

1 JEREMY TALCOTT, Cal. Bar No. 311490
2 JTalcott@pacificlegal.org
3 Pacific Legal Foundation
4 701 Kimberly Ave, Suite 200
5 Placentia CA 92870-6354
6 Telephone: (916) 419-7111
7 Facsimile: (916) 419-7747

8 PAIGE E. GILLIARD, Cal. Bar No. 330051
9 PGilliard@pacificlegal.org
10 JEFFREY D. JENNINGS, Va. Bar No. 87667*
11 JJennings@pacificlegal.org
12 Pacific Legal Foundation
13 3100 Clarendon Blvd., Suite 1000
14 Arlington, VA 22201
15 Telephone: (202) 888-6881
16 Facsimile: (916) 419-7747

17 CHRISTOPHER M. KIESER, Cal. Bar No. 298486
18 CKieser@pacificlegal.org
19 Pacific Legal Foundation
20 555 Capitol Mall, Suite 1290
21 Sacramento, CA 95814
22 Telephone: (916) 419-7111
23 Facsimile: (916) 419-7747

24 *Attorneys for Plaintiffs*

25 **pro hac vice application forthcoming*

26 **UNITED STATES DISTRICT COURT**
27 **CENTRAL DISTRICT OF CALIFORNIA**

28 JOHN MORGAN, in his personal and
19 representative capacity as trustee of
20 the HELEN LEAF HANCOCK
21 TRUST, and MELINDA MORGAN, in
22 her personal and representative
23 capacity as trustee of the HELEN
24 LEAF HANCOCK TRUST, Plaintiffs,
25 v.

26 No. 2:26-cv-815

27 **COMPLAINT FOR
28 DECLARATORY AND
INJUNCTIVE RELIEF**

29 DOUG ITO, in his official capacity as
30 the State Oil and Gas Supervisor;
31 TREY POWELL, in his official
32 capacity as District Deputy for the
33 Northern District of the Geologic
34 Energy Management Division
35 (CalGEM),

36 Defendants.

1 JURISDICTION AND VENUE

2 1. This action arises under the Fifth Amendment to the United
 3 States Constitution, made applicable to the States by the Fourteenth
 4 Amendment. This Court has jurisdiction through 42 U.S.C. § 1983 and 28
 5 U.S.C. § 1331. Declaratory relief is authorized by the Declaratory
 6 Judgment Act, 28 U.S.C. § 2201–02.

7 2. Under the doctrine of *Ex parte Young*, 209 U.S. 123 (1908),
 8 actions against state officials seeking prospective injunctive relief against
 9 ongoing violations of federal law are not barred by sovereign immunity.

10 3. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)
 11 because a substantial part of the events or omissions giving rise to the
 12 claim occurred in this judicial district and the property that is the subject
 13 of the action lies within Santa Barbara County.

14 INTRODUCTION

15 4. Plaintiffs John and Melinda Morgan (together, the Morgans)
 16 bring this Fifth Amendment takings challenge to SB 1137, a California
 17 law that prohibits the drilling of new oil and gas wells within 3,200 feet
 18 of “sensitive receptors,” which includes most places where the public
 19 works, lives, and plays.¹

20 5. Brother and sister John and Melinda Morgan grew up in
 21 California and have lived in the state for most of their lives. Their family
 22 has a long and storied history in California with their grandmother’s
 23 husband, George Allan Hancock, drilling several oil wells in the Los
 24 Angeles area in the early twentieth century. The Morgans’ grandmother
 25 passed on some of Hancock’s mineral rights to the Morgans via the Helen
 26 Leaf Hancock Trust.

27 1 SB 1137 added Sections 3280 through 3291 of the Public Resources Code
 28 (Article 4.6 added by Stats. 2022, Ch. 365, Sec. 2).

1 6. Those mineral rights include minerals located on and
2 underneath two parcels in Santa Barbara County. The minerals initially
3 became part of the Morgans' family when their grandmother married
4 Hancock in 1939. The Morgans hoped to use their mineral rights to obtain
5 royalty payments to support themselves in retirement. They also hoped
6 to pass on the mineral rights to their children so that their children could
7 have income and financial freedom in their old age. This desire to use
8 natural resources on one's own private property for the benefit of future
9 generations drove early settlers to America, early Americans to expand
10 the nation westward, and lies at the very heart of the American Dream.

