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CITY PLANNING**

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April 24, 2017

The Honorable City Council
City of Los Angeles
City Hall, Room 395
Los Angeles, California 90012

Dear Honorable Members:

**REPORT ON THE OIL AND GAS OPERATIONS AT 10460 WEST PICO BOULEVARD
(RANCHO PARK DRILL SITE); COUNCIL FILE NO. 17-0149**

On February 15, 2017, the Los Angeles City Council ("Council") instructed the Los Angeles Department of City Planning to work with the City's Petroleum Administrator ("Administrator"), the Department of Building and Safety, the Los Angeles Fire Department, and the Department of Recreation and Parks (collectively referred to as "Departments") to immediately investigate the operations at the Rancho Park Drill Site, located at 10460 West Pico Boulevard relative to oil and gas drilling and production, and the installation of a combustion system with an enclosed gas burner.

The Rancho Park Drill Site ("Drill Site") is currently owned by the Department of Recreation and Parks. The site is within a 1,500-foot radius of sensitive land uses, including residential and school uses. The City Council directed the Departments and the Administrator to perform a thorough site review to inspect and ensure all equipment on site has been approved. In addition, the Departments were directed to review existing conditions of approval and to verify that required City permits and approvals have been obtained by the operator, *"in order to keep the public and the environment safe and to give the public an opportunity to voice any concerns they may have regarding the ongoing operations at this site."*

This report presents the findings of the Departments and the Administrator, and the recommended City actions to ensure the operator's compliance with the applicable regulations and binding conditions of operations.

BACKGROUND

The subject site measures approximately 1.93 acres and is an irregularly-shaped parcel of land located on the south side of Pico Boulevard between Patricia Avenue and Motor Avenue in the

West Los Angeles Community Plan Area. The site is zoned OS-1XL-O and is located in Urbanized Oil Drilling District No. 9, established by Ordinance No. 109,732 effective on July 24, 1957. The Drill Site is generally identified as the Rancho Park Public Golf Course (*Attachment No. 1, Rancho Park Drill Site Boundary Map/Equipment Plan and Aerial Photo*).

The Department of Recreation and Parks entered into a Lease agreement with Signal Oil and Gas Company pursuant to Lease Nos. 94A and 110 on May 29, 1957 and December 28, 1960 respectively, for the oil drilling and production use of the site. These leases imposed conditions on the oil drilling and production which were approved by Ordinance No. 117,492, effective on December 15, 1960. On April 4, 1994, a 35-year extension to Lease Nos. 94A and 110 was granted to a new operator, Hillcrest Beverly Oil Corporation, by Ordinance No. 169,661, effective June 1, 1994. The extended leases were combined into one Lease Agreement which will expire in 2027. In 2011, E & B Natural Resources, allegedly purchased Hillcrest Beverly Oil Corporation. The current operator at the Drill Site is E & B Natural Resources ("Operator").

The land use entitlements at the Drill Site were approved at the time the initial lease was executed. The Drill Site operations, which include oil drilling, exploratory testing, injection and production were approved by Case No. ZA-14560, on March 11, 1958, which imposed methods and conditions for on-site drilling and production operations. Subsequent approvals were granted by the Planning Department as follows:

- On November 7, 1983, Case No. ZV-1982-426, approved the installation of a glycol contactor within the tank farm area to remove water and liquids from gas;
- On January 25, 1994, Case No. ZA-14560 approved "*Conditions Controlling Drilling and Production Operations*", for a six-month temporary approval permitting the transfer of crude oil by truck in lieu of an underground pipeline;
- On February 11, 1994, Case No. ZA-14560-PAD, approved the installation of a 400-barrel liquid storage tank having a 250-pound pressure rating.

On November 16, 2016, the Southern California Air Quality Management District ("SCAQMD") issued Permit No. G43693, A/N 531381 to Hillcrest Beverly Oil Corporation which allowed the installation and operation of an enclosed combustion system, Model CEB-1200 with an enclosed flare and burner. According to the equipment specifications for Model CEB-1200, the system measures 24 feet in height and weighs 8,300 pounds. Its footprint measures 5 feet, 10 inches by six foot, 3 inches (*Attachment No. 7*). City records indicate that the Operator did not obtain a permit from the Department of Building and Safety for the construction and inspection of the concrete pad to support the 8,300-pound combustion system, or for the structural installation of the equipment to ensure its stability. Through the Departments' investigation and collaboration, further questions arose relative to the compliance of other on-site equipment and of the oil production operation with State and City regulations and with binding lease and entitlement conditions.

The Department of City Planning reviewed the conditions of approval imposed by Case No. ZA-14560 on the Drill Site, and determined that 22 conditions are binding conditions that require compliance by the Operator (*Attachment No. 2*). In addition, the Operator is required to comply with all of the Lease Conditions imposed by any and all of the Lease Agreements with the Department of Recreation and Parks. The June 1, 1994, 35-year lease extension by Department of Recreation and Parks (*Attachment No. 3A*) imposed ten conditions. Lease No. 110 imposed 31 Conditions (*Attachment No. 3B*), and Lease No. 94-A imposed 40 Conditions (*Attachment No. 3C*). Furthermore, four Conditions were added to Lease No. 94-A on September 28, 1961 (*Attachment No. 3D*).

The Administrator reviewed operating records, and compiled a list of existing equipment for permit verification (*Attachment No. 4*).

The Conditions imposed by the Department of City Planning through the entitlements, by the Department of Recreation and Parks through the Lease Agreements and the equipment list compiled by the Administrator were distributed to the Departments in order to conduct a joint-agency site inspection to determine the status and compliance with State and City permits and approvals.

On Site Joint-Agency Inspection - E & B Natural Resources voluntarily cooperated with the City's request for a joint-agency inspection of the Drill Site, which occurred on March 8, 2017. About 23 State, County, and City officials and inspectors attended the joint-agency inspection to review the operation and equipment at the Drill Site. The inspection lasted approximately two and a half hours. Participating Agencies included:

- Board of Public Works
 - Petroleum Administrator, Office of Petroleum and Natural Gas Administration and Safety,
 - California State Division of Oil, Gas & Geothermal Resources (CA DOGGR)
 - Southern California Air Quality Management District
 - Department of Public Works, Bureau of Sanitation, Environmental Compliance Unit
 - Department of Building and Safety, Permit and Engineering Bureau
 - Zoning Section
 - Electrical Section
 - Plumbing and Mechanical Section
 - Los Angeles Fire Department
 - Fire Prevention and Public Safety Bureau
 - Certified Unified Program Agency (Hazardous Materials Business Plan)
 - Department of Recreation and Parks
 - Department of City Planning
-

STATE, COUNTY, AND CITY AGENCIES FINDINGS AND REQUIRED ACTIONS

PETROLEUM ADMINISTRATOR OFFICE OF PETROLEUM AND NATURAL GAS ADMINISTRATION AND SAFETY

The following is the narrative provided by the Petroleum Administrator for inclusion in this report.

The Petroleum Administrator led the interagency coordination of the Inspection on March 8, 2017. The administrator coordinated with internal City departments, external agencies, and the operator to identify the date and time of the inspection. Prior to the inspection date, a list was created of

approximately 65 pieces of major oil and gas facility equipment located at the drill site and shared with each agency to assist with inspection preparation (Attachment No. 4). The inspection occurred without any safety incidents.

Watershed Protection

The Rancho Park Drill Site is located in the Los Angeles Watershed and their runoff connects to the Ballona Creek. The Department of Public Works Watershed Protection Division (WPD) stormwater inspectors attended the March 8th joint site inspection. They reviewed the site's compliance with the City's Stormwater and Urban Runoff Pollution Control Ordinance.

California Division of Oil, Gas, and Geothermal Resources

The California Division of Oil, Gas, and Geothermal Resources (CA DOGGR) oversees the drilling, operation, maintenance, and the plugging of abandoned oil, natural gas and geothermal wells. The state agency frequently conducts safety and environmental field inspections of oil wells, tanks, gathering lines, spill contingency plans, and enclosure requirements at production facilities. At the request of the Petroleum Administrator, CA DOGGR sent two staff members to participate in the joint site inspection. The March 29, 2017, preliminary inspection memorandum (Attachment No. 5) found the following violations:

- Well Identification sign missing – Violation of CCR 1722.1.1
- Facilities fencing is damaged and / or inadequate in two locations – Violation of CCR 1778

CA DOGGR plans to do a follow up inspection of the Rancho Park Drill Site to test safety systems on April 13, 2017. Once the safety system test is completed, DOGGR will issue a final inspection report to the City of Los Angeles and the operator.

Additionally, CA DOGGR issued a notice of violation, Reports No. V117-00416 (Attachment No. 6) on April 14, 2017, to Hillcrest Beverly Oil Corp (aka E&B Natural Resources Corp.), for an overdue Mechanical Integrity Test (MIT) on water injection well "Rancho Park 9-1" (API # 037-17592). This is a violation of California Code of Regulations (CCR) 1724.10 (j) which states, in part, that a mechanical integrity test (MIT) must be performed on all injection wells to ensure the injected fluid is confined to the approved zone or zones. The well is currently out of compliance for failing to have the scheduled survey completed by March 4, 2016. The operator has until June 1, 2017 to bring the well into compliance with CA DOGGR before further enforcement actions may be taken.

South Coast Air Quality Management District

The South Coast Air Quality Management District (SCAQMD) is the air pollution control agency for all of Orange County and the urban portions of Los Angeles, Riverside and San Bernardino counties. Under California state law and SCAQMD district rules, every piece of equipment which emits or controls air pollution must have a permit to operate from the local air district. Equipment cannot be constructed without a district permit to construct. On January 27, 2012, Hillcrest Beverly Oil Corp (subsidiary of E&B Natural

Resources) submitted a SCAQMD Form 400-A for a new Permit to Construct for Certified Ultra-Low Emissions Burner (CEB-1200) Enclosed Flare.

A CEB-1200 is an emissions vapor device that utilizes premix surface combustion to effectively combust waste gases through an exhaust stack. It has electric power connections, along with inlet and outlet piping connections (Attachment No. 7 AERON CEB-1200 Product Specifications). The application stated that the ground flare would process an average of 400 Standard cubic feet per minute (scfm) of waste gas at a 1,185 BTU/Rating. The application indicated that the flare would normally operate 3 weeks per year with the potential maximum operation schedule of 24 hours a day, 7 days a week, for 52 weeks per year.

On July 18, 2013, SCAQMD issued a permit to construct, Permit No. 531381 (Attachment No. 8), for a CEB-1200 enclosed industrial ground flare to Hillcrest Beverly Oil Corp with 14 conditions.

On November 11, 2016, SCAQMD issued a permit to operate, Permit No. G43693 (Attachment No. 9) for a CEB-1200 enclosed industrial ground flare to Hillcrest Beverly Oil Corp with 14 conditions.

Each permit clearly states the following:

“This permit cannot be considered as permission to violate laws, ordinances, regulations or statutes of other government agencies.”

Two SCAQMD inspectors participated in the joint inspection on March 8, 2017. They inspected the CEB-1200 Burner and other process equipment at the Rancho Park Drill Site. On the day of the joint inspection, the inspectors reporting finding minor fugitive emissions at the facility. However, since the inspection, the City of Los Angeles has not been able to obtain a copy of the SCAQMD inspection report nor confirm that E&B Natural Resources is compliant with all the conditions set forth in the SCAQMD permits. During the inspection, operator staff indicated the burner was first installed on site a few years ago without providing an exact date. The operator has been proactively working to address concerns as they arise and has taken several steps to remediate identified violations.

The Petroleum Administrator will be following up with each agency and the operator on subsequent inspections and compliance requests. The operator has been proactively working to address concerns as they arise and has taken several steps to remediate identified violations.

LOS ANGELES DEPARTMENT OF BUILDING AND SAFETY

The following is the narrative provided by the LADBS for inclusion in this report.

On March 8, 2017, inspectors from LADBS conducted an inspection of the controlled drill site to confirm compliance of equipment and facilities with the Los Angeles Building Code.

The following list of violations were observed:

- Unapproved installation of 5 waste water tanks exceeding a capacity of 5,000 gallons each, including supporting foundations and containment basins.
- Unapproved installation of equipment foundations.
- Unapproved pipe supports and foundations.
- Unapproved electrical equipment shelter.
- Unapproved modular office trailer.
- Unapproved electrical installations.
- Unlawful connection to potable water supply.
- Unapproved fire protection systems.
- Unapproved operation of boilers and/or pressure vessels without approved operating permits.

Order to Comply No. A-4345789, with an effective date of April 10, 2017 was issued to the operators of the drill site requiring correction of all violations by May 10, 2017. (Attachment No. 10)

LOS ANGELES FIRE DEPARTMENT

The following is the narrative provided by the LAFD for inclusion in this report.

The Los Angeles Fire Department, Fire Prevention and Public Safety Bureau (FPB) were notified of Motion CF# 17-0149 through channels and started working on the requested information. The following are the Fire Departments findings.

Inspection

On February 21, 2017, a site inspection was completed. During the inspection, Fire Code violations were found at the facility. A Fire/Life Safety Violation Notice No. 1711355011, dated February 28, 2017, was written for the violation at the site.

An additional site visit was made on March 8, 2017, with the other members of the committee and confirmed the Fire Life Safety Systems and asked about progress on the previous site violations. During the visit on March 8th, members of the E & B Natural Resources accompanied LAFD members around the site and discussed the plan for compliance.

The operator stated that the Sprinkler System was scheduled for testing on or about March 15, 2017. Additional testing of the Fire Alarm and Methane system will take place before the end of the month.

At time of this reporting, the Fire Department has no record that the fire protection system testing as discussed has taken place. All other violations have been cleared with the exception of one. A second re-inspection is scheduled for April 20, 2017.

As a part of the site visit, members from the Certified Unified Program Agency (CUPA) staff from the FPB also attended the site visit. The inspector also issued a Notice of Violation No. PR006388 related to the Hazardous Materials and Business Emergency Plan.

At this point there has been no correction to the Hazardous Materials and Business Emergency Plan.

Permits

In a review of Permits, the Fire Department found the following information:

Permits to operate the field are also required and according to the Office of Finance, Operational Permits for the oil wells at the Rancho Park Facility are up to date.

A Specific Action Permit for the CEB-1200 Burner as an Industrial Oven or Furnace not otherwise specified for industrial processing equipment not otherwise specified is required by the Fire Department and is up to date based on comments from the City's Fire Development Services Section.

LOS ANGELES DEPARTMENT OF RECREATION AND PARKS

The following is the narrative provided by Recreation and Parks for inclusion in this report.

The Department of Recreation and Parks found and reviewed four lease agreements:

- 1) Oil and Gas Lease – 94A, dated May 29, 1957;
- 2) Lease and Agreement No.110 dated December 15, 1960;
- 3) Supplement to Oil and Gas Lease dated September 28, 1961; and
- 4) Rancho Park Oil and Gas Lease Extension, dated June 1, 1994.

Two (2) leases, Oil and Gas Lease – 94A, dated May 29, 1957 and Lease and Agreement No.110, dated December 15, 1960, out of the four (4) leases reflect terms and conditions pertinent to the aforementioned investigation of the oil and gas drilling and production operation as well as the installation of a CEB-1200 enclosed gas burner at the Rancho Park Drill Site. Staff of the Department of Recreation and Parks (RAP) performed research but no record was found from Lessee requesting RAP permission for the installation and use of an enclosed flare and Model CEB-1200 enclosed burner at the subject site.

In accordance with Oil and Gas Lease – 94A, dated May 29, 1957, Item No. 24. "Notice of Work", Lessee shall at all times advise Lessor of all work which is contemplated on the demised premises and shall consult with representative of the Lessor when designated in writing by the General Manager of Department of Recreation and Parks for the purpose of minimizing all hazards and preserving safety on the demised premises."

In accordance with Item No. 20. "Compliance with Laws" states, "... Lessee agrees to comply with all the laws of the State of California, the ordinances and regulations of the City of Los Angeles and all rules or regulations of all governmental bodies having jurisdiction over any of the operations conducted on the premises, and shall, at its sole cost and risk, abandon all wells drilled on the demised premises strictly in accordance with the laws of the State of California and the regulations of the Division of Oil and Gas of the Department of Natural Resources of the State of California."

Furthermore, Item No. 27 "Conduct of Drilling operations" and Item No. 28 "Conduct of Producing Operations" specify that Lessee shall conduct in accordance with all requirements of the Department of City Planning and the Zoning Administrator.

In accordance with Oil and Gas Lease – 94A, dated May 29, 1957, Item No. 31. "Termination for Default", states, "If the Lessee shall fail for a period of thirty (30) days after written notice is given

to it by the Lessor to comply with any provisions in this lease, Lessor may, at its option, terminate this lease, provided that no failure on the part of the Lessee to comply with any of the provisions of this lease as to any well or wells shall affect the right of the Lessee to continue its possession and operation of any other producing or drilling wells, so long as Lessee shall comply with the terms hereof as to said other well or wells.”

In accordance with Lease No. 110, dated December 28, 1960, Item No. 6, “Lessee shall not construct a gasoline extraction plant of any nature or description on Lessor’s Lands.”

In Item No. 10, the Agreement specifically states:

“Lessee agrees in carrying on the operations contemplated herein to comply with all valid laws of the State of California, valid ordinances and regulations of the City of Los Angeles and all valid rules and regulations of all governmental bodies having jurisdiction over such operations.”

In addition, the City Attorney recommended that RAP should include, but not limited to, the compliance of Conditions imposed in the Rancho Park Oil and Gas Lease Extension, dated June 1, 1994 (Attachment No. 3A) states as follows:

In accordance with Rancho Park Oil and Gas Lease Extension, dated June 1, 1994 (Lease Extension), Item No. 2, a Rancho Park Restoration/Abandonment Fund shall be established by RAP for Lessee to deposit Fifty Thousand Dollars (\$50,000) annually until the fund reaches to a Five Hundred Thousand Dollar (\$500,000) limit for the restoration of the parkland to its original condition after termination of the lease or cessation of oil operations. Account No. 915 was established as an interest bearing account (Board Report No. 389-96). The current balance, includes deposits and interests, is \$873,934.32.

In accordance with Lease Extension, Item No. 5, Lessee shall obtain a Phase I and Phase II environmental assessment upon the effectuation of the extension, and completed 6 months after. Due to multiple relocations of RAP, files are not available to verify if a Phase I and Phase II environmental assessment were performed. In accordance with Lease Extension, dated June 1, 1994, Item No. 6, Lessee shall initiate engineering studies to determine the usability and possible re-drilling activities of the six on-site idle wells. RAP is unable to identify engineering studies or reports being prepared by Lessee to address concerns herein.

In accordance with Lease Extension, Item No. 8, Lessee was required to make a one-time donation of \$50,000 to RAP. Per RAP’s record, a one-time donation of \$50,000 was made to RAP 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 Golf Course (Board Report No. 389-96).

In accordance with Lease Extension, Item No. 37 – “Insurance”, Lessee shall secure proper insurances. Lessee has secured General Liability Insurance in the total amount of \$7,005,000) and an Umbrella liability of \$25,000,000 (Certificate Approval No.114923). However, Automobile Liability and Workers’ Compensation coverage are not currently reflected in the City’s CAO Risk Management Track4LA database system.

The Department of Recreation and Parks will continue to address and enforce binding contract Conditions set forth in the granted leases.

LOS ANGELES DEPARTMENT OF CITY PLANNING

The Department of City Planning reviewed the applicable Sections of the Los Angeles Municipal Code and the approved land use entitlements governing the "O" Oil Drilling Districts.

Section 13.01-I of the Los Angeles Municipal Code states,

I. Permits. No person shall drill, deepen or maintain an oil well or convert an oil well from one class to the other and no permits shall be issued of the use, until a determination has been made by the Zoning Administrator or Area Planning Commission pursuant to the procedure prescribed in Subsection H of this Code.

Section 13.01-H of the Los Angeles Municipal Code states in pertinent part,

H. Drilling Site Requirements. Any person desiring to drill, deepen or maintain an oil well in an oil drilling district that has been established by ordinance, or to drill or deepen and subsequently maintain an oil well in the M3 Zone within 500 feet of a more restrictive zone shall file an application in the Department of City Planning on a form provided by the Department, requesting a determination of the conditions under which the operations may be conducted.

Further, Condition No. 22, Case No. ZA-14560 states:

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 condition set forth in Ordinance No. 109,732.

Based on the comprehensive observations and investigation by the Petroleum Administrator, the Department of Building and Safety, the Los Angeles Fire Department, and the Department of Recreation and Parks, it was determined that the Operator initiated several activities, including equipment installation considered to be a change to the permitted operation. These activities may be in violation of the Permit and Drilling Site Requirement provisions set forth in Section 13.01 of the Los Angeles Municipal Code. In addition, the Drill Site is also in violation of the Conditions of Approval imposed by Case No. ZA-14560, including but not limited to operating an unpermitted on-site power generator, and the installation of unpermitted equipment and water tanks. The Operator may comply with several orders or citations issued by the Agencies involved in this investigation by implementing corrective actions. However, the operation as it currently exists requires review by the Department of City Planning to address the change in the operation, violations and the installation of unauthorized equipment. The Operator is required to file a Plan Approval application with the Department of City Planning in order to initiate and remedy the issues on the Drill Site per the authority in Section 13.01 of the Los Angeles Municipal Code and Condition No. 22, Case No. ZA-14560.

