CALIFORNIA
DEPARTMENT OF JUSTICE

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*Via Electronic Transmission*
Ms. Kelly Hammerle
Bureau of Ocean Energy Management (VAM–LD),
45600 Woodland Road
Sterling, VA 20166–9216

RE: Comments for the 11th National OCS Oil and Gas Leasing Program
90 Fed. Reg. 52996 (Nov. 24, 2025) (Docket No. BOEM–2025–0483)

Dear Ms. Hammerle:

Rob Bonta, Attorney General of the State of California ("Attorney General Bonta")[1], hereby submits the enclosed comments on the Department of the Interior ("Department"), Bureau of Ocean Energy Management's ("BOEM") 11th National Outer Continental Shelf Oil and Gas Leasing Draft Proposed Program ("DPP" or "Proposed Program"). Attorney General Bonta strongly opposes scheduling lease sales for any of California's Outer Continental Shelf ("OCS") planning areas. Including California's planning areas in the 2026-2031 program would be inconsistent with the Outer Continental Shelf Lands Act ("OCSLA"). Further, if BOEM schedules leases for California's planning areas in the Proposed Program, it must fully and thoroughly analyze the impacts of doing so as required by National Environmental Policy Act.

## I. Introduction and Background

California's long-standing State policy has been to oppose new oil and gas leasing off its shore. California has too often suffered the negative impacts from oil and gas development on the OCS, most particularly the 1969 Santa Barbara oil spill from Union Oil's Platform A. That spill, the third largest in American history, caused great harm to California's economy and environment. It led to a ban on any offshore leasing in state waters, and California has consistently opposed federal oil and gas leasing off its shores for many decades.

The Department last included the California OCS planning areas in the 1987-1992 program. However, because of Congressional and Presidential moratoria, and the consistent and united opposition of the West Coast states, there has been no leasing activity offshore California

[1] Attorney General Bonta submits these comments pursuant to his independent power and duty to protect the environment and natural resources of the State. *See* Cal. Const., art. V, § 13; Cal. Gov. Code, §§ 12511, 12600-12612; *D'Amico. v. Bd. of Medical Examiners*, 11 Cal.3d 1, 14-15 (1974).

since 1984. The moratoria against leasing offshore California expired in 2008. Although Interior proposed to include California in the 2017-2022 leasing program, those lease sales were not held before adoption of the 2024-2029 program, which once again excluded California.

The DPP proposes six lease sales in the Pacific Region, all in the California planning areas: three sales in the Southern California planning area, two in the Central California planning area, and one in the Northern California planning area.[2] The California planning areas were included in the DPP despite California's continued and consistent opposition to leasing in the California OCS.

BOEM does not present a reasoned basis for including California's OCS in the DPP and changing the federal government's long-standing policy against lease sales in California's OCS. To the contrary, as discussed in these comments, none of the OCSLA section 18 factors support scheduling leases in California's OCS planning areas.[3] In recognition of the State of California's consistent and long-standing opposition to new lease sales off its coast, BOEM should exclude California from the 2026-2031 program.

## II. <u>BOEM's Flawed Procedure for Adopting the 2026-2031 Leasing Program</u>

BOEM's procedure for proposing the draft leasing program has been flawed, at best. BOEM has held no public meetings on its draft program, not even in California, though all 1,100 miles of its coastline is potentially impacted by OCS leasing. BOEM must schedule public meetings in coastal communities in California before issuing its second analysis and proposal. Meetings in affected communities would be consistent with BOEM's practice in adopting its prior programs, and California requests that it be afforded the same consideration as was given to other parts of the nation in the development of previous programs.

The apparent exclusion of the entire Atlantic planning area and most of Florida's planning areas from the leasing program is also concerning. Shortly before the DPP was issued, it was reported that the Atlantic planning areas would not be included in the DPP "after hearing from Republican lawmakers who were 'firmly opposed' to the idea."[4] Moreover, "the plan's latest iteration will also include a portion of the eastern Gulf of Mexico but provide a buffer around Florida, a Republican stronghold where politicians from both parties have long opposed drilling."[5] These determinations do not appear to be based on any objective scientific or economic analysis or a fair consideration of the OCSLA section 18 factors, but instead appear based purely on political considerations. Of the six states targeted for OCS leasing off their shores—California, Alaska, Texas, Louisiana, Mississippi, and Alabama—only California

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[2] 90 Fed. Reg. 52996, Table 1.
[3] *See* 43 U.S.C. § 1344.
[4] Ben Lefebvre, *White House Removes Atlantic from Oil Lease Consideration after Political Backlash*, POLITICO, Oct. 31, 2025, *available at* https://www.politico.com/news/2025/10/31/white-house-removes-atlantic-ocean-from-oil-lease-consideration-after-political-backlash-00631427.
[5] *Id.*

submitted comments opposing leases in its OCS.[6] We request that BOEM clarify how leasing decisions were specifically reached as to the California, Florida, and Atlantic planning areas.