11 7. The Morgans, like other California mineral owners in recent
12 years, have encountered one regulatory hurdle after another in
13 developing their oil reserves due to California's draconian environmental
14 laws.

15 8. The Morgans were relieved when they finally found their
16 current operators. With the operators' help, they hoped their mineral
17 rights would once again become productive.

18 9. But California dashed these hopes with its passage of SB 1137,
19 which prevents the Morgans from drilling new wells or returning existing
20 wells to production on two of their parcels due to them lying within 3,200
21 feet of private residences.

22 10. SB 1137 is the latest apex of a long line of attacks on the use of
23 natural resources within California to further the state government's
24 quest to curb anthropogenic climate change.

25 11. SB 1137's ban on drilling new wells on two of the parcels
26 containing the Morgans' minerals and returning the existing wells to
27 production effectively prohibits any productive use of these two mineral
28 estates.

1 12. What is more, longstanding California law holds that private
2 landowners may own the mineral estate separate and apart from the
3 surface estate of real property. Many Californians own title to mineral
4 estates, which are commonly leased to oil and gas operators in exchange
5 for portions of royalty payments. These mineral estates are discrete
6 property interests and are often passed down from generation to
7 generation, providing valuable legacies and additional sources of income.
8 Here, the minerals that the Morgans own have been severed from the
9 surface estate, which a third party owns, and the Morgans' minerals exist
10 as a separate estate. Thus, SB 1137 eliminates any economically
11 beneficial use of the Morgans' separate mineral estate.

12 13. Thus, by prohibiting the drilling of oil and gas wells within
13 3,200 feet of “sensitive receptors,” California unfairly requires mineral
14 estate owners to bear the burden of the State’s policy choices regarding
15 climate change. *See Penn. Coal Co. v. Mahon*, 260 U.S. 393, 416 (1922)
16 (Holmes, J.) (“We are in danger of forgetting that a strong public desire to
17 improve the public condition is not enough to warrant achieving the desire
18 by a shorter cut than the constitutional way of paying for the change.”).

19 14. The Morgans are among those whose property rights have been
20 sacrificed to absorb the costs of the State's climate policy. SB 1137 thus
21 effectuates an uncompensated taking of the Morgans' private property
22 and must be enjoined.

PARTIES

24 15. The subject parcels in this case are part of the Helen Leaf
25 Hancock Trust.

1 parcels. *See Boshernitsan v. Bach*, 276 Cal. Rptr. 3d 109, 114 (Cal. Ct.
 2 App. 2021). Their status as trustees also makes them the “real party in
 3 interest with standing to sue.” *Portico Mgmt. Grp., LLC v. Harrison*, 136
 4 Cal. Rptr. 3d 151, 157 (Cal. Ct. App. 2011).

5 17. The Morgans’ mineral estate has been in their family since
 6 1939, when John and Melinda’s grandmother, Helen Leaf Hancock,
 7 acquired the property through marriage to George Allan Hancock. The
 8 Morgans’ grandmother subsequently passed down the estate to John and
 9 Melinda, and the Morgans hoped to pass down the mineral estate to their
 10 children and grandchildren.

11 18. Defendant Doug Ito is the California State Oil and Gas
 12 Supervisor overseeing the California Geologic Energy Management
 13 (CalGEM) agency, which enforces the restrictions that this lawsuit
 14 challenges. CalGEM approves the permits² for drilling, deepening,
 15 redrilling, and altering the casing of a well. The Supervisor is also one of
 16 the state officials responsible for approving or rejecting these permits
 17 state-wide. Cal. Pub. Res. Code § 3203. The Supervisor also has the power
 18 to appoint district deputies (who may also issue drilling permits) and to
 19 prescribe their duties. *Id.* § 3101. The Supervisor has general
 20 responsibility for enforcing SB 1137’s restrictions and requirements. Ito
 21 is sued in his official capacity only.

22 19. Trey Powell is the District Deputy for the Northern District of
 23 CalGEM. He is one of the state officials responsible (along with the
 24 Supervisor) for approving or denying permits to drill for oil and gas in
 25 California and the County of Santa Barbara specifically. *Id.* § 3203.