Further, the existing installation of the enclosed combustion system, CEB-1200 constitutes a change and expansion of the on-site oil-production operation. This change is based on testimony and an on-site investigation by the Petroleum Administrator, who explained that the previous gas vapor ventilation was released into atmosphere without any combustion and that the introduction

of the enclosed combustion system - although it has been represented as a cleaner process with newer technology - is deemed a change of the previously approved operation. In accordance with the requirements of Los Angeles Municipal Code Sections 13.01-I and 13.01-H, and Condition No. 22 of Case No. ZA-14560, the Operator, E & B Natural Resources shall therefore file a Plan Approval application to allow the Planning Department to review the installation, use and maintenance of the enclosed combustion system, if the Operator chooses to permanently retain said equipment at the Drill Site.

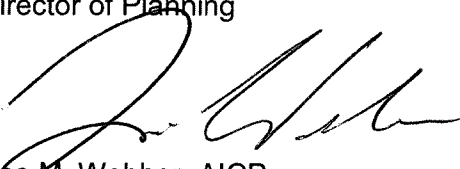
CONCLUSION

The joint-agency investigation led to several citations and orders to comply issued to the Operator to correct violations. A review of City records, on-site inspections and investigation of the operation to ascertain permit history and compliance with the City's codes and regulations and conditions of approval on the operation, resulted in several violations found at the Drill Site. According to the binding Conditions of the Department of City Planning entitlement Case No. ZA-14560, the Department of Recreation and Parks lease agreements, and the collective Departments findings, it is concluded that the Operator has violated requirements set forth in the Los Angeles Municipal Code, binding Conditions of Approvals, and Lease Agreements. It is determined that the Operator must file a Plan Approval with the Department of City Planning to review the change in the operation, and to ensure compliance with all applicable sections of the Los Angeles Municipal Code, Conditions of Approval, and the Lease Agreement conditions in order to continue oil drilling and production at the Drill Site.

The Operator, E & B Natural Resources, has expressed that the oil and gas production permitting process is complicated and requires multi-agency approval. Often, one piece of equipment requires State, County, and City approvals. E & B Natural Resources may obtain a permit from one jurisdiction and believe it has satisfied all of the regulatory requirements. E & B Natural Resources claims it is not the company's intent to violate or circumvent any permitting law and operating conditions.

The Plan Approval process will allow the Department of City Planning, with the Operator's cooperation, to review compliance of the operation to the binding Conditions set forth in Case No. ZA-14560, and review any possible modification and gas and oil production enhancements to the operation proposed by E & B Natural Resources.

VINCENT P. BERTONI, AICP
Director of Planning



Lisa M. Webber, AICP
Deputy Director of Planning

VPB:LMW:CJR:JC:JF

Attachments

1. Rancho Park Drill Site Map and Aerial Photo
2. ZA-14560, dated March 11, 1958
- 3A. 35-Year Land Lease Extension, dated June 1, 1994
- 3B. Lease No. 110, dated December 28, 1960
- 3C. Lease No. 94-A, dated May 29, 1957
- 3D. Lease No. 94-A Supplement, dated September 28, 1961
4. Rancho Park Drill Site Equipment Review Sheet,
Prepared by Uduak-Joe Ntuk, Petroleum Administrator
5. CA DOGGR Preliminary Inspection Memorandum,
dated March 29, 2017
6. CA State Division of Oil, Gas, and Geothermal Resources,
Notice of Violation, Reports No. V117-00416,
dated April 14, 2017
7. Aereon Model CEB-1200 Equipment Specifications
8. SCAQMD Permit to Construct, Permit No. 531381,
dated July 18, 2013
9. SCAQMD Permit to Operate, Permit No. G43693,
dated November 11, 2016
10. LADBS Order to Comply No. A-4345789,
dated April 10, 2017

Equipment Designation Map

Vessels

V1: Free Water Knockout: E10
 V2: Test Separator: F10
 V3: Rancho Field Scrubber: E13
 V4: V3 Blowcase: E12
 V5: Rancho/Hillcrest #1 Scrubber: H14
 V6: V5 Blowcase: H15
 V7: V5 Peco Filter: H14
 V8: V7 Blowcase: H13
 V9: Compression Stage 1 Inlet Scrubber: H13
 V10: V9 Blowcase: H12
 V11: GC1 Stage 1&2 Inlet Bottle: H12
 V12: GC2 Stage 1&2 Inlet Bottle: H11
 V13: GC1 Stage 1 Outlet Bottle: H12
 V14: GC2 Stage 1 Outlet Bottle: H11
 V15: Stage 2 Inlet Scrubber: H13

V16: V15 Blowcase: H12
 V17: GC1 Stage 2 Outlet Bottle: H12
 V18: GC2 Stage 2 Outlet Bottle: H11
 V19: Breitburn #1 Scrubber: H14
 V20: V19 Peco Filter: H14
 V21: Breitburn #2 Scrubber: H14
 V22: Compression Stage 2 Outlet Scrubber: G13
 V23: LTS Inlet Scrubber: C12
 V24: Cold Separator: D11
 V25: NGL Stabilizer: E11
 V26: Glycol/NGL Separator: D12
 V27: Reboiler (Top): D11
 V28: Reboiler (Bottom): D11
 V29: NGL Storage Tank: C11
 V30: Central Dump Vessel: H13
 V31: Last Chance Scrubber: D13
 V32: Flare Scrubber: A1

V33: Microturbine Scrubber: A2
 V34: High Pressure Receiver: D15
 V35: Liquid Overfeed Vessel: D11
 V36: Oil Receiver: D10
 V37: C1 Oil Separator: D12
 V38: C2 Oil Separator: D12

Gas Compressors

C1: Compressor: E12
 C2: Compressor: D13
 C3: Compressor: H11
 C4: Compressor: H12

Cooling Towers

CT1: Cooling Tower: E15
 CT2: Cooling Tower: D15
 CT3: Cooling Tower: D12

Fin Fans

FF1: Fin Fan: H12
 FF2: Fin Fan: H12
 FF3: Fin Fan: H12

Microturbines

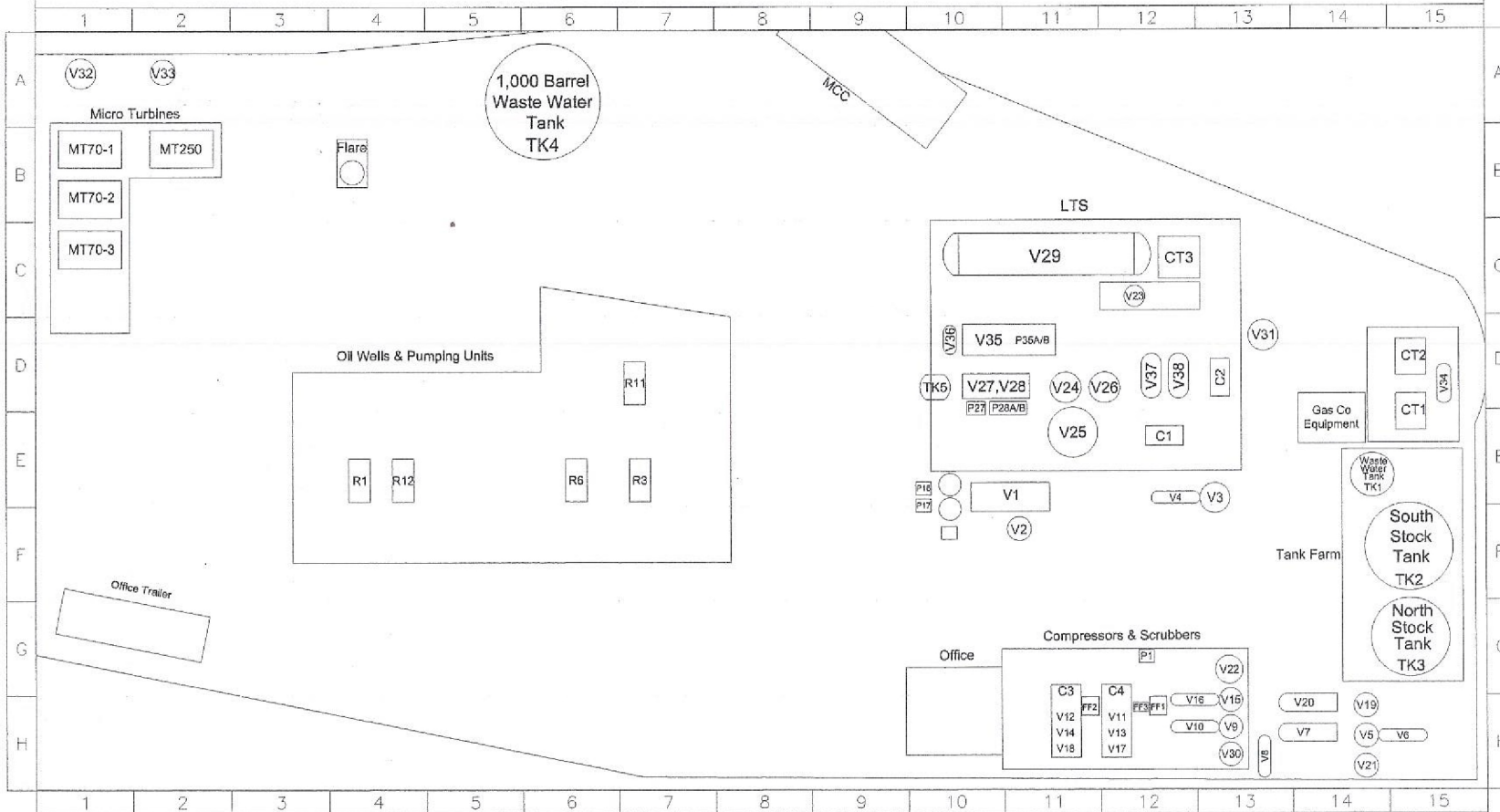
MT70: Microturbine: B1
 MT250: Microturbine: B2

Pumps

P1: Pump: G12
 P2: Pump: D10
 P16: Pump: E11
 P17: Pump: E11
 P27: Pump: D11
 P28: Pump: D11
 P36A: Pump: D11
 P36B: Pump: D11

Tanks

TK1: Waste Water Tank: E14
 TK2: South Stock Tank: F15
 TK3: North Stock Tank: G15
 TK4: Waste Water Tank: A8
 TK5: Glycol Tank: D10



General Notes

B	Issued for Client Review	1/27/14
A	Issued for Information	7/27/13
No.	Revision/Issue	Date

Drawing Name	
Rancho Facility Plot Plan	
Project Name and Address	
E & B Natural Resources	
Rancho Facility Upgrade	
10450 W Pico Blvd	
Los Angeles CA	



Drawn by	Scale
Checked by	
Author	MM & Pm

Google Maps 10460 W Pico Blvd



Imagery ©2017 Google, Map data ©2017 Google 50 ft

CITY OF LOS ANGELES
CALIFORNIA

HUBER E. SMUTZ
ZONING ADMINISTRATOR



NORRIS POULSON
MAYOR

DEPARTMENT OF
CITY PLANNING
OFFICE OF THE
ZONING ADMINISTRATOR
361 CITY HALL
LOS ANGELES 12
MICHIGAN 5211

March 11, 1958

Signal Oil and Gas Company
Attn: Harold F. Clary, Vice-President
811 West Seventh Street
Los Angeles 17, California

Re: Z. A. CASE NO. 14560
10460 W. Pico Blvd.
Rancho Park Oil
Drilling

Fire Prevention Bureau

Department of Building and Safety

Greetings:

In the matter of the application of Signal Oil and Gas Company, lessees, for determination of the conditions and methods of operation to be followed in the drilling for and production of oil and gas on a 1.93 acre controlled drilling site located in the R1-O Zone approximately 700 ft. southerly of 10460 West Pico Boulevard and which controlled drilling site is to be utilized for directional drilling operations under urbanized oil drilling District No. U-9 comprising the 184-acre Rancho Park and Playground which is located southerly of Pico Boulevard between Motor and Patricia Avenues, Cheviot Hills District, please be advised that the Zoning Administrator has made the following finding of facts and determination permitting the use of the property as a controlled drilling site under certain prescribed conditions and methods of operation.

FINDING OF FACTS AND DETERMINATION

After thorough consideration of the statements contained in the application, the proceedings under City Plan Case No. 7905 and Council File 76957 which resulted in the enactment of Ordinance No. 109,732 establishing Oil Drilling District No. U-9, the instructions from the City Council to the Zoning Administrator under said Council File, the request from His Honor Mayor Poulson to the Zoning Administrator dated July 18, 1957 and November 4, 1957, concerning the responsibilities of the Administrator in this particular matter and requesting that certain special conditions and regulations be required, the rather detailed analysis concerning the proper derrick heights for drilling wells under the conditions found on the adjoining Hillcrest Country Club property which are somewhat similar to those involved in the instant case, as prepared by James N. Gregory, an eminent and respected mechanical engineer, dated September 11, 1957, and attached to the file in connection with Z. A. Case No. 14422, the proceedings before the Zoning Administrator under said Z. A. Case No. 14422 as well as in connection with Z. A. Cases 12644 and 14263 which involve terms and conditions under which drilling operations are now in progress

on two controlled drilling sites across Pico Boulevard to the north on the adjacent 20th Century Fox Studio property, the proceedings in connection with B. Z. A. Case No. 999 which involved said Z. A. Case No. 14422, and correspondence with the applicants with respect to a proposed delay in processing the current application until drilling is under way on the adjacent Hillcrest Country Club property, all of which are by reference made a part hereof, as well as personal inspection of the proposed drill site and the surrounding neighborhood and the oil drilling and production methods being employed on the adjoining 20th Century Fox Studio property to the north and those employed in the much quoted La Habra Heights drilling enterprise, recent conference with the City Board of Recreation and Park Commissioners and other public officials with respect to the difficulties of delaying any determination in connection with this application and previous conferences with representatives of the applicant, the City's consulting oil advisor, Mr. Dean Sheldon, the City's recently appointed Oil Coordinator, and other impartial oil drilling and production experts with respect to the practicality of using a shorter derrick and conducting drilling operations in deep excavations so as to reduce the conspicuousness of the derrick, I find as follows:

The property to be used as a controlled drilling site from which all drilling and production operations would be conducted for wells bottomed under urbanized Oil Drilling District No. U-9 comprises a portion of the Rancho Park and Playground located in said district as created by ordinance, with the site located some 700 ft. southerly of Pico Boulevard and adjacent to the maintenance and service yard for this extensive public recreational area, which area is utilized principally for golf course purposes. The site is located on the northerly side of one of the highest portions of the public park and recreation area in such a position that by grading the site as proposed, the oil drilling and production operations, except the upper portion of the derrick, will be obscured on both the southerly and easterly sides from any adjacent residential development by natural hilly terrain and embankments on the property. Furthermore, the site is the most desirable which could be selected in the oil drilling district from which to conduct the surface operations without disrupting or interfering with the golf course and other park and recreational facilities and installations on the property. The drill site is also well removed from any of the adjacent residential district and appears to be the most favorable site within the district from which oil drilling operations could be conducted for all the wells to be bottomed thereunder, with the minimum of inconvenience and objections to surrounding property or the community in general. In fact, said site is the one which was considered and discussed in connection with all of the proceedings which led up to final adoption of the ordinance creating said Oil Drilling District No. U-9.

The subject controlled drilling site is, however, located on a public park and playground area, surrounding portions of which are extensively used by the general public, and is located on property classified in the R1 Zone near the principal entrances to the

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quality residential neighborhood known as Cheviot Hills. The property is also close to the intensively developed residential sections on both sides of the 20th Century Fox Studio, and all features of oil drilling and production must be strictly controlled to eliminate any possible odor, noise, hazards, unsightliness or extensive truck traffic which might possibly affect these surrounding residential and public park and recreational facilities. It has been proven by experience and particularly with the drilling and production operations now being carried on on the adjoining 20th Century Fox Studio that all the normal objectionable features of oil drilling and production can be controlled so as to cause no detriment to surrounding property except the conspicuous feature of the oil drilling derrick which must remain on the property during the process of drilling the several wells permitted. To many people such a soundproof derrick is not objectionable during the temporary period it must remain on the property, but to others it appears to be a source of annoyance, essentially due to its conspicuous reminder of the otherwise obscure oil drilling activities and its non-compatibility with the residential quality of the surrounding neighborhood; hence, every reasonable endeavor should be made to eliminate the conspicuousness of the derrick.

It has been suggested by some individuals, including His Honor The Mayor, that a shorter derrick than that usually employed could be utilized and the drilling operations conducted in "deep excavations" so as to reduce the vertical height of the derrick and the portion which would be visible above the surrounding topography and landscaping screens. These possibilities have each been explored and discussed with experts in this field in connection with the proposed similar drilling operations on the adjoining Hillcrest Country Club property which was approved in the proceedings under Z. A. Case No. 14422 and affirmed with slight modifications under B. Z. A. Case No. 999. It has been found possible to reduce the gross height of the so-called standard 136 ft. derrick recommended by the American Petroleum Institute by 25 ft. to a height of approximately 140 ft. instead of the gross height of approximately 165 ft. normally employed. For reasons expertly explained in detail in the report of James N. Gregory, consulting mechanical engineer, attached to the file under said Z. A. Case No. 14422, and which have been verbally verified by Mr. Dean Sheldon, the Administrator is convinced that the so-called 90 ft. derrick used in shallower drilling operations would not be practical or advisable in contemplated deeper drilling operations on the subject property. This is particularly true since insistence upon use of such a shorter standard derrick would materially increase the time required in drilling operations and the time a derrick would have to be maintained on the property, greater hazards would be created for the workmen engaged in the drilling activities and escape of noise would be possible through the necessity of opening the door in the derrick at acute times to remove and lay down one string of pipe or casing, both of which can be stored in the standard 136 ft. derrick but not within the standard 90 ft. derrick. Also for reasons explained in said report of James N. Gregory, and confirmed

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by other oil drilling experts, including the City's consultant on such matters, the Administrator is convinced that requiring a deep excavation and that all the drilling operations to be conducted in such excavation would be impractical, hazardous, noisy and more permanently objectionable to the community than the temporary objection resulting from observance of the upper part of the derrick during such times as it is necessary to maintain the derrick for drilling operations on the site.

As heretofore explained, the only objectionable feature of oil drilling on a controlled drilling site, such as that here in question and which has not been satisfactorily controlled in previous similar operations, is that of the conspicuous nature of the upper portion of the derrick. The Administrator believes that this objectionable factor can be largely eliminated by application of expertly designed camouflage, particularly in the instant case where, under the conditions, only the upper approximately 50 to 90 ft. of the derrick will be visible above the tree growth and could be treated in such manner as to make it appear from a distance to blend in with the tree planting and landscaping which surrounds the site in a manner comparable to that which has been designed for the companion drilling activities on the adjoining Hillcrest Country Club site, and conditions have been worked out to accomplish this objective. In view of all the above considerations, the conditions imposed are necessary and within the intent and purpose of Section 13.01-E and F of the Municipal Code to protect and preserve the surrounding area for continued residential occupancy and development in keeping with the zoning and to protect the general public and the community from any detrimental features of oil drilling. Furthermore, some of the conditions are necessary to protect the health and underground water supply of the community, as suggested by the Chief Engineer and General Manager of the Department of Water and Power.

Therefore, by virtue of authority contained in Section 13.01-E, F, and H of the Municipal Code, the Zoning Administrator hereby authorizes the use of that 1.93 acre portion of Lots E and C, subdivision of the property of Jose D' Arnaz in the Rincon D' Los Bueyes, as more particularly described by metes and bounds on Exhibit "E-1" attached to the application, which is by reference made a part hereof and as depicted and designated as "Drill Site No. U-9" on Exhibit "E" attached to the file and located in the R1-0 Zone approximately 700 ft. southerly of Pico Boulevard at the prolongation of Kerwood Avenue, with address of 10460 West Pico Boulevard, as a controlled drilling site on which to drill oil wells for the development of Oil Drilling District No. U-9 constituting the approximately 184-acre drilling district depicted and described on the map which is part of Ordinance No. 109,732, which map is by reference made a part hereof for a description of the district under which the wells may be bottomed, and also authorizes the drilling, completion and maintenance on said controlled drilling site of not to exceed one oil well to be bottomed under each 5 acres contained in said urbanized Oil Drilling District No. U-9 and for the production from said well or wells, if successful, of oil, gas and other hydrocarbon substances and to maintain such

equipment and accessories as are necessary in the drilling for and the production of oil, gas and other hydrocarbon substances, upon the following terms and conditions:

1. That all the conditions set forth in Section 13.01-E, 2, as restated in Ordinance No. 109,732, as well as Conditions Nos. 1, 3, 4, 5, 8, 9, 17, 18, 22, 33, 37, 40, 43, 47, 49, 54, 58, and 59 of Subsection F of Section 13.01 of the Municipal Code are included in and by reference made a part of this approval and shall be complied with to the same extent as if herein restated in detail.
2. That the portion of the drill site on which the derrick and 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 230 ft. contour as shown on said Drainage Map No. 519.
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 drive-ways 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.

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 Washingtonia 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 the derrick has been erected, observation indicates that such additional trees would assist in accomplishing the screening effect desired.
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

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site here in question. However, the Administrator, after having an opportunity to view the Hillcrest Country Club operation may require changes or modifications in the installation on the subject property if it appears that the objective has not been obtained in the design and treatment of the installations on said Hillcrest property.

