Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead

Richard J. Bruckner
Director

December 12, 2011

Laura Vlk, Senior EH&S Specialist
Plains Exploration & Production Company (PXP)
5640 S. Fairfax Avenue
Los Angeles, CA 90056

RE: Baldwin Hills Community Standards District (CSD)
Request for Annual Well Increase in Accordance with the
Settlement Agreement and Mutual Release Effective July 15, 2011

Dear Ms. Vlk:

Pursuant to the Baldwin Hills CSD Settlement Agreement and Mutual Release, on behalf of the Los Angeles County Department of Regional Planning, I am responding to your request dated October 10, 2011 to allow an increase of the number of wells that may be drilled or re-drilled annually in the unincorporated portion of the Baldwin Hills oil field. Paragraph 4.b of the subject Settlement Agreement entered into by the parties to the litigation challenging the County's approval of the CSD allowed for the increase of the number of wells annually drilled. In order to increase the number of wells allowed in a calendar year from 30 to 35, the Director of Regional Planning, after review, must determine that the CSD has been effective in protecting the health, safety, and general welfare of the public. As required by the Settlement Agreement, this review was conducted after Plains Exploration and Production Company ('PXP") had drilled the 50th well since the adoption of the CSD. Attached is the report documenting the County's findings. I concur with and adopt the findings and conclusions in that report.

Based on the attached report, we have concluded that the CSD has been effective in protecting the health, safety and general welfare of the public. Accordingly, PXP may drill or re-drill up to 35 wells per calendar year pursuant to a Director's Review for the individual oil wells. Thus, for the remainder of this year and future calendar years, PXP may drill up to 35 oil wells per calendar year, pursuant to a Director's review and so long as any wells to be drilled are identified in the current year's Annual Drilling Plan and so long as the drilling and activities associated with the drilling are otherwise consistent and in compliance with the provisions of the CSD.

If you have any additional questions, you may contact Rena Kambara or Pat Hachiya at (213) 974-6453.

Sincerely,

Richard J. Bruckner
Director

Attachment

HOA.845811.1

320 West Temple Street ▪ Los Angeles, CA 90012 ▪ 213-974-6411 ▪ Fax: 213-626-0434 ▪ TDD: 213-617-2292

Provision 4.b of the Settlement Agreement and Mutual General Release ("Settlement Agreement") entered into July 15, 2011 states the following:

"Until such time as PXP has drilled or redrilled 50 wells since the adoption of the CSD, or 24 months from the date of this Agreement, whichever is sooner ("Time Period One"), no more than 30 wells may be drilled or re-drilled in any calendar year pursuant to a Director's Review as set forth in the CSD (hereinafter Director's Review). At the end of Time Period One, and if the County determines, pursuant to its review of the CSD by the Director of Regional Planning, that the CSD has been effective in protecting the health, safety, and general welfare of the public, thereafter (the "Full Operational Period") no more than 35 wells may be drilled or re-drilled in the calendar year pursuant to Director's Review".

In October of 2011 PXP drilled the 50th well since the adoption of the CSD. On October 10, 2011 PXP submitted a request to Los Angeles County ("County") Department of Regional Planning ("Regional Planning") asking for the annual increase to 35 wells as allowed by provision 4.b of the Settlement Agreement.

In order for Regional Planning to approve the request to increase the number of annual wells to 35, the Director of Regional Planning ("Director") must review the CSD and find that the CSD has been effective in protecting the health, safety, and general welfare of the public.

This document presents the result of the CSD review that was conducted to determine if the CSD has been effective in protecting the health, safety, and general welfare of the public. The review focused on the areas of the CSD that are related to health, safety and general welfare of the public. The relevant areas of the CSD included the following:

- Noise
- Vibration
- Air Emissions
- Odors
- Ground Movement
- Visual/ Aesthetics
- Safety and Risk of Upset
- Fire Protection/Emergency Response
- Ground Water Quality

For each of these areas a review was conducted of the relevant CSD provisions to determine if they have been effective in protecting the health, safety, and general welfare of the public. The remainder of this document presents the results of the review for each area. Based upon this

review the CSD has been found to be effective thus far in protecting the health, safety, and general welfare of the public.

