

LYNN K. WYATT
CHIEF ZONING ADMINISTRATOR

ASSOCIATE ZONING ADMINISTRATORS

JACK CHIANG
HENRY CHU
LOURDES GREEN
THEODORE L. IRVING
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CHARLES J. RAUSCH, JR.
FERNANDO TOVAR
DAVID S. WEINTRAUB
MAYA E. ZAITZEVSKY

CITY OF LOS ANGELES
CALIFORNIA



ERIC GARCETTI
MAYOR

**DEPARTMENT OF
CITY PLANNING**

VINCENT P. BERTONI, AICP
DIRECTOR
(213) 978-1271
KEVIN J. KELLER, AICP
DEPUTY DIRECTOR
(213) 978-1272
LISA M. WEBBER, AICP
DEPUTY DIRECTOR
(213) 978-1274
JAN ZATORSKI
DEPUTY DIRECTOR
(213) 978-1273

<http://planning.lacity.org>

January 20, 2017

Steven P. Rusch (A)(O)
Freeport-McMoRan Oil & Gas, LLC.
5640 South Fairfax Avenue
Los Angeles, CA 90056

George Paspalof
Sentinel Peak Resources LLC
5640 South Fairfax Avenue.
Los Angeles, CA 90056

CASE NO. ZA 16773 (PA1)
COMMUNICATION – PLAN APPROVAL
REVIEW OF COMPLIANCE
3306-3326 Washington Boulevard
Zone : [Q] CM-1VL
D. M. : 126B189
C. D. : 10
CEQA : ENV-2006-4542-CE
Legal Description: Lots 1-6, Block 22,
Arlington Heights Tract

The Department of Planning is requiring the filing of a Plan Approval application for a review of compliance with conditions imposed under ZA 16773, (August 30, 1963) and as modified pursuant to ZA 16773 (PA1) (August 10, 2007) and the associated Letter of Correction (September 28, 2007) for the property located at 3306-3326 Washington Boulevard, the purpose of which will be to review the applicant's compliance with, and the effectiveness of, the conditions established in the subject grants.

Background

On August 30, 1963, the Chief Zoning Administrator, pursuant to Section 13.01 of the Los Angeles Municipal Code (LAMC), authorized oil drilling and production at 3306-3326 Washington Boulevard under Case No. ZA 16773. The site, known as the Fourth Avenue drill site, is located within Urbanized Oil Drilling District No. U38 as established by Ordinance No. 114,702.

Subsequent cases have also regulated oil production on the property; the last authorization was issued by the Zoning Administrator on August 10, 2007, under ZA16773 (PA1) and the associated Letter of Correction (September 28, 2007). The 2007 authorization states that all terms and conditions specified under the parent grant, ZA Case No.16773, shall be strictly complied with, and as may have been modified by subsequent determinations. The 2007 authorization ZA16773 (PA1) also includes the following condition:

10. At any time during the period of validity of this grant, should documented evidence be submitted showing continued violation of any condition of this grant, resulting in an unreasonable level of disruption or interference with the peaceful enjoyment of the adjoining and neighboring properties, the Zoning Administrator reserves the right to require the applicant to file for a plan approval application together with associated fees pursuant to LAMC Section

19.01-C (Plan Approval 12.24-M \$1,898 or as in effect at the time of filing), the purpose of which will be to hold a public hearing to review the applicant's compliance with and the effectiveness of these conditions. The applicant shall prepare a radius map and cause a notification to be mailed to all owners and occupants of properties within a 500-foot radius of the property, the Council Office, and the Los Angeles Police Department corresponding Division. The applicant shall also submit a summary and any supporting documentation of how compliance with each condition of this grant has been attained. Upon this review the Zoning Administrator may modify, add or delete conditions, and reserves the right to conduct this public hearing for nuisance abatement/revocation purposes.

Unauthorized Conversion of Wells

On March 31, 2016, the applicant of record at that time, Freeport-McMoran Oil & Gas (FM O&G), summarized actions taken by FM O&G in reaction to and in compliance with the Notice to Comply issued by the Los Angeles Fire Department (LAFD) on January 28, 2016 (letter to Linn K. Wyatt from Steven P. Rusch, March 31, 2016, received April 22, 2016). FM O&G acknowledged that six Class B wells were reactivated through a demonstration of pressure on the well head; FM O&G asserted that wells were not converted from Class B wells into Class A wells.