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 materials shall be used.
7. The latest and most effective blow-out prevention equipment shall be installed and maintained in connection with the drilling of any well.
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 on Sundays.
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; said information to be either verbal or in writing and to be kept confidential by the Administrator if so desired by the applicant.
10. A 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 materials which would produce dust in the use of said facilities.

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 pipeline specifications, shall be housed in substantial buildings which have been acoustically treated so as to be substantially soundproofed.
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.
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 possibly 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.

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.
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.
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.
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 the Zoning Administrator before any permits are issued.

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.
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 of 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 fresh water 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.
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.
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 and shall be effectively landscaped and maintained as required under various applicable conditions heretofore mentioned and in compliance with plans approved by the Zoning Administrator.

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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 collars heretofore specified.

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.

The applicant's attention is called to the fact that this determination is not a permit or license, and that any permits and licenses required by law must be obtained from the proper public agency. Furthermore, that if any condition of this grant is violated, or if the same be not complied with in every respect, then the applicant or his successors in interest may be prosecuted for violating these conditions the same as for any violation of the requirements contained in the Municipal Code. If this property is subleased or assigned to another oil company for drilling or production purposes, it is incumbent upon the applicant to notify said sublessee or assignee of the terms and conditions described above and that the sublessee or assignee must assume all said conditions to the satisfaction of the Administrator. The Zoning Administrator's determination in this matter will become effective after an elapsed period of ten (10) days from the date of this communication, unless an appeal therefrom is filed with the Board of Zoning Appeals.

Very truly yours,

HUBER E. SMUTZ
Zoning Administrator

HES:fh

cc: Bernard C. Brennan
Hal Hughes
Mayor Norris Poulson
Attn: Wm. McCann
Department of Health
Department of Water and Power
State Regional Water Pollution Control Board No. 4
Wm. McCoy - Oil Coordinator

RANCHO PARK OIL AND GAS LEASE EXTENSION

This lease extension dated as of June 1, 1994 by and between the City of Los Angeles, a municipal corporation, acting through the Board of Recreation and Park Commissioners, hereinafter referred to as "Lessor" and Hillcrest Beverly Oil Corporation, a California corporation, hereinafter referred to as "Lessee";

Whereas, Lessee is the successor in interest to the Atlantic Refining Company and Signal Oil and Gas Company in and to an Oil and Gas Lease (No. 94A) dated May 29, 1957 for the extraction of oil and gas from the Rancho Park and Playground, as supplemented, and in and to a Lease and Agreement (No. 110) dated December 15, 1960 for the use of a portion of the park as an oil and gas production drill site, where the City of Los Angeles is Lessor in both leases, hereinafter "the Leases";

Whereas, Lessee is presently conducting oil and gas producing operations pursuant to the terms and conditions of the Leases, and;

Whereas, both of the Leases expired by their terms on May 28, 1992; and,

Whereas, Lessor and Lessee desire to extend the expiration dates of the Leases on the terms and conditions set forth herein, and;

Whereas, the public safety requires the proper abandonment and site restoration of non-productive oil well sites:

Now, therefore, for and in consideration of the mutual promises, covenants and other valuable consideration, the adequacy and receipt of which are hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. The Leases shall each be extended for a period of 35 years, to expire on May 28, 2027.
2. Lessor shall establish a Rancho Park Restoration/ Abandonment Fund (hereinafter the "Fund") which will accept cash payments from Lessee to be deposited into the Fund, as described below, and earn interest on the principal balance. The money in said Fund shall be used by the Lessor to fully restore the leased premises if the Lessee fails to restore the premises at the termination of the Leases, for any reason. The Fund money shall be returned to Lessee if the restoration work is satisfactorily completed by Lessee in accordance with the terms of the Leases. The Rancho Park Restoration/Abandonment Fund shall be an interest bearing account and shall be administered by Lessor in trust. Lessee shall, upon execution of this Lease Extension agreement, provide \$50,000 cash to Lessor to be deposited into the fund; on the first anniversary date of the execution of this Lease Extension and each anniversary date thereafter, Lessee shall provide Lessor with an additional \$50,000 payment in cash until Lessee has provided Lessor with a total of \$500,000 cash. Provided however, that Lessor shall review the Fund balance and the current estimated costs of well

abandonment and restoration work every five years from the date of execution of this Lease Extension to determine the adequacy of the amount deposited to accomplish said work. Should it be determined by Lessor at any time that the Fund balance (principle and accrued interest) is insufficient to accomplish said work and to fully restore the premises, Lessee agrees to make annual payments to Lessor over the succeeding five years in an amount determined by Lessor to be sufficient to bring the Fund balance up to the revised estimated restoration costs at the conclusion of that five year period. All of the above described payments are in addition to any and all payments required by the Leases or included in this Extension Agreement. Failure to perform or complete any of the above, including payment of any increased deposits to the Fund, shall constitute a material breach of the leases and this lease extension.

3. At the expiration of the Leases, or upon earlier termination thereof, Lessee shall immediately abandon any and all then remaining oil wells and perform all necessary clean-up and site restoration work of the leased premises totally at its own cost. Should Lessee fail to so abandon any well or restore the leased premises, Lessor shall be entitled to undertake and complete the oil well abandonment, clean-up and restoration activities and be authorized to use the available balance in the Fund to pay for said activities including City expenditures for salaries, expenses, contract services, overhead, inspection and other similar costs. Lessee shall remain liable for any costs which exceed the Fund balance. Lessee shall be entitled to any remaining balance after abandonment, restoration, and clean-up is completed by Lessor.
4. The Rancho Park Restoration/Abandonment Fund is for the benefit of Lessor to assure the costs of oil well abandonment, site restoration and clean-up. Should Lessee provide, and Lessor agree, that an equal or better arrangement for providing abandonment and clean-up assurances is available, Lessee may request that this extension be amended to terminate the trust fund arrangement and return the then balance of the account to Lessee.
5. Lessee shall obtain, at its own cost, a Phase I and Phase II environmental assessment of the drill and production site area of the leased premises from a reputable and experienced independent environmental consulting firm. The results of said assessment shall be made available to Lessor. The assessment shall begin immediately after execution of this Lease Extension and shall be completed within six (6) months.
6. There are presently six (6) idle wells located on Lessor's property being used by Lessee. Lessee shall undertake necessary engineering studies to determine which, if any, of the six idle wells may be useful in future redrilling or exploration activities. Any wells deemed unuseful for such purposes will be abandoned within one (1) year from the date of execution of this Lease Extension. Lessor shall be advised of Lessee's efforts in this regard and be entitled to review the results of Lessee's studies.

7. Should oil prices received by Lessee exceed \$25.00 per barrel on an annualized average, the royalty rate received by the Lessor shall increase from 20.0% to 22.5%.
8. Upon execution of this Lease extension, Lessee shall make a one time donation of \$50,000 to Lessor to be specifically used toward improving Rancho Park and Cheviot Hills Park and Recreation Center facilities as determined by Lessor.
9. The following Sections of Lease 94A are hereby amended as noted and are also applicable to those respective sections of Lease 110:

SECTION 19 - TAXES

POSSESSORY INTEREST TAXES

Any and all taxes which may be assessed by reason of this Lease Agreement, or LESSEE'S possession and use of the leased property, shall be the exclusive responsibility of LESSEE and not of the DEPARTMENT.

No interest in real property is hereby conveyed; however, by the execution of this Lease Agreement and any extensions thereof, and accepting the benefits thereof, a property interest known as "Possessory Interest" may be created and such property interest may be subject to property taxation. LESSEE, as the party to whom the possessory interest is vested, may be subject to the payment of property taxes levied on such interest.

If LESSEE is eligible for exemption from property taxation, it should include such possessory interest in its claim thereof.

SECTION 20 - INDEMNITY

INDEMNIFICATION

Except for the active negligence or willful misconduct of the City of Los Angeles (CITY), LESSEE undertakes and agrees to defend, indemnify and hold harmless CITY and any and all of CITY'S boards, officers, agents, employees, assigns, and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including LESSEE'S employees and agents, or damage to or destruction of any property of either party hereto or of third parties, that may arise out of or in connection with this Lease Agreement or the use of the Premises by LESSEE, its contractors, subcontractors of any tier, employees, licensees, or invitees.

SECTION 37 - INSURANCE

INSURANCE

- A. Insurance - LESSEE, at its own cost and expense, shall, prior to any possession or other use of the Premises, secure from an insurance company or companies licensed in the State of

California, insurance and furnish CITY with evidence of such insurance from insurers acceptable to CITY and in a form acceptable to the Los Angeles City Attorney for the following coverages and minimum limits of insurance (as summarized on Exhibit "A"), and shall maintain said insurance during the entire Term of this Lease Agreement, and any extension thereof for the Premises.

- (1) General Liability Insurance - During the term of this Lease Agreement, LESSEE shall maintain general liability insurance in an amount not less than Five Million Dollars (\$5,000,000) Combined Single Limit, per occurrence. Evidence of such insurance shall be on the City's General Liability Special Endorsement form or other form acceptable to the City Attorney, and should provide coverage for premises and operations, underground and collapse hazard, products and completed operations, contractual liability, and independent contractors.
 - (2) Automobile Liability Insurance - During the term of this Lease Agreement, at such time any motor vehicles are used as part of the operation of any programs at the Premises, LESSEE shall maintain automobile liability insurance in an amount not less than One Million Dollars (\$1,000,000) Combined Single Limit per occurrence.
 - (3) Workers' Compensation - By signing this Lease Agreement, LESSEE hereby certifies that it is aware of the provisions of sections 3700 et. seq. of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all such times as they may apply during the term of this Lease Agreement. LESSEE shall also maintain employer's liability insurance in an amount not less than Five Hundred Thousand Dollars (\$500,000) in connection with Workers' Compensation Insurance, and shall provide a waiver of subrogation in favor of the City of Los Angeles.
 - (4) Adjustment of Insurance Levels - CITY reserves the right at any time during the term of this Lease Agreement, applying generally accepted Risk Management principles, to change the amounts and types of insurance required hereunder by giving LESSEE ninety (90) days written notice.
- B. Additional Insureds - LESSEE shall include the CITY and its boards, officers, agents and employees as additional insureds in all liability insurance required herein.
- C. Notice of Change In Insurance - All insurance policies required under this Lease Agreement shall expressly provide that such insurance shall not be canceled or materially reduced in coverage or limits except after thirty (30) days

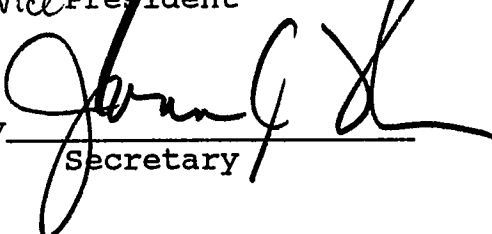
written notice by receipted delivery has been given to City Attorney, Bonds and Insurance Section, Room 1650 City Hall East, 200 North Main Street, Los Angeles, California 90012.

- D. Default - If insurance is canceled, lapsed, or reduced below minimums required in this Article, the CITY at its sole option may consider this Lease Agreement to be in default and may suspend or terminate it. Termination shall occur at the expiration of a three (3) day notice given in accordance with the provisions of the Code of Civil Procedure section 1162. At the termination of three (3) days or sooner, LESSEE shall vacate the Premises and LESSEE shall have no right to possess or control the Premises or the operations conducted therein. If LESSEE does not vacate, CITY may utilize any and all court proceedings to obtain a right of possession.

10. Except for the amendments and modifications set forth herein, the Leases, which are incorporated herein by this reference, shall remain subject to their respective terms and conditions as currently set out therein or as hereinafter amended by the parties.

THE CITY OF LOS ANGELES
ACTING BY AND THROUGH ITS
BOARD OF RECREATION AND
PARK COMMISSIONERS

By 
Vice President

By 
Secretary

Hillcrest Beverly Oil
Corporation, a California
corporation - Lessee

By 
Morris V. Hodges, Pres.

By 
Secretary

APPROVED AS TO FORM:

JAMES K. HAHN, City Attorney

By 
Managing Assistant City Attorney

Date: JUN 15 1994

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT made and entered into this
15th day of DECEMBER, 1960, by and between
 the City of Los Angeles, a municipal corporation, hereinafter
 called "Lessor," and Signal Oil and Gas Company and Richfield
 Oil Corporation, both Delaware corporations, hereinafter jointly
 called "Lessee,"

W I T N E S S E T H:

WHEREAS Lessor and Lessee have entered into that certain
 oil and gas lease dated May 29, 1957, recorded in Book 56439, Page 102,
 official records of Los Angeles County, California, covering the
 following described land situated in the City of Los Angeles, County of
 Los Angeles, State of California, to wit:

1. The subsurface of Lot "C" and the subsurface of a portion of Lot "B" of the Rancho Rincon de Los Bueyes, in the City of Los Angeles, as per map showing the subdivision of the property of Jose de Arnaz, recorded in Book 37, Pages 53 and 54 of Miscellaneous Records in the office of the County Recorder of said County, described as a whole as follows: Beginning at the Northeast corner of said Lot "C"; thence along the Northerly line of said Lot "C", South 54° West 1678.38 feet to the Northwest corner of said Lot "C"; thence along the Northerly line of said Lot "B"; South 54° West 1421.62 feet; thence parallel with the Westerly line of said Lot "B"; South 35° 48' East 2643 feet to the Southerly line of said Lot "B"; thence along said Southerly line North 56° East 1422.60 feet to the Southeast corner of said Lot "B"; thence along Southerly line of said Lot "C"; North 56° East 1679.80 feet to the Southeast corner of said Lot "C"; thence along the Easterly line of said Lot "C", North 35° 48' West 2709.86 feet to the point of beginning, EXCEPTING from said Lot "C" the Easterly 60 feet thereof; and
2. The surface of those portions of Lots B and C, Subdivisions of the property of Jose de Arnaz in Rincon de Los Bueyes as per map recorded in Book 37, Pages 53 and 54 of Miscellaneous Records of Los Angeles County, described as follows: Beginning at the point of intersection of the center line of Kerwood Avenue with the center line of Pico Boulevard; thence south 34° 38' 28.5" east a distance of 747 feet to a point; thence south 55° 21' 31.5" west a distance of 141 feet to a point which is the true point of beginning; thence south 30° 38' 28.5" east a distance of 220 feet; thence north 59° 21' 31.5" east a distance of 428 feet to a point; thence north 30° 38' 28.5"

west a distance of 173 feet to a point; thence westerly in a direct line to the true point of beginning, together with such other additional surface of the land described in paragraph numbered 1 above, not exceeding 2.07 acres in size, located on the playground area of the land described in paragraph numbered 1 above as may be designated in writing by the Board of Recreation and Park Commissioners of Lessor, if such Board, in its discretion, deems that the use of such additional surface area will not substantially interfere with the use of such land either as a park or a playground; (The basis of bearings used in the above description is the bearing of the center line of Pico Boulevard between Motor Avenue and Patricia Avenue which was determined by the Los Angeles City Engineer's office as being south 55° 21' 31.5" west.)

the land described in paragraph numbered 1 above being called hereinafter "Lessor's Lands" and the land described in paragraph numbered 2 above being called hereinafter the "Drill Site";

WHEREAS, said oil and gas lease provides that the Drill Site may be used for the purpose of drilling for, producing, extracting and removing oil, gas, asphaltum and other hydrocarbon substances from Lessor's Lands exclusively;

WHEREAS, Lessor and Lessee desire to make the Drill Site available to Lessee for the purpose of drilling for, producing, extracting and removing oil, gas, asphaltum and other hydrocarbon substances from certain other lands in addition to Lessor's Lands;

NOW, THEREFORE, for and in consideration of the hereinafter contained promises on the part of the parties hereto, Lessor and Lessee hereby agree as follows:

1.

a. Lessor does hereby demise, lease and let the Drill Site unto Lessee, for the term and upon and subject to the terms, covenants, conditions and reservations contained herein, for the purpose of drilling, producing, extracting, storing, cleaning and removing oil, gas, asphaltum and other hydrocarbon substances from lands in the vicinity of (but not including) Lessor's Lands which are now or hereafter during the term of this Lease And Agreement may be under lease to Lessee for oil and gas development purposes, such lands being called hereinafter "Lessee's Lands." The phrase "lands in the vicinity of Lessor's Lands" as used herein shall mean all

those lands which, without departing from good oil field practices, can be drilled into from the Drill Site for the purpose of recovering oil, gas, asphaltum and other hydrocarbons and which are from time to time hereafter incorporated in Urbanized Oil Drilling Districts as required by the Los Angeles Municipal Code. The right of Lessee to use the Drill Site for the aforesaid purposes shall belong to Lessee exclusively.

b. In addition to the foregoing, Lessor hereby grants unto Lessee the following, for the term and the purposes and upon and subject to the terms, covenants, conditions and reservations contained herein:

(1) The right, easement and right-of-way beneath the surface and through the subsurface of Lessor's Lands for the purpose of drilling, producing, extracting and removing oil, gas, asphaltum and other hydrocarbon substances from Lessee's Lands. The right of Lessee to use the subsurface of Lessor's Lands for the aforesaid purposes shall not deprive Lessor of the right to use the subsurface of said land for other or similar purposes, but the rights herein reserved to Lessor shall be subject to the rights granted to Lessee.

(2) The right, easement and right-of-way on, over and across the surface of Lessor's Lands for ingress and egress to and from the Drill Site and for the purpose of installing, maintaining, operating, repairing and removing telephone and power lines and underground pipelines reasonably necessary to accomplish the purposes for which the Drill Site is here leased. The right of Lessee to use the surface of Lessor's Lands as aforesaid shall not deprive Lessor of the right to use the surface of said land for other or similar purposes, but the rights herein reserved to Lessor shall be subject to the rights granted to Lessee.

2.

Lessee agrees to pay Lessor the sum of Twenty-five Thousand Dollars (\$25,000.00) when Lessee shall first be fully authorized to exercise, pursuant to the terms and provisions hereof,

its rights and privileges hereunder for the benefit of and in connection with the first Urbanized Oil Drilling District established after the date hereof composed of Lessee's Lands.

3.

Unless sooner terminated or surrendered as hereinafter provided, this Lease and Agreement shall remain in effect for thirty-two (32) years from and after the date of execution hereof by Lessor; provided, however, that notwithstanding anything to the contrary contained herein, this Lease and Agreement shall terminate and end concurrently with that certain oil and gas lease dated May 29, 1957, recorded in Book 56439, page 102, Official Records of Los Angeles County, State of California, hereinbefore described.

4.

Lessee shall have access to the Drill Site by means of such ways as Lessor may from time to time designate. Lessor hereby reserves the right to change the location of said ways from time to time and to use said ways or any part thereof for its own purposes in common with Lessee, if Lessor so desires.

5.

All pipelines and telephone and power lines shall be located at such places on Lessor's Lands to reach the public streets as Lessor may from time to time designate. Lessee shall not be required to relocate any such lines after Lessor has once designated their location. Lessee shall bury all pipelines to such depth and in such manner as is satisfactory to Lessor.

6.

No storage tanks shall be located on the Drill Site except for the storage and cleaning of the production obtained from Lessee's Lands and Lessor's Lands. Lessee shall not construct a gasoline extraction plant of any nature or description on Lessor's Lands.

7.

A substantial fence shall be constructed and maintained by Lessee when required by Lessor at places designated by Lessor.

8.

a. Lessee agrees to pay Lessor rentals to be determined in the following manner:

(1) A sum of money equal to 5% of the value of all oil produced, saved and removed from Lessee's Lands by means of a well or

wells the surface location of which is on the Drill Site, after making customary deductions for temperature, water and bottom sediment. For the purposes of this paragraph, the "value" of such oil shall be the price posted and paid by Standard Oil Company of California in the area where Lessee's Lands are located for oil of like grade and gravity, cleaned and free from water, mud and bottom sediment, on the day such oil is run into the pipeline or storage tanks of Lessee, or, in the absence of such price, the price posted and paid by Union Oil Company of California, Shell Oil Company, Tidewater Associated Oil Company, Richfield Oil Corporation, General Petroleum Corporation or Texas Company (whichever is the highest) in the area where Lessee's Lands are located for oil of like grade and gravity, cleaned and free of water, mud and bottom sediment, on the day such oil is run into the pipeline or storage tanks of Lessee. Oil produced from one part of Lessee's Lands by means of a well the surface location of which is on the Drill Site may be commingled with oil produced from all other parts of Lessee's Lands by means of wells the surface locations of which are on the Drill Site and with oil produced by Lessee from Lessor's Lands, provided, however, that before such oil from Lessee's Lands is commingled with such oil from Lessor's Lands, such oil from the respective lands shall be separately metered and automatically sampled for grade, gravity and quality and accounted for on such basis. In the event that in the judgment of Lessee it shall be necessary to heat, treat or dehydrate the oil produced from Lessee's Lands, Lessee may heat, treat or dehydrate the same and Lessor hereby agrees to pay its pro rate share, not to exceed 1/4 of one cent per barrel, for the net amount of such oil heated, treated or dehydrated, which charge shall be deducted monthly from the rental payment due Lessor. In the event Lessee receives any bonus in money above the posted market price for the sale of oil produced hereunder, then Lessor's rental payment shall be computed so as to include its proportionate share of such bonus.

