Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead

Richard J. Bruckner
Director

July 25, 2012

Mr. Steve Rusch
Vice President of Environmental Health and Safety
Plains Exploration and Production Company (PXP)
5640 South Fairfax Avenue
Los Angeles, CA 90056

Dear Mr. Rusch:

BALDWIN HILLS COMMUNITY STANDARDS DISTRICT (CSD)
SETTLEMENT AGREEMENT REQUIREMENTS

Pursuant to the settlement agreement reached in the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD") and its Environmental Impact Report, the County is required to "schedule a public discussion at the CAP [Citizens Advisory Panel] concerning this [settlement] Agreement and the status of compliance with its terms" on an annual basis. The following summary shall serve as the basis for the CAP public discussion scheduled for July 26, 2012, and documents the current compliance and/or implementation status with the terms of the settlement agreement. The County finds that Plains Exploration and Production Company ("PXP") has complied with the applicable settlement agreement terms at this time. The County will continue to enforce all applicable provisions of the settlement agreement and the CSD.

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

A copy of the settlement agreement is also attached.

Sincerely,

Richard J. Bruckner
Director

RJB:JRG:PH:rk

Attachment

K_LUR_072512_L_S RUSCH

STATUS OF COMPLIANCE WITH TERMS OF SETTLEMENT AGREEMENT IN BALDWIN HILLS CSD LITIGATION

1. *Slant Drilling*[1]

   (a)-(c) The 2012 Annual Drilling Plan ("ADP") submitted by PXP to the County was approved in November 2011, and satisfactorily addressed the settlement agreement requirements pertaining to the drilling operations of Deep Zone, Mid-Zone and Shallow wells.

   (d) Supplement Review – This section is not applicable at this time, and remains as such until PXP files a Drilling Plan Supplement to the County. The 2012 ADP contained four wells to be drilled in deep zones, with all other wells in shallow zones. The drilling of the deep zone wells is currently pending the release of the fraccing study (see number 13).

   (e) through (g) Definitions, Environmental Consideration, and Non-interference – These sections provide guidance on interpretation and implementation of paragraph 1.

2. *Noise*

   Noise monitoring conducted by MRS, the environmental compliance consultants for the County, PXP, and the Department of Public Health reflected that PXP complied with the noise limits pertaining to drilling, redrilling or reworking operations.

3. *Number of Drill Rigs*

   PXP has released (let go of) all of their drilling rigs from the oil field at this time and has complied with the settlement agreement limiting PXP to a maximum of two drilling rigs in use at any one time on the oil field.

4. *Number of Wells*

   (a) The limit of no more than 500 new wells drilled through October 1, 2028, or during the remaining life of the CSD has not been reached; therefore, this requirement is not applicable at this time. At this time, PXP has completed drilling 75 new wells.

   (b) Through (e) – PXP drilled or redrilled its 50th well since the adoption of the CSD in September 2011. Subsequently, PXP submitted a request to the County to increase the number of wells they may drill or redrill in any calendar year from 30 to 35, not including any Bonus Wells. This request was approved by Director's Review in December 2011.

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[1] Numbers correlate to the numbered paragraphs in the Settlement Agreement

5. *Health Assessment and Environmental Justice Study*
   The Department of Public Health completed this study in May 2012, meeting the settlement agreement deadline of June 2012, and it was made available to the public on the Department of Regional Planning's website. Staff from the Department of Public Health is scheduled to present this study to the CAP on July 26, 2012.

6. *Clean Technology Assessment*
   PXP is in compliance with the provision to include a feasibility assessment in implementing the use of technologies capable of reducing environmental impacts of drilling and redrilling of wells. This issue was satisfactorily addressed in the 2012 Annual Drilling Plan approved in November 2011. The County anticipates that PXP will submit the 2013 Annual Drilling Plan shortly, and will review it to ensure that PXP continues to address the Clean Technology Assessment requirement.

7. *Electrical Distribution Study*
   The settlement agreement required the County to propose to Southern California Edison (SCE) and the Los Angeles Department of Water and Power (DWP) that a study be conducted in cooperation with SCE, DWP, the County and PXP regarding streamlining and consolidation of electrical lines throughout the oil field with SCE and DWP to each fund one fourth of the cost of such a study. (PXP and the County would also each fund one fourth of the cost.) The County made the proposal to SCE and DWP, each of whom declined to participate with respect to funding. The County is exploring if there are other funding options.

8. *Air Quality Monitoring*
   The County awarded the air quality monitoring study to Sonoma Technology Inc. ("STI"), through a Request for Proposals ("RFP") process. The study was commenced in June 2012, ahead of the July 15, 2012 requirement stipulated in the Settlement Agreement. A draft work plan for the study is currently in the developmental stages and is expected to be made available for peer review shortly. Following the peer review, it will be made available to the CAP for review, which is anticipated to occur during the August CAP meeting.

9. *Back-Up Flare*
   The new gas plant flare has been installed by PXP and is currently awaiting testing, per AQMD requirements. PXP has complied with the requirement that only one flare be in operation at one time at the Oil Field. The previously existing gas plant flare is being maintained for back-up purposes, as allowed by the CSD (County Code section 22.44.142.L.5.b), and the settlement agreement.

10. *Well Plugs*

For any wells to be abandoned, PXP is required to utilize a 150-foot cement surface plug instead of the 25-foot plug required by DOGGR standards. The County is currently reviewing PXP and/or DOGGR's documentation to ensure compliance with this provision.

11. *Landscaping*

Phases 1 and 2 of the landscaping plan have been completed by PXP at this time. PXP has submitted landscaping phases 3 through 5 to DRP and the County expects that it will complete its review of these three phases of the landscaping plan shortly. PXP is required to complete the entire landscaping (of all phases) within three years after approval by the County of the final phase. The landscaping plans for the final phase (phase 7) have not been submitted to the County at this time; therefore, the three-year deadline to complete the landscaping has not been triggered.

12. *Clean-Up Plan*

PXP submitted an unused or abandoned equipment removal plan in 2009, which was approved by the County and implemented. The County will request that PXP include its periodic evaluation and/or update of the plan during the upcoming review of the Annual Drilling Plan.

13. *Fraccing Study*

This study is ongoing and is expected to be completed by July 15, 2012, as required by the settlement agreement. The study will then be peer-reviewed by the consultant(s) jointly selected by the County and PXP.

14. *CSD Review Based on Reduced Production*

This provision has not been triggered at this time, based on the production information provided by PXP.

15. *CSD Provisions*

The CSD and the settlement agreement remain in full effect. The County is required to provide written guidance pertaining to oil field operations and settlement agreement requirements on an annual basis to County staff and Departments responsible for implementing and enforcing the CSD. The County provided this annual written guidance to responsible Departments on July 11, 2012.

16. through 28 and 31 through 34.

These sections relate to logistical issues with respect to the litigation that led to the lawsuit and include provisions regarding interpretation of the settlement agreement, rather than concerning operational issues at the oil field.

29. *Public Notice*

The County continues to maintain a copy of the settlement agreement on its Baldwin Hills Community Standards District webpage. The County is scheduled to discuss the compliance with the settlement agreement terms at the July 26, 2012 CAP, meeting the requirement to do so on an annual basis.

30. *Remedies for Breach*

The County continues to monitor and enforce PXP's compliance with the terms of the Agreement. The County determined at this time that PXP has complied with the terms of the CSD and the settlement agreement.

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual General Release (hereinafter "Agreement") is entered into as of July 15, 2011 by and between Community Health Councils, Inc., Natural Resources Defense Council, Mark Salkin, the City of Culver City ("City"), Citizens Coalition for a Safe Community and Concerned Citizens of South Central Los Angeles (hereinafter collectively "Petitioners"), the County of Los Angeles (hereinafter "County") and Plains Exploration & Production Company (hereinafter "PXP"). All parties may be referred to herein as Parties or Party.

RECITALS

A. This Agreement is entered into with respect to the following four consolidated cases (hereinafter collectively the "Consolidated Cases"), each of which was filed in the Superior Court of the State of California, County of Los Angeles:

   i. Lead case *Community Health Councils, Inc., Natural Resources Defense Council and Mark Salkin, petitioners, v. County of Los Angeles, respondents, and Plains Exploration and Production Company, et al., real parties in interest* (Case No. BS118018);

   ii. *City of Culver City, petitioner and plaintiff, v. County of Los Angeles, Los Angeles County Board of Supervisors, respondents, and Plains Exploration and Production Company, et al., real parties in interest* (Case No. BS118023);

   iii. *Concerned Citizens of South Central Los Angeles, petitioner, v. County of Los Angeles, respondents, and Plains Exploration and Production Company, et al., real parties in interest* (Case No. BS118039); and

   iv. *Citizen's Coalition for a Safe Community, petitioner, v. County of Los Angeles, Board of Supervisors of the County of Los Angeles, respondents, and Plains Exploration and Production Company, et al., real parties in interest* (Case No. BS118056).

B. On October 28, 2008, the County, by and through its Board of Supervisors (hereinafter "Board"), approved the Baldwin Hills Community Standards District ("CSD"), an amendment to its zoning code establishing development standards and operating procedures for oil and gas production operations for the unincorporated portion of the Inglewood oil field ("Oil Field") located in the Baldwin Hills Zoned District, which took effect on or about December 1, 2008 and remains in effect. The Board certified the Final Environmental Impact Report ("EIR") for the proposed CSD on October 21, 2008. PXP

had filed an application for establishment of the CSD pursuant to Title 22 of the Los Angeles County Code ("County Code").

C. Petitioners filed the petitions for writs of mandate identified in paragraph A above under the California Environmental Quality Act ("CEQA") challenging, among other things, the adequacy of the EIR and the Board's approval of the CSD, naming the County or the County and the Board as Respondents and PXP as Real Party in Interest. Thereafter, certain property owners were named as Real Parties in Interest ("Landowners").

D. The Parties desire to resolve certain matters, including any and all claims raised in the Consolidated Cases and/or arising out of, or related to, or connected with the matters referred to in paragraph B above, by way of compromise.

E. This Agreement relates to all claims and disputes presented in the Consolidated Cases that may exist as of the date of this Agreement and any and all other claims and disputes that exist between, in any combination, the County, PXP, and Petitioners that concern or in any way relate to the Board's approval of the Baldwin Hills CSD and certifications of its EIR referred to in paragraph B above.

TERMS OF SETTLEMENT

NOW, THEREFORE, in consideration of the facts recited above and the covenants, conditions, and promises contained herein, the Parties agree as follows:

1. *Slant Drilling.*

   a. *Deep Zone Wells.* Pursuant to the CSD, PXP is required to develop and submit to the County an annual drilling, redrilling, well abandonment and well pad restoration plan (hereinafter "Annual Drilling Plan"). For any and each well that PXP proposes to drill where the Top Hole (as defined in paragraph 1.e below) is closer than 800 feet to a Sensitive Developed Area (as defined in paragraph 1.e below) and the Bottom Hole (as defined in Paragraph 1.e below) is located in any deep zone (presently identified as the Nodular Shale and Sentous zones and any other zones approximately 8,000 feet or deeper), as a supplement to its Annual Drilling Plan ("Deep Zone Supplement"), PXP will provide a study of the technical feasibility and commercial reasonability of Slant Drilling (as defined in paragraph 1.e below) each of the new deep zone wells in order to locate the Top Hole of any such well away from any Sensitive Developed Area in order to further mitigate potential impacts to such Areas. The Deep Zone Supplement will be reviewed by the County and County-retained expert or experts as part of the County's review of the Annual Drilling Plan. This study will provide a narrative to justify the proposed surface location and shall provide sufficient detail to allow the County to review the extent to which it may be technically feasible and commercially reasonable to locate the Top Hole away from Sensitive Developed Areas in order to further mitigate potential impacts to such Areas and still reach the targeted Bottom Hole location. PXP shall provide to the County any additional information as may be reasonably requested by the County or its expert which is necessary to complete its review. If such information is considered proprietary, the County and its expert will enter into a confidentiality agreement with PXP to protect such information. The narrative will be reviewed by the Director of Regional Planning prior to the approval of the Deep Zone Supplement. If approved by the Director, PXP will Slant Drill in order to locate the Top Hole away from Sensitive Developed Areas consistent with the narrative prepared by PXP that justifies the surface location.

b. *Mid-Zone Wells.* For wells where the Top Hole is closer than 800 feet to a Sensitive Developed Area and the Bottom Hole is located in a mid-zone (approximately 3,500 to 7,999 feet deep, presently identified as the Rubel, Moynier, Bradna and City of Inglewood zones), PXP shall document such locations in a supplement to the Annual Drilling Plan ("Mid-Zone Supplement"). PXP shall use commercially reasonable efforts to locate new mid-zone wells and well pads away from Sensitive Developed Areas in order to further mitigate impacts to such Areas. The Mid-Zone Supplement shall explain why it is not technically feasible and commercially reasonable to locate the Top Hole away from Sensitive Developed Areas in order to further mitigate impacts to such Areas. The referenced mid-zone well pad assessment will be reviewed by County-retained experts and the County. PXP shall provide to the County any additional information as may be reasonably requested by the County or its expert which is necessary to complete its review. If such information is considered proprietary, the County and its expert will enter into a confidentiality agreement with PXP to protect such information. The County shall approve the mid-zone well locations as part of its review of the Mid-Zone Supplement if consistent with this paragraph.

c. *Shallow Wells.* Drilling of wells where the Bottom Hole is less than approximately 3,500 feet deep (hereinafter "Shallow Wells") and above the zones identified in 1(b) as mid-zones, shall be located away from Developed Areas (as defined in the CSD) and shall be identified in the Annual Drilling Plan. Drilling of Shallow Wells may proceed pursuant to said drilling plan after the County approves the portion of the Annual Drilling Plan related to Shallow Wells as set forth in the CSD.

d. *Supplement Review.* Upon receipt, the County shall promptly forward the Drilling Plan Supplements ("Supplements" defined to be a Deep Zone Supplement, a Mid-Zone Supplement, or both) filed by PXP to the Community Advisory Panel ("CAP") established pursuant to the CSD for its review and comment. The County will allow the CAP or CAP members two weeks from the date the County provided Supplements to the CAP to provide their written comments on the Supplement to the County. The County may review and approve the Annual Drilling Plan and related Supplements in phases consistent with the terms herein, but shall conduct its review of the Annual Drilling Plan and Mid-Zone Supplement within 45 calendar days after their submission to the County and either approve the Supplement or provide PXP with a list of deficiencies within that 45-day timeframe as set forth in the CSD. The Drilling Plan Supplements will only include the study referenced in 1(a) and other relevant or required information related to the location of proposed wells. The County

shall conduct its review of the Deep Zone Supplement within 45 calendar days after its submission and either approve the Supplement or provide PXP with a list of deficiencies within that 45-day timeframe after considering any timely CAP comments concerning the Deep Zone Supplement. The County will not delay its review of the Annual Drilling Plan or any supplements thereto. PXP may drill any wells approved under the Annual Drilling Plan regardless of the status of the County's review of the Supplements. Similarly, PXP may drill any wells approved under a Supplement regardless of the status of the Annual Drilling Plan review and approval. Changes to well pad locations that result from review of the Supplements will not require resubmittal of the Annual Plan or delay any drilling under the Annual Plan, beyond the time necessary to implement such changes.

e. *Definitions.* "Top Hole" shall mean the surface location from which drilling is commenced. "Bottom Hole" shall mean the underground location at which drilling terminates. "Slant Drilling" shall mean non-vertical drilling, directional drilling, or drilling at a relatively significant angle. "Sensitive Developed Area" shall mean a lot or parcel that contains a single or multi-family residence, existing park, school or health care facility.

f. *Environmental Consideration.* The County shall lessen or disapprove any otherwise required Slant Drilling if more remote drilling would result in more significant adverse environmental impacts on balance and the County shall consider any timely comments by the CAP assessing this balance.

g. *Non-interference.* This paragraph 1 of the Agreement shall be construed in connection with the entire CSD. Except as expressly set forth above, this paragraph shall not be construed to interfere with PXP's business in the Oil Field.

2. *Noise.*

a. The CSD currently provides that hourly, A-weighted equivalent noise levels associated with drilling, redrilling and reworking wells shall not elevate baseline levels (which shall not include drilling, redrilling or reworking operations) by more than five A-weighted decibels ("dBA") at the Oil Field boundary of any Developed Area. Instead of the referenced five dBA provision, PXP shall limit the night time (10 p.m. to 7 a.m.) noise levels at Developed Areas to no more than three dBA above a one-hour baseline average for the defined nighttime period, but at no time will PXP be required to maintain noise levels below the baseline nighttime noise levels. Furthermore, PXP and the County determined the baseline noise levels at four additional Oil Field boundary locations near Developed Areas,

selected by PXP and the County, in addition to the seven utilized in the EIR for a total of 11 locations. If PXP violates the above noise requirements, no new drilling or redrilling permits shall be issued by the County until PXP, in

consultation with the County, identifies the source of the noise and PXP takes steps necessary to assure compliance with the above-specified threshold.

b. If drilling, redrilling or reworking operations elevate nighttime baseline noise levels by more than 10dBA for more than 15 minutes in any one hour as independently verified and determined by the County, PXP, in consultation with the County, shall identify the cause and source of the noise and take steps to avoid such extended periods of noise elevation in the future. This provision does not negate the CSD noise limits between 7 a.m. to 10 p.m.

3. *Number of Drill Rigs.* Notwithstanding the CSD's allowance for operation of a maximum of three drill rigs at any one time on the Oil Field, PXP shall limit to two the number of drill rigs in use at any one time.

4. *Number of wells.* Notwithstanding the aggregate and annual well-drilling limits in the CSD, PXP shall comply with the following limits:

a. Notwithstanding Section 22.44.142.H of the CSD, no more than 500 new wells (inclusive of Bonus Wells and wells drilled since approval of CSD) shall be drilled pursuant to the CSD (hereinafter "Director's Review") through October 1, 2028, or during the remaining life of the CSD, whichever is later.

b. 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.

c. In Time Period One, for each well abandoned within 800 feet of any Developed Area (the "800-foot zone") by PXP since adoption of the CSD and in full compliance with the California Department of Conservation's Division of Oil, Gas

and Geothermal Resources ("DOGGR") standards for abandonment at the time of abandonment, PXP may drill two additional new wells outside of the 800-foot zone (hereinafter "Bonus Wells"), up to a maximum of 45 drilled and re-drilled wells (30 wells plus 15 Bonus Wells) in any calendar year within Time Period One pursuant to Director's Review and subject to review and approval in the Annual Drilling Plan. Subject to the annual and aggregate limits on number of wells, Bonus Wells earned by abandonment may be drilled at any time during the life of the CSD.

d. In the Full Operational Period, for each well abandoned within the 800-foot zone, PXP may drill two additional new wells outside the 800-foot zone up to a maximum of 53 drilled and re-drilled wells (35 wells plus 18 Bonus Wells) in that year pursuant to Director's Review and subject to review and approval in the Annual Drilling Plan. Subject to the aggregate and annual limits on number of wells, Bonus Wells earned by abandonment may be drilled at any time during the life of the CSD.

e. The Developed Area as used in the CSD with respect to the 400-foot buffer zone (Section 22.44.142.E.) shall remain unchanged (static or fixed) from what it was determined to be on the effective date of the CSD.

5. *Health Assessment and Environmental Justice Study.* The County shall complete a Community Health Assessment of the communities surrounding the Oil Field which shall include an Environmental Justice component by June 2012 and ensure additional assessments are completed every five to seven years throughout the life of the CSD. In future Community Health Assessments, the County Department of Public Health ("Public Health") shall review other agencies' reports regarding air quality, water quality and seismic data, where feasible, in its assessment. Public Health will analyze the information by socio-economic and demographic data to accommodate and reflect an Environmental Justice component. The Community Health Assessment shall include, but not be limited to, an analysis of cancer rates, mortality rates, birth outcomes and a survey of other pertinent health indicators. The County will consult with the CAP and the Health Working Group regarding the Community Health Assessment and consider reasonable comments by the CAP and the Health Working Group. Public Health will comply with all applicable state and federal requirements including Title VI of the Civil Rights Act of 1964 and corresponding regulations, and California Government Code Section 11135 and corresponding regulations.

