshore locations of the pipeline, in state coastal waters, including the deployment of sand and cement bags on the seabed, along the pipeline, and span remediation work, as described above. After cessation of activities onshore, at areas covered by the EDCDO issued in November, Sable began undertaking activities at locations offshore, along the pipeline, commencing on November 29, 2025.

There were several communications between Commission permit staff and Sable, before these activities began. On September 24, 2024, Commission staff sent an email, as a follow-up to a phone call conversation on that day, informing Sable that work Sable intended to undertake, which was discussed during that phone call, would require a CDP, and encouraging Sable to work with the Commission before proceeding with any work. In fact, Commission staff specifically acknowledged in this email, that, though Sable intended to move quickly with the work, doing so would create a more complicated and challenging situation, and reiterated the need to coordination with Commission staff. Sable responded to this email and indicated, at least, a willingness to discuss the work further and planned to set up a future call. On November 7, 2024, Commission staff followed up with an email to Sable, in an effort to set up a phone call to, again, discuss Sable's plans for work at locations along the offshore pipelines. The following day, November 8, Commission staff and Sable shared email messages in a further attempt to set up a phone call and when they were unable to, Commission staff requested a written description of the work Sable planned to conduct. An email from Sable, sent on November 19, provided limited information as to the specifics of the work, and claimed that Sable was "committed to ensuring compliance with all necessary authorizations before proceeding with any work. In response, Commission staff reiterated that such work would require a complete CDP application. Further, Commission staff confirmed that, based on the previous conversations, Sable did not intend to proceed with work until Commission staff had the opportunity to more fully discuss the details of that work. Sable provided no response to this email, and thus, Commission staff sent a follow up email on January 10, 2024, again informing Sable of the need for CDP for the work Sable intended to undertake along the offshore locations of the pipeline and requested a status update as to any potential work. Sable provided no response to this email.

Unfortunately, Commission staff instead received a letter from Sable's counsel on January 15, 2024, that Sable had conducted "inspections" along the offshore portions of the pipeline, then undertook the unpermitted activities discussed above. Again, this activity is one for which authorization, with appropriate conditions and mitigation if appropriate, likely could have been obtained through the Commission's CDP process, had they applied. In fact, the Commission has approved similar work on no less than seven separate occasions since 1996 as well as two emergency authorizations when expedited completion of the work was warranted. As discussed above, if Sable had secured a CDP for this work, the Commission would have had the opportunity to fully assess the proposed work, and ensure necessary measures were taken to prevent damage to coastal resources, such as limiting the fill material to sand rather than concrete (which can leach contaminants and degrade water quality), ensuring sensitive reef areas and marine habitats are avoided by the fill, coordinating the work to avoid conflicts with commercial and recreational fisheries, and including appropriately trained and independent on project vessels to minimize entanglement and ship strike risks. Instead of working collaboratively with the Commission, Sable proceeded with these actions, with full knowledge that doing so would be a violation of the Coastal Act, and with blatant disregard for the jurisdiction of the Commission, and any potential damages that the work would inflict on coastal resources, including marine mammals, coastal water quality, fisheries and sensitive marine habitats. Moreover, the materials placed offshore as discussed here remain in place today and any impacts have not been reduced, conditioned to avoid, addressed or mitigated for. This flat refusal to comply with the Coastal Act warrants a high penalty, which would be assessed for a date range of 133 days which begins on November 29, 2024, the date in which these activities began, through April 10, 2024, the date of this hearing, at \$11,250 daily, amounting to 1,496,250.

Coastal Act Violation

Failure to Comply with Executive Director Cease and Desist Order

Lastly, two separate EDCDOs have been issued to Sable, in this matter. In November 2024, the Executive Director of the Commission issued an EDCDO directing Sable to, among other things, cease and desist all unpermitted development activities, temporarily secure the open trench work sites where work had ceased, and submit a complete CDP application for both works already undertaken as well as future, proposed work. While Sable exhibited partial compliance with this order, it has, to date, not applied for any such CDP. This is despite an extended deadline given for that requirement, as accommodation made by Commission staff in hopes of assisting Sable in successfully resolving all violations.

The second EDCDO, issued in February 2025, again directed Sable to cease and desist all unpermitted development activities, and, again, directed them to comply with the Coastal Act and submit a complete application for a CDP for both work already undertaken as well as any future, proposed work. In this instance, Sable blatantly, and egregiously, refused to comply with any aspect of this EDCDO. Sable, citing a variety of arguments described in fuller detail above and in the Response to the Statement of Defense section of this staff report, have refused to apply for any such CDP, and, instead restarted work

very quickly after expiration of the first EDCDO issued in November. They disregarded the EDCDO issued in February 2025 and not only restarted work, but they continued that work through evening hours, and weekends, at an alarmingly fast rate, before the action could be brought before this Commission. While Sable raised a number of arguments asserting that they have a reasoned basis for their outright refusal to comply with this EDCDO, as discussed above and at length in the Response to the Statement of Defense, this is not accurate and Commission staff repeatedly informed Sable of this and attempted to work with them to resolve the matter amicably, to no avail.

Despite Sable's lack of full compliance with the terms of the EDCDO, issued in November, Commission staff is only recommending assessment of penalties for Sable's noncompliance with the terms of the February EDCDO. The date range for this assessment would start on February 18, 2025, when the EDCDO was issued, and be assessed through April 10, 2025, the date of today's hearings. This date range amounts to 52 days. Because of the extreme nature Sable's actions in this instance, Commission staff recommend this penalty be assessed at the max daily penalty, \$11,250, per day. Over 52 days this amounts to \$585,000.

Thus, collectively, Commission staff recommend a penalty amount of \$14,987,250.

Finally, we note that these penalty amounts were reached under an analysis of applying the factors set forth in the Coastal Act. Under 30821.3(c), in determining the amount of administrative penalty to impose, "the commission shall take into account the factors set forth in subdivision (c) of Section 30820."

Section 30820(c) states:

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*

As is described in greater detail in accordance with these factors below, Sable's actions, and failures to acts constitute multiple violations and this analysis provides recommendations for the factors to be applied for each type of violation. Commission staff recommends that the Commission assess daily penalties for each of the categories of violations at a daily amount based on the factors in 30820(c) as analyzed below.

Excavation and Grading with Heavy Equipment

Note that these two violations are discussed together because we find that the five factors apply in the same manner to each of these violations.

30820(c)(1) *The nature, circumstance, extent, and gravity of the violation.*

Sable conducted extensive grading and excavation activities, some of which were conducted in, or adjacent to, riparian ESHA. (Exh. 87) Images provided to Commission staff by members of the public show several instances in which excavators are located in, or near, these sensitive resources, including excavators parked atop a pool where a southwestern pond turtle was documented to be swimming, as well as two southern California steelhead. (Exh. 68) Commission staff were provided a report with details of, at least, one damaged woodrat nest, which was impacted in coastal sage scrub – potentially from the dusky footed woodrat, a species of special concern due to its rarity and ecosystem role. The full extent to this damage, and potential species mortality, is not fully known and Sable has not been forthcoming with information as to the work, forcing Commission staff to make assessments as to this damage based on the imagery and information gathered from other sources. (see: Exh.69 of grease pool which as fallen from an excavator) That being said, the imagery reviewed by Commission staff shows particularly concerning, and extensive, damage leading Commission staff to believe the full extent of coastal resource harm is potentially, in fact, much greater than has been disclosed by Sable. There was no justification for not coordinating with the Commission in advance, and this factor in the aggregate weighs in favor of a high penalty amount.

30820(c)(2) *Whether the violation is susceptible to restoration or other remedial measures*

The topography can be restored and the earth compacted, but the habitat and water quality (such as sedimentation) impacts cannot be undone. Further, Commission staff have received images, taken in October, showing excavated sites which, at least in one instance, the recompaction was done loosely, and ineffectively. (See: Exh. 72 image of backfilled trench site that has no soil compaction) This factor weighs in favor of a medium penalty amount.

30820(c)(3) *The sensitivity of the resource affected by the violation*

As stated above, the resources affected here are particularly sensitive since the work was conducted in, or adjacent to, riparian ESHA, (See: Exh. 124 image of Scrub Vegetation that has been removed, and construction equipment in the background, in a riparian area) and with damage to important habitat which support species such as the southwestern pond turtle, California steelhead, dusky footed woodrat, as well as other critical species. As described previously in this staff report, the timing of this development is important to consider as the work has been undertaken during the breeding season for certain rare and sensitive wildlife species, as well as bird nesting season. The presence of project personnel and the operation of machinery and other equipment within these sensitive habitats during these periods had the potential to temporarily disrupt or more permanently impact the breeding and nesting of individual species. This factor weighs in favor of a high penalty

30820(c)(4) *The cost to the state of bringing the action.*

The cost to the state has been high, with respondent repeatedly starting negotiations only to back out later and refusing to comply with orders, and given the vast, dispersed, and complicated nature of the project and the way information has or has not been shared. Sable's nonfeasance and malfeasance has, and continues to be, varied and extensive, and has required an incredible amount of Commission resources to unravel, and address. Sable has been consistently obstinate with regard to informational requests, and efforts to resolve the ongoing Coastal Act violations, onshore and offshore. As a result, Commission staff have spent an unreasonably high amount of time assessing information from various sources, traveling to the locations in an effort to more fully understand the scope of work conducted, and poring over reports from the public in an effort to gain some understanding of the full scope of work. To date, Sable continues to fail to provide full information, or any full-scale project plans relating to the work. In addition, Commission staff has spent an inordinate amount of time communicating with Sable's counsel, through weekends and late into evenings, under the guise of seeking compromise, and, on more than one occasion Sable has indicated willingness to work with Commission staff, only to change positions, last minute, forcing Commission staff to expend even greater resources. In addition to the great amount of resources expended to try and resolve the violations, Sable's lack of transparency, and refusal to provide full information requested about what they have done and where and when, things which are basic to any project and to the ability to assess legal options, has resulted in a tremendous drain of resources, and has required a continually laborious effort on the part of Commission staff. As such, the cost to State in bringing the action is very high, and the Commission therefore finds that consideration of Section 30820(c)(4) warrants application of a high penalty.

30820(c)(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*

Sable Offshore Corp, a company created in 2024, has no known history of violation, however the other elements in the (c)(5) factor weigh heavily against them. They undertook no voluntary restoration or remedial measures, having only done some restoration in response to the first EDCDO, and they proceeded with this work even after, and in defiance of, the second such order. This also reveals a high degree of culpability. The entire project is designed for economic profit, which may be a significant part of the motivation to proceed very quickly, in defiance of the order, if they believe the economic benefits will outweigh the amount of penalties imposed. This factor weighs in favor of a high penalty.

Given the discussion above, we consider these violations to be at the high end of the possible range and apply a daily penalty amount of \$11,250, for the full date range of 214 days, amounting to \$2,407,500 per violation, or \$4,815,000 for the two violations.

Removal of Major Vegetation

30820(c)(1) The nature, circumstance, extent, and gravity of the violation.

Several sites where activities were conducted are in or adjacent to potential ESHA, including coastal sage scrub, lemonadeberry scrub, wetland or drainages, and are also in, or near, mapped wetlands. Other work sites are in annual or native grassland, which is considered ESHA in certain situations. Many of the work sites are in, or near, coastal sage scrub. Construction equipment and other construction materials have been staged extensively near ESHA. (See. Exh 104 image of extensive construction equipment staged near ESHA, and Exh.106 image of staging of equipment near Willows.) Importantly, the violation involved a major amount of work at many different sites over a large area, with no justification for not coordinating with the Commission in advance and ensuring that the work was conditioned to protect these resources. Coordination with Commission staff would have allowed for full analysis of potential impacts, and safeguards to protect against coastal resource damage, yet this did not happen. Thus, so this factor weighs in favor of a medium-high penalty amount.

30820(c)(2) Whether the violation is susceptible to restoration or other remedial measures

The vegetation can be restored, though much of the work was done in sensitive areas, which may require greater measures to fully restore the vegetation. Moreover, the use of heavy machinery and other equipment within, or around, sensitive riparian areas can result in serious adverse impacts via trimming or removal of vegetation, which can reduce the habitat value of these areas as a result of the altered vegetation structure, with loss of cover, feeding areas, nest sites, and other similar functions. (Exh. 78) In addition to all of these potential impacts, these activities have the potential for to contribute to the release and dispersion of sediment and or release of hazardous materials into waterways, or sensitive riparian and wetland habitat areas. This factor weighs in favor of a high penalty amount.

30820(c)(3) The sensitivity of the resource affected by the violation

The resource affected by these violations is habitat, so this factor weighs in favor of a high penalty amount.

30820(c)(4) The cost to the state of bringing the action.

