



September 14, 2026

Chair Nelson and Members of the Santa Barbara County Board of Supervisors
Santa Barbara County Board of Supervisors
105 E. Anapamu Street
Santa Barbara, CA 93101

Submitted via email to: sbcob@countyofsb.org

Re: Proposed Oil and Gas Prohibition Ordinances – Property Rights, Takings, Amortization, and CEQA

Dear Chair Nelson and Members of the Santa Barbara County Board of Supervisors:

The California Chapter of the National Association of Royalty Owners (NARO-CA) advocates for **an estimated 600,000 oil and gas royalty and mineral owners throughout California**, including owners whose property interests are directly affected by the proposed oil and gas prohibition ordinances before the Board.

NARO-CA strongly urges the Board to reject these ordinances.

The proposed action is not simply a policy governing future land use. It is the first phase of a broader County program intended to prohibit new oil and gas development and ultimately phase out existing lawful production. That program threatens constitutionally protected mineral and royalty interests and raises substantial questions under the California Environmental Quality Act (CEQA) that should be resolved before the County considers further action.

Mineral and Royalty Interests Are Property

Oil and gas mineral interests are real property interests. Unlike a commercial business faced with a change in zoning, a mineral owner cannot relocate his or her property to another jurisdiction where its use remains permitted. The minerals exist where nature placed them, and their economic value depends upon the ability to access and responsibly produce them.

If government action prevents production, the oil remains underground, and the owner's ability to realize the value of that property is effectively eliminated.

This is particularly significant for royalty owners. Royalty owners include families who have been in Santa Barbara County for generations. They're retirees, farmers, ranchers, nonprofits, and small business owners with deep roots in our communities.

Founded in 1980, the National Association of Royalty Owners is the only national organization representing solely, and without compromise, oil and gas royalty owners' interests.

For some agricultural families, royalty income generated from mineral ownership provides an additional source of revenue that helps keep farms and ranches economically viable and in family ownership. Eliminating that income can create greater financial pressure on agricultural landowners and make it more difficult to preserve working farms and ranches for future generations. A policy intended to restrict oil and gas production should not inadvertently make it harder for families to keep agricultural land intact and prevent its conversion to other uses.

The Proposed Ordinances Raise Serious Takings Concerns

The Fifth Amendment to the United States Constitution prohibits government from taking private property for public use without compensation. The California Constitution provides similar protection.

The takings issue presented here is not theoretical.

NARO participated in the successful challenge to Monterey County's Measure Z. In that case, the trial court concluded in its Intended Decision that:

"Consequently, should it take effect, Measure Z would effect a facial regulatory taking of CRC's and some members of NARO's property."

The court further stated that **"...the remaining Petitioners would have the option of proceeding with as-applied takings claims."** These are the same portions of the Intended Decision that NARO-CA previously brought to this Board's attention in our July 6, 2026 submission.

Measure Z was ultimately invalidated, with the judgment upheld through the California appellate courts and the California Supreme Court.

Santa Barbara County should take that history seriously.

The proposed prohibition affects the ability to drill new wells, re-enter certain wells, and undertake activities necessary to maintain the productive life and value of oil and gas properties. Mineral interests, royalty interests, leasehold interests, and the investments associated with them derive their value from the continued ability to produce the underlying resource. The administrative record therefore should fully address the economic impact upon those interests and the investment-backed expectations of their owners before the County adopts a countywide prohibition. These are central considerations in the takings analysis identified in the comments already submitted to the County.

Amortization Does Not Cure the Constitutional Problem

NARO-CA is particularly concerned by the County's contemplated use of amortization as part of Phase II.

At NARO-CA's request, our General Counsel, Edward S. Renwick of Hanna & Morton LLP, previously reviewed the application of amortization to oil and gas operations. NARO-CA submitted his legal opinion to this Board on July 6, 2026, and is reattaching that opinion to this letter.

Amortization may have application to certain ordinary nonconforming land uses because, after a prescribed period, a business can potentially recover its investment and relocate elsewhere. That logic does not translate to a mineral estate.

An oil or gas deposit cannot be moved.

A royalty owner cannot relocate his or her mineral interest.

An arbitrary period of continued production does not compensate an owner for hydrocarbons that remain in the ground when government orders production to cease.

The Bill of Rights, which includes the Fifth Amendment, exists to protect fundamental rights from government infringement. Those protections are not diminished simply because the infringement occurs gradually. If government action ultimately deprives an owner of constitutionally protected property without just compensation, extending that deprivation over a longer period does not cure the constitutional problem. Amortization cannot transform an otherwise unlawful taking into a lawful one simply through the passage of time.

As NARO-CA previously advised this Board, mineral and royalty rights involve depleting assets whose value can only be realized by producing the resource where it exists. If production is prohibited before that resource can be economically recovered, an amortization period does not make the owner whole.

