



AGENDA REPORT

Meeting Date: January 8, 2013
Item Number: E-1A & B
To: Honorable Mayor & City Council
From: City Attorney
Subject: A. RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND ADOPTING AN ADDENDUM TO A PREVIOUSLY CERTIFIED FINAL ENVIRONMENTAL IMPACT REPORT FOR THE PROPOSAL TO DRILL TWO NEW WELLS WITHIN AN EXISTING DRILL SITE LOCATED AT 9101 WEST PICO BOULEVARD IN THE CITY OF LOS ANGELES; and

B. RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS APPROVING 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. Resolutions

RECOMMENDATION

It is recommended that the proposed resolutions be adopted.

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 by Pacific Coast Energy Company to drill two new oil wells into Beverly Hills. City council members were divided in their opinions about whether the evidence was sufficient to grant the application, as the application was originally proposed. 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.

At its meeting of December 4, 2012, the City Attorney's Office presented the City Council with a resolution of findings as directed. However, the applicant also requested a continuance of the matter and the City Council continued the matter until January 8, 2013.

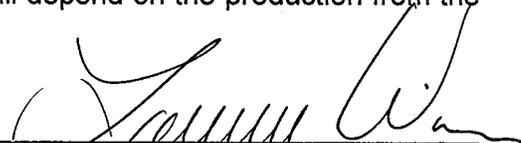
In addition, the applicant provided a letter to the City offering to abandon two existing wells in Beverly Hills as a condition of the approval to drill two new wells. The applicant also noted that a third well in Beverly Hills had been abandoned since 2007. Thus, with the condition offered by the applicant, the approval of the application by Pacific Coast Energy Company would preserve the net reduction of wells drilled under Beverly Hills since the applicant's previous drilling application was considered by the City Council.

Additionally, to address concerns expressed at the City Council meeting of November 18, 2012, the City Council agenda of January 8, 2013 includes the introduction of an ordinance that would place more specific requirements on the Director of Public Works to monitor all wells drilled beneath the City. The City's oil drilling regulations currently require the City Engineer to inspect wells for adverse surface impacts "from time to time as he deems appropriate." The proposed ordinance would require that such inspection occur no less than every two years. The responsibility for the inspection has also been reassigned from the City Engineer to the Director of Public Works. Additionally, based on public testimony at the Planning Commission meeting, the Planning Commission has recommended that the Director of Public Works be required to annually request from relevant regulatory agencies all inspection reports and notices of violation concerning any drill site from which wells are drilled into Beverly Hills. These added measures are designed to increase confidence that impacts from new drilling into the City will not adversely affect persons or property in the City of Beverly Hills.

Based on comments made by Council members at the December 4, 2012 meeting, the City Attorney's office is presenting revised resolutions to the City Council. The revised resolutions would make certain environmental findings and approve the application by Pacific Coast Energy Company to drill two new wells under Beverly Hills on the conditions that two existing wells under Beverly Hills are formally abandoned before the new wells are drilled and that the ordinance described above, which is scheduled for City Council consideration on January 8, 2013, is adopted and becomes effective before any new wells may be drilled.¹

FISCAL IMPACT

The drilling and pumping of two new wells under Beverly Hills is likely to yield a small increase in tax revenue. The amount of revenue will depend on the production from the wells.


Laurence S. Wiener, City Attorney

¹ The findings set forth in Sections III.I and IV.G of Exhibit B of the environmental findings resolution have been revised to address the provisions of the proposed ordinance. Otherwise, the substance of the proposed environmental findings resolution has not changed from the resolution presented to the City Council on November 18, 2012.

Attachment 1

RESOLUTION NO. _____

RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND ADOPTING AN ADDENDUM TO A PREVIOUSLY CERTIFIED FINAL ENVIRONMENTAL IMPACT REPORT FOR THE PROPOSAL TO DRILL TWO NEW WELLS WITHIN AN EXISTING DRILL SITE LOCATED AT 9101 WEST PICO BOULEVARD IN THE CITY OF LOS ANGELES

The City Council of the City of Beverly Hills hereby finds and resolves as follows:

Section 1. The project before the City of Beverly Hills (the “City”) is a proposal to drill two new wells (Well Nos. WP60H and WP-61) from an existing drill site located at 9101 West Pico Boulevard in the City of Los Angeles (the “Project”). The existing drill site is located approximately 500 feet south of the Beverly Hills city limits, and has been in operation since 1965. The site is currently authorized by the City of Los Angeles, the lead agency, to contain up to 69 wells. Because the two new wells would extend under properties in the City of Beverly Hills, a separate permit for the wells is required by the City of Beverly Hills, and the City of Beverly Hills serves as a responsible agency under the California Environmental Quality Act (“CEQA”) (Cal. Pub. Res. Code §21000 *et seq.*) and the State Guidelines (the “CEQA Guidelines”) (14 Cal. Code Regs. §15000 *et seq.*).

Section 2. The original project, consisting of 69 wells (the “Los Angeles Project”) was environmentally reviewed pursuant to the provisions of CEQA and the State CEQA Guidelines. The City of Los Angeles, as lead agency, prepared Environmental Impact Report No. 98-0149-PA (State Clearinghouse No. 1998091043) (the “EIR”) that determined the Los Angeles Project would not result in any significant unmitigable impacts.

Section 3. Each of the 69 wells in the Los Angeles Project has been established with a conductor well, which is the initial pipe and concrete casing used to establish a well. The conductor wells are drilled to a depth of approximately 65 feet, which allows them to be used for well drilling purposes at a later date. Although the 69 wells have previously been established by way of the initial conductor wells, not all of the conductor wells have been utilized for actual well drilling below the initial 65-foot depth. In this case, the proposed Project before the City involves the drilling of two new wells (Well Nos. WP60H and WP-61) within two existing conductor wells (Conductor Nos. WP 802 and WP 805). The actual drilling of Well No. WP60H (conductor well WP802) will commence at approximately 65 feet in depth (the bottom of the conductor well) and will be directionally drilled to a total depth of 5,880 feet. The well will enter the City’s limits at 5,442 feet below ground, under the northeast portion of the intersection of Whitworth Drive and South Rexford Drive. The proposed bottom hole location of this new well will be approximately 260 feet north and 150 feet east of the intersection of South Rodeo Drive and El Camino Drive. The actual drilling of Well No. WP61 (conductor well WP805) will commence at approximately 65 feet in depth (the bottom of the conductor well) and will be directionally drilled to a total depth of 5,270 feet. The well will enter the Beverly Hills city

limits at 3,176 feet below ground, just west of the intersection of Whitworth Drive and South Rexford Drive. The proposed bottom hole location of this new well will be approximately 104 feet south and 40 feet east of the intersection of South Beverly Drive and Olympic Boulevard.

Section 4. In order to consider the environmental effects of the Project under CEQA and the State CEQA Guidelines, the City is relying on the EIR for the Los Angeles Project. The Draft EIR was circulated for public review for the Los Angeles Project from April 22, 1999 to June 7, 1999 for a 45-day comment period. The City of Los Angeles prepared written responses to comments received on the Draft EIR and those responses to comments were incorporated into the Final EIR. The Final EIR was certified by the City of Los Angeles in October of 1999 and the Los Angeles Project was also approved at that time.

Section 5. In addition to relying on the EIR for the Los Angeles Project, the City prepared an Addendum to analyze the impacts of the Project in compliance with State CEQA Guideline 15164. Pursuant to State CEQA Guideline 15096(e), the City as responsible agency is authorized by CEQA to prepare further environmental documentation if necessary to make the EIR adequate for its purposes. An Addendum is the appropriate environmental document to analyze the Project as the Los Angeles Project analyzed in the previously certified EIR included the installation and use of up to 69 conductor wells, including the two conductor wells from which the drilling under the City of Beverly Hills is proposed as part of the Project. Thus, the Project is within the scope of the Los Angeles Project and no new environmental effects or any of the conditions contained in State CEQA Guideline 15162 and 15163 requiring a subsequent or supplemental EIR exist. Pursuant to State CEQA Guideline 15164, an addendum need not be circulated for public review. The Addendum is attached hereto as Exhibit A to this Resolution, and is hereby incorporated by this reference. As provided for in the Addendum, the Project to drill under the City of Beverly Hills within an existing drill site would not result in any impacts beyond those documented in the EIR for the Los Angeles Project that were deemed to be mitigated to less than significant levels with the imposition of mitigation measures.