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

30820(c)(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

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

Given the discussion above, we consider these violations to be at the high end of the possible range and apply a daily penalty amount of \$11,250 for the full date range of 214 days, amounting to \$2,407,500

Installation of Metal Plates and Fill Within Wetlands

30820(c)(1) The nature, circumstance, extent, and gravity of the violation

Sable conducted extensive grading and excavation activities, some of which was conducted in, or adjacent to, riparian ESHA. Sable also applied an incorrect buffer of 50 feet from ESHA, instead of the requisite 100 foot buffer required by the County's Commission-certified Gaviota Coast Plan. Additionally, it does not appear that Sable delineated the locations of neighboring wetlands accurately, if at all. Without accurate ESHA mapping and wetland delineations mapping it is impossible to know the full extent of ESHA and wetlands at the development sites and it is unlikely that adequate protective measures were implemented to avoid or minimize adverse impacts to these habitats. As such, there is a high potential for damage to those wetlands fill activities and thus, this factor weighs in favor of a high penalty amount

30820(c)(2) Whether the violation is susceptible to restoration or other remedial measures

Violations, such as fill in wetlands, are difficult to remedy and, even if they are remedied successfully in the long run, the resource has been impacted in the interim, thus this factor weighs in favor of a high penalty amount. (See: Exh. 94 image of steel plate placed over installed culvert)

30820(c)(3) The sensitivity of the resource affected by the violation

The resource affected by these violations is wetlands, so this factor weighs in favor of a high penalty amount

30820(c)(4) The cost to the state of bringing the action.

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

30820(c)(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

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

Given the discussion above, we consider these violations to be at the high end of the possible range and apply a daily penalty amount of \$11,250, for the full date range of 214 days, amounting to \$2,407,500

Dewatering and Discharge of Water

30820(c)(1) The nature, circumstance, extent, and gravity of the violation

The dewatering and discharge of water, which occurred as part of excavation and work conducted on, and along, the offshore Pipelines, was done in riparian areas and those with elevated water tables, which created potentially damaging impacts to both surrounding habitat as well as potential increased erosion damage. Again, this work was conducted with no justification for lack of coordination with Commission staff which could have avoided the adverse impacts, and has the potential to create serious damage to surrounding habitat, and erosion. Thus, this factor weighs in favor of a mid to high penalty amount.

30820(c)(2) Whether the violation is susceptible to restoration or other remedial measures

Habitat can be restored, though the extent of the damage affects the measures which may be needed to fully do so. Sable undertook these activities without coordination with Commission staff which could have ensured proper parameters were in place that could have prevented potential habitat damage. Further, Commission staff have received images that show the BMPs that Sable did use to while doing the work in an apparent attempt to limit erosion or other damage to surrounding coastal resources, were installed ineffectively. Thus, the damage may be far greater than can be adequately assessed through the material which Sable has shared, which makes assessment of the susceptibility to restoration difficult to fully analyze. Thus, this factor weighs in favor of a mid to high penalty amount.

30820(c)(3) The sensitivity of the resource affected by the violation

The resource affected by these violations is wetlands, so this factor weighs in favor of a high penalty amount.

30820(c)(4) The cost to the state of bringing the action.

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

30820(c)(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

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

Given the discussion above, we consider these violations to be at the mid-high end of the possible range and apply a daily penalty amount of \$7,000, with the tolling period of 58 days subtracted from the full date range of 214 days, amounting to 156 days, amounting to \$1,092,000

Pipeline Removal, Replacement, and Reinforcement

30820(c)(1) The nature, circumstance, extent, and gravity of violation

Sable brought in heavy equipment to excavate substantial areas, and began either, removing or replacing whole sections of pipe, or installing external sleeves or coatings to expand and reinforce the pipeline. These activities required extension excavation, and created the potential release of construction debris and hazardous materials into the surrounding environment. While these activities created damage to the surrounding environment, they may not necessarily present the same threat of ongoing damage as other violations here do. Thus, this factor weighs in favor of a mid-range penalty.

30820(c)(2) Whether the violation is susceptible to restoration or other remedial measures

The vegetation and surrounding habitat damage can be restored, so this factor weighs in favor of a mid-range penalty amount

30820(c)(3) The sensitivity of the resource affected by the violation

The resource affected by these violations is vegetation and habitat, so this factor weighs in favor of a high penalty amount

30820(c)(4) The cost to the state of bringing the action.

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

30820(c)(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

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

Given the discussion above, we consider these violations to be at the mid to high end of the possible range and apply a daily penalty amount of \$7,000 with the tolling period of 58 days subtracted from the full date range of 214 days, amounting to 156 days, amounting to \$1,092,000.

Installation of Shut off Valves

30820(c)(1) The nature, circumstance, extent, and gravity of the violation

The installation of shutoff valves involved extensive grading, excavation, and removal of vegetation, as well as installation of an underground apparatus, all of which create a high potential to negatively impact surrounding coastal resources and important habitat areas. Many of these activities, such as the shutoff valve installation, could have been approved with a conditioned CDP and then accomplished in a manner that minimized the damage to

coastal resources that was created by Sable's refusal to apply for permits for these actions. This factor weighs in favor of a mid-range penalty.

30820(c)(2) Whether the violation is susceptible to restoration or other remedial measures

The vegetation and surrounding habitat damage can be restored, so this factor weighs in favor of a mid-range penalty amount

30820(c)(3) The sensitivity of the resource affected by the violation

The resource affected by these violations is vegetation and habitat, so this factor weighs in favor of a high penalty amount.

30820(c)(4) The cost to the state of bringing the action.

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

30820(c)(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

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

Given the discussion above, we consider these violations to be at the mid to high end of the possible range and apply a daily penalty amount of \$7,000 with the tolling period of 58 days subtracted from the full date range of 214 days, amounting to 156 days, amounting to \$ with the tolling period of 58 days subtracted from the full date range of 214 days, amounting to 156 days, amounting to \$1,092,000.

Placing of Sand and Cement Bags on the Seafloor Below and Adjacent to Out-of-Service Offshore Oil and Water Pipelines

30820(c)(1) The nature, circumstance, extent, and gravity of the violation

Both the type of inspection activities, and the type of work undertaken, have the potential for temporary and permanent adverse impacts to marine resources. For example, offshore activities required the United States Coast Guard to issue a Notice to Mariners which may have precluded commercial and recreational fishing activities within the area of the project during project activities. Marine mammals and marine reptiles could have become entangled in cables, including the cables connecting remotely operated vehicles (ROVs) to project vessels and those used to lower equipment and material to the seafloor. Sable does not appear to have completed detailed benthic surveys prior to project operations so it is possible that sensitive benthic habitats such as rocky substrate, sand dollar beds and/or rocky reef could have been smothered or damaged by the development. Thus, this factor weighs in favor of a high penalty.

30820(c)(2) Whether the violation is susceptible to restoration or other remedial measures

Without detailed Best Management Practices (BMPs) to govern project operations it is possible that construction debris and hazardous materials could have been released into the marine environment. Despite multiple communications with Commission staff before undertaking development activities offshore, in which Commission staff conveyed that an application for CDP was needed and that these activities could result in environmental harm, Sable proceeded to take these actions without such permit. As such, an analysis of environmentally superior alternatives could not be performed and no protective measures could be set in place by the Commission, such as qualified marine wildlife monitors, avoidance of rocky substrate, or other measures, in order to avoid or minimize adverse impacts. Importantly, because Sable used a cement/sand mixture in the bags that were deployed along the seabed, there is a potential for leaching of chemicals into the ocean and such potential increases over time. Because of this, remedial measures are likely much greater than they would otherwise be, if the work had been conducted with appropriate safeguards in place, and coordination with Commission staff. Therefore, this factor weighs in favor of a high penalty.

30820(c)(3) The sensitivity of the resource affected by the violation

The resource affected by these violations is vegetation and habitat, so this factor weighs in favor of a high penalty amount.

30820(c)(4) The cost to the state of bringing the action

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

30820(c)(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

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

Given the discussion above, we consider these violations to be at the high end of the possible range and apply a daily penalty amount of \$11,250 for the date range in which the violation took place, beginning on November 29, 2024 when the activity began, through April 10, 2025, the date of this hearing, amounting to 133 days. A daily penalty of \$11,250 for the period of 133 days amounts to \$1,496,250.

Failure to Comply with Executive Director Cease and Desist Order

30820(c)(1) The nature, circumstance, extent, and gravity of the violation

The nature, gravity, and extent to which Sable flatly refused to comply with the EDCDO, issued in February, are very high and the degree of culpability to which they have exhibited with regard to the Coastal Act violations is extensive. As has been described above, Sable continued to undertake work, after issuance of two separate Notice of Violation letters, and

two EDCDOs issued under Section 30809. Section 30821.3 applies to any violation of the division (other than public access), which includes Section 3089. With specific regard to Sable's refusal to comply with the terms of the EDCDO, issued in February, for purposes of this penalty assessment, Sable has indicated no intent to apply to complete CDP applications, as directed by the EDCDO, and after its issuance, Sable continued unpermitted development activities, at the onshore locations, along the Pipelines. Further, it is relevant that Sable has not been forthcoming and reliable in its representations to Commission staff, throughout the course of their interactions with Commission staff. In early conversations about the ongoing, onshore work, Sable indicated to Commission staff that work had ceased when, in fact, it had not. Despite an initial Notice of Violation, Sable continued to undertake development. Indeed, upon expiration of the November EDCDO, Sable resumed work within days and has done so with disregard to protection of surrounding coastal resources. Sable has continued to undertake activities at locations onshore. Moreover, it should be noted that the public policy implications are great. It is highly problematic, and very exceedingly rare, for an entity to refuse to comply with legal, validly issued orders. To do so is to undercut the very tools available to protect valuable coastal resources, and the Coastal Act itself. Such behavior from an entity that desires to operate multiple oil transport pipelines and production facilities in marine and coastal areas – some of which have already generated catastrophic spills and environmental damage - is troubling. Thus, this factor weighs heavily in favor of a high penalty amount.

30820(c)(2) Whether the violation is susceptible to restoration or other remedial measures

As stated in this staff report several times, the damage to coastal resources caused by Sable's actions, and inactions, and decision to violate the EDCDO altogether could have been minimized if Sable had first coordinated with Commission staff and complied with the Coastal Act, before undertaking development activities. These activities, which effect a broad area, and on a large scale, impacted several coastal resources, and many of those impacts could have been avoided. As such, the extent to which those measures are required to will likely be extensive. As also stated here, the extent to which remedial or restorative measures must be taken, is likely much higher than what is currently known by Commission staff, due to Sable's refusal to provide information that would allow Commission to provide a fully analysis of those effects. This factor weighs heavily in favor of a high penalty amount.

30820(c)(3) The sensitivity of the resource affected by the violation

The extent, and sensitivity of the resources affected by the failure to comply with the EDCDO is great, including ESHA, riparian areas, wetlands, and other important habitat areas, many of which support critical species, as has been discussed in this staff report. Therefore, this factor weighs heavily in favor of a high penalty amount. (See. Exh 81 image of excavator in potentially Mapped Wetlands on February 20, 2025, as well as Exh. Image of an excavator removing shoring trench walls near Coastal Sage Scrub on February 18, 2025)

30820(c)(4) The cost to the state of bringing the action.

This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

30820(c)(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

As has been discussed in detail in this report, Sable's actions, and inactions, in this instance have been very problematic. It is unprecedented for a violator to ignore and violate an Order in this way. As noted already, it is exceedingly rare that an entity acts in such an excessive, and repeated manner, and highly uncommon that an entity blatantly refuses, to comply with a legal, validly issued order. Commission staff have made constant attempts to work with Sable, and have repeatedly made themselves available to assist Sable in the CDP application process, and attempted to work with them to reach a consensual resolution of the whole situation, including trying to assist them in finding a path forward and a way to quickly resolve the enforcement and permitting cases. Despite this, Sable has instead consistently wasted Commission resources by agreeing engage in discussions toward resolution of the violations discussed above, only to change course with little, to no, forewarning. As discussed, Sable could have coordinated with Commission staff before undertaking activities at locations both onshore, and offshore, thereby ensuring appropriate parameters in place so as to prevent environmental damage, but instead, after direct communications with Commission staff informing them that work needed a permit and offering to work with them to obtain one, knowingly undertook work without such legal authorization and without conditions in place to ensure minimization and protection of coastal resources. This factor applies to this violation in the same way it applied to the prior one, so it weighs in favor of a high penalty amount.

Given the discussion above, we consider these violations to be at the high end of the possible range and apply a daily penalty amount of \$11,250 applied to a date range beginning on February 18, 2025, when the EDCDO was issued, through April 10, 2025, the date of this hearing which amounts to 52 days. Thus, Commission staff recommends a total of \$585,000.

Conclusion

Aggregating the findings with respect to all 30820(c) the factors listed above, Commission staff believes the higher-range penalty would be appropriate. A high-range penalty of \$12,000,000 - \$15,000,000 is suggested. See table below:

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

Total: \$14,987,250

*Note: Staff recommends that certain violations be assessed with a tolling period of 58 days, as described above.