26 27 28 2 California refers to a state-issued permit for drilling for oil or gas as a
 “Notice of Intention.” *See* Cal. Pub. Res. Code § 3203(a). Wherever this
 Complaint uses the word “permit,” it’s referring to “Notice of Intention.”

1 Powell is sued in his official capacity only.

2 FACTUAL ALLEGATIONS

3 A. Oil production in California

4 20. California has a long history of oil production. As of 2024, it is
 5 the eighth-highest oil producing state in the nation.³

6 21. Modern technology's thirst for the cost-effective energy that oil
 7 provides drove California's rapid growth in terms of population and
 8 wealth. Oil production was largely responsible for Los Angeles more than
 9 doubling in size between 1920 and 1930.⁴ During the 1920s, "L.A. was
 10 generating about 25% of the world's oil production."⁵ Without oil
 11 production, there would likely be no Hollywood and nothing of what one
 12 thinks of as modern California.⁶

13 22. In addition to the Los Angeles region, Santa Barbara County
 14 has a long history of oil production. According to a report by the United
 15 States Geological Survey, the Santa Maria Basin Province—located
 16 within Santa Barbara County and portions of San Luis Obispo County—
 17 has an "estimated undiscovered, technically recoverable mean resources
 18 of 67 million barrels of oil and 56 billion cubic feet of gas in the Santa
 19 Maria Basin Province of California."⁷

20 ³ *Crude oil production in the United States in 2024, by state* (Apr. 2025),
 21 <https://www.statista.com/statistics/714376/crude-oil-production-by-us-state/>.

22 ⁴ Rachel Schnalzer, 'A parallel Hollywood story': How L.A.'s oil boom
 23 shaped the city we know today," Los Angeles Times (Dec. 8, 2021 5 A.M.),
 24 <https://www.latimes.com/business/story/2021-12-08/la-oil-industry-history-shaped-the-city-we-know-today>.

25 ⁵ *Id.*

26 ⁶ Jonaki Mehta & Sonari Glinton, *Before Hollywood, The Oil Industry*
 27 *Made LA*, NPR (Apr. 6, 2016 5:42 PM) <https://www.npr.org/2016/04/05/473107378/before-hollywood-the-oil-industry-made-la>.

28 ⁷ *Assessment of Undiscovered Oil and Gas Resources in the Santa Maria*

1 23. The Cat Canyon oil field—also located in Santa Barbara
 2 County—is one of the largest oil fields in the area in terms of production
 3 volume. In a 2015 report, the United States Energy Information
 4 Administration ranked Cat Canyon seventeenth on its list of Top 100 U.S.
 5 oil fields.⁸

6 24. At one time, California embraced oil production. The state
 7 agency that regulated oil was tasked with “supervis[ing] the drilling,
 8 operation, maintenance, and abandonment of wells so as to permit the
 9 owners or operators of the wells to utilize all methods and practices
 10 known to the oil industry for the purpose of increasing the ultimate
 11 recovery of underground hydrocarbons.” Cal. Pub. Res. Code § 3106(b).
 12 State law also requires the Supervisor to administer the agency “so as to
 13 encourage the wise development of oil and gas resources.” *Id.* § 3106(d).

14 25. But, in recent years, California’s government has turned
 15 against oil production. It now seeks to eliminate oil extraction as part of
 16 its quest to slow anthropogenic climate change.

17 26. In 2019, California’s state government passed AB 1057, which
 18 dramatically changed the mission of the state agency that regulates oil
 19 production. AB 1057 changed the name of the agency from “Division of
 20 Oil, Gas, and Geothermal Resources” to the “Geologic Energy
 21 Management Division.” Cal. Pub. Res. Code § 3002. It also added that
 22 CalGEM’s mission includes the “reduction and mitigation of greenhouse
 23 gas emissions associated with the development of hydrocarbon and

24 *Basin Province, California, 2024, National and Global Petroleum*
 25 *Assessment, United States Geological Service (Nov. 2025),*
 26 <https://pubs.usgs.gov/fs/2025/3052/fs20253052.pdf>.

27 28 ⁸ United States Energy Information Administration, Top 100 U.S. Oil and
 Gas Fields (Mar. 2015), <https://www.eia.gov/naturalgas/crudeoilreserves/top100/pdf/top100.pdf>.