6. *Clean Technology Assessment.* The CSD requires PXP to consider proven reasonable and feasible technological improvements which are capable of reducing the

environmental impacts of drilling and redrilling. (County Code section 22.44.142.E.26.f) The CSD also requires that the Annual Drilling Plan include a discussion of the latest equipment and techniques that are proposed for use as part of its drilling and redrilling program to reduce environmental impacts. (County Code section 22.44.142.E.26.c.ix) Pursuant thereto, PXP shall address in each Annual Drilling Plan the availability and feasibility of the use of natural gas-powered drill rigs or other technology capable of reducing environmental impacts, for the drilling of wells proposed in the Annual Drilling Plan (collectively " Clean Technology"). During the Periodic Review provided in 22.44.142 G.7, the County will evaluate such technology for brand new equipment that PXP intends to lease, acquire or otherwise use and require PXP to implement such technology to the extent the technology is feasible and available on a commercially reasonable basis.

7. *Electrical Distribution Study.* The County will propose to Southern California Edison ("SCE") and the Los Angeles Department of Water and Power ("DWP") that a study be conducted in cooperation with SCE, DWP, the County and PXP regarding opportunities to streamline and consolidate electrical lines distributed throughout the Oil Field and that SCE and DWP each fund one-fourth of the cost of such study. PXP will fund one-fourth of the cost of any such study. The County will fund one-fourth of the cost of any such study.

8. *Air Quality Monitoring.* Supplemental to the air monitoring required by the CSD, the County will develop and implement an air quality monitoring plan that takes into consideration review and comments from Petitioners, interested stakeholders and the public. Such air monitoring shall be designed to assess the risk of both acute and chronic exposure to air contaminants from Oil Field operations, and endeavor to determine and distinguish the source of emissions, to the extent feasible, using available and affordable monitoring technology. Such air monitoring may be performed by SCAQMD, or an independent qualified consultant selected by County, and shall be commenced within 12 months of the date of this Agreement. The protocol for the air monitoring plan shall be peer reviewed prior to commencement. The plan shall be completed, and a peer reviewed report issued, within 12 to 24 months after commencement. The County commits to spending up to $250,000 of its own funds toward implementing the plan and shall use reasonable efforts to seek additional funding sources, if necessary, to implement the plan. PXP shall reasonably cooperate with SCAQMD, the County and/or the independent consultant regarding any and all air monitoring related to the Oil Field.

9. *Back-Up Flare.* The CSD (County Code section 22.44.142.L.5.b) allows PXP to maintain its existing gas plant flare as back-up equipment at the facility's gas plant after

a new flare is permitted and installed. PXP and the County agree that this provision of the CSD allows only one gas plant flare to be operated at one time at the Oil Field. PXP shall comply with said limitation of only one gas plant flare operating at one time at the Oil Field. PXP shall install and have operational the new flare within 180 days of receiving the SCAQMD permit or at such later date as approved by the Director of Regional Planning for good cause shown.

10. *Well Plugs.* DOGGR requires oil field operators to utilize a minimum 25-foot cement surface plug at the top of a well when abandoning any such well pursuant to Title 14 of the California Code of Regulations section 1723.5. To augment this requirement, for all wells abandoned at the Oil Field from the date of this Agreement, PXP shall utilize a total of 150-foot cement surface plug.

11. *Landscaping.* PXP agrees to prepare and implement a series of landscape plans ("Landscape Plans") that enhance the Mia Lehrer Landscape Improvements Concepts plan dated November 4, 2008 to include, but not be limited to, landscaping along or near the border of the Oil Field in consultation with the County and subject to the County's approval. PXP's Landscape Plans shall be forwarded to the CAP for review. PXP will use best efforts to complete installation of the first two phases of the Landscape Plans along La Brea, between Stocker and Slauson, and Ladera Crest, within nine (9) months of County's final approvals of each of those first two Landscaping Plans using best landscaping practices. PXP agrees that it will complete the entire landscaping required by the County-approved Landscape Plans within three years after approval by the County of the final phase.

12. *Clean-Up Plan.* The CSD requires PXP to decommission and remove facilities that have reached the end of their useful economic life (County Code section 22.44.142.E.21.a) and submit to the County for its approval an unused or abandoned equipment removal plan (County Code section 22.44.142.L.14). PXP has submitted such a plan in 2009 and shall periodically update the plan should additional equipment, not identified in PXP's original removal plan, become unused or abandoned. Equipment and materials not necessary to oil field operations as identified by the Director of Planning shall be promptly removed from view of Sensitive Developed Areas as addressed in the plan.

13. *Fraccing Study.* PXP shall pay for an independent consultant to conduct a study of the feasibility and potential impacts (including impacts to groundwater and subsidence) of the types of fracturing operations PXP may conduct in the Oil Field. The study will also consider PXP's historic and current use of gravel packing. Such study will be completed within twelve (12) months of the date of this Agreement. Such study and all

the back-up information for such study shall be provided to a qualified peer reviewer selected by the County and PXP, who shall review the study, back-up materials, and conclusions for completeness and accuracy. PXP must provide the independent expert with all materials requested and reasonably necessary for an accurate and verifiable study. The peer reviewer will be provided with access to all the data and materials provided to the independent expert. The peer reviewer shall agree to keep all proprietary information confidential. If the peer reviewer determines that the study is materially inadequate, incomplete or inaccurate, it shall so advise PXP's consultant who will complete the study as reasonably recommended by the peer reviewer and provide the revised study to the peer reviewer within 90 days. Upon acceptance by the peer reviewer, the study and all supporting material, including comments by the peer reviewer, shall be forwarded to the County, DOGGR, the Regional Water Quality Control Board ("RWQCB"), CAP and Petitioners and be available to the public, with any proprietary information redacted.

14. *CSD Review Based On Reduced Production.* When production drops to three percent of the estimated peak production to date of 21,000 barrels of oil per day, the County will review the CSD to consider whether modifications or closure of the Oil Field is necessary or appropriate or at such earlier date as the County determines is appropriate.

15. *CSD Provisions.* The CSD and all of its standards and requirements remain in full force and effect except to the extent that PXP has agreed to be limited by stricter or more rigorous controls or standards as reflected in this Agreement. Nothing herein shall limit or abrogate the County's discretion in amending the CSD, or other action pursuant to the County's legislative or police powers, to impose more restrictive requirements. This Agreement neither establishes nor abrogates any vested rights to drill new wells in the Oil Field. The County will provide written guidance on the additional limits and controls regarding operation of the Oil Field which are required by this Agreement to County staff and departments responsible for implementing the CSD and enforcing the CSD, and any other personnel the County deems necessary. The County shall recirculate this written guidance on an annual basis.

16. *General Releases between Petitioners and County.* In consideration of the terms and provisions of this Agreement, the County and Petitioners on behalf of themselves and their respective predecessors, successors, heirs, assigns, owners, attorneys, affiliates, parent corporation(s), divisions, officers, directors, employees, agents, representatives, partners, servants, executors, administrators, shareholders, board, councils, commissions, department, members, and each of them, in any and all capacities, do hereby mutually relieve, release and forever discharge the others and their respective predecessors, successors, heirs, assigns, owners, attorneys, affiliates, parent

corporation(s), divisions, officers, directors, employees, agents, representatives, partners, servants, executors, administrators, shareholders, board, councils, commissions, departments, members, and each of them, in any and all capacities, of and from all claims, rights, debts, liabilities, demand, obligations, liens, promises, acts, agreements, costs and expenses (including, but not limited to, attorneys' fees, costs and interest), damages, actions and cause of action, of whatever kind or nature (including without limitation, any statutory, civil or administrative claim, or any claim, arising out of acts or omissions occurring before the execution of this agreement), whether now known or unknown, suspected or unsuspected, fixed or contingent, apparent or concealed, relating to the Board's certification of the EIR and approval of the CSD; PROVIDED, HOWEVER, that this mutual release is not intended to and shall not constitute a release of the Parties' rights, obligations or warranties under this Agreement nor the rights and obligations of the County under the provisions of, or as set forth in, the CSD subject to the terms of paragraph 15. This release shall become final and take effect as to all Parties at the time upon which dismissals are to be filed pursuant to paragraph 28. Nothing herein shall release any claim for personal injury property damage or other claims, including any claim for nuisance, arising out of or related to acts or omissions in the operation of the Oil Field. Nothing herein shall release any claim or limit any right to challenge any future approval or action by the County, or other agency, relating to the CSD or the Oil Field.

17. *General Releases between Petitioners and PXP.* In consideration of the terms and provisions of this Agreement, PXP and Petitioners on behalf of themselves and their respective predecessors, successors, heirs, assigns, owners, attorneys, affiliates, parent corporation(s), divisions, officers, directors, employees, agents, representatives, partners, servants, executors, administrators, shareholders, board, councils, commissions, department, members, and each of them, in any and all capacities, do hereby mutually relieve, release and forever discharge the others and their respective predecessors, successors, heirs, assigns, owners, attorneys, affiliates, parent corporation(s), divisions, officers, directors, employees, agents, representatives, partners, servants, executors, administrators, shareholders, board, councils, commissions, departments, members, and each of them, in any and all capacities, of and from all claims, rights, debts, liabilities, demand, obligations, liens, promises, acts, agreements, costs and expenses (including, but not limited to, attorneys' fees, costs and interest), damages, actions and cause of action, of whatever kind or nature (including without limitation, any statutory, civil or administrative claim, or any claim, arising out of acts or omissions occurring before the execution of this agreement), whether now known or unknown, suspected or unsuspected, fixed or contingent, apparent or concealed, relating to the Board's certification of the EIR and approval of the CSD; PROVIDED, HOWEVER, that this mutual release is not intended to and shall not

constitute a release of the Parties' rights, obligations or warranties under this Agreement nor the rights and obligations of PXP under the provisions of, or as set forth in, the CSD subject to the terms of paragraph 15. Notwithstanding anything herein to the contrary, no person or entity that has or acquires an interest in the Oil Field, but contends or is adjudicated to not be bound by this Agreement, notwithstanding the intent of the Parties that such persons or entities are so bound, shall not be entitled to the benefits of the releases herein. This release shall become final and take effect as to all Parties at the time upon which dismissals are to be filed pursuant to paragraph 28. Nothing herein shall release any claim for personal injury, property damage or other claims, including any claim for nuisance, arising out of or related to acts or omissions in the operation of the Oil Field. Nothing herein shall release any claim or limit any right to challenge any future approval or action by the County, or other agency, relating to the CSD or the Oil Field. Nothing in this Agreement shall affect the City's rights, police powers or authority to regulate that portion of the Inglewood oil field within Culver City, nor shall this Agreement affect PXP's rights and operations, of that portion of the Inglewood oil field within Culver City.

18. *Settlement of Claims for Attorneys' Fees and Costs.* In settlement of each of Petitioners' claims for attorneys fees and costs, PXP shall pay $1,250,000 and County shall pay $350,000 ("Payments"). Before the time provided in Paragraph 28 below for dismissal of the Consolidated Cases expires, Petitioners may elect to provide written notice to PXP and County that it intends to dismiss the Consolidated Cases and, if so, shall provide counsel for PXP executed requests for dismissal of the Consolidated Cases ("Requests"). PXP and County will make their respective Payments to the Greenberg Glusker Fields Claman and Machtinger LLP Client Trust Account by check or wire transfer (with instructions to be provided) within twenty (20) days after receipt of the notice and Requests unless that would result in payment sooner than 45 days after the County Board of Supervisors approves the settlement, in which case Payment will be delivered no later than the 45th day after Board approval. If the above-referenced notice is not provided, the Payments will be made at the expiration of the time provided in Paragraph 28 below with PXP and the County making their respective Payments to the Greenberg Glusker Fields Claman and Machtinger LLP Client Trust Account by check or wire transfer (with instructions to be provided) after the Requests have been delivered to counsel for PXP. In either case, counsel for PXP shall hold the Requests in trust until the Payments by PXP and County have been delivered to Greenberg Glusker Fields Claman and Machtinger and shall thereafter file the Requests with the Court.

19. *Parties Bound.* This Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Parties to this Agreement, including any successors to

any rights of PXP to operate in the Oil Field, and each of them. This Agreement may be enforced by any Party to the Agreement.

20. *Integration.* The Agreement constitutes a single, integrated written contract expressing the entire agreement of the Parties relative to the subject matter hereof and, with the sole and exclusive exception of any contemporaneous or subsequent written agreement between the Parties hereto subscribed by them or their duly authorized officers or agents, all prior and contemporaneous discussions and negotiations have been and are merged and integrated into, and are superseded by, this Agreement. Thus, no covenants, agreements, representations, or warranties of any kind whatsoever, whether express or implied in law or fact, have been made by any Party, except as specifically set forth in this Agreement or any contemporaneous or subsequent written agreement between the Parties subscribed by them or their duly authorized officers or agents.

21. *Non-Assignment of Claims.* Each of the Parties represents and warrants that it has not assigned or transferred any portions of any claim or interest arising out of, related to, or connected with the matters referred to in paragraphs A, B and C of the Recitals in this Agreement to any other individual, firm, corporation or other entity and that no such individual, firm, corporation or other entity has any lien, claim or interest in any of such claims. Each Party shall indemnify each other Party, defend, and hold it harmless from and against any claims, rights, debts, liabilities, demands, obligations, liens, promises, acts, agreements, costs and expenses (including, without limitation, attorneys' fees and costs), damages, actions and causes of action, of whatever kind or nature (including, without limitation, any statutory, civil or administrative claim, or any claim, arising out of acts or omissions occurring before the execution of this Agreement) of whatever kind or nature, whether now known or unknown, suspected or unsuspected, fixed or contingent, apparent or concealed, arising out of, related to or connected with any such prior assignment or transfer, or any such purported assignment or transfer.

22. *Settlement of Disputed Claims.* The Parties explicitly acknowledge and covenant that this Agreement represents a settlement of disputed rights and claims and that, by entering into this Agreement, no Party hereto admits or acknowledges the existence of any liability or wrongdoing, all such liability being expressly denied. No provisions hereof, or of any related documents, shall be construed as any admission or concession of liability, or any wrongdoing or of any preexisting liability.

23. *Additional terms.* Each of the Parties represents, warrants and agrees as follows:

    a. Each of the Parties has received prior independent legal advice from legal counsel of its choice with respect to the advisability of making the settlement provided for

herein and with respect to the advisability of executing this Agreement. Each Party's attorney has reviewed the Agreement at length, made any desired changes, and signed the Agreement to indicate the attorney approved the Agreement as to form.

b. Except for statements expressly set forth in this Agreement, no Party has made any statement or representation to any other Party regarding a fact relied upon by the other Party in entering into this Agreement and no Party has relied upon any statement, representation, or promise of any other Party, or of any representative or attorney for any other Party, in executing this Agreement or in making the settlement provided for herein.

c. Each of the Parties has read the Agreement carefully, knows and understands the contents thereof, and has made such investigation of the facts pertaining to the settlement and this Agreement and of all matters pertaining hereto as it deems necessary and desirable.

d. The terms of the Agreement are contractual, not a mere recital, and are the result of negotiations between the Parties.

e. Each of the Parties to the Agreement agrees that such Party will not take any action which would interfere with the performance of this Agreement by any of the other Parties or which would adversely affect the rights provided for herein.

f. This Agreement is intended to be final and binding between the Parties and further intended to be effective as a full and final accord and satisfaction between them as to any issue or claim arising out of, related to, or connected with the matters referred to in paragraphs A, B and C of the Recitals in this Agreement. Each Party relies on the finality of this Agreement as a material factor inducing that Party's execution of this Agreement.

g. The failure by any Party to insist on performance of any of the terms or conditions of this Agreement shall not void any of the terms or conditions hereto, or constitute a waiver or modification of any of the terms or conditions hereto, nor be construed as a waiver or relinquishment by such Party of the performance of any such terms or conditions.

24. *Modifications*. No modification, amendment or waiver of any of the provisions contained in this Agreement, or any future representation, promise or condition in connection with the subject matter of this Agreement, shall be binding upon any Party

unless made in writing and signed by such Party or by a duly authorized officer or agent of Party, and except, that the County, as required by law, retains the right to amend the CSD, so long as done pursuant to the requirements of law.

25. *Execution.* This Agreement may be executed and delivered in any number of counterparts or copies ("Counterparts") by the Parties. Signatures may be provided via telefacsimile or electronically in PDF format. When each Party has signed and delivered at least one counterpart to the other Parties, each counterpart shall be deemed an original and, taken together, shall constitute one and the same Agreement, which shall be binding and effective as to the Parties.

26. *Authority to Execute.* Each Party executing this Agreement further represents and warrants that each has the full right and authority to enter into and perform this Agreement on behalf of the Party for whom each has signed and the full right and authority to bind fully said party to the terms and obligations (including, without limitation, the representations and warranties set forth herein) of this Agreement. The execution and delivery of this Agreement and the performance of the Parties' obligations have been or will be duly authorized by all necessary actions on the part of each of the Parties. This Agreement constitutes the legal, valid and binding obligations on, and of, the Parties.

27. *Covenant Not to Sue.* Each Party covenants not to assert any claim, right or defense that the Agreement is illegal, invalid, void or unenforceable and irrevocably waives any such claim, right or defense.

28. *Dismissal of Consolidated Cases.* Unless Petitioners elect to dismiss the Consolidated Cases sooner in accordance with Paragraph 18 above, within 180 days after execution of this Agreement by all Parties, Petitioners, and each of them, shall cause to be delivered to counsel for PXP the Requests; provided, however, that if a petition or other challenge to this Agreement has been timely filed, or is alleged to be, such Requests shall be delivered to counsel for PXP only if the petition or other challenge is unsuccessful and all avenues of appeal have been exhausted or the time has run to do so. PXP shall file the Requests after the Payments have been delivered as provided in Paragraph 18 above. After such time, the Parties shall take any other steps necessary to dismiss the Consolidated Cases. The Parties, through their counsel of record, shall sign the Stipulation and Proposed Order attached hereto as Exhibit B to be filed with the Court upon execution of this Agreement.

29. *Public Notice.* Following the execution of this Agreement, the Parties shall make an individual and/or joint public statement that shall include each of the elements of

Exhibit A. On an annual basis, the County shall schedule a public discussion at the CAP concerning this Agreement and the status of compliance with its terms. Additionally, the County shall post a copy of this Agreement on the County's Baldwin Hills Community Standards District webpage.

30. *Remedies for Breach.* The County will monitor and enforce PXP's compliance with the terms of the Agreement in the same manner and to the same extent as the County monitors and enforces the terms of the CSD.

    a. The County shall not approve any Annual Drilling Plan nor any application for any new permits on the Oil Field, including any permit to drill or redrill any wells, if PXP is in violation of any of the material terms of paragraphs 1 – 4 and 11.

    b. The terms of this Agreement may be enforced by bringing a breach of contract claim, or any other appropriate claim, in a court of competent jurisdiction.

    c. Nothing herein shall be construed to limit any Parties' claims for damages or other relief, arising out of the breach of the terms of paragraphs 1 through 12 of this Agreement.

31. *Governing Law.* This Agreement shall be construed and enforced in accordance with the laws of the State of California where it is deemed to have been executed and delivered.

32. *Captions and Headings.* Captions and paragraph headings used herein are for convenience only. They are not a part of this Agreement and shall not be used in construing it.

33. *Survival.* Each and all of the covenants, representations and warranties of the Parties set forth in this Agreement shall survive the execution and delivery of this Agreement and the execution and delivery of any other document provided for herein.

34. *Good Faith Provision.* The Parties agree to cooperate fully, reasonably, and in good faith in the implementation of this Agreement. The Parties also agree to execute any and all supplemental documents, and to take all additional lawful and reasonable actions which may be necessary or appropriate to give full force and effect to the basic terms and to fully implement the goals and intent of this Agreement.

Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead

Richard J. Bruckner
Director

September 25, 2012

Carol A. Schwab
City Attorney
City of Culver City
9770 Culver Boulevard
Culver City, CA 90232-0507

Dear Ms. Schawb:

COMMENTS ON LA COUNTY'S STATUS OF COMPLIANCE WITH TERMS OF BALDWIN HILLS COMMUNITY STANDARDS DISTRICT (CSD) SETTLEMENT AGREEMENT REQUIREMENTS

This letter responds to the comments you provided from the City of Culver City (Culver City) on the Department of Regional Planning's report to Plains Exploration and Production Company (PXP) on the "Status of Compliance with Terms of Settlement Agreement in Baldwin Hills CSD Litigation." Culver City's comments are addressed below in the order presented in your letter.