More recent comments submitted to the Board independently reinforce this concern. They note that oil-field production requires continuing investment and that an amortization period does not necessarily permit recovery of those investments or the value of the underlying property.

CEQA Requires the County to Evaluate the Whole Program

NARO-CA is also concerned that the County's current CEQA analysis treats Phase I separately from the reasonably foreseeable Phase II phaseout.

The County's own process contemplates both components: Phase I prohibits future drilling and related activities, while Phase II addresses the cessation of existing oil and gas operations. The record indicates that these phases were separated because of differences in the effort and complexity required to implement them, rather than because they represent unrelated governmental objectives.

That distinction matters under CEQA.

The environmental consequences of prohibiting new development cannot reasonably be considered in isolation from a planned program to phase out existing production. The Phase I prohibition may itself affect future investment, production, infrastructure, and the timing and concentration of plugging, abandonment, and restoration activities. The comments submitted to the County identify foreseeable environmental consequences involving traffic, emissions, waste handling, grading, habitat disturbance, water quality, and abandonment activity.

There are broader consequences as well. Reducing local petroleum production does not eliminate California's demand for petroleum. The record raises questions regarding replacement of local production with imported crude and the resulting transportation and emissions impacts.

Petroleum produced in Santa Barbara County also supports products and materials beyond transportation fuels, including **asphalt used for roads and other public infrastructure**. The County should consider the full consequences of replacing locally produced petroleum with supplies transported from outside the region or imported from foreign sources.

The County's reliance upon categorical exemptions is therefore particularly concerning. The proposed ordinances involve a countywide prohibition affecting an area containing more than 2,000 active and idle wells and are the first operative component of a broader phaseout program. Comments in the record identify unresolved questions involving mineral-resource availability, displaced production, imported crude, transportation, infrastructure, abandonment, and cumulative environmental effects.

NARO-CA believes the County should evaluate the environmental consequences of the entire prohibition-and-phaseout program, rather than divide a coordinated governmental action into separate pieces.

NARO-CA Contends AB 3233 Violates the California Constitution

NARO-CA's concerns regarding AB 3233 go beyond the application of the statute to particular mineral and royalty interests. **NARO-CA contends that AB 3233 itself is invalid under the California Constitution.**

At NARO-CA's request, our General Counsel, Edward S. Renwick of Hanna & Morton LLP, analyzed the constitutionality of AB 3233. Mr. Renwick concluded that AB 3233 violates **Article XI, Sections 5 and 7 of the California Constitution**, explaining that those constitutional provisions limit the authority of cities and counties to local or municipal affairs and that regulation of oil production is a matter of statewide concern.

Mr. Renwick's opinion concludes: **"Accordingly, AB-3233 is unconstitutional."**

NARO-CA previously submitted this legal analysis to the Board on July 6, 2026. We are reattaching our July 6 submission and Mr. Renwick's legal opinion and incorporate that analysis by reference. The earlier submission expressly advised the Board that NARO-CA believes AB 3233 violates the California Constitution and should not be relied upon by California counties or municipalities to justify further restrictions on oil production.

The proposed ordinances rely upon authority purportedly granted by AB 3233. NARO-CA therefore urges the County not to rely upon a statute whose constitutionality is itself in serious question as authority to impair constitutionally protected mineral and royalty interests.

Conclusion

NARO-CA respectfully requests that the Board decline to adopt the proposed oil and gas prohibition ordinances.

At minimum, the Board should continue this matter until the County has:

1. Completed legally adequate CEQA review of the entire prohibition-and-phaseout program, including reasonably foreseeable Phase II actions and their direct, indirect, and cumulative environmental effects;
2. Fully evaluated the effects of the proposed ordinances upon mineral and royalty interests, vested rights, and investment-backed expectations;
3. Addressed the substantial constitutional takings issues raised by prohibiting access to and production of privately owned mineral resources;
4. Reconsidered the use of amortization as a mechanism for terminating lawful oil and gas operations and the property interests dependent upon those operations; and
5. Addressed NARO-CA's contention, supported by the attached legal opinion of its General Counsel, that AB 3233 itself violates the California Constitution.

NARO-CA has defended the interests of California's royalty and mineral owners in Monterey County, Ventura County, and the City of Los Angeles. We will continue to stand up for the property rights of royalty and mineral owners in Santa Barbara County.

We respectfully ask this Board not to expose Santa Barbara County and its taxpayers to unnecessary litigation and potentially substantial liability by proceeding before these serious constitutional and environmental issues have been resolved.

NARO-CA would welcome the opportunity to work with County staff as the County evaluates the impacts of these proposals on oil and gas mineral and royalty owners and their property rights. We would be pleased to make our experts and legal counsel available to assist County staff in evaluating the legal, economic, and property-rights implications of the proposed ordinances.