## III. BOEM Must Consider Renewable OCS Resources and the Potential Impact of Oil and Gas Exploration on those Resources

The Department is required to manage the OCS "in a manner which considers economic, social, and environmental values of the renewable and nonrenewable resources contained in the outer Continental Shelf, and the potential impact of oil and gas exploration on other resource values of the outer Continental Shelf and the marine, coastal, and human environments."[7] In addition, the Department must consider "other anticipated uses of the resources and space of the outer Continental Shelf," including renewable energy resources, when preparing a five-year leasing program.[8]

BOEM's analysis in the DPP does consider the foregoing requirements, and BOEM acknowledges that it "works closely with states and other stakeholders to examine OCS renewable energy on the OCS Pacific Region."[9] Yet, the DPP does not include any quantification of the potential economic benefit of renewable energy development on the OCS, or the relative environmental risk of renewable development compared to oil and gas development. Consistent with the OCSLA, BOEM must fully analyze and quantify California's significant potential for offshore renewable energy before approving any program to lease off California's coast.[10]

Further, BOEM fails to analyze how leasing for oil and gas development on California's OCS would impact potential offshore renewable energy development, either by physically displacing OCS areas where renewable energy could be developed, or from potential damage to renewable energy infrastructure from an oil spill. BOEM must consider these issues and manage the OCS consistent with the principle that renewable resources are to be valued.[11]

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6 *See* DPP 1st Analysis, Appendix A.1.2, A.1.3, & A.1.4; Comment IDs: BOEM-2025-0015-25341 (State of Alaska, Department of Natural Resources); BOEM-2025-0015-35452 (Louisiana Governor Jeff Landry); Document (BOEM-2025-0015-0003) (Alabama Governor Kay Ivey); BOEM-2025-0015-35227 (California Governor Gavin Newsom). The states of Texas and Mississippi did not submit comments.

7 43 U.S.C. § 1344(a)(1).

8 43 U.S.C. § 1344(a)(2)(D).

9 DPP 1st Analysis 8.2.7.

10 *See* Walt Musial, Donna Heimiller, Philipp Beiter, George Scott, & Caroline Draxl, *2016 Offshore Wind Energy Resource Assessment for the United States* (National Renewable Energy Laboratory), *available at* https://www.nrel.gov/docs/fy16osti/66599.pdf.

11 Although on July 30, 2025, BOEM announced the rescission of Wind Energy Areas on the OCS, as directed by the Presidential Memorandum of January 20, 2025 – *Temporary Withdrawal of All Areas on the OCS from Offshore Wind Leasing and Review of the Federal Government's Leasing and Permitting Practices for Wind Projects* – that presidential directive (the "Wind Order") was recently struck down in a challenge by 17 attorneys general, including California Attorney General Rob Bonta. *See State of New York v. Donald J. Trump*, U.S. District Court, District of Massachusetts, case no. 25-cv-

## IV. <u>The Environmental Risks of OCS Oil and Gas Development Far Outweigh Any Developmental Benefit</u>

### A. California Has Suffered Environmental and Economic Consequences of Previous Oil Spills from the OCS

California has experienced first-hand the environmental and economic consequences of oil production in the OCS. The 1969 blowout of Union's Oil's Platform A in the Santa Barbara Channel—which the DPP ignores—caused staggering environmental and economic damage, and resulted in an 11-day spill, with as much of 4.2 million gallons of crude oil covering over 800 square miles of ocean with tar-black pitch.[12] Oil from the spill was found as far north as Pismo Beach and as far south as Mexico.[13] Thousands of birds were killed along with seals and other marine mammals.[14] All commercial fishing was suspended and tourism suffered; owners of beachfront homes, apartments, and hotels received $6.5 million in damages from a class action lawsuit, while commercial and recreational boat owners received $1.3 million for property damage and loss of revenue.[15] The cost of clean-up exceeded $4.5 million.[16] BOEM must consider the 1969 spill, along with the *Exxon Valdez* and *Deepwater Horizon* spills, as a relevant catastrophic spill for purposes of its oil spill analysis.[17]

Even relatively smaller spills from offshore oil installations can cause significant environmental and economic harm. In 1997, an undersea pipeline from Platform Irene to shore ruptured and released hundreds of barrels of oil. This spill killed over 700 birds and damaged sandy and rocky shoreline habitat with recreational beach use impacted. Restoration projects are still in progress.[18] In 2015, 142,000 gallons of crude spilled from an onshore pipeline near

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11221, Dkt. 234 (setting aside the Wind Order as "arbitrary and capricious" and "contrary to law"), and Dkt. 240 (declaring BOEM's implementation of the Presidential Memorandum "unlawful and … **VACATED** in its entirety").

12 *See 45 Years After the Santa Barbara Oil Spill, Looking at a Historic Disaster Through Technology* (National Oceanic and Atmospheric Administration ("NOAA"), Office of Response and Restoration), Jan. 18, 2014, *available at* https://response.restoration.noaa.gov/about/media/45-years-after-santa-barbara-oil-spill-looking-historic-disaster-through-technology.html; *see also California v. Norton*, 311 F.3d 1162, 1166 (9th Cir. 2002).

13 *Id*.

14 *Id*.

15 *See Blowout at Union Oil's Platform A* (County of Santa Barbara Planning and Development: Energy Division), *available at* https://web.archive.org/web/20100502233206/http://www.countyofsb.org/energy/information/1969blowout.asp.

