



REVIEW AND EVALUATION OF PROPOSED  
**WHITTIER OIL AND GAS PROJECT**  
FOR CONSISTENCY WITH PROPOSITION A



*Prepared for City of Whittier*  
July 2011



## ABOUT COMMUNITY CONSERVATION SOLUTIONS

COMMUNITY CONSERVATION SOLUTIONS' mission is to tackle the most complex and challenging problems created when people and nature intersect. Community Conservation Solutions (CCS) does this by developing creative, practical and lasting solutions that unite diverse communities and interests and leverage investments of public funds. CCS has successfully crafted innovative solutions to serious environmental problems affecting California's natural and human communities by integrating the protection and restoration of natural lands and waters with compatible community uses, economic benefits and permanent public benefits.

Community Conservation Solutions works on diverse projects in urban and rural areas that help both natural habitats and people. CCS' projects range from parks and beaches to wilderness and watersheds, and from recreational sites to mixed-use developments. CCS is a 501(c)(3) non-profit, tax-exempt organization.

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# ABOUT THIS REPORT

*By Esther Feldman*

*with Julia Shiplacoff*

## LIMITATIONS

This report is based solely upon a review of the data sources listed below. This report is not meant to state or imply an endorsement of the proposed Whittier Oil and Gas Project by the authors of this report or by Community Conservation Solutions. This report's scope is limited to an analysis of the consistency of the language and intent of Los Angeles County Proposition A (1992 and 1996) and its implementing documents with the proposed Whittier Oil and Gas Project, as described in the October 2010 Draft Environmental Impact Report (DEIR).

This report does not reflect any subsequent changes to the DEIR as re-circulated in June 2011. Modifications or corrections made to data used in this report as a result of changes in the DEIR could result in changes to this report's analysis and findings.

## FUNDING SOURCES

This Review and Evaluation of the Proposed Whittier Oil and Gas Project for Consistency with Proposition A was funded by the City of Whittier. The legal analysis and review by Akin Gump Strauss Hauer & Feld LLP was funded by Matrix Oil Corporation.

## DATA SOURCES

This report is based on the data contained in the Environmentally Superior Alternative as described in the Draft Environmental Impact Report Public Draft (DEIR) for the Whittier Main Oil Field Development Project, October 2010, prepared by Marine Research Specialists. It does not reflect any subsequent changes to the DEIR as re-circulated in June 2011.

This report relies on information included in a legal review and analysis by Carlyle W. Hall, Jr. of Akin Gump Strauss Hauer & Feld LLP in July 2011. This report also relies on data from the Resources Management Plan for the Puente Hills Landfill Native Habitat Preservation Authority, dated July 26, 2007, and prepared by LSA Associates, Inc. for the Puente Hills Landfill Native Habitat Authority and on information provided by Matrix Oil Corporation and the City of Whittier.

Maps included in this report are based on data from the Puente Hills Landfill Native Habitat Authority, the Draft EIR for the Whittier Main Oil Field Development Project (October 2010), Los Angeles County Assessor Property Records 2010, Census Tiger Files 2009, ESRI 2009, California Protected Areas Database 2010 - GreenInfo Network, National Agriculture Imagery Program (NAIP) 2009, and the National Park Service.

# TABLE OF CONTENTS

Executive Summary .....	1
L.A. County Proposition A: Funding for Parks, Recreation, Beaches, Habitats and Open Space .....	6
The Puente Hills Landfill Native Habitat Preserve .....	11
The Proposed Whittier Oil and Gas Project .....	15
Findings and Conclusion .....	18

## MAPS

Puente Hills Landfill Native Habitat Preserve – Location .....	1
Puente Hills Landfill Native Habitat Preserve & Puente-Chino Hills Wildlife Corridor .....	8
Proposed Oil Project Components & Changed Land Use Acres .....	14



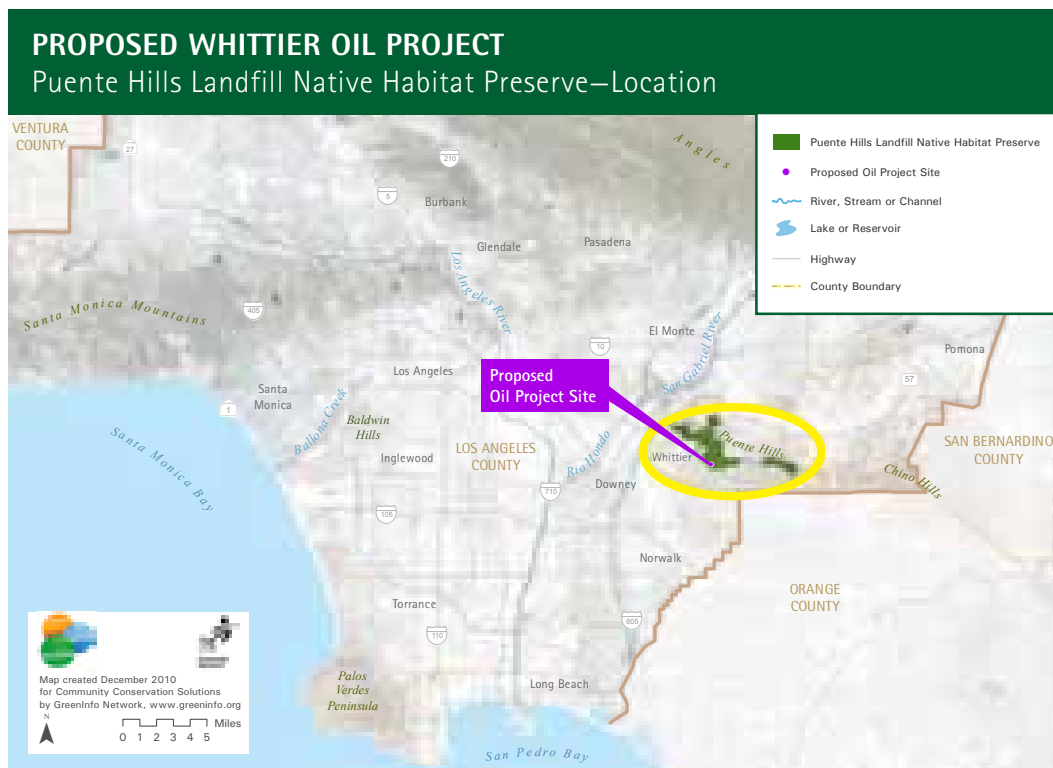
# EXECUTIVE SUMMARY

In connection with the City of Whittier's consideration of a proposed oil and gas project in the Puente Hills Landfill Native Habitat Preserve, on land purchased with Proposition A funds, Community Conservation Solutions (CCS) was retained to determine whether or not the project can be consistent with Proposition A, the Los Angeles County Parks Act of 1992.<sup>1</sup> This report presents CCS' analysis and findings, which rely on the environmental analysis contained in the Draft Environmental Impact Report for the project (October 2010), the Resource Management Plan for the Puente Hills Landfill Native Habitat Authority, information from Matrix Oil Corporation and the City of Whittier and a legal review and analysis by Carlyle W. Hall, Jr. of Akin Gump Strauss Hauer & Feld LLP.<sup>2</sup>