With respect to paragraph 1.a of the Settlement Agreement, the annual drilling plan submitted by PXP, which is available on the Department of Regional Planning's website on the Baldwin Hills oil field, shows that none of the top holes for the four "deep zone" wells are located within 800 feet of a Sensitive Developed Area. Thus, it has already been confirmed that the top holes are more than 800 feet away. The Settlement Agreement does not require a supplement to the annual drilling report if the top hole is located more than 800 feet from a Sensitive Developed Area. Likewise, with respect to your comment on paragraph 1.f of the Settlement Agreement, there was no "otherwise required Slant Drilling" and thus no need to lessen or disapprove the slant drilling.

Regarding your questions on paragraph 2 related to noise, PXP did not violate the noise requirements of the Community Standards District (CSD) or Settlement Agreement. The County does not maintain the noise monitoring data. That information is located on the oil field site by PXP. County consultants have reviewed this data

Regarding your inquiries in paragraph 3 on the number of drill rigs:

- "PXP has released (let go of) all of their drilling rigs from the oil field at this time" means that there are no longer drilling rigs at the field. They are no longer on contract for use at the field. However, there still are workover rigs operating at the oil field.

- PXP recently indicated to the County that the drill rig will likely return to the oil field mid to end of November.
- We cannot comment on PXP's motivation for moving the drill rigs. They reported that it was better utilized at another field.
- There has never been more than one drill rig in use at any one time at the oil field since the effective date of the CSD. PXP has always complied with the requirement that there never be more than two drill rigs at any one time at the oil field.

Regarding your comments in paragraph 4 on the number of wells, the Director's determination regarding the effectiveness of the CSD in protecting the health, safety, and general welfare of the public was posted on the County's Baldwin Hills website and remains there for public review as does the conclusion that PXP was entitled to Bonus Wells. PXP has drilled five bonus wells total through the end of June 2012.

With respect to paragraph 5 on the Health Assessment and Environmental Justice Study, the County has complied with that provision in the Settlement Agreement.

On Clean Technology Assessment under paragraph 6, the 2012 Drilling Plan discussed the availability and feasibility of the use of natural gas powered rigs and other technology. Said technology was not implemented because, as reflected in the annual plan, it was determined not to be technologically feasible and economically reasonable. This will continue to be evaluated and reassessed as part of each annual drilling plan.

Concerning the electrical distribution study in paragraph 7, representatives of the County Department of Public Works met with representatives of Southern California Edison (SCE) and the Los Angeles City Department of Water and Power (DWP) in December 2011. At the meeting, both SCE and DWP indicated they could not provide financial assistance for the study, although they indicated that other support could be provided. Related correspondence is enclosed. The Department of Public Works also reviewed its budget to determine if it could provide additional funding for the study, but determined none was available. The Office of the Second Supervisorial District plans to pursue whether funds are available from the Baldwin Hills Resource Conservancy Agency for the study.

With respect to the timeliness of the air quality monitoring study in paragraph 8, a work plan is a necessary part of "air monitoring". Development of the work plan was commenced within 12 months of execution of the Settlement Agreement.

With regards to paragraph 9, the South Coast Air Quality Management District (SCAQMD) issued the permit for the new gas plant flare on March 30, 2011. In May 2011, PXP requested an extension of the 180-days to complete the installation of the flare due to long

lead times for equipment. On September 26, 2011, the County approved an extension until March 26, 2012. The new flare became fully operational on March 23, 2012. The new flare testing that is being conducted by PXP is to ensure the flare is in operation per manufacturer's specifications. The old flare will be maintained on site as a back up only as allowed by the CSD and Settlement Agreement.

Concerning well plugs required for abandoned wells mentioned in paragraph 10, the County completed its review on August 22, 2012. There have been two abandoned wells since the approval of the Settlement Agreement and thus only two wells have been required to be capped with a 150-foot cement surface plug. The cap for both wells exceeded the 150-foot requirement.

Concerning your landscaping question in paragraph 11, PXP anticipates submitting the final Phase 7 landscape plan in the second half of 2013. The approved provide screening of the oil field with native landscaping. Considerably more perimeter planting is planned than what was included in the Mia Lehrer proposal. The County recently provided its second round of comments on the third, fourth and fifth phases of the landscape plan. Corrections were minimal and thus the plans for those phases should be approved relatively soon. PXP anticipates beginning installation of the landscaping pursuant to those plans in the beginning of 2013.

With respect to the Clean-up Plan questions in paragraph 12, PXP submitted the initial unused and abandoned equipment plan, which was approved by the County on August 30, 2010. This plan included 63 items (i.e.--tanks, vessels and associated equipment) to be removed, all of which have been removed from the oil field. Since the Settlement Agreement approval, the following additional items have been removed or moved at the oil field:

- Stocker Tank setting—two aboveground storage tanks, three pumps, one air compressor, four service electrical panels; and associated electrical conduits were removed.

- Two pipe storage areas were relocated to the interior of the field.

PXP has stated that an updated unused and abandoned equipment plan will be submitted by October 31, 2012. The Department of Regional Planning has not identified additional equipment and materials not necessary for oil field operations.

Although the Settlement Agreement does not require provision of the documents providing guidance to relevant departments with respect to implementation of the Settlement Agreement, we have enclosed copies of the documents per your request.

Sincerely,

Richard J. Bruckner
Director

RJB:JG:PH:rk

Enclosures

c: Supervisor Mark Ridley-Thomas (Karly Katona)
County Counsel (Elaine Lemke)
Baldwin Hills Conservancy (David McNeill)
The City Project (Robert Garcia)
Natural Resources Defense Council (Damon Nagami)
Community Health Councils (Lark Galloway Gilliam)
Community Health Councils/Natural Resources Defense Council (Ken Kutcher)

Lopez, Glenda

From: Moser, Christopher [Christopher.Moser@ladwp.com]
Sent: Thursday, August 30, 2012 10:19 AM
To: Dunn, Steve
Subject: Inglewood Oil Field Study - DWP participation - UPDATE

Hi Steve,
I plan to have an internal meeting next week with representatives from the DWP Power System to discuss your feasibility study. I should have more information for you by the week of September 10.

Chris Moser
Supervisor Premier Accounts
Los Angeles Department of Water and Power
213.367.4940 Christopher.Moser@ladwp.com

Ask me about our current energy & water conservation rebate programs!

From: Moser, Christopher
Sent: Wednesday, August 22, 2012 10:19 AM
To: Dunn, Steve
Subject: RE: Inglewood Oil Field Study - DWP participation

Hi Steve,
We are still having internal discussion about your letter and how we plan to respond. I have made contact with people familiar with this feasibility study and they have been offering information on past decisions between LA County and DWP. I will update you as I receive more information.

Chris Moser
Supervisor Premier Accounts
Los Angeles Department of Water and Power
213.367.4940 Christopher.Moser@ladwp.com

Ask me about our current energy & water conservation rebate programs!

From: Dunn, Steve [mailto:SDUNN@dpw.lacounty.gov]
Sent: Thursday, August 16, 2012 4:36 PM
To: Moser, Christopher
Subject: RE: Inglewood Oil Field Study - DWP participation

Excellent Chris. Thank you.

From: Moser, Christopher [mailto:Christopher.Moser@ladwp.com]
Sent: Thursday, August 16, 2012 4:08 PM
To: Dunn, Steve
Subject: Re: Inglewood Oil Field Study - DWP participation

Hi Steve,
I received the letter last week and have been circulating it among DWP employees related to the project

and I am still awaiting a response from the group that could validate the DWP piece of your proposal. I should hear back by next week. I will contact you when I receive some more information.

Sent from my Blackberry.

From: Dunn, Steve [mailto:SDUNN@dpw.lacounty.gov]
Sent: Thursday, August 16, 2012 02:05 PM
To: Moser, Christopher
Subject: Inglewood Oil Field Study - DWP participation

Good afternoon Chris,

Thank you for your introduction a couple of weeks ago as the new Account Manager for the County of Los Angeles on behalf of DWP. I head the Utility Section for the County and met in December of last year with Heidi and many others from DWP, SCE, PXP and Supervisor Mark Ridley-Thomas' Office to discuss the subject study.

You should have received the attached letter below, but please let me know if you have not. If you have received it, ***can you please provide a rough timeline on when you think a response letter will be returned to the County?*** One of the key items necessary to be included in the written confirmation is DWP's funding position.

I look forward to meeting you in person, but in the meantime, please let me know if there is anything you would like me to look into from a utility perspective or if you have any questions.

Sincerely,
Steve Dunn
Utility Chief
County of Los Angeles Dept. of Public Works
(626) 458-3168

From: Nakhoul, Gus
Sent: Thursday, July 26, 2012 3:22 PM
To: 'Christopher.moser@ladwp.com'
Cc: Chenoweth, Daryll; Dunn, Steve; Aguilera, Manya
Subject: LA COUNTY Needs your personal mail, address contacts plus your official title

Hi Chris,

I was able to secure your cell phone number 213-792-8798 and your email through the City Bureau of Sanitation. Chris, I understand you're the main contact for LA-DWP with LA County on utility matters as of May 1, 2012 you have taken those duties from Ms. Heidi Bass.

The Utility Coordination Section with LA County Construction Division is in the process of preparing a memo to your office pertaining to Inglewood Oil Field in Baldwin Hills. We need your mailing contact information (i.e. address). To what DWP facility do we mail the aforementioned memo? What is your official title within your organization and if you have a direct phone contact and fax that you could provide us that would be greatly appreciated.

I just left you a voice mail on you cell phone requesting the above. Please feel free to call me if you have any question. Thanks

GUS NAKHOUL,PE

CONSTRUCTIon division

(626)458-3124

(626)979-5450 fax

Email:gnakhoul@DPW.LACOUNTY.GOV

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Lopez, Glenda

From: Dunn, Steve [SDUNN@dpw.lacounty.gov]
Sent: Wednesday, August 22, 2012 2:59 PM
To: 'David.A.Ford@sce.com'
Subject: Inglewood Oil Field Study - SCE participation
Importance: High
Attachments: Inglewood Oil Field Study.pdf

Hello Dave,

Do you have a timeframe for when SCE will be sending the letter in response to the County's attached letter? A key item to be addressed in the written confirmation is SCE's position on the funding participation.

Please let me know if there are any questions.

Thank you, Steve

From: David.A.Ford@sce.com [mailto:David.A.Ford@sce.com]
Sent: Wednesday, August 01, 2012 7:50 AM
To: Dunn, Steve
Subject: Re: Inglewood Oil Field consolidation of electrical line study

Steve,

Thanks, I will start are external process and reviews on SCE's electrical system in the PXP property.

From: "Dunn, Steve" [SDUNN@dpw.lacounty.gov]
Sent: 08/01/2012 02:43 PM GMT
To: David Ford
Subject: Inglewood Oil Field consolidation of electrical line study

Good morning Dave,

As mentioned at the 1/4ly meeting, attached is the draft letter that will be sent to SCE. A similar letter will be sent to DWP as well. The purpose of the letters is to request confirmation from the two organizations on the assistance they will provide in the study and to have something on file for the settlement agreement.

Thank you

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

GAIL FARBER, Director

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
http://dpw.lacounty.gov

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE REFER TO FILE: C-1

July 31, 2012

Mr. David A. Ford
Local Public Affairs, Region Manager
Southern California Edison Company
1000 East Potrero Grande Drive
Monterey Park, CA 91755

Dear Mr. Ford:

INGLEWOOD OIL FIELD – BALDWIN HILLS
FEASIBILITY STUDY FOR REDUCING OVERHEAD BLIGHT

As a follow-up to our December 20, 2011 meeting, the County of Los Angeles (County) has identified an as-needed consultant to perform the feasibility study for reducing overhead blight. We are now in the process of identifying the necessary funding to retain the consultant.

As we finalize the funding sources and scope of work for the consultant, we need to confirm what can and cannot be provided by your organization. This will allow the County to plan accordingly and map out the most expeditious way forward. The information previously communicated by your organization indicated the following:

- Southern California Edison staff will provide as-built drawings and other related electrical system information such as specifications and technical reports.
- Southern California Edison staff will provide professional expertise to assist with the study.
- The study is not eligible for funding per California Public Utility Commission regulations.

CONSTRUCTION

Please provide written confirmation to be used in defining the tasks of our consultant. If you have any questions, please contact Mr. Steve Dunn at sdunn@dpw.lacounty.gov or (626) 458-3168.

Very truly yours,

GAIL FARBER
Director of Public Works

Ken Swanson

JAMES T. SPARKS
Assistant Deputy Director
Construction Division

SMD:ma
O:\Section\Utilities\SD2\Inglewood Oil Field Study SCE.docx

cc: Supervisor Mark Ridley-Thomas (Katona)
County Counsel (Lemke)
Southern California Edison Company (David G. Seeley II, Ben Wong)

bc: Land Development (Burger)

Lopez, Glenda

From: Dunn, Steve [SDUNN@dpw.lacounty.gov]
Sent: Thursday, August 16, 2012 2:06 PM
To: 'Christopher.moser@ladwp.com'
Subject: Inglewood Oil Field Study - DWP participation
Importance: High
Attachments: Inglewood Oil Field Study - DWP.PDF

Good afternoon Chris,

Thank you for your introduction a couple of weeks ago as the new Account Manager for the County of Los Angeles on behalf of DWP. I head the Utility Section for the County and met in December of last year with Heidi and many others from DWP, SCE, PXP and Supervisor Mark Ridley-Thomas' Office to discuss the subject study.

You should have received the attached letter below, but please let me know if you have not. If you have received it, ***can you please provide a rough timeline on when you think a response letter will be returned to the County?*** One of the key items necessary to be included in the written confirmation is DWP's funding position.

I look forward to meeting you in person, but in the meantime, please let me know if there is anything you would like me to look into from a utility perspective or if you have any questions.

Sincerely,
Steve Dunn
Utility Chief
County of Los Angeles Dept. of Public Works
(626) 458-3168

From: Nakhoul, Gus
Sent: Thursday, July 26, 2012 3:22 PM
To: 'Christopher.moser@ladwp.com'
Cc: Chenoweth, Daryll; Dunn, Steve; Aguilera, Manya
Subject: LA COUNTY Needs your personal mail, address contacts plus your official title

Hi Chris,

I was able to secure your cell phone number 213-792-8798 and your email through the City Bureau of Sanitation. Chris, I understand you're the main contact for LA-DWP with LA County on utility matters as of May 1, 2012 you have taken those duties from Ms. Heidi Bass.

The Utility Coordination Section with LA County Construction Division is in the process of preparing a memo to your office pertaining to Inglewood Oil Field in Baldwin Hills. We need your mailing contact information (i.e. address). To what DWP facility do we mail the aforementioned memo? What is your official title within your organization and if you have a direct phone contact and fax that you could provide us that would be greatly appreciated.

I just left you a voice mail on you cell phone requesting the above. Please feel free to call me if you have any question. Thanks

GUS NAKHOUL,PE
CONSTRUCTIon division
(626)458-3124
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ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE REFER TO FILE: C-1

July 31, 2012

Mr. Christopher Moser
Supervisor, Premier Account Management
Commercial Services
Los Angeles Department of Water and Power
111 North Street, Room 1009
Los Angeles, CA 90012

Dear Mr. Moser:

INGLEWOOD OIL FIELD – BALDWIN HILLS
FEASIBILITY STUDY FOR REDUCING OVERHEAD BLIGHT

As a follow-up to our December 20, 2011 meeting, the County of Los Angeles (County) has identified an as-needed consultant to perform the feasibility study for reducing overhead blight. We are now in the process of identifying the necessary funding to retain the consultant.

In anticipation, this consultant is retained by the County for the study that we need to confirm what can and cannot be provided by your organization. This will allow the County to plan accordingly and map out the most expeditious way forward. The information previously communicated by your organization indicated the following:

- Los Angeles Department of Water and Power (LADWP) will provide as-built drawings and other related DWP electrical system information such as specifications and technical reports.
- LADWP will provide professional expertise to assist with the study.
- LADWP will require the County's consultant to prepare a written request specifying the extent of information needed.
- LADWP will require a nondisclosure agreement prior to the release of the aforementioned information and may be subject to a nominal fee.
- LADWP will not commit funding toward hiring a consultant to complete the study.

CONSTRUCTION

Please provide written confirmation to be used in defining the tasks of our consultant. If you have any questions, please contact Mr. Steve Dunn at sdunn@dpw.lacounty.gov or (626) 458-3168.

Very truly yours,

GAIL FARBER
Director of Public Works

Ken Swanson

JAMES T. SPARKS
Assistant Deputy Director
Construction Division

SMD:ma
O:\Section\Utilities\SD2\Inglewood Oil Field Study DWP.docx

cc: Supervisor Mark Ridley-Thomas (Katona)
County Counsel (Lemke)

bc: Land Development (Burger)

Lopez, Glenda

From: Bass, Heidi [Heidi.Bass@ladwp.com]
Sent: Wednesday, September 05, 2012 12:26 PM
To: Fujiwara, Thomas
Cc: Moser, Christopher; Gokey, James; Thornburg, Jeffrey; Dunn, Steve
Subject: RE: RE: Inglewood Oil field - Baldwin Hills Feasibility Study

Hi Tom,

I don't have a copy of a map—but here is the physical street boundaries and Thomas Book page. For exact coordinates, please contact Steve Dunn at SDUNN@dpw.lacounty.gov.

Mark Fleming or James Gokey might have a map of the area as I understand they provided drawings to LAC DPW on May 1, 2012.

Also, Chris Moser has taken over as LAC Account Manager and is the supervisor from Premier Account Management overseeing this project now.

Thanks,
Heidi

From: Dunn, Steve
Sent: Monday, October 17, 2011 2:01 PM
To: 'Bass, Heidi'
Cc: Waizenegger, Jack; LeeRay, Gloria
Subject: RE: Electrical Distribution Study - PXP Oil Field in Baldwin Hills

Heidi,

I understand the location is referred to as the Inglewood Oil Field and is located in the unincorporated County of Los Angeles Baldwin Hills area (TBG 673-A/4); northwest, northeast and southeast of the intersection of La Cienega Blvd and Stocker St.

To further the earlier emails and phone call, Supervisor Mark Ridley-Thomas has expressed interest in looking at ways to streamline some of the electrical distribution lines within the oil field.

Last July, a settlement agreement was executed with Plains Exploration and Production (PXP), the City of Culver City and community organizations related to the Community Standards District - the County's oversight mechanism for regulations of oil extraction and operations. Part of the settlement included a formal commitment that the County would propose to the Los Angeles Department of Water and Power and SCE that a cooperative study be conducted regarding opportunities to streamline and consolidate electrical lines distributed throughout the Oil Field.

Both PXP and the County are committed to funding one-fourth of the cost of such a study.

We would greatly appreciate it if DWP would be willing to work with the Supervisor's Office on this.

Please advise as to who would be the best contact to begin discussions related to developing a scope of work for such a study?

Thanks again, Steve.

Thanks,
Heidi L. Bass, MBA, CEM
Supervisor, Premier Account Management
213-367-2422
heidi.bass@ladwp.com

From: Fujiwara, Thomas
Sent: Wednesday, September 05, 2012 8:10 AM
To: Bass, Heidi
Subject: RE: Inglewood Oil field - Baldwin Hills Feasibility Study

Good morning Heidi,

Can you please send me a plan to show the boundaries requested for converting DWP's overhead 34.5-kv lines to underground on Baldwin Hills?
I need the distance for the cost estimate. Thanks.

Tom, 72664

----------Confidentiality Notice----------
This electronic message transmission contains information from the Los Angeles Department of Water and Power, which may be confidential. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the content of this information is prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message and any attachment without reading or saving in any manner.

Lopez, Glenda

From: Bass, Heidi [Heidi.Bass@ladwp.com]
Sent: Wednesday, April 25, 2012 6:39 PM
To: Dunn, Steve
Cc: Fleming, Mark; Hunter, Scott; Islam, Saif; Gokey, James; Walls, Dennis; Zabukovec, Vincent; Thornburg, Jeffrey; Farraj, Sager; Brown, Steve R.; Monroy, Rodolfo; Dennis, John; Ushijima, Carol; LeeRay, Gloria; Moser, Christopher
Subject: RE: Additional Info Needed - LAC DPW - PXP Oil Field Line Consolidation Study

Hi Steve,

Yes, we do have as-built drawings for Distribution lines crossing the PXP oil field. We are still checking on the status of as-built drawings for our Transmission lines crossing the PXP oil field.

LADWP Distribution Lines
LADWP maintains all pole records in its mainframe recordkeeping system. As built information from the original installation plans are kept in this system detailing approximate pole locations, the year set, pole height and tenants attached. Aside from the transmission lines, LADWP currently has two 34.5kV trunk line circuits traversing approximately 3000' of the oil field property.