16 *See Oil Spill Case Histories: 1967-1991, Report No. HMRAD 92-11* (NOAA Hazardous Materials Response and Assessment Division), Sept. 1992, *available at* https://response.restoration.noaa.gov/sites/default/files/Oil_Spill_Case_Histories.pdf.

17 *See* DPP 1st Analysis 9.4.2.

18 *See Torch – Platform Irene* (California Department of Fish & Wildlife), *available at* https://www.wildlife.ca.gov/OSPR/NRDA/Torch-Platform-Irene.

Refugio State Beach in Santa Barbara County, causing 21,000 gallons to flow into the Pacific Ocean (the "Refugio Oil Spill"). Thousands of birds and marine mammals were killed, and 138 square miles of fisheries were closed for six weeks.[19] The pipeline was used to transport oil and gas developed from California's OCS.[20] In 2021, an underwater pipeline running from Platform Elly offshore Huntington Beach to Long Beach spilled a minimum of approximately 24,696 gallons of crude oil into San Pedro Bay. As a result of this spill, Southern California beaches from at least Seal Beach to the U.S./Mexico Border, including coastal marshes and lagoons, were either freshly oiled or received varying levels of tar balls in the weeks following the spill.[21] These incidents and their aftermath—which the DPP does not address—shows that the environmental risk from development of the OCS extends to the pipelines and other onshore facilities used to transport crude to market.

### B. California's Coastal Economy Should Not Be Put at Risk by a Needless Increase in Oil and Gas Development on the OCS

California's thriving coastal economy—which represents 13% of the national economy—should not be threatened from increased development on the OCS. The five largest California counties, all of which are coastal adjacent, generate $1.96 trillion of GDP as of 2023, a figure greater than all but 11 nations.[22]

In addition to its coastal economy, California's direct ocean-based economy is nationally significant. California's ocean-based tourism drives the national economy by creating demand for inland manufacturers and generates foreign visitors.[23] California's marine transportation economy is likewise nationally significant, contributing more than $14.1 billion to the GDP and comprising more than 31% of California's total ocean economy.[24] The ports of Los Angeles and Long Beach alone handled over 19 million TEUs (20-foot shipping containers) in 2022, almost

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19 *See OSPR Labs Special Projects: Refugio Beach Oil Spill Fishery Closure* (California Department of Fish & Wildlife), *available at* https://www.wildlife.ca.gov/OSPR/Science/Laboratories/Chemistry/Special-Projects/Fishery-Closure.

20 *See Refugio Beach Oil Spill: Final Damage Assessment and Restoration Plan/Environmental Assessment* (California Department of Fish & Wildlife, et al.), June 2021, at 4, *available at* https://www.nfwf.org/sites/default/files/2022-09/refugio-beach-oil-spill-final-damage-assessment-restoration-plan-2-03-2021.pdf#:~:text=In%20addition%20to%20direct%20natural%20resource%20impacts%2C,and%20enjoy%20the%20shore%20and%20offshore%20areas.

21 *See Pipeline P00547* (California Department of Fish & Wildlife), *available at* https://wildlife.ca.gov/OSPR/NRDA/Pipeline-P00547.

22 *See Gross Domestic Product by County and Metropolitan Area* (U.S. Department of Commerce, Bureau of Economic Analysis), Table 1, *available at* https://www.bea.gov/sites/default/files/2024-12/lagdp1224.pdf; *see also The National Significance of California's Ocean Economy* (NOAA Office for Coastal Management), 2015, at 7, *available at* https://coast.noaa.gov/data/digitalcoast/pdf/california-ocean-economy.pdf.

23 *Id*. at 1.

24 *See The National Significance of California's Ocean Economy*, *supra* note 22, at 1.

double that handled by the second largest port in the U.S.[25] California's coastline is thus a gateway to the entire nation.[26] At $51.3 billion, California's direct ocean economy accounts for 525,220 jobs, amounting to $26.7 billion in wages.[27] And 67% of jobs are in the tourism and recreation sector.[28] California's direct ocean economy continues to grow. From 2011 to 2021, California saw a 26 percent increase in the number of marine businesses, with an 8 percent increase in the number of marine jobs and, on average, a 37 percent increase in marine economy wages.[29] The livelihoods of hundreds of thousands of Californians and the national economy should not be put at risk by increased OCS oil and gas development.

Consideration of the impact from a spill should not be limited to California's direct ocean-based economy.[30] Many visitors to California's interior also visit its coast. Thus, one of the reasons why California's tourism sector is so successful is because visitors to Sonoma County wineries or Disneyland in Anaheim also enjoy California's beaches. BOEM's consideration of equitable sharing, and its consideration of other uses of the sea and seabed must include an evaluation of all economic drivers located on California's coast, not merely those that are directly linked to ocean activities.

### C. The Benefit of Increased OCS production to California Is Insignificant

California would not economically benefit from increased oil and gas development on the OCS. In fiscal year 2024, California received only $6,151 in Section 8(g) revenue sharing from OCS production, a nearly nonexistent percent of the state's $211.5 billion budget.[31] And in 2019, federal revenue collected from offshore resource extraction generated only $49 million, and almost entirely in the Southern California region, representing a small fraction of California's

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25 *See The Blue Economy in Los Angeles County: Charting a Course Forward* (Los Angeles County Economic Development Corporation), Feb. 2025, at 8-9, *available at* https://www.smc.edu/academics/workforce-economic-development/becap/documents/BECAP-Report-Feb25.pdf.

