



AGENDA REPORT

Meeting Date: December 4, 2012
Item Number: F-7
To: Honorable Mayor & City Council
From: City Attorney
Subject: RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS
MAKING FINDINGS CONCERNING AN APPLICATION BY PACIFIC
COAST ENERGY COMPANY, L.P. FOR A PERMIT TO DRILL TWO
NEW OIL AND GAS WELLS FROM THE DRILL SITE LOCATED AT
9101 PICO BOULEVARD

Attachments:

1. Resolution
2. Letter from Pacific Coast Energy Company, L.P.

RECOMMENDATION

It is recommended that the proposed resolution be adopted or the matter continued per the request of the applicant.

INTRODUCTION

An application has been filed by Pacific Coast Energy Company L.P. requesting permission to drill two oil wells into Beverly Hills from an existing drill site located at 9101 Pico Boulevard in the City of Los Angeles.

DISCUSSION

At its meeting of November 13, 2012 the City Council directed the City Attorney's Office to draft a resolution of findings reflecting that the City Council was unable to approve the application because city council members were divided in their opinions about whether the environmental review documents and evidence were sufficient to grant the application. As a result of the division of opinions, there were not three votes to approve the application nor were there three votes to deny the application.

The applicant has also submitted the attached letter requesting that the City Council continue consideration of the resolution until the meeting of December 18, 2012.


Laurence S. Wiener, City Attorney

Attachment 1

RESOLUTION NO. 12-R-

RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS MAKING FINDINGS CONCERNING AN APPLICATION BY PACIFIC COAST ENERGY COMPANY, L.P. FOR A PERMIT TO DRILL TWO NEW OIL AND GAS WELLS FROM THE DRILL SITE LOCATED AT 9101 PICO BOULEVARD

The City Council of the City of Beverly Hills does resolve as follows:

Section 1. An application has been filed by Pacific Coast Energy Company L.P. requesting permission to drill two oil and gas wells into Beverly Hills from an existing drill site located at 9101 Pico Boulevard in the City of Los Angeles.

Section 2. On November 13, 2012, the Beverly Hills City Council conducted a hearing to consider the application and received oral and documentary evidence in connection with the application.

Section 3. Beverly Hills Municipal Code Section 10-5-311 provides that no oil or oil and gas well shall be drilled into the subsurface of the City from any drill site without first having applied for and obtained a permit from the City. Beverly Hills Municipal Code Section 10-5-316 sets forth criteria which the applicant must satisfy in order to obtain such a permit.

Section 4. The City Council decision concerning the application is discretionary and requires review pursuant to the requirements of the California Environmental Quality Act ("CEQA") and the State Guidelines promulgated pursuant to CEQA (the

“Guidelines”). In order to comply with CEQA and the Guidelines, Beverly Hills City staff prepared an addendum (the “Addendum”) to the City of Los Angeles 1999 Environmental Impact Report entitled “Breitburn Energy Company LLC Pico/Doheny Drillsite Modernization Project” (the “EIR”). The EIR, Addendum, and proposed findings pursuant to CEQA and the Guidelines were presented to the City Council for consideration at the hearing of November 13, 2012.

Section 5. Four City Council members participated in the hearing on November 13, 2012 and considered the application. A fifth council member recused himself due to a conflict of interest.

Section 6. At the conclusion of the hearing on November 13, it became clear that the City Council members were divided in their opinions about whether the documents and evidence were sufficient to grant the application. As a result there were not three votes to approve the application nor were there three votes to deny the application. The City Council therefore directed that staff prepare a resolution documenting that the City Council was unable to approve the application because there was not majority support for a motion to approve the application based on the evidence and record presented.

Section 7. The City Council hereby finds that:

7.1. The City Council considered the evidence presented in the record and at the hearing, including the staff report and written and oral testimony. The City Council was unable to make the findings in order to approve the application because there was no

majority support for a motion to approve the application based on the evidence in the record and at the hearing.

7.2. Based on the evidence presented, two of four council members who participated in the hearing concluded that the environmental documents prepared in connection with the application were adequate and that information developed after certification of the 1999 EIR did not identify substantial environmental risk or substantial risk to health and safety. Additionally, these council members concluded that the evidence in the record supported a determination that the proposed new wells added minimal additional risk to persons or property.