The PXP/County consultant should prepare a written request specifying the extent of information needed to complete their study. The county and consultant should also note that a non-disclosure agreement will be needed prior to the release of distribution system records and may be subject to a nominal fee.

Direct any correspondence to:
Rodolfo J. Monroy
LADWP Power Distribution-Underground Conversions
111 N. Hope Street Room 851
Los Angeles, CA 90012

LADWP Transmission Lines
We are still researching whether or not we have as built drawings for the Transmission lines crossing PXP oil field. We believe we do.

The PXP/County consultant should prepare a written request specifying the extent of information needed to complete their study. The county and consultant should also note that a non-disclosure agreement will be needed prior to the release of distribution system records and may be subject to a nominal fee.

Direct any correspondence to:
Mark Fleming
Los Angeles Department of Water & Power
Overhead Transmission Engineering
111 N. Hope Street Room 1121
Los Angeles, CA 90012

Office: 213-367-2474
Cell: 213-792-8470
Fax: 213-367-2498

Please let me know if you need anything further from us.

Thanks,
Heidi L. Bass, MBA, CEM
Supervisor, Premier Account Management
213-367-2422
heidi.bass@ladwp.com

From: Bass, Heidi
Sent: Wednesday, April 25, 2012 1:43 PM
To: Dennis, John; Curci, Vincent
Cc: Ushijima, Carol; LeeRay, Gloria; Moser, Christopher; Fleming, Mark; Hunter, Scott; Islam, Saif; Gokey, James; Walls, Dennis; Monroy, Rodolfo
Subject: Re: Additional Info Needed - LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting summary

Hi John and Vince,

LAC Dept of Public Works and Board of Supervisors has requested LADWP/SCE assistance in a court-mandated study to consolidate and underground lines in the PXP oil field between Stocker and La Cienega.

We met with LAC Spvsr staff, LACDPW, SCE, and PXP a few month's back and all parties agreed the ballpark cost to underground/consolidate lines is a $250-$500M & not feasible as majority of the lines belong to PXP internal distribution lines spider-webbed across the field. Plus, it is not safe to underground lines in an active oil field due to pockets of gas.

However, the legal settlement with the neighborhood community group requires a 3rd party study.

LADWP stated we are not in a financial position to help fund the study but we would provide drawings and our professional expertise to assist with the study.

I hope this helps clarify this request.

Thanks,
Heidi L. Bass, MBA, CEM
Supervisor, Premier Account Management
213-367-2422
heidi.bass@ladwp.com

From: Bass, Heidi
Sent: Tuesday, April 24, 2012 3:42 PM
To: Hunter, Scott; Islam, Saif; Gokey, James; Walls, Dennis; Fleming, Mark; Monroy, Rodolfo
Cc: 'SDUNN@dpw.lacounty.gov'; Ushijima, Carol; LeeRay, Gloria; Moser, Christopher; Dennis, John
Subject: FW: Additional Info Needed - LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting

summary
Importance: High

Can one of you please provide an answer to Steve Dunn regarding as-built drawings for our transmission and distribution lines going through the PXP oil field?

Thanks,
Heidi L. Bass, MBA, CEM
Supervisor, Premier Account Management
213-367-2422
heidi.bass@ladwp.com

From: Dunn, Steve [mailto:SDUNN@dpw.lacounty.gov]
Sent: Tuesday, April 24, 2012 2:42 PM
To: Bass, Heidi; Dave.Seeley@sce.com
Subject: FW: LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting summary
Importance: High

Hello Heidi and Dave,

I have already asked Candace Salway (PXP) what percentage of the existing PXP electrical lines will PXP have as-built design drawings for.

For your two organizations, what percentage of your facilities would you have as-built design drawings for?

And if a third party consultant hired by the County to conduct the subject study needed such drawings/information for the study, how would the consultant obtain such information from your organizations?

Thank you, Steve.

From: Dunn, Steve
Sent: Wednesday, December 28, 2011 2:17 PM
To: 'Bass, Heidi'; 'Hunter, Scott'; 'Islam, Saif'; 'Gokey, James'; 'LeeRay, Gloria'; 'Walls, Dennis'; 'Nevarez, David'; 'Fleming, Mark'; 'Monroy, Rodolfo'; 'Salway, Candace'; 'Dave.Seeley@sce.com'; 'David.A.Ford@sce.com'
Cc: 'Katona, Karly'; 'Lemke, Elaine'
Subject: LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting summary

Good afternoon,

Please find attached a brief summary to last week's meeting and let me know if any edits are required. Additionally, please forward information on any companies/consultants that would perform the type of study we discussed.

Thank you again and Happy New Year, Steve.

From: Dunn, Steve
Sent: Tuesday, December 20, 2011 5:49 PM
To: 'Bass, Heidi'; Hunter, Scott; Islam, Saif; Gokey, James; LeeRay, Gloria; Walls, Dennis; Nevarez, David; Fleming, Mark; Monroy, Rodolfo; Salway, Candace; 'Dave.Seeley@sce.com'; 'David.A.Ford@sce.com'
Cc: 'Katona, Karly'

Subject: LAC DPW - PXP Oil Field Line Consolidation Study

Thank you all for taking time out of your busy schedules to meet at the last minute. Attached is the sign-in sheet for your record. I will follow-up shortly with a brief summary.

Happy Holidays, Steve

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Lopez, Glenda

From: Dunn, Steve [SDUNN@dpw.lacounty.gov]
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To: 'Bass, Heidi'; 'Hunter, Scott'; 'Islam, Saif'; 'Gokey, James'; 'LeeRay, Gloria'; 'Walls, Dennis'; 'Nevarez, David'; 'Fleming, Mark'; 'Monroy, Rodolfo'; 'Salway, Candace'; 'Dave.Seeley@sce.com'; 'David.A.Ford@sce.com'
Cc: 'Katona, Karly'; Lemke, Elaine
Subject: LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting summary
Attachments: Inglewood Oil Field Meeting Summary 12-20-11.doc

Good afternoon,

Please find attached a brief summary to last week's meeting and let me know if any edits are required. Additionally, please forward information on any companies/consultants that would perform the type of study we discussed.

Thank you again and Happy New Year, Steve.

From: Dunn, Steve
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Cc: 'Katona, Karly'
Subject: LAC DPW - PXP Oil Field Line Consolidation Study

Thank you all for taking time out of your busy schedules to meet at the last minute. Attached is the sign-in sheet for your record. I will follow-up shortly with a brief summary.

Happy Holidays, Steve

INGLEWOOD OIL FIELD – STUDY TO STREAMLINE AND CONSOLIDATE ELECTRICAL LINES

DECEMBER 20, 2011 (3 PM)
COUNTY OF LOS ANGELES HALL OF ADMINISTRATION
ROOM 372
Brief Summary

- INTRODUCTIONS (SIGN-IN SHEET WAS EMAILED TO ATTENDEES)

- BRIEF OVERVIEW OF THE OIL FIELD SITE – CONSISTS OF THREE CATEGORIES OF ELECTRICAL LINES

  A. TRANSMISSION (DWP AND SCE)
  B. DISTRIBUTION (DWP AND SCE)
  C. FEEDER LINES (PXP) – TERM FOR THE GROWTH OF THESE LINES WAS "ORGANIC" RATHER THAN "PLANNED"

- THE SUPERVISOR'S GOAL IS TO BE ABLE TO REPORT TO THE COMMUNITY WITH SOLID INFORMATION ON WHAT CAN REALISTICALLY (FEASIBLY) BE DONE WITH THE SITE TO IMPROVE AESTHETICS, IF ANYTHING AT ALL. AS SUCH, A STUDY SHOULD BE PERFORMED TO COMPILE THIS INFORMATION.

- THE CONSENSUS OF THE MEETING WAS THAT A THIRD PARTY CONSULTANT SHOULD BE CONTRACTED WITH TO PREPARE THE STUDY. DPW WILL SOLICIT SCE AND DWP FOR POSSIBLE CONSULTANTS AS WELL AS INVESTIGATE THE COUNTY MASTER SERVICE AGREEMENT LIST FOR AS-NEEDED CONSULTANTS THAT COULD POSSIBLY PERFORM THE STUDY.

- OBJECTIVES AND THE SCOPE OF STUDY NEED TO BE IDENTIFIED FOR INCLUSION IN A RFP.

- ONE OF THE OBJECTIVES OF THE CONSULTANT WILL BE TO IDENTIFY MORE ACCURATELY UNDERGROUNDING COSTS – THE "ORDER OF MAGNITUDE".

- INITIAL PRELIMINARY COSTS TO UNDERGROUND LINES IS IN THE "TENS OF MILLIONS" AND PERHAPS "HUNDREDS OF MILLIONS" OF DOLLARS.

- SCE AND DWP WILL PROVIDE INFORMATION TO THE THIRD PARTY CONSULTANT, SUBJECT TO CERTAIN SECURITY REQUIREMENTS, STAFFING AVAILABILITIES AND MANAGEMENT APPROVAL.

COUNTY OF LOS ANGELES

OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

TELEPHONE
(213) 974-1930
FACSIMILE
(213) 613-4751
TDD
(213) 633-0901

ANDREA SHERIDAN ORDIN
County Counsel

January 26, 2012

TO: MAXANNE HATCH
Board Liaison
Department of Public Health

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

Settlement of the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD"), found in Section 22.44.142 et seq. of Title 22 of the County Code, and its Environmental Impact Report requires the "County to provide written guidance on the additional limits and controls regarding operations of the [oil field regulated by the CSD] which are required by [the Settlement Agreement] to County staff and departments responsible" for implementing and enforcing the CSD. We are required to recirculate the written guidance on an annual basis. In compliance with this provision of the Settlement Agreement, enclosed is a document setting forth the Department of Public Health's responsibilities under said agreement. (We understand that the Health Study referenced therein is well under way.)

It is important to note that the CSD remains in effect and control. Please provide a copy of the enclosures to the appropriate personnel in your department. A copy of the Settlement Agreement is also enclosed.

EML:vn

Enclosures

c: Karly Katona, Deputy
Second Supervisorial District

REQUIREMENTS OF COUNTY DEPARTMENT OF PUBLIC HEALTH PURSUANT TO SETTLEMENT AGREEMENT IN BALDWIN HILLS CSD LITIGATION

Health Study

Complete a Community Health Assessment of the communities surrounding the Oil Field which shall include an Environmental Justice component by June 2012 and ensure additional assessments are completed every five to seven years throughout the life of the CSD.

In future Community Health Assessments, the County Department of Public Health ("Public Health") shall review other agencies' reports regarding air quality, water quality and seismic data, where feasible, in its assessment. Public Health will analyze the information by socio-economic and demographic data to accommodate and reflect an Environmental Justice component. The Community Health Assessment shall include, but not be limited to, an analysis of cancer, rates, mortality rates, birth outcomes and a survey of other pertinent health indicators.

Public Health will consult with the CAP and the Health Working Group regarding the Community Health Assessment and consider reasonable comments by the CAP and the Health Working Group.

Public Health will comply with all applicable state and federal requirements including Title VI of the Civil Rights Act of 1964 and corresponding regulations, and California Government Code Section 11135 and corresponding regulations.

Air Quality Monitoring

Provide input to Department of Regional Planning regarding the following.

Supplemental to the air monitoring required by the CSD, the County will develop and implement an air quality monitoring plan that takes into consideration review and comments from Petitioners, interested stakeholders and the public. Such air monitoring shall be designed to assess the risk of both acute and chronic exposure to air contaminants from Oil Field operations, and endeavor to determine and distinguish the source of emissions, to the extent feasible using available and affordable monitoring technology.

The air monitoring may be performed by SCAQMD, or an independent qualified consultant selected by County, and shall be commenced by July 15, 2012.

The protocol for the air monitoring plan shall be peer reviewed prior to commencement. The plan shall be completed, and a peer reviewed report issued, within 12 to 24 months after commencement.

The County commits to spending up to $250,000 of its own funds toward implementing the plan and shall use reasonable efforts to seek additional funding sources if necessary to implement the plan. (Office of the Second Supervisorial District to provide funding and take lead in securing additional funding.)

Noise

The Department of Regional Planning has primary responsibility for implementing the CSD, however, Public Health has worked with Regional Planning on the noise issues. Accordingly, set forth below are changes to noise standards. Other noise standards in the CSD remain in effect.

Additional nighttime noise standards to be enforced are:

a. From 10 p.m. to 7 a.m., A-weighted equivalent noise levels associated with drilling, redrilling and reworking wells shall not elevate baseline noise levels (which shall not include drilling, redrilling or reworking operations) by more than three A-weighted decibels (dBAs) at the oil field boundary at any Developed Area, but at no time will PXP be required to maintain noise levels below the baseline nighttime noise levels. (Baseline measurements includes not only the seven locations used in the EIR but four additional locations selected by PXP and the County)

If PXP violates this provision, the County shall not issue new drilling or redrilling permits until PXP, in consultation with the County, identifies the source of the noise and PXP takes steps necessary to assure compliance with the three dBA limit.

b. If drilling, redrilling or reworking operations elevate nighttime baseline noise levels by more than 10 dBA for more than 15 minutes in any one hour as independently verified and determined by the County, PXP in consultation with the County, shall identify the cause and source and take steps to avoid such extended period of noise elevation in the future.

COUNTY OF LOS ANGELES

OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
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ANDREA SHERIDAN ORDIN
County Counsel

July 11, 2012

TO: RICHARD J. BRUCKNER
Director of Planning
Department of Regional Planning

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

Settlement of the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD") and its Environmental Impact Report requires the "County to provide written guidance on the additional limits and controls regarding operations of the [oil field regulated by the CSD] which are required by [the Settlement Agreement] to County staff and departments responsible" for implementing and enforcing the CSD. We are required to recirculate the written guidance on an annual basis. In compliance with this provision of the Settlement Agreement, attached is a document setting forth the additional and more restrictive controls and limits under said agreement, which will be overseen or enforced by the Department of Regional Planning. Otherwise, the CSD remains in effect and control. Please provide a copy of the attachments to the appropriate personnel in your department.

A copy of the Settlement Agreement is also attached.

EML:vn

Attachments

c: Karly Katona, Deputy
Second Supervisorial District

DEPARTMENT OF REGIONAL PLANNING RESPONSIBILITIES PURSUANT TO SETTLEMENT AGREEMENT REGARDING INGLEWOOD OIL FIELD **IN ADDITION TO** THE DEPARTMENT'S RESPONSIBILITIES ARISING FROM THE BALDWIN HILLS COMMUNITY STANDARDS DISTRICT **[2012 VERSION]**

DRILLING PLANS/SLANT DRILLING

1. Review and approve or identify deficiencies of Deep Zone Supplements that PXP is required to submit for deep zone wells as part of its Annul Drilling Plan within 45 days of receipt of the supplement from Plains Exploration and Production Company ("PXP"). If a well can be slant drilled to lessen environmental impacts, slant drilling will be required.

   For any well that PXP proposes to drill where the top hole is closer than 800 feet to a lot or parcel that contains a single or multi-family residence, existing park, school or health care facility ("Sensitive Developed Areas") and which is in a deep zone (Nodular Shale and Sentous zones and other newly identified zones approximately 8,000 feet or deeper), PXP is required as part of its Annual Drilling Plan to provide a Deep Zone Supplement, which is a study of the technical feasibility and commercial reasonability of Slant Drilling those wells in order to further mitigate potential impacts to Sensitive Developed Area. Generally that means if slant drilling will move the top hole further from a Sensitive Developed Area than if straight-drilled, then slant drill it. However, the County must consider that slant drilling may have other environmental impacts (e.g., more emissions because it will take longer to drill), so there must be a balancing.

   Slant drilling is defined as non-vertical drilling, directional drilling, or drilling at a relatively significant angle.

2. Review and approve or identify deficiencies of a Mid-Zone Supplement to the Annual Drilling Plan submitted by PXP for mid-zone depth wells (Moynier, Bradna and City of Inglewood zones and other newly identified zones approximately 3,500 to 7,999 feet deep) if the top hole is closer than 800 feet to a Sensitive Developed Area. Same 45-day period as above applies. The Mid-Zone Supplement documents the location of these wells and is required to explain why it is not technically feasible and commercially reasonable to locate the Top Hole away from Sensitive Developed Areas in order to further mitigate impacts to such areas.

3. Drilling of wells where the bottom hole is less than approximately 3,5000 feet deep and above the zones identified as "mid-zone". Shallow wells include the Investment, Vickers, and Rindge zones and should be located away from developed areas and identified in the Annual Drilling Plan and, of course, otherwise comply with CSD requirements.

4. The Annual Drilling Plan should identify all wells proposed for drilling in the year—deep, mid-zone and shallow. The Department may approve the Annual Drilling Plan, Deep Zone Supplement and Mid-Zone Supplements independently of one another. Drilling pursuant to an approved plan or approved supplement may proceed even if one or both of the other documents are not yet approved. If the Annual Drilling Plan is approved before either or both of the supplements, however, approval of the Annual

Drilling Plan must require that drilling of mid-zone or deep wells closer than 800 feet to a Sensitive Developed Area cannot proceed until the appropriate supplement is approved.

5. The Department shall submit each of the supplements to the Community Advisory Panel ("CAP") and allow it two weeks to provide written comments before the Department makes a decision on the supplement(s).

NOISE

6. Additional nighttime noise standards to be enforced are:

   a. From 10 p.m. to 7 a.m., A-weighted equivalent noise levels associated with drilling, redrilling and reworking wells shall not elevate baseline noise levels (which shall not include drilling, redrilling or reworking operations) by more than three A-weighted decibels (dBAs) at the oil field boundary at any Developed Area, but at no time will PXP be required to maintain noise levels below the baseline nighttime noise levels. (Baseline measurements includes not only the seven locations used in the EIR but four additional locations selected by PXP and the County)

      If PXP violates this provision, the County shall not issue new drilling or redrilling permits until PXP, in consultation with the County, identifies the source of the noise and PXP takes steps necessary to assure compliance with the three dBA limit.

   b. If drilling, redrilling or reworking operations elevate nighttime baseline noise levels by more than 10 dBA for more than 15 minutes in any one hour as independently verified and determined by the County, PXP in consultation with the County, shall identify the cause and source and take steps to avoid such extended period of noise elevation in the future.

NUMBER OF DRILL RIGS, WELLS/BONUS WELLS

7. PXP is limited to the use of two drill rigs at the field at any one time (instead of three).

8. The County shall track the number of wells to ensure that PXP drills or redrills no more than 500 new wells total pursuant to the CSD over the life of the CSD, or October 1, 2028, whichever is later and also to ensure that PXP complies with annual limits on the number of wells. The 500 wells includes Bonus Wells (discussed below) and thus is an overall maximum cap for the CSD time period.

9. Until either July 14, 2013 or until PXP has drilled or redrilled 50 wells (whichever is sooner), PXP is limited to 30 wells per year unless PXP has earned Bonus Wells. For PXP's abandonment/closure of each well located within 800 feet of a Developed Area since adoption of the CSD (October 28, 2008), PXP may drill two additional wells with the top hole *outside* that 800-foot zone ("Buffer Zone") as long as the well abandonment complies with DOGGR's standards for abandonment at the time of abandonment. (Thus, PXP gets two new wells—up to a maximum of 15—for each Buffer Zone-well

abandoned.) These earned additional wells are the "Bonus Wells". In this initial time period, PXP may drill up to 45 wells, 30 regular wells plus 15 Bonus Wells. **NOTE THAT PXP ALREADY REACHED THE 50-WELL LIMIT; THUS THIS PROVISION IS NO LONGER APPLICABLE.**

10. After the initial 50-well or July 14, 2013 whichever is sooner, PXP may apply to the Director of Regional Planning to increase the number of regular wells to 35 per year. The Director of Regional Planning must determine that the CSD has been operating adequately (i.e., to protect the health, safety and general welfare of the public). The Director of Regional Planning shall submit his decision regarding the well increase to PXP in writing. If the Director of Regional Planning approved the request, then PXP is limited to 35 regular wells plus 18 Bonus Wells on an annual basis for the remaining life of the CSD for a total of 53 annually. THIS PROVISION IS NOW IN EFFECT.

11. To verify that abandonment was done in compliance with DOGGR standards at the time of abandonment, PXP should submit to Planning a copy of the well abandonment permit received from DOGGR and the "well history report" that PXP submits to DOGGR after physical abandonment of the well is completed. Planning will review these documents and if the abandoned well complies with the requirements, they will notify PXP that a site plan can be approved for a bonus well. It should also document use of the 150-foot concrete cap on an abandoned well.