1 geothermal resources in a manner that meets the energy needs of the
 2 state.” *Id.* § 3011(a). AB 1057 also requires the Supervisor to coordinate
 3 with other state agencies to further the goals of “California Global
 4 Warming Solutions Act of 2006 and to help support the state’s clean
 5 energy goals.” *Id.* § 3011(b) (cleaned up). AB 1057 then added a new
 6 bonding requirement if CalGEM perceives a risk of an oil well being
 7 abandoned or a risk to the environment. *Id.* § 3205.3(a)).

8 27. In 2020, Governor Gavin Newsom issued an executive order
 9 requiring all sales of new motor vehicles to have zero emissions by 2035
 10 “to fight climate change.”⁹

11 28. In 2021, Governor Newsom issued an executive order directing
 12 CalGEM to issue a regulation banning fracking in the state by 2024.¹⁰ Governor
 13 Newsom defended the fracking ban by arguing that “The
 14 climate crisis is real, and we continue to see the signs every day.”¹¹ He
 15 also noted that “I’ve made it clear I don’t see a role for fracking in that
 16 future and, similarly, believe that California needs to move beyond oil.”¹² Alongside the fracking ban, the Governor requested the California Air
 17 Resources Board (CARB) to study how to phase out oil production in
 18 California by 2045.¹³

20 29 9 *Governor Newsom Announces California Will Phase Out Gasoline*
 21 *Powered Cars & Drastically Reduce Demand for Fossil Fuel in*
 22 *California’s Fight Against Climate Change*, <https://www.gov.ca.gov/2020/09/23/governor-newsom-announces-california-will-phase-out-gasoline-powered-cars-drastically-reduce-demand-for-fossil-fuel-in-californias-fight-against-climate-change/>.

25 30 10 *Governor Newsom Takes Action to Phase Out Oil Extraction in*
 26 *California*, <https://www.gov.ca.gov/2021/04/23/governor-newsom-takes-action-to-phase-out-oil-extraction-in-california/>.

27 31 11 *Id.*

28 32 12 *Id.*

33 13 *Id.*

1 29. In 2023, California enacted AB 1167 imposing additional
 2 bonding requirements on operators that drill new oil wells or that acquire
 3 new wells through a transfer of ownership. Cal. Pub. Res. Code
 4 §§ 3204(a)), 3205.8.

5 30. In 2024, California enacted AB 3233, which purports to expand
 6 local government authority to impose restrictions on oil production even
 7 more restrictive than state law. *Id.* § 3106.1.

8 **B. The challenged law**

9 31. On September 22, 2022, California’s anti-oil policy choices
 10 reached new heights when Governor Newsom signed SB 1137.

11 32. A ballot referendum initially paused implementation of SB
 12 1137, but the law went into effect in 2024 after the referendum was
 13 withdrawn.

14 33. SB 1137 bans the issuance of permits to drill, deepen, redrill,
 15 or to permanently alter the casing of oil wells within a “health protection
 16 zone.” Cal. Pub. Res. Code § 3281(a). A “health protection zone” means
 17 the area within 3,200 feet of a “sensitive receptor.” *Id.* § 3280(b). The law
 18 defines “sensitive receptors” as homes, many types of schools, community
 19 resource centers, health care facilities, live-in housing (“including a long-
 20 term care hospital, hospice, prison, detention center, and dormitory”), or
 21 “any building housing a business that is open to the public.” *Id.* § 3280(c).

22 34. Because state law requires individuals to obtain a permit to
 23 drill, deepen, redrill, or to alter the casing of oil wells, SB 1137 bans those
 24 activities within 3,200 feet of most places where the public lives, works,
 25 and plays by banning the issuance of permits. *See Id.* §§ 3203; 3281(a).

26 35. While SB 1137 grandfathered existing oil wells in health
 27 protection zones, it puts them on the path to extinction by banning
 28 permits for redrilling, deepening them, or permanently altering their

1 casing. *Id.* § 3281.

2 36. Grandfathered wells also must comply with a host of new
 3 regulations (including requirements to reduce noise levels, lighting, dust
 4 particles, and providing chemical samples of wastewater, and
 5 implementing measures to detect leaks and emissions). *Id.* § 3282.

