

**BOARD OF PUBLIC WORKS
MEMBERS**

AURA GARCIA
PRESIDENT

M. TERESA VILLEGAS
VICE PRESIDENT

DR. MICHAEL R. DAVIS
PRESIDENT PRO TEMPORE

VAHID KHORSAND
COMMISSIONER

SUSANA REYES
COMMISSIONER

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

**OFFICE OF THE
BOARD OF PUBLIC WORKS**

DR. FERNANDO CAMPOS
EXECUTIVE OFFICER

200 NORTH SPRING STREET
ROOM 361, CITY HALL
LOS ANGELES, CA 90012

TEL: (213) 978-0261
TDD: (213) 978-2310
FAX: (213) 978-0278

<http://bpw.lacity.org>

September 28, 2022

Honorable Members of the City Council

**SUBJECT: CF# 17-0149-S2 – HILLCREST BEVERLY OIL COMPANY /
RANCHO PARK DRILL SITE / AIR MONITORING
/ TOXIC EMISSIONS**

On August 13, 2020, Council Motion 17-0149-S2 (Koretz-Bonin) was introduced instructing the Petroleum Administrator to work with the Hillcrest Beverly Oil Company to report back on the results of the 3rd party inspection of the Rancho Park Drill Site, the status and results of the ongoing air monitoring, and ongoing efforts to remove the Mercaptan equipment, with the overall goal of protecting the health of the surrounding neighbors, particularly the health of the children at the three schools within close proximity, from toxic emissions.

DISCUSSION

Background

The Office of Petroleum and Natural Gas Administration and Safety (OPNGAS) is an Office within the Board of Public Works and its daily activities are managed by the Petroleum Administrator. The City's Petroleum Administrator is responsible for administering and managing all functions and related components of the petroleum and natural gas pipeline franchise agreements that authorize the transportation of various hydrocarbon commodities throughout the City via underground pipelines. The Administrator and OPNGAS partners with local, State, and Federal agencies to implement and enforce the various laws, rules and regulations. The Administrator provides policy advisement to the Mayor, City Council, and Board of Public Works on petroleum and natural gas matters. The OPNGAS is divided into four functional areas – Franchise and Contract Administration, Safety and Compliance, Community Engagement and Policy and Amortization.



Mercaptan

Since natural gas (methane) is odorless and colorless, but also explosive and flammable, the natural gas industry adds an odorant as a safety precaution to make it detectable. Mercaptan is used for industrial purposes because it can be detected by most people in extremely small quantities, i.e. less than one part per million.

A discussion of efforts to remove the Mercaptan equipment was initiated with the Southern California Gas Company (SoCalGas) during the 2021 LA City Franchise negotiation, but SoCalGas pointed out that Mercaptan is the industry standard and is required by the California Public Utilities Commission (CPUC).

Third Party Annual Inspections

On May 15, 2019, the West Los Angeles Planning Commission produced a series of findings and conditions in regards to Hillcrest Beverly Oil Corporation's (HBOC) Plan Approval to review compliance with conditions imposed under ZA-14560 for the existing 1.93-acre Rancho Park Drill Site. Condition 8 requires "An Annual Safety Inspection report which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory of equipment on site, any repair work, and / or maintenance done to keep the equipment in good condition at all times. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination."

Hillcrest Beverly Oil Corporation has submitted annual reports in August of 2020, 2021 and 2022 to the Zoning Administrator and the Petroleum Administrator.

2020

HBOC submitted the report on the due date of August 17, 2020.

InterAct PMTI (InterAct) was contracted by HBOC to perform an un-biased third-party audit of HBOC's Annual Safety Inspection Report to demonstrate compliance and transparency. This audit consisted of a detailed regulatory documentation review and an on-site evaluation of the facility.

InterAct assessed the Drill Site for compliance with relevant governmental agencies, including but not limited to:

- Los Angeles Fire Department (LAFD)
- Los Angeles Department of Building and Safety (LADBS)
- California Geologic Energy Management Division (CalGEM)
- South Coast Air Quality Management Division (SCAQMD)
- California Environmental Reporting System (CERS)

- Environmental Protection Agency (EPA)
- Pipeline and Hazardous Materials Safety Administration (PHMSA)
- Los Angeles Department of Water and Power (LADWP)
- State Water Quality Control Board (SWQCB)

InterAct Assessment:

InterAct performed as a third-party to audit Hillcrest Beverly Oil Corporation's (HBOC) Annual Safety Inspection. Based on our inspection, HBOC has clearly demonstrated a commitment to compliance with all applicable regulations, a commitment to safety for employees and the community, and a commitment to following good oilfield practices. After rigorous review of necessary documents and the Rancho Park facility, InterAct has determined that HBOC's Annual Safety Inspection fulfills all requirements set forth by the city of LA.

OPNGAS Assessment:

The report is very thorough and moving forward, this report can be a template for other drill sites to use. The annual report will be helpful for future annual desk audit of the drill sites

2021

InterAct PMTI (InterAct) was contracted by HBOC again.

Supplemental Report

On May 26, 2021 a supplemental report was issued. The purpose of this supplemental report is to address issues concerning HBOC's compliance with the City of Los Angeles (the City) ordinances and lease obligations.

InterAct Assessment:

Based on our review of the Los Angeles Municipal Code (LAMC), various approved ordinances specific to the Rancho Park Drill Site, and various mineral lease, surface use lease and other applicable legal documents, HBOC has clearly demonstrated a commitment to compliance with all applicable regulations, a commitment to safety for employees and the community, and a commitment to following good oilfield practices.

After rigorous review of necessary documents and the ordinances and leases applicable to the Rancho Park facility, InterAct has determined that HBOC substantially fulfills all requirements set forth by these documents, as well as exceeding regulations by implementing an air monitoring program as a pro-active measure to ensure the safety and comfort of its surrounding community.

Additionally, HBOC implemented an air monitoring program in the first quarter of 2020 that has been reviewed and is discussed in this supplemental report.

OPNGAS Assessment:

OPNGAS did not see anything that raised concerns.

According to the first report, Annual Safety Inspection 2021 from Hillcrest Beverly Oil Corporation (HBOC), the Rancho Park Drill Site fully complies with all relevant government agencies.

Air Monitoring

Two Honeywell AreaRAE Plus air monitor modules, located at the southwest corner (Air Station #01B00001151) and northeast corner (Air Station #01B00001139) of the facility.

Approximately 2,540 samples per day are collected and recorded from the two automated air monitoring devices. Measurements are taken at intervals of 1 min. and 8 sec. at each device, providing a comprehensive record of these parameters on a 24- hour basis.

Measured in detail are Lower Explosive Limit (LEL) (%), Hydrogen Sulfide H₂S (ppm), Carbon Monoxide CO (ppm), Volatile Organic Chemicals VOCs (ppm), wind speed, wind direction, temperature, and relative humidity.

All four constituents have been zero with the exception of some very low VOC readings on occasion (up to 0.104 ppm from the data provided), which are likely from normal activity such as vehicle traffic at the facility and the City maintenance yard.

Regular Report

HBOC submitted the report on the due date of Monday August 16, 2021.

InterAct Assessment:

InterAct PMTI performed a third-party audit of the Hillcrest Beverly Oil Corporation's (HBOC) Annual Safety Inspection for the second year in a row. Based on our inspection, HBOC has clearly demonstrated a commitment to compliance with all applicable regulations and lease conditions, a commitment to safety for employees and the community, and a commitment to good oilfield practices. After rigorous review of necessary documents and the Rancho Park facility, InterAct has determined that HBOC's Annual Safety Inspection fulfills all requirements set forth by the city of Los Angeles.

OPNGAS Assessment:

OPNGAS did not have major concerns, however there were two Notice of Violations (NOVs).

CalGEM

HBOC responded to two Notice of Violations (NOVs).

Violation ID 12218956 was resolved on 7/29/2021 by amending Spill Contingency Plan

Violation ID: 12193343 is pending a determination by CalGEM for no barbed wire fencing

CalGEM Idle Well Program: 1st report indicated 3 wells will remain idle for over 15 years by 2025 but the 2nd report mentioned 2 wells for over 15 years by 2025.

CUPA and LAFD

HBOC appears in compliance with all LAFD requirements pending variance approval on 10/28/2020 regarding Violation LAMC 57.5706.3.16.1 Non-Operating Oil Wells

Based on the provided documentation, HBOC appears to be in compliance with all SCAQMD, CERS, CSFM, SPCC, PHMSA, LADWP, SWRCB, LADBS and all applicable Los Angeles City Ordinances.

In addition, HBOC appears to have inspected and replaced necessary equipment since the 2020 Safety Audit Report.

On Page 11 of the report, InterAct verified that HBOC initiated fence line air monitoring. The monitors record air quality every 1 minute 8 seconds or around 2540 samples per day stored on 2 automated devices.

Based on air monitoring data there have been no incidents of sustained elevated concentration readings in proximity to OSHA or US National Ambient Air Quality Standards.

The H2S concentrations in both oil and gas at the Rancho Park Drill Site are below analytical method detection limits (<10 ppm).

Maximum levels of CO recorded were 10 ppm and 11 ppm. 2 recordings equal or above 10 ppm CO were instantaneous and independent events at one location (SW corner near City Maintenance Yard) where City owned utility trucks can routinely be nearby.

2022

InterAct PMTI (InterAct) was contracted by HBOC again.

HBOC submitted the report on the due date of Monday August 15, 2022.

InterAct Assessment:

Based on our inspection, HBOC has clearly demonstrated a commitment to compliance with all applicable regulations, a commitment to safety for employees and the community, and a commitment to good oilfield practices. After rigorous review of necessary documents and the Rancho Park facility, InterAct has determined that HBOC's Annual Safety Inspection fulfills all requirements set forth by the City of Los Angeles.

OPNGAS Assessment:

OPNGAS did not have major concerns, but there were two Notice of Violations (NOVs).

CalGEM

According to Appendix K, CalGEM Facility Inspection Records, HBOC has two active NOVs.

1. Violation ID 12241050 (Observation Date 11/19/2021)

HBOC responded on 12/6/2021 with revised UIC (Underground Injection Control) and answers to questions. Awaiting clearance to violation.

2. Violation ID: 12193343 is pending a determination by CalGEM for no barbed wire fencing (Observation Date: 4/1/2020)

HBOC responded on 6/25/2020 stating that the barbed wire fencing for certain areas cannot be installed due to conflicting regulatory requirements from the County of LA Department of Regional Planning, California Building Code and the City of LA Municipal Code.

According to Appendix P, CalGEM Idle Well Program, there are 3 wells (wells R-4, R-8 and R-10) at Rancho Park Drill Site that are designated idle by CalGEM

HBOC is compliance with the Pipeline Management Plan (Appendix C), AB 1960 Tank Thickness Inspection Records (Appendix Q) and Pipeline Hydrostatic Test (Appendix J)

Based on the provided documentation (the two reports), HBOC appears to be in compliance with all SCAQMD, CERS, CSFM, SPCC, PHMSA, LADWP, SWRCB, LADBS and all applicable Los Angeles City Ordinances.

On Page 9 of the Inspection Audit Report dated August 22, there is new C-200 microturbine added in late 2021. This equipment is exempt from SCAQMD permit and pre-certified by CARB.

HBOC installed two fence line monitors to monitor and record air quality every 1 minute 8 seconds or around 2540 samples per day stored on 2 automated devices.

Based on air monitoring data there have been no incidents of sustained elevated concentration readings in proximity to OSHA or US National Ambient Air Quality Standards

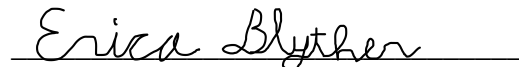
Next Steps

Going forward providing access to the air monitoring data could be beneficial to the community. The components of Hydrogen Sulfide (H₂S) and Volatile Organic Chemicals (VOCs), are of great interest due to the potential health effects and nuisance odors

Disclaimer: If the scope of this request had been broader or additional items requested for evaluation, then the findings may have been different. There may also be additional records that were not accessible or available for consideration in this report.

If you have any questions, please contact me at (213) 978-2679 or via email at Erica.Blyther@lacity.org.

Submitted by:


ERICA BLYTHER
Petroleum Administrator

Courtesy Copy:

Aura Garcia, President, Board of Public Works
Teresa Villegas, Vice President, Board of Public Works
Dr. Fernando Campos, Executive Officer, Board of Public Works
Ted Jordan, City Attorney's Office
Tanea Ysaguirre, City Attorney's Office
Jennifer Tobkin, City Attorney's Office
Lisa Webber, Deputy Director Planning Department
Estineh Mailian, Chief Zoning Administrator Planning Department

Attachment 1 - Annual Safety Inspection_HBOC_Rancho Park_8-17-2020-Cover Letter
Attachment 2 - Third-Party Review by InterAct_Annual Safety Inspection_HBOC_Rancho Park_8-17-2020
Attachment 3 - Supplemental Report to ZA COVER LETTER 05192021
Attachment 4 - Rancho Park Drill Site Supplemental Report 5-21-21
Attachment 5 - Cover Letter_Annual Safety Inspection_HBOC_Rancho Park_8-13-2021
Attachment 6 - Rancho Park Drill Site Annual Safety Inspection 2021_Final V.3
Attachment 7 - HBOC Rancho Park Annual Inspection report 2022-Cover Letter
Attachment 8 - Rancho Park Drill Site Annual Safety Inspection_2022_hpb_RB

HBOC

Hillcrest Beverly Oil Corporation
10000 West Pico Blvd, Los Angeles, California 90064

August 14, 2020

To: Mr. Theodore Irving, Zoning Administrator,
Associate Zoning Administrator
Department of City Planning
200 North Spring Street, Room 763
Los Angeles, CA 90012

Ms. Erica Blyther, Petroleum Administrator,
Petroleum Administrator
City of Los Angeles, Department of Public Works
200 North Spring Street, Room 358 (ms 465)
Los Angeles, CA 90012

From: Mr. Louis P. Zylstra, Jr. PE
Hillcrest Beverly Oil Corporation
An E&B Natural Resources Management Company
249 East Ocean Blvd, Suite 900
Long Beach, CA 90802

Ref: HBOC – ZA 14560 Special Condition 8: Annual Review 2020

Dear Mr. Irving and Ms. Blyther;

On May 15, 2019, the West Los Angeles Area Planning Commission reviewed a Plan Approval submitted by HBOC regarding its compliance with ZA-14560. As a result of this review, the Commission produced a series of Findings and Conditions. Most importantly among them include the following:

- **Finding 4:**
Since the joint-agency investigation in 2017, *“the operator has corrected the outstanding issues per the Department of Building and Safety and the Fire Department.”*
- **Condition 8:**
“An Annual Safety Inspection report which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory of equipment on site, any repair work, and / or maintenance done to keep the equipment in good condition at all times. The

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination."

- Condition 7:
Within 36 months, the operator shall file a Plan Approval to review compliance with the conditions of approval of this determination."
- Finding 6:
"...the current conditions of approval imposed on the subject drill site are sufficient to preserve the health, safety, and general welfare of the nearby residential neighborhood."
(Case No. ZA-1958-14560-PA1-1A)

This letter is followed by the Annual Safety Inspection ordered by Condition 8.

In addition to fulfilling Condition 8, HBOC intends to use this Annual Safety Inspection as an opportunity to demonstrate its commitment to the safety of its employees and the community while contributing to California's energy independence through good oilfield practice.

HBOC recognizes that the report will become public record and may be used as a standard to develop a city-wide inspection for all other oil and gas facilities in Los Angeles. As such, the report highlights HBOC's exceptional operational standards exemplified at Rancho Park.

Rancho Park fully complies with all of the many federal and state mandates specific to oil and gas facilities. In addition to including a full equipment inventory and accompanying compliance documentation, this report will consolidate all of Rancho Park's safety-oriented reports for the convenience of the Zoning and Petroleum administrators.

This Safety Inspection demonstrates HBOC's compliance with all relevant government agencies. The list of which includes, but is not limited to:

- Los Angeles Fire Department (LAFD)
- Los Angeles Department of Building and Safety (LADBS)
- California Geologic Energy Management Division (CalGEM)
- South Coast Air Quality Management Division (SCAQMD)
- California Environmental Reporting System (CERS)
- Environmental Protection Agency (EPA)
- Pipeline and Hazardous Materials Safety Administration (PHMSA)
- Los Angeles Department of Water and Power (LADWP)

HBOC

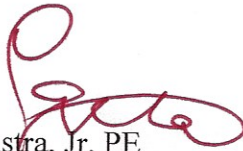
Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

As requested in Condition 8, the framework of this inspection report was based on the 2017 inspection report produced by then-acting Petroleum Administrator, Uduak-Joe Ntuk. The report was also partly modeled after the City of Carson's current Oil and Gas Facility Compliance Review. The report was developed internally by HBOC's Engineering and HSE departments. Much of the report goes above and beyond what was requested of HBOC in Condition 8 of ZA-1958-14560-PA1-1A.

To be clear, this safety inspection does not serve as the Plan Approval requested in Condition 7 of ZA-1958-14560-PA1-1A.

Sincerely,



Louis P. Zylstra, Jr. PE
RCE C39007 Exp 3-31-2021
Senior Vice President – LA Basin
Hillcrest Beverly Oil Corporation



HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

ANNUAL SAFETY INSPECTION 2020 RANCHO PARK

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

TABLE OF CONTENTS

Section 1: General Operations Overview.....	3
Section 2: Facility Safety Review.....	4
Section 3: Equipment Safety Review.....	5
3.1: Wells.....	5
3.2: Vessels.....	5-7
3.3 Tanks.....	7
3.4 Compressors.....	7-8
3.5 Fans.....	8
3.6 Microturbines.....	8
3.7 Pumps.....	8
3.8 Electrical Control Panels.....	9
Appendix A: SCAQMD Documents	
Appendix B: CERS Hazardous Materials Business Plan (HMBP)	
Appendix C: Pipeline Management Plan (PMP)	
Appendix D: Spill Prevention, Control, and Countermeasure (SPCC) Plan	
Appendix E: CUPA Permit, Well Fire Permits, and Fire Protection Equip. Performance Reports	
Appendix F: LADBS Pressure Vessel Permits, Building Permits and Certificates of Occupancy	
Appendix G: Stormwater Pollution Prevention Plan (SWPPP)	
Appendix H: Pipeline Specific Operations and Maintenance Plan (PSOMP) and ERP	
Appendix I: Pipeline Equipment Certifications and Inspections	
Appendix J: Pipeline Hydrostatic Test	
Appendix K: CalGEM Facility Inspection records	
Appendix L: Annual Report for Natural or Other Gas Transmission and Gathering Systems	
Appendix M: Annual Cathodic Protection Survey	
Appendix N: Gas and Oil Analysis Review	
Appendix O: Annual Backflow Preventer Device Inspection Record	
Appendix P: CalGEM Idle Well Program	
Appendix Q: AB 1960 Tank Thickness Inspection Records	
Appendix R: Electrical Control Panels Information	

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

SECTION 1: GENERAL FACILITY OPERATIONS

Facility/Lease Name	Rancho Park
Address	10460 W Pico Blvd, Los Angeles, CA 90064
Operator	Hillcrest Beverly Oil Corporation
Review Team Members	Lou Zylstra
Facility Staff	
Superintendent	Steve Griffis
Supervisor	Gilbert Alvarez
Lead Operator	John Plaza

Number of Wells			
	Active Production	9	
	Idle	3	
	Water Injection	1	
	Gas Injection	0	
Hydrogen Sulfide (H2S)			
	Max. ppm level	<10 ppm	
Well heads			
	Max. pressures		
Enhanced Recovery Methods Used			
	Water Flood	Yes	
	Steam	No	
	Other	No	
Gas use/ disposal			
	Flare	No	
	Injection	No	
	Treatment	Yes	
Crude oil transport system			
	Trucking	No	
	Pipeline	Yes	
Shipping Pipeline(s)			
	Diameter (in.)	Contents	Length (ft.)
	4,8	Gas	4,065
	4,8	Crude Oil	4,171
	4	Crude Oil	1,267
Historical activities (Last 12 months)			
	Drilling	None	
	Construction	None	
Future Plans			
	Drilling	Not currently	
	Construction	Not currently	

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

SECTION 2: FACILITY SAFETY REVIEW

Ref. No.	Report Name	Relevant Agency	Compliance: Yes, No, N/A	Location
1	SCAQMD Documents	South Coast Air Quality Management Division (SCAQMD)	Yes	Appendix A
2	Hazardous Materials Business Plan (HMBP)	California Environmental Reporting System (CERS)	Yes	Appendix B
3	Pipeline Management Plan (PMP)	California Geologic Energy Management Division (CalGEM)	Yes	Appendix C
4	Spill Prevention, Control, and Countermeasure Plan (SPCC)	Environmental Protection Agency (EPA)	Yes	Appendix D
5	CUPA Permit, Well Fire Permits, and Fire Protection Equipment Performance Reports	Los Angeles Fire Department (LAFD), Certified Unified Program Agency (CUPA)	Yes	Appendix E
6	LADBS Pressure Vessel Permits, Building Permits and Certificates of Occupancy	Los Angeles Department of Building and Safety (LADBS)	Yes	Appendix F
7	Stormwater Pollution Prevention Plan (SWPPP)	EPA	Yes	Appendix G
8	Pipeline Specific Operations and Maintenance Plan (PSOM) and Emergency Response Plan (ERP)	Pipeline and Hazardous Materials Safety Administration (PHMSA)	Yes	Appendix H
9	Pipeline Equipment Certifications and Inspections	Numerous	Yes	Appendix I
10	Pipeline Hydrostatic Test	Cal State Fire Marshal (CSFM), CalGEM	Yes	Appendix J
11	CalGEM Facility Inspection Records	CalGEM	Pending	Appendix K
12	Annual Report for Natural Gas or Other Gas Transmission and Gathering Systems	PHMSA	Yes	Appendix L
13	Annual Cathodic Protection Survey	PHMSA	Yes	Appendix M
14	Gas and Oil Analysis Review	PHMSA	Yes	Appendix N
15	Annual Backflow Preventer Device Inspection Record	Los Angeles Department of Water and Power (LADWP)	Yes	Appendix O
16	CalGEM Idle Well Program	CalGEM	Yes	Appendix P
17	AB 1960 Tank Thickness Inspection Records	CalGEM	Pending	Appendix Q
18	Electrical Control Panels Information	None	Yes	Appendix R

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

SECTION 3: EQUIPMENT REVIEW

3.1: WELLS

Ref. No.	Designation	API No.	Status/ Type	LAFD Permit No.	CalGEM Permit No.	Major Repairs or Modifications
19	R-1	037-17586	Active Producer	2037; Appendix E	1100624	None
20	R-3	037-00149	Active Producer	2057; Appendix E	1100623	None
21	R-4	037-17587	Active Producer	2071; Appendix E	1150068	None
22	R-5	037-17588	Active Producer	2082; Appendix E	1131074	None
23	R-6	037-17589	Active Producer	2101; Appendix E	1120019	None
24	R-7-1	037-17590	Active Producer	2103; Appendix E	1100620	None
25	R-8	037-17591	Idle Producer	2108; Appendix E	1100619	None
26	R-9-1	037-17592	Active Water Injector	2110; Appendix E	1140397	None
27	R-10	037-17593	Idle Producer	2140; Appendix E	1100648	None
28	R-11	037-17594	Active Producer	2153; Appendix E	1110717	None
29	R-12	037-17599	Active Producer	2187; Appendix E	1110719	None

Preventative Maintenance includes but is not limited to:

Daily visual inspection; replacement of worn rods, tubing, seals, fittings, valves, grease, hydraulic oil etc.

3.2: VESSELS

Ref. No.	Designation	Name/ Description	AQMD Permit No.	Other	Major Repairs or Modifications
30	V-1	Free Water Knockout (FWKO)	G40180 A/N 565656	N/A	None
31	V-2	Test Separator	G40180 A/N 565656	N/A	None
32	V-3	Rancho Field Scrubber	G40180 A/N 565656	N/A	None
33	V-4	V-3 Blowcase	G40180 A/N 565656	N/A	None
34	V-5	Rancho/ Hillcrest #1 Scrubber	G40180 A/N 565656	N/A	None

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

35	V-6	V-5 Blowcase	G40180 A/N 565656	N/A	None
36	V-7	V-5 Peco Filter	G40180 A/N 565656	N/A	None
37	V-8	V-7 Blowcase	G40180 A/N 565656	N/A	None
38	V-9	Stage 1 Scrubber	G40180 A/N 565656	N/A	None
39	V-10	V-9 Blowcase	G40180 A/N 565656	N/A	None
40	V-11	C-4 Stage 1&2 Inlet Bottle	G40181 A/N 575732	N/A	None
41	V-12	C-3 Stage 1&2 Inlet Bottle	G40181 A/N 575732	N/A	None
42	V-13	C-4 Stage 1 Outlet Bottle	G40181 A/N 575732	N/A	None
43	V-14	C-3 Stage 1 Outlet Bottle	G40181 A/N 575732	N/A	None
44	V-15	Stage 2 Scrubber	G40180 A/N 565656	N/A	None
45	V-16	V-15 Blowcase	G40180 A/N 565656	N/A	None
46	V-17	C-4 Stage 2 Outlet Bottle	G40181 A/N 575732	N/A	None
47	V-18	C-3 Stage 2 Outlet Bottle	G40181 A/N 575732	N/A	None
48	V-19	Breitburn 1 Scrubber	G40180 A/N 565656	N/A	None
49	V-20	V-19 Peco Filter	G40180 A/N 565656	N/A	None
50	V-21	Breitburn 2 Scrubber	G40180 A/N 565656	N/A	None
51	V-22	Stage 2 Outlet Scrubber	G40180 A/N 565656	N/A	None
52	V-23	LTS/ Methanol Scrubber	G40180 A/N 565656	N/A	None
53	V-24	Cold Separator	G40181 A/N 575732	N/A	None
54	V-25	NGL Stabilizer	G40181 A/N 575732	N/A	None
55	V-26	Glycol/ NGL separator	G40181 A/N 575732	N/A	None
56	V-27	Reboiler Top	G40181 A/N 575732	N/A	None

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

57	V-28	Reboiler Bottom	G40181 A/N 575732	N/A	None
58	V-29	NGL Storage Tank	G40180 A/N 565656	N/A	None
59	V-30	Central Dump Vessel	G40181 A/N 575732	N/A	None
60	V-31	Last Chance Scrubber	G40180 A/N 565656	N/A	None
61	V-32	Flare Scrubber	G40180 A/N 565656	N/A	None
62	V-33	Microturbine Scrubber	G40180 A/N 565656	N/A	None
63	V-34	High Pressure Receiver	G40181 A/N 575732	N/A	None
64	V-35	Liquid Overfeed Vessel	G40181 A/N 575732	N/A	None
65	V-36	Oil Receiver	G40181 A/N 575732	N/A	None
66	V-37	C-1 Oil Separator	G40181 A/N 575732	N/A	None
67	V-38	C-2 Oil Separator	G40181 A/N 575732	N/A	None

Preventative Maintenance includes but is not limited to:

Daily visual inspection; replacement of worn gaskets, seals, fittings, transducers, valves, exterior coating, etc.

3.3: TANKS

Ref. No.	Designation	Name/ Description	AQMD Permit No.	Other	Major Repairs or Modifications
68	T-1	Waste Water Tank	G40180 A/N 565656	Inspections; Appendix Q	None
69	T-2	South Stock Tank	G40180 A/N 565656	Inspections; Appendix Q	None
70	T-3	North Stock Tank	G40180 A/N 565656	Inspections; Appendix Q	None
71	T-4	1000 Bbl. Waste Water Tank	G40180 A/N 565656	Inspections; Appendix Q	None
72	T-5	Glycol Tank	N/A	N/A	None
73	T-6	North Surge Tank	N/A	Inspections; Appendix Q	None
74	T-7	South Surge Tank	N/A	Inspections; Appendix Q	None

Preventative Maintenance including but not limited to:

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

Daily visual inspection; replacement of worn gaskets, seals, fittings, transducers, valves, exterior coating, etc.

3.4: COMPRESSORS

Ref. No.	Designation	Name/Description	AQMD Permit No.	Other	Major Repairs or Modifications
75	C-1	Compressor	G40181 A/N 575732	N/A	None
76	C-2	Compressor	G40181 A/N 575732	N/A	None
77	C-3	Main Gas Compressor	G40181 A/N 575732	N/A	None
78	C-4	Back-up Gas Compressor	G40181 A/N 575732	N/A	None
79	P060703	Air compressor	N/A	LADBS# R303815	None
80	P060704	Air compressor	N/A	LADBS# R302142	None

Preventative Maintenance includes but is not limited to:

Daily visual inspection; replacement of worn belts, gaskets, seals, bearings, fittings, transducers, valves, exterior coating, etc.

3.5: FANS

Ref. No.	Designation	Name/Description	AQMD Permit No.	Other	Major Repairs or Modifications
81	FF-1	Fin Fan West	G40181 A/N 575732	N/A	None
82	FF-2	Fin Fan East	G40181 A/N 575732	N/A	None

Preventative Maintenance includes but is not limited to:

Daily visual inspection; replacement of worn belts, bearings, seals, fittings, transducers, valves, exterior coating, etc.

3.6: MICROTURBINES

Ref. No.	Designation	Name/Description	AQMD Permit No.	Other	Major Repairs or Modifications
83	MT-65	Microturbine	G52924 A/N 585090	LADBS# 18041-90000-16325	None
84	MT-70	Microturbine	G19802 A/N 539733	N/A	None
85	MT-70	Microturbine	G19803 A/N 539734	N/A	None

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

86	MT-250	Microturbine	G21705 A/N 529208	N/A	None
----	--------	--------------	----------------------	-----	------

Preventative Maintenance includes but is not limited to:

Daily visual inspection; Routine Maintenance conducted by third-party under service agreement.

3.7: PUMPS

Ref. No.	Designation	Name/Description	AQMD Permit No.	Other	Major Repairs or Modifications
87	P-1	Tank Transfer Pump	G40180 A/N 565656	N/A	None
88	P-2	Shipping Pump	G40180 A/N 565656	N/A	None
89	P-3	NGL Pump	G40180 A/N 565656	N/A	None
90	P-4	Injection Pump	G40180 A/N 565656	N/A	None

Preventative Maintenance includes but is not limited to:

Daily visual inspection; replacement of worn belts, gaskets, seals, bearings, fittings, transducers, valves, exterior coating, etc.

3.8 ELECTRICAL CONTROL PANELS

Ref. No.	Designation	Name/Description	AQMD Permit No.	Other	Major Repairs or Modifications
91	MCC-1	Motor Control Center	N/A	See Appendix R	None
92	EP-2	Lease Alarm Panel	N/A	See Appendix R	None
93	EP-3	East/West Sales Gas Compressors High Discharge Shutdown	N/A	See Appendix R	None
94	EP-4	North Vapor Recovery	N/A	See Appendix R	None
95	EP-5	Fire/Gas Detection Alarm	N/A	See Appendix R	None
96	EP-6	Tank Levels	N/A	See Appendix R	None
97	EP-7	Stock Tank Heaters	N/A	See Appendix R	None
98	EP-8	LACT Panel	N/A	See Appendix R	None
99	EP-9	Condenser Skid	N/A	See	None

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

				Appendix R	
100	EP-10	HRP P.L.C.	N/A	See Appendix R	None
101	EP-11	Gas Co. Interface	N/A	See Appendix R	None
102	EP-12	Gas Co. Totalizers	N/A	See Appendix R	None
103	EP-13	E&B/P.C.E.C. Totalizers	N/A	See Appendix R	None

Preventative Maintenance includes but is not limited to:

Daily visual inspection; replacement of worn fuses, terminals, conduits, harnesses, enclosures, etc.