12. Once a Bonus Well is earned, it can be used at any time during the lifetime of the CSD, subject to the overall 500-well limit and that year's annual limit. In addition, the bonus well must be part of the Annual Drilling Plan for the year that the bonus well is drilled. For example, if PXP properly abandons a well in 2015 within the 800-foot zone, it earns two Bonus Wells which it can drill any year thereafter as long as it will drill no more than 53 wells and no more than 18 bonus wells that year. Again, the top hole for a Bonus Well must be located outside the Buffer Zone.

ANNUAL DRILLING PLAN AND PERIODIC REVIEW

13. The County shall ensure in its review of each Annual Drilling Plan, that PXP addresses the availability and feasibility of the use of natural gas-powered drill rigs or other technology capable of reducing environmental impacts caused by drilling or redrilling wells pursuant to the requirement in the CSD (Section 22.44.142.E.26.c.ix) that PXP discuss the latest equipment and techniques to reduce environmental impacts.

14. During the Periodic Review required by the CSD (Section 22.44.142.G.7), the County will evaluate technology capable of reducing environmental impacts for new equipment used in drilling or re-drilling wells that PXP intends to lease, acquire or otherwise use. The County shall require PXP to implement such technology to the extent it is feasible and available on a commercially reasonable basis. The technology review conducted by the County will be documented in the Periodic Review Report.

15. Any equipment not identified for decommissioning and removal in PXP's 2009 Clean-Up Plan (Section 22.44.142.E.21.a) that becomes unused or abandoned should be identified

for removal in an updated plan. On an annual basis, if no updated removal plan is submitted by PXP, the Department shall inquire of PXP if any additional equipment has been abandoned or is no longer used such that a new plan is required. As part of the annual EQAP audit, the County shall conduct a review of equipment at the site to determine if additional equipment should be removed. If there is such equipment, the Department shall require an updated removal plan.

16. For any wells to be abandoned, PXP is required to use a 150-foot cement surface plug instead of the 25-foot plug required by DOGGR. When reviewing the Annual Drilling Plan, the County should ensure that PXP has documented that this requirement will be met for any wells that PXP proposes to abandon that year. Approval of an annual drilling plan that includes abandonment of wells shall include conditions that require the 150-foot plug. The County shall conduct a review of the well abandonment records as part of the annual EQAP audit, which is conducted pursuant to the CSD, to verify that this requirement has been met.

GENERAL OPERATIONAL ISSUES

17. Permitting. Approval of an Annual Drilling Plan or individual permits by the County is prohibited if PXP is in violation of the following requirements:

a. PXP has failed to provide required slant drilling studies (This "no-permit" provision on the slant drilling issue *only* applies to deep zone or mid-zone wells with a top hole in the Buffer Zone and for which a slant drilling study is required. PXP may drill the wells identified in its Annual Drilling Plan that do not require a deep zone or mid-zone supplement.) ;

b. PXP failed to identify the source of noise that led to violation of the 3 dBA or 10 dBA nighttime standards (paragraph no. 5 above) and failed to take the necessary steps to ensure compliance with this standards for exceedances that are determined to be a result of drilling activities.

c. PXP is in violation of the two-drill rig limit of No. 6 above;

d. PXP exceeds the number of wells allowed to be drilled on an annual or overall basis (paragraph nos. 7-9 above), i.e., once PXP reaches the annual or overall limit, no new wells may be drilled either that year or overall if 500 limit is met;

e. PXP failed to comply with landscaping requirements (Paragraph 16 below).

18. Landscaping. The series of PXP's landscape plans, enhancing the Mia Lehrer Landscape Improvements Concepts, should by provided to the CAP for review prior to County approval. Work pursuant to the first two phases of the Landscaping Plan are to be completed within 9 months of the County's final approval of each phased plan. All landscaping is to be completed within three years of County approval of the final-phased plan.

19. Air Quality Monitoring. In coordination with the Department of Public Health, the County shall develop a peer-reviewed air quality monitoring plan to be done by SCAQMD or County-retained expert and commence monitoring pursuant thereto by July 15, 2012. It must be designed to assess the risk of both acute and chronic exposure to air contaminants from oil field operations, and endeavor to determine and distinguish the source of emissions, to the extent feasible using available and affordable monitoring technology. The plan shall be completed, and a peer reviewed report issued, within 12 to 24 months after commencement. The County committed to spending up to $250,000 of its own funds toward implementing the plan and shall use reasonable efforts to seek additional funding sources if necessary to implement the plan. (Second district to use discretionary funds for this commitment.) THIS IS UNDER WAY AND ON SCHEDULE.

20. Enforcement should ensure that PXP is only using one gas plant flare at any one time at the facility. The old flare is only allowed to remain on site as back-up equipment in the event of failure or malfunction of the new flare. THIS MAY BE AN ISSUE REQUIRING MONITORING THIS YEAR SINCE THE NEW FLARE IS INSTALLED (ALTHOUGH NOT YET OPERATIONAL—AWAITING TESTING REQUIRED BY AQMD.

21. Conduct review of the CSD when production drops to three percent of the estimated peak of production to date of 21,000 barrels of oil per day (i.e, if it drops to 630 barrels per day) to see if closure or modification of the CSD is warranted. [This is already required by Section 22.44.142.E.35 of the CSD but petitioners requested it also be included in the Settlement Agreement.] Any closure or modification of the CSD would required Commission and then Board approval, but the Department shall conduct the initial review to prepare a recommendation.

22. Receipt of peer-reviewed fraccing study/report prepared by independent consultant retained by PXP, <u>and</u> the County helps select the peer-review consultant. UNDERWAY

23. Schedule an annual public discussion at the CAP concerning the settlement agreement and the status of compliance with its terms.

COUNTY OF LOS ANGELES

OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
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(213) 633-0901

ANDREA SHERIDAN ORDIN
County Counsel

July 11, 2012

TO: GAIL FARBER, Director
Department of Public Works

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

Settlement of the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD") and its Environmental Impact Report requires the "County to provide written guidance on the additional limits and controls regarding operations of the [oil field regulated by the CSD] which are required by [the Settlement Agreement] to County staff and departments responsible" for implementing and enforcing the CSD. We are required to recirculate the written guidance on an annual basis. In compliance with this provision of the Settlement Agreement, attached is a document setting forth the additional responsibilities under said agreement, which will be overseen or enforced by the Department of Public Works. Otherwise, the CSD remains in effect and control. Please provide a copy of the attachments to the appropriate personnel in your department. (In 2011 and the first half of 2012, Steve Dunn handled oversight of the electrical distribution study referenced in the attachment.)

A copy of the Settlement Agreement is also attached.

EML:vn

Attachments

c: Karly Katona, Deputy
Second Supervisorial District

REQUIREMENTS OF COUNTY DEPARTMENT OF PUBLIC WORKS PURSUANT TO SETTLEMENT AGREEMENT IN BALDWIN HILLS CSD LITIGATION IN ADDITION TO RESPONSIBILITIES UNDER BALDWIN HILLS COMMUNITY STANDARDS DISTRICT [2012]

Electrical Distribution Study

The settlement agreement required the County to propose to Southern California Edison ("SCE") and the Los Angeles Department of Water and Power ("DWP") that a study be conducted in cooperation with SCE, DWP, the County and Plains Exploration and Production Company ("PXP"), the oil field operator, regarding opportunities to streamline and consolidate electrical lines distributed throughout the Baldwin Hills oil field.

Proposal was to be that SCE, DWP, PXP and the County each fund a quarter of the cost of any such study. The County Department of Public Works ("Public Works") was tasked with overseeing the County's involvement and initiating the proposal to DWP and SCE.

PUBLIC WORKS MADE THE REQUIRED PROPOSAL BUT SCE and DWP DECLINED TO PARTICIPATE.

THE COUNTY IS EXPLORING WHETHER OTHER FUNDING CAN BE OBTAINED. IF SUCH FUNDING IS LOCATED, THEN PUBLIC WORKS WOULD OVERSEE THE COUNTY'S PARTICIPATION.

COUNTY OF LOS ANGELES

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ANDREA SHERIDAN ORDIN
County Counsel

August 25, 2011

TO: RICHARD J. BRUCKNER
Director of Planning
Department of Regional Planning

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

Settlement of the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD") and its Environmental Impact Report requires the "County to provide written guidance on the additional limits and controls regarding operations of the [oil field regulated by the CSD] which are required by [the Settlement Agreement] to County staff and departments responsible" for implementing and enforcing the CSD. We are required to recirculate the written guidance on an annual basis. In compliance with this provision of the Settlement Agreement, attached is a document setting forth the additional and more restrictive controls and limits under said agreement, which will be overseen or enforced by the Department of Regional Planning. The attached document replaces the prior guidelines, which were clarified and more detailed. Otherwise, the CSD remains in effect and control. Please provide a copy of the attachments to the appropriate personnel in your department and remove the prior set of guidelines from the file..

A copy of the Settlement Agreement was previously provided.

EML:vn

Attachments

c: Karly Katona, Deputy
Second Supervisorial District

DEPARTMENT OF REGIONAL PLANNING RESPONSIBILITIES PURSUANT TO SETTLEMENT AGREEMENT REGARDING INGLEWOOD OIL FIELD **IN ADDITION TO** THE DEPARTMENT'S RESPONSIBILITIES ARISING FROM THE BALDWIN HILLS COMMUNITY STANDARDS DISTRICT

DRILLING PLANS/SLANT DRILLING

1. Review and approve or identify deficiencies of Deep Zone Supplements that PXP is required to submit for deep zone wells as part of its Annul Drilling Plan within 45 days of receipt of the supplement from Plains Exploration and Production Company ("PXP"). If a well can be slant drilled to lessen environmental impacts, slant drilling will be required.

   For any well that PXP proposes to drill where the top hole is closer than 800 feet to a lot or parcel that contains a single or multi-family residence, existing park, school or health care facility ("Sensitive Developed Areas") and which is in a deep zone (Nodular Shale and Sentous zones and other newly identified zones approximately 8,000 feet or deeper), PXP is required as part of its Annual Drilling Plan to provide a Deep Zone Supplement, which is a study of the technical feasibility and commercial reasonability of Slant Drilling those wells in order to further mitigate potential impacts to Sensitive Developed Area. Generally that means if slant drilling will move the top hole further from a Sensitive Developed Area than if straight-drilled, then slant drill it. However, the County must consider that slant drilling may have other environmental impacts (e.g., more emissions because it will take longer to drill), so there must be a balancing.

   Slant drilling is defined as non-vertical drilling, directional drilling, or drilling at a relatively significant angle.

2. Review and approve or identify deficiencies of a Mid-Zone Supplement to the Annual Drilling Plan submitted by PXP for mid-zone depth wells (Moynier, Bradna and City of Inglewood zones and other newly identified zones approximately 3,500 to 7,999 feet deep) if the top hole is closer than 800 feet to a Sensitive Developed Area. Same 45-day period as above applies. The Mid-Zone Supplement documents the location of these wells and is required to explain why it is not technically feasible and commercially reasonable to locate the Top Hole away from Sensitive Developed Areas in order to further mitigate impacts to such areas.

3. Drilling of wells where the bottom hole is less than approximately 3,5000 feet deep and above the zones identified as "mid-zone". Shallow wells include the Investment, Vickers, and Rindge zones and should be located away from developed areas and identified in the Annual Drilling Plan and, of course, otherwise comply with CSD requirements.

4. The Annual Drilling Plan should identify all wells proposed for drilling in the year—deep, mid-zone and shallow. The Department may approve the Annual Drilling Plan, Deep Zone Supplement and Mid-Zone Supplements independently of one another. Drilling pursuant to an approved plan or approved supplement may proceed even if one or both of the other documents are not yet approved. If the Annual Drilling Plan is approved before either or both of the supplements, however, approval of the Annual

Drilling Plan must require that drilling of mid-zone or deep wells closer than 800 feet to a Sensitive Developed Area cannot proceed until the appropriate supplement is approved.

5. The Department shall submit each of the supplements to the Community Advisory Panel ("CAP") and allow it two weeks to provide written comments before the Department makes a decision on the supplement(s).

NOISE

6. Additional nighttime noise standards to be enforced are:

   a. From 10 p.m. to 7 a.m., A-weighted equivalent noise levels associated with drilling, redrilling and reworking wells shall not elevate baseline noise levels (which shall not include drilling, redrilling or reworking operations) by more than three A-weighted decibels (dBAs) at the oil field boundary at any Developed Area, but at no time will PXP be required to maintain noise levels below the baseline nighttime noise levels. (Baseline measurements includes not only the seven locations used in the EIR but four additional locations selected by PXP and the County)

      If PXP violates this provision, the County shall not issue new drilling or redrilling permits until PXP, in consultation with the County, identifies the source of the noise and PXP takes steps necessary to assure compliance with the three dBA limit.

   b. If drilling, redrilling or reworking operations elevate nighttime baseline noise levels by more than 10 dBA for more than 15 minutes in any one hour as independently verified and determined by the County, PXP in consultation with the County, shall identify the cause and source and take steps to avoid such extended period of noise elevation in the future.

NUMBER OF DRILL RIGS, WELLS/BONUS WELLS

7. PXP is limited to the use of two drill rigs at the field at any one time (instead of three).

8. The County shall track the number of wells to ensure that PXP drills or redrills no more than 500 new wells total pursuant to the CSD over the life of the CSD, or October 1, 2028, whichever is later and also to ensure that PXP complies with annual limits on the number of wells. The 500 wells includes Bonus Wells (discussed below) and thus is an overall maximum cap for the CSD time period.

9. Until either July 14, 2013 or until PXP has drilled or redrilled 50 wells (whichever is sooner), PXP is limited to 30 wells per year unless PXP has earned Bonus Wells. For PXP's abandonment/closure of each well located within 800 feet of a Developed Area since adoption of the CSD (October 28, 2008), PXP may drill two additional wells with the top hole *outside* that 800-foot zone ("Buffer Zone") as long as the well abandonment complies with DOGGR's standards for abandonment at the time of abandonment. (Thus, PXP gets two new wells—up to a maximum of 15—for each Buffer Zone-well

abandoned.) These earned additional wells are the "Bonus Wells". In this initial time period, PXP may drill up to 45 wells, 30 regular wells plus 15 Bonus Wells.

10. After the initial 50-well or July 14, 2013 whichever is sooner, PXP may apply to the Director of Regional Planning to increase the number of regular wells to 35 per year. The Director of Regional Planning must determine that the CSD has been operating adequately (i.e., to protect the health, safety and general welfare of the public). The Director of Regional Planning shall submit his decision regarding the well increase to PXP in writing. If the Director of Regional Planning approved the request, then PXP is limited to 35 regular wells plus 18 Bonus Wells on an annual basis for the remaining life of the CSD for a total of 53 annually.

11. To verify that abandonment was done in compliance with DOGGR standards at the time of abandonment, PXP should submit to Planning a copy of the well abandonment permit received from DOGGR and the "well history report" that PXP submits to DOGGR after physical abandonment of the well is completed. Planning will review these documents and if the abandoned well complies with the requirements, they will notify PXP that a site plan can be approved for a bonus well.

12. Once a Bonus Well is earned, it can be used at any time during the lifetime of the CSD, subject to the overall 500-well limit and that year's annual limit. In addition, the bonus well must be part of the Annual Drilling Plan for the year that the bonus well is drilled. For example, if PXP properly abandons a well in 2015 within the 800-foot zone, it earns two Bonus Wells which it can drill any year thereafter as long as it will drill no more than 53 wells and no more than 18 bonus wells that year. Again, the top hole for a Bonus Well must be located outside the Buffer Zone.

ANNUAL DRILLING PLAN AND PERIODIC REVIEW

13. The County shall ensure in its review of each Annual Drilling Plan, that PXP addresses the availability and feasibility of the use of natural gas-powered drill rigs or other technology capable of reducing environmental impacts caused by drilling or redrilling wells pursuant to the requirement in the CSD (Section 22.44.142.E.26.c.ix) that PXP discuss the latest equipment and techniques to reduce environmental impacts.

14. During the Periodic Review required by the CSD (Section 22.44.142.G.7), the County will evaluate technology capable of reducing environmental impacts for new equipment used in drilling or re-drilling wells that PXP intends to lease, acquire or otherwise use. The County shall require PXP to implement such technology to the extent it is feasible and available on a commercially reasonable basis. The technology review conducted by the County will be documented in the Periodic Review Report.

15. Any equipment not identified for decommissioning and removal in PXP's 2009 Clean-Up Plan (Section 22.44.142.E.21.a) that becomes unused or abandoned should be identified for removal in an updated plan. On an annual basis, if no updated removal plan is submitted by PXP, the Department shall inquire of PXP if any additional equipment has been abandoned or is no longer used such that a new plan is required. As part of the

annual EQAP audit, the County shall conduct a review of equipment at the site to determine if additional equipment should be removed. If there is such equipment, the Department shall require an updated removal plan.

16. For any wells to be abandoned, PXP is required to use a 150-foot cement surface plug instead of the 25-foot plug required by DOGGR. When reviewing the Annual Drilling Plan, the County should ensure that PXP has documented that this requirement will be met for any wells that PXP proposes to abandon that year. Approval of an annual drilling plan that includes abandonment of wells shall include conditions that require the 150-foot plug. The County shall conduct a review of the well abandonment records as part of the annual EQAP audit, which is conducted pursuant to the CSD, to verify that this requirement has been met.

GENERAL OPERATIONAL ISSUES

17. Permitting. Approval of an Annual Drilling Plan or individual permits by the County is prohibited if PXP is in violation of the following requirements:

a. PXP has failed to provide required slant drilling studies (This "no-permit" provision on the slant drilling issue *only* applies to deep zone or mid-zone wells with a top hole in the Buffer Zone and for which a slant drilling study is required. PXP may drill the wells identified in its Annual Drilling Plan that do not require a deep zone or mid-zone supplement.) ;

b. PXP failed to identify the source of noise that led to violation of the 3 dBA or 10 dBA nighttime standards (paragraph no. 5 above) and failed to take the necessary steps to ensure compliance with this standards for exceedances that are determined to be a result of drilling activities.

c. PXP is in violation of the two-drill rig limit of No. 6 above;

d. PXP exceeds the number of wells allowed to be drilled on an annual or overall basis (paragraph nos. 7-9 above), i.e., once PXP reaches the annual or overall limit, no new wells may be drilled either that year or overall if 500 limit is met;

e. PXP failed to comply with landscaping requirements (Paragraph 16 below).

18. Landscaping. The series of PXP's landscape plans, enhancing the Mia Lehrer Landscape Improvements Concepts, should by provided to the CAP for review prior to County approval. Work pursuant to the first two phases of the Landscaping Plan are to be completed within 9 months of the County's final approval of each phased plan. All landscaping is to be completed within three years of County approval of the final-phased plan.

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contaminants from oil field operations, and endeavor to determine and distinguish the source of emissions, to the extent feasible using available and affordable monitoring technology. The plan shall be completed, and a peer reviewed report issued, within 12 to 24 months after commencement. The County committed to spending up to $250,000 of its own funds toward implementing the plan and shall use reasonable efforts to seek additional funding sources if necessary to implement the plan. (Second district to use discretionary funds for this commitment.)

20. Enforcement should ensure that PXP is only using one gas plant flare at any one time at the facility. The old flare is only allowed to remain on site as back-up equipment in the event of failure or malfunction of the new flare.

21. Conduct review of the CSD when production drops to three percent of the estimated peak of production to date of 21,000 barrels of oil per day (i.e, if it drops to 630 barrels per day) to see if closure or modification of the CSD is warranted. [This is already required by Section 22.44.142.E.35 of the CSD but petitioners requested it also be included in the Settlement Agreement.] Any closure or modification of the CSD would required Commission and then Board approval, but the Department shall conduct the initial review to prepare a recommendation.

22. Receipt of peer-reviewed fraccing study/report prepared by independent consultant retained by PXP, <u>and</u> the County helps select the peer-review consultant.

23. Schedule an annual public discussion at the CAP concerning the settlement agreement and the status of compliance with its terms.

Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead

Richard J. Bruckner
Director

September 19, 2012

Kenneth L. Kutcher
Harding Larmore Kutcher & Kozal, LLP
1250 Sixth Street, Suite 200
Santa Monica, CA 90401-1602

Dear Mr. Kutcher:

STATUS OF COMPLIANCE WITH TERMS OF SETTLEMENT AGREEMENT IN BALDWIN HILLS CSD LITIGATION

This is in response to your letter dated August 23, 2012, submitted on behalf of Community Health Councils and Natural Resources Defense Council regarding the above-referenced summary. Your comments are addressed below in the same order raised in your letter.

With respect to your comment on slant drilling, a drilling plan supplement for deep zone wells is only required if said deep zone wells are located within 800 feet of a "Sensitive Developed Area." None of the deep zone wells are within that buffer area, as reflected by the annual drilling plan that was submitted and approved. As such, no supplement was required.

Regarding your comments on the County's health study, the health assessment conducted complies with the Settlement Agreement. While the County Department of Public Health did recommend discontinuation of the assessment, the County will comply with the Settlement Agreement to conduct additional assessments every five to seven years throughout the life of the Community Standards District (CSD). Your comment about the Settlement Agreement's requirement that the County review other agencies reports as part of the health assessment specifically relates to "future" assessments, not this first one. All parties were apprised during the settlement discussions that said review would not be conducted in this initial assessment. Accordingly, no additional work or review will be done for this first assessment. Regarding your request that the methodology for future health assessments and area to be included should be "agreed upon by the CAP for the next health study", the County will not agree to such a limitation. The Settlement Agreement requires the County to "consult" with the CAP and the Health Working Group regarding the

assessment and will do so. The Department of Public Health has expertise in the area and will, after consulting with the CAP and the Health Working Group, determine the scope of the study.

A copy of the August 2012 PowerPoint presentation on the community health study is available on the Department of Regional Planning website on the Baldwin Hills oil field. (http://planning.lacounty.gov/baldwinhills/documents).

The lack of funding for the electrical distribution study is disappointing. Representatives of the County Department of Public Works met with representatives of Southern California Edison (SCE) and the Los Angeles City Department of Water and Power (DWP) in December 2011. At the meeting, both SCE and DWP indicated they could not provide financial assistance for the study, although they indicated that other support could be provided. The Department of Public Works also reviewed its budget to determine if it could provide additional funding for the study, but determined none was available. As you requested, copies of communications with SCE and DWP regarding the electrical distribution study will be provided.

Concerning your comments about well plugs required for abandoned wells, the County completed its review on August 22, 2012. There have been two abandoned wells since the approval of the Settlement Agreement and thus only two wells have been required to be capped with a 150-foot cement surface plug. The cap for both wells exceeded the 150-foot requirement.

With respect to the final phase of the landscaping plans, PXP anticipates submitting the final Phase 7 landscape plan in the second half of 2013. The County recently provided its second round of comments on the third, fourth, and fifth phases of the landscape plan. Corrections were minimal and thus the plans for those phases should be approved relatively soon. PXP anticipates beginning installation of the landscaping pursuant to those plans in the beginning of 2013.

The fraccing study was completed by the July 15, 2012 deadline and has been forwarded to the peer-reviewers, who are John Martin of JP Martin Energy Strategy, LLC partnered with Peter Muller. The County and PXP selected the peer reviewers prior to the study deadline. The fraccing study results will be presented by the study's author during PXP's annual community meeting on October 15, 2012, and we expect that at least one of the peer reviewers will also be present at the meeting to respond to questions.

Enclosed are copies of the guidance provided to departments responsible for implementing the CSD.

Sincerely,

Richard J. Bruckner
Director

RJB:JRG:RH:rk

Enclosures

c: Supervisor Mark Ridley-Thomas (Karly Katona)
County Counsel (Elaine Lemke)
Baldwin Hills Conservancy (David McNeill)
Community Advisory Panel (John Kuechle)
Community Health Councils (Lark Galloway-Gilliam)
Natural Resources Defense Council (Damon Nagami)
City of Culver City (Carol Schwab)
The City Project (Robert Garcia)
PXP (Steve Rusch)

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WRITER'S E-MAIL ADDRESS
kutcher@hlkklaw.com

August 23, 2012

VIA EMAIL

Richard Bruckner, Director
Department of Regional Planning
320 West Temple Street, 13th Floor
Los Angeles, California 90012

Re: One Year Anniversary Summary
Our File No. 9065.2

Dear Mr. Bruckner:

This letter is submitted on behalf of Community Health Councils and Natural Resources Defense Council to comment on the one-year anniversary compliance report concerning the Settlement Agreement of the Baldwin Hills CSD litigation (*Community Health Councils, Inc. v. County of Los Angeles,* LASC Case No. BS118018, and consolidated cases).

I have reviewed the County's first annual summary of compliance that was enclosed with a letter from you dated July 25, 2012, to PXP Vice-President Steve Rusch. It is my understanding that pursuant to Paragraph 29 of the Settlement Agreement dated July 15, 2011, the Baldwin Hills Community Advisory Panel ("CAP") will be discussing this annual summary at its meeting later this evening.

We have a few comments and follow up suggestions, as set forth below. Similar to the County's compliance summary, the numbers provided below correspond to the numbered paragraphs of the controlling Settlement Agreement.

1. *Slant Drilling.* As to deep zone well drilling, the County's compliance summary indicates, "The 2012 [Annual Drilling Plan] contained four wells to be drilled in deep zones . . . The drilling of the deep zone wells is currently pending the release of the fraccing study." As you know, Paragraph 1(a) of the Settlement Agreement requires a Deep Zone Supplement to be prepared for drilling into the Nodular Shale and Sentous zones and any other zones approximately 8,000 feet or deeper. And Paragraph 1(d) requires such Drilling Plan Supplements to be promptly forwarded to the CAP for its review and comment. The compliance summary should be revised to reflect this requirement.

5. *Health Assessment and Environmental Justice Study.* While the County Department of Public Health has released a community health survey, that "study" has failed on many levels to meet the expectations and recommendations of the Health Working Group, which was effectively disbanded and excluded from the final decisions regarding the community health assessment's design and analysis. Many outstanding questions remain regarding the choice and consistency in the study area, as well as adjustment based on race and ethnicity. To no avail, Health Working Group members argued against the use and reliance upon the County's general health survey. And having structured the survey in the way of its own choosing, the County DPH has now concluded "the study design is not appropriate" to attribute increases in morbidity and mortality rates and on that basis is recommending discontinuation of the survey in future studies.

Furthermore, the Settlement Agreement calls for the review other agencies' reports regarding air quality, water quality and seismic data, where feasible, in future assessments. The County's sole reference to the air quality monitoring data is insufficient to satisfy this requirement. We recommend that a more comprehensive study examining the correlation between the data from the monitoring of oil production in the field and morbidity and mortality rates for a more clearly defined geographic area should be developed and agreed upon by the CAP for the next health study.

In addition, the County has not yet provided a copy of the August 2012 PowerPoint presentation on the community health study, and should do so.

7. *Electrical Distribution Study.* This lack of funding is disappointing news. We would like copies of all communications with SCE and DWP on this topic. If necessary, please consider this as a Public Records Act request for those communications. We are also interested in knowing what other funding options are being considered.

10. *Well Plugs.* It would be helpful to know the anticipated timetable for the County to complete its review of the well plug documentation. It would also be helpful to know how many wells have been plugged since execution of the Settlement Agreement.

11 *Landscaping.* It would be helpful to know the anticipated timetable for submittal of the final phase (Phase 7) of the landscaping plans.

13. *Fraccing Study.* At the time the annual review was written, the County found that required fraccing study was "expected to be completed by July 15, 2012, as required by the settlement agreement." That deadline has since passed. Was the study completed by PXP and has it since been forwarded to the County for peer review? Also, have the County and PXP selected the peer reviewer who will review the

study? If so, who was selected and what is the expected completion date for the peer review? We would like to stay informed of the progress of this work.

15. *CSD Provisions.* Please provide us with a copy of the written guidance that was circulated to the County staff and Departments pertaining to oil field operations and the Settlement Agreement requirements. If necessary, please consider this as a Public Records Act request for those communications.

Thank you for providing us with the opportunity to review and comment upon the annual review.

Very truly yours,

Kenneth L. Kutcher

KLK:snk

cc: Rena Kambara
Pat Hachiya
Karly Katona
David McNeill
John Kuechle
Lark Galloway-Gilliam
Damon Nagami
Carol Schwab
Robert Garcia

9065/Cor/Brucker.2001.KLK

Lopez, Glenda

From: Moser, Christopher [Christopher.Moser@ladwp.com]
Sent: Thursday, August 30, 2012 10:19 AM
To: Dunn, Steve
Subject: Inglewood Oil Field Study - DWP participation - UPDATE

Hi Steve,
I plan to have an internal meeting next week with representatives from the DWP Power System to discuss your feasibility study. I should have more information for you by the week of September 10.

Chris Moser
Supervisor Premier Accounts
Los Angeles Department of Water and Power
213.367.4940 Christopher.Moser@ladwp.com

Ask me about our current energy & water conservation rebate programs!

From: Moser, Christopher
Sent: Wednesday, August 22, 2012 10:19 AM
To: Dunn, Steve
Subject: RE: Inglewood Oil Field Study - DWP participation

Hi Steve,
We are still having internal discussion about your letter and how we plan to respond. I have made contact with people familiar with this feasibility study and they have been offering information on past decisions between LA County and DWP. I will update you as I receive more information.

Chris Moser
Supervisor Premier Accounts
Los Angeles Department of Water and Power
213.367.4940 Christopher.Moser@ladwp.com

Ask me about our current energy & water conservation rebate programs!

From: Dunn, Steve [mailto:SDUNN@dpw.lacounty.gov]
Sent: Thursday, August 16, 2012 4:36 PM
To: Moser, Christopher
Subject: RE: Inglewood Oil Field Study - DWP participation

Excellent Chris. Thank you.

From: Moser, Christopher [mailto:Christopher.Moser@ladwp.com]
Sent: Thursday, August 16, 2012 4:08 PM
To: Dunn, Steve
Subject: Re: Inglewood Oil Field Study - DWP participation

Hi Steve,
I received the letter last week and have been circulating it among DWP employees related to the project

and I am still awaiting a response from the group that could validate the DWP piece of your proposal. I should hear back by next week. I will contact you when I receive some more information.

Sent from my Blackberry.

From: Dunn, Steve [mailto:SDUNN@dpw.lacounty.gov]
Sent: Thursday, August 16, 2012 02:05 PM
To: Moser, Christopher
Subject: Inglewood Oil Field Study - DWP participation

Good afternoon Chris,

Thank you for your introduction a couple of weeks ago as the new Account Manager for the County of Los Angeles on behalf of DWP. I head the Utility Section for the County and met in December of last year with Heidi and many others from DWP, SCE, PXP and Supervisor Mark Ridley-Thomas' Office to discuss the subject study.

You should have received the attached letter below, but please let me know if you have not. If you have received it, ***can you please provide a rough timeline on when you think a response letter will be returned to the County?*** One of the key items necessary to be included in the written confirmation is DWP's funding position.

I look forward to meeting you in person, but in the meantime, please let me know if there is anything you would like me to look into from a utility perspective or if you have any questions.

Sincerely,
Steve Dunn
Utility Chief
County of Los Angeles Dept. of Public Works
(626) 458-3168

From: Nakhoul, Gus
Sent: Thursday, July 26, 2012 3:22 PM
To: 'Christopher.moser@ladwp.com'
Cc: Chenoweth, Daryll; Dunn, Steve; Aguilera, Manya
Subject: LA COUNTY Needs your personal mail, address contacts plus your official title

Hi Chris,

I was able to secure your cell phone number 213-792-8798 and your email through the City Bureau of Sanitation. Chris, I understand you're the main contact for LA-DWP with LA County on utility matters as of May 1, 2012 you have taken those duties from Ms. Heidi Bass.

The Utility Coordination Section with LA County Construction Division is in the process of preparing a memo to your office pertaining to Inglewood Oil Field in Baldwin Hills. We need your mailing contact information (i.e. address). To what DWP facility do we mail the aforementioned memo? What is your official title within your organization and if you have a direct phone contact and fax that you could provide us that would be greatly appreciated.

I just left you a voice mail on you cell phone requesting the above. Please feel free to call me if you have any question. Thanks

GUS NAKHOUL,PE

CONSTRUCTIon division
(626)458-3124
(626)979-5450 fax
Email:gnakhoul@DPW.LACOUNTY.GOV

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Lopez, Glenda

From: Dunn, Steve [SDUNN@dpw.lacounty.gov]
Sent: Wednesday, August 22, 2012 2:59 PM
To: 'David.A.Ford@sce.com'
Subject: Inglewood Oil Field Study - SCE participation
Importance: High
Attachments: Inglewood Oil Field Study.pdf

Hello Dave,

Do you have a timeframe for when SCE will be sending the letter in response to the County's attached letter? A key item to be addressed in the written confirmation is SCE's position on the funding participation.

Please let me know if there are any questions.

Thank you, Steve

From: David.A.Ford@sce.com [mailto:David.A.Ford@sce.com]
Sent: Wednesday, August 01, 2012 7:50 AM
To: Dunn, Steve
Subject: Re: Inglewood Oil Field consolidation of electrical line study

Steve,

Thanks, I will start are external process and reviews on SCE's electrical system in the PXP property.

From: "Dunn, Steve" [SDUNN@dpw.lacounty.gov]
Sent: 08/01/2012 02:43 PM GMT
To: David Ford
Subject: Inglewood Oil Field consolidation of electrical line study

Good morning Dave,

As mentioned at the 1/4ly meeting, attached is the draft letter that will be sent to SCE. A similar letter will be sent to DWP as well. The purpose of the letters is to request confirmation from the two organizations on the assistance they will provide in the study and to have something on file for the settlement agreement.

Thank you

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

GAIL FARBER, Director

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
http://dpw.lacounty.gov

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE REFER TO FILE: C-1

July 31, 2012

Mr. David A. Ford
Local Public Affairs, Region Manager
Southern California Edison Company
1000 East Potrero Grande Drive
Monterey Park, CA 91755

Dear Mr. Ford:

INGLEWOOD OIL FIELD – BALDWIN HILLS
FEASIBILITY STUDY FOR REDUCING OVERHEAD BLIGHT

As a follow-up to our December 20, 2011 meeting, the County of Los Angeles (County) has identified an as-needed consultant to perform the feasibility study for reducing overhead blight. We are now in the process of identifying the necessary funding to retain the consultant.

As we finalize the funding sources and scope of work for the consultant, we need to confirm what can and cannot be provided by your organization. This will allow the County to plan accordingly and map out the most expeditious way forward. The information previously communicated by your organization indicated the following:

- Southern California Edison staff will provide as-built drawings and other related electrical system information such as specifications and technical reports.
- Southern California Edison staff will provide professional expertise to assist with the study.
- The study is not eligible for funding per California Public Utility Commission regulations.

CONSTRUCTION

Please provide written confirmation to be used in defining the tasks of our consultant. If you have any questions, please contact Mr. Steve Dunn at sdunn@dpw.lacounty.gov or (626) 458-3168.

Very truly yours,

GAIL FARBER
Director of Public Works

Ken Swanson

JAMES T. SPARKS
Assistant Deputy Director
Construction Division

SMD:ma
O:\Section\Utilities\SD2\Inglewood Oil Field Study SCE.docx

cc: Supervisor Mark Ridley-Thomas (Katona)
County Counsel (Lemke)
Southern California Edison Company (David G. Seeley II, Ben Wong)

bc: Land Development (Burger)

Lopez, Glenda

From: Dunn, Steve [SDUNN@dpw.lacounty.gov]
Sent: Thursday, August 16, 2012 2:06 PM
To: 'Christopher.moser@ladwp.com'
Subject: Inglewood Oil Field Study - DWP participation
Importance: High
Attachments: Inglewood Oil Field Study - DWP.PDF

Good afternoon Chris,

Thank you for your introduction a couple of weeks ago as the new Account Manager for the County of Los Angeles on behalf of DWP. I head the Utility Section for the County and met in December of last year with Heidi and many others from DWP, SCE, PXP and Supervisor Mark Ridley-Thomas' Office to discuss the subject study.

You should have received the attached letter below, but please let me know if you have not. If you have received it, ***can you please provide a rough timeline on when you think a response letter will be returned to the County?*** One of the key items necessary to be included in the written confirmation is DWP's funding position.

I look forward to meeting you in person, but in the meantime, please let me know if there is anything you would like me to look into from a utility perspective or if you have any questions.

Sincerely,
Steve Dunn
Utility Chief
County of Los Angeles Dept. of Public Works
(626) 458-3168

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To: 'Christopher.moser@ladwp.com'
Cc: Chenoweth, Daryll; Dunn, Steve; Aguilera, Manya
Subject: LA COUNTY Needs your personal mail, address contacts plus your official title

Hi Chris,

I was able to secure your cell phone number 213-792-8798 and your email through the City Bureau of Sanitation. Chris, I understand you're the main contact for LA-DWP with LA County on utility matters as of May 1, 2012 you have taken those duties from Ms. Heidi Bass.

The Utility Coordination Section with LA County Construction Division is in the process of preparing a memo to your office pertaining to Inglewood Oil Field in Baldwin Hills. We need your mailing contact information (i.e. address). To what DWP facility do we mail the aforementioned memo? What is your official title within your organization and if you have a direct phone contact and fax that you could provide us that would be greatly appreciated.

I just left you a voice mail on you cell phone requesting the above. Please feel free to call me if you have any question. Thanks

GUS NAKHOUL,PE
CONSTRUCTIon division
(626)458-3124
(626)979-5450 fax
Email:gnakhoul@DPW.LACOUNTY.GOV

COUNTY OF LOS ANGELES

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ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE REFER TO FILE: C-1

July 31, 2012

Mr. Christopher Moser
Supervisor, Premier Account Management
Commercial Services
Los Angeles Department of Water and Power
111 North Street, Room 1009
Los Angeles, CA 90012

Dear Mr. Moser:

INGLEWOOD OIL FIELD – BALDWIN HILLS
FEASIBILITY STUDY FOR REDUCING OVERHEAD BLIGHT

As a follow-up to our December 20, 2011 meeting, the County of Los Angeles (County) has identified an as-needed consultant to perform the feasibility study for reducing overhead blight. We are now in the process of identifying the necessary funding to retain the consultant.

In anticipation, this consultant is retained by the County for the study that we need to confirm what can and cannot be provided by your organization. This will allow the County to plan accordingly and map out the most expeditious way forward. The information previously communicated by your organization indicated the following:

- Los Angeles Department of Water and Power (LADWP) will provide as-built drawings and other related DWP electrical system information such as specifications and technical reports.
- LADWP will provide professional expertise to assist with the study.
- LADWP will require the County's consultant to prepare a written request specifying the extent of information needed.
- LADWP will require a nondisclosure agreement prior to the release of the aforementioned information and may be subject to a nominal fee.
- LADWP will not commit funding toward hiring a consultant to complete the study.

CONSTRUCTION

Please provide written confirmation to be used in defining the tasks of our consultant. If you have any questions, please contact Mr. Steve Dunn at sdunn@dpw.lacounty.gov or (626) 458-3168.

Very truly yours,

GAIL FARBER
Director of Public Works

Ken Swanson

JAMES T. SPARKS
Assistant Deputy Director
Construction Division

SMD:ma
O:\Section\Utilities\SD2\Inglewood Oil Field Study DWP.docx

cc: Supervisor Mark Ridley-Thomas (Katona)
County Counsel (Lemke)

bc: Land Development (Burger)

Lopez, Glenda

From: Bass, Heidi [Heidi.Bass@ladwp.com]
Sent: Wednesday, September 05, 2012 12:26 PM
To: Fujiwara, Thomas
Cc: Moser, Christopher; Gokey, James; Thornburg, Jeffrey; Dunn, Steve
Subject: RE: RE: Inglewood Oil field - Baldwin Hills Feasibility Study

Hi Tom,

I don't have a copy of a map—but here is the physical street boundaries and Thomas Book page. For exact coordinates, please contact Steve Dunn at SDUNN@dpw.lacounty.gov.

Mark Fleming or James Gokey might have a map of the area as I understand they provided drawings to LAC DPW on May 1, 2012.

Also, Chris Moser has taken over as LAC Account Manager and is the supervisor from Premier Account Management overseeing this project now.

Thanks,
Heidi

From: Dunn, Steve
Sent: Monday, October 17, 2011 2:01 PM
To: 'Bass, Heidi'
Cc: Waizenegger, Jack; LeeRay, Gloria
Subject: RE: Electrical Distribution Study - PXP Oil Field in Baldwin Hills

Heidi,

I understand the location is referred to as the Inglewood Oil Field and is located in the unincorporated County of Los Angeles Baldwin Hills area (TBG 673-A/4); northwest, northeast and southeast of the intersection of La Cienega Blvd and Stocker St.