This report is intended to resolve questions about the intent and requirements of Proposition A and its implementing documents as related to the proposed oil and gas project and to land purchased with Proposition A funds for open space and habitat. This report's scope is limited to an analysis of the consistency of Los Angeles County Proposition A and its implementing documents with the proposed Whittier Oil and Gas Project, as described in the October 2010 DEIR, and is based solely upon a review of the data sources described on page i. This report does not evaluate project impacts from a California Environmental Quality Act ("CEQA") perspective, and is not written as a CEQA environmental document.

Community Conservation Solutions believes that this review and analysis is particularly appropriate because of the potential precedent for similar situations related to Proposition A that may arise in other parts of Los Angeles County in the future. This report is not meant to state or imply an endorsement of the proposed Whittier Oil and Gas Project by the authors of this report or by Community Conservation Solutions.

Because the land proposed for the oil and gas project is an integral part of the Puente Hills Landfill Native Habitat Preserve, this analysis considers the entire 4,000-acre Preserve as well as the proposed project site.



1 L.A. County Safe Neighborhood Parks, Gang Prevention, Tree-Planting, Senior and Youth Recreation, Beaches and Wildlife Protection Act of 1992 and amended in 1996.

2 Carlyle W. Hall, Jr., Akin Gump Strauss Hauer & Feld LLP (July 2011). *Legal Analysis of Whittier's Right to Extract Oil and Gas Resources Underlying Its Park and Open Space Properties in the Whittier Hills Consistent with Longstanding California Real Estate Law Principles and with Proposition A.*



*Location of the proposed Oil Project in the Puente Hills and view of the Puente Hills Preserve*

## SUMMARY

We conclude that Proposition A's intent and goals can be preserved and that the proposed oil and gas project can be carried out in a manner that is consistent with Proposition A and its implementing documents. The majority of the surface uses of habitat and open space would not be altered, because at most, less than 3% of the property bought with Proposition A funds would be changed or disturbed. Modern technology would allow the oil and gas operations to be conducted from a small, consolidated site and to be located largely underground, so subsurface uses would not change the overall surface use of the property as open space and habitat.

Proposition A requires that changes of use of lands purchased with Proposition A funds be replaced to ensure that there is no net loss of parklands in the Puente Hills area. The land use on up to 20 acres would change, and would need to be replaced with comparable or higher value open space or habitat. The proposed oil and gas project could generate an estimated \$400 to \$1 billion in royalty payments to the City over a 25 year period, depending on the number of wells permitted by the City, when those wells begin producing, oil and gas production levels and oil and gas prices.

In recognition of the role of Proposition A in providing the opportunity for the proposed oil and gas project, a portion of the royalties that the project generates should be shared with other areas of Los Angeles County for acquisition, restoration and enhancement of significant regional park, recreation, habitat, and open space lands, consistent with Proposition A. This acknowledges the pivotal role of Proposition A and is consistent with the specific intent as well as with the spirit of the measure.



# BACKGROUND

In 1992, Los Angeles County voters approved Proposition A, a countywide ballot measure that provided funding for a broad range of park, habitat, recreation and other open space acquisition and improvement projects throughout L.A. County.

The City of Whittier ("City"), after conducting a public bidding process, has proposed leasing approximately seven acres of the nearly 4,000-acre Puente Hills Landfill Native Habitat Preserve ("Puente Hills Preserve") to Matrix Oil Corporation and Clayton Williams Energy, Inc. ("Matrix/Clayton Williams") to permit extraction of oil and gas from underneath 1,290 acres of the Preserve, in an area formerly owned and operated by Chevron and Unocal as the Whittier Main Oil Field. This 1,290-acre acquisition ("the Subject Property") was purchased by the City with Proposition A funds in 1995 for preservation of natural lands and development of related trails and facilities. The proposed oil and gas project (the "Oil Project") is currently being evaluated by the City pursuant to CEQA.

The City would receive approximately \$500,000 in lease payments from Matrix/Clayton Williams, annual funding for the Puente Hills Landfill Native Habitat Authority, and royalties from the oil and gas production estimated to range from \$400 to \$1 billion over 25 years, depending on the number of wells permitted by the City, when those wells begin producing, oil and gas production levels and oil and gas prices.

The Puente Hills Preserve is managed for habitat, open space and recreational purposes, and is part of the 31-mile Puente-Chino Hills Wildlife Corridor (see map on page 8), which connects the Puente and Chino Hills with the Santa Ana Mountains in the Cleveland National Forest. One fifth of the Puente Hills Preserve – including nearly 60% of the 1,290 acres purchased with Proposition A funds – is designated as Core Habitat Management Area. This area is closed to public use to provide undisturbed habitat for native vegetation and breeding habitat for wildlife, to allow habitat recovery to occur over time on lands degraded from over 100 years of human disturbance and to protect remaining native habitat in this area.<sup>3</sup>

The Preserve contains numerous examples of plant communities native to Southern California and is home to many native wildlife species, including nesting pairs of the federally listed coastal California Gnatcatcher, which are located on the Subject Property, and several other species of special status and concern. Much of the closed area and other areas of the Puente Hills Preserve contain fragmented habitat and are dominated by non-native plant species. Numerous trails and view overlooks provide public access in the other areas of the Preserve which are open to public use.

The City of Whittier has for decades been a proactive and innovative leader in protecting and restoring the natural habitat of the Puente Hills and in working to create and protect the Puente-Chino Hills Wildlife Corridor. The proposed Oil Project could provide a revenue source to assist with restoration of natural habitat within the Preserve, acquisition of open space lands adjacent to the Preserve, improvement of trails and public access, and on-going maintenance and operations, as well as providing revenue to assist the City in providing other services to its residents.

