



CITY OF CARSON

PLANNING COMMISSION STAFF REPORT

CONTINUED PUBLIC HEARING: July 28, 2015 (Continued from June 9, 2015)

SUBJECT: Zone Text Amendment No. 19-15

APPLICANT: City of Carson

REQUEST: To consider adoption of a Comprehensive Update of the City's Oil and Gas Ordinance Regulating Petroleum Operations and Facilities, and a finding of a Class 8 Categorical Exemption under CEQA Guidelines §15308

PROPERTY INVOLVED: City-wide

COMMISSION ACTION

- ☐ Concurred with staff
☐ Did not concur with staff
☐ Other

COMMISSIONERS' VOTE

AYE	NO		AYE	NO	
		Chairman Diaz			Mitoma
		Vice-Chairman Madrigal			Post
		Andrews			Schaefer
		Faletogo			
		Guidry			

Item 10A

I. Introduction

This staff report includes a summary of proposed modifications since the last version of the proposed ordinance, and a redline version is attached which identifies all changes as compared to the June 1, 2015 version. These changes represent a refinement to the oil code as directed by the Planning Commission during its meeting of June 9, 2015, and as a result of comments received during and after the Planning Commission, as well as meetings with the community and stakeholders with an interest in oil and gas, etc.

II. Background

This matter was considered by the Planning Commission on February 24, 2015, April 14, 2015, May 12, 2015, and June 9, 2015. At the June 9, 2015 hearing, the Planning Commission again took public testimony and continued this matter to July 28, 2015, along with the following direction to staff:

- Examine the “good neighbor provisions” to reach consensus with the interested parties;
- Consider the recent EPA report and the Californians for Energy Independence fact sheet and how they would potentially affect the proposed ordinance;
- Revisit the ordinance to identify if there are proposed regulations pertaining to downhole activities;
- Bring back revisions regarding the Petroleum Administrator;
- Continue to dialogue and meet with all interested parties; and
- Set up small group workshops for Planning Commissioners regarding the proposed ordinance.

Reports will be provided as part of the presentation to the Planning Commission. Staff also continued dialogue with interested parties as directed including the community, stakeholders in the oil and gas industry, and held small group workshops with members of the Planning Commission.

A summary of proposed modifications since the last version of the proposed ordinance is attached, refer to Exhibit 1. If the Planning Commission is inclined to modify the proposed ordinance to include items such as the addition of a Petroleum Administrator position, adjusted setback, etc., an “Alternative Terms” table has been included to facilitate “adding-in” desired provisions, refer to Exhibit 2. Finally, the most recent version of the ordinance is dated July 28, 2015, and includes additional recommendations from staff as a result of a continuing dialog with interested parties, refer to Exhibit 3.

Staff’s recommendation is for the Planning Commission to identify the revisions to be included in the ordinance and to direct staff to return with a resolution and ordinance for final consideration and approval at a continued meeting.

III. Analysis

Good Neighbor Provisions

Stakeholders from the industry appear to have a comfort level with the following “good neighbor” provisions generally being applicable to existing uses:

- 9506 Well Drilling Permit
- 9507.4(B) Modifications and Extensions
- 9510 Facility Closure, Site Abandonment, and Site Restoration Procedures
- 9522 Site Access and Operations
- 9523 Lighting
- 9526 Signage
- 9527 Steaming
- 9530 Safety Assurances and Emergency/Hazard Management (9530.4 is not applicable)
- 9531 Environmental Resource Management (9531.3 and 9531.5.1 not applicable),
- 9532 Standards for Wells (subsection G not applicable)
- 9535 Operational Prohibitions

Stakeholders disagreed with all or portions of the following “good neighbor” provisions:

- 9521 Setbacks (including existing uses becoming legal nonconforming)
- 9536 Prohibited Uses

9524.1 (Landscaping) and 9533 (Standards for Pipelines) were removed as they are more appropriate for new development, and leases for existing operators often occupy part of a site, which raises issues regarding landscaping the entire site.

EPA Report and the Californians for Energy Independence Fact Sheet

The EPA report, etc., have been considered and will be addressed as part of the presentation to the Planning Commission.

Review for Potential Downhole Regulations

Review has been completed with some refinements proposed to Section 9535 (Operational Prohibitions). No other refinements are being proposed.

Provisions for Petroleum Administrator

Sample language for the inclusion of a Petroleum Administrator instead of the City Manager has been included in the “Alternative Terms” table, refer to Exhibit 2.

Dialog With Interested Parties and Small Group Workshops

Staff, the City Attorney’s office, and MRS held separate meetings with members of the community and industry stakeholders on July 6, 2015, to address issues as directed by the Planning Commission. Additionally, staff held three small group workshops with members of the Planning Commission throughout the day on July 7, 2015. A teleconference was also held with industry stakeholders on July 14, 2015.

Staff, the City Attorney’s office, and MRS also continued to carefully review comments from the Planning Commission, and the public, including representatives of oil and gas interests and environmental groups, and have proposed refinements to the oil code. A summary of proposed modifications since the last version of the proposed ordinance is attached, refer to Exhibit 1. Additional detail can be provided as part of the staff presentation.

Conclusion

Approval of the Text Amendment will provide a comprehensive update to the City’s Municipal Code regulations of petroleum operations and facilities, and will establish additional regulatory authority to address operational and environmental impacts related to oil and gas extraction in the City of Carson.

IV. Environmental Review

Staff performed a preliminary environmental assessment of this project and has determined that it falls within the Class 8 Categorical Exemption set forth in CEQA Guidelines section 15308, which exempts actions by regulatory agencies for the protection of the environment. This Categorical Exemption is applicable as the proposed oil and gas ordinance addresses the maintenance, restoration, enhancement and protection of the environment and the public health, safety, welfare of the citizens of Carson as related to potential impacts from petroleum operations and facilities within the City. The variety of environmental issues addressed include air, water, soil, geology, storm water and wastewater infrastructure, transportation, noise, emergency response, aesthetic issues, and petroleum operations near potentially sensitive receptors. The ordinance does not provide for the relaxation of standards as compared to the current regulations in the Carson Municipal Code. Instead, the ordinance strengthens environmental standards related to petroleum operations and facilities, and thereby advances the protection of environmental resources within the City of Carson. Furthermore, none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

V. Recommendation

Staff recommends the Planning Commission to identify the specific revisions and items to be included in the proposed ordinance and to direct staff to return with a resolution and ordinance for final consideration and approval at a continued meeting. Staff has also received requests to continue the matter to allow additional time to review the latest proposed revisions.

VI. Exhibits

1. Summary of Proposed Modifications (as compared to June 1, 2015 version)
2. Alternative Terms ("Add Ins")
3. Consolidated July 28, 2015 Ordinance (redline) (includes Text Amendment No. 20-15)
4. Comment letters and correspondence received since the June 9, 2015 Planning Commission meeting
5. June 9, 2015 Planning Commission Minutes

Note: Additional comment letters, studies, and other written materials can be found at: <http://ci.carson.ca.us/departments/communitydevelopment/oilcodeupdate.asp>.

A complete "clean" copy resolution can be found in the written materials for the June 9, 2015 meeting starting on page 347 (draft resolution), including page 358 (Text Amendment No. 19-15), and page 420 (ordinance update - June 1, 2015 version).

Prepared, Reviewed and Approved by:


Saied Naaseh, Planning Manager

EXHIBIT "1"

SUMMARY OF PROPOSED MODIFICATIONS

CHAPTER 5 OIL AND GAS CODE

Part 1: Administrative Procedures

9501 Ordinance Applicability

B. All portions of this ordinance are applicable to new or existing oil and gas sites and operators if they have or are required to obtain a CUP. For oil and gas sites lawfully existing at the time of adoption of this ordinance which do not have or are not required to obtain a new CUP, only the following sections are applicable:

<u>9506</u>	<u>Well Drilling Permit</u>
<u>9507.4(B)</u>	<u>Modifications and Extensions</u>
<u>9510</u>	<u>Facility Closure, Site Abandonment, and Site Restoration</u>
	<u>Procedures</u>
<u>9521</u>	<u>Setbacks</u>
<u>9522</u>	<u>Site Access and Operations</u>
<u>9523</u>	<u>Lighting</u>
<u>9524.1</u>	<u>Landscaping</u>
<u>9526</u>	<u>Signage</u>
<u>9527</u>	<u>Steaming</u>
<u>9530</u>	<u>Safety Assurances and Emergency/Hazard Management (except</u>
	<u>9530.4)</u>
<u>9531</u>	<u>Environmental Resource Management (except 9531.3 and,</u>
	<u>9531.5.1),</u>
<u>9532</u>	<u>Standards for Wells (except subsection G)</u>
<u>9535</u>	<u>Operational Prohibitions</u>
<u>9536</u>	<u>Prohibited Uses</u>

Violations of these sections shall also be subject to enforcement mechanisms contained in this ordinance and Code.

To the extent the ordinance applies to existing oil and gas sites, it is not intended to apply in such manner as to interfere with any vested rights that have accrued to property owners.

9503 Definitions

"Existing" as applied to oil and gas sites, wells or other facilities and operations, refers to and includes all that were lawfully in existence at the effective date of this ordinance



"New Development" means any of the following: 1) development of new buildings, structures or wells for oil and gas operations on a site that has either not previously been used for such activities, or where the previous use was abandoned, or a CUP expired or was revoked and the site exclusively used for operations not related to oil and gas for any intervening period; 2) the expansion by 3 or more wells at an existing site used for oil and gas operations and which conforms to setback requirements; or 3) the placement or erection of tanks for holding produced substances or substances intended for subsurface injection in connection with oil and gas operations exceeding by 25% or more the capacity of existing tanks as of the effective date of this ordinance. ~~new buildings or structures capable of expanding operational capacity capable of accommodating an additional 3 or more average wells at the site.~~ New development does not include the like-kind replacement of ~~structures and equipment facilities~~ required for legally operating oil and gas operations that have are damaged, failed, are at risk of failure, or are at the end of their useful life at an existing site.- ~~conforming to setback requirements.~~ New development does not include workovers or other maintenance for legally operating oil and gas operations, including replacement-in-kind, or re-drills of existing active or idle wells. Re-drills of abandoned wells are considered new wells under this ordinance. appurtenances thereto.

"Petroleum" is ~~a~~ (1) A substance occurring naturally in the earth in a solid, liquid, or gaseous state and composed mainly of mixtures of chemical compounds of carbon and hydrogen, with or without other nonmetallic elements such as sulfur, oxygen, and nitrogen. (2) A general term for all naturally occurring hydrocarbons, whether gaseous, liquid, or solid.

9504 Copies of Adopted Codes and Referenced Publications Consistency with Other Laws, Rules and Regulations

9505 Applicability to Existing Operations Appeals

Unless otherwise specified in this ordinance, any interested person may appeal a discretionary decision of the City Manager consistent with procedure set forth in Section 9173.4, except that references to "Director" shall be replaced with "City Manager," and the Planning Commission's decision is final with no right of appeal to the City Council. Section 9173.5 shall govern the statute of limitations. Mandatory requirements of this ordinance are not subject to appeal.

~~All portions of this ordinance are applicable to new or existing oil and gas sites and operators if they have or are required to obtain a CUP. For oil and gas sites lawfully existing at the time of adoption of this ordinance and do not have or are not required to obtain a new CUP, only the following sections are applicable:~~

- ~~9506 Well Drilling Permit~~
- ~~9521 Setbacks~~
- ~~9522 Site Access and Operations~~
- ~~9523 Lighting~~
- ~~9524.1 Landscaping~~
- ~~9526 Signage~~



~~9527 Steaming~~
~~9530 Safety Assurances and Emergency/Hazard Management~~
~~9531 Environmental Resource Management~~
~~9532 Standards for Wells~~
~~9533 Standards for Pipelines~~
~~9535 Operational Prohibitions~~
~~9536 Prohibited Uses~~

~~Violations of these sections shall also be subject to enforcement mechanisms contained in this ordinance and Code.~~

9507 Required Procedures for Conditional Use Permits

B. All procedures for CUPs to which this ordinance applies shall be consistent with the Article IX, Chapter 1, Part 7 of the Code, except that there shall be no right of appeal to the City Council, as well as with the following additional requirements:

9507.1 Conditional Use Permit (CUP) Filing Requirements

In addition to the filing requirements required by Section 9173.1 (Applications) of this Code, for projects within the City to which this ordinance is applicable, the following materials are also required as part of a CUP application for the consideration of the Planning Commission, ~~or the City Council on appeal~~:

D. A site plan showing:

11. A map of all known, historic, or suspected active, idle and abandoned oil and gas wells or wellheads within the site and within 1,500 feet of the surface location of any existing or proposed new well within the site ~~site boundaries~~.

J. If the site is within 1,000 feet of any prohibited zoning as listed in Table 1-1, a quiet mode operation plan which includes, but is not limited to, the following noise reduction measures:

4. Prohibiting material and supply deliveries to the Project Site, other than along designated truck routes, between the hours of 6 p.m. and 8 a.m. on weekdays and prohibiting deliveries on weekends and holidays, with exceptions only for safety; and

9507.4 Modifications and Extensions

B. Any existing oil and gas operation ~~in existence and lawfully operating when this ordinance becomes effective~~, that does not have a CUP or development agreement for the operation shall be required to comply with this ordinance if any new development occurs at the existing oil and gas site.

9509 Periodic Review



A. Within 30 days from the request by the City, the operator shall deposit to the City the funds necessary for the City to retain a third party entity to prepare a periodic review, which includes all records, drawings, specifications, permits from state agencies, and analysis of the effectiveness of this ordinance, enforcement activity, and any other issues associated with potentially adverse effects of and complaints about oil and gas site operations. A periodic review will be funded by the operator at most once every 5 year period following approval. If the periodic review identifies significant deficiencies in an oil and gas drilling permit, a CUP or DA that are resulting in unmitigated adverse impacts then the City Manager may identify these deficiencies and bring forward recommendations of corrective actions to the Planning Commission ~~or City Council~~ for consideration and prospective amendments of oil and gas drilling permits, and CUPs, and to the Planning Commission for recommendation to the City Council for consideration and prospective amendments of DAs and/or DA.

B. ~~A well drilling permit, CUP, or DA may also be reviewed by the City Manager at any time, if more than three violations occur within a twelve month period and the City Manager determines that resolution of the violations may be addressed by a new drilling permit and/or an amendment to the CUP or DA. The City Manager shall make a recommendation of amendments to the Planning Commission for CUPs and permits, and the Planning Commission and City Council for DAs, as deemed necessary. Nothing in this Section shall preclude the City from taking any other enforcement action authorized by this Code, or from revoking a permit or CUP consistent with Section 9172.28, except in the later case the Commission or Council may choose to amend rather than revoke, and references to "Director" shall be replaced with "City Manager".~~

9510 Facility Closure, Site Abandonment, and Site Restoration Procedures

9510.2 Applicability

~~Oil and gas sites and operations subject to this ordinance~~ Section 9510 and its subsections, shall include all permitted uses identified in Section 9501.A of this Code, regardless of whether these uses were permitted in compliance with this ordinance or any preceding ordinance. This includes, all pipeline systems, except for public utility natural gas transmission and distribution systems, that either transport or at one time transported natural gas, oil, produced water, or waste water that originated from a reservoir, regardless of whether these uses were permitted in compliance with this Code or any preceding ordinance.

9510.3 Application Process

The procedures for processing an abandonment and site restoration permit shall utilize the notice, hearing and appeal process for a Conditional Use Permit as detailed in Article IX, Chapter 1, Part 7 of the Code, as refined herein by Section 9505. For any item required to be submitted less than 180 days in advance, the City Manager has the discretion to process and approve the application. Any person may submit an appeal to the City Manager or the Planning Commission within 15 days of the City Manager's notice of decision consistent with Section 9173.4. Mandatory



requirements of the Code are not subject to appeal. All procedures shall be consistent with the following requirements:

9510.3.1 Requirement to File an Application

C. Other Events Requiring an Application. The operator ~~land use~~ shall submit an application for abandonment, re-abandonment, and site restoration proceedings to the City Manager upon any of the following:

~~2. Upon the revocation, expiration, or failure to obtain or maintain in full force and effect permits required by the provisions of this ordinance. The application shall be submitted within 30 days of the revocation, expiration or failure to obtain or maintain such a required permit. Notwithstanding, for all permits and entitlements not involving a revocation, the operator will not be required to submit an application for abandonment if the operator instead files an application for a new permit or entitlement that is accepted by the City Manager as complete within 60 days of the expiration, and the operator thereafter diligently pursues approval.~~

2. Upon order of DOGGR. The application shall be submitted within 30 days of a DOGGR order to abandon, re-abandon, and restore the site.

~~3. Detection of a leak of an abandoned or re-abandoned well. The application shall be submitted as soon as possible, but not later than 30 days of knowledge of the leak by the operator, regardless whether notice is obtained through a leak test conducted consistent with Section 9537(C) or through other means.~~

D. Nothing in this ordinance shall limit the City's police powers. The City may require those measures reasonably necessary to address specific site or operational conditions that threaten public health, morals, safety or general welfare, which measures could include partial or complete abandonment.

9512 Compliance with City Codes and Ordinances Complaints

9514 Notice of Violation and Administrative Fines

A. The operator shall also be subject to a fine for violation of any requirement of a CUP or this ordinance as determined by the City Manager, subject to the following:

1. Depending on the specific type and degree of the violation, the operator in violation may be penalized at a rate of up to \$10,000 per day, per violation, until it is cured, but in no event, in an amount beyond that authorized by state law. The City Manager will develop a violation fee fine schedule for Council approval to specifically identify the fee fines associated with oil or gas site violations. This violation fee fine schedule may also include nuisance violations.

B. Nothing in this Section or ordinance shall limit the City's ability to pursue other enforcement procedures, including CUP revocation proceedings, actions to enforce a DA, or other legal or equitable remedies provided by this Code or available under the law. Revocations of a permit or CUP may be done pursuant to Section 9172.28, except that the Commission may choose to amend rather than revoke, there is no right of appeal to the City Council, and the references to "Director" shall be replaced with "City Manager."

9515.1 High-Risk Operations

2. A notice regarding the right to appeal the determination to the Commission within 15 days. During the pendency of any such appeal the City Manager's determination shall remain in full force and effect until affirmatively set aside by the Commission. The Commission's decision shall be supported by substantial evidence, and refusal by the operator to provide access to the operation to allow inspection or investigation to determine compliance as authorized by this Code or other law shall be deemed evidence the definition of a high risk operation has been met.

Part 2. Development Standards for Petroleum Operations

9521 Setback Requirements

A. The surface locations of ~~oil and gas facilities, wells and tanks and operations~~ within an oil and gas site shall not be located within:

C. Legally existing oil and gas operations that do not meet the setback requirements as of the effective date of this ordinance are considered non-conforming uses subject to Article IX, Chapter 1, Part 8, Division 2 (Nonconformities) of this Code, except the City Manager shall act in place of the "Director." Notwithstanding any other provision of those requirements, the operator can replace structures and equipment required for oil and gas operations that ~~have~~ are damaged, have failed, are at risk of failure, or are at the end of their useful life. Said replacements shall be made with like-kind structures and equipment that does not expand capacity or structural footprint. If the operator can demonstrate that such structure or equipment is not reasonably available or appropriate for current operational practices, the City Manager may approve minor expansion of equipment or structure upon findings the proposed changes are minor and do not constitute or tend to produce an expansion or intensification of capacity for the site. For existing oil and gas facilities and operations that do not meet the setback requirements as of the effective date of this ordinance, ~~re-drilling is limited to no more than 5 wells within a 5 year period.~~ D, drilling of new wells is prohibited unless the operator can demonstrate vested rights for each new well.

9522.1 Deliveries

For oil and gas sites located in non-industrial areas or for delivery routes, other than designated truck routes, that pass through or adjacent to prohibited zones as listed in Table 1-1, (a) deliveries to the oil or gas sites shall not be permitted after 6:00 p.m.

and before 8:00 a.m., except in cases of emergency and (b). ~~No~~ no deliveries shall be permitted on Saturdays, Sundays or legal holidays, except in cases of emergency.

9522.3 Oil and Gas Site Parking

A. At all times during the construction and operation of any oil and gas site, parking facilities shall be provided for all vehicles associated with the oil or gas site at a rate of 1 parking space per shift-employee. If approved as part of a CUP or a DA, parking for vehicles of employees or workers engaged in any oil or gas site activities can also be provided by the operator at off-site parking lots or in parking facilities, other than public streets, at locations other than the oil or gas site. The operator shall prohibit personal parking on City streets by operator, permittees, contractors, or consultant staff. If the parking lot or parking facilities are not located within a reasonable walking distance of the controlled drill site, the operator shall provide transportation to and from the parking site for employees and workers.

9524.1 Landscaping/Visual Resources

A. ~~Prior to commencement of operations at an oil or gas site~~ any new development, the operator shall implement a landscaping plan prepared by a licensed landscape architect, that has been approved as part of a CUP or a DA, which provides adequate screening and blending of the facilities so that the site shall not appear unsightly or aesthetically deficient compared with the surrounding character of the area. Except for oil and gas sites located within industrial zones, all tanks shall not extend more than twenty feet above the surface of any site, unless otherwise approved in a CUP or DA.

9526 Signage

~~C. Signs shall not be constructed, erected, maintained or placed on the premises or any part thereof, except those required by law or ordinance to be displayed in connection with the drilling or maintenance of the well.~~

~~D.C.~~ Identification signs shall be posted and maintained in good condition along the outer boundary line and along the walls adjoining the public roads that pass through the oil or gas site. Each identification sign shall prominently display current and reliable emergency contact information that will enable a person to promptly reach, at all times, a representative of the operator who will have the expertise to assess any potential problem and recommend a corrective course of action. Each sign shall also have the telephone number of the City department of planning or zoning enforcement section and the number of SCAQMD that can be called if odors are detected. For existing oil and gas sites, the signs shall be updated when they are replaced or repaired.

9527 Steaming

The installation of any surface equipment designed to produce steam shall be prohibited without the approval of the City Manager. The operator shall submit a

steaming plan addressing equipment sizing and design to the City Manager for review and approval. The steaming plan operator shall also include submit well casing and cementing design specifications as required by DOGGR.

9530.3 Earthquake Shutdown

A. The operator shall immediately inspect all oil and gas-related facilities, equipment, and pipelines following any seismic event with a magnitude of 4.0 or greater with an epicenter within 10 kilometers (km) of the oil and gas site, magnitude 4.5 or greater within 30 km, or magnitude 6.0 ~~or~~ within 100 km.

C. The operator shall not reinstitute operations at those portions of the project site and associated pipelines damaged by a seismic event until the damage has been repaired and confirmed by the operator to be it can reasonably be determined by the City Manager that all project site infrastructure is repaired and structurally sound. and safe for operation, and has passed any otherwise required inspection. Before returning any damaged structure, fixture or equipment to operation, the operator shall prepare and submit to the City Manager a written report of inspections and repairs of that structure, fixture or equipment, and the results of any required inspection. Recommencement of any operations shall occur through written or verbal approval of the City Manager.

9530.5 Safety Measures and Emergency Response Plan

The operator is responsible for compliance with safety and emergency response requirements.

A. Copies of all Emergency Response Plans, Emergency Action Plans, Oil Spill Plans, inspections, reports and any emergency response drill training as required by DOGGR, CalEPA, OSHA, Los Angeles County Fire Department, SCAQMD or any other agency shall be submitted to the City.

9530.6.2 Transportation Risk Management and Prevention Program (TRMPP)

If the transportation routes of any product from oil and gas development in the City passes through or adjacent to any prohibited zoning as listed in Table 1-1, excluding ~~existing~~ designated truck routes, the operator shall prepare and maintain a Transportation Risk Management and Prevention Program which shall be provided to the City Manager upon request. The TRMPP may contain the following components including, but not limited to:

9531.2 Air Quality

A. Odor Minimization. If the site is within 1,500 feet of any prohibited zoning as listed in Table 1-1, or if three (3) odor complaints from three (3) different citizens of the City have been confirmed by the SCAQMD within any 12-month period, at all times the operator shall comply with the provisions of an odor minimization plan that has been approved by the City Manager. The plan shall provide detailed information about the

site and shall address all issues relating to odors from oil or gas operations. Matters addressed within the plan shall include setbacks, signs with contact information, logs of odor complaints, method of controlling odors such as flaring and odor suppressants, and the protocol for handling odor complaints. The odor minimization plan shall be reviewed and updated by the operator on an annual basis to determine if modifications to the plan are required. Any modifications to the odor minimization plan shall be submitted to the City Manager for review and approval. Any operator's submissions to the SCAQMD shall be provided to the City Manager and shall be consistent with Section 9531.2.

B. Portable Flare for Drilling. If the ~~site well~~ is within 1,500 feet of any prohibited zoning as listed in Table 1-1, and either the historical operations of the producing zone have exhibited a gas-oil ratio of more than 4400 or no data is available on the producing zone targeted, the operator shall have a gas buster and a portable flare, approved by the SCAQMD, at the oil and gas site and available for immediate use to remove any gas encountered during drilling and abandonment operations from well muds prior to the muds being sent to the shaker table, and to direct such gas to the portable flare for combustion. The portable flare shall record the volume of gas that is burned in the flare. The volume of gas burned in the flare shall be documented in the operations logs. The operator shall notify the Fire Chief of the Los Angeles County Fire Department and the SCAQMD within forty-eight hours in the event a measurable amount of gas is burned by the flare, and shall specify the volume of gas that was burned in the flare. All other drilling and abandonment operations shall be conducted so that any measurable gas that is encountered can, and will, be retained in the wellbore until the gas buster and portable flare are installed on the rig, after which the gas will be run through the system to flare. The operator shall immediately notify the Fire Chief of the Los Angeles County Fire Department and the SCAQMD in the event any gas from operation is released into the atmosphere without being directed to and burned in the flare.

C. ~~Odor Suppressant~~ Control for Drilling Operations. If the ~~site well~~ is within 1,500 feet of any prohibited zoning as listed in Table 1-1 and either the historical operations of the producing zone have exhibited a gas-oil ratio of more than 4400 or no data is available on the producing zone targeted, the operator shall use an enclosed mud system that directs all mud vapors through an odor capturing system, such as a carbon bed, to prevent odorous pollutants from passing the site boundaries and impacting the area. An odor suppressant spray system may be used on the mud shaker tables for all drilling operations to ensure that no odors from said operations can be detected at the outer boundary line of the ~~well~~ oil and gas site.

D. Closed Systems. The operator shall ensure that all produced water, gas and oil associated with production, processing, and storage, except those used for sampling only, are contained within closed systems at all times and that all pressure relief systems, including tanks, vent to a closed header and flare-type system to prevent emissions of pollutants. This subsection does not apply to existing facilities.

E. No open pits are allowed.

9532 Standards for Wells

~~G. Excluding existing wells and oil and gas sites in industrial zones, a~~ Aboveground pumpjack assemblies are prohibited for new wells, and oil and gas sites are restricted to the exclusive use of submersible downhole pumping mechanisms for extraction. Additionally, any well already lawfully existing at the time of implementation of this ordinance in all non-industrial zones, lawfully using a pumpjack assembly that is extending its period of production beyond the amortization date established in Section 9189.22(a) shall have its aboveground pump replaced with a submersible downhole pumping mechanism. The pumpjack assembly, along with its motor and fuel system, shall be removed from the oil or gas site within thirty (30) days of the completion of the operation. It is the intent of this Subsection to uninterruptedly carry forward, and not extend, previously existing amortization periods for the removal of pumpjack assemblies and the installation of submersible downhole pumping mechanisms. The requirements of this subsection ~~K~~are applicable to all oil and gas sites in all non-industrial zones except for such facilities where the City Manager determines that the use of submersible downhole pumping mechanisms is infeasible due to technical reasons or other circumstances which would specifically preclude the use of such technology.

9533.1 Pipeline Installations and Use

A. Pipelines shall be used to transport oil and gas off-site to promote traffic safety and air quality, unless it can be demonstrated to the satisfaction of the City Manager that a pipeline is infeasible and that transportation of products do not pass through or adjacent to prohibited areas as defined in Table 1-1, except on designated truck routes. Trucking on a temporary basis is allowed with approval of the City Manager.

B. The use of a pipeline for transporting crude oil or gas may be a condition of approval for expansion of existing facilities or construction of new facilities unless it can be demonstrated to the satisfaction of the City Manager that a pipeline is infeasible and that transportation of products do not pass through or adjacent to prohibited areas as defined in Table 1-1, except on designated truck routes.

9535 Operational Prohibitions

~~Operational prohibitions.~~ Notwithstanding any other provision of this ~~article~~ ordinance, it shall be unlawful to perform or cause to be performed the following activities within the City in conjunction with the production or extraction of oil, gas or other hydrocarbon substance from any subsurface location within the City:

~~1. Injection pumps shall not operate at a pressure that produces a pressure exceeding 100 percent of the Maximum Allowable Surface Pressure (MASP) at the well head.~~

~~1. No cumulative pumping storage of acid on the oil and gas site shall occur in a volume in excess of 2,500 gallons. the minimum Acid Volume Threshold for any well as calculated by DOGGR over a 1 year period~~

~~2. No well~~ oil and gas operations shall utilize more than 25,000 gallons of

water in a 24 hour period, or more than 100,000 gallons per week, unless during an emergency and as approved by the City Manager. This restriction does not apply to produced water, or waste water that originated from a petroleum reservoir.

Part 3. Development Standards for Site Abandonment and Redevelopment

9537 Development Standards

H. Other Development Standards:

1. Permanent structures, or other construction that would be difficult or expensive to demolish, shall not be located on top of any abandoned oil or gas well such that access for a well abandonment rig or other well maintenance equipment is constrained or inhibited from access to the well in the event of a future oil or gas leak, unless it can be demonstrated to the satisfaction of the City Manager that it is not feasible or, within an industrial zone, the developer proposing such construction provides written assurances to the satisfaction of the City Manager, to be included in the recorded declaration of covenant prescribed in Subsection 3, below, that they are aware of and accept the risks associated with such construction. Previous improvements, such as landscaping and porous parking areas with adequate landscape buffers, may be located on top of an abandoned or re-abandoned well which has passed the leak test consistent with Subsection C of this Section.

2. Redevelopment of a Former Oil and Gas Site: If redevelopment of an oil and gas site for use other than an oil and gas operation is proposed at a completely or partially abandoned oil or gas site, the applicant shall submit an application to be processed as a Conditional Use Permit consistent for that use under Chapter 1, Article IX of this Code. Said application shall include the content required by Section 9510.3.2, and the Conditional Use Permit shall comply with the development standards of Section 9537.

3. Prior to issuance of a permit or entitlement for redevelopment of a former oil and gas site, the owner shall record a declaration of a covenant, in a form subject to the review and approval of the City Attorney, putting future owners and occupants on notice of the following: the existence of abandoned oil wells on the site; that the wells within the site have been leak tested and found not to leak; description of any methane mitigation measures employed; ~~disclosure that a statement as to whether or not access to these wells has been provided~~ to address the fact that they may leak in the future causing potential harm; acknowledgment that the state may order the re- abandonment of any well should it leak in the future; acknowledgment that the state does not recommend building over wells; and releasing and indemnifying the City for issuing any project permit or entitlement for the project, along with notice of the assurances, if any, required by Subsection 1, above. The covenant shall run with the land, apply to future owners, and may only be released by the City.