Information obtained from the California Division of Oil, Gas, and Geothermal Resources (DOGGR) dated May 5, 2016, regarding the status of drilling and production operations on the site has been reviewed by the responsible City agencies including the Department of Planning, Los Angeles Fire Department, Department of Building and Safety, and Office of Petroleum and Natural Gas Administration and Safety.

On November 29, 2016, the Office of Zoning Administration requested that the Department of Building and Safety conduct a condition compliance review of the subject drill site to investigate compliance with all applicable provisions of the Los Angeles Municipal Code and operational conditions pursuant to case number ZA 16773, (August 30, 1963) and as modified pursuant to ZA 16773 (PA1) (August 10, 2007) and the associated Letter of Correction (September 28, 2007). The Department of Building and Safety conducted their inspection on December 15, 2016; findings of that inspection were received from the Department of Building and Safety on January 5, 2017.

In a subsequent report prepared January 6, 2017 by Uduak-Joe Ntuk, Petroleum Administrator ("*4th Avenue Idle Wells Evaluation Report*"), the findings note specifically that seven (7) wells were converted from injection wells to production wells according to DOGGR's permitting and regulatory criteria in January, 2015. The wells were re-classified from "Class B" injection wells to "Class A" production wells.

Explanation of Procedure and Instructions to Applicant/Property Owner

Pursuant to LAMC Section 13.01-I, "*No person shall drill, deepen or maintain an oil well or convert an oil well from one class to the other and no permits shall be issued for that use, until a determination has been made by the Zoning Administrator or Area Planning Commission pursuant to the procedure prescribed in Subsection H of this section.*"

Based on the authority provided to the Zoning Administrator in LAMC Section 13.01-I, Condition No. 10 of the subject grant, and further evidence received by the Office of Zoning

Administration established in the record¹, the Department of Planning is requiring the filing of a Plan Approval application for review of compliance with the conditions imposed under ZA 16773(PA1).

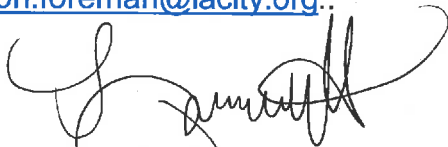
No later than February 20, 2017, the Plan Approval application and any associated environmental clearance application shall be filed by the applicant on the appropriate forms, accompanied by the payment of all requisite fees, as governed by Section 19.01 of the LAMC.

The Office of Zoning Administration maintains authority to conduct a public hearing before a Zoning Administrator; legal notification of the hearing pursuant to the LAMC would be issued under separate cover. Please note that any separate actions taken by other City agencies or responsible agencies does not relieve the applicant of the requirement to fulfill the terms of the subject grant, ZA 16773 (PA1).

The application must be accepted as complete by the Planning Department's Development Services Center at the following location:

Figueroa Plaza
201 North Figueroa Street,
4th Floor
Los Angeles, CA 90012
(213) 482-7077

If you have questions regarding this matter, please contact Jon Foreman, Senior City Planner, Office of Zoning Administration, at (213) 978-1318 or e-mail at: jon.foreman@lacity.org.



LINN K. WYATT
Chief Zoning Administrator

LKW:sm

cc: Councilmember Herb Wesson,
Tenth Council District
Andrew Westall, Tenth Council District
Vanessa Rodriguez, Tenth Council District
Justin Wesson, Tenth Council District
Vincent P. Bertoni, Department of Planning
Lisa Webber, Department of Planning
Yeghig Keshishian, Department of Planning

¹ Including, but not limited to the Interdepartmental Correspondence from Uduak-Joe Ntuk, Petroleum Administrator to Honorable Herb Wesson, Los Angeles City Council President, *4th Avenue Idle Wells Evaluation Report*, January 6, 2017; LADBS report, January 5, 2017; correspondence received from the United Neighborhoods Neighborhood Council (UNNC), April 13, 2016, Tenth Council District Office, August 14, 2016; and DOGGR records, including but not limited to YR 2015 correspondence with FM O&G.

Jon Foreman, Department of Planning
Uduak-Joe Ntuk, Office of Petroleum and Natural Gas Administration and Safety
Jennifer Tobkin, City Attorney's Office