Memorandum

Date: October 17, 2018

To: Timothy Stapleton, LA County Department of Regional Planning

From: Dean Dusette, MRS Environmental

Subject: Baldwin Hills Community Standards District Settlement Agreement & Mutual Release Requirements 2018 Annual Compliance Report

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Background

Pursuant to the Settlement Agreement and Mutual Release ("Settlement Agreement"), Term 29, dated July 15, 2011, regarding the County of Los Angeles' ("County") approval of the Baldwin Hills Community Standards District ("CSD"), found under section 22.44.142 of the Los Angeles County Zoning Code, and associated Environmental Impact Report, the County is required to schedule a public discussion at the Community Advisory Panel ("CAP") meeting concerning the status of the compliance with the Settlement Agreement on an annual basis. The first such discussion was completed with a compliance handout at the July 26, 2012 CAP meeting and follow-up discussion at the September 27, 2012 CAP meeting. In early 2013 the County initiated the CSD Periodic Review process, pursuant to CSD Provision G.7, with subject discussion beginning with the April 2013 CAP meeting. Compliance discussion, including the requirements of the Settlement Agreement, continued as an agenda item during the remaining 2013 CAP meetings. The Draft Periodic Review was released to the public in February 2014. As such, a separate presentation and public discussion on the compliance status of the Settlement Agreement was deemed unnecessary in 2013 since it had been discussed as part of the periodic review discussions. The 2014 compliance year was discussed in a CSD Settlement Agreement Requirements Compliance Report memo dated December 8, 2014. The 2015 compliance year was discussed in a similar memo dated December 2, 2015 and at the December 10, 2015 CAP meeting. The Settlement Agreement Compliance Report for 2016 was documented in a memo dated November 16, 2016 and was discussed at the December 8, 2016 CAP meeting. For compliance year 2017, the subject report was discussed in a memo dated October 5, 2017 and presented at the October 26, 2017 CAP meeting.

The following summary may serve as the basis for the 2018 discussion on the terms of the Settlement Agreement and documents the status and/or implementation status of the Settlement Agreement provisions. MRS Environmental ("MRS"), the Environmental Compliance Coordinator for the CSD, finds that the operator, Sentinel Peak Resources (SPR), has complied with the applicable Settlement Agreement terms at this time. MRS will continue to assist the County with enforcement of all applicable provisions of the Settlement Agreement and the CSD.

Status of Compliance with Settlement Agreement Terms
(Numbers correlate to the numbered paragraphs in the Settlement Agreement)

1. *Slant Drilling*
   The 2018 Annual Drilling Plan was approved by the County on February 22, 2018. The Annual Drilling Plan approval documents compliance with Settlement Agreement Sections 1.a through 1.d. The drill rig was removed from the field in June 2014 for use elsewhere and has not returned to the oil field. Therefore, as of the date of this memo report, no new wells were drilled at the oil field in 2015, 2016, 2017, or 2018.

   Sections 1.e, 1.f, and 1.g, provide guidance on definitions, environmental consideration, and non-interference, respectively, in support of the other requirements of Section 1 of the Settlement Agreement.

2. *Noise*
   In 2018, four noise complaints have been documented as of the date of this memo. One of the complaints was traced to a nearby non-oil field construction project and one to fireworks. The source of the other two noise complaints was not identified.

   Noise monitoring to date has not identified any violations associated with oil field operations above the baseline levels of the noise limits set forth in the Settlement Agreement. However, noise levels above the maximum criteria have been documented during drilling, redrilling, or well reworking activities in past years. Past monitoring data collected that was associated with peak noise readings was investigated and analyzed by an Industrial Hygienist with the County's Department of Public Health and found that the exceedances were not associated with oil field operations. Results of the analysis determined the causes to be emergency vehicles, motorcycles, airplanes, and portable equipment used for landscaping thus confirming compliance with the noise requirements of the Settlement Agreement.

3. *Number of Drill Rigs*
   The Settlement Agreement allows for the use of two drill rigs at any one time. To date, SPR did not drill any wells in 2018 and the drill rig (Rig Ensign 516) was removed from the oil field in June 2014. No drill rigs have been used at the oil field during 2018.

4. *Number of Wells*
   Since the inception of the CSD, 127 new wells have been drilled at the oil field, therefore, the limit of no more than 500 new wells stipulated in Settlement Agreement Section 4.a. has not been reached to date. After reaching the 50th new or redrilled well milestone in September 2011, a former operator, PXP, applied for and received approval by the Director in December 2011 to drill or redrill up to 35 wells per calendar year excluding any bonus wells. This approval is consistent with Section 4.b of the Settlement Agreement. To date for the calendar year 2018, SPR has not drilled any new wells and a drill rig has not been on the oil field since June 2014. Therefore; SPR is following the requirements of the Settlement Agreement.

5. *Health Assessment and Environmental Justice Study*

The Department of Public Health (DPH) completed this study in May 2012 ahead of the Settlement Agreement deadline of June 2012. The study was made available to the public on the DRP website and was presented to the CAP on July 26, 2012. The DPH has initiated work on the second study to be completed by June 2019, which is the deadline imposed by the Settlement Agreement.

6. *Clean Technology Assessment*
   SPR addresses this requirement with the submittal of the Annual Drilling Plan as required under CSD Provision E.26.f. The *Equipment and Techniques to Reduce Environmental Impacts* section of the 2018 Annual Drilling Plan, approved in February 2018, provides a discussion on the latest equipment and technology that can reduce the environmental impacts of drilling activities. The discussion includes applicability overview of electric rigs, coil tubing rigs, diesel-electric rigs, and natural gas-electric rigs along with the potential feasibility of their use at the Inglewood Oil Field.