EXHIBIT "2"

ALTERNATIVE TERMS

(Add-ins)

Item	Proposed Language	Code Section Edits/Revisions/Additions
Petroleum Administrator	<p>"Petroleum Administrator" (PA) is the City's administrative official, and the Petroleum Administrator's designated assistants, inspectors and deputies having the responsibility for the enforcement of this ordinance. The Petroleum Administrator is authorized and directed to enforce the provisions of this ordinance and the codes adopted by reference herein. The Petroleum Administrator shall be appointed by the City Manager and subject to the City Manager's authority under Section 2107 of this Code.</p> <p>The Petroleum Administrator shall have the primary responsibility for enforcing the provisions of this ordinance unless otherwise specified. The Petroleum Administrator is authorized to consult experts qualified in fields related to the subject matter of this ordinance and codes adopted by reference herein as necessary to assist the Petroleum Administrator in carrying out duties. The Petroleum Administrator may also appoint such number of officers, inspectors, assistants and other employees for the petroleum unit as shall be authorized by the City Manager subject to Section 2107 of this Code. The Petroleum Administrator may deputize such employees as may be necessary to carry out the functions of the petroleum unit.</p>	<p>Add definition to section 9504.</p> <p>Change "City Manager" to "Petroleum Administrator" in the following sections:</p> <p>9504 ("shut-down order")</p> <p>9505</p> <p>9506</p> <p>9507.2</p> <p>9507.5</p> <p>9508</p> <p>9508.2</p> <p>9509</p> <p>9510.3</p> <p>9510.3.1</p> <p>9510.3.2</p> <p>9510.3.3</p> <p>9510.3.4</p> <p>9511</p> <p>9512</p> <p>9514</p> <p>9515.1</p> <p>9516</p> <p>9519</p> <p>9520</p> <p>9521</p>



		<p>9522.2</p> <p>9527</p> <p>9528</p> <p>9530.3</p> <p>9530.4</p> <p>9530.6</p> <p>9530.6.2</p> <p>9530.6.3</p> <p>9531.1</p> <p>9531.2</p> <p>9531.3</p> <p>9531.4</p> <p>9531.5.1</p> <p>9531.5.2</p> <p>9531.5.3</p> <p>9531.6</p> <p>9532</p> <p>9533.1</p> <p>9533.2</p> <p>9535</p> <p>9536</p> <p>9536.1</p> <p>9537</p>
Appeals	[Already included as a revision to Section 9505]	
Broader Authority	<p>1. [Petroleum Administrator or City Manager] shall have the powers of a law enforcement officer.</p> <p>2. The decisions of the [Petroleum Administrator or City Manager] ... shall be deemed final.</p> <p>3. In the event the [Petroleum Administrator or City Manager] is unable to obtain compliance, the Petroleum Administrator may order immediate cessation of operations.</p> <p>4. If the [Petroleum Administrator or City Manager] determines it</p>	<p>Make changes in the following sections:</p> <p>1. 9504 Definitions: Petroleum Administrator or City Manager</p> <p>2. 9504 Definitions: Petroleum Administrator or City Manager</p> <p>3. 9504 Definitions: Petroleum Administrator or City Manager</p>

	<p>is necessary, the [Petroleum Administrator or City Manager] may require a plan for a community alert system.</p> <p>If the [Petroleum Administrator or City Manager] determines it is necessary, the [Petroleum Administrator or City Manager] may require a quiet mode operations plan.</p> <p>If the [Petroleum Administrator or City Manager] determines it is necessary, the [Petroleum Administrator or City Manager] may require a photometric analysis.</p> <p>CUP filing requirements - other information as deemed reasonably necessary by the [Petroleum Administrator or City Manager].</p> <p>Abandonment application - Any other information deemed reasonably necessary by the [Petroleum Administrator or City Manager] to address site-specific factors.</p> <p>If the [Petroleum Administrator or City Manager] determines it is necessary, at all times the operator shall comply with the provisions of an odor minimization plan.</p> <p>The odor minimization plan shall include any measures requested by the [Petroleum Administrator or City Manager].</p> <p>If the [Petroleum Administrator or City Manager] determines it is necessary, the operator shall have a gas buster and a portable flare.</p> <p>If the [Petroleum Administrator or City Manager] determines it is necessary, the operator shall use an enclosed mud system.</p> <p>If the [Petroleum Administrator or City Manager] determines it is necessary, the operator shall perform a health risk assessment.</p> <p>At any distance as per the discretion of the [Petroleum Administrator or City Manager], the operators shall be conducted in a manner that minimizes noise.</p> <p>The [Petroleum Administrator or City Manager] may order such tests or inspections deemed necessary to establish the reliability and integrity of any pipeline system.</p>	<p>Administrator or City Manager</p> <p>4. 9530.5</p> <p>5. 9507.1</p> <p>6. 9507.1</p> <p>7. 9507.1</p> <p>8. 9510.3.2</p> <p>9. 9531.2</p> <p>10. 9531.2</p> <p>11. 9531.2</p> <p>12. 9531.2</p> <p>13. 9531.2</p> <p>14. 9531.6</p> <p>15. 9533.2</p>
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Setbacks	<p>A. The surface locations of wells and tanks within an oil and gas site shall not be located within:</p> <ol style="list-style-type: none"> 1. Five hundred feet (500 feet) _____ hundred feet (____ feet) of the property boundaries of any public school, public park, clinic, hospital, long-term health care facility. 2. Five hundred feet (500 feet) _____ hundred feet (____ feet) of the property boundaries of any residence or residential zone, as established in this Code, except the residence of the owner of the surface land on which a well might be located and except a residence located on the land which, at the time of the drilling of the well, is under lease to the person drilling the well. 3. Five hundred feet (500 feet) _____ hundred feet (____ feet) of the property boundaries of the commercially designated zone CN, CA, MU-CS or MU-SB (see Table 1-1), as established by this Code. 4. Fifty feet (50 feet) of any dedicated public street, highway, public walkway, or nearest rail of a railway being used as such. 	<p>Make changes in the following sections:</p> <p>9521</p>
Legal non-conforming removal	<p>9521. C Legally existing oil and gas operations that do not met the setback requirements <u>and that were conforming immediately before</u> as of the effective date of this ordinance are <u>not</u> considered non-conforming uses and are <u>not made</u> subject to Article IX, Chapter 1, Part 8, Division 2 (Nonconformities) of this Code <u>by this ordinance.</u> except the City Manager shall act in place of the "Director." <u>Notwithstanding any other provision of these requirements, Such operations may continue to lawfully operate to the extent the operations can demonstrate vesting rights as of the effective date of this ordinance, but are prohibited for expanding operations beyond those demonstrated vested rights.</u></p>	<p>Make changes in the following sections:</p> <p>9521.C 9507.3.A.5</p>

9507.3.A	5. Any existing non-conforming oil and gas sites located on the proposed project site shall already be in conformity, or will be brought into conformity, with all applicable provisions of this ordinance without having to relocate existing facilities.	
Pumpjacks	G. Aboveground pumpjack assemblies are prohibited for new wells located in non-industrial areas, and oil and gas sites are restricted to the exclusive use of submersible downhole pumping mechanisms for extraction. Additionally, any well already lawfully existing at the time of implementation of this ordinance in all non-industrial zones, lawfully using a pumpjack assembly that is extending its period of production beyond the amortization date established in Section 9189.22(a) shall have its aboveground pump replaced with a submersible downhole pumping mechanism. The pumpjack assembly, along with its motor and fuel system, shall be removed from the oil or gas site within thirty (30) days of the completion of the operation. It is the intent of this Subsection to uninterruptedly carry forward, and not extend, previously existing amortization periods for the removal of pumpjack assemblies and the installation of submersible downhole pumping mechanisms. The requirements of this subsection are applicable to all oil and gas sites in all non-industrial zones except for such facilities where the City Manager determines that the use of submersible downhole pumping mechanisms is infeasible due to technical reasons or impractical due to level of produced volumes or would be of no practical benefit or other circumstances which would specifically preclude the use of such technology.	Make changes in the following sections: 9532.G
Fine Schedule	9514.1 Depending on the specific type and degree of the violation, the operator in violation may be penalized at a rate of up to \$10,000 per day, per violation, until it is cured, but in no event, in an amount	Make changes in the following sections: 9514

	<p>beyond that authorized by state law as follows: The City Manager will develop a violation fine schedule for Council approval to specifically identify the fines associated with oil or gas site violations. This violation fine schedule may also include nuisance violations.</p> <p>[See attached Violation Fine Schedule] [Pending]</p>	
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City of Carson Oil & Gas Code Update

June 1, 2015 July 28, 2015

EXHIBIT NO. 03

01007.0018/260026.1

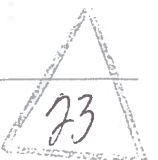


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CHAPTER 5

OIL AND GAS CODE

Part 1. Administrative Procedures

9500 Purpose

- A. This Chapter shall be known as the Oil and Gas ordinance of the City of Carson.
- B. It is the purpose of this ordinance, amongst other things, to protect the health, safety, public welfare, physical environment and natural resources of the city by the reasonable regulation of oil and gas facilities, equipment, and operations, including but not limited to: exploration; production; storage; processing; transportation; disposal; plugging abandonment and re-abandonment of wells; of operations and equipment accessory and incidental thereto and development and redevelopment of oil and gas sites. It is further the intent of the City that oil and gas operations shall be permitted within this city (except where expressly prohibited herein), subject to the application of this ordinance and all other applicable laws, regulations and requirements.
- C. It is not the intent of this ordinance to regulate public utility operations for the storage or distribution of natural gas under the jurisdiction of the California Public Utilities Commission (CPUC). Any well or site related operations, however, shall be subject to this ordinance.

9501 Ordinance Applicability

- A. The regulations in this ordinance shall apply, insofar as specifically provided herein, to oil and gas production and related sites and facilities, equipment, structures, or appurtenances including, but not limited to:
1. Drilling, and abandonment operations of any new or existing well or re-entry of a previously abandoned well for the production of oil and gas.
 2. Sites, infrastructure, structures, equipment, and/or facilities necessary and incidental to processing of oil, produced water, gas, and condensate obtained from an oil and gas field, zone, subsurface lease or area. .
 3. Injection wells and incidental equipment necessary for enhanced oil recovery or disposal of produced water.

4. Equipment and facilities necessary for enhanced oil recovery including water flooding, steam flooding, air injection, carbon dioxide injection, or introduction of polymers, or other techniques.
5. Pipelines located within an oil and gas lease area that are necessary for oil and gas production operations.
6. Pipelines that transport oil or gas to another location for sale or transfer to a third party.
7. Storage tanks and equipment necessary or incidental to gathering, separation or treatment of oil, water, and gas, and/or temporary storage of separated fluids and gases, and transfer of the produced hydrocarbons to pipelines or tanker trucks.
8. Oil spill containment and recovery equipment, and facilities including offices, storage spaces, and vehicles for the storage of floating oil and water separators, pumps, generators, hosing, assorted absorbent materials, steam cleaners, storage tanks, and other land and wildlife cleanup and recovery equipment.

B. All portions of this ordinance are applicable to new or existing oil and gas sites and operators if they have or are required to obtain a CUP. For oil and gas sites lawfully existing at the time of adoption of this ordinance which do not have or are not required to obtain a new CUP, only the following sections are applicable:

9506 Well Drilling Permit

9507.4(B) Modifications and Extensions

9510 Facility Closure, Site Abandonment, and Site Restoration Procedures

9521 Setbacks

9522 Site Access and Operations

9523 Lighting

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9526 Signage

9527 Steaming



9530 Safety Assurances and Emergency/Hazard Management (except 9530.4)

9531 Environmental Resource Management (except 9531.3 and, 9531.5.1),

9532 Standards for Wells (except subsection G)

9535 Operational Prohibitions

9536 Prohibited Uses

Violations of these sections shall also be subject to enforcement mechanisms contained in this ordinance and Code.

To the extent the ordinance applies to existing oil and gas sites, it is not intended to apply in such manner as to interfere with any vested rights that have accrued to property owners.

9502 Allowable Uses

Table 1-1 below specifies what City zoning designations allow for oil and gas sites and, if allowable, what type of authorization is required for the use.



TABLE 1-1

* In addition to the zones listed in the table below, oil and gas sites shall be permitted in any specific plan area where such uses are specifically allowed in accordance with the requirements of this ordinance.

**CUP indicates a requirement for a Conditional Use Permit, while DA indicates a development agreement.

Zoning Designation	Oil and Gas Facility/Site Permit Required by Zone
Residential	
RS Residential Single Family	Not Permitted
RM Residential Multi-Family	Not Permitted
RA Residential Agricultural	Not Permitted
Commercial	
CN Commercial Neighborhood Center	Not Permitted
CR Commercial Regional Center	CUP & DA ¹
CG Commercial General	CUP & DA ¹
CA Commercial Automotive	Not Permitted
MU-CS Mixed Use-Carson Street	Not Permitted
MU-SB Mixed Use-Sepulveda Blvd.	Not Permitted
Industrial	
ML Manufacturing Light	CUP & DA ¹
MH Manufacturing Heavy	CUP & DA ¹
Open Space & Special Uses	
Open Space	Not Permitted
Special Uses	Not Permitted

¹ Development agreement provisions apply as specified in Section 9508.

9503 Definitions

Unless the context otherwise requires, the definitions hereinafter set forth shall govern the construction of this ordinance.



"Abandoned Well" means a non-producing well DOGGR so designates after it has been demonstrated that all steps have been taken to protect underground or surface water suitable for irrigation or other domestic uses from the infiltration or addition of any detrimental substance, and to prevent the escape of all fluids to the surface.

"Acid Well Stimulation Treatment" is defined in the DOGGR Statutes and Regulations and means a well stimulation treatment that uses, in whole or in part, the application of one or more acids to the well or underground geologic formation. The acid well stimulation treatment may be at any applied pressure and may be used in combination with hydraulic fracturing treatments or other well stimulation treatments. Acid well stimulation treatments include acid matrix stimulation treatments and acid fracturing treatments.

"Acid Fracturing" is an acid well stimulation treatment that, in whole or in part, includes the pressurized injection of acid into an underground geologic formation in order to fracture the formation, thereby causing or enhancing, the production of oil or gas from a well.

Acid Matrix Stimulation Treatment is an acid well stimulation treatment conducted at pressures lower than the applied pressure necessary to fracture the underground geologic formation.

"Acid Volume Threshold" means a volume per treated foot of well stimulation treatment, calculated as per DOGGR consistent with DOGGR Statutes and Regulations.

"Air injection" is an enhanced oil recovery process utilizing compressed air that is injected into a reservoir. Oxygen in the gas reacts exothermically with some of the oil, producing highly mobile flue gas. The flue gas advances ahead of the reaction front and achieves an efficient displacement of the in situ oil.

"API" refers to the American Petroleum Institute.

"ASTM" ASTM shall mean the American Society of Testing and Materials.

"City Manager " is the City's administrative official, and the City Manager's designated assistants, inspectors and deputies having the responsibility for the enforcement of this ordinance.

"DOGGR" is the, Division of Oil, Gas and Geothermal Resources which is part of the Department of Conservation of the State of California. DOGGR oversees the drilling, operation, maintenance, and plugging and abandonment of oil, natural gas, and geothermal wells.

"DOGGR Statutes and Regulations" are the California statutes and regulations related to or



governing DOGGR, at California Public Resources Code, Division 3, and Oil and Gas and the California Code of Regulations, Title 14, Division 2.

"Drill" or "Drilling" is to bore a hole in the earth, usually to find and remove subsurface formation fluids such as oil and gas. Drilling, under this ordinance, includes re-drilling and re-working of wells.

"Enforcement action" is any administrative, injunctive, or legal action (either civil or criminal), to enforce, cite or prosecute a violation or efforts to abate or correct a violation (or dangerous or hazardous situation caused by a violation), including investigation, research, legal action, physical abatement, law enforcement and other necessary acts.

"Enhanced oil recovery" is the injection of steam, gas, or other chemical compounds into hydrocarbon reservoirs to stimulate the production of usable oil beyond what is possible through natural pressure and pumping at the wellhead.

"EPA" refers to the U.S. Environmental Protection Agency.

"Existing" as applied to oil and gas sites, wells or other facilities and operations, refers to and includes all that were lawfully in existence at the effective date of this ordinance

"Exploratory Well" is defined in the DOGGR Statutes and Regulations and means any well drilled to extend a field or explore a new, potentially productive reservoir.

"Facilities" include tanks, compressors, pumps, vessels, and other equipment or structures pertinent to oil field operations located at an oil and gas site.

"Gas" means any natural hydrocarbon gas coming from the earth.

"Gas Plant" means processing equipment for produced gas to separate, recover, and make useful natural gas liquids (condensate, natural gasoline [e.g., pentenes], and liquefied petroleum gas, etc.), to separate, remove, and dispose of other non-hydrocarbon substances, such as water, sulfur, carbon dioxide, ammonia, etc., and to produce utility-grade gas suitable for delivery and sale.

"High risk operation" means an oil or gas production, processing or storage facility which: (a) has been in violation of any applicable section of this ordinance for more than 30 consecutive days and resulted in the issuance of a notice of determination of fines pursuant to Section 9510.3.5 of this ordinance during the preceding twelve months; or (b) has had three separate unauthorized releases of oil, produced water and/or other hazardous materials of a quantity not

less than fifteen barrels (six hundred thirty gallons) other than within secondary containment for each incident during the preceding twelve months

"Hydraulic Fracturing" is defined in the DOGGR Statutes and Regulations and means a well stimulation treatment that, in whole or in part, includes the pressurized injection of hydraulic fracturing fluid into an underground geologic formation in order to fracture, or with the intent to fracture, the formation, thereby causing or enhancing, for the purposes of this ordinance, the production of oil or gas from a well.

"Idle well" is defined in the DOGGR Statutes and Regulations and is any well that has not produced oil or natural gas or has not been used for injection for six consecutive months of continuous operation during the last five or more years. An idle well does not include an active observation well.

"Natural gas liquids" (NGLs) include propane, butane, pentane, hexane and heptane, but not methane and ethane, since these hydrocarbons need refrigeration to be liquefied..

"NFPA" refers to the National Fire Protection Agency.

"New Development" means any of the following: 1) development of new buildings, structures or wells for oil and gas operations on a site that has either not previously been used for such activities, or where the previous use was abandoned, or a CUP expired or was revoked and the site exclusively used for operations not related to oil and gas for any intervening period; 2) the expansion by 3 or more wells at an existing site used for oil and gas operations and which conforms to setback requirements; or 3) the placement or erection of tanks for holding produced substances or substances intended for subsurface injection in connection with oil and gas operations exceeding by 25% or more the capacity of existing tanks as of the effective date of this ordinance. new buildings or structures capable of expanding operational capacity capable of accommodating an additional 3 or more average wells at the site. New development does not include the like-kind replacement of structures and equipment facilities required for legally operating oil and gas operations that have are damaged, failed, are at risk of failure, or are at the end of their useful life at an existing site, conforming to setback requirements. New development does not include workovers or other maintenance for legally operating oil and gas operations, including replacement-in-kind, or re-drills of existing active or idle wells. Re-drills of abandoned wells are considered new wells under this ordinance.

"New Well" is defined by the DOGGR Statutes and Regulations as the drilling of a well that requires the submission of the DOGGR form OG105 - Notice of Intention to Drill New Well – Oil and Gas, as may be updated or amended. For the purposes of this ordinance, the re-drilling of



an abandoned well is considered a new well.

"Oil" is a simple or complex liquid mixture of hydrocarbons that can be refined to yield gasoline, kerosene, diesel fuel, and various other products.

"Oil and Gas Site" or **"Site"** is a oil drilling site and all associated operations and equipment attendant to oil and gas production or injection operations including but not limited to, pipelines, tanks, exploratory facilities (including exploratory wells), flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, drilling facilities, and production facilities.

"Oil and Gas Operations" are all activities in connection with the exploration, drilling for and the production of oil and gas and other hydrocarbons, together with all incidental equipment and appurtenances thereto.

"Operator" means the person, who by virtue of ownership or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control a well or production facility.

"OSHA" refers to the California Occupational Safety and Health Administration.

"Person" encompasses any individual, firm, association, corporation, joint venture or any other group or combination acting as an entity.

"Petroleum" is a(1) A substance occurring naturally in the earth in a solid, liquid, or gaseous state and composed mainly of mixtures of chemical compounds of carbon and hydrogen, with or without other nonmetallic elements such as sulfur, oxygen, and nitrogen. (2) A general term for all naturally occurring hydrocarbons, whether gaseous, liquid, or solid.

"Pipelines," for the purposes of this ordinance, shall mean all flow lines associated with wells located within the City of Carson used for the transportation of petroleum or petroleum by-products or of materials used in the production of petroleum.

"Produced water" is a term used to describe the water that is produced along with crude oil and gas.

"PSM" refers to process safety management.

"Redevelopment" for the purposes of this ordinance is the development of all of a portion of a current or former oil or gas site to another authorized use other than petroleum operations.



"Re-drilling" is defined in the DOGGR Statutes and Regulations and is the deepening of an existing well or the creation of a partial new well bore including plugging of the original bore and casings and requires the submission of DOGGR form OG107 - Notice of Intention to Rework/Redrill Well, as may be updated or amended.

"Re-entry" is the process of cleaning a plugged and abandoned well by drilling, jetting, or other method.

"Re-work" is defined in the DOGGR Statutes and Regulations and means any operation subsequent to initial drilling that involves re-drilling, plugging, or permanently altering in any manner the casing of a well or its function and requires the filing of a notice of intent to rework/redrill a well with DOGGR. Altering a casing includes such actions as a change in well type, new or existing perforations in casing, running or removing of cement liners, placing or drilling out any plug (cement, sand, mechanical), running a wireline tool that has the ability to drill through a cased borehole, or any other operation which permanently alters the casing of a well. For the purposes of this ordinance, re-work includes a well abandonment.

"Refining" shall mean any industrial process facility where crude oil is processed and refined into more useful products and sold to others without further treatment or processing.

"Regional Water Quality Control Board" shall mean the Los Angeles Regional Water Quality Control Board.

"Secondary recovery" means an improved recovery method of any type applied to a reservoir to produce oil not recoverable by primary recovery methods and would include water flooding, steam flooding and gas injection.

"Secondary containment" means containment, which is external to and separate from the primary containment, typically constructed of masonry block or poured concrete walls which incorporates an impervious barrier, including but not limited to dikes, berms, or retaining walls sufficiently impervious to contain oil.

"Shut down" or "Shut Down Order" is an order by the City Manager, California State Fire Marshall, or DOGGR official, to restrict or prohibit certain (or all) functions or operations at a facility or by an operator pursuant to authority of this ordinance.

"SPCC" refers to Spill Prevention, Control, and Countermeasures.

"Steam Flooding" is a thermal oil and gas recovery method in which steam is injected into a reservoir through injection wells and driven toward production wells. The steam reduces the



viscosity of crude oil, causing it to flow more freely. The heat vaporizes lighter hydrocarbons; as they move ahead of the steam, they cool and condense into liquids that dissolve and displace crude oil. The steam provides additional gas drive. This method is also used to recover viscous oils. The technique is also called Continuous Steam Injection or Steam Drive. Consistent with Section 3157(b) of Public Resources Code Division 3, steam flooding is not considered to be a well stimulation treatment.

"Cyclic Steaming" shall mean a production method with alternating steam flooding and subsequent oil production from the same well. Consistent with Section 3157(b) of Public Resource Code Division 3, cyclic steaming is not considered to be a well stimulation treatment.

"Structure" means anything constructed or erected which requires location on the ground or is attached to something having a location on the ground, except outdoor areas such as walks, paved areas, tennis courts, and similar open recreation areas. This definition includes buildings, but does not include wells.

"Supervisor" means the DOGGR Supervisor.

"Toxic Air Contaminants" means an air pollutant which may cause or contribute to an increase in mortality or in serious illness, or which may pose a present or potential hazard to human health as defined in California Health and Safety Code Section 39655, as may be amended from time to time. Title 17, Section 93000, of the California Code of Regulations, lists substances defined as Toxic Air Contaminants.

"USEPA" refers to the United States Environmental Protection Agency.

"Regional Water Quality Control Board" shall mean the Los Angeles Regional Water Quality Control Board.

"Waterflooding" is a method of secondary recovery in which water is injected into the reservoir formation to displace residual oil. The water from injection wells physically sweeps the displaced oil to adjacent production wells. Consistent with Section 3157(b) of Public Resource Code Division 3, waterflooding is not considered to be a well stimulation treatment.

"Well" is defined in the DOGGR Statutes and Regulations and means any oil or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas; any well drilled for the purpose of injecting fluids or gas for stimulating oil or gas recovery, repressuring or pressure maintenance of oil or gas reservoirs, or disposing of waste fluids from an oil or gas field; any well used to inject or withdraw gas from an underground storage facility; or any well drilled within or adjacent to an oil or gas pool for the purpose of obtaining water to be



used in production stimulation or repressuring operations.

“Well stimulation treatment” is defined in the DOGGR Statutes and Regulations and means a treatment of a well designed to enhance oil and gas production or recovery by increasing the permeability of the formation. Well stimulation is a short term and non-continual process for the purposes of opening and stimulating channels for the flow of hydrocarbons. Examples of well stimulation treatments include hydraulic fracturing, acid fracturing and acid matrix stimulation. Except for operations that meet the definition of “underground injection project” under 14 CCR Section 1761(a)(2), a treatment at pressures exceeding the formation fracture gradient shall be presumed to be a well stimulation treatment unless it is demonstrated to DOGGR's satisfaction that the treatment, as designed, does not enhance oil and gas production or recovery by increasing the permeability of the formation. Except for operations that meet the definition of “underground injection project” under CCR Section 1761(a)(2), a treatment that involves emplacing acid in a well and that uses a volume of fluid equal to or greater than the Acid Volume Threshold for the operation shall be presumed to be a well stimulation treatment unless it is demonstrated to DOGGR's satisfaction that the treatment, as designed, does not enhance oil and gas production or recovery by increasing the permeability of the formation. Well stimulation treatment does not include steaming, water flooding or cyclic steaming and does not include routine well cleanout work; routine well maintenance; routine treatment for the purpose of removal of formation damage due to drilling; bottom hole pressure surveys; routine activities that do not affect the integrity of the well or the formation; the removal of scale or precipitate from the perforations, casing, or tubing; a gravel pack treatment that does not exceed the formation fracture gradient; or a treatment that involves emplacing acid in a well and that uses a volume of fluid that is less than the Acid Volume Threshold for the operation and is below the formation fracture gradient.

“Workover” is the process of major maintenance or remedial treatments on an oil or gas well without changing the physical design of the well. Workovers include all operations that do not involve the initial drilling or re-working of wells and is regulated by DOGGR but without requirements for notices of intent or permits.

9504 Copies of Adopted Codes and Referenced PublicationsConsistency with Other Laws, Rules and Regulations

This ordinance, insofar as it regulates oil and gas operations also regulated by the California Department of Conservation, Division of Oil, Gas, and Geothermal Resources (DOGGR), is intended to supplement such state regulations and to be in furtherance and support thereof. Some definitions in Section 9503 are based on DOGGR Statutes and Regulations and the intent of this ordinance is to utilize those definitions, as they may be amended from time to time by the



California Legislature or by DOGGR, as applicable. In all cases where there is conflict with state laws or regulations, such state laws or regulations shall prevail over any contradictory provisions, or contradictory prohibitions or requirements, made pursuant to this ordinance. Additionally, the approving body, whether the City Manager, Planning Commission or City Council, may grant an exception or modification to the requirements of this ordinance to the minimal extent necessary to prevent a compensable taking. Such exception or modification shall be as consistent with the intent and purpose of this ordinance as possible given the specific factual circumstances of the particular project.

9505 Applicability to Existing Operations Appeals

Unless otherwise specified in this ordinance, any interested person may appeal a discretionary decision of the City Manager consistent with procedure set forth in Section 9173.4, except that references to "Director" shall be replaced with "City Manager," and the Planning Commission's decision is final with no right of appeal to the City Council. Section 9173.5 shall govern the statute of limitations. Mandatory requirements of this ordinance are not subject to appeal.

All portions of this ordinance are applicable to new or existing oil and gas sites and operators if they have or are required to obtain a CUP. For oil and gas sites lawfully existing at the time of adoption of this ordinance and do not have or are not required to obtain a new CUP, only the following sections are applicable:

- 9506 Well Drilling Permit**
- 9521 Setbacks**
- 9522 Site Access and Operations**
- 9523 Lighting**
- 9524.1 Landscaping**
- 9526 Signage**
- 9527 Steaming**
- 9530 Safety Assurances and Emergency/Hazard Management**
- 9531 Environmental Resource Management**
- 9532 Standards for Wells**



9533 Standards for Pipelines**9535 Operational Prohibitions 9536 Prohibited Uses**

Violations of these sections shall also be subject to enforcement mechanisms contained in this ordinance and Code.

9505 9506 Well Drilling Permit

Prior to commencing drilling or re-working of any oil and gas well, the operator must receive a well drilling or re-work permit from DOGGR. Well permits from DOGGR shall be provided to the City Manager prior to commencement of drilling or re-working activities.

9506 9507 Required Procedures for Conditional Use Permits

- A. New development to which this ordinance applies (see Section 9501) shall be required to receive a Conditional Use Permit (CUP), from the City Planning Commission in order to receive authorization for, and proceed with, the construction and operation of new development. No permits shall be considered or approved without such permits being consistent with provisions of the CUP.
- B. All procedures for CUPs to which this ordinance applies shall be consistent with the Article IX, Chapter 1, Part 7 of the Code, except that there shall be no right of appeal to the City Council, as well as with the following additional requirements:

9506.1 9507.1 Conditional Use Permit (CUP) Filing Requirements

In addition to the filing requirements required by Section 9173.1 (Applications) of this Code, for projects within the City to which this ordinance is applicable, the following materials are also required as part of a CUP application for the consideration of the Planning Commission, **or the City Council on appeal:**

- A. A complete statement of the proposed project including, but not limited to, activities, facilities, and sites.
- B. A new or updated emergency response plan to deal with potential consequences and actions to be taken in the event of floods, earthquakes, hydrocarbon leaks or fires for the site. The emergency response plan shall be approved by the City's Public Safety and Community Services Manager and the Los Angeles County Fire Department.



- C. A phasing plan for the staging of development that includes the estimated timetable for project construction, operation, completion, restoration, and, where applicable, the location and amount of land reserved for future expansion.
- D. A site plan showing:
1. Surface property, easement, rights-of-way and pipeline right-of-way boundaries within the site.
 2. Proposed access road constructions or modifications and connections with City streets and roads and any existing private roads.
 3. Areas to be used for construction.
 4. Areas to be used for access and maintenance during pipeline operation within and adjacent to the site.
 5. Existing roads, and pipelines and pipeline rights-of-way, if any.
 6. Location and type of existing and proposed structures within 50 feet of pipeline right-of-way.
 7. Location of existing and proposed wells and oil or gas containing equipment and their measured distance from nearby uses, including the closest residential or school property line.
 8. Proposed alteration of surface drainages within the site.
 9. A contour map showing existing and proposed contours.
 10. A plan for parking on or off site.
 11. A map of all known, historic, or suspected active, idle and abandoned oil and gas wells or wellheads within the site and within 1,500 feet of the surface location of any existing or proposed new well within the site boundaries.
- E. Site operations plan containing process flow diagrams, piping and instrumentation diagrams, expected process flows (rates, pressures, composition, and shut-down/start-up procedures, quarterly/annual production, disposition, injection, and disposal).