## COMMUNITY CONSERVATION SOLUTIONS' REVIEW

- Consistency with Proposition A
- Intent and requirements of Proposition A
- Actions Needed by L.A. County (District) and City of Whittier

<sup>3</sup> LSA Associates, Inc. (July 26, 2007). *Resource Management Plan*. Section 5.1.2. Prepared for the Puente Hills Landfill Native Habitat Preservation Authority.

# ABOUT COMMUNITY CONSERVATION SOLUTIONS

Community Conservation Solutions ("CCS"), an innovative conservation organization dedicated to solving the complex problems that occur where people and nature intersect, was asked by the City to review the proposed Oil Project related to the requirements and intent of Proposition A and the requirements of the City's Project Agreement with the Los Angeles County Regional Park and Open Space District ("District").

CCS is uniquely qualified to examine Proposition A as it applies to the proposed Oil Project. In addition to the organization's success in addressing complicated conservation issues, CCS' President, Esther Feldman, provided the vision for, conceived of and authored Proposition A. Ms. Feldman directed the state legislative effort to secure passage of the authorizing statute, worked with a countywide Citizens Advisory Committee, L.A. County and all the cities in the County to draft Proposition A, and directed the countywide campaigns to pass both the 1992 and 1996 measures.

## CCS EVALUATED THE FOLLOWING QUESTIONS

- Can the proposed Oil Project be carried out in a manner consistent with Proposition A and its implementing documents?
- What must the City do to comply with the requirements and intent of Proposition A?
- How much surface parkland area would be changed from park and open space uses as a result of the proposed Oil Project and would have to be replaced with comparable parkland pursuant to the requirements of Proposition A?
- What actions are needed by L.A. County (District)?

## LIMITATIONS

This report is based on the Environmentally Superior Alternative as described in the Draft Environmental Impact Report ("DEIR"), October 2010. This report does not evaluate specific project impacts from a CEQA perspective, and it is not written as a CEQA environmental document. It assumes that all requirements under CEQA will be addressed by the City as the lead agency for the proposed project.

This report does not reflect any subsequent changes to the DEIR as re-circulated in June 2011. Modifications or corrections made to data used in this report as a result of changes in the DEIR could result in changes to this report's analysis and findings.

# SUMMARY of FINDINGS

## Proposition A

- The proposed Oil Project can be consistent and compatible with Proposition A and its implementing documents.

## Replacement of Parklands Whose Use is to be Changed to Ensure No Net Loss of Parklands in the Puente Hills

- Proposition A allows for a change of use of parklands purchased with Proposition A funds, and requires that the changed use acreage be replaced to ensure that there is no net loss of parklands in the Puente Hills area.
- Between 12 and 20 acres of parkland would be subject to a changed use and, pursuant to Proposition A, these acres must be replaced with parkland with comparable or higher open space or habitat value within the Whittier/Puente Hills.
- The replacement parklands must ensure that there is no net loss of habitat or open space values or function, and should be acquired adjacent to the Subject Property. If this is not possible, the second priority location is adjacent to the Preserve.
- Less than 2% of the surface parkland uses of the Subject Property would be changed. At most, including temporary disturbances during the construction phase that would be restored, less than 3% of the surface would be changed or disturbed.
- Replacement of changed use acreage should preserve the original Proposition A intent and regional benefit.
- If a land swap is feasible, it should be considered as a first priority.

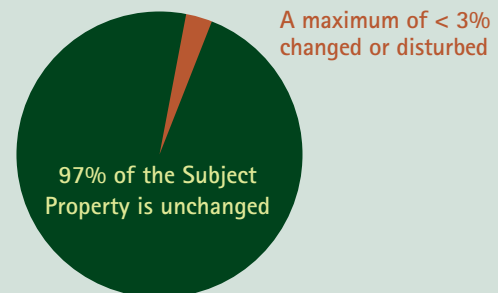
## Actions Needed by L.A. County (District) and City of Whittier

- The City must submit the Matrix/Clayton Williams conditional lease agreement to the District for its approval prior to granting a Conditional Use Permit for the proposed Oil Project.
- The lease agreement can only become operative if the District releases the Prop. A land from protected status.
- The City must complete the CEQA environmental review process and approve a Final EIR.
- The City cannot enter into the lease if it violates federal regulations restricting the use of funds from tax-exempt bonds. The City should provide an analysis of these regulations as they pertain to the proposed Oil Project.

## Share Royalties from the Oil Project with L.A. County

- A portion of the royalties from the Oil Project should be shared with other areas of L.A. County for regional park, recreation, habitat, and open space projects, consistent with Proposition A.

### MAXIMUM CHANGED AND DISTURBED PARKLAND ACRES



- At most, less than 3% of the Subject Property would be changed or temporarily disturbed.
- 12 to 20 acres of changed use parkland must be replaced.

# L.A. COUNTY PROPOSITION A

## Funding for Parks, Recreation, Beaches, Habitat and Open Space

### HISTORY

In 1992, 64% of the voters of Los Angeles County approved Proposition A, the Safe Neighborhood Parks, Gang Prevention, Tree-Planting, Senior and Youth Recreation, Beaches and Wildlife Protection Act of 1992 ("Proposition A"). Proposition A established the Los Angeles County Regional Park and Open Space District ("District"), levied assessments to fund the purposes of the District and allocated \$540 million for acquisition, improvement, restoration and rehabilitation of parks, recreation facilities, rivers, beaches and natural habitat lands throughout L.A. County.

Proposition A's emphasis was on projects that provide regional benefits throughout the County. It allocated funds for a wide range of specific park-related purposes and for nearly 100 specific regional projects, including \$17.3 million for acquisitions and improvements in the Whittier Hills. Proposition A was supplemented by County voters in 1996 with an additional \$319 million.

Proposition A defines "natural lands" as relatively undeveloped land which has substantially retained its natural characteristics, or which can be restored to a near-natural condition, and which derive their value from wildlife, scenic, open space, parkland or recreational characteristics. Proposition A further defines natural lands as those that meet the definition of open space lands in Section 65560 of the California Government Code.

Since Proposition A's passage, throughout L.A. County more than 21,000 acres of parks, habitat and natural open space have been acquired, numerous park and recreation facilities constructed, many miles of trails created, and thousands of park or habitat acres improved or restored. The County, all 88 cities in the County, the Santa Monica Mountains Conservancy, and numerous non-profit organizations have received funds from Proposition A.