Third-Party Audit of Rancho Park Drill Site Annual Safety Inspection



Conducted by



InterAct PMTI, Inc.
260 Maple Ct, Ste 210
Ventura, CA 93003
www.interactpmti.com
August 2020

Third-Party Audit of Rancho Park Drill Site Annual Safety Inspection

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
1.0 INTRODUCTION.....	4
2.0 FACILITY DESCRIPTION	5
3.0 AUDIT	6
4.0 FINDINGS	7
5.0 DOCUMENTATION REVIEW.....	11
6.0 EQUIPMENT INVENTORY	17

EXECUTIVE SUMMARY

InterAct PMTI (InterAct) performed as a third-party to audit Hillcrest Beverly Oil Corporation's (HBOC) Annual Safety Inspection. Based on our inspection, HBOC has clearly demonstrated a commitment to compliance with all applicable regulations, a commitment to safety for employees and the community, and a commitment to following good oilfield practices. After rigorous review of necessary documents and the Rancho Park facility, InterAct has determined that HBOC's Annual Safety Inspection fulfills all requirements set forth by the city of LA.

1.0 INTRODUCTION

On May 15, 2019, the West Los Angeles Planning Commission produced a series of findings and conditions in regards Hillcrest Beverly Oil Corporation's (HBOC) Plan Approval to review compliance with conditions imposed under ZA-14560 for the existing 1.93-acre Rancho Park Drill Site. Condition 8 requires "An Annual Safety Inspection report which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory of equipment on site, any repair work, and / or maintenance done to keep the equipment in good condition at all times. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination."

InterAct will assess the Drill Site for compliance with relevant governmental agencies, including but not limited to:

- Los Angeles Fire Department (LAFD)
- Los Angeles Department of Building and Safety (LADBS)
- California Geologic Energy Management Division (CalGEM)
- South Coast Air Quality Management Division (SCAQMD)
- California Environmental Reporting System (CERS)
- Environmental Protection Agency (EPA)
- Pipeline and Hazardous Materials Safety Administration (PHMSA)
- Los Angeles Department of Water and Power (LADWP)
- State Water Quality Control Board (SWQCB)

InterAct has been contracted by HBOC to perform an un-biased third-party audit of HBOC's Annual Safety Inspection Report to demonstrate compliance and transparency. This audit consisted of a detailed regulatory documentation review and an on-site evaluation of the facility.

2.0 FACILITY DESCRIPTION

Facility/Lease Name	Rancho Park Drill Site
Address	10460 W Pico Blvd, Los Angeles, CA 90064
Field	Beverly Hills
Operator	Hillcrest Beverly Oil Corporation
Facility Staff	
Superintendent	Steve Griffis
Supervisor	Gilbert Alvarez
Lead Operator	John Plaza

Number of Wells		
	Active Production	7
	Idle	3
	Water Injection	1
Hydrogen Sulfide (H2S)		
	Max. ppm level	<10 ppm
Enhanced Recovery Methods Used		
	Water Flood	Yes
Crude oil transport system		
	Pipeline	Yes
Historical activities (Last 12 months)		
	Drilling	None
	Construction	None
Future Plans		
	Drilling	Not currently
	Construction	Not currently

3.0 AUDIT

There were two components to this audit: An on-site inspection of the facility, including equipment, and a review of regulatory and permitting compliance.

The onsite portion of the audit was performed on August 11, 2020. It consisted of observations of the facility, asking HBOC staff a series of questions, and asking HBOC staff to provide documentation when applicable. It was attended by the following persons:

- Jay Huff, Sr. Engineer, InterAct
- Patrick Bridgman, Project Engineer, InterAct
- Ben Bruce, Engineering Technician, HBOC
- Steve Griffis, Superintendent, HBOC
- Various operators and supervisors of the Rancho Park Drill Site

The review of regulatory and permitting compliance included:

- Review of HBOC's compliance documents to ensure approval by the governing agency
- Review of HBOC's permits to confirm approval and validity
- Surveying the governmental agencies to determine if there are any recent notices of violation for the facility and if they have been addressed

4.0 FINDINGS

1. The Rancho Park Drill Site has one unresolved Notice of Violation (NOV) from CalGEM for barbed wire fencing. HBOC is unable to install barbed wire fencing for certain portions of their fence due to conflicting regulatory requirements from the other regulatory bodies that have requirements for the facility (California Building Code, County of Los Angeles, Department of Regional Planning, and the City of Los Angeles Municipal Code). A request for approval was sent on June 25, 2020 to CalGEM to request approval for the existing fence to close out this NOV.
2. The Rancho Park Drill Site is noticeably quiet and out of view from the public due to its location in a graded area below ground level.



3. Facility was pro-active in developing Covid-19 guidelines and posting them at the facility for all visitors.



4. Equipment appears well maintained, and facility is kept clean and neat. Based on discussion with staff and review of preventative maintenance procedures, HBOC's preventative maintenance program appears to meet or exceed industry standards.



5. The CEB-1200 flare has been observed to be taken out of service.



6. There are numerous processes or safety systems that demonstrate a commitment to safety and environmental stewardship. These include numerous gas sensors, fence line monitoring, vapor recovery system, and 24/7 manned operations.

5.0 DOCUMENTATION REVIEW

As part of this Audit, HBOC provided InterAct with documentation regarding their compliance with applicable regulations. Additionally, InterAct reviewed regulatory websites and reached out to regulatory representatives. This section is a summary of documentation reviewed. The documentation was submitted both electronically and in a binder.

South Coast Air Quality Management Division (SCAQMD)

Permits- Appendix A

South Coast Air Quality Management Division (SCAQMD)		
Permit No	Description	Date
G21705 A/N 529208	Construct and operate a gas turbine with a 250-kW electrical generator	11/27/2012
G43693 A/N 531381	Operate an enclosed flare	11/16/2016
G40181 A/N 575732	Operate 42 separate pieces of equipment used to treat produced oil and natural gas	5/4/2016
G40180 A/N 565656	Operate 25 separate pieces of equipment used to treat produced oil and natural gas.	5/4/2016
G52924 A/N 585090	Construct and operate a gas turbine with a 65-kW electrical generator	6/29/2018
G19802 A/N 539733	Construct and operate a gas turbine with a 70-kW electrical generator	8/10/2012
G19803 A/N 539734	Construct and operate a gas turbine with a 70-kW electrical generator	8/10/2012
ID# 13627 A/N593264	Hot Water Pressure Washer	4/11/2017
N/A	Permit/Application Renewal through 1/16/21	1/16/2020

Note: The CEB-1200 flare mentioned in permit #G43693 A/N 531381 has been taken out of service.

Rule 1173 Component Leak Reports- Appendix A from 4/30/19 – 4/30/20 - no unrepaired leaks

AQMD has a website where facility compliance can be reviewed (<https://xappprod.aqmd.gov/find//facility/AQMDsearch?facilityID=13627>). As of August 2020 there are no outstanding Notices of Violation with the last case closed in 2018.

Based on the provided documentation, HBOC appears to be in full compliance with all SCAQMD requirements.

California Environmental Reporting System (CERS)

This document in Appendix B shows that HBOC has had the following plans accepted by CERS as of April 22, 2020:

- Facility Information including Business Activities and Owner/Operator Identification
- Hazardous Material Inventory and Site Map
- Emergency Response / Contingency Plans
- Employee Training Plan

Based on the provided documentation, HBOC appears to be in full compliance with all CERS requirements.

California Geological Energy Management Division (CalGEM)

Appendix C – Pipeline Management Plan – This document was developed to comply with CalGEM guidelines regulation CCR 1774.2. This was originally submitted to CalGEM in 2019. Two additional revisions have been resubmitted to address CalGEM's comments. The last version was submitted on 6/4/20 and there have not been any additional comments.

Appendix P - CalGEM Idle Well Program – There are three idle wells at the Rancho Park Drill Site. These idle wells are part of HBOC's greater Idle Well Program. The three wells have, or will have, remained idle for over 15 years by 2025. By 2025, a witnessed mechanical integrity test (MIT), a witnessed clean out tag, and a 15-year engineering analysis are required. HBOC's Testing Compliance Work Plan was accepted by CalGEM on May 31st, 2019. HBOC has shown they are on track to fulfill all requirements by the relevant deadlines.

Appendix K - CalGEM Facility Inspection records. The facility was last inspected in 2Q20 by CalGEM and had 2 notices of violation (NOV) – improper fencing (no barbed wire) and fluid in the cellar. The facility was also inspected in 4Q19 by CalGEM and had a notice of violation for noncompliance with tank thickness inspection requirements. The facility also had its safety systems tested in 4Q19 and they all passed. One of the three NOVs have been fully resolved - The fluid was removed from the cellar. The tank thickness inspection results were submitted to CalGEM in June 2020. Rancho Park Drill Site is unable to install barbed wire fencing to meet CalGEM requirements due to conflicting regulatory requirements from the other regulatory bodies that have requirements for the facility (California Building Code, County of Los Angeles, Department of Regional Planning, and the City of Los Angeles Municipal Code). A request for approval was sent on June 25, 2020 to CalGEM to request approval for the existing fence to close

out this NOV. It should be noted that these fences have been in place for over 30 years without a breaching incident or a previous CalGEM violation.

Appendix Q - AB 1960 Tank Thickness Inspection Records provide details on HBOC's recent UT inspection per AB 1960. These were submitted in June 2020 to satisfy a previously issued NOV.

Appendix J - Pipeline Hydrostatic Test provide details on the integrity testing performed on the liquid and gas transmission lines as required by CalFire State Fire Marshall and CalGEM. These tests were performed by a third-party agency in 1Q19. All tests were deemed Pass.

InterAct has contacted CalGEM's Southern District via phone and email to determine if there are any outstanding violations or compliance issues and have not been made aware of any issues.

For all past NOVs HBOC is either in full compliance or awaiting pending approval from CalGEM.

CAL FIRE State Fire Marshall Office of Pipeline Safety (CSFM)

Appendix J - Pipeline Hydrostatic Test provide details on the integrity testing performed on the liquid and gas transmission lines as required by CalFire State Fire Marshall and CalGEM. These tests were performed by a third-party agency in 1Q19. All tests were deemed Pass.

Based on the provided documentation, HBOC appears to be in full compliance with all CSFM requirements.

Spill Prevention, Control, and Countermeasure (SPCC) Plan

Appendix D – Plan approved in March of 2020 and prepared by a registered professional engineer. Plan was submitted to EPA and CalGEM. It is not the regulators' policy to issue acceptance letters upon submittal.

Based on the provided documentation, HBOC appears to be in full compliance with all SPCC requirements.

Certified Unified Program Agency (CUPA) and Los Angeles Fire Department (LAFD) - Appendix E**Documents Received:**

- CUPA Hazardous Waste and Hazardous Material Permit for CERS ID: 10243504 – Valid through 9/30/20
- LAFD Deluge System Test Results from 3/23/20 – Pass
- Methane Gas Detection Test Results from 4/9/20 – Pass
- LAFD Oil Well Operation / Maintenance Permits for 11 wells – Valid through 12/31/2022

Based on the provided documentation, HBOC appears to be in full compliance with all LAFD requirements.

Pipeline and Hazardous Materials (PHMSA)

Appendix H - Pipeline Specific Operations and Maintenance Plan (PSOMP) November 26, 2019 revision details procedures for normal operations and maintenance as part of compliance with CFR 49. Based on the record of revision, this document complies with the annual revision requirement.

Appendix M - Annual Cathodic Protection Survey was performed by a third-party on October 16, 2019 as part of compliance with CFR 49.

Appendix L - Annual Report for Natural or Other Gas Transmission and Gathering Systems was developed by a third-party firm in accordance with the PHMSA and CFR 49 requirements. This document was submitted on March 13, 2020.

Hazardous Liquid Pipeline emergency response plan revised on November 25, 2019 in accordance with their annual review requirement of CFR Part 195.

Training records from Emergency Response Plan drill performed on November 5, 2019.

Letter from Cal Fire State Fire Marshall regarding Operations, Maintenance and Emergency Manual and Public Awareness Program Effectiveness Evaluation was conducted to determine compliance with Title 49, CFR Part 195. As of June 3, 2020, there are no outstanding deficiencies.

Additionally – Per email from Mr. Marion Garcia, Supervisory General Engineer, Office of Pipeline Safety – Western Region there were no findings regarding violation or noncompliance.

Based on the provided documentation, HBOC appears to be in compliance with PHMSA and CFR 49 requirements.

Los Angeles Department Water (LADWP)

Appendix O - Annual Backflow Preventer Device Inspection was performed on October 2, 2019 and received a passing result from third-party testing firm “Terry’s Testing”.

Based on the provided documentation, HBOC appears to be in full compliance with LADWP requirements.

State Water Resources Control Board (SWRCB)

Appendix G – Stormwater Pollution Prevention Plan (SWPPP) was developed by a third-party firm as part of compliance with the SWRCB guidelines.

2019-2020 Annual Report for Storm Water Discharge Associated with Industrial Activities was submitted on 7/7/20.

InterAct has contacted RWCQB Region 4 via phone and email to determine if there are any outstanding violations or compliance issues and have not been made aware of any issues.

Based on the provided documentation, HBOC appears to be in full compliance with all SWRCB requirements.

Los Angeles Department of Building and Safety (LADBS)

Appendix F – Los Angeles Department of Building and Safety (LADBS) includes:

- Permits for Pressure Vessels.
- Permits for fire protection system.
- Permits for equipment foundation
- Permits for wastewater tanks
- Permits for electrical equipment shelter.
- Permits for modular office trailer
- Permits for electrical installation
- Permits for pipe supports and foundations

Based on the provided documentation, HBOC appears to have corrected the outstanding LADBS violations from the 2017 LA City inspection and appears to be in compliance with LADBS requirements.

Miscellaneous Documentation

Appendix R: Electrical Control Panels Information provides information regarding electrical control panels within the Rancho Park Drill Site.

Appendix I - Miscellaneous Equipment Certifications / Inspections provides letters of certification describing the periodic testing and recalibration of the Pressure Relief Valves, Pipeline valves, and right of way patrol records.

Appendix N - Gas and Oil Analysis Review provides the most recent analysis of the fluids produced at the Rancho Park Drill Site. Of note, there are negligible amounts of H₂S in the fluid.

These documents demonstrate HBOC's commitment to follow good oilfield practices, commitment to the safety of staff and the community, and exceed the minimum standards set forth within the regulatory requirements.

6.0 EQUIPMENT INVENTORY

Wells

Well Name	API	Status	LAFD Permit #	Major Repairs or Modifications	Visual Observation
R-1	037-17586	Active Producer	2037	None	No concerns based on visual inspection
R-3	037-00149	Active Producer	2057	None	No concerns based on visual inspection
R-4	037-17587	Idle Producer	2071	None	No concerns based on visual inspection
R-5	037-17588	Active Producer	2082	None	No concerns based on visual inspection
R-6	037-17589	Active Producer	2101	None	No concerns based on visual inspection
R-7-	037-17590	Active Producer	2103	None	No concerns based on visual inspection
R-8	037-17591	Idle Producer	2108	None	No concerns based on visual inspection
R-9-1	037-17592	Active Water Disposal	2110	None	No concerns based on visual inspection
R-10	037-17593	Idle Producer	2140	None	No concerns based on visual inspection
R-11	037-17594	Active Producer	2153	None	No concerns based on visual inspection
R-12	037-17599	Active Producer	2187	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn rods, tubing, seals, fittings, valves, grease, hydraulic oil etc.

Vessels

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-1	Free Water Knockout (FWKO)	G40180 A/N 565656	None	No concerns based on visual inspection
V-2	Test Separator	G40180 A/N 565656	None	No concerns based on visual inspection
V-3	Rancho Field Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-4	V-3 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-5	Rancho/ Hillcrest #1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-6	V-5 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-7	V-5 Peco Filter	G40180 A/N 565656	None	No concerns based on visual inspection
V-8	V-7 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-9	Stage 1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-10	V-9 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-11	C-4 Stage 1&2 Inlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-12	C-3 Stage 1&2 Inlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-13	C-4 Stage 1 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-14	C-3 Stage 1 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-15	Stage 2 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-16	V-15 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-17	C-4 Stage 2 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-18	C-3 Stage 2 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-19	Breitburn 1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-20	V-19 Peco Filter	G40180 A/N 565656	None	No concerns based on visual inspection
V-21	Breitburn 2 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-22	Stage 2 Outlet Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-23	LTS/ Methanol Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-24	Cold Separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-25	NGL Stabilizer	G40181 A/N 575732	None	No concerns based on visual inspection
V-26	Glycol/ NGL separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-27	Reboiler Top	G40181 A/N 575732	None	No concerns based on visual inspection
V-28	Reboiler Bottom	G40181 A/N 575732	None	No concerns based on visual inspection
V-29	NGL Storage Tank	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-30	Central Dump Vessel	G40181 A/N 575732	None	No concerns based on visual inspection
V-31	Last Chance Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-32	Flare Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-33	Microturbine Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-34	High Pressure Receiver	G40181 A/N 575732	None	No concerns based on visual inspection
V-35	Liquid Overfeed Vessel	G40181 A/N 575732	None	No concerns based on visual inspection
V-36	Oil Receiver	G40181 A/N 575732	None	No concerns based on visual inspection
V-37	C-1 Oil Separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-38	C-2 Oil Separator	G40181 A/N 575732	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn gaskets, seals, fittings, transducers, valves, exterior coating etc.

Tanks

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
T-1	Waste Water Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-2	South Stock Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-3	North Stock Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-4	1000 Bbl. Waste Water Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-5	Glycol Tank	N/A	None	No concerns based on visual inspection
T-6	North Surge Tank	N/A	None	No concerns based on visual inspection
T-7	South Surge Tank	N/A	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn gaskets, seals, fittings, transducers, valves, exterior coating etc.

Compressors

Designation	Description	AQMD Permit	LADBS Permit #	Major Repairs or Modifications	Visual Observation
C-1	Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-2	Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-3	Main Gas Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-4	Back-up Gas Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
P060703	Air compressor	N/A	R303815	None	No concerns based on visual inspection
P060704	Air compressor	N/A	R302142	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, gaskets, seals, bearings, fittings, transducers, valves, exterior coating etc.

Fans

Well Name	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
FF-1	Fin Fan West	G40181 A/N 575732	None	No concerns based on visual inspection
FF-2	Fin Fan East	G40181 A/N 575732	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, bearings, seals, fittings, transducers, valves, exterior coating etc.

Microturbines

Designation	Description	AQMD Permit	LADBS Permit #	Major Repairs or Modifications	Visual Observation
MT-65	Microturbine	G52924 A/N 585090	18041-90000-16325	None	No concerns based on visual inspection
MT-70	Microturbine	G19802 A/N 539733	N/A	None	No concerns based on visual inspection
MT-70	Microturbine	G19803 A/N 539734	N/A	None	No concerns based on visual inspection
MT-250	Microturbine	G21705 A/N 529208	N/A	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; Routine Maintenance conducted by third-party under service agreement

Electrical Control Panels

Designation	Description	Major Repairs or Modifications	Visual Observation
MCC-1	Motor Control Center	None	No concerns based on visual inspection
EP-2	Lease Alarm Panel	None	No concerns based on visual inspection
EP-3	East/West Sales Gas Compressors High Discharge Shutdown	None	No concerns based on visual inspection
EP-4	North Vapor Recovery	None	No concerns based on visual inspection
EP-5	Fire/Gas Detection Alarm	None	No concerns based on visual inspection
EP-6	Tank Levels	None	No concerns based on visual inspection
EP-7	Stock Tank Heaters	None	No concerns based on visual inspection
EP-8	LACT Panel	None	No concerns based on visual inspection
EP-9	Condenser Skid	None	No concerns based on visual inspection
EP-10	HRP P.L.C.	None	No concerns based on visual inspection
EP-11	Gas Co. Interface	None	No concerns based on visual inspection

Designation	Description	Major Repairs or Modifications	Visual Observation
EP-12	Gas Co. Totalizers	None	No concerns based on visual inspection
EP-13	P.C.E.C. Totalizers	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn fuses, terminals, conduits, harnesses, enclosures etc

Pumps

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
P-1	Tank Transfer Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-2	Shipping Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-3	NGL Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-4	Injection Pump	G40180 A/N 565656	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, gaskets, seals, bearings, fittings, transducers, valves, exterior coating etc.

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

**ANNUAL SAFETY
INSPECTION
2020
RANCHO PARK
(Supplemental Report)**

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

May 19, 2021

To: Mr. Theodore Irving, Zoning Administrator, Associate Zoning Administrator
Department of City Planning
200 North Spring Street, Room 763
Los Angeles, CA 90012

Ms. Erica Blyther, Petroleum Administrator
City of Los Angeles, Department of Public Works
200 North Spring Street, Room 358 (ms 465)
Los Angeles, CA 90012

From: Mr. Louis P. Zylstra, Jr. PE
Hillcrest Beverly Oil Corporation / E&B Natural Resources Management Corp.
249 East Ocean Blvd., Suite 900
Long Beach, CA 90802

Ref: HBOC – ZA 14560-PA1, Condition 8: Annual Review (Supplemental)

Dear Mr. Irving and Ms. Blyther:

On August 17, 2020, Hillcrest Beverly Oil Corporation (“HBOC”), delivered its annual safety inspection report according to Case No. ZA-1958-14560-PA1-1A (July 1, 2019), Condition 8.

After further discussions with a member of the community, HBOC is providing the enclosed supplemental report. Enclosed in this supplemental report is additional background information, operator’s compliance with applicable City regulations, City leases, and binding conditions of operations. HBOC went above the requirement and paid for a City approved third party consultant to review and report. HBOC is committed to being a good partner to the City and to the community.

If you have any questions, please call on me at any time.

Sincerely,



Louis P. Zylstra, Jr. PE
Senior Vice President – LA Basin
Hillcrest Beverly Oil Corporation

Third-Party Audit of Rancho Park Drill Site Supplemental Report



Conducted by



InterAct PMTI, Inc.
260 Maple Ct, Ste 210
Ventura, CA 93003
www.interactpmti.com
May 2021

Third-Party Audit of Rancho Park Drill Site Supplemental Report

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
1.0 BACKGROUND	4
2.0 CITY ORDINANCES	5
3.0 CITY LEASES.....	26
4.0 AIR MONITORING PROGRAM	34
5.0 SUMMARY AND CONCLUSIONS.....	35

EXECUTIVE SUMMARY

InterAct PMTI (InterAct) performed as a third-party to audit Hillcrest Beverly Oil Corporation's (HBOC) Annual Safety Inspection in August 2020.

The results of this inspection generated an inquiry concerning HBOC's compliance with the City of Los Angeles (the City) ordinances and lease obligations. The purpose of this supplemental report is to address these issues.

Additionally, HBOC implemented an air monitoring program in the first quarter of 2020 that has been reviewed and is discussed in this supplemental report.

Based on our review of the Los Angeles Municipal Code (LAMC), various approved ordinances specific to the Rancho Park Drill Site, and various mineral lease, surface use lease and other applicable legal documents, HBOC has clearly demonstrated a commitment to compliance with all applicable regulations, a commitment to safety for employees and the community, and a commitment to following good oilfield practices.

After rigorous review of necessary documents and the ordinances and leases applicable to the Rancho Park facility, InterAct has determined that HBOC substantially fulfills all requirements set forth by these documents, as well as exceeding regulations by implementing an air monitoring program as a pro-active measure to ensure the safety and comfort of its surrounding community.

1.0 BACKGROUND

The subject site is located on approximately 1.93 acres located within a public park known as the Rancho Park Golf Course and the Cheviot Hills Recreation Center, owned and operated by the City's Department of Recreation and Parks ("RAP"). The site is zoned OS-1XL-O, and the oil and gas operations were approved by the City on March 11, 1958 under ZA Case No. 14560 under Oil District U-9. Subsequent approvals (and other related approvals) were granted as follows:

- ZA Case No. 14560 (March 11, 1958)
- ZA Case No. 14560 (April 11, 1975)
- Case No. ZV-1982-426 (November 7, 1983)
- Case No. ZA 14560 (January 25, 1994)
- Case No. ZA 14560(PAD) (February 11, 1994)
- Case No. ZA 14422(PAD) (January 16, 1996)
- Case No. ZA 14560-PA1 (July 1, 2019)

The site is developed with tanks and vessels, well cellars, pumps, generators, compressors, operational buildings and a parking area, and is surrounded by fencing and mature landscaping. The site is generally located in the middle of the park property, adjacent to RAP's Maintenance Yard to the south, whose elevation is approximately 25 to 28 feet higher than the subject site, and adjacent to an access road and a golf course fairway to the north, with the course elevation at approximately 10 to 12 feet lower than the subject site.

The purpose of the supplement report is to further demonstrate HBOC's compliance with the applicable Los Angeles City ("City") ordinances, as well as compliance with City Leases as outlined in the 2017 City Report, "Report on the Oil and Gas Operations at 10460 West Pico Boulevard Council File No. 17-01749", updated to the current year.

Additionally, although not required by any regulations or lease obligations, HBOC has implemented an air monitoring program which InterAct reviewed and is discussed in this report.

2.0 CITY ORDINANCES

City ordinances refer to regulations and binding conditions of operations, as detailed in the initial approval (ZA 14560 in 1958 imposed 22 conditions, included those sections of the LAMC that apply to this project) and in the last approval (ZA 14560-PA1 in 2019 imposed an additional 12 conditions that apply to this project).

Compliance with ZA Case No. 14560 in 1958 includes item 1, which identifies conditions 1, 3, 4, 5, 8, 9, 17, 18, 22, 33, 37, 40, 43, 47, 49, 54, 58, and 59 of Section 13.01-F of the Los Angeles Municipal Code (LAMC) as being applicable to this project. (Note that Item 1 also references Section 13.01-E, 2 which concerns the drilling districts in urbanized areas; E&B is in compliance with all items listed.) The applicable conditions in LAMC 13.01-F along with the other 21 items imposed in 1959, as well as the 12 items imposed in ZA 14560 PA1 approved in 2019 are detailed below. **This table itemizes E&B's compliance with all applicable City ordinances.**

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 1	That all pumping units established in said district shall be installed in pits so that no parts thereof will be above the surface of the ground.	In compliance. The facility does not have traditional "pumping units." All of the wells are below grade in well cellars.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 3	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That the operator of any well or wells in the district shall post in the Office of Zoning Administration a \$5,000 corporate surety bond conditioned upon the faithful performance of all provisions of this article and any conditions prescribed by a Zoning Administrator. No extension of time that may be granted by a Zoning Administrator, or change of specifications or requirements that may be approved or required by him or her or by any other officer or department of the City, or other alteration, modification or waiver affecting any of the obligations of the grantee made by any City authority shall be deemed to exonerate	In compliance. The wells were drilled many years ago in compliance with this requirement.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	either the grantee or the surety on any bond posted as required in this article.	
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 4	That the operators shall remove the derrick from each well within thirty (30) days after the drilling of said well has been completed, and thereafter, when necessary, such completed wells shall be serviced by portable derricks.	In compliance. No drilling is currently ongoing at the site. For servicing, portable production rigs are used.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 5	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That the drilling site shall be fenced or landscaped as prescribed by the Zoning Administrator.	In compliance. The site is fenced and landscaped.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 8	That adequate firefighting apparatus and supplies, approved by the Fire Department, shall be maintained on the drilling site at all times during drilling and production operations.	In compliance. The Fire Department and the Department of Building and Safety have both approved the site's fire systems, and regular inspections and testing are performed in compliance with the Chief's Regulation 4.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 9	That no refining process or any process for the extraction of products from natural gas shall be carried on at a drilling site.	In compliance. The facility does not perform refining.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 17	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That any person requesting a determination by the Zoning Administrator prescribing the conditions under which oil drilling and production operations shall be conducted as provided in Subsection H, shall	In compliance. HBOC has agreed to be bound by the terms and conditions of the Zoning

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	agree in writing on behalf of him or herself and his or her successors or assigns, to be bound by all of the terms and conditions of this article and any conditions prescribed by written determination by the Zoning Administrator; provided, however, that the agreement in writing shall not be construed to prevent the applicant or his or her successors or assigns from applying at any time for amendments pursuant to this Article or to the conditions prescribed by the Zoning Administrator, or from applying for the creation of a new district or an extension of time for drilling or production operations.	Administrator's approvals.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 18	That all production equipment used shall be so constructed and operated that no noise, vibration, dust, odor or other harmful or annoying substances or effect which can be eliminated or diminished by the use of greater care shall ever be permitted to result from production operations carried on at any drilling site or from anything incident thereto to the injury or annoyance of persons living in the vicinity; nor shall the site or structures thereon be permitted to become dilapidated, unsightly or unsafe. Proven technological improvements in methods of production shall be adopted as they, from time to time, become available if capable of reducing factors of nuisance or annoyance.	In compliance. HBOC recently agreed to a three-year technology assessment – see ZA Case No. 14560-PA1-1A, Condition 9
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 22	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That not more than two wells may be drilled in each city block of the drilling district and bottomed under that block. However, at the discretion of the Zoning Administrator, surface operations for additional wells may be permitted in each of the blocks where each additional well is to be directionally drilled and bottomed under an adjacent block	In compliance. The site uses a directional drilled pattern.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	now or hereafter established in an oil drilling district in lieu of a well drilled on the adjacent block and under a spacing program which will result in not exceeding two wells bottomed under each block.	
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 33	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That drilling operations shall be commenced within 90 days from the effective date the written determination is made by the Zoning Administrator or Area Planning Commission, or within any additional period as the Zoning Administrator may, for good cause, allow and thereafter shall be prosecuted diligently to completion or else abandoned strictly as required by law and the premises restored to their original condition as nearly as practicable as can be done. If a producing well is not secured within eight months, the well shall be abandoned and the premises restored to its original condition, as nearly as practicable as can be done. The Zoning Administrator, for good cause, shall allow additional time for the completion of the well.	In compliance. The wells were drilled many years ago in compliance with this requirement.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 37	All waste substances such as drilling muds, oil, brine or acids produced or used in connection with oil drilling operations or oil production shall be retained in water-tight receptors from which they may be piped or hauled for terminal disposal in a dumping area specifically approved for such disposal by the Los Angeles Regional Water Pollution Control Board No. 4.	In compliance. The site is in compliance with all applicable environmental requirements for disposal of waste substances used in connection with oil production.
ZA Case No. 14560, Condition	The Department of Water and Power of the City of Los Angeles shall be permitted to review and inspect methods used in the drilling and	In compliance. The Department of Water and Power may review

