



WEST LOS ANGELES AREA PLANNING COMMISSION

200 North Spring Street, Room 272, Los Angeles, California, 90012-4801, (213) 978-1300

www.planning.lacity.org

LETTER OF DETERMINATION

Mailing Date: JUL 1 2019

CASE NO. ZA-1958-14560-PA1-1A

CEQA: ENV-2018-1127-CE

Plan Area: West Los Angeles

Council District: 5 - Koretz

Project Site: 10460 West Pico Boulevard

Applicant: Hillcrest Beverly Oil Corporation
Representative: E&B Natural Resources Management Company

Appellant: Scott Silver
Representative: Michael Salman

At its meeting of **May 15, 2019**, the West Los Angeles Area Planning Commission took the actions below in conjunction with the consideration of the following Project:

Plan Approval to review the applicant's compliance with and effectiveness of the conditions imposed under ZA-14560 for the existing 1.93-acre Rancho Park Drill Site, including the proposed operation of generators and micro turbines.

1. **Determined** based on the whole of the administrative record, that the Project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines, Section State CEQA Guidelines, Article 19, Sections 15301 (Class 1), 15303 (Class 3), 15308 (Class 8), 15311 (Class 11), and 15321 (Class 21), and City CEQA Guidelines, Article 111, Section 1, Class 1-Category 1, Class1-Category 22, Class 3-Category 4, Class 11-Category 6, Class 21-Category 2, and there is no substantial evidence demonstrating that an exception to a categorical exemption pursuant to CEQA Guidelines, Section 15300.2 applies;
2. **Granted** the appeal in part and **denied** the appeal in part;
3. **Sustained** the Associate Zoning Administrator's determination (dated February 27, 2019) to approve, pursuant to Section 13.01-H of the Los Angeles Municipal Code and Condition No. 22 of ZA Case No. 14560:
 - a. A Plan Approval to review the applicant's compliance with and the effectiveness of the conditions imposed under ZA-14560 for the continued operation of the drill site; and
 - b. A Plan Approval to modify Condition No. 43 to permit the operation of existing generators and microturbines;
4. **Adopted** the attached Conditions of Approval as modified by the Commission; and
5. **Adopted** the attached amended Findings.

This action was taken by the following vote:

Moved: Newhouse
Second: Rozman
Ayes: Margulies
Recused: Waltz Morocco
Absent: Yellin

Vote: 3 – 0



James K. Williams, Commission Executive Assistant II

Fiscal Impact Statement: There is no General Fund impact as administrative costs are recovered through fees.

Effective Date/Appeals: The decision of the West Los Angeles Area Planning Commission is final upon the mailing date of this letter.

If you seek judicial review of any decision of the City pursuant to California Code of Civil Procedure Section 1094.5, the petition for writ of mandate pursuant to that section must be filed no later than the 90th day following the date on which the City's decision became final pursuant to California Code of Civil Procedure Section 1094.6. There may be other time limits which also affect your ability to seek judicial review.

Attachment: Modified Conditions of Approval, Amended Findings

c: Theodore Irving, Associate Zoning Administrator
Connie Chau, City Planner
Jennifer Tobkin, Deputy City Attorney
Uduak-Joe Ntuk, Petroleum Administrator

CONDITIONS OF APPROVAL

As modified by the West Los Angeles Area Planning Commission on May 15, 2019

1. All other use, height and area regulations of the Municipal Code and all other applicable government/regulatory agencies shall be strictly complied with in the development and use of the property, except as such regulations are herein specifically varied or required.
2. The use and development of the property shall be in substantial conformance with the plot plan submitted with the application and marked Exhibit "A", except as may be revised as a result of this action.
3. The authorized use shall be conducted at all times with due regard for the character of the surrounding district, and the right is reserved to the Zoning Administrator to impose additional corrective Conditions, if, in the Administrator's opinion, such Conditions are proven necessary for the protection of persons in the neighborhood or occupants of adjacent property.
4. All graffiti on the site shall be removed or painted over to match the color of the surface to which it is applied within 24 hours of its occurrence.
5. A copy of the first page of this grant and all Conditions and/or any subsequent appeal of this grant and its resultant Conditions and/or letters of clarification shall be printed on the building plans submitted to the Development Services Center and the Department of Building and Safety for purposes of having a building permit issued.
6. The applicant or operator shall comply with all conditions of approval from the prior Zoning Administrator's determinations, and those as expressly stated as follows which supersedes prior LAMC conditions:

LAMC 13.01-F Condition No. 17: That any person requesting a determination by the Zoning Administrator prescribing the conditions under which oil drilling and production operations shall be conducted as provided in Subsection H, shall agree in writing on behalf of him or herself and his or her successors or assigns, to be bound by all of the terms and conditions of this article and any conditions prescribed by written determination by the Zoning Administrator; provided, however, that the agreement in writing shall not be construed to prevent the applicant or his or her successors or assigns from applying at any time for amendments pursuant to this Article or to the conditions prescribed by the Zoning Administrator, or from applying for the creation of a new district or an extension of time for drilling or production operations.

LAMC Section 13.01-F, Condition No. 43: All Electric Power – All pumping and power operations at the site shall at all times be carried on only by electrical power and such power shall not be generated by fossil fuels at the controlled drilling site or in the district. Power may be generated on site by solar voltaic generators or natural gas powered cogeneration units placed within sound proofed buildings.

7. Plan Approval:
 - a. Within 36 months, the operator shall file a Plan Approval to review compliance with the conditions of approval of this determination. The Plan Approval application shall be filed within 45 days before the end of the 36-month period.
 - b. Whenever a change in operator occurs, notification of such change shall be submitted

- to the Department of City Planning within 30 days.
- c. Whenever a change in operator occurs, a Plan Approval application along with associated fees, shall be filed within 12 months of the change to review the new operator's compliance with these conditions.
 - d. A public hearing may be required, at the discretion of the Zoning Administrator, with notification of all owners and occupants of property within a 500-foot radius. The purpose of the plan approval will be to review and establish conditions deemed applicable to the use as maintained and conducted by the new operator consistent with the intent of the Conditions of this grant. Upon this review the Zoning Administrator may modify, add or delete conditions, and if warranted, reserves the right to conduct this public hearing for nuisance abatement/revocation purposes.
8. ~~An annual inspection report shall be generated and sent to the Zoning and Petroleum administrators listing the inventory of equipment on site, any repair work, and / or maintenance done to keep the equipment in good conditions at all times. The first annual inspection report shall be submitted within 45 days of the anniversary of this determination.~~
- An Annual Safety Inspection report, which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory of equipment on site, any repair work, and / or maintenance done to keep the equipment on good condition at all time. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination.
9. Within 48 months of this determination letter, a three-year technology assessment report should be provided to the Zoning and Petroleum administrators. The assessment report should be collaboratively generated by the operator with input from vendors, professionals, and community stakeholders to identify better operating technologies, such as fence-line monitoring, computer automation, new safety equipment, and / or other technological enhancements. The three-year assessment report shall be repeatedly conducted.
 10. The applicant shall immediately notify appropriate City agencies and entities, including the Los Angeles Fire Department, the Petroleum Administrator, and the local City Council office, of an emergency, accident or spill that requires reporting to any State, County, or regional agency.
 11. Prior to the issuance of any permits relative to this matter, a covenant acknowledging and agreeing to comply with all the terms and conditions established herein shall be recorded in the County Recorder's Office. The agreement (standard master covenant and agreement form CP-6770) shall run with the land and shall be binding on any subsequent owners, heirs or assigns. The agreement with the conditions attached must be submitted to the Development Services Center for approval before being recorded. After recordation, a certified copy bearing the Recorder's number and date shall be provided to the Zoning Administrator for attachment to the subject case file.
 12. INDEMNIFICATION AND REIMBURSEMENT OF LITIGATION COSTS.