Sincerely,



Edward S. Hazard

President

National Association of Royalty Owners – California

Attachment: July 6, 2026 NARO-CA Public Comment Letter and Legal Opinion of Edward S. Renwick, Esq. Regarding Amortization and Constitutionality of AB 3233

cc: Edward S. Renwick, Esq., Hanna and Morton LLP
Charles L. Murray III, Esq., Law Office of Charles L. Murray III

HANNA AND MORTON LLP

A LIMITED LIABILITY PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
LAWYERS

444 SOUTH FLOWER STREET, SUITE 2530

LOS ANGELES, CALIFORNIA 90071-2916

TELEPHONE: (213) 628-7131

WEBSITE: www.hanmor.com

EDWARD S. RENWICK

DIRECT DIAL: (213) 430-2516

EMAIL: erenwick@hanmor.com

VIA Email

June 26, 2026

National Association of
Royalty Owners of California-Inc.
Attn: Edward Hazard
Email: Ehazard@57@yahoo.com

Re: NARO-CA COMMENTS ON AMORTIZING OIL AND GAS OPERATIONS

Dear Ed,

Both the City of Los Angeles and the County of Santa Barbara are currently considering ordinances prohibiting oil and gas development, which will, among other things, classify as preexisting nonconforming uses all existing oil and gas operations within their borders. As part of this, both the City of Los Angeles and the County of Santa Barbara are also considering enacting amortization provisions which would prematurely terminate those preexisting, nonconforming uses.

In connection with NARO-CA's opposition to these two oil and gas ordinances, you have asked me to summarize NARO-CA's comments on amortization, as a technique for prematurely terminating preexisting nonconforming uses. I do so below.

Amortization, as a technique for prematurely terminating preexisting nonconforming uses, may work for some uses, such as commercial buildings which find themselves stranded on land no longer zoned for the uses to which they have been put. However, amortization does not work when applied to oil and gas operations. Consider the following facts:

1. The concept of amortization is based on fairness and reasonableness. Take for example, the common example of an area which previously permitted commercial businesses but is now zoned exclusively for single-family homes. Assume a hardware store which caters to homeowners in the area. It may be fair to assign that store a useful remaining life of, say 20 years, after which it must relocate to a new location a mile or so away. First, the hypothetical hardware store may well have a monopoly for the 20 years during which it may have a competitive advantage. During that 20-year period, it ought to be able to create a fund that will allow it to

Attention: Edward Hazard

June 26, 2026,

re: NARO-CA Comments on Amortizing Oil and Gas Operations

Page 2

move its location down the street to a shopping center where it can continue business as usual, or so the theory goes.

2. Oil and gas operators, on the other hand, cannot move their operations to new areas. You can't pick up an oil field and move it. Moreover, mineral owners who have granted oil and gas leases to oil and gas operators and thus have become royalty owners have even less ability to shut down and move on. Most of them do not have mineral interests in multiple locations. Therefore, because of this lack of mobility, the rationale behind amortization has no application to oil and gas operators or mineral/royalty owners.
3. Oil and gas interests are depleting assets. In other words, as they are produced or mined, they are used up. Zoning laws apply differently to depleting assets than they do to assets which do not deplete. Take the decision of the California Supreme Court in *Hanson Brothers Enterprises v. Board of Supervisors of Nevada County* (1996) 12 Cal 4th 533. There, the Court held that Hansen Brothers, which operated a rock quarry, had a vested right to continue mining rock to the borders of its property even though general law and the zoning ordinance that made quarrying a preexisting non-conforming use also purported to prohibit any expansion of its operation. It seems to me that just as Hanson Brothers had a vested right to mine rock to the boundary of its property, most oil and gas operators have a similar right to produce oil and gas for the life of their leases, and certainly their lessors, as royalty owners, have a similar right to receive their royalties. If so, amortization should not apply to oil and gas producing operators or their royalty owners, given the depleting nature of their assets.
4. CalGEM is required to attempt to reduce greenhouse gas emissions but to balance this reduction against the need for adequate energy sources. Indeed, Public Resources Code Section 3106, along with other Public Resources Code sections, gives CalGEM the task of doing the necessary balancing. It becomes impossible for CalGEM to perform this task if every local government in the state which produces oil or gas undertakes to regulate the production of oil and gas itself. If nothing else, the specter of eight-dollar-a-gallon gasoline, which accompanied the recent loss of approximately 20% of our refining capacity, demonstrates the need for adequate energy. That is a matter of statewide concern. Article XI, Sections 5 and 7 of the California Constitution, only give local governments the power to regulate local matters. Local governments do not have the power to regulate in such a way that they interfere with state regulation of matters of statewide concern. Accordingly, without AB-3233, Santa Barbara County, and the City of Los Angeles could not even contemplate adopting ordinances shutting down existing oil and gas production in the county. However, AB-3233 cannot give cities and counties that power. This is because AB-3233 itself violates Article XI Sections 5 and 7 when it purports to give local governments the power to violate Article XI Sections 5 and 7 of the California Constitution. Accordingly, AB-3233 is unconstitutional. It is very risky for local

government to rely on AB-3233. If they do so, they may find themselves on the short end of expensive inverse condemnation claims.