Potential Efficiency Discount

While the above-referenced penalty figures are factually and legally appropriate to the respective parties and violations at hand, to maximize the likelihood of compliance with these Orders and to rectify this matter in the most efficient manner possible, thereby limiting the costs to the state and increasing the potential for accelerated restoration and reduced impacts on resources, if Sable elects to proceed with consolidated CDP application⁹, the Administrative Penalty will be reduced by 10% of the total amount (i.e., \$1,498,725). If however, at any point prior to the Commission staff filing the CDP application as complete, Sable takes any steps that would interfere with the processing of the CDP application, including any attempt to delay or avoid submittal of the CDP

⁹ If Sable elects to proceed with a Consolidated CDP process, they must do so in accordance with Section 1.3.A of the Consent Cease and Desist Order CCC-25-CD-01. See: Appendix A

application, the penalty amount shall not be reduced, and Sable shall be required to pay any remaining penalty amount to bring the full payment up to \$14,987,250

VII. DEFENSES ALLEGED AND RESPONSES THERETO

A. Summary

On March 10, 2025, Sable submitted a letter entitled “Statement of Defense and Response to Notice of Intent to Commence Proceedings for a Commission Cease and Desist Order, Restoration Order, and Administrative Penalty Order,” which we will refer to simply as the “Statement of Defense,” or “SOD.” This section provides responses to the arguments made in that SOD.

As an initial matter, although Sable makes many arguments in its Statement of Defense, a few recurrent themes stand out. The most prominent argument running throughout the SOD is that the work at issue in this proceeding was anticipated, its impacts were evaluated, and it was authorized and even required through various actions taken in the 1980s. Thus, Sable argues, the work required no further Coastal Act authorization and was not a violation of the Coastal Act. In support of this argument, Sable points to several different documents, including combined Environmental Impact Reports (EIRs) and Environmental Impact Statements (EISs) that they claim reveal the evaluation of impacts and various types of approvals and permit conditions that they claim reveal the authorization and mandate for the work.

There are several problems with Sable’s approach. First, many of Sable’s citations merely refer to ongoing operations, which Sable equates with maintenance. However, assessments of the impacts of the “operation” of a facility do not necessarily include the impacts of maintenance projects. Second, even where these documents discuss the need for future maintenance, none of them mentions the specific types of work at issue, nor do they imagine a project of this scope, so they could not have assessed or mitigated for its impacts. Third, even if an EIR/EIS attempts to include a “life cycle assessment” of the impacts of a project by including an assessment of the impacts of future maintenance, and even if the EIR/EIS at issue here had done so and predicted work of this nature, that does not mean that the individual future maintenance projects whose impacts were evaluated were authorized as part of the approval that the EIR/EIS supports. Such projects still require further review when they are proposed to occur, in order to ensure that they are performed in the least environmentally damaging fashion, especially where they are occurring decades in the future. And finally, although some entitlements affirmatively require the maintenance of a system in perpetuity, that is not the same as authorizing each individual instance of maintenance work. A maintenance requirement is to ensure that system integrity is maintained, but the recognition of the need for that and the requirement for that is totally independent of the question of whether the future work needed to achieve that will constitute development that will need to be reviewed to assess the potential that it will have its own impacts and then independently authorized. This is probably the primary recurrent theme throughout this document.

With that background, in Section B, we turn to an assessment of some of the individual documents upon which Sable relies in arguing that its work was pre-authorized, and we address each of these documents in turn. We then address some other recurrent themes in the SOD in Section C. Finally, in Section D, we address various other individual comments made throughout the Statement of Defense.

B. Documents on Which Sable Relies for its Pre-Authorization Argument

a. Onshore

i. EIR/EIS¹⁰

In the early 1980s, a pipeline project was proposed to construct and install an insulated underground pipeline – referred to as the Celeron/All American pipeline, after the two principal companies involved – to transport oil produced from the Santa Barbara Channel to refineries in Texas. The California State Lands Commission was designated as the lead agency under the California Environmental Quality Act and the Bureau of Land Management was designated as the lead agency under the National Environmental Policy Act. These agencies coordinated to develop a joint Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for the project, a public draft was released in August of 1984. In its SOD, Sable contends that this 1984 EIR/EIS for construction of the Celeron/All American pipeline (Celeron project) also describes and analyzes the environmental impacts of the corrosion remediation and shut off valve installation work it began carrying out in late 2024 and continues to pursue.

Despite Sable's reliance on these documents, the EIR/EIS does not appear to cover the instances of "maintenance" development activities that have been observed and carried out by Sable over the past several months. The EIR/EIS does not refer to the types of activities undertaken, and it does not include an analysis of the types of impacts that would likely flow from the types of development at issue here.

Instead, the Draft EIR/EIS includes a July 17, 1984, cover letter with a "Project Description" that refers only to the proposal to "construct" the pipeline, not to future maintenance activities, much less substantial pipeline replacement projects, removal of pipeline insulation or the potential for the installation of additional shutoff valves decades later. Similarly, the "Abstract" at the beginning of the document, on page 2 (pdf page 8), states that the project proponents propose only to construct the pipeline.

Sable points out that the EIR/EIS goes on to say that the document analyzes the environmental effects of the proposed pipelines "through construction, operation, maintenance, and abandonment," but that does not mean that everything through abandonment was being pre-authorized. Further, even if the intent was to pre-authorize everything in that list, the document doesn't define the term "maintenance" or even elaborate on what is contemplated by the term until section 2.2.4. That section lists types of anticipated maintenance, but it doesn't mention any pipeline alteration, expansion,

¹⁰ Sable cites to two versions of the combined EIR/EIS: (1) Final Environmental Impact Report Environmental Impact Statement; Proposed Celeron / All American and Getty Pipeline Projects; Calif. State Lands Comm'n and Bureau of Land Mgmt (DoI), January, 1985 (Sable SOD Doc. 3); and (2) the Draft of the same, from August, 1984 (Sable SOD Doc. 2).

replacement or earth movement at all. It lists five bullet points as constituting the maintenance activities associated with the pipeline and the right-of-way. Most relate to observation and inspection. The only references to maintenance are to maintenance of the cathodic protection system and the pipeline mile-post and road-crossing markers (see pdf page 128), neither of which was performed by Respondent, and both of which are simply not at issue here. The “Summary” section of the EIR/EIS states that operational impacts “would result primarily from potential oil spills and leaks” (p. S-2), without any indication of any consideration of impacts from maintenance, or the types of development undertaken recently by Sable and presently at issue.

The section of the EIR/IES on the environmental consequences of the Celeron project (§ 4.2) is broken down into subsections for each type of resource that could be affected, and does not discuss maintenance. The first subsection, on air quality (§ 4.2.1) has subsections, and each of those subsections, in turn has two subsections of its own – one on construction and one on operation. There is no section on the impacts of maintenance activities. Similarly, the third subsection, on impacts of the project to soils (§ 4.2.3) has three subsections – construction, operation, and abandonment. There is no discussion of maintenance, and the subsections on operation do not cover maintenance. The subsection on operations in section 4.2.3 limits its assessment of the impacts of operation to the impacts that “would result from oil pipeline leaks and ruptures” (4-24, pdf 328). The same is true for the sections on impacts to surface waters (§ 4.2.4, 4-30 to 4-32, pdf 334-336) and groundwater (§ 4.2.5, see, in particular, 4-35, pdf 339 [operational impacts “would only occur in the case of a leak or rupture”]).

The word maintenance is only mentioned a few times in the more than 120 pages discussing impacts of the pipeline construction project, and none of those references discusses the type of work at issue here, much less any mitigation measures to avoid or minimize potential impacts specifically from this type of work. Two mentions of the word are in the section on impacts to terrestrial biology (§ 4.2.7). In that section, there is one mention that operational maintenance could increase the risk of fire (p.4-47) and one mention that maintenance traffic could increase habitat destruction (p. 4-53, pdf 357). There is no discussion of grading new roads or of excavating or stockpiling soils. The only other mentions are in the sections on socioeconomics (§ 4.2.8), discussing the fact that the project would employ people to maintain the pipeline (pp. 4-60 & 4-67), the section on cultural resources (§ 4.2.11), and, again, in discussing oil spills and leaks (§ 4.2.15), where it refers to the maintenance discussed in section 2.2 as a means of preventing impacts, but does not discuss the impacts of maintenance (see pp. 4-114 & 4-117, pdf 418 & 421). Regarding cultural resources, Section 4.2.11 acknowledges that not all portions of the pipeline route had been surveyed for cultural resources and many known sites had not been evaluated for their eligibility for National Register designation. For these reasons, the cultural resource impact assessment at the time that the time of preparation of the EIR/EIS was incomplete and the EIR/EIS required a compliance plan to mitigate for potential impacts to cultural resources for all aspects of the project proposal. As discussed above, since the type of maintenance undertaken by Sable was not envisioned, analyzed, or approved in the EIR/EIS as part of the project proposal, the approved compliance plan may not be sufficient to adequately prevent adverse impacts to coastal resources as a result of the work.

The Final EIR/EIS released in 1985 contains no clear project description, but the section listing areas of environmental concern (§ 1.2) only discusses impacts from construction and spills (see p.1-3, pdf19). Similarly, the section on impacts (§ 1.3) states only that the proposals have potential significant impacts from “construction and operation.” (p. 1-5, pdf21). Otherwise, the discussion above regarding the Draft EIR/EIS pertains equally to the Final, and here again, there was no identification of additional development activities they are calling “maintenance” nor were there provisions to identify, reduce or mitigate such development activities. See, also, the discussion in the Summary of Staff Recommendations (on pages 5-6, above) and in Section III.C. (on pages 21-22), regarding changes in our understanding and listing of sensitive species and in the nature of the pipeline project’s operation since these initial EIRs/EISs were produced

Finally, in any case, as Commission staff stated in the second half of the first paragraph on page 3 of the Notice of Intent for the second EDCDO (Exh. 8), even if an EIR is designed to do the equivalent of a “life cycle assessment” for a proposed project, to predict the impacts that will result over its full lifespan, including effects of future maintenance, that does not necessarily mean that the approval of the project includes advance approval of any and all maintenance that may be needed in the future, nor could it, without any way to know for sure what sort of maintenance will be needed, when and where it will be proposed, for how long into the future, or through what methods.

ii. Final Development Plan (FDP) (85-DP-66cz)/CUP (March, 1986)
(Sable SoD Doc. 5)

Commission staff also reviewed and analyzed the Final Development Plan, upon which Sable relies for “authorization” of the development undertaken here. This Final Development Plan was approved by Santa Barbara County in March of 1986 for construction activities in Santa Barbara County for the Celeron/All American pipeline, the same one for which the EIR/EIS discussed above was prepared. Page 2 of the Final Development Plan includes a section entitled “Project Description,” and it refers to the construction of the pipeline, which will require a construction corridor, and three pump stations, but not to future maintenance activities. In fact, Commission staff ran a search for the string “maint” in the document, and although it appears eight times, and the references show that maintenance was anticipated and even required, never does the FDP say that this plan was providing the necessary review and approval of specific, future maintenance activities in advance, nor could it, given that the nature and scope of any required maintenance activities, especially decades into the future, could not be anticipated. This is critical because this is really the key document given the nature of the documents in the next section.

iii. Santa Barbara County CDPs

The documents that provided Santa Barbara County’s actual Coastal Act authorization for the Celeron pipeline project were two CDPs issued by the County in 1986 (CDPs number 86-CDP-189 and 86-CDP-205).¹¹ However, these documents are only two pages each and

¹¹ Sable SoD Doc. 6 and 7.

say almost nothing relevant to the "pre-authorization of future maintenance activities" issue, as they simply define the project being authorized by referring back to the FDP (which itself refers back to the EIR/EIS discussed above), defining the approved project as "[c]learing, grading and trenching for [the pipeline project] as approved by 85-DP-66cz" and as the "[r]emainder of all construction activities for [same] as approved by 85-DP-66cz," respectively. Still, neither of these documents states that it is authorizing development activities beyond the specific Celeron pipeline construction project before it, particularly not things such as actions to replace portions of the pipeline with new materials and new methods, much less actions taken forty years in the future.

iv. Conditions of Approval

In its SOD, Sable also points to several conditions that they claim show that maintenance was approved from the start. While these conditions show that maintenance was anticipated, and in some instances even required, that is not the same as pre-authorizing the specific activities that would be involved or have been carried out by Sable nearly 40 years in the future. For example, condition P-2 requires the creation of a Safety Inspection, Maintenance, and Quality Assurance Program "which shall be implemented during construction and operations." But although that condition requires maintenance, the fact that this program did not yet exist shows that the impacts could not possibly have been evaluated at that point. Rather, the condition creates a requirement to generate a plan that will have to be implemented, but that requirement to implement the plan does not relieve the operator of the independent obligation to go through the permitting process prior to implementing any aspect of that plan that would normally require Coastal Act authorization. Further, the plan specifically relates to "operation" of the pipeline. The pipeline has not been in operation for almost a decade now and thus would not be covered by the plan.