26 *Id.*

27 *See 2024 Marine Economy Report: California* (NOAA Office for Coastal Management), *available at* https://coast.noaa.gov/data/digitalcoast/pdf/marine-economy-california.pdf.

28 *Id.*

29 *Id.*

30 *See Economic Inventory of Environmental and Social Resources Potentially Impacted by a Catastrophic Discharge Event within OCS Regions* (U.S. Department of the Interior, Bureau of Ocean Energy Management), Oct. 2014, at 90, *available at* https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Leasing/Five-Year-Program/2017-2022/Economic-Inventories-for-CDE.pdf.

31 DPP 1st Analysis, Table 11-1; *see also* California State Budget 2024-2025 (Gavin Newsom, Governor), at 8, *available at* https://ebudget.ca.gov/2024-25/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf.

$4.1 trillion economy.[32] Offshore operations off the coast of California are decreasing, with only 11 actively producing leases in state waters remaining of the more than 60 originally issued.[33] Those leases were all issued prior to the 1969 spill in Santa Barbara.[34]

The DPP acknowledges that California refineries are "already running at capacity" and the West Coast would "need additional refinery capacity" to use potential OCS resources.[35] Thus, California's energy markets would not benefit from the proximity of any energy on its OCS.

The DPP recognizes the range of uses of the OCS in the three California planning areas. The Northern, Central, and Southern California planning areas contain economically productive industries such as commercial fishing and aquaculture, and ecologically significant areas that sustain scientific research, all of which benefit California.[36] Despite acknowledging the other beneficial uses of the OCS, instead BOEM has stated that Southern California communities will benefit from the extended life of onshore infrastructure previously developed to serve the OCS.[37] But, California's coastal communities and environment have in fact benefited from the removal of onshore infrastructure that previously supported offshore oil and gas development. For example, following decommissioning efforts in Ventura County in the 1990s, cities such as Port of Hueneme made a deliberate effort to diversify with the decline of offshore drilling, including expansion of international trade.[38] Elsewhere in Ventura County, new businesses replaced oil support industries in the county, including the arrival of corporate headquarters, such as Patagonia, Inc. that employed over 300 people.[39] In addition, the decommissioning of Line 96 in Goleta, Santa Barbara County, resulted in the preservation of environmentally sensitive habitat used by protected monarch butterflies.[40] Because California's coastal lands are some of the most

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32 *See Pacific Ocean Data Set* (U.S. Department of the Interior, Natural Resources Revenue Data) *available at* https://doi-extractives-data.app.cloud.gov/explore/offshore-pacific/; *see also California is Now the 4th Largest Economy in the World* (Office of California Governor Gavin Newsom), Apr. 23, 2025, *available at* https://www.gov.ca.gov/2025/04/23/california-is-now-the-4th-largest-economy-in-the-world/.

33 *See Offshore Oil and Gas Located in California Waters* (California State Lands Commission), *available at* https://www.slc.ca.gov/oil-gas/.

34 *Id.*

35 DPP 1st Analysis 7.2.5.

36 DPP 1st Analysis, Table 8-4.

37 2019-2024 National Outer Continental Shelf Oil and Gas Leasing Draft Proposed Program, at 8.2.1.2.

38 LEONARD NEVAREZ, ET AL., VENTURA COUNTY: OIL, FRUIT, COMMUNE, AND COMMUTE: FINAL REPORT 108 (United States Minerals Management Service, Pacific OCS Region & University of California, Santa Barbara, Marine Science Institute 1996).

39 *Id.*

40 *See Staff Report Re: Decommissioning of 3.3 mi. of Former Line 96* (California Coastal Commission), *available at* https://web.archive.org/web/20180706135440/http://www.cityofgoleta.org/home/showdocument?id=1008

valuable and ecologically magnificent places in the world, the removal of onshore oil and gas infrastructure, rather than their extended or expanded use, presents a far greater benefit to California's economy and environment.

In addition, any job creation from OCS development would accrue primarily to the Gulf states.[41] Thus, California would shoulder a disproportionate burden from any increased OCS production off its shore, while any economic benefit would go to other regions of the country. Additional OCS leasing offshore California would cause a greatly unequal distribution of the benefits and burdens of development and should not be approved.

## V. <u>The Needs of Regional and National Energy Markets Do Not Support Leasing of California's OCS</u>

Congress enacted the OCSLA in the context of OPEC oil embargoes that greatly reduced the supply of oil and greatly increased its price. But the energy market is vastly different now from what it was in the 1970s and 1980s. There is a global oil surplus with crude oil prices relatively low. The U.S. produced a record amount of crude oil in September 2025.[42] The global surplus of oil is projected to continue, with the International Energy Agency predicting production to outstrip demand by nearly 4 million barrels per day next year, and the U.S. Energy Information Administration predicting global oil inventories to continue to rise.[43] Just last year, ExxonMobil's Chief Executive Officer, Darren Woods, indicated at the 29th session of the United Nations Climate Change Conference of the Parties (COP29) that he does not believe oil production in America is currently constrained, because "most operators in the US are [already] optimizing their production today."[44]

BOEM justifies scheduling additional OCS leasing by stating it is consistent with the administration's policy to "solidify the United States as a global energy leader."[45] There is no

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6. Monarch butterflies are candidate species for an endangerment listing by the federal government. *See Monarch (Danaus plexippus) Species Status Assessment Report, Version 2.1* (U.S. Fish & Wildlife Service), Sept. 2020, *available at* https://www.fws.gov/savethemonarch/SSA.html.