- F. Plans with measures to be used to prevent or reduce nuisance effects (e.g., dust, fumes, glare, noise, odor, air pollutants, and vibration) and to prevent danger to life, environmental quality, and property, consistent with the Development Standards in this ordinance.
- G. Estimates of the amount of cut and fill required by the proposed project.
- H. If the site is within 1,000 feet of any prohibited zoning as listed in Table 1-1, a plan for a community alert system (including new or utilizing existing systems, including but not limited to, those operated by the Police, Sheriff or Fire Department) to automatically notify area residences and businesses in the event of an emergency at an oil or gas site that would require residents to take shelter or take other protective actions.
- I. If any grading is proposed that results in the loss of vegetated, sandy, permeable ground areas, which could alter surface runoff at the site, a site-specific hydrologic analysis to evaluate anticipated changes in drainage patterns and associated increased runoff at the site.
- J. If the site is within 1,000 feet of any prohibited zoning as listed in Table 1-1, a quiet mode operation plan which includes, but is not limited to, the following noise reduction measures:
 - 1. Using signalers for all backup operations instead of backup alarms and turning off backup alarms;
 - 2. Using radios instead of voice communication;
 - 3. Minimizing crane use and pipe handling operations, pipe offloading from trucks and board loading to the maximum extent feasible and nighttime loading only for safety reasons;
 - 4. Prohibiting material and supply deliveries to the Project Site, other than along designated truck routes, between the hours of 6 p.m. and 8 a.m. on weekdays and prohibiting deliveries on weekends and holidays, with exceptions only for safety; and
 - 5. Limiting process alarms and communications over the broadcast system to the maximum extent feasible during all operations and use only for safety reasons.
- K. If the site is within 1,000 feet of any prohibited zoning as listed in Table 1-1, a photometric analysis, which compares the baseline of the existing light measurements with the proposed light spill that will result from the oil and gas site.
- L. An Environmental Quality Assurance Program ("EQAP"). (Ref. Section 9531.1).



9506.29507.2 Processing and Review

Processing of CUPs shall comply with California's Permit Streamlining Act requirements as consistent with Sections 9170 through 9179 of this Code.

- A. The applicant may apply for:
1. The drilling operations only;
 2. The production facilities only; or
 3. Both the drilling and production facilities.
- B. The City Manager will review the submitted application(s) for completeness in compliance with the filing requirements of Section 9507.1 and any other applicable sections of the Code, and shall refer the filed CUP to appropriate City departments or local and state agencies, as appropriate, for review and comment.

9506.39507.3 Findings and Permitting Conditions

- A. In addition to the requirements of Section 9172.21D (Commission Findings and Decision), the Planning Commission shall approve a Conditional Use Permit only if it is able to make affirmative findings of the following criteria:
1. The proposed project shall be in conformance with requirements of other local, regional, or State entities;
 2. The project shall not be detrimental to the comfort, convenience, health, safety, and general welfare of the community, and will be compatible with the uses in the surrounding area;
 3. The project shall be in compliance with the Development Standards contained in Part 2 of this ordinance, commencing with Section 9521; and
 4. The project shall not result in an increased level of freshwater pollution or groundwater contamination in the immediate area or cause regulatory water standards at an existing water production well to be violated as defined in the California Code of Regulations, Title 22, Division 4, Chapter 15 and in the Safe Water Drinking Act, as they may be amended.
 5. Any existing non-conforming oil and gas sites located on the proposed project site shall already be in conformity, or will be brought into conformity, with all applicable provisions of this ordinance without having to relocate existing facilities.



- B. As a condition of approval of a CUP, the Planning Commission shall consider and impose appropriate conditions as deemed reasonable and necessary to find consistency with the findings 1 through 5 above.

9506.49507.4 **Modifications and Extensions**

- A. The provisions of Section 9172.21 shall apply for all modifications or extensions requested for oil and gas operations.
- B. Any existing oil and gas operation **in existence and lawfully operating when this ordinance becomes effective**, that does not have a CUP or development agreement for the operation shall be required to comply with this ordinance if any new development occurs at the existing oil and gas site.

9506.59507.5 **Change of Ownership/Operators Criteria**

- A. Listing on Permit. Any person who operates an oil or gas site that is subject to this ordinance shall be listed as a permittee on the permit(s) issued for that facility.
- B. Acceptance of Permit. Prior to being listed on a permit, any operator of an oil or gas site that is subject to this ordinance shall provide the City with a letter from a authorized agent or officer of the operator formally accepting all conditions and requirements of the permit.
- C. Permits Transferable. Any CUP issued to any oil and gas site authorized pursuant to this Code shall be transferable to a new operator provided that the new operator accepts and meets all of the conditions and requirements of the CUP and this ordinance.
- D. Ongoing Notification. All operators, and guarantors shall, as an ongoing requirement, notify the City Manager in writing of any change in the information required by this Section within thirty days of such change.
- E. Change of Operator. A change of operator shall require an application filed with the City within thirty days prior to a change of operator. Upon approval by the City Manager, such change of operator will become effective upon joint notice from the prior and new operators that the change of operator has become effective. An application is not required when the change of operator does not entail a substantive change to operations or personnel of the oil or gas site as determined by the City Manager.
- F. Liability for Compliance with Permit Conditions. Any operator listed on a permit pursuant to this ordinance shall comply with all conditions of such permit. Failure to comply with such



permit conditions shall subject the operator to the applicable penalty and enforcement provisions of this Code or other applicable ordinance for such permits.

Liability for Abandonment. The operator, as determined by the records of the City Manager, of a facility or site subject to this ordinance shall be responsible for the proper abandonment of the facility or site.

95079508 Procedures for Development Agreements

Projects appropriate for development agreements are subject to the requirements of this Section, which establishes procedures for adoption. The procedures for development agreements will comply with Government Code Division 1, Chapter 4, Article 2.5 and the following additional requirements:

9507.19508.1 Filing Requirements

- A. Only a qualified applicant may file an application to enter into a development agreement. A qualified applicant is a person(s) who has a legal or equitable interest in the real property of the oil or gas site. The qualified applicant shall provide proof of ownership interest, proof of interest in the real property, and proof of the authority of the agent or representative, to act for the applicant. Said proof of interest and proof of authority shall be subject to review and approval by the City Attorney.
- B. The City Manager shall prescribe the form for each application, notice and documents provided for or required under these regulations for the preparation and implementation of development agreements. The applicant shall complete and submit such an application form to the City Manager, along with a deposit for the estimated direct and indirect costs of processing the development agreement. The applicant shall deposit any additional amounts for all costs and fees to process the development agreement, including all legal fees, within 15 days of request by the City Manager. Upon either completion of the application process or withdrawal of the application, the City shall refund any remaining deposited amounts in excess of the costs of processing.
- C. The City Manager shall require an applicant to submit such information and supporting data as the City Manager considers necessary to process the application.
- D. A community benefit assessment to evaluate the benefits the DA will provide to the community.



9507.29508.2 Processing and Review

- A. The City Manager shall endorse on the application the date it is received. An application or related document shall not be complete until an estimated deposit for the cost of processing has been paid to the City. If within 30 days of receiving the application the City Manager finds that all required information has not been submitted or the application is otherwise incomplete or inaccurate, the processing of the application and the running of any limits shall be suspended upon written notice to the applicant and a new 30 day period shall commence once the required material is received by the City Manager. If the City Manager finds that the application is complete it shall be accepted for filing and the Applicant so notified. The City Manager shall review the application and determine the additional requirements necessary to complete processing of the agreement. After receiving the required information and the application is determined to be complete, the City Manager shall prepare a staff report and recommendation to the Planning Commission and City Council stating whether or not the agreement as proposed or in an amended form would be consistent with policies of the City, this ordinance and any applicable general or specific plan. The City Attorney shall review the proposed development agreement as to legal form.
- B. Notice of a hearing regarding the development agreement shall be given by the City Manager and shall comply with the requirements of Government Code Section 65867, as may be amended, as well as in the manner set forth in Section 9173.22 Article IX, Chapter 1, Part 7 of the Code, except that the City Manager, not the Director, shall be responsible for providing notice.
- C. The Planning Commission shall review the proposed development agreement and provide a recommendation to the City Council to approve, approve with modifications or deny the proposed development agreement. If the Planning Commission fails to take action within 60 days of opening the hearing on the matter, such failure shall be deemed to have made a recommendation of denial to the City Council unless the applicant has requested an extension of time, either in writing or on the record, which has been approved by the Planning Commission prior to the running of the 60th day.
- D. The proposed development agreement shall be set for hearing and consideration before the Council within 60 days of the recommendation of the Planning Commission, unless the applicant agrees in writing to an extension of time with the City Manager prior to the matter being heard by the Council.
- E. Within 10 calendar days after the City enters into the development agreement, the City Clerk shall have the agreement recorded with the County Recorder. If the parties to the



agreement or their successors in interest amend or cancel the agreement as provided in Government Code Section 65868, or if the City terminates or modifies the agreement as provided in Government Code Section 65865.1 for failure of the applicant to comply in good faith with the terms or conditions of the agreement, the City Clerk shall have notice of such action recorded with the County Recorder.

9507.39508.3 Findings and Development Agreement Conditions

- A. After the City Council completes the public hearing, the Council may not approve the development agreement unless it finds that the provisions of the agreement:
1. Are consistent with the goals, objectives, and policies of the general plan and any applicable specific plan;
 2. Are compatible with the uses authorized in, and the regulations prescribed for the zoned district in which the real property is located;
 3. Will not be detrimental to the health, safety, environmental quality, and general welfare of the community;
 4. Will not adversely affect the orderly development of property or the preservation of property values; or
 5. Provides for a penalty for any violation of the development agreement consistent with the provisions of Section 9514.

9507.49508.4 Modifications and Extensions

- A. The provisions of Government Code Section 65868 shall apply for all modifications, extensions or other amendments of the terms of a development agreement subject to this ordinance.
- B. Either party may propose an amendment or termination of an approved development agreement subject to the following:
1. The procedure for amending or terminating, the development agreement is the same as the procedure for entering into an agreement in the first instance.
 2. The development agreement may be amended or cancelled only by the mutual consent of the parties, as provided in California Government Code section 65868.

- C. Nothing herein shall limit the City's ability to terminate or modify the agreement consistent with Government Code section 65865.1 or 65865.3 as may be amended.

95089509 **Periodic Review**

The City may choose to conduct a comprehensive review of any oil or gas drilling permit, CUP or DA every five years from the date of approval to determine if the project and the associated CUP or DA are adequately mitigating significant environmental impacts caused by the drilling and operations. Nothing in this section shall limit the City's authority to conduct a review at more frequent intervals, engage in mitigation monitoring as required by CEQA, or otherwise act as directed or authorized by law.

- A. Within 30 days from the request by the City, the operator shall deposit to the City the funds necessary for the City to retain a third party entity to prepare a periodic review, which includes all records, drawings, specifications, permits from state agencies, and analysis of the effectiveness of this ordinance, enforcement activity, and any other issues associated with potentially adverse effects of and complaints about oil and gas site operations. A periodic review will be funded by the operator at most once every 5 year period following approval. If the periodic review identifies significant deficiencies in an oil and gas drilling permit, a CUP or DA that are resulting in unmitigated adverse impacts then the City Manager may identify these deficiencies and bring forward recommendations of corrective actions to the Planning Commission **or City Council** for consideration and prospective amendments of oil and gas drilling permits, and CUPs, and to the Planning Commission for recommendation to the City Council for consideration and prospective amendments of DAs and/or DA.
- B. A **well drilling** permit, CUP, or DA may also be reviewed by the City Manager at any time, if more than three violations occur within a twelve month period and the City Manager determines that resolution of the violations may be addressed by a new **drilling** permit and/or an amendment to the CUP or DA. The City Manager shall make a recommendation of amendments to the Planning Commission for CUPs and permits, and the Planning Commission and City Council for DAs, as deemed necessary. Nothing in this Section shall preclude the City from taking any other enforcement action authorized by this Code, or from revoking a permit or CUP consistent with Section 9172.28, except in the later case the Commission or Council may choose to amend rather than revoke, and references to "Director" shall be replaced with "City Manager".
- C. Nothing in this Section shall limit the requirements of an operator with a DA to demonstrate to the City Manager good faith compliance with the terms of the agreement at least every 12 months as required by Government Code section 65865.1. If as a result of that



review the City Manager believes there is substantial evidence that the operator has not complied in good faith with the terms or conditions of the agreement, the City Manager shall present the matter to the Commission for a recommendation to the City Council. The Commission shall set the matter for public hearing within 40 days of receipt of the matter from the City Manager. If the Commission fails to act upon such request within a reasonable time, the Council may, by written notice, require the Commission to render its recommendation within 40 days. Failure to so report to the Council within the above time period shall be deemed to be a recommendation against modification or termination. After the Commission has rendered its recommendation, the matter shall be set for hearing before the City Council, who may terminate or modify the agreement if it finds and determines, on the basis of substantial evidence, that the operator or successor in interest has not complied in good faith with the terms and conditions of the DA.

95099510 Facility Closure, Site Abandonment, and Site Restoration Procedures

The following provisions and procedures shall be implemented at the end of life of an oil and gas site, subject to a CUP, and govern the site (including well) facility closure and site restoration procedures:

9509.19510.1 Purpose and Intent

- A. Section 9510 et seq. establishes procedures and provisions to achieve the timely abandonment of oil and gas related activities and land uses, and following the abandonment, the timely and proper removal of applicable oil and gas facilities (including wells, equipment and gas-related structures), reclamation and remediation of host sites, and final disposition of pipelines, in compliance with applicable laws and permits.
- B. The procedures ensure appropriate due process in differentiating idled from abandoned facilities and protecting the vested rights of permittees while also ensuring that sites with no reasonable expectation of restarting are removed, in compliance with the intent of abandonment permits. These procedures also ensure a process for abandoning or re-abandonment of portions of sites where oil and gas operations will continue on the site, as well as procedures for restoration and redevelopment of a site to other uses at the end of the economic life of oil and gas production.

9509.29510.2 Applicability

Oil and gas sites and operations subject to **this ordinance** Section 9510 and its subsections, shall include all permitted uses identified in Section 9501.A of this Code, regardless of whether these



uses were permitted in compliance with this ordinance or any preceding ordinance. This includes, all pipeline systems, except for public utility natural gas transmission and distribution systems, that either transport or at one time transported natural gas, oil, produced water, or waste water that originated from a reservoir, regardless of whether these uses were permitted in compliance with this Code or any preceding ordinance.

9509.39510.3 Application Process

The procedures for processing an abandonment and site restoration permit shall utilize the notice, hearing and appeal process for a Conditional Use Permit as detailed in Article IX, Chapter 1, Part 7 of the Code, as refined herein by Section 9505. For any item required to be submitted less than 180 days in advance, the City Manager has the discretion to process and approve the application. Any person may submit an appeal to the City Manager or the Planning Commission within 15 days of the City Manager's notice of decision consistent with Section 9173.4. Mandatory requirements of the Code are not subject to appeal. All procedures shall be consistent with the following requirements:

9509.3.19510.3.1 Requirement to File an Application

- A. Complete Abandonment of oil and gas operations: The operator shall submit an application to the City Manager upon intentional abandonment of the entire oil and gas operation or site. The application for abandonment and site restoration proceedings shall be submitted 180 calendar days prior to the planned shutdown of all the facilities.
- B. Partial Abandonment of oil and gas operations: If any portion of the oil or gas site is being abandoned, or if a well is being re-abandoned, the operator shall submit an application to the City Manager for partial abandonment of oil or gas operations. Said application shall be submitted not later than 30 calendar days prior to abandonment or re-abandonment of wells involving no more than 10% of the total number of wells on site or 10 wells, whichever is more; all other applications shall be submitted not later than 180 calendar days prior to abandonment, re-abandonment or restoration.
- C. Other Events Requiring an Application. The operator **land use** shall submit an application for abandonment, re-abandonment, and site restoration proceedings to the City Manager upon any of the following:
 - 1. Any event or condition designated in an existing City permit or entitlement that would require consideration of abandonment. The Application shall be submitted 90 days in advance of the event or condition. If the event or condition cannot be known until



after it occurs, the application must be submitted within 15 days of the event or condition.

2. **Upon the revocation, expiration, or failure to obtain or maintain in full force and effect permits required by the provisions of this ordinance. The application shall be submitted within 30 days of the revocation, expiration or failure to obtain or maintain such a required permit. Notwithstanding, for all permits and entitlements not involving a revocation, the operator will not be required to submit an application for abandonment if the operator instead files an application for a new permit or entitlement that is accepted by the City Manager as complete within 60 days of the expiration, and the operator thereafter diligently pursues approval.**

2. Upon order of DOGGR. The application shall be submitted within 30 days of a DOGGR order to abandon, re-abandon, and restore the site.

3. **Detection of a leak of an abandoned or re-abandoned well. The application shall be submitted as soon as possible, but not later than 30 days of knowledge of the leak by the operator, regardless whether notice is obtained through a leak test conducted consistent with Section 9537(C) or through other means.**

D. Nothing in this ordinance shall limit the City's police powers. The City may require those measures reasonably necessary to address specific site or operational conditions that threaten public health, morals, safety or general welfare, which measures could include partial or complete abandonment.

9509.3.29510.3.2 Content of Application

The application shall be in a form and content specified by the City Manager and this Section. The application shall contain the following:

- A. Name, address, and contact information for the permittee.
- B. Name, address, and general description of the permitted land use.
- C. Gross and net acreage and boundaries of the subject property.



- D. Location of all structures, above and underground, proposed to be removed.
- E. Location of all structures, above and underground, proposed to remain in-place.
- F. Locations of all structures, above and underground, proposed for development, if any.
- G. Location of all wells, including active, idled, abandoned or re-abandoned wells, including distances from site boundaries, and existing structures. Each well shall include the DOGGR well name and number, as well as the American Petroleum Institute (API) well number. If available, the location of the wells shall be identified with the name of the operator and well designation.
- H. An American Land Title Association (A.L.T.A) survey of the site, showing all improvements, easements, rights-of-way, and other elements impacting the ownership of land.
- I. Location of all utilities on the subject property.
- J. Location of all easements on or adjacent to the subject property that may be affected by demolition or reclamation.
- K. To the extent known, the type and extent of all contamination and proposed remedial actions to the level of detail that can be assessed through environmental review. This information does not require a new or modified Phase 2 site assessment in advance of any requirement by the Fire Department or State agencies with regulatory oversight of site assessments.
- L. Location of areas of flood, geologic, seismic, and other hazards.
- M. Location of areas of archeological sites, habitat resources, prime scenic quality, water bodies, and significant existing vegetation.
- N. Location and use of all structures within 100 feet of the boundaries of the subject property.
- O. A proposed abandonment and restoration plan that details the activities for the proposed action, including the following details: hours of operation, estimated number of workers required on site to decommission facilities and structures or to otherwise abandon or re-abandon wells, disposition of equipment and structures proposed for decommissioning, projected method and routes of transporting equipment, structures, and estimated debris from the site to the place of disposition as well as the number of trips required, and an estimated schedule for decommissioning the facilities or completion of the work.



- P. A proposed waste-management plan to maximize recycling and minimize wastes.
- Q. Other permit applications that may be required by the Code to retain any existing structures, roadways, and other improvements to the property that were ancillary to the oil or gas operations and are proposed to be retained to support other existing or proposed uses of the property following abandonment of the oil or gas operations.
- R. A proposed grading and drainage plan.
- S. A proposed plan to convert the site to natural condition or convert to other proposed land use, including a detailed schedule for restoring the site. In the latter case, include other applicable permit applications required, if any, for the proposed land use.
- T. A statement of intent regarding the disposition of utilities that served the oil and gas operations, including fire protection, power, sewage disposal, transportation, and water.
- U. Measures proposed to be used to prevent or reduce nuisance effects (e.g., dust, fumes, glare, noise, odor, smoke, traffic congestion, vibration) and to prevent danger to life and property.
- V. A copy of DOGGR approval to abandon, re-abandon or remediate well(s).
- W. A leak test report for each abandoned well on the site that meets the requirements of Section 9537.
- X. For abandonment or restoration in any circumstances where the permit is approved by the City Manager without Planning Commission action, proof of mailed notice of intent to seek a permit to abandon or restore to the owner of record on the latest assessment roll for neighboring parcels within 500 feet of the oil and gas site property boundaries. The notice shall generally describe the scope of the activity being proposed.
- Y. Any other information deemed reasonably necessary by the City Manager to address site-specific factors.

9509.3.39510.3.3 Permitting Specifications

- A. Application Filing. The City Manager shall process complete applications for permits after determining the applications to be complete in compliance with Section 9510.3.2 of this ordinance, and submit applications subject to initial Planning Commission review to the Planning Commission with a recommendation regarding approval if the findings in Section 9510.3.4 are met. An application shall not be complete unless the applicant has made a



deposit for the estimated direct and indirect costs of processing the application. The applicant shall deposit any additional amounts for the costs to process the application, including legal review, within 15 days of request by the City Manager. Upon either completion of the permitting process or withdrawal of the application, the City shall refund any remaining deposited amounts in excess of the direct and indirect costs of processing.

B. Independent or concurrent processing of applications. For applications subject to initial Planning Commission review, the Planning Commission shall process complete applications for abandonment and site restoration permits independently of any other permit applications to develop the site in question, unless the City Manager makes the determination that the concurrent processing of abandonment and site restoration permits and development permits for the same site do not unduly hinder timely restoration of abandoned sites or result in long delays in securing approval of development permits.

C. Demolition and restoration permit shall supersede. Upon approval of a demolition and restoration permit subject to initial approval by the Planning Commission, or upon abandonment of operations, whichever occurs later, the demolition and reclamation permit shall supersede any inconsistencies in the discretionary permit approved for construction and operation of the facilities.

D. Conditions of Permit. In addition to any other requirements of this Code, any permit for abandonment, re-abandonment or restoration shall be subject to the following requirements regardless whether initially approved by the City Manager or the Planning Commission:

1. Oil well abandonment shall be performed by oil service company contractors licensed to do business in the city.
2. All equipment and surface installations used in connection with the well which are not necessary, as determined by the City Manager or Planning Commission, for the operation or maintenance of other wells of on the drill or operation site shall be removed from the site.
3. The abandoned site or portions of the oil and gas site shall be restored to its original condition or as nearly as is practical given the nature of the location and continuing uses for an oil and gas site, so long as the restoration will not adversely impact ongoing oil and gas production operations.
4. All sumps, cellars, and ditches which are not necessary for the operation or maintenance of other wells on the oil or gas site shall be cleaned out and all oil, oil residue, drilling fluid, and rubbish shall be removed to reduce hydrocarbons to



standards acceptable to federal, state, or local agencies. All sumps, cellars, and ditches shall be leveled or filled. Where such sumps, cellars, and ditches are lined with concrete, the operator shall cause the walls and bottoms to be broken up and all concrete shall be removed.

5. The portions of the site not necessary for continuing oil or gas site operations shall be cleaned and graded and left in a clean and neat condition free of oil, rotary mud, oil-soaked earth, asphalt, tar, concrete, litter, and debris.
6. All public streets, alleys, sidewalks, curbs and gutters, and other places constituting public property which may have been disturbed or damaged in connection with any operation, including operations for the abandonment or re-abandonment of the well shall be cleaned, and, except for ordinary wear and tear, shall be repaired and restored to substantially the same condition thereof as the same existed at the time of issuance of the permit, or at the time operations were first commenced in connection with the drilling, operation, or maintenance of the well.
7. A copy of written approval of DOGGR confirming compliance with all state abandonment proceedings for all abandoned facilities must be furnished to the City Manager.
8. Proposed restoration will leave the subject site in a condition that is compatible with any existing easements or dedications for public access through, or public use of a portion of the property.

9509.3.49510.3.4 Findings Required for Approval

In addition to the findings specified in 9172.21 of the Code, for permits the City Manager or Planning Commission shall also make affirmative findings based on the following criteria:

- A. The subject site will be restored and remediated to its pre-project conditions unless areas within the site are subject to approved development, in which case restoration and landscaping of these areas will conform to the permitted development. In cases where development is proposed but not yet permitted, restoration of affected areas to natural conditions may be waived by the Planning Commission; provided, the development is permitted within five years and the permittee has posted financial assurances acceptable to the City Manager to ensure restoration to natural conditions if the proposed development is not permitted.



- B. The proposed restoration will leave the subject site in a condition that is compatible with any existing easements or dedications for public access through, or public use of a portion of the property
- C. The permit conditions comply with Section 9510.3.3 and contain specific enforceable requirements to ensure the timely completion of any abandonment or re-abandonment of wells, restoration activities or cessation of other oil and gas site operations subject to the permit.

95109511 Operational Noticing

- A. Each operator shall submit copies of notices provided to or received from DOGGR, to the City Manager, within ten business days of transmission or receipt of such notices, as applicable. These shall include: designation of agents, notice of intent to drill a new well, division approvals (permit to conduct well operations, notice and permit to drill, permit to rework/redrill well (p-report), enhanced recovery project approval, water-disposal project approval, commercial water-disposal approval), notice of intention to rework/redrill well, notice of intention to abandon/re-abandon well, supplementary notices, report of property transfer forms and any inspection reports or notices of violation, as these notices may be updated or amended. All other DOGGR notices or other DOGGR communications shall be submitted at the discretion of the City Manager.
- B. The operator of (or any person who acquires) any well, property, or equipment appurtenant thereto, whether by purchase, transfer, assignment, conveyance, exchange or otherwise, shall each notify the City Manager within ten business days of the transaction closing date. The notice shall contain the following:
1. The names and addresses of the person from whom and to whom the well(s) and property changed.
 2. The name and location of the well(s) and property.
 3. The date of acquisition.
 4. The date possession changed.
 5. A description of the properties and equipment transferred.
 6. The new operator's agent or person designated for service of notice and his address.



C. The operator of any well shall notify the City Manager, in writing, of the idling of any well. The operator shall notify the City Manager in writing upon the resumption of operations giving the date thereof.

D. The operator shall report any violations of state or federal laws that occur on an oil and gas site to the City Manager within 30 days of their date of documentation by a state or federal agency.

95119512 Compliance with City Codes and Ordinances

All complaints related to activities regulated by this ordinance received by the operator shall be reported within one business day to the City Manager. If the complaint is received after normal business hours, it shall be reported to the City Manager at the opening of the next business day. In addition, the operator shall maintain a written log of all complaints and provide that log to the City Manager on a quarterly basis.

95129513 Injunctive Relief

In addition to any administrative remedies or enforcement provided in this Code, the City may seek and obtain temporary, preliminary, and permanent injunctive relief to prohibit violation or mandate compliance with this Code. All remedies and enforcement procedures set forth herein shall be in addition to any other legal or equitable remedies provided by law.

95139514 Notice of Violation and Administrative Fines

A. The operator shall also be subject to a fine for violation of any requirement of a CUP or this ordinance as determined by the City Manager, subject to the following:

1. Depending on the specific type and degree of the violation, the operator in violation may be penalized at a rate of up to \$10,000 per day, per violation, until it is cured, but in no event, in an amount beyond that authorized by state law. The City Manager will develop a violation **fee fine** schedule for Council approval to specifically identify the **feefines** associated with oil or gas site violations. This violation **feefine** schedule may also include nuisance violations.
2. In the event of a violation of any of the City's permitting actions, a written notice of violation and the associated fine determination will be sent to the operator by the City Manager. The operator shall deposit the sum of \$5,000 per well, up to \$100,000, in an interest-bearing trust fund with the City within thirty days of the date of the second violation notice sent to the operator by the City Manager, to establish a draw down



account. If the noted violation is not corrected within thirty calendar days to the satisfaction of the City Manager, or if steps satisfactory to the City Manager have not been initiated during that period to affect a cure or to seek modification of the condition, the fine amount cited in the written notice will be deducted from the account. The operator shall reimburse the City for any additional reasonable costs above the amount of the original deposit.

3. The operator has a right of appeal to the City Manager or Commission within 15 days of the written notice or contested determination of compliance. Decisions of the City Manager not appealed within 15 days become final. If the operator appeals to the City Manager or the Commission such that the decision is ultimately reversed and the operator is specifically designated the "prevailing party" by the City Manager or Commission, then the City shall refund the operator the deposit related to the challenged determination.

B. Nothing in this Section or ordinance shall limit the City's ability to pursue other enforcement procedures, including CUP revocation proceedings, actions to enforce a DA, or other legal or equitable remedies provided by this Code or available under the law.

Revocations of a permit or CUP may be done pursuant to Section 9172.28, except that the Commission may choose to amend rather than revoke, there is no right of appeal to the City Council, and the references to "Director" shall be replaced with "City Manager."

95149515 Nuisance Procedures

Any violation of this ordinance is hereby declared to be a public nuisance for the purposes of Section 5702, and may be abated pursuant to the procedures set forth in Article V, Chapter 7 (Property Maintenance) of this Code. The procedures for abatement shall not be exclusive, and shall not in any manner limit or restrict the City from otherwise enforcing this ordinance or abating public nuisances in any other manner as provided by law, including the institution of legal action by the City Attorney to abate the public nuisance at the request of the Director in charge of enforcing Chapter 7 of this Code.

9514.19515.1 High-Risk Operations

- A. Upon determination that any oil and gas production, processing or storage operation meets the definition of high risk operation from Section 9503, the City Manager shall give the operator written notice of the City Manager's intent to determine the operation a high risk operation under this Section. The intent of this Section shall be to remediate the high-risk operation and bring the oil or gas site and the operator within normal, safe operating standards



and protect the public safety, health and environment. The written notice of the intent to determine the operation a high-risk operation shall include:

1. Facts substantiating the determination; and
 2. A notice regarding the right to appeal the determination to the Commission within 15 days. During the pendency of any such appeal, the City Manager's determination shall remain in full force and effect until affirmatively set aside by the Commission. The Commission's decision shall be supported by substantial evidence, and refusal by the operator to provide access to the operation to allow inspection or investigation to determine compliance as authorized by this Code or other law shall be deemed evidence the definition of a high risk operation has been met.
- B. Along with the determination of the site being a high risk operation, the City Manager may take either or both of the following actions:
1. An investigation of the causes leading up to the high risk determination;
 2. Require a mandatory restoration plan to be submitted by the operator. Such plan shall include, but is not limited to:
 - i. A mandatory restoration schedule for bringing the site and operator within normal, safe operating standards. Such schedule does not supersede any timeline for abatement otherwise established for individual outstanding violations.
 - ii. An audit of overall site operation(s):
 - a. The audit shall be conducted by an independent third party approved by the City Manager. Costs associated with the audit shall be borne by the operator;
 - b. The audit shall identify and analyze the root causes leading to the high risk designation;
 - c. The audit shall further identify and analyze other potential areas in overall site operation that could impact the site's ability to operate within safe and normal standards (e.g. personnel training, operational policies, internal procedures, etc.);
 - d. Provide a plan for remediating all issues identified in the audit, including a mandatory schedule for remediating those issues.



