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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 1448 (Hart) - Coastal resources: oil and gas development

**Version:** June 25, 2025

**Urgency:** No

**Hearing Date:** August 18, 2025

**Policy Vote:** N.R. & W. 4 - 3

**Mandate:** Yes

**Consultant:** Ashley Ames

**Bill Summary:** This bill would expand upon existing requirements for the transfer or modification of leases for oil and gas-related infrastructure upon tidelands and submerged lands within state waters associated with Pacific Outer Continental Shelf leases to include lease assignments, as provided, among other provisions.

#### **Fiscal Impact:**

- Potential loss in annual rental revenue of an unknown amount, potentially in excess of \$150,000, from offshore oil- and gas-related infrastructure leases to the extent the State Lands Commission (SLC) or a local trustee denies one or more applications for a lease renewal, extension, amendment, assignment, or modification, as a result of the bill's requirements and conditions (General Fund). SLC collected approximately \$949,000 in rental revenue from its approximately one dozen pipeline right-of-way leases in fiscal year 2023-24.
- By imposing additional duties on local trustees in the consideration of a lease renewal, extension, amendment, assignment, or modification, and by imposing additional duties on a local government with a certified LCP in processing and reviewing an application for a CDP, this bill imposes a state-mandated local program. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates (General Fund).

**Background:** Over 150 million visitors annually enjoy California's coastline. According to Oceana, nearly 600,000 jobs and over \$42 billion in GDP rely on clean beaches and a healthy ocean. According to a 2024 report by the National Oceanic and Atmospheric Administration, coastal tourism and recreation produced 47% of GDP and 67% of the employment of California's marine economy. In comparison, mineral resources offshore, produced only 5% of GDP and 1% of employment.

*The 2015 Refugio Beach oil spill and its consequences.* On May 19, 2015, a pipeline then owned by Houston-based Plains All American Pipeline (Plains) ruptured spilling over 140,000 gallons of heavy crude oil along the Gaviota coast at Refugio Beach in Santa Barbara County of which over 100,000 gallons reached coastal waters. The release was from a 10.6 mile long, 24-inch diameter pipeline (Line 901).

The main oil spill stretched over 9 miles of California coastline and tar balls associated with the spill were found, as far south as Los Angeles County. Shoreline and beaches were affected by the spill and nesting areas for protected species were also affected. Hundreds of birds and mammals, in addition to a large number of marine invertebrates, were known to be impacted by the spill. Although some of the birds and mammals were released following treatment, most died from their exposure to oil. A 23 mile by 6 mile

area was closed to fishing for over one month and beaches were closed, including over the Memorial Day weekend, resulting in economic losses.

A subsequent investigation by the federal Pipeline and Hazardous Materials Safety Administration for this then-interstate pipeline found that the direct cause of the leak was external corrosion on the pipeline. Corrosion in the pipeline had been indirectly tested two weeks before the spill and the in-line inspection tool failed to accurately determine the degree of corrosion in the line. Discrepancies between the tool's inferred measurement and actual corrosion were as much as 40% in the location of the failure.

While in-line inspection tools are useful to inferring pipeline integrity, the failure to detect serious corrosion prior to the Refugio spill highlights the limitations of indirect measurements of pipeline integrity. A direct assessment of pipeline integrity – such as a hydro test – provides a clear unequivocal measure of pipeline integrity, although more intensive in time and expense to conduct.

*Sable Offshore Corporation purchase of pipelines and offshore and onshore oil production infrastructure.* Both lines 901 and 903 were ordered to be shut down following the 2015 Refugio Beach spill leak. The lines start on the Gaviota coast and are located in Santa Barbara, San Luis Obispo, and Kern Counties. Production on Platform Holly in state waters and from offshore federal leases [the Santa Ynez Unit (SYU) – Platforms Hondo, Harmony, and Heritage] ceased as a result. Without a method to transport its oil to shore, Venoco, the operator of Platform Holly, subsequently sought bankruptcy protection. Plains originally sought to replace the pipe in Lines 901 and 903 and return the pipelines to service once the replacement was completed. Plains ultimately dropped this effort and sold lines 901 and 903 to Exxon in 2022. Exxon entered into an agreement to sell the pipelines and other oil production infrastructure to Sable Offshore Corporation (Sable), and the sale was finalized in early 2024. The pipelines were re-classified as intrastate pipelines as part of settlement of litigation, and had been renamed CA-324 and CA-325. Sable is seeking to restart oil production in the SYU (in federal waters) and restart CA-324 and CA-325. Sable is not replacing the pipe, but rather making any necessary repairs to the pipeline.