6 37. The 3,200 feet setback also only applies one way. It does not
 7 bar construction of a “sensitive receptor” within 3,200 feet of an
 8 operational well. Thus, if a member of the public decides to build a
 9 “sensitive receptor,” all areas within 3,200 feet of that new receptor
 10 become subject to SB 1137’s restrictions.

11 38. Governor Newsom made passing the 3,200 feet setback into law
 12 a key component of his “climate proposals” to the legislature.¹⁴ When
 13 proposing the setback, he called it a “monumental step to tackling the
 14 climate crisis.”¹⁵

15 **C. The Morgans’ mineral rights**

16 39. Plaintiffs John Morgan and Melinda Morgan are siblings and
 17 the sole trustees of the Helen Leaf Hancock Trust.

18 40. The mineral rights within the Helen Leaf Hancock Trust were
 19 originally acquired by John and Melinda’s grandmother and have been in
 20 the Morgan family for decades.

21 41. Those mineral rights include two severed mineral estates in
 22 Santa Barbara County, California. The Morgans do not own the surface
 23 rights to those parcels but have a right to surface access that typically
 24 accompanies the ownership of severed mineral rights in California. Each

25
 26 ¹⁴ Gov. Gavin Newsom, *Gov. Newsom’s Ambitious Climate Proposals*
 27 *Presented to Legislature*, <https://www.gov.ca.gov/2022/08/12/governor-newsoms-ambitious-climate-proposals-presented-to-legislature/>

28 ¹⁵ *Id.*

1 of these two severed mineral estates that the Morgans own are one third
 2 of the total mineral rights on and underneath the relevant surface parcel.

3 42. One of those severed mineral estates lies underneath a parcel
 4 described in the deed conveying it as: “The northeast quarter of the
 5 southwest quarter; the south one-half of the southwest quarter; the
 6 southeast quarter of the northwest quarter; and the west one-half of the
 7 west one-half of the east one-half of Section 23, Township 9 north, range
 8 33 west, San Bernardino base and meridian, in the County of Santa
 9 Barbara, State of California, according to the official plat thereof” (with
 10 certain exceptions previously granted to the County of Santa Barbara and
 11 the Santa Maria Valley Railroad). The parcel constitutes a portion of
 12 Accessor Parcel Number 101-030-011.

13 43. The second mineral estate is another portion of Accessor Parcel
 14 Number 101-030-011. The deed describes it as: “The northwest quarter of
 15 the southwest quarter of Section 23, Township 9 north, range 33 west,
 16 San Bernardino base and meridian, in the County of Santa Barbara, State
 17 of California, according to the official plat thereof (with an exception
 18 previously granted to the County of Santa Barbara)”.

19 44. These two mineral estates are the subject of this lawsuit
 20 (subject parcels).

21 45. The subject parcels lie inside a SB 1137 health protection zone
 22 because there are residences within 3,200 feet of every square foot of the
 23 parcels.

24 46. The subject parcels lie within the Cat Canyon Field in Santa
 25 Barbara County. That field has a long history of oil production and still
 26 has current potential. In 2019, an operator submitted a proposal to drill
 27 187 new oil and gas wells in the Cat Canyon Field.

28 47. The subject parcels have a history of oil production but do not

Complaint for Declaratory
and Injunctive Relief

1 currently contain any active wells. Any existing oil wells on the parcels
 2 are either plugged or “idle” and do not produce any oil.

3 48. SB 1137 prevents drilling new oil wells on the subject parcels
 4 because they lie within a health protection zone.

5 49. Returning the idle wells to production would require either
 6 sidetracking them (a type of redrilling), permanently altering the well
 7 casing, or both. Thus, SB 1137 prohibits Defendants from issuing any
 8 permits for the work necessary to return these idle wells to production.

9 50. As a result, SB 1137 prohibits the Morgans from developing
 10 their oil and gas reserves on the subject parcels.

11 51. The Morgans have leased their mineral rights to Cat Canyon
 12 Resources and California Resources Corporation in exchange for royalty
 13 payments.