41 DPP 1st Analysis 8.2.1.1.

42 *See Petroleum & Other Liquids, Weekly U.S. Field Production of Crude Oil* (U.S. Energy Information Agency), *available at* https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?f=W&n=PET&s=WCRFPUS2.

43 *See* Jillian Ambrose, *Oversupply of Oil Could Create Glut of 4m Barrels a Day, Says Energy Watchdog*, THE GUARDIAN, Nov. 13, 2025 (citing International Energy Agency report), *available at https://www.theguardian.com/business/2025/nov/13/oversupply-oil-barrels-energy-watchdog-iea*; *Short-Term Energy Outlook* (U.S. Energy Information Administration), Jan. 13, 2026, *available at* https://www.eia.gov/outlooks/steo/.

44 *See* Tim McDonnell, *Exxon CEO: Trump Shouldn't Scrap Methane Regulations*, SEMAFOR, Nov. 12, 2024, *available at* https://www.semafor.com/article/11/12/2024/exxon-ceo-darren-woods-donald-trump-shouldnt-scrap-methane-regulations.

45 DPP 1st Proposal at 11.

legal justification for that position. BOEM must analyze whether the Proposed Program helps to satisfy *domestic* needs for fuel security and net supply. Contrary to Administration statements, attaining global "energy dominance" is simply not a sufficient basis to lease the OCS.[46]

And, even if export were a legitimate basis for OCS leasing, it appears that very little oil is exported from the West Coast Petroleum Administration for Defense District ("PADD"), despite California being the eighth largest oil-producing state in the nation.[47] Therefore, increased OCS production offshore California would not support any export market.

In addition, given the lack of onshore infrastructure, it is unlikely that OCS production offshore California would benefit regional energy markets. As noted, the DPP finds that West Coast PADD would need additional refinery capacity to allow the region to use resources from the Pacific OCS.[48] But the California Coastal Act prohibits expanding the capacity of onshore oil and gas facilities in the coastal zone.[49] Thus, the lack of refinery capacity weighs against scheduling leasing in the Pacific Region.[50]

BOEM must analyze how local, state, regional, national, and international policies on climate change and renewable energy will impact regional and national energy markets. Unlike earlier draft proposed programs, in the DPP, BOEM defers its Market Simulation modeling of OCS production substitutes to second and third analysis stages[51], making uncertain what that modeling will show. The model must fully and accurately take into account the effect of local, state, federal and international climate policies, such as California's SB 32 (Cal. Health & Saf. Code, § 38566), the federal Clean Power Plan, and the Paris Climate Accords.[52] These policies

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46 *See* Heather Richards, *Burgum Pledges Trump 2.0 Return to 'Energy Dominance*', POLITICO, Jan. 16, 2025, *available at* https://www.eenews.net/articles/burgum-pledges-trump-2-0-return-to-energy-dominance/; *see also* DPP 1st Proposal at 12.

47 *See Oil 2025: Analysis and Forecast to 2030* (International Energy Agency), at 106, *available at* https://iea.blob.core.windows.net/assets/c0087308-f434-4284-b5bb-bfaf745c81c3/Oil2025.pdf; *California State Profile and Energy Estimates: Analysis* (U.S. Energy Information Administration), June 20, 2025, *available at* https://www.eia.gov/state/analysis.php?sid=CA.

48 DPP 1st Analysis 7.2.5.

49 CAL. PUB. RESOURCES CODE § 30262(b). Section 30262(a) also defines oil and gas facilities as non-coastal dependent uses.

50 As discussed *infra*, the current and foreseeable lack of onshore infrastructure in California to support OCS development should also be quantified as part of BOEM's Net Social Value and hurdle price analyses.

51 DPP 1st Analysis 7.3.

52 Although the EPA is considering repeal of the Clean Power Plan (*see Electric Utility Generating Units: Repealing the Clean Power Plan: Proposal* (U.S. Environmental Protection Agency), *available at* https://www.epa.gov/stationary-sources-air-pollution/electric-utility-generating-units-repealing-clean-power-plan-0), BOEM should nevertheless consider it as the Plan is the current law. And, although President Trump purported to withdraw the United States from the Paris International Climate Accords, 174 parties have ratified that accord and numerous state governments in the United States are adhering to

call for sharp reductions in greenhouse gas emissions and a transition away from fossil fuels over the coming decades and are inconsistent with increased development of OCS resources.

Even though the market simulation model is not presented, the DPP notes that, because 70% of petroleum is used for transportation, renewable energy sources are unlikely to be a major substitute for foregone OCS production.[53] This claim is unsubstantiated. BOEM must consider that California law requires increasing use of electric vehicles, and California is considering further measures requiring even more such vehicles.[54] California's per capita energy use is the third lowest in the nation due to energy efficiency efforts and has led the states in the most electric vehicles since 2016.[55] BOEM must consider the effect of these policies on the energy markets and weigh decreasing demand against environmental risk in its leasing decisions. Decreasing demand should also be quantified as part of BOEM's Net Social Value and hurdle price analyses.