Such restoration plans shall be subject to approval by the City Manager.

- e. The audit may be ordered in lieu of, or in addition to the investigation undertaken by the City Manager.
 - iii. Any other requirements the City Manager deems necessary to bring the site and operation within normal, safe operating standards for the purposes of protecting the public safety, health and environment.
- C. The operator of the high risk operation shall carry out the approved restoration plan and shall be responsible for paying all reasonable costs associated with the implementation of the plan, including:
- 1. City staff time in enforcing these provisions at an hourly rate that provides for full cost recovery of the direct and indirect costs. Staff time shall include, but is not limited to, the ongoing monitoring and verification of compliance with the approved restoration plan;
 - 2. Investigative, research (including legal research) and consulting costs associated with preparation of the restoration plan;
 - 3. Third party costs for investigation, consultation, engineering, clean-up, operator staff training, operations and all other related costs necessary to carry out the restoration plan;
 - 4. Any other costs necessary to remediate the high risk operation as ordered by the City Manager.
- D. At the sole discretion of the City Manager, at any time during which a site or operator is subject to this Section, the City Manager may require a bond be posted to cover the cost of remediating the causative problems of the high risk operation.
- E. The determination of high risk operations shall continue to apply until the goals and guidelines of the restoration plan established hereunder is achieved. The high risk operator shall notify the City Manager when a milestone in the restoration plan has been satisfied. The City Manager may conduct independent verification of the compliance upon such notification. The restoration plan may be amended from time to time as necessary to achieve the purposes of this Section. Upon a determination by the City that the goals and guidelines of the



restoration plan have been achieved, the City shall notify the operator in writing that the site is no longer a high risk operation.

F. Failure of the operator of a high risk operation to post a bond required under this Section, prepare the restoration plan within a reasonable timeframe as ordered by the City Manager, or to reasonably achieve the goals and guidelines of an approved restoration plan under this Section, may be cause for a shutdown of the high risk operation(s) or any other petroleum operations located in the City that are co-owned or co-operated by the high risk operator, at the discretion of the City Manager.

G. The operator of a high risk operation shall compensate the City for any costs associated with the enforcement of this Section within 30 days of written demand by the City Manager. Any City costs associated with enforcement of this Section, which are not promptly paid by the operator shall be subject to enforcement by tax bill lien or other collection methods at the discretion of the City.

H. The City may institute legal proceedings to require compliance provisions with this Section.

95159516 Compliance Monitoring

A. Environmental Compliance Coordinator(s). The City may hire Environmental Compliance Coordinators as needed to oversee the monitoring and condition compliance requirements of the City's permitting actions subject to regulation under this ordinance, the costs of which shall be reimbursed by operator. The number of Environmental Compliance Coordinators shall be determined by the City and shall take into account the level of oil and gas operations associated with the project site. The Environmental Compliance Coordinator(s) shall be approved by, and shall report to, the City Manager consistent with the City Manager's authority under Section 2107 of this Code. The responsibilities of the Environmental Compliance Coordinator(s) shall be determined by the City for the project site and shall generally include:

1. Monitoring of oil and gas sites for compliance with this ordinance as it relates to construction, drilling, operational or abandonment and site restoration activities as determined by the City Manager.
2. Taking steps to ensure that the operator, and all employees, contractors and other persons working in the project site, have knowledge of, and are in compliance with all applicable provisions of the conditional use permit or development agreement.



3. Reporting responsibilities to the various City departments with oversight responsibility at the project site, as well as other agencies such as DOGGR, and SCAQMD.

B. Compliance Deposit Account. An applicant must establish a compliance deposit account with the City within 30 days of receiving authorization for a CUP or DA from the City. The compliance security deposit amounts shall be determined by the City Manager, and shall be based on the nature and extent of the compliance actions required.

95169517 Financial Assurances Applicability

A. Sections 9518 through 9520 shall apply to any person who operates any oil or gas site involved in exploration, production, processing, storage or transportation of oil or gas extracted from reserves in the City of Carson:

B. This ordinance shall not apply to the change of operator of the following:

1. Sales gas pipelines operated by a public utility and regulated by the California Public Utilities Commission;
2. A change of ownership consisting solely of a change in percentage ownership of a site and which does not entail addition or removal of an owner or affect any financial guarantee or bonds for a permit, CUP, and/or DA.

95179518 Operator's Financial Responsibilities

The applicant shall be fully responsible for all reasonable costs and expenses incurred by the City or any City contractors, consultants, or employees, in reviewing, approving, implementing, inspecting, monitoring, or enforcing this ordinance or any CUP, DA, or permit, including but not limited to, costs for permitting, permit conditions implementation, mitigation monitoring (including well abandonment and re-abandonment), reviewing and verifying information contained in reports, inspections, administrative support, and including the fully burdened cost of time spent by City employees, City Attorney, or third-party consultants and contractors on such matters.

95189519 Securities and Bond Requirements

The operator or any contractor of any oil and gas operation subject to this ordinance shall provide, or cause to be provided, the securities and bond requirements described below

- A. The operator shall file a faithful performance bond with the City Manager consistent with the following bonding requirements:



1. The City Manager shall determine the amount of the bond based on the total number of wells, proposed operations, size and nature of the property, appropriate environmental studies on the property, including a Phase I, II or Human Health Risk Assessment Reports and other relevant conditions related to the proposed wells or operations at a specific oil or gas site, and recognized commercial standards.
2. The amount of the bond shall be sufficient to assure the completion of the abandonment, necessary re-abandonment, site restoration, to the extent not fully covered by DOGGR bonds, and remediation of contamination of the oil or gas site if the work had to be performed by the City in the event of forfeiture. The performance bond shall be inflation indexed to ensure the amount of the bond shall be sufficient to assure completion of the abandonment, restoration and remediation of contamination of the oil or gas site. The bond shall be available within a time frame to allow the City to undertake related activities in a timely manner, including at least half for immediate access and use in the event of an emergency as determined by the City Manager.
3. Prior to expansion of an oil or gas site, the operator shall apply to the City Manager for a determination of the amount of the bond necessary to ensure completion for both the existing and expanded operations. In addition, every bond shall be re-assessed by the City Manager every 5 years to ensure the amount is sufficient to ensure the completion of the abandonment, site restoration, and remediation of contamination of the oil or gas site.
4. Upon application by the operator, the City Manager may reduce bonding amounts based upon change of physical circumstances, completion or partial completion of work, or significant reduction in cost to perform the work. In no event shall the amount of the bond be reduced to an amount insufficient to complete any remaining work, nor shall the bond be reduced due to economic hardship or similar considerations.
5. After completion of all abandonment and site restoration requirements, the bond shall be maintained in a sufficient amount to ensure remediation of contamination at the oil or gas site for a period not less than 15 years.
6. In no event shall the bonding amount required by the City be less than \$10,000 per well.
7. The bond may be drawn only from a qualified entity without any economic interests or relationship with the operator and any related economic entities related thereto. The



City Manager shall receive all pertinent information related to the bond and bonding entity prior to issuance of a final approved permit, CUP, or DA.

- B. In lieu of these bonding requirements, an operator may also submit any other legally adequate and binding financial mechanism, subject to City Attorney approval, to satisfy the monetary assurance requirements set by the City Manager to assure completion of the abandonment, restoration and remediation of contamination of the oil or gas site.
- C. For any evaluation of bonding amounts by the City Manager in this Section, or evaluation of a financial mechanism proposed in lieu of a bond by the City Attorney, the operator shall deposit the estimated costs with the City Manager with the application, and shall also make any additional deposit(s) within 30 days of written request by the City Manager. The City Manager may retain consultants or other experts in the industry to assist in deriving a commercially reasonable bond amount.

95199520 Operator Liability Insurance

The operator of any oil and gas operation subject to this ordinance shall provide, or cause to be provided, the insurance described below for each oil and gas site during the pendency of oil and gas operations. The operator or contractor must provide to the City sufficient documentation that the insurance complies with the minimum requirements and coverage amounts of this Section before a permit may be issued.

- A. General provisions regarding insurance:
1. The operator or any contractor shall pay for and maintain in full force and effect all policies of insurance described in this Section with an insurance company(ies) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A-VII" in Best's Insurance Rating Guide.
 2. In the event any policy is due to expire, the operator or any contractor shall provide a new certificate evidencing renewal of such policy not less than 30 calendar days prior to the expiration date of the expiring policy. Upon issuance by the insurer, broker, or agent of a notice of cancellation in coverage, operator or any contractor shall file with the City Manager a new certificate and all applicable endorsements for such policy.
 3. Liability policies shall name as "additional insured" the City, including its officers, officials, agents, employees and authorized volunteers.



4. All policies shall be endorsed to provide an unrestricted 30 calendar day written notice in favor of City of policy cancellation of coverage, except for: 1) non-payment, which shall provide a 10-day written notice of such cancellation of coverage, and 2) the Workers' Compensation policy which shall provide a 10 calendar day written notice of such cancellation of coverage.
 5. The operator shall present to the City Manager copies of the pertinent portion of the insurance policies evidencing all coverage and endorsements required by this Section before the issuance of any permit subject to this ordinance, and the acceptance by the City of a policy without the required limits or coverage shall not be deemed a waiver of these requirements. The City may, in its sole discretion, accept a certificate of insurance in lieu of a copy of the pertinent portion of the policy pending receipt of such document by the City. After the issuance of the permit, the City may require the operator to provide a copy of the most current insurance coverage and endorsements for review at any time. The operator will be responsible for paying an administration fee to cover the costs of such review as may be established by the City's fee schedule.
 6. Claims-made policies shall not be accepted except for excess policies and environmental impairment (or seepage and pollution) policies.
 7. Insurance coverage shall be reviewed by the City Manager as required by Section 9509 to ensure adequate insurance is maintained.
- B. Required insurance coverage:
1. Commercial or comprehensive general liability insurance:
 - i. Bodily injury and property damage coverage shall be a minimum combined single limit of \$2,000,000 per occurrence \$2,500,000 in the aggregate. This coverage must include premises, operations, blowout or explosion, products, completed operations, blanket contractual liability, underground property damage, underground reservoir (or resources) damage, broad form property damage, independent contractor's protective liability and personal injury.
 - ii. Environmental impairment (or seepage and pollution) coverage shall be either included in the comprehensive general liability coverage or as separate coverage. Such coverage shall not exclude damage to the lease site. If environmental impairment (or seepage and pollution) coverage is written on a "claims made" basis, the policy must provide that any retroactive date applicable



precedes the effective date of the issuance of the permit. Coverage shall apply to sudden and accidental pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, oil and gas, waste material, or other irritants, contaminants or pollutants. Such policy shall provide for minimum combined single limit coverage of \$2,000,000 per occurrence and \$2,500,000 in the aggregate. A discovery period for such peril shall not be less than ten years after the occurrence.

2. Commercial automobile liability insurance: Minimum combined single limit of \$1,000,000 per occurrence for bodily injury and property damage. The policy shall be at least as broad as the most current version of Insurance Services Office (ISO) Business Auto Coverage Form CA 00 01 and shall include coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Section 1, subsection A.1 entitled "Any Auto")
 3. Worker's compensation insurance: Maintain the minimum statutory requirements, coverage which shall not be less than \$1,000,000 for each occurrence.
 4. Excess (or umbrella) liability insurance: Minimum limit of \$25,000,000 providing excess coverage for each of the perils insured by the preceding liability insurance policies, except for underground reservoir (or resources) damage.
 5. Control of well insurance (only during drilling or re-working):
 - i. Minimum limit of \$40,000,000 per occurrence, with a maximum deductible of \$500,000 per occurrence.
 - ii. Policy shall cover the cost of controlling a well that is out of control, drilling or restoration expenses, and seepage and pollution damage. Damage to property in the operator's care, custody and control with a sub-limit of \$500,000 may be added.
- C. Failure to maintain coverage: Upon failure of the operator, or contractors to provide that proof of insurance as required by this Section when requested, the City Manager may order the suspension of any outstanding permits and petroleum operations of the operator until the operator provides proof of the required insurance coverage.



Part 2. Development Standards for Petroleum Operations

The following Sections of Part 2 apply only to those operations subject to a CUP or DA, except for those existing operations as noted in Section 9505.

95209521 Setback Requirements

- A. The surface locations of **oil and gas facilities** wells and tanks **and operations** within an oil and gas site shall not be located within:
1. Five hundred feet (500 feet) of the property boundaries of any public school, public park, clinic, hospital, long-term health care facility.
 2. Five hundred feet (500 feet) of the property boundaries of any residence or residential zone, as established in this Code, except the residence of the owner of the surface land on which a well might be located and except a residence located on the land which, at the time of the drilling of the well, is under lease to the person drilling the well.
 3. Five hundred feet (500 feet) of the property boundaries of the commercially designated zone CN, CA, MU-CS or MU-SB (see Table 1-1), as established by this Code.
 4. Fifty feet (50 feet) of any dedicated public street, highway, public walkway, or nearest rail of a railway being used as such.
- B. For all injection wells, the Applicant shall provide a copy of the area of review (AOR) study, consistent with the requirements of Title 14 California Code of Regulations Section 1724.7, as per DOGGR.
- C. Legally existing oil and gas operations that do not met the setback requirements as of the effective dated of this ordinance are considered non-conforming uses subject to Article IX, Chapter 1, Part 8, Division 2 (Nonconformities) of this Code, except the City Manager shall act in place of the "Director." Notwithstanding any other provision of those requirements, the operator can replace structures and equipment required for oil and gas operations that **have** are damaged, have failed, are at risk of failure, or are at the end of their useful life. Said replacements shall be made with like-kind structures and equipment that does not expand capacity or structural footprint. If the operator can demonstrate that such structure or



equipment is not is not reasonably available or appropriate for current operational practices, the City Manager may approve minor expansion of equipment or structure upon findings the proposed changes are minor and do not constitute or tend to produce an expansion or intensification of capacity for the site. For existing oil and gas facilities and operations that do not meet the setback requirements as of the effective date of this ordinance, **re-drilling is limited to no more than 5 wells within a 5 year period.** **D** drilling of new wells is prohibited unless the operator can demonstrate vested rights for each new well.

9521.19522 Site Access and Operation

The following measures shall be implemented throughout the operation of any oil and gas site or project subject to this ordinance:

9521.19522.1 Deliveries

For oil and gas sites located in non-industrial areas or for delivery routes, other than designated truck routes, that pass through or adjacent to prohibited zones as listed in Table 1-1, (a) deliveries to the oil or gas sites shall not be permitted after 6:00 p.m. and before 8:00 a.m., except in cases of emergency and (b). **Nono** deliveries shall be permitted on Saturdays, Sundays or legal holidays, except in cases of emergency.

9521.29522.2 Construction Time Limits

Construction of permanent structures, workovers and other maintenance, including replacement in kind, shall not be permitted after 7:00 p.m. and before 7:00 a.m., or during Saturdays, Sundays, or legal holidays, except in the event of an emergency as approved by the City Manager. The drilling or re-drilling of wells is not subject to construction time limits.

9521.39522.3 Oil and Gas Site Parking

A. At all times during the construction and operation of any oil and gas site, parking facilities shall be provided for all vehicles associated with the oil or gas site at a rate of 1 parking space per shift-employee. If approved as part of a CUP or a DA, parking for vehicles of employees or workers engaged in any oil or gas site activities can also be provided by the operator at off-site parking lots or in parking facilities, other than public streets, at locations other than the oil or gas site. The operator shall prohibit personal parking on City streets by operator, permittees, contractors, or consultant staff. If the parking lot or parking facilities are not located within a reasonable walking distance of the controlled drill site, the operator shall provide transportation to and from the parking site for employees and workers.



- B. At all times vehicular access to an oil and gas drill site shall be provided in accordance with the plans for vehicular access reviewed and approved by the City Engineer, except for operations existing prior to the effective date of this ordinance.
- C. All entrances to an oil and gas site shall be equipped with sliding or swinging gates which shall be kept closed at all times except when authorized vehicles are entering or leaving the oil and gas site.
- D. When traffic lanes on any public street are closed or impaired by the operator's operations, flagmen, and safety officers as required by the L.A. County Sheriff's office shall be provided by the operator at all such times to control traffic and maintain traffic flow.

95229523 Lighting

Except for oil and gas sites located within industrial zones, and located farther than 1,000 feet from any prohibited zone as listed in table 1-1, all lighting sources that may be introduced on a site in support of nighttime operations, at the onset and throughout all operations at an oil and gas site shall be screened and directed to prevent light or glare from passing beyond site boundaries. Outdoor lighting shall be restricted to only those lights that are required by Article VIII of this Code for lighting building exteriors and safety and security needs.

95239524 Aesthetics

The following measures shall be implemented for all projects that are subject to this ordinance:

9523.19524.1 Landscaping/Visual Resources

- A. Prior to **commencement of operations at an oil or gas site** any new development, the operator shall implement a landscaping plan prepared by a licensed landscape architect, that has been approved as part of a CUP or a DA, which provides adequate screening and blending of the facilities so that the site shall not appear unsightly or aesthetically deficient compared with the surrounding character of the area. Except for oil and gas sites located within industrial zones, all tanks shall not extend more than twenty feet above the surface of any site, unless otherwise approved in a CUP or DA.
- B. Within six months after the completion of activities related to the drilling or re-drilling of a well and the removal of the drilling well mast/rig, any oil and gas site shall be landscaped with suitable shrubbery and trees in accordance with a plan approved by the Planning Commission, unless the site is to be otherwise developed in such a manner that would preempt re-vegetation requirements.



- C. If the site is within 1,000 feet of any prohibited zoning as listed in Table 1-1, if any drilling masts are in place on an oil and gas site for a time period of more than one year and are visible from public viewing points, then the operator shall wrap all such masts to reduce their visibility prior to the onset of operations at an oil and gas site.

9523.29524.2 Walls

Prior to commencement of operations at an oil or gas site the following development standards shall be satisfied:

- A. All oil and gas sites shall be enclosed with a wall not less than six feet (6 feet) high, which shall be of a material and texture that blends in with the surrounding environment and is not visually obtrusive. There shall be no aperture below the fence larger than one foot (1 foot) in height.
- B. The wall enclosure around the oil and gas site shall have an setback of twenty-five feet from all property lines. The gate or entrance through the wall shall remain locked at all times and constructed in a manner to prevent the public from coming closer than twenty-five feet to the pumping facilities. Pursuant to the approval of the CUP, the location of the wall may be modified subject to compliance with the California Fire Code as approved in a CUP or DA with modifications as applicable.
- C. The entire outside facing length of the wall must be coated with anti-graffiti paint or solutions.

9523.39524.3 Sanitation

The oil and gas site shall be maintained in a clean, sanitary condition, free from accumulations of garbage, refuse, and other wastes.

9523.49524.4 Architecture

The architectural design of any oil or gas site buildings, equipment, drilling mechanisms or other associated structures shall be consistent with the character of the surrounding community and shall utilize finishing materials and colors which blend in with the surrounding environment and are not visually obtrusive.

95249525 Roads

The following policies specific to streets or other roads shall apply to all projects for which this ordinance is applicable:



9524.19525.1 Construction of Site Access Roads

Private roads and other excavations required for the construction of access roads shall be designed, constructed, and maintained to provide stability of fill, minimize disfigurement of the landscape, prevent deterioration of vegetation, maintain natural drainage, and minimize erosion. Prior to construction of any new road, the operator shall prepare and submit to the Department of Public Works for review and approval a private road construction plan. The operator shall thereafter comply with all provisions of the approved private road construction plan. All new private access roads leading off any surfaced public street or highway shall be paved with asphalt or concrete not less than three inches thick for the length of said access road from the public street or highway.

95259526 Signage

The following policies apply only to signs visible from the public right of way.

- A. Signage as required by DOGGR or law shall be kept in good legible condition at all times.
- B. No sign other than that described in this ordinance or required by law shall be allowed, other than informational signs, no smoking signs, and other signs as reasonably required for safe operation of the project.
- C. Signs shall not be constructed, erected, maintained or placed on the premises or any part thereof, except those required by law or ordinance to be displayed in connection with the drilling or maintenance of the well.**
- D.C.** Identification signs shall be posted and maintained in good condition along the outer boundary line and along the walls adjoining the public roads that pass through the oil or gas site. Each identification sign shall prominently display current and reliable emergency contact information that will enable a person to promptly reach, at all times, a representative of the operator who will have the expertise to assess any potential problem and recommend a corrective course of action. Each sign shall also have the telephone number of the City department of planning or zoning enforcement section and the number of SCAQMD that can be called if odors are detected. For existing oil and gas sites, the signs shall be updated when they are replaced or repaired.

95269527 Steaming

The installation of any surface equipment designed to produce steam shall be prohibited without



the approval of the City Manager. The operator shall submit a steaming plan addressing equipment sizing and design to the City Manager for review and approval. The **steaming planoperator** shall also **include submit** well casing and cementing design specifications as required by DOGGR.

95279528 Utilities

- A. Each oil or gas site shall be served by and utilize only reclaimed water, aside from potable water used for human consumption, unless the use of reclaimed water is deemed infeasible by the City Manager, in which case the following criteria apply:
1. The operator must prepare and submit a supply assessment study of all water resources available for use and submit the study for review to the City Manager.
 2. If the study indicates that potable water is the only feasible alternative then the operator may utilize such a water source only if the operator provides an equal and measurable benefit to the community for such use, as determined by the City Manager.
- B. New electrical power shall be routed underground from the nearest source adequate to meet the needs of the well site.

95289529 On-Site Storage and Placement of Equipment

No equipment shall be stored or placed on the site, which is not either essential to the everyday operation of the oil or gas well located thereon or required for emergency purposes.

95299530 Safety Assurances and Emergency/Hazard Management

The following measures shall be implemented throughout the operation of any oil or gas site or project subject to this ordinance:

9529.19530.1 Fire Prevention Safeguards

- A. All oil and gas site operations shall conform to all applicable fire and safety regulations, codes, and laws.
- B. The oil and gas site shall be kept free of debris, pools of oil, water or other liquids, weeds, and trash.
- C. Land within twenty-five feet of the facilities shall be kept free of dry weeds, grass, rubbish or other combustible material at all times.



- D. All equipment, facilities, and design shall be approved by the Los Angeles County Fire Department, as applicable, prior to approval of a CUP or DA.

9529.29530.2 **Blowout Standards and Testing**

The operator shall comply with DOGGR regulations for blowout prevention and will provide all equipment as stipulated in the DOGGR regulations during the drilling operations of any well.

9529.39530.3 **Earthquake Shutdown**

- A. The operator shall immediately inspect all oil and gas-related facilities, equipment, and pipelines following any seismic event with a magnitude of 4.0 or greater with an epicenter within 10 kilometers (km) of the oil and gas site, magnitude 4.5 or greater within 30 km, or magnitude 6.0 **or** within 100 km.
- B. The operator shall either, (1) Operate and maintain an accelerometer at the project site or (2) Obtain real time data from the USGS to determine the earthquake magnitude of any seismic event in the area. The operator shall immediately inspect all project site pipelines, facilities, equipment, storage tanks, and other infrastructure following any seismic event above the thresholds defined in 9530.3.A and promptly notify the City Engineer and the City Manager of the results of the inspection within 24 hours of the seismic event. Shall there be any structural damage or equipment failure as a result of any seismic event, the operator shall isolate and address any damage or equipment failure as appropriate to minimize environmental or safety impacts. The operator shall prepare and submit a written report of all inspections and findings to the City for review with one week of the seismic event.
- C. The operator shall not reinstitute operations at those portions of the project site and associated pipelines damaged by a seismic event until the damage has been repaired and confirmed by the operator to be it can reasonably be determined by the City Manager that all project site infrastructure is repaired and structurally sound. and safe for operation, and has passed any otherwise required inspection. Before returning any damaged structure, fixture or equipment to operation, the operator shall prepare and submit to the City Manager a written report of inspections and repairs of that structure, fixture or equipment, and the results of any required inspection. **Recommendation of any operations shall occur through written or verbal approval of the City Manager.**

9529.49530.4 **Storage Tank Monitoring**

The operator shall install tank leak detection monitoring system that will indicate the physical presence of a leaked product underneath storage tanks on site that have the potential to result in



soil contamination. The results of the monitoring shall be submitted to the City Manager upon request. The monitoring system required by 14 California Code of Regulations Section 1773.2 is sufficient. This section does not apply to existing facilities.

9529.59530.5 **Safety Measures and Emergency Response Plan**

The operator is responsible for compliance with safety and emergency response requirements.

- A. Copies of all Emergency Response Plans, Emergency Action Plans, Oil Spill Plans, inspections, reports and any emergency response drill training as required by DOGGR, CalEPA, OSHA, Los Angeles County Fire Department, SCAQMD inspections or reports, Fire Department inspections or reports, or any other agency shall be submitted to the City.
- B. Safety Audit. The operator shall cause to be prepared an independent third-party audit, under the direction and supervision of the City, of all facilities, once constructed or within 1 year of the adoption of this ordinance, including the well pads, to ensure compliance with the California Fire Code (as may be adopted by the City with modifications as applicable), applicable API and NFPA codes, EPA RMP, OSHA PSM, DOGGR and SPCC and emergency response plans requirements. All audit items shall be implemented in a timely fashion, and the audit shall be updated annually, as directed by the City and the Los Angeles County Fire Department. The operator shall also cause to be prepared a seismic assessment, including walkthroughs, of equipment to withstand earthquakes prepared by a registered structural engineer in compliance with Local Emergency Planning Committee Region 1 CalARP guidance and the seismic assessment shall be updated, with walkthrough inspections, annually to ensure compliance with the codes and standards at the time of installation.
- C. Community Alert System. If the site is within 1,000 feet of any prohibited zoning as listed in Table 1-1, the operator shall implement a community alert notification system, or utilize an existing system operated by the Police, Sheriff or Fire Department, to automatically notify area residences and businesses in the event of an emergency at an oil or gas site that would require residents to take shelter or take other protective actions.

9529.69530.6 **Transportation of Chemicals and Waste On and Off-site**

The operator shall implement the following measures throughout the operations of any oil and gas site subject to this ordinance:

- A. Solid Waste Disposal. Solid waste generated on the site shall be transported to a permitted landfill or hazardous waste disposal site as may be appropriate for the life of the



operation. The operator shall provide written notice to the City Manager of the landfill or hazardous waste disposal facility being utilized.

B. Site Waste Removal. The operator shall comply with the following provisions:

1. All drilling and workover waste shall be collected in enclosed bins. Any drilling and workover wastes that are not intended to be injected into a Class II Well, as permitted by DOGGR, shall be removed from the project site no later than thirty days following completion of the drilling and workover.
2. No site waste shall be discharged into any sewer unless permitted by the Sanitation District, or into any storm drain, irrigation system, stream, or creek, street, highway, or drainage canal. Nor shall any such wastes be discharged on the ground.

C. Storage of Hazardous Materials. The operator shall submit to the City Manager a copy of the Hazardous Material Business Plan, as reviewed by the Los Angeles County Fire Department, annually. This plan shall include a complete listing and quantities of all chemicals used onsite, and provide the location of where hazardous materials are stored at the site. Hazardous materials shall be stored in an organized and orderly manner, and identified as may be necessary to aid in preventing accidents, and shall be reasonably protected from sources of external corrosion or damage to the satisfaction of the Fire Chief of the Los Angeles County Fire Department or designee.

9529.6.19530.6.1 **Natural Gas Liquids (NGLs)**

Throughout the operation of any oil and gas site subject to this ordinance, NGLs, as defined by this code, shall be blended with crude oil for shipment by pipeline to the maximum extent allowable within the technical specifications of the pipeline. Oil transportation pipelines and gas processing facilities shall be designed to maximize the blending of NGLs into the crude oil stream.

9529.6.29530.6.2 **Transportation Risk Management and Prevention Program (TRMPP)**

If the transportation routes of any product from oil and gas development in the City passes through or adjacent to any prohibited zoning as listed in Table 1-1, excluding **existing** designated truck routes, the operator shall prepare and maintain a Transportation Risk Management and Prevention Program which shall be provided to the City Manager upon request. The TRMPP may contain the following components including, but not limited to:



- A. Provisions for conducting comprehensive audits of carriers biennially to assure satisfactory safety records, driver hiring practices, driver training programs, programs to control drug and alcohol abuse, safety incentive programs, satisfactory vehicle inspection and maintenance procedures, and emergency notification capabilities. The operator shall submit to the City any audits that were conducted each calendar year.
- B. Provisions for allowing only carriers which receive a satisfactory rating under the above audit process to transport oil and gas.
- C. Truck loading procedures for ensuring that the loading rack operator and the truck driver both conduct, and document in writing, a visual inspection of the truck before loading and procedures to specify actions to be taken when problems are found during the visual inspection.

9529.6.39530.6.3 Pipeline Leak Detection

All new offsite DOT oil pipelines shall use a supervisory control and data acquisition (SCADA-type) monitoring system for leak detection; unless the City Manager determines that there is better available technology that shall be utilized instead. Flow meters used on the SCADA system shall be accurate to within one percent. If a leak is detected the operator shall be responsible for immediately reporting it to the City Manager.

95309531 Environmental Resource Management

Throughout operation of an oil and gas site, the operator shall comply with the following environmental resource management policies:

9530.19531.1 General Environmental Program

- A. Environmental Quality Assurance Program ("EQAP"). The operator shall comply with all provisions of an environmental quality assurance program that has been accepted by the City Manager and approved as part of a CUP or DA. For oil and gas sites that are existing at the time of the adoption of this ordinance and are not required to have a CUP, completion of the requirements of section 9530.5.B satisfies the requirements of section 9531.1. The following provisions relate to the EQAP:
 - 1. EQAP Requirements. The EQAP shall provide a detailed description of the process, individual steps, and submissions, the operator shall take to assure compliance with all provisions of this Section, including but not limited to, all of the monitoring programs called for by this Section.