A. Noise

CSD Section 22.44.142.E.5 of Title 22 of the County Code addresses noise related impacts. Provision E.5.a covers noise limits for the oil field. These noise limits were established to ensure that the noise from the oil field would not represent a significant impact to the areas surrounding the oil field. Noise limits cover construction, general operations and drilling. PXP, The Los Angeles County Department of Public Health ("Public Health"), and the County's Environmental Compliance Coordinator (MRS) have conducted extensive noise monitoring at the oil field and in the areas surrounding the oil field to determine if PXP has been in compliance with the noise limits specified in the provision E.5.a of the CSD.

As part of the 2010 Environmental Quality Assurance Program (EQAP) audit conducted by Regional Planning, Steve Rogers Acoustics (SRA) conducted a review of the noise monitoring performed to date by Behrens & Associates, Inc. during the drilling of selected new well. During this review SRA checked for apparent compliance with the drilling noise limits and noise monitoring requirements of the CSD. The report by SRA dated August 31, 2011 identified no noise exceedences resulting from drilling operations.

Noise monitoring conducted by MRS and Public Health showed that the oil field has been in compliance with the noise limits specified in provision E.5.a of the CSD.

As part of the 2010 EQAP audit, Regional Planning reviewed compliance with the quiet mode drilling plan (CSD provision E.5.c). The audit found that PXP was implementing all of the requirements of the plan, and that all of the required noise pads and boards were in place. As discussed above, a review of the noise monitoring data for drilling showed that the drilling operations were in compliance with the CSD noise limits. These results indicate that the quiet mode drilling plan is effective at limiting noise from drilling to levels below what would be considered detrimental to the health and welfare of the public.

Between January 2009 and the end of the third quarter of 2011, there were 22 noise complaints. PXP, in consultation with the County, investigated each complaint. Eleven of these complaints were determined not to be related to oil field operations, and were identified to be related to other noise sources. Four of the complaints were possibly related to oil field activities, and the remaining seven could not be identified or confirmed to have originated from the oil field. A review of noise monitoring data indicates that the four events possibly related to oil field operations did not exceed the noise limits specified in the CSD.

Two of the noise complaints possibly related to oil field activities appeared to stem from operations at the pipe storage rack. PXP is in the process of relocating the pipe rack storage area from the southeast portion of the oil field, near the main office, to the center of the oil field, just east of the Vickers bioremediation farm. This new location is a greater distance from residential noise receptors. None of the noise complaints were found to be related to the drilling operations. As a result of the CSD requirements, PXP has actively addressed noise complaints related to oil field operations and made changes to operations to reduce the level of noise impacting surrounding areas using techniques such as installing additional sound walls around specific pieces of equipment.

Review of the PXP 2010 EQAP Compliance Report, the 2010 EQAP Audit Report prepared by the County, the noise monitoring data collected by PXP, Public Health, and the County's Environmental Compliance Coordinator, and the complaint log shows that the CSD has been effective at keeping noise to a level considered protective of the health and general welfare of the public.

B. Vibration

CSD Section 22.44.142.E.6 of Title 22 of the County Code addresses vibration related impacts. Provision E.6 requires vibration levels related to oil field operations not exceed a velocity of 0.25 mm/s over a frequency range of 1 to 100 Hz at any developed area. This vibration level was established by the County to be protective of health and welfare of the public. Vibration monitoring for drilling operations have shown that the drilling operations do not exceed the 0.25 mm/s level. Drilling vibration has been measured at a high of 0.1 mm/sec at a distance of 50 feet from the drill rig, which is well below the standard established in the CSD.

Between January 2009 and the end of the third quarter of 2011 there were five vibration complaints. Three of these complaints were determined to be related to operations at the gas plant flare. These three complaints occurred in 2009 and the first quarter of 2010. PXP made changes to the operations of the flare, as required by the CSD (provision L.5.b), to reduce the vibration caused by the flare. Since early February 2010, there have been no vibration complaints related to the operation of the flare.