Section 6. The findings made in this Resolution are based upon the information and evidence set forth in the EIR and in the Addendum and upon other substantial evidence that has been presented in the record of the proceedings. The documents, staff reports, technical studies, appendices, plans, specifications, and other materials that constitute the record of proceedings on which this Resolution is based are on file for public examination during normal business hours at the City of Beverly Hills Department of Public Works and Transportation, 345 Foothills Road, Beverly Hills, California 90210. The custodian of records is the Director of Public Works and Transportation. Each of those documents is incorporated herein by reference.

Section 7. State CEQA Guideline Sections 15096(h) and 15091 require that the City, as responsible agency, before approving the Project, make one or more of the following written finding(s) for each significant effect identified for the Project accompanied by a brief explanation of the rationale for each finding:

1. Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the Final EIR; or,

2. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency; or,
3. Specific economic, legal, social, technological, or other considerations, including provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or project alternatives identified in the final EIR.

In this case, the mitigation measures identified in the EIR are within the responsibility and jurisdiction of the City of Los Angeles, which imposed the mitigation measures on the Los Angeles Project. Pursuant to CEQA Guidelines Section 15041(b), the City of Beverly Hills, as a responsible agency, may require changes in a project to lessen or avoid only the effects, either direct or indirect, of that part of the project which it is called upon to approve. In this case, the aspects of the Project subject to City of Beverly Hills approval have no effects, and thus there is no duty or authority to mitigate.

Section 8. Environmental impacts identified in the EIR to be less than significant, and which were not analyzed in detail in the EIR are described in Section III of Exhibit B, attached hereto and incorporated herein by reference.

Section 9. Environmental impacts identified in the EIR as less than significant, and which do not require mitigation are described in Section IV of Exhibit B, attached hereto and incorporated herein by reference.

Section 10. Environmental impacts identified in the EIR as significant but mitigable are described in Section V respectively of Exhibit B, attached hereto and incorporated herein by reference.

Section 11. Alternatives that might eliminate or reduce significant environmental impacts are described in Exhibit B, Section VII, attached hereto and incorporated herein by reference.

Section 12. Although State CEQA Guideline 15096(h) and 15091(d) require the City as a responsible agency to prepare and adopt a mitigation monitoring and reporting program for any project for which mitigation measures have been imposed to assure compliance with the adopted mitigation measures, in this case all mitigation measures have been imposed by the City of Los Angeles. The City of Los Angeles found that the mitigation measures detailed in the EIR will reduce all of the impacts identified in the EIR that are applicable to the Project, to less than significant levels. Because the project will not have any impacts in the City of Beverly Hills, there are no mitigation measures or alternatives within the City of Beverly Hills' jurisdiction to impose. Because all of the impacts identified in the EIR are associated with the Los Angeles Project and occur in the City of Los Angeles, the City of Los Angeles is the party responsible for enforcement of the mitigation measures.

Section 13. Prior to taking action, the City Council reviewed, considered and has exercised its independent judgment on the environmental effects disclosed in the EIR for the Los Angeles Project, the Addendum, and all of the information and data in the administrative record, and all

oral and written testimony presented to it during meetings and hearings and relies on the EIR for the Los Angeles Project for the purposes of analyzing the environmental effects of the Project.

Section 14. The City Council of the City of Beverly Hills hereby adopts the Addendum to the previously certified EIR prepared for the Los Angeles Project as set forth in Exhibit A, attached hereto and incorporated herein by this reference, and adopts findings pursuant to the California Environmental Quality Act as set forth in Exhibit B attached hereto and incorporated herein by reference.

Section 15. The City Clerk shall certify to the adoption of this Resolution, and shall cause this Resolution and this certification to be entered into the Book of Resolutions of the City Council of the City.

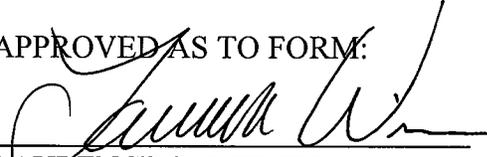
Adopted:

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 C. KOLIN
City Manager



DAVID GUSTAVSON
Director of Public Works and Transportation

EXHIBIT A

ADDENDUM

-REVISED-

**ADDENDUM TO FINAL ENVIRONMENTAL IMPACT REPORT
AS CERTIFIED BY THE CITY OF LOS ANGELES
FOR THE PICO/DOHENY DRILLSITE MODERNIZATION PROJECT
(State Clearinghouse No. 1998091043)**

**Prepared on behalf of the City of Beverly Hills
in its capacity as a Responsible Agency**

SITE: 9101 West Pico Boulevard, Los Angeles, CA 90035
PROJECT TITLE: Pico/Doheny Drill Site
PROJECT APPLICANT: Pacific Coast Energy Company, L.P.

PROJECT DESCRIPTION: The Project, for the City of Beverly Hills' purposes as a responsible agency, is a proposal to drill two new wells (Well Nos. WP60H and WP-61) within an existing drill site located at 9101 West Pico Boulevard in the City of Los Angeles. The existing drill site is located approximately 500 feet south of the Beverly Hills city limits, and has been in operation since 1965. The site is currently authorized by the City of Los Angeles, the Lead Agency, to contain up to 69 wells. Because the proposed wells would extend under properties in the City of Beverly Hills, a separate permit for the wells is required by the City of Beverly Hills, and the City of Beverly Hills thus serves as a responsible agency.

Each of the 69 wells authorized by the City of Los Angeles approval has been established with a conductor well, which is the initial pipe and concrete casing used to establish a well. The conductor wells are drilled to a depth of approximately 65 feet, which allows them to be used for well drilling purposes at a later date. Although the 69 wells have previously been established by way of the initial conductor wells, not all of the conductor wells have been utilized for actual well drilling below the initial 65-foot depth. In this case, the proposed Project involves the drilling of two new wells (Well Nos. WP60H and WP-61) within two existing conductor wells (Conductor Nos. WP 802 and WP 805).

The actual drilling of Well No. WP60H (conductor well WP802) will commence at approximately 65 feet in depth (the bottom of the conductor well) and will be directionally drilled to a total depth of 5,880 feet. The well will enter Beverly Hills city limits at 5,442 feet below ground, under the northeast portion of the intersection of Whitworth Drive and South Rexford Drive. The proposed bottom hole location of this new well will be approximately 260 feet north and 150 feet east of the intersection of South Rodeo Drive and El Camino Drive.

The actual drilling of Well No. WP61 (conductor well WP805) will commence at approximately 65 feet in depth (the bottom of the conductor well) and will be directionally drilled to a total depth of 5,270 feet. The well will enter Beverly Hills city limits at 3,176 feet below ground, just west of the intersection of Whitworth Drive and South Rexford Drive. The proposed bottom hole location of this new well will be approximately 104 feet south and 40 feet east of the intersection of South Beverly Drive and Olympic Boulevard.

PURPOSE: This Addendum to the Environmental Impact Report (EIR) is being prepared pursuant to Section 15164 of the California Environmental Quality Act (CEQA) Guidelines which allows for a responsible agency to prepare an addendum to a previously certified EIR if some changes or additions are necessary but none of the conditions described in Section 15162 calling for the preparation of a subsequent EIR have occurred. Pursuant to CEQA Section 15162, no subsequent EIR shall be prepared for the project unless, on the basis of substantial evidence in the light of the whole record, one or more of the following is determined:

- (1) Substantial changes are proposed in the project that will require major revisions of the previous EIR due to the involvement of new, significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- (2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
- (3) New information of substantial importance identifies one or more significant effects not discussed in the previous EIR, significant effects previously examined will be substantially more severe than shown in the previous EIR, mitigation measures or alternatives previously found not to be feasible or not analyzed in the EIR would be feasible and would substantially reduce one or more significant effects but the project proponents decline to adopt of the measure or alternative.