Applicant shall do all of the following:

- i. Defend, indemnify and hold harmless the City from any and all actions against the City relating to or arising out of, in whole or in part, the City's processing and approval of this entitlement, including but not limited to, an action to attack, challenge, set

aside, void or otherwise modify or annul the approval of the entitlement, the environmental review of the entitlement, or the approval of subsequent permit decisions or to claim personal property damage, including from inverse condemnation or any other constitutional claim.

- ii. Reimburse the City for any and all costs incurred in defense of an action related to or arising out of, in whole or in part, the City's processing and approval of the entitlement, including but not limited to payment of all court costs and attorney's fees, costs of any judgments or awards against the City (including an award of attorney's fees), damages and/or settlement costs.
- iii. Submit an initial deposit for the City's litigation costs to the City within 10 days' notice of the City tendering defense to the Applicant and requesting a deposit. The initial deposit shall be in an amount set by the City Attorney's Office, in its sole discretion, based on the nature and scope of action, but in no event shall the initial deposit be less than \$50,000. The City's failure to notice or collect the deposit does not relieve the Applicant from responsibility to reimburse the City pursuant to the requirement in paragraph (ii).
- iv. Submit supplemental deposits upon notice by the City. Supplemental deposits may be required in an increased amount from the initial deposit if found necessary by the City to protect the City's interests. The City's failure to notice or collect the deposit does not relieve the Applicant from responsibility to reimburse the City pursuant to the requirement (ii).
- v. If the City determines it necessary to protect the City's interests, execute an indemnity and reimbursement agreement with the City under terms consistent with the requirements of this condition.

The City shall notify the applicant within a reasonable period of time of its receipt of any action and the City shall cooperate in the defense. If the City fails to notify the applicant of any claim, action or proceeding in a reasonable time, or if the City fails to reasonably cooperate in the defense, the applicant shall not thereafter be responsible to defend, indemnify or hold harmless the City.

The City shall have the sole right to choose its counsel, including the City Attorney's office or outside counsel. At its sole discretion, the City may participate at its own expense in the defense of any action, but such participation shall not relieve the applicant of any obligation imposed by this condition. In the event the Applicant fails to comply with this condition, in whole or in part, the City may withdraw its defense of the action, void its approval of the entitlement, or take any other action. The City retains the right to make all decisions with respect to its representations in any legal proceeding, including its inherent right to abandon or settle litigation.

For purposes of this condition, the following definitions apply:

"City" shall be defined to include the City, its agents, officers, boards, commission, committees, employees and volunteers.

"Action" shall be defined to include suits, proceedings (including those held under alternative dispute resolution procedures), claims or lawsuits. Actions includes actions, as defined herein, alleging failure to comply with any federal, state or local law.

Nothing in the definitions included in this paragraph are intended to limit the rights of the City or the obligations of the Applicant otherwise created by this condition.

FINDINGS

As amended by the West Los Angeles Area Planning Commission on May 15, 2019

1. The subject property, known as the Rancho Park Drill Site, is located within the Rancho Park Public Golf Course and owned by the Department of Recreation and Parks. The Golf Course site has a frontage of approximately 3,000 feet on the south side of Pico Boulevard, a frontage of approximately 2,500 feet on the east side of Patricia Avenue, a partial frontage of approximately 1,300 feet on the north side of Lorenzo Place, and a frontage of approximately 2,500 feet on the west side of Motor Avenue. The drill site is located on a level, 1.93-acre, portion of land within the Rancho Park Public Golf Course, which is a rectangular-shaped property, comprised of two lots, on the south side of Pico Boulevard, east side of Patricia Avenue, north side of Lorenzo Place, and west side of Motor Avenue. The nearest residential uses are located on the west side of Patricia Avenue, south side of Lorenzo Place, and behind a commercial corridor on the north side of Pico Boulevard, with the Hillcrest Country Club on the east side of Motor Avenue.