PXP, in consultation with the County, investigated the two remaining complaints and determined they were likely unrelated to oil field operations. One of the complaints was a concern about drilling vibration, but at the time of the complaint the drill rig was not in operation.

Review of the PXP 2010 EQAP Compliance Report, the 2010 EQAP Audit Report prepared by the County, drilling vibration data, and the complaint log shows that the CSD has been effective

at keeping vibration to a level considered protective of the health and general welfare of the public.

C. Air Emissions

CSD Section 22.44.142.E.2 of Title 22 of the County Code addresses air quality and public health related to air emission impacts. Provision E.2.d requires an Air Monitoring Plan to detect emissions of hydrocarbon and hydrogen sulfide that could impact the health and general welfare of the public. The monitoring plan covers the gas plant, drilling, and redrilling operations. The County reviewed the air monitoring data for 2010 through the end of the second quarter of 2011, and found no exceedences of the limits specified in the provision E.2.d of the CSD.

CSD provision E.2.e requires PXP to have a portable flare available for use during drilling, and to have the flare in operation when drilling through the Nodular Shale. PXP has had the portable flare connected, and in operation, for all wells drilled since the resumption of drilling in 2010. Review of the drilling records for 2010 through the second quarter of 2011 show that no gas has been directed to the flare as part of the drilling operations, and that the flare has been connected and in operation for all wells drilled, which is above and beyond the requirements of the CSD.

CSD provision E.2.f requires PXP to install a pressure monitoring system on all tanks that contain or could contain oil. This monitoring system is used to monitor the pressure in the vapor space of the tanks to ensure that hydrocarbon vapors are not released into the atmosphere due to over pressurization of the tanks. The County reviewed the pressure monitoring data for 2010 through the end of the second quarter of 2011, and found that there had been no pressure readings that would have indicated a vapor release from the tanks.

CSD provision E.2.l covers the installation of controls for air emission from off road construction equipment. PXP provided the County with California Air Resources Board ("CARB") certifications for the off road construction equipment that demonstrates engine compliance with the Tier III standard. This ensures that the engines have an 80 percent or greater reduction in hydrocarbon emissions. PXP also provided the County with CARB certificates demonstrating that the off road construction engines are equipped with a Level 3 diesel catalyst. These level 3 catalysts reduce diesel particulate by at least 85 percent. The County Environmental Compliance Coordinator field-verified that applicable off road construction equipment engines matched the CARB certifications provided by PXP. The October 2008 Baldwin Hills Community Standard District Final EIR found that diesel particulate emissions were the largest contributor to health risk from oil operations.

CSD provision E.2.m covers the installation of controls for air emission from drill rigs. The County Environmental Compliance Coordinator verified that the drill rig used at the oil field is

equipped with Tier II or better engines. PXP provided the County with source test data for the drill rig that demonstrates engine compliance with the CSD requirements. These requirements ensure that the engines have a 90 percent or greater reduction in hydrocarbon and diesel particulate matter emission smaller than 10 microns. The County Environmental Compliance Coordinator field-verified that drill rig engines have the heavy duty diesel catalysts installed for both hydrocarbon and particulate matter control. The Baldwin Hills EIR found that diesel particulate emissions were the largest contributor to health risk from oil operations.

CSD provision E.2.p requires PXP to implement a Fugitive Dust Control Plan. The PXP 2010 EQAP Compliance Report and the 2010 EQAP Audit Report prepared by the County showed that PXP has been implementing the requirements of the approved Fugitive Dust Control Plan. Review of the complaint log from 2009 through third quarter of 2011 show that there have been no dust complaints since the fourth quarter of 2009, which is about the time the Fugitive Dust Plan was fully implemented. In the fourth quarter of 2009 there were two dust complaints in the early evening of the same day. An Air Quality Management District (AQMD) inspector found that the wind had been blowing at 30 to 40 mph that day, and was likely generating dust from areas within the field. PXP had stopped all work at the site two hours prior to the first complaint. The following morning, PXP resumed watering of the roads within the oil field. With full implementation of the Fugitive Dust Control Plan, the issue of dust from the oil field appears to have been reduced to acceptable levels as reflected by the absence of dust complaints since the end of October 2009.

