

**RESOLUTION**

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, The Division of Oil, Gas, and Geothermal Resources (DOGGR) is responsible for regulating the State’s oil and gas operations and investigating potential violations of statute and regulations; and

WHEREAS, State regulators have issued a \$75,000 civil penalty order to The Termo Company for illegally venting natural gas in the Aliso Canyon field. DOGGR levied \$25,000 penalties for each of three violations, noting that not only did the gas venting appear to be intentional, but also that the operator tried to hide it; and

WHEREAS, the leak was discovered when the Jet Propulsion Laboratory and South Coast Air Quality Management District flew over the field on January 23 with a forward looking infrared (FLIR) camera. Oil and gas division personnel were dispatched to the site to find the source of the leak. According to State Oil & Gas Supervisor Ken Harris: “Someone clearly made an effort to conceal the pipe, because even though we knew from aerial readings where it was generally, our field staff had to search carefully before finding it behind a tree. If it wasn’t for the aerial surveillance, the illegal discharge could have continued indefinitely.” and

WHEREAS, division inspectors returned on January 28 to find that the operator had removed the pipeline, which had been connected only to the wellhead, indicating the venting was intentional. Termo was cited for three violations: unreasonable waste of gas, improper disposal of oil field waste, and failure to maintain and monitor the production facility; and

WHEREAS, current law caps the penalty amount the Division can assess at \$25,000 per violation.

WHEREAS, Assembly Bill 2756, jointly authored by Assembly Members Tony Thurmond and Das William, would allow the Division to substantially increase civil penalty amounts for regulatory violations.

WHEREAS, AB 2756 (Thurmond and Williams would enhance the Department’s authority to regulate the oil and gas industry and protect public health and the environment. AB 2756 would:

- Enhance DOGGR’s penalty authority to ensure that penalties assessed reflect the severity of the violation and serve as an adequate deterrent to violations.
  - For most violations related to oil and gas production, existing law limits penalties to a maximum of \$25,000 per violation and limits the types of factors that can be considered in determining the total amount of a civil penalty. This can preclude DOGGR from issuing civil penalties that reflect the gravity of a violation and that serve as an adequate deterrent to irresponsible operators.

Allow up to half of penalty revenue to be spent on environmentally beneficial projects in communities impacted by oil and gas development.



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- Under this proposal, communities impacted by oil and gas activities will directly benefit from enforcement actions. These projects could involve the removal of deserted oil and gas facilities, the establishment of parks, soil or water remediation, air pollution mitigation, and others.
- Authorize DOGGR to immediately shut-in injection projects that pose a risk to groundwater.
  - However, oil and gas operators will retain critical due process rights and cost recovery if it is found that DOGGR inappropriately issued the order to cease injection.
- Strengthen DOGGR's investigative authorities to collect information about proposed and ongoing oil and gas projects, and secure witness testimony during investigative hearings.
  - This proposal would allow DOGGR to issue "investigative orders" to collect data about oil and gas operations. This will enable DOGGR to collect information about elements of oil and gas projects that could impact water quality, cause air pollution, or put the public at risk from oil spills or gas leaks. The State Water Resources Control Board issues similar orders when collecting data.
  - The bill would clarify that DOGGR's legal staff can issue subpoenas when conducting an investigation related to a disputed violation. This will ensure that parties with knowledge relevant to alleged violations will participate in administrative hearings.

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2016- 2017 State Legislative Program SUPPORT for AB 2756 (Thurmond and Williams), that will: Enhance DOGGR's penalty authority to ensure that penalties assessed reflect the severity of the violation and serve as an adequate deterrent to violations; Allow up to half of penalty revenue to be spent on environmentally beneficial projects in impacted communities; Authorize DOGGR to immediately shut-in injection projects that pose a risk to groundwater; And strengthen DOGGR's investigative authorities to collect information about proposed and ongoing oil and gas projects, and secure witness testimony during investigative hearings.

PRESENTED BY:



MITCHELL ENGLANDER  
Councilmember, Twelfth District

SECONDED BY:



ORIGINAL