Since Sable became owner of the pipelines, multiple state agencies have determined that it has conducted unauthorized repairs and other work on the pipelines. Sable's efforts to comply with regulatory requests appears to vary by regulator.

*March 13, 2025 Town Hall.* As part of its effort to receive approval to restart CA-324 and CA-325, Sable sought a waiver of the requirement to have cathodic protection on the pipelines from the State Fire Marshal (intrastate pipelines are under the jurisdiction of the State Fire Marshal). Cathodic protection is a standard method to help protect against corrosion. In December 2024, the State Fire Marshal approved the waiver, and conditioned it upon compliance with other requirements. This action resulted in significant community concern.

On March 13, 2025, a town hall was convened by Senator Limón and Assembly Member Hart to inform the local community about the status of Sable's efforts to restart the pipelines and featured presentations from multiple state regulators led by the Secretary of the California Natural Resources Agency, Wade Crowfoot. In addition, representatives of the California Coastal Commission, the State Lands Commission, the

Department of Fish and Wildlife, Office of Spill Prevention and Response, the State Fire Marshal, the Department of Conservation, the Department of Parks and Recreation (State Parks), and the State Water Resources Control Board were present. As noted above, Sable does not appear to have been consistently cooperative with state regulators.

*Sovereign Lands and the Public Trust Doctrine.* California acquired title to all tidelands, submerged lands, and the beds of all inland navigable waters within its borders as an incident of its sovereignty when it was admitted to the Union on September 9, 1850. The state owns these tidelands and submerged lands – sovereign lands – as a trustee for, and the public holds an easement over these lands for, statewide public purposes. These public rights are expressed in federal law, California's Act of Admission, the California Constitution, court opinions, and state statutes.

The common law public trust doctrine has traditionally defined these public trust uses as water-related commerce, navigation, and fishing. However, California courts have recognized that public trust uses are “sufficiently flexible to encompass changing needs” (Marks v. Whitney, 6 Cal.3d at p. 259). As a result, California courts have also recognized bathing, swimming, boating, and other recreational purposes, as well as preservation of these lands in their natural state for scenic, scientific study, open space, and habitat values, as public trust uses. Recognized public trust uses must benefit all people of the state – in other words, they have statewide benefit.

**Proposed Law:** This bill would expand upon existing requirements for the transfer or modification of leases for oil and gas-related infrastructure upon tidelands and submerged lands within state water associated with Pacific Outer Continental Shelf leases to include lease assignments, as provided, among other provisions.

Specifically, this bill would:

1. Add an application for a lease assignment for oil and gas-related infrastructure upon tidelands and submerged lands within state waters associated with Pacific Outer Continental Shelf leases, to existing State Lands Commission or local trustee public notice requirements, as provided.
  - a. Remove the requirements that the Pacific Outer Continental Shelf lease be issued after January 1, 2018, and that the application is to authorize only new construction of oil and gas-related infrastructure.
  - b. Require the State Lands Commission or local trustee to take no further action to approve the requested lease assignment until 180 days after public notification, as provided.
2. Add lease assignment to the existing process the State Lands Commission or local trustee undertake before approving 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. Remove the requirements that the Pacific Outer Continental Shelf lease be issued after January 1, 2018, and that the application

is to authorize new construction of oil and gas-related infrastructure. Require the State Lands Commission or local trustee to additionally consider, at a minimum:

- a. Whether the lease renewal, extension, amendment, assignment, or modification may impact public trust resources and values.
  - b. Whether the lease renewal, extension, amendment, assignment, or modification is for, or connected to, infrastructure that has experienced a reportable incident, such as an oil spill.
  - c. Whether the lease renewal, extension, amendment, assignment, 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.
  - d. Whether the operator has provided finalized certificates of financial responsibility obtained from OSPR and has provided financial assurances required for decommissioning, as specified.
3. Prohibit the approval of a lease renewal, extension, amendment, assignment, 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 at the same properly noticed public meeting it is first presented at. Require the State Lands Commission or local trustee to accept public comments at the meeting it votes to approve or disapprove the lease assignment.
4. Require that the approval of an assignment, transfer, or sublease of a lease or permit is in the best interest of the state, as provided.
5. Clarify in the Coastal Act that oil onshore is transported by pipeline that uses the best available technology, as provided.
6. Expand in the Coastal Act the definition of “expanded oil extraction” to include the reactivation of a facility idled, inactive, or out of service for more than three years, or an increase in oil extraction from the use of hydraulic fracturing, extended reach drilling, acidization, or other unconventional technologies, as provided. Prohibit the transport of oil over land by other methods, as provided.
7. Provide in the Coastal Act that reactivation of an existing oil and gas facility may be approved only if it does not result in an expansion of capacity of the oil and gas field.
8. Clarify in the Coastal Act that the repair, reactivation, and maintenance of an oil and gas facility that has been idled, inactive, or out of service for three years or more is considered a new or expanded development requiring a new CDP.
9. Clarify in the Coastal Act that development for the repair, reactivation, or maintenance of an oil pipeline that has been idled, inactive, or out of service for three years or more requires a new CDP, as provided.

10. Require the Coastal Commission or local government with a certificated LDP to review and approve, modify, condition, or deny the permit, as provided.
11. Provide that no reimbursement is required to a local agency or school district.

**Related Legislation:**

SB 542 (Limon, 2025) would prohibit the restart of an existing oil pipeline that has not been in use for five or more years from being restarted without a hydro test in order to reduce the risk of an oil spill upon returning to service, among other provisions.

SJR 12 (Min, Chapter 174, Resolutions of 2024) urges the President of the United States and the United States Congress to modify bankruptcy rules to provide, in the event of liquidation and termination of oil and gas leases under the United States Bankruptcy Code, that priority is given to plug and abandonment and restoration obligations, to protect the environment, over all secured creditor claims.

SB 559 (Min, 2023) would have required the State Lands Commission to terminate its leases that authorize oil and gas production in state waters if voluntary relinquishment cannot be negotiated, including the payment of fair compensation, as provided. (This bill was held on the Senate Appropriations Committee suspense file.)

SB 1030 (Limón, 2022) would have revised provisions of the Elder California Pipeline Safety Act of 1981 by removing an exemption from the definition of "pipeline," authorizing the State Fire Marshal to require the operator of a pipeline to maintain records, make reports, and provide information, as specified, and would have authorized the State Fire Marshal to disclose certain records, as provided, among other provisions. (This bill was placed on the inactive file on the Assembly floor.)

SB 704 (Min, Chapter 292, Statutes of 2023) removes oil and gas production from the coastal industrial use override provisions in the Coastal Act.

SB 953 (Min, 2022) would have required the State Lands Commission to terminate its leases that authorize oil and gas production in state waters if voluntary relinquishment could not be negotiated, including the payment of fair compensation, as specified. (This bill was held on the Senate Appropriations Committee suspense file.)

AB 585 (Limón, Chapter 123, Statutes of 2019) authorizes the State Lands Commission, when considering the approval of an assignment, transfer, or sublet of an oil and gas lease, to consider whether a proposed assignee is likely to comply with the provisions of the assigned, transferred, or sublet lease for the duration of the lease term, among other requirements.

SB 834 (Jackson, Chapter 309, Statutes of 2018) bars the State Lands Commission from issuing new leases or amending or renewing existing leases to facilitate oil or gas exploration, development, and production for new leases in federal waters.

AB 1775 (Muratsuchi, Chapter 310, Statutes of 2018) bars the State Lands Commission from issuing new leases or amending or renewing existing leases to facilitate oil or gas exploration, development, and production for new leases in federal waters.

SB 788 (McGuire, 2015) would have removed the drainage exception – if federal leases are draining a state-owned oil and gas pool – to the California Marine Sanctuary Act so the State Lands Commission could no longer issue new leases in that instance. (This bill was held on the Assembly Appropriations Committee suspense file.)

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