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
1; LAMC 13.01-F, 40	producing operations and in the disposal of waste, and shall have the right to require changes necessary for the full protection of the public water supply.	and inspect the site as needed.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 43	That drilling, pumping and other power operations shall at all times be carried on only by electrical power and that such power shall not be generated on the controlled drilling site or in the district.	In compliance. The site is operated using electric power, using microturbines approved by the City in 1996. The site is also on the Department of Water and Power grid. See ZA Case No. 14422, and building permits 95LA43841 and 96LA49455 submitted as part of application package. HBOC modified this condition consistent with the City's prior approvals. City approved this modification dated May 15, 2019.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 47	That all parts of the derrick above the derrick floor not reasonably necessary for ingress and egress including the elevated portion thereof used as a hoist, shall be enclosed with fire-resistive soundproofing material approved by the Fire Department, and the same shall be painted or stained so as to render the appearance of said derrick as unobtrusive as practicable.	In compliance. No drilling is currently ongoing at the site.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 49	That no materials, equipment, tools or pipe used for either drilling or production operations shall be delivered to or removed from the controlled drilling site except between the hours of 8:00 o' clock a.m. and 6:00 o clock p.m., on any day, except in case of emergency incident to unforeseen drilling or production operations, and then only when permission in writing has been previously obtained from the Administrator.	In compliance. No drilling is currently ongoing at the site. Materials, equipment, tools or pipe used for production operations are delivered to the site only between the hours of 8:00 a.m. and 6:00 p.m.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 54	That there shall be no tanks or other facilities for the storage of oil erected or maintained on the premises and that all oil products shall be transported from the drilling site by means of an underground pipe line connected directly with the production pump without venting products to the atmospheric pressure at the production site.	In compliance. The site transports oil products by means of underground pipelines, and gas on the site is piped to the local utility's onsite equipment or used in the microturbines for energy production. The site's existing tanks required for oil transportation by pipeline were authorized by the LADBS.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 58	That no sign shall be constructed, erected, maintained or placed on the premises or any part thereof, except those required by law or ordinance to be displayed in connection with the drilling or maintenance of the well.	In compliance. The informational signs placed on site are in compliance with applicable legal requirements.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 59	That suitable and adequate sanitary toilet and washing facilities shall be installed and maintained in a clean and sanitary condition at all times.	In compliance. The site's toilet and washing facilities are properly maintained.
ZA Case No. 14560, Condition 2	That the portion of the drill site on which the drilling equipment for all oil wells to be drilled on the site are to be located, other than the transformers and electrical converting equipment, shall be graded down to an elevation which is in no event higher than the 205 ft. contour as shown on Drainage Map No. 519 on file in the City Engineer's Office, and in no event shall the base of any derrick used in the drilling operations project above the 205 ft. contour as shown on said drainage map. Furthermore, that the derrick utilized for drilling operations shall in no event exceed in height the standard so-called 136 ft. derrick of the American Petroleum Institute nor shall the overall gross height of said derrick and acoustical quilt covering the same exceed a height of 140 ft. above the 205 ft. contour referred to above. It is understood that the standard 136 ft. derrick used in this operation shall be shortened by redesigning to meet the height limitation specified above and shall not employ the usual "gin pole house" extending above the crown block and upper platform. Tanks and other equipment and buildings used in drilling and production activities shall be located in the ravine area on or adjacent to the graded portion of the drill site specified above, with no portion of said tanks, equipment or buildings, other than the upper portion of the derrick and any future portable drilling mast used for servicing	In compliance. No drilling is currently ongoing at the site.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	activities, extending above the 23 ft. contour as shown on said Drainage Map No. 519.	
ZA Case No. 14560, Condition 3	That in addition to soundproofing the derrick and other structures as required by Condition No. 47 of said Section 13.01-F, soundproofing shall also be provided for the electrical distribution center and control house containing automatic electric switches and for the engine and mud pumps; and that the manner in which the soundproofing is to be accomplished, including a plot plan specifying location of involved buildings or structures and tanks, landscaping of premises, location and type of surfacing on access driveways and other details for the development of the site, shall be submitted to and approved by the Zoning Administrator prior to the issuance of the drilling permit for each of the proposed wells, said soundproofing material as required above to be of a fire resistive type approved by the Los Angeles Fire Department.	In compliance. The Zoning Administration had previously approved the plot plan prior to the issuance of drilling permits. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 4	That the entire controlled drilling site shall be enclosed with an ornamental masonry or ornamental painted board fence having a height of at least 6 ft. above the highest ground elevation adjacent thereto, and that the area immediately adjacent to the drill site and outside of the enclosing fence or wall shall be adequately planted and maintained in a manner compatible with adjacent surface uses of the Rancho Public Park and Playground and so as to effectively screen all operations except the upper portion of the soundproof derrick from any adjacent public streets or residential areas. Furthermore, that as part of the landscaping treatment required by Subsection (f) of Section 13.01-E, 2 of the Municipal Code, tall trees at	In compliance. The site's fencing and landscaping was approved many decades ago, has been properly maintained and serves to screen the site from public streets and residential areas.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	<p>least 60 ft. in height at the time of transplanting, such as Washington palms or Canary Island pines, shall be planted around the borders of the drilling site at the highest ground level possible and placed in such positions with relation to the existing eucalyptus trees now occupying portions of the adjoining property as to effectively screen out and eliminate the conspicuousness of the lower half of the derrick from adjacent residential districts. The over-all landscaping plan shall be first submitted to and approved by the Department of Recreation and Parks before being submitted to the Zoning Administrator for approval. The Administrator reserves the right after approving plans for the landscape treatment to specify the transplanting of additional trees at various strategic locations upon adjoining property if, after such additional trees would assist in accomplishing the screening effect desired.</p>	
<p>ZA Case No. 14560, Condition 5</p>	<p>That the applicants and operators of the drilling operations herein authorized shall employ the services of a recognized expert in camouflage to design a treatment for the upper portions of the soundproofed derrick which will extend above the existing trees or trees to be planted around the edge of the drilling site and which treatment by painting or other devices on the derrick cover will make the upper portion of the derrick cover, as seen from adjacent residential districts, appear to be part of the tree planting surrounding the drilling site or appear to be an attractive monument rather than a covered oil derrick. The designs of such camouflage treatment shall be submitted to the Administrator for approval with plans for soundproofing the derrick, and thereafter the upper portions of the derrick shall</p>	<p>In compliance. No drilling is currently ongoing at the site.</p>

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	be treated and maintained in the manner suggested and approved, all of which shall be designed to eliminate as far as practical the conspicuousness of the derrick from the adjacent residential areas. It is understood that the same type of derrick design and camouflage treatment thereof heretofore approved for the companion drilling operation on the Hillcrest Country Club under Z.A. Case No. 14422 may be utilized on the drilling.	
ZA Case No. 14560, Condition 6	The drilling of the wells shall be conducted in accordance with good oil field practice and the latest techniques and refinements in equipment and material shall be used.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 7	The latest and most effective blow-out prevention equipment shall be installed and maintained in connection with the drilling of any well.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 8	That as a further amplification of Condition No. 49 of Section 13.01-F of the Municipal Code, except for actual drilling and production operations, no work shall be conducted on the property between the hours of 6 p.m. of one day and 8 a.m. of the following day or Sundays.	In compliance. No work is conducted at the site between 6:00 p.m. and 8:00 a.m. or on Sundays.
ZA Case No. 14560, Condition 9	That in no event shall drilling operations be carried on or conducted on said drill site in connection with more than one well at a time. Furthermore, that prior to the approval or issuance of Fire Department permits for each well to be drilled upon the subject site, there shall be supplied to the Zoning Administrator a map showing the general direction and general bottom hole location of said proposed well so that proper records can be kept as to the number of wells bottomed and completed under said district in compliance with the terms of this grant	In compliance. No drilling is currently ongoing at the site.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	and the provisions of Paragraph (c), Section 13.01-E, 2 of the Municipal Code. Furthermore, the applicant or operators of the oil drilling activities herein authorized, upon request by the Zoning Administrator, shall furnish such additional information concerning the status, exact bottom hole location, productivity, etc., of the various wells drilled from the property, as to enable the Administrator to properly and intelligently administer the oil drilling regulations in this area; and information to be either verbal or in writing and to be kept confidential by the Administrator if so desired by the applicant.	
ZA Case No. 14560, Condition 10	Parking area shall be provided either inside the actual drilling site or immediately adjacent thereto on the existing parking lot for maintenance and service employees of the Rancho Park and Playground for use by automobiles of employees and other vehicles employed in the drilling and maintenance of the oil wells on the property. The driveway providing the principal means of access to the controlled drilling site shall enter the property from either the driveway from Motor Avenue leading to the maintenance and service yard or from a new driveway leading to Pico Boulevard, with no such driveway entering the property from Patricia Avenue and that said driveway, together with any other driveways necessary on the drilling site, as well as the required employee parking area, shall be paved with rock and oil or asphaltic paving materials suitable to withstand heavy trucking operations. Furthermore, that all such driveways and parking areas shall be regularly washed down, swept or otherwise kept free of accumulated cement, dust or other	In compliance. The site's parking area complies with this condition.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	materials which would produce dust in the use of said facilities.	
ZA Case No. 14560, Condition 11	That if any of the wells hereby authorized are successful and are to be maintained as producing wells and are required to be pumped, then said wells shall be equipped with Kobe or comparable producing units which shall be placed in pits or cellars below the surface of the ground so that no visible pumping units will be above the ground adjacent to the surface location of the wells and that wells shall be serviced with only portable type equipment. Furthermore, that the triplex pump units necessary to operate the Kobe or comparable oil well pumping units, as well as the compressors for compressing the gas to meet pipe-line specifications, shall be housed in substantial buildings which have been acoustically treated so as to be substantially soundproofed.	In compliance. The site's wells are located in well cellars below grade and the associated equipment is appropriately soundproofed.
ZA Case No. 14560, Condition 12	That all oil and gas produced from the wells on the property shall be transported from the drilling site only by means of underground pipeline connected, if at all practical, directly with the producing pump without venting products to the atmospheric pressure at the production site and in no event shall there be any storage or treatment facilities on the property other than necessary to conform production to pipeline requirements. In no event shall more than three-day storage or two 1,000-barrel tanks, whichever is greater, be erected or maintained on the property. Furthermore, that said production tanks shall be so placed and located with respect to embankments created by grading the property or enclosing fixtures surrounding the site as to not be visible to persons on adjacent public streets or from adjacent residential property	In compliance. The site transports oil products by means of underground pipelines, and gas on the site is piped to the local utility's onsite equipment or used in the microturbines for energy production. The site's existing tanks were authorized by the LADBS in 2017.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	having approximately the same ground level elevation as the average ground level surrounding the drilling site.	
ZA Case No. 14560, Condition 13	That in view of the pending civil action under Superior Court Case No. 685474 seeking an injunction to prevent drilling for oil on the subject property which may possible cause a desire of the applicant to delay the start of drilling operations until a judgment has been entered in said civil action, the Zoning Administrator hereby extends the period within which drilling operations must start as set forth in Condition NO. 33 of Section 13.01-F of the Municipal Code; said extended period to be 60 days from the date of final judgment in said court case. As a further qualification and refinement of Condition No. 33 of said Section 13.01-F, it shall be understood that, in order to be considered a producing well, the well shall produce oil, gas or other hydrocarbon substances to a total value of at least twenty-five dollars (\$25.00) per day.	In compliance. This condition was satisfied when the facility was first established.
ZA Case No. 14560, Condition 14	All tools, pipe and other equipment in connection with the drilling and production activities shall be stored and kept on the drilling site within the fenced and landscaped enclosure.	In compliance. All equipment and tools are located within the facility.
ZA Case No. 14560, Condition 15	That in no event shall there be any development or production of oil from or above the producing horizon in the Beverly Oil Field, as determined by production from said field on the second day of June 1953.	In compliance. There is no development or production of oil from or above the producing horizon in the Beverly Oil Field.
ZA Case No. 14560, Condition 16	After completing the first test well, the bores of additional wells within the drilling site shall be projected directionally under District No. U-9 so that a complete and adequate test of the location,	In compliance. This condition was satisfied when the facility was first established. No

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	<p>extent, character, density and productivity of any deeper producing oil zones below the Beverly Oil Field referred to above in No. 15 may be had from the single drill site area. Said additional wells shall be drilled with due diligence so as to complete the total number of wells herein authorized to be bottomed under said district No. U-9 within the shortest possible time, utilizing only one oil drilling derrick for said operations. It is understood that there need not be drilled one well for each 5 acres as authorized, if the applicant lessee determines a fewer number would adequately drain the producing zones encountered. Furthermore, that upon completion of each well, the derrick shall be removed or moved to the site for a new well on the drilling site and work started towards drilling said new well within the 30-day period referred to in Condition No. 4, Section 13.01-F, to the end that the derrick and drilling operations will be removed and discontinued on the site in the shortest period of time possible.</p>	<p>drilling is currently ongoing at the site.</p>
<p>ZA Case No. 14560, Condition 17</p>	<p>That any owner, lessee or permittee and their successors and assigns, as well as the concern which is to actually do the drilling work, if different than the above, must at all times be insured to the extent of \$1,000,000 against liability in tort and public liability and property damage arising from drilling or production, or activities or operations incident thereto, conducted or carried on under or by virtue of the conditions prescribed for this district and by written determination by the Administrator as provided in Subsection H of Section 13.01 of the Los Angeles Municipal Code. The policy of insurance issued pursuant hereto shall be subject to the approval of the City Attorney and</p>	<p>In compliance. Compliance with insurance and surety requirements has been confirmed by City.</p>

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	duplicates shall be furnished to him. Each such policy shall be conditioned or endorsed to cover such agents, lessees, or representatives of the owner, lessee or permittee as may actually conduct drilling, production or incidental operations permitted by such written determination by the Administrator. A certificate of insurance to the above effect, giving the name of the insurance carrier and its address and a sworn statement that such insurance will be maintained in full force and effect, shall be furnished to the Zoning Administrator before any permits are issued.	
ZA Case No. 14560, Condition 18	That the surety bond in the sum of \$5,000 required by Condition No. 3 of the above-mentioned Subsection F and Condition (g) under Section 13.01-E, 2 of the Municipal Code shall be approved by the City Attorney, executed by both the applicant and any lessee who is to do the actual oil drilling and filed with the Zoning Administrator before any permit is issued.	In compliance. The wells were drilled many years ago in compliance with this requirement. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 19	The operator, after drilling each well to a depth of approximately 2,000 feet, shall take an electric log of the well to that depth, analyze the log and provide the Department of Water and Power of the City of Los Angeles with a copy of said log, together with its interpretation, showing aquifers and an estimate for the salinity of all waters encountered. From the information so obtained, a joint determination shall be made of the required depth at which the surface casing shall be cemented. Sufficient cement shall be used to reach the ground surface behind the surface casing. On completion of the drilling program, another log shall be taken and analyzed and, if necessary, additional steps shall be taken	In compliance. No drilling is currently ongoing at the site.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	to prevent the vertical movement of brine into freshwater zones. In the event no commercial production of oil is obtained, cement plugs shall be used to protect all fresh water in abandonment of the well. A conference between the operator and officials of the Department of Water and Power shall determine the location and extent of the plugs required. Provided, however, that the Department of Water and Power may waive the requirement for a log on each well, if sufficient sub-surface data is obtained from previous logs to permit it to carry out the purpose of this condition.	
ZA Case No. 14560, Condition 20	That the public water supply system on the property shall be protected against backflow where necessary in a manner acceptable to the Departments of Health and Water and Power and meeting the requirements of the Uniform Plumbing Code. Furthermore, representatives of the said Departments may enter upon the premises at any reasonable time for routine investigation of operations. Any necessary changes that may be ordered in operations and/or facilities shall be made within a reasonable time as determined by the Investigator.	In compliance. Agency officials are welcomed to the facility for inspection as needed.
ZA Case No. 14560, Condition 21	That the drilling site and approaches thereto shall at all times be kept in a clean, neat appearing condition free from weeds and debris, other than necessary and incidental drilling equipment and supplies shall be effectively landscaped and maintained as required under various applicable conditions heretofore mentioned and in compliance with plans approved by the Zoning Administrator. Furthermore, that upon completion of the drilling operations, all equipment and supplies,	In compliance. The site is properly maintained, including fencing and landscaping which serves to screen the site from public streets and residential areas. Equipment is removed from the site upon completion of work.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	except that actually necessary in production work and as specified on plans for the installation of the various production facilities and devices, shall be removed from the property so that, as far as practicable, there be no evidence above the ground of the presence of the oil producing facilities in the pits and cellars heretofore specified.	
ZA Case No. 14560, Condition 22	That the Zoning Administrator reserves the right to impose additional conditions or require corrective measures to be taken if he finds after actual observation or experience with drilling one or more of the wells on the adjacent Hillcrest Country Club property or the subject Rancho Park and playground property that additional conditions are necessary to afford greater protection to surrounding residential property as intended by the provisions of Section 13.01 of the Municipal Code, as well as the conditions set forth in Ordinance No. 109, 732.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560-PA1, Condition 1	All other use, height and area regulations of the Municipal Code and all other applicable government/regulatory agencies shall be strictly complied with in the development and use of the property, except as such regulations are herein specifically varied or required.	In compliance. All use, height and area regulations are followed.
ZA Case No. 14560-PA1, Condition 2	The use and development of the property shall be in substantial conformance with the plot plan submitted with the application and marked Exhibit A, except as may be revised as a result of this action.	In compliance. No material changes are made without appropriate agency approvals.
ZA Case No. 14560-PA1, Condition 3	The authorized use shall be conducted at all times with due regard for the character of the surrounding district, and the right is reserved to the Zoning Administrator to impose additional corrective Conditions, if, in the Administrator's	In compliance. HBOC always endeavors to be a good neighbor.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	opinion, such Conditions are proven necessary for the protection of persons in the neighborhood or occupants of adjacent property.	
ZA Case No. 14560-PA1, Condition 4	All graffiti on the site shall be removed or painted over to match the color of the surface to which it is applied within 24 hours of its occurrence.	In compliance. No issues with graffiti.
ZA Case No. 14560-PA1, Condition 5	A copy of the first page of this grant and all Conditions and/or any subsequent appeal of this grant and its resultant Conditions and/or letters of clarification shall be printed on the building plans submitted to the Development Services Center and the Department of Building and Safety for purposes of having a building permit issued.	In compliance. No building permits being pursued at this time.
ZA Case No. 14560-PA1, Condition 6, LAMC 13.01-F Condition No. 17	<p>The applicant or operator shall comply with all conditions of approval from the prior Zoning Administrator's determinations, and those as expressly stated as follows which supersedes prior LAMC conditions:</p> <p>That any person requesting a determination by the Zoning Administrator prescribing the conditions under which oil drilling and production operations shall be conducted as provided in subsection H, shall agree in writing on behalf of him or herself and his or her successors or assigns, to be bound by all of the terms and conditions of this article and any conditions prescribed by written determination by the Zoning Administrator; provided, however, that the agreement in writing shall not be construed to prevent the applicant or his or her successors or assigns from applying at any time for amendments pursuant to this Article or to the conditions prescribed by the Zoning Administrator, or from applying for the creation</p>	In compliance. No letter of determination is being pursued at this time.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	of a new district or an extension of time for drilling or production operations.	
ZA Case No. 14560-PA1, Condition 6, LAMC 13.01-F Condition No. 43	<p>The applicant or operator shall comply with all conditions of approval from the prior Zoning Administrator's determinations, and those as expressly stated as follows which supersedes prior LAMC conditions:</p> <p>All electric power – all pumping and power operations at the site shall at all times be carried on only by electrical power and such power shall not be generated by fossil fuels at the controlled drilling site or in the district. Power may be generated on site by solar voltaic generators or natural gas-powered cogeneration units placed within sound proofed buildings.</p>	In compliance. All pumping and power are generated through LA DWP and on-site microturbines.
ZA Case No. 14560-PA1, Condition 7	<p>Plan Approval:</p> <ul style="list-style-type: none"> a) Within 36 months, the operator shall file a plan approval to review compliance with the conditions of approval of this determination. The Plan approval application shall be filed within 45 days before the end of the 36-month period. b) Whenever a change in operator occurs, notification of such change shall be submitted to the Department of City Planning within 30 days. c) Whenever a change in operator occurs, a Plan Approval application along with associated fees, shall be filed within 12 months of the change to review the new operator's compliance with these conditions. d) A public hearing may be required, at the discretion of the Zoning Administrator, with notification of all owners and 	<p>In compliance. HBOC complies with conditions of approval, including timing requirements when modifications are sought.</p> <p>No change of ownership applies.</p>

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	occupants of property within a 500-foot radius. The purpose of the plan approval will be to review and establish conditions deemed applicable to the use as maintained and conducted by the new operator consistent with the intent of the Conditions of this grant. Upon this review the Zoning Administrator may modify, add or delete conditions, and if warranted, reserves the right to conduct this public hearing for nuisance abatement/revocation purposes.	
ZA Case No. 14560-PA1, Condition 8	An Annual Safety Inspection report, which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory and equipment on site, any repair work, and/or maintenance done to keep the equipment on good condition at all time. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination.	Delivered reports with documentation on time. Providing supplemental report based on feedback received from community and as outlined in 2017 Lease review.
ZA Case No. 14560-PA1, Condition 9	Within 48 months of this determination letter, a three-year technology assessment report should be provided to the Zoning and Petroleum Administrators. The assessment report should be collaboratively generated by the operator with input from vendors, professionals and community stakeholders to identify better operating technologies, such as fence line monitoring, computer automation, new safety equipment, and / or other technological enhancements. The three-year assessment shall be repeatedly conducted.	In compliance. We will comply with by July 1, 2023

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560-PA1, Condition 10	The applicant shall immediately notify appropriate City agencies and entities, including the Los Angeles Fire Department, the Petroleum Administrator, and the local City Council office, of an emergency, accident or spill that requires reporting to any State, County, or regional agency.	In compliance. Personnel are trained to make immediate notifications for reportable incidents. No incidents to date have occurred.
ZA Case No. 14560-PA1, Condition 11	Prior to the issuance of any permits relative to this matter, a covenant acknowledging and agreeing to comply with all the terms and conditions established herein shall be recorded in the County's Recorder's Office. The agreement (standard master covenant and agreement form CP-6770) shall run with the land and shall be binding on any subsequent owners, heirs, or assigns. The agreement with the conditions attached must be submitted to the Development Services Center for approval before being recorded. After recordation, a certified copy bearing the Recorder's number and date shall be provided to the Zoning Administrator for attachment to the subject case file.	In compliance.
ZA Case No. 14560-PA1, Condition 12	Indemnification and Reimbursement of Litigation Costs	In compliance as appropriate.

In conclusion, HBOC is in compliance with all **City ordinances** as outlined in applicable City Code sections including section 13.01 H and I, and all other ordinances and permit conditions as outlined above.

Furthermore, none of the work done at the Rancho Park site involved deepening, redrilling, plugging, or permanently altering any of the casing of a well or its function, so those conditions pertaining to such operations do not apply.

3.0 CITY LEASES

HBOC is in compliance with all **City lease conditions**, as outlined in the 2017, “Report on the Oil and Gas Operations at 10460 West Pico Boulevard; Council File No. 17-0149”. This report cited four leases and associated legal agreements as follows:

1. Lease No. 94-A , dated May 29, 1957, imposed 40 conditions.
2. Lease No. 110, dated Dec. 15, 1960, imposed 31 conditions.
3. Lease No. 94-A had an additional 4 conditions added on Sept. 28, 1961.
4. June 1, 1994, 35 year lease extension imposed 10 conditions.

The conditions cited above correspond to the number of sections in each of these legal documents. As such, not all represent drilling and/or operating conditions that require compliance on an ongoing basis. The 85 conditions cited above are discussed below to demonstrate HBOC’s commitment and compliance with its City leases.

Lease 94-A Dated May 29, 1957, 40 Conditions, 36 pages (Lease for mineral rights):

1. Description of Property: Parcel 1 is up to 3 acres of surface of the land described as Parcel 3. Parcel 2 is the subsurface only of Parcel 3. Legal description of Parcel 3 given. *No compliance required.*
2. Method of Operation: Hydrocarbons are to be removed by using wells on drill sites on Parcel 1, with no oil tanks except those needed for storage and cleaning of oil. No gasoline extraction plant is to be constructed. All equipment is to be on Parcel 1. *HBOC is in compliance.*
3. Access Roads: Lessee is entitled to access Parcel 1. Location of access roads may change. *No compliance required.*
4. Pipelines and Telephone Lines: Those located on Parcel 3 to reach public streets. Location may change. *HBOC is in compliance.*
5. Term: This lease was originally for 35 years. *Lease extended to 2027 in 1994.*
6. Reservations and Lessee’s Possessory Rights: City can use property for other purposes, subject to the rights granted to the operator. Lessor does not warrant its title. *No compliance required by HBOC.*

7. Zoning and Delay Rentals: Within 90 days of the lease execution, Lessee agreed to file an application with the City's Dept. of Planning for a change of zone to permit using the property for oil drilling. Lessee also agreed to begin drilling within 90 days of zone change. If Lessee does not drill within 90 days delay rentals are required. *No compliance required at this time.*
8. Surrender or Quitclaim: Lessee may quitclaim property to the City, in which event all succeeding delayed rentals shall cease. *Required drilling completed.*
9. Commencement of Operations: Lessee agrees to drill wells on or before June 1, 1958 or within 60 days after a producing well is completed within 700' of property boundary. Well spacing, well offset, redrilling in lieu of drilling, and relief from offset requirement is outlined in this section. *Required drilling completed.*
10. Delay Rentals: If Lessee suspends operations in any well and is not drilling in some other well, the Lessee must pay delay rental costs. *No delay rentals are due.*
11. Producing Obligations: Lessee is required to produce, pump, flow or otherwise operate all wells at full capacity to secure the largest amount of oil. *HBOC in compliance.*
12. Discontinuance of Production Well: If Lessee stops producing, except for causes outlined in item 17, and leaves well idle, Lessee shall during the 35-year term of this lease, quitclaim to Lessor its interest in the land for that well, excepting such land as required for operation of remaining wells. *HBOC in compliance.*
13. Royalties for Oil: Lessee can use oil and gas produced for production purposes without royalty payment. Lessee shall pay the City 1/5 the royalty of the value of all oil sold, after making customary deductions for oil quality. Lessee is to furnish the City with a true account of the production before the 20th day of each month. *HBOC in compliance.*
14. Royalties for Gas: Lessor is to pay the City 1/5 royalty of net proceeds from sale of gas. Lessee has the right, free of cost to it, to use gas required for production purposes on said property. Settlement of gas royalties to be made before the 20th day of each month. *HBOC in compliance.*
15. Interest of the United States: The federal government owns 6-1/4% of the value of any oil and gas that is produced. The 1/5 royalty to the Lessor includes this amount. *No compliance required by HBOC.*
16. Share of Net Profits: Net profits is defined as gross proceeds that exceed chargeable costs and expenditures. They are calculated from the beginning of the operation until date of computation. Lessee is required to keep an accounting of such amounts and furnish them to the City on the last day of each calendar month. The City is entitled to 50% of the net profits, if any, as defined in this section. *HBOC is reviewing compliance and will update the City.*

17. Unavoidable Delays in Drilling Operations: Operations may be suspended due to events due to the elements, accidents, strikes, lockouts, riots, and/or other factors. Lessee is to resume as soon as possible. *All required drilling is complete.*
18. Remedial Operations: Well repairs or improvements are not deemed an interruption of continuous operations. *HBOC is in compliance.*
19. Taxes: Lessee agrees to be a prudent taxpayer. *HBOC is in compliance.*
20. Liens and Claims: Lessee agrees to keep the property free of liens and claims and has the right to dispute and defend against any claims. Lessee will conduct all operations in a careful, workmanlike manner and agrees to comply with all state, City, and other regulatory agencies having jurisdiction over any of the operations conducted on the property. Lessee indemnifies the City against claims. *HBOC in compliance.*
21. Litigation: Lessee and City agree to provide written notice of any litigation affecting the property as soon as such party has knowledge of it. *There is no litigation in progress. HBOC is in compliance.*
22. Drilling information: Lessee agrees to keep accurate drilling and pipeline records. The City has the right to inspect such records. Lessee agrees to confer with City geologists. *HBOC is in compliance.*
23. Inspection of Production Records: The City has the right to inspect Lessee's production records. *No compliance required.*
24. Notice of Work: Lessee is to advise the City of all work contemplated on the property to minimize hazards and preserve safety on the property. *HBOC is in compliance.*
25. Information Respecting Other Lands: If the Lessee owns any adjacent lands or lands within 1000' of the property, the lessee must provide the City information regarding that operation. *HBOC is in compliance.*
26. Fences and Pipelines: Substantial fence is to be constructed and maintained by Lessee. Pipelines are to be buried. *HBOC is in compliance.*
27. Conduct of Drilling Operations: Drilling is to be conducted in accordance with Dept. of Planning and Zoning Administrator. All drilling equipment is to be electric, sound proofed, and engines are to be muffled. No open pits are to be used; all mud to be in tanks. *All required drilling is complete.*
28. Conduct of Operations: Lessee agrees to operate in accordance with all requirements of the Dept. of Planning and Zoning Administrator. All pumping equipment is to be electric; no walking beam type pumping units are to be used, pumps are to be Kobe or hydraulic, gas lift, bottom hole pumps or vacuum pumps, located in concreted trenches below ground level or completely concealed by vegetation or an approved enclosure. *HBOC is in compliance.*

-
29. Conduct of Remedial and Redrilling Operations: Lessee agrees that its redrilling, repairing and servicing operations shall be conducted in accordance with all requirements of the Dept. of Planning and the Zoning Administrator. Redrilling equipment shall be portable and designed to avoid noise, disturbance or offense to residents; exhausts of engines are to be muffled; mud storage is to be in tanks; redrilling operations are to be 15 days or less, or are to be replaced with drilling equipment. *HBOC is in compliance.*
30. Injury to Surface of the Land: Lessee agrees to prevent oil or water overflow that may be detrimental to vegetable growth on the property. *HBOC is in compliance.*
31. Termination for Default: Lessee has 30 days to comply with any written notice given by the City in regards to compliance to the lease. The City may terminate the lease for the specific non-complying well. *HBOC is in compliance.*
32. Voluntary Quitclaim: Lessee may quitclaim the property for a sum of \$10 paid to the City. *No compliance required.*
33. Other Quitclaim: If the lease is terminated in whole or in part, Lessee shall give the City a good and sufficient quitclaim deed to the property. If a well is abandoned, the Lessee will quitclaim and surrender all the land adjacent to the well which it does not need for the operation of the other wells. *No compliance required at this time.*
34. Removal of Casing: Lessee has the right to remove any tanks, pipelines, structures, casing or other equipment. *No compliance required.*
35. Arbitration: Any controversy as to matters of fact shall be submitted to arbitration. *No compliance required at this time.*
36. Notices: Any notice relative to this lease is deemed delivered if delivered to proper addresses provided. *No compliance required.*
37. Insurance: Lessee is to procure and maintain liability and property damage insurance for the City in amounts satisfactory to the City, and carry Worker's Comp Insurance. *HBOC is in compliance.*
38. Surrender of Possession: Upon lease termination, Lessee shall peaceably and quietly leave and remove all materials, structures, obstructions placed by it on or in the property, fill all trenches and holes, remove all oil debris, and fill any other excavations made by it, and restore the land to the condition in which it was received. *No compliance required at this time.*
39. No right to surface of Parcel 3 is included in this lease, except as described in Parcel 1. *HBOC is in compliance.*
40. This lease cannot be assigned or sublet without the written permission of the City. *No compliance required at this time.*
-

HBOC is in compliance with all of the above lease requirements as applicable to the current status of the property.

