

City of Carson Oil and Gas Code Update

Planning Commission Meeting Presentation

NO FRACKING ALLOWED

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***Prepared For:
City of Carson***

This presentation presents a summary of the proposed oil and gas Code

- About MRS
- General Approach to the Code Update
- The 'Fracking Ban'
- Administrative Procedures
- Development Standards
- Development Standards For Site Abandonment, Site Restoration and Redevelopment
- Responses to Letters

MRS is uniquely qualified to address the impacts associated with oil and gas production projects.

- E&B Hermosa Beach Oil Project
- Whittier Main Oil Field Development Project EIR
- Baldwin Hills Oil Field CSD EIR and Codes and Policies
- Development of Santa Barbara County Oil Codes and Policies
- Numerous environmental analyses in California related to oil and gas development and oil transportation

City of Carson Oil and Gas Code Update

General Approach to the Oil and Gas Code Update:

Explaining Why an Update to the Code is Proposed

Existing Oil and Gas Regulation Sections	Sections of the Proposed Oil and Gas Code
<ul style="list-style-type: none">• Section 9128.6 Residential• Section 9138.10 Commercial• Section 9148.2 Industrial	<ul style="list-style-type: none">• Part I. Administrative Procedures• Part II. Development Standards<ul style="list-style-type: none">* Includes 'fracking ban'• Part III. Development Standards For Well(s) or Site Abandonment, Re-abandonment, Site Restoration and Redevelopment

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The 'Fracking Ban' Ordinance

- Is part of the proposed oil and gas Code but will be passed through a separate ordinance
- Included as Section 9536 and 9536.1 of the proposed oil and gas Code

9536 Prohibited Uses

The owner/operator shall not use or cause to be used hydraulic fracturing, acidizing, or any other well stimulation treatment. However, to the extent that any permittee demonstrates to the Petroleum Administrator, that (1) well stimulation, other than hydraulic fracturing, is necessary to recover the owner/operator's reasonable investment backed expectation established through investment made before the effective date of this ordinance; and (2) that such well stimulation will not create a nuisance due to an adverse impact on persons or property within the City, then the Petroleum Administrator may authorize such well stimulation pursuant to a permit issued pursuant to this ordinance.

9536.1 Violations of Prohibited Uses

Any operator who violates Section 9536 of this code shall be subject to the enforcement proceedings including those found in Sections 9512, 9513, and 9515 in addition to the following specifications:

A. If an operator is found responsible for violation of Section 9537, the operator will be responsible for paying the City fees of \$100,000 or more per day, depending on the severity of the violation at the discretion of the Petroleum Administrator.

B. In addition to fees, the Petroleum Administrator may also require an immediate shutdown of all operations at an oil and gas facility site where violations of Section 9537 have been identified, as long as the shutdown would not otherwise threaten public health, safety concerns or welfare.

Administrative Procedures

➤ This section of the proposed Oil and Gas Code includes:

- Procedural and permitting requirements for any new oil and gas facilities within the City
- Financial obligations for oil and gas facility operators to ensure that such sites are operated safely and restored or remediated in a timely manner after operations have ceased
- Fines and fees for violators of the proposed new oil and gas Code to ensure long term their long term compliance
- Requirements to ensure that if any new development is proposed at existing oil and gas facilities within the City that those facilities will be required to conform to the proposed oil and gas Code

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Administrative Procedures

Drilling Permit

- *Required for any drilling of test or production wells
- *Reviewed, processed, and issued by the Petroleum Administrator

Conditional Use Permit (CUP)

- *Required for drilling, re-drilling, and all oil and gas facility operations
- *Petroleum Administrator reviews application for completeness; Planning Commission responsible for approval of CUP; Planning Commission decision can be appealed by the City Council

Development Agreement (DA)

- *Required for drilling projects that include 3 or more total wells on an oil and gas facility site
- *Petroleum Administrator reviews the application for completeness; Planning Commission reviews the development agreement application and provides a recommendation to the City Council to approve, approve with modifications, or deny the proposed DA

Administrative Procedures

➤ Highlights from this section of the proposed Code:

- Oil and Gas Facility Operation Restrictions and Permit requirements for City Zones
- Position of Petroleum Administrator
- Drilling Permits
- Conditional Use Permits
- Development Agreements
- Change of Ownership
- Site or Well Abandonment, Well re-abandonment, Restoration and Redevelopment of the Site Procedures
- High-risk Operations
- Operational Noticing
- Compliance with City Codes and Ordinances
- Monetary compensation/relief for Code violations
- Nuisance Procedures
- Code Compliance Monitoring
- Periodic Review
- Financial Assurances and Operator Responsibilities

Administrative Procedures Continued:

Examples of Some Financial Assurances in the Proposed Oil and Gas

Securities and Bonds

In no case can the bond amount that the Operator is required to pay the City be less than \$50,000 per well

Petroleum Administrator can increase this minimum bond amount based on the specifics of the project site and proposed operations

Operator Liability Insurance

Bodily injury and property damage minimum required:
25,000,000 annually

Environmental impairment coverage: minimum coverage of 25,000,000 per occurrence

Commercial automobile insurance: 10,000,000 per occurrence for bodily injury and property damage

Control of Well insurance:
Maximum deductible of \$250,000 per occurrence

Violation Fines

Operator in violation of the Code may be penalized at a rate of \$5,000-\$10,000 per day, per violation until the violation is cured

Violation fee schedule to be developed by the Petroleum Administrator and approved by the City Council

Development Standards

- This section of the proposed Oil and Gas Code includes:
 - Regulations to ensure that oil and gas facilities do not have aesthetic or environmental/public health impacts on the community. This includes air quality and odor monitoring and threshold requirements
 - Specific standards to regulate oil and gas facility pipelines, wells, and drilling operations to ensure public health and safety and environmental compliance
 - Development standards for site abandonment, re-abandonment, site restoration and redevelopment