FINDINGS ON THE PROJECT:

1. The original project consisting of the potential 69 wells, and hereafter referred to as the "Los Angeles Project", was environmentally reviewed pursuant to the provisions of the California Environmental Quality Act (Public Resources Code Sections 21000, *et seq.* ("CEQA"), and the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000, *et seq.*). The City of Los Angeles prepared Environmental Impact Report

- No. 98-0149-PA¹ (also known by its State Clearinghouse Number 1998091043, and hereafter referred to as the "EIR") and, based on the information contained in the EIR, determined that the Los Angeles Project would not result in any significant, unmitigable impacts.
2. In October 1999, the City of Los Angeles certified Final Environmental Impact Report No. 98-0149-PA, and approved the Los Angeles Project to allow modernization and continued operation of the existing drill site. The Final Environmental Impact Report contemplated operation and drilling, and further use, of up to 69 conductor wells on the drill site, and established conditions of approval for continued operation of the drill site. In addition, the Final Environmental Impact Report identified certain mitigation measures that were necessary to mitigate potential impacts of the Los Angeles Project to less than significant levels. None of these mitigation measures addressed potential impacts in the City of Beverly Hills. The mitigation measures were adopted by the City of Los Angeles and made binding on the Project.
 3. Thereafter, an application for the Project was submitted to the City of Beverly Hills on December 7, 2011 to allow the drilling of two new wells (within existing conductor wells) that would extend under the City of Beverly Hills. Although the new wells are authorized by the City of Los Angeles approvals granted after completion of the environmental review in FEIR No. 98-0149-PA, a separate permit for the wells is required by the City of Beverly Hills, and the City of Beverly Hills thus serves as a responsible agency for the Project.
 4. Staff analyzed the Project to determine if any impacts would result from the proposed wells. Pursuant to CEQA Guidelines Section 15162, a new EIR is not required for the two wells contemplated by the Project because:
 - (1) The Los Angeles Project, as reviewed under the previously certified EIR, included the installation and use of up to 69 conductor wells, inclusive of the two conductor wells from which the extended drilling under the City of Beverly Hills is proposed. The proposed wells are within the scope of the Los Angeles Project, as previously contemplated in the certified EIR, and are therefore not considered to be a substantial change that would require major revisions of the previous EIR.

¹ The Final EIR and its associated attachments can be reviewed online at <http://www.beverlyhills.org/business/constructionlanduse/projectreview/currentpastprojects/currentprojects/>, or in person at the Beverly Hills Community Development Department, 455 N. Rexford Dr., Beverly Hills, CA 90210.

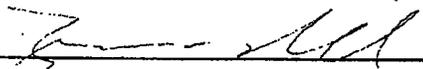
Furthermore, a subsidence report was prepared for the proposed wells in 2011. The Project, the subsidence report, and the proposed wells have been reviewed by City staff and the City's consulting geologist (Donald Clarke, RG3583), and it has been determined that the proposed wells will not result in any new significant environmental effects or a substantial increase in the severity of the impacts as previously identified in the EIR. The Project would not result in any significant impacts in the City of Beverly Hills, and the mitigation measures previously adopted by the City of Los Angeles address potential impacts at the Los Angeles surface site.

- (2) There are no changes with respect to the circumstances under which the project is undertaken that will require major revisions of the previous EIR due to the involvement of new significant environmental effects and there were no previously identified significant unmitigable effects. The Project is located within an existing drill site that has been in operation since 1965 and contains 69 conductor wells. Over 60 of the conductor wells have previously been drilled from, and the drill site underwent modernization in 1999. The two proposed wells would utilize existing conductor wells that have not previously been drilled beyond a depth of 65 feet. Although the proposed wells are considered to be new wells, they would utilize existing conductor wells and are within the scope of the Los Angeles Project as previously contemplated in the certified EIR, and therefore the Project is not considered to be a substantial change that would require major revisions of the previous EIR. Rather, the Project consists of the City of Beverly Hills considering the permits required by the Beverly Hills Municipal Code, and the related responsible agency consideration of the CEQA documentation. Furthermore, a subsidence report was prepared for the proposed wells in 2011. The Project, subsidence report, and the proposed wells have been reviewed by City staff and the City's consulting geologist (Donald Clarke, RG3583), and it has been determined that the proposed wells will not result in any new significant environmental effects or a substantial increase in the severity of previously identified significant effects.
- (3) Staff has identified no new information of substantial importance identifying a significant effect, and no significant unmitigable effects were associated with the previously certified EIR.

Therefore, pursuant to CEQA Guidelines Section 15164, this Addendum to the EIR has been prepared to document that the two wells proposed to be drilled within existing conductor wells at the drill site, which would extend under the City of Beverly Hills, would not result in any impacts beyond those documented in the EIR.

Revised Addendum to Environmental Impact Report
Pico/Doheny Drill Site
November 13, 2012

For any questions regarding this matter, please contact Ryan Gohlich, Senior Planner in the Beverly Hills Community Development Department at 310.285.1194.

By: 

Ryan Gohlich, Senior Planner

DATE: October 31, 2012

HEARING DATE: November 13, 2012

Revised – November 8, 2012

EXHIBIT B
Findings and Facts in Support of Findings

I. Introduction

The California Environmental Quality Act (“CEQA”) and the State CEQA Guidelines (the “Guidelines”) provide that no public agency shall approve or carry out a project for which an environmental impact report has been certified which identifies one or more significant effects on the environment that will occur if a project is approved or carried out unless the public agency makes one or more of the following findings:

- A. Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects identified in the EIR.
- B. Such changes or alterations are within the responsibility of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.
- C. Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the EIR.¹

Pursuant to the requirements of CEQA, the City Council hereby makes the following environmental findings in connection with the proposal to drill two new wells (Well Nos. WP60H and WP-61) within an existing drill site located at 9101 West Pico Boulevard in the City of Los Angeles (the “Project”). Because the proposed wells would extend under properties in the City of Beverly Hills (the “City”), a separate permit for the wells is required by the City, and the City serves as a responsible agency under the California Environmental Quality Act (“CEQA”) (Cal. Pub. Res. Code §21000 et seq.) and the State Guidelines (the “CEQA Guidelines”) (14 Cal. Code Regs. §15000 et seq.).

The existing drill site located at 9101 West Pico Boulevard (the “Los Angeles Project”) was originally approved in 1999 by the City of Los Angeles as lead agency under CEQA. The City of Los Angeles processed and certified a Final EIR for the Los Angeles Project (the “EIR”). As a responsible agency, the City is relying on the EIR and has caused an Addendum to be prepared to the previously certified EIR to study the full environmental impacts of the Project.

These findings are based upon evidence presented in the record of these proceedings, both written and oral, the Addendum to the previously certified EIR, the EIR, and all of its contents, the Comments and Responses to Comments on the EIR, and staff and consultants’ reports presented through the City’s hearing process.

II. Project Objectives

As set forth in the EIR, the project objectives are as follows:

¹ Cal. Pub. Res. Code § 21081; 14 Cal. Code Regs. § 15091.

- A. To benefit the adjacent residential and commercial neighbors by modernizing the existing drillsite in an environmentally-sensitive manner, which would include the elimination of the existing unenclosed workover rig and its attendant diesel engine exhaust.
- B. To develop a project on the project site that is financially viable, and at the same time provides fiscal benefits to the City of Los Angeles and royalty interest holders.
- C. To develop and produce significant newly identified hydrocarbon reserves which otherwise would remain untapped.
- D. To develop a project that is sensitive to, and compatible with, the surrounding environment.

III. Effects Determined to be Less Than Significant/No Impact and Were Not Analyzed in the EIR

The City of Los Angeles, as lead agency, determined that development of the Los Angeles Project would not result in certain environmental impacts. These respective impacts and environmental issue areas were not analyzed in the EIR but were detailed in the EIR. The City, as responsible agency, is relying on the EIR and through its Addendum, has also determined that the Project to drill two new wells would not result in impacts in the environmental topic areas discussed below.

A. HYDROLOGY

- 1. The Project will not increase surface water runoff and would not cause an impact on existing drainage infrastructure as surface flows drain on-site into existing well cellars that are eventually reinjected into underground aquifers.
- 2. The Project will not create a flood hazard as the location of the Project is in an area known for minimal flooding.

B. BIOLOGICAL RESOURCES

- 1. The Project will not cause any impact on plant life, including tree species.
- 2. The Project will not have a significant impact on endangered, threatened or rare species or habitats as the Project area is highly urbanized.
- 3. The Project will not have an impact on any locally designated species, natural communities, wetland habitat or wildlife dispersal or migration corridors as the Project area is highly urbanized.

C. POPULATION

1. The Project will not cause any significant impacts on local or regional population projections.

D. HOUSING

1. The Project will not displace any existing housing.

E. RIGHT OF WAY AND ACCESS

1. The Project will not result in reduced lot area, access, or creation of abrupt grade differential between public and private property.

F. PUBLIC SERVICES

1. The Project will not cause an impact with regard to the need for new school facilities as no housing is proposed as part of the Project.

G. ENERGY CONSERVATION

1. The Project will not cause any impacts with regard to energy conservation. Although the Project will use electricity, such use would be within a normal urban growth rate.