Lease 110 Dated Dec. 15, 1960, 30 Conditions, 17 pages (Lease for surface use):

1. The land is being leased for the purpose of drilling, producing, extracting, storing, cleaning and removing oil, gas, asphaltum and other hydrocarbons from the land. *No compliance required.*
2. Lessee agrees to pay the City \$25,000 when the Urbanized Oil Drilling District is established composed of the leased lands. *Presumably paid by Signal Oil and Gas Company, the original Lessee, at the time the district was established.*
3. Lease is in effect for 32 years, provided it terminates and ends concurrently with Lease 94-A. *Lease extended to 2027 in 1994.*
4. Lessee shall have access to the drill site. The access location may change. *No compliance required.*
5. All pipelines and telephone and power lines are to be located to reach public streets. Pipelines are to be buried. *HBOC is in compliance.*
6. No storage tanks are to be on site except for storage and cleaning of production from leased land. No gasoline extraction plant is to be constructed. *HBOC is in compliance.*
7. Substantial fencing shall be constructed and maintained when required by City. *HBOC is in compliance.*
8. Lessee agrees to by the City rentals equal to 5% of the value of all oil produced from Lessee lands (*lands leased other than those leased from the City, those in the vicinity but not including City's land*), 5% of net proceeds from the sale of gas from lessee lands, and 5% of any gasoline or other liquid products from gas produced from the lessee lands. Lessee has the right to use as much oil, gas, or other hydrocarbons produced as needed to conduction its operations. The Lessee shall provide a production accounting to the City before the 20th of each month. *HBOC is in compliance; no current production from wells other than those producing from City leased lands.*
9. Lessee is to comply with drilling schedule outlined in this paragraph. Delay rentals are to be adjusted accordingly. *All required drilling is complete.*
10. Lessee agrees to operate in compliance with state and city regulations and all governmental bodies having jurisdiction over such operations. *HBOC is in compliance.*
11. All operations are performed at sole cost to Lessee. *HBOC is in compliance.*
12. Lessee is to procure and maintain liability and property damage insurance and carry Workman's Comp insurance. *HBOC is in compliance.*

13. Lessee agrees to keep property free from liens and claims, and has the right to defend against any claim. *HBOC is in compliance.*
14. Lessee agrees to be a prudent taxpayer. *HBOC is in compliance.*
15. Each party agrees to give written notice of any litigation affecting the property. *There is no litigation in progress.*
16. Lessee agrees to comply with Section 22 in Lease 94A (drilling and pipeline records, conferring with City geologists). *See comments above.*
17. City has the right to inspect production records and to gauge oil production. *No compliance required.*
18. Lessee shall advise City of all work contemplated to minimize hazards and preserve safety. *HBOC is in compliance.*
19. Sections 27, 28, 29, and 30 in Lease 94A are to be in compliance. *See comments above.*
20. Lessee may at any time surrender all or any part of the drill site back to the City. *No compliance required at this time.*
21. Lessee has the right to remove all property placed there by Lessee at any time and from time to time. *No compliance required.*
22. City has the right to terminate this Lease if Lessee fails to comply with its terms, provided the City gives written notice of alleged breach and provides 30 days for Lessee to correct said breach. *No active written notice of default or breach.*
23. Upon termination of this Lease, Lessee will peaceably and quietly yield the property to the City and remove all equipment, fill up all trenches and holes, remove all debris, and restore the property to the condition in which it was received by Lessee. *No compliance required at this time.*
24. Lessee's obligations are suspended if they are prevented by act of God, strike, lockout, war, blockade, riot, fire, explosion, government restraint, etc. or other causes beyond the control of Lessee or so long as price of oil is less than 75 cents per barrel. *No compliance required at this time.*
25. Any controversy as to matters of fact from this Lease shall be submitted to arbitration. *No compliance required at this time.*
26. This Lease cannot be assigned or sublet without written consent of the City. *No compliance required at this time.*
27. Addresses for the City and Lessee in 1960 are provided here. Written communications to these addresses are deemed delivered. *No compliance required.*
28. This Lease is not a partnership or joint venture relationship. *No compliance required.*
29. This Lease is a stand-alone agreement and does not incorporate the terms of the 94A Lease except as expressly stated. *No compliance required.*

30. The City does not warrant title to the drill site or easements granted in this Lease. *No compliance required.*
31. Terms and provisions of this Lease are binding to the City and Lessee and their respective successors and assigns and run with the lands. *No compliance required.*

HBOC is in compliance with all of the above lease requirements as applicable to current status of the property.

Lease 94-A Supplement Dated Sept. 28, 1961, 4 Conditions, 3 pages:

1. City grants Lessee permission to install and maintain a manhole and covered concrete valve vault in a portion of Rancho Park. *No compliance required.*
2. Lessee to pay the City each year on or before March 30th, 40 cents for each cubic foot of space used, restore the grounds after any repair work, hold the city harmless for any injury or damages caused by this license. *No compliance required.*
3. City may revoke this permission. *No compliance required.*
4. All terms of Lease 94-A remain in effect. *No compliance required.*

HBOC is in compliance. Franchise is presently paid by Tennessee Ave LLC.

Land Lease 35-Year Extension Dated June 1, 1994, 10 Conditions, 5 pages:

Recitals preceding conditions acknowledged that previous leases expired on May 28, 1992, but both the City and Lessee desire to extend the expiration dates. Recitals also note that public safety requires the proper abandonment and site restoration of non-productive well sites.

1. Leases are to be extended to May 28, 2027. *No compliance required at this time.*
2. The City will set up a Rancho Park Restoration/Abandonment Fund to accept cash payments from Lessee to be used by the City to fully restore the property if the Lessee fails to do so at the termination of the lease. The money is to be returned to the Lessee if the restoration work is done by the Lessee in accordance with the Lease terms. The Lessee is to provide \$50,000 cash at the time of this agreement, and provide the City with an additional \$50,000 each year on the anniversary of this agreement until the City has collected \$500,000. The City is to review the fund balance and estimated

decommissioning and restoration costs every five years from the date of this agreement to determine the adequacy of the fund to accomplish the work. If the City determines that the fund is inadequate to decommission and restore the property, Lessee agrees to make annual payments over the succeeding five years to bring the fund balance to the level required. *HBOC is in compliance. The most recent review is in progress with the City.*

3. When the lease expires or is terminated, Lessee agrees to immediately abandon all wells and restore the site at its own cost. If they fail to do so, the City can do the work and use the fund to pay for this activities, including City costs for salaries, expenses, contract services, overhead, inspection and other similar costs. Lessee will remain liable or any costs exceeding the fund balance, and is entitled to any remaining balance. *No compliance required at this time.*
4. The fund is for the benefit of the City to assure costs of decommissioning and restoration are available. If the Lessee and City agree that an equal or better arrangement is available, the Lessee may request an amendment to this agreement. *No compliance required at this time.*
5. Lessee is to obtain a Phase I and Phase II environmental assessment of the drill and production site of the property. The results are to be made available to the City. This assessment is to begin as soon as this agreement is executed, and completed within six months. *HBOC in compliance.*
6. Lessee had six idle wells on the property at the time of this agreement. Lessee agreed to conduct engineering studies to determine if any of the six idle wells had future use. Any deemed to have no further use were agreed to be abandoned within one year from the execution of this agreement. *HBOC is in compliance with the State Idle Well Management Program.*
7. If oil prices exceed \$25/bbl on an annualized average, the royalty rate to the City will increase from 20% (1/5) to 22.5%. *HBOC in compliance.*
8. Lessee is to make a onetime donation of \$50,000 to the City to be specifically used to improve Rancho Park, Cheviot Hills Park, and Recreation Center facilities as determined by the City. *The 2017 City report noted that RAP documented that the payment was made, based on a letter dated May 20, 1994, from Lessee's legal counsel to the Board of Recreation and Park Commissioners. The donation was specifically used toward improving Rancho Park Gold Course (Board Report No. 389-96).*
9. Section 19 (Taxes), Section 20 (Indemnity) and Section 37 (Insurance) were amended from Lease 94-A. Insurance requirements for general liability, automobile liability, and worker's comp are specified. *HBOC is in compliance.*
10. Except for the amendments and modifications itemized above, the Lease terms and conditions remain effective. *No compliance required.*

4.0 AIR MONITORING PROGRAM

HBOC has initiated fence-line air monitoring in Q1 2020 on a volunteer basis at the Rancho Park production facility. The Facility is located adjacent to a City of Los Angeles maintenance yard, the Cheviot Hills Recreation Center and is surrounded by the Rancho Park Golf Club.

Two Honeywell AreaRAE Plus air monitor modules, located at the southwest corner (Air Station #01B00001151) and northeast corner (Air Station #01B00001139) of the facility (see Figure 1). Approximately 2,540 samples per day are collected and recorded from the two automated air monitoring devices. Measured in detail are LEL (%), H₂S (ppm), CO (ppm), VOCs (ppm), wind speed and direction, temperature, and relative humidity. Measurements are taken at intervals of 1 min. and 8 sec. at each device, providing a comprehensive record of these parameters on a 24-hour basis.



To date, there have been no incidences of elevated readings of LEL, H₂S, CO, or VOCs detected at either monitoring location. All four constituents have been zero with the exception of very low VOC readings on occasion (up to 0.104 ppm from the data provided), which can be expected from normal activity such as vehicle traffic at the facility and City maintenance yard.

5.0 SUMMARY AND CONCLUSIONS

HBOC has demonstrated its commitment to being a good partner to the City and its neighbors through a variety of good neighbor initiatives and significant investments. HBOC along with the Councilmember Paul Koretz and other community leaders established a community working group to discuss ideas and solutions. Working together, several achievements are worth noting:

- HBOC listened and heard the community concerns regarding the installation of its CEB 1200. HBOC removed that particular piece of equipment and it is no longer in service, which was verified by the third-party onsite inspection audit.
- HBOC has been in conversations with the City of Los Angeles, Council District 5, Department of Recreation and Parks, Purchasing Department, Department of Water and Power, South Coast Air Quality Management District and Fuel Cell Energy to evaluate the potential of a fuel cell project at the Rancho site and the potential benefits that would bring to the City, park, and residents.
- HBOC implemented an air monitoring program to ensure the safety and comfort of its neighbors, although no such program is required by any regulations or lease commitments.
- HBOC has prepared this supplemental report in response to the community's questions regarding HBOC's compliance with City ordinances and City Leases.

HBOC is committed to its operation and obligations at Rancho Park and welcomes comments and discussion for ongoing improvements to its shared community to provide energy resources to California in a safe, environmentally sound manner.

M.K. (Val) Lerma, P.E.

Harry P. Barnum, P.G.

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

To Whom It May Concern:

Hillcrest Beverly Oil Corporation is submitting the second Annual Inspection - Report of Oil and Gas Operations 2021 for Rancho Park, on August 13, 2021, as required per the following Condition 8:

On May 15, 2019, the West Los Angeles Area Planning Commission reviewed a Plan Approval submitted by HBOC regarding its compliance with ZA-14560. As a result of this review, the Commission produced a series of Findings and Conditions. Most importantly among them include the following:

- Finding 4:
Since the joint-agency investigation in 2017, “the operator has corrected the outstanding issues per the Department of Building and Safety and the Fire Department.”
- **Condition 8:**
“An Annual Safety Inspection report which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory of equipment on site, any repair work, and / or maintenance done to keep the equipment in good condition at all times. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination.”
- Condition 7:
Within 36 months, the operator shall file a Plan Approval to review compliance with the conditions of approval of this determination.”
- Finding 6:
“...the current conditions of approval imposed on the subject drill site are sufficient to preserve the health, safety, and general welfare of the nearby residential neighborhood.”
(Case No. ZA-1958-146560-PA1-1A)

This letter is followed by the Annual Safety Inspection ordered by Condition 8.

In addition to fulfilling Condition 8, HBOC intends to use this Annual Safety Inspection as an opportunity to demonstrate its commitment to the safety of its employees and the community while contributing to California’s energy independence through good oilfield practice.

HBOC recognizes that the report will become public record and may be used as a standard to develop a city-wide inspection for all other oil and gas facilities in Los Angeles. As such, the report highlights HBOC’s exceptional operational standards exemplified at Rancho Park.

HBOC

Hillcrest Beverly Oil Corporation

10000 West Pico Blvd, Los Angeles, California 90064

Rancho Park fully complies with all of the many federal and state mandates specific to oil and gas facilities. In addition to including a full equipment inventory and accompanying compliance documentation, this report will consolidate all of Rancho Park's safety-oriented reports for the convenience of the Zoning and Petroleum administrators.

This Safety Inspection demonstrates HBOC's compliance with all relevant government agencies. The list of which includes, but is not limited to:

- Los Angeles Fire Department (LAFD)
- Los Angeles Department of Building and Safety (LADBS)
- California Geologic Energy Management Division (CalGEM)
- South Coast Air Quality Management Division (SCAQMD)
- California Environmental Reporting System (CERS)
- Environmental Protection Agency (EPA)
- Pipeline and Hazardous Materials Safety Administration (PHMSA)
- Los Angeles Department of Water and Power (LADWP)

As requested in Condition 8, the framework of this inspection report was based on the 2017 inspection report produced by then-acting Petroleum Administrator, Uduak-Joe Ntuk. The report was also partly modeled after the City of Carson's current Oil and Gas Facility Compliance Review. The report was developed internally by HBOC's Engineering and HSE departments. Much of the report goes above and beyond what was requested of HBOC in Condition 8 of ZA-1958-146560-PA1-1A.

To be clear, this safety inspection does not serve as the Plan Approval requested in Condition 7 of ZA-1958-146560-PA1-1A.

Third-Party Audit of Rancho Park Drill Site Annual Safety Inspection



Conducted by



InterAct PMTI, Inc.
260 Maple Ct, Ste 210
Ventura, CA 93003
www.interactpmti.com
July 2021

Third-Party Audit of Rancho Park Drill Site Annual Safety Inspection

TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY.....	3
2.0	INTRODUCTION.....	4
3.0	FACILITY DESCRIPTION.....	5
4.0	AUDIT	6
5.0	ON SITE INSPECTION	8
6.0	COMPLIANCE WITH CITY ORDINANCES AND LEASES.....	13
7.0	DOCUMENTATION REVIEW.....	39
8.0	EQUIPMENT INVENTORY	46

1.0 EXECUTIVE SUMMARY

InterAct PMTI performed a third-party audit of the Hillcrest Beverly Oil Corporation's (HBOC) Annual Safety Inspection for the second year in a row. Based on our inspection, HBOC has clearly demonstrated a commitment to compliance with all applicable regulations and lease conditions, a commitment to safety for employees and the community, and a commitment to good oilfield practices. After rigorous review of necessary documents and the Rancho Park facility, InterAct has determined that HBOC's Annual Safety Inspection fulfills all requirements set forth by the city of Los Angeles.

2.0 INTRODUCTION

The purpose of this Safety Inspection Audit Report is to: (1) ensure Rancho Park Drill Site is operated and maintained in a safe and environmentally sound manner in compliance with all applicable local and state regulations/permits, as well as industry practices and standards; (2) identify any specific improvements necessary to ensure the facility's operations do not impose adverse impacts upon HBOC's employees or the public; and (3) determine if the facility is compliant with the conditions set by the leases with the city of Los Angeles and the West Los Angeles Planning Commission.

This annual safety report was deemed necessary when the West Los Angeles Planning Commission, on May 15, 2019, produced a series of findings and conditions in regards to HBOC's Plan Approval, under ZA-14560, for the existing 1.93-acre Rancho Park Drill Site. Condition 8 states that "An Annual Safety Inspection report which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory of equipment on site, any repair work, and / or maintenance done to keep the equipment in good condition at all times. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination."

InterAct assessed the Rancho Park Drill Site for compliance with relevant governmental agencies, including but not limited to:

- Los Angeles Fire Department (LAFD)
- Los Angeles Department of Building and Safety (LADBS)
- Los Angeles Municipal Code (LAMC)
- California Geologic Energy Management Division (CalGEM)
- South Coast Air Quality Management Division (SCAQMD)
- California Environmental Reporting System (CERS)
- Environmental Protection Agency (EPA)
- Pipeline and Hazardous Materials Safety Administration (PHMSA)
- Los Angeles Department of Water and Power (LADWP)
- State Water Quality Control Board (SWQCB)

As a result of the West Los Angeles Planning Commission's conditions, HBOC has responded in a constructive manner by continuing to contract InterAct PMTI, an un-biased third-party and an approved vendor of the City of Los Angeles, to audit Rancho Park Drill Site to identify regulatory and/or on-site compliance and/or lease contract issues and to generate HBOC's Annual Safety Inspection Report. The decision to have a third party generate the annual report demonstrates HBOC's commitment to maintaining an amenable and transparent relationship with the public, governmental agencies, and relevant stakeholders. This report will summarize the regulatory documentation and compliance review, on-site inspection components, lease conditions, and determinations of the annual third-party safety and compliance audit completed for Rancho Park Drill Site by InterAct.

3.0 FACILITY DESCRIPTION

Facility/Lease Name	Rancho Park Drill Site
Address	10460 W Pico Blvd, Los Angeles, CA 90064
Field	Beverly Hills
Operator	Hillcrest Beverly Oil Corporation
Facility Staff	
Superintendent	Steve Griffis
Supervisor	Gilbert Alvarez
Lead Operator	John Plaza

Number of Wells		
	Active Production	8
	Idle	2
	Water Injection	1
Hydrogen Sulfide (H2S)		
	Max. ppm level	<10 ppm
Enhanced Recovery Methods Used		
	Water Flood	Yes
Crude oil transport system		
	Pipeline	Yes
Historical activities (Last 12 months)		
	Drilling	None
	Construction	None
Future Plans		
	Drilling	Not currently
	Construction	Not currently

4.0 AUDIT

There are three components to this audit: An on-site inspection of the facility, including equipment, a review of regulatory and permitting compliance, and a review of compliance with City ordinances and leases. The third component was conducted as a supplemental component of the 2020 report but is included as part of this 2021 report.

The on-site inspection of Rancho Park Drill Site occurred on June 29th, 2021 during the initial phases of the regulatory and permitting compliance review process. The inspection involved the visual observation of:

- Equipment in-use and out-of-service located within the facilities boundaries
- The perimeter fencing and signage postings
- General Maintenance and cleanliness of the facility.

At the time of the inspection, there was ongoing normal production activities. There were no construction or well work activities ongoing. The perimeter of the facility was walked to examine the level of noise generated from within the facility and if it was perceptible beyond the fence-line. The facility sits in a natural depression whereby the south, east, and west perimeter lines are a natural berm of 12-20 feet in elevation above the facility level. The northern perimeter is lined with vegetation and trees that limit sound propagation. The entire perimeter is also fenced whereby the chain-link that is filled with plastic slats, further limiting sound propagation. The sound from the facility was minimal at the time of the inspection and faded into the surrounding urban traffic noise only a few feet from the fence line. At a request from HBOC, InterAct attempted to identify potential public nuisances, but was unable to identify any such nuisances.

The on-site inspection was not limited to observing and documenting the facility and equipment within. InterAct also consulted the HBOC staff regarding regulatory compliance requirements, interviewed and verified personnel to assess comprehensive knowledge and training of HBOC's safety procedures, and confirmed personnel were able to provide documentation for InterAct's review as applicable. All staff were up to date with safety trainings defined in the company's policy. The inspection was facilitated by Ted Cordova and was attended by the following personnel:

- Harry Barnum, Operations Manager, InterAct
- Patrick Bridgman, Project Engineer, InterAct
- Sam Layton, Production Operations Engineer, HBOC
- Gilbert Alvarez, Supervisor, HBOC
- Christopher Hassler, Environmental Coordinator, HBOC
- Various operators and supervisors of the Rancho Park Drill Site

The review of regulatory and permitting compliance included are listed below:

- Review of HBOC's compliance documents to ensure approval by the governing agency
- Review of HBOC's permits to confirm approval and validity
- Surveying the governmental agencies to determine if there are any recent notices of violation for the facility and if they have been addressed

The review of City ordinances included a review of relevant city ordinances as outlined in the original approval for the project in March of 1958, as well as subsequent approvals that specified additional conditions. These approvals are listed below:

- ZA Case No. 14560 (March 11, 1958)
- ZA Case No. 14561 (April 11, 1975)
- Case No. ZA-1982-426 (November 7, 1983)
- Case No. ZA 14560 (January 25, 1994)
- Case No. ZA 14560(PAD) (February 11, 1994)
- Case No. ZA 14422(PAD) (January 16, 1996)
- Case No. ZA 14560-PA1 (July 1, 2019)

The review of City Leases included all legal documents identified in the 2017 City Report entitled, "Report on the Oil and Gas Operations at 10460 West Pico Boulevard; Council File No. 17-0149" as follows:

- Lease No. 94-A, dated May 29, 1957 with 40 subparts
- Lease No. 110, dated Dec. 15, 1960 with 31 subparts
- Lease No. 94-A additional 4 conditions dated Sept. 28, 1961
- Lease Extension dated June 1, 1994 with 10 subparts.

Each of these components is discussed in the following sections.

5.0 ON SITE INSPECTION

1. Since the 2020 Safety Audit Report CalGEM issued (1) new Notice of Violation instructing HBOC to revise the initial Spill Contingency Plan (SCP) submitted, per letter 5/11/2021 (Violation ID 12218956). HBOC responded by amending the SCP submittal to satisfy CalGEM's comments and the violation status was updated to Resolved on July 29th, 2021. Note that HBOC has in place an EPA approved Spill Prevention Control & Countermeasure (SPCC) Plan. HBOC is fully prepared for spill response in case of an upset and it was only minor details within the CalGEM SCP that required resolution.

In total, the Rancho Park Drill Site has one unresolved Notice of Violation (NOV) from CalGEM for no barbed wire fencing. HBOC is unable to install barbed wire fencing for certain portions of their fence due to conflicting regulatory requirements from the other regulatory bodies that have requirements for the facility (California Building Code, County of Los Angeles, Department of Regional Planning, and the City of Los Angeles Municipal Code). A request was sent on June 25, 2020 to CalGEM to request approval for the existing fence to close out this NOV.

HBOC has responded to both NOV's. Violation ID: 12218956 was resolved on July 29th, 2021. The status of Violation ID: 12193343 is pending a determination by CalGEM.

2. The Rancho Park Drill Site is noticeably quiet and out of view from the public due to its location in a graded area below ground level.



3. The facility continues to be pro-active in response to COVID-19. HBOC has established a team to continuously monitor, and update protocols as federal, state, and local public health orders evolve.
4. Equipment appears well maintained. The facility is well labeled and is kept clean and neat. Based on discussion with staff and review of preventative maintenance procedures, HBOC's preventative maintenance program meets or exceeds industry standards.



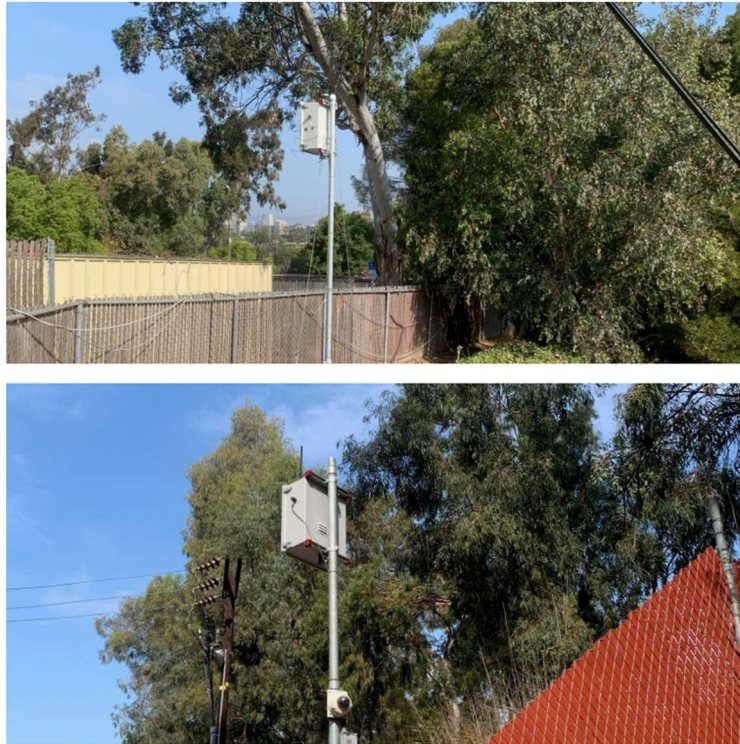
5. HBOC is in the process of replacing a previously permitted Microturbine (MT-250) with the C-200 Microturbine. The C-200 is upgraded equipment, pre-certified by CARB and is exempt from a SCAQMD permit. Registration only is required.
6. HBOC verified the CEB-1200 has remained out-of-service and is not on-site. Confirmed by our visual on-site inspection.
7. There are numerous processes or safety systems that demonstrate a commitment to safety and environmental stewardship. These include gas sensors and alarms, vapor recovery system, general site security, windsocks, and 24/7 manned operations.



8. On a volunteer basis, HBOC has initiated fence-line air monitoring as part of a good neighbor provision to the community and to the City. The monitors record the air quality every 1 minute and 8 seconds or approximately 2,540 samples per day stored on two automated air monitoring devices. HBOC measures LEL%, wind speed (mph) and direction, temperature (F°), relative humidity and H₂S, CO, and VOC concentrations (ppm). The continuous collection of the raw data provides an objective insight into the air quality standards at Rancho Park Drill Site.

The air quality data reviewed since the last Supplemental Report (May 2021) shows the levels of measured concentrations to be well within industry standards established by OSHA. The maximum levels of CO recorded were 10 ppm and 11 ppm. The two recordings equal or above 10 ppm CO were instantaneous and independent events at one location (SW corner near the

City Maintenance Yard), where city-owned utility trucks can routinely near-by. In both events the 8-hour time-weighted average of CO was 0 ppm. It is important to note that the two instantaneous recordings of CO did not surpass OSHA or NAAQS defined exposure levels or even the indoor workplace exposure levels set by the EPA. It is important to note that indoor air quality thresholds are much more stringent than outdoor limits. The air quality data did not indicate any elevated readings of H₂S.



Two Honeywell AreaRAE Plus air monitor modules, located at the southwest and northeast corners of the facility

Based on the air monitoring data provided by HBOC, there have been no incidents of sustained elevated concentration readings in proximity to either the OSHA or U.S. National Ambient Air Quality Standards.

6.0 COMPLIANCE WITH CITY ORDINANCES AND LEASES

HBOC is in compliance with all applicable Los Angeles City ordinances as outlined in the following table:

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 1	That all pumping units established in said district shall be installed in pits so that no parts thereof will be above the surface of the ground.	In compliance. The facility does not have traditional “pumping units.” All of the wells are below grade in well cellars.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 3	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That the operator of any well or wells in the district shall post in the Office of Zoning Administration a \$5,000 corporate surety bond conditioned upon the faithful performance of all provisions of this article and any conditions prescribed by a Zoning Administrator. No extension of time that may be granted by a Zoning Administrator, or change of specifications or requirements that may be approved or required by him or her or by any other officer or department of the City, or other alteration, modification or waiver affecting any of the obligations of the grantee made by any City authority shall be deemed to exonerate either the grantee or the surety on any bond posted as required in this article.	In compliance. The wells were drilled many years ago in compliance with this requirement.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 4	That the operators shall remove the derrick from each well within thirty (30) days after the drilling of said well has been completed, and thereafter, when necessary, such completed wells shall be serviced by portable derricks.	In compliance. No drilling is currently ongoing at the site. For servicing, portable production rigs are used.
ZA Case No. 14560, Condition	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That the drilling site shall be	In compliance. The site is fenced and landscaped.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
1; LAMC 13.01-F, 5	fenced or landscaped as prescribed by the Zoning Administrator.	
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 8	That adequate firefighting apparatus and supplies, approved by the Fire Department, shall be maintained on the drilling site at all times during drilling and production operations.	In compliance. The Fire Department and the Department of Building and Safety have both approved the site's fire systems, and regular inspections and testing are performed in compliance with the Chief's Regulation 4.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 9	That no refining process or any process for the extraction of products from natural gas shall be carried on at a drilling site.	In compliance. The facility does not perform refining.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 17	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That any person requesting a determination by the Zoning Administrator prescribing the conditions under which oil drilling and production operations shall be conducted as provided in Subsection H, shall agree in writing on behalf of him or herself and his or her successors or assigns, to be bound by all of the terms and conditions of this article and any conditions prescribed by written determination by the Zoning Administrator; provided, however, that the agreement in writing shall not be construed to prevent the applicant or his or her successors or assigns from applying at any time for amendments pursuant to this Article or to the conditions prescribed by the Zoning Administrator, or from applying for the creation of a new district or an extension of time for drilling or production operations.	In compliance. HBOC has agreed to be bound by the terms and conditions of the Zoning Administrator's approvals.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 18	That all production equipment used shall be so constructed and operated that no noise, vibration, dust, odor or other harmful or annoying substances or effect which can be eliminated or diminished by the use of greater care shall ever	In compliance. HBOC recently agreed to a three-year technology assessment – see ZA