Proposition A earmarked funds for the Whittier Hills, as the Puente Hills were then called. Specifically, three sections of Proposition A allocated funds for particular uses within the Whittier Hills:

- Section 8(b) allocated funds for direct grants to cities within the District for the acquisition, development, improvement, rehabilitation or restoration of land for a variety of parks, recreation, wildlife habitat and natural lands purposes. All projects included in this category had to meet specified regional project criteria. In particular, subsection (2)(QQ) of Section 8(b) earmarked \$9.3 million to the City of Whittier for the "acquisition of natural lands and development of related facilities in the Whittier Hills."
- Section 8(c) allocated funds to the Santa Monica Mountains Conservancy for the acquisition of park and open space lands and the development of related recreational facilities. Subsection (6) of Section 8(c) specifically provided \$7 million to the Conservancy for expenditure in the Whittier Hills for the preservation of park and open space lands.
- Section 11 provided competitive grant funds for the acquisition, development and improvement of real property for trails and public access, and \$1 million from this category was specifically earmarked for use within the Whittier Hills.

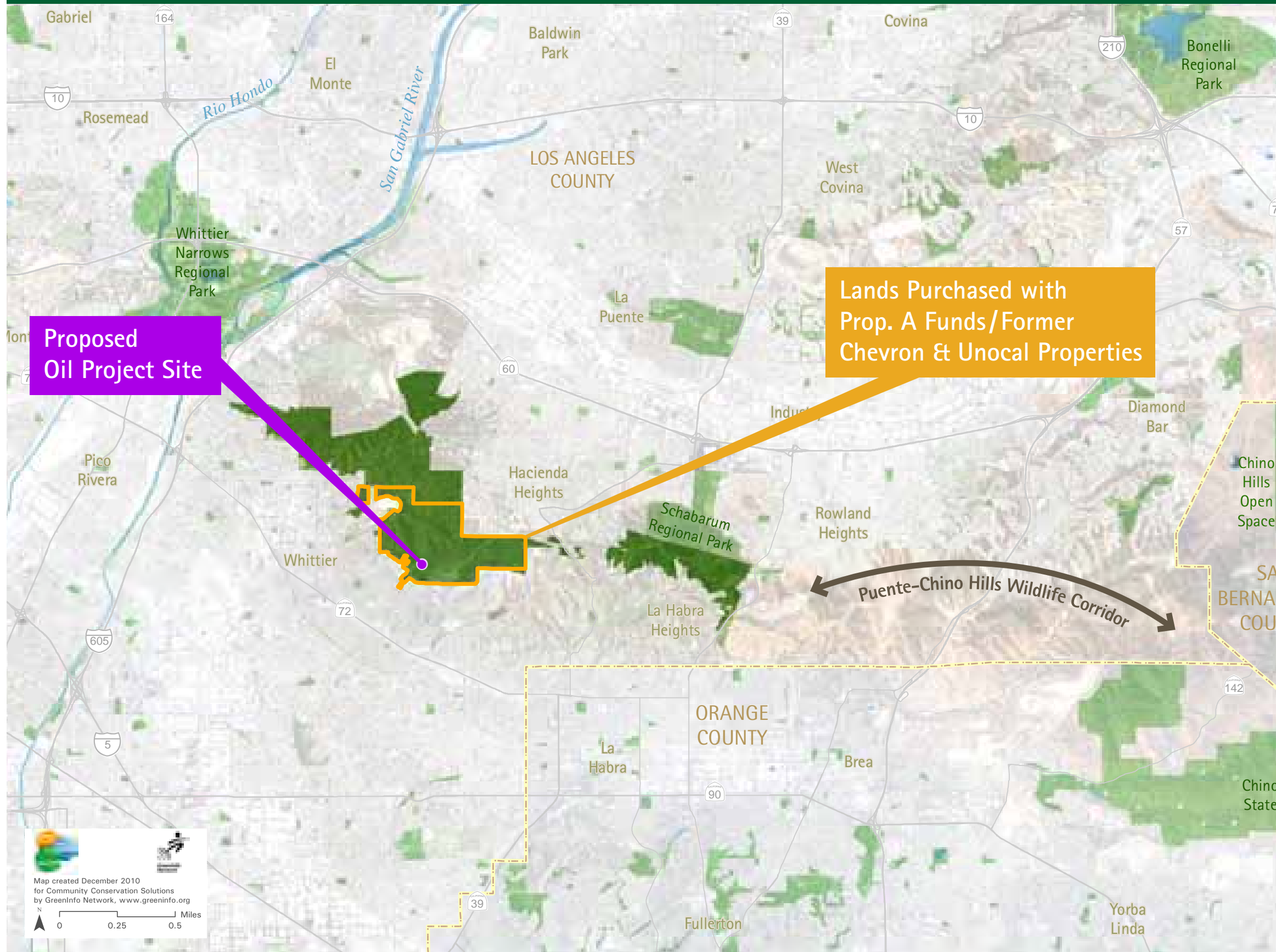
### PROPOSITION A's INTENT: Protect and Increase Parks, Open Space & Habitat

- Emphasis on projects with regional benefits throughout L.A. County
- Provided funds to acquire natural, park and open space lands in the Puente Hills
- Includes provisions to ensure no net loss of parklands if use of acquired lands is changed

# PROPOSED WHITTIER OIL PROJECT

Puente Hills Landfill Native Habitat Preserve & Puente-Chino Hills Wildlife Corridor

## PUENTE HILLS LANDFILL NATIVE HABITAT PRESERVE & PUENTE-CHINO HILLS WILDLIFE CORRIDOR



Proposed Oil Project Site

Lands Purchased with Prop. A Funds/Former Chevron & Unocal Properties

Puente-Chino Hills Wildlife Corridor

### PUENTE HILLS PRESERVE: REGIONAL CONTEXT

- Puente Hills Landfill Native Habitat Preserve
- Puente-Chino Hills Wildlife Corridor

The 3,860-acre Puente Hills Preserve is the western end of the 31-mile Puente-Chino Hills Wildlife Corridor. The Wildlife Corridor is a vital habitat link connecting the Puente Hills to the Santa Ana Mountains in the Cleveland National Forest.

Nearly 4,000 acres of unprotected open space lands adjacent to and between the Puente Hills Preserve and Chino Hills State Park need to be acquired to protect the long-term habitat connectivity and ecological viability of the Preserve.