(2) A sum of money equal to 5% of the net proceeds derived from the sale of gas produced and saved from Lessee's Lands by means of a well or wells the surface location of which is on the

Drill Site and a sum of money equal to 5% of the market value at the well of all such gas used by Lessee off Lessee's Lands. Nothing contained herein shall require Lessee to save or market gas produced from Lessee's Lands.

(3) In the event Lessee extracts or causes to be extracted gasoline or other liquid products from gas produced from Lessee's Lands by means of a well or wells the surface location of which is on the Drill Site, Lessee shall pay to Lessor a sum of money equal to 5% of the sales value of 50% of such gasoline or other liquid products, or, if gasoline or other liquid products are extracted by a third party and a royalty thereon is reserved to Lessee, Lessor shall receive a sum of money equal to 5% of said royalty reserved by Lessee. The sales value of such gasoline and other liquid products shall be the prices currently offered or paid to producers for products of like specification and quality in the area where Lessee's Lands are located.

b. Lessee shall have the right to use, without including in the rental determination, as much of the oil, gas, and other hydrocarbon substances produced from Lessee's Lands as Lessee may require in the conduct of its operations with regard to said lands. The rentals hereinabove set forth shall be paid to Lessor on or before the 20th day of each calendar month respecting production sold during the preceeding month. On or before the 20th day of each calendar month Lessee shall furnish to Lessor a true account of the production of all substances herein named from Lessee's Lands during the preceeding calendar month, showing such portion thereof as was used by Lessee in its operations in connection with Lessee's Lands.

c. In computing said rentals, production obtained by Lessee from Lessor's Lands by means of a well or wells the surface location(s) of which is (are) on the Drill Site shall not be considered. Likewise, the royalties reserved by Lessor in said oil and gas lease of May 29, 1957, shall not be payable on production obtained by Lessee from Lessee's Lands by means of a well or wells the surface location(s) of which is (are) on the Drill Site, and the net profits interest reserved by Lessor in said oil and gas lease shall not be applicable

to operations of Lessee in connection with Lessee's Lands.

d. If the rentals paid to Lessor pursuant to Section a of this Article 8 for and on account of production during the first production period hereunder amount to less than Five Thousand Dollars (\$5,000.00), then Lessee agrees to pay Lessor a sum of money equal to the difference between Five Thousand Dollars (\$5,000.00) and the total amount of said rental payments. If the rental paid to Lessor pursuant to Section a of this Article 8 for and on account of production during the second production period hereunder amount to less than Ten Thousand Dollars (\$10,000.00), then Lessee agrees to pay to Lessor a sum of money equal to the difference between Ten Thousand Dollars (\$10,000.00) and the total amount of said rental payments. If the rentals paid to Lessor pursuant to Section a of this Article 8 for and on account of production during the third production period hereunder amount to less than Fifteen Thousand Dollars (\$15,000.00), then Lessee agrees to pay Lessor a sum of money equal ^{the difference} to/between Fifteen Thousand Dollars (\$15,000.00) and the total amount of said rental payments. Said Fifteen Thousand Dollar (\$15,000.00) minimum rental payment shall be paid to Lessor each and every production period thereafter until (1) there is a production period wherein the total daily average production of oil from all wells drilled under this Lease And Agreement is less than 300 but not less than 200 barrels, in which event Lessor's minimum rental shall be decreased to Ten Thousand Dollars (\$10,000.00) for that production period, or (2) until there is a production period wherein the total daily average production of oil from all wells drilled under this Lease And Agreement is less than 200 barrels, in which event Lessor's minimum rental shall be decreased to Five Thousand Dollars (\$5,000.00) for that production period. Once Lessor's minimum rental has been decreased as aforesaid, the minimum rental shall not thereafter be increased. In the event Lessor's minimum rental is first decreased to Ten Thousand Dollars (\$10,000.00) as aforesaid, Lessee shall pay to Lessor said Ten Thousand Dollar (\$10,000.00) minimum rental each and every production period thereafter until there is a production period wherein the total daily average production of oil from all

wells drilled under this Lease And Agreement is less than 200 barrels, in which event Lessor's minimum rental shall be decreased to Five Thousand Dollars (\$5,000.00) for that production period. Once Lessor's minimum rental has been decreased to Five Thousand Dollars (\$5,000.00), Lessee agrees to pay Lessor such minimum rental each and every production period thereafter. A production period within the meaning of this Section d is twelve (12) consecutive months, and the production periods shall run consecutively commencing with the date of the first production upon which sums of money equal to 5% of production are payable to Lessor. At the beginning of each production period Lessee shall pay to Lessor the minimum rental to which Lessor shall be entitled for that production period, and during that production period Lessee shall withhold the payment of said sums of money equal to 5% of production until there shall have accrued to Lessor's account by reason of such withholding a sum equal to the minimum rental theretofore paid for that production period, whereupon Lessee shall commence and thereafter continue to pay to Lessor said sums of money equal to 5% of production for the balance of that production period. After the first three production periods, the minimum rental to be paid to Lessor shall be based upon the daily average production of oil from said wells during the preceding production period. The minimum rental for each production period shall accrue as of the first day of the production period and Lessee shall be under no obligation to pay a minimum rental for a production period which commences after the date of Lessee's surrender of this Lease And Agreement.

e. In computing "the net revenue received by and paid to Lessor under the terms of this lease" (i.e. said oil and gas lease of May 29, 1957) for the purposes of the section of said oil and gas lease entitled "ADJUSTMENT OF INCOME TO LESSOR," the rentals paid to Lessor under the terms of this Lease And Agreement shall be included in said net revenue of Lessor.

9.

a. It is recognized that said oil and gas lease of

May 29, 1957, provides for a well drilling requirement as to Lessor's Lands which allows Lessee no more than 60 days between the completion, suspension of drilling or abandonment of one well and the commencement of the drilling of another well. It is further recognized that it would be extremely burdensome and impractical, if not impossible, for Lessee to comply with said drilling requirement as to Lessor's Lands and at the same time develop Lessee's Lands from the same Drill Site. Therefore, it is agreed that if Lessee drills wells bottomed in Lessor's Lands in accordance with said 60-day requirement or if Lessee alternately drills wells bottomed in Lessee's Lands and Lessor's Lands from the Drill Site in accordance with said 60-day requirement, it shall be deemed that Lessee is complying with and satisfying said drilling requirement. The foregoing shall not prevent Lessee from drilling in succession two or more wells bottomed in Lessor's Lands if Lessee so elects, but the foregoing shall not permit Lessee to drill in succession from the Drill Site two or more wells bottomed in Lessee's Lands.

b. It is also recognized that said oil and gas lease of May 29, 1957, requires the payment of certain delay rentals (1) in the event Lessee suspends operations in any well at a time when Lessee is not drilling in some other well and (2) in the event Lessee does not meet and keep said 60-day drilling requirement. It is agreed that said delay rentals shall be applicable to (1) all wells drilled by Lessee from the Drill Site into Lessee's Lands and (2) to the drilling requirement permitted in Paragraph a above. It is further agreed that if Lessee maintains the 60-day drilling requirement permitted in Paragraph a above, said delay rentals shall not be due and payable.

10.

Lessee agrees in carrying on the operations contemplated herein to comply with all valid laws of the State of California, valid ordinances and regulations of the City of Los Angeles and all valid rules and regulations of all governmental bodies having

jurisdiction over such operations.

11.

a. All operations performed by Lessee under this Lease And Agreement shall be at the sole cost, expense and risk of Lessee, and Lessor shall not be chargeable with nor liable for any part thereof.

b. Lessor shall have no right, title or interest in or to any machinery, rigs, pipe, casing, equipment, material, supplies or other property or improvements of any kind furnished by Lessee in connection with its operations relative to Lessee's Lands.

12.

In connection with any and all operations contemplated hereunder, Lessee will, prior to the commencement thereof, procure and maintain insurance against public liability and property damage for the benefit of Lessor and Lessee in amounts satisfactory to Lessor, and will carry adequate Workmen's Compensation Insurance. Lessee shall furnish to Lessor certificates of insurance evidencing the fact that such policies are carried, the extent of the liabilities therein provided, and the risks against which Lessee and Lessor are insured, which said policies shall be approved by Lessor prior to commencement of any such operations.

13.

Lessee agrees to keep Lessor's Lands free from liens for work or labor done for and materials or supplies furnished to Lessee in connection with its operations hereunder. If Lessee shall dispute the justice of any such claim or claims, it shall have the right to defend against the same, and in the event Lessee fails or refuses to defend against any such claim or claims, Lessor shall have the right to defend against the same and Lessee shall be liable to Lessor for all costs, damages, attorney's fees reasonably expended by Lessor in defending any such action and for the payment of any final judgment entered against Lessor. Lessor shall have the privilege at all times of posting and maintaining upon Lessor's Lands notices that Lessor is not responsible for any debts contracted by Lessee.

14.

Lessee agrees to pay before delinquency all mineral taxes levied against its interest in Lessee's Lands and all taxes that may be levied against its improvements, machinery, equipment and personal property located on Lessor's Lands, including any oil and minerals belonging to Lessee that may be stored on Lessor's Lands. Should severance taxes or other new forms of taxes be assessed, including all taxes measured by oil, gas and/or hydrocarbon substances produced, Lessee shall pay such taxes as are levied against its interest in Lessee's Lands. For the purposes of this paragraph, Lessee's interest in Lessee's Lands shall not include the rentals payable hereunder to Lessor.

15.

Each of the parties hereto shall give the other parties written notice of any litigation affecting Lessor's Lands as soon as such party shall have knowledge thereof. If either Lessor or Lessee shall commence any action against the other in order to enforce its rights under this Lease And Agreement, then, in any judgment which may be rendered in said action in favor of the plaintiff, the party in default shall have included against it such reasonable attorney's fees in said action as shall be fixed by the court.

16.

Lessee agrees to comply with Section 22 on Pages 26 to 28 inclusive of said oil and gas lease of May 29, 1957, with respect to its operations under this Lease And Agreement.

17.

Lessor shall have the right, if it so desires, to inspect Lessee's records of production at any time during business hours for the purpose of verifying the production accounts furnished by Lessee to Lessor pursuant hereto and the right to measure and gauge the quantity of any and all substances produced from Lessee's Lands by means of a well or wells the surface location(s) of which is (are) on the Drill Site.

18.

Lessee shall at all times advise Lessor of all work which

is contemplated hereunder and shall consult with the representative of Lessor, when designated in writing by the General Manager of the Department of Recreation and Parks, for the purpose of minimizing all hazards and preserving safety. Lessee shall not hold Lessor responsible for any damage which might be sustained as the result of said consultations and hereby relieves Lessor of all such responsibility.

19.

It is agreed that Sections 27, 28, 29 and 30 on Pages 29 to 31 inclusive of said oil and gas lease of May 29, 1957, shall be applicable to Lessee's operations hereunder, and Lessee agrees to comply with said provisions in the conduct of its operations hereunder.

20.

Provisions hereof to the contrary notwithstanding, Lessee may at any time and from time to time surrender unto Lessor all or any part of the Drill Site and rights and easements incidental thereto, and thereupon, all rights and obligations hereunder of the parties hereto, one to the other, shall cease and terminate as to the premises surrendered, except for obligations which have accrued hereunder prior to the surrender.

21.

Lessee shall have the right to remove from the demised premises at any time and from time to time while this Lease And Agreement is in force and for 60 days after the termination of this Lease And Agreement, all property placed thereon or therein by Lessee.

22.

Lessor shall have the right to terminate this Lease And Agreement if Lessee fails to comply with the terms and provisions hereof, provided, however, that Lessor shall give Lessee written notice of any alleged breach by Lessee and Lessee shall have 30 days after receipt of said notice within which to begin the correction of said breach or default. Provisions hereof to the contrary notwithstanding, no failure on the part of Lessee to comply with any

of the provisions hereof shall affect Lessee's rights hereunder as to producing wells drilled hereunder prior to the date of any such breach or in the process of being drilled at the time of such breach, except failure to pay the rentals agreed to be paid herein.

23.

Upon the termination of this Lease And Agreement in whole or in part for any cause, including lapse of time and voluntary surrender, Lessee shall peaceably and quietly yield up to Lessor the demised premises or such portion thereof as to which this Lease And Agreement shall have terminated and shall remove therefrom all materials, structures, obstructions, machinery and equipment placed thereon or therein by Lessee pursuant hereto and shall fill up all trenches and holes and other excavations made by Lessee pursuant hereto on the premises or portion thereof as to which said termination is operative and remove all debris therefrom and restore said premises, or said part thereof, to the condition in which it was received by Lessee, and further, Lessee shall promptly execute and deliver to Lessor a good and sufficient quitclaim deed covering the premises or part thereof as to which said termination is operative, same to be recorded in the appropriate public records in order that the record title thereto may be cleared of any cloud created by this Lease And Agreement.

24.

The obligations of Lessee hereunder, except for the payment of moneys which may become due hereunder, shall be suspended in the event that and for as long as they are prevented by an act of God, strike, lockout or other labor difficulty, act of the public enemy, war, blockade, public riot, lightning, fire, storm flood, explosion, governmental restraint, unavailability of equipment, delays in transportation or other causes beyond the reasonable control of Lessee or so long as the price of oil of the quality produced from Lessee's Lands shall be less than 75¢ per barrel at the well.

25.

If there be any controversy between the parties hereto as to any matters of fact arising under this Lease And Agreement,

such questions of fact shall be submitted to arbitration, and the decision of the arbitrators thereon shall be a condition precedent to the right of action under this Lease And Agreement itself. One arbitrator shall be appointed by Lessor and one by Lessee and a third arbitrator by the two arbitrators so appointed. Any decision by the majority of such arbitrators shall be binding upon the parties hereto.

26.

Neither this Lease And Agreement nor any interest therein may be assigned by Lessee, nor shall Lessee sublet any portion of the demised premises without the written consent of Lessor. Any such attempted assignment or subletting without such consent shall be ineffective and shall confer no rights on any purported Assignee or Sublessee and shall be deemed a default in the terms of this Lease And Agreement.

27.

For the purposes of this Lease And Agreement, the addresses of the parties hereto are as follows:

City of Los Angeles
City Hall
200 North Spring Street
Los Angeles, California

Signal Oil and Gas Company
811 West 7th Street
Los Angeles 17, California

Richfield Oil Corporation
555 South Flower Street
Los Angeles 17, California

All communications required or permitted hereunder shall be deemed sufficiently delivered if a written copy thereof is delivered to the party entitled to such communication at the address given above or by mailing a written copy, by registered mail, postage prepaid, to the party entitled to such communication at its address given above. The parties hereto may change their respective addresses from time to time by giving the other parties written notice thereof, but no such change of address shall be binding on the parties until three days after the receipt of the notice of change.

28.

It is not the intention of the parties hereto to create by this instrument a partnership, mining or otherwise, or joint venture between the parties, and this instrument shall not be construed as creating or giving rise to any such relationship.

29.

This Lease And Agreement embodies all of the terms, covenants, conditions and reservations of the parties hereto with regard to the demised premises for the purposes set forth herein. None of the terms or provisions of said oil and gas lease of May 29, 1957, except those expressly incorporated herein by reference, shall apply to this instrument and/or the operations contemplated herein.

30.

Lessor does not warrant title to the Drill Site or the easements granted herein, and Lessor reserves the right to defend or not to defend its title thereto and to determine the extent of defense which Lessor and Lessee may make relative to said title. All rights of Lessee hereunder are subject to all encumbrances, restrictions, easements and rights of way of record.

31.

The terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns, and shall be covenants running with the lands subject to this instrument.

IN WITNESS WHEREOF the parties hereto have executed this instrument the day and year first above written.

LESSOR

The City of Los Angeles,
by and through its Department of
Recreation and Park Commissioners

By Herb Alper
President

By Robert Knight
Secretary

Approved as to Form
1 1960 10

ROGER ARNEBERGH
City Attorney

By James H. Brown
Deputy

LESSEE

Signal Oil and Gas Company

By James M. Root
Vice President

By Harold A. Brown
Asst. Secretary

Richfield Oil Corporation

By John G. Hill
Assistant General Manager of Production Dept.

By Lynda L. Hill
Asst. Secretary

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss

On this 15th day of DECEMBER, 1960, before me,
HERM ALBER, a Notary Public in and for said
County and State personally appeared RUTH KNIGHT,
known to me to be the President, and HERM ALBER,
known to me to be the Secretary of the Board of Recreation and Park
Commissioners of the City of Los Angeles the Municipal Corporation
that executed the within instrument, known to me to be the persons
who executed the within instrument on behalf of the Municipal Cor-
poration herein named, and acknowledged to me that said corporation
executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
my official seal the day and year in this certificate first above
written.

[Signature]
Notary Public in and for said County
and State

My commission expires September 29
19 61

STATE OF CALIFORNIA }
County of Los Angeles } ss.

ON THIS 7th day of December, 1960,
before me, Grace M. Moore, a Notary Public in and for
said County and State, personally appeared JAMES K. WOOTAN,
known to me to be the Vice President, and HAVELOCK FRASER,
known to me to be the Assistant Secretary of Signal Oil and Gas
Company, the Corporation that executed the within Instrument, known
to me to be the persons who executed the within Instrument, on
behalf of the Corporation herein named, and acknowledged to me that
such Corporation executed the within Instrument pursuant to its by-
laws or a resolution of its board of directors.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
official seal the day and year in this certificate first above
written.

[Signature]
Notary Public in and for said County
and State GRACE M. MOORE

STATE OF CALIFORNIA, }
COUNTY OF LOS ANGELES. } ss.

ON this 7th day of December, in the year 1960, before me,
Irene Pillsbury, a Notary Public in and for said County and State,
personally appeared F. E. McPhillips,
known to me to be the Assistant General Manger of Production Dept.,
R. G. Nelson, known to me to be the Assistant
Secretary of RICHFIELD OIL CORPORATION, the corporation that executed the within instrument, known
to me to be the persons who executed the within instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this
certificate first above written.

My commission expires Feb. 3, 1962

[Signature]
Notary Public in and for said County and State.
Irene Pillsbury

STATE OF CALIFORNIA

County of Los Angeles

ss.

ON THIS 15th day of DECEMBER, 1960,
before me, _____ a Notary Public in and for
said County and State, personally appeared
_____, known to me to be the Vice President, and
_____, known to me to be the Assistant
Secretary of Richfield Oil Corporation, the Corporation that executed
the within Instrument, known to me to be the persons who executed the
within Instrument, on behalf of the Corporation herein named, and
acknowledged to me that such Corporation executed the within Instru-
ment pursuant to its by-laws or a resolution of its board of directors.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
official seal the day and year in this certificate first above written.

See page 16

THIS OIL AND GAS LEASE dated as of this 29
day of May, 1957, by and between
THE CITY OF LOS ANGELES, a municipal corporation,
as LESSOR, and Signal Oil and Gas Company, a Delaware Corpora-
tion and Richfield Oil Corporation, a Delaware
Corporation, as LESSEE,

W I T N E S S E T H:

RECITALS

THAT WHEREAS, Lessor is the owner of cer-
tain lands in the City of Los Angeles, County
of Los Angeles, State of California, more
particularly described as Parcel 3, and commonly
known as Rancho Park and Playground, and is
willing that said premises be drilled for oil,
provided that such drilling is done from such
points and in such manner that it does not
materially interfere with the use of the prop-
erty for park, playground and recreation pur-
poses;

NOW THEREFORE, in consideration of the
premises and of the covenants and agreements
hereinafter contained to be kept and performed
by the Lessee herein, and for other considera-
tions not recited herein, IT IS HEREBY AGREED AS
FOLLOWS:

DESCRIPTION
OF PROPERTY
LEASED

1. That Lessor does hereby lease, let and
demise unto Lessee all of its right, title and
interest in Parcel 1 and Parcel 2 of the premises
described as Parcel 3, all situated and being
in the City of Los Angeles, County of Los Angeles
and State of California, and all more particularly
described as follows, to wit:

PARCEL 1:

Any one (1) acre of the surface of the land described as Parcel 3, which said acre may be designated by Lessor in writing at the time of the execution by Lessor of this Lease, together with such other additional surface of said land not exceeding three (3) acres in size, located on the playground area of Parcel 3, as may be designated in writing by the Board of Recreation and Park Commissioners of Lessor, if such Board, in its discretion, deems that the use of such additional surface area will not substantially interfere with the use of said land either as a park or playground.

PARCEL II:

The subsurface only of Parcel 3.

PARCEL III:

Lot "C" and a portion of Lot "B" of the Rancho Rincon de Los Bueyes, in the City of Los Angeles, as per map showing the subdivision of the property of Jose de Arnaz, recorded in Book 37, Pages 53 and 54 of Miscellaneous Records in the office of the County Recorder of said County, described as a whole as follows:
Beginning at the Northeast corner of said Lot "C"; thence along the Northerly line of said Lot "C", South 54° West 1678.38 feet to the Northwest corner of said Lot "C"; thence along the Northerly line of said Lot "B"; South 54° West 1421.62 feet; thence parallel with the Westerly line of said Lot "B"; South 35° 48' East 2643 feet to the Southerly line of said Lot "B"; thence along said Southerly

line North 56° East 1422.60 feet to the Southeast corner of said Lot "B"; thence along Southerly line of said Lot "C"; North 56° East 1679.80 feet to the Southeast corner of said Lot "C"; thence along the Easterly line of said Lot "C", North 35° 48' West 2709.86 feet to the point of beginning.