H. UTILITIES

1. The Project will not cause any impacts on utilities such as water, sewer and solid waste disposal. Use of the utilities for the Project would represent normal urban growth rates and any upgrades required would be the responsibility of the applicant.

I. SAFETY

1. No impacts on safety are anticipated to result from the Project. In addition to the analysis performed by the City of Los Angeles, the City of Beverly Hills has required that the City Engineer monitor the wells drilled into Beverly Hills for subsidence. This monitoring must occur no less than once every two years. Additionally, the City Engineer must annually request public records concerning any inspections of the drill site and notices of violation in connection with the drill site.

J. CULTURAL RESOURCES

1. The Project is not anticipated to have any environmental impacts on cultural resources as there are no known paleontological or archaeological resources in the Project area.

IV. Effects Determined to be Less Than Significant Without Mitigation in the EIR

The EIR found that the Los Angeles Project would have a less than significant impact without the imposition of mitigation on a number of environmental topic areas listed below. A less than significant environmental impact determination was made for each of the following

topic areas listed below, based on the more expansive discussions contained in the EIR. The City, as a responsible agency, is relying on the EIR and through its Addendum, has also determined that the Project to drill two new wells would not result in impacts in the environmental topic areas discussed below.

A. GEOLOGY

1. The Project will not cause significant induced seismicity.
2. The Project is anticipated to have a less than significant impact from liquefaction.
3. Compliance with the applicable building code will reduce any seismic settlement impact to less than significant level.
4. The Project will not create a significant impact on the environment from subsidence.
5. The Project will not cause flooding, erosion or runoff impacts.
6. The Project will not cause impacts related to slope stability, inundation, tsunamis, seiches and volcanic hazards as the Project is removed from slopes and any bodies of water.
7. The cumulative impacts of geologic hazards are also less than significant.

B. AIR QUALITY

1. The Project is not expected to cause any odor impacts.
2. The Project will not cause construction related air quality impacts because construction emissions would be below applicable South Coast Air Quality Management District thresholds.
3. The Project will not cause any operational related air quality impacts including from toxic air contaminants or criteria air pollutants.

C. NOISE

1. The Project will not cause any nighttime operational noise impact in excess of applicable thresholds.
2. The Project will not cause any daytime operation average noise levels or maximum noise level impacts in excess of applicable thresholds.
3. The Project will not increase the community noise equivalent level (cnel) at sensitive receptors above applicable thresholds.
4. The Project will not cause operational vibration impacts.
5. The Project will not contribute to a cumulative noise level impact.

D. AESTHETICS/SHADE AND SHADOW/LIGHT AND GLARE

1. The Project will not cause shade or shadow impacts during the winter solstice.
2. The Project will not cause shade or shadow impacts during the spring/fall equinox.
3. The Project will not cause shade or shadow impacts during the summer solstice.
4. The Project will not cause cumulative shade/shadow impacts.
5. The Project will not cause light or glare impacts.
6. The Project will not cause cumulative light or glare impacts.

E. LAND USE

1. The Project will not have significant land use impact to the applicable plans or to existing zoning.
2. Cumulative land use impacts will be less than significant.

F. MINERAL RESOURCES

1. The Project will not result in a loss of, or loss of access to, or block access to, a mineral resource.
2. The Project will not contribute to a cumulative mineral resource impact.

G. RISK OF UPSET

1. The Project will not cause an impact related to the use of hazardous materials during daily operations.
2. The Project will have a less than significant impact risk from a blowout, and if a blowout did occur, any associated harm would be negligible because of Project design features that reduce the risk of upset.
3. The Project will have a less than significant impact with regard to upset risk due to an oil spill.
4. The Project is not anticipated to result in upset risk due to natural gas leaks based on safety monitoring included in Project operations.
5. The Project will not cause increased demand on the Los Angeles Fire Department due to fire risk as all LAFD regulations will be satisfied.
6. No groundwater contamination is expected to occur as a result of the Project.

7. No other oil drilling and production facilities are located in the immediate vicinity of the Project and thus the cumulative effects from risk of upset related to oil drilling and production will be less than significant.
8. The conclusion set forth in the EIR is further supported by newly adopted requirements set forth in the Beverly Hills Municipal Code that In addition to the analysis set forth in the EIR, the City Council finds that require the City Engineer to monitor the wells drilled into Beverly Hills for subsidence. This monitoring must occur no less than once every two years. Additionally, the City Engineer must annually request public records concerning any inspections of the drill site and notices of violation in connection with the drill site.

H. TRAFFIC

1. The Project will not cause any exceedance in LOS as compared to existing conditions.
2. The Project will not cause any significant impacts to any study area intersections.
3. The Project will not cause any significant traffic impacts on the residential streets Cardiff Avenue and Oakhurst Drive. However, mitigation is imposed as detailed in Section V below.
4. The Project will not cause a significant construction related traffic impact. However, mitigation is imposed as detailed in Section V below.
5. No parking impacts would result with the proposed Project.

I. PUBLIC SERVICES

1. The Project will not result in a need for additional fire services or equipment.
2. Cumulative impacts on fire protection will be less than significant.

V. Potentially Significant Environmental Impacts Determined to be Mitigated to a Less Than Significant Level

The EIR identified the potential for the Los Angeles Project to cause significant environmental impacts in the areas of noise, traffic, public services, and aesthetics/views. The City, as responsible agency, is relying on the EIR and through its Addendum, has determined that the Project to drill two new wells would not result in any new or increased impacts different from those disclosed below and in the EIR. Mitigation measures were identified and adopted by the City of Los Angeles that would mitigate all of these impacts to a less than significant level. No further mitigation is required because all impacts have been mitigated to less than significant levels with the identified mitigation measures, which are under the jurisdiction of the City of Los Angeles.

A. NOISE

1. Construction Noise

Construction of the Los Angeles Project could generate noise levels in the vicinity that could potentially exceed applicable thresholds, but not to a level of significance. With the imposition of mitigation, this already less than significant impact will be further reduced to ensure a less than significant impact. This less than significant conclusion contained in the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR.

a. Findings

Changes or alterations are within the responsibility and jurisdiction of another public agency (the City of Los Angeles) and not the agency making the finding (the City of Beverly Hills). Mitigation measures requiring changes of alterations have been adopted by the City of Los Angeles and are imposed upon the Project to ensure this already less than significant impact is reduced even further:

- The project shall comply with the City of Los Angeles Municipal Code Sections 41.04 and 112.05, and any subsequent ordinances, which regulate construction noise.
- Construction shall be restricted to the hours of 7:00 a.m. to 6:00 p.m. Monday through Friday, and 8:00 a.m. to 6:00 p.m. on Saturday.
- To the extent feasible, construction activities shall be scheduled to avoid operating multiple pieces of equipment simultaneously, which causes higher noise levels.
- Grading and construction equipment shall be stored on the project site while in use.
- The project contractor shall use power construction equipment with noise shielding and muffling devices.

b. Facts in Support of Findings

Temporary construction noise impacts could result from the Los Angeles Project. As detailed in the EIR, temporary construction noise impacts could result from construction activities taking place inside the area that was surrounded by a 12 foot wall at the time of the EIR release, but which has since been expanded to 25 feet in height. The construction of the wall to 25 feet serves a mitigation effect on construction noise taking place at the Los Angeles Project site. As detailed in the EIR, there is the potential that these construction activities taking place inside the previous 12 foot, and now 25 foot wall, could cause noise levels to exceed 65 dBA at

neighboring residential and commercial buildings. The average exterior noise level is between 56 and 62 dBA and a significant impact would result if construction activities exceed the average exterior noise levels by 5 dBA at a noise sensitive use for more than 10 days in a three month period. A significant impact would also result if construction activities exceed the average noise level by 5 dBA at a noise sensitive use between the hours of 9:00 p.m. and 7:00 a.m. Monday through Friday, or before 8:00 a.m. or after 6:00 p.m. on Saturday or at any time on Sunday.

With the incorporation of the mitigation detailed above and the noise reductions achieved through the increased wall height to 25 feet, it is expected that construction noise levels would not exceed applicable thresholds. The mitigation measures require that construction activity hours be restricted so as to avoid exceedance of the threshold during certain hours. The mitigation measures would also require that multiple pieces of construction equipment not be used at the same time in order to ensure noise levels are not compounded. The mitigation measures also require that muffling devices be used where possible to further reduce mechanical construction equipment noise. As such, construction noise levels would be further reduced to a less than significant level and the less than significant conclusion contained within the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR. Finally, the location of noise generating activities associated with the Project is approximately 500 feet south of the Beverly Hills City Limits, and with the mitigation imposed by the City of Los Angeles, impacts in Beverly Hills are unlikely.