The 1.93-acre site is improved with an oil drilling facility that was authorized in 1958 to service Urbanized Oil Drilling District No. U-9. Since the initial 1958 approval to operate, the subject oil drilling facility has operated with few documented modifications, enhancements, or changes, with the exception of the intensification and changes approved in the prior Plan Approval grants. Presently, the Rancho Park Drill Site consists of tanks and vessels, well cellars, pumps, generators, compressors, operational buildings, and a parking area, and is surrounded by fencing and mature landscaping to screen operations from public view. The site is generally located in the middle of the park property, adjacent to RAP's Maintenance Yard to the south, whose elevation is approximately 25 feet higher than the subject site, and adjacent to an access road and golf course fairway to the north, with the course elevation at approximately 10 feet lower than the subject site.

2. Since it was first authorized on March 11, 1958 under ZA Case No. 14560, the oil drilling and oil production facility has operated at the Rancho Park Drill Site property, with few documented modifications, enhancements, or changes, with the exception of the intensification and changes approved in the prior Plan Approval grants. These Plan Approval grants for Case No. ZA-14560 involve the drilling of the first oil well (issued April 10, 1958), landscaping and details of enclosing fixtures (April 11, 1958), the permanent installation of the drill site (September 25, 1959), the installation of a glycol contactor within the tank farm area (November 7, 1983), a 6-month temporary approval of the transfer of crude oil by truck (January 25, 1994), and the installation of a 400-barrel liquid storage tank (issued February 11, 1994). Additional approvals were granted under separate Case No. ZA-21684 for the resumption of drilling of oil wells on April 11, 1975.
3. The review of the case file indicates that the operators of the drill site have failed to maintain full compliance with all of the Zoning Administrator's conditions of approval and requirements of the Los Angeles Municipal Code.

On November 16, 2016, the Southern California Air Quality Management District ("SCAQMD") issued Permit No. G43693, A/N 531381 to Hillcrest Beverly Oil Corporation which allowed the installation and operation of an enclosed combustion system, Model CEB-1200 with an enclosed flare and burner. According to the equipment specifications for Model CEB-1200, the system measures 24 feet in height and weighs 8,300 pounds. Its footprint measures 5 feet, 10 inches by six foot, 3 inches. City records indicate that the Operator did not obtain a permit from the Department of Building and Safety for the construction and inspection of the concrete pad to support the 8,300-pound combustion

system, or for the structural installation of the equipment to ensure its stability. Through the Departments' investigation and collaboration, further questions arose relative to the compliance of other on-site equipment and of the oil production operation with State and City regulations and with binding lease and entitlement conditions.

On February 15, 2017, the City Council of Los Angeles passed a motion directing City Departments to investigate the oil and gas drilling and production operation, as well as the installation of the CEB-1200 enclosed gas burner.

On March 8, 2017, State, County, and City officials attended an inspection of the Rancho Park Drill Site. Citations and violations were issued by Agencies requiring immediate correction and compliance. The site inspection, violations, and Agency findings are all documented in the Council File No. 17-0149 Report dated April 24, 2017 (available in the case file).

The joint-agency investigation led to several citations and orders to comply issued to the Operator to correct violations. A review of City records, on-site inspections and investigation of the operation to ascertain permit history and compliance with the City's codes and regulations and conditions of approval on the operation, resulted in several violations found at the Drill Site. According to the binding Conditions of the Department of City Planning entitlement Case No. ZA-14560, the Department of Recreation and Parks lease agreements, and the joint-agency investigations findings, it was concluded that the Operator was not in full compliance with the conditions set forth in the Los Angeles Municipal Code, the binding Conditions of Approvals, and Lease Agreements. Since then, the operator has corrected the outstanding issues per the Department of Building and Safety and the Fire Department.