2. Annual EQAP Reports. Within sixty days following the end of each calendar year, the operator shall submit to the City Manager an annual EQAP report that reviews the operator's compliance with the provisions of the EQAP over the previous year and addresses such other matters as may be requested by the City Manager. The annual EQAP report shall include the following:
 - i. A complete list and description of any and all instances where the provisions of the EQAP, or any of the monitoring programs referred to therein or in this Section, were not fully and timely complied with, and an analysis how compliance with such provisions shall be improved over the coming year.
 - ii. Results and analyses of all data collection efforts conducted by the operator over the previous year pursuant to the provisions of this Section.
 3. EQAP Updates. Proposed updates to the EQAP shall be submitted to the City Manager for approval along with the annual EQAP report. The City Manager shall complete the review of EQAP updates as soon as practicable, and shall either approve the updated EQAP or provide the operator with a list of specific items that must be included in the EQAP prior to approval. The operator shall respond to any request for additional information within thirty days of receiving such request from the City Manager and shall modify the proposed EQAP update consistent with the City Manager's request.
- B. Publicly Available Monitoring Data. The operator shall be responsible for making current monitoring results and data available to the public unless otherwise required by law. The up-to-date monitoring data and results shall be maintained by the operator. The monitoring results and data shall include the following information:
1. Air quality data (if required to be collected);
 2. Wind direction speed (if required to be collected);
 3. Seismic events;
 4. Water quality monitoring results for both surface and groundwater monitoring locations at an oil or gas site, or from nearby groundwater monitoring location(s) as authorized by the City Manager;
 5. Pipeline testing and monitoring results;



6. Vibration (if required to be collected); and
7. Ambient noise levels (if required to be collected).

9530.29531.2 **Air Quality**

The operator shall at all times conduct oil or gas site operations to prevent the unauthorized release, escape, or emission of dangerous, hazardous, harmful and/or noxious gases, vapors, odors, or substances, and shall comply with the following provisions:

- A. Odor Minimization. If the site is within 1,500 feet of any prohibited zoning as listed in Table 1-1, or if three (3) odor complaints from three (3) different citizens of the City have been confirmed by the SCAQMD within any 12-month period, at all times the operator shall comply with the provisions of an odor minimization plan that has been approved by the City Manager. The plan shall provide detailed information about the site and shall address all issues relating to odors from oil or gas operations. Matters addressed within the plan shall include setbacks, signs with contact information, logs of odor complaints, method of controlling odors such as flaring and odor suppressants, and the protocol for handling odor complaints. The odor minimization plan shall be reviewed and updated by the operator on an annual basis to determine if modifications to the plan are required. Any modifications to the odor minimization plan shall be submitted to the City Manager for review and approval. Any operator's submissions to the SCAQMD shall be provided to the City Manager and shall be consistent with Section 9531.2.
- B. Portable Flare for Drilling. If the site well is within 1,500 feet of any prohibited zoning as listed in Table 1-1, and either the historical operations of the producing zone have exhibited a gas-oil ratio of more than 4100 or no data is available on the producing zone targeted, the operator shall have a gas buster and a portable flare, approved by the SCAQMD, at the oil and gas site and available for immediate use to remove any gas encountered during drilling and abandonment operations from well muds prior to the muds being sent to the shaker table, and to direct such gas to the portable flare for combustion. The portable flare shall record the volume of gas that is burned in the flare. The volume of gas burned in the flare shall be documented in the operations logs. The operator shall notify the Fire Chief of the Los Angeles County Fire Department and the SCAQMD within forty-eight hours in the event a measurable amount of gas is burned by the flare, and shall specify the volume of gas that was burned in the flare. All other drilling and abandonment operations shall be conducted so that any measurable gas that is encountered can, and will, be retained in the wellbore until the gas buster and portable flare are installed on the rig, after which the gas will be run through the system to flare. The operator shall immediately notify the Fire Chief of the Los Angeles County Fire Department



and the SCAQMD in the event any gas from operation is released into the atmosphere without being directed to and burned in the flare.

C. Odor **Suppressant Control** for Drilling Operations. If the **site well** is within 1,500 feet of any prohibited zoning as listed in Table 1-1 and either the historical operations of the producing zone have exhibited a gas-oil ratio of more than **4100** or no data is available on the producing zone targeted, the operator shall use an enclosed mud system that directs all mud vapors through an odor capturing system, such as a carbon bed, to prevent odorous pollutants from passing the site boundaries and impacting the area. An odor suppressant spray system may be used on the mud shaker tables for all drilling operations to ensure that no odors from said operations can be detected at the outer boundary line of the **well oil and gas** site.

D. Closed Systems. The operator shall ensure that all produced water, gas and oil associated with production, processing, and storage, except those used for sampling only, are contained within closed systems at all times and that all pressure relief systems, including tanks, vent to a closed header and flare-type system to prevent emissions of pollutants. **No open pits are allowed.** This subsection does not apply to existing facilities.

D.E. No open pits are allowed.

E.F. Off-Road Diesel Construction Equipment Engines. All off road diesel construction equipment shall comply with the following provisions:

1. Utilize California Air Resources Board ("CARB") EPA Certification Tier III or other methods approved by the CARB as meeting or exceeding the Tier III standard.
2. Utilize a CARB Level 3 diesel catalyst. The catalyst shall be capable of achieving an eighty-five percent reduction for diesel particulate matter. Copies of the CARB verification shall be provided to the City Manager. Said catalysts shall be properly maintained and operational at all times when the off-road diesel construction equipment is in use. Use of an EPA Certification Tier 4i engine will also satisfy this requirement.

F.G. Drill Rig Engines. All drilling rig diesel engines shall comply with the following provisions:

1. Utilize CARB/EPA Certification Tier III or better certified engines
2. Utilize a CARB Level 3 diesel catalyst. The catalyst shall be capable of achieving an 85 percent reduction for diesel particulate matter. Copies of the CARB verification shall be provided to the City Manager. Said catalysts shall be properly maintained



and operational at all times when the off-road diesel construction equipment is in use. Use of an EPA Certification Tier 4i engine will also satisfy this requirement.

9530.39531.3 Greenhouse Gas Emissions and Energy Efficiency Measures

- A. The operator of an oil and gas site shall completely offset all emissions from the oil and gas site through participation in the statewide cap and trade program, if applicable, or obtaining credits from another program, such as the SCAQMD Regulation XXVII, as approved by the City Manager. On an annual basis, the operator shall provide the City Manager with documentation of the operator's participation in the program. This section does not apply to existing facilities.
- B. Throughout the oil and gas site life, as equipment is added or replaced, cost-effective energy conservation techniques shall be incorporated into project design.

9530.49531.4 Air Quality Monitoring and Testing Plan

If the site is within 1,500 feet of any prohibited zoning as listed in Table 1-1, at all times the operator shall comply with the provisions of an air monitoring plan that has been approved by the City Manager. During all well operations, including but not limited to drilling, re-drilling and workover operations, the operator shall continuously monitor for hydrogen sulfide, in a manner that allows for detection of pollutants from all wind directions, as approved by the City Manager. Total hydrocarbon vapors shall be monitored at drilling, workover and processing plant areas as specified in the approved plan. Such monitors shall provide automatic alarms that are triggered by the detection of hydrogen sulfide or total hydrocarbon vapors. The alarms shall be audible and/or visible to the person operating the equipment. Actions to be taken shall be as follows when specified alarm levels are reached:

- A. At a hydrogen sulfide concentration of equal to or greater than five parts per million but less than 10 parts per million, the operator shall immediately investigate the source of the hydrogen sulfide emissions and take prompt corrective action to eliminate the source. The corrective action taken shall be documented in the drilling or workover log. If the concentration is not reduced to less than five parts per million within four hours of the first occurrence of such concentration, the operator shall shut down the drilling or workover operations and equipment in a safe and controlled manner, until the source of the hydrogen sulfide emissions has been eliminated, unless shutdown creates a health and safety hazard.
- B. At a hydrogen sulfide concentration equal to or greater than 10 parts per million, the operator shall promptly shut down the drilling or workover operations and equipment in a safe and controlled manner until the source of the hydrogen sulfide emissions has been eliminated,

unless shutdown creates a health and safety hazard. The corrective action taken shall be documented in the drilling or workover log. When an alarm is received, the operator shall promptly notify the Los Angeles County Fire Department, the City Manager, and the SCAQMD.

C. At a total hydrocarbon concentration equal to or greater than 500 parts per million but less than 1,000 parts per million, the operator shall immediately investigate the source of the hydrocarbon emissions and take prompt corrective action to eliminate the source. The corrective action taken shall be documented in the drilling log for drilling or workover and in the log for the oil and gas site. If the concentration is not reduced to less than 500 parts per million within four hours of the first occurrence of such concentration, the operator shall shut down the drilling or workover, or site operations in a safe and controlled manner, until the source of the hydrocarbon emissions has been eliminated, unless shutdown creates a health and safety hazard.

D. At a total hydrocarbon concentration equal to or greater than 1,000 parts per million, the operator shall promptly shut down the drilling or workover or operations in a safe and controlled manner, until the source of the hydrocarbon emissions has been eliminated, unless shutdown creates a health and safety hazard. The corrective action taken shall be documented in the drilling log for drilling or workover and in the log. When an alarm is received, the operator shall promptly notify the Los Angeles County Fire Department - Health Hazardous Materials Division, and the SCAQMD.

E. The City Manager may also require additional monitoring at the closest residential receptor periodically for hydrogen sulfide, hydrocarbons or Toxic Air Contaminants. All the monitoring equipment shall keep a record of the levels of total hydrocarbons and hydrogen sulfide detected at each of the monitors, which shall be retained for at least five years. The operator shall, on a quarterly basis, provide a summary of all monitoring events where the hydrogen sulfide concentration was at five parts per million or higher and the total hydrocarbon concentration was at 500 parts per million or higher to the Fire Chief of the Los Angeles County Fire Department. At the request of the Fire Chief, the operator shall make available the retained records from the monitoring equipment.

9530.59531.5 Water Quality

The operator shall at all times conduct operations to avoid any adverse impacts to surface and groundwater quality, and shall comply with the following provisions:

9530.5.19531.5.1 Water Management Plan

The operator shall comply with all provisions of a potable water management plan that has been



approved by the City Manager. The plan shall include best management practices, water conservation measures, and the use of a drip irrigation system. The water management plan shall be reviewed by the operator every three years to determine if modifications to the plan are required. Any modifications to the water management plan shall be submitted to the City Manager for review and approval. This Section does not apply to existing facilities.

9530.5.29531.5.2 Stormwater Runoff

Construction Storm Water Pollution Prevention Plan ("SWPPP"). The operator shall maintain and implement all provisions of a storm water pollution prevention plan ("SWPPP") that has been submitted to the Regional Water Quality Control Board, if required. The operator shall provide the City Manager with a copy of the SWPPP, and any future modifications, revisions, or alterations thereof, or replacements thereof upon written or verbal request of the City Manager. The SWPPP shall be updated prior to new construction activities as required by the Regional Water Quality Control Board.

9530.5.39531.5.3 Groundwater Quality

- A. Prior to any new development, the operator shall prepare and submit a baseline study of all groundwater resources located within and beneath the project site or directly adjacent to the site, to specifically include an analysis of the location and reservoir characteristics of all existing groundwater resources, a chemical analysis of the groundwater, and an overall assessment of the groundwater quality.
- B. The operator shall not inject any water spoils/wastewater derived from the any oil or gas operations into any non-exempt or DOGGR exempt freshwater aquifers.
- C. Within 30 days of request by the City, the operator shall deposit funds with the City necessary to retain a third party to prepare a hydrological analysis Groundwater Testing Program prior to any construction activities, or alternately, provide comparable analyses performed through the Groundwater Ambient Monitoring and Assessment Program or other reliable source as determined by the City Manager. Depending on the results of the geo-hydrological analyses the City Manager has the discretion to require the operator to install one or more groundwater monitoring wells to allow for confirmation that groundwater is not being affected by oil and gas activities. As part of the Groundwater Testing Program the operator is required to provide the City Manager with annual monitoring and testing results.
- D. The operator shall be responsible for obtaining a field/site study from DOGGR. If DOGGR does not provide this to the operator then the operator shall submit evidence detailing DOGGR's response to their field/site study request to the City Manager for review.



- E. The operator shall provide to the City Manager a copy of the DOGGR Annual Injection Project Review (if the operator is operating a water injection or water disposal well) upon written or verbal request by the City Manager. The operator shall provide to the City Manager the results of any DOGGR required cement casing integrity testing, including radial cement evaluation logs or equivalent upon written or verbal request by the City Manager, before any wells are put into production.

9530.69531.6 Noise Impacts

All facilities at an oil or gas site located within 1,000 feet of any prohibited zones, as indicated in Table 1-1, or if noise levels exceed City thresholds as confirmed by the City Manager, operations shall comply with the following provisions:

- A. All noise produced from the site shall conform to the noise thresholds specified in Sections 5500, 5501, 5502, and 5503 of the Code.
- B. Backup alarms on all vehicles operating within 1,000 feet of the prohibited zone in Table 1-1, shall be disabled between the hours of 6:00 p.m. and 8:00 a.m. During periods when the backup alarms are disabled, the operator shall employ alternative low-noise methods for ensuring worker safety during vehicle backup, such as the use of spotters.
- C. Any and all operations, construction, or activities on the site between the hours of 6:00 p.m. and 8:00 a.m. shall be conducted in conformity with a quiet mode operation plan that has been approved by the City Manager. The quiet mode operation plan shall be reviewed by the operator every year to determine if modifications to the plan are required. Any modifications to the quiet mode drilling plan shall be submitted to the City Manager for review and approval. Operations that are existing at the time this ordinance is adopted are exempt from the quiet mode plan submittal requirements but are required to comply with the quiet mode provisions listed in section 9507.1.J.
- D. All noise producing oil and gas site equipment shall be regularly serviced and repaired to minimize increases in pure tones and other noise output over time. The operator shall maintain an equipment service log for all noise-producing equipment.
- E. All construction equipment shall be selected for low-noise output. All construction equipment powered by internal combustion engines shall be properly muffled and maintained.
- F. Unnecessary idling of construction equipment internal combustion engines is prohibited.



- G. The operator shall instruct employees and subcontractors about the noise provisions of this ordinance. The operator shall prominently post quiet mode policies at every oil and gas site if applicable.
- H. All oil operations on the oil and gas site shall be conducted in a manner that minimizes vibration. Additionally, vibration levels from oil or gas operations at the site, as measured from the perimeter of the oil or gas site, shall not exceed a velocity of 0.25 mm/s over the frequency range 1 to 100 Hz.
- I. For all oil and gas operations if noise levels exceed the levels prescribed in Section 5500, 5501, 5502, and 5503 of the Code or the vibration thresholds specified in Subsection (H) of this Section, including those outside of 1,000 feet as indicated above, within 30 days of request by the City Manager, the operator shall deposit funds for the City Manager to retain an independent qualified acoustical engineer to monitor (1) ambient noise levels and (2) vibration levels in the areas surrounding the oil or gas site as determined necessary by the City Manager. The monitoring shall be conducted unannounced and within a time frame specified by City Manager. Should noise or vibrations from the oil or gas site exceed the noise thresholds specified in Sections 5500, 5501, 5502, and 5503, of the Code or the vibration thresholds specified in Subsection (H) of this Section, operation can also be subject to enforcement under this ordinance including notices of violation per Section 9514. No new drilling permits, CUPs, or DAs shall be issued by the City until the operator in consultation with the City Manager identifies the source of the noise or vibration and the operator takes the steps necessary to assure compliance with thresholds specified in this ordinance. The results of all such monitoring shall be promptly posted on the website for the oil or gas site and provided to the City Manager.

95319532 Standards for Wells

The operator shall comply with all of the following provisions:

- A. All DOGGR regulations related to drilling, workovers, operations and abandonment operations.
- B. No more than two rigs shall be present within the oil or gas site at any one time.
- C. All derricks and portable rigs and masts used for drilling and workovers shall meet the standards and specifications of the American Petroleum Institute as they presently exist or as may be amended.



- D. All drilling and workover equipment shall be removed from the site within ninety days following the completion of drilling or workover activities unless the equipment is to be used at the site within thirty days for drilling or workover operations.
- E. All drilling sites shall be maintained in a neat and orderly fashion.
- F. Belt guards shall be required over all drive belts on drilling and workover equipment. Guarding shall be as required by Title 8 of the California Code of Regulations, Section 6622, or as may be subsequently amended.
- G. **Excluding existing wells and oil and gas sites in industrial zones, a**boveground pumpjack assemblies are prohibited for new wells, and oil and gas sites are restricted to the exclusive use of submersible downhole pumping mechanisms for extraction. Additionally, any well already lawfully existing at the time of implementation of this ordinance in all non-industrial zones, **lawfully** using a pumpjack assembly that is extending its period of production beyond the amortization date established in Section 9189.22(a) shall have its aboveground pump replaced with a submersible downhole pumping mechanism. The pumpjack assembly, along with its motor and fuel system, shall be removed from the oil or gas site within thirty (30) days of the completion of the operation. It is the intent of this Subsection to uninterruptedly carry forward, and not extend, previously existing amortization periods for the removal of pumpjack assemblies and the installation of submersible downhole pumping mechanisms. The requirements of this subsection **K** are applicable to all oil and gas sites in all non-industrial zones except for such facilities where the City Manager determines that the use of submersible downhole pumping mechanisms is infeasible due to technical reasons or other circumstances which would specifically preclude the use of such technology.

95329533 Standards for Pipelines

The operator shall comply with the following provisions related to pipelines throughout operation of an oil or gas site:

9532.19533.1 Pipeline Installations and Use

- A. Pipelines shall be used to transport oil and gas off-site to promote traffic safety and air quality, unless it can be demonstrated to the satisfaction of the City Manager that a pipeline is infeasible and that transportation of products do not pass through or adjacent to prohibited areas as defined in Table 1-1, **except on designated truck routes**. Trucking on a temporary basis is allowed with approval of the City Manager.



- B. The use of a pipeline for transporting crude oil or gas may be a condition of approval for expansion of existing facilities or construction of new facilities unless it can be demonstrated to the satisfaction of the City Manager that a pipeline is infeasible and that transportation of products do not pass through or adjacent to prohibited areas as defined in Table 1-1, except on designated truck routes.
- C. New pipeline corridors shall be consolidated with existing pipeline or electrical transmission corridors where feasible, unless there are overriding technical constraints or significant social, aesthetic, environmental or economic reasons not to do so, as approved by the City Manager.
- D. New pipelines shall be routed to avoid residential, recreational areas, and schools if possible. Pipeline routing through recreational, commercial or special use zones shall be done in a manner that minimizes the impacts of potential spills by considering spill volumes, durations, and projected spill paths. New pipeline segments shall be equipped with automatic shutoff valves, or suitable alternatives approved by the City Manager, so that each segment will be isolated in the event of a break.
- E. Upon completion of any new pipeline construction, the site shall be restored to the approximate previous grade and condition. All sites previously covered with vegetation shall be reseeded with the same or recovered with the previously removed vegetative materials, and shall include other measures as deemed necessary to prevent erosion until the vegetation can become established, and to promote visual and environmental quality, unless there are approved development plans for the site, in which case re-vegetation would not be necessary.
- F. Gas from wells shall be piped to centralized collection and processing facilities, rather than being flared, to preserve energy resources and air quality, and to reduce fire hazards and light sources, unless the AQMD approves the flaring of gas during the temporary operation of an well. Oil shall also be piped to centralized collection and processing facilities, in order to minimize land use conflicts and environmental degradation, and to promote visual quality.

9532.29533.2 Pipeline Inspection, Monitoring, Testing and Maintenance

- A. Operators shall visually inspect all aboveground pipelines for leaks and corrosion on a monthly basis.
- B. The operator shall install a leak detection system for all offsite DOT regulated oil and gas pipelines. The leak detection system for oil shall include pressure and flow meters, flow balancing, supervisor control and data acquisition system, and a computer alarm and



communication system in the event of a suspected leak. The leak detection system for gas pipelines shall include pressure sensors. The accuracy shall be defined once the system is established and tested and approved by the City Manager. The City Manager may deviate from these requirements to address system specific operating requirements.

- C. Pipe clamps, wooden plugs or screw-in plugs shall not be used for any permanent repair approved by the City Manager.
- D. Pipeline abandonment procedures shall be submitted to the City Manager for review and approval prior to any pipeline abandonment.
- E. Copies of pipeline integrity test results required by any statute or regulation shall be maintained in a local office of the operator and posted online on the same website that provides the monitoring results required in Section 9531.1 for five years and shall also made available to the City, upon request. The City shall be promptly notified in writing by the operator of any pipeline taken out of service due to a test failure.

95339534 Temporary Buildings

During full production of an oil or gas site no temporary buildings are allowed to be constructed or maintained anywhere at the site.

95349535 Operational Prohibitions

Operational prohibitions. Notwithstanding any other provision of this **article ordinance**, it shall be unlawful to perform or cause to be performed the following activities within the City in conjunction with the production or extraction of oil, gas or other hydrocarbon substance from any subsurface location within the City:

1. **Injection pumps shall not operate at a pressure that produces a pressure exceeding 100 percent of the Maximum Allowable Surface Pressure (MASP) at the well head.**
1. No **cumulative pumpin_gstorage** of acid **on the oil and gas site** shall occur in a volume in excess of **2,500 gallons. the minimum Acid Volume Threshold for any well as calculated by DOGGR over a 1 year period**
2. No **well oil and gas operations** shall utilize more than 25,000 gallons of water in a 24 hour period, or more than 100,000 gallons per week, unless during an emergency and as approved by the City Manager. This restriction does not apply to produced water, or waste water that originated from a petroleum reservoir.



3. No more than 15 truck trips in a 24 hour period may be used for water deliveries, unless such water is used for a purpose other than extracting oil, gas, or any other hydrocarbon substance.

95359536 Prohibited Uses

The operator shall not use or cause to be used hydraulic fracturing, acidizing, or any other well stimulation treatment. Notwithstanding any other provision of this article, it shall be unlawful to use or cause to be used any land within the City for the purpose of conducting or enabling hydraulic fracturing, acidizing, or any other well stimulation treatment in conjunction with the production or extraction of oil, gas or other hydrocarbon substance from any subsurface location within the City, other than normal maintenance work that utilizes acidizing techniques. However, to the extent that any permittee demonstrates to the City Manager, that (1) well stimulation is necessary to recover the 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 City Manager may authorize such well stimulation pursuant to a permit issued pursuant to this ordinance. This Section shall remain in full force and effect unless otherwise required by any applicable State or Federal law, regulation or judicial determination.

9535.19536.1 Violations of Prohibited Uses

Any operator who violates Section 9536 of this ordinance 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 9536, the operator will be responsible for paying the City a fine of up to \$100,000 per calendar day, depending on the severity of the violation at the discretion of the City Manager.
- B. In addition to fines, the City Manager may also require an immediate shutdown of all operations at an oil and gas site where violations of Section 9536 have been identified, as long as the shutdown would not otherwise threaten public health, safety concerns or welfare.

Part 3. Development Standards for Site Abandonment and Redevelopment



95369537 Development Standards

The following development standards shall be applied to all redevelopment projects within the footprint of an oil or gas site, including any building permit involving a current or former oil or gas site:

- A. Any demolition, abandonment, re-abandonment, or restoration shall be adequately monitored by a qualified individual, funded by the operator and retained by the City, to ensure compliance with those conditions designed to mitigate anticipated significant adverse effects on the environment and to provide recommendations in instances where effects were not anticipated or mitigated by the conditions imposed on the permit or entitlement. Pre-restoration and post- restoration surveys of sensitive biological resources shall be employed as appropriate to measure compliance.
- B. The site shall be assessed for previously unidentified contamination.
 - 1. The permittee shall ensure that any discovery of contamination shall be reported to the City Manager and the Los Angeles County Fire Department.
- C. The permittee shall diligently seek all necessary permit approvals, including revisions to an entitlement or the demolition. Abandonment, re-abandonment and restoration permit, if any are required, in order to remediate the contamination.
- D. The permittee, or operator shall be responsible for any cost to remediate the contamination on the site. This ordinance is not intended to limit the permittee, operator's rights under the law to seek compensation from parties who have contributed to contamination of the site.
- E. The permittee shall ensure that appropriate notification has been recorded with the County Recorder to describe the presence and location of any contamination left in place under the authority of the Los Angeles County Fire Department.
- F. All abandoned or re-abandoned wells shall be leak tested subject to the following requirements:
 - 1. All abandoned wells located within on the oil and gas site must be tested for gas leakage and visually inspected for oil leakage. The operator shall apply to the City Manager for an inspection permit to witness the well testing. The leak test shall be completed utilizing a gas detection meter approved in advance by the City Manager, and shall be conducted by a state licensed geotechnical or civil engineer or a state



registered environmental assessor, Class II, or the City Manager, or a designee, as determined necessary by the City Manager.

2. The permittee shall prepare and submit a methane assessment report for each tested well prepared per the City of LA Department of Building and Safety "Site Testing Standards for Methane" (P/BC 2014-101), as may be amended. The operator may use the City's consultant to observe the leak test or be responsible for City consultant test fees. Following satisfactory test results as per the City of LA Department of Building and Safety standards, a well vent and vent cone shall be installed to the satisfaction of the City Manager and in compliance with the recommendations contained in the methane assessment report.
 3. The submitted methane assessment report shall be prepared by a state licensed geotechnical or civil engineer. A well shall be considered leaking if the leak test report indicates the meter read is greater than Level II as defined by the City of LA Department of Building and Safety "Site Testing Standards for Methane", which is set at 1,000 parts per million.
 4. An approved methane assessment report is valid for 24 months from approval by the City Manager. If an abandonment permit has not been issued by this time, retesting shall be required. Following all testing and inspection, the test area shall be returned to its previous state to the satisfaction of the City building official.
 5. If there has not been a change to the well, no leak test is required if a valid methane assessment report, accepted by the City Manager and showing no leaks in excess of the leak limit, has been completed for an abandoned or re-abandoned well within the prior 24 months.
- G. Prior to any development or redevelopment of a current or former oil or gas site, or prior to abandoning or re-abandoning any well, the operator shall:
1. Obtain permit(s) and abandon all idled wells consistent with Section 9510.3 and provide a certificate of compliance to show that the wells and/or sites are abandoned consistent with standards recommended or required by DOGGR to the satisfaction of the City Manager. Permits shall not be required if the idled well is scheduled to produce oil or natural gas, or to be used for injection, as part of the development or redevelopment of a former oil or gas site and if said production or injection occurs within 5 years of issuance of a CUP or DA under this ordinance.



2. Obtain permit(s) consistent with Section 9510.3 to re-abandon all previously abandoned wells that do not meet standards recommended or required by DOGGR for abandonment in effect at the time of re-abandonment, and provide a certificate of compliance that the wells and/or sites are re-abandoned consistent with current conditions and standards recommended or required by DOGGR to the satisfaction of the City Manager. Permits shall not be required if re-entry of an abandoned well is scheduled to occur within 5 years of issuance of a CUP or DA under this ordinance, and if re-entry actually occurs within that period of time.
3. In lieu of Subsections (1) and (2), above, obtain a deferral covenant from the City requiring abandonment or re-abandonment to standards recommended or required by DOGGR, or equivalent standards as determined by the City Manager, at a specific time or upon the occurrence of a future event. The deferral covenant shall be approved as to form by the City Attorney, contain a provision to indemnify and hold harmless the City for damages related to wells not abandoned or re-abandoned consistent with standards recommended or required by DOGGR, and shall be recorded by the operator with the County Clerk prior to approval.

H. Other Development Standards:

1. Permanent structures, or other construction that would be difficult or expensive to demolish, shall not be located on top of any abandoned oil or gas well such that access for a well abandonment rig or other well maintenance equipment is constrained or inhibited from access to the well in the event of a future oil or gas leak, unless it can be demonstrated to the satisfaction of the City Manager that it is not feasible or, within an industrial zone, the developer proposing such construction provides written assurances to the satisfaction of the City Manager, to be included in the recorded declaration of covenant prescribed in Subsection 3, below, that they are aware of and accept the risks associated with such construction,. Previous improvements, such as landscaping and porous parking areas with adequate landscape buffers, may be located on top of an abandoned or re-abandoned well which has passed the leak test consistent with Subsection C of this Section.
2. Redevelopment of a Former Oil and Gas Site: If redevelopment of an oil and gas site for use other than an oil and gas operation is proposed at a completely or partially abandoned oil or gas site, the applicant shall submit an application to be processed as a Conditional Use Permit consistent for that use under Chapter 1, Article IX of this Code. Said application shall include the content required by Section 9510.3.2, and



the Conditional Use Permit shall comply with the development standards of Section 9537.

3. Prior to issuance of a permit or entitlement for redevelopment of a former oil and gas site, the owner shall record a declaration of a covenant, in a form subject to the review and approval of the City Attorney, putting future owners and occupants on notice of the following: the existence of abandoned oil wells on the site; that the wells within the site have been leak tested and found not to leak; description of any methane mitigation measures employed; **disclosure that a statement as to whether or not** access to these wells has been provided to address the fact that they may leak in the future causing potential harm; acknowledgment that the state may order the re-abandonment of any well should it leak in the future; acknowledgment that the state does not recommend building over wells; and releasing and indemnifying the City for issuing any project permit or entitlement for the project, along with notice of the assurances, if any, required by Subsection 1, above. The covenant shall run with the land, apply to future owners, and may only be released by the City.



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July 20, 2015

VIA EMAIL
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Planning Commission
City of Carson
701 East Carson Street
Carson, CA 90745

Re: Zone Text Amendment Nos. 19-15 and 20-15

Dear Honorable Members of the Planning Commission:

E&B Natural Resources Management Corp. ("E&B") sincerely appreciates the time and effort that the Planning Commission has devoted to the proposed Ordinance for a new Oil and Gas Code and the proposed Ordinance to ban well stimulation. As you may know, E&B is an existing operator of oil and gas facilities in the City, and has operated in the City for years in compliance with the laws and regulations and without complaint from the City or the community.

The City's effort to further regulate oil and gas development started last year, May 2014, when the City Council directed staff to develop a new oil and gas code and to ban fracking, all of which was instigated by a new oil and gas project proposed in the City (which was later withdrawn). The existing operators did not learn of this proposed Code and its potential impact on their existing facilities until April 2015, nearly a year after the City had started that regulatory process.

Since that time, E&B and other existing operators have expressed their serious concerns regarding the impact of the proposed Code on existing facilities -- indeed, as currently written, it would ultimately eliminate these oil and gas facilities in the City. E&B and others have worked diligently with City staff to address any environmental issues and have proposed to be regulated by enforceable good neighbor provisions, but also needed to have the City's assurance that they could continue to operate in the City and that their vested rights would be protected.

At the June 9, 2015 meeting, the Planning Commission directed staff to try and reach an understanding with the existing operators regarding the good neighbor provisions.

Unfortunately, E&B has not been provided with the assurance that it may continue to operate in the City, and instead, the proposed Code would serve to terminate these existing uses by categorizing these facilities as non-conforming uses. We did not believe that it was the City's intent to eliminate existing industrial businesses in the City, but this is the real impact of the proposed Oil and Gas Code.

E&B remains optimistic that these issues can be resolved, but it may take a new approach. We have tried to repurpose the proposed Code for existing operations – it was originally written for *new* oil and gas facilities – but such a transformation has been difficult to accomplish. Further, the regulatory landscape for oil and gas operations has changed dramatically with SB4, and other proposed or new regulations by the South Coast Air Quality Management District (“SCAQMD”) and the Regional Water Quality Control Board (“RWQCB”). Further, we also understand that the City is embarking on an update to the Zoning Code as a whole, and the oil and gas regulatory process could be folded into that one, solving one serious problem – the disparate treatment of existing industrial uses. Also, the City has engaged a new City Manager (formerly with the City of Signal Hill, who integrated oil and gas uses with other uses), and perhaps the new City Manager could bring fresh eyes to this process.