Development Standards

➤ Highlights from this section of the proposed Code:

- Setback Requirements from Residential, Commercial and Sensitive Use areas within the Community

- Noise Impact Restrictions and Construction Time Limits

- Aesthetics (landscaping, signage, walls, lighting, sanitation, architecture)

- Use of Steaming

- Utilities (including requirements for the use of reclaimed vs. potable water on site)

- General Environmental Program

- Water Quality, Groundwater Quality

- Greenhouse Gas Emissions and Energy Efficiency Measures

Development Standards

➤ Highlights from this section of the proposed Code:

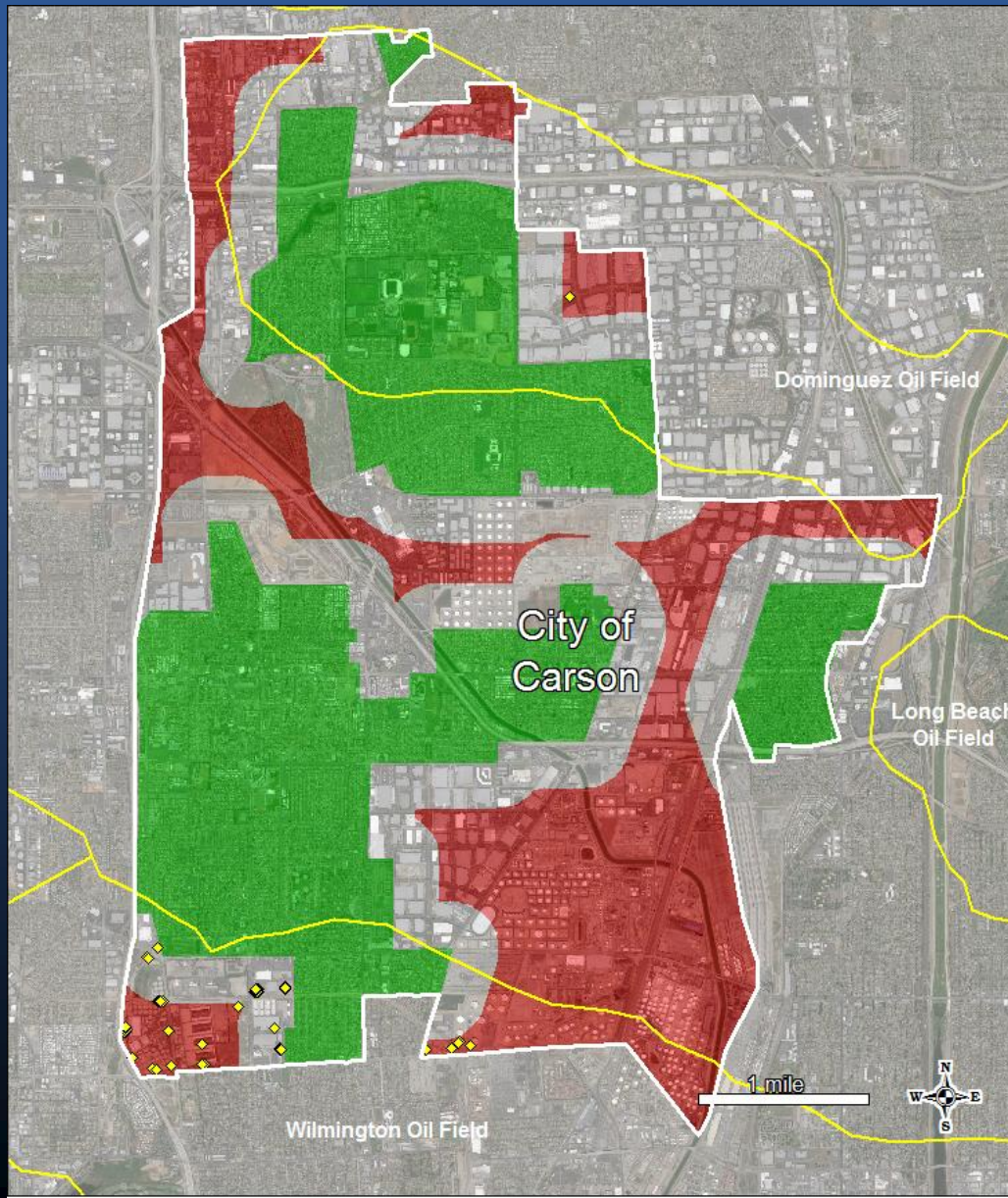
- Safety Assurances, Measures and Emergency/Hazard Management
- Blowout Standards and Testing
- Operator Responsibility for Maintenance and Restoration of Public Roads
- Transportation of Chemicals and Waste On and Off-site and Transportation Risk Management and Prevention Program (TRMPP)
- Leak Detection and Testing Requirements
- Air Quality Monitoring and Testing
- Standards for Wells and Pipelines

Development Standards For Well(s) or Site Abandonment, Re-abandonment, Site Restoration and Redevelopment

➤ **This section of the proposed Oil and Gas Code includes:**

- Regulations to ensure that oil and gas facilities (including all wells) are abandoned, re-abandoned, restored, and redeveloped or remediated pursuant to development standards which ensure public health and safety and environmental compliance
- Appropriate and effective chemical monitoring and leak testing requirements to ensure that any contaminants on site are identified
- Assurances that the permittee, operator/owner shall be responsible for any cost to remediate any contamination on an oil or gas facility site

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**City of Carson
Map of Zones
from which
drilling is
permitted and
residential
areas**