7.3. However, based on the evidence presented, two of four council members who participated in the hearing were unable to find that adequate environmental review had been completed or that persons and property within the City will not be adversely affected by the granting of the application and that there is no reasonable probability of danger or damage to any real or personal property or injury to any person within the City due to the extraction of oil. These council members concluded:

1) Proper environmental review has not yet been completed. The City's staff prepared an addendum to an environmental impact report for the 1999 modernization project at the drill site. The EIR analyzed a different project with a different baseline than the project before the Beverly Hills City Council in 2012. The EIR did not analyze the environmental impacts on the currently existing environment of the addition of two new oil wells to the current drill site.

2) Even if the current application were considered to be part of the project discussed in the EIR, the Addendum was not the appropriate environmental review document because new information of substantial importance that was not known and could not

have been known at the time of certification of the EIR in 1999 has become available and has not yet been sufficiently analyzed to determine whether the project will have: (a) one or more significant impacts not discussed in the EIR or (b) substantially more severe impacts than those discussed in the EIR. The EIR concluded that there was no significant risk of upset from the project analyzed in the EIR. However, since that time, the operator of the drill site has been cited on several occasions for violations of various health and safety rules and regulations.

3) There was inadequate information in the record to make the finding pursuant to CEQA Guidelines Section 15091 that each significant environmental effect of the project has been mitigated. Recent history demonstrates that there have been health and safety violations at the project site. However, no mitigation has been recommended to the City Council to mitigate the risk of further health and safety violations.

4) There has not been adequate independent review of whether the City may be adversely affected or whether there is any reasonable probability of danger or damage to property or injury to any person due to the proposed extraction of oil. The review conducted by the City's consultant was based on representations from the applicant and assumptions that the applicant would adequately comply with existing regulations, rather than an independent review of evidence.

Section 8. Based upon the foregoing, the City Council hereby finds that it is not able to approve the current application to drill two new oil wells from the existing drill site located at 9101 Pico Boulevard in the City of Los Angeles because there is no majority support for a motion to approve the application based on the record and evidence presented to the City Council.

Section 9. The City Clerk shall certify to the passage, approval, and adoption of this resolution, and shall cause this resolution and his certification to be entered in the Book of Resolutions of the Council of this City.

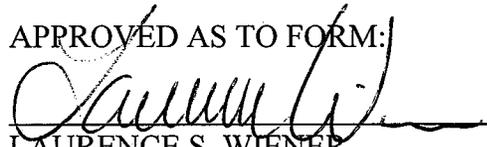
Adopted:

WILLIAM W. BRIEN, M.D.
Mayor of the City of
Beverly Hills, California

ATTEST:

(SEAL)
BYRON POPE
City Clerk

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

JEFFREY KOLIN
City Manager

Attachment 2



November 29, 2012

Mayor William Brien M.D.
Vice Mayor John Mirisch
Councilmember Lili Bosse
Councilmember Barry Brucker
Councilmember Julian Gold M.D.
City Clerk Byron Pope

City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210

SUBJECT: LOS ANGELES COUNTY, CALIFORNIA
CITY OF BEVERLY HILLS
BEVERLY HILLS (EAST) FIELD
PACIFIC COAST ENERGY COMPANY LP WELL NOS. WP-60H AND WP-61
APPLICATION FOR CITY COUNCIL PERMIT TO DRILL AND PRODUCE

Please reference the subject application submitted by BreitBurn Energy Company L.P. (now known as Pacific Coast Energy Company LP [PCEC]) to the City of Beverly Hills. As a follow-up to the November 13, 2012 City Council meeting, PCEC hereby requests postponement of a final vote on the resolution concerning our application until the December 18, 2012 City Council meeting. As a result of the City Council's discussion, PCEC proposes an additional condition to the permit approval whereby we would abandon two existing wells currently located within the City. In addition, we determined that an additional well in the City of Beverly Hills was abandoned subsequent to the 2007 application hearings. Therefore, with the granting of the current proposal, the total number of wells in Beverly Hills would see a reduction.

Thank you for your prompt consideration and attention to this matter. If you have any questions, please feel free to contact me at (213) 225-0231.

Very truly yours,

William Weldon
Land Manager

cc: David Gustavson
Larry Wiener

PACIFIC COAST ENERGY COMPANY LP

515 South Flower Street 48th Floor Los Angeles, California 90071 Phone (213) 225-5900 Fax (213) 225-5916