While we hope for the best, we must also plan for the worst, and this letter outlines the primary legal deficiencies associated with the proposed ordinances. At the Planning Commission's request, we are submitting this letter as early as possible based on our understanding of the City's position, but we also intend on submitting a supplemental letter after we have had a chance to review the Staff Report for the July 28, 2015 meeting. And to avoid being repetitive, we also hereby incorporate the claims asserted in our prior correspondence to the City (dated June 9, 2015, May 12, 2015 and April 13, 2015) as well as correspondence submitted by all of the other oil and gas stakeholders.

E&B urges the Planning Commission to redirect this process to achieve the dual goals of providing environmental protections to the community and protecting existing businesses in the City of Carson.

1. The Proposed Oil and Gas Code Improperly Eliminates Existing Oil and Gas Facilities by Imposing Setbacks that Cannot be Satisfied and Categorizing the Facilities as Non-Conforming Uses

The proposed Code appears to recognize the vested rights of existing operators (Section 9501), but then eviscerates those vested rights by requiring existing facilities to comply with new setback requirements. As a threshold matter, it is unreasonable for the City to impose (as a so-called “good neighbor” provision) a new setback requirement on an existing oil and gas facility that would be impossible to satisfy. Unlike a new facility which could be readily sited in compliance with applicable setbacks, an existing oil and

gas facility would have to be moved entirely, along with all of the wells, to comply with a new setback requirement. These facilities were constructed in compliance with all applicable setback requirements, and if they are unable to comply with the new setbacks, these existing facilities become non-conforming uses with a date to terminate their operations. E&B has a vested right to continue its existing operations without having to move them to comply with any new setback requirements. *Termo Co. v. Luther*, 169 Cal.App.4th 394 (2008).

Further, the City's Code would mandate the elimination of any non-conforming oil and gas facilities within 20 years, even though oil and gas facilities have a useful life of 100 years or more. Significantly, the Wilmington field that underlies the City of Carson and is the field from which E&B produces, has substantial oil resources remaining, with only about one-third of field's unit having been produced. E&B's Senior Vice President and Registered Petroleum Engineer explains as follows:

The Wilmington North Flank Unit (WNFU) 723 acres had approximately 22.86 million barrels of Original Oil In Place (OOIP). The wells drilled and completed since the Unit's inception, around the year 1980, the WNFU wells have produced approximately 2.1 million barrels of oil. This is $(2.1/22.86) = 9.2\%$ recovery of the OOIP. It has taken 35 years to recover this oil volume, or to get 9.2% of the oil produced. Further, there were about 10 or so wells drilled within the Unit in the late 1930's to the 1950's that produced oil prior to unitization -- these are "pioneer" wells. The pioneer wells produced approximately 0.75 million barrels of oil. Therefore, $(2.1 \text{ million} + 0.75 \text{ million}) = 2.85 \text{ million barrels of oil produced}$, or about 12.5% of the OOIP has been produced within the Unit, including the pioneer wells. If we assume the pioneer well production started around 1940, then it has taken 75 years to produce 12.5% of the OOIP, or 2.85 million barrels of oil.

Typical oil recovery factors for the Wilmington Field range between 29-38% of the OOIP. If we assume that the WNFU will recover a conservative 30% of the OOIP, then there is 3.9 million barrels of remaining oil reserves to be recovered. Using that 30%, if we recover oil at the same pace as the past 75 years, it will take another 100 years to recover the remaining OOIP $(75 \times 3.9/2.85)$; and if we recover oil at the same pace as the past 35 years, it will take another 65 years to recover the remaining OOIP $(35 \times 3.9/2.1)$.

(See http://petrowiki.org/Wilmington_field, for typical recovery factors in Wilmington Field.)

Accordingly, the remaining useful life of this facility could range from 65 to 100 years or longer. As such, the City's 20-year limitation on purportedly "non-conforming" oil and gas facilities improperly interferes with E&B's vested rights. *See Hansen Bros. Enters. v. Board of Supervisors of Nevada County*, 12 Cal.4th 533 (1996).

The setback requirements should be eliminated from the good neighbor provisions for existing facilities.

2. Discriminatory Treatment of Oil and Gas Uses in Industrial Zones

One of the serious issues that has emerged in this process is how the proposed Oil and Gas Code singles out oil and gas uses in industrial zones, when virtually all industrial uses may have similar environmental effects, such as those relating to air quality, odors, water quality, noise, hazards and risk. The City has established industrial zones for industrial uses, and unless these same standards are applied to all of the industrial uses, the City is unfairly discriminating against oil and gas uses with no rational basis for doing so.

Section 65852 of the California Government Code makes clear that the applicable regulations for any particular zone are to be uniform: "All such regulations shall be uniform for each class or kind of building or use of land throughout each zone, but the regulation in one type of zone may differ from those in other types of zones." This discriminatory treatment also implicates equal protection and due process protections afforded under the U.S. Constitution and the California Constitution.

With the development of an update to the City's Zoning Code, the City has an opportunity to resolve this issue by evaluating the environmental effects of all industrial uses and to consider appropriate regulatory requirements in a fair manner. This analysis would be enlightening and perhaps provide an understanding of how impactful these regulations are not only to existing industrial businesses, but to future industrial uses as well. For example, if the proposed 500-foot setback were applied to all industrial uses, much of the land located in the industrial zones could not be used at all, for any purpose. The industrial zones should be preserved for industrial uses.

The City should refrain from taking any action regarding proposed regulations for oil and gas uses in industrial zones until all uses in industrial zones may be evaluated.

3. Good Neighbor Provisions for Air Quality and Greenhouse Gas Emissions Are Incompatible with Existing Operations

The proposed Oil and Gas Code continues to impose restrictions on existing operations with respect to air quality and greenhouse gas emissions (Sections 9531.2 and 9531.3),

which could require extensive operational changes to these facilities, even though these facilities operate in compliance with all SCAQMD rules and regulations. These new requirements include review and approval of an odor minimization plan, portable flare for drilling, odor suppressant and a closed operating system, as well as a requirement to “completely offset all emissions from the oil and gas site.” The existing operators have operated for years with no complaints from the City or the community with respect to air quality or odors, and these additional requirements are burdensome and excessive.

4. The Proposed Code Improperly Prohibits the Use of Aboveground Pumpjacks

The proposed Oil and Gas Code requires existing facilities to replace aboveground pumpjacks with submersible downhole pumping mechanisms (Section 9532.G), even though submersible pumpjacks are not technically feasible for E&B’s existing facilities or the facilities of other operators. The Code does state that the City Manager may determine that the submersible is “infeasible due to technical reasons or other circumstances.” However, a simple quantification of the total gross fluid produced by the well would determine the feasibility of a submersible pumping mechanism – unless the well is producing 150 barrels a day of total gross fluid, a submersible should not be required. The Code should reflect this measurement and avoid a complicated process to assess feasibility of submersible pumping mechanisms.

5. The Oil and Gas Code Should Provide Appeal Rights to the City Council

A significant issue raised by oil and gas stakeholders was the decision-making process, including the right to appeal decisions of the City Manager (or Petroleum Administrator). We understand that some decisions by the City Manager need not be heard by the City Council, but certain decisions, such as the issuance of a Conditional Use Permit (“CUP”), should be appealable to the City Council. The City’s current Municipal Code provides for appeals to the City Council on CUP proceedings, and there is no reason to distinguish CUPs for oil and gas operations. The Planning Commission should carefully consider its role and the role of the City Council in evaluating this proposed Oil and Gas Code, and ensure that appropriate appeal protections are included.

Again, E&B appreciates the opportunity to participate in the process regarding the proposed Oil and Gas Code, and we will supplement our letter as appropriate after the

Planning Commission
July 20, 2015
Page 6

Staff Report for the July 28, 2015 Planning Commission meeting is issued. We will be in attendance at that meeting and look forward to further dialogue regarding these important issues.

Sincerely,

ALSTON & BIRD LLP



Nicki Carlsen

NC:lkf

cc: Denise Bothe, Planning Secretary (Via Email)
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LATHAM & WATKINS LLP

VIA EMAIL

July 6, 2015

Honorable Chair Diaz & Honorable Planning Commissioners
City of Carson Planning Commission
701 East Carson Street
Carson, CA 90745

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Madrid	Washington, D.C.

Re: Proposed Oil & Gas Code Update; Proposed Downhole Regulations; Planning Commission Meeting, July 28, 2015

Dear Honorable Chair Diaz and Honorable Planning Commissioners:

We are writing on behalf of our client, Californians for Energy Independence, to urge the Planning Commission to reject the proposed "downhole" regulations in the draft oil and gas code update, including the ban on well stimulation methods.

A major five-year study by the EPA just confirmed that hydraulic fracturing simply does not pose the sorts of environmental risks that the ban's proponents allege. The EPA study underscores the lack of a scientific basis of "wrongheaded"¹ local bans on hydraulic fracturing. Carson should not join this ideological bandwagon by prohibiting these practices based on junk science and hyperbole.

On July 1, the state fully implemented the strictest regulations in the nation for oil and natural gas well stimulation. Now more than ever, it is clear that the proposed ban exposes Carson to substantial litigation risk and substantial liability.

Limiting common extraction methods could have a domino effect on Los Angeles County's oil production. Oil production in LA County is an economic powerhouse that:

- Supports over 100,000 jobs;
- Generates \$29 billion in business sales; and
- Generates \$5.1 billion in state and local taxes.²

¹ USA Today, "Fracking, with care, brings big benefits: our view," July 5, 2015.

² Los Angeles Economic Development Corporation, "Oil and Gas in California: The Industry and its Economic Contribution in 2012," April 2014 (all numbers for 2012).



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Prohibiting common and safe techniques will dramatically impact Carson's existing operators, the jobs that they create and support, and will limit their contribution to Carson's economy and LA County's economy as a whole.

The state has confirmed its clear role as regulator of oil and gas operations with the finalization of the nation's strictest regulations for hydraulic fracturing. On July 1, the State Department of Conservation, Division of Oil, Gas and Geothermal Resources ("DOGGR") finalized its regulations for oil and gas well stimulation. These comprehensive regulations, required by Senate Bill 4, fully preempt any local regulation efforts and are "stringent" and "will protect the environment, drinking water, and public health and safety."³

Among other things, these strict state regulations require:

- **State Permits.** Permits to conduct well stimulation treatments;
- **Disclosure.** Public disclosure of the source, volume, composition and disposition of well stimulation fluids;
- **Seismic Monitoring.** Seismic monitoring during and after well stimulation treatments;
- **Notification.** Neighbor notification prior to well stimulation activities, as well as baseline and follow-up water testing at neighbor's request; and
- **Environmental Monitoring.** Extensive monitoring and required corrective actions before, during and after well stimulation treatments.

The City cannot and should not adopt regulations that cover the same exact territory the state already covers. Doing so would be duplicative and pre-empted by state law. For example, the City proposes to review and approve well casing and cementing design specifications as a condition for the installation of steaming equipment (proposed Sec. 9527), but the state already fully regulates well casing and cementing. The City proposes to govern abandonment of oil and gas wells (proposed Secs. 9510.3.1.C, 9537.F), but the state already fully regulates abandonment. The City proposes to regulate the allowable pressure of injection pumps (proposed Sec. 9535.1), but the state already regulates this, too.

DOGGR also confirmed that hydraulic fracturing has not resulted in any publicly reported instances of potable water contamination. DOGGR's statewide EIR and scientific study are summarized at Attachment A.

The U.S. EPA confirms that the concerns regarding hydraulic fracturing are overstated. On June 4, the U.S. Environmental Protection Agency published its five-year, independent study of the data and science behind the impact of hydraulic fracturing on drinking water. The EPA found that hydraulic fracturing is safe. Contrary to the claims made by

³ DOGGR Press Release, "California Launches New Regulations for Oil & Natural Gas Well Stimulation," July 1, 2015, available at: <http://www.conservation.ca.gov/index/news/Documents/2015-14%20permanent%20well%20stimulation%20regulations%20now%20in%20effect.pdf>.

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hydraulic fracturing opponents throughout Carson's deliberation over the Proposed Ban, the EPA study concluded that hydraulic fracturing has not "led to widespread, systemic impacts on drinking water resources in the United States." This study, along with other recent developments in the regulation of oil and gas operations, is summarized at Attachment A.

As many commenters, including the Wall Street Journal, have observed, the EPA's conclusion "really is remarkable...if there was so much as a sliver of evidence that fracking was dangerous, the EPA would have found it."⁴ Proponents' arguments are losing potency with regulators and the public, in light of the scientific evidence. The EPA study "failed to back up the idea that fracking poses a major threat to water supplies, contradicting years of activists' warnings dramatized by images of burning tap water in the Oscar-nominated documentary 'Gasland.'"⁵ The release of the EPA study dried up the chances of adopting new regulations on hydraulic fracturing, as the practice "doesn't deserve new federal oversight because the risks of underground water contamination is low."⁶

The EPA study and the implementation of the DOGGR final regulations make clear that Carson's proposed ban is both unnecessary and unwise. What the ban would do is curtail the local economic benefits and jobs that the energy industry supports. And the ban would expose the City to significant liability for takings of property rights and mineral rights and risk bankrupting the City. These risks are significant and the financial risk to the City cannot be overstated.

At the end of the day, the proposed ban makes no sense. We renew our call for the Planning Commission to abandon this unwise course of action and ask that the **Commission recommend to the City Council that it not adopt a ban on well stimulation activities.**

Thank you for your consideration.

Very truly yours,

/s/ Benjamin Hanelin
Benjamin J. Hanelin
of LATHAM & WATKINS LLP

Attachments

⁴ Wall Street Journal, "The EPA Fracking Miracle," June 4, 2015, available at: <http://www.wsj.com/articles/the-epa-fracking-miracle-1433460321>.

⁵ Elana Schor, Politico, "EPA: Fracking's no big threat to water," June 4, 2015, available at: <http://www.politico.com/story/2015/06/epa-report-fracking-no-drinking-water-harm-118643.html>.

⁶ Mark Dragem and Jim Snyder, Bloomberg Business, "Fracking Study Undercuts Environmentalists' Calls for Regulation," June 5, 2015, available at: <http://www.bloomberg.com/news/articles/2015-06-05/fracking-study-undercuts-environmentalists-calls-for-regulation>.



LATHAM & WATKINS LLP

cc: Saied Naaseh, City Planner
Sunny Soltani, City Attorney
Shannon L. Chaffin, Aleshire & Wynder LLP
George J. Mhlsten, Latham & Watkins LLP



Key Policy Issues and Messages:

1. Many things have changed in two years, since the then City council embarked on updating the current two-page oil code. A lot has occurred since then: there is no Oxy project; the Legislature and Governor have passed SB 4; the City recently discovered there are a number of small oil operators who have approximately 70 wells -- for many years without impacts to the community; EPA studies have provided new information putting to rest some of the unfounded fears. Staff, and the consultant, are still working under the two-year-old "direction" in spite of all that has changed since that time. The commission can and should make a recommendation which takes into consideration all new findings.
2. The proposed code, as currently written, is far too complex and unnecessary (some suggested technical and legal revisions are attached). If adopted in its current form, the ordinance would put existing operators out of business by making them a non-conforming use and put the city at risk of costly litigation over preemption and taking violations. There is no need for the city to include "downhole" regulations which duplicate numerous regulatory agencies and are preempted by State laws. The complexity of monitoring and enforcing the downhole regulations would require the city to hire costly outside consultants. Without significant technical revisions and abandoning the complete ban on fracking and well stimulation, the ordinance would constitute a taking of the oil and mineral rights and would subject the City to costly litigation.
3. A new oil code, with comprehensive and enforceable land use regulations should provide existing operators the ability to continue to conduct their businesses and provide strict guidelines for future development via "Good Neighbor Provisions".

For these reasons, the commission should direct staff to revise and simplify the ordinance by deleting the "downhole" provisions and focusing on the land use "Good Neighbor Provisions" that will provide safeguards for the City without putting existing operations out of business, and allow reasonable future oil production. The commission should also recommend to the city council NOT to ban fracking and oil well stimulation given new state law and new science on the issues, as well as the serious risks of costly litigation.

Carson Oil Code Update: Downhole Regulations

The law prevents local governments from regulating the “downhole” aspects of oil and gas exploration and extraction, because those aspects are regulated by the state, and conflicting and overlapping regulations would wreak havoc with the regulated industry.

Where local legislation conflicts with the state's general laws, the local legislation is preempted. (See, e.g., *Sherwin-Williams Co. v. City of Los Angeles* (1993) 4 Cal.4th 893, 897.) A conflict between local and state legislation exists where the local legislation duplicates, contradicts, or enters into an area fully occupied by state law. (*Id.* at 897-98.) The Public Resources Code has long assigned DOGGR exclusive responsibility for regulating subsurface activities. (See, e.g., Pub. Res. Code, § 3106(a).)

Subjects regulated under the Public Resources Code include well stimulation, abandonment of wells, blowout prevention, well casing, subsidence, spacing of wells, and other topics. (See Pub. Res. Code, §§ 3000 – 3865.) SB 4 expanded DOGGR's pre-existing comprehensive regulatory authority by adding more detailed requirements for well stimulation treatments, reinforcing DOGGR's exclusive authority over “downhole” activities. The state is best suited to regulate these activities because of their complexity; DOGGR employs over 200 experts to understand and regulate these aspects of oil and gas production, and it would be impossible for any local government to administer downhole regulations.

Even if a city may determine the location of surface oil and gas facilities, it is preempted from regulating “downhole” activities in zones where wells are permitted. The city's police power over zoning and use of the surface of the land does not extend to technical, subsurface methods and means. A city may be able to determine where oil wells may be operated, but DOGGR has the exclusive power over how they are operated. (*Braly v. Board of Fire Comm'rs* (1958) 157 Cal.App.2d 608, 616.)

The following provisions of the proposed Oil Code Update purport to regulate “downhole” activities and are therefore preempted:

- Sec. 9510.3.1.C – Lists other events requiring abandonment of oil and gas wells, above and beyond an abandonment order from DOGGR
 - *DOGGR regulates abandonment (Pub. Res. Code § 3106(a); 14 C.C.R. § 1723)*
- Sec. 9527 – Prohibits installation of steaming equipment without City Manager approval of steaming plan showing well casing and cementing design specifications
 - *DOGGR regulates casing/cementing (14 C.C.R. § 1722.2, 1722.3, 1722.4)*
- Sec. 9532.G – Bans aboveground pumpjack assemblies, requires use of submersible downhole pumping mechanisms for extraction
 - *DOGGR “shall supervise the drilling, operation...of wells so as to permit the owners or operators of the wells to utilize all methods and practices...for the purpose of increasing the ultimate recovery...which...are suitable for the purpose in each proposed case.” (Pub. Res. Code § 3106(a).)*
- Sec. 9535.1 – Regulates allowable pressure of injection pumps
 - *DOGGR regulates pressure of injection pumps (14 C.C.R. §§ 1744.4, 1966; proposed 14 C.C.R. §§ 1784.1, 1785)*
- Sec. 9535.2 – Prohibits pumping of acid in a volume in excess of Acid Volume Threshold
 - *DOGGR allows well stimulation treatments using acid, sets boundary between routine cleanout work using acid and acid matrix stimulation (Pub. Res. Code § 3160(b)(1)(C), proposed 14 C.C.R. § 1780)*
- Sec. 9536 – Prohibits hydraulic fracturing, acidizing, well stimulation treatments
 - *DOGGR permits and regulates hydraulic fracturing, acidizing, and well stimulation treatments (see SB 4, proposed SB 4 Final Regulations)*
- Sec. 9537.F – Requires leak testing of abandoned wells
 - *DOGGR regulates abandonment (Pub. Res. Code § 3106(a); 14 C.C.R. § 1723)*



EXISTING OPERATIONS (VESTED RIGHTS) AND PROPOSED GOOD NEIGHBOR PROVISIONS

BACKGROUND: The original version of the proposed Oil and Gas Code did not include provisions for existing operations, and the proposed Code was intended to apply only to new oil and gas facilities. In discussions with City, operators offered to comply with some of the proposed development standards to demonstrate to the City their willingness and ability to be “good neighbors,” but only if the City confirmed their right to continue their existing operations and confirmed the scope of their vested rights. City staff and operators have made much progress in defining the “good neighbor” provisions that might apply to existing operations.

ISSUE: The June 1, 2015 version of the proposed Oil and Gas Code includes “good neighbor” provisions that interfere with the vested rights of the operators and would eliminate oil and gas operations in the City by making them non-conforming uses that must be terminated.

SCOPE OF VESTED RIGHTS: Oil and gas facilities may have a useful life of 100 years or more, and the Wilmington Oil Field (which underlies Carson and other areas) is expected to have at least an additional 70 years of production. The vested rights for existing facilities include the ability to operate for useful life of the existing facility, including:

- Vested rights to drill wells that are contemplated by existing infrastructure.
- Vested rights to redrill those wells.
- Vested rights to have related or ancillary facilities to support those wells (e.g., tanks).

For example, if an existing well cellar was constructed to accommodate 10 wells, and only eight of the wells have been drilled, vested rights include the right to drill those two remaining wells (conductors). In addition, redrilling of wells (using the same surface location) is an essential and fundamental component to continue operations; under the same example, vested rights include the right to redrill those 10 wells. Supporting facilities for those 10 wells would also be within the scope of vested rights.

SPECIFIC EXAMPLES: The following proposed good neighbor standards are examples of provisions that conflict with the vested rights of existing operators:

1. **Setbacks:** Imposes a setback of 500 feet that existing operators cannot physically meet as they cannot move the well cellars, the wells or the conductors.
2. **Redrills:** Limits redrills to five redrills every five years, even in industrial zones, with no justification for selecting these numbers.
3. **Non-Conforming Uses:** Existing oil and gas operations are defined as non-conforming uses and would have to be phased out in the next 20 years.

4. Pipeline Installations: Requires installation and use of pipelines even though existing facilities have been using trucks to transport oil and gas offsite using the City's designated truck routes, without incident.
5. Air Quality/GHG: Imposes new operational requirements on existing facilities (e.g., requiring new plans and potential modifications to facilities) although facilities are already in compliance with State and SCAQMD regulations and have been operating without odor complaints.

E&B's June 9, 2015 letter to the Planning Commission provides further explanation of this issue.



LOS ANGELES COUNTY ENERGY PRODUCTION: JOBS FOR LOCAL RESIDENTS, INCREASED REVENUES FOR LOCAL SERVICES, ENERGY INDEPENDENCE

Oil production has been a vital part of the Los Angeles County economy for more than 100 years. Continued domestic oil production is critical to Southern California's economy and to well-paying jobs. California already has the strictest environmental regulations in place, allowing us to produce oil and provide jobs and revenues in an environmentally responsible way.


TODAY RESPONSIBLE OIL PRODUCTION IN LOS ANGELES COUNTY:



Supports
103,982
Jobs



Generates
\$29 billion
in Business
Sales



Generates
\$5.1 billion
in State and
Local Taxes



Senate Bill 4, signed into law in 2013 by Governor Brown, created the most transparent and stringent environmental protections in the country for well stimulation. **SB 4 requires:**

- An independent, science-based study of fracking
- The development of a comprehensive EIR
- Mandatory public disclosure of all chemicals used
- Well integrity testing before and after fracturing
- Regular testing of nearby drinking water sources
- Prior notification of surrounding land owners

More than

18

agencies oversee oil and
gas production in California
and L.A. County, including:



Hydraulic
fracturing "is
being done safely
and responsibly
[and] can unlock
a lot of
resources."

- U.S. Interior
Secretary Sally
Jewell



"We can protect our environment and our economy by responsibly developing domestic energy supplies. Creating energy here in California – under the nation's strictest environmental standards – helps keep fuel costs affordable for all Californians, creates jobs across a wide range of sectors, generates significant revenue and ensures that we meet our own energy needs."

- Aubry Stone, President/CEO of the California Black Chamber of Commerce

CALIFORNIANS FOR
ENERGY
INDEPENDENCE

Learn more at
EnergyIndependenceCA.com

SOURCE: All economic data from study conducted by Christine Cooper, Shannon M. Sedgwick, and Somjita Mitra of the Los Angeles County Economic Development Corporation. The study was commissioned by the Western States Petroleum Association.

**ENERGY INDEPENDENCE IS
A NET POSITIVE FOR
LOS ANGELES COUNTY
AND ALL OF CALIFORNIA.**

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Banning In-State Oil Production Will Harm Our Ability to Achieve Energy Independence and Rob California of Tens of Thousands of Jobs and Billions in Local and State Revenue

Special interests who have always opposed domestic oil production in California are now leading a charge to outright ban hydraulic fracturing, which has been used in California for more than 60 years. When Governor Brown signed SB 4 (Pavley) into law last year, California established the most stringent hydraulic fracturing regulations in the country. An outright ban is extreme, would increase our dependence on imported foreign oil and jeopardize significant economic opportunity. Here are the facts:

SB 4 Establishes the Most Transparent & Stringent Protections in the Country

SB 4 allows Californians to continue developing our domestic energy supplies while still protecting the environment. SB 4 requires:

- *An independent, science-based study of hydraulic fracturing*
- *The development of a comprehensive Environmental Impact Report (EIR)*
- *Mandatory public disclosure of the content of all chemicals used*
- *Well integrity testing before and after fracturing*
- *Regular testing of nearby drinking water sources*
- *Prior notification of surrounding land owners*

"There's nothing inherently dangerous in fracking that sound engineering practices can't accomplish."

Gina McCarthy, Current U.S. EPA Administrator, 11/4/13

Hydraulic Fracturing Increases California's Energy Independence & Keeps Jobs and Revenue in the State

Californians already consume all of the oil and gas generated in California. Demand also forces us to import more than 60% of California's needed oil each year from outside the state. While growth in alternative energy sources will help meet some future demand, additional supply from within California is needed to meet current demand and to keep pace with population growth.

- California has significant shale oil reserves. It makes sense to generate our own supply rather than send jobs and revenue to other countries.
- Every barrel of oil we produce in California is one less barrel we have to import from the Middle East and other foreign countries where environmental regulations are much weaker or non-existent.
- According to the Obama Administration, natural gas produced through hydraulic fracturing has led to massive reductions in greenhouse gases as that gas replaces coal at our power plants. A ban on hydraulic fracturing would reverse these gains.

In-State Oil Production Means Tens of Thousands of High Paying Jobs & Billions in Economic Benefits for Californians

The petroleum industry in California provides tens of thousands of direct and indirect jobs and billions in state and local tax revenues and property taxes. According to economic professors at California State University, Fresno, future development of our oil and gas reserves through enhanced recovery could:

- **Create up to 195,000 new high paying jobs**
- **Generate as much as \$22 billion in personal income gains**

Hydraulic Fracturing Means Billions More for Schools, Public Safety & Other Vital Services

The same CSU Fresno study concluded that enhanced extraction of oil and gas in California would generate up to **\$6.7 billion in additional revenue for state and local governments.**

Californians for Energy Independence is a coalition that supports state and local policies that allow for continued domestic energy production and opposes those policies – such as oil taxes and energy bans – that would hinder production and increase reliance on foreign oil. For more information, visit: www.EnergyIndependenceCA.com

PROPOSED CARSON OIL CODE UPDATE

RECENT DEVELOPMENTS IN STATE REGULATION OF OIL & GAS OPERATIONS

July 1, 2015

On May 20, 2014, the Carson City Council directed staff to prepare an update to the City's oil code that included a prohibition on well stimulation, including hydraulic fracturing. Much has changed over the past year.

Since May 2014:

- ① The state has finalized strict rules for hydraulic fracturing and well stimulation;
- ② A state environmental impact report confirmed that hydraulic fracturing and well stimulation activities would not have significant environmental impacts on groundwater or surface water resources with the implementation of mitigation measures, and would not cause earthquakes; and
- ③ Two independent scientific studies and a five year study by the Environmental Protection Agency have found that hydraulic fracturing has limited impacts on the environment.

In light of these significant advancements, it is even more clear that local bans on well stimulation activities only serve to expose local municipalities to substantial litigation risk and unnecessarily curtail the economic benefits and jobs that the energy industry supports.

① Permanent DOGGR Regulations for Well Stimulation Finalized

On July 1, the state formally adopted stringent regulations for well stimulation. The new regulations supplement existing law and regulations, and together go further than any other state in enacting safeguards to protect public health, safety, and the environment. Among other things, the new permanent regulations do the following:

- **Well Stimulation Permits Required** Operators must obtain a permit from DOGGR before performing a well stimulation treatment.
- **Neighbor Notification and Water Testing Required** Required notification to neighboring property owners before activities and neighbors may request baseline and follow-up water quality testing at operator's expense.
- **Monitoring During Well Stimulation Treatment Required** Operators must monitor numerous benchmarks during well stimulation and must terminate in event of well breach.
- **Seismic Monitoring Required** Operators must track seismic activity during and after well stimulation treatment.
- **Monitoring After Well Stimulation Treatment Required** Operators must perform ongoing well monitoring after well stimulation treatment, take all measures to prevent contamination of water resources or loss of hydrocarbon resources, and provide reports to DOGGR.
- **Disclosure Required** Within 60 days of well stimulation treatment, operators must report to DOGGR the source, volume, and composition and disposition of well stimulation fluids and this information will be made public.
- **Post-Well Stimulation Treatment Report Required** Within 60 days of well stimulation treatment operators must submit report to DOGGR covering results, pressures encountered, and how operations differed from what was anticipated in treatment design.

Continued

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Permanent DOGGR Regulations for Well Stimulation Finalized (continued)

- Evaluation Prior to Well Stimulation Treatment Required. Operators must study cement, pressure testing, well stimulation treatment area analysis, and well stimulation treatment design.
- Storage and Handling of Well Stimulation Fluids. Well stimulation fluids are subject to current law and regulations regarding reporting, response, and cleanup.

SB4 Mandated Draft EIR Analyzing Oil and Gas Well Stimulation Treatments Released

On January 14, 2015, DOGGR released a Draft EIR for the use of oil and gas well stimulation treatments in California with implementation of DOGGR's final regulations of well stimulation treatments. The Draft EIR, among other things, concluded:

- All impacts related to groundwater resources and surface water resources would be less than significant with implementation of mitigation measures.
- Hydraulic fracturing and well stimulation would not cause earthquakes.
- Numerous mitigation measures recommended in the Draft EIR would further reduce environmental impacts.

EPA Released a Five Year Study of Hydraulic Fracturing

In June 2015, the Environmental Protection Agency released its long awaited, five-year study on hydraulic fracturing. The study is the most complete compilation of scientific data to date and includes over 950 reports, papers and other sources of information.

EPA Released a Five Year Study of Hydraulic Fracturing (continued)

- The study found that "hydraulic fracturing activities have not led to widespread, systematic impacts to drinking water resources."
- The EPA also released nine peer-reviewed scientific reports which significantly contributed to the EPA's overall groundwater study.

Two Independent Scientific Studies of Well Stimulation in California Published

The California Council on Science and Technology is preparing two separate independent scientific studies on well stimulation, including hydraulic fracturing, in California. One was commissioned by the Natural Resources Agency pursuant to requirements imposed by SB 4; the first of three volumes of this study was released on January 14, 2015. The second report was commissioned by the federal Bureau of Land Management. These studies found:

- Overall, in California, for industry practice of today, the direct environmental impacts of well stimulation practice appear to be relatively limited.
- Current hydraulic fracturing operations in California require a small fraction of statewide water use.
- There are no publicly reported instances of potable water contamination from subsurface releases in California.
- Well stimulation technologies, as currently practiced in California, do not result in a significant increase in seismic hazard.