EXCEPTING from said Lot "C" the Easterly 60 feet thereof;

with the sole and exclusive right to Lessee and for the purpose of drilling for, producing, extracting and removing from Parcel II oil, gas, asphaltum and other hydrocarbon substances by means of slant wells drilled from Parcel 1. Said drilling shall be done, and oil wells so drilled shall be operated and maintained only in the manner hereinafter specified; reserving and excepting unto Lessor, however, all of the surface of Parcel 3, except those areas thereof described in Parcel 1.

Lessor reserves the right to drill slant wells from any other locations on Parcel 3 to produce oil and gas from adjoining lands by means of slant wells drilled into such adjoining lands.

METHOD OF
OPERATION

2. The oil, gas and other hydrocarbon substances underlying Parcel 3 shall be extracted by means of wells, the drilling sites of which are to be located, and all service operations with respect to which are to be conducted, on Parcel 1; provided, however, that no oil tanks shall be located on Parcel 1 except for the storage and cleaning of oil removed from Parcel 2; and it is further agreed that Lessee may not construct a gasoline extraction plant of any nature or des-

cription on the premises herein demised. Under no circumstances shall surface locations be conducted or material or equipment installed or maintained on any part of Parcel 3, except as permitted on Parcel 1. All structures erected by Lessee upon the surface of Parcel 1 and all operations conducted thereon or therefrom, shall be in conformity of all laws, rules and regulations of duly authorized governmental authorities.

ACCESS 3. Lessee shall have access to Parcel 1
ROADS by means of such ways as Lessor shall from time to time designate; Lessor hereby reserves the right to change the location of said ways from time to time and to use said ways or any part thereof for its own purposes in common with Lessee, if Lessor so desires.

PIPE LINES 4. Lessee agrees that all pipe lines and
AND TELEPHONE
LINES telephone lines shall be located at such places on Parcel 3 to reach the public streets as Lessor may from time to time designate, and it is agreed that Lessor may from time to time change the location of said lines.

TERM 5. This lease shall remain in effect for the term of thirty-five (35) years from the date of execution by Lessor, subject to sooner termination in accordance with the terms and conditions of this lease.

RESERVATIONS 6. Lessor reserves the right to use the
AND LESSEE'S
POSSESSORY demised premises for any and all other purposes
RIGHTS except those for which this lease is granted, but subject to the rights granted the Lessee herein.

The possession by Lessee of said premises

and mineral and development rights shall be solely and exclusively for oil development purposes, subject to the limitations and reservations above stated and excepting as to easements granted of record and permits or leases granted for pipe lines, overhead and underground crossings for telephone, telegraph or electric transmission lines and the use now made or to be made of said premises by Lessor.

NO WARRANTY OF TITLE Notwithstanding anything herein contained to the contrary, Lessor does not warrant its title to any part of the demised premises nor the mineral rights therein, and Lessor reserves the right either to defend or not to defend its title thereto, and to determine the extent of defense which each will make relative to its title. All rights of Lessee hereunder are subject to all encumbrances, restrictions, easements and rights of way of record.

ZONING AND DELAY RENTALS 7. Unless Parcel 3 has previously been zoned to permit drilling for oil, within ninety (90) days after the execution of this lease Lessee agrees to file an application with the Department of Planning of the City of Los Angeles for a change of zone so as to permit the use of the demised premises for drilling of oil, and Lessee agrees to commence the actual drilling of an oil well within ninety (90) days after said premises have been zoned for such purpose; provided, however, that in the event that Lessee shall not have commenced the actual drilling of an oil well at the expiration of said ninety (90) day period after zoning is permitted, Lessee agrees to pay to Lessor in lieu of such drilling, rental in

the following amounts:

\$100 per day for the first 90 days of said
delayed period;

\$150 per day during the next succeeding 90
days of said delayed period;

\$200 per day thereafter until drilling of
said well actually commences;

provided, however, that Lessee shall commence
the actual drilling of an oil well on the demised
premises on or before ~~January~~^{June} 1, 1958, or this
lease, and all of Lessee's rights hereunder shall
terminate and end.

Said rental shall be in addition to and not
a part of royalties hereinafter provided to be
paid by Lessee to Lessor in paragraph 14 of this
lease; provided further, that whenever the Lessee
shall be engaged in the drilling of a well, the
obligation to pay rental during such drilling shall
cease.

SURRENDER OR QUITCLAIM 8. Notwithstanding anything to the contrary
contained herein, it is understood and agreed that
Lessee may from time to time quitclaim all of the
demised premises and surrender the same to Lessor,
in which event all succeeding delayed rentals
shall cease and all the obligations of Lessee
hereunder shall end.

COMMENCEMENT OF OPERATIONS 9. Except as hereinabove provided, Lessee
agrees to drill wells on the demised premises on
or before June 1, 1958, or within sixty (60)
days after a well producing oil, gas or other
hydrocarbon substances shall be completed within
seven hundred (700) feet of the outer boundaries

of Parcel 3, whichever shall be sooner, and subject to its right to surrender this lease, to continue the work of drilling such well after commencing the same with due diligence until a drilling depth of nine thousand (9000) feet has been reached, unless oil is discovered in paying quantities at a lesser depth, or unless such formations are encountered at a lesser depth as will indicate to the geologist of Lessee that further drilling will be unsuccessful. If, by reason of encountering mechanical difficulties in the prosecution of the work, or by reason of encountering said formations, or other causes, Lessee shall determine to abandon the same, this lease shall continue in full force, provided a new well, followed by diligent drilling operations, is commenced within sixty (60) days.

SPACING OF
OIL WELLS

Within sixty (60) days after the completion, suspension of drilling or abandonment of the first well drilled hereunder, Lessee shall commence the drilling of a second well by spudding in, and thereafter shall continue drilling wells on, or beneath or within said land, diligently and continuously, with an interval of not to exceed sixty (60) days between the completion or abandonment of one well and the spudding in of the next, until there have been drilled on said land as many wells as shall equal the quotient obtained by dividing by five (5) the number of acres in Parcel 2 then subject to this lease.

Said requirement of five acres per well shall apply to wells having a drilled depth of less than six thousand (6000) feet. On wells having

a depth between six thousand (6000') feet and ten thousand (10,000') feet, Lessee shall drill on said lands as many wells as shall be obtained by dividing by ten (10) the number of acres then subject to this lease. For wells having a depth of over ten thousand (10,000') feet, Lessee shall drill on said land as many wells as will equal the quotient obtained by dividing by fifteen (15) the number of acres then subject to this lease. Provided, however, that if, in an established and generally recognized productive area outside of the leased land but contiguous thereto and within one thousand (1000') feet therefrom, there are more productive wells than the average on a corresponding part of the leased land of Parcel 2, the number of wells to be drilled on the leased land in a corresponding offsetting area of like size shall be increased to the number required to attain the same average well density as that in the said outside offsetting area. If the wells in such outside area produce from more than one zone, Lessee shall maintain a well density for each zone in the offsetting area at least equal to that maintained for such zone in said outside area. The drilling of all such wells shall be accomplished by vertical or slant drilling from the drill site hereinbefore described. For the purposes hereof, a Zone is defined as a sand or series of sands of sufficient thickness and productivity to form an economic source of supply of oil and gas, and which is segregated from other sands or series of sands by natural boundaries or barriers to such an extent as to make its separate development either

economically or mechanically desirable in accordance with common practice.

OFFSET
WELLS

Whenever and as often as any well is being produced on adjoining land which produces each day for thirty (30) consecutive days at least fifty (50) barrels of oil from a depth of 6,000 feet or less, at least seventy-five (75) barrels of oil from a depth of 10,000 feet or less, or at least one hundred (100) barrels of oil from a depth of over 10,000 feet, at a distance of 330 feet or less from a boundary of the leased land, Lessee shall drill a well to offset the same, and in such event, will commence such drilling by spudding in within sixty (60) days after it is known that the outside well has met the said conditions, and will thereafter diligently and continuously prosecute the drilling of said well. Such offset well shall be at no greater distance from the common boundary than is the outside well and shall be no more than one hundred (100) feet from a line from the outside well to the nearest point in the boundary and extended into the leased land, such distance to be measured at the level of the producing zone of such outside well, and all drilling to be from and within the drill site hereinbefore described. Such offset well or wells shall be drilled to the depth necessary to test the sand or sands being produced from the outside well. The foregoing location requirements have reference to the horizons from which production is obtained, and not to surface locations; provided, however, that when the subsurface location of an outside

well is not ascertainable, it shall be presumed to be in a vertical line with the surface location. The foregoing provisions of this paragraph are, however, subject to the following conditions and exceptions:

REDRILLING
IN LIEU OF
OFFSET

(a) In lieu of the drilling of an offset well, Lessee, at its option, may deepen, redrill or otherwise recomplete a well previously drilled in such manner as to test the said sand or sands at a location conforming to the above requirements. In such event, the operations in such well for such purpose shall be commenced not later than the date provided for the spudding in of the offset well.

(b) Any well which is being drilled, at the time the obligation to drill such offset well arises may be so completed as to meet the foregoing subsurface location requirements, and if so completed shall be considered as the offset well so required to be drilled.

RELIEF FROM
OFFSET
REQUIREMENT

(c) If the horizon from which the outside well is producing had previously been tested by Lessee at a location which meets the foregoing requirements for the subsurface location of an offset well, said offset well need not be drilled.

(d) Lessee, at its option, may be relieved of the obligation to drill any offset well by quitclaiming and surrendering to Lessors all rights in and to the horizon from which such outside well is producing, including a ten (10) acre parcel of land which lies within the area in which an offset well would satisfy the above

conditions, and in such event Lessor or its assigns may drill such offset well in any manner and from any surface location Lessor may select, notwithstanding the exclusive rights granted Lessee.

(e) Any well drilled as an offset well shall be regarded also as one of the wells required to satisfy the development obligations of this lease and shall be so counted.

Each well required to be drilled under the foregoing provisions shall be drilled in accordance with good oilfield practice, diligently and continuously, and if capable of producing oil in quantities sufficient to repay operating costs and royalty, shall be operated as long as it is capable of so producing.

Nothing herein shall be construed to limit the number of wells which the Lessee may drill should it so elect in excess of the number hereinabove specified or the depths to which any well may be drilled by Lessee, should it desire to drill below the depth specified or to any depth. The Lessee shall have the right at all times to operate, deepen, redrill and properly maintain all producing wells upon said property.

DELAY
RENTALS

10. In the event Lessee shall suspend operations in any well and shall not be drilling in some other well, the Lessee shall pay delay rental to the Lessor during the time said well is idle in the following amounts:

\$100 per day during the first 90 days;

\$150 per day during the next 90 days; and

\$200 per day thereafter.

Lessee shall not be required to pay any rental to Lessor during the sixty (60) day period between the completion of a well and the actual spudding in of the next succeeding well; provided, however, if the Lessee shall not spud in the next succeeding well within said sixty (60) day period, then the Lessee shall pay delayed rental to the Lessor during said period following the end of the sixty (60) day period above described in the following amounts:

\$100 per day during the first 90 days thereafter;

\$150 per day during the next 90 days; and

\$200 per day thereafter until actual drilling shall begin in a well, whereupon the obligation to pay this delayed rental shall cease.

Said delay rental shall be in addition to and not a part of royalties hereinafter provided to be paid to Lessor in Paragraph 14 of this lease.

Notwithstanding the foregoing permitted delay in drilling in the manner above provided, and as to well spacing, at all times after the discovery and production of oil in paying quantities in any well within seven hundred feet (700') of the outer boundaries of the demised premises, the Lessee agrees to protect the demised premises from drainage by the drilling of such additional wells, if any, as good oil field practice and sound engineering shall require to protect the demised premises from drainage due to the drilling and production of oil from wells on adjoining lands.

PRODUCING
OBLIGATIONS

11. Lessee shall at all times produce, pump, flow or otherwise operate all wells at their full capacity so as to secure the largest amount of oil therefrom, except that the wells may be operated at a lesser rate when such rate shall conform to well established and recognized production practice or as provided in paragraph 17 hereof.

DISCONTINUANCE
OF PRODUCTION
OF WELL

12. In the event the Lessee shall cease producing oil in any well from which oil shall have been produced, unless such cessation is due to causes set forth in paragraph 17 hereof, and shall not be at work in said well repairing or redrilling the same, but shall leave the same idle or shall abandon said well, then within thirty (30) days after the cessation of the production of oil or of repair work or redrilling, the Lessee shall during the thirty-five (35) year term of this lease, quitclaim to the Lessor all of its right, title and interest in such land as it may have retained on connection with its operations on said well. Lessee may, however, retain any land needed for the operation of any other remaining drilling or producing well or wells.

ROYALTIES
FOR OIL

13. Lessee shall have the use, without payment of royalty, of so much of the oil and gas produced on the demised premises as it may require for production purposes. Other than the products so specified to be used by Lessee in this paragraph 13, Lessee shall pay the Lessor one-fifth (1/5) royalty of the value of all oil which may be produced, saved and removed from said lands, and after making customary deductions for temperature, water and bottom sediment at the posted

prices paid to producers by Standard Oil Company of California, or the highest price posted by any of the other following oil companies: Union Oil Company of California, Shell Oil Company, Tidewater Associated Oil Company, Richfield Oil Company, General Petroleum Corporation, or Texas Oil Company, or paid by any of the herein specified oil companies at the well in which the demised premises are located for oil of like gravity of cleaned oil, free from water, mud and bottom sediment, on the day the oil is run into the pipe line or storage tanks of Lessee; settlement to be made by Lessee on or before the 20th day of each calendar month for accrued royalties for the preceding month; or, at Lessor's option, on thirty (30) days' notice, Lessee shall deliver into tanks maintained by Lessee on the demised premises, or to pipe line at some point on the drill site, free of cost, Lessor's royalty oil. If said oil is delivered into Lessee's tanks, it shall be stored therein for not exceeding fifteen (15) days, free of charge to Lessor, but at Lessor's risk. Nothing herein contained shall require Lessee to segregate or keep separate the various grades of oil produced upon the demised premises, nor shall Lessee be required to keep separate the production of any well or group of wells. Whenever accounting for royalty will permit, the oil produced and saved from the different wells may be commingled and after commingling shall represent the character of oil produced upon the demised premises.

STORAGE OF
LESSOR'S
OIL

COST OF
TREATING
OF OIL

In the event that in the judgment of the Lessee it shall be necessary to heat, treat or dehydrate the oil produced from any of the wells drilled on the above described premises, Lessee may heat, treat or dehydrate the same and Lessor hereby agrees to pay its pro rata share of its royalty share of not to exceed four cents (4¢) per barrel for the net oil heated, treated or

dehydrated, which charge shall be deducted monthly from the royalty due Lessor.

BONUS FOR
OIL

In the event the Lessee receives any bonus in money above the posted market price for the sale of the above oil, the Lessor shall receive its proportion of such bonus, payable proportionately as and when received by the Lessee.

ACCOUNTING FOR
OIL PRODUCED

The Lessee agrees that it will, on or before the twentieth (20th) day of each calendar month, furnish to the Lessor a true account of the production of all substances herein named from the demised premises during the next preceding calendar month, except such portion thereof as may be used in the development and operation of the property under the terms of this lease.

ROYALTY
FOR GAS

14. Lessee shall pay Lessor one-fifth ($1/5$) royalty of the net proceeds derived from the sale of gas from said property while same is being sold or used off the premises, settlement to be made by Lessee on or before the 20th day of each calendar month for gas sold during the preceding month, but nothing herein contained shall require Lessee to save or market gas from said lands. Lessee shall have the right, free of cost to it, to use gas required for production purposes on said property and production and lifting of oil from said wells.

ROYALTY FOR
GASOLINE

14A. In the event Lessee shall extract or cause to be extracted gasoline or other liquid products from gas produced from said leased premises, Lessee shall pay to Lessor as royalty one-fifth ($1/5$) of the sales value as hereinafter

defined of fifty per cent (50%) of the gasoline or other liquid products credited to this lease. The sales value of such products at the prices currently offered or paid to producers for products of like specifications and quality in the same vicinity. Settlement shall be made on or before the 20th day of each calendar month for gasoline sold during the preceding month.

INTEREST OF
UNITED STATES

15. It is understood and agreed that the United States of America is the owner of six and one-quarter per cent ($6\frac{1}{4}\%$) of the amount or value of any oil and gas that may be produced from the demised property except that used on the demised property, and that the royalty of one-fifth ($\frac{1}{5}$) herein reserved in paragraphs 13 and 14 to the Lessor includes such amount or value.

SHARE OF NET
PROFITS

DEFINITIONS

16. The term "net profits," as used herein, and as applied to any particular time, shall mean the amount by which the "gross proceeds," as hereinafter defined, derived by Lessee from its operations from the beginning of operations until the date as of which the computation is made, shall exceed the "chargeable costs and expenditures," as hereinafter defined, paid and incurred by Lessee from the beginning of operations to said date of computation.

GROSS PROCEEDS
DEFINED

A. The term "gross proceeds," as used herein, shall mean and include and shall only mean and include:

- (a) The "sale value," as hereinafter defined, of eighty per cent (80%) of all oil and other hydrocarbon substances (other than gas and gasoline) produced and saved by Lessee from

wells drilled under this Agreement;

(b) The "sale value" of eighty per cent (80%) of all gas produced and saved and sold by Lessee from wells drilled under this lease, including the "sale value" of eighty per cent (80%) of any gas retained by any processor under the provisions of any processing agreement which Lessee may enter into for the processing of gas produced from wells drilled under this lease and agreement, and also including eighty per cent (80%) of the sale value (computed at the same price at which gas is contemporaneously produced and sold from wells drilled under this lease and agreement, or if no gas is being produced, saved and sold by Lessee from such wells at such time, then computed on the basis of the net proceeds from the sale of gas in the nearest field where gas of similar quality is produced, saved and sold) of any gas produced and saved by Lessee from such wells and not sold but used by Lessee at any particular time for any purpose not connected with or incidental to its operation under this lease and agreement; and

(c) The eighty per cent (80%) of the "sale value" as hereinafter defined, of fifty per cent (50%) of all gasoline extracted from gas produced from wells drilled under this lease and agreement.

SALE VALUE
(OIL)
DEFINED

B.(a) The term "sale value" of all oil and other hydrocarbon substances (other than gas and gasoline), as herein used, is hereby

defined to mean the value thereof computed at the current price posted and paid therefor by Standard Oil Company of California from time to time to producers generally for products of like character, gravity and quality in the same vicinity.

SALE VALUE
(GAS)

(b) The term "sale value" of gas, as herein used, is hereby defined to mean the net proceeds received by Lessee from the sale of such gas.

SALE VALUE
(GASOLINE)

(c) The term "sale value" of gasoline, as herein used, is hereby defined to mean the value thereof computed at the current prices paid therefor by Standard Oil Company of California, or any of its present or future subsidiaries, from time to time to producers generally for products of similar specifications, vapor pressure and quality in the same vicinity.

CHARGEABLE
COSTS AND
EXPENDITURES
DEFINED

C. The term "chargeable costs and expenditures," as used herein, shall mean all costs and expenses incurred by Lessee in the exploration, development, equipment, maintenance, operation and abandonment of wells drilled under this lease and agreement, which costs and expenses shall be defined in and determined in accordance with the accounting schedule marked Exhibit "A", hereto annexed and by reference made a part hereof; provided, however, that no part of the cost of extracting gasoline from gas produced from wells drilled under this lease and agreement shall be included therein nor shall the cost of transporting and selling such gasoline be included therein.

FREE USE
OF OIL

D. Lessee shall have the free use of, and shall not be required to account to Lessor for, any oil, gas or other hydrocarbons produced from wells drilled under this lease and agreement and used by Lessee for production purposes on the demised premises or unavoidably lost.

ACCOUNTING

E. Lessee shall keep true and correct books of account and records showing the production of oil, gas, gasoline and other hydrocarbon substances from wells drilled under this lease and agreement, the amounts shipped therefrom, the total "gross proceeds" and "chargeable cost and expenditures" hereunder, as well as any other records and data necessary or proper for the settlement of accounts between the parties hereto, which books, records and data shall be open to inspection by Lessor at all reasonable times; and Lessee shall, not later than the last day of each calendar month, furnish Lessor with statements showing such production from such wells, the "gross proceeds" derived from the operations thereon, royalties and rentals paid or accrued, and the "chargeable costs and expenditures" hereunder incurred during the preceding calendar month, accompanied by any payments due Lessor hereunder, such statements and payments to be mailed to Lessor at the City Hall, 200 North Spring Street, Los Angeles, California. Said statement of "chargeable costs and expenditures" shall be in the same summarized form as Lessee shall prepare such statement for its own use.

SHARE OF NET
PROFITS TO BE
PAID TO LESSOR

F. On or before the last day of each calendar month, commencing with and including the month next succeeding the month in which oil, gas or other hydrocarbons shall first be produced in Lessee's operations under this lease and agreement, Lessee shall account for and pay to Lessor the following:

A sum representing the amount by which fifty per cent (50%) of the "net profits," as herein defined, derived from Lessee's operations under this lease and agreement, from the date of this agreement up to the end of such preceding calendar month shall exceed all sums paid from the date of this agreement by Lessee to Lessor pursuant to the provisions of this paragraph F.