Sable also points to condition A-13, which identifies certain types of changes to the pipeline or its throughput that would require a new or modified permit. However, first, that list is expressly not exhaustive, stating that the types of changes that would require permitting "could include but not be limited to" the enumerated changes. Secondly, that list appears to be focused on types of changes to the pipeline and its throughput, which raises different issues from maintenance work.

v. Summary with respect to the Aforementioned Entitlement Documents

The permitting documents from the 1980s for the original construction of the pipeline say nothing about pre-approving future maintenance activities. The EIR/EIS has some limited discussion of maintenance and some of the potential impacts of maintenance, but that does not justify the inference that such maintenance was being pre-approved, and even if it did, the maintenance discussion did not cover the sort of activities at issue now. Instead, that discussion was focused on maintenance of the cathodic protection system and the pipeline mile-post and road-crossing markers, with isolated mentions of the facts that maintenance activities could be required to cover up the pipeline if it becomes exposed, could increase risk of fire, and could disturb cultural resources, and that maintenance traffic could disturb terrestrial habitat. None of these documents contains any analysis of, or indication that they attempted to predict, or mitigate in advance for, all of the different

types of impacts that would result from the operator having to repeatedly access sites, excavate, expose and reinforce or replace stretches of pipeline, in perpetuity, for whatever type of work might be required and however it might be accomplished.

vi. Consent Decree

Sable also cites to the existence of a Consent Decree (Exh. 60) reached between Sable and the local government as somehow providing authorization under the Coastal Act for development undertaken at the site. It does not, for a variety of reasons:

- The Commission wasn't a party to that litigation or to the Consent Decree, and it specifically says it doesn't limit the rights of third parties. § 79.
- It also specifically says it was designed to resolve the issues raised in that litigation (§ 69), which couldn't have and didn't include anything relating to compliance with requirements for the work envisioned in the consent decree.
- It clearly envisions that the pipeline operator will restart use of the pipeline, and it says that they can't restart until they do certain things, but nowhere does it say that those steps are the *only* things Sable would need to do or that if Sable does those things, Sable can restart, notwithstanding any other applicable requirements.
- Conversely, it specifically says it's not a permit, that Sable will still have to comply with state and local laws and permits, and that compliance with the Consent Decree is not a defense. § 78. *See also* § 84.

vii. Santa Barbara County Letters

Finally, Sable relies on the letters from Santa Barbara County Planning and Development Department staff to Commission staff as establishing that the existing permits authorize the subject work, arguing that the Commission lacks the "authority to override or otherwise nullify" the County's letter regarding the anomaly repairs.¹² However, Sable cites nothing to indicate that the County's letters had any independent legal effect or significance such that the Commission would need to "override or otherwise nullify" them, much less that they create any sort of conclusive presumption. In fact, Sable later acknowledges that the County's letter regarding the anomaly repairs is nothing more than an "informal . . . assessment."¹³ Thus, it has no binding effect.

Sable also argues that the County's letter is entitled to a substantial evidence standard of review and due deference because it represents the County's interpretation of its own permit. However, the substantial evidence standard is for judicial challenges, and even if it were to apply, the County cited no specific evidence, so there would be no way to determine whether the conclusion was supported by substantial evidence. And for the reasons stated above, the Commission finds that the evidence that Sable submitted did not support the conclusion. Finally, as indicated above, Sable acknowledges that the letter is not a formal determination by the County at all, but merely an informal assessment.

¹² Sable SOD at 2. See also Sable SOD at 37 (making a similar argument with respect to the County's September 4, 2024 letter regarding the installation of the safety valves).

¹³ Sable SOD at 23.

Given both that fact and the fact that the assessment included no facts or analysis to support its conclusion, the Commission is entitled to reach a different conclusion.

b. Offshore

i. EIR/EIS¹⁴

Similar to the EIR/EIS for the onshore work, the EIR/EIS Sable cites for the offshore work is focused on the construction of the system and not future maintenance. Its project descriptions in the Abstract and the Executive Summary do not mention future adjustments to the sea floor, and it never mentions the work currently at issue (span remediation) at all. Sable cites one line in a table that lists the following mitigation measure: “Monitor seafloor disturbances after construction using side scan sonar or equivalent to assess need for remedial measures which could include smoothing of seafloor mounds.”¹⁵ This mitigation measure does not even explicitly specify or discuss what sort of “remedial measures” might be warranted, much less analyze their impacts. And in any case, as discussed with respect to the EIR/EIS for the onshore work, even if the document did discuss potential impacts of necessary future maintenance work, in an attempt to assess the full life cycle impacts of the project, that would not mean that the approval of the original project was authorizing all such future work in advance without the need for further review at the time.

ii. Development and Production Plan (DPP)

The DPP is equally devoid of any discussion of span remediation. Sable argues that the DPP contains “a detailed discussion of the Offshore Pipelines that would be installed, maintained, and operated,” but the only citation it provides is to a page that merely discusses the sizes and use of the pipes to be installed.¹⁶ Although the DPP has a section specifically on the pipelines, with subsections on construction and operation, Sable cites to nothing in that section about the need to adjust the seafloor (including for span remediation) in the future. Sable cites one sentence in that 28-page section that states that the pipelines “will be maintained in good operating condition at all times.”¹⁷ This general statement about the need for pipeline maintenance doesn’t even mention the environment of the pipelines and is reasonably interpreted to refer to the integrity of the pipes themselves. And while the DPP does discuss submerged weight and trenching in the context of establishing pipeline stability,¹⁸ there is no indication that statement is intended to address activities beyond the initial deployment.

iii. Coastal Development Permit CDP E-88-1 and Consistency Certification CC-64-87

In 1988, the Commission issued a combined report for its CDP and its concurrence with Exxon’s consistency certification for the Development and Production Plan. The “Project Description” on the caption page of that report included the “[i]ntallation of” the offshore

¹⁴ Final Environmental Impact Statement/Report for Santa Ynez Unit/Las Flores Canyon Development and Production Plan (June, 1984).

¹⁵ Sable SOD at 47, citing Final EIR/EIS at 6-53, table 6.3.6-1.

¹⁶ Sable SOD at 45, n.214, citing DPP at VIII-2.

¹⁷ SOD at 45-46, n.215, citing DPP at VIII-24.

¹⁸ DPP at VIII-14.

pipelines, The more detailed description on pages 18-23 includes the following statements (all on page 21):

- “Three principal pipelines will be installed from the onshore facilities to the SALM: a 48-inch diameter crude oil loading line and two 18-inch diameter vapor balance lines.”

- “Exxon proposes to install another two pipelines: one 20-inch crude oil pipeline; one 12-inch produced water outfall pipeline . . .”

- “The construction method anticipated for pipeline installation is the conventional pipe lay barge stinger method. Surf zone trenching operations may require the use of a trestle to prevent sanding in the trench. Power cables will be installed in the same corridors as pipelines. Nearshore pipeline construction is scheduled for late 1989 to early 1990, requiring about three months.”

None of this, or anything else Sable has been able to cite in the report, says anything about future modifications to the sea floor to adjust for changes that may occur in the future, much less does it suggest that such actions were being approved in advance by this permit.

It is also worth noting that Sable argues that the County’s interpretation of its own permit is binding on the Commission. The obvious logical extension of that principle would require deference to the Commission’s interpretation of its permit as well. It is also worth re-emphasizing that, as indicated above, Commission staff provided such an interpretation to Sable personnel prior to the commencement of the offshore work, informing them that such work would require a Coastal Development Permit.

iv. BSEE and SLC Letters

Sable claims that the State Lands Commission “emailed approval to Sable to proceed with the work” in November of 2024, followed by “an official approval letter on December 4.”¹⁹

What Sable fails to note is that this approval letter specifically states (on page 2) that Sable must “obtain all necessary permits and approvals from other Federal, State, and local agencies having lawful authority and jurisdiction over the pipelines . . . before commencing the operations.” Nor would the fact that one agency approved work for purposes of its requirements insulate or immunize Sable from other regulatory requirements. Sable also notes that in 2012, BSEE allowed Exxon to “conduct span remediation maintenance on the Santa Ynez Unit pipelines” without requiring any new approvals, and that the Commission did not object.²⁰ BSEE’s decision as to whether to allow this work to proceed, even if taken as an indication of how it interpreted the DPP, does not govern the Commission’s interpretation of its permit. As for the Commission’s lack of objection, Sable presented no evidence indicating that the Commission was even asked to review the issue. The only evidence Sable presented that the Commission was even aware of the matter is that it was listed as a cc on one letter. Sable’s attempt to draw inferences from the Commission’s lack of response to that letter are entirely baseless and no evidence exists to indicate that the letter was ever received by Commission staff. Moreover, even if Commission staff had affirmatively declined to object to that instance thirteen years ago, that would not constitute a waiver of its ability to enforce the Coastal Act with respect to similar development at a later time, nor would it bind the Commission to any particular interpretation of its permit.

¹⁹ Sable SOD at 56

²⁰ Sable SOD at 60-61.

Further, the Commission has actively reviewed and required authorization for the same type of span remediation work that Sable recently completed. On no fewer than seven occasions in recent years, the Commission has considered CDP or waiver applications for this type of work on other offshore oil or intake pipelines and on two additional occasions emergency permits have been issued to allow similar work to be expedited.

C. Other Themes in Sable's SOD

a. Preemption

Sable argues that CDP review authority for Sable's anomaly repair and valve installation work is entirely preempted under federal and state law.²¹ This overstates the preemptive effect of federal and state law. As the Commission stated in its initial September 27, 2024 Notice of Violation, although the California Office of the State Fire Marshall ("OSFM") has authority over pipeline safety under the federal Pipeline Safety Act (49 U.S.C § 60101 *et seq.*), any resulting preemption is limited in scope. Other state agencies, as well as local governments, may review and impose requirements related to other issues. Thus, the Commission and the County have jurisdiction to review and impose requirements relating to the consistency of the development activity with the Coastal Act and the LCP, as that does not pertain directly to pipeline safety.

Under the federal Pipeline Safety Act, the federal Pipeline and Hazardous Materials Safety Administration ("PHMSA") has authority to regulate both interstate and intrastate gas pipelines to protect against "risks to life and property posed by pipeline transportation and pipeline facilities." (49 USC § 30101(a).) Through a state certification program that PHMSA must approve, various states, including California, may regulate intrastate pipelines under PHMSA's regulations.

The federal Pipeline Safety Act has express preemption provisions for both interstate and intrastate pipeline safety. For intrastate pipelines, a certified state authority may adopt "additional or more stringent safety standards . . . only if those standards are compatible with the minimum standards prescribed under [the federal Pipeline Safety Act]." 49 U.S.C. § 60104(c). In turn, California law designates OSFM as having "exclusive safety regulatory and enforcement authority over intrastate hazardous liquid pipelines and . . . may act as agent for the United States Secretary of Transportation to implement [the federal Pipeline Safety Act]." Cal. Govt Code § 51010. See also *Olympic Pipe Line Co. v. City of Seattle*, 437 F.3d 872, 877 (9th Cir. 2006) (finding express preemption of city's safety regulations of intrastate pipeline). Thus, any resulting preemption is limited in scope and does not encompass all pipeline-related "development" (as defined in Section 30106 of the Coastal Act and Section 35-58 of the LCP). The Commission and the County retain CDP jurisdiction to review any development activity undertaken in connection with achieving the pipeline safety standards. For example, for pipeline-related development associated with vegetation clearance, grading, excavation, and construction activities, the Coastal Act requires those activities be reviewed to determine their impacts of those activities on environmentally sensitive habitat areas.

²¹ It does not appear that Sable argues that preemption applies to CDP review authority for the span remediation work that occurred offshore.

Despite the limited scope of preemption, Sable argues that its predecessor's (Celeron) 1988 settlement agreement with the County creates a presumption that any CDP review of the valve installation work is entirely preempted.²² This is not accurate, nor is it supported by preemption law, for at least three reasons. First, the work putatively preempted in the settlement agreement isn't even that which is at issue here. The 1988 settlement agreement purports to somehow preempt CDP review. But the 1988 settlement agreement purports to create a "presumption" of preemption for work that is performed "one foot or more below the surface of the ground and related to the operation of the pipeline."²³ Therefore, on its face, this term does not address any development activities aboveground or excavation above the one-foot depth threshold.²⁴ Secondly, the Commission was not a party to this litigation or the settlement and is not bound by it or by the conclusion that the County's Coastal Act review authority is preempted.

Third, and more fundamentally, the scope of federal preemption cannot be contractually altered because "[f]ederal preemption is the allocation of power and decision-making authority between the federal government and state and local governments, based on the Supremacy Clause of the Constitution." *Olympic Pipe Line Co. v.*, 437 F.3d 872 at 882-83. Because "[p]reemption is the power of the federal government" (*id.* at 883), the scope of preemption under the settlement agreement is not greater than that under federal law. Thus, it is federal law – not the 1988 Settlement Agreement – that establishes the scope of any federal preemption. Federal law does not contain the "one foot or more" standard for preemptive effect, nor does it support the broad reading of preemption that Sable advances.

Sable also argues that any CDP review for the work at issue is preempted by a conflict with federal PHMSA requirements and with OSFM requirements pursuant to OSFM's certified authority to regulate pipeline safety. Again, this is simply not accurate. In particular, Sable refers to 49 C.F.R. § 195.452(h), which contains integrity management provisions applicable to pipelines in "High Consequence Areas."²⁵ Under PHMSA regulations, when an pipeline operator's assessment identifies a potential problem with the condition of the pipeline, it must evaluate and "discover" the issue within 180 days after the operator receives an assessment that identifies the problem. 49 C.F.R. § 195.452(h)(2).