BOEM must also fully analyze the market for finished petroleum products in the United States, not just the market for heavy crude from the OCS. This analysis was not provided and is required by the OCSLA.

## VI. **The Lack of Industry Interest in Developing California's OCS Weighs Heavily Against Scheduling Lease Sales**

Very little interest was expressed by the oil and gas industry in California's OCS, indicating that BOEM should not move forward with lease sales here. Only one producer, Chevron, expressed specific interest in the Pacific Region, and only for Southern California as its least-preferred option (ranking in priority first the Western and Central GOA planning areas, followed by the Eastern GOA planning area, followed by the Atlantic planning area, and followed lastly by the Southern California planning area).[56] A single joint comment from industry associations expressed interest in all regions, but noted that "political resistance to further production [in the Pacific Region] has had a chilling effect on industry interest in the area. Should the political climate reverse, the opportunity for further development exists."[57] Notably, Beacon West, Beta Operating Company, DCOR, Sable Offshore Corp., and Freeport-

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its greenhouse gas emission reduction targets. *See States United for Climate Action* (United States Climate Alliance), *available at* https://www.usclimatealliance.org/.

[53] DPP 1st Analysis 7.3.

[54] For example, AB 2127 requires the California Energy Commission to publish a biennial report on the charging needs of 5 million zero emission vehicles by 2030. *See Electric Vehicle Charging Infrastructure Assessment - AB 2127* (California Energy Commission), *available at* https://www.energy.ca.gov/data-reports/reports/electric-vehicle-charging-infrastructure-assessment-ab-2127.

[55] *See California State Profile and Energy Estimates: Analysis, supra* note 47.

[56] DPP 1st Analysis, Appendix A.5; Document ID: BOEM-2025-0015-25284, at p. 8.

[57] DPP 1st Analysis, Appendix A.5; Document ID: BOEM-2025-0015-35234, at p. 7.

McMoRan—the companies which currently operate in California's OCS[58] and therefore are most familiar with it—did not submit any comments expressing interest in leasing offshore California. Nor did Exxon, which previously operated in the OCS until divesting its OCS assets to Sable in 2024. This lack of industry interest should weigh heavily against scheduling lease sales in California's planning areas.

Industry's lack of interest may reflect its difficult experience in developing California's OCS. As recounted in *Amber Res. Co. v. United States*, 538 F.3d 1358 (Fed. Cir. 2008), the Department issued 35 leases offshore California from 1978 to 1984, and one in 1968. The Department granted a series of extensions and suspensions of these 36 leases. Following a suit by the State of California, the Ninth Circuit Court of Appeals found the lease suspensions were subject to consistency determinations under the Coastal Zone Management Act.[59] The California Coastal Commission objected to the Department's consistency determinations, and suspensions were never granted. The lessees sued the federal government and were awarded $1.1 billion in restitution.[60] The owners of the 36 leases thus forced the government to buy their leases back rather than develop them, indicating that it is unlikely that BOEM would receive fair market value for any leases it issues in California as part of the Proposed Program.

In addition, the composition of California's offshore oil and gas industry has greatly changed since the Department last issued leases here. In the 1980s, the major oil companies leased tracts offshore California and sought to develop them—companies such as Chevron, Mobil, Conoco, and Exxon. All the major companies have now sold their operations offshore California, with the last major company, Exxon, selling its operations to Sable in 2024.[61] Smaller companies now own the leases, but even those companies have faced operational difficulties. Freeport-McMoRan and DCOR have had their leases expire, and in 2017 Venoco filed for bankruptcy and relinquished its federal oil leases.[62] The absence of major companies in the California OCS reflects the maturity of the oil and gas fields here, and the lack of significant undiscovered assets.

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[58] *See Pacific OCS Platforms* (U.S. Department of the Interior, Bureau of Safety and Environmental Enforcement), *available at* https://www.bsee.gov/stats-facts/ocs-regions/pacific/pacific-ocs-platforms.

[59] *See California v. Norton*, 311 F.3d 1162 (9th Cir. 2002).

[60] *Amber Res. Co.*, 538 F.3d at 1367.

[61] *See* Sable Offshore Corp. Form 8-K/A, dated February 14, 2024, *available at* https://d18rn0p25nwr6d.cloudfront.net/CIK-0001831481/2a1a44d4-9e36-475a-82ba-5f4d0a18b5c2.pdf.

[62] *See Relinquishments and Lease Expirations – Pacific* (U.S. Department of the Interior, Bureau of Ocean Energy Management), *available at* https://www.boem.gov/regions/pacific-ocs-region/oil-gas/relinquishments-and-lease-expirations-pacific.

## VII. California's Laws, Goals, and Policies Are Contrary to Increased Development from the OCS

A wide range of California's laws, goals, and policies should be considered by the Department in making leasing decisions in California's planning areas. These include:

- **The California Coastal Act** (Cal. Pub. Resources Code § 30000 et. seq.): the California Coastal Act is the federally approved coastal management program for California under the Coastal Zone Management Act. The Act provides that California's marine environment and coastal resources are to be protected, and sets forth strict limits on the installation of oil and gas facilities, both offshore and onshore. The Act demonstrates that California prizes public access, recreation, and environmental protection of its coast, which would be threatened by increased OCS oil and gas development.