14 52. California Resources Corporation has not drilled any new wells
 15 on the property, but is paying the Morgans a shut-in fee to maintain its
 16 lease of the Morgans’ mineral rights. California Resources Corporation is
 17 likely to abandon its lease with the Morgans because SB 1137 prevents it
 18 from drilling wells to access the Morgans’ oil deposits.

19 53. Cat Canyon Resources also has not drilled any new wells and
 20 its lease with the Morgans has a provision requiring it to pay the Morgans
 21 a shut-in fee to maintain the lease. It is likely to abandon its lease
 22 agreement with the Morgans because SB 1137 prevents it from
 23 completing the work needed to access the Morgans’ oil deposits.

24 54. There are no other minerals on the subject parcels that are
 25 economically viable to mine or drill.

26 55. Santa Barbara County has zoned the subject parcels for
 27 agricultural use, which permits oil and gas production activities. County
 28 of Santa Barbara, County Land Use & Development Code § 35.21.030
 Complaint for Declaratory
 and Injunctive Relief

1 (Table 2-1).¹⁶

2 56. Drilling a new oil well, deepening a well, redrilling a well, or
 3 permanently altering its casing without a permit or otherwise violating
 4 California's oil and gas restrictions subjects an individual to civil,
 5 administrative, and criminal penalties. Cal. Pub. Res. Code §§ 3225, 3236,
 6 3236.2, 3236.3, 3236.5. An offending individual also must pay the state's
 7 costs to bring the enforcement action. *Id.* § 3236.6.

8 57. There are no exceptions to SB 1137 that would allow for the
 9 drilling of new wells on the subject parcels or for returning any existing
 10 ones to production.

11 58. But for SB 1137's ban on drilling new oil wells and making the
 12 upgrades needed to return the existing wells to production, the Morgans
 13 would continue leasing their mineral rights on the subject parcels for
 14 royalty payments. But for SB 1137, it is likely that oil production could
 15 take place on the parcels.

16 **CAUSE OF ACTION**

17 **Violation of the Fifth and Fourteenth Amendments
 18 to the U.S. Constitution**

19 **U.S. Const. Amends. V, XIV and 42 U.S.C. § 1983**

20 59. Plaintiffs hereby re-allege each and every allegation contained
 21 in the preceding paragraphs as though fully set forth herein.

22 60. The Fifth Amendment to the U.S. Constitution, made
 23 applicable to the States by the Fourteenth Amendment, prohibits the
 24 government from taking "private property . . . for public use, without just
 25 compensation." U.S. Const. amend. V.

26 61. The U.S. Supreme Court has held that a regulation that "goes

27
 28 ¹⁶ <https://documents.coastal.ca.gov/reports/2010/8/Th17b-s-8-2010-a1.pdf>.

1 too far” in depriving a property owner of the productive use of their
 2 property constitutes a taking under the Fifth Amendment for which the
 3 government must pay just compensation. *Penn. Coal Co.*, 260 U.S. at 415.

4 62. A regulation “goes too far” when it “prohibits all economically
 5 beneficial use” of a property. *Lucas v. S.C. Coastal Council*, 505 U.S. 1003,
 6 1014, 1029 (1992).

7 63. A regulation also “goes too far” when it deprives a severed
 8 mineral estate of any beneficial use by, for example, making it
 9 “commercially impracticable to mine.” *Penn. Coal Co.*, 260 U.S. at 414–
 10 15.

11 64. California state law has long-recognized mineral rights as a
 12 separate and independent estate from the surface estate. *Wall v. Shell Oil*
 13 Co., 25 Cal. Rptr. 908, 911 (Cal. Ct. App. 1962).

14 65. SB 1137 and Defendant State officials’ actions to enforce it
 15 have destroyed any economic use of the Morgans’ severed mineral estate.

16 66. SB 1137’s drilling ban requires Defendants to prohibit the
 17 creation of new oil wells on the subject parcels or returning any existing
 18 wells to production. Defendants’ enforcement of SB 1137 thus effects a
 19 taking of the Morgans’ severed mineral estates on the subject parcels.

20 67. Without SB 1137’s drilling ban, it is likely that the necessary
 21 permits to operate oil wells on the property would be granted and the
 22 Morgans would be able to receive the extraction benefits of their mineral
 23 estates.

