

EXECUTIVE SUMMARYAgenda Item XI
WCCA
7/20/11**PROJECT OBJECTIVES, PURPOSE, AND NEED**

Pursuant to Section 15124(b) of the California Environmental Quality Act (CEQA) Guidelines, the description of the proposed project is to contain “a clearly written statement of objectives” that will aid the lead agency in developing a reasonable range of alternatives to evaluate in the Environmental Impact Report (EIR), will aid decision makers in preparing findings and, if necessary, a statement of overriding considerations.

The City, as owner and lessor of the oil field property, and Matrix, as prospective developer, operator, and lessee, each have interest in the Project.

City Objectives

- Generate a substantial, long-term income stream for the City.
- Provide long-term resources to help manage environmental issues associated with the Project within the Preserve.
- Minimize environmental impacts from the Project on the Preserve.
- Minimize noise impacts to surrounding areas.
- Minimize traffic impacts to surrounding areas.
- Minimize impacts to the functioning of the Core habitat of the Preserve.
- Minimize impacts to operational, recreational, and educational opportunities of the Preserve.
- Facilitate the long-term preservation and enhancement of the Preserve’s ecological resources and native habitat.
- Employ current technologies in an effort to reduce environmental impacts to less than significant levels.

Maintain reasonable fire safety levels for the community and open space.

Matrix Objectives

- Develop the Whittier Main Oil Field, pursuant to the terms of the Oil and Gas Lease with the City of Whittier dated October 28, 2008, utilizing current “slant-drill or high-angle well” technology and other state-of-the-art techniques while maintaining safe and efficient operations.
- Minimize impact to the Preserve, as defined in the Lease, by utilizing existing roads as much as possible and placement of production equipment and facilities on one consolidated site utilizing up to 7 acres.
- Operate in accordance with all prevailing laws and regulations to maximize safety and protect the environment.
- Minimize and mitigate negative impacts of the Project on the local community.
- Stimulate the local economy by providing opportunities for qualified local businesses to sell goods and services and for qualified workers to apply for jobs.
- Maximize oil and gas production from the field, thereby maximizing royalty payments to the City of Whittier

DESCRIPTION OF PROPOSED PROJECT

The proposed Project would involve drilling wells and producing oil and gas from the Project Site, which comprises approximately 7 acres of pad area plus additional disturbed and modified areas and roads, owned by the City, which is part of the Puente Hills Landfill Native Habitat Preserve (see Figure ES-1). The 3,869-acre Preserve is located at the eastern edge of Los Angeles County and extends across three jurisdictions: the City of La Habra Heights; the City of Whittier; and the communities of Rowland Heights and Hacienda Heights, both in unincorporated Los Angeles County. Both the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy and the Wildlife Corridor Conservation Authority, public agencies, have jurisdictional interests in the western Puente Hills (PHLNHPA 2007).

The City owns approximately 1,290 acres of former oil fields as well as the underlying mineral rights in the Preserve in the hills north of the developed areas of the City. This area was commonly known as the Whittier Main Field, an active oil field that produced oil for more than 100 years with approximately 500 drilled wells until the early 1990s. The majority of the land encompassing the oil field was purchased from Chevron and Unocal Corporation by the City via a grant of Proposition A funds. Conditions of this funding require the City to obtain the consent of the Los Angeles County Regional Park and Open Space District (“the District”) for certain proposed uses or development of the land for anything other than open space or recreational use. In order to use the proposed approximately 7 acres of the surface within the oilfield area for drilling and pumping, the City will be required to either reimburse the Los Angeles County Proposition A District for the lost acreage or provide a comparable area of land that can be used for open space.

The land is currently managed for the City by the Puente Hills Landfill Native Habitat Preservation Authority (Habitat Authority). On October 28, 2008, the City entered into an Oil, Gas, and Mineral Lease Agreement with Matrix. The agreement leases the City’s mineral rights underlying the Whittier Main Field to Matrix and provides that, subject to a conditional use permit (CUP) and contractual provisions, Matrix could have certain rights, including drilling exploratory oil wells and extracting oil, gas, and other hydrocarbons, such as natural gas liquids, from the land. In exchange, Matrix would pay the City royalties on proceeds from the sale of produced oil and natural gas. It is anticipated that the proposed Project could generate a substantial long-term income stream for the City and for the preservation and enhancement of the Preserve’s ecological resources and native habitat.