DEVELOPMENT
AND OPERATING
EXPENSE

G. All operations performed by Lessee in connection with the exploration, development and operation of said leased Parcels 1 and 2 shall be at the sole cost and expense of Lessee, and Lessor shall not be chargeable with nor liable for any part thereof.

LESSOR'S
INTEREST
IN PERSONAL
PROPERTY

H. Lessor shall have no right, title or interest in or to any machinery, rigs, pipes, casing or other property or improvements of whatsoever nature belonging to or furnished by Lessee in connection with the exploration, development and operation of said demised Parcels 1 and 2 and Lessee shall have the right to remove at any time, and from time to time, all such property and improvements belonging to or furnished by Lessee, provided that, upon removal of any of such property and improvements, a proper accounting of the value thereof, when removed, shall be made, as provided in Exhibit "A", hereto annexed.

PARTNERSHIP

I. It is the express intention of the parties hereto not to create a partnership relation hereby.

DEDUCTION

J. All amounts required to be paid by Lessee to Lessor shall be paid without delay, deduction or default and shall be payable to the Lessor at the address hereinafter given in paragraph 36.

ADJUSTMENT OF
INCOME TO
LESSOR

It is understood and agreed by and between the parties hereto, anything hereinbefore to the contrary notwithstanding, that on and after January 1, 1961, Lessor, at its option, may appraise said Parcel No. 1 (or any portion thereof then subject to this lease, whichever is lesser) for the purpose of determining its market value for any and all purposes other than for production of oil and/or other hydrocarbon substances. If said appraisalment by Lessor shall be unsatisfactory to the Lessee, the Lessee shall have the right to demand a reappraisement to determine said market value. Said reappraisement shall be made by appraisers selected by Lessor and the Lessee in the following manner: Lessor shall select one and the two thus selected shall select a third, and a reappraisement in writing made and signed by said appraisers, or a majority of them, shall be deemed to have fixed the market value of said property; and if at that time, of any time thereafter the net revenue received by and paid to Lessor under the terms of this lease shall in any period of one year be less in amount in the aggregate than the total of taxes and assessments (if same were payable by Lessor) or any portion of Parcel No. 1, then subject to this lease, which-

ever is the lesser, and interest for one year, at the rate of six per cent (6%) per annum on said market value as reappraised, the Lessor may, at its option, terminate this lease upon sixty (60) days' written notice to the Lessee, and within said sixty (60) days, said Lessee agrees to move from Parcel No. 1 all tools, implements, and appliances and structures owned by the Lessee and to deliver to Lessor a quitclaim deed in form sufficient to be recorded in the Office of the County Recorder of Los Angeles County, terminating all rights of the Lessee hereunder; provided, however, that the Lessee may, at its option, within said sixty (60) day notice period, pay to Lessor in addition to the net revenue received by Lessor a sum which with such net revenue, shall equal at least taxes and assessments (if same were payable by Lessor) on said Parcel No. 1 (or any portion thereof then subject to this lease, whichever is lesser) and six per cent (6%) per annum upon said appraised value as fixed by such reappraisement, and upon such payment Lessee shall retain the rights herein granted for one year; and thereafter Lessor, at its option, may annually appraise the market value of said Parcel No. 1 and if said appraisal is unsatisfactory to Lessee, the Lessee may require annually a reappraisement of the market value of said Parcel No. 1, in the manner hereinbefore stated, and the Lessee may retain its rights hereunto only from year to year provided the net revenue plus such sums as the Lessee shall pay to Lessor shall for each year be equivalent to at least taxes and assessments (if same were payable by Lessor) on said Parcel No. 1

and six per cent (6%) of the appraised value of said Parcel No. 1 (or any portion thereof then subject to this lease, whichever is the lesser). The cost of such appraisal shall be borne equally by Lessor and Lessee.

UNAVOIDABLE
DELAYS IN
DRILLING
OPERATIONS

17. Drilling, pumping, remedial and repair operations shall be suspended on said property only in the event that they are prevented by the elements, accidents, strikes, lockouts, riots, delays in transportation or interference by municipal, state or federal action, or by action of any other governmental officers or bodies, or other causes beyond reasonable control of Lessee, or so long as the price of oil of the quality produced on said property shall be less than seventy-five (75¢) cents a barrel at the well (except that Lessee shall, regardless of the price of oil, pump or drill offset wells when wells offset are being drilled or operated), but Lessee shall in each such case, with due diligence, resume drilling and/or pumping as soon as such preventing cause or causes shall cease to operate. Lessee is hereby authorized to enter into conservation agreements with the United States Government, State of California, or any county or municipal subdivision thereof, and/or other operators in the field for proper conservation of oil and/or gas.

CONSERVATION

Lessee may at its option regulate its oil production to the amounts recommended by the Conservation Committees of California Oil Producers or in accordance with any other reasonable, general conservation or production program in the field.

If the Conservation Committee of California Oil Producers shall cease to function in recommending said amounts, then Lessee may at its option abide by the action of any other body that succeeds said Conservation Committee of California Oil Producers, either in the State of California as a whole or in the field in which this lease is located.

Anything in this lease agreement contrary to the terms and provisions of or regulations under any State or Federal law or municipal or county ordinance having for its purpose the control of production of gas and/or oil, of the drilling of wells therefor, shall be deemed inoperative.

REMEDIAL
OPERATIONS

18. Time consumed in cleaning out, repairing, deepening, or improving any producing well or its necessary appurtenances shall not be construed or deemed as an interruption of the covenants requiring continuous operation of producing wells.

TAXES

19. Lessee agrees to pay before delinquency all mineral taxes levied against its interest hereunder, and all taxes that may be levied against its improvements, machinery, equipment and personal property on the demised premises, including any oil and minerals belonging to Lessee that may be stored in said premises.

Should severance taxes or other new forms of taxes be assessed, including all taxes measured by the amount of oil, gas and/or other hydrocarbon substances produced, Lessee shall pay such taxes as are levied against its interest hereunder.

LIENS AND
CLAIMS

20. The Lessee also agrees to keep the demised premises and every part thereof free from

liens for work or labor done for, or materials or supplies furnished to, Lessee during its occupancy of the demised premises, or any part thereof, to cause same to be released or discharged of record; provided that, if Lessee shall dispute the justice of any such claim or claims, it shall have the right to defend against the same, and in the event that Lessee shall fail or refuse to defend any such claim or claims, the Lessor shall have the right to defend against the same and the Lessee shall be liable to Lessor for all costs, damages and counsel fees, reasonably expended by Lessor in defending any such action and for the payments of any final judgment entered against Lessor, and Lessor shall have the privilege at all times of posting and maintaining upon the property used by the Lessee, notices that the Lessor is not responsible for any debts contracted by the Lessee.

COMPLIANCE
WITH LAWS

Lessee shall carry on all operations in a careful, workmanlike manner, at its sole cost and risk, and Lessee agrees to comply with all the laws of the State of California, the ordinances and regulations of the City of Los Angeles and all rules or regulations of all governmental bodies having jurisdiction over any of the operations conducted on the demises premises, and shall, at its sole cost and risk, abandon all wells drilled on the demised premises strictly in accordance with the laws of the State of California and the regulations of the Division of Oil and Gas of the Department of Natural Resources of the State of California.

INDEMNITY

Lessee shall protect, indemnify and save Lessor harmless from any and all liability and claim

of liability of every kind and character caused by or arising out of any injuries to person or property by reason of, or in any way connected with, the operations of Lessee upon the demised premises.

LITIGATION 21. Each of the parties shall give the other written notices of any litigation affecting the demised premises as soon as such party shall have knowledge thereof. If either Lessor or Lessee shall commence any action against the other in order to enforce its rights under this instrument, then, in any judgment which may be rendered in said action in favor of the Plaintiff, the party in default shall have included against it such reasonable attorneys' fees in said action as shall be fixed by the court.

DRILLING INFORMATION 22. The Lessee agrees to keep an accurate log and casing record, showing the progress of drilling and casing in each well in which drilling shall have been done on the demised premises, and to give the Lessor access to such log and casing record at all reasonable times and at such times to permit the Lessor to inspect such log and casing record, and to furnish a copy thereof to Lessor.

PIPE LINE LOCATION The Lessee shall keep a record of installation of all pipe lines laid by the Lessee on the demised premises, showing the location of such pipe lines, and give the Lessor access to such record at all reasonable times, and at such times to furnish the Lessor a copy of such record.

INSPECTION OF DRILLING RECORDS Lessor shall have the right to inspect and receive copies of all well surveys, maps showing the

underground location of all wells, Schlumberger records and reports of other electrical logging, water tests or other tests now known or developed hereafter, bore records and logs, and shall have access at all reasonable times to the demised premises and the derrick floor located thereon for the purpose of making such inspections and examinations.

All records, information and data of the operations of the Lessee hereunder shall at all times be open to the inspection of the Lessor or its representatives, designated in writing by the Lessor, and said representatives shall be entitled to receive copies thereof. Said information shall include all geological data and interpretations of the Lessee, but Lessor agrees that Lessee shall not be liable or responsible for the accuracy thereof nor any changes in interpretations which the Lessee may make from time to time based upon additional data or different interpretations of existing information.

LANDING AND CEMENTING OF PIPE Lessee further agrees to confer with the geologist, or other representative of the Lessor designated in writing, before landing or cementing any water string in any well drilled on the demised premises. The Lessee further agrees to confer with geologist of the Lessor at all times while it shall drill in any well below said water string until the completion depth of said well has been determined. The Lessee shall be under no obligation whatsoever to follow the advice of the said geologist in the manner of drilling or conducting its operations in said well, but said geologist shall at all times be fully advised by the Lessee of its operations in selecting cementing points for water strings in its

well and while drilling in oil zones in said wells.

INSPECTION OF
PRODUCTION
RECORDS

23. The Lessor shall have the right, if it so desires, to inspect Lessee's records of production at any time during business hours for the purpose of verifying such accounts and the right to measure and gauge the quantity of any and all of said substances produced on said premises.

NOTICE OF
WORK

24. Lessee shall at all times advise Lessor of all work which is contemplated on the demised premises and shall consult with the representative of the Lessor when designated in writing by the General Manager of the Department of Recreation and Parks for the purpose of minimizing all hazards and preserving safety on the demised premises. Lessee shall not hold Lessor responsible for any damage which might be sustained as the result of said consultations, and hereby relieves Lessor of all such responsibility.

INFORMATION
RESPECTING
OTHER
LANDS

25. In the event the Lessee is the owner or operator of any leased lands offsetting or adjoining the demised premises, or within one thousand feet (1000') of the demised premises, the Lessee will furnish the Lessor the same data relative to its wells, production, tests, maps, geological and other data, as the Lessee is hereinabove required to furnish the Lessor as to operations on the demised premises. Lessee may likewise furnish the owner or Lessees of any adjoining lands, with whom Lessee wishes to exchange information relative to wells and production on the demised premises.

FENCES AND
PIPELINES

26. Substantial fence shall be constructed and maintained by Lessee when required by Lessor at places designated by Lessor. Lessee will bury

all pipe lines to such depth and in such manner satisfactory to representative of the Lessor.

CONDUCT OF
DRILLING
OPERATIONS

27. Lessee agrees that its drilling operations shall be conducted in accordance with all requirements of the Department of Planning and the Zoning Administrator, and including, but not limited, to the following; and it is agreed that whenever the requirements of said Department or said Administrator are more severe than those contained herein, such more severe requirements shall apply:

(a) All drilling equipment, including, but not limited to, draw-works, rotary table and pumps, shall be operated by means of electrical power and shall be the best and most modern drilling equipment available;

(b) Drilling derricks, and all drilling equipment shall be sound-proofed in the most modern available manner so as to avoid noise, disturbance or offense to the residents near the area in which drilling operations are conducted;

(c) Mud sumps and ditches shall not be dug into the surface of the ground, but shall consist of portable metal or wooden tanks and flumes;

(d) Exhausts of all engines (if any) shall be muffled.

CONDUCT OF
PRODUCING
OPERATIONS

28. Lessee agrees that its producing operations shall be conducted in accordance with all requirements of the Department of Planning and the Zoning Administrator, and including, but not limited to, the following, and it is agreed that whenever the requirements of said Department or said Administrator

are more severe than those contained herein, such more severe requirements shall apply:

- (a) All pumping equipment shall be operated by means of electrical power;
- (b) No walking beam type of pumping unit shall be used;
- (c) Pumping equipment shall be done by Kobe or by hydraulic pumps, gas lift, botton hole pumps or vacuum pumps, and all such pumping equipment shall be located in concreted trenches below the present level of the ground, or completely concealed by vegetation or an approved enclosure.

CONDUCT OF
REMEDIAL AND
REDRILLING
OPERATIONS

29. Lessee agrees that its redrilling, re-pairing and servicing operations shall be conducted in accordance with all the requirements of the Department of Planning and the Zoning Administrator and including, but not limited to, the following, and it is agreed that whenever the requirements of said Department or said Administrator are more severe than those contained herein, such more severe requirements shall apply:

- (a) The redrilling equipment shall be portable and shall be operated in such a manner as to avoid noise, disturbance or offense to residents in the area in which such operations are conducted;
- (b) Exhausts of all internal combustion engines shall be muffled;
- (c) Mud sumps and ditches shall not be dug into the surface of the ground, but shall consist of portable metal or wooden tanks and flumes;
- (d) Said redrilling operations shall be completed within fifteen (15) days from the commencement

date thereof, or shall be replaced with drilling equipment, as set forth in Paragraph.27.

INJURY TO
SURFACE OF
LAND

30. The Lessee further agrees to prevent, as far as practicable, with the exercise of reasonable care and diligence, the overflow of oil or water which may be detrimental to vegetable growth upon the portions of the demised premises, and to save the Lessor harmless from all damages and claims for damages for injuries to adjacent lands caused by the overflow of such oil or water.

TERMINATION
FOR DEFAULT

31. If the Lessee shall fail for a period of thirty (30) days after written notice is given to it by the Lessor to comply with any provisions in this lease, Lessor may, at its option, terminate this lease, provided that no failure on the part of the Lessee to comply with any of the provisions of this lease as to any well or wells shall affect the right of the Lessee to continue its possession and operation of any other producing or drilling wells, so long as Lessee shall comply with the terms hereof as to said other well or wells.

VOLUNTARY
QUITCLAIM

32. Lessee, upon payment to Lessor of the sum of Ten Dollars (\$10.00), may, at any time, either prior to or after the discovery of oil on the demised premises, quitclaim said property or any part thereof to Lessor, its successors or assigns; and thereupon, all rights and obligations of the parties hereto, one to the other, shall cease and determine as to the premises quitclaimed, except unpaid rentals, royalties, taxes, and except obligations theretofore accrued, if any.

OTHER
QUITCLAIM

33. If this lease is terminated in whole or

in part, Lessee shall deliver to Lessor a good and sufficient quitclaim deed as to the demised premises, except subject to the rights reserved by Lessee under this Article.

Lessee shall provide with each quitclaim deed a Certificate of Title or a letter of a responsible title company covering the land so quitclaimed, made at the time of recordation of such quitclaim deed, and if such Certificate of Title or letter from title company discloses any rights, interests, claims, liens, or encumbrances conveyed, granted, done, made or suffered by Lessee, or anyone claiming under Lessee, Lessee will take such actions, steps and proceedings as may be necessary to terminate and extinguish any such rights, interests, claims, liens, and encumbrances, failing in which, Lessor may do so at the cost and expense of Lessee, which cost and expense, plus reasonable attorneys' fees, Lessee agrees to pay to Lessor upon demand.

Except as to easements and rights of way to be retained by the Lessee on or across land so quitclaimed and the right in Lessee to remove its property therefrom, full rights to any such quitclaimed land shall revert in the Lessor free and clear of all claims of the Lessee. Notwithstanding anything in this paragraph provided to the contrary, it is distinctly understood and agreed that in the event the Lessee quitclaims any part of the demised premises less than the whole, Lessee shall continue to pay taxes on its improvements and personal property thereon and also continue to pay taxes thereon of whatever kind resulting from the discovery or production of oil or other hydrocarbon substances

on or from the demised premises.

QUITCLAIM Upon the abandonment of any producing well,
AFTER
ABANDONMENT Lessee, within thirty (30) days after the abandon-
ment of such well, shall quitclaim and surrender
to Lessor all of the land retained adjacent to said
abandoned well which it does not need for the opera-
tion of other drilling or producing wells. The
lands quitclaimed shall remain subject to the rights
of way necessary or convenient for Lessee's opera-
tions on the land retained by it.

At the time of quitclaiming of land adjacent
to said abandoned well, Lessee shall also quitclaim
to the Lessor all other land which it does not use
and occupy in connection with its operations on any
remaining producing well or wells. Any quitclaim
deed by Lessee to Lessors shall be sufficient to
entirely clear the title to the lands so quitclaimed
from any terms or obligations of this lease.

REMOVAL OF 34. Lessee shall have, at any time, the right
CASING
to remove any tanks, pipe lines, structures, casing
or other equipment, appurtenances, or appliances
placed by it upon said land, whether affixed to
the soil or not; provided, however, that in the
case of abandonment of any well or wells, in which
Lessee has landed casing, Lessee shall notify Lessor
and if the Lessor or its successors or assigns, shall
desire to retain the same, the Lessor or its success-
ors or assigns, may, upon thirty (30) days' notice
to Lessee notifying Lessee to that effect, and with-
in thirty (30) days after giving said notice to the
Lessee, Lessor shall have the right to purchase all
salvable facilities and equipment at, and recoverable

casing in the wells, prior to the abandonment thereof, at the salvage value thereof, less cost of recovery, and shall thereafter have the right to take possession of any of said well or wells and operate the same, and produce oil and gas therefrom, or salvage casing therefrom at its sole option.

ARBITRATION 35. In the event of any controversy between the parties as to any matters of fact arising under this lease, such question of facts shall be submitted to arbitration, and the decision of the arbitrators thereon shall be a condition precedent to the right of action under the lease itself. One arbitrator shall be appointed by each of the parties hereto and a third arbitrator by the two (2) so appointed. Any decision by a majority of such arbitrators shall be binding upon both parties.

NOTICES 36. Any notice relative to this lease from Lessor to Lessee shall be deemed sufficiently delivered if written copy thereof be delivered to Lessee at the address given below, or by mailing a written copy, by registered mail, postage prepaid, addressed as follows:

Richfield Oil Corporation, 555 South Flower Street, Los Angeles, 17, California.	Signal Oil and Gas Company 811 West Seventh Street Los Angeles 17 California
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or to such other address as the addressee shall have designated by its latest written notice of change of address to the party mailing the aforesaid notice or communication.

Any notice relative to this lease from Lessee to Lessor, including payment of rents and royalties, shall be deemed sufficiently delivered if a written copy thereof be delivered or mailed by registered

mail, postage prepaid, to the Lessor, City Hall,
200 North Spring Street, Los Angeles, California.

INSURANCE

37. In connection with any and all operations contemplated hereunder, the Lessee will, prior to the commencement thereof, procure and maintain insurance against public liability and property damage for the benefit of the Lessor and the Lessee in amounts satisfactory to Lessor, and will carry adequate Workmen's Compensation Insurance. Lessee shall furnish to Lessor Certificate of Insurance evidencing the fact that such policies are carried, the extent of the liabilities therein provided, and the risks against which Lessee and Lessor are insured, which said policies shall be approved by Lessor prior to commencement of any such operations.

SURRENDER OF
POSSESSION

38. Upon the termination of this lease, whether by lapse of time or otherwise, as to all or any portion of the premises hereby leased, Lessee shall peaceably and quietly leave, surrender and yield up unto the Lessor said premises or such portion thereof as to which this lease shall have terminated, and shall remove all materials, structures, obstructions, excepting, casing, placed by it on or in the demised lands and shall fill up all trenches and holes and remove all oil debris from said premises and shall fill any other excavations made by it, and restore the land to the condition in which it was received, and Lessee shall promptly execute and deliver to said Lessor a good and sufficient quit-claim deed to be recorded in order that the record title of said premises, or the portion thereof as to which this lease has terminated, may be cleared of the cloud created by this lease.

39. Notwithstanding anything herein contained to the contrary, it is understood and agreed that any reference to the use of the demised premises or to the rights or obligations of the parties in respect thereto shall in no way be deemed to grant or lease unto the Lessee herein any right to the surface or to use or occupy in any manner whatsoever the surface of Parcel No. 3, except as described in Parcel No. 1.

40. Neither this lease nor any interest therein may be assigned by Lessee nor shall Lessee sublet any portion of the demised premises without the written consent of Lessor. Any such attempted assignment or subletting without such consent of Lessor shall be ineffective and shall confer no rights on any purported assignee or sublessee, and shall be deemed a default in the terms of this lease.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first hereinabove written.