4. In its February 1, 2019 letter, the Department of Public Works Petroleum Administrator's Office noted the Department of City Planning's request to evaluate the zoning application filed by the operator. The Petroleum Administrator issued its report which listed its findings and recommendations related to the Rancho Park Oil Drill Site. The Petroleum Administrator has asked the Office of Zoning Administration to consider the following recommendations: 1) the approval of the micro-turbine equipment, 2) an annual reporting of the status of the site equipment, 3) Petroleum Administrator compliance and monitoring oversight, and 4) three-year technology assessment reporting. The Zoning Administrator agrees with the recommendations and has incorporated them into the conditions of approval and will refer the possible violations mentioned above to the Environmental Justice Unit of the City Attorney's Office.
5. While several Plan Approval grants have been issued to the various operators over the years, a comprehensive monitoring and compliance program has not been in place. An awareness of the effects that urban oil drilling and production operations have on communities has grown in the interim and particularly over the last several years since the Rancho Park Oil Drill site was first authorized to operate. The technology used for oil drilling and production has advanced significantly over the years, and the measures to protect communities have advanced as well. A review and evaluation of the applicant's request has resulted in an investigation of the industry's best practices and technological advancements. [Refer to the Staff Review of Compliance with Conditions found above in this subject determination].

Testimony provided at the West Los Angeles Area Planning Commission revealed there is, and always has been, a lack of safety inspections at the oil drilling operation. While there is a condition that requires current inventory information on an annual basis, the

condition is not sufficient to meet the safety concerns of the community. Hence, the Condition No. 8 has been revised so that an Annual Safety Inspection report is required by the operator, and is to be submitted to the case file (public record).

Consequently, additional measures are being imposed to protect the surrounding community to make certain that the complete set of protections are appropriate and effective; thus, a requirement to file a Plan Approval and an Annual Safety Inspection are among the conditions of approval to review the protective measures and current practices that are imposed to protect the neighboring community.

6. Based on the review of the public records, site visits and the testimony from the public, and other evidence submitted to the record, it is hereby determined that the current conditions of approval imposed on the subject drill site are sufficient to preserve the health, safety and general welfare of the nearby residential neighborhood. However, revisions have been made to the conditions of approval for the Rancho Park Oil Drill site operation in order improve the accountability in reporting, to reflect current conditions at the drill site and to reflect the current oil drilling best practices.

ADDITIONAL MANDATORY FINDINGS

7. The National Flood Insurance Program rate maps, which are a part of the Flood Hazard Management Specific Plan adopted by the City Council by Ordinance No. 172,081, have been reviewed and it has been determined that this project is located outside the flood zone.
8. On February 15, 2019 , the City of Los Angeles determined based on the whole of the administrative record, that the Project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines, Section State CEQA Guidelines, Article 19, Sections 15301 (Class 1), 15303 (Class 3), 15308 (Class 8), 15311 (Class 11), and 15321 (Class 21), and City CEQA Guidelines, Article III, Section 1, Class 1-Category 1, Class1-Category 22, Class 3-Category 4, Class 11-Category 6, Class 21-Category 2, and there is no substantial evidence demonstrating that an exception to a categorical exemption pursuant to CEQA Guidelines, Section 15300.2 applies.

The project was found to be exempt based on the following:

Class 1 Category 1: Interior or exterior alterations, remodeling, or minor construction where there will be negligible or no expansion of use.

Class 1 Category 22: Granting or renewal of a variance or conditional use for a non-significant change of use in an existing facility.

Class 3 Category 4: Installation of new equipment and/or industrial facilities involving negligible or no expansion of use if required for safety, health, the public convenience, or environmental control.

Class 8: Actions taken by regulatory agencies, as authorized by state or local ordinance, to assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment

Class 11 Category 6: Construction or placement of minor structures accessory to (appurtenant to) existing commercial, industrial, or institutional facilities.

Class 21 Category 2: The adoption of an administrative decision or order enforcing or revoking the lease, permit, license, certificate, or other entitlement for use or enforcing the general rule standard, or objective.

Inquiries regarding this matter shall be directed to Connie Chauv, City Planning Associate for the Department of City Planning at (213) 978-0016.