Currently, activity at the Whittier Main Field is limited to Preserve operations and activities, which consist of restoration and management of natural areas, and management of educational and recreational facilities. Visitors and hikers currently access the Preserve from the parking area along Colima Road. An outdoor seating area and restroom facilities are located at the top of the loop trail and a ranger’s residence is just inside the Preserve, near the Catalina Avenue entrance to the Preserve.

As proposed, the fully developed Project would consist of a single pad with wells, and an oil processing plant, a gas plant, and an oil-truck loading facility all located on an approximately 6.9 acre site (Project Site) within the 1,290-acre City-owned Whittier Main Oil Field. A crude oil sales pipeline and a natural gas sales pipeline would be installed underneath existing Preserve roads (the Loop Road) between the Project Site and Colima Road. This crude oil and gas pipeline would continue south under Colima Road to transport crude oil and natural gas to markets.

The Project Site would contain the oil and gas drilling and processing facilities on the single pad including a well area, a gas plant area and an oil plant area that would consist of well cellars, well test stations, liquid and gas separating equipment, a truck loading facility, an oil processing facility, and a gas plant. The total permanent area required for the pad would be approximately 6.9 acres (see Table 2-3) with an additional 6.5 acres of roadways, most of which are currently present. The County of Los Angeles Fire Department (LACoFD) may require a fuel modification zone (FMZ). An FMZ is a strip of land where combustible native or ornamental vegetation is modified or partially or totally replaced with drought-tolerant, low-fuel-volume plants to reduce fire risk around the facility. The Fire Department has stated that it would require FMZ of 20 feet for facility pads, 10 feet for roads and 100 feet for the office building. The FMZ would encompass an additional 6.9 acres along roadways and around the pads. Up to 8.5 additional acres may be temporarily disturbed for construction and grading the site (see Appendix A) including areas disturbed for parking and staging of construction equipment. These 8.5 acres would be re-vegetated after construction is completed. The total impacted area associated with pads, roads, FMZ, and construction-related temporarily disturbed areas would be 30.6 acres.

Roads, pipelines, and utility poles would also be constructed. Electrical and pipeline interconnections would be made to the Southern California Edison (SCE) grid and the City of Whittier Sewer and Water District systems. After initial testing, access to the Project would be from both Catalina Avenue and Penn Street through the Landfill property and through the Preserve to the Project Site (North Access Road). Vehicles with two axles under 3 tons would access the Project Site through Catalina Avenue (generally, automobiles and pickups). Vehicles with more than two axles or over 3 tons (generally trucks), or vehicles towing trailers, would use the Penn Street entrance and the North Access Road to access the Project Site.

Oil and gas would be transported by truck during the Drilling and Testing Phase and by pipeline during the normal Operations and Maintenance Phase.

During the testing phase and the construction phase, Matrix proposes to transport crude oil in tanker trucks (10,000-gallon capacity) through Catalina Avenue until the North Access Road is completed and then until the permanent sales oil pipeline is constructed.

During operations, Matrix proposes two methods for transporting the marketable crude oil. One method would be via the Truck Loading Facility inside the Project Site area, where the oil would be loaded onto oil tanker trucks and transported via the North Access Road to a nearby receiving terminal and then transferred into the Crimson California Pipeline System. Oil would be transported by this method during rare periods when the pipeline system is shut down.

The second oil transportation method would transfer the marketable crude oil by pipeline from the Project Site to the existing Crimson Pipeline System via a new 2.8-mile pipeline connection to a tie-in at Leffingwell Road and La Mirada Boulevard. The Crimson Pipeline System would transport the crude to the ConocoPhillips Refinery in Wilmington. This would be the primary transport method, while the tanker truck method would be used during the oil pipeline construction and then as a back-up when the pipeline is temporarily shutdown.

The proposed Project would involve three distinct development phases. The first phase, the Drilling and Testing Phase, would involve drilling three test wells at the Project Site and assessing the quality and quantity of oil and gas produced. Assuming successful testing, the second phase, the Design and Construction Phase, would involve construction of well cellars, the installation of gas and oil processing equipment, and gas/crude transportation facilities. The third phase, the Operations and Maintenance Phase, would involve drilling the remaining wells (for a total of up to 60 wells; three test wells drilled during the test phase and the remaining 57 wells drilled during the Operations and Maintenance phase), as well as the operation and maintenance of the gas and oil facilities and the wells, which would include well workovers and occasional well re-drilling.

PROPOSED PROJECT ENVIRONMENTAL IMPACTS AND MITIGATION

The proposed Project would generate potentially significant environmental impacts in air quality, biological resources, safety, risk of upset and hazardous materials, geology, noise, aesthetics, traffic, hydrology and water resources, land use, fire protection and recreation.