THE CITY OF LOS ANGELES, a municipal corporation

Approved as to Form and Legality

8-12-1957

ROGER ARNESTEN

City Attorney

By

[Signature]
Deputy

By and through its Department of Recreation and Park Commissioners

By

[Signature]
President

By

[Signature]
Secretary

LESSOR

RICHFIELD OIL CORPORATION

By

[Signature]
Vice President

By

[Signature]
Assistant Secretary

SIGNAL OIL AND GAS COMPANY

By

[Signature]
Vice President

By

[Signature]
Assistant Secretary

LESSEE

~~XXXXXX~~

SUPPLEMENT TO OIL AND GAS LEASE-94A

THIS SUPPLEMENT TO OIL AND GAS LEASE-94A made and entered into this 28th day of SEPTEMBER, 1961, by and between THE CITY OF LOS ANGELES, a municipal corporation, hereinafter called CITY, and SIGNAL OIL & GAS COMPANY, a Delaware corporation, hereinafter called SIGNAL, and RICHFIELD OIL CORPORATION, a Delaware corporation, hereinafter called RICHFIELD;

W I T N E S S E T H:

WHEREAS, on May 29, 1957, the CITY, SIGNAL and RICHFIELD entered into an agreement known as Oil and Gas Lease-94A, wherein SIGNAL and RICHFIELD were granted the exclusive right to drill for, produce, extract and remove oil, gas and other hydrocarbon substances from the property known as Rancho Park and Playground; and

WHEREAS, by Ordinance No. 117,497, approved November 10, 1960, the CITY granted a franchise to RICHFIELD to install certain pipe lines in various City streets; and

WHEREAS, RICHFIELD has requested permission to install a manhole and covered concrete valve vault under a portion of Rancho Park and Playground in connection with the installation of one of the said pipe lines in Pico Boulevard in order to separate its share of the gas and other hydrocarbon substances extracted from said Rancho Park and Playground pursuant to Oil and Gas Lease 94A, and transport the same in

the said pipe lines through various City streets to its refining facilities for treatment; and

WHEREAS, the Board of Recreation and Park Commissioners by their action of March 30, 1961, found and determined that the permission sought by RICHFIELD will not result in a material interference with the use of Rancho Park and Playground for park and recreation purposes, and that the subsurface space hereinafter identified is not now needed for park and recreation purposes, and approved the grant of permission requested by RICHFIELD subject to certain conditions;

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained to be kept and performed by the respective parties hereto, it is mutually agreed that Oil and Gas Lease-94A be supplemented as follows:

1. CITY grant to RICHFIELD: Permission to locate, install, construct, maintain and repair a manhole and covered concrete valve vault in that portion of Rancho Park and Playground as shown on the drawing attached hereto and made a part hereof and marked Exhibit "A";

2. RICHFIELD will:

(a) Pay to The City of Los Angeles, Department of Recreation and Parks, each year, in advance, on or before the 30th day of March, a sum equal to forty cents (40¢) for each cubic foot of subsurface park space used for said manhole and covered concrete valve vault;

(b) Restore the grounds at its own expense after each and every installation or repair work thereon to

the same condition that such grounds existed immediately prior to the commencement of such work;

(c) Save and hold The City of Los Angeles, the Department of Recreation and Parks, and its Board, the members thereof and the officers and employees, harmless for and on account of any injury or damages to persons or to property, or both, caused by the grant of this license or by the condition or activity herein permitted.

3. The permission herein granted to RICHFIELD is revocable at the will of the Board of Recreation and Park Commissioners of The City of Los Angeles.

4. Except as expressly supplemented herein, all of the provisions, terms and conditions of Oil and Gas Lease-94A remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to Oil and Gas Lease-94A to be executed the day and year first hereinabove written.

Approved as to form and content

June 16 1961

ROGER ARMEDERSON
City Attorney

By Samuel
Deputy

THE CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners

By Harold C. Weston
President

By Ruth Knight
Secretary

SIGNAL OIL & GAS COMPANY

By W. H. Heath
VICE PRESIDENT

By Harold Brown
ASSISTANT SECRETARY

RICHFIELD OIL CORPORATION

By Tom McMillin
Assistant General Manager of Production Dept.

By Paulson
ASSISTANT SECRETARY

Rancho Park Drill Site Equipment Review Sheet

Below is the comprehensive list of the various types of equipment at the Rancho Park Drill Site located in the Rancho Park Golf Course. Please review each item and mark the table with an (X) if the equipment requires a permit from your department, (N/A) if know that a permit is not required by your department, or leave blank if there is uncertainty if a permit or approval is required by your department.

Item #	Equipment Name	Count On-Site	Description	Fire Permit	DBS Permit	Planning Approval
1	Free Water Knockout (FWKO) Vessel	1	A free-water knockout is commonly called a three-phase separator because it can separate gas, oil and free water. The liquids that are discharged from the free-water knockout are further treated in vessels called treaters. Includes inlet and outlet piping.			
2	Test Separator	1	Instrumented vessel that separates well effluent into three phases for well testing and metering. Well effluents may be gas, gas condensate, light oil, heavy oil, and foaming oil as well as oil containing water and impurities such as mud or solid particles. Includes inlet and outlet piping.			
3	Field Scrubber	5	A device to remove dirt, water, foreign matter, or undesired liquids that are part of the natural gas flowstream. A scrubber is used to protect downstream rotating equipment or to recover valuable liquids from gas. Includes inlet and outlet piping.			
4	Blowcase	5	An electrically controlled single chambered vessel that collects liquids at low pressure and uses a higher			

			pressure gas stream to boost the fluid into a higher pressure system without use of a pump.			
5	Peco Filter	2	Industrial gas separation filter for natural gas transmission and processing. Includes inlet and outlet piping.			
6	Inlet Scrubber	3	A device at the initial bulk separation of liquid/gas fluids beginning the Compression Stage of gas processing. Includes inlet and outlet piping.			
7	Inlet Bottle	2	Initial stage natural gas flow mitigation connection device where pulsating flow entering a reciprocating compressor stage, the cylinders are provided with connections to snubber that damp the pulsation.			
8	Outlet Bottle	5	Final stage natural gas flow mitigation connection device where pulsating flow exits a reciprocating compressor stage, the cylinders are provided with connections to snubber that damp the pulsation.			
9	Outlet Scrubber	1	A device at the final bulk separation of liquid & natural gas fluids ending the Compression Stage of gas processing. Includes inlet and outlet piping connections.			
10	Cold Separator	1	Inlet gas passes through a gas/gas heat exchanger where the gas leaving the cold separator cools the warm incoming gas. The inlet natural gas then heads to a chiller, typically kettle type shell and tube exchanger using propane as			

			the refrigerant. Includes inlet and outlet piping connections.			
11	NGL Stabilizer	1	Natural Gas Liquids (NGL) or Condensate Stabilizers is a tower like device that reduces the vapor pressure of produced oil/condensate for stock tank storage and transport, and increase the recoverable quantity of NGLs. Includes inlet and outlet piping connections.			
12	Glycol/NGL Separator	1	Separation vessel where glycol solution absorbs water from the wet gas. Once absorbed, the glycol particles become heavier and sink to the bottom of the contactor where they are removed. The natural gas, having been stripped of most of its water content, is then transported out of the dehydrator. Includes inlet and outlet piping connections.			
13	Reboiler	2	A shell and tube heat exchanger cylindrical vessel typically used to provide steam (heat source) to the bottom of industrial distillation columns. Includes inlet and outlet piping connections.			
14	NGL Storage Tank	1	Storage Tank for holding Natural Gas Liquids (NGL). Includes inlet and outlet piping connections.			
15	Dump Vessel	1	A separation vessel that separates the well fluids into gas and total liquid. A two-phase separator can be horizontal, vertical or spherical. The liquid (oil, emulsion) leaves the vessel at the bottom			

			through a level-control or dump valve. Includes inlet and outlet piping connections.			
16	High Pressure Receiver	1	A tank that can capture condensate at high pressures and temperatures to reuse it as boiler feedwater. Includes inlet and outlet piping connections.			
17	Liquid Overfeed Vessel	1	A recirculation separation vessel used, especially in low temperature multi-evaporator systems. The overfeed means much more liquid is fed to evaporator than the liquid actually vaporizes. Includes inlet and outlet piping connections.			
18	Oil Receiver	1	Collection tank to receive processed crude oil prior to shipping offsite through pipeline. Includes inlet and outlet piping connections.			
19	Oil Separator	2	A pressure vessel used for separating well fluids produced from oil and gas wells into gaseous and liquid components. Includes inlet and outlet piping connections.			
20	Micro Turbines	4	Small scale power generator driven by a small scale gas turbine in enclosed housing. Electrical power connections, along with inlet and outlet piping connections.			
21	Oil Wells	9	A boring of steel casing and cement into the Earth that is designed to bring petroleum oil hydrocarbons to the surface. Includes injection, production or observation wells. 6 active production wells, 1 active			

			water injection well and 2 idle production wells.			
22	Electric Motor Control Center (MCC)	1	A motor control center can include variable frequency drives, programmable controllers, and metering and may also be the electrical service entrance for the buildings or factories. Electric power connections.			
23	Compressors	2	A mechanical device that increases the pressure of a gas by reducing its volume. Includes inlet and outlet piping connections.			
24	250 barrel Waste Water Tank	1	Above ground storage tank that holds waste water. Includes inlet and outlet piping connections.			
25	1,000 Barrel Waste Water Tank	1	Above ground storage tank that holds waste water. Includes inlet and outlet piping connections.			
26	750 barrel Stock Tank	2	Above ground storage tank that holds liquid petroleum products (oil or NGL's). Includes inlet and outlet piping connections.			
27	CEB 1200 Gas Burner	1	An emissions vapor device that utilizes premix surface combustion to effectively combust waste gases through an exhaust stack. Electric power connections, along with inlet and outlet piping connections.			



Department of Conservation

Division of Oil, Gas, and Geothermal Resources – District 1

5816 Corporate Avenue • Suite 100

Cypress, CA 90630

(714) 816-6847 • FAX (714) 816-6853

MEMORANDUM**DATE:** March 29, 2017**TO:** Chris McCullough
Environmental and Facilities Unit Supervisor**FROM:** Daniel Torn *DT*
Engineering Geologist**SUBJECT:** Preliminary Inspection Report – Hillcrest Beverly Oil Corp, Rancho Park**Operator:** E & B Natural Resources/Hillcrest Beverly Oil Corp.**Address:** 3000 James Rd. Bakersfield, CA 93308**Field Name:** Cheviot Hills**Lease:** Rancho Park**Date of Inspection:** 03/08/2017**Inspectors:** Daniel Torn (Engineering Geologist) and Chris McCullough (Supervisor)

The following preliminary violations were noted during an inspection on March 8, 2017. This was a joint-inspection with agencies from the City of Los Angeles, lead by Uduak-Joe Ntuk (Petroleum Administrator for the City of Los Angeles). Additional testing of safety systems remain to be conducted before a final report can be issued. It's anticipated the safety system testing will be conducted during the month of April 2017.

Well Name/Number	Date Noted	Violation	CCR
#12 (037-17599)	March 8, 2017	Well identification sign missing	1722.1.1
Outside Facilities Fencing	March 8, 2017	Facilities fencing is damaged and/or inadequate in two locations (please see Figures 1, 2, and 3)	1778

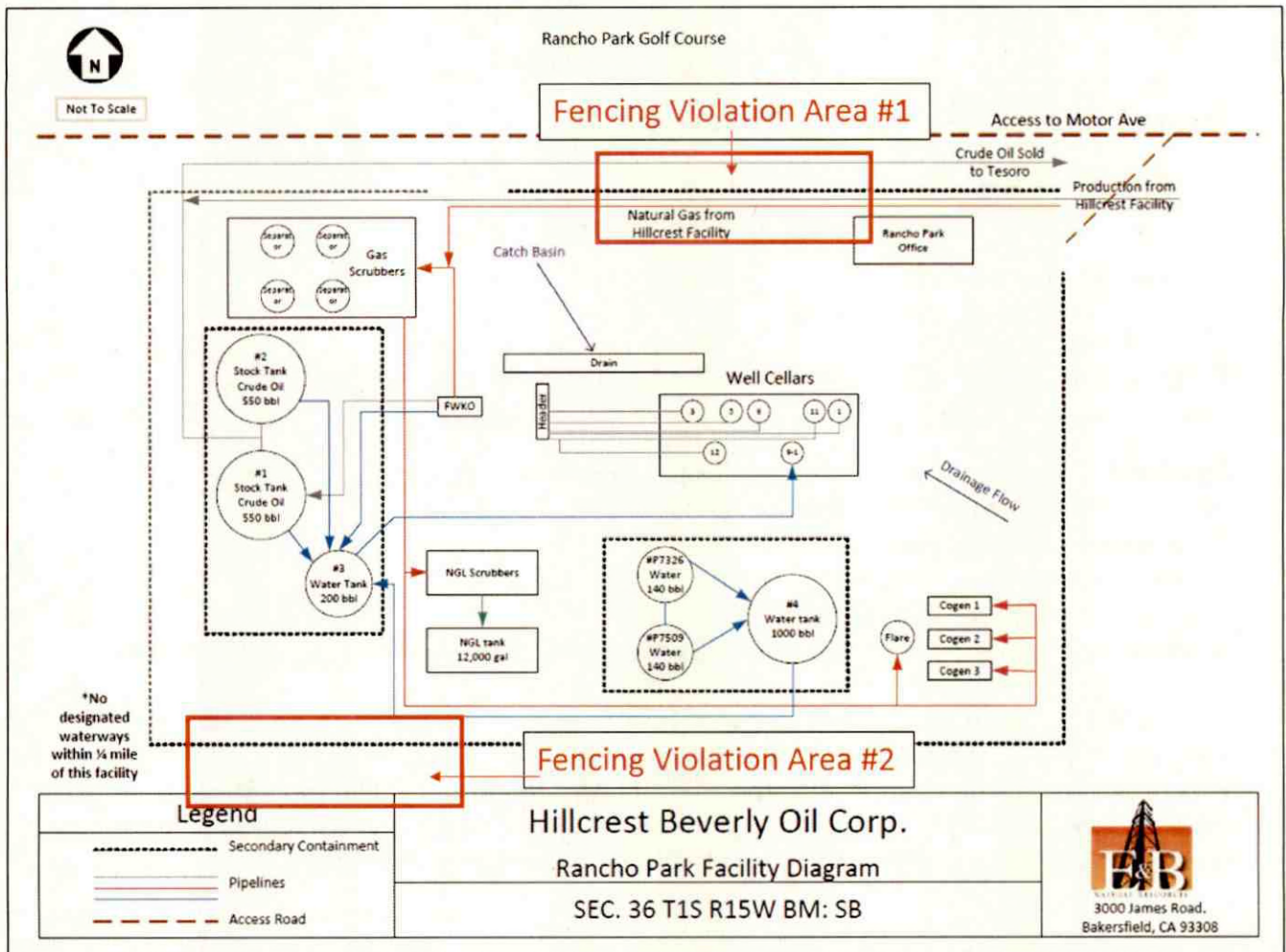


Figure 1. Displays the Rancho Park facilities map showing the two areas with fencing violations



Figure 2. Displays "Fencing Violation Area #1". The fencing is damaged and does not meet regulations.



Figure 3. Displays "Fencing Violation Area #2". The drainage system is not fenced or covered and may create access into the facility. In addition, several sections of fencing in this area is damaged.



NOTICE OF VIOLATION

April 14, 2017

Reports # **V117-00416**

Ms. Jeffrey Blesener, Agent
Hillcrest Beverly Oil Corp. (H4325)
1600 Norris Road
Bakersfield, CA 93308

Dear Mr. Blesener:

OVERDUE MECHANICAL INTEGRITY TEST, WELL “RANCHO PARK” 9-1 (037-17592),
CHEVIOT HILLS FIELD

California Code of Regulations (CCR) 1724.10(j) states, in part, that a mechanical integrity test (MIT) must be performed on all injection wells to ensure the injected fluid is confined to the approved zone or zones. An MIT shall consist of a two-part demonstration as provided in subsections (j)(1) and (2).

“Rancho Park” 9-1 (037-17592) is not in compliance as its radioactive tracer (RA) survey was last completed on 3/4/2015 and was due again on 3/4/2016.

Per your project approval letter (PAL), dated March 25, 2016, RA surveys are to be conducted every year. The well is currently out of compliance for failing to have the scheduled RA survey conducted to ensure that the injected fluid is confined to the approved zone(s).

Hillcrest Beverly Oil Corp. (HBOC) is in violation of CCR 1724.10(j) for failure to perform the required MIT on the injection well. HBOC is to bring the injection well into compliance by June 1, 2017.

Failure to comply with the statutes and regulations of the Division may result in enforcement action including, but not limited to, issuance of a civil penalty and/or order pursuant to Public Resources Code Sections 3106, 3224, 3235 and 3236.5.

If you have any questions, please contact Barry Irick at (714) 816-6847 or barry.irick@conservation.ca.gov.

Mr. Jeffrey Blesener, Agent
April 14, 2017
Page 2

Sincerely,

Scott Walker
Area Supervising Engineer

cc: Daniel J. Dudak, District Deputy
Well Files
Project File
Los Angeles City Fire Department
Los Angeles City Office of Petroleum and Natural Gas Administration
Mr. Lou Zylstra, E&B Resources

File: [\\doccyp1\data\enforcement\notices](#) of Violations\NOV2017\V117-00416



CEB® 1200 at an Oil Exploration Site

Description

AEREON's Certified Ultra-low Emissions Burner (CEB®) technology is a device unlike any other in the market. The CEB® utilizes a proprietary premixed surface combustion technology to burn VOC-laden waste gases.

The primary advantages of the CEB® products versus conventional flares or open flares are ultra-low emissions and very high VOC destruction efficiencies (99.99%). This coupled with the compact footprint and no smoke, soot, or visible flame; make it a very attractive solution for vapor combustion requirements.

The compact footprint, simple installation, easy maintenance and very low life cycle/operational costs make the CEB® suitable for every type of application from continuous and discontinuous operation to emergency backup of other equipment.

Advantages

Keep the environment clean when combusting your waste gases

- No luminous flame
- No odor
- No heat radiation
- No smoke
- Low height
- Small footprint
- Heat recovery available

[Attachment 7](#)

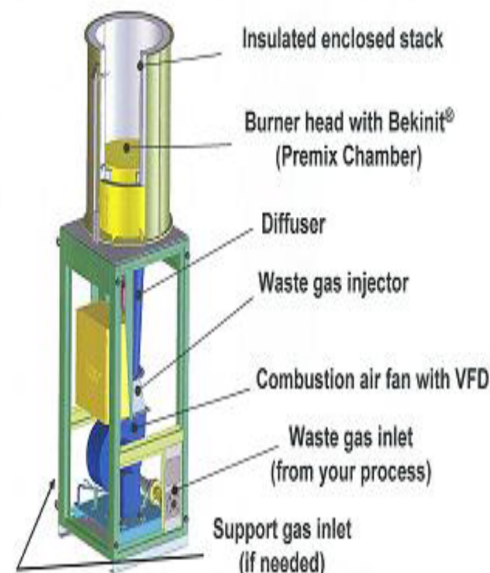
Specifications

Capacity*	898,000 SCFD or 898 MSCFD 25,500 (Nm ³ /day)
Maximum thermal capacity*	40 MMBTU/hr. (12.0 MWth)
Turndown ratio**	10:1
Footprint and height***	5' 10" x 6' 3" x 24' (178 x 191 x 731 cm)
Approximate weight	8,300 lbs. (3,770 kg)
Waste gas supply pressure	10 – 80" WC (25 – 200 mbar(g))
Fan motor size	40 hp (30 kWe)
Waste gas connection	4" ANSI 150 lbs. RF
Support gas connection	2" ANSI 150 lbs. RF
Ignition System	Spark or pilot ignition
Operating temperature	1,800 to 2,200°F (982 – 1204 °C)
Ground temperature	Ambient during operation

*Capacity is based on natural gas with gross heating value of 1,069 BTU/scf (39.8 MJ/Nm³)

** Turndown ratio can be increased for specific projects with customized units

*** Stack height is based on minimum height that meets EPA's protocol for position of the testing ports



Principal Applications

Petrochemical and chemical industries

- Vent gas flare
- Reactor, dryers and other process vents
- Tank loading
- Tank or pipeline degassing

Biogas and Synthetic Gas applications

- Pipeline Purification
- Siloxane Removal Systems
- Low caloric value biogas streams

Onshore upstream and midstream oil and gas

Design Features

Achievable emissions levels at 3% Oxygen*:

- NO_x ≤ 15 ppmv; ≤ 0.018 lbs/MMBTU (31.7 Mg/Nm³)
- CO ≤ 10 ppmv; ≤ 0.01 lbs/MMBTU (12.5 Mg/Nm³)
- C_xH_y ≤ 10 ppmv; ≤ 0.005 lbs/MMBTU (7.06 Mg/Nm³)

Combustion efficiency:

- Up to 99.99% DRE over full operating range.

*Emissions based on reference gas methane.



PERMIT TO CONSTRUCT

Granted as of 7/18/2013

ID 13627

Legal Owner
or Operator:

HILLCREST BEVERLY OIL CORP
1600 NORRIS RD
BAKERSFIELD, CA 93308

Equipment Location: 10460 W PICO BLVD, LOS ANGELES, CA 90064

Equipment Description :

ENCLOSED FLARE, GROUND, 5'- 7" W. X 6'- 5" L. X 23'- 13" H., FLARE INDUSTRIES CLEAN
ENCLOSED BURNER, MODEL CEB 1200, PROCESS GAS-FIRED, CONTINUOUS PILOT, WITH A
FUEL/AIR PREMIX CHAMBER, EQUIPPED WITH NIT MESH KNITTED METAL FIBERS BURNER,
COMBUSTION AIR BLOWER, 50 H.P., MAXIMUM 41 MMBTU PER HOUR RATED BURNER, AND
WITH AN AUTOMATIC PREMIX AND COMBUSTION TEMPERATURE CONTROLLER.