7. *Electrical Distribution Study*
   The Settlement Agreement required the County to facilitate an Electrical Distribution Study to review opportunities to streamline and consolidate electrical lines at the Inglewood Oil Field. The study was to be funded jointly by Southern California Edison (SCE), LA Department of Water and Power (DWP), PXP (operator at the time), and the County. Both SCE and DWP declined to participate with respect to funding the study and the County is exploring other funding options.

8. *Air Quality Monitoring*
   The Settlement Agreement required a supplemental air quality monitoring study to address stakeholder concerns on potential acute and chronic exposure to air contaminants from the Inglewood Oil Field. Sonoma Technology Inc. was selected by the County to perform the study which commenced June 2012 consistent with the Settlement Agreement deadline of July 15, 2012. The Draft Final Baldwin Hills Air Quality Study Report was completed in April 2014 and submitted to the County and SCAQMD for review with the final report completed in February 2015. The Report was discussed by staff from Sonoma Technology Inc. at the February 26, 2015 and March 26, 2015 CAP meetings. The report is available to the public on the County's Baldwin Hills Community Standards District website.

9. *Back-Up Flare*
   Installation of the new gas plant back-up flare was completed in 2012. The old gas plant flare remains and is maintained as a back-up as allowed for by CSD Provision L.5.b and the Settlement Agreement. SPR has complied with the requirement that only one flare be in operation at one time at the oil field.

10. *Well Plugs*
    The Settlement Agreement requires that for all wells that are abandoned after the Settlement Agreement date, a 150-foot cement surface plug shall be used rather than the 25-foot cement plug required by DOGGR. All cement fills for plugging are witnessed and tagged by DOGGR as required in each abandonment permit. SPR complies with the 150-foot cement plug requirement for abandoned wells as verified by DOGGR via well abandonment plan approvals and inspections.

11. *Landscaping*

The landscaping plan for the Inglewood Oil Field was phased in 7 components, status as of the date of this memo is provided in the following table.

Phase	Plan	Landscaping
1 – Ladera Crest View-shed North	Approved May 2011	Completed October 2011
2 – Windsor Hills/ La Brea View-shed	Approved October 2011	Completed June 2012
3 – La Brea View-shed East/La Cienega Blvd.	Approved June 2013	Scheduled for completion end of 2018.
4 - La Cienega Roadway	Approved June 2013	Completed November 2016
5 – La Cienega Roadway	Approved June 2013	Completed November 2016
6 – Fairfax Avenue Roadway	Approved April 2016	Completed November 2017
7 – Stocker Street Roadway	Approved April 2016	Installation initiated, scheduled for completion end of 2018.

The Settlement Agreement requires that all landscaping be completed within three years of approval by the County of the final phase plan; therefore, since final approval of Phases 6 and 7 was approved in April 2016, all landscaping is required to be completed by April 2019. The status of the landscaping is, and will continue to be, updated periodically at the CAP meetings.

12. *Clean-up Plan*

PXP, the operator at the time, submitted an unused or abandoned equipment removal plan in 2009 which was subsequently approved and implemented. The *Unused or Abandoned Equipment Removal Plan Inglewood Oil Field* detailed the 64 pieces of equipment that were removed in 2008 and 2009. The plan was updated in 2012 with the updated plan document listing the removal of four tanks from the oil field. No additional equipment has been identified for removal.

13. *Fracking Study*

The *Hydraulic Fracturing Study – Inglewood Oil Field* was completed in July 2012 with the final report dated October 10, 2012 consistent with the requirements of the Settlement Agreement. The report is available to the public on the Inglewood Oil Field web site.

14. *CSD Review Based on Reduced Production*

The intent of this requirement, and the associated CSD Provision E.35, is to assist in the determination of the end of the project life of the oil field; this condition has not been triggered to date.

15. *CSD Provisions*

The requirements of the CSD and the Settlement Agreement remain in full effect. Pursuant to CSD Provision G.7, *Periodic Review*, the compliance review was completed by the County in 2015 with the *Periodic Review Final Report* dated September 2015. Results of the Periodic Review document the oil field is being operated in compliance with all provisions of the CSD and the Settlement Agreement.

The CAP was notified of the initiation of the second Periodic Review on 8/23/2018 which is scheduled to begin in January 2019.

29. *Public Notice*
    The Settlement Agreement is posted on the County Baldwin Hills Community Standards District Webpage. The County will discuss 2018 compliance with the Settlement Agreement at a forthcoming CAP meeting and continue to do so on an annual basis.

30. *Remedies for Breach*
    The County continues to monitor and enforce the terms of the Settlement Agreement and the CSD. As documented in the Periodic Review and this analysis, SPR is following the Settlement Agreement and the CSD at this time.

The following sections of the Settlement Agreement relate to legal and logistical issues and include provisions regarding the interpretation of the Settlement Agreement and are not linked to operational issues at the oil field:

16. *General Releases between Petitioners and County*
17. *General Releases between Petitioners and PXP (FM O&G)*
18. *Settlement of Claims for Attorney's Fees and Costs*
19. *Parties Bound*
20. *Integration*
21. *Non-Assignment of Claims*
22. *Settlement of Disputed Claims*
23. *Additional terms*
24. *Modifications*
25. *Execution*
26. *Authority to Execute*
27. *Covenant Not to Sue*
28. *Dismissal of Consolidated Cases*
31. *Governing Law*
32. *Captions and Headings*
33. *Survival*
34. *Good Faith Provision*

These items are in compliance at this time.