²² Settlement Agreement between County of Santa Barbara and Celeron Pipeline Company (Feb. 8, 1988). The settlement agreement makes the presumption rebuttable if there is "clear language granting jurisdictional rights to the County under the terms of this Agreement . . . or by law binding upon the County and Celeron." Settlement Agreement ¶ 3.2.

²³ *Id.* ¶ 3.1.3. The August 30, 2024 Conditional Settlement Agreement between Sable and the County referenced this presumption of preemption.

²⁴ Furthermore, the settlement agreement also contains a presumption of preemption if it is covered by 49 C.F.R. Part 195, which are the federal pipeline safety regulations implemented under the federal Pipeline Safety Act. As discussed above, the federal Pipeline Safety Act provide for express preemption of various pipeline safety requirements.

²⁵ High Consequence Areas are defined in 49 C.F.R. § 195.450 to include "unusually sensitive areas" or certain population areas. Unusually sensitive areas are defined in 49 C.F.R. § 195.6 as meeting certain ecological resource criteria. In a 2024 report to OSFM, Sable indicated that Line 324 (10.86 miles from Las Flores Canyon to Gaviota) is a High Consequence Area because it is an "ecologically sensitive region (coastline)." Pacific Pipeline Background Data, Attachment B of State Waiver Application, prepared by Pacific Pipeline Company (June 2023).

This 180-day discovery timeframe is not absolute, and the operator may notify PHMSA of any need for additional time if the 180 day timeframe is “impracticable.” *Id.*

Even if this PHMSA provision, with its timing requirements, were to apply to a pipeline such as the one at issue, which was rendered inoperable and has sat inactive for a decade, Sable provides no reason why it could not both apply for a CDP and comply with these PHMSA requirements. For example, Sable could have applied for a CDP in advance of doing any discovery work, or it could have notified PHMSA of additional required time, if necessary. Or the Commission’s permitting process could have simply taken less than 180 days. Indeed, the Commission has processed CDPs for other pipeline repair projects taken pursuant to PHMSA regulations.²⁶

i. There is No Conflict Preemption Here

Federal conflict preemption applies only where a state law conflicts with federal law, either because it is impossible to comply with both laws or because state law stands as an obstacle to accomplishing the purposes of federal law. *English v. Gen. Elec. Co.*, 486 U.S. 72, 79 (1990). In either case, there is a strong presumption against preemption. *Wyeth v. Levine*, 555 U.S. 555 n. 3 (2009). Conflict preemption is a demanding standard, as courts will not “seek[] out conflicts between state and federal regulation where none clearly exists.” *English*, 496 U.S. at 90 (internal quotation marks omitted). In this case, there is no conflict between compliance with the safety requirements under PHMSA regulations in Part 195 and compliance with CDP requirements that do not directly pertain to those safety requirements. Likewise, there is no conflict between compliance with Gov. Code section 51013.1 (AB 864), which requires the use of best available technologies (such as shut-off valves) for pipelines near environmentally and ecologically sensitive areas in the coastal zone,²⁷ and compliance with CDP requirements that do not directly pertain to the safety issues within OSFM’s review under AB 864. Finally, although the Consent Decree in the lawsuit arising out of the Refugio oil spill specified actions to be taken by the defendants (Sable’s predecessors) in connection with proposed restart activities,²⁸ the Consent Decree does not relieve Sable from applying for a CDP for development activities that do not directly pertain to PHMSA and OSFM safety requirements. As the Consent Decree states:

This Consent Decree is not a permit, or a modification of any permit, under any federal, state, or local laws, or regulations. Defendants are responsible for achieving and maintaining full compliance with all applicable federal, state, and local laws, regulations, and permits; and Defendants’ compliance with this Consent Decree shall be no defense to any action commenced pursuant to any such laws, regulations, or permits, except as set forth herein.²⁹

²⁶ See, e.g., CDP No. E-11-031 (approved March 9, 2012). SoCalGas sought a CDP for development activities, including excavation and vegetation clearance, relating to pipeline testing required under PHMSA regulations in 49 C.F.R. Part 192 (which applies to natural gas pipelines).

²⁷ AB 864 was enacted in 2015 after the Refugio oil spill, and it requires OSFM to develop implementing regulations requiring the use of best available technology.

²⁸ Consent Decree in *United States, et al. v. Plains All American Pipeline, L.P., et al.*, Case No. 2:20-cv-02415, (C.D. Cal. Mar. 13, 2020).

²⁹ *Id.* at ¶ 78.

Finally, Sable points to no published caselaw demonstrating any preemption here. Although Sable cites *San Diego Gas & Electric Co. v. City of Carlsbad*, 64 Cal.App.4th 785 (1998), that case is distinguishable. *Carlsbad* involved a city's floodplain ordinance that required the utility to obtain a permit to deposit sand from dredging operations. In that case, the utility company applied for the permit. The court held that the prescriptive requirements of the permit went into an area of state law that was "fully" occupied by the state. *Id.* at 803. *Carlsbad* did not involve the Pipeline Safety Act or its implementing regulations, nor did it involve AB 864, and it presents a different set of facts involving the deposition of dredging spoils under a different state law (Public Utilities Code § 701). Moreover, in *Carlsbad*, the utility company actually applied for and obtained a permit, which the court evaluated to determine whether the permit's scope entered an area occupied by state law. As the *Carlsbad* court noted, "[t]his record does not present the abstract question of whether a local entity may regulate, within its jurisdiction, the disposal of dredging soils taken in the operation of a public opinion, and we express no opinion on that subject." Thus, *Carlsbad* does not support Sable's conflict preemption argument.

b. Jurisdiction

Sable divides its SOD into three sections. The first addresses the anomaly repair work, the second addresses the valve installations, and the third addresses the span remediation work. Each of those three sections ends with a similar discussion of the Commission's jurisdiction. Sable claims that the Commission has no jurisdiction to issue a CDO, an RO, or penalties. However, Sable's arguments are mostly derivative of their earlier arguments, in the sense that they rely on the substantive arguments Sable made earlier and only apply if their earlier arguments are correct, as is explained in the next four paragraphs.

With respect to the Commission's authority to issue a cease-and-desist order, Sable begins by arguing that the first two bases listed in Section 30810 for such an order (that the work at issue required a permit from the Commission or violated a condition of an existing permit) do not apply. But with the exception of the span remediation work, the Commission is not asserting otherwise, and for the span remediation work, again, the issue of whether the work required Coastal Act authorization beyond what was provided for the original installation of the pipes in the 1980s is addressed above. For the other two categories of development, the Commission's CDO is based on the third, alternative, and independently sufficient basis for the Commission's jurisdiction to issue a CDO, which is that the Commission is enforcing the County's LCP. Here again, Sable argues that the work is not a violation of the County's LCP because it was already authorized, but that issue is addressed above. The Commission's analysis from above is incorporated by reference.

There are three bases on which the Commission can enforce an LCP, listed in section 30810(a)(1)-(3). Here, as discussed above, the Commission is authorized to issue the CDO based on section 30810(a)(2), because the Commission requested that the County take enforcement action, and the County declined to act or did not act in a timely manner. Sable argues that it is not the case that the County declined to act, in that the County did issue letters, referring to the County letters asserting that the work at issue was authorized

by prior permits. Section 30810(a)(2) authorizes the Commission to act whenever a local government declines the Commission's request to pursue enforcement. The County's letters may be a type of act, but they certainly do not count as the County pursuing enforcement. If anything, they are the opposite, as they explain why the County has declined to act. Sable also argues that section 30810(a)(2) only allows the Commission to enforce if the actions at issue "could cause significant damage to coastal resources." But this is, again, an issue that was addressed above, in the Commission's findings to establish its *prima facie* case on the merits.

With respect to the restoration order, Sable points out that there are three criteria that must be satisfied to support the Commission's authority to issue such an order. Sable again argues that first criterion is not satisfied because the work required no permit, but again, that is addressed above throughout this report. Sable next argues that the work did not cause continuing, or even any, resource damage, but that issue is addressed above as well. Again, the Commission's prior analyses are incorporated herein by reference.

Finally, with respect to penalties, Sable makes arguments with respect to PRC sections 30820, 30821.6, and 30822, but none of those sections is at issue here. Those sections govern the imposition of penalties by the courts. The NOI for this proceeding stated that the Commission could impose penalties pursuant to section 30821.3. The NOI then merely went on to mention that the Coastal Act "also includes several *other* penalty provisions that may be applicable as well" (emphasis added), meaning they may be applicable to the activities at issue, not that they would form the basis for the Commission's administrative action. As for section 30821.3, Sable returns to its derivative argument, claiming that the work was already authorized. Again, since that issue is at the heart of this report, the Commission's prior analysis is incorporated herein by reference.

The County also makes two other arguments that could be characterized as being jurisdictional arguments. With respect to the valve installation work, Sable argues that, because it has submitted additional information to the County for its review, it would be "premature" for the Commission to address that issue at this point.³⁰ The Commission has always been, and continues to be, interested in considering any additional materials Sable can provide regarding the work that was done and is still planning to do, or regarding Coastal Act authorization for that work. In fact, Commission staff asked repeatedly for information and evidence that any of the work was covered by prior coastal development permits. However, although Sable asserts that it is now returning to the County and argues that this divests the Commission of authority to act, Sable provides no indication of what sorts of materials were submitted to the County or why Sable didn't begin this process six months earlier, given that it acknowledges that it is submitting these materials "in light of" the letters it received from the Commission six months ago.³¹ In addition, the Commission's orders provide for the possibility that Sable could produce new evidence of existing Coastal Act authorization. The prohibition on development in Section 1.1 of the Orders does not apply if the Commission's Executive Director confirms that Coastal Act authorization has been received. Thus, if the County responds to Sable's new

³⁰ SOD at 3, 30, 37, 41, and 42.

³¹ *Id.* at 30 and 37.

submittal by providing evidence of such authorization, the Orders will allow Sable to proceed. At this point, however, since the County did not act in response to the Commission's request for enforcement, the Commission now has jurisdiction to proceed and need not wait for additional County review of this unspecified (and mysteriously timed) "new information." Second, Sable argues that the consolidated permitting process – which Commission staff mentioned in an attempt to help facilitate and expedite the process – does not apply because it requires that a permit be required from the local government. Based on its argument that no permit is required from the local government, Sable therefore argues that this process is not available. Of course, this, too, is a derivative argument in the sense that, if that were true, the entire enforcement action would be improper, so the availability of this permitting approach would be irrelevant. Conversely, however, assuming the Commission is correct that additional Coastal Act authorization is required, as is at the heart of this action, then this argument necessarily fails. Sable also argues that the process is "procedurally improper" in that it has not consented to it (SOD at 27), but again, the process was offered as an accommodation, Commission staff and the County have agreed, and whether Sable provides the final consent to make the process available is within its control. And finally, the orders merely provide this process as an option of which Sable may avail itself.

c. Benefits and Harms of the Work at Issue

Much of Sable's SOD contains arguments for the salutary nature of the work at issue, how it is consistent with industry standards,³² how it promotes pipeline safety,³³ or how it is consistent with legislative mandates, such as AB 864³⁴. All of this misses the point. Commission staff never stated that the work at issue does not improve the safety of the pipeline or that it should not ultimately be allowed. Nor is the Commission taking that position now. Indeed, it would be premature to do so without having received the normal application materials that would enable a complete review of the work. Whether the work has benefits is beside the point. Even if the work is ultimately found to be beneficial and approved, the question posed in this proceeding was a different one: whether the work must be approved through a permitting process that, if nothing else, allows the Commission to perform its responsibility of ensuring that the work is done in a manner that minimizes impacts to protected coastal resources.

Another significant portion of Sable's SOD argues that the various types of work it has been performing that are at issue here were performed in a safe and environmentally sensitive manner that protected the resources. This is relevant to some of the analysis (for example with respect to the restoration order and the penalties), but it is not relevant to the cease-and-desist order, for the reason indicated in the prior paragraph. I.e., the Commission's authority to issue a cease-and-desist order in this case is based on Sable's failure to secure the necessary Coastal Act authorization for the work, regardless of how it is performed and whether it harmed resources. However, as is explained in the body of this report, the Commission also finds that it is not true that the work was all conducted in a manner that had no impacts, and the Coastal Act is designed such that it is through the permitting process that the Commission will obtain more detailed information in this regard.

³² E.g., SOD at 11, n.33, and 48-49.

³³ E.g., SOD at 12, 32.

³⁴ E.g., SOD at 30-31.

D. Additional Arguments

Respondent's Claim:

"the Coastal Commission does not have the authority to override or otherwise nullify either the County's determination or the County's interpretation of its own previously issued coastal development permits for the Onshore Pipelines"
- Statement of Defense at page 2

Response:

The County's interpretation may be due some deference, but we are unaware of any authority to suggest that a permitting agency's interpretation creates a conclusive presumption. Commission staff reviewed the relevant documents to try to determine whether the County's reading is correct, and they reached out to the County to share their reading of the permits and other documents and attempt to coordinate with them, but the County did not engage in any meaningful dialogue or provide useful documentation to support their position, despite numerous requests from Commission staff over the span of over two months.