2. Noise and Vibration

Although noise and vibration impacts are anticipated to be less than significant without mitigation, various design features are included in the EIR to ensure this already less than significant impact is reduced even further. This less than significant conclusion contained in the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR.

a. Findings

Changes or alterations are within the responsibility and jurisdiction of another public agency (the City of Los Angeles) and not the agency making the finding (the City of Beverly Hills). Mitigation measures requiring changes or alterations have been adopted by the City of Los Angeles and are imposed upon the Project:

Perimeter Wall. A 12' high wall surrounds the existing site. As part of the project, the height of this wall would be extended to 25'.² All gaps between the existing and new walls would be sealed. The existing employee access door on the north side of the perimeter wall would be permanently sealed with concrete block (solid grouted). All other employee access doors in the perimeter wall would be replaced with assemblies having a minimum sound

² It should be noted that the wall extension to 25 feet has been completed.

transmission class³ (STC) of 42. The procurement of laboratory-tested sound rated doors having an STC of at least 42 would provide the noise reduction needed to minimize or eliminate site noise through the perimeter wall. Additional sound-rated entry doors would be added as required by the Fire Department and as needed for personnel safety. The increased wall height would reduce the traffic noise generated on Pico Boulevard at the residential buildings just north of the project site. In addition, it would reduce the noise of the existing pump that is located near the wall and toward the central portion of the project site. As part of the project design, noise control measures in the form of acoustical blankets would be applied to the pump.

Mechanical Equipment. Mechanical equipment within the drillsite would be electrically driven. The equipment would be positioned inside the enclosed derrick structure, or in a separate enclosed structure. This includes the mud system (mud pumps, mud tanks with solids control equipment, and mud conditioning equipment), and all of the debris handling equipment. The walls and roofs of the separate structures to be used for mechanical equipment would be constructed by use of materials that provide a minimum STC of 42. Sound absorptive materials that provide a minimum noise reduction coefficient⁴ (NRC) of 0.70 would be applied to the interior walls and ceilings of the structures. The application of absorptive material on the walls and ceilings reduces the multiple reflections (reverberation) and transmission of noise to exterior locations. The personnel access door(s) to the separate structures would also provide a minimum STC of 42 and, to the extent possible, would remain closed when the equipment is in use.

Derrick Enclosure. To reduce the noise of the workover and redrilling activities, the proposed derrick would be completely enclosed using a derrick structure and would also include noise control features. The following sections describe the proposed derrick enclosure:

- **Enclosure Panels.** Sound rated panels would be used to form the derrick enclosure walls. The enclosure panels would be constructed of one layer of 0.04" thick sheet metal on each side, separated by 3.25". The cavity between the panels would

³ Sound transmission class (STC) is a single number rating system used to compare the sound insulation properties of walls, floors, ceilings, windows or doors. In general the higher the STC rating, the better the assembly is at reducing noise from one side of the assembly to the other.

⁴ Noise reduction coefficient (NRC) is a single number rating of the sound absorption properties of a material. In general the higher the NRC rating, the more sound that is absorbed by the material.

be filled with R-I I insulation batts. The panel joints would overlap to form an airtight seal. The panels would have the surface density, stiffness and absorptive insulation needed to provide an STC of no less than 35.

- **Sound Absorption.** In order to control the reverberation of noise within the derrick enclosure, sound absorptive materials would be placed on a portion of the interior surface of the derrick structure. Specifically, sound absorptive panels having a minimum noise reduction coefficient (NRC) of 0.70 would be placed on the walls of the derrick enclosure below the drilling platform, on the first 50' of the derrick enclosure above the drilling platform, and on the upper 65' of the derrick enclosure. The absorptive material would effectively reduce noise propagation upward and through the open top of the derrick.
- **Enclosure Floor and Ceiling.** The base of the derrick enclosure would be enclosed with a floor assembly that provides a minimum STC of 35 and that is of sufficient durability to withstand the abuse inherent to the derrick environment. The underside (ceiling) of the working platform would be covered with sound absorptive panels that have a NRC of at least 0.70.
- **V-Door.** The V-door that connects the derrick enclosure to the catwalk building would be a sound rated assembly that provides a minimum STC of 35. A seal would be fitted around the perimeter of the V-door to form a tight closure to the derrick structure when the door is closed, as needed to maintain the STC rating.
- **Personnel and Equipment Doors.** All personnel and equipment access doors leading to the interior of the derrick enclosure would be sound rated assemblies having a minimum STC of 35.
- **Ventilation System.** Ventilation fan(s) would be located within the derrick enclosure below the working platform. The inlets and exhausts for the ventilation system would be fitted with lined ducts as needed to form acoustic silencers. The top of the derrick would be fitted with a low-pressure drop silencer as needed to reduce the propagation of noise to the residential buildings north of the site.

Support Building. To further minimize noise, the unloading and loading of materials from trucks, and the storage of equipment and supplies, would take place within the interior of a support building

to be constructed along the northern perimeter wall. The following describes the construction and noise control features that are included in the design of the support building:

- **Walls and Roof.** The walls and roof of the support building would be constructed of materials that provide an STC of 42. This would be accomplished with solid filled concrete block or tilt-up structure walls, and a roof deck that has the weight and stiffness needed to attain this sound rating.
- **Sound Absorption.** In order to reduce the noise within the interior of the support building, sound absorptive materials with a noise reduction coefficient (NRC) of 0.70 would be provided within the space. The commercially available absorptive material would be treated as recommended by the manufacturer for the environment within the support building.
- **Truck Entry Doors.** The roll-up truck entry doors on the east and west sides of the support building would be well-sealed assemblies that provide the surface weight needed to achieve an STC of 42. The doors would be kept tightly closed when not being used for truck access, and would be kept closed when materials are being loaded or unloaded from the trucks. The truck entry doors would not be used for personnel access.
- **Personnel Access Doors.** All personnel access doors to the interior of the support building would be well fitted, sound rated assemblies that provide a minimum STC of 42. The doors would be kept closed when not being used. Personnel doors would not be located on the north side of the support building.
- **Pipe Feed-Through.** The support building would have slotted doors on the south side so that pipe can be moved to the catwalk building. In order to minimize noise propagation from the interior of the support building to the nearby homes, the slotted doors would be well sealed, sound rated assemblies designed to provide a minimum STC of 42. They would be kept closed when not in use.
- **Ventilation System.** A ventilation system would be needed for the support building. The fan(s) would be located inside the support building, and the inlet and exhaust ducts would vent toward the south side of the building. The inlet and exhaust ducts would be fitted with silencers as needed to maintain the noise reduction consistent with the STC 42 of the walls and roof.

- **Pipe Racks and Material Storage.** Resilient padding would be used to ensure that pipes do not come into direct contact with the pipe racks, the building walls, or each other.

Catwalk Building. To minimize noise, a portable catwalk building would be used to store pipe for use in the derrick enclosure. A V-door in the derrick enclosure wall would connect the two structures when the catwalk building is in place. As designed, the catwalk building would have the following noise control features:

Walls, Roof and Floor. The walls, roof and floor of the catwalk building would be constructed of materials that provide an STC of 35.

- **Sound Absorption.** In order to reduce noise within the interior of the catwalk building, sound absorptive material that has a NRC of 0.70 would be installed within the space. The absorptive fill within the panels would be treated as recommended by the manufacturer for the environment within the catwalk building.
- **Pipe Feed-Through.** The catwalk building would have slotted doors on one side so that pipe can be moved to and from the support building. In order to minimize noise propagation from the interior of the catwalk building to the nearby homes, the slotted doors would be well sealed, sound rated assemblies that provide a minimum STC of 35.
- **Pipe Racks.** Resilient padding would be used to ensure that pipes do not come into direct contact with the pipe racks, the building walls, or each other.

Vibration Control Measures. Several features have been included in the project's design to minimize ground vibration. These are described as follows:

- **Derrick Enclosure Panels.** A vibration damping material would be used to attach the derrick enclosure panels to the primary derrick structure. This would inhibit the panels from acting as a resonator for the noise and vibration that occur within the derrick enclosure. The damping material would be used where major panel sections attach to the primary structure of the derrick.
- **Mechanical Equipment.** All mechanical equipment at the site (pumps, mud shakers, etc.) would be mounted on spring isolators. These isolators would have a spring rate as needed to

support the equipment weight and would be properly sized and selected to withstand seismic loads.