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	be permitted to result from production operations carried on at any drilling site or from anything incident thereto to the injury or annoyance of persons living in the vicinity; nor shall the site or structures thereon be permitted to become dilapidated, unsightly or unsafe. Proven technological improvements in methods of production shall be adopted as they, from time to time, become available if capable of reducing factors of nuisance or annoyance.	Case No. 14560-PA1-1A, Condition 9
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 22	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That not more than two wells may be drilled in each city block of the drilling district and bottomed under that block. However, at the discretion of the Zoning Administrator, surface operations for additional wells may be permitted in each of the blocks where each additional well is to be directionally drilled and bottomed under an adjacent block now or hereafter established in an oil drilling district in lieu of a well drilled on the adjacent block and under a spacing program which will result in not exceeding two wells bottomed under each block.	In compliance. The site uses a directional drilled pattern.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 33	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That drilling operations shall be commenced within 90 days from the effective date the written determination is made by the Zoning Administrator or Area Planning Commission, or within any additional period as the Zoning Administrator may, for good cause, allow and thereafter shall be prosecuted diligently to completion or else abandoned strictly as required by law and the premises restored to their original condition as nearly as practicable as can be done. If a producing well is not secured within eight months, the well shall be abandoned and the premises restored to its original condition, as nearly as practicable as can be done. The Zoning Administrator, for good cause, shall allow additional time for the completion of the well.	In compliance. The wells were drilled many years ago in compliance with this requirement.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 37	All waste substances such as drilling muds, oil, brine or acids produced or used in connection with oil drilling operations or oil production shall be retained in water-tight receptors from which they may be piped or hauled for terminal disposal in a dumping area specifically approved for such disposal by the Los Angeles Regional Water Pollution Control Board No. 4.	In compliance. The site is in compliance with all applicable environmental requirements for disposal of waste substances used in connection with oil production.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 40	The Department of Water and Power of the City of Los Angeles shall be permitted to review and inspect methods used in the drilling and producing operations and in the disposal of waste, and shall have the right to require changes necessary for the full protection of the public water supply.	In compliance. The Department of Water and Power may review and inspect the site as needed.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 43	That drilling, pumping and other power operations shall at all times be carried on only by electrical power and that such power shall not be generated on the controlled drilling site or in the district.	In compliance. The site is operated using electric power, using microturbines approved by the City in 1996. The site is also on the Department of Water and Power grid. HBOC modified this condition consistent with the City's prior approvals. City approved this modification dated May 15, 2019. Plans are to upgrade the 1 MT 250 with a Capstone C200 which is pre-certified by CARB and is being registered with SCAQMD.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 47	That all parts of the derrick above the derrick floor not reasonably necessary for ingress and egress including the elevated portion thereof used as a hoist, shall be enclosed with fire-resistive soundproofing material approved by the Fire Department, and the same shall be painted or stained so as to render the appearance of said derrick as unobtrusive as practicable.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 49	That no materials, equipment, tools or pipe used for either drilling or production operations shall be delivered to or removed from the controlled drilling site except between the hours of 8:00 o' clock a.m. and 6:00 o clock p.m., on any day, except in case of emergency incident to unforeseen drilling or production operations, and then only when permission in writing has been previously obtained from the Administrator.	In compliance. No drilling is currently ongoing at the site. Materials, equipment, tools or pipe used for production operations are delivered to the site only between the hours of 8:00 a.m. and 6:00 p.m.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 54	That there shall be no tanks or other facilities for the storage of oil erected or maintained on the premises and that all oil products shall be transported from the drilling site by means of an underground pipe line connected directly with the production pump without venting products to the atmospheric pressure at the production site.	In compliance. The site transports oil products by means of underground pipelines, and gas on the site is piped to the local utility's onsite equipment or used in the microturbines for energy production. The site's existing tanks required for oil transportation by pipeline were authorized by the LADBS.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 58	That no sign shall be constructed, erected, maintained or placed on the premises or any part thereof, except those required by law or ordinance to be displayed in connection with the drilling or maintenance of the well.	In compliance. The informational signs placed on site are in compliance with applicable legal requirements.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 59	That suitable and adequate sanitary toilet and washing facilities shall be installed and maintained in a clean and sanitary condition at all times.	In compliance. The site's toilet and washing facilities are properly maintained.
ZA Case No. 14560, Condition 2	That the portion of the drill site on which the drilling equipment for all oil wells to be drilled on the site are to be located, other than the transformers and electrical converting equipment, shall be graded down to an elevation which is in no event higher than the 205 ft. contour as shown on Drainage Map No. 519 on file in the City Engineer's Office, and in no event shall the base of any derrick used in the drilling operations project above the 205 ft. contour as shown on said drainage map. Furthermore, that the derrick utilized for drilling operations shall in no event exceed in height the standard so-called 136 ft. derrick of the American Petroleum Institute nor shall the over-all gross height of said derrick and acoustical quilt covering the same exceed a height of 140 ft. above the 205 ft. contour referred to above. It is understood that the standard 136 ft. derrick used in this operation shall be shortened by redesigning to meet the height limitation specified above and shall not employ the usual "gin pole house" extending above the crown block and upper platform. Tanks and other equipment and buildings used in drilling and production activities shall be located in the ravine area on or adjacent to the graded portion of the drill site specified above, with no portion of said tanks, equipment or buildings, other than the upper portion of the derrick and any future portable drilling mast used for servicing activities, extending above the 23 ft. contour as shown on said Drainage Map No. 519.	In compliance. No drilling is currently ongoing at the site.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 3	That in addition to soundproofing the derrick and other structures as required by Condition No. 47 of said Section 13.01-F, soundproofing shall also be provided for the electrical distribution center and control house containing automatic electric switches and for the engine and mud pumps; and that the manner in which the soundproofing is to be accomplished, including a plot plan specifying location of involved buildings or structures and tanks, landscaping of premises, location and type of surfacing on access driveways and other details for the development of the site, shall be submitted to and approved by the Zoning Administrator prior to the issuance of the drilling permit for each of the proposed wells, said soundproofing material as required above to be of a fire resistive type approved by the Los Angeles Fire Department.	In compliance. The Zoning Administration had previously approved the plot plan prior to the issuance of drilling permits. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 4	That the entire controlled drilling site shall be enclosed with an ornamental masonry or ornamental painted board fence having a height of at least 6 ft. above the highest ground elevation adjacent thereto, and that the area immediately adjacent to the drill site and outside of the enclosing fence or wall shall be adequately planted and maintained in a manner compatible with adjacent surface uses of the Rancho Public Park and Playground and so as to effectively screen all operations except the upper portion of the soundproof derrick from any adjacent public streets or residential areas. Furthermore, that as part of the landscaping treatment required by Subsection (f) of Section 13.01-E, 2 of the Municipal Code, tall trees at least 60 ft. in height at the time of transplanting, such as Washington palms or Canary Island pines, shall be planted around the borders of the drilling site at the highest ground level possible and placed in such positions with relation to the existing eucalyptus trees now occupying portions of the adjoining property as to effectively screen out and	In compliance. The site's fencing and landscaping was approved many decades ago, has been properly maintained and serves to screen the site from public streets and residential areas.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	eliminate the conspicuousness of the lower half of the derrick from adjacent residential districts. The over-all landscaping plan shall be first submitted to and approved by the Department of Recreation and Parks before being submitted to the Zoning Administrator for approval. The Administrator reserves the right after approving plans for the landscape treatment to specify the transplanting of additional trees at various strategic locations upon adjoining property if, after such additional trees would assist in accomplishing the screening effect desired.	
ZA Case No. 14560, Condition 5	That the applicants and operators of the drilling operations herein authorized shall employ the services of a recognized expert in camouflage to design a treatment for the upper portions of the soundproofed derrick which will extend above the existing trees or trees to be planted around the edge of the drilling site and which treatment by painting or other devices on the derrick cover will make the upper portion of the derrick cover, as seen from adjacent residential districts, appear to be part of the tree planting surrounding the drilling site or appear to be an attractive monument rather than a covered oil derrick. The designs of such camouflage treatment shall be submitted to the Administrator for approval with plans for soundproofing the derrick, and thereafter the upper portions of the derrick shall be treated and maintained in the manner suggested and approved, all of which shall be designed to eliminate as far as practical the conspicuousness of the derrick from the adjacent residential areas. It is understood that the same type of derrick design and camouflage treatment thereof heretofore approved for the companion drilling operation on the Hillcrest Country Club under Z.A. Case No. 14422 may be utilized on the drilling.	In compliance. No drilling is currently ongoing at the site.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 6	The drilling of the wells shall be conducted in accordance with good oil field practice and the latest techniques and refinements in equipment and material shall be used.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 7	The latest and most effective blow-out prevention equipment shall be installed and maintained in connection with the drilling of any well.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 8	That as a further amplification of Condition No. 49 of Section 13.01-F of the Municipal Code, except for actual drilling and production operations, no work shall be conducted on the property between the hours of 6 p.m. of one day and 8 a.m. of the following day or Sundays.	In compliance. No work is conducted at the site between 6:00 p.m. and 8:00 a.m. or on Sundays.
ZA Case No. 14560, Condition 9	That in no event shall drilling operations be carried on or conducted on said drill site in connection with more than one well at a time. Furthermore, that prior to the approval or issuance of Fire Department permits for each well to be drilled upon the subject site, there shall be supplied to the Zoning Administrator a map showing the general direction and general bottom hole location of said proposed well so that proper records can be kept as to the number of wells bottomed and completed under said district in compliance with the terms of this grant and the provisions of Paragraph (c), Section 13.01-E, 2 of the Municipal Code. Furthermore, the applicant or operators of the oil drilling activities herein authorized, upon request by the Zoning Administrator, shall furnish such additional information concerning the status, exact bottom hole location, productivity, etc., of the various wells drilled from the property, as to enable the Administrator to properly and intelligently administer the oil drilling regulations in this area; and information to be either verbal or in writing and to be kept confidential by the Administrator if so desired by the applicant.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 10	Parking area shall be provided either inside the actual drilling site or immediately adjacent thereto on the existing parking lot for maintenance and	In compliance. The site's parking area

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	service employees of the Rancho Park and Playground for use by automobiles of employees and other vehicles employed in the drilling and maintenance of the oil wells on the property. The driveway providing the principal means of access to the controlled drilling site shall enter the property from either the driveway from Motor Avenue leading to the maintenance and service yard or from a new driveway leading to Pico Boulevard, with no such driveway entering the property from Patricia Avenue and that said driveway, together with any other driveways necessary on the drilling site, as well as the required employee parking area, shall be paved with rock and oil or asphaltic paving materials suitable to withstand heavy trucking operations. Furthermore, that all such driveways and parking areas shall be regularly washed down, swept or otherwise kept free of accumulated cement, dust or other materials which would produce dust in the use of said facilities.	complies with this condition.
ZA Case No. 14560, Condition 11	That if any of the wells hereby authorized are successful and are to be maintained as producing wells and are required to be pumped, then said wells shall be equipped with Kobe or comparable producing units which shall be placed in pits or cellars below the surface of the ground so that no visible pumping units will be above the ground adjacent to the surface location of the wells and that wells shall be serviced with only portable type equipment. Furthermore, that the triplex pump units necessary to operate the Kobe or comparable oil well pumping units, as well as the compressors for compressing the gas to meet pipe-line specifications, shall be housed in substantial buildings which have been acoustically treated so as to be substantially soundproofed.	In compliance. The site's wells are located in well cellars below grade and the associated equipment is appropriately soundproofed.
ZA Case No. 14560, Condition 12	That all oil and gas produced from the wells on the property shall be transported from the drilling site only by means of underground pipeline	In compliance. The site transports oil products by means of

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	connected, if at all practical, directly with the producing pump without venting products to the atmospheric pressure at the production site and in no event shall there be any storage or treatment facilities on the property other than necessary to conform production to pipeline requirements. In no event shall more than three-day storage or two 1,000-barrel tanks, whichever is greater, be erected or maintained on the property. Furthermore, that said production tanks shall be so placed and located with respect to embankments created by grading the property or enclosing fixtures surrounding the site as to not be visible to persons on adjacent public streets or from adjacent residential property having approximately the same ground level elevation as the average ground level surrounding the drilling site.	underground pipelines, and gas on the site is piped to the local utility's onsite equipment or used in the microturbines for energy production. The site's existing tanks were authorized by the LADBS in 2017.
ZA Case No. 14560, Condition 13	That in view of the pending civil action under Superior Court Case No. 685474 seeking an injunction to prevent drilling for oil on the subject property which may possible cause a desire of the applicant to delay the start of drilling operations until a judgment has been entered in said civil action, the Zoning Administrator hereby extends the period within which drilling operations must start as set forth in Condition NO. 33 of Section 13.01-F of the Municipal Code; said extended period to be 60 days from the date of final judgment in said court case. As a further qualification and refinement of Condition No. 33 of said Section 13.01-F, it shall be understood that, in order to be considered a producing well, the well shall produce oil, gas or other hydrocarbon substances to a total value of at least twenty-five dollars (\$25.00) per day.	In compliance. This condition was satisfied when the facility was first established.
ZA Case No. 14560, Condition 14	All tools, pipe and other equipment in connection with the drilling and production activities shall be stored and kept on the drilling site within the fenced and landscaped enclosure.	In compliance. All equipment and tools are located within the facility.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560, Condition 15	That in no event shall there be any development or production of oil from or above the producing horizon in the Beverly Oil Field, as determined by production from said field on the second day of June 1953.	In compliance. There is no development or production of oil from or above the producing horizon in the Beverly Oil Field.
ZA Case No. 14560, Condition 16	After completing the first test well, the bores of additional wells within the drilling site shall be projected directionally under District No. U-9 so that a complete and adequate test of the location, extent, character, density and productivity of any deeper producing oil zones below the Beverly Oil Field referred to above in No. 15 may be had from the single drill site area. Said additional wells shall be drilled with due diligence so as to complete the total number of wells herein authorized to be bottomed under said district No. U-9 within the shortest possible time, utilizing only one oil drilling derrick for said operations. It is understood that there need not be drilled one well for each 5 acres as authorized, if the applicant lessee determines a fewer number would adequately drain the producing zones encountered. Furthermore, that upon completion of each well, the derrick shall be removed or moved to the site for a new well on the drilling site and work started towards drilling said new well within the 30-day period referred to in Condition No. 4, Section 13.01-F, to the end that the derrick and drilling operations will be removed and discontinued on the site in the shortest period of time possible.	In compliance. This condition was satisfied when the facility was first established. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 17	That any owner, lessee or permittee and their successors and assigns, as well as the concern which is to actually do the drilling work, if different than the above, must at all times be insured to the extent of \$1,000,000 against liability in tort and public liability and property damage arising from drilling or production, or activities or operations incident thereto, conducted or carried on under or by virtue of the conditions prescribed	In compliance. Compliance with insurance and surety requirements has been confirmed by City.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	for this district and by written determination by the Administrator as provided in Subsection H of Section 13.01 of the Los Angeles Municipal Code. The policy of insurance issued pursuant hereto shall be subject to the approval of the City Attorney and duplicates shall be furnished to him. Each such policy shall be conditioned or endorsed to cover such agents, lessees, or representatives of the owner, lessee or permittee as may actually conduct drilling, production or incidental operations permitted by such written determination by the Administrator. A certificate of insurance to the above effect, giving the name of the insurance carrier and its address and a sworn statement that such insurance will be maintained in full force and effect, shall be furnished to the Zoning Administrator before any permits are issued.	
ZA Case No. 14560, Condition 18	That the surety bond in the sum of \$5,000 required by Condition No. 3 of the above-mentioned Subsection F and Condition (g) under Section 13.01-E, 2 of the Municipal Code shall be approved by the City Attorney, executed by both the applicant and any lessee who is to do the actual oil drilling and filed with the Zoning Administrator before any permit is issued.	In compliance. The wells were drilled many years ago in compliance with this requirement. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 19	The operator, after drilling each well to a depth of approximately 2,000 feet, shall take an electric log of the well to that depth, analyze the log and provide the Department of Water and Power of the City of Los Angeles with a copy of said log, together with its interpretation, showing aquifers and an estimate for the salinity of all waters encountered. From the information so obtained, a joint determination shall be made of the required depth at which the surface casing shall be cemented. Sufficient cement shall be used to reach the ground surface behind the surface casing. On completion of the drilling program, another log shall be taken and analyzed and, if necessary, additional steps shall be taken to	In compliance. No drilling is currently ongoing at the site.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	prevent the vertical movement of brine into freshwater zones. In the event no commercial production of oil is obtained, cement plugs shall be used to protect all fresh water in abandonment of the well. A conference between the operator and officials of the Department of Water and Power shall determine the location and extent of the plugs required. Provided, however, that the Department of Water and Power may waive the requirement for a log on each well, if sufficient sub-surface data is obtained from previous logs to permit it to carry out the purpose of this condition.	
ZA Case No. 14560, Condition 20	That the public water supply system on the property shall be protected against backflow where necessary in a manner acceptable to the Departments of Health and Water and Power and meeting the requirements of the Uniform Plumbing Code. Furthermore, representatives of the said Departments may enter upon the premises at any reasonable time for routine investigation of operations. Any necessary changes that may be ordered in operations and/or facilities shall be made within a reasonable time as determined by the Investigator.	In compliance. Agency officials are welcomed to the facility for inspection as needed.
ZA Case No. 14560, Condition 21	That the drilling site and approaches thereto shall at all times be kept in a clean, neat appearing condition free from weeds and debris, other than necessary and incidental drilling equipment and supplies shall be effectively landscaped and maintained as required under various applicable conditions heretofore mentioned and in compliance with plans approved by the Zoning Administrator. Furthermore, that upon completion of the drilling operations, all equipment and supplies, except that actually necessary in production work and as specified on plans for the installation of the various production facilities and devices, shall be removed from the property so that, as far as	In compliance. The site is properly maintained, including fencing and landscaping which serves to screen the site from public streets and residential areas. Equipment is removed from the site upon completion of work.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	practicable, there be no evidence above the ground of the presence of the oil producing facilities in the pits and cellars heretofore specified.	
ZA Case No. 14560, Condition 22	That the Zoning Administrator reserves the right to impose additional conditions or require corrective measures to be taken if he finds after actual observation or experience with drilling one or more of the wells on the adjacent Hillcrest Country Club property or the subject Rancho Park and playground property that additional conditions are necessary to afford greater protection to surrounding residential property as intended by the provisions of Section 13.01 of the Municipal Code, as well as the conditions set forth in Ordinance No. 109, 732.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560-PA1, Condition 1	All other use, height and area regulations of the Municipal Code and all other applicable government/regulatory agencies shall be strictly complied with in the development and use of the property, except as such regulations are herein specifically varied or required.	In compliance. All use, height and area regulations are followed.
ZA Case No. 14560-PA1, Condition 2	The use and development of the property shall be in substantial conformance with the plot plan submitted with the application and marked Exhibit A, except as may be revised as a result of this action.	In compliance. No material changes are made without appropriate agency approvals.
ZA Case No. 14560-PA1, Condition 3	The authorized use shall be conducted at all times with due regard for the character of the surrounding district, and the right is reserved to the Zoning Administrator to impose additional corrective Conditions, if, in the Administrator's opinion, such Conditions are proven necessary for the protection of persons in the neighborhood or occupants of adjacent property.	In compliance. HBOC always endeavors to be a good neighbor.
ZA Case No. 14560-PA1, Condition 4	All graffiti on the site shall be removed or painted over to match the color of the surface to which it is applied within 24 hours of its occurrence.	In compliance. No issues with graffiti.
ZA Case No. 14560-PA1, Condition 5	A copy of the first page of this grant and all Conditions and/or any subsequent appeal of this grant and its resultant Conditions and/or letters of	In compliance. No building permits being pursued at this time.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	clarification shall be printed on the building plans submitted to the Development Services Center and the Department of Building and Safety for purposes of having a building permit issued.	
ZA Case No. 14560-PA1, Condition 6, LAMC 13.01-F Condition No. 17	<p>The applicant or operator shall comply with all conditions of approval from the prior Zoning Administrator's determinations, and those as expressly stated as follows which supersedes prior LAMC conditions:</p> <p>That any person requesting a determination by the Zoning Administrator prescribing the conditions under which oil drilling and production operations shall be conducted as provided in subsection H, shall agree in writing on behalf of him or herself and his or her successors or assigns, to be bound by all of the terms and conditions of this article and any conditions prescribed by written determination by the Zoning Administrator; provided, however, that the agreement in writing shall not be construed to prevent the applicant or his or her successors or assigns from applying at any time for amendments pursuant to this Article or to the conditions prescribed by the Zoning Administrator, or from applying for the creation of a new district or an extension of time for drilling or production operations.</p>	In compliance. No letter of determination is being pursued at this time.
ZA Case No. 14560-PA1, Condition 6, LAMC 13.01-F Condition No. 43	<p>The applicant or operator shall comply with all conditions of approval from the prior Zoning Administrator's determinations, and those as expressly stated as follows which supersedes prior LAMC conditions:</p> <p>All electric power – all pumping and power operations at the site shall at all times be carried on only by electrical power and such power shall not be generated by fossil fuels at the controlled drilling site or in the district. Power may be generated on site by solar voltaic generators or natural gas-powered cogeneration units placed within sound proofed buildings.</p>	In compliance. All pumping and power are generated through LA DWP and on-site microturbines.

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
ZA Case No. 14560-PA1, Condition 7	<p>Plan Approval:</p> <ul style="list-style-type: none"> a) Within 36 months, the operator shall file a plan approval to review compliance with the conditions of approval of this determination. The Plan approval application shall be filed within 45 days before the end of the 36-month period. b) Whenever a change in operator occurs, notification of such change shall be submitted to the Department of City Planning within 30 days. c) Whenever a change in operator occurs, a Plan Approval application along with associated fees, shall be filed within 12 months of the change to review the new operator's compliance with these conditions. d) A public hearing may be required, at the discretion of the Zoning Administrator, with notification of all owners and occupants of property within a 500-foot radius. The purpose of the plan approval will be to review and establish conditions deemed applicable to the use as maintained and conducted by the new operator consistent with the intent of the Conditions of this grant. Upon this review the Zoning Administrator may modify, add or delete conditions, and if warranted, reserves the right to conduct this public hearing for nuisance abatement/revocation purposes. 	<p>In compliance. HBOC complies with conditions of approval, including timing requirements when modifications are sought.</p> <p>No change of ownership applies.</p>
ZA Case No. 14560-PA1, Condition 8	An Annual Safety Inspection report, which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory and equipment on site, any repair work, and/or maintenance done to keep the equipment on good condition at all time. The first Annual Safety Inspection report shall be	Delivered reports with documentation on time. HBOC went above and beyond its requirement and hired a third-party consulting firm (approved vendor of City of LA) to audit

<u>Condition</u>	<u>Description</u>	<u>Compliance</u>
	submitted within 45 days of the anniversary of this determination.	HBOC's annual inspection report.
ZA Case No. 14560-PA1, Condition 9	Within 48 months of this determination letter, a three-year technology assessment report should be provided to the Zoning and Petroleum Administrators. The assessment report should be collaboratively generated by the operator with input from vendors, professionals and community stakeholders to identify better operating technologies, such as fence line monitoring, computer automation, new safety equipment, and / or other technological enhancements. The three-year assessment shall be repeatedly conducted.	In compliance. HBOC implemented fence line monitoring in the first quarter of 2020 and will comply with completion of the three year report by July 1, 2023
ZA Case No. 14560-PA1, Condition 10	The applicant shall immediately notify appropriate City agencies and entities, including the Los Angeles Fire Department, the Petroleum Administrator, and the local City Council office, of an emergency, accident or spill that requires reporting to any State, County, or regional agency.	In compliance. Personnel are trained to make immediate notifications for reportable incidents. No incidents to date have occurred.
ZA Case No. 14560-PA1, Condition 11	Prior to the issuance of any permits relative to this matter, a covenant acknowledging and agreeing to comply with all the terms and conditions established herein shall be recorded in the County's Recorder's Office. The agreement (standard master covenant and agreement form CP-6770) shall run with the land and shall be binding on any subsequent owners, heirs, or assigns. The agreement with the conditions attached must be submitted to the Development Services Center for approval before being recorded. After recordation, a certified copy bearing the Recorder's number and date shall be provided to the Zoning Administrator for attachment to the subject case file.	In compliance.
ZA Case No. 14560-PA1, Condition 12	Indemnification and Reimbursement of Litigation Costs	In compliance as appropriate.

HBOC is also in compliance with all City lease conditions. The numbers listed below for each legal contract corresponds to the subparts for that agreement.

Lease 94-A Dated May 29, 1957, 40 Subparts, 36 pages (Lease for mineral rights):

1. Description of Property: Parcel 1 is up to 3 acres of surface of the land described as Parcel 3. Parcel 2 is the subsurface only of Parcel 3. Legal description of Parcel 3 given. *No compliance required.*
2. Method of Operation: Hydrocarbons are to be removed by using wells on drill sites on Parcel 1, with no oil tanks except those needed for storage and cleaning of oil. No gasoline extraction plant is to be constructed. All equipment is to be on Parcel 1. *HBOC is in compliance.*
3. Access Roads: Lessee is entitled to access Parcel 1. Location of access roads may change. *No compliance required.*
4. Pipelines and Telephone Lines: Those located on Parcel 3 to reach public streets. Location may change. *HBOC is in compliance.*
5. Term: This lease was originally for 35 years. *Lease extended to 2027 in 1994.*
6. Reservations and Lessee's Possessory Rights: City can use property for other purposes, subject to the rights granted to the operator. Lessor does not warrant its title. *No compliance required by HBOC.*
7. Zoning and Delay Rentals: Within 90 days of the lease execution, Lessee agreed to file an application with the City's Dept. of Planning for a change of zone to permit using the property for oil drilling. Lessee also agreed to begin drilling within 90 days of zone change. If Lessee does not drill within 90 days delay rentals are required. *No compliance required at this time.*
8. Surrender or Quitclaim: Lessee may quitclaim property to the City, in which event all succeeding delayed rentals shall cease. *Required drilling completed.*
9. Commencement of Operations: Lessee agrees to drill wells on or before June 1, 1958 or within 60 days after a producing well is completed within 700' of property boundary. Well spacing, well offset, redrilling in lieu of drilling, and relief from offset requirement is outlined in this section. *Required drilling completed.*
10. Delay Rentals: If Lessee suspends operations in any well and is not drilling in some other well, the Lessee must pay delay rental costs. *No delay rentals are due.*
11. Producing Obligations: Lessee is required to produce, pump, flow or otherwise operate all wells at full capacity to secure the largest amount of oil. *HBOC in compliance.*

12. Discontinuance of Production Well: If Lessee stops producing, except for causes outlined in item 17, and leaves well idle, Lessee shall during the 35-year term of this lease, quitclaim to Lessor its interest in the land for that well, excepting such land as required for operation of remaining wells. *HBOC in compliance.*
13. Royalties for Oil: Lessee can use oil and gas produced for production purposes without royalty payment. Lessee shall pay the City 1/5 the royalty of the value of all oil sold, after making customary deductions for oil quality. Lessee is to furnish the City with a true account of the production before the 20th day of each month. *HBOC in compliance.*
14. Royalties for Gas: Lessor is to pay the City 1/5 royalty of net proceeds from sale of gas. Lessee has the right, free of cost to it, to use gas required for production purposes on said property. Settlement of gas royalties to be made before the 20th day of each month. *HBOC in compliance.*
15. Interest of the United States: The federal government owns 6-1/4% of the value of any oil and gas that is produced. The 1/5 royalty to the Lessor includes this amount. *No compliance required by HBOC.*
16. Share of Net Profits: Net profits is defined as gross proceeds that exceed chargeable costs and expenditures. They are calculated from the beginning of the operation until date of computation. Lessee is required to keep an accounting of such amounts and furnish them to the City on the last day of each calendar month. The City is entitled to 50% of the net profits, if any, as defined in this section. *HBOC is reviewing compliance and will update the City.*
17. Unavoidable Delays in Drilling Operations: Operations may be suspended due to events due to the elements, accidents, strikes, lockouts, riots, and/or other factors. Lessee is to resume as soon as possible. *All required drilling is complete.*
18. Remedial Operations: Well repairs or improvements are not deemed an interruption of continuous operations. *HBOC is in compliance.*
19. Taxes: Lessee agrees to be a prudent taxpayer. *HBOC is in compliance.*
20. Liens and Claims: Lessee agrees to keep the property free of liens and claims and has the right to dispute and defend against any claims. Lessee will conduct all operations in a careful, workmanlike manner and agrees to comply with all state, City, and other regulatory agencies having jurisdiction over any of the operations conducted on the property. Lessee indemnifies the City against claims. *HBOC in compliance.*
21. Litigation: Lessee and City agree to provide written notice of any litigation affecting the property as soon as such party has knowledge of it. *There is no litigation in progress. HBOC is in compliance.*
22. Drilling information: Lessee agrees to keep accurate drilling and pipeline records. The City has the right to inspect such records. Lessee agrees to confer with City geologists. *HBOC is in compliance.*

-
23. Inspection of Production Records: The City has the right to inspect Lessee's production records. *No compliance required.*
24. Notice of Work: Lessee is to advise the City of all work contemplated on the property to minimize hazards and preserve safety on the property. *HBOC is in compliance.*
25. Information Respecting Other Lands: If the Lessee owns any adjacent lands or lands within 1000' of the property, the lessee must provide the City information regarding that operation. *HBOC is in compliance.*
26. Fences and Pipelines: Substantial fence is to be constructed and maintained by Lessee. Pipelines are to be buried. *HBOC is in compliance.*
27. Conduct of Drilling Operations: Drilling is to be conducted in accordance with Dept. of Planning and Zoning Administrator. All drilling equipment is to be electric, sound proofed, and engines are to be muffled. No open pits are to be used; all mud to be in tanks. *All required drilling is complete.*
28. Conduct of Operations: Lessee agrees to operate in accordance with all requirements of the Dept. of Planning and Zoning Administrator. All pumping equipment is to be electric; no walking beam type pumping units are to be used, pumps are to be Kobe or hydraulic, gas lift, bottom hole pumps or vacuum pumps, located in concreted trenches below ground level or completely concealed by vegetation or an approved enclosure. *HBOC is in compliance.*
29. Conduct of Remedial and Redrilling Operations: Lessee agrees that its redrilling, repairing and servicing operations shall be conducted in accordance with all requirements of the Dept. of Planning and the Zoning Administrator. Redrilling equipment shall be portable and designed to avoid noise, disturbance or offense to residents; exhausts of engines are to be muffled; mud storage is to be in tanks; redrilling operations are to be 15 days or less, or are to be replaced with drilling equipment. *HBOC is in compliance.*
30. Injury to Surface of the Land: Lessee agrees to prevent oil or water overflow that may be detrimental to vegetable growth on the property. *HBOC is in compliance.*
31. Termination for Default: Lessee has 30 days to comply with any written notice given by the City in regards to compliance to the lease. The City may terminate the lease for the specific non-complying well. *HBOC is in compliance.*
32. Voluntary Quitclaim: Lessee may quitclaim the property for a sum of \$10 paid to the City. *No compliance required.*
33. Other Quitclaim: If the lease is terminated in whole or in part, Lessee shall give the City a good and sufficient quitclaim deed to the property. If a well is abandoned, the Lessee will quitclaim and surrender all the land adjacent to the well which it does not need for the operation of the other wells. *No compliance required at this time.*
34. Removal of Casing: Lessee has the right to remove any tanks, pipelines, structures, casing or other equipment. *No compliance required.*
-

35. Arbitration: Any controversy as to matters of fact shall be submitted to arbitration. *No compliance required at this time.*
36. Notices: Any notice relative to this lease is deemed delivered if delivered to proper addresses provided. *No compliance required.*
37. Insurance: Lessee is to procure and maintain liability and property damage insurance for the City in amounts satisfactory to the City, and carry Worker's Comp Insurance. *HBOC is in compliance.*
38. Surrender of Possession: Upon lease termination, Lessee shall peaceably and quietly leave and remove all materials, structures, obstructions placed by it on or in the property, fill all trenches and holes, remove all oil debris, and fill any other excavations made by it, and restore the land to the condition in which it was received. *No compliance required at this time.*
39. No right to surface of Parcel 3 is included in this lease, except as described in Parcel 1. *HBOC is in compliance.*
40. This lease cannot be assigned or sublet without the written permission of the City. *No compliance required at this time.*

HBOC is in compliance with all of the above lease requirements as applicable to the current status of the property.

Lease 110 Dated Dec. 15, 1960, 31 Subparts, 17 pages (Lease for surface use):

1. The land is being leased for the purpose of drilling, producing, extracting, storing, cleaning and removing oil, gas, asphaltum and other hydrocarbons from the land. *No compliance required.*
2. Lessee agrees to pay the City \$25,000 when the Urbanized Oil Drilling District is established composed of the leased lands. *Presumably paid by Signal Oil and Gas Company, the original Lessee, at the time the district was established.*
3. Lease is in effect for 32 years, provided it terminates and ends concurrently with Lease 94-A. *Lease extended to 2027 in 1994.*
4. Lessee shall have access to the drill site. The access location may change. *No compliance required.*
5. All pipelines and telephone and power lines are to be located to reach public streets. Pipelines are to be buried. *HBOC is in compliance.*
6. No storage tanks are to be on site except for storage and cleaning of production from leased land. No gasoline extraction plant is to be constructed. *HBOC is in compliance.*

7. Substantial fencing shall be constructed and maintained when required by City. *HBOC is in compliance.*
8. Lessee agrees to by the City rentals equal to 5% of the value of all oil produced from Lessee lands (*lands leased other than those leased from the City, those in the vicinity but not including City's land*), 5% of net proceeds from the sale of gas from lessee lands, and 5% of any gasoline or other liquid products from gas produced from the lessee lands. Lessee has the right to use as much oil, gas, or other hydrocarbons produced as needed to conduction its operations. The Lessee shall provide a production accounting to the City before the 20th of each month. *HBOC is in compliance; no current production from wells other than those producing from City leased lands.*
9. Lessee is to comply with drilling schedule outlined in this paragraph. Delay rentals are to be adjusted accordingly. *All required drilling is complete.*
10. Lessee agrees to operate in compliance with state and city regulations and all governmental bodies having jurisdiction over such operations. *HBOC is in compliance.*
11. All operations are performed at sole cost to Lessee. *HBOC is in compliance.*
12. Lessee is to procure and maintain liability and property damage insurance and carry Workman's Comp insurance. *HBOC is in compliance.*
13. Lessee agrees to keep property free from liens and claims, and has the right to defend against any claim. *HBOC is in compliance.*
14. Lessee agrees to be a prudent taxpayer. *HBOC is in compliance.*
15. Each party agrees to give written notice of any litigation affecting the property. *There is no litigation in progress.*
16. Lessee agrees to comply with Section 22 in Lease 94A (drilling and pipeline records, conferring with City geologists). *See comments above.*
17. City has the right to inspect production records and to gauge oil production. *No compliance required.*
18. Lessee shall advise City of all work contemplated to minimize hazards and preserve safety. *HBOC is in compliance.*
19. Sections 27, 28, 29, and 30 in Lease 94A are to be in compliance. *See comments above.*
20. Lessee may at any time surrender all or any part of the drill site back to the City. *No compliance required at this time.*
21. Lessee has the right to remove all property placed there by Lessee at any time and from time to time. *No compliance required.*
22. City has the right to terminate this Lease if Lessee fails to comply with its terms, provided the City gives written notice of alleged breach and provides 30 days for Lessee to correct said breach. *No active written notice of default or breach.*

23. Upon termination of this Lease, Lessee will peaceably and quietly yield the property to the City and remove all equipment, fill up all trenches and holes, remove all debris, and restore the property to the condition in which it was received by Lessee. *No compliance required at this time.*
24. Lessee's obligations are suspended if they are prevented by act of God, strike, lockout, war, blockade, riot, fire, explosion, government restraint, etc. or other causes beyond the control of Lessee or so long as price of oil is less than 75 cents per barrel. *No compliance required at this time.*
25. Any controversy as to matters of fact from this Lease shall be submitted to arbitration. *No compliance required at this time.*
26. This Lease cannot be assigned or sublet without written consent of the City. *No compliance required at this time.*
27. Addresses for the City and Lessee in 1960 are provided here. Written communications to these addresses are deemed delivered. *No compliance required.*
28. This Lease is not a partnership or joint venture relationship. *No compliance required.*
29. This Lease is a stand-alone agreement and does not incorporate the terms of the 94A Lease except as expressly stated. *No compliance required.*
30. The City does not warrant title to the drill site or easements granted in this Lease. *No compliance required.*
31. Terms and provisions of this Lease are binding to the City and Lessee and their respective successors and assigns and run with the lands. *No compliance required.*

HBOC is in compliance with all of the above lease requirements as applicable to current status of the property.