Staff also initiated a review process pursuant to section 13569 of the Commission's regulations, in an attempt to foster further coordination with the County, understand the factual basis for its position and attempt to resolve this disagreement. However, the County continued to ignore requests to identify the sections and analysis in its historic CDPs for the pipeline that could be interpreted as pre-authorizing Sable's current work.

The County has ignored these requests and consistently failed to identify any such information, leading Commission staff to reach the conclusions described above that no such information exists.

We are also unaware of any authority to suggest that the County's letter has any independent legal significance such that we would need "authority to override or otherwise nullify" it. It is simply their position, and as such, we are free to disagree with it. Our positions are based on a reading of the relevant documents as discussed herein.

Respondent's Claim:

"Commission staff appears to be asserting Commission jurisdiction over these already permitted activities in order to exert some influence over Sable's planned restart of the Santa Ynez Unit oil production operations."
- Statement of Defense at page 3

Response:

This speculation about the reasons for the Commission's assertion of jurisdiction is both baseless and irrelevant to the issues in this case. The action being taken here, and those which were taken previously by the Executive Director of the Commission, were

taken to protect the coastal resources the Commission is charged with protecting and to ensure the integrity of the permit process.

In any event, the Commission has jurisdiction for the reasons stated in the body of this report, and as such, it can proceed regardless of Sable's speculation about motives or future issues.

Respondent's Claim:

"Jurisdiction over restart activities is entirely outside of the Commission's jurisdiction"

- Statement of Defense at page 3 and fn. 7, citing the Consent Decree with the parenthetical "requiring, in part, approval of a Restart Plan by the Office of the State Fire Marshal."

Response:

Sable cites to nothing in the Consent Decree or any other authority for the proposition that restart is in the exclusive jurisdiction of the agencies that are parties to that document, and we are aware of nothing that would support this, but this point is irrelevant to the present dispute in any event, as the activities identified as having taken place without the required permit do not include restart of the pipeline, and the action here is addressing the need for Coastal Development Permits for development activities, and the importance of the associated protection of coastal resources under the permitting processes.

Respondent's Claim:

"Since these facilities were constructed, the Coastal Commission has never asserted that any new or amended coastal development permits would be required for the type of anomaly repair and maintenance activities, safety valve installation work, or span remediation work described in the EDCDO/NOI."

- Statement of Defense at page 6

Response:

The Commission is unaware of any work of the nature or magnitude of the present project having occurred before. In fact, the Commission is unaware of being notified of any anomaly repair work or valve installation work having occurred previously, and Sable has only identified one instance, more than a decade ago, where the Commission was merely cc'd on a letter regarding offshore span remediation work. Thus, the fact that the Commission has never made an assertion regarding this sort of work before is indicative of nothing. Moreover, even if the Commission had been aware of similar work and had not affirmatively asserted that it required a permit, such silence would not and could not create a waiver of the applicable legal requirements.

Respondent's Claim:

"Sable's anomaly repair work is an important protective measure for coastal resources and part of exercising the "utmost caution" urged by Commission staff –

not an activity that threatens coastal harm or increases the risk of a potential future oil spill.

- Statement of Defense at page 12

Response:

In addition to the general point made in the previous section, we note that here is no oil flowing through the pipelines at this time, so the only risk created by the current action is from the work being performed. Leaving the anomalies unresolved while they seek a permit would create no risk as long as the pipeline is idle. The Commission is merely saying that any such development activities need a CDP and with it a review of the methods, timing and impacts of work to determine whether the work can be conditioned to avoid or minimize impacts on coastal resources and made consistent with Coastal Act protections, and to determine what conditions and mitigations are appropriate and necessary.

Respondent's Claim:

"The Onshore EIR/EIS explains that its impact analysis extends through the Onshore Pipelines' entire lifetime, including both pipeline "operation" and "maintenance."

- Statement of Defense at page 13

Response:

That page of the Final EIR/EIS also refers to impacts through abandonment. Thus, the logical extension of Sable's argument would be that abandonment was also pre-authorized, which is an untenable position, given the extensive regulation of that process. That fact demonstrates that this reliance is a misreading of the provision.

In any case, as was stated on page 3 of the Notice of Intent for the second EDCDO, while it may be prudent and perhaps even required, as part of the CEQA and NEPA process, to predict the impacts that may occur down the line from a proposed project by taking into consideration future maintenance, that certainly is not the same as pre-authorizing all such maintenance.

Respondent's Claim:

"the Onshore EIR/EIS incorporates into the Pipeline Project's project description certain Oil Spill Contingency and Emergency Response Plans that address ongoing pipeline maintenance"

- Statement of Defense at page 13

Response:

Sable cites nothing in support of this claim, and it appears to be untrue. The Draft EIR/EIS project description appears on pdf page 4 and says nothing about the oil spill contingency plan. Section 2 provides more detail on the project, and section 2.2.4 (pdf pages 126-127) talks about maintenance, but it says nothing about the sort of work at issue now, or about the oil spill contingency plan as being incorporated. It just says that such a plan would be prepared (2-12 & 2-33, pdf pages 108 & 129) and attaches a draft plan, but nothing in the document says that it was being incorporated as part of the project, and in fact, it is listed as being a preliminary draft. Footnote 4 of the impacts table (S-13,

pdf page 21) says that use of such a contingency plan “as part of the project description, would” reduce the risk of an oil spill, but it doesn’t say that such a plan is part of the project description. The Final EIR/EIS is even clearer that no such plan is incorporated. It does not even include such a plan as an exhibit, and it merely says that one will be prepared (2-62, 2-133, pdf pages 130, 201). This also makes Sable’s arguments about the details of the draft plan (discussed on pages 13-14 of the SOD) irrelevant. Nor is it true, as Sable claims at page 13 (and Sable cites nothing to support this claim) that the EIR/EIS “incorporates [the oil spill contingency plan, which was still in draft form] into the Pipeline Project’s project description.”

Respondent’s Claim:

“The Onshore EIR/EIS concludes that compliance with these plans would “substantially reduce the oil spill risk” and reduce any significant impacts that would result from a major oil spill, including impacts related to soils, surface water, aquatic biology, and land use and recreation.”

- Statement of Defense at page 14

Response:

That doesn't mean that the impacts of all such work was addressed in the EIS/EIR. This statement (which appears on pdf page 174 of the FEIR/FEIS) was in response to a SCAG comment saying that, in order to reduce the likelihood of failures, the pipeline should be monitored and segments should be replaced as they age and deteriorate; and the response was merely that faulty segments will be replaced as necessary. In other words, it was merely noting that monitoring and maintenance were anticipated. But there is no analysis of the impacts of repeatedly having to access sites and expose pipelines, much less a suggestion that the impacts of all such future work, for all time, and however accomplished, was being mitigated up front.

Respondent’s Claim:

“Significantly, in performing its analysis of future anomaly repairs along the pipelines’ route, the Onshore EIR/EIS acknowledges that impacts to environmentally sensitive habitat areas (ESHA), such as oak woodlands, within the pipelines’ right-of-way would be permanent (i.e., extending throughout the pipelines’ lifetime due to anticipated and ongoing maintenance activities) and constitute a significant environmental impact.”

- Statement of Defense at page 14

Response:

The project involved the destruction of the existing oak woodland, and the Draft EIR/EIS recognized that this would be a permanent impact to an existing resource, but that doesn't

imply that all the other impacts that would result from repeated ground disturbance were also considered as part of the project. Moreover, it did not analyze or mitigate for other impacts to resources, nor did it anticipate or address the other resources that might exist or be impacted.

Respondent's Claim:

"The Anomaly Repair Work occurs within the boundaries of the right-of-way analyzed in the Onshore EIR/EIS, which was disturbed by Onshore Pipeline construction and has remained impacted."

- Statement of Defense at page 14

"the Onshore Pipelines' right-of-way has remained relatively devoid of mature vegetation."

- Statement of Defense at page 15

Response:

This only goes to the merits of whether the work is approvable, not whether it requires a CDP. Moreover, the "Anomaly Repair Work" was done in a very significant number of places and habitats, and the claim that the areas were "disturbed by Onshore Pipeline construction" conducted over three decades ago and the claim that it "has remained impacted" is clearly not accurate. In many places, in the decades since the pipeline was constructed, the vegetation in the areas has grown back, and with it there have been animals and plants that have located in those areas, some of which are protected. See the discussion regarding resources impacted. This would mean that, in addition to not being legal or sufficient "preapproval" would also be not accurate or protective.

Respondent's Claim:

"an October 2020 Biological Resources Assessment confirmed that major work could be conducted in the Onshore Pipeline' maintenance corridor" without any substantial adverse effects on or significant impacts to biological, botanical, wetland or riparian habitat resources.

- Statement of Defense at page 15

Response:

There are several problems with reliance on this document. First, there is no indication, nor could we find any evidence that this "biological resources assessment" was reviewed or approved by any regulatory agency, including the Commission. It is impossible to verify that this was sufficient or accurate nor what it relied on. Second, it is likely outdated and not reflective of current conditions, the field work having been conducted more than eight years ago. Third, its conclusions are dependent on the implementation of certain "avoidance and mitigation measures" (see page 8), and without any regulatory oversight, it is impossible to confirm whether such measures were implemented. Fourth, it appears to employ a definition of "short term and temporary" (in describing the work) that is not consistent with the Commission's understanding of how those terms apply to ecological impacts. Moreover, it would be very difficult for such an assessment to predict any and all work that could be done, whatever the extent and

location, and flatly determine that there would be no impacts. Further, it seems very unlikely to have no significant impacts to, for example wetlands habitat, since some of the areas in which work was done include Environmentally Sensitive Habitat Areas (ESHA) and wetlands.

In any event, this is not relevant to the question of whether the work required a permit, and moreover, if it is true that there would be and were not impacts at all, then securing such a permit it should be easy.

Respondent's Claim:

"[FDP] Condition J-11 acknowledges that the Onshore Pipelines' right-of-way will be used for 'operational maintenance'."

"Condition J-11 is broadly drafted to cover the varied types of repair and maintenance activities discussed in the Onshore EIR/EIS"

- Statement of Defense at page 16

Response:

This is misrepresentation of the record. The provision at issue actually says that use will be "restricted to" operational maintenance, which is a limitation on what can be done in that area, not a pre-authorization of work. Nor does it say anything about encompassing everything discussed in the EIR/EIS, but even were it to do so, that would merely make this argument derivative of Sable's overly-broad reading of that EIR/EIS, which does not state that maintenance is pre-authorized. And even if it were, there are no "varied types of repair and maintenance activities discussed in the Onshore EIR/EIS." The Final contains no discussion, and the Draft discusses a very limited scope of maintenance activities, as indicated above.

Respondent's Claim:

"Condition P-2 similarly contemplates that the pipeline operator will conduct 'regular maintenance and safety inspections'."

- Statement of Defense at page 16

Response:

First, that condition requires implementation of its requirements "during construction and operations," and neither of those is occurring now. Second, it provides no detail as to what sort of maintenance is envisioned. And third, even if it were requiring this sort of maintenance at a time when the pipeline is inoperative, that does not mean that it is authorizing that work in advance without needing to get a permit to regulate the manner in which that work is done.

Respondent's Claim:

"Condition P-2 states that 'permits may not be withheld or suspended due to County concerns which are under the jurisdiction of 49 CFR Part 195'."

- Statement of Defense at page 16

Response:

This actually demonstrates that future permitting was, in fact, anticipated. It also only applies to the County. Third, the Commission is not proposing to withhold or suspend permits, but merely to be given the opportunity to conduct the permit review process. And fourth, it's not clear that the cited regulation applies to an idle pipeline.

Respondent's Claim:

"Commission staff's interpretation is in direct conflict with the County's permitting history for the Onshore Pipelines over the past 30 years where the County consistently has authorized Anomaly Repair Work without requiring a new or amended coastal development permit"

- Statement of Defense at page 17

Response:

The County's past practices are not binding on the Commission or dispositive of the legal requirements of the Coastal Act. Further, the facts and circumstances of these alleged past activities have not been provided for review by Commission staff. In certain locations and circumstances described in the Coastal Act and Commission's regulations, repair and maintenance activities may be exempt from Coastal Act review. As such, past activities may legitimately not have required authorization.

Respondent's Claim:

"the Onshore EIR/EIS and Conditions of Approval addressed biological impacts from the installation of the Onshore Pipelines and their ongoing repair and maintenance, such as the Anomaly Repair Work and imposed mitigation to account for permanent impacts"

- Statement of Defense at page 17

Response:

Sable cites nothing to indicate that the sort of anomaly repair work at issue was ever contemplated, and the biological impacts envisioned in the EIR/EIS were only from the permanent removal of the oak woodlands, not from impacts to other sensitive habitats that might emerge over time nor any species they might support, or to water quality from runoff from work on steep slopes or being done during the rainy season.