- **Derrick Structure.** The derrick structure would be mounted on spring isolators. These isolators would have a spring rate as needed to support the complete derrick structure and equipment above and below the working platform. In addition, the springs would be properly sized and selected to withstand seismic loads.
- **Pipe Contacts.** To minimize ground vibration caused by pipe contacts, resilient pads would be used in the support building, the catwalk building, and the derrick enclosure at locations where the pipes may contact the structure.

Administrative Controls. BreitBurn Energy Company [now known by the name of its successor-in-interest Pacific Coast Energy Company, L.P.] will employ administrative controls to further reduce noise and vibration levels that may result from activities at the drillsite. These include:

- **Operational Restrictions.** Activities on the drillsite would be limited as follows:
 - The vehicular access doors to the support building would remain closed between the hours of 10:00 p.m. and 7:00 a.m.;
 - Employees would be instructed to maintain quiet at all times;
 - No truck movement associated with the project would occur on Oakhurst Drive north of the alley at the north side of the site, or on other residential streets in proximity to the site;
 - Signs would be posted above each of the drive-way exits of the support building instructing trucks leaving the building to minimize the application of power and to accelerate slowly.
- **Braking System.** A disc brake system would be used at the derrick and would provide squeal-free operation. This system is quieter than the conventional brakes used on most drilling operations. The specification for a disc brake system would include noise control as a procurement requirement. Data is currently unavailable regarding the degree to which such

brakes are quieter. The derrick structure, V-door and working platform have been designed to reduce the noise of conventional brake squeal as needed for compliance with the significance criteria at the residential buildings. That is, the derrick structure has been designed to meet the significance criteria even with the use of a conventional braking system.

- **Pipe Movements.** The pipe rails ("horses") upon which pipe is moved between the support building and the catwalk building would be padded with resilient material. The rack used to transfer pipe from the support building to the catwalk structure would be padded as needed to minimize pipe impact noise.
- **Employee Parking.** Employees would continue to park in the parking spaces provided for their use in the alley north of the project site. There would be no expansion of the employee parking area as a result of this project.
- **Employee Entry.** Employees would enter the drillsite from an access door on Doheny Drive or Oakhurst Drive. Because the traffic noise levels are higher at these locations, any potential increase in noise level experienced at the residential areas when the door is opened and closed would be minimized.

Noise and Vibration Monitoring. All monitoring would be conducted under the supervision of an independent acoustical consultant. The City of Los Angeles would be notified prior to the start of monitoring to permit the option of attending the noise and/or vibration measurement. The monitoring would include the following:

- **Pre-Workover and Drilling Phase.** As the equipment at the site is being function tested for operability, noise and vibration measurements, at the nearest residential boundaries to the drillsite would be obtained during the operation of the equipment. These pre-workover or redrilling trial runs would be used to verify and alter, if necessary, the acceptance of specific equipment with regard to noise and vibration. The objective during this phase of the project development would be to only accept equipment and noise control measures that would be in compliance with the significance criteria defined above.
- **Start of Workover and Redrilling.** Noise and vibration measurements would be obtained for at least 4 hours between 10:00 p.m. and 7:00 a.m. once each week for the first 6 weeks and then once each month for the next 6 months from the start

of the workover and drilling phase. Subsequent monitoring would be provided on an as-needed basis in consultation with the City of Los Angeles. Monitoring would occur at the nearest residential building to the operations. A report of findings would be submitted to the City within 5 working days after each measurement period.

b. **Facts in Support of Findings**

The Los Angeles Project included a number of project design features to reduce noise and vibration impacts. Although vibration impacts are already anticipated to be less than significant, the project design features detailed in the above measures would ensure this already less than significant impact is reduced even further. To the extent such features have already been implemented, vibration impacts of the proposed Project to drill two new wells within the existing drill site would be reduced even further. As such, vibration impacts will be less than significant and the less than significant conclusion contained within the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR. With imposition of the mitigation by the City of Los Angeles, no impacts would occur.

B. TRAFFIC

1. **Construction and Operation Traffic**

Construction and operation traffic is not expected to cause any significant traffic related impacts. However, mitigation was imposed by the City of Los Angeles in an effort to ensure that construction and operation traffic does not add congestion in the area surrounding the site, and to ensure a less than significant impact. This less than significant conclusion contained in the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR.

a. **Findings**

Changes or alterations are within the responsibility and jurisdiction of another public agency (the City of Los Angeles) and not the agency making the finding (the City of Beverly Hills). Such mitigation measures requiring changes or alterations have been adopted by the City of Los Angeles and are imposed upon the Project:

Operational: The Project applicant shall be required to instruct all employees to approach the site via Pico Boulevard so they do not add traffic to the residential streets north of the Project site.

Construction: The Project applicant shall provide flag persons to allow two way traffic to flow through the alley without any conflicts during the construction period.

Construction: The Project applicant shall be required to instruct construction vehicles to approach the site via Pico Boulevard so

they do not add traffic to the residential streets north of the Project site.

b. **Facts in Support of Findings**

As detailed in the EIR, under the future with project scenario, during the weekday AM and PM peak hour, all of the study intersections are forecast to operate at the same LOS as under the future without project conditions. Further, based upon the Los Angeles Department of Transportation threshold criteria, none of the study intersections are projected to be significantly impacted by the Los Angeles Project. Finally, no new trips are to be added to the residential streets of Cardiff Avenue and Oakhurst Drive.

As for construction impacts, some traffic disruption and temporary lane closures may be required. Additionally, as detailed in the EIR, construction activity in the alley bordering the drill site at 9101 West Pico Boulevard would result in the closure of half of the alley (10 feet) for potentially up to three weeks.

Although both operational and construction traffic associated with the Los Angeles Project is not anticipated to cause any significant impacts, mitigation is recommended as detailed above. The mitigation imposed would require the applicant to direct construction traffic and operational employee traffic away from the residential streets in order to ensure the already less than significant impact is reduced even further. Finally, because of potential traffic impacts in the alley, the applicant will be required to provide flag persons to allow two way traffic to flow through the alley without any conflicts during the construction period. As such, traffic impacts will be less than significant and the less than significant conclusion contained within the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR.

C. PUBLIC SERVICES

1. **Fire Protection**

The Los Angeles Project has the potential to require more fire flow, or water necessary for fire protection, than is available by the Los Angeles Department of Water and Power. There may also be impacts with regard to fire access to the site. Mitigation imposed by the City of Los Angeles, however, to ensure these potential impacts are reduced to a level of insignificance. This less than significant conclusion contained in the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR

a. **Findings**

Changes or alterations are within the responsibility and jurisdiction of another public agency (the City of Los Angeles) and not the agency making the finding (the City of Beverly Hills). Mitigation measures requiring changes or alterations have been adopted by the City of Los Angeles and are imposed upon the Project:

- In order to evaluate the adequacy of water supply to meet the requirements of the project, the applicant should make a

service advisory request to the LADWP. Upon receipt of the request, the LADWP would evaluate water availability and pressure adjacent to the project site. If any replacement or upgrade of water mains are needed, the applicant shall be required to pay fair share portions of the cost of the replacement or upgrade.

- Fire lane width shall not be less than 20 feet. When the fire lane must accommodate the operation of the Fire Department aerial ladder apparatus or where fire hydrants are installed, those portions shall not be less than 28 feet in width.
- Where access for a given development requires accommodation of Fire Department apparatus, overhead clearance shall not be less than 14 feet.

b. **Facts in Support of Findings**

The Los Angeles Fire Department fire flow requirement for the Los Angeles Project site is 4,000 gallons per minute at 20 pounds per square inch or from four adjacent fire hydrants flowing simultaneously. Therefore, four fire hydrants would need to be located, one at each corner of the Los Angeles Project site. The Los Angeles Department of Water and Power indicated that in order to evaluate the adequacy of water supply to meet the requirements of the Los Angeles Project, a service advisory request would need to be made to the Los Angeles Department of Water and Power. Upon receiving this request, the Los Angeles Department of Water and Power would evaluate water availability and pressure adjacent to the site. If any upgrades or replacement of water mains are required, the applicant will be required to pay fair share portions of the cost of the replacement or upgrade. This requirement is included in the above mitigation measure to ensure a less than significant impact. Additional mitigation is also imposed to ensure that fire land width is adequate, and to ensure that overhead clearance is adequate for fire protection services. As such, fire protection impacts will be less than significant and the less than significant conclusion contained within the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR.