- **Public Trust Doctrine**: California holds and manages its sovereign tidelands and submerged lands pursuant to the common law and statutory public trust doctrine and for the benefit of the People of California. Increased development on the OCS threatens the State's interest in these lands and the ability of its people to access and enjoy them.

- **California Coastal Sanctuary Act of 1994** (Cal. Pub. Resources Code, § 6240 et seq.): Subject to certain narrow exceptions, the State created a coastal sanctuary which banned all oil and gas development in state waters subject to tidal influence because of the unacceptably high risk of damage and disruption to the marine environment of the State. The State's laws and policies mitigating the risk from an oil spill from state waters would be frustrated by increased development on the OCS.

- **California's Marine Protected Areas** (Cal. Pub. Resources Code, § 36710; Cal. Code Regs., title 14, § 632): California created a network of 147 marine protected areas and marine reserves where fishing and other commercial activity is restricted or prohibited in recognition of the unique ecological and recreational interests of these areas. These areas and California's management of them would be threatened by oil and gas leasing on the OCS.

- **California's Preparation for Sea Level Rise** (Cal. Pub. Resources Code § 6311.5): California has laws and policies encouraging local governments to prepare for sea level rise caused by climate change. This policy would be frustrated by increased hydrocarbon development from the OCS, the attendant increase in greenhouse gas emissions, and the resulting incremental increase in sea level rise caused by climate change.

- **California's Renewable Energy Policies** (Cal. Health & Saf. Code § 38566): California provides that the State will reduce its greenhouse gas emissions 40 percent below 1990 levels by 2030. The California Air Resources Board is empowered to broadly regulate emissions from stationary and mobile sources to meet this directive. Increased OCS development would increase greenhouse gas emissions from oil and gas drilling, refining, and transportation. This would frustrate California's ability to meet its greenhouse gas reduction goals and would harm the people and environment of California by increasing the negative effects associated with climate change.

## VIII. BOEM's Analysis of Net Social Value and Hurdle Price Must Quantify the Current and Foreseeable Lack of Onshore Infrastructure, and the Offshore Environmental Cost Model Should Monetize Damages from Greenhouse Gas Emissions

BOEM does not attempt to quantify onshore infrastructure as a category of environmental and social cost in its Inventory Net Benefits analysis, despite recognizing the additional environmental and social costs that may occur as a result of onshore development.[63] Opposition to OCS leasing in California is certain. Given the opposition to additional pipelines and infrastructure to support OCS development by the State Lands Commission, the restrictions on energy infrastructure under the California Coastal Act, and local government policies against new or expanded oil and gas facilities on the coast, this factor must be included in BOEM's calculation of Net Economic Value for California's planning areas.

The importance of the availability of onshore infrastructure to the production of oil and gas resources is illustrated in California by the Refugio Oil Spill and resulting closure of Pipelines 901 and 903 (now known as CA-324 and CA-325, the "Pipelines") in Santa Barbara County. The Pipelines were used to transport oil produced in the OCS and in state waters. After Pipeline 901 ruptured in 2015, spilling 142,000 gallons of crude oil into the environment, with 21,000 gallons flowing through a culvert under Highway 101 and across Refugio State Beach into the ocean, state and federal regulators shut the Pipelines down.[64] In addition to the significant impacts to the California environment and economy, discussed *ante*, oil producers operating offshore California experienced significant economic losses. Venoco went bankrupt and quit-claimed all its federal and state offshore leases.[65] Platforms Harmony, Heritage, and Hondo—owned by Exxon at the time of the spill but now owned by Sable—have not brought oil to market since 2015.[66]

BOEM must consider the serious impacts of the closure of the Pipelines on OCS production, and BOEM should quantify the added cost of exploring, producing, and transporting oil and gas from California's OCS considering State and local opposition. Without this analysis,

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63 DPP 1st Analysis, Appendix B-1.1.1.2.

64 *See* Consent Decree, *United States of America v. Plans All American Pipeline, L.P.*, U.S. District Court, Central District of California, case no. 2:20-cv-02415, Dkt. 6 (Mar. 13, 2020), *available at* https://www.epa.gov/sites/default/files/2020-03/documents/plainsallamericanpipelinelp.pdf.

65 *See Relinquishments and Lease Expirations – Pacific, supra* note 62.