Respondent's Claim:

"Similarly, Conditions H-10 and H-11 required the pipeline operator to, after construction, replace and revegetate any disturbed catalina mariposa lily and refugio manzanita in locations "in or near" the disturbed area, but "**exclusive of the operation [right-of-way].**"

- Statement of Defense at page 18

Response:

This just shows that it was anticipated that the right-of-way would be disturbed again, so it would be pointless to plant sensitive species there. That disturbance could be from driving directly on the area of the pipeline location, which has few (if any) of the significant adverse effects of grading whole new roads, excavating pipe, stockpiling dirt, etc. In other words, this doesn't show that the current work was anticipated or mitigated, much less pre-authorized.

Respondent's Claim:

"Sable also implemented several construction best management practices to ensure that impacts to coastal resources, biological resources, and archaeological resources were consistent with the Onshore Pipelines' prior impact analyses"

- Statement of Defense at page 18

Response:

This shows that Sable in fact recognized that this work could have impacts to existing resources, and they did not cite anything to show that these BMPs were required by the original approvals, which shows that they recognize that the original approvals did not provide the necessary regulation for the current work. Moreover, these BMPs were not reviewed and approved by Commission ecology staff, and we have no information proving that they were adequate or even implemented. Since there was no permit sought or obtained for this work, there wasn't oversight or on site monitors. And again, whether the work was done in a sufficiently protective manner is not relevant to whether Coastal Act authorization was legally required, and thus, to the Commission's authority to issue a cease-and-desist order.

Respondent's Claim:

"the County's Statement of Overriding Considerations concluded that the pipeline operator's compliance with the Conditions of Approval would 'mitigate[] as completely as possible' all 'potential oil spill impacts' and other potentially significant impacts"

- Statement of Defense at page 18

Response:

Here again, the reliance is misplaced and misrepresents the document. Tellingly, Sable *quotes* the phrase "oil spill impacts," but the reference to "other potentially significant impacts" is not a quote, because the Statement of Overriding Considerations doesn't use that phrasing, nor does the list on page 55 refer to impacts of future ground disturbance for maintenance.

Respondent's Claim:

"Anomaly Repair Work will serve as a protective measure for coastal resources and *reduce and avoid* any potential oil spill impacts."

- Statement of Defense at page 19

Response:

Again, this refers to oil spill impacts. That is simply not what's at issue here.

Respondent's Claim:

Condition A-13 lists the types of changes that would require a further permit, stating:

"[The pipeline operator] shall obtain a new or modified permit, or authority to continue operation under the existing permit prior to undertaking any of the following activities which may, in the judgement of the County, result in significant changes to the impacts on the County. Such changes could include but not be limited to 1)

major pipeline or pump station modifications; 2) major changes in pipeline throughput; 3) introduction of production to the pipeline from sources other than those described above [noted as the outer continental shelf and other locally produced onshore and offshore petroleum from the Santa Barbara and Santa Maria Basins], and 4) introduction of a different product from any source.⁷⁹

- Statement of Defense at page 19

Response:

This is about the sorts of changes in operations that require modifications to the existing permit (or a new permit), but (1) it does not say that it is intended to be an exhaustive list, and (2) it is focused on changes to the nature of the pipeline and its throughput, not to addressing significant maintenance work.

Respondent's Claim:

The County's review of Sable's Zoning Clearance applications reflected the County's understanding "that Zoning Clearances should be used before commencing *initial* construction approved under a final development plan and that Zoning Clearances should not be used for each individual element of the approved development or use throughout the life of a project."

- Statement of Defense at page 23

Response:

This is not relevant. Whether the Zoning Clearance process would be required if these activities were covered by the original permit is not the issue here.

Respondent's Claim:

"The County's Anomaly Repair Confirmation Letter is not appealable under the CZO or LCP."

"The County's confirmation that the work was authorized by the existing Onshore CDPs is 'not appealable to the ... Coastal Commission'."

- Statement of Defense at page 23

Response:

This proceeding does not involve an appeal of this letter, so this is irrelevant.

Respondent's Claim:

"Over the last 30 years, the County has employed different procedures to confirm that anomaly repair work complies with the pipelines' existing FDP and Onshore CDPs. These procedures have included using the County's Land Use Permit process, the Zoning Clearance process, as well as informal communications between the pipeline operator"

- Statement of Defense at page 23

Response:

If, as Sable contends, it has always been understood that the intent of the County's original permit was to authorize all future anomaly repair work on the pipeline, the County shouldn't have needed to issue any sort of further authorization. Thus, the fact that the County issued these additional permits shows that the work was not fully authorized in advance. Moreover, the permits Sable cited (Sable SOD Doc. 19, 25, and 26) all included extensive conditions regulating the method of that work to protect natural resources, showing that, contrary to Sable's arguments, the County must have concluded that the original approvals did not adequately protect against the impacts of this future maintenance work.

Similarly, for the valve replacement work, as Sable notes, County staff initially issued an addendum to the EIR/EIS for that work. Although it's true that the addendum proposed a conclusion that the work would not have significant new impacts, the fact that they concluded an addendum was needed at all shows that they did not view the original EIR/EIS as covering this work. It's also notable that the Planning Commission rejected that addendum that staff had proposed, so it's conclusion that no significant adverse harm would occur was not adopted by the County

Respondent's Claim:

In connection with the anomaly repairs, "Sable implemented several construction best management practices to ensure that impacts to coastal resources . . . were consistent with the Onshore Pipelines' prior impact analyses related to ongoing repair and maintenance, and subsequent ecological and archaeological resources analyses have confirmed that impacts resulting from such work remained within the scope of impacts previously analyzed and approved"

- Statement of Defense at page 25

Response:

This is an unsupported, and vague assertion. Although there is disagreement between Commission staff and Sable that the work undertaken was previously reviewed and authorized by the EIR/EIS and subsequent permits, Sable has provided no discussion or analysis of how the identified Best Management Practices (BMPs) comport with requirements of the mitigation measures and permit conditions. Second, given that there was no permit application, analysis, or regulatory review, and that the work took place without regulatory oversight, it is impossible to evaluate the veracity of Sable's statement much less the effectiveness of the BMPs they may have implemented to avoid or minimize adverse impacts to coastal resources as a result of field work. Third, Commission staff have received reports indicating that Sable may not be in compliance with required conditions and mitigation measures, including these listed BMPs. For example, a BMP in one of the references provided by Sable requires that "All oak tree impacts are to be

avoided including no vehicles, equipment, or stockpile within the dripline of any oaks”. Environmental Defense Center (EDC) shared a report with Commission staff dated March 24, 2025, for Sable work in Gaviota State Park (Exh. 27). Photos 8K and 8L of that report capture an excavator parked within the drip line of an oak tree on top of the west bank of Gaviota Creek. This is clearly inconsistent with the relevant BMP and emphasizes the concern raised by Commission staff that without regulatory input on BMP development and regulatory and independent oversight of BMP implementation, BMPs may be inadequate, ignored or both.

Respondent's Claim:

“any dispute resolution process regarding the County’s determination is not authorized by the Coastal Act Regulations.

- Statement of Defense at page 27

Response:

This proceeding does not involve the dispute resolution process established by section 13569 of the Commission’s regulations

Respondent's Claim:

“Pipeline operators subject to AB 864 were required to submit a risk analysis and plan to retrofit existing pipelines with BAT by October 1, 2021.”

- Statement of Defense at page 31

Response:

The section of the regulations that Sable cited in connection with this statement (19 C.C.R. § 2108(b)) just specifies when the regulations become enforceable. A subsequent section (section 2113(a)) requires submittal of an implementation plan “that outlines the time frame to implement the proposed best available technologies.” It leaves it to the operator to propose a timeline and doesn’t specify any maximum time. Section 2113(c)(2) specifically says that the timeframe proposed must consider the time needed for “acquisition of permits.” And 2113(d) provides for the possibility that the operator may have to provide “an explanation demonstrating good cause for delaying implementation past the deadline extensions.” Thus, the requirement Sable cites does not require that the work be completed by any particular time.

Respondent's Claim:

“OSFM anticipated that all pipeline BAT retrofits would be completed by April 1, 2023 – just eighteen months after operators were required to submit their plan for OSFM approval.”

- Statement of Defense at page 31

Response:

Here too, Sable cites a regulation that does not support this statement. However, even assuming it were true, “anticipated” is not the same as “required,” so it would not mean that Sable was required to complete the valve installation by any particular time. However, again, the regulation does not say that OSFM anticipated all retrofits would be completed by April 1, 2023. Section 2108(c) says that’s the date when OSFM must enforce the regulatory scheme “against an operator . . . that is required to complete retrofit of existing pipelines.” In other words, if an operator is required to have completed the retrofit by that date, presumably per the schedule they proposed pursuant to 2113, then OSFM must enforce the regulatory scheme at that point. Sable presents no evidence that it had committed to complete the work by that date. And even if it did, again, section 2113 provides for the need for permits and for extensions for good cause.

Respondent’s Claim:

“This timeline was based in part on an assumption that “[p]ermitting costs to install [AB 864’s required safety valves] would be negligible” and that “[i]n most cases, a permit [] may not be required’.”

- Statement of Defense at page 31

Response:

This reinforces the fact that the regulatory system established by AB 864 envisioned that other permits would be necessary. In addition, any “assumption” the permitting costs would be negligible is not a requirement, nor could it be a requirement, that other agencies’ permitting costs would be capped. And finally, even if this could somehow be a requirement that permitting costs be capped at some level reflective of negligibility and were, Sable has presented no evidence that this would not have been the case had it applied for a CDP.

In addition, the cited text says the determination of whether a permit would be required would be made on a case-by-case basis, but even if didn’t say provide for that that, this is just a report of what OSFM was told in “[d]iscussions with local agency personnel.”

Respondent’s Claim:

"The Onshore EIR/EIS analyzed the installation of fifteen "[p]ipeline block and check valves"

"The Onshore Pipelines' FDP and CDPs also acknowledged that the operator would undertake certain safety valve installation work."

- Statement of Defense at page 32

Response:

These are different from the valves installed more recently, which are the subject of this matter, and any analysis of valves installed with the original project is irrelevant to the question of whether the installation process for new valves, that are almost certainly of a different sort, 40 years later, requires a permit.

Respondent's Claim:

"the additional valves were located within the Onshore Pipelines' already-disturbed operational right-of-way where permanent impacts to terrestrial biology were assumed to extend throughout the pipelines' lifetime.¹⁶³"

-Statement of Defense at page 33

Response:

The cited page only says that "220 acres of oak woodlands would be removed for the life of the project," not that all terrestrial biology would be. And for all the reasons stated previously, it does not appear that the approval of the original project was intended to approve specific maintenance projects 40 years in the future without review of the methods, much less the installation of additional valves that was not contemplated as maintenance. And clearly, it did not analyze the impacts of such additional valves or means to best avoid adverse impacts in their installation.

Respondent's Claim:

"County staff's analysis confirmed that installing these valves would not result in any new or substantially more severe impacts"

-Statement of Defense at page 33

Response:

First, this was a staff-level determination that was overturned by the Planning Commission, so it is not binding. Second, it was only comparing the impacts of the new valve installation work to the impacts of the original project, not assessing whether the new work would have its own impacts. Third, if this work were truly pre-approved, as Sable argues, then County staff shouldn't have had to assess this question at all. Fourth, impacts analyses are not the standard for whether a permit application is required. The

requirement is based on the performance of development, not the resource impacts. Lack of resource impacts just means the permit will be approved, or that the permit requirement may be waived. Here as elsewhere, Sable is jumping to a conclusion on what may be approvable without the process leading to that. And in fact, there are often minor tweaks as to timing or manner that can make a development activity much more protective of coastal resources.

Respondent's Claim:

"County staff initially opted to prepare discrete amendments to the Onshore Pipelines' FDP and Onshore CDPs related to the proposed safety valve installation work."

-Statement of Defense at page 33

Response:

This shows that even the County originally viewed this project as requiring an amendment to the existing approvals. In fact, it was only after Sable sued the County that the County reversed its position on this and found that the work was covered by the original permits and didn't need an amendment

Respondent's Claim:

To support the amendments, County staff prepared a draft addendum to the EIR/EIS, which "concluded that safety valve installation work "presents minor incremental impacts ***that remain less than those identified for the originally approved***"

-Statement of Defense at page 33

Response:

This is all irrelevant to the issue at hand, as it once again conflates impacts with the need for a CDP. However, as to the impacts analysis, although it's true that the staff's draft addendum to the EIR stated that the impacts of the proposed project would be minor and less than the impacts of the original project, if Sable were correct that the work was covered by the original EIR/EIS, no addendum would have been necessary at all. In fact, that addendum explains that it was created to address "changes and additions from the project described in the certified SEIR to the proposed project." Page C1-2. Thus, far from supporting Sable's position, this actually shows that this was always seen as an expansion beyond the project described in the original EIR/EIS. See also page C1-4 ("The project is a request . . . for an amendment to the . . . [FDP] to allow for the installation of 16 new valves")

Respondent's Claim:

"Sable undertook [the valve installation] work based on the County's . . . Letter, which confirmed that no further County authorization was required to complete this safety valve installation work. The County has delegated local permitting authority under the Coastal Act and therefore the County's prior authorization was understood by Sable to extend to Coastal Act permitting as well"

-Statement of Defense at page 37

Response:

The County issued its letter on September 4, 2024. That same month, Sable received a Notice of Violation letter from the Coastal Commission explaining Commission staff's contrary position, and the rationale therefor. Thus, Sable was fully aware of the Commission's opposition to this analysis and of its concerns when Sable undertook this work.