D. AESTHETICS/VIEWS/VISUAL RESOURCES

1. **Views/Visual Resources**

The derrick structure included as part of the Los Angeles Project has the potential to cause visual impacts. Additionally, the increased 25 foot tall wall can also create visual impacts. With the implementation of mitigation, any visual impact will be reduced to a level of insignificance. This less than significant impact conclusion is equally applicable to the Project to drill two new wells as the wells would be drilled from the existing drill site where the derrick structure and 25 foot tall wall are located.

a. **Findings**

Changes or alterations are within the responsibility and jurisdiction of another public agency (the City of Los Angeles) and not the agency making the finding (the City of Beverly Hills). Mitigation measures requiring changes or alterations have been adopted by the City of Los Angeles and are imposed upon the Project:

- All facades of the derrick structure shall include architectural features with visual interest and shall avoid large blank walls.
- The project applicant shall explore ways in which the derrick structure can provide a visual community benefit and/or landmark, through such provisions as the placement of clocks and/or community art on the sides of the proposed derrick structure.
- Additional street trees shall be planted along the Pico Boulevard, Oakhurst Drive, and Doheny Drive frontages of the project site, where gaps in the existing line of trees currently occur.
- Additional landscaping treatment (such as the planting of creeping fig) shall be employed along the north facing (alley) perimeter wall.

b. **Facts in Support of Findings**

As indicated in the EIR, raising the wall from 12 feet to a height of 25 feet would increase the sense of building massing on the site. Although the increased height of the wall is consistent with surrounding one and two story structures, and no significant impacts are anticipated, additional landscaping is imposed as mitigation in order to ensure this already less than significant impact is reduced even further.

Additionally, the derrick structure that is 175 feet in height may appear large and intrusive. In order to reduce this intrusiveness and blend the derrick structure into the neighborhood, mitigation measures are imposed to require architectural features, or other features, be included on the derrick structure to ensure a less than significant visual impact. As such, visual impacts will be less than significant and the less than significant conclusion contained within the EIR is equally applicable to the Project to drill two new wells within the already existing drill site analyzed in the EIR. With imposition of the mitigation measures by the City of Los Angeles, no impacts would occur.

VI. Project Alternatives

The City of Beverly Hills, in relying on the EIR to study the environmental effects of the Project, has considered a range of reasonable alternatives including, Alternative 1: No Project/Existing Conditions to Remain, Alternative 2: Reduced Height of Derrick (145 Feet),

Alternative 3: Reduced Height of Derrick (129 Feet), Alternative 3A: Rotating Catwalk and Derrick Structure, and Alternative 4: Project with Enclosed Project Site.

Although alternative site alternatives were considered as detailed in Alternative 5: Alternative Sites in the EIR, none were found feasible as the Los Angeles Project is site specific within a controlled existing drill site.

Alternatives 1, 2, 3, 3A, and 4 that were analyzed in the EIR are discussed below and the basis for rejecting each of these alternatives as infeasible is analyzed. Further, pursuant to CEQA Guideline 15096(g)(2) no other feasible alternatives exist that are within the City's control that would reduce or further eliminate the potentially significant, but mitigable, impacts identified in the EIR.

A. ALTERNATIVE 1: NO PROJECT/EXISTING CONDITIONS TO REMAIN

1. Summary of Alternative

The No Project/Existing Conditions to Remain alternative would leave the site in its present condition with existing operations on the site continuing. The Los Angeles Project will not be constructed nor would the Project move forward.

2. Reasons for Rejecting Alternative: Infeasibility

The No Project Existing Conditions to Remain alternative would not generate the impacts that are associated with the Los Angeles Project. However, air quality, noise and possibly aesthetic impacts associated with existing conditions would be increased as compared to the Los Angeles Project. Under the Los Angeles Project, noise impacts would be reduced via the increased height of the wall surrounding the site, and enclosure of the derrick and other project components with noise insulation materials.

The No Project Existing Conditions to Remain alternative would not accomplish any of the project objectives as the site would remain the same. It should also be noted that implementation of much of the Los Angeles Project has occurred, such that the existing conditions on the site are more representative of the Los Angeles Project than the existing conditions at the time of project approval.

The City Council hereby finds that each of the reasons set forth above would be an independent ground for rejecting Alternative 1 as infeasible, and by itself, independent of any other reason, would justify rejection of Alternative 1 as infeasible. Further, approval of this Alternative is beyond the authority of the City of Beverly Hills in its role as a responsible agency.

B. ALTERNATIVE 2: REDUCED HEIGHT OF DERRICK (125 FEET)

1. Summary of Alternative

The Reduced Height of Derrick (125 Feet) alternative would consist of installation of a 145 foot enclosed drilling structure, 30 feet shorter than the 175 foot derrick proposed as part of

the Los Angeles Project. With the exception of the derrick height, operations would be almost identical to the proposed project in the EIR. Auxiliary equipment would be mounted inside the two-story drilling base substructure. The working floor, substructure, and portions of the derrick would be acoustically equipped for sound attenuation and the base of the rig substructure would be equipped with isolators to absorb equipment related vibrations. These noise features would also be included with the Project as well. A support building, equipped for sound attenuation, and used for loading and unloading of equipment and for storage of materials needed for drilling/workover operations, would still be built along the northern portion of the drill site from the existing east gate on Doheny Drive to a new gate on Oakhurst Drive. As with the Los Angeles Project, a catwalk building, also equipped for sound attenuation, would be constructed around the catwalk area and used for picking up and laying down tools and pipe for workover/drilling operations. Even with these changes, it is assumed the Project to drill two new wells could still occur with this Alternative.

2. Reasons for Rejecting Alternative: Infeasibility

The Reduced Height of Derrick (125 Feet) alternative would result in generally comparable impacts over the Los Angeles Project with the exception of two areas: shade/shadow and visual resources. As the height of the derrick would be reduced, shade/shadow and visual resources impacts would generally be considered less over the higher height of the derrick in the proposed project analyzed in the EIR. However, this alternative has the potential to result in a slightly less efficient dispersion of project-generated emissions from within the structure as the emissions will be released at a lower height from the top of the derrick. It appears that a majority of the project objectives will be met with this alternative.

The City Council hereby finds that the less efficient dispersion of project generated emissions is an independent ground for rejecting Alternative 2 as infeasible, and by itself, independent of any other reason, would justify rejection of Alternative 2 as infeasible. Further, approval of this Alternative beyond the authority of the City of Beverly Hills in its role as a responsible agency.

C. **ALTERNATIVE 3: REDUCED HEIGHT OF DERRICK (129 FEET)**

1. Summary of Alternative

The Reduced Height of Derrick (129 Feet) alternative would consist of installation of a 129 foot enclosed drilling structure, 46 feet shorter than the 175 foot derrick proposed as part of the Los Angeles Project. As compared to the two story drilling base substructure for the project analyzed in the EIR, the drilling base substructure under this alternative would be reduced to one story, necessitating the removal of the mud tanks from the substructure to a location in the southeast part of the project site. A soundproofed building would be constructed around the mud plant area. Solids removal, mud cleaning and mud conditioning would take place in the mud building. The building would be vented over to a duct system in the drilling rig for venting at the top of the rig. As with the project in the EIR, the working floor, substructure, and portions of the 129 foot derrick would be acoustically equipped for sound attenuation, and the base of the rig substructure would be equipped with isolators to absorb equipment related vibrations. A support building, equipped for sound attenuation, and used for loading and unloading of equipment and

for storage of materials needed for drilling/workover operations, would still be built along the northern portion of the drill site from the existing east gate on Doheny Drive to a new gate on Oakhurst Drive. As with the proposed project in the EIR, a catwalk building, also equipped for sound attenuation, would be constructed around the catwalk area and used for picking up and laying down tools and pipe for drilling/workover operations. Even with these changes, it is assumed the Project to drill two new wells could still occur with this Alternative.

2. Reasons for Rejecting Alternative: Infeasibility

Reduced Height of Derrick (129 Feet) alternative would result in generally comparable impacts over the Los Angeles Project with the exception of two areas: shade/shadow and visual resources. As the height of the derrick would be reduced, shade/shadow and visual resources impacts would generally be considered less over the higher height of the derrick in the proposed project analyzed in the EIR. However, this alternative has the potential to result in a slightly less efficient dispersion of project-generated emissions from within the structure as the emissions will be released at a lower height from the top of the derrick. It appears that a majority of the project objectives will be met with this alternative.