Lease 94-A Supplement Dated Sept. 28, 1961, 4 Subparts, 3 pages:

1. City grants Lessee permission to install and maintain a manhole and covered concrete valve vault in a portion of Rancho Park. *No compliance required.*
2. Lessee to pay the City each year on or before March 30th, 40 cents for each cubic foot of space used, restore the grounds after any repair work, hold the city harmless for any injury or damages caused by this license. *HBOC in compliance-Franchise is presently paid by Tennessee Ave LLC.*
3. City may revoke this permission. *No compliance required.*
4. All terms of Lease 94-A remain in effect. *No compliance required.*

Land Lease 35-Year Extension Dated June 1, 1994, 10 Subparts, 5 pages:

Recitals preceding conditions acknowledged that previous leases expired on May 28, 1992, but both the City and Lessee desire to extend the expiration dates. Recitals also note that public safety requires the proper abandonment and site restoration of non-productive well sites.

1. Leases are to be extended to May 28, 2027. *No compliance required at this time.*
2. The City will set up a Rancho Park Restoration/Abandonment Fund to accept cash payments from Lessee to be used by the City to fully restore the property if the Lessee fails to do so at the termination of the lease. The money is to be returned to the Lessee if the restoration work is done by the Lessee in accordance with the Lease terms. The Lessee is to provide \$50,000 cash at the time of this agreement, and provide the City with an additional \$50,000 each year on the anniversary of this agreement until the City has collected \$500,000. The City is to review the fund balance and estimated decommissioning and restoration costs every five years from the date of this agreement to determine the adequacy of the fund to accomplish the work. If the City determines that the fund is inadequate to decommission and restore the property, Lessee agrees to make annual payments over the succeeding five years to bring the fund balance to the level required. *HBOC is in compliance. The most recent review is in progress with the City.*
3. When the lease expires or is terminated, Lessee agrees to immediately abandon all wells and restore the site at its own cost. If they fail to do so, the City can do the work and use the fund to pay for this activities, including City costs for salaries, expenses, contract services, overhead, inspection and other similar costs. Lessee will remain liable for any costs exceeding the fund balance, and is entitled to any remaining balance. *No compliance required at this time.*
4. The fund is for the benefit of the City to assure costs of decommissioning and restoration are available. If the Lessee and City agree that an equal or better arrangement is available, the Lessee may request an amendment to this agreement. *No compliance required at this time.*
5. Lessee is to obtain a Phase I and Phase II environmental assessment of the drill and production site of the property. The results are to be made available to the City. This assessment is to begin as soon as this agreement is executed, and completed within six months. *HBOC in compliance.*
6. Lessee had six idle wells on the property at the time of this agreement. Lessee agreed to conduct engineering studies to determine if any of the six idle wells had future use. Any deemed to have no further use were agreed to be abandoned within one year from the

execution of this agreement. *HBOC is in compliance with the State Idle Well Management Program.*

7. If oil prices exceed \$25/bbl on an annualized average, the royalty rate to the City will increase from 20% (1/5) to 22.5%. *HBOC in compliance.*
8. Lessee is to make a onetime donation of \$50,000 to the City to be specifically used to improve Rancho Park, Cheviot Hills Park, and Recreation Center facilities as determined by the City. *The 2017 City report noted that RAP documented that the payment was made, based on a letter dated May 20, 1994, from Lessee's legal counsel to the Board of Recreation and Park Commissioners. The donation was specifically used toward improving Rancho Park Gold Course (Board Report No. 389-96).*
9. Section 19 (Taxes), Section 20 (Indemnity) and Section 37 (Insurance) were amended from Lease 94-A. Insurance requirements for general liability, automobile liability, and worker's comp are specified. *HBOC is in compliance.*
10. Except for the amendments and modifications itemized above, the Lease terms and conditions remain effective. *No compliance required.*

7.0 DOCUMENTATION REVIEW

After the inspection on June 29th, 2021, InterAct continued to review the applicable regulations and requested any additional documentation to determine the compliance status of the Rancho Park Drill Site, with agencies mentioned herein. Additionally, InterAct reviewed regulatory databases and reached out via e-mail/phone to regulatory representatives. This section of the report is a summary of documentation or databases reviewed, as well as communication with any regulatory representatives throughout the auditory process. The documentation was submitted to InterAct both electronically and in a binder.

South Coast Air Quality Management Division (SCAQMD)

Permit - Appendix A

South Coast Air Quality Management District (SCAQMD)		
Permit No.	Description	Date
G21705 A/N 529208	Construct and operate a gas turbine with a 250-kW electrical generator	11/27/2012
G43693 A/N 531381	Operate an enclosed flare	11/16/2016
G40181 A/N 575732	Operate 42 separate pieces of equipment used to treat produced oil and natural gas	05/04/2016
G40180 A/N 565656	Operate 25 separate pieces of equipment used to treat produced oil and natural gas	05/04/2016
G52924 A/N 585090	Construct and operate a gas turbine with a 65-kW electrical generator	06/29/2018
G19802 A/N 539733	Construct and operate a gas turbine with a 70-kW electrical generator	08/10/2012
G19803 A/N 539734	Construct and operate a gas turbine with a 70-kW electrical generator	08/10/2012
ID# 13627 A/N 593264	Hot Water Pressure	04/11/2017
N/A	Permit/Application Renewal through 1/16/22	01/16/2021

Note: The MT-250 mentioned in permit #G21705 A/N 529208 has been removed. Additionally, the CEB-1200 mentioned in permit # G43693 A/N 531381 remains out-of-service and has been removed from the site.

Rule 1173 Component Leak Reports- Appendix A from 4/01/2020 – 4/01/2021- no unrepaired leaks.

The Air Quality Management District (AQMD) provides an online database to review an operator's facility compliance. As of June 2021, no Notices of Violation were introduced to HBOC; HBOC has no outstanding Notices of Violation with AQMD. AQMD's online database can be found at the following link: <https://xappprod.aqmd.gov/find//facility/AQMDsearch?facilityID=13627>.

Based on the provided documentation, HBOC appears to be in full compliance with all SCAQMD requirements.

California Environmental Reporting System (CERS)

This document in Appendix B shows that HBOC has had the following plans accepted by CERS as of June 1st, 2021:

- Facility Information including Business Activities and Owner/Operator Identification
- Hazardous Material Inventory and Site Map
- Emergency Response / Contingency Plans
- Employee Training Plan

Based on the provided documentation, HBOC appears to be in full compliance with all CERS requirements.

California Geological Energy Management Division (CalGEM)

Appendix C – Pipeline Management Plan – This document was developed to comply with CalGEM guidelines regulation CCR 1774.2. This was originally submitted to CalGEM in 2019. Two additional revisions have been resubmitted to address CalGEM's comments. The last version was submitted on 6/4/20 and there have not been any additional comments.

Appendix P - CalGEM Idle Well Program – There are two idle wells at the Rancho Park Drill Site. These idle wells are part of HBOC's greater Idle Well Program. The two wells have, or will have, remained idle for over 15 years by 2025. By 2025, a witnessed mechanical integrity test (MIT), a witnessed clean out tag, and a 15-year engineering analysis are required. HBOC's Testing Compliance Work Plan was accepted by CalGEM on May 31st, 2019. HBOC has shown they are on track to fulfill all requirements by the relevant deadlines.

Appendix K - CalGEM Facility Inspection records. The facility was last inspected in 2Q21. As of 8/6/2021 HBOC has 1 unresolved notice of violation (NOV):

1. Violation ID: 12193343 – No barbed wire mounted at a 45-degree angle on lease fence.

This violation is a conflict between Los Angeles Department of Regional Planning, and the City of Los Angeles Municipal Code with CalGEM regulations. HBOC sent a request for approval on June 25th, 2020. HBOC has not received a letter of determination from CalGEM regarding the request for acceptance of the existing fencing. It should be noted that these fences have been in place for over 30 years without a breaching incident

CalGEM has set a precedent to accept this request for approval for Violation ID: 12193343.

The facility was issued a NOV to submit a revised SCP on May 11th, 2021. HBOC resolved this NOV by submitting an amended SCP that was accepted by CalGEM on July 29th, 2021.

2. Violation ID: 12218956 – **Resolved**

It is important to note the SPCC plan submitted to the EPA appears to adhere with the SCP CalGEM requirements.

CalGEM accepted the amended SCP submittal, and Violation ID: 12218956 has been resolved.

As reported in the 2020 Safety Audit, the facility was also inspected in 1Q19 by CalGEM and had a notice of violation for noncompliance with tank thickness inspection requirements. The facility recently had its safety systems tested in 2Q21 and they all passed.

Appendix Q - AB 1960 Tank Thickness Inspection Records provide details on HBOC's recent UT inspection per AB 1960. These were submitted in June 2020 to satisfy a previously issued NOV.

CalGEM approved HBOC's most recent tank thickness inspection reports as fully compliant.

Appendix J - Pipeline Hydrostatic Test provide details on the integrity testing performed on the liquid and gas transmission lines as required by CalFire State Fire Marshall and CalGEM. These tests were performed by a third-party agency in 2Q21. All tests were deemed Pass.

InterAct has contacted CalGEM's Southern District via phone and email to determine if there are any outstanding violations or compliance issues and have not been made aware of any additional issues.

For all past NOV's HBOC is either in full compliance or awaiting pending approval on 1 item (fence issue) from CalGEM.

CAL FIRE State Fire Marshall Office of Pipeline Safety (CSFM)

Appendix J - Pipeline Hydrostatic Test provide details on the integrity testing performed on the liquid and gas transmission lines as required by CalFire State Fire Marshall and CalGEM. These tests were performed by a third-party agency in 2Q21. All tests were deemed Pass.

Based on the provided documentation, HBOC appears to be in full compliance with all CSFM requirements.

Spill Prevention, Control, and Countermeasure (SPCC) Plan

Appendix D – Plan approved in March of 2020 and prepared by a registered professional engineer. Plan was submitted to EPA and CalGEM. It is not the regulators' policy to issue acceptance letters upon submittal.

Based on the provided documentation, HBOC appears to be in full compliance with all SPCC requirements.

Certified Unified Program Agency (CUPA) and Los Angeles Fire Department (LAFD) - Appendix E

Documents Received:

- CUPA Hazardous Waste and Hazardous Material Permit for CERS ID: 10243504 – Valid through 9/30/2021
- LAFD Deluge System Test Results from 3/24/2021 – Pass
- Methane Gas Detection Test Results from 5/19/2021 – Pass
- LAFD Oil Well Operation / Maintenance Permits for 11 wells – Valid through 12/31/2022
- LAFD issued a Violation L.A.M.C. 57.5706.3.16.1 Nonoperating Oil Wells, on 9/28/2020. Under authority of L.A.M.C. 57.104.17, HBOC submitted an application for variance on 10/28/2020. Status pending approval by LAFD.

Based on the provided documentation, HBOC appears in full compliance with all LAFD requirements pending variance approval.

Pipeline and Hazardous Materials (PHMSA)

Appendix H - Pipeline Specific Operations and Maintenance Plan (PSOMP) August 12th, 2020 revision details procedures for normal operations and maintenance as part of compliance with CFR 49. Based on the record of revision, this document complies with the annual revision requirement.

Appendix M - Annual Cathodic Protection Survey was performed by a third-party on October 14, 2020 as part of compliance with CFR 49.

Appendix L - Annual Report for Natural or Other Gas Transmission and Gathering Systems was developed by a third-party firm in accordance with the PHMSA and CFR 49 requirements. This document was submitted on March 11th, 2021.

Hazardous Liquid Pipeline emergency response plan revised on August 12th, 2020 in accordance with their annual review requirement of CFR Part 195.

Training records from Emergency Response Plan drill performed on August 14th, 2020.

Appendix J - Reporting Document (PHMSA F 7100.2-1) for both oil (5/25/2021) and gas (3/11/2021) lines were reviewed to verify compliance with Title 49 CFR Part 195.

As of June 29, 2021, there are no outstanding deficiencies and pipeline tests appear to be compliant.

Additionally – Per email from Mr. Marion Garcia, Supervisory General Engineer, Office of Pipeline Safety – Western Region, a PHSMS inspector will inform InterAct of any compliance issues, if any.

Based on the provided documentation, HBOC appears to be in compliance with PHMSA and CFR 49 requirements.

Los Angeles Department Water (LADWP)

Appendix O - Annual Backflow Preventer Device Inspection was performed on May 5th, 2021 and received a passing result from third-party testing firm.

Based on the provided documentation, HBOC appears to be in full compliance with LADWP requirements.

State Water Resources Control Board (SWRCB)

Appendix G – Stormwater Pollution Prevention Plan (SWPPP) was developed by a third-party firm as part of compliance with the SWRCB guidelines.

2020-2021 Annual Report for Storm Water Discharge Associated with Industrial Activities was submitted on 7/6/2021, per SMARTS database.

InterAct has contacted RWCQB Region 4 via phone and email to determine if there are any outstanding violations or compliance issues and have not been made aware of any issues.

Based on the provided documentation, HBOC appears to be in full compliance with all SWRCB requirements.

Los Angeles Department of Building and Safety (LADBS)

Appendix F – Los Angeles Department of Building and Safety (LADBS) includes:

- Permits for Pressure Vessels.
- Permits for fire protection system.
- Permits for equipment foundation
- Permits for wastewater tanks
- Permits for electrical equipment shelter.
- Permits for modular office trailer
- Permits for electrical installation
- Permits for pipe supports and foundations

Based on the provided documentation, HBOC appears to have corrected the outstanding LADBS violations from the 2017 LA City inspection and appears to be in compliance with LADBS requirements.

Miscellaneous Documentation

Appendix R: Electrical Control Panels Information provides information regarding electrical control panels within the Rancho Park Drill Site.

Appendix I - Miscellaneous Equipment Certifications / Inspections provides letters of certification describing the periodic testing and recalibration of the Pressure Relief Valves, Pipeline valves, and right of way patrol records.

Based on the provided documentation, HBOC appears to have inspected and replaced the necessary equipment since the 2020 Safety Audit Report.

Appendix N - Gas and Oil Analysis Review provides the most recent analysis of the fluids produced at the Rancho Park Drill Site. H₂S concentrations in both oil and gas are below analytical method detection limits.

These documents demonstrate HBOC's commitment to follow good oilfield practices, commitment to the safety of staff and the community, and exceed the minimum standards set forth within the regulatory requirements.

8.0 EQUIPMENT INVENTORY

Wells

Well Name	API	Status	LAFD Permit #	Major Repairs or Modifications	Visual Observation
R-1	037-17586	Active Producer	2037	None	No concerns based on visual inspection
R-3	037-00149	Active Producer	2057	None	No concerns based on visual inspection
R-4	037-17587	Active Producer	2071	None	No concerns based on visual inspection
R-5	037-17588	Active Producer	2082	None	No concerns based on visual inspection
R-6	037-17589	Active Producer	2101	None	No concerns based on visual inspection
R-7-1	037-17590	Active Producer	2103	None	No concerns based on visual inspection
R-8	037-17591	Idle Producer	2108	None	No concerns based on visual inspection
R-9-1	037-17592	Active Water Disposal	2110	None	No concerns based on visual inspection
R-10	037-17593	Idle Producer	2140	None	No concerns based on visual inspection
R-11	037-17594	Active Producer	2153	None	No concerns based on visual inspection
R-12	037-17599	Active Producer	2187	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn rods, tubing, seals, fittings, valves, grease, hydraulic oil etc.

Vessels

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-1	Free Water Knockout (FWKO)	G40180 A/N 565656	None	No concerns based on visual inspection
V-2	Test Separator	G40180 A/N 565656	None	No concerns based on visual inspection
V-3	Rancho Field Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-4	V-3 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-5	Rancho/ Hillcrest #1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-6	V-5 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-7	V-5 Peco Filter	G40180 A/N 565656	None	No concerns based on visual inspection
V-8	V-7 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-9	Stage 1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-10	V-9 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-11	C-4 Stage 1&2 Inlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-12	C-3 Stage 1&2 Inlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-13	C-4 Stage 1 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-14	C-3 Stage 1 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-15	Stage 2 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-16	V-15 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-17	C-4 Stage 2 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-18	C-3 Stage 2 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-19	Breitburn 1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-20	V-19 Peco Filter	G40180 A/N 565656	None	No concerns based on visual inspection
V-21	Breitburn 2 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-22	Stage 2 Outlet Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-23	LTS/ Methanol Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-24	Cold Separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-25	NGL Stabilizer	G40181 A/N 575732	None	No concerns based on visual inspection
V-26	Glycol/ NGL separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-27	Reboiler Top	G40181 A/N 575732	None	No concerns based on visual inspection
V-28	Reboiler Bottom	G40181 A/N 575732	None	No concerns based on visual inspection
V-29	NGL Storage Tank	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-30	Central Dump Vessel	G40181 A/N 575732	None	No concerns based on visual inspection
V-31	Last Chance Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-32	Flare Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-33	Microturbine Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-34	High Pressure Receiver	G40181 A/N 575732	None	No concerns based on visual inspection
V-35	Liquid Overfeed Vessel	G40181 A/N 575732	None	No concerns based on visual inspection
V-36	Oil Receiver	G40181 A/N 575732	None	No concerns based on visual inspection
V-37	C-1 Oil Separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-38	C-2 Oil Separator	G40181 A/N 575732	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn gaskets, seals, fittings, transducers, valves, exterior coating etc.

Tanks

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
T-1	Waste Water Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-2	South Stock Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-3	North Stock Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-4	1000 Bbl. Waste Water Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-5	Glycol Tank	N/A	None	No concerns based on visual inspection
T-6	North Surge Tank	N/A	None	No concerns based on visual inspection
T-7	South Surge Tank	N/A	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn gaskets, seals, fittings, transducers, valves, exterior coating etc.

Compressors

Designation	Description	AQMD Permit	LADBS Permit #	Major Repairs or Modifications	Visual Observation
C-1	Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-2	Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-3	Main Gas Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-4	Back-up Gas Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
P060703	Air compressor	N/A	R303815	None	No concerns based on visual inspection
P060704	Air compressor	N/A	R302142	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, gaskets, seals, bearings, fittings, transducers, valves, exterior coating etc.

Fans

Well Name	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
FF-1	Fin Fan West	G40181 A/N 575732	None	No concerns based on visual inspection
FF-2	Fin Fan East	G40181 A/N 575732	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, bearings, seals, fittings, transducers, valves, exterior coating etc.

Microturbines

Designation	Description	AQMD Permit	LADBS Permit #	Major Repairs or Modifications	Visual Observation
MT-65	Microturbine	G52924 A/N 585090	18041-90000-16325	None	No concerns based on visual inspection
MT-70	Microturbine	G19802 A/N 539733	N/A	None	Out of service
MT-70	Microturbine	G19803 A/N 539734	N/A	None	Out of service
C-200	Microturbine	Exempt	N/A	None	Upgraded equipment

Preventative Maintenance including but not limited to:

Daily visual inspection; Routine Maintenance conducted by third-party under service agreement

Electrical Control Panels

Designation	Description	Major Repairs or Modifications	Visual Observation
MCC-1	Motor Control Center	None	No concerns based on visual inspection
EP-2	Lease Alarm Panel	None	No concerns based on visual inspection
EP-3	East/West Sales Gas Compressors High Discharge Shutdown	None	No concerns based on visual inspection
EP-4	North Vapor Recovery	None	No concerns based on visual inspection
EP-5	Fire/Gas Detection Alarm	None	No concerns based on visual inspection
EP-6	Tank Levels	None	No concerns based on visual inspection
EP-7	Stock Tank Heaters	None	No concerns based on visual inspection
EP-8	LACT Panel	None	No concerns based on visual inspection
EP-9	Condenser Skid	None	No concerns based on visual inspection
EP-10	HRP P.L.C.	None	No concerns based on visual inspection
EP-11	Gas Co. Interface	None	No concerns based on visual inspection

Designation	Description	Major Repairs or Modifications	Visual Observation
EP-12	Gas Co. Totalizers	None	No concerns based on visual inspection
EP-13	P.C.E.C. Totalizers	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn fuses, terminals, conduits, harnesses, enclosures etc

Pumps

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
P-1	Tank Transfer Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-2	Shipping Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-3	NGL Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-4	Injection Pump	G40180 A/N 565656	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, gaskets, seals, bearings, fittings, transducers, valves, exterior coating etc.

Hillcrest Beverly Oil Corporation

August 10, 2022

To: Mr. Theodore Irving, Zoning Administrator, Department of City Planning
200 North Spring Street, Room 763
Los Angeles, CA 90012

From: Mr. Louis P. Zylstra, Jr. PE
Hillcrest Beverly Oil Corp.
249 East Ocean Blvd., Suite 900
Long Beach, CA 90802

Ref: Case No. ZA 1958-14560-PA1-1A – Annual Inspection, Condition 8

Dear Mr. Theodore Irving:

Hillcrest Beverly Oil Corporation (“HBOC”) is submitting its annual safety inspection report for the Rancho Park site which is located at 10460 West Pico Blvd. The annual report as prescribed in Condition 8 within the Case No. ZA 1958-14560-PA1-1A. states:

“An Annual Safety Inspection report which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory of equipment on site, any repair work, and / or maintenance done to keep the equipment in good condition at all times. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination.”

Enclosed are the required documentation for HBOC’s third annual inspection report along with the additional voluntary third-party audit by a city approved contractor who is qualified to review our inspection report and who completed an on-site visual inspection of the Rancho Park site. There is no new project associated with this inspection report.

It is important to highlight that HBOC volunteered this new “Annual Inspection” condition to the Zoning Administrator (ZA) with the support of the local community, local neighborhood council and City Council District 5 prior to the letter of determination by the ZA and subsequently by the West Los Angeles Area Planning Commission in 2019. It should also be noted that HBOC recently submitted to the Zoning Administrator its plan approval application and data package for a review of compliance and according to Condition 7 of Case No. ZA 1958-14560-PA1-1A. We kindly ask that this annual inspection report as well as our previous ones be referenced as part of our data submission in that review of compliance.

Background

The Rancho Park site is operated by HBOC. It is a 1.93-acre site located at 10460 West Pico Blvd in the city of Los Angeles. The site is next door to the Maintenance Facility of the Los Angeles City Department of Recreation and Parks as well as the Rancho Park Golf Course. The site has had different owners since the late 1950’s and current ownership has been in place since 2011. The site is producing oil and gas. The oil is sold to the local refinery market via pipeline

Hillcrest Beverly Oil Corporation

for local consumption and needs and the gas is sold to the local utility company SoCalGas for local consumption and needs.

HBOC operates under the stringent environmental and safety regulations. There are many agencies at the Federal, State and local level that have oversight including the City of Los Angeles, CalGEM, Los Angeles Fire Department, and South Coast Air Quality Management District. The Rancho site also complies with specific conditions of our lease and applicable rules and code regulations within the City. In working with the community, local neighborhood council leadership and Council District 5, HBOC volunteered several good neighbor provisions as proposed conditions at its last hearing with the Zoning Administrator including annual inspections, air monitoring at the fence line property, and added emergency reporting communications. HBOC has moved these initiatives forward as promised. Since our last annual inspection, the site has operated safely and without issues including no significant operation issues, no emergency event, no reportable spill and no alarm event. Overall, the site is in compliance and in good standing with all agencies.

We are available for any questions you might have or additional information requests. As always, we invite you or any City officials/agencies to visit our site as part of the review process. Please do not hesitate to call upon us, if we can be of assistance in any way.

Sincerely,

A handwritten signature in blue ink, appearing to read 'L. Zylstra', with a stylized flourish at the end.

Louis P. Zylstra, Jr. PE
Senior Vice President – LA Basin
HBOC



Third-Party Audit of Rancho Park Drill Site Annual Safety Inspection



Conducted by



InterAct PMTI, Inc.
260 Maple Ct, Ste 210
Ventura, CA 93003
www.interactpmti.com
August 2022

Prepared by:

A handwritten signature in blue ink, appearing to read "R. Barker".

Ryan Barker, Project Engineer
InterAct PMTI, Inc

Checked by:

A handwritten signature in blue ink, appearing to read "H. Barnum".

Harry Barnum, P.G.
InterAct PMTI, Inc



Third-Party Audit of Rancho Park Drill Site Annual Safety Inspection

TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY.....	3
2.0	INTRODUCTION.....	4
3.0	FACILITY DESCRIPTION.....	5
4.0	AUDIT	6
5.0	FINDINGS.....	8
6.0	COMPLIANCE WITH CITY ORDINANCES AND LEASES.....	13
7.0	DOCUMENTATION REVIEW.....	37
8.0	EQUIPMENT INVENTORY	43



1.0 EXECUTIVE SUMMARY

InterAct PMTI performed as a third-party to audit Hillcrest Beverly Oil Corporation's (HBOC) Annual Safety Inspection of the Rancho Park Production Facility. Based on our inspection, HBOC has clearly demonstrated a commitment to compliance with all applicable regulations, a commitment to safety for employees and the community, and a commitment to good oilfield practices. After rigorous review of necessary documents and the Rancho Park facility, InterAct has determined that HBOC's Annual Safety Inspection fulfills all requirements set forth by the city of Los Angeles.



2.0 INTRODUCTION

The purpose of this Safety Inspection Audit Report is to: (1) ensure Rancho Park Drill Site is operated and maintained in a safe and environmentally sound manner in compliance with all applicable local and state codes/permits, as well as industry practices and standards; (2) identify any specific improvements necessary to ensure the facility's operations do not impose adverse impacts upon HBOC's employees or the public; and (3) determine if the facility is compliant with the conditions set by the City of Los Angeles, Zoning Administrators and the West Los Angeles Planning Commission.

This annual safety report was first volunteered by HBOC to the Zoning Administrator, along with working with the local community and Council District 10, as part of a good neighbor and best practice condition. The West Los Angeles Planning Commission codified the annual inspection as part of the Letter of Determination issued July 1, 2019. Specially, Condition 8 requires "An Annual Safety Inspection report which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory of equipment on site, any repair work, and / or maintenance done to always keep the equipment in good condition. The safety inspection is completed each year to review safety and compliance practices. A comprehensive report is issued by August 15th, each year to the City. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination."

InterAct has assessed the Drill Site Facility for compliance with relevant governmental agencies, including but not limited to:

- Los Angeles Fire Department (LAFD)
- Los Angeles Department of Building and Safety (LADBS)
- California Geologic Energy Management Division (CalGEM)
- South Coast Air Quality Management Division (SCAQMD)
- California Environmental Reporting System (CERS)
- Environmental Protection Agency (EPA)
- Pipeline and Hazardous Materials Safety Administration (PHMSA)
- Los Angeles Department of Water and Power (LADWP)
- State Water Quality Control Board (SWQCB)

As a result of the West Los Angeles Planning Commission's conditions, HBOC has responded in a constructive manner by continuing to contract InterAct PMTI, an un-biased third-party, to audit Rancho Park Drill Site to identify regulatory and/or on-site compliance issues and to generate HBOC's Annual Safety Inspection Report. The decision to have a third party generate the annual report demonstrates HBOC's commitment to maintaining an amenable and transparent relationship with the public, governmental agencies, and relevant stakeholders. This report will summarize the regulatory documentation and compliance review, on-site inspection components, and determinations of the annual third-party safety and compliance audit completed for Rancho Park Drill Site by InterAct.

3.0 FACILITY DESCRIPTION

Facility/Lease Name	Rancho Park Drill Site
Address	10460 W Pico Blvd, Los Angeles, CA 90064
Field	Beverly Hills
Operator	Hillcrest Beverly Oil Corporation
Facility Staff	
Superintendent	Steve Griffis
Supervisor	Gilbert Alvarez
Lead Operator	John Plaza

Number of Wells		
	Active Production	8
	Idle	2
	Water Injection	1
Hydrogen Sulfide (H2S)		
	Max. ppm level	<10 ppm
Enhanced Recovery Methods Used		
	Water Flood	Yes
Crude oil transport system		
	Pipeline	Yes
Historical activities (Last 12 months)		
	Drilling	None
	Construction	None
Future Plans		
	Drilling	Not currently
	Construction	Not currently

4.0 AUDIT

There were two components to this audit: An on-site inspection of the facility, including equipment, and a review of regulatory and permitting compliance.

The on-site inspection of Rancho Park Drill Site occurred on July 14th, 2022, during the initial phases of the regulatory and permitting compliance review process. The inspection involved the visual observation of:

- Equipment in-use and out-of-service located within the facilities boundaries
- The perimeter fencing and signage postings
- General Maintenance and cleanliness of the facility.

At the time of the inspection, there were ongoing normal production activities. There were no construction or well work activities ongoing. The perimeter of the facility was walked to examine the level of noise generated from within the facility and if it was perceptible beyond the fence-line. The facility sits in a natural depression whereby the south, east, and west perimeter lines are a natural berm of 12-20 feet in elevation above the facility level. The northern perimeter is lined with vegetation and trees that limit sound propagation. The entire perimeter is also fenced whereby the chain-link that is filled with plastic slats, further limiting sound propagation. The sound from the facility was minimal at the time of the inspection and faded into the surrounding urban traffic noise only a few feet from the fence line. There were no public nuisances identified during the inspection.