Significant and unavoidable impacts would remain in air quality, aesthetics, hydrology, land use and recreation.

Air Quality

Significant and unavoidable impacts to air quality would occur during construction activities as emissions would exceed the South Coast Air Quality Management District (SCAQMD) significance thresholds, and operations and drilling at the Project Site would likely produce emissions of greenhouse gases (GHG) beyond SCAQMD thresholds. Although mitigation measures would not reduce the impacts to a less than significant level, the operator would submit and implement a Fugitive Dust Control Plan, and implement a program to quantify and reduce greenhouse gas emissions associated with operations.

Impacts to air quality that are less than significant with mitigation would occur during operational activities. Operational and drilling activities at the Project Site would also create odor events and emit toxic materials. Mitigation measures for these impacts include ensuring operator compliance with all SCAQMD regulations, ensuring all drilling engines meet EPA Tier 3 emission levels, providing a gas buster and SCAQMD-approved portable flare, installing a detection system that monitors vapor space on all crude oil tanks, developing an Odor Minimization Plan and an Air Monitoring Plan, ensuring use of an odor suppressant spray system and installing CARB-Verified Level 3 diesel catalysts.

Biological Resources

There are no significant and unavoidable impacts to biological resources. Impacts to biological resources that are less than significant with mitigation would occur as the proposed Project could interfere with the movement of native resident or wildlife species or with established native resident or migratory wildlife corridors, or interfere with the use of native wildlife nursery sites. Mitigation measures that would reduce the impacts to a less than significant level include: installing sound walls around drilling sites; designing and shielding Project lights; using native species landscaping; scheduling initial construction outside of the songbird breeding season; surveying nesting hawks or owls prior to tree removal during designated periods; and implementing measures to reduce impacts on nesting bats.

Additional impacts to biological resources that are less than significant with mitigation could occur during Project grading and vegetation clearing, resulting in the permanent and temporary loss of mulefat scrub riparian habitat. This also could result in a substantial adverse effect on sensitive species, sensitive species habitat, and sensitive habitat due to a rupture or leak from oil wells, pipelines or other oil field-related infrastructure. Mitigation measures for these impacts include restoring degraded habitats, revegetating all graded slopes outside of permanent impact areas, obtaining all applicable federal and state permits and agreements, including a US Fish and

Wildlife Service Incidental Take Statement and Section 404 Permit from the U.S. Army Corps of Engineers, and preparing an Emergency Response Action Plan.

Safety, Risk of Upset, and Hazardous Materials

There are no significant and unavoidable impacts related to safety, risk of upset, and hazardous materials. Releases of flammable gas from the proposed Project Well Area and Processing Area facilities would not impact nearby residences as the facilities are located too far away from receptors. Regardless, mitigation requiring site security methods, such as securing entrance gates, limiting climbable landscaping, installing video surveillance systems, posting emergency contact information, and implementing visitor and employee security policies, as well as audits of facility operations has been included.

Impacts to system safety and reliability that are less than significant with mitigation involve the transportation of natural gas along Colima Road and the effect on groundwater and environmental and public health due to soil contamination mobilization. Mitigation measures for these impacts include installing automatic shutdown valves on the Colima gas pipeline, installing warning tape above the pipeline within the pipeline trench, and conducting site contamination area assessments before construction, including sampling soils and excavating materials.

Geological Resources

There are no significant and unavoidable impacts to geological resources. Impacts to geological resources that are less than significant with mitigation include damage to structures and infrastructure that could result in loss of property or risk to human health and safety, and release of crude oil into the environment. Mitigation measures for these impacts include complying with all applicable codes and regulations and conducting a detailed geotechnical evaluation. Impacts to geological resources that are less than significant include an adverse effect on adjacent properties or de-stabilization of the existing hillside due to temporary excavations. Mitigation measures for these impacts include ensuring that temporary shoring designs and slot cut excavation schemes comply with all applicable regulations.

Noise and Vibration

There are no significant and unavoidable impacts to noise and vibration. Impacts to noise and vibration that are less than significant with mitigation include increased noise levels due to construction machinery and drilling and operational activities. Mitigation measures for these impacts include limiting construction hours, developing and implementing a Noise Reduction Plan, instituting a quiet-mode for operations, providing a comprehensive noise abatement study, and installing noise barriers and enclosures.

Aesthetics and Visual Resources

Significant and unavoidable impacts to area aesthetics would occur during the Project. Specifically, public viewsheds would be impacted by the installation of the oil drilling rig. Although mitigation measures would not reduce the impacts to a less than significant level, berms and landscaping with native vegetation shall be planted at the periphery of the property and all visible structures shall be painted non-reflective earth-tone colors. See Figure ES-3 for a photo simulation of the view from the Deer Loop Trail.