Respondent's Claim:

"Sable requested a two-day extension from Commission staff to submit this Statement of Defense, which would have allowed Sable to submit the valve installation materials to the County and provide those materials with the initial submission of the Statement of Defense. Commission staff rejected that request."

-Statement of Defense at page 37, fn.176

Response:

The Commission's Executive Director's issued a cease-and-desist order to, among other things, preserve the *status quo* until this matter could be brought before the full Commission. However, because Sable has disregarded that order and proceeded with its work, Commission staff had no choice but to rush this matter onto the next Commission meeting to obtain further relief. It would not have been possible to do that if Sable had been given an extension on the deadline for the Statement of Defense. Therefore, it was Sable's own refusal to comply with the ED-CDO that resulted in the denial of this extension request.

Respondent's Claim:

Sable claims that the Commission lacks jurisdiction because the County acted in a timely manner to the request from the Commission for enforcement action, as provided for in Section 30810, and cites, as evidence, that the "County issued the Safety Valve Confirmation Letter"

-Statement of Defense at page 38

Response:

Again, that letter from the County was issued on September 4, 2024. Commission staff requested the County act on September 20, 2024, and February 17, 2025. Thus, the County's letter could not have been responsive to the Commission's requests. Nor did it constitute taking action to address the violations that staff was alleging. To the contrary, it showed the County took a different perspective that precluded it from acting on Commission staff's request. At most, the County's letter reveals *why* the County *declined* to take action.

Respondent's Claim:

Sable claims that the valve installation work "could not 'cause significant damage to coastal resources' as required for a cease and desist order."

-Statement of Defense at page 38

Response:

The work at hand was done over a broad area within the County's Gaviota Coast which is an incredibly diverse ecologically region with a variety of habitats and other coastal resources. The original valve installation project for the above ground safety valves was previously approved by the County zoning administrator and the zoning administrator's approval was appealed to the County Planning Commission. County Planning staff recommended that the Planning Commission deny the appeals, but the Planning Commission voted against County Planning staff and upheld the appeals. The Planning Commission decision was appealed to the County Board of Supervisors and the Board of Supervisors decision ended in a tied vote. Meaning no action was taken by the Board of Supervisors and the action by the Planning Commission stood. Next, Sable and the County entered litigation resulting in the above ground safety valve project being replaced with a proposal to install the safety valves below ground. No application was prepared for the below ground valves and the County provided no regulatory oversight regarding the work.

What this history demonstrates is that although an application was filed for the original above ground valve installation project and County Planning staff made findings regarding that project, because the Planning Commission voted against staff and the Board of Supervisors decision resulted in no action, the County never formally adopted any findings demonstrating that the above ground valve installation project was consistent with the coastal resource protection policies and provisions of the County's certified Local Coastal Program. And since Sable undertook the belowground valve installation work without ever submitting an application to the County and the County never provided any regulatory review or oversight, it is impossible to know whether that project was sited,

designed and constructed in a manner to avoid, minimize and mitigate any potential adverse impacts to coastal resources.

There were many different development activities undertaken, including some that presented the potential to have a very significant damage to coastal resources. For example, the timing of Sable's work occurred during the breeding season for southern California steelhead and California red legged frog. The work also occurred during the nesting season for most bird species, as well as during the time of year in which ground disturbances would most likely result in erosion, scarring, and discharge of sediment into wetland and watercourses. It also appears that several work sites are in or adjacent to ESHA.

Section 30810(a)(2) does not require a showing that significant damage occurred. The operative phrase is that the alleged violation "**could** cause significant damage to coastal resources." The phrase, as used in both Sections 30809 and 30810, reflects the precautionary nature of the Coastal Act and of these orders in particular. The idea is not to have harm befall coastal resources before the Commission can act to prevent it. Here Commission staff went to great lengths to determine what Sable was doing, and where, so that such potential harm could be evaluated, reduced and mitigated. As the record reflects, Commission permit and enforcement staff reached out repeatedly to Sable for this information and offered to work collaboratively to resolve the situation in a legal way to find a way to evaluate impacts and minimize any potential harms, but this did not bear fruit. Sable has repeatedly claimed that the valve work remained within the scope of the impacts previously analyzed and approved. However, as discussed previously in this staff report, there is no evidence demonstrating that this valve installation work was considered, analyzed, mitigated or approved in the EIR/EIS or any of the County's permits.

Moreover, as we have stated in response to their other comments, even if the work, such as the valve installation, is not in and of itself a bad idea or even a good idea, it does not mean that it should not be done in a manner that is protective of coastal resources. This is the whole point of the permit process—to evaluate alternatives and find the one with the least impacts and to condition the work in a way that is protective.

Respondent's Claim:

"Commission staff also assert that Coastal Act sections 30820, 30821.3, 30821.6, and 30822 authorize penalties to be levied against Sable related to the safety valve installation work. None of those sections apply here and thus no penalties may be levied."

-Statement of Defense at page 39

Response:

To the extent Sable may be objecting to the idea of the Commission invoking these provisions as a basis for imposing an administrative penalty, that is not what the Commission is doing in this proceeding, as the Commission cannot impose penalties administratively pursuant to any of those sections other than 30821.3, and staff never suggested otherwise. The NOI raises those penalty provisions in saying that the “Coastal Act also includes several other penalty provisions that may be applicable” (emphasis added), meaning that these “other” penalty provisions may apply to the acts at issue, not that the Commission can invoke them to impose penalties administratively.

Respondent’s Claim:

Sable claims that because the Commission “did not include the Span Remediation Work performed in federal waters” in this action, that “indicates staff’s understanding that this work was in fact contemplated and authorized in the DPP”
-Statement of Defense at page 43, fn. 205, and 51

Response:

The inference Sable attempts to draw is not only unjustified, but absurd. The reason Commission staff limited the seaward extent of its pursuit of this matter is that the “federal waters” to which Sable alludes are outside Coastal Zone and the Commission’s enforcement jurisdiction. Commission staff actually did inquire about this issue with the federal agency in charge; however, the Commission also has no enforcement jurisdiction over federal agencies.

Respondent’s Claim:

Sable claims that the Commission’s findings in support of its action on the CDP for the DPP and the related consistency certification “highlighted the importance of addressing potential geologic constraints through ‘proper mitigation,’ which included ‘avoidance or ... engineering design,’” which Sable argues shows that the Commission authorized alterations to the seafloor.
-Statement of Defense at page 50, citing the findings at page 78

Response:

Not only is the language Sable cites much more general than Sable would suggest, but more importantly, Sable points to nothing to indicate that the language referred to any work beyond the initial deployment.

Respondent’s Claim:

Sable claims the Commission’s findings in support of its action on the CDP for the DPP and the related consistency certification “also recognized the need for flexibility in pipeline construction methods, acknowledging that ‘[p]ipeline construction

methods are presently undefined’ and allowing Exxon the latitude to ‘propose their own design solutions,’” suggesting that this, too, “permits the adaptation of construction techniques,” such as the span remediation work at issue.

-Statement of Defense at page 50, citing the findings at page 44

Response:

The very next sentence in the cited findings states that the range of possible alternatives and their impacts are nevertheless discussed below, showing that the Commission was not creating an open-ended authorization for any sort of work that could fit into this description. In addition, again, the Commission is not saying that the approach at issue is not allowable, but only that it needs to be reviewed through the permit process.

Respondent’s Claim:

Sable claims that a plan the Commission required in the CDP for the DPP, and which the Commission subsequently approved, “specifically approved future Span Remediation Work to (1) inspect the pipelines for unacceptable free spans, and (2) ‘modify’ the seafloor to remediate any identified unacceptable spans as part of the Offshore CDP.”

-Statement of Defense at page 51, citing CDP condition 9 and the 1989 “Final Comprehensive Plan for Marine Biological Impact Reduction and Mitigation in Nearshore Waters off Las Flores Canyon, at 19.

Response:

The language quoted only reflected Exxon’s proposal to “modify” certain “bedrock ridges” as part of its initial construction and then to identify unacceptable free spans “following pulling of the pipelines,” meaning in the immediate aftermath of the deployment, not decades into the future. Moreover, even if it were to have been referring to future work, the statement is only about “identify[ing]” those spans. It doesn’t say they will be making additional modifications in response to those unacceptable free spans without further review and regulation

Respondent’s Claim:

Sable notes that leases issued by the State Lands Commission require that the pipelines be kept ‘in good order and repair and safe condition’” and “also require that should inspections on the pipeline ‘show bridging...then further detailed inspections shall be made and corrective action taken, if necessary.’”

-Statement of Defense at page 52

Response:

One agency's requirement to take corrective action does not create immunity from other regulatory requirements. In fact, the current leases specifically require compliance with all other regulatory requirements.

VIII. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The Commission finds that imposition and implementation of this Cease and Desist Order, to compel Sable Offshore Corporation to apply for Coastal Development Permits for, both, work undertaken at onshore locations along the Pipelines, as well as offshore locations of the pipeline located in state, coastal waters; as well as application for future, proposed work, among other things, is exempt from the requirements of the California Environmental Quality Act of 1970 (CEQA), Cal. Pub. Res. Code §§ 21000 *et seq.*, for the following reasons. First, the CEQA statute (section 21084) provides for the identification of "classes of projects that have been determined not to have a significant effect on the environment and that shall be exempt from [CEQA]." The CEQA Guidelines (which, like the Commission's regulations, are codified in 14 CCR) provide the list of such projects, which are known as "categorical exemptions," in Article 19 (14 CCR §§15300 *et seq.*). Because this is an enforcement action and because the Commission's process, as demonstrated above, involves ensuring that the environment is protected throughout the process, the exemption covering enforcement actions by regulatory agencies (14 CCR § 15321) applies here.

Secondly although the CEQA Guidelines provide for exceptions to the application of these categorical exemptions (14 CCR § 15300.2), the Commission finds that none of those exceptions applies here. Section 15300.2(c), in particular, states that:

A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances.

CEQA defines the phrase "significant effect on the environment" (in Section 21068) to mean "a substantial, or potentially substantial, adverse change in the environment." This Cease and Desist Order is designed to protect and enhance the coastal resources, and contain provisions to ensure, and to allow the Executive Director to ensure, that they are implemented in a manner that will protect the environment. Thus, this action will not have any significant effect on the environment, within the meaning of CEQA, and the exception to the categorical exemptions listed in 14 CCR § 15300.2(c) does not apply. An independent but equally sufficient reason why that exception in Section 15300.2(c) does not apply is that this case does not involve any "unusual circumstances" within the meaning of that section, in that it has not significant feature that would distinguish it from other activities in the exempt classes listed above. This case is a typical Commission enforcement action to protect and restore coastal resources.

Finally, it is not even clear that this order will not result in a physical change in the environment, as that concept is used in CEQA, rendering the project exempt pursuant to 14

CCR § 15060(c)(2), and it may not constitute a project within the meaning of CEQA, rendering it exempt pursuant to 14 CCR § 15060(c)(3).

In sum, given the nature of this matter as an enforcement action to protect and restore coastal resources and the environment, and since there is no reasonable possibility that it will result in any significant adverse change in the environment, it is exempt and also categorically exempt for CEQA.

IX. SUMMARY OF FINDINGS OF FACT

1. Sable Offshore Corp. ("Sable") is the owner and operator of the Santa Ynez Unit, and associated assets, consisting of three offshore platforms (Hondo, Harmony and Heritage), the Las Flores Canyon processing facility, and associated electrical transmission and onshore and offshore oil and gas transport pipelines including Las Flores Pipelines CA-324 and CA-325 (Formerly lies 901 and 903, respectively)
2. On February 14, 2024, Sable finalized a purchase agreement with ExxonMobil Corporation, to which Sable purchased the entire Santa Ynez Unit ("SYU"), including the Las Flores Pipelines, and all associated assets (the three offshore platforms, subsea pipelines and infrastructure, and Las Flores Canyon processing facility).
3. Coastal Act Section 30810 authorizes the Commission to issue a cease and desist order when the Commission determines that any person has undertaken, or is threatening to undertake, any activity that (1) requires a permit from the Commission without securing a permit, or (2) is inconsistent with a permit previously issued by the Commission. It may also be issued to enforce any requirements of a certified local coastal program or port master plan.
4. Coastal Act Section 30811 authorizes the Commission to issue a cease and desist order when the Commission determines that development has (1) occurred without a coastal development permit from the Commission or local government (2) is inconsistent with this division, and (3) and the development is causing continuing resource damage.
5. Coastal Act Section 30921.3 provides for administrative civil penalties for violations of any provision of the Coastal Act other than public access.

APPENDICES

Appendix A – Cease and Desist Order No. CCC-25-CD-01; Restoration Order CCC-25-RO-01; Civil Administrative Penalty No. CCC-25-AP3-01