5. In the rush to use amortization as a device to shut down oil operators, no one is thinking about mineral interest owners. Most oil operators operate under oil and gas leases. A mineral owner (who also may be the surface owner if minerals have not been severed from the land) owns the exclusive right to produce oil from the land being leased. An oil and gas producer typically obtains an oil and gas lease from the mineral owner. The lease typically provides that the lease remains in force for a period of years (generally two to five years) and "so long thereafter as oil or gas is produced in paying quantities." That language gives both lessors and lessees a reasonable expectation that their agreement will be inviolate for so long as the property produces oil or gas in paying quantities. How long will that be? We don't know. It can be for a long time. The wells known as Pinal No. 2 and Pinal No. 3, located on Orcutt Hill in Santa Barbara County were both drilled in 1903. Here it is 2026, and they are still both producing 123 years later. Admittedly, this may be an unusual case. Very few wells go that long, 30 to 40 years, and with good maintenance, 50 years is more common. Even then, if they develop unrepairable mechanical problems, they will be redrilled, or if the plan of development requires wells in a new location, they may be replaced. In modern oil and gas fields, particularly ones in which enhanced oil recovery methods such as water-floods or steam-floods are in progress, new wells must periodically be drilled in carefully selected new locations. Also, production wells are sometimes converted to injection wells. In the old days it was common to simply drill wells in a one well for every ten-acre pattern. Today the timing, the pattern, and the purpose of wells (e.g., production or injection) are much more sophisticated. Indeed, the timing, the pattern, and the location of wells have become methods and practices used by petroleum engineers to maximize ultimate recovery and not waste oil. It is important for cities and counties to remember that shutting down one oil and gas operator may well impact multiple oil and gas mineral/royalty owners. I know of one property in the City of Los Angeles in which shutting down one oil and gas operator affected approximately 1,500 royalty/mineral owners.
6. Eventually, the leased property will reach the point where the costs of production meet the value of the oil and gas produced. At this point, the lease terminates and the mineral rights (i.e., the exclusive right to drill for and produce oil and gas), which had been leased to the operator, revert to the mineral owners. That does not necessarily mean that the life of the field is over. What often happens is new production techniques are developed and/or oil prices go up, a new producer comes along, leases the property, and using new techniques, puts the property back on production. Because none of us can see the future with certainty, we simply cannot foresee when an old oil and gas field will ultimately draw its last breath. In short, our oil fields will

Attention: Edward Hazard

June 26, 2026,

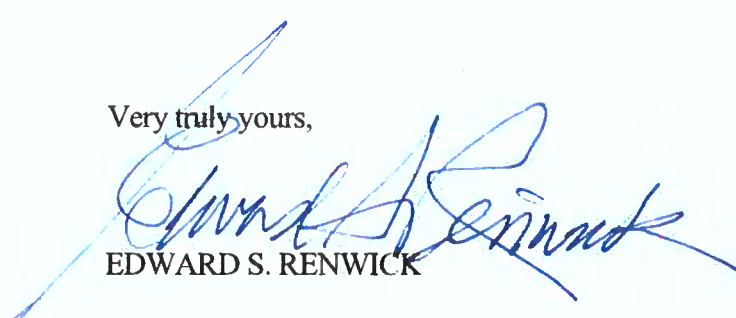
re: NARO-CA Comments on Amortizing Oil and Gas Operations

Page 4

never run completely out of oil and gas. At most, it will simply cost too much to produce what is left. That is probably why most oil and gas leases do not provide for a fixed term of years, but instead remain in force for so long as oil and gas are produced in paying quantities.

In conclusion, as the foregoing shows, there is no fair and reasonable way to amortize for zoning purposes either a royalty/mineral owner's property interest or an oil and gas operator's property interest. A petroleum engineer can certainly estimate how long it will take to recover the cost of drilling and completing a particular oil and gas well, just as a CPA can probably calculate what sort of return a hardware store owner needs in order to create a sinking fund so that he can move his hardware store to another location. But what does that have to do with what is fair and reasonable for a royalty/mineral owner who cannot pick up his mineral rights and move them to a new location. If a local government, primarily motivated by climate change, wants to shut down the oil and gas field in which the royalty/mineral owner has a property interest, it should be paying for it, not pretending to "regulate."

Very truly yours,



EDWARD S. RENWICK