Provision E.32 of the CSD requires PXP to conduct annual soil gas testing in the vicinity of abandoned wells. This testing is required to determine if hydrocarbon vapors are being emitted from the ground in concentrations that could present a risk to public health. In 2010, a total of 96 locations were tested for soil gas hydrocarbons. Of the 96 locations, only six showed soil gas methane reading above 500 ppm. The highest reading was 2,468 ppm. As part of the soil gas testing study surface air testing was conducted at the twelve locations where soil gas levels were above 50 ppm. In all 12 tests, no methane in the surface air was detected. The South Coast Air Quality Management District (SCAQMD) Rule 1150.1 regulates methane emissions from soil. This rule limits surface air emissions of methane to less than 500 ppm. All of the surface air samples collected were below this level. The study found that there was no evidence of leaking wells, pipeline or natural seepage.

Review of the PXP 2010 EQAP Compliance Report, the 2010 EQAP Audit Report prepared by the County, air monitoring records, soil gas monitoring studies, equipment records, field verification, and the complaint log shows that the CSD has been effective at keeping air emissions to levels considered protective of the health and general welfare of the public.

D. Odors

CSD Section 22.44.142.E.2 of Title 22 of the County Code addresses odors. Provision E.2.c requires PXP to implement an Odor Minimization Plan. This plan serves to reduce odors from the operation and requires a log of odor complaints and steps to be taken to reduce odors from the facility. As part of this plan, PXP is required to use odor suppressants for the bioremediation farms (CSD provision E.2.g) and for the drilling operations (CSD provision E.2.h). The County Environmental Compliance Coordinator has routinely verified that the odor suppressants are being regularly used at the bioremediation farms and for the drilling operations. Soil remediation activities at all three bioremediation farms have been ongoing since the CSD became effective and odor suppressants have been used during material loading and tilling of each farm.

Between January 2009 and the end of the third quarter of 2011 there have been 48 odor complaints. This represents over 50 percent of all of the complaints received since the adoption of the CSD. PXP, in consultation with the AQMD and the County, investigated each complaint. It is very difficult to pinpoint the source of an odor based upon a complaint because there typically is a delay between when the odor is reported and when an investigation can begin. In most instances, the odor is gone by the time an investigator arrives at the site of the complaint.

As part of the CSD requirements, PXP was required to install a meteorological station at the oil field (CSD provision E.2.j), which continuously monitors and records the wind direction and speed. In conducting odor complaint investigations, PXP and the County have used the meteorological station wind speed and direction to determine if the odor could have originated from the oil field. For any odor to have originated at the oil field, the wind would had to have been blowing from the oil field in the direction of the location of the complaint at the time the complaint was made.

Review of the odor complaints and associated meteorological data indicates that for 36 of the 48 complaints, it is unlikely the oil field was the source of the odor because the wind was not blowing in the correct direction at the time of the odor complaint. Three of the remaining odor complaints were determined to be skunks. For one of the remaining complaints, an AQMD inspector thought the odor could have been coming from a workover rig that was working on a well nearby the area of the complaint. The County determined that two of the odor complaints were likely due to an instrument air line breakdown. The source of the remaining six odor complaints could not be confirmed, but could have originated from the oil field.

The County also reviewed the air monitoring data at the time of each odor complaint, and found that there had been no unusual increase in the levels of hydrocarbons or hydrogen sulfide. This fact indicates that the level of odor was not high enough to represent a health risk to the public. Given that in over two and three-quarter years only one odor complaint was likely attributable to

a workover rig operation, two attributable to a breakdown at the oil field, and an additional six could have been from the oil field but the source was never definitively identified, the County concludes that the CSD has been effective at keeping odors to levels considered protective of the health and general welfare of the public.