Because hydraulic fracturing produces water as well as oil, this extraction technique is actually a net water producer in California. While it uses 300 acre feet of water per year, hydraulic fracturing actually generates tens of thousands of acre feet of water each year, much of which is then provided to farmers for use.

Myth: Hydraulic fracturing pollutes our groundwater and soil, posing risks to nearby residents.

FACT: Opponents of energy independence and in-state oil production are trying to scare Californians with sensationalized and baseless claims. The fact is, hydraulic fracturing has occurred in California since the 1950s and during that time it has never been shown to adversely impact the state's environment, drinking water supply or pose any risk to nearby residents.

- A landmark study by the U.S. Environmental Protection Agency concluded there was **"little to no risk of fracturing fluid contaminating underground sources of drinking water during hydraulic fracturing."**
- In 2012, a study closely examined 14 environmental risk factors associated with hydraulic fracturing, including groundwater and earthquake risks, and concluded there were no adverse impacts to any.

Myth: Hydraulic fracturing increases the risk of earthquakes.

FACT: This is absurd. Thousands of wells have been hydraulically fractured since the 1950s, and a 2012 study in Los Angeles closely examined 14 specific environmental risk factors, including earthquake risks, and concluded there were no impacts to any of these areas as a result of this extraction technology.

Myth: Taking advantage of oil reserves will somehow slow or stop continued development of solar, wind and other alternative energy sources.

FACT: Stopping oil production in California doesn't reduce our demand for energy, nor will it accelerate the development of alternative energy sources. It will simply force us to import much more foreign oil to keep our state in motion and our economy growing. California already has among the most ambitious renewable energy goals in the country. Existing laws, regulations and customer demand will ensure continued development and expansion of renewable resources. In the meantime, 96% of Californians' transportation fuels are still petroleum based and California's population is expected to increase by more than a quarter by 2050. Since California has substantial reserves, it would be unfortunate to increase our reliance on foreign oil and lose jobs and billions of dollars in tax revenue in the process.

Myth: Hydraulic fracturing is bad for the environment and will hurt efforts to reduce greenhouse gas emissions (GHG).

FACT: Hydraulic fracturing is helping tap the country's abundance of clean, natural gas reserves which has reduced the demand for more polluting energy sources such as coal. In fact, the U.S. Secretary of Energy has stated that *"We are about halfway" to the president's goal to cut greenhouse gas emissions and about "half of that is because of the substitution of natural gas for coal in the power sector"* (Ernest Moniz). A baseless ban in California would not only jeopardize our energy independence and billions of dollars in new revenue for schools, police, transportation and other key programs, but it could also lead to hysteria in other states and jeopardize natural gas production – and GHG reduction – nationwide.

"To be clear, no wells have been found to be contaminated..."

Dr. Steven Bohlen
California Oil & Gas Supervisor,
California Department of Conservation,

The amount of energy released by hydraulic fracturing is "about the same amount of energy as a gallon of milk falling off a kitchen counter."

Mark Zoback, Stanford University
geophysics professor, adviser to U.S.
Department of Energy,

"Our cars do drive 332.2 billion miles a year ... you can't get to 333 billion miles without a lot of oil. What doesn't come from here will come from a boat or a train. It's coming."

Jerry Brown
Governor of California,

Myths vs. Facts About Domestic Energy Production

Banning In-State Oil Production Will Harm California's Ability to Achieve Energy Independence and Rob California of Tens of Thousands of Jobs and Billions in Local and State Revenue

Hydraulic fracturing has been used in California for more than 60 years. Consistent with the state's historical leadership in environmental protections, policymakers recently took the extra step of passing the most stringent production regulations and environmental protections of any state in the nation. Unfortunately, special interests opposed to domestic energy production are spreading misleading information and advocating for a ban in California. An outright ban is extreme, would increase our dependence on foreign oil from countries like Russia and others in the Middle East and rob California of significant economic potential, including hundreds of thousands of jobs and billions of dollars in annual tax revenues.

Hydraulic fracturing "is being done safely and responsibly [and] can unlock a lot of resources."

Sally Jewell
U.S. Secretary of the Interior

Myth: Hydraulic fracturing is new, untested and dangerous.

FACT: Hydraulic fracturing has been used in California for more than 60 years. Most extraction in California is possible without hydraulic fracturing. But, when oil is trapped in tight rock formations, hydraulic fracturing creates hairline cracks in the rock that allow otherwise unreachable oil to be extracted.

Myth: Oil produced in California is not being consumed by Californians.

FACT: Californians consume all of the oil and gas generated in California, but demand forces us to import more than 60% of California's needed oil each year from other states and foreign countries. Hydraulic fracturing is helping to increase our energy independence by accessing in-state resources that keep our state moving.

Myth: California doesn't have regulations to protect the environment & communities from hydraulic fracturing.

FACT: In addition to the many federal, state and local regulatory agencies in place, California has the most transparent and stringent production regulations and environmental protections in the country. SB 4, signed into law in 2013, ensures science-based regulations are in place so that California can continue developing our domestic energy supplies while protecting the environment. Among its many provisions, SB 4 requires:

- An independent, science-based study of hydraulic fracturing
- The development of a comprehensive Environmental Impact Report (EIR)
- Mandatory public disclosure of the content of all chemicals used
- Well integrity testing before and after fracturing
- Regular testing of nearby drinking water sources
- Prior notification of surrounding land owners

Myth: Hydraulic fracturing uses a substantial amount of water and threatens our already scarce water supplies.

FACT: The amount of water used in hydraulic fracturing in California is quite low compared to other uses because water is typically used once during the life of a hydraulic fracturing well. In fact, all hydraulic fracturing in California in 2013 used the same amount of water needed to keep one golf course green for the year. In 2012, California used 64 million acre feet of water. Of that 64 million acre feet:

- 34 million acre feet were used for agricultural purposes
- 8.7 million acre feet were used on residential lawns
- 126,000 acre feet were needed to keep California's golf courses green
- 2,375 acre feet were used to fill California's residential swimming pools
- 300 acre feet were used for all hydraulic fracturing in the state



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JQUIRK@BRIGHTANDBROWN.COM

July 20, 2015

Honorable Chair Diaz & Honorable Planning Commissioners
City of Carson Planning Commission
701 East Carson Street
Carson, CA 90745

Re: Proposed Oil & Gas Code
Planning Commission Meeting, July 28, 2015

Dear Honorable Chair Diaz & Honorable Planning Commissioners:

We write on behalf of our client, Brea Canon Oil Co., Inc. (BCI) to respectfully suggest that from this point forward the City consider taking separate action concerning its proposed new oil and gas code, on one hand, and the prospective regulation of the few already existing oil and gas operations in the City, on the other. To be clear, this is an approach which BCI would be interested in pursuing if the City shares that interest. BCI does not mean in making this suggestion to speak for any of the other current oil and gas operators in the City.

Since mid-April, BCI has been involved (along with the few other current oil and gas operators in the City) in discussions with the City's legal and planning staff and consultants attempting to find a constructive integration of the few existing and fairly diverse oil and gas operations into the City's proposed new oil and gas code. The other current operators involved in these discussions include E&B Resources and Cooper & Brain, each with long-standing operations in the City, and California Resources Corporation, current operator of an exploratory well for the now deferred urban oil and gas project that provided the impetus for the proposed new code in May 2014.

BCI is confident that discussions among current operators and City staff and consultants have produced a number of constructive refinements in the proposed new code. At the same time, it has become increasingly clear that there are serious and substantial practical limitations on the extent to which regulation of the existing oil and gas operations can be integrated into the proposed new code without both unnecessary complexity and undeserved inequity for the existing operators. This situation stems largely from the fact that the proposed new code—envisioned as a regulatory framework for idealized future oil and gas projects in the City—was already in complete draft form before the existing operators were invited into the conversation. That is no surprise, since it seems that at the outset of the new code project there was little if any awareness of pre-existing oil and gas operations in the City (with the exception, of course, of the single CRC/OXY exploratory well).

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BRIGHT AND BROWN
ATTORNEYS AT LAW

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The particular topic we address in this letter, by way of example, concerns application of the new code's "set-back" provisions to existing operations. Some understanding of the location and character of the BCI facilities in the City is necessary for an understanding of its concerns in that regard. The overhead view reflected at Tab 1 shows the location of the BCI facilities, a total of 22 wells (16 producers and 6 injectors), in an overwhelmingly industrial setting at the Westerly margin of the City.¹ While the specific points of reference relied on to determine set-back distances remain somewhat unclear, three of BCI's production wells are or may be located within set-back areas established in the proposed code requiring separation of 50 ft. from public streets and highways (section 9521.A.4) and of 500 ft. from public parks and residences (section 9521.A.1 & .2).²

BCI's operations include 21 wells (15 producers and 6 injectors) within the Heavy Manufacturing zone area bounded on the West by the Harbor Fwy. (and Los Angeles County), on the North by Sepulveda Blvd., on the East by the Los Angeles County Sanitation District facilities (and Figueroa Ave.), and on the South by Lomita Blvd. (and the City of Los Angeles). The remaining well is a single producer located in the Target parking lot near the Southeast corner of Sepulveda and Figueroa.³ That last mentioned well is located across the street from Carriage Crest Park (NE corner Sepulveda and Figueroa) and within 500 feet of several homes located to the North and East of the Park. Also, two BCI wells within the industrial area to the South of Figueroa (#2-F and #19-F) are located within 50 feet of the Sepulveda exit from the Northbound Harbor Fwy.

These 3 wells, representing 20% of BCI's productive capacity, are within set-back areas established by the proposed code. As such they would become "nonconforming" uses upon adoption to the code and subject to termination 20 years thereafter. (Section 9182.22.A ("Producing Oil Wells.")). However, the remaining productive life of these wells is estimated to be another 50-75 years—and potentially longer with foreseeable advances in technology and production methods, and fluctuations in the value of crude oil. Of course, these wells cannot be relocated. There is no sound reason to condemn BCI to their premature loss, particularly given their long-standing existence and the absence of complaint or noteworthy incident involving them.

-
- ¹ BCI's facilities are shown in greater detail in the aerial photo, zoning plat and Google map attached at Tabs 2, 3 & 4, respectively.
- ² We are unaware of a single complaint ever having been registered not only with respect to any of these three specific wells, but with respect to any of BCI's other wells within the City.
- ³ Specific information concerning BCI's existing wells is reflected at Tab 5. As shown there, BCI's 22 wells were drilled between 1924 and 2013—10 of them not only pre-date the proposed new code, but pre-date the City itself. They produce a combined 114 barrels of oil/day. BCI has no tanks, treatment or shipping facilities in the City—all such are located in the City of Los Angeles, partly to the South of Lomita Ave. and partly, far to the West, on the West side of Normandie Ave.

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BCI believes that there have been a number of significant developments since the outset of work on the proposed new code that are relevant to this discussion. Such developments include both the deferral of the CRC/OXY project—and the fact that there is no longer a new urban oil and gas project on the immediate horizon, as well as the increased awareness of the few actually existing oil and gas projects in the City. Further, as we now understand, the City may be considering both a census and analysis of its petroleum pipeline franchises and an overall revision of its zoning ordinance. In addition, the City has recently introduced a new City Manager, with a background in the City of Signal Hill, giving rise to a reasonable expectation that experience and insights gained in that background might contribute something to the regulation of the existing and potential further oil and gas projects in the City.

In view of these developments and the difficulty—and frankly the inequity—we anticipate in attempted application of the proposed new code to the few existing oil and gas operations in the City, BCI respectfully suggests the following:

1. The effort which has been made toward developing what can be now considered a substantially complete code for regulation of *future* oil and gas projects in the City should be separated from identification and discussion of concerns that may exist requiring regulation of such diverse matters as: (i) the few existing oil and gas operations in the City, (ii) pipeline and other City franchises and commercial trucking within the City, and (iii) the conversion from industrial land uses (including oil and gas facilities) to other non-industrial uses.
2. Each of the separate topics identified above should be addressed either in a distinct portion of a broader revision of the zoning code or in a separate body of regulations.
3. City staff and consultants should meet with BCI and other existing oil and gas operators interested in doing so to identify and address whatever concerns may exist with respect to the continuation of those existing operations into the indefinite future.
4. Refineries, common carrier and utility pipelines and other franchise holders, along with commercial trucking companies, should be invited into those discussions to the extent their specific activities and interests are involved.

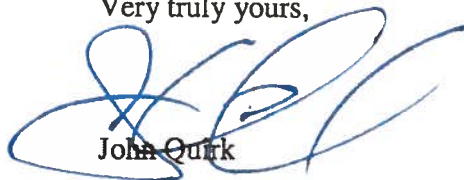
BCI believes that the discussions that have taken place between the existing oil and gas operators, on one hand, and City staff and consultants, on the other, have been of substantial advantage in the development of the City's proposed new oil and gas code. We hope that belief is shared by your Commission and among the City staff and consultants who have participated in those discussions with commendable professionalism and devotion to the City.

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Because BCI also believes that the discussions between the existing oil and gas operators, on one hand, and City staff and consultants, on the other, have brought to light for all involved both the significant diversity among the few existing oil and gas operations in the City and also the extent to which the few existing oil and gas operations in the City, considered as a group, differ from the idealized future oil and gas project envisioned by the proposed new code. With that in mind, and desiring to maintain into the distant future its amiable and trouble-free relationship with this community, BCI respectfully suggests that the City consider taking separate action from this point forward concerning its proposed new oil and gas code, on one hand, and concerning the prospective regulation of the few already existing oil and gas operations in the City, on the other.

Very truly yours,



John Quirk

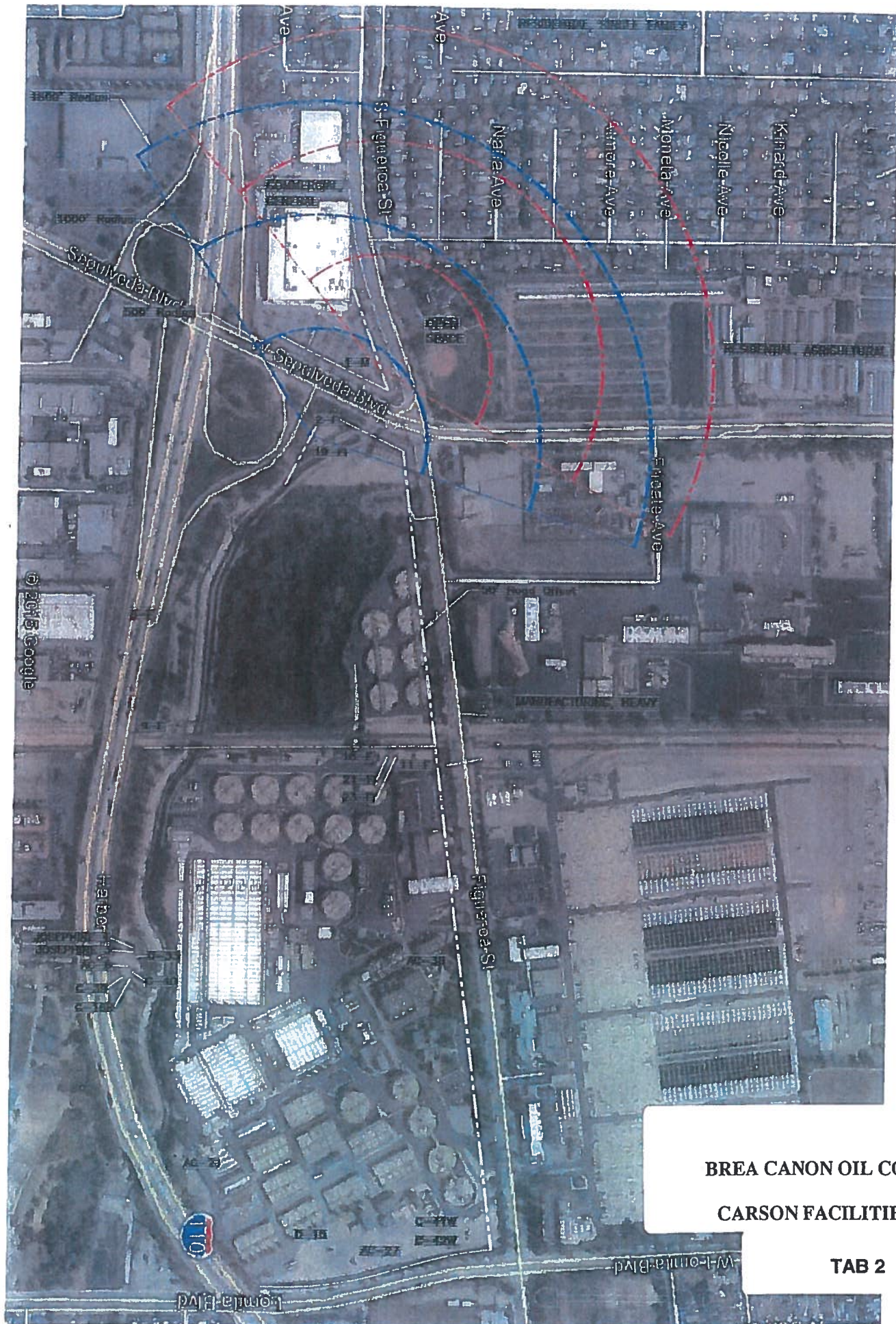
JQ:sb

Attachments (Tabs 1, 2, 3, 4 & 5)

cc: Saied Naaseh (w/attachments)
Shannon L. Chaffin, Esq. (w/attachments)



TAB 1

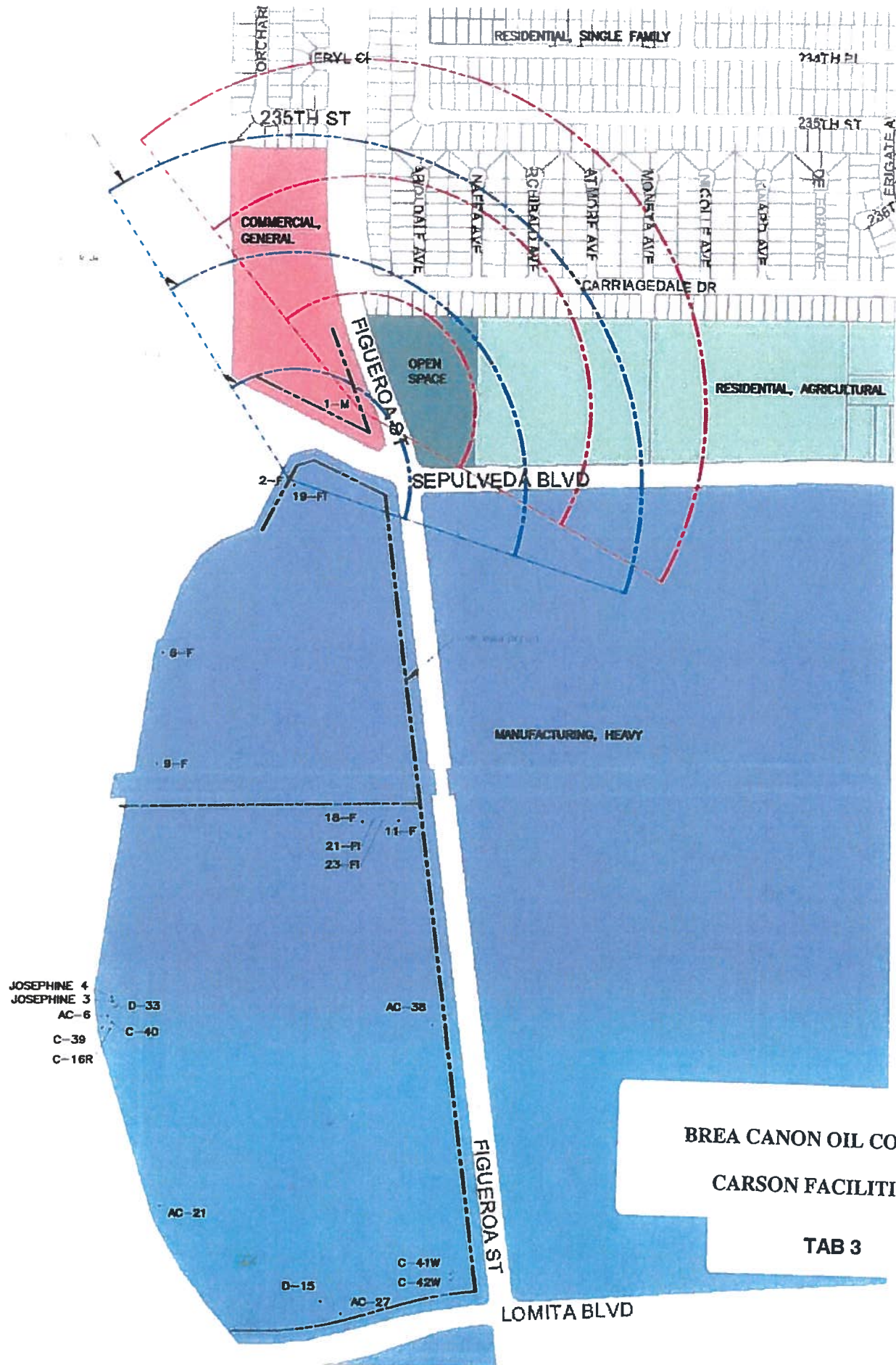


BREA CANON OIL CO. INC.

CARSON FACILITIES

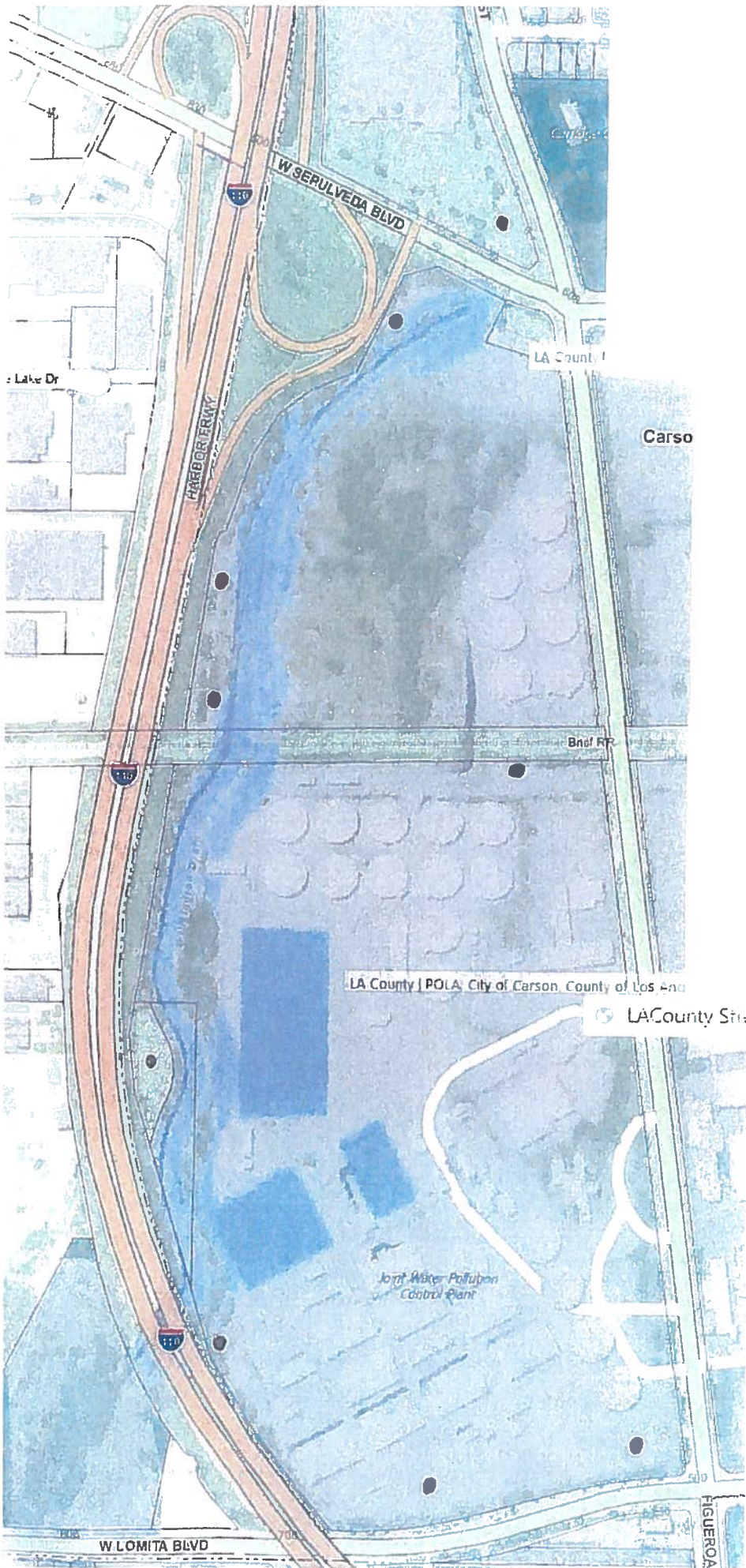
TAB 2

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BREA CANON OIL CO. INC.
CARSON FACILITIES

TAB 3



TAB 4

BREA CANON OIL CO. INC.
CARSON FACILITIES

BREA CAÑON OIL COMPANY
WELLS LOCATED WITHIN THE CITY OF CARSON
Joughin Unit (License No. 38051)
South Torrance Unit (License No. 38092)

LEASE NUMBER	WELL	STREET ADDRESS	THOMAS GUIDE PAGE/GRID-QUAD	Parcel Number	Notes	Date (yr.) Drilled
JOUGHIN	1-M	625 West Sepulveda Boulevard	794/B2-4	7330-006-012	Target Parking Lot	1958
JOUGHIN	2-F	675 West Sepulveda Boulevard	794/B2-4	7406-026-911	LACSD	1925
JOUGHIN	19-F	675 West Sepulveda Boulevard	794/B2-4	7406-026-911	LACSD	1971
JOUGHIN	6-F	E side of 110Fwy S side of Sepulveda Boulevard	794/B3-2	7406-026-911	LACSD	1926
JOUGHIN	9-F	E side of 110Fwy N side of the AT&SF RR	794/B3-2	7406-026-911	LACSD	1924
JOUGHIN	11-F	24501 South Figueroa Street	794/C3-1	7406-026-911	LACSD	1926
JOUGHIN	18-F	24501 South Figueroa Street	794/B3-2	7409-026-911	LACSD	1970
JOUGHIN	21-F	24501 South Figueroa Street	794/B2-4	7406-026-911	LACSD	1970
JOUGHIN	23-F	24501 South Figueroa Street	794/C3-1	7406-026-911	LACSD	1974
S. TORRANCE	AC-38	24511 South Figueroa Street	794/C3-3	7406-026-911	LACSD	1975
S. TORRANCE	AC-21	24501 South Figueroa Street	794/B4-2	7406-026-911	LACSD	1952
S. TORRANCE	D-15	24701 South Figueroa Street	794/C4-1	7406-026-911	LACSD	1939
S. TORRANCE	AC-27	24701 South Figueroa Street	794/B4-2	7406-026-911	LACSD	1952
S. TORRANCE	C-41W	24701 South Figueroa Street	794/C4-1	7406-026-911	LACSD	1983
S. TORRANCE	C-42W	24701 South Figueroa Street	794/C4-1	7406-026-911	LACSD	1985
S. TORRANCE	D-33	24500 South Vermont Avenue through tunnel	794/B3-4	7406-026-018	Brea Canon	1961
S. TORRANCE	C-16R	24500 South Vermont Avenue through tunnel	794/B3-4	7406-026-018	Brea Canon	1976
S. TORRANCE	AC-6	24500 South Vermont Avenue through tunnel	794/B3-4	7406-026-018	Brea Canon	1925
S. TORRANCE	C-39	24500 South Vermont Avenue through tunnel	794/B3-4	7406-026-018	Brea Canon	1983
S. TORRANCE	C-40	24500 South Vermont Avenue through tunnel	794/B3-4	7406-026-018	Brea Canon	1983
S. TORRANCE	Josephine-3	24500 South Vermont Avenue through tunnel	794/B3-4	7406-026-018	Brea Canon	2013
S. TORRANCE	Josephine-4	24500 South Vermont Avenue through tunnel	794/B3-4	7406-026-018	Brea Canon	2013

TAB 5



MINUTES

CITY OF CARSON REGULAR MEETING OF THE PLANNING COMMISSION

*Helen Kawagoe City Council Chambers, 2ND Floor
701 East Carson Street, Carson, CA 90745*

June 9, 2015 – 6:30 P.M.

1. **CALL TO ORDER**
Chairman Diaz called the meeting to order at 6:33 P.M.
2. **PLEDGE OF ALLEGIANCE**
Commissioner Faletogo led the Salute to the Flag.
3. **ROLL CALL**
Planning Commissioners Present: Andrews, Diaz, Faletogo, Madrigal, Mitoma, Post, Schaefer
Alternates: Thomas, Newcombe
Planning Commissioners Absent: None
Planning Staff Present: Acting Community Development Director Naaseh, Senior Planner Signo, Assistant City Attorney Shannon Chaffin, Associate Planner Gonzalez, Acting Recording Secretary Faagata
4. **AGENDA POSTING
CERTIFICATION**
Acting Recording Secretary Faagata indicated that all posting requirements had been met.
5. **AGENDA APPROVAL**
Commissioner Faletogo moved, seconded by Commissioner Thomas, to approve the Agenda as amended, considering 12A as the first order of business. Motion carried, 9-0.
6. **INSTRUCTIONS
TO WITNESSES**
Chairman Diaz requested that all persons wishing to provide testimony stand for the oath, complete the general information card at the podium, and submit it to the secretary for recordation.
7. **SWEARING OF WITNESSES**
Assistant City Attorney Shannon Chaffin
8. **ORAL COMMUNICATIONS**
For items **NOT** on the agenda. Speakers are limited to three minutes. None.

EXHIBIT NO. 05



9. CONSENT CALENDAR**A) May 12, 2015 and May 26, 2015 Minutes**

Commissioner Faletogo moved, seconded by Commissioner Schaefer, to approve the May 12, 2015 and May 26, 2015 Planning Commission Minutes. Assistant City Attorney Chaffin reminded the new Commissioners and the absentees from either meeting to abstain from the vote. The Minutes were approved, 5-0 [Andrews, Faletogo, Schaefer, Thomas, Madrigal]. (Mitoma, Newcombe, Post, Diaz abstained.)

10. CLOSED SESSION**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

1. Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2) and (e): 1 case.

After the session opened, it was immediately closed wherein all of the Commissioners, Acting Community Development Director Naaseh, City Attorney Chaffin and MRS Representatives Luis Perez and Greg Chittick reassembled in the Administrative Services Conference Room for their Closed Session hearing.

The Commissioners returned to Council Chambers at 7:22 P.M.

Assistant City Attorney Chaffin stated that there were no reportable items from the closed session.

12. PUBLIC HEARING**A) Design Overlay Review No. 1568-15**Applicant's Request:

The applicant, Steve Phillips, is requesting to remodel the existing 19,774-square-foot Sears automotive center building for restaurant use on a Sears parcel at the SouthBay Pavilion shopping center. The subject property is located at 20420 S. Avalon Boulevard.