The on-site inspection was not limited to observing and documenting the facility and equipment within. The HBOC staff were consulted regarding regulatory compliance requirements, personnel were interviewed and verified to have comprehensive knowledge and training of HBOC's safety procedures and were able to provide documentation for InterAct's review, when applicable. All staff were up to date with safety training defined in the policy regarded. The inspection was facilitated by Ted Cordova and was attended by the following personnel:

Harry Barnum, Regulatory & Environmental Services Manager, InterAct

Ryan Barker, Project Engineer, InterAct

Ted Cordova, VP, Public Government and Regulatory Affairs, E&B Natural Resources / HBOC

Christopher Hassler, Environmental Coordinator, E&B Natural Resources / HBOC

Johnny Plaza, Lead Operator, HBOC

Various operators and supervisors of the Rancho Park Drill Site



The review of regulatory and permitting compliance included:

- Review of HBOC's compliance documents to ensure approval by the governing agency
- Review of HBOC's permits to confirm approval and validity
- Surveying the governmental agencies to determine if there are any recent notices of violation for the facility and if they have been addressed

5.0 FINDINGS

1. CalGEM has not issued a new Notice of Violation since the previous Safety Audit Report was submitted in 2021. The Rancho Park Drill Site has one unresolved Notice of Violation (NOV) from CalGEM for barbed wire fencing. HBOC is unable to install barbed wire fencing for certain portions of their fence due to conflicting regulatory requirements from the other regulatory bodies that have requirements for the facility (California Building Code, County of Los Angeles, Department of Regional Planning, and the City of Los Angeles Municipal Code). A request for approval remains unresolved. The Rancho Park Drill Site is noticeable quiet and out of view from the public due to its location in a graded area below ground level.



2. The facility continues to be pro-active in response to COVID-19 and other health issues that may arise. HBOC operates in compliance with Cal/OSHA, City, County and State directives on all Health & Safety matters.
3. Equipment appears well maintained, and facility well labeled and is kept clean and neat. Based on discussion with staff and review of preventative maintenance procedures, HBOC's preventative maintenance program appears to meet or exceed industry standards.



4. C-200 Microturbine was commissioned in late 2021 and is pre-certified by CARB and is exempt from a SCAQMD permit. The C-200 is the primary replacement for some older less efficient equipment and thus, the overall facility process is unchanged.



5. Gas sensors and alarms, vapor recovery system, general site security, proper site housekeeping, windsocks, and 24/7 manned operations are part of the overall processes and safety system that demonstrate a comprehensive commitment to safety and environmental stewardship.





Two Honeywell AreaRAE Plus air monitor modules are located at the southwest and northeast corners of the facility. The one shown here is mounted on the facility gate post.

On a volunteer basis, HBOC has initiated fence-line air monitoring to measure and record the air quality every 1 minute and 8 seconds or approximately 2,540 samples per day stored on two automated air monitoring devices. Measured and recorded are LEL%, H₂S (ppm), CO (ppm), VOC (ppm), wind speed (mph) and direction, temperature (F°), and relative humidity. The continuous collection of the raw data provides an objective insight into the air quality standards at Rancho Park Drill Site.



To date, there have been no significant incidents of elevated readings of LEL, H₂S, CO, and VOCs. Air quality data since last year's report shows the levels of measured concentrations to be well within industry standards established by OSHA. The records show the levels of measured components be below detection.

Based on the air monitoring data provided by HBOC, there have been no incidents of sustained elevated concentration readings in proximity to either the OSHA or U.S. National Ambient Air Quality Standards.



6.0 COMPLIANCE WITH CITY ORDINANCES AND LEASES

COMPLIANCE WITH CITY ORDINANCE AND LEASE

HBOC is in compliance with all applicable Los Angeles City ordinances as outlined in the following table:

Condition	Description	Compliance
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 1	That all pumping units established in said district shall be installed in pits so that no parts thereof will be above the surface of the ground.	In compliance. The facility does not have traditional "pumping units." All of the wells are below grade in well cellars.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 3	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That the operator of any well or wells in the district shall post in the Office of Zoning Administration a \$5,000 corporate surety bond conditioned upon the faithful performance of all provisions of this article and any conditions prescribed by a Zoning Administrator. No extension of time that may be granted by a Zoning Administrator, or change of specifications or requirements that may be approved or required by him or her or by any other officer or department of the City, or other alteration, modification or waiver affecting any of the obligations of the grantee made by any City authority shall be deemed to exonerate either the grantee or the surety on any bond posted as required in this article.	In compliance. The wells were drilled many years ago in compliance with this requirement.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 4	That the operators shall remove the derrick from each well within thirty (30) days after the drilling of said well has been completed, and thereafter, when necessary, such completed wells shall be serviced by portable derricks.	In compliance. No drilling is currently ongoing at the site. For servicing, portable production rigs are used.

ZA Case No. 14560, Condition 1; LAMC 13.01-F, 5	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That the drilling site shall be fenced or landscaped as prescribed by the Zoning Administrator.	In compliance. The site is fenced and landscaped.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 8	That adequate firefighting apparatus and supplies, approved by the Fire Department, shall be maintained on the drilling site at all times during drilling and production operations.	In compliance. The Fire Department and the Department of Building and Safety have both approved the site's fire systems, and regular inspections and testing are performed in compliance with the Chief's Regulation 4.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 9	That no refining process or any process for the extraction of products from natural gas shall be carried on at a drilling site.	In compliance. The facility does not perform refining.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 17	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That any person requesting a determination by the Zoning Administrator prescribing the conditions under which oil drilling and production operations shall be conducted as provided in Subsection H, shall agree in writing on behalf of him or herself and his or her successors or assigns, to be bound by all of the terms and conditions of this article and any conditions prescribed by written determination by the Zoning Administrator; provided, however, that the agreement in writing shall not be construed to prevent the applicant or his or her successors or assigns from applying at any time for amendments pursuant to this Article or to the conditions prescribed by the Zoning Administrator, or from applying for the creation of a new district or an extension of time for drilling or production operations.	In compliance. HBOC has agreed to be bound by the terms and conditions of the Zoning Administrator's approvals.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 18	That all production equipment used shall be so constructed and operated that no noise, vibration, dust, odor or other harmful or annoying substances or effect which can be eliminated or diminished by the use of greater care shall ever be permitted to	In compliance. HBOC recently agreed to a three-year technology assessment – see ZA



	result from production operations carried on at any drilling site or from anything incident thereto to the injury or annoyance of persons living in the vicinity; nor shall the site or structures thereon be permitted to become dilapidated, unsightly or unsafe. Proven technological improvements in methods of production shall be adopted as they, from time to time, become available if capable of reducing factors of nuisance or annoyance.	Case No. 14560-PA1-1A, Condition 9
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 22	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That not more than two wells may be drilled in each city block of the drilling district and bottomed under that block. However, at the discretion of the Zoning Administrator, surface operations for additional wells may be permitted in each of the blocks where each additional well is to be directionally drilled and bottomed under an adjacent block now or hereafter established in an oil drilling district in lieu of a well drilled on the adjacent block and under a spacing program which will result in not exceeding two wells bottomed under each block.	In compliance. The site uses a directional drilled pattern. No drilling is ongoing at the site.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 33	(Amended by Ord. No. 173,268, Eff. 7/1/00, Oper. 7/1/00.) That drilling operations shall be commenced within 90 days from the effective date the written determination is made by the Zoning Administrator or Area Planning Commission, or within any additional period as the Zoning Administrator may, for good cause, allow and thereafter shall be prosecuted diligently to completion or else abandoned strictly as required by law and the premises restored to their original condition as nearly as practicable as can be done. If a producing well is not secured within eight months, the well shall be abandoned and the premises restored to its original condition, as nearly as practicable as can be done. The Zoning Administrator, for good cause, shall allow additional time for the completion of the well.	In compliance. The wells were drilled many years ago in compliance with this requirement.



ZA Case No. 14560, Condition 1; LAMC 13.01-F, 37	All waste substances such as drilling muds, oil, brine or acids produced or used in connection with oil drilling operations or oil production shall be retained in water-tight receptors from which they may be piped or hauled for terminal disposal in a dumping area specifically approved for such disposal by the Los Angeles Regional Water Pollution Control Board No. 4.	In compliance. The site is in compliance with all applicable environmental requirements for disposal of waste substances used in connection with oil production.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 40	The Department of Water and Power of the City of Los Angeles shall be permitted to review and inspect methods used in the drilling and producing operations and in the disposal of waste and shall have the right to require changes necessary for the full protection of the public water supply.	In compliance. The Department of Water and Power may review and inspect the site as needed.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 43	That drilling, pumping and other power operations shall at all times be carried on only by electrical power and that such power shall not be generated on the controlled drilling site or in the district.	In compliance. The site is operated using electric power, using microturbines approved by the City in 1996. The site is also on the Department of Water and Power grid. HBOC modified this condition consistent with the City's prior approvals. City approved this modification dated May 15, 2019. All microturbines being used are Capstone and certified by CARB and registered with SCAQMD.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 47	That all parts of the derrick above the derrick floor not reasonably necessary for ingress and egress including the elevated portion thereof used as a hoist, shall be enclosed with fire-resistive soundproofing	In compliance. No drilling is currently ongoing at the site.

	material approved by the Fire Department, and the same shall be painted or stained so as to render the appearance of said derrick as unobtrusive as practicable.	
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 49	That no materials, equipment, tools or pipe used for either drilling or production operations shall be delivered to or removed from the controlled drilling site except between the hours of 8:00 o' clock a.m. and 6:00 o clock p.m., on any day, except in case of emergency incident to unforeseen drilling or production operations, and then only when permission in writing has been previously obtained from the Administrator.	In compliance. No drilling is currently ongoing at the site. Materials, equipment, tools or pipe used for production operations are delivered to the site only between the hours of 8:00 a.m. and 6:00 p.m.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 54	That there shall be no tanks or other facilities for the storage of oil erected or maintained on the premises and that all oil products shall be transported from the drilling site by means of an underground pipeline connected directly with the production pump without venting products to the atmospheric pressure at the production site.	In compliance. The site transports oil products by means of underground pipelines, and gas on the site is piped to the local utility's onsite equipment or used in the microturbines for energy production. The site's existing tanks required for oil transportation by pipeline were authorized by the LADBS.
ZA Case No. 14560, Condition 1; LAMC 13.01-F, 58	That no sign shall be constructed, erected, maintained or placed on the premises or any part thereof, except those required by law or ordinance to be displayed in connection with the drilling or maintenance of the well.	In compliance. The informational signs placed on site are in compliance with applicable legal requirements.



ZA Case No. 14560, Condition 1; LAMC 13.01-F, 59	That suitable and adequate sanitary toilet and washing facilities shall be installed and maintained in a clean and sanitary condition at all times.	In compliance. The site's toilet and washing facilities are properly maintained.
ZA Case No. 14560, Condition 2	That the portion of the drill site on which the drilling equipment for all oil wells to be drilled on the site are to be located, other than the transformers and electrical converting equipment, shall be graded down to an elevation which is in no event higher than the 205 ft. contour as shown on Drainage Map No. 519 on file in the City Engineer's Office, and in no event shall the base of any derrick used in the drilling operations project above the 205 ft. contour as shown on said drainage map. Furthermore, that the derrick utilized for drilling operations shall in no event exceed in height the standard so-called 136 ft. derrick of the American Petroleum Institute nor shall the over-all gross height of said derrick and acoustical quilt covering the same exceed a height of 140 ft. above the 205 ft. contour referred to above. It is understood that the standard 136 ft. derrick used in this operation shall be shortened by redesigning to meet the height limitation specified above and shall not employ the usual "gin pole house" extending above the crown block and upper platform. Tanks and other equipment and buildings used in drilling and production activities shall be located in the ravine area on or adjacent to the graded portion of the drill site specified above, with no portion of said tanks, equipment or buildings, other than the upper portion of the derrick and any future portable drilling mast used for servicing activities, extending above the 23 ft. contour as shown on said Drainage Map No. 519.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 3	That in addition to soundproofing the derrick and other structures as required by Condition No. 47 of said Section 13.01-F, soundproofing shall also be provided for the electrical distribution center and control house containing automatic electric switches and for the engine and mud pumps; and that the manner in which the soundproofing is to be	In compliance. The Zoning Administration had previously approved the plot plan prior to the issuance of drilling permits. No drilling is

	accomplished, including a plot plan specifying location of involved buildings or structures and tanks, landscaping of premises, location and type of surfacing on access driveways and other details for the development of the site, shall be submitted to and approved by the Zoning Administrator prior to the issuance of the drilling permit for each of the proposed wells, said soundproofing material as required above to be of a fire resistive type approved by the Los Angeles Fire Department.	currently ongoing at the site.
ZA Case No. 14560, Condition 4	That the entire controlled drilling site shall be enclosed with an ornamental masonry or ornamental painted board fence having a height of at least 6 ft. above the highest ground elevation adjacent thereto, and that the area immediately adjacent to the drill site and outside of the enclosing fence or wall shall be adequately planted and maintained in a manner compatible with adjacent surface uses of the Rancho Public Park and Playground and so as to effectively screen all operations except the upper portion of the soundproof derrick from any adjacent public streets or residential areas. Furthermore, that as part of the landscaping treatment required by Subsection (f) of Section 13.01-E, 2 of the Municipal Code, tall trees at least 60 ft. in height at the time of transplanting, such as Washington palms or Canary Island pines, shall be planted around the borders of the drilling site at the highest ground level possible and placed in such positions with relation to the existing eucalyptus trees now occupying portions of the adjoining property as to effectively screen out and eliminate the conspicuousness of the lower half of the derrick from adjacent residential districts. The over-all landscaping plan shall be first submitted to and approved by the Department of Recreation and Parks before being submitted to the Zoning Administrator for approval. The Administrator reserves the right after approving plans for the landscape treatment to specify the transplanting of additional trees at various strategic locations upon adjoining property if,	In compliance. The site's fencing and landscaping was approved many decades ago, has been properly maintained and serves to screen the site from public streets and residential areas.



	after such additional trees would assist in accomplishing the screening effect desired.	
ZA Case No. 14560, Condition 5	That the applicants and operators of the drilling operations herein authorized shall employ the services of a recognized expert in camouflage to design a treatment for the upper portions of the soundproofed derrick which will extend above the existing trees or trees to be planted around the edge of the drilling site and which treatment by painting or other devices on the derrick cover will make the upper portion of the derrick cover, as seen from adjacent residential districts, appear to be part of the tree planting surrounding the drilling site or appear to be an attractive monument rather than a covered oil derrick. The designs of such camouflage treatment shall be submitted to the Administrator for approval with plans for soundproofing the derrick, and thereafter the upper portions of the derrick shall be treated and maintained in the manner suggested and approved, all of which shall be designed to eliminate as far as practical the conspicuousness of the derrick from the adjacent residential areas. It is understood that the same type of derrick design and camouflage treatment thereof heretofore approved for the companion drilling operation on the Hillcrest Country Club under Z.A. Case No. 14422 may be utilized on the drilling.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 6	The drilling of the wells shall be conducted in accordance with good oil field practice and the latest techniques and refinements in equipment and material shall be used.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 7	The latest and most effective blow-out prevention equipment shall be installed and maintained in connection with the drilling of any well.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 8	That as a further amplification of Condition No. 49 of Section 13.01-F of the Municipal Code, except for actual drilling and production operations, no work shall be conducted on the property between the hours of 6 p.m. of one day and 8 a.m. of the following day or Sundays.	In compliance. No work is conducted at the site between 6:00 p.m. and 8:00 a.m. or on Sundays.



<p>ZA Case No. 14560, Condition 9</p>	<p>That in no event shall drilling operations be carried on or conducted on said drill site in connection with more than one well at a time. Furthermore, that prior to the approval or issuance of Fire Department permits for each well to be drilled upon the subject site, there shall be supplied to the Zoning Administrator a map showing the general direction and general bottom hole location of said proposed well so that proper records can be kept as to the number of wells bottomed and completed under said district in compliance with the terms of this grant and the provisions of Paragraph (c), Section 13.01-E, 2 of the Municipal Code. Furthermore, the applicant or operators of the oil drilling activities herein authorized, upon request by the Zoning Administrator, shall furnish such additional information concerning the status, exact bottom hole location, productivity, etc., of the various wells drilled from the property, as to enable the Administrator to properly and intelligently administer the oil drilling regulations in this area; and information to be either verbal or in writing and to be kept confidential by the Administrator if so desired by the applicant.</p>	<p>In compliance. No drilling is currently ongoing at the site.</p>
<p>ZA Case No. 14560, Condition 10</p>	<p>Parking area shall be provided either inside the actual drilling site or immediately adjacent thereto on the existing parking lot for maintenance and service employees of the Rancho Park and Playground for use by automobiles of employees and other vehicles employed in the drilling and maintenance of the oil wells on the property. The driveway providing the principal means of access to the controlled drilling site shall enter the property from either the driveway from Motor Avenue leading to the maintenance and service yard or from a new driveway leading to Pico Boulevard, with no such driveway entering the property from Patricia Avenue and that said driveway, together with any other driveways necessary on the drilling site, as well as the required employee parking area, shall be paved with rock and oil or asphaltic paving materials suitable to withstand</p>	<p>In compliance. The site's parking area complies with this condition.</p>

	heavy trucking operations. Furthermore, that all such driveways and parking areas shall be regularly washed down, swept or otherwise kept free of accumulated cement, dust or other materials which would produce dust in the use of said facilities.	
ZA Case No. 14560, Condition 11	That if any of the wells hereby authorized are successful and are to be maintained as producing wells and are required to be pumped, then said wells shall be equipped with Kobe or comparable producing units which shall be placed in pits or cellars below the surface of the ground so that no visible pumping units will be above the ground adjacent to the surface location of the wells and that wells shall be serviced with only portable type equipment. Furthermore, that the triplex pump units necessary to operate the Kobe or comparable oil well pumping units, as well as the compressors for compressing the gas to meet pipe-line specifications, shall be housed in substantial buildings which have been acoustically treated so as to be substantially soundproofed.	In compliance. The site's wells are located in well cellars below grade and the associated equipment is appropriately soundproofed.
ZA Case No. 14560, Condition 12	That all oil and gas produced from the wells on the property shall be transported from the drilling site only by means of underground pipeline connected, if at all practical, directly with the producing pump without venting products to the atmospheric pressure at the production site and in no event shall there be any storage or treatment facilities on the property other than necessary to conform production to pipeline requirements. In no event shall more than three-day storage or two 1,000-barrel tanks, whichever is greater, be erected or maintained on the property. Furthermore, that said production tanks shall be so placed and located with respect to embankments created by grading the property or enclosing fixtures surrounding the site as to not be visible to persons on adjacent public streets or from adjacent residential property having approximately the same ground level elevation as the average ground level surrounding the drilling site.	In compliance. The site transports oil products by means of underground pipelines, and gas on the site is piped to the local utility's onsite equipment or used in the microturbines for energy production. The site's existing tanks were authorized by the LADBS in 2017.



ZA Case No. 14560, Condition 13	That in view of the pending civil action under Superior Court Case No. 685474 seeking an injunction to prevent drilling for oil on the subject property which may possible cause a desire of the applicant to delay the start of drilling operations until a judgment has been entered in said civil action, the Zoning Administrator hereby extends the period within which drilling operations must start as set forth in Condition NO. 33 of Section 13.01-F of the Municipal Code; said extended period to be 60 days from the date of final judgment in said court case. As a further qualification and refinement of Condition No. 33 of said Section 13.01-F, it shall be understood that, in order to be considered a producing well, the well shall produce oil, gas or other hydrocarbon substances to a total value of at least twenty-five dollars (\$25.00) per day.	In compliance. This condition was satisfied when the facility was first established.
ZA Case No. 14560, Condition 14	All tools, pipe and other equipment in connection with the drilling and production activities shall be stored and kept on the drilling site within the fenced and landscaped enclosure.	In compliance. All equipment and tools are located within the facility.
ZA Case No. 14560, Condition 15	That in no event shall there be any development or production of oil from or above the producing horizon in the Beverly Oil Field, as determined by production from said field on the second day of June 1953.	In compliance. There is no development or production of oil from or above the producing horizon in the Beverly Oil Field.
ZA Case No. 14560, Condition 16	After completing the first test well, the bores of additional wells within the drilling site shall be projected directionally under District No. U-9 so that a complete and adequate test of the location, extent, character, density and productivity of any deeper producing oil zones below the Beverly Oil Field referred to above in No. 15 may be had from the single drill site area. Said additional wells shall be drilled with due diligence so as to complete the total number of wells herein authorized to be bottomed under said district No. U-9 within the shortest possible time, utilizing only one oil drilling derrick for said operations. It is understood that there need not	In compliance. This condition was satisfied when the facility was first established. No drilling is currently ongoing at the site.

	be drilled one well for each 5 acres as authorized, if the applicant lessee determines a fewer number would adequately drain the producing zones encountered. Furthermore, that upon completion of each well, the derrick shall be removed or moved to the site for a new well on the drilling site and work started towards drilling said new well within the 30-day period referred to in Condition No. 4, Section 13.01-F, to the end that the derrick and drilling operations will be removed and discontinued on the site in the shortest period of time possible.	
ZA Case No. 14560, Condition 17	That any owner, lessee or permittee and their successors and assigns, as well as the concern which is to actually do the drilling work, if different than the above, must at all times be insured to the extent of \$1,000,000 against liability in tort and public liability and property damage arising from drilling or production, or activities or operations incident thereto, conducted or carried on under or by virtue of the conditions prescribed for this district and by written determination by the Administrator as provided in Subsection H of Section 13.01 of the Los Angeles Municipal Code. The policy of insurance issued pursuant hereto shall be subject to the approval of the City Attorney and duplicates shall be furnished to him. Each such policy shall be conditioned or endorsed to cover such agents, lessees, or representatives of the owner, lessee or permittee as may actually conduct drilling, production or incidental operations permitted by such written determination by the Administrator. A certificate of insurance to the above effect, giving the name of the insurance carrier and its address and a sworn statement that such insurance will be maintained in full force and effect, shall be furnished to the Zoning Administrator before any permits are issued.	In compliance. Compliance with insurance and surety requirements has been confirmed by City.
ZA Case No. 14560, Condition 18	That the surety bond in the sum of \$5,000 required by Condition No. 3 of the above-mentioned Subsection F and Condition (g) under Section 13.01-	In compliance. The wells were drilled many years ago in compliance with

	E, 2 of the Municipal Code shall be approved by the City Attorney, executed by both the applicant and any lessee who is to do the actual oil drilling and filed with the Zoning Administrator before any permit is issued.	this requirement. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 19	The operator, after drilling each well to a depth of approximately 2,000 feet, shall take an electric log of the well to that depth, analyze the log and provide the Department of Water and Power of the City of Los Angeles with a copy of said log, together with its interpretation, showing aquifers and an estimate for the salinity of all waters encountered. From the information so obtained, a joint determination shall be made of the required depth at which the surface casing shall be cemented. Sufficient cement shall be used to reach the ground surface behind the surface casing. On completion of the drilling program, another log shall be taken and analyzed and, if necessary, additional steps shall be taken to prevent the vertical movement of brine into freshwater zones. In the event no commercial production of oil is obtained, cement plugs shall be used to protect all fresh water in abandonment of the well. A conference between the operator and officials of the Department of Water and Power shall determine the location and extent of the plugs required. Provided, however, that the Department of Water and Power may waive the requirement for a log on each well, if sufficient sub-surface data is obtained from previous logs to permit it to carry out the purpose of this condition.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560, Condition 20	That the public water supply system on the property shall be protected against backflow where necessary in a manner acceptable to the Departments of Health and Water and Power and meeting the requirements of the Uniform Plumbing Code. Furthermore, representatives of the said Departments may enter upon the premises at any reasonable time for routine investigation of operations. Any necessary changes that may be ordered in operations and/or facilities	In compliance. Agency officials are welcome to visit the facility for inspection as needed.

	shall be made within a reasonable time as determined by the Investigator.	
ZA Case No. 14560, Condition 21	<p>That the drilling site and approaches thereto shall at all times be kept in a clean, neat appearing condition free from weeds and debris, other than necessary and incidental drilling equipment and supplies shall be effectively landscaped and maintained as required under various applicable conditions heretofore mentioned and in compliance with plans approved by the Zoning Administrator.</p> <p>Furthermore, that upon completion of the drilling operations, all equipment and supplies, except that actually necessary in production work and as specified on plans for the installation of the various production facilities and devices, shall be removed from the property so that, as far as practicable, there be no evidence above the ground of the presence of the oil producing facilities in the pits and cellars heretofore specified.</p>	In compliance. The site is properly maintained, including fencing and landscaping. Equipment is removed from the site upon completion of work.
ZA Case No. 14560, Condition 22	That the Zoning Administrator reserves the right to impose additional conditions or require corrective measures to be taken if he finds after actual observation or experience with drilling one or more of the wells on the adjacent Hillcrest Country Club property or the subject Rancho Park and playground property that additional conditions are necessary to afford greater protection to surrounding residential property as intended by the provisions of Section 13.01 of the Municipal Code, as well as the conditions set forth in Ordinance No. 109, 732.	In compliance. No drilling is currently ongoing at the site.
ZA Case No. 14560-PA1, Condition 1	All other use, height and area regulations of the Municipal Code and all other applicable government/regulatory agencies shall be strictly complied with in the development and use of the property, except as such regulations are herein specifically varied or required.	In compliance. All use, height and area regulations are followed.
ZA Case No. 14560-PA1, Condition 2	The use and development of the property shall be in substantial conformance with the plot plan submitted with the application and marked Exhibit A, except as may be revised as a result of this action.	In compliance. No material changes are made without



		appropriate agency approvals.
ZA Case No. 14560-PA1, Condition 3	The authorized use shall be conducted at all times with due regard for the character of the surrounding district, and the right is reserved to the Zoning Administrator to impose additional corrective Conditions, if, in the Administrator's opinion, such Conditions are proven necessary for the protection of persons in the neighborhood or occupants of adjacent property.	In compliance. HBOC always endeavors to be a good neighbor. We are next to the Dept. of Recreation and Parks Maintenance Facility and the public golf course. No homes are adjacent. Homes are over 1,000 feet away.
ZA Case No. 14560-PA1, Condition 4	All graffiti on the site shall be removed or painted over to match the color of the surface to which it is applied within 24 hours of its occurrence.	In compliance. No issues with graffiti.
ZA Case No. 14560-PA1, Condition 5	A copy of the first page of this grant and all Conditions and/or any subsequent appeal of this grant and its resultant Conditions and/or letters of clarification shall be printed on the building plans submitted to the Development Services Center and the Department of Building and Safety for purposes of having a building permit issued.	In compliance. No building permits being pursued at this time.
ZA Case No. 14560-PA1, Condition 6, LAMC 13.01-F Condition No. 17	The applicant or operator shall comply with all conditions of approval from the prior Zoning Administrator's determinations, and those as expressly stated as follows which supersedes prior LAMC conditions: That any person requesting a determination by the Zoning Administrator prescribing the conditions under which oil drilling and production operations shall be conducted as provided in subsection H, shall agree in writing on behalf of him or herself and his or her successors or assigns, to be bound by all of the terms and conditions of this article and any conditions prescribed by written determination by the Zoning Administrator; provided, however, that the agreement in writing shall not be construed to prevent the applicant or his or her successors or assigns from applying at any time for amendments pursuant to this Article or to the conditions	In compliance. No project is being pursued at this time.



	prescribed by the Zoning Administrator, or from applying for the creation of a new district or an extension of time for drilling or production operations.	
ZA Case No. 14560-PA1, Condition 6, LAMC 13.01-F Condition No. 43	<p>The applicant or operator shall comply with all conditions of approval from the prior Zoning Administrator's determinations, and those as expressly stated as follows which supersedes prior LAMC conditions:</p> <p>All electric power – all pumping and power operations at the site shall at all times be carried on only by electrical power and such power shall not be generated by fossil fuels at the controlled drilling site or in the district. Power may be generated on site by solar voltaic generators or natural gas-powered cogeneration units placed within sound proofed buildings.</p>	In compliance. All pumping and power are generated through LA DWP and on-site microturbines.
ZA Case No. 14560-PA1, Condition 7	<p>Plan Approval:</p> <ol style="list-style-type: none"> Within 36 months, the operator shall file a plan approval to review compliance with the conditions of approval of this determination. The Plan approval application shall be filed within 45 days before the end of the 36-month period. Whenever a change in operator occurs, notification of such change shall be submitted to the Department of City Planning within 30 days. Whenever a change in operator occurs, a Plan Approval application along with associated fees, shall be filed within 12 months of the change to review the new operator's compliance with these conditions. A public hearing may be required, at the discretion of the Zoning Administrator, with notification of all owners and occupants of property within a 500-foot radius. The purpose of the plan approval will be to review and establish conditions deemed applicable to the use as maintained and conducted by the new operator consistent with the intent of the Conditions of this grant. Upon this review the Zoning Administrator may modify, 	<p>In compliance. HBOC complies with conditions of approval. We are submitting a plan approval as indicated in "7a".</p> <p>No change of ownership applies.</p>

	add or delete conditions, and if warranted, reserves the right to conduct this public hearing for nuisance abatement/revocation purposes.	
ZA Case No. 14560-PA1, Condition 8	An Annual Safety Inspection report, which adheres to the criteria of the 2017 inspection report produced by the Petroleum Administrator, shall be generated by the applicant/operator and sent to the Zoning and Petroleum administrators, listing the inventory and equipment on site, any repair work, and/or maintenance done to keep the equipment on good condition at all time. The first Annual Safety Inspection report shall be submitted within 45 days of the anniversary of this determination.	Delivered annual reports with documentation in 2020 and 2021. HBOC went above and beyond its requirement and hired a third-party consulting firm (approved vendor of City of LA) to audit HBOC's annual inspection report.
ZA Case No. 14560-PA1, Condition 9	Within 48 months of this determination letter, a three-year technology assessment report should be provided to the Zoning and Petroleum Administrators. The assessment report should be collaboratively generated by the operator with input from vendors, professionals and community stakeholders to identify better operating technologies, such as fence line monitoring, computer automation, new safety equipment, and / or other technological enhancements. The three-year assessment shall be repeatedly conducted.	In compliance. HBOC went above and beyond and already implemented fence line monitoring in the first quarter of 2020 and will comply with completion of the three year report by July 1, 2023
ZA Case No. 14560-PA1, Condition 10	The applicant shall immediately notify appropriate City agencies and entities, including the Los Angeles Fire Department, the Petroleum Administrator, and the local City Council office, of an emergency, accident or spill that requires reporting to any State, County, or regional agency.	In compliance. Personnel are trained to make immediate notifications for reportable incidents. No incidents to date have occurred since HBOC volunteered this best practice / good neighbor provision.
ZA Case No. 14560-PA1, Condition 11	Prior to the issuance of any permits relative to this matter, a covenant acknowledging and agreeing to comply with all the terms and conditions established herein shall be recorded in the County's Recorder's	In compliance.



	Office. The agreement (standard master covenant and agreement form CP-6770) shall run with the land and shall be binding on any subsequent owners, heirs, or assigns. The agreement with the conditions attached must be submitted to the Development Services Center for approval before being recorded. After recordation, a certified copy bearing the Recorder's number and date shall be provided to the Zoning Administrator for attachment to the subject case file.	
ZA Case No 14560-PA1, Condition 12	Indemnification and Reimbursement of Litigation Costs	In compliance as appropriate.

HBOC is also in compliance with all City lease conditions. The numbers listed below for each legal contract correspond to the subparts for that agreement.