E. Ground Movement

CSD Section 22.44.142.E.4 of Title 22 of the County Code addresses ground movement. Provision E.4.e requires PXP to perform annual ground movement surveys to determine the extent of ground movement over the past year. If the ground movement has been equal to or greater than 0.6 inches at any given location in an upward or downward direction in the vicinity of or in the oil field, then PXP must conduct a study to review and analyze all claims or complaints of subsidence damage that have been submitted to the PXP or the County by the public or a public entity in the 12 months since the last ground movement survey. If this study determines that the ground movement was the result of oil operations, then DOGGR will evaluate the fluid injection and withdrawal rates at the oil field to determine whether adjustments to these rates may alleviate the ground movement, and if so, where in the oil field such adjustments should be made.

The first annual ground movement survey was conducted in 2011 and found that seven of the 42 monitoring stations in and around the oil field showed ground movement in excess of the 0.6 inches. Five of these locations were in the southeast area of the oil field including two in the Windsor Hills area. The other two were located in the north area of the oil field. One was just outside of the oil field near the corner of La Cienega Boulevard and Kenneth Hahn State Park. The final location is just northwest of the oil field in Culver City.

Based upon the survey results, the Los Angeles County Department of Public Works ("Public Works") has requested that PXP conduct a study to determine if these ground movements are related to oil field operations and to review and analyze all claims or complaints of subsidence damage that have been submitted to PXP or the County by the public or a public entity in the 12 months since the last ground movement survey. Because this was the first ground movement survey, PXP will need to investigate all subsidence damage claims and complaints since the implementation of the CSD. To date there have been 12 complaints covering ground movement and structural damage.

The conclusion from the ground movement survey and Geotechnical Report was that there did not appear to be any trends in the land-based ground level survey, the satellite survey, and oil field activities over the 2010 reporting period from which correlations can be drawn relative to oil field activities resulting in ground movement. At this time, the data suggested that the recorded ground movement may be related to movement of the Newport-Inglewood fault zone.

However, the final determination of whether oil field operations are causing ground movement sufficient to result in the reported structural damage will be based upon the study that is currently being conducted by PXP. If it is determined that the oil field operations have resulted in ground movement sufficient to cause structural damage, then as required by the CSD, DOGGR will evaluate the fluid injection and withdrawal rates at the oil field to determine whether adjustments to these rates may alleviate the ground movement, and if so, where in the oil field such adjustments should be made.

Review of the US Geological Survey's online earthquake database for the calendar year 2010 shows that only one earthquake, a magnitude 2.0, occurred within a two kilometer radius of the oil field. The USGS information indicates that the epicenter of that earthquake was located to the southwest of the limits of the oil field near Overland Street at a depth of approximately 12 km (7 miles) below oilfield activities. This would indicate that the oil field operations are not inducing seismic activity in the area.

As discussed above, the CSD provision covering ground movement has specific requirements of actions to be taken to alleviate ground movement causing structural damage if the ground movement is being caused by oil field operations. As such, the CSD provides a mechanism to ensure that ground movement is identified and maintained or mitigated to a level that is considered protective of the safety, health and general welfare of the public.

F. Visual/ Aesthetics

CSD Sections 22.44.142.E and L of Title 22 of the County Code addresses visual and aesthetic impacts. Provision E.10 requires PXP to install landscaping around the oil field based upon a Landscaping Plan approved by Regional Planning. PXP is currently in the process of installing landscaping along various portions of the perimeter of the field. As identified in the approved Landscaping Plan, the landscaping is being installed in phases. Once complete, the landscaping will improve the overall visual impacts and aesthetics of the area around the oil field.

Provision L.14 of the CSD requires PXP to prepare an Equipment Removal Plan, which identifies unused or abandoned equipment and materials to be removed from the oil field. To date, PXP identified and removed over 60 unused or abandoned pieces of equipment from the oil field, which reduced the amount of visible blight at the site. PXP continues to identify unused equipment and then remove the equipment from the oil field.

