



5640 Fairfax Avenue
Los Angeles, CA 90056

February 20, 2017

City of Los Angeles
Attn: Linn K. Wyatt, Chief Zoning Administrator
Office of Zoning Administration
200 North Spring Street, Room 1020
Los Angeles, CA

**Subject: 3306-3326 Washington Boulevard (4th Avenue Drill Site)
Case No. ZA 16773 (PA1)**

Sentinel Peak Resources California LLC is pleased to announce that on December 30, 2016, it purchased the 4th Avenue drill site as well as other California assets from Freeport McMoRan Oil & Gas. The 4th Avenue drill site is located at 3306-3326 Washington Boulevard within the City limits.

The 4th Avenue drill site has produced domestic oil and gas dating back to the 1960's, yielding mineral deposits from the Las Cienegas oil field. It plays a small but important part in meeting Los Angeles' energy needs, and provides employment for those in the STEM field (science, technology, math, and science). And this is accomplished within a modest footprint -- approximately 1.1 acres.

We received the City's letter dated January 20, 2017, in which the Department of Planning stated its requirement for the submittal of a Plan Approval application for the subject property, relying on a January 6, 2017 report from the Petroleum Administrator. Importantly, the Petroleum Administrator's report notes that:

...“further investigation by the City (various departments) should be done to validate” findings in the report, and if “additional items [were] evaluated the findings may have been different.”

We believe that additional evaluation would be beneficial to better understand and distinguish between the California Division of Oil & Gas and Geothermal Resource (DOGGR) classification of wells and activities that trigger the City's permit process. Accordingly, Sentinel requests that the City defer taking any further action on the need for a Plan Approval for the next 30 days to engage in this evaluation process.

As we examine this issue, note that no rigs, workovers, new construction, or night shift work is underway at the 4th Avenue drill site. Given this, the call for a Plan Approval application seems unwarranted and oddly out of place.

Apparently, the City's permit process is in question and we believe that the City Fire Department's actions are important to an understanding of the permit process. While the January 20, 2017 letter refers to the Fire Department's inquiry regarding the classification of wells at the site, the Petroleum Administrator's report does not address the Fire Department proceedings relative to the DOGGR process. For convenience, we attach the letter previously submitted by the prior operator regarding the Fire Department process, and we would welcome an opportunity to discuss further these issues. However, as we understand it, the seven (or six) wells in question are still labeled injectors by the City (because the City had not yet authorized a conversion to producers), and were also "deemed to be in operation" under the City's rules because they were "physically connected" (not because they were actually operating). We also understand that the Fire Department agreed with this assessment.

Sentinel acknowledges that a City permit could be required if it proposes to perform downhole physical changes to convert the wells from "Class B" to "Class A" wells, but no such changes have been proposed and the wells in question are not operating as "Class A" wells. Here, DOGGR approved termination of the historic waterflood project, but DOGGR did not and could not authorize the conversion of wells on behalf of the City. The City's Code does not state anywhere that an operator is required to seek City approval to convert the wells *prior* to obtaining DOGGR approval to terminate an injection project. Instead, a City permit should only be triggered by a proposal to perform downhole physical changes to convert the well. Many projects require multiple approvals or permits from different federal, state and local agencies, and generally, projects cannot proceed unless all of the approvals or permits have been obtained. These wells are not operating as "Class A" producers and thus, the requirement for a City permit does not seem to be justified.

In closing, the permit process for the conversion of wells should be clarified, including an understanding of the Fire Department's process, prior to any further action by the Office of Zoning Administration. Sentinel looks forward to discussing this further with all of the City departments involved in the process and in the meantime, we request that the City defer taking any further action on the need for a Plan Approval for the next 30 days to engage in this evaluation process.

Sincerely,



George Paspalof

Executive Vice President – Los Angeles Basin Operations

c: Jon Foreman, Senior City Planner

Christine Halley, PE – Director of EH&S and Regulatory Affairs

Nicki Carlsen, Alston & Bird