Conditions :

1. OPERATION OF THIS EQUIPMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL DATA AND SPECIFICATIONS SUBMITTED WITH THE APPLICATION UNDER WHICH THIS PERMIT IS ISSUED UNLESS OTHERWISE NOTED BELOW.
2. THIS EQUIPMENT SHALL BE PROPERLY MAINTAINED AND KEPT IN GOOD OPERATING CONDITION AT ALL TIMES.
3. THIS FLARE SHALL BURN NO MORE THAN 12 MMCF OF PROCESS GAS IN ANY ONE MONTH.
4. THE OPERATOR SHALL INSTALL A NON-RESETTABLE TOTALIZING FLOW METER TO ACCURATELY INDICATE THE FLOW RATE OF THE PROCESS GAS. THIS FLOW METER SHALL BE MAINTAINED IN GOOD OPERATING CONDITION.
5. RECORDS OF MONTHLY PROCESS GAS USAGE FOR THIS FLARE SHALL BE PREPARED, SHALL BE RETAINED ON SITE FOR TWO YEARS, AND SHALL BE MADE AVAILABLE TO DISTRICT REPRESENTATIVES UPON REQUEST.
6. THE FLARE SHALL BE EQUIPPED WITH AN AUTOMATIC TEMPERATURE MEASUREMENT AND CONTROL SYSTEM WHICH SHALL OPERATE WHENEVER THE FLARE IS IN OPERATION. THIS CONTROL SYSTEM WILL BE SET TO AUTOMATICALLY PERFORM THE FOLLOWING FUNCTIONS:
 - A. SEEK TO ACHIEVE COMBUSTION TEMPERATURE BETWEEN 1800 AND 2200 DEGREES FAHRENHEIT
 - B. SHUT DOWN THE BURNER IF COMBUSTION TEMPERATURE EXCEEDS 2550 DEGREES FAHRENHEIT

ORIGINAL

[Attachment 8](#)



PERMIT TO CONSTRUCT

- C. SOUND AN AUDIBLE ALARM IF THE COMBUSTION TEMPERATURE DROPS TO 1700 DEGREES FAHRENHEIT
- D. SHUT DOWN THE BURNER IF COMBUSTION TEMPERATURE DROPS BELOW 1400 DEGREES FAHRENHEIT

7. THE EMISSIONS FROM THE EQUIPMENT SHALL NOT EXCEED THE FOLLOWING LIMITS:

POLLUTANT	CONCENTRATION
NOX (AS NO ₂)	15 PPMVD @ 3% O ₂ , 1-HOUR AVERAGE
CO	10 PPMVD @ 3% O ₂ , 1-HOUR AVERAGE
VOC	10 PPMVD @ 3% O ₂ , 1-HOUR AVERAGE
PARTICULATE MATTER (PM) TIME	0.196 GRAINS/DSCF, APPROVED AVERAGING

8. THE OWNER OR OPERATOR OF THIS EQUIPMENT SHALL CONDUCT INITIAL SOURCE TESTS UNDER THE FOLLOWING CONDITIONS:

- A. SOURCE TEST PROTOCOL SHALL BE SUBMITTED FOR THE EXECUTIVE OFFICER'S REVIEW AND APPROVAL AT LEAST 60 DAYS PRIOR TO COMMENCEMENT OF TESTING AND SHALL BE APPROVED BY THE EXECUTIVE OFFICER BEFORE THE TEST COMMENCES.
- B. SOURCE TESTING SHALL BE CONDUCTED WITHIN 120 DAYS AFTER INITIAL START-UP UNLESS OTHERWISE APPROVED IN WRITING BY THE EXECUTIVE OFFICER.
- C. THE SOURCE TESTS SHALL BE PERFORMED TO VERIFY COMPLIANCE WITH NOX, CO, VOC AND PM EMISSION LIMITS SPECIFIED IN CONDITION NO. 7 FOR THE EXHAUST GAS. TEST METHODS AND AVERAGING TIMES SHALL BE IN ACCORDANCE WITH APPROVED AQMD SOURCE TEST PROCEDURES.
- D. THE TESTS SHALL BE PERFORMED WHEN THE FLARE IS OPERATING AT MAXIMUM, MINIMUM AND AVERAGE FIRING RATES.
- E. THE SOURCE TESTS SHALL ALSO DETERMINE THE FOLLOWING IN ACCORDANCE WITH APPROVED AQMD TEST METHODS AND AVERAGING TIMES:
 - I. BENZENE, TOLUENE, ETHYL BENZENE, AND XYLENES (FLARE INLET AND EXHAUST)
 - II. PAHS AT THE EXHAUST AT MAXIMUM FIRING RATE ONLY
 - III. VOC (FLARE INLET AND EXHAUST)
 - IV. DRY HHV IN BTU (FLARE INLET)
 - V. THE EXHAUST FLOW RATES IN ACTUAL CUBIC FEET PER MINUTE (ACFM)
 - VI. THE FIRING RATES IN BTU PER HOUR
 - VII. THE OXYGEN CONTENT OF THE EXHAUST GASES IN PERCENT
 - VIII. THE FUEL FLOW RATE

ORIGINAL



PERMIT TO CONSTRUCT

9. TWO COMPLETE COPIES OF THE SOURCE TEST REPORTS (INCLUDE THE APPLICATION NUMBER AND A COPY OF THE PERMIT IN THE REPORT) SHALL BE SUBMITTED TO THE DISTRICT (ADDRESSED TO SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT, ATTN: MARIA VIBAL, P.O. BOX 4941, DIAMOND BAR, CA 91765). THE RESULTS SHALL BE SUBMITTED WITHIN 45 DAYS AFTER THE SOURCE TEST IS COMPLETED. THE REPORT SHALL INCLUDE THE FOLLOWING:
 - I. EMISSION RATES IN POUNDS PER HOUR
 - II. CONCENTRATIONS IN PPMV AT THE OUTLET OF THE FLARE MEASURED ON A DRY BASIS AT 3% OXYGEN
 - III. NOX, CO, AND VOC EMISSIONS IN LB PER MILLION BTU INLET GAS
 - IV. VOC DESTRUCTION EFFICIENCY IN WT%
 - V. BTEX DESTRUCTION EFFICIENCY IN WT%
10. A TESTING LABORATORY CERTIFIED BY THE CALIFORNIA AIR RESOURCES BOARD IN THE REQUIRED TEST METHODS FOR CRITERIA POLLUTANTS TO BE MEASURED, AND IN COMPLIANCE WITH DISTRICT RULE 304 (NO CONFLICT OF INTEREST) SHALL CONDUCT THE TEST.
11. SAMPLING FACILITIES SHALL COMPLY WITH THE DISTRICT GUIDELINES FOR CONSTRUCTION OF SAMPLING AND TESTING FACILITIES PURSUANT TO RULE 217.
12. THE AQMD ENGINEER SHALL BE NOTIFIED OF THE DATE AND TIME OF THE INITIAL TEST AT LEAST 10 DAYS PRIOR TO THE TEST, OR WITHIN A TIME PERIOD AGREED UPON BY THE AQMD ENGINEER. THE OPERATOR SHALL INFORM THE DISTRICT ENGINEER OF THE DATE AND TIME OF THE INITIAL START-UP AND INITIAL FIRING OF GAS.
13. THE OPERATOR SHALL CONDUCT A GAS COMPOSITION ANALYSIS OF THE PROCESS GAS AT LEAST ONCE EVERY CALENDAR MONTH TO DEMONSTRATE COMPLIANCE WITH RULE 431.1. THE TEST RESULT SHALL ALSO INCLUDE THE DRY HIGHER HEATING VALUE (HHV) OF THE GAS IN BTU/SCF. RECORDS OF GAS COMPOSITION ANALYSES SHALL BE KEPT ON FILE FOR AT LEAST TWO YEARS AND SHALL BE MADE AVAILABLE TO DISTRICT PERSONNEL UPON REQUEST.
14. THIS FACILITY SHALL EMIT LESS THAN 5 POUNDS PER DAY TOTAL SULFUR COMPOUNDS, CALCULATED AS H₂S, FROM THE BURNING OF GASEOUS FUEL OTHER THAN NATURAL GAS. THE COMBUSTION OF PROCESS GAS IN ALL THE EQUIPMENT AT THIS FACILITY THAT IS BURNING GASEOUS FUEL OTHER THAN NATURAL GAS SHALL BE INCLUDED IN THIS CALCULATION. EMISSIONS OF TOTAL SULFUR COMPOUNDS SHALL BE CALCULATED BASED ON GAS ANALYSIS (CONDUCTED MONTHLY IN ACCORDANCE WITH CONDITION NO. 13), USING SCAQMD METHOD 307-91, AND THE MAXIMUM DAILY GASEOUS FUEL CONSUMPTION. THE OPERATOR SHALL KEEP RECORDS OF THE MONTHLY GAS ANALYSES, THE DAILY RECORDS OF FUEL GAS USAGE AND THE CALCULATED TOTAL SULFUR COMPOUND EMISSIONS, FOR A MINIMUM OF TWO YEARS.

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PERMIT TO CONSTRUCT

Approval or denial of this application for permit to operate the above equipment will be made after an inspection to determine if the equipment has been constructed in accordance with the approved plans and specifications and if the equipment can be operated in compliance with all Rules of the South Coast Quality Management District.

Please notify MARIA VIBAL at (909) 396 - 2422 when construction of equipment is complete.

This Permit to Construct is based on plans, specifications, and data submitted as it pertains to the release of air contaminants and control measures to reduce air contaminants. No approval or opinion concerning safety and other factors in design, construction or operation of equipment is expressed or implied.

This Permit to Construct shall serve as a temporary Permit to operate provided the Executive Officer is given prior notice of such intent to operate.

This Permit to Construct will become invalid if the Permit to Operate is denied or if the application is cancelled. This PERMIT TO CONSTRUCT SHALL EXPIRE ONE YEAR FROM THE DATE OF ISSUANCE unless an extension is granted by the Executive Officer.

DMB/MV02

Dorris M Bailey

By _____
DORRIS M.BAILEY
Principal office Assistant

ORIGINAL



South Coast Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
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This initial permit must be renewed ANNUALLY unless the equipment is moved, or changes ownership.
If the billing for the annual renewal fee (Rule 301.f) is not received by the expiration date, contact the District.

**Legal Owner
or Operator:**

ID 13627

HILLCREST BEVERLY OIL CORP
3000 JAMES RD, ATTN: SHAMS HASAN
BAKERSFIELD, CA 93308

Equipment Location: 10460 W PICO BLVD, LOS ANGELES, CA 90064

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PERMIT TO OPERATE

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South Coast Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
PERMIT TO OPERATE

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South Coast Air Quality Management District
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NOTICE

In accordance with Rule 206, this Permit to Operate or copy shall be posted on or within 8 meters of the equipment.

This permit does not authorize the emission of air contaminants in excess of those allowed by Division 26 of the Health and Safety Code of the State of California or the applicable Rules and Regulations of the South Coast Air Quality Management District (SCAQMD). This permit cannot be considered as permission to violate existing laws, ordinances, regulations or statutes of other government agencies.

Executive Officer

A handwritten signature in dark ink that reads "Dorris M. Bailey". The signature is written in a cursive, flowing style.

By Dorris M. Bailey/MV02

11/16/2016

ORIGINAL

BOARD OF
BUILDING AND SAFETY
COMMISSIONERS

VAN AMBATIELOS
PRESIDENT

E. FELICIA BRANNON
VICE-PRESIDENT

JOSELYN GEAGA-ROSENTHAL

GEORGE HOVAGUIMIAN

JAVIER NUNEZ

CITY OF LOS ANGELES
CALIFORNIA



ERIC GARCETTI
MAYOR

DEPARTMENT OF
BUILDING AND SAFETY
201 NORTH FIGUEROA STREET
LOS ANGELES, CA 90012

FRANK M. BUSH
GENERAL MANAGER

OSAMA YOUNAN, P.E.
EXECUTIVE OFFICER

ORDER TO COMPLY AND NOTICE OF FEE

E&B NATURAL RESOURCES C/O LOU ZYLSTRA
1901 CALIFORNIA ST.
HUNTINGTON BEACH, CA 92698

CASE #: 761772
ORDER #: A-4345789
EFFECTIVE DATE: April 10, 2017
COMPLIANCE DATE: May 10, 2017

PROF OF

SITE ADDRESS: 10460 W PICO BLVD - RANCHO PARK DRILL SITE

ASSESSORS PARCEL NO.: 4318-001-900

ZONE: OS; Open Space Zone

An inspection has revealed that the property (Site Address) listed above is in violation of the Los Angeles Municipal Code (L.A.M.C.) sections listed below. You are hereby ordered to correct the violation(s) and contact the inspector listed in the signature block at the end of this document for a compliance inspection by the compliance date listed above.

FURTHER, THE CODE VIOLATION INSPECTION FEE (C.V.I.F) OF \$ 356.16 (\$336 fee plus a six percent Systems Development Surcharge of \$20.16) **WILL BE BILLED TO THE PROPERTY OWNER.** The invoice/notice will be sent to the owner as it appears on the last equalized assessment roll. Section 98.0421 L.A.M.C.

NOTE: FAILURE TO PAY THE C.V.I.F. WITHIN 30 DAYS OF THE INVOICE DATE OF THE BILL NOTED ABOVE WILL RESULT IN A LATE CHARGE OF TWO (2) TIMES THE C.V.I.F. PLUS A 50 PERCENT COLLECTION FEE FOR A TOTAL OF \$1,176.00. Any person who fails to pay the fee, late charge and collection fee, shall also pay interest. Interest shall be calculated at the rate of one percent per month.

The inspection has revealed that the property is in violation of the Los Angeles Municipal Code as follows:

VIOLATION(S):

1. **Unapproved installation of 5 waste water tanks exceeding a capacity of 5000 gallons each, including supporting foundations and containment basins.**

You are therefore ordered to: Provide plans, building permits and required inspection approvals for all unapproved work associated with the tanks, or demolish and remove and return the site back to its original permitted condition.

Code Section(s) in Violation: 91.103.1, 91.104.2.2, 91.104.2.7.1, 91.106.1, 91.106.3.2, 91.108.1 of the L.A.M.C.

2. **Unapproved installation of equipment foundations.**

You are therefore ordered to: Provide plans, building permits and required inspection approvals for all unapproved work associated with equipment foundation systems, or demolish and remove and return the site back to its original permitted condition.

Code Section(s) in Violation: 91.103.1, 91.104.2.2, 91.104.2.7.1, 91.106.1, 91.106.3.2, 91.108.1 of the L.A.M.C.

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.



CODE ENFORCEMENT BUREAU

For routine City business and non-emergency services: Call 3-1-1

www.ladbs.org

INSPECTOR COPY

3. Unapproved pipe supports and foundations

You are therefore ordered to: Provide plans, building permits and required inspection approvals for all unapproved work associated with the pipe support and foundation systems, or demolish and remove and return the site back to its original permitted condition.

Code Section(s) in Violation: 91.103.1, 91.104.2.2, 91.104.2.7.1, 91.106.1, 91.106.3.2, 91.108.1 of the L.A.M.C.

4. Unapproved electrical equipment shelter.

You are therefore ordered to: Provide plans, building permits and required inspection approvals for all unapproved work associated with the electrical equipment shelter, or demolish and remove and return the site back to its original permitted condition.

Code Section(s) in Violation: 91.103.1, 91.104.2.2, 91.104.2.7.1, 91.106.1, 91.106.3.2, 91.108.1 of the L.A.M.C.

Location: South side of facility, identified as MCC on customer supplied plot plan.

5. Unapproved modular office trailer.

You are therefore ordered to: Provide plans, building permits and required inspection approvals for all unapproved work associated with the modular office trailer, or demolish and remove and return the site back to its original permitted condition.

Code Section(s) in Violation: 91.103.1, 91.104.2.2, 91.104.2.7.1, 91.106.1, 91.106.3.2, 91.108.1 of the L.A.M.C.

Location: Northeast side of facility, identified as "office trailer" on customer supplied plot plan.

6. Unapproved electrical installations.

You are therefore ordered to: Provide plans, permits, and required inspection approvals for all unapproved electrical work to include the following:

Code Section(s) in Violation: 93.0201, 93.0104, 91.103.1 12.21A.1.(a) of the L.A.M.C.

Comments: LED light fixture Feeder and transformer for modular office trailer.
All monitoring panels and control valves, including branch circuit.
All solar panels.
Fire and gas detection panel and sensors, including branch circuit.

7. Unlawful connection to potable water supply.

You are therefore ordered to: Provide permits and required inspections for reduced pressure backflow assembly installed downstream of any potable water fixtures in order to protect potable water from contamination.

Code Section(s) in Violation: 94.601.2, 94.602.0, 94.603.0, 94.603.3.9, 94.603.5.6, 94.604.0, LADWP Rule 16-D of the L.A.M.C.

Comments: All piping and outlets downstream of backflow device shall be labeled "CAUTION: NON-POTABLE WATER, DO NOT DRINK".

8. Unapproved fire protection systems.

You are therefore ordered to: Provide plans, permits, and required inspection approvals for all work associated with fire protection systems to include the following:

Code Section(s) in Violation: 94.103.1, 94.101.5, 94.101.5.6, 94.103.5.1.1, LADWP Rule 16-D of the L.A.M.C.

Comments: Automatic wet fire sprinkler system (office).
Three deluge water fire sprinkler systems (air compressor, GPI unit, theater trap).

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Two deluge foam-water fire sprinkler systems (cellar 1&2, tank farm).
Two on-site 2 1/2" fire hose valve manifolds (outside of office bldg. and MCC equipment shed).
Foam tank with distribution piping to foam-water systems.
6" fire service with back-flow preventer and Fire Department connection.
Private fire hydrant outside of gate at west entrance.

9. Unapproved operation of boilers and/or pressure vessels without approved operating permits.

You are therefore ordered to: Provide operating permits and required inspections for the following equipment:
Code Section(s) in Violation: 97.0104, 97.0301, 97.0310, 97.0303, 97.0324, 97.0314 of the L.A.M.C.
Comments: Six air receiver tanks in compressor area.
Air tank near TK4
LNG tank V29 (NGL)

NON-COMPLIANCE FEE WARNING:

YOU ARE IN VIOLATION OF THE L.A.M.C. IT IS YOUR RESPONSIBILITY TO CORRECT THE VIOLATION(S) AND CONTACT THE INSPECTOR LISTED BELOW TO ARRANGE FOR A COMPLIANCE INSPECTION BEFORE THE NON-COMPLIANCE FEE IS IMPOSED. Failure to correct the violations and arrange for the compliance inspection within 15 days from the Compliance Date, will result in imposition of the fee noted below.

In addition to the C.V.I.F. noted above, a proposed noncompliance fee in the amount of **\$660.00** may be imposed for failure to comply with the order within 15 days after the compliance date specified in the order or unless an appeal or request for slight modification is filed within 15 days of the compliance date.

If an appeal or request for slight modification is not filed within 15 days of the compliance date or extensions granted therefrom, the determination of the department to impose and collect a non-compliance fee shall be final. Section 98.0411 L.A.M.C.

NOTE: FAILURE TO PAY THE NON-COMPLIANCE FEE WITHIN 30 DAYS AFTER THE DATE OF MAILING THE INVOICE, MAY RESULT IN A LATE CHARGE OF TWO (2) TIMES THE NON-COMPLIANCE FEE PLUS A 50 PERCENT COLLECTION FEE FOR A TOTAL OF **\$2,310.00**.

Any person who fails to pay the non-compliance fee, late charge and collection fee shall also pay interest. Interest shall be calculated at the rate of one percent per month.

PENALTY WARNING:

Any person who violates or causes or permits another person to violate any provision of the Los Angeles Municipal Code (L.A.M.C.) is guilty of a misdemeanor which is punishable by a fine of not more than \$1000.00 and/or six (6) months imprisonment for each violation. Section 11.00 (m) L.A.M.C.

INVESTIGATION FEE REQUIRED:

Whenever any work has been commenced without authorization by a permit or application for inspection, and which violates provisions of Articles 1 through 8 of Chapter IX of the Los Angeles Municipal Code (L.A.M.C.), and if no order has been issued by the department or a court of law requiring said work to proceed, a special investigation fee which shall be double the amount charged for an application for inspection, license or permit fee, but not less than \$400.00, shall be collected on each permit, license or application for inspection. Section 98.0402 (a) L.A.M.C.

APPEAL PROCEDURES:

There is an appeal procedure established in this city whereby the Department of Building and Safety and the Board of Building and Safety Commissioners have the authority to hear and determine error or abuse of discretion, or requests for slight modification of the requirements contained in this order when appropriate fees have been paid. Section 98.0403.1 and 98.0403.2 L.A.M.C.

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If you have any questions or require any additional information please feel free to contact me at .
Office hours are 7:00 a.m. to 3:30 p.m. Monday through Thursday.

Inspector :



Date: April 03, 2017

SHAWN ESHBACH
221 N. FIGUEROA ST. SUITE 1100
LOS ANGELES, CA 90012

shawn.eshbach@lacity.org


REVIEWED BY

The undersigned mailed this notice
by regular mail, postage prepaid,
to the addressee on this day,

APR 04 2017

To the address as shown on the
last equalized assessment roll.
Initialed by PC

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