An impact to aesthetics and visual resources that is less than significant with mitigation includes an increase in nighttime lighting and glare as well as views of operational equipment. To mitigate this impact, all point lighting sources shall be screened and directed to prevent offsite spillover lighting effects and landscaping and berms shall be added.

Transportation and Circulation

There are no significant and unavoidable impacts to transportation and circulation. Impacts to transportation and circulation that are less than significant with mitigation include an increase in area traffic as a result of the proposed Project and a significant impact along area streets due to construction of the pipeline. Mitigation measures for these impacts include providing striping enhancements and signal improvements in designated areas, limiting Project-related traffic to non-peak hours, implementing safety and access improvements, and submitting a Traffic Management Plan to the City and County.

Hydrology and Water Resources

Significant and unavoidable impacts to surface and groundwater quality could occur from a rupture or leak of crude oil from drilling, operations or from pipelines or other infrastructure. These impacts could not be mitigated to insignificance. Although mitigation measures would not reduce the impacts to a less than significant level, Project Site inspections would be required and the Applicant would be required to properly maintain the crude oil pipelines within the Preserve.

Impacts to hydrology and water resources that are less than significant with mitigation include a potential increase in erosion, storm runoff, surface runoff, and runoff pollutants. Mitigation measures for these impacts include minimizing impervious surfaces, directing pollutant runoff, implementing a Storm Water Pollution Prevention Plan, preparing a hydrology study, lining the well cellar with an impermeable membrane, and implementing an Oil Spill Contingency Plan.

Cultural Resources and Archeology

There are no significant and unavoidable impacts to cultural resources or archeology. Impacts to cultural resources and archeology that are less than significant with mitigation include historical resources impacts, and unanticipated disturbance to human remains and paleontological resources due to construction. Mitigation measures for these impacts include developing a monitoring plan and halting area activities for expert assessment when resources are discovered.

Wastewater

There are no significant and unavoidable impacts to wastewater. The treatment of wastewater potentially exceeding statutory requirements is a less than significant impact to wastewater with mitigation. Mitigation measures for this impact include evaluating the capacity of the existing sewer line system prior to any connection, and providing temporary mobile sanitary facilities for construction workers.

Land Use and Policy Consistency Analysis

A significant and unavoidable impact to land use and policy consistency includes views of Project-related equipment (the drilling rig) that could be incompatible with adjacent land uses. Although mitigation measures would not reduce the impacts to a less than significant level, the Applicant would be required to implement applicable aesthetic and visual resources mitigation measures.

Impacts to land use and policy consistency analysis that are less than significant with mitigation include nighttime lighting and glare, increased noise, emission and odor levels, and conflicts with adopted land use plans, policies, ordinances, or planning efforts. Mitigation measures for these impacts include implementing related mitigation measures from other sections, including noise and vibration, biological resources, recreation, and aesthetics and visual resources.

Fire Protection and Emergency Services

There are no significant and unavoidable impacts to fire protection and emergency services. Impacts to fire protection and emergency services that are less than significant with mitigation include increased risk of wildfires and potential deficiencies in firewater supplies, equipment layout, detection systems, or emergency response. Mitigation measures for these impacts include providing sufficient firewater supplies, implementing fuel modification areas, developing emergency response plans, ensuring compliance with applicable codes and standards, and implementing a community alert notification system.

Public Services and Utilities

There are no significant and unavoidable impacts to public services and utilities or impacts that are less than significant only with mitigation. Impacts to public services and utilities that are less than significant include a potential increase in demand for potable water, and an increase in solid waste generation. A mitigation measure for these impacts includes preparing and implementing a recycling plan.

Recreation

A significant and unavoidable impact to recreation would occur due to an adverse effect on recreational viewsheds due to new drilling and operations. Although mitigation measures would not reduce the impacts to a less than significant level, the Applicant would be required to implement applicable aesthetic and visual resources mitigation measures.

Impacts to recreation that are less than significant with mitigation include a reduction in planning efforts to protect recreational resources, and recreational activities affected by Project-related noise and odors. Mitigation measures for these impacts include constructing and maintaining interpretive signage within the Preserve's trails and implementing mitigation measures from other sections, including noise and vibration and aesthetics and visual resources.

Energy and Mineral Resources

There are no significant and unavoidable impacts to energy and mineral resources or impacts that are less than significant only with mitigation. Impacts to energy and mineral resources that are