

MOTION BY SUPERVISOR YVONNE B. BURKE

OCTOBER 21, 2008

RELATES TO ITEM NO. 58

RE: BALDWIN HILLS COMMUNITY STANDARDS DISTRICT

The Inglewood Oil Field has been a fixture in the Baldwin Hills for more than 80 years. For much of that time, the oil field and the surrounding community coexisted in relative harmony. In recent years, however, local residents expressed concerns regarding odors, noise, vibration, and visual blight caused by the operation. In 2006, State and local agencies joined in investigating residents' complaints.

To allow time for the County to study the oil operation, the Board of Supervisors, at my urging, adopted an interim ordinance as a direct and necessary response to the residents' concerns. The initial interim ordinance placed temporary restrictions on oil productions until an environmental analysis could be performed and permanent restrictions adopted. In May of 2007, that measure was extended and amended to prohibit the drilling of new wells and the deepening of existing wells. The maximum

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two-year term of the interim ordinance expired in June, 2008. Since that time, PXP, the operator of the Inglewood Field, has voluntarily refrained from drilling any wells.

The County Department of Regional Planning determined in its study that a new zoning ordinance, called a Community Standards District or "CSD" is the most appropriate mechanism for further regulating the Inglewood Field. The new CSD will define the boundary of the field and establish permanent development standards, operating procedures, and requirements for the oil operation.

In 2006, when residents of Baldwin Hills, Culver City and others called for additional environmental information to guide development of the CSD, PXP agreed to submit an application for formation of a CSD, thereby making PXP responsible for funding the environmental review, and PXP agreed to fund an Environmental Impact Report (EIR). The County selected an environmental consultant with significant experience and knowledge of oil production to prepare the EIR, which analyzed a draft CSD prepared by PXP as well as potential impacts from oil field operations for the next 20 years, based on PXP's estimate of the maximum number of wells it would drill over that time period. The EIR is an exhaustive document and identified necessary mitigation measures to reduce impacts from such operations, and thus recommends mitigation measures beyond those set forth in PXP's proposed CSD. As a result of that EIR review process, significant changes were made by the County to the CSD ultimately resulting in the CSD recommended by the Regional Planning Commission.

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This is the first-ever comprehensive environmental analysis of an established oil field conforming with County General Plan policies and zoning regulations, and marks the first time an EIR has been prepared for a CSD.

As the County developed the revised CSD, we were faced with certain limitations and constraints. Because oil operations have been ongoing at the Inglewood Field for more than 80 years, PXP has certain rights to produce the oil and gas resources at the field and new zoning regulations cannot diminish those rights.

Moreover, the State of California, through the Department of Oil, Gas and Geothermal Resources (DOGGR), has exclusive jurisdiction over subsurface oil and gas activities. Although local regulation is allowed with regard to surface activities, such as land use control and environmental protection, the County's CSD cannot conflict with those exclusive state regulations.

Finally, most of the field is not owned by PXP, but remains a collection of privately owned parcels. PXP maintains lease agreements with the owners that allow it to explore, drill, and produce oil and gas in exchange for royalty payments. Because these parcels are privately owned, the CSD cannot control their use once the oil and gas resources are exhausted.

The County, however, is a part of a Joint Powers Authority that over the last 15 years has acquired easements and fees over 600 acres in the Baldwin Hills.

Despite these limitations, I am committed to the Baldwin Hills CSD, which

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contains the most stringent oil and gas regulations in Southern California, and arguably for the state and country, for an established onshore or offshore oil field and will ensure that all oil operations are performed in the safest manner possible to protect surrounding communities. I am very proud of the fact that to date, since April, 2007, county staff and its consultants have held 18 community meetings in both large public venues and small neighborhood coffees in peoples' homes in their efforts to educate the community and receive community input to the EIR and CSD process. Therefore, to ensure this continued community input, the CSD requires the formation of a Community Advisory Panel appointed by the director of Planning comprised of members of the surrounding communities.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

Close the public hearing and approve the FEIR prepared for the Baldwin Hills CSD; certify that it has reviewed and considered the environmental information contained in the FEIR; certify that the FEIR has been completed in compliance with CEQA, the CEQA Guidelines, and County CEQA Guidelines and reflects the independent judgment of the Board as to the environmental consequences of the proposed CSD; determine that the mitigation measures required by the CSD are the only mitigation measures that are feasible; determine that the remaining unavoidable environmental effects of continuing operations at the oil field will be reduced to the

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extent possible by the CSD and are outweighed by social, economic, and environmental benefits provided by the CSD, and adopt the Findings of Fact and Statement of Overriding Considerations for the CSD.