Provision E.14 of the CSD has required PXP to paint all oil operation related structures visible from public roadways and surrounding properties a dark color approved by Regional Planning. PXP has completed painting of the visible structures. The dark color has helped to blend the

equipment into the background, thereby reducing the visual and aesthetic impacts of the oil field equipment.

Provision E.21.c requires PXP to remove and keep the oil field free of debris and vegetation overgrowth. As discussed above, PXP removed unused and abandoned equipment and conducted a vegetation clearing program to control the overgrowth of vegetation at the site. These activities have improved the overall visual and aesthetic appearance of the oil field.

As a result of the CSD, PXP has removed unused and abandoned equipment, painted the visible oil-related structures, removed debris and vegetation overgrowth, and is installing landscaping around portions of the oil field. All of these actions have improved the visual and aesthetic appearance of the oil field, which serves to enhance the general welfare of the public.

G. Safety and Risk of Upset

CSD Sections 22.44.142.E.3, 22.44.142.F, and 22.44.142.L.3 of Title 22 of the County Code addresses safety and risk of upset impacts. Provision E.3.b required the fire-proofing of all propane and natural gas liquid bullets (pressurized tanks used to store propane and natural gas liquids) and the use of an automatic deluge system. PXP fire-proofed these bullets and installed a deluge system. With this fire-proofing and deluge system, the potential for a propane or natural gas fire at the bullets has been substantially reduced.

Provision E.3.d required that PXP ensure that the secondary containment for oil tanks are capable of holding 110 percent of the capacity of the largest oil tank. This provision also required that the retention basins be capable of handling the 100-year storm event, and that all above ground pipelines be protected by basins for secondary containment to prevent spills from leaving the oil field. PXP conducted a number of studies to demonstrate that the proper secondary containment was in place and that the retention basins were adequately sized. The County Environmental Compliance Coordinator visually inspected the secondary containment, and Public Works reviewed and approved the retention basin capacities. All of these measures serve to assure that in the unlikely event of an oil or produced-water spill that the spilled material would be contained within the oil field and not impact areas outside of the oil field. Since implementation of the CSD, there have been no spills of oil or produced-water that have migrated or spilled offsite.

Provision E.29.e of the CSD required PXP to install tank bottom detection systems on all tanks at the oil field. PXP has these systems in place, which serve to detect any leaks from tank bottoms, thereby minimizing any potential spills by early detection of leaks.

Between January 2010 and the end of the third quarter of 2011, there have been three reportable spills at the oil field that ranged in size from 30 barrels to 2.25 barrels. Two of the spills were oil and one was a mixture of oil and produced-water. All of these spills were contained within the oil field and were quickly cleaned up by PXP staff. There were no complaints that occurred during the period around these incidents.

Provision F.3 of the CSD required PXP to implement a Safety Inspection, Maintenance, and Quality Assurance Program ("SIMQAP"). This program, which is now in place, requires regular maintenance and safety inspections of oil field equipment. The program serves to improve overall safety and reliability of the oil field equipment, thereby reducing the likelihood of equipment failure that could lead to a release of hydrocarbons into the environment. The SIMQAP was reviewed as part of the 2010 EQAP audit conducted by the County.

Provision L.3.b of the CSD required PXP to conduct a gas plant safety audit. The audit identified approximately 20 corrective action items, all of which have been completed. Implementation of the corrective action items from the audit has improved the overall safety of the gas plant. The corrective action plan from the gas plant audit was reviewed as part of the 2010 EQAP audit conducted by the County.

