Assembly Bill No. 1448

Passed the Assembly August 27, 2026

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Chief Clerk of the Assembly

Passed the Senate August 26, 2026

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Secretary of the Senate

This bill was received by the Governor this _____ day of ______________, 2026, at _____ o'clock ___M.

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Private Secretary of the Governor

CHAPTER ________

An act to amend Sections 6244, 6245, and 6804 of the Public Resources Code, relating to coastal resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1448, Hart. Coastal resources: California Coastal Sanctuary: tidelands and submerged lands: oil and gas development.

(1) Existing law creates the California Coastal Sanctuary and provides that it includes all state waters subject to tidal influence, except as provided. Existing law authorizes the State Lands Commission to enter into any lease for the extraction of oil or gas from state-owned tidelands and submerged lands in the California Coastal Sanctuary if the commission determines both that oil and gas deposits in the California Coastal Sanctuary are being drained by means of producing wells upon adjacent federal lands and that the lease is in the best interest of the state.

This bill would prohibit the commission from entering into leases for the extraction of oil or gas, as described above, in areas designated as California marine protected areas or national marine sanctuaries, as provided.

(2) Existing law prohibits the commission or a local trustee, as defined, of granted public trust lands from entering into a new lease or other conveyance authorizing new construction of oil- and gas-related infrastructure upon tidelands and submerged lands within state waters associated with Pacific Outer Continental Shelf leases issued after January 1, 2018, except as provided. Existing law requires the commission or a local trustee when approving or disapproving a lease renewal, extension, amendment, or modification authorizing new construction of oil- and gas-related infrastructure upon tidelands and submerged lands within state waters associated with Pacific Outer Continental Shelf leases issued after January 1, 2018, to follow a specified process.

This bill would additionally prohibit leases and oil- and gas-related infrastructure located upon tidelands and submerged lands within state waters from being used to support Pacific Outer Continental Shelf leases issued after January 1, 2026, except as provided. The bill would additionally require the commission or the local trustee, in considering approval or disapproval, to consider additional factors, as specified. By imposing additional duties on local trustees in the consideration of a lease renewal, extension, amendment, or modification, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The people of the State of California do enact as follows:

SECTION 1. Section 6244 of the Public Resources Code is amended to read:

6244. (a) The commission may enter into any lease for the extraction of oil or gas from state-owned tide and submerged lands in the California Coastal Sanctuary if the commission determines that those oil or gas deposits are being drained by means of producing wells upon adjacent federal lands and the lease is in the best interests of the state, except as provided in subdivision (b).

(b) The commission shall not enter into a lease pursuant to subdivision (a) in either of the following areas:

(1) Areas designated as California marine protected areas pursuant to the Marine Life Protection Act (Chapter 10.5 (commencing with Section 2850) of Division 3 of the Fish and Game Code) as of, or after, January 1, 2026.

(2) Areas designated as national marine sanctuaries under the National Marine Sanctuaries Act (16 U.S.C. 1431 et seq.) as of, or after, January 1, 2026.

SEC. 2. Section 6245 of the Public Resources Code is amended to read:

6245. (a) Except as provided in subdivision (e), the commission or a local trustee shall not enter into any new lease or other conveyance authorizing new construction of oil- and gas-related infrastructure upon tidelands and submerged lands within state waters for the purpose of supporting Pacific Outer

Continental Shelf leases issued after January 1, 2026, nor shall any leases and oil- and gas-related infrastructure located upon tidelands and submerged lands within state waters be used to support Pacific Outer Continental Shelf leases issued after January 1, 2026.

(b) (1) Upon receipt of an application for a lease renewal, extension, amendment, or modification for oil- and gas-related infrastructure upon tidelands and submerged lands within state waters associated with Pacific Outer Continental Shelf leases issued after January 1, 2026, the commission or local trustee shall provide notice of this application by including it as a separate informational item on the agenda of the commission's or local trustee's next duly noticed public meeting. Summary information about the requested lease renewal, extension, amendment, or modification shall be included in the agenda summary.