I FURTHER MOVE THAT THE BOARD OF SUPERVISORS:

Instruct the County Counsel and Regional Planning Department to prepare the following changes to the ordinance establishing the Baldwin Hills Community Standards District, and submit the revised ordinance to the Board of Supervisors for final consideration on October 28, 2008:

- Add a provision so that the number of new wells drilled during the first year shall be limited to 24.
- Add a provision, capping the total number of newly drilled wells over the next 20 years to 600 wells for an average of 30 wells per year.
- Revise the provision on the maximum number of wells that may be drilled or redrilled in one year under the Director's Review procedure to 53 wells, with a maximum of 45 for drilling new wells and the remaining wells of that annual total limited to redrilling of existing wells.
- Add a provision to prevent over-concentration in any one year of drilling activities in any one area, if located near developed areas.
- The CSD now requires Public Works to refer to DOGGR the results of

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investigations by PXP which are required when complaints are made by the public or public entities about damage to their property potentially caused by subsidence and PXP concurs with that assertion. That provision should be changed to require Public Works to forward to DOGGR any concerns Public Works has about subsidence causing damage, regardless of the conclusion of the PXP report investigating subsidence damage claims. Thus, the process will be, the public submits claims of damage to PXP, which is then required to investigate those claims, prepare a report and submit that to Public Works. Public Works will analyze PXP's report. If either PXP concurs that damage was caused by Oil Field operations or if Public Works believes that damage was caused by Oil Field operations even when PXP disagrees, then Public Works will submit its concerns to DOGGR, which has jurisdiction to require PXP to take action in response to damage.

- Include the recommendation of the Department of Regional Planning regarding fines for violations of the CSD except leave in a provision that allows for time to cure the violation.
- Include a modification procedure similar to those in other CSDs. This CSD includes a number of technical requirements, many of which are not in wide use and may be untested or which may become outdated. Thus, the CSD should include a procedure to modify provisions when necessary.
- Add a provision to the CSD that requests Regional Planning to develop an

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Implementation Plan for the CSD that addresses the requirements that must be included in each of the plans that are prepared by the Operator and approved by the County. The Implementation Plan shall include any specific Plan items deemed necessary by the EIR to reduce environmental impacts to less than significant in those cases where impacts can be so reduced.

- Require a uniform time frame for review of plans needed prior to new drilling. The time frame for the Director to review the Air Monitoring Plan should match the 45-day review period for the annual Drilling, Redrilling and Well Abandonment and Well Pad Restoration Plan.

- Require shut-down of operations for exceedance of hydrogen sulfide and hydrocarbon thresholds unless shut-down would create a safety hazard.

- Require the operator to conduct the initial community meeting within 180 days, instead of the current 60-day requirement. Sixty days is too soon for a report back to the community on all the important work this ordinance will require in the first year. The community deserves a full update in 180 days, when the work should be complete.

- Allow the existing gas plant flare to remain on-site as back-up if the South Coast Air Quality Management District (AQMD) determines it may stay. The CSD requires a new gas flare, estimated to cost \$2 million, to mitigate vibration impacts that have been so distressing for the community. It may, however, be beneficial to keep the

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existing flare as back-up, and AQMD's review and permitting of the new flare will determine whether the existing flare can stay.

- The CSD establishes a Multiple Agency Coordination Committee (MACC) to ensure appropriate communication between the County and other agencies with regulatory oversight of the oil field. Members of the MACC will include: Regional Planning, County Fire Department, Public Works and County Department of Public Health. Also, SCAQMD, Regional Water Board, DOGGR and Culver City Fire Department will be invited to appoint a representative from their agency as a member of the MACC. The MACC process, combined with the requirement for an on-site Environmental Compliance Coordinator, will provide the strongest assurance to the County, on an ongoing basis, that the oil field complies with all local, state and federal laws, rules and regulations. This ongoing review provides the same or better oversight as the five-year third-party audit to be paid for by the Operator that was required by the Commission-recommended CSD. Thus, that audit provision should be removed from the CSD. This should not be confused with the County's periodic five-year review to assess the effectiveness of the CSD provisions.

- The CSD should allow alternatives for construction equipment engine technology that reduces the air impact emissions to less than significant. The CSD requires the installation of new technology on off-road diesel construction equipment and drill rig engines to reduce air emissions. The CSD should include a third alternative

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to allow for other options that would result in less than significant impacts to air quality and to allow for technological advancement.

- Implement the new conceptual landscaping plan designed by the architect of the Baldwin Hills Park Master Plan to be completed in phases over a two to five year period. The proposed well-by-well landscaping plan in the CSD currently is not the ideal approach. Instead, the operator will be required to implement the oil field screening and landscaping plan designed by the architect for the Baldwin Hills Park Master Plan.

- The CSD included in the Board packet inadvertently deleted a section on the Emergency Response Plan in the Development Standards. That section should be reinserted into the CSD.

- Include a single uniform process for reporting complaints. One new section is created to prescribe a uniform process for reporting complaints.

- DOGGR has made clear that it has the exclusive regulatory province to determine whether a well should be abandoned and also expressed concern about the provision regarding hearings on ultimate shut-down of the facility when daily production is reduced to a certain level. It is anticipated that the County will interface with DOGGR through the MACC, and will utilize authority created by the CSD to review all idle wells and report to DOGGR any wells the County believes may meet DOGGR's criteria for abandonment. The well abandonment provision of the CSD was modified at the Commission level. The provision regarding consideration of facility shutdown when

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production decreases to a certain level should be changed to require a hearing when output has been reduced to 630 barrels per day, rather than 2,000 barrels per day, to address DOGGR's concerns.

- Add to the Review Requirements in the Periodic Review section of the CSD to include, at the option of the County, a public survey on various "quality of life" issues similar to the survey my office is funding.
- Eliminate redundant requirements for equipment storage. The oil field will be required to comply with County Code requirements for outdoor storage, which were restated in the CSD.
- Require public review of Auditor-Controller reports. The CSD should include a provision that the County Auditor-Controller makes available its reports concerning the administration of draw-down accounts established to implement and enforce the ordinance.

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