The City Council hereby finds that the less efficient dispersion of project generated emissions is an independent ground for rejecting Alternative 3 as infeasible, and by itself, independent of any other reason, would justify rejection of Alternative 3 as infeasible. Further, approval of this Alternative is beyond the authority of the City of Beverly Hills in its role as a responsible agency.

D. ALTERNATIVE 3A: ROTATING CATWALK AND DERRICK STRUCTURE

1. Summary of Alternative

Alternative 3A is an additional alternative that would further reduce activities occurring outside of the derrick and support building. This option would include the 129 foot derrick alternative evaluated in alternative 3 above, but would also rotate the catwalk building and the derrick structure such that the catwalk building would be attached to the support building on its north end and to the derrick structure on its southern side. The net result of this alternative is that all pipe movement would occur inside noise controlled structures. This alternative would generally include the same components as alternative 3, but the derrick structure would be turned 90 degrees and the pipe handling building or catwalk building would be oriented north-south directly connecting the derrick to the support building. Even with these changes, it is assumed the Project to drill two new wells could still occur with this Alternative.

2. Reasons for Rejecting Alternative: Infeasibility

All of the environmental impacts associated with alternative 3A would be exactly the same as alternative 3 with one main difference: noise. Under Alternative 3A, pipe transfer from the support building to the catwalk would occur entirely within noise controlled and enclosed structures, further reducing potential noise impacts involved in transferring pipe for the support building to the catwalk building as compared to the project in the EIR. Thus, noise impacts are expected to be reduced even further.

However, similar to Alternative 3, this alternative has the potential to result in a slightly less efficient dispersion of project-generated emissions from within the structure as the emissions will be released at a lower height from the top of the derrick. It appears that a majority of the project objectives will be met with this alternative.

The City Council hereby finds that the less efficient dispersion of project generated emissions is an independent ground for rejecting Alternative 3A as infeasible, and by itself, independent of any other reason, would justify rejection of Alternative 3A as infeasible. Further, approval of this Alternative is beyond the authority of the City of Beverly Hills in its role as a responsible agency.

E. ALTERNATIVE 4: PROJECT WITH ENCLOSED PROJECT SITE

1. Summary of Alternative

This alternative would involve surrounding the entire drill site with a 145 foot tall perimeter structure. Although open-air, the perimeter structure would be acoustically equipped for sound attenuation. A conventional drilling rig, approximate 129 feet tall, would be modified to enable double (62 foot) stands of pipe to be utilized during drilling/workover operations. Equipment would be located around the drill site depending on the derrick location. Isolators would be used on all required equipment to absorb vibrations. Acoustical barriers would be placed around auxiliary equipment to attenuate sound. Even with these changes, it is assumed the Project to drill two new wells could still occur with this Alternative.

2. Reasons for Rejecting Alternative: Infeasibility

Alternative 4 would generally result in some comparable impacts over that of the Los Angeles Project. However, it would also involve increased impacts in some instances as the mass and size of the proposed alternative would cause greater light and glare, shade/shadow, land use, and visual resource impacts. Additionally, air quality impacts would be greater as this alternative has the potential to modify airflow patterns which can mix emissions leaving the top of the structure and push them back down to ground level. Because of these potential impacts, and the land use inconsistency that may result, it does not appear that all project objectives would be met with this alternative. In particular, the objective requiring that a project be developed that is sensitive to, and compatible with, the surrounding environment, would not be met.

As at least one of the project objectives would not be met with this alternative, and this alternative would result in increased environmental impacts, the City Council finds these reasons as a basis for rejecting this Alternative as socially infeasible.

The City Council hereby finds that each of the reasons set forth above would be an independent ground for rejecting Alternative 4 as infeasible, and by itself, independent of any other reason, would justify rejection of Alternative 4 as infeasible. Further, approval of this Alternative is beyond the authority of the City of Beverly Hills in its role as a responsible agency.

F. ENVIRONMENTALLY SUPERIOR ALTERNATIVE

Of the alternatives evaluated above, Alternative 2 and 3 are the environmentally superior alternatives. However, as both alternatives have derrick structures lower than the Los Angeles Project, they both have the potential to increase air quality impacts. This is because of the slightly less efficient dispersion of project-generated emissions from within the structure as the emissions will be released at a lower height.

As the environmentally superior alternatives would increase air quality impacts, they are both rejected by the City Council. The alternatives are also rejected because each is beyond the authority of the City of Beverly Hills in its role as a responsible agency.

RESOLUTION NO. 13-R-

RESOLUTION OF THE COUNCIL OF THE CITY OF
BEVERLY HILLS APPROVING 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. The two new wells have been designated at WP60H and WP61.

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. The Addendum and proposed findings have been adopted by separate resolution.

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. At the meeting of December 4, 2012, the applicant offered to comply with an additional condition that had been discussed at the hearing of November 13. As a consequence of this offer and potential amendments to the Beverly Hills Municipal Code suggested by the City Council, the City Council continued consideration of the matter until January 8, 2013.

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.

7.2. Based on the evidence presented, the conditions accepted by the applicant, and the City's new proposed regulations, the City Council finds that persons and property within the City of Beverly Hills 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 with the City due to the extraction of oil from the two proposed wells.

1) In addition to the information set forth in the EIR and the Addendum which conclude that drilling will not result in a significant environmental impact in the City of Beverly Hills, the City has introduced additional regulations to ensure that the drill site and the proposed wells will be adequately monitored. The City Council has introduced an ordinance that will require the Director of Public Works to monitor the wells for subsidence no less than once every two years. Additionally, the ordinance requires that the Director of Public Works annually request from all appropriate agencies records of inspections and notices of violation concerning the drill site at 9101 Pico Boulevard. Monitoring will ensure that the conclusions of the EIR and Addendum will remain legitimate in the future. This resolution of approval has been conditioned on the ordinance becoming effective.

2) WP60H will enter Beverly Hills at a depth of 5,442 feet, approximately one mile, below ground. WP61 will enter Beverly Hills at a depth of 3,176 feet, more than one half mile, below ground. Thus, the possibility for direct impacts on persons or property in Beverly Hills is remote. Additionally, a subsidence report prepared by the applicant and reviewed by the City's consultant concluded that the risk of indirect impacts from subsidence was negligible. Although the report and review of the report relied on the premise that the applicant would adequately comply with existing regulations, the City Council is willing to rely on the report and the review because this approval is conditioned on the adoption of an

ordinance that requires the Director of Public Works to monitor the wells for subsidence no less than every two years and to monitor inspections and notices of violation by annually requesting from appropriate agencies records concerning inspections and notices of violation that relate to the wells and drill site at 9101 Pico Boulevard.

3) The approval of the application will not result in any increase in the total number of oil wells drilled beneath the City of Beverly Hills. As a condition of approval of the application, the Applicant will formally plug and abandon that portion of two existing wells that are drilled beneath the City of Beverly Hills.

Section 8. Based upon the foregoing, the City Council hereby approves the application to drill two oil wells, designated as WP60H and WP61, from the existing drill site located at 9101 Pico Boulevard in the City of Los Angeles, subject to the following conditions:

1. This approval shall not become effective unless and until the City Council adopts Ordinance No. 13-O-_____, and such ordinance becomes effective. Ordinance No. 13-O-_____, requires the Director of Public Works to monitor all oil wells drilled beneath the City of Beverly Hills for subsidence no less than once every two years and requires that the Director annually request from appropriate governmental agencies all records of inspections and notices of violation relating to drill sites from which wells are drilled into the City of Beverly Hills. Ordinance 13-O- _____ also clarifies that the separation requirement between drill sites and certain sensitive uses also applies to those uses located in Beverly Hills.
2. Wells WP60H and WP61 shall not be drilled into Beverly Hills unless and until that portion of existing wells LW 11 and WP 27 within the City of Beverly Hills are formally

plugged and abandoned in accordance with the regulations of the Natural Resources Agency of California, Department of Conservation, Division of Oil, Gas and Geothermal Resources.

3. The applicant shall not use hydraulic fracturing (“fracking”) or any similar technique to produce oil from wells WP60H and WP61.

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.

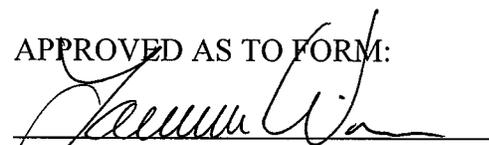
Adopted:

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 C. KOLIN
City Manager