66 *See Santa Ynez Unit, POPCO Gas Plant, Las Flores Pipeline System Project* (County of Santa Barbara, Planning and Development), *available at* https://www.countyofsb.org/4671/Santa-Ynez-Unit-POPCO-Gas-Plant-at-Las-F.

the DPP's Net Social Value, and choice of timing and location of lease sales based on hurdle price, is flawed.[67]

In addition, the Net Social Value analysis should fully consider the impact of greenhouse gas ("GHG") emissions from increased OCS development. The Offshore Environmental Cost Model ("OECM") calculates the quantity of GHG emissions, yet does not monetize the damages from those emissions and include them in the costs associated with OCS development.[68] BOEM should use the Social Cost of Carbon methodology developed by the federal Interagency Working Group, a methodology widely used by federal and state agencies when considering climate change impacts.[69] Moreover, the OECM should, but does not, reflect the economic impacts from catastrophic oil spill events.[70]

The decision to rank planning areas based on a Net Economic Value under the $100/bbl oil price across all planning areas is also questionable.[71] For instance, West Texas Intermediate ("WTI") crude oil has not traded at or above $100/bbl since mid-2022, and is currently trading at nearly half that amount, at approximately $56/bbl. Even more confounding is that, notwithstanding this flawed methodology, the Central and Northern California planning areas ranked lower under both the Net Economic Value and OCS Inventory Net Benefits analyses (6th and 11th, respectively), than other planning areas that were excluded under the DPP.[72] BOEM must explain the basis for including California planning areas when other, more valuable, planning areas were excluded.

## IX. <u>BOEM's Consideration of Environmental Factors and Concerns Does Not Accurately Account for the Sensitivity of California's Marine Environment or Oil Spill Impacts, or for Potential Regulatory Changes</u>

BOEM's Environmental Sensitivity Index appears to be based on inaccurate or incomplete science.[73] The low rating assigned to the California planning areas is questionable,

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[67] We also note that, despite the apparent flaws in the hurdle price analysis, the DPP nevertheless includes the Central California planning area notwithstanding that much of that planning area is comprised of National Marine Sanctuaries, and oil and gas development would be prohibited there by law. *See* DPP 1st Analysis, 3.4.3.

[68] DPP1st Analysis, Appendix B-1.1.1.1

[69] *Id.* A discussion of the importance and validity of the Social Cost of Carbon methodology developed by the interagency group is described in the NYU School of Law's Institute for Policy Integrity, *Social Costs of Greenhouse Gasses*, Feb. 2017, *available at* https://www.edf.org/sites/default/files/social_cost_of_greenhouse_gases_factsheet.pdf.

[70] DPP1st Analysis 6.3.

[71] DPP 1st Analysis, Table 6-2.

[72] *Id.*

[73] DPP 1st Analysis, Table 10-2.

especially considering the California Current is one of the greatest up-wellings of cold water in the world and is highly sensitive to climate change impacts.[74]

In addition, we are concerned that BOEM did not properly consider potential impacts to the environment from oil spills. As we noted *ante*, the 1969 Santa Barbara Oil Spill, the third largest in American history, was not considered at all. In addition, BOEM should consider spills from pipelines and other infrastructure associated with OCS development, not just well control events. As illustrated by the Refugio Beach spill in 2015, "large" spills can and do occur from onshore infrastructure associated with OCS development. It is unclear whether BOEM considers such spills in the quantification presented in the DPP.[75] If not, the quantitative approach taken in the DPP as to the likelihood of a spill from increased OCS development is fundamentally inaccurate.

Also notable is that while BOEM states that numerous safeguards for drilling, development and production increased in the post *Deepwater-Horizon* era,[76] it does not consider the effect of any changes to the Bureau of Safety and Environmental Enforcement's Safety Systems Rule or Well Control Rule. BOEM should consider any changes or proposed changes to safety regulations as part of its analysis of environmental factors and concerns.

## X. <u>BOEM's Analysis is Lacking Without Environmental Review</u>

BOEM's decision not to prepare a programmatic Environmental Impact Statement ("EIS") is troubling. BOEM recognizes that past programs have included a programmatic EIS pursuant to the National Environmental Policy Act ("NEPA") as the analysis vehicle for environmental factors, but chooses not to prepare a programmatic EIS for this DPP.[77] BOEM states it will prepare an "environmental analysis outside of the NEPA framework," without further specifications.[78] This departure from historical practice without specifying how BOEM intends to conduct an environmental analysis is troubling and we urge BOEM not to proceed any further with this process until it completes a programmatic EIS pursuant to NEPA.

## XI. <u>Fairly Balancing the Potential for Environmental Damage, the Potential for the Discovery of Oil and Gas, and the Potential for Adverse Impact on the Coastal Zone Would Exclude California's Planning Areas from Leasing</u>

Fairly balancing the OCSLA section 18 factors would exclude California's planning areas from leasing. California and the nation have economically benefited from California's highly productive ocean and coastal economies and would continue to do so in the absence of

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74 *See generally*, DPP 1st Analysis 9.2.2.1 (Physical Oceanography); 10.1.5 (Southern California, Northern California, and Central California).
75 *See* DPP 1st Analysis, Table 10-2.
76 DPP 1st Analysis 9.4.2.
77 DPP 1st Analysis 1.2.1.
78 *Id.*

any leasing. The risk from an oil spill to California's coastal zone and the attendant air and water pollution from leasing offshore our State far outweighs any developmental benefit. The regional and national energy markets are going to be increasingly based on renewable sources, and BOEM should continue to work with California to plan and develop offshore renewable energy development rather than proceed with oil and gas leasing in the face of widespread and deeply held opposition. For the reasons discussed in this letter, and those presented by California's state and local coastal governments, Attorney General Bonta respectfully requests that you exclude California's planning areas from leasing in the Proposed Program.

Sincerely,

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