Between January 2010 and the end of the third quarter of 2011, there have been only three reportable breakdowns at the oil field. One of the breakdowns was due to an electrical power loss that resulted from a hawk landing on one of Southern California Edison's transmission lines, which caused a short. This resulted in the 30 barrel spill of produced-water and oil as discussed above. The spill was contained with the secondary containment. The second breakdown was due to failure of a valve controller. The third breakdown was due to a failure of an instrument air line. These two breakdowns did not result in any spill of oil or produced-water, but did result in the release of approximately 7.5 pounds of hydrocarbon air emissions. In all cases, PXP took immediate steps to shutdown the facilities to minimize any releases. The County determined that two of the odor complaints were likely due to the instrument air line breakdown. There were no complaints associated with the other two breakdowns.

As a result of the CSD, PXP substantially reduced the likelihood of spills occurring at the facility, reduced the likelihood of spills traveling outside of the oil field, and improved the overall safety of the oil field operations. All of these actions reduce the likelihood of an event occurring at the oil field that could impact the public, and have increased the protection of the safety, health and general welfare of the public.

H. Fire Protection/Emergency Response

CSD Sections 22.44.142.E.1 and 22.44.142.L.1 of Title 22 of the County Code addresses fire protection and emergency response. Provision E.1.a required PXP to install a community alert notification system (CAN) to allow for automatic notification of area residences and businesses in the event of an emergency arising at the oil field that could require residents or inhabitants to take shelter, evacuate, or take other protective actions. PXP installed the CAN system and tests the system on an annual basis. To date, the CAN system has not had to be activated.

Provision E.1.b of the CSD requires that PXP conduct spill containment response training on an annual basis, and that the sufficient oil spill containment and clean up equipment be maintained on site to handle the contents of the largest oil tank on the oil field. The 2010 EQAP audit conducted by the County verified that spill response training had been conducted in 2010, and that sufficient oil spill response equipment was on site to deal with the maximum spill size. The training received by employees helps to ensure that in the unlikely event of a spill it would be contained quickly and within the oil field.

Provision E.1.c of the CSD requires that PXP maintain and fully implement an emergency response plan. The 2010 EQAP audit conducted by the County verified that an updated emergency response plan was in place and was being fully implemented. This plan provides a number of spill prevention control and counter measure items that have reduced the likelihood of an oil spill, and ensured that in the unlikely event of a spill it would be contained quickly and within the oil field.

Provision L.1 of the CSD requires PXP to conduct a fire protection audit of the oil field's fire protection capabilities to evaluate compliance with NFPA requirements, the County fire code, the County Fire Department regulations, California Code of Regulations, and API requirements. PXP conducted the audit in consultation with County and Culver City Fire Departments. The results of the audit showed that the oil field was in compliance with all applicable fire protection regulations.

Between January 2010 and the end of the third quarter of 2011, there were eight small fires at the oil field that were quickly contained by PXP staff. Six of these fires were caused by electrical power line issues that sparked and started the fire. Two of these electrical fires were caused by small animals. One of the fires started outside of the oil field and moved onto the field. The County Fire Department determined that the last fire was attributed to a cigarette thrown out of car. PXP quickly responded to all of these fires and was able to extinguish the fires before they spread.

As a result of the CSD, PXP substantially reduced the likelihood of spills and fires at the oil field, and improved the overall safety of the oil field operations. All of these actions reduce the likelihood of an event occurring at the oil field that could impact the public. These CSD provisions have also improved the ability of PXP to respond to and manage incidents at the oil field before they can impact the public. The CSD provisions for fire protection and emergency response have increased the protection of the safety, health and general welfare of the public.

I. Ground Water Quality

The CSD contains a provision that requires ground water monitoring to evaluate the impacts of oil operations on ground water quality. This monitoring is covered in Section 22.44.142.E.19 of Title 22 of the County Code, which requires quarterly ground water monitoring at the oil field. Ground water monitoring began in 2010, and all of the water samples have had hydrocarbon concentrations below the Maximum Contaminant Level (MCL) for drinking water. In 2011 levels of arsenic were found in one well that were above the MCL, but this is likely due to naturally occurring arsenic found in soil and rock.

The results of the ground water sampling program indicate that the CSD has been effective at controlling ground water contamination to levels that are considered protective of the health and general welfare of the public.