Staff Report and Recommendation:

Associate Planner Gonzalez presented staff report and the recommendation to APPROVE Design Overlay Review No. 1568-15 to convert the existing Sears Auto Center to a multi-tenant retail and food establishment, subject to the conditions attached as Exhibit "B" to the Resolution; and WAIVE further reading and ADOPT Resolution No. 15-2548, entitled, "A Resolution of the Planning Commission of the city of Carson approving Design Overlay Review No. 1568-15 for the remodel and conversion of the

Sears Auto Center building to restaurant uses at the SouthBay Pavilion located at 20420 S. Avalon Boulevard."

Associate Planner Gonzalez wanted the Commission to note additional changes that staff is recommending being that, (on Triangle 14) the outdoor elevations be reviewed and approved by staff, and (on Triangle 17) Condition No. 50, security cameras shall be installed to monitor the premises by the tenants, and Condition No. 51, the language would be changed to read that the applicant would pay fair share funding for a Sheriff Deputy, where the range to pay would be \$2-\$3 per square foot per tenant, to be paid annually.

Associate Planner Gonzalez highlighted the following amendments to the conditions of approval:

REVISED CONDITIONS:

50. *Digital security cameras with remote internet access by the LA County Sheriff's Office shall be installed to monitor the premises by each restaurant tenant. Cameras shall be maintained in working order and surveillance footage shall be maintained for a minimum of 30 days on digital media and shared with law enforcement upon request.*
51. *Prior to certificate of occupancy, the applicant and or tenants shall pay fair share funding for one Sheriff Deputy being approximately \$168,000 dollars annually. The Sheriff's Department and the city of Carson may modify the annual cost for a Sheriff Deputy as deemed necessary for the fair share funding formula via the approval of a mutual service benefit agreement to be approved by the City Council. Upon final approval by the City Council, payments shall be made in a timely manner and in full compliance with applicable requirements to be established in the fair share agreement.*

Commissioner Faletogo requested elaboration on the cost for the additional security coverage from the Sheriff's Department.

Associate Planner Gonzalez reported that the cost for an officer to service the mall would be \$168,000 per year, paid by the city of Carson. An additional officer would also cost \$168,000 to be paid by the tenants in an agreement currently being drafted by the City Attorney's Office.

Commissioner Faletogo inquired as to whether Buffalo Wild Wings would be paying as well.

Associate Planner Gonzalez clarified that all SouthBay Pavilion tenants will contribute based on their square footage.

Chairman Diaz wanted to add a condition that retains and enhances the landscaping as well as a condition that the trash bin receptacles be covered.

Commissioner Mitoma inquired if this project is a lease from Sears.



Associate Planner Gonzalez deferred to the applicant.

Chairman Diaz opened the public hearing.

Steve Phillips, applicant, explained that Sears is the building owner, and the tenant leases are typically five years with options.

Commissioner Mitoma asked if Sears would be the landlord of this site.

Mr. Phillips confirmed that Sears is the landlord.

Commissioner Faletogo asked for a tentative completion date of the project.

Mr. Phillips reported that they'll be breaking ground in the third quarter of this year and anticipate project completion in March 2016.

Commissioner Faletogo asked if the businesses would be hiring Carson residents.

Mr. Phillips noted his understanding that is likely the tenants' intent.

Chairman Diaz asked if the applicant is in agreement with all the conditions of approval.

Mr. Phillips noted his concurrence with the conditions of approval, but made a clarification regarding the cameras, as each lessee has cameras of their own as part of their operation, and those cameras would be tied into the Sheriff's Department.

Commissioner Mitoma inquired if the applicant has discussed with the tenants the design, square footage, entitlements, and assessments.

Mr. Phillips stated that there has been no discussion with the other tenants about the added Sheriff Deputy, as it was a newly added condition; however, the other items have been discussed with the tenants.

Chairman Diaz opened the public hearing. There being no audience input, the public hearing was closed.

Planning Commission Decision:

Commissioner Faletogo moved, seconded by Commissioner Schaefer, to concur with staff's recommendation to approve the applicant's request, thus adopting Resolution No. 15-2548.

Assistant City Attorney Chaffin clarified that the approval includes the receptacle covers, to which Commissioners Faletogo and Schaefer confirmed.

This motion passed (9-0) as follows:

AYES:	Andrews, Faletogo, Mitoma, Newcombe, Post, Schaefer, Thomas, Madrigal, Diaz
NOES:	None
ABSTAIN:	None
ABSENT:	None

11. CONTINUED PUBLIC HEARING**A) Zone Text Amendment No. 19-15**Applicant's Request:

The applicant, city of Carson, is requesting to consider Text Amendment No. 19-15, to ADOPT a Comprehensive Update of the City's Oil and Gas Ordinance Regulating Petroleum Operations and Facilities, and a finding of a Class 8 Categorical Exemption under CEQA Guidelines §15308. This is a citywide amendment.

Staff Report and Recommendation:

Acting Community Development Director Naaseh introduced the MRS representatives, Luis Perez and Greg Chittick, to make the presentation for Zoning Text Amendment No. 19-15 and ZTA No. 20-15.

Mr. Perez, MRS, addressed the issues raised in the May 12th Planning Commission hearing and made revisions to the proposed code; and noted that the Commission directed MRS to explore Petroleum Administrator (PA) position options, to explore a change of setbacks to 750 feet, to meet with industry representatives and affected businesses to continue to refine the code, and additional changes to the ordinance as needed.

With regard to the PA position, Mr. Perez stated that MRS presented three options (Option 1 – City Manager; Option 2 – PA with limited discretion; Option 3 – PA with broad discretion). With areas that have substantial oil development, such as Santa Barbara County, city of Long Beach, and others, he noted there is a PA position which acts as a clearing house for any/all petroleum operations within that jurisdiction; and that they provide a service to the city, its citizens, and the oil and gas companies by allowing them to have a person to report to directly, as opposed to going through a number of people.

Mr. Perez noted that Option 1 and Option 2 are fairly similar to each other, but the main difference is the title of who will carry out the different tasks. Option 1 has the City Manager handling these matters and has the discretion to delegate these tasks. Option 2 would be a permanent position designated by the City Manager to handle the day-to-day tasks of this position. Option 3 retains a broad discretion for the PA.

Mr. Perez suggested focusing the Commissioners' commentary/questions on each section of the presentation immediately instead of waiting until the very end, but saving the final decision for the very end.

Chairman Diaz agreed.

Commissioner Faletogo noted that he objected to the PA position at the previous meeting because it's a position with too much power; that the PA's decisions were absolute, and there was no way to appeal the PA's final decisions; and stated that the options presented this evening make a lot of sense and that staff has addressed his concerns.

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Commissioner Schaefer asked if the PA will have enough work to keep the PA busy and what qualifications will be required for this position.

Acting Community Development Director Naaseh stated that a full-time PA would not be needed at this time; that he foresees using a consultant on an on-call basis; and if there are any questions, staff would call the consultant.

Mr. Perez explained that where there isn't a lot of petroleum work, a consultant would come in and work as needed; and that the City Manager does not need to immediately go out and hire someone to exercise these powers.

Assistant City Attorney Chaffin stated that the code provides flexibility, so that in the event the Commission wants a PA to be hired, the City Manager could appoint a staff member as necessary to fill that position; and that s/he could fill that position and retain consultants with expertise in any given situation/area.

Commissioner Andrews wanted elaboration on the checks and balances that will be put into place with the PA as to how it mitigates the PA's decisions.

Assistant City Attorney Chaffin offered sample language to add to the ordinance if the Commission chooses to use a PA; and stated they also have an add-on paragraph that the Commission has a right of appeal, if the process is followed, noting this process is also used for entitlement appeals.

Commissioner Mitoma stated he is not convinced that a PA would be needed; that the City Manager has the discretion to hire someone to perform that function; and that to have this in the code seems to require a City Administrator, if the code is challenged, when we have a City Manager.

Assistant City Attorney Chaffin explained that from a legal perspective, it is not a requirement to have a PA, that it is a discretionary decision by the Planning Commission to hire a PA.

Commissioner Thomas asked if the Planning Commission would be taking the discretion away from the City Manager in determining whether it's appropriate to assign someone that task.

Assistant City Attorney Chaffin responded that if the Commission selects the PA option, the City Manager would still appoint/discharge that PA, which is part of the checks and balances being implemented in the ordinance.

Mr. Perez added that when a decision is being made through the PA or the City Manager, it goes through a submittal process and with much dialogue; and that an appeal might occur if there is an impasse. He added that the PA would work with the City Manager and would not be making those decisions without consulting an immediate supervisor. The appeals process ensures there's an opportunity for the oil company to go to the subsequent decision maker to get remedied.

Commissioner Faletogo expressed his belief the Commission is tied down on the name of this position, stating he does not care what the title is of that person; noted that his

concern is with the powers of this position; but noted that he is now satisfied with the identified powers this person will have and the subsequent appeals process.

Commissioner Mitoma noted his concern with government typically creating an unmanageable and costly bureaucracy, noting his desire to return to a more simplified government. He stated that the City Manager has the ability and responsibility to protect the City; that if the City Manager wants a PA, he can have one with the approval of City Council; and that for the Commission to say a PA should be created when it isn't needed at this time makes no sense.

Commissioner Post expressed her belief this responsibility should not be on the City Manager who has enough to handle; and that a qualified person should assume the position of a PA.

Mr. Perez clarified that the City Manager or his designee will do the work, that the work will not rest exclusively on the City Manager.

Commissioner Post pointed out that there isn't any consistency with the City Manager appointing a PA from week to week.

Mr. Perez stated that is a different issue in terms of responsibility, noting the City Manager can determine that.

Commissioner Andrews asked if the purpose of creating the PA position is to have someone in the position who has the expertise, believing the City Manager may not have the expertise to fulfill the role.

Mr. Perez reiterated that the purpose of a PA is to act as a clearing house with the oil and gas business presented to the City; explained that when a PA position was first discussed, it was to handle a substantial project in review at that time, which is no longer being proposed; and that the PA or City Manager will still likely have to summon various experts to fulfill any needs of a given project.

At this time, Mr. Perez provided a presentation on setback distances and EIR impacts. The chart shows statistical data for safety/risk, noise, odors, and air quality. Safety/risk impacts fall within a 500-foot setback, but don't take into account the frequency of an event. Noise impacts fall within a 500-foot setback in most cases, with the exception of the OXY EIR, which went farther out, but didn't require the mitigation that the other projects demanded. With odor impacts, it has the opportunity to move out farther based on meteorological issues and type of gases released. It should be noted that just because something is odoriferous, it does not mean it is harmful, but reaches out far. In these EIR's, all go beyond 1,000 feet in every case. With air quality, the majority fall within the 500-foot setback.

Mr. Perez highlighted existing facilities and setbacks.

Commissioner Faletogo noted that the report details the standard setback is 300 feet in most districts; and asked if there will be any legal problems with increasing the setbacks from 300/500 feet to 750/1500 feet.

Assistant City Attorney Chaffin stated that question would more appropriately be answered in a closed session; noted that 300/500-foot setbacks are acceptable in many jurisdictions and that he's not aware of that being challenged for a new ordinance on a go-forward basis.

Commissioner Mitoma stated that normal construction with a 300/500-foot setback would typically store highly volatile fluids on site, highlighting drilling operations and oil tanker explosions in areas with a 300-foot setback; and he questioned whether that is a sufficient setback distance. He asked where MRS obtained their statistics and whether they compared the setback data with other municipalities that have oil storage operations.

Mr. Chittick highlighted the slide which compared the EIR data from other municipalities concerning safety/risk.

Mr. Perez highlighted the changes to the ordinance with the Good Neighbor Provisions (9505), noting that a number of provisions would apply to all operators and would pertain to air, noise, odor, lighting, signage, and more that are part of the new ordinance and applicable to new development. In addition, the ordinance was drafted in a manner that if there were a declaration of high risk operations, those decisions could be made appealable to the Planning Commission, and those expenses could be recovered by the City. They refined the development agreements so that they're no longer required. Previously, "each" well drilled required a Conditional Use Permit, but now when drilling more than three wells or making a substantial change, a Conditional Use Permit is required instead. Refinements were made so that re-drilling of existing wells does not occur in a new development; and that it is now worded to allow projects that are within the setback for up to five re-drills to be drilled within five years. A grace period for entitlements may expire to allow flexibility. Insurance and bonding requirements were refined. Provided earthquake Richter measurement standards to determine when inspection is required after an earthquake for those oil and gas facilities. Also cleared up is the cost to be paid by the operator for reasons of auditing compliance with conditions of approval/ordinance requirements not more than every five years.

Commissioner Post asked what the City is getting back from the oil companies in regard to the Good Neighbor Policy and how is it measured.

Mr. Perez expressed his belief that Carson is getting the opportunity to ensure compliance with a number of development standards that it is not currently getting for existing operators. For example, currently requiring noise barriers be erected to ensure that sounds are kept under certain decibels and fulfilling aesthetic refinements. He added there are standards for wells, an environmental resource management program, standards to pipelines, operation provisions that would be applicable, signage requirements, safety/hazmat assurances, noting that operators would have to abide by a substantial number of these regulations. He noted for Commissioner Post that he believes this code provides the City with sufficient safety.

Commissioner Mitoma asked for input on the provisions for waste management disposal, waste water, and provisions for testing for radiation.

Mr. Chittick explained that there is no specific testing done for radioactive materials beyond those required by the state. He added that the Division of Oil, Gas, and Geothermal Resources of the Department of Conservation (DOGGR) requires testing and reporting if they encounter radioactive materials, but stated that is not common in this area. He stated there are a number of waste water requirements, with different classifications of waste water, such as storm water or rain water that falls on a facility and if it can be discharged. If an operator wants to re-inject water pulled out of the ground, he noted this code does not address that, but only with the approval of DOGGR under the state regulations.

Commissioner Mitoma asked if an operator can take out water and re-inject it into a well in Carson.

Mr. Chittick stated yes, he believes so.

Commissioner Thomas asked if all existing operators have signed onto the additional requirements of the Good Neighbor Provisions.

Mr. Perez indicated yes.

Assistant City Attorney Chaffin wanted to make clear that many other representatives are in the audience to address the Good Neighbor Provisions and may have additional clarifications; and he added that this was a voluntary pact.

Commissioner Thomas expressed his belief that the bargaining of these provisions will only work if all the existing operators are on board.

Mr. Perez pointed out that MRS has not engaged in any "bargaining" with the oil industry, stating he does not want people leaving this meeting thinking a deal was struck in that the City would receive benefits from the Good Neighbor Provision in exchange for something that the City is giving into. He stated that changes were proposed, and it was concluded that these changes made sense and would not in any substantial way provide any harm to public health, safety or the environment.

Commissioner Thomas apologized for the mischaracterization.

Chairman Diaz invited audience comments.

Commissioner Mitoma cited a 998-page report from the EPA on the contamination of clean water. He reported that last Thursday, an EPA scientist performed a study and a resulting EPA draft would give a critical resource how best to protect public health and drinking water resources, expressing his understanding it is the most complete compilation of scientific data on this subject to date; and he stated it should be reviewed prior to making final changes to the proposed ordinance.

Mr. Perez highlighted Commissioner Mitoma's reference to fracking, potential fracking issues and the EPA studies, but added that the code proposes a complete ban on fracking.

Commissioner Mitoma clarified that the report refers to acidization and other processes.

Mr. Perez reiterated that the ban the City is attempting to institute under Section 9536 includes all forms of well stimulation techniques contemplated under SB4, which includes acidization.

Commissioner Mitoma stated that the matter has to do with protecting drinking water; noted his concern with the California drought and almost empty aquifers, expressing his belief this study should be looked at before a final decision is made.

Assistant City Attorney Chaffin explained that because this is a legislative action, there must be some sort of evidence or basis for the Commission's arbitrary decision. If the current reports provide a basis tonight or another night – whether there is conflict or not – there are two ordinances in place, one being a comprehensive update and the other being a ban on hydraulic fracturing. The Planning Commission has authority to continue the matter to look at the EPA report in greater detail; and that if the Planning Commission is inclined to recommend banning, he stated he does not know that it gets them anywhere legally past that point. He requested that further discussions to ban fracking happen during the next agenda item.

Commissioner Mitoma stated his point was that this was the most comprehensive study done by the government on water safety, asking if the Assistant City Attorney thinks it has no relation to the ordinance.

Assistant City Attorney Chaffin stated he was not making that representation at all; and that from a legal perspective, as long as the Planning Commission has evidence to support its decision, it does not make a difference if there's a conflicting report.

Commissioner Madrigal expressed his belief this affects the drinking water; that because there is no hurry in passing this code, he believes staff should look at the EPA study and report back to the Commission and get with the stakeholders as well; and that he believes more clarification is needed to ensure all aspects have been taken into consideration.

Commissioner Post agreed that there is a lot of information to review and suggested continuing this item, to go back to the February version of the oil code and make the modifications that need to be made; and that she'd like to meet with staff to get input on the EPA report. She added that both the ground water and drinking water are crucial considerations.

Mr. Perez explained that the EPA study is a compilation of all the studies within the country regarding the potential impacts that could occur as a result of fracking; that it is not specific to ground water or drinking water; pointed out that he is not resisting looking at those studies because that is what he does for a living, but that it is not practical when a ban on fracking altogether is being proposed in Carson.

Mr. Perez expressed his belief that going back to the February version of the code is problematic for a number of reasons, noting they are currently on Revision No. 24; advised that many things have changed from the February code, for good reason; stated it is typical for this process to evolve; and that the code is better and stronger

now with the refinements that have taken place since February. He added that this is a series of building blocks, not a series of individual codes.

Commissioner Post asked if the Good Neighbor Provision is a handshake from the oil companies.

Mr. Perez stated that what happens once the code is in place, the City will require and enforce compliance with the code; that the oil companies are supposed to comply with the Good Neighbor Provisions and exhibit how they're meeting the decibel standards for noise, landscaping requirements, lighting plans, etc.

Commissioner Thomas asked if existing operations must comply with the Good Neighbor Provisions.

Assistant City Attorney Chaffin clarified that if a party with vested rights agrees to comply, then they have to comply, reiterating it is voluntary.

Nicki Carlson, Alston & Bird, representing E&B Natural Resources, noted they provided a memo today for this evening's meeting. She stated that they will agree to a Good Neighbor Provision, as they offered the concept to the City to demonstrate their good neighbor way of operating in this manner. Ms. Carlson stated there are a large number of provisions, some of which they are not in agreement; she questioned what they are allowed to do in terms of their vested rights, what activities; expressed her understanding they can re-drill and drill conductors; and that they need to first confirm what the vested rights are in order to comply with the Good Neighbor Provisions, urging staff to take more time to confirm their vested rights. She stated that more dialogue is needed to present a code that is as complete as possible, suggesting another working session with the industry to address many more issues that are unclear.

Tom Muller, Manatt Phelps, representing several mineral rights holders, pointed out that several of the Commissioners have voiced frustration and confusion about what activities are done below the surface; stated this is an area fraught with problems; advised that people who have been doing this work for thirty years are having a problem with what the code is trying to say, believing Carson is facing too complicated of a matter to fully understand; and he stated that fortunately, the state has 175 petroleum experts in a division of the Department of Oil & Gas to regulate this industry and stated that is where this effort should be regulated – at the state level. He stated it is impossible for each city to come up with its own rules to address this nation's need for oil and gas; and stated there are stringent regulations enforced by the state. He stated that what Carson is proposing will deny rights to oil companies that currently have the right to drill, which will lead to costly litigation in the defense of those rights.

Aaron Savage, Coyote Lane resident, urged the Commission to continue this item and to address all the impacts upon the Carson residents.

Antonio Garcia, President of Southern California Hispanic Chamber of Commerce, stated that the City should encourage saving jobs and the revenues that are received through oil operations.

Germain Lopez, Lariat Lane resident, stated that Carson benefits from energy production; noted that eliminating oil production would raise prices and decrease high paying jobs and revenues; stated this money funds police, schools, libraries and so much more; and he asked the Commission to continue this item to further consider the impacts.

Cruz Gonzalez, Coyote Lane resident, expressed his belief Carson's oil and gas code should not discourage energy production; and stated that doing so could jeopardize thousands of jobs and local revenues that support essential services, such as police, fire, parks and schools. He stated the City should not enact the proposed ban because the revenues are essential to critical services.

Jeff Cooper, representing Cooper and Brain, stated that this company has operated in Carson for over 25 years; that they have enjoyed doing business in Carson and look forward to continuing to do business in Carson; and stated he wants to assist staff with the ordinance to benefit both his business and the residents of Carson.

Cheryl Branch, Scobey Avenue resident, stated that oil and gas production are essential for jobs and revenues for Carson, noting the public services are very important to this community; and she urged the Commission to consider the economic impacts and benefits for the community.

Benjamin Hanelin, Latham & Watkins, representing Californians for Energy Independence, pointed out that this is not "simple government"; stated that this code goes out of its way to regulate where none is needed and burdens the City with unnecessary regulations; and pointed out that the state has a vast regulatory system in place to regulate the oil and gas industry and stated that this code largely duplicates that. He expressed his belief that in doing this, it sends the message that Carson is difficult to do business with and that Carson is hostile to this industry. With regard to the proposed ban on well stimulation, he stated this should not be done as it is inviting substantial litigation for the City. He stated that the code needs to be improved; that more needs to be done with this process; and that the Commission should handle the refinement of the code, not the City Council.

Ted Cordova, oil operator and good neighbor doing business in Carson, stated that they have safely operated with zero incidents; noted his appreciation in having the opportunity to work on the code with staff and MRS; and that he believes a little more time is needed to further refine the code.

Pilar Hoyos, representing Watson Land Company/Dominguez Energy, provided a couple of handouts, one being a copy of the regulatory requirements prepared by MRS and distributed at a previous Commission meeting that underscores the comments which were made earlier regarding the duplication of state regulations, noting there are more regional and state agencies that oversee oil operations. She stated that the other memo is from Obama's administration reporting that a landmark study shows that fracking has not led to widespread impacts on drinking water; and that this five-year study has found no scientific reason to believe that fracking is a threat to drinking water. She pointed out that Watson's holdings in Dominguez Energy is 1.73 percent; advised

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that various charities own more than 26 percent of the mineral rights, such as Union Rescue Mission, St. Vincent De Paul, Good Samaritan Hospital, Children's Hospital, etc.; and pointed out that Watson's involvement has nothing to do with greed, but has to do with protecting the mineral rights and the value of those mineral rights.

Thomas Walker, consulting petroleum engineer and Huntington Beach resident, noted that Huntington Beach has a long history of safe oil and gas operations; pointed out that his children attend schools in Huntington Beach High School, which is home of the Oilers; and advised that there is interaction between industry and the residents of Huntington Beach and that he doesn't understand why it's different in Carson. He mentioned that the oil and gas produced here in Carson is 95 percent water; and that it's produced here and then sold and generally not stored, noting the value is in selling it, not storing it. With regard to waste water, he advised that Southern California operations typically have water floods and under a variety of EPA regulations, the water is safely injected back to where it was produced with the intent to produce more oil; and advised that they have delegated underground injection control to the Department of Oil & Gas. He stated that the current code is very confusing and needs work, but stated that with additional effort, it can move forward, and he requested additional time for that refinement to take place.

Alexandra Nagy, Southern California Organizer with Food & Water Watch, stated that the original intent for this code update was for Carson to have the strongest code in the country; expressed her belief it is not looking that way nor is it in the public's best interest; and stated that it needs to be as comprehensive as possible to protect public health and safety. She expressed her belief that the oil and gas industry does not like accountability and transparency; and stated that the oil and gas industry needs to be held accountable to the public, and the residents need to be involved in this conversation. She advised that the recent oil spill in Santa Barbara was so toxic that it burned people's eyes, throats, and lungs for 24 hours after exposure and that some had headaches/migraines for 48 hours; and pointed out that this is a volatile industry and that accidents/spills happen in every stage of this process. She expressed her belief that while it's inadequate, she would urge the City to set a 1,500-foot setback, noting that the air contaminates change with distance.

Dianne Thomas, Nestor Avenue resident, expressed her belief a PA needs to be put in place, an employee who would report to the City Manager; noted her support of an appeal process; and stated that the PA should be responsible for reviewing the oil companies/businesses that handle toxic chemicals on an annual basis. She stated that reports indicate some businesses meet fire code and some don't; and stated that the City should be kept in this loop. She expressed her belief that annual reviews should be performed, not once every five years; and she stated that many of these facilities are old, a reason why the pipes are bursting all the way from Santa Barbara down to Long Beach. She stated she has no confidence in the work conducted by DOGGR; expressed her belief a 1,500-foot setback is inadequate; and stated it is a fact that the health of residents is negatively impacted from these operations. She stated that re-drilling every five years needs to be considered a new development.

Robert Lesley, Carson resident, stated there are no guidelines on how the PA should implement their duties to regulate this ordinance; and expressed his belief the ordinance has a conflict of interest when dealing with the PA's authority and its enforcement, stating the City needs to spell out the guidelines and duties of the PA.

L. Carter, resident, stated that among other organizations with DOGGR, there are 1-100 violations that will be identified in violation of the Rego Act; stated that harmful drillings were approved by DOGGR; and expressed belief that a PA should be a full-time position, reporting to the City Manager and paid for by government resources.

Commissioner Faletogo asked for further input on regulating downhole activities, highlighting the comments that these activities are thoroughly regulated by the state.

Mr. Perez expressed his belief that the majority of the submitted letter that refers to downhole activities has to do with prohibition and well-stimulation techniques, without specifically stating so, to the extent that if fracking and other well-stimulation techniques are banned, it prevents the oil operator from reaching the resource; and stated that the rest of the code does not try to regulate downhole activities. He stated there are requirements to provide information to DOGGR so the City can ensure that compliance with state regulations is occurring and has the subsequent opportunity to enforce the things that may not be complied with to the state. The ordinance allows the City an opportunity to implement checks and balances to ensure that the operators are appropriately addressing the state regulations, but the code does not attempt to deal with the downhole, but rather the above ground issues, with the exception of the well-stimulation techniques ban.

Commissioner Schaefer asked Mr. Perez to confirm he is saying this code does not deal with downhole, that it's all above ground regulation.

Mr. Perez confirmed her understanding is correct; and he stated that with the exception of the requirement of the state, the City is requesting copies of those permits to ensure that the City has the opportunity to oversee that proper permits are obtained and the operators are complying with the state.

Commissioner Schaefer asked if the state allows acidization, or whatever the technique is, all the City would ask for is a copy of the permit; and if that is the case, why would the City need the PA or consultant to the City Manager if this is being monitored by the state.

Mr. Perez explained that those particular well-stimulation techniques would be banned, in the Commissioner's example; noted the City is attempting to receive notification from the operators; and that they have found with the regulatory framework, the farther away you get from what is being regulated, the less regulatory oversight there is and less stimulus for the agency to operate in compliance.

Commissioner Schaefer asked why the industry is objecting to this code if the City is not asking the industry to do anything above and beyond what the state is requiring.

Mr. Perez stated that the regulatory framework portion of the ordinance for the police power addresses location of tanks, landscaping, lighting requirements, noise requirements, transportation requirements, hours of operations, the times that things can come in and out of facilities, and various administrative items, decommissioning, remediation if contamination occurs, and it's providing the City with development standards.

Commissioner Mitoma stated that what is missing from this ordinance is the requirement for any operator to disclose the toxic materials, those quantities being stored onsite, noting the City should know what they're putting on their property.

Mr. Perez pointed out that one of the development standards under Part Two, 9530.6, requires the provision of transportation of chemicals and waste on and off site and provides some fairly detailed requirements of transportation and storage of hazardous materials on and off site.

Commissioner Mitoma asked that a report on every chemical brought on site should be reported to the City.

Mr. Perez noted his concurrence.

There being no further input, Chairman Diaz closed the public hearing.

Planning Commission Decision:

Commissioner Faletogo acknowledged the progress made tonight and suggested that 1) the Commission move to continue the item to July 28th; that staff and interested parties, the consultants, look at the Good Neighbor Provisions and come to an agreement, 2) Consider EPA report and the Californians for Energy Independence reports and its potential impacts, 3) revisit the regulations pertaining to downhole activities, 4) bring back revisions regarding the PA, and 5) continue to dialogue and meet with all interested parties.

Commissioner Mitoma seconded this motion, noting this is a lot to digest especially for the new Commissioners.

Acting Community Development Director Naaseh offered additional Commission workshops, noting this will be especially helpful to the new Commissioners; and stated that staff will schedule the workshops so as not to create a Brown Act violation.

Commissioner Faletogo accepted this amendment. Commissioner Mitoma seconded the amendment.

Assistant City Attorney Chaffin asked for clarification on the motion.

Vice-Chair Madrigal stated he'd like these Commission packets earlier to have more time for review, asking that the packets be ready a week ahead of the meeting.

Commissioner Mitoma asked to be contacted when packets are delivered to the Community Center.

Commissioner Thomas asked that the attorneys send their letters to the Commission before the day of the meeting.

Acting Community Development Director Naaseh stated that staff will do its best to get this packet out a day earlier. Packets are typically available at the Community Center on Tuesday evenings for pick up, a week in advance of the Planning Commission meetings. He asked the Commission to keep their packets when items are continued for consideration.

Commissioner Faletogo requested that Item 11B also be included in this motion for continuance.

Assistant City Attorney Chaffin suggested that Item 11B be voted on separately, opening the item for public input and then continuing, assuming all the input this evening also relates to that item.

The motion passed, 9-0.

11. CONTINUED PUBLIC HEARING

A) Zone Text Amendment No. 20-15

Applicant's Request:

The applicant, city of Carson, is requesting to consider Text Amendment No. 20-15, to consider adoption of an Ordinance prohibiting hydraulic fracturing ("fracking"), acidizing and any other form of well stimulation, and the associated CEQA finding of a Class 8 Categorical Exemption under CEQA Guidelines §15308. This is a citywide amendment.

Chairman Diaz opened the continued public hearing on this item to fully incorporate the commentary from Item 11A, avoiding duplicate statements, into this item at the recommendation of Assistant City Attorney Chaffin. No objections were noted.

Chairman Diaz closed the public hearing.

Vice-Chair Madrigal moved, seconded by Commissioner Faletogo, to continue these items to July 28th. Motion carried, 9-0.

13. WRITTEN COMMUNICATIONS None

14. MANAGER'S REPORT

Acting Community Development Director Naaseh reported that Commissioner Andrews (in a handout to the Commission) requested staff to research requirements from other cities, specifically Beverly Hills and Cerritos, regarding drive-thru restaurants and convenience stores. He invited the Commissioners to contact him via email or phone should they wish to discuss any matter related to the Planning Commission.

Chairman Diaz asked if Assistant City Attorney Chaffin also has an open door policy.

Assistant City Attorney Chaffin noted that the Commissioners may email him, but cautioned them not to copy any members of the public or other Commissioners in accordance with the Brown Act.

15. COMMISSIONERS' REPORTS

None

16. ADJOURNMENT

At 9:55 P.M., the meeting was formally adjourned to Tuesday, June 23, 2015, 6:30 P.M., City Council Chambers.


Chairman

Attest By: 
Secretary