(2) Notwithstanding the Permit Streamlining Act (Chapter 4.5 (commencing with Section 65920) of Division 1 of Title 7 of the Government Code), the commission or local trustee shall take no further action to approve the requested lease renewal, extension, amendment, or modification until 180 days after the notification required in paragraph (1).

(c) Before approving a lease renewal, extension, amendment, or modification for the operation of oil- and gas-related infrastructure upon tidelands and submerged lands within state waters associated with Pacific Outer Continental Shelf leases issued after January 1, 2026, the commission or local trustee shall consider, at a minimum, the following:

(1) Whether the lease renewal, extension, amendment, or modification is necessary to protect the marine environment or to ensure human health and safety.

(2) Whether the lease renewal, extension, amendment, or modification provides a benefit to the state beyond additional lease revenues.

(3) Whether the lease renewal, extension, amendment, or modification will impact the volume of oil and gas that may be transported across state waters.

(4) Whether the lease renewal, extension, amendment, or modification may impact public trust resources and values.

(5) Whether the lease renewal, extension, amendment, or modification is for, or connected to, infrastructure that has experienced a reportable incident, such as an oil spill.

(6) Whether the lease renewal, extension, amendment, or modification is related to the use of well stimulation treatments, extended reach drilling and production, horizontal drilling and production, or other unconventional drilling and production techniques for resource extraction.

(7) Whether the operator has provided finalized certificates of financial responsibility obtained from the Office of Spill Prevention and Response and has provided financial assurances required for decommissioning pursuant to subdivision (d) of Section 6829 and other applicable local or state laws.

(d) (1) A lease renewal, extension, amendment, or modification that will increase the volume of oil and gas conveyed across state waters, including by commencing, increasing, intensifying, or restarting production from the Pacific Outer Continental Shelf, shall not be approved at the same duly noticed public meeting at which the lease renewal, extension, amendment, or modification is first presented as an informational item.

(2) The commission or local trustee shall accept public comments at the same meeting at which it votes to approve or disapprove a lease renewal, extension, amendment, or modification that will increase the volume of oil and gas conveyed across state waters, including by commencing, increasing, intensifying, or restarting production from the Pacific Outer Continental Shelf. A lease subject to this section shall be approved by the commission or the governing board of the local trustee.

(e) This section does not prohibit any of the following:

(1) The commission from issuing leases pursuant to Section 6243.

(2) Any activity undertaken to repair or maintain any pipeline or other infrastructure used to convey oil or natural gas or any other activity necessary to ensure the safe operation of infrastructure used in the exploration, development, or production of oil or natural gas.

(3) Any activity undertaken to convey oil or natural gas produced from state waters.

(f) The commission may establish regulations for the implementation of this section.

(g) For purposes of this section, the following terms have the following meanings:

(1) "Local trustee" means a local trustee of granted public trust lands that is a county, city, or district, including water, sanitary, regional park, port, or harbor districts, or any other local political or corporate subdivision that has been granted public trust lands through a legislative grant.

(2) "Pacific Outer Continental Shelf" means all submerged lands lying seaward of California, Hawaii, Oregon, and Washington and outside of the area of lands beneath navigable waters, as set forth by the federal Submerged Lands Act (43 U.S.C. Sec. 1331), and all of which appertain to the United States and are subject to its jurisdiction and control.

(3) "State waters" has the same meaning as defined in Section 36108.

SEC. 3. Section 6804 of the Public Resources Code is amended to read:

6804. (a) A lease or permit issued under this chapter may be assigned, transferred, or sublet as to all or any part of the leased or permitted lands, and as to either a divided or undivided interest therein, or as to any separate and distinct zone or geological horizon or portion thereof, subject to approval by the commission, to any person, association of persons, or corporation, who, at the time of the proposed assignment, transfer, or sublease, possesses the qualifications provided in this chapter. Any assignment, transfer, or sublease shall take effect as of the first day of the month following the approval by the commission and filing with the commission of an executed counterpart thereof, together with any required bond and proof of the qualification, under this act and the rules and regulations of the commission, of the assignee, transferee, or sublessee to take or hold that lease, permit, or interest therein. Unless approved by the commission, no assignment, transfer, or sublease shall be of any effect. Upon approval of any assignment, transfer, or sublease, the assignee, transferee, or sublessee shall be bound by the terms of the lease or permit to the same extent as the assignor, transferor, or sublessor has been, and, except as provided in subdivision (c), shall continue to be, any conditions in the assignment, transfer, or sublease to the contrary notwithstanding. Any assignment or transfer of a separate portion of any lease or permit or of a separate and distinct zone or geological horizon, or a portion thereof, shall segregate the assigned, transferred, or subleased portion thereof from the retained portion thereof, and those segregated leases or permits shall continue in full force and effect for the primary term of the original lease or permit, but, in the case of any lease, for not less than two years after the date of discovery of oil or gas in paying quantities, or commercially valuable deposit of minerals, upon any segregated portion of the lands, zones, or horizons originally subject to that lease, and so long thereafter as oil or gas is produced in paying quantities. Assignments or transfers under this section may also be made with the approval of the commission of parts of leases that are in their extended term because of production, and the segregated lease of any undeveloped lands, zones, or horizons shall continue in full force and effect for two years and so long thereafter as oil, gas, or minerals are produced in paying quantities from the segregated lease lands, zones, or horizons.

(b) (1) In considering whether the approval of an assignment, transfer, or sublease of a lease or permit under subdivision (a) is in the best interest of the state under Section 6005 and will protect the state's public trust resources, the commission shall consider, at a minimum, whether a proposed assignee is likely to comply with the terms of the lease or permit for the duration of both the primary term of the original lease or permit and any extended term of the lease because of production, as determined by all of the following factors:

(A) The proposed assignee's experience with offshore or onshore oil or gas production or mineral extraction.

(B) Any financial or economic considerations that may affect a proposed assignee and its ability to comply with the terms of a lease or permit, including confirmation that the proposed assignee has submitted to the commission a bond in an amount no less than the estimated cost of decommissioning the assigned facilities pursuant to Section 6829.

(C) Any information concerning the proposed assignee's compliance or noncompliance with other contractual obligations to the state or other government agency.

(D) Any record of noncompliance with any other laws or regulations.

(E) The proposed assignee's history of accidents, including oil spills.

(F) Whether the proposed assignee has the capability and experience to protect the public trust resources and values of the state, as established in the lease.

(2) For purposes of this section, “proposed assignee” means the person or entity in whose name the lease or permit will be held after assignment, transfer, or sublease of a lease or permit, or any person or entity that makes managerial decisions for or exercises managerial control over the assignee.

(c) An assignment, transfer, or sublease pursuant to subdivision (a), or a memorandum of the assignment, transfer, or sublease, shall be recorded in the office of the county recorder of the county in which the leased or permitted lands are located.

(d) The assignor, transferor, or sublessor of a lease or permit under subdivision (a) shall remain liable for, and shall not be released or discharged from, obligations under the lease or permit, including requirements under state law to properly plug and abandon all wells, decommission all production facilities and related infrastructure, complete well site restoration and lease restoration, and remediate contamination at well and lease sites, except under either of the following circumstances:

(1) The commission determines that all lease or permit obligations have been fulfilled.

(2) The commission, in its sole discretion, approves the assignor’s, transferor’s, or sublessor’s request for a waiver of liability and release from the lease or permit obligations pursuant to this paragraph. The commission may approve a waiver and release under the following conditions:

(A) The assignor, transferor, or sublessor provides the commission both of the following:

(i) An estimate, by an independent third party approved by the commission, of the costs of fulfilling outstanding lease or permit obligations.

(ii) A security in at least the amount estimated under clause (i), plus an additional 20 percent of that amount, to account for the time value of money and potential cost overruns. The security may be cash, a letter of credit, or a bond. If the assignor, transferor, or sublessor is already maintaining a bond pursuant to Section 6829, the commission shall deduct the amount of the existing bond from the amount of a security necessary to comply with the requirements of this clause.

(B) The commission determines that the waiver and release is in the best interests of the state.

SEC. 4. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Approved ______________________________, 2026

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Governor