- Subject Property:  
Lands Purchased with Proposition A Funds/  
Former Chevron & Unocal Properties
- Proposed Oil Project Site Location

The 1,290-acre Subject Property – the seven surface acres proposed as the Oil Project site and the mineral rights to the former Whittier Main Oil Field – is located within the Puente Hills Preserve.

### OTHER

- River, Stream or Channel
- Lake or Reservoir
- County Boundary
- Highway
- Other Parks and Open Space

Map created December 2010  
for Community Conservation Solutions  
by GreenInfo Network, www.greeninfo.org

# PROPOSITION A'S REQUIREMENTS

Proposition A and the Project Agreement between the City and the District, under which funds were granted to the City, have various terms and conditions that apply to the proposed Oil Project. The key provisions are summarized below.

## 1) Replacement of Acquired Lands Due to Change of Use

In drafting Proposition A, the authors anticipated the possibility of future changes of use due to circumstances unforeseeable at the time of drafting. Proposition A includes specific language in Section 16(b) that details what grant recipients (the City of Whittier in this case) must do if they propose to change the use of all or a part of parkland or open space purchased with Proposition A funds.<sup>4</sup>

### Ensure No Net Loss of Parklands

The underlying intent of Section 16 is to ensure that, when a grant recipient proposes to change the use of parklands acquired with Proposition A funds, there is no net loss of parklands in the specific project area for which the funds were originally allocated. This serves to maintain consistency with the regional benefits conferred on property of the District by the various specific regional projects earmarked for funding in Proposition A, and is consistent with both the overall intent of Proposition A and the regional benefit analysis of the Engineer's Report which underlies Proposition A.

### Replacement with Comparable or Higher Value Parkland

If the use of all or part of parkland purchased with Proposition A funds is changed to a non-Proposition A use, Section 16(b) requires that the changed use acreage be replaced with comparable parkland, either at the fair market value

or from the proceeds from selling or leasing that parkland acreage, whichever amount is greatest.<sup>5</sup> Because the goal is to make every effort to ensure that there is no net loss of parklands, Proposition A requires that the replacement funds be used for a purpose authorized in the category under which the original grant was funded. In this case, the authorized purpose is acquisition of natural lands in the Whittier/Puente Hills.

In order to comply with the intent and specific requirements of Proposition A regarding changed parkland uses – and because the City used its Proposition A funds to acquire land in the Puente Hills for habitat and open space – the highest priority of both the City and the District should be on replacing the changed use acreage through acquisition of other comparable

## PROPOSITION A'S REQUIREMENTS

- Ensure no net loss of parklands
- Replace acquired lands if land use is changed
- Replace changed use acres with lands with comparable or higher open space and habitat value
- Preserve original Proposition A intent and regional benefit
- Approval by L.A. County Regional Park and Open Space District of City-Matrix/Clayton Williams lease
- No violation of federal regulations regarding use of proceeds from tax-exempt bonds

<sup>4</sup> Section 16 is consistent with precedent set by the California Wildlife, Coastal, and Parkland Conservation Act of 1988 (Public Resources Code Section 5900 et seq.), and its wording is nearly identical to Section 5919 of that Act.

<sup>5</sup> The drafters' intent was fair market value at the time of the changed use or disposition of property.

or higher value lands immediately adjacent to the Subject Property or to the rest of the Puente Hills Preserve that would help improve and protect the Preserve's overall ecological viability as functioning natural habitat. If no such lands are available, then the second priority should be for the City to acquire replacement parklands as near to the Puente Hills as possible that can help meet this goal.

See Page 16 for analysis of parkland acreage whose use would be changed as a result of the proposed Oil Project.

## **Preserve Original Proposition A Intent and Regional Benefit**

To meet the requirement to replace changed land use acreage, Proposition A gives Whittier the choice of either itself expending funds for acquisition of natural lands in the Whittier/Puente Hills or reimbursing the District's Parks Fund so that the District can do so. In either case, the purpose of Section 16 is to ensure that:

- a) the original intent of the specific funding allocation in Proposition A is preserved;
- b) parklands purchased with Proposition A funds whose uses are changed would be replaced; and
- c) the regional benefit which the Whittier/Puente Hills project conferred on property is maintained.

Although the City-District Project Agreement states that the District should carry out the replacement of changed use acreage, Proposition A's language, which gives Whittier the choice to do so, takes precedent per Section L of that Agreement.

Replacement of the changed parkland acreage should be achieved in as cost effective a manner as possible. If a land swap for comparable or higher value habitat/open space land in the Puente Hills is feasible, such a swap should be considered as the first priority. This is how the California Department of State Parks handles similar situations, and a land swap would most readily achieve the goal and intent of Proposition A to ensure no net loss of parkland – in this case, in the Whittier/Puente Hills. It is also consistent with Proposition A's definition of acquisition, which includes gifts, transfers of rights and land swaps.

## **2) Actions Needed by L.A. County (District) and City of Whittier**

Per the Project Agreement between Whittier and the District, the City must submit to the District for the District's approval any operating agreement, lease, or similar arrangement with a non-governmental entity that relates to the acquired parkland. Whittier and Matrix/Clayton Williams currently have a conditional lease agreement, which can only become operative if:

- a) the District approves the lease;
- b) the District releases the land acquired with Proposition A funds from protected status;
- c) the City completes the CEQA environmental review in connection with its consideration of issuing a Conditional Use Permit ("CUP") for the project and approves the Final EIR; and
- d) the City issues a permit to Matrix/Clayton Williams for the Oil Project.

Pursuant to the conditional lease agreement, Whittier and Matrix/Clayton Williams have agreed to submit the City's lease with Matrix/Clayton Williams to the District for its approval prior to the City granting a CUP for the proposed Oil Project. The District's approval of the lease and release of the property from protected status must occur before the City can issue the CUP.

## **3) No Violation of Federal Regulations Regarding Use of Proceeds from Tax-Exempt Bonds**

Per the Project Agreement between Whittier and the District, the City cannot enter into any contract, agreement, or lease that, in the District's opinion, violates federal regulations restricting the use of funds from tax-exempt bonds. The City should analyze these regulations as they pertain to the proposed Oil Project and provide its findings to the District.