Lease 94-A Dated May 29, 1957, 40 Subparts, 36 pages (Lease for mineral rights):

1. Description of Property: Parcel 1 is up to 3 acres of surface of the land described as Parcel 3. Parcel 2 is the subsurface only of Parcel 3. Legal description of Parcel 3 given. *No compliance required.*
2. Method of Operation: Hydrocarbons are to be removed by using wells on drill sites on Parcel 1, with no oil tanks except those needed for storage and cleaning of oil. No gasoline extraction plant is to be constructed. All equipment is to be on Parcel 1. *HBOC is in compliance.*
3. Access Roads: Lessee is entitled to access Parcel 1. Location of access roads may change. *No compliance required.*
4. Pipelines and Telephone Lines: Those located on Parcel 3 to reach public streets. Location may change. *HBOC is in compliance.*
5. Term: This lease was originally for 35 years. *Lease extended to 2027 in 1994.*
6. Reservations and Lessee's Possessory Rights: City can use property for other purposes, subject to the rights granted to the operator. Lessor does not warrant its title. *No compliance required by HBOC.*
7. Zoning and Delay Rentals: Within 90 days of the lease execution, Lessee agreed to file an application with the City's Dept. of Planning for a change of zone to permit using the property for oil drilling. Lessee also agreed to begin drilling within 90 days of zone change. If Lessee does not drill within 90 days delay rentals are required. *No compliance required at this time.*



8. Surrender or Quitclaim: Lessee may quitclaim property to the City, in which event all succeeding delayed rentals shall cease. *Required drilling completed.*
9. Commencement of Operations: Lessee agrees to drill wells on or before June 1, 1958 or within 60 days after a producing well is completed within 700' of property boundary. Well spacing, well offset, redrilling in lieu of drilling, and relief from offset requirement is outlined in this section. *Required drilling completed.*
10. Delay Rentals: If Lessee suspends operations in any well and is not drilling in some other well, the Lessee must pay delay rental costs. *No delay rentals are due.*
11. Producing Obligations: Lessee is required to produce, pump, flow or otherwise operate all wells at full capacity to secure the largest amount of oil. *HBOC in compliance.*
12. Discontinuance of Production Well: If Lessee stops producing, except for causes outlined in item 17, and leaves well idle, Lessee shall during the 35-year term of this lease, quitclaim to Lessor its interest in the land for that well, excepting such land as required for operation of remaining wells. *HBOC in compliance.*
13. Royalties for Oil: Lessee can use oil and gas produced for production purposes without royalty payment. Lessee shall pay the City 1/5 the royalty of the value of all oil sold, after making customary deductions for oil quality. Lessee is to furnish the City with a true account of the production before the 20th day of each month. *HBOC in compliance.*
14. Royalties for Gas: Lessor is to pay the City 1/5 royalty of net proceeds from sale of gas. Lessee has the right, free of cost to it, to use gas required for production purposes on said property. Settlement of gas royalties to be made before the 20th day of each month. *HBOC in compliance.*
15. Interest of the United States: The federal government owns 6-1/4% of the value of any oil and gas that is produced. The 1/5 royalty to the Lessor includes this amount. *No compliance required by HBOC.*
16. Share of Net Profits: Net profits is defined as gross proceeds that exceed chargeable costs and expenditures. They are calculated from the beginning of the operation until date of computation. Lessee is required to keep an accounting of such amounts and furnish them to the City on the last day of each calendar month. The City is entitled to 50% of the net profits, if any, as defined in this section. *HBOC is reviewing compliance and will update the City.*
17. Unavoidable Delays in Drilling Operations: Operations may be suspended due to events due to the elements, accidents, strikes, lockouts, riots, and/or other factors. Lessee is to resume as soon as possible. *All required drilling is complete.*
18. Remedial Operations: Well repairs or improvements are not deemed an interruption of continuous operations. *HBOC is in compliance.*
19. Taxes: Lessee agrees to be a prudent taxpayer. *HBOC is in compliance.*
20. Liens and Claims: Lessee agrees to keep the property free of liens and claims and has the right to dispute and defend against any claims. Lessee will conduct all operations in a careful, workmanlike manner and agrees to comply with all state, City, and other regulatory agencies having jurisdiction over any of the operations conducted on the property. Lessee indemnifies the City against claims. *HBOC in compliance.*

21. Litigation: Lessee and City agree to provide written notice of any litigation affecting the property as soon as such party has knowledge of it. *There is no litigation in progress. HBOC is in compliance.*
22. Drilling information: Lessee agrees to keep accurate drilling and pipeline records. The City has the right to inspect such records. Lessee agrees to confer with City geologists. *HBOC is in compliance.*
23. Inspection of Production Records: The City has the right to inspect Lessee's production records. *No compliance required.*
24. Notice of Work: Lessee is to advise the City of all work contemplated on the property to minimize hazards and preserve safety on the property. *HBOC is in compliance.*
25. Information Respecting Other Lands: If the Lessee owns any adjacent lands or lands within 1000' of the property, the lessee must provide the City information regarding that operation. *HBOC is in compliance.*
26. Fences and Pipelines: Substantial fence is to be constructed and maintained by Lessee. Pipelines are to be buried. *HBOC is in compliance.*
27. Conduct of Drilling Operations: Drilling is to be conducted in accordance with Dept. of Planning and Zoning Administrator. All drilling equipment is to be electric, sound proofed, and engines are to be muffled. No open pits are to be used; all mud to be in tanks. *All required drilling is complete.*
28. Conduct of Operations: Lessee agrees to operate in accordance with all requirements of the Dept. of Planning and Zoning Administrator. All pumping equipment is to be electric; no walking beam type pumping units are to be used, pumps are to be Kobe or hydraulic, gas lift, bottom hole pumps or vacuum pumps, located in concreted trenches below ground level or completely concealed by vegetation or an approved enclosure. *HBOC is in compliance.*
29. Conduct of Remedial and Redrilling Operations: Lessee agrees that its redrilling, repairing and servicing operations shall be conducted in accordance with all requirements of the Dept. of Planning and the Zoning Administrator. Redrilling equipment shall be portable and designed to avoid noise, disturbance or offense to residents; exhausts of engines are to be muffled; mud storage is to be in tanks; redrilling operations are to be 15 days or less, or are to be replaced with drilling equipment. *HBOC is in compliance.*
30. Injury to Surface of the Land: Lessee agrees to prevent oil or water overflow that may be detrimental to vegetable growth on the property. *HBOC is in compliance.*
31. Termination for Default: Lessee has 30 days to comply with any written notice given by the City in regards to compliance to the lease. The City may terminate the lease for the specific non-complying well. *HBOC is in compliance.*
32. Voluntary Quitclaim: Lessee may quitclaim the property for a sum of \$10 paid to the City. *No compliance required.*
33. Other Quitclaim: If the lease is terminated in whole or in part, Lessee shall give the City a good and sufficient quitclaim deed to the property. If a well is abandoned, the Lessee will quitclaim and surrender all the land adjacent to the well which it does not need for the operation of the other wells. *No compliance required at this time.*



34. Removal of Casing: Lessee has the right to remove any tanks, pipelines, structures, casing or other equipment. *No compliance required.*
35. Arbitration: Any controversy as to matters of fact shall be submitted to arbitration. *No compliance required at this time.*
36. Notices: Any notice relative to this lease is deemed delivered if delivered to proper addresses provided. *No compliance required.*
37. Insurance: Lessee is to procure and maintain liability and property damage insurance for the City in amounts satisfactory to the City, and carry Worker's Comp Insurance. *HBOC is in compliance.*
38. Surrender of Possession: Upon lease termination, Lessee shall peaceably and quietly leave and remove all materials, structures, obstructions placed by it on or in the property, fill all trenches and holes, remove all oil debris, and fill any other excavations made by it, and restore the land to the condition in which it was received. *No compliance required at this time.*
39. No right to surface of Parcel 3 is included in this lease, except as described in Parcel 1. *HBOC is in compliance.*
40. This lease cannot be assigned or sublet without the written permission of the City. *No compliance required at this time.*

HBOC is in compliance with all of the above lease requirements as applicable to the current status of the property.

Lease 110 Dated Dec. 15, 1960, 31 Subparts, 17 pages (Lease for surface use):

1. The land is being leased for the purpose of drilling, producing, extracting, storing, cleaning and removing oil, gas, asphaltum and other hydrocarbons from the land. *No compliance required.*
2. Lessee agrees to pay the City \$25,000 when the Urbanized Oil Drilling District is established composed of the leased lands. *Presumably paid by Signal Oil and Gas Company, the original Lessee, at the time the district was established.*
3. Lease is in effect for 32 years, provided it terminates and ends concurrently with Lease 94-A. *Lease extended to 2027 in 1994.*
4. Lessee shall have access to the drill site. The access location may change. *No compliance required.*
5. All pipelines and telephone and power lines are to be located to reach public streets. Pipelines are to be buried. *HBOC is in compliance.*
6. No storage tanks are to be on site except for storage and cleaning of production from leased land. No gasoline extraction plant is to be constructed. *HBOC is in compliance.*
7. Substantial fencing shall be constructed and maintained when required by City. *HBOC is in compliance.*

8. Lessee agrees to by the City rentals equal to 5% of the value of all oil produced from Lessee lands (*lands leased other than those leased from the City, those in the vicinity but not including City's land*), 5% of net proceeds from the sale of gas from lessee lands, and 5% of any gasoline or other liquid products from gas produced from the lessee lands. Lessee has the right to use as much oil, gas, or other hydrocarbons produced as needed to conduct its operations. The Lessee shall provide a production accounting to the City before the 20th of each month. *HBOC is in compliance; no current production from wells other than those producing from City leased lands.*
9. Lessee is to comply with drilling schedule outlined in this paragraph. Delay rentals are to be adjusted accordingly. *All required drilling is complete.*
10. Lessee agrees to operate in compliance with state and city regulations and all governmental bodies having jurisdiction over such operations. *HBOC is in compliance.*
11. All operations are performed at sole cost to Lessee. *HBOC is in compliance.*
12. Lessee is to procure and maintain liability and property damage insurance and carry Workman's Comp insurance. *HBOC is in compliance.*
13. Lessee agrees to keep property free from liens and claims, and has the right to defend against any claim. *HBOC is in compliance.*
14. Lessee agrees to be a prudent taxpayer. *HBOC is in compliance.*
15. Each party agrees to give written notice of any litigation affecting the property. *There is no litigation in progress.*
16. Lessee agrees to comply with Section 22 in Lease 94A (drilling and pipeline records, conferring with City geologists). *See comments above.*
17. City has the right to inspect production records and to gauge oil production. *No compliance required.*
18. Lessee shall advise City of all work contemplated to minimize hazards and preserve safety. *HBOC is in compliance.*
19. Sections 27, 28, 29, and 30 in Lease 94A are to be in compliance. *See comments above.*
20. Lessee may at any time surrender all or any part of the drill site back to the City. *No compliance required at this time.*
21. Lessee has the right to remove all property placed there by Lessee at any time and from time to time. *No compliance required.*
22. City has the right to terminate this Lease if Lessee fails to comply with its terms, provided the City gives written notice of alleged breach and provides 30 days for Lessee to correct said breach. *No active written notice of default or breach.*
23. Upon termination of this Lease, Lessee will peaceably and quietly yield the property to the City and remove all equipment, fill up all trenches and holes, remove all debris, and restore the property to the condition in which it was received by Lessee. *No compliance required at this time.*
24. Lessee's obligations are suspended if they are prevented by act of God, strike, lockout, war, blockade, riot, fire, explosion, government restraint, etc. or other causes beyond the control of Lessee or so long as price of oil is less than 75 cents per barrel. *No compliance required at this time.*



25. Any controversy as to matters of fact from this Lease shall be submitted to arbitration. *No compliance required at this time.*
26. This Lease cannot be assigned or sublet without written consent of the City. *No compliance required at this time.*
27. Addresses for the City and Lessee in 1960 are provided here. Written communications to these addresses are deemed delivered. *No compliance required.*
28. This Lease is not a partnership or joint venture relationship. *No compliance required.*
29. This Lease is a stand-alone agreement and does not incorporate the terms of the 94A Lease except as expressly stated. *No compliance required.*
30. The City does not warrant title to the drill site or easements granted in this Lease. *No compliance required.*
31. Terms and provisions of this Lease are binding to the City and Lessee and their respective successors and assigns and run with the lands. *No compliance required.*

HBOC is in compliance with all of the above lease requirements as applicable to current status of the property.

Lease 94-A Supplement Dated Sept. 28, 1961, 4 Subparts, 3 pages:

1. City grants Lessee permission to install and maintain a manhole and covered concrete valve vault in a portion of Rancho Park. *No compliance required.*
2. Lessee to pay the City each year on or before March 30th, 40 cents for each cubic foot of space used, restore the grounds after any repair work, hold the city harmless for any injury or damages caused by this license. *HBOC in compliance-Franchise is presently paid by Tennessee Ave LLC.*
3. City may revoke this permission. *No compliance required.*
4. All terms of Lease 94-A remain in effect. *No compliance required.*

Land Lease 35-Year Extension Dated June 1, 1994, 10 Subparts, 5 pages:

Recitals preceding conditions acknowledged that previous leases expired on May 28, 1992, but both the City and Lessee desire to extend the expiration dates. Recitals also note that public safety requires the proper abandonment and site restoration of non-productive well sites.

1. Leases are to be extended to May 28, 2027. *No compliance required at this time.*
2. The City will set up a Rancho Park Restoration/Abandonment Fund to accept cash payments from Lessee to be used by the City to fully restore the property if the Lessee

fails to do so at the termination of the lease. The money is to be returned to the Lessee if the restoration work is done by the Lessee in accordance with the Lease terms. The Lessee is to provide \$50,000 cash at the time of this agreement, and provide the City with an additional \$50,000 each year on the anniversary of this agreement until the City has collected \$500,000. The City is to review the fund balance and estimated decommissioning and restoration costs every five years from the date of this agreement to determine the adequacy of the fund to accomplish the work. If the City determines that the fund is inadequate to decommission and restore the property, Lessee agrees to make annual payments over the succeeding five years to bring the fund balance to the level required. *HBOC is in compliance.*

3. When the lease expires or is terminated, Lessee agrees to immediately abandon all wells and restore the site at its own cost. If they fail to do so, the City can do the work and use the fund to pay for this activities, including City costs for salaries, expenses, contract services, overhead, inspection and other similar costs. Lessee will remain liable or any costs exceeding the fund balance, and is entitled to any remaining balance. *No compliance required at this time.*
4. The fund is for the benefit of the City to assure costs of decommissioning and restoration are available. If the Lessee and City agree that an equal or better arrangement is available, the Lessee may request an amendment to this agreement. *No compliance required at this time.*
5. Lessee is to obtain a Phase I and Phase II environmental assessment of the drill and production site of the property. The results are to be made available to the City. This assessment is to begin as soon as this agreement is executed, and completed within six months. *HBOC in compliance.*
6. Lessee had six idle wells on the property at the time of this agreement. Lessee agreed to conduct engineering studies to determine if any of the six idle wells had future use. Any deemed to have no further use were agreed to be abandoned within one year from the execution of this agreement. *HBOC is in compliance with the State Idle Well Management Program.*
7. If oil prices exceed \$25/bbl on an annualized average, the royalty rate to the City will increase from 20% (1/5) to 22.5%. *HBOC in compliance.*
8. Lessee is to make a onetime donation of \$50,000 to the City to be specifically used to improve Rancho Park, Cheviot Hills Park, and Recreation Center facilities as determined by the City. *The 2017 City report noted that RAP documented that the payment was made, based on a letter dated May 20, 1994, from Lessee's legal counsel to the Board of Recreation and Park Commissioners. The donation was specifically used toward improving Rancho Park Gold Course (Board Report No. 389-96).*
9. Section 19 (Taxes), Section 20 (Indemnity) and Section 37 (Insurance) were amended from Lease 94-A. Insurance requirements for general liability, automobile liability, and worker's comp are specified. *HBOC is in compliance.*
10. Except for the amendments and modifications itemized above, the Lease terms and conditions remain effective. *No compliance required.*



7.0 DOCUMENTATION REVIEW

After the inspection on July 14th, 2022, InterAct continued to review the applicable regulations and requested any additional documentation to determine the compliance status of the Rancho Park Drill Site, with all agencies mentioned herein. HBOC verified the CEB-1200 flare has remained out-of-service since 2020 and is decommissioned. Additionally, InterAct reviewed regulatory databases and reached out via e-mail/phone to regulatory representatives. This section of the report is a summary of any documentation or databases reviewed, as well as communication with any regulatory representatives throughout the auditory process. The documentation was submitted both electronically and in a binder.

South Coast Air Quality Management Division (SCAQMD)

Permit - Appendix A

South Coast Air Quality Management District (SCAQMD)		
Permit No.	Description	Date
G21705 A/N 529208	Construct and operate a gas turbine with a 250-kW electrical generator	11/27/2012
G43693 A/N 531381	Operate an enclosed flare	11/16/2016
G40181 A/N 575732	Operate 42 separate pieces of equipment used to treat produced oil and natural gas	05/04/2016
G40180 A/N 565656	Operate 25 separate pieces of equipment used to treat produced oil and natural gas	05/04/2016
G52924 A/N 585090	Construct and operate a gas turbine with a 65-kW electrical generator	06/29/2018
G19802 A/N 539733	Construct and operate a gas turbine with a 70-kW electrical generator	08/10/2012
G19803 A/N 539734	Construct and operate a gas turbine with a 70-kW electrical generator	08/10/2012
ID# 13627 A/N 593264	Hot Water Pressure	04/11/2017
N/A	Permit/Application Renewal through 1/16/22	01/16/2021

Note: The MT-250 mentioned in permit #G21705 A/N 529208 has been removed.

Rule 1173 Component Leak Reports- Appendix A from 4/30/2022- no unrepaired leaks.

The South Coast Air Quality Management District (AQMD) provides an online database to review an operator's facility compliance. As of July 2022, no Notices of Violation were introduced to HBOC; HBOC has no outstanding Notices of Violation with AQMD. AQMD's online database can be found at the following link:

<https://xappprod.aqmd.gov/find/facility/AQMDsearch?facilityID=13627>.

Based on the documentation provided, HBOC appears to be in full compliance with all SCAQMD requirements.



California Environmental Reporting System (CERS)

This document in Appendix B shows that HBOC has had the following plans accepted by CERS as of January 11th & 26th, 2022:

- Facility Information including Business Activities and Owner/Operator Identification
- Hazardous Material Inventory and Site Map
- Emergency Response / Contingency Plans
- Employee Training Plan

Based on the documentation provided, HBOC appears to be in full compliance with all CERS requirements.

California Geological Energy Management Division (CalGEM)

Appendix C – Pipeline Management Plan – This document was developed to comply with CalGEM guidelines regulation CCR 1774.2. This was originally submitted to CalGEM in 2019. Two additional revisions have been resubmitted to address CalGEM's comments. The last version was submitted on 12/2021 and there have not been any additional comments.

Appendix P - CalGEM Idle Well Program – There are three wells at the Rancho Park Drill Site that are designated Idle Wells by CalGEM (wells R-4, R-8, and R-10). These idle wells are part of HBOC's greater Idle Well Program. The two wells (R-8 and R-10) have been listed as Long-Term Idle Wells and have remained idle for over 15 years. By 2025, a witnessed mechanical integrity test (MIT), a witnessed clean out tag, and a 15-year engineering analysis are required. HBOC's Testing Compliance Work Plan was accepted by CalGEM on May 31st, 2019. HBOC has shown they are on track to fulfill all requirements by the relevant deadlines. An additional well, R-4 is currently Shut-In and non-producing. It may appear on the CalGEM Idle Well List in the coming year, but at present it is not designated as such in the CalGEM database.

Appendix K - CalGEM Facility Inspection records. The facility had its safety systems tested in 4Q21 and they all passed. The tank thickness inspection results were submitted to CalGEM in June 2020. Rancho Park Drill Site is unable to install barbed wire fencing to meet CalGEM requirements due to conflicting regulatory requirements from the other regulatory bodies that have requirements for the facility (California Building Code, County of Los Angeles, Department of Regional Planning, and the City of Los Angeles Municipal Code). A request for approval was sent on June 25, 2020, to CalGEM to request approval for the existing fence to close out this NOV. It should be noted that these fences have been in place for over 30 years without a breaching incident or a previous CalGEM violation.



Appendix Q - AB 1960 Tank Thickness Inspection Records provide details on HBOC's recent UT inspection per AB 1960. These were submitted in June 2020 to satisfy a previously issued NOV, now cleared.

Appendix J - Pipeline Hydrostatic Test provides details on the integrity testing performed on the liquid and gas transmission lines as required by CalFire State Fire Marshall and CalGEM. These tests were performed by a third-party agency in 2021. All tests were deemed Pass.

InterAct has contacted CalGEM's Southern District via phone and email to determine if there are any outstanding violations or compliance issues and have not been made aware of any issues.

For all past NOVs HBOC is either in full compliance or awaiting pending approval from CalGEM.

CAL FIRE State Fire Marshall Office of Pipeline Safety (CSFM)

Appendix J - Pipeline Hydrostatic Test provides details on the integrity testing performed on the liquid and gas transmission lines as required by CalFire State Fire Marshall and CalGEM. These tests were performed by a third-party agency in 3Q21. All tests were deemed Pass.

Based on the documentation provided, HBOC appears to be in full compliance with all CSFM requirements.

Spill Prevention, Control, and Countermeasure (SPCC) Plan

Appendix D – Plan approved in March of 2020 and prepared by a registered professional engineer. Plan was submitted to EPA and CalGEM. It is not the regulators' policy to issue acceptance letters upon submittal. The next update to the SPCC plan is due in 2025 or if material changes are made to the facility.

Based on the documentation provided, HBOC appears to be in full compliance with all SPCC requirements.



Certified Unified Program Agency (CUPA) and Los Angeles Fire Department (LAFD) - Appendix E

Documents Received:

- CUPA Hazardous Waste and Hazardous Material Permit for CERS ID: 10243504 – Valid through 9/30/2022
- LAFD Deluge System Test Results from 3/16/2022 – Pass
- Methane Gas Detection Test Results from 6/2/2022 – Pass
- LAFD Oil Well Operation / Maintenance Permits for 11 wells – Valid through 12/31/2022

Based on the documentation provided, HBOC appears to be in full compliance with all LAFD requirements.

Pipeline and Hazardous Materials (PHMSA)

Appendix H - Pipeline Specific Operations and Maintenance Plan (PSOMP) August 12th, 2020, revision details procedures for normal operations and maintenance as part of compliance with CFR 49. Based on the record of revision, no revisions have been made since 2020 and this document complies with the annual revision requirement.

Appendix M - Annual Cathodic Protection Survey was performed by a third-party on May 14, 2022, as part of compliance with CFR 49.

Appendix L - Annual Report for Natural or Other Gas Transmission and Gathering Systems was developed by a third-party firm in accordance with the PHMSA and CFR 49 requirements. This document was submitted on July 29, 2022.

Hazardous Liquid Pipeline emergency response plan revised on January 26th, 2022, in accordance with their annual review requirement of CFR Part 195.

Training records from Emergency Response Plan drill performed on January 26, 2022.

Additionally – Per email from Mr. Marion Garcia, Supervisory General Engineer, Office of Pipeline Safety – Western Region there were no findings regarding violation or noncompliance.

Based on the documentation provided, HBOC appears to be in compliance with PHMSA and CFR 49 requirements.



Los Angeles Department Water (LADWP)

Appendix O - Annual Backflow Preventer Device Inspection was performed on June 22nd, 2022, and received a passing result from third-party testing firm "Terry's Testing".

Based on the documentation provided, HBOC appears to be in full compliance with LADWP requirements.

State Water Resources Control Board (SWRCB)

Appendix G – Stormwater Pollution Prevention Plan (SWPPP) was developed by a third-party firm as part of compliance with the SWRCB guidelines.

2021-2022 Annual Report for Storm Water Discharge Associated with Industrial Activities was submitted on 7/12/2022.

Based on the documentation provided, HBOC appears to be in full compliance with all SWRCB requirements.



Los Angeles Department of Building and Safety (LADBS)

Appendix F – Los Angeles Department of Building and Safety (LADBS) includes:

Permits for Pressure Vessels.

Permits for fire protection system.

Permits for equipment foundation

Permits for wastewater tanks

Permits for electrical equipment shelter.

Permits for modular office trailer

Permits for electrical installation

Permits for pipe supports and foundations

Based on the documentation provided, HBOC appears to have corrected the outstanding LADBS violations from the 2017 LA City inspection and appears to be in compliance with LADBS requirements.

Miscellaneous Documentation

Appendix R: Electrical Control Panels Information provides information regarding electrical control panels within the Rancho Park Drill Site.

Appendix I - Miscellaneous Equipment Certifications / Inspections provides letters of certification describing the periodic testing and recalibration of the Pressure Relief Valves, Pipeline valves, and right of way patrol records.

Appendix N - Gas and Oil Analysis Review provides the most recent analysis of the fluids produced at the Rancho Park Drill Site.

These documents demonstrate HBOC's commitment to follow good oilfield practices, commitment to the safety of staff and the community, and exceed the minimum standards set forth within the regulatory requirements.



8.0 EQUIPMENT INVENTORY

Wells

Well Name	API	Status	LAFD Permit #	Major Repairs or Modifications	Visual Observation
R-1	037-17586	Active Producer	2037	None	No concerns based on visual inspection
R-3	037-00149	Idle Producer	2057	None	No concerns based on visual inspection
R-4	037-17587	Shut-In	2071	None	No concerns based on visual inspection
R-5	037-17588	Active Producer	2082	None	No concerns based on visual inspection
R-6	037-17589	Active Producer	2101	None	No concerns based on visual inspection
R-7-	037-17590	Active Producer	2103	None	No concerns based on visual inspection
R-8	037-17591	Idle Producer	2108	None	No concerns based on visual inspection
R-9-1	037-17592	Active Water Disposal	2110	None	No concerns based on visual inspection
R-10	037-17593	Idle Producer	2140	None	No concerns based on visual inspection
R-11	037-17594	Active Producer	2153	None	No concerns based on visual inspection
R-12	037-17599	Active Producer	2187	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn rods, tubing, seals, fittings, valves, grease, hydraulic oil etc.



Vessels

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-1	Free Water Knockout (FWKO)	G40180 A/N 565656	None	No concerns based on visual inspection
V-2	Test Separator	G40180 A/N 565656	None	No concerns based on visual inspection
V-3	Rancho Field Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-4	V-3 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-5	Rancho/ Hillcrest #1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-6	V-5 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-7	V-5 Peco Filter	G40180 A/N 565656	None	No concerns based on visual inspection
V-8	V-7 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-9	Stage 1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-10	V-9 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-11	C-4 Stage 1&2 Inlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-12	C-3 Stage 1&2 Inlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-13	C-4 Stage 1 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-14	C-3 Stage 1 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-15	Stage 2 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-16	V-15 Blowcase	G40180 A/N 565656	None	No concerns based on visual inspection
V-17	C-4 Stage 2 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-18	C-3 Stage 2 Outlet Bottle	G40181 A/N 575732	None	No concerns based on visual inspection
V-19	Breitburn 1 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-20	V-19 Peco Filter	G40180 A/N 565656	None	No concerns based on visual inspection
V-21	Breitburn 2 Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-22	Stage 2 Outlet Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-23	LTS/ Methanol Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-24	Cold Separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-25	NGL Stabilizer	G40181 A/N 575732	None	No concerns based on visual inspection
V-26	Glycol/ NGL separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-27	Reboiler Top	G40181 A/N 575732	None	No concerns based on visual inspection
V-28	Reboiler Bottom	G40181 A/N 575732	None	No concerns based on visual inspection
V-29	NGL Storage Tank	G40180 A/N 565656	None	No concerns based on visual inspection

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
V-30	Central Dump Vessel	G40181 A/N 575732	None	No concerns based on visual inspection
V-31	Last Chance Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-32	Flare Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-33	Microturbine Scrubber	G40180 A/N 565656	None	No concerns based on visual inspection
V-34	High Pressure Receiver	G40181 A/N 575732	None	No concerns based on visual inspection
V-35	Liquid Overfeed Vessel	G40181 A/N 575732	None	No concerns based on visual inspection
V-36	Oil Receiver	G40181 A/N 575732	None	No concerns based on visual inspection
V-37	C-1 Oil Separator	G40181 A/N 575732	None	No concerns based on visual inspection
V-38	C-2 Oil Separator	G40181 A/N 575732	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn gaskets, seals, fittings, transducers, valves, exterior coating etc.



Tanks

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
T-1	Waste Water Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-2	South Stock Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-3	North Stock Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-4	1000 Bbl. Waste Water Tank	G40180 A/N 565656	None	No concerns based on visual inspection
T-5	Glycol Tank	N/A	None	No concerns based on visual inspection
T-6	North Surge Tank	N/A	None	No concerns based on visual inspection
T-7	South Surge Tank	N/A	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn gaskets, seals, fittings, transducers, valves, exterior coating etc.

Compressors

Designation	Description	AQMD Permit	LADBS Permit #	Major Repairs or Modifications	Visual Observation
C-1	Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-2	Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-3	Main Gas Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
C-4	Back-up Gas Compressor	G40181 A/N 575732	N/A	None	No concerns based on visual inspection
P060703	Air compressor	N/A	R303815	None	No concerns based on visual inspection
P060704	Air compressor	N/A	R302142	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, gaskets, seals, bearings, fittings, transducers, valves, exterior coating etc.



Fans

Well Name	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
FF-1	Fin Fan West	G40181 A/N 575732	None	No concerns based on visual inspection
FF-2	Fin Fan East	G40181 A/N 575732	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, bearings, seals, fittings, transducers, valves, exterior coating etc.



Microturbines

Designation	Description	AQMD Permit	LADBS Permit #	Major Repairs or Modifications	Visual Observation
MT-65	Microturbine	G52924 A/N 585090	18041-90000-16325	None	No concerns based on visual inspection. Equipment has been taken out-of-service.
MT-70	Microturbine	G19802 A/N 539733	N/A	None	No concerns based on visual inspection. Equipment has been taken out-of-service.
MT-70	Microturbine	G19803 A/N 539734	N/A	None	No concerns based on visual inspection. Equipment has been taken out-of-service.
MT-250	Microturbine	G21705 A/N 529208	N/A	None	No concerns based on visual inspection. Equipment has been taken out-of-service.
C-200	Microturbine	Exempt	N/A	None	No concerns based on visual inspection
C-65	Microturbine	Exempt	N/A	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; Routine Maintenance conducted by third-party under service agreement

Electrical Control Panels

Designation	Description	Major Repairs or Modifications	Visual Observation
MCC-1	Motor Control Center	None	No concerns based on visual inspection
EP-2	Lease Alarm Panel	None	No concerns based on visual inspection
EP-3	East/West Sales Gas Compressors High Discharge Shutdown	None	No concerns based on visual inspection
EP-4	North Vapor Recovery	None	No concerns based on visual inspection
EP-5	Fire/Gas Detection Alarm	None	No concerns based on visual inspection
EP-6	Tank Levels	None	No concerns based on visual inspection
EP-7	Stock Tank Heaters	None	No concerns based on visual inspection
EP-8	LACT Panel	None	No concerns based on visual inspection
EP-9	Condenser Skid	None	No concerns based on visual inspection
EP-10	HRP P.L.C.	None	No concerns based on visual inspection
EP-11	Gas Co. Interface	None	No concerns based on visual inspection



Designation	Description	Major Repairs or Modifications	Visual Observation
EP-12	Gas Co. Totalizers	None	No concerns based on visual inspection
EP-13	P.C.E.C. Totalizers	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn fuses, terminals, conduits, harnesses, enclosures etc

Pumps

Designation	Description	AQMD Permit	Major Repairs or Modifications	Visual Observation
P-1	Tank Transfer Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-2	Shipping Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-3	NGL Pump	G40180 A/N 565656	None	No concerns based on visual inspection
P-4	Injection Pump	G40180 A/N 565656	None	No concerns based on visual inspection

Preventative Maintenance including but not limited to:

Daily visual inspection; replacement of worn belts, gaskets, seals, bearings, fittings, transducers, valves, exterior coating etc.