

**CALIFORNIA STATE LANDS
COMMISSION****EXECUTIVE OFFICE**

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May 23, 2025

File Ref.: Leases 7163 and 4977

Steve Rusch (srusch@sableoffshore.com)
Vice President of Environmental & Governmental Affairs
Sable Offshore Corp.

Subject: Sable's Claims Regarding Resumption of Oil and Gas Operations

Dear Mr. Rusch:

I am writing to express my serious concerns regarding Sable Offshore Corp.'s press release dated May 19, 2025, entitled, "[Sable Offshore Corp. Reports Restart of Oil Production at the Santa Ynez Unit and Anticipated Oil Sales from the Las Flores Pipeline System in July 2025](#)," which you sent to Commission staff on the same day. The press release appears to mischaracterize the nature of recent activities, causing significant public confusion and raising questions regarding Sable's intentions.

Your press release also implies that Sable has restarted operations at the Santa Ynez Unit (SYU). However, Commission staff has informed me that the limited volume oil flows are the result of well-testing procedures required by the Bureau of Safety and Environmental Enforcement prior to restart. These activities do not constitute a resumption of commercial production or a full restart of the SYU. Characterizing testing activities as a restart of operations is not only misleading but also highly inappropriate – particularly given that Sable has not obtained the necessary regulatory approvals to fully resume operations at SYU.

I am also concerned that as Exxon's designated operator, Sable was required to communicate with Commission staff before initiating any oil flow through the offshore pipeline, even in this limited capacity. Sable's failure to clearly and timely communicate these activities to the Commission undermines trust of Sable's motives, demonstrates a lack of understanding of the significant concerns held by many regarding the resumption of activities, and raises serious questions about Sable's willingness to be a transparent operator.

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Commission staff's letter dated May 9, 2025, made clear that failure to comply with applicable regulatory requirements or to resolve any outstanding regulatory issues could constitute a breach of the Commission's leases. Any attempt to restart commercial operations at the SYU without final regulatory approvals may place the company in violation of its lease terms and jeopardize the status of Sable's holdover lease.

As Chair of the State Lands Commission, it is my expectation that Sable will resolve all pending legal challenges and litigation with other state agencies prior to the full restart of operations. The willful disregard for the directives of regulatory agencies does not engender trust or confidence in Sable's willingness to serve as a responsible partner, and could weigh significantly into considerations on the future assignment of the SYU leases from Exxon to Sable.

As a reminder, in December [2023](#), the Commission authorized the preparation of an Analysis of Public Trust Resources and Values (APTR) to evaluate the risks and impacts to Public Trust resources of all 12 offshore oil and gas pipeline leases under the Commission's jurisdiction. Prior to the Commission's consideration of the APTR, no new offshore oil and gas pipeline leases will be considered, including leases 7163 and 4997, which will expire on January 31, 2029 and December 31, 2028, respectively.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Eleni', with a stylized flourish extending to the right.

Eleni Kounalakis
Lieutenant Governor
Chair, California State Lands Commission

cc: The Honorable Malia Cohen, State Controller
Joe Stephenshaw, Director, Department of Finance
Michele Perrault, Chief Deputy Director of Policy, Department of Finance
Grace Kato, Acting Executive Officer, State Lands Commission
Seth Blackmon, Chief Counsel, State Lands Commission
Chris Workman, Counsel, State Lands Commission
Drew Simpkin, State Lands Commission
Nathan Franka, ExxonMobil