# THE PUENTE HILLS LANDFILL NATIVE HABITAT PRESERVE



*The Puente Hills with views of the San Gabriel Valley and downtown L.A.*

The seven surface acres and the mineral rights to the 1,290 acre Subject Property that Matrix/Clayton Williams proposes to lease from the City are located within the 3,860-acre Puente Hills Landfill Native Habitat Preserve (the "Puente Hills Preserve") in the eastern part of Los Angeles County. The Puente Hills Preserve is 30 miles east of downtown Los Angeles, bounded on the west by the San Gabriel River and on the east by the Chino Hills, and encompassing parts of La Habra Heights, Whittier, Rowland Heights and Hacienda Heights. The Puente Hills Preserve is the western end of the 31-mile Puente-Chino Hills Wildlife Corridor, which provides vital habitat connectivity between the Puente Hills and the Santa Ana Mountains in the Cleveland National Forest.

Two landfills, a cemetery, various neighborhoods and developed urban areas border the Puente Hills Preserve. The Preserve boasts ridgelines up to 1,400 feet, sweeping views, and 27 miles of public trails. It contains numerous examples of plant communities native to Southern California, including chaparral, coastal sage scrub, grassland, riparian and various types of woodland habitat, and it is home to many native wildlife species, including the federally listed coastal California Gnatcatcher and several other species of special status and special concern.

The Preserve also has large areas of fragmented habitat and degraded lands dominated by exotic, non-native plants, and has many unmet habitat restoration needs. Over 1,200 acres needing habitat restoration have been identified, and nearly 600 acres are considered high priority for restoration.<sup>6</sup> Nearly 4,000 acres of lands adjacent to and in the vicinity of the Preserve still need to be acquired to complete the Preserve, and to protect the long-term habitat viability and ecological function of both the Preserve and the Puente-Chino Hills Wildlife Corridor.

The Puente Hills Preserve is managed by the Puente Hills Landfill Native Habitat Preservation Authority (the "Authority"), a joint powers authority between the City of Whittier, the County of Los Angeles, and the Los Angeles County Sanitation Districts. The Authority was established in 1994 as a condition of approval of the Puente Hills Landfill, and the City led the effort to ensure benefits to the surrounding Preserve lands. Solid waste disposal fees from the Puente Hills Landfill provide approximately \$3.5 million per year for the Authority until November 2013, when the landfill is scheduled to close.

<sup>6</sup> LSA Associates, Inc. (July 26, 2007). *Resource Management Plan*. Prepared for the Puente Hills Landfill Native Habitat Preservation Authority.



## WHITTIER MAIN OIL FIELD

The 1,290-acre Subject Property was historically known as the Whittier Main Oil Field. It was:

- An active oil and gas field for over 100 years
- Owned and operated by Chevron & Unocal
- Contained nearly 550 oil wells
- Contained numerous oil and gas production facilities and roads
- Purchased by the City with Proposition A funds in 1995

*Although oil wells were closed when the City purchased the subject property from Chevron and Unocal, many old oil pads and 18 miles of roads still exist.*

*Above right: Whittier Hills. Courtesy of Tim White  
Right: Whittier Hills. Courtesy of the Whittier Hills Historical Society*



## LANDS PURCHASED with PROPOSITION A FUNDS from CHEVRON and UNOCAL

The 1,290 acres (the "Subject Property") under which the oil and gas would be extracted make up a portion of the Puente Hills Preserve and are zoned as open space. These 1,290 acres are former oil and gas production lands known as the Whittier Main Oil Field. Until 1995, when the property was purchased by the City from Chevron and Unocal with Proposition A funds, it contained nearly 550 active and closed oil wells and numerous related oil and gas production facilities. Although the oil wells were closed and the oil and gas structures and pipelines were removed at the time of the City's purchase, and some habitat has been restored, this former oil field still has many old drill pads and 18 miles of roads used during the over 100 years of oil operations.

Nearly 60% of the Subject Property, including the seven-acre proposed Project Site, is part of the Core Habitat Management Area of the Puente Hills Preserve that is closed to public use to provide undisturbed habitat for native vegetation and breeding habitat for wildlife, to allow habitat recovery of the degraded land to occur over time and to protect intact remaining native habitat in this area.<sup>7</sup> (See map on page 14 for detail.) The only authorized human usage of this area is ranger patrols and management-related functions of the Authority. Public access is permitted within the eastern portion of the Subject Property; this area contains six miles of public trails. Hikers may access these trails from a trailhead and parking area off Colima Road. An outdoor amphitheater, informational kiosk, restrooms and the trailheads for the Deer Loop, Arroyo Pescadero Canyon and Arroyo San Miguel Trails are located here.

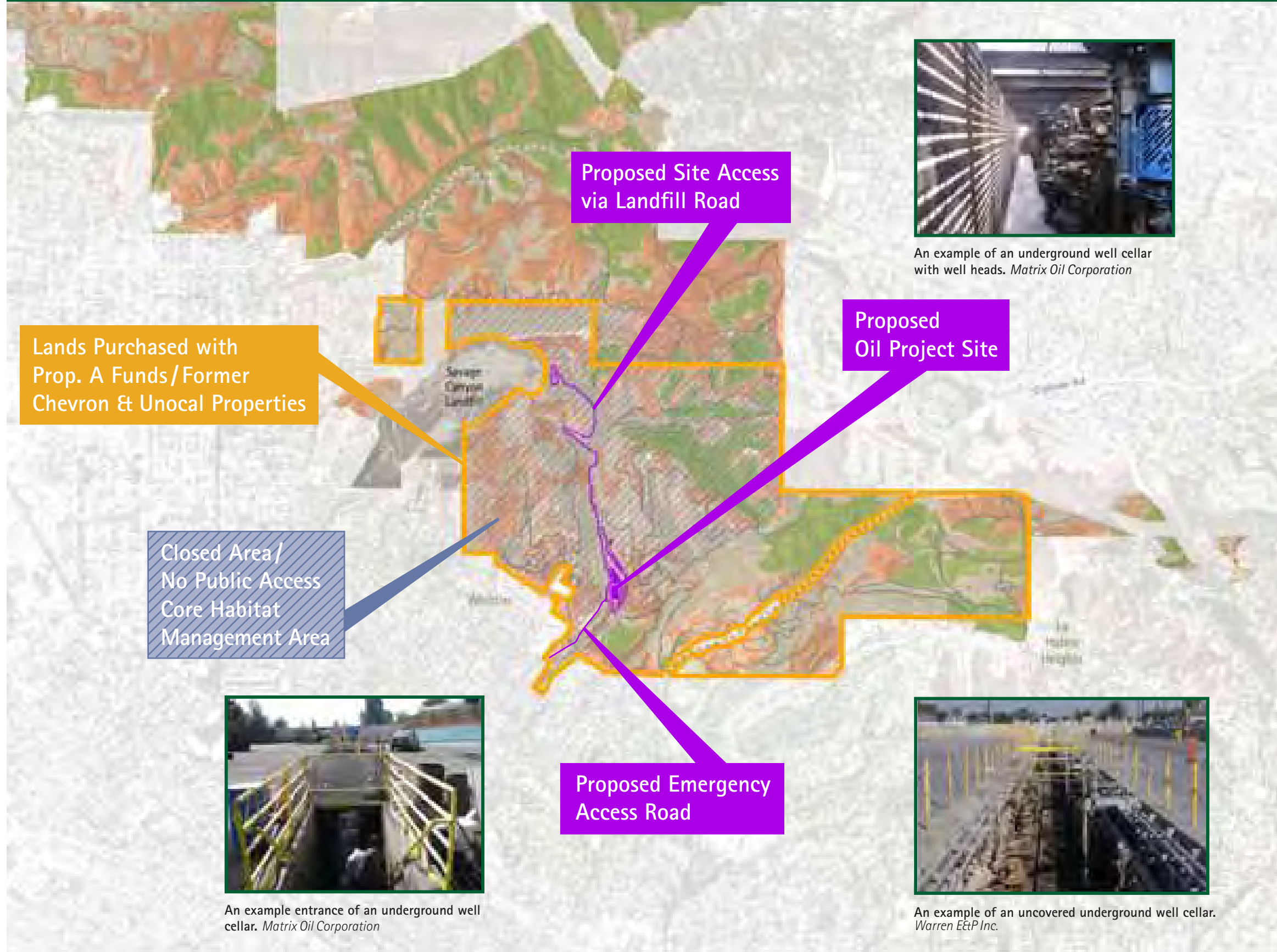
Other areas of the Preserve outside the Core Habitat Management Area provide a range of recreation opportunities and activities, including hiking, jogging, mountain biking, horseback riding, nature appreciation and outdoor education. The Skyline Trail traverses the northern ridgeline of the Preserve and many loop trails cross the publicly-accessible areas of the Preserve. The Preserve has a total of 27 miles of public trails, six miles of which are located on the Subject Property.

<sup>7</sup> *Ibid.*

# PROPOSED WHITTIER OIL PROJECT

## Proposed Oil Project Components & Changed Land Use Acres

### PROPOSED OIL PROJECT COMPONENTS & CHANGED LAND USE ACRES



Lands Purchased with Prop. A Funds / Former Chevron & Unocal Properties

Closed Area / No Public Access Core Habitat Management Area

Proposed Site Access via Landfill Road

Proposed Oil Project Site

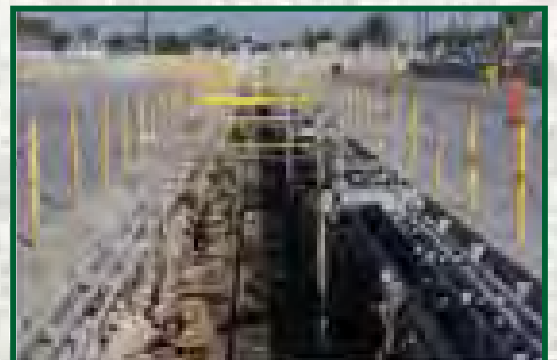
Proposed Emergency Access Road



An example of an underground well cellar with well heads. Matrix Oil Corporation



An example entrance of an underground well cellar. Matrix Oil Corporation



An example of an uncovered underground well cellar. Warren E&P Inc.

### PROPOSED OIL AND GAS PROCESSING OPERATIONS

**Proposed Oil Project Site** 7 acres

Includes a centralized processing facility, enclosed concrete well cellar with 60 underground wells, 15-foot walls, truck loading facility, underground pipelines, internal connecting roads, and one drill rig up to 147' high.

Up to 10,000 barrels/day of oil and 6 million ft<sup>3</sup>/day of natural gas would be produced over 25 years. Estimates show generation of \$400 to \$1 billion in royalties, depending on the number of wells permitted by the City, when wells begin producing, oil and gas production levels and oil and gas prices.

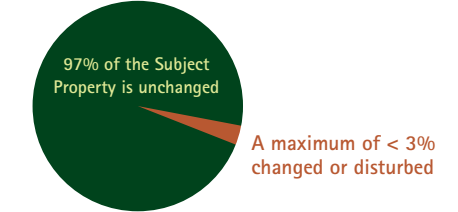
**Proposed Site Access: Landfill Road**

Proposed site access is via the existing 1.25 mile road connecting to Whittier's Savage Canyon Landfill.

**Proposed Emergency Access Road**

### CHANGED & DISTURBED PARKLAND ACRES

The proposed Oil Project and Landfill Road would change the use of 12-20 acres, depending on Fuel Modification requirements. At most, changed land use and temporarily disturbed acres would total 33 acres, or less than 3% of the Subject Property.



### OTHER

- Puente Hills Landfill Native Habitat Preserve
- Subject Property: Lands Purchased with Proposition A Funds/ Former Chevron & Unocal Properties
- Closed Area/No Public Access Core Habitat Management Area
- High Quality Habitat
- Disturbed Lands Requiring Restoration

# THE PROPOSED WHITTIER OIL AND GAS PROJECT



Aerial view of proposed Oil Project site.



Artist's rendering of site with vegetation screening from west

*This report analyzes the Environmentally Superior Alternative as described in the Draft EIR (October 2010), and focuses on the proposed Oil Project's activities on the Subject Property – those lands in the Puente Hills Preserve that were purchased with Proposition A funds. Project-related activities occurring outside this area are not within the purview of this analysis. This report does not reflect any subsequent changes to the DEIR as re-circulated in June 2011. Modifications or corrections made to data used in this report as a result of changes in the DEIR could result in changes to this report's analysis and findings.*

In 1995, using Proposition A funds, the City of Whittier purchased the Subject Property from Chevron and Unocal – 1,290 acres known as the Whittier Main Oil Field – that had produced oil for more than 100 years. Oil drilling operations during that time included nearly 550 vertical wells located throughout the property to a depth of 6,000 feet, oil and gas processing facilities and numerous roads. At the time of purchase, oil production from these wells was not considered profitable. With technological advances since then, it is now possible to consolidate operations in one centralized site, use directional drilling techniques to drill down to 10,000 feet below the surface, and install underground wells that can extract oil and gas from the oil field from a small area on the surface.

The Matrix/Clayton Williams Oil Project proposal is for a 25-year lease of up to seven surface acres in the Preserve and the mineral rights under the 1,290-acre Whittier Main Oil Field, use of an existing road connecting to the City's Savage Canyon Landfill and use of an existing road connecting to Catalina Avenue for emergency access. Operating from the seven surface acres, Matrix/Clayton Williams would extract the oil and gas remaining in the Whittier Main Oil Field. Matrix/Clayton Williams has submitted a conditional use permit application to the City of Whittier for these proposed operations and facilities, and the City is conducting the necessary environmental review pursuant to CEQA.

The Oil Project proposal includes an oil and gas extraction facility that could handle maximum daily production volumes of up to 10,000 barrels of crude oil and 6 million standard cubic feet per day of natural gas. Once constructed, all visible oil and gas extraction activities would occur on this seven-acre Project Site at the surface. All other components would be underground. Much of the Project Site would be on existing pads from the former oil operations. The oil and gas operations would be in one centralized location at the Project Site and would consist of:

- a central oil and gas processing facility: tanks, compressors, separators, pumps, metering and vapor recovery equipment
- an enclosed concrete cellar for up to 60 underground wells and well test stations
- 15-foot walls around the processing facility and well cellar
- a truck loading facility

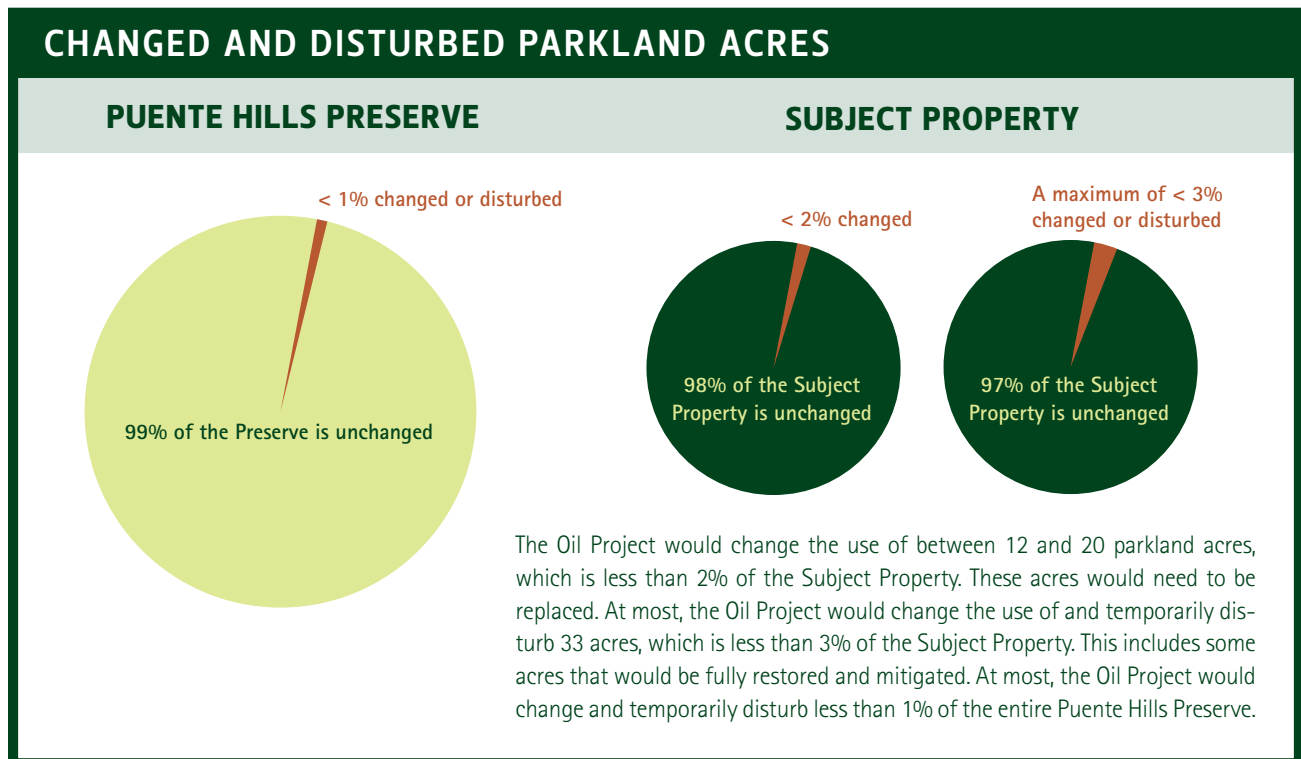
- emergency facilities including fire hydrants and shut-offs
- underground oil, gas, and water pipelines and electrical conduit
- connecting roads within the Project Site
- a 1.25 mile access road between the Project Site and Whittier's Savage Canyon Landfill
- a .33 mile emergency access road between Catalina Avenue and the Project Site
- temporary construction staging near the drilling site

Grading and fuel modification pursuant to Los Angeles County's fire regulations would be required around the seven-acre Project Site. The existing Landfill Road would provide all access to the site. Some grading, widening and improvement of this road would be necessary to accommodate heavy equipment and emergency vehicles, and a 10-foot fuel modification zone on either side of the road would be required by L.A. County. The existing road between Catalina Avenue and the Project Site would be improved for emergency access. Oil and gas pipelines and electrical conduit would be installed underground within existing roadways. The project would include three phases: Drilling and Testing (eight months), Design and Construction (up to five years), and Operations and Maintenance (on-going as needed). During all three phases, a drilling rig of up to 147 feet high would be used, and the top of this rig would be visible from certain locations on the Preserve.

## CHANGED and DISTURBED PARKLAND ACRES

Proposition A requires replacement of the acres purchased with Proposition A funds that would be changed from the original authorized use. Our analysis determined that the proposed Oil Project would change the use of between 12 and 20 acres of land, including an additional 8.2 acres if the required Fuel Modification Zones are not fully mitigated. The figure below describes the changed and temporarily disturbed acreage.

The Landfill Road is an existing 1.25-mile road that was used by Chevron. Assuming an average 20-foot width, the Landfill Road totals 2.3 acres. Because it would remain a