24 68. SB 1137’s ban is not a background legal restriction given
 25 California’s long recognition of the right to develop oil and gas reserves
 26 on one’s property. *Maples v. Kern County Assessment Appeals Bd.*, 103
 27 Cal. App. 4th 172, 186 (2002).

28 69. “A property owner has an actionable Fifth Amendment takings
 Complaint for Declaratory
 and Injunctive Relief

1 claim when the government takes his property without paying for it.”
 2 *Knick v. Twp. of Scott*, 588 U.S. 180, 185 (2019). Because SB 1137’s ban
 3 on drilling new oil wells, deepening or redrilling existing ones, and
 4 permanently altering the casing of an existing well is automatic and has
 5 no exceptions that would allow for a permit or variance, Defendants
 6 cannot issue a permit that would permit drilling. Defendants’
 7 enforcement has taken all of the Morgans’ severed mineral estates on the
 8 subject parcels.

9 70. Neither the Defendants nor the State has paid just
 10 compensation to the Morgans for the total taking of their mineral estates.
 11 Therefore, Plaintiffs have an actionable federal takings claim against
 12 Defendants.

13 71. Whatever benefits the public derives from California’s climate
 14 policy, the Morgans’ property rights cannot be sacrificed without the State
 15 paying them just compensation. *Lucas*, 505 U.S. at 1019 (“We think, in
 16 short, that there are good reasons for our frequently expressed belief that
 17 when the owner of real property has been called upon to
 18 sacrifice *all* economically beneficial uses in the name of the common good,
 19 that is, to leave his property economically idle, he has suffered a taking.”);
 20 *Penn. Coal Co.*, 260 U.S. at 416.

21 72. Defendants are state actors and cannot be sued for damages in
 22 federal court. *Seven Up Pete Venture v. Schweitzer*, 523 F.3d 948, 954–56
 23 (9th Cir. 2008). Plaintiffs thus lack an adequate remedy at law and may
 24 seek prospective injunctive and declaratory relief. *See Cedar Point*
 25 *Nursery v. Hassid*, 594 U.S. 139, 179 (2021) (Breyer, J., dissenting)
 26 (noting that the victorious property owners in *Cedar Point* sought only
 27 injunctive and declaratory relief and arguing that the State “should have
 28 the choice of foreclosing injunctive relief by providing compensation”).

73. The Morgans suffer ongoing irreparable injury each day that enforcement of SB 1137 is not enjoined.

74. The balance of the hardships weighs in favor of enjoining SB 1137's ban on issuing permits for new wells, the redrilling or deepening of existing wells, or permanently altering the casings of existing wells.

75. The public interest weighs in favor of enjoining SB 1137's ban on issuing permits for new wells, the redrilling or deepening of existing wells, or permanently altering the casings of existing wells.

PRAYER FOR RELIEF

Plaintiffs seek the following relief:

A. A declaratory judgment that SB 1137 (Cal. Pub. Res. Code § 3281(a)), on its face and as applied, violates the Fifth Amendment of the U.S. Constitution insofar as it bans the issuance of permits for the Morgans to drill new oil wells, redrill or deepen existing wells, or to permanently alter the casing of existing wells on the subject parcels.

B. A permanent injunction against Defendants, their officers, their employees, agents, assigns, and all persons acting in concert with them, directing them to stop enforcing SB 1137 insofar as it bans the issuance of permits for the Morgans to drill new oil wells, redrill or deepen existing wells, or to permanently alter the casing of existing wells on the subject parcels. An award of attorneys' fees and costs in this action pursuant to 42 U.S.C. § 1988; and

C. An award of any further relief this Court may deem just and proper.

111

111

1 DATED: January 27, 2026.

2 Respectfully submitted,

3 JEREMY TALCOTT

4 By s/ Jeremy Talcott

5 JEREMY TALCOTT

6 PAIGE E. GILLIARD

7 By s/ Paige E. Gilliard

8 PAIGE E. GILLIARD

9 JEFFREY D. JENNINGS*

10 By s/ Jeffrey D. Jennings

11 JEFFREY D. JENNINGS

12 CHRISTOPER M. KIESER

13 By s/ Christopher M. Kieser

14 CHRISTOPER M. KIESER

15 *Attorneys for Plaintiffs*

16 **pro hac vice application*
17 *forthcoming*