To further the earlier emails and phone call, Supervisor Mark Ridley-Thomas has expressed interest in looking at ways to streamline some of the electrical distribution lines within the oil field.

Last July, a settlement agreement was executed with Plains Exploration and Production (PXP), the City of Culver City and community organizations related to the Community Standards District - the County's oversight mechanism for regulations of oil extraction and operations. Part of the settlement included a formal commitment that the County would propose to the Los Angeles Department of Water and Power and SCE that a cooperative study be conducted regarding opportunities to streamline and consolidate electrical lines distributed throughout the Oil Field.

Both PXP and the County are committed to funding one-fourth of the cost of such a study.

We would greatly appreciate it if DWP would be willing to work with the Supervisor's Office on this.

Please advise as to who would be the best contact to begin discussions related to developing a scope of work for such a study?

Thanks again, Steve.

Thanks,
Heidi L. Bass, MBA, CEM
Supervisor, Premier Account Management
213-367-2422
heidi.bass@ladwp.com

From: Fujiwara, Thomas
Sent: Wednesday, September 05, 2012 8:10 AM
To: Bass, Heidi
Subject: RE: Inglewood Oil field - Baldwin Hills Feasibility Study

Good morning Heidi,

Can you please send me a plan to show the boundaries requested for converting DWP's overhead 34.5-kv lines to underground on Baldwin Hills?
I need the distance for the cost estimate. Thanks.

Tom, 72664

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Lopez, Glenda

From: Bass, Heidi [Heidi.Bass@ladwp.com]

Sent: Wednesday, April 25, 2012 6:39 PM

To: Dunn, Steve

Cc: Fleming, Mark; Hunter, Scott; Islam, Saif; Gokey, James; Walls, Dennis; Zabukovec, Vincent; Thornburg, Jeffrey; Farraj, Sager; Brown, Steve R.; Monroy, Rodolfo; Dennis, John; Ushijima, Carol; LeeRay, Gloria; Moser, Christopher

Subject: RE: Additional Info Needed - LAC DPW - PXP Oil Field Line Consolidation Study

Hi Steve,

Yes, we do have as-built drawings for Distribution lines crossing the PXP oil field. We are still checking on the status of as-built drawings for our Transmission lines crossing the PXP oil field.

LADWP Distribution Lines
LADWP maintains all pole records in its mainframe recordkeeping system. As built information from the original installation plans are kept in this system detailing approximate pole locations, the year set, pole height and tenants attached. Aside from the transmission lines, LADWP currently has two 34.5kV trunk line circuits traversing approximately 3000' of the oil field property.

The PXP/County consultant should prepare a written request specifying the extent of information needed to complete their study. The county and consultant should also note that a non-disclosure agreement will be needed prior to the release of distribution system records and may be subject to a nominal fee.

Direct any correspondence to:
Rodolfo J. Monroy
LADWP Power Distribution-Underground Conversions
111 N. Hope Street Room 851
Los Angeles, CA 90012

LADWP Transmission Lines
We are still researching whether or not we have as built drawings for the Transmission lines crossing PXP oil field. We believe we do.

The PXP/County consultant should prepare a written request specifying the extent of information needed to complete their study. The county and consultant should also note that a non-disclosure agreement will be needed prior to the release of distribution system records and may be subject to a nominal fee.

Direct any correspondence to:
Mark Fleming
Los Angeles Department of Water & Power
Overhead Transmission Engineering
111 N. Hope Street Room 1121
Los Angeles, CA 90012

Office: 213-367-2474
Cell: 213-792-8470
Fax: 213-367-2498

Please let me know if you need anything further from us.

Thanks,
Heidi L. Bass, MBA, CEM
Supervisor, Premier Account Management
213-367-2422
heidi.bass@ladwp.com

From: Bass, Heidi
Sent: Wednesday, April 25, 2012 1:43 PM
To: Dennis, John; Curci, Vincent
Cc: Ushijima, Carol; LeeRay, Gloria; Moser, Christopher; Fleming, Mark; Hunter, Scott; Islam, Saif; Gokey, James; Walls, Dennis; Monroy, Rodolfo
Subject: Re: Additional Info Needed - LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting summary

Hi John and Vince,

LAC Dept of Public Works and Board of Supervisors has requested LADWP/SCE assistance in a court-mandated study to consolidate and underground lines in the PXP oil field between Stocker and La Cienega.

We met with LAC Spvsr staff, LACDPW, SCE, and PXP a few month's back and all parties agreed the ballpark cost to underground/consolidate lines is a $250-$500M & not feasible as majority of the lines belong to PXP internal distribution lines spider-webbed across the field. Plus, it is not safe to underground lines in an active oil field due to pockets of gas.

However, the legal settlement with the neighborhood community group requires a 3rd party study.

LADWP stated we are not in a financial position to help fund the study but we would provide drawings and our professional expertise to assist with the study.

I hope this helps clarify this request.

Thanks,
Heidi L. Bass, MBA, CEM
Supervisor, Premier Account Management
213-367-2422
heidi.bass@ladwp.com

From: Bass, Heidi
Sent: Tuesday, April 24, 2012 3:42 PM
To: Hunter, Scott; Islam, Saif; Gokey, James; Walls, Dennis; Fleming, Mark; Monroy, Rodolfo
Cc: 'SDUNN@dpw.lacounty.gov'; Ushijima, Carol; LeeRay, Gloria; Moser, Christopher; Dennis, John
Subject: FW: Additional Info Needed - LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting

summary
Importance: High

Can one of you please provide an answer to Steve Dunn regarding as-built drawings for our transmission and distribution lines going through the PXP oil field?

Thanks,
Heidi L. Bass, MBA, CEM
Supervisor, Premier Account Management
213-367-2422
heidi.bass@ladwp.com

From: Dunn, Steve [mailto:SDUNN@dpw.lacounty.gov]
Sent: Tuesday, April 24, 2012 2:42 PM
To: Bass, Heidi; Dave.Seeley@sce.com
Subject: FW: LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting summary
Importance: High

Hello Heidi and Dave,

I have already asked Candace Salway (PXP) what percentage of the existing PXP electrical lines will PXP have as-built design drawings for.

For your two organizations, what percentage of your facilities would you have as-built design drawings for?

And if a third party consultant hired by the County to conduct the subject study needed such drawings/information for the study, how would the consultant obtain such information from your organizations?

Thank you, Steve.

From: Dunn, Steve
Sent: Wednesday, December 28, 2011 2:17 PM
To: 'Bass, Heidi'; 'Hunter, Scott'; 'Islam, Saif'; 'Gokey, James'; 'LeeRay, Gloria'; 'Walls, Dennis'; 'Nevarez, David'; 'Fleming, Mark'; 'Monroy, Rodolfo'; 'Salway, Candace'; 'Dave.Seeley@sce.com'; 'David.A.Ford@sce.com'
Cc: 'Katona, Karly'; 'Lemke, Elaine'
Subject: LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting summary

Good afternoon,

Please find attached a brief summary to last week's meeting and let me know if any edits are required. Additionally, please forward information on any companies/consultants that would perform the type of study we discussed.

Thank you again and Happy New Year, Steve.

From: Dunn, Steve
Sent: Tuesday, December 20, 2011 5:49 PM
To: 'Bass, Heidi'; Hunter, Scott; Islam, Saif; Gokey, James; LeeRay, Gloria; Walls, Dennis; Nevarez, David; Fleming, Mark; Monroy, Rodolfo; Salway, Candace; 'Dave.Seeley@sce.com'; 'David.A.Ford@sce.com'
Cc: 'Katona, Karly'

Subject: LAC DPW - PXP Oil Field Line Consolidation Study

Thank you all for taking time out of your busy schedules to meet at the last minute. Attached is the sign-in sheet for your record. I will follow-up shortly with a brief summary.

Happy Holidays, Steve

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Lopez, Glenda

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Sent: Wednesday, December 28, 2011 2:17 PM
To: 'Bass, Heidi'; 'Hunter, Scott'; 'Islam, Saif'; 'Gokey, James'; 'LeeRay, Gloria'; 'Walls, Dennis'; 'Nevarez, David'; 'Fleming, Mark'; 'Monroy, Rodolfo'; 'Salway, Candace'; 'Dave.Seeley@sce.com'; 'David.A.Ford@sce.com'
Cc: 'Katona, Karly'; Lemke, Elaine
Subject: LAC DPW - PXP Oil Field Line Consolidation Study - 12/20 brief meeting summary
Attachments: Inglewood Oil Field Meeting Summary 12-20-11.doc

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Please find attached a brief summary to last week's meeting and let me know if any edits are required. Additionally, please forward information on any companies/consultants that would perform the type of study we discussed.

Thank you again and Happy New Year, Steve.

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To: 'Bass, Heidi'; Hunter, Scott; Islam, Saif; Gokey, James; LeeRay, Gloria; Walls, Dennis; Nevarez, David; Fleming, Mark; Monroy, Rodolfo; Salway, Candace; 'Dave.Seeley@sce.com'; 'David.A.Ford@sce.com'
Cc: 'Katona, Karly'
Subject: LAC DPW - PXP Oil Field Line Consolidation Study

Thank you all for taking time out of your busy schedules to meet at the last minute. Attached is the sign-in sheet for your record. I will follow-up shortly with a brief summary.

Happy Holidays, Steve

INGLEWOOD OIL FIELD – STUDY TO STREAMLINE AND CONSOLIDATE ELECTRICAL LINES

DECEMBER 20, 2011 (3 PM)
COUNTY OF LOS ANGELES HALL OF ADMINISTRATION
ROOM 372
Brief Summary

- INTRODUCTIONS (SIGN-IN SHEET WAS EMAILED TO ATTENDEES)

- BRIEF OVERVIEW OF THE OIL FIELD SITE – CONSISTS OF THREE CATEGORIES OF ELECTRICAL LINES

  A. TRANSMISSION (DWP AND SCE)
  B. DISTRIBUTION (DWP AND SCE)
  C. FEEDER LINES (PXP) – TERM FOR THE GROWTH OF THESE LINES WAS "ORGANIC" RATHER THAN "PLANNED"

- THE SUPERVISOR'S GOAL IS TO BE ABLE TO REPORT TO THE COMMUNITY WITH SOLID INFORMATION ON WHAT CAN REALISTICALLY (FEASIBLY) BE DONE WITH THE SITE TO IMPROVE AESTHETICS, IF ANYTHING AT ALL. AS SUCH, A STUDY SHOULD BE PERFORMED TO COMPILE THIS INFORMATION.

- THE CONSENSUS OF THE MEETING WAS THAT A THIRD PARTY CONSULTANT SHOULD BE CONTRACTED WITH TO PREPARE THE STUDY. DPW WILL SOLICIT SCE AND DWP FOR POSSIBLE CONSULTANTS AS WELL AS INVESTIGATE THE COUNTY MASTER SERVICE AGREEMENT LIST FOR AS-NEEDED CONSULTANTS THAT COULD POSSIBLY PERFORM THE STUDY.

- OBJECTIVES AND THE SCOPE OF STUDY NEED TO BE IDENTIFIED FOR INCLUSION IN A RFP.

- ONE OF THE OBJECTIVES OF THE CONSULTANT WILL BE TO IDENTIFY MORE ACCURATELY UNDERGROUNDING COSTS – THE "ORDER OF MAGNITUDE".

- INITIAL PRELIMINARY COSTS TO UNDERGROUND LINES IS IN THE "TENS OF MILLIONS" AND PERHAPS "HUNDREDS OF MILLIONS" OF DOLLARS.

- SCE AND DWP WILL PROVIDE INFORMATION TO THE THIRD PARTY CONSULTANT, SUBJECT TO CERTAIN SECURITY REQUIREMENTS, STAFFING AVAILABILITIES AND MANAGEMENT APPROVAL.

COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

TELEPHONE
(213) 974-1930
FACSIMILE
(213) 613-4751
TDD
(213) 633-0901

ANDREA SHERIDAN ORDIN
County Counsel

January 26, 2012

TO: MAXANNE HATCH
Board Liaison
Department of Public Health

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

Settlement of the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD"), found in Section 22.44.142 et seq. of Title 22 of the County Code, and its Environmental Impact Report requires the "County to provide written guidance on the additional limits and controls regarding operations of the [oil field regulated by the CSD] which are required by [the Settlement Agreement] to County staff and departments responsible" for implementing and enforcing the CSD. We are required to recirculate the written guidance on an annual basis. In compliance with this provision of the Settlement Agreement, enclosed is a document setting forth the Department of Public Health's responsibilities under said agreement. (We understand that the Health Study referenced therein is well under way.)

It is important to note that the CSD remains in effect and control. Please provide a copy of the enclosures to the appropriate personnel in your department. A copy of the Settlement Agreement is also enclosed.

EML:vn

Enclosures

c: Karly Katona, Deputy
Second Supervisorial District

REQUIREMENTS OF COUNTY DEPARTMENT OF PUBLIC HEALTH PURSUANT TO SETTLEMENT AGREEMENT IN BALDWIN HILLS CSD LITIGATION

Health Study

Complete a Community Health Assessment of the communities surrounding the Oil Field which shall include an Environmental Justice component by June 2012 and ensure additional assessments are completed every five to seven years throughout the life of the CSD.

In future Community Health Assessments, the County Department of Public Health ("Public Health") shall review other agencies' reports regarding air quality, water quality and seismic data, where feasible, in its assessment. Public Health will analyze the information by socio-economic and demographic data to accommodate and reflect an Environmental Justice component. The Community Health Assessment shall include, but not be limited to, an analysis of cancer, rates, mortality rates, birth outcomes and a survey of other pertinent health indicators.

Public Health will consult with the CAP and the Health Working Group regarding the Community Health Assessment and consider reasonable comments by the CAP and the Health Working Group.

Public Health will comply with all applicable state and federal requirements including Title VI of the Civil Rights Act of 1964 and corresponding regulations, and California Government Code Section 11135 and corresponding regulations.

Air Quality Monitoring

Provide input to Department of Regional Planning regarding the following.

Supplemental to the air monitoring required by the CSD, the County will develop and implement an air quality monitoring plan that takes into consideration review and comments from Petitioners, interested stakeholders and the public. Such air monitoring shall be designed to assess the risk of both acute and chronic exposure to air contaminants from Oil Field operations, and endeavor to determine and distinguish the source of emissions, to the extent feasible using available and affordable monitoring technology.

The air monitoring may be performed by SCAQMD, or an independent qualified consultant selected by County, and shall be commenced by July 15, 2012.

The protocol for the air monitoring plan shall be peer reviewed prior to commencement. The plan shall be completed, and a peer reviewed report issued, within 12 to 24 months after commencement.

The County commits to spending up to $250,000 of its own funds toward implementing the plan and shall use reasonable efforts to seek additional funding sources if necessary to implement the plan. (Office of the Second Supervisorial District to provide funding and take lead in securing additional funding.)

Noise

The Department of Regional Planning has primary responsibility for implementing the CSD, however, Public Health has worked with Regional Planning on the noise issues. Accordingly, set forth below are changes to noise standards. Other noise standards in the CSD remain in effect.

Additional nighttime noise standards to be enforced are:

a. From 10 p.m. to 7 a.m., A-weighted equivalent noise levels associated with drilling, redrilling and reworking wells shall not elevate baseline noise levels (which shall not include drilling, redrilling or reworking operations) by more than three A-weighted decibels (dBAs) at the oil field boundary at any Developed Area, but at no time will PXP be required to maintain noise levels below the baseline nighttime noise levels. (Baseline measurements includes not only the seven locations used in the EIR but four additional locations selected by PXP and the County)

If PXP violates this provision, the County shall not issue new drilling or redrilling permits until PXP, in consultation with the County, identifies the source of the noise and PXP takes steps necessary to assure compliance with the three dBA limit.

b. If drilling, redrilling or reworking operations elevate nighttime baseline noise levels by more than 10 dBA for more than 15 minutes in any one hour as independently verified and determined by the County, PXP in consultation with the County, shall identify the cause and source and take steps to avoid such extended period of noise elevation in the future.

COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

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(213) 613-4751
TDD
(213) 633-0901

ANDREA SHERIDAN ORDIN
County Counsel

July 11, 2012

TO: GAIL FARBER, Director
Department of Public Works

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

Settlement of the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD") and its Environmental Impact Report requires the "County to provide written guidance on the additional limits and controls regarding operations of the [oil field regulated by the CSD] which are required by [the Settlement Agreement] to County staff and departments responsible" for implementing and enforcing the CSD. We are required to recirculate the written guidance on an annual basis. In compliance with this provision of the Settlement Agreement, attached is a document setting forth the additional responsibilities under said agreement, which will be overseen or enforced by the Department of Public Works. Otherwise, the CSD remains in effect and control. Please provide a copy of the attachments to the appropriate personnel in your department. (In 2011 and the first half of 2012, Steve Dunn handled oversight of the electrical distribution study referenced in the attachment.)

A copy of the Settlement Agreement is also attached.

EML:vn

Attachments

c: Karly Katona, Deputy
Second Supervisorial District

REQUIREMENTS OF COUNTY DEPARTMENT OF PUBLIC WORKS PURSUANT TO SETTLEMENT AGREEMENT IN BALDWIN HILLS CSD LITIGATION IN ADDITION TO RESPONSIBILITIES UNDER BALDWIN HILLS COMMUNITY STANDARDS DISTRICT [2012]

Electrical Distribution Study

The settlement agreement required the County to propose to Southern California Edison ("SCE") and the Los Angeles Department of Water and Power ("DWP") that a study be conducted in cooperation with SCE, DWP, the County and Plains Exploration and Production Company ("PXP"), the oil field operator, regarding opportunities to streamline and consolidate electrical lines distributed throughout the Baldwin Hills oil field.

Proposal was to be that SCE, DWP, PXP and the County each fund a quarter of the cost of any such study. The County Department of Public Works ("Public Works") was tasked with overseeing the County's involvement and initiating the proposal to DWP and SCE.

PUBLIC WORKS MADE THE REQUIRED PROPOSAL BUT SCE and DWP DECLINED TO PARTICIPATE.

THE COUNTY IS EXPLORING WHETHER OTHER FUNDING CAN BE OBTAINED. IF SUCH FUNDING IS LOCATED, THEN PUBLIC WORKS WOULD OVERSEE THE COUNTY'S PARTICIPATION.

COUNTY OF LOS ANGELES

OFFICE OF THE COUNTY COUNSEL

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ANDREA SHERIDAN ORDIN
County Counsel

July 11, 2012

TO: RICHARD J. BRUCKNER
Director of Planning
Department of Regional Planning

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

Settlement of the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD") and its Environmental Impact Report requires the "County to provide written guidance on the additional limits and controls regarding operations of the [oil field regulated by the CSD] which are required by [the Settlement Agreement] to County staff and departments responsible" for implementing and enforcing the CSD. We are required to recirculate the written guidance on an annual basis. In compliance with this provision of the Settlement Agreement, attached is a document setting forth the additional and more restrictive controls and limits under said agreement, which will be overseen or enforced by the Department of Regional Planning. Otherwise, the CSD remains in effect and control. Please provide a copy of the attachments to the appropriate personnel in your department.

A copy of the Settlement Agreement is also attached.

EML:vn

Attachments

c: Karly Katona, Deputy
Second Supervisorial District

DEPARTMENT OF REGIONAL PLANNING RESPONSIBILITIES PURSUANT TO SETTLEMENT AGREEMENT REGARDING INGLEWOOD OIL FIELD **IN ADDITION TO** THE DEPARTMENT'S RESPONSIBILITIES ARISING FROM THE BALDWIN HILLS COMMUNITY STANDARDS DISTRICT **[2012 VERSION]**

DRILLING PLANS/SLANT DRILLING

1. Review and approve or identify deficiencies of Deep Zone Supplements that PXP is required to submit for deep zone wells as part of its Annul Drilling Plan within 45 days of receipt of the supplement from Plains Exploration and Production Company ("PXP"). If a well can be slant drilled to lessen environmental impacts, slant drilling will be required.

   For any well that PXP proposes to drill where the top hole is closer than 800 feet to a lot or parcel that contains a single or multi-family residence, existing park, school or health care facility ("Sensitive Developed Areas") and which is in a deep zone (Nodular Shale and Sentous zones and other newly identified zones approximately 8,000 feet or deeper), PXP is required as part of its Annual Drilling Plan to provide a Deep Zone Supplement, which is a study of the technical feasibility and commercial reasonability of Slant Drilling those wells in order to further mitigate potential impacts to Sensitive Developed Area. Generally that means if slant drilling will move the top hole further from a Sensitive Developed Area than if straight-drilled, then slant drill it. However, the County must consider that slant drilling may have other environmental impacts (e.g., more emissions because it will take longer to drill), so there must be a balancing.

   Slant drilling is defined as non-vertical drilling, directional drilling, or drilling at a relatively significant angle.

2. Review and approve or identify deficiencies of a Mid-Zone Supplement to the Annual Drilling Plan submitted by PXP for mid-zone depth wells (Moynier, Bradna and City of Inglewood zones and other newly identified zones approximately 3,500 to 7,999 feet deep) if the top hole is closer than 800 feet to a Sensitive Developed Area. Same 45-day period as above applies. The Mid-Zone Supplement documents the location of these wells and is required to explain why it is not technically feasible and commercially reasonable to locate the Top Hole away from Sensitive Developed Areas in order to further mitigate impacts to such areas.

3. Drilling of wells where the bottom hole is less than approximately 3,5000 feet deep and above the zones identified as "mid-zone". Shallow wells include the Investment, Vickers, and Rindge zones and should be located away from developed areas and identified in the Annual Drilling Plan and, of course, otherwise comply with CSD requirements.

4. The Annual Drilling Plan should identify all wells proposed for drilling in the year—deep, mid-zone and shallow. The Department may approve the Annual Drilling Plan, Deep Zone Supplement and Mid-Zone Supplements independently of one another. Drilling pursuant to an approved plan or approved supplement may proceed even if one or both of the other documents are not yet approved. If the Annual Drilling Plan is approved before either or both of the supplements, however, approval of the Annual

Drilling Plan must require that drilling of mid-zone or deep wells closer than 800 feet to a Sensitive Developed Area cannot proceed until the appropriate supplement is approved.

5. The Department shall submit each of the supplements to the Community Advisory Panel ("CAP") and allow it two weeks to provide written comments before the Department makes a decision on the supplement(s).

NOISE

6. Additional nighttime noise standards to be enforced are:

   a. From 10 p.m. to 7 a.m., A-weighted equivalent noise levels associated with drilling, redrilling and reworking wells shall not elevate baseline noise levels (which shall not include drilling, redrilling or reworking operations) by more than three A-weighted decibels (dBAs) at the oil field boundary at any Developed Area, but at no time will PXP be required to maintain noise levels below the baseline nighttime noise levels. (Baseline measurements includes not only the seven locations used in the EIR but four additional locations selected by PXP and the County)

      If PXP violates this provision, the County shall not issue new drilling or redrilling permits until PXP, in consultation with the County, identifies the source of the noise and PXP takes steps necessary to assure compliance with the three dBA limit.

   b. If drilling, redrilling or reworking operations elevate nighttime baseline noise levels by more than 10 dBA for more than 15 minutes in any one hour as independently verified and determined by the County, PXP in consultation with the County, shall identify the cause and source and take steps to avoid such extended period of noise elevation in the future.

NUMBER OF DRILL RIGS, WELLS/BONUS WELLS

7. PXP is limited to the use of two drill rigs at the field at any one time (instead of three).

8. The County shall track the number of wells to ensure that PXP drills or redrills no more than 500 new wells total pursuant to the CSD over the life of the CSD, or October 1, 2028, whichever is later and also to ensure that PXP complies with annual limits on the number of wells. The 500 wells includes Bonus Wells (discussed below) and thus is an overall maximum cap for the CSD time period.

9. Until either July 14, 2013 or until PXP has drilled or redrilled 50 wells (whichever is sooner), PXP is limited to 30 wells per year unless PXP has earned Bonus Wells. For PXP's abandonment/closure of each well located within 800 feet of a Developed Area since adoption of the CSD (October 28, 2008), PXP may drill two additional wells with the top hole *outside* that 800-foot zone ("Buffer Zone") as long as the well abandonment complies with DOGGR's standards for abandonment at the time of abandonment. (Thus, PXP gets two new wells—up to a maximum of 15—for each Buffer Zone-well

abandoned.) These earned additional wells are the "Bonus Wells". In this initial time period, PXP may drill up to 45 wells, 30 regular wells plus 15 Bonus Wells. **NOTE THAT PXP ALREADY REACHED THE 50-WELL LIMIT; THUS THIS PROVISION IS NO LONGER APPLICABLE.**

10. After the initial 50-well or July 14, 2013 whichever is sooner, PXP may apply to the Director of Regional Planning to increase the number of regular wells to 35 per year. The Director of Regional Planning must determine that the CSD has been operating adequately (i.e., to protect the health, safety and general welfare of the public). The Director of Regional Planning shall submit his decision regarding the well increase to PXP in writing. If the Director of Regional Planning approved the request, then PXP is limited to 35 regular wells plus 18 Bonus Wells on an annual basis for the remaining life of the CSD for a total of 53 annually. THIS PROVISION IS NOW IN EFFECT.

11. To verify that abandonment was done in compliance with DOGGR standards at the time of abandonment, PXP should submit to Planning a copy of the well abandonment permit received from DOGGR and the "well history report" that PXP submits to DOGGR after physical abandonment of the well is completed. Planning will review these documents and if the abandoned well complies with the requirements, they will notify PXP that a site plan can be approved for a bonus well. It should also document use of the 150-foot concrete cap on an abandoned well.

12. Once a Bonus Well is earned, it can be used at any time during the lifetime of the CSD, subject to the overall 500-well limit and that year's annual limit. In addition, the bonus well must be part of the Annual Drilling Plan for the year that the bonus well is drilled. For example, if PXP properly abandons a well in 2015 within the 800-foot zone, it earns two Bonus Wells which it can drill any year thereafter as long as it will drill no more than 53 wells and no more than 18 bonus wells that year. Again, the top hole for a Bonus Well must be located outside the Buffer Zone.

ANNUAL DRILLING PLAN AND PERIODIC REVIEW

13. The County shall ensure in its review of each Annual Drilling Plan, that PXP addresses the availability and feasibility of the use of natural gas-powered drill rigs or other technology capable of reducing environmental impacts caused by drilling or redrilling wells pursuant to the requirement in the CSD (Section 22.44.142.E.26.c.ix) that PXP discuss the latest equipment and techniques to reduce environmental impacts.

14. During the Periodic Review required by the CSD (Section 22.44.142.G.7), the County will evaluate technology capable of reducing environmental impacts for new equipment used in drilling or re-drilling wells that PXP intends to lease, acquire or otherwise use. The County shall require PXP to implement such technology to the extent it is feasible and available on a commercially reasonable basis. The technology review conducted by the County will be documented in the Periodic Review Report.

15. Any equipment not identified for decommissioning and removal in PXP's 2009 Clean-Up Plan (Section 22.44.142.E.21.a) that becomes unused or abandoned should be identified

for removal in an updated plan. On an annual basis, if no updated removal plan is submitted by PXP, the Department shall inquire of PXP if any additional equipment has been abandoned or is no longer used such that a new plan is required. As part of the annual EQAP audit, the County shall conduct a review of equipment at the site to determine if additional equipment should be removed. If there is such equipment, the Department shall require an updated removal plan.

16. For any wells to be abandoned, PXP is required to use a 150-foot cement surface plug instead of the 25-foot plug required by DOGGR. When reviewing the Annual Drilling Plan, the County should ensure that PXP has documented that this requirement will be met for any wells that PXP proposes to abandon that year. Approval of an annual drilling plan that includes abandonment of wells shall include conditions that require the 150-foot plug. The County shall conduct a review of the well abandonment records as part of the annual EQAP audit, which is conducted pursuant to the CSD, to verify that this requirement has been met.

GENERAL OPERATIONAL ISSUES

17. Permitting. Approval of an Annual Drilling Plan or individual permits by the County is prohibited if PXP is in violation of the following requirements:

a. PXP has failed to provide required slant drilling studies (This "no-permit" provision on the slant drilling issue *only* applies to deep zone or mid-zone wells with a top hole in the Buffer Zone and for which a slant drilling study is required. PXP may drill the wells identified in its Annual Drilling Plan that do not require a deep zone or mid-zone supplement.) ;

b. PXP failed to identify the source of noise that led to violation of the 3 dBA or 10 dBA nighttime standards (paragraph no. 5 above) and failed to take the necessary steps to ensure compliance with this standards for exceedances that are determined to be a result of drilling activities.

c. PXP is in violation of the two-drill rig limit of No. 6 above;

d. PXP exceeds the number of wells allowed to be drilled on an annual or overall basis (paragraph nos. 7-9 above), i.e., once PXP reaches the annual or overall limit, no new wells may be drilled either that year or overall if 500 limit is met;

e. PXP failed to comply with landscaping requirements (Paragraph 16 below).

18. Landscaping. The series of PXP's landscape plans, enhancing the Mia Lehrer Landscape Improvements Concepts, should by provided to the CAP for review prior to County approval. Work pursuant to the first two phases of the Landscaping Plan are to be completed within 9 months of the County's final approval of each phased plan. All landscaping is to be completed within three years of County approval of the final-phased plan.

19. Air Quality Monitoring. In coordination with the Department of Public Health, the County shall develop a peer-reviewed air quality monitoring plan to be done by SCAQMD or County-retained expert and commence monitoring pursuant thereto by July 15, 2012. It must be designed to assess the risk of both acute and chronic exposure to air contaminants from oil field operations, and endeavor to determine and distinguish the source of emissions, to the extent feasible using available and affordable monitoring technology. The plan shall be completed, and a peer reviewed report issued, within 12 to 24 months after commencement. The County committed to spending up to $250,000 of its own funds toward implementing the plan and shall use reasonable efforts to seek additional funding sources if necessary to implement the plan. (Second district to use discretionary funds for this commitment.) THIS IS UNDER WAY AND ON SCHEDULE.

20. Enforcement should ensure that PXP is only using one gas plant flare at any one time at the facility. The old flare is only allowed to remain on site as back-up equipment in the event of failure or malfunction of the new flare. THIS MAY BE AN ISSUE REQUIRING MONITORING THIS YEAR SINCE THE NEW FLARE IS INSTALLED (ALTHOUGH NOT YET OPERATIONAL—AWAITING TESTING REQUIRED BY AQMD.

21. Conduct review of the CSD when production drops to three percent of the estimated peak of production to date of 21,000 barrels of oil per day (i.e, if it drops to 630 barrels per day) to see if closure or modification of the CSD is warranted. [This is already required by Section 22.44.142.E.35 of the CSD but petitioners requested it also be included in the Settlement Agreement.] Any closure or modification of the CSD would required Commission and then Board approval, but the Department shall conduct the initial review to prepare a recommendation.

22. Receipt of peer-reviewed fraccing study/report prepared by independent consultant retained by PXP, <u>and</u> the County helps select the peer-review consultant. UNDERWAY

23. Schedule an annual public discussion at the CAP concerning the settlement agreement and the status of compliance with its terms.

COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

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ANDREA SHERIDAN ORDIN
County Counsel

July 11, 2012

TO: GAIL FARBER, Director
Department of Public Works

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

Settlement of the lawsuits challenging the Board of Supervisors' approval of the Baldwin Hills Community Standards District ("CSD") and its Environmental Impact Report requires the "County to provide written guidance on the additional limits and controls regarding operations of the [oil field regulated by the CSD] which are required by [the Settlement Agreement] to County staff and departments responsible" for implementing and enforcing the CSD. We are required to recirculate the written guidance on an annual basis. In compliance with this provision of the Settlement Agreement, attached is a document setting forth the additional responsibilities under said agreement, which will be overseen or enforced by the Department of Public Works. Otherwise, the CSD remains in effect and control. Please provide a copy of the attachments to the appropriate personnel in your department. (In 2011 and the first half of 2012, Steve Dunn handled oversight of the electrical distribution study referenced in the attachment.)

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Attachments

c: Karly Katona, Deputy
Second Supervisorial District

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ANDREA SHERIDAN ORDIN
County Counsel

August 25, 2011

TO: RICHARD J. BRUCKNER
Director of Planning
Department of Regional Planning

FROM: ELAINE M. LEMKE
Principal Deputy County Counsel
Property Division

RE: **Baldwin Hills Community Standard District Settlement Requirements**

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A copy of the Settlement Agreement was previously provided.

EML:vn

Attachments

c: Karly Katona, Deputy
Second Supervisorial District

DEPARTMENT OF REGIONAL PLANNING RESPONSIBILITIES PURSUANT TO SETTLEMENT AGREEMENT REGARDING INGLEWOOD OIL FIELD **IN ADDITION TO** THE DEPARTMENT'S RESPONSIBILITIES ARISING FROM THE BALDWIN HILLS COMMUNITY STANDARDS DISTRICT

DRILLING PLANS/SLANT DRILLING

1. Review and approve or identify deficiencies of Deep Zone Supplements that PXP is required to submit for deep zone wells as part of its Annul Drilling Plan within 45 days of receipt of the supplement from Plains Exploration and Production Company ("PXP"). If a well can be slant drilled to lessen environmental impacts, slant drilling will be required.

   For any well that PXP proposes to drill where the top hole is closer than 800 feet to a lot or parcel that contains a single or multi-family residence, existing park, school or health care facility ("Sensitive Developed Areas") and which is in a deep zone (Nodular Shale and Sentous zones and other newly identified zones approximately 8,000 feet or deeper), PXP is required as part of its Annual Drilling Plan to provide a Deep Zone Supplement, which is a study of the technical feasibility and commercial reasonability of Slant Drilling those wells in order to further mitigate potential impacts to Sensitive Developed Area. Generally that means if slant drilling will move the top hole further from a Sensitive Developed Area than if straight-drilled, then slant drill it. However, the County must consider that slant drilling may have other environmental impacts (e.g., more emissions because it will take longer to drill), so there must be a balancing.

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3. Drilling of wells where the bottom hole is less than approximately 3,5000 feet deep and above the zones identified as "mid-zone". Shallow wells include the Investment, Vickers, and Rindge zones and should be located away from developed areas and identified in the Annual Drilling Plan and, of course, otherwise comply with CSD requirements.

4. The Annual Drilling Plan should identify all wells proposed for drilling in the year—deep, mid-zone and shallow. The Department may approve the Annual Drilling Plan, Deep Zone Supplement and Mid-Zone Supplements independently of one another. Drilling pursuant to an approved plan or approved supplement may proceed even if one or both of the other documents are not yet approved. If the Annual Drilling Plan is approved before either or both of the supplements, however, approval of the Annual

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5. The Department shall submit each of the supplements to the Community Advisory Panel ("CAP") and allow it two weeks to provide written comments before the Department makes a decision on the supplement(s).

NOISE

6. Additional nighttime noise standards to be enforced are:

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      If PXP violates this provision, the County shall not issue new drilling or redrilling permits until PXP, in consultation with the County, identifies the source of the noise and PXP takes steps necessary to assure compliance with the three dBA limit.

   b. If drilling, redrilling or reworking operations elevate nighttime baseline noise levels by more than 10 dBA for more than 15 minutes in any one hour as independently verified and determined by the County, PXP in consultation with the County, shall identify the cause and source and take steps to avoid such extended period of noise elevation in the future.

NUMBER OF DRILL RIGS, WELLS/BONUS WELLS

7. PXP is limited to the use of two drill rigs at the field at any one time (instead of three).

8. The County shall track the number of wells to ensure that PXP drills or redrills no more than 500 new wells total pursuant to the CSD over the life of the CSD, or October 1, 2028, whichever is later and also to ensure that PXP complies with annual limits on the number of wells. The 500 wells includes Bonus Wells (discussed below) and thus is an overall maximum cap for the CSD time period.

9. Until either July 14, 2013 or until PXP has drilled or redrilled 50 wells (whichever is sooner), PXP is limited to 30 wells per year unless PXP has earned Bonus Wells. For PXP's abandonment/closure of each well located within 800 feet of a Developed Area since adoption of the CSD (October 28, 2008), PXP may drill two additional wells with the top hole *outside* that 800-foot zone ("Buffer Zone") as long as the well abandonment complies with DOGGR's standards for abandonment at the time of abandonment. (Thus, PXP gets two new wells—up to a maximum of 15—for each Buffer Zone-well

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ANNUAL DRILLING PLAN AND PERIODIC REVIEW

13. The County shall ensure in its review of each Annual Drilling Plan, that PXP addresses the availability and feasibility of the use of natural gas-powered drill rigs or other technology capable of reducing environmental impacts caused by drilling or redrilling wells pursuant to the requirement in the CSD (Section 22.44.142.E.26.c.ix) that PXP discuss the latest equipment and techniques to reduce environmental impacts.

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15. Any equipment not identified for decommissioning and removal in PXP's 2009 Clean-Up Plan (Section 22.44.142.E.21.a) that becomes unused or abandoned should be identified for removal in an updated plan. On an annual basis, if no updated removal plan is submitted by PXP, the Department shall inquire of PXP if any additional equipment has been abandoned or is no longer used such that a new plan is required. As part of the

annual EQAP audit, the County shall conduct a review of equipment at the site to determine if additional equipment should be removed. If there is such equipment, the Department shall require an updated removal plan.

16. For any wells to be abandoned, PXP is required to use a 150-foot cement surface plug instead of the 25-foot plug required by DOGGR. When reviewing the Annual Drilling Plan, the County should ensure that PXP has documented that this requirement will be met for any wells that PXP proposes to abandon that year. Approval of an annual drilling plan that includes abandonment of wells shall include conditions that require the 150-foot plug. The County shall conduct a review of the well abandonment records as part of the annual EQAP audit, which is conducted pursuant to the CSD, to verify that this requirement has been met.

GENERAL OPERATIONAL ISSUES

17. Permitting. Approval of an Annual Drilling Plan or individual permits by the County is prohibited if PXP is in violation of the following requirements:

a. PXP has failed to provide required slant drilling studies (This "no-permit" provision on the slant drilling issue *only* applies to deep zone or mid-zone wells with a top hole in the Buffer Zone and for which a slant drilling study is required. PXP may drill the wells identified in its Annual Drilling Plan that do not require a deep zone or mid-zone supplement.) ;

b. PXP failed to identify the source of noise that led to violation of the 3 dBA or 10 dBA nighttime standards (paragraph no. 5 above) and failed to take the necessary steps to ensure compliance with this standards for exceedances that are determined to be a result of drilling activities.

c. PXP is in violation of the two-drill rig limit of No. 6 above;

d. PXP exceeds the number of wells allowed to be drilled on an annual or overall basis (paragraph nos. 7-9 above), i.e., once PXP reaches the annual or overall limit, no new wells may be drilled either that year or overall if 500 limit is met;

e. PXP failed to comply with landscaping requirements (Paragraph 16 below).

18. Landscaping. The series of PXP's landscape plans, enhancing the Mia Lehrer Landscape Improvements Concepts, should by provided to the CAP for review prior to County approval. Work pursuant to the first two phases of the Landscaping Plan are to be completed within 9 months of the County's final approval of each phased plan. All landscaping is to be completed within three years of County approval of the final-phased plan.

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contaminants from oil field operations, and endeavor to determine and distinguish the source of emissions, to the extent feasible using available and affordable monitoring technology. The plan shall be completed, and a peer reviewed report issued, within 12 to 24 months after commencement. The County committed to spending up to $250,000 of its own funds toward implementing the plan and shall use reasonable efforts to seek additional funding sources if necessary to implement the plan. (Second district to use discretionary funds for this commitment.)

20. Enforcement should ensure that PXP is only using one gas plant flare at any one time at the facility. The old flare is only allowed to remain on site as back-up equipment in the event of failure or malfunction of the new flare.

21. Conduct review of the CSD when production drops to three percent of the estimated peak of production to date of 21,000 barrels of oil per day (i.e, if it drops to 630 barrels per day) to see if closure or modification of the CSD is warranted. [This is already required by Section 22.44.142.E.35 of the CSD but petitioners requested it also be included in the Settlement Agreement.] Any closure or modification of the CSD would required Commission and then Board approval, but the Department shall conduct the initial review to prepare a recommendation.

22. Receipt of peer-reviewed fraccing study/report prepared by independent consultant retained by PXP, <u>and</u> the County helps select the peer-review consultant.

23. Schedule an annual public discussion at the CAP concerning the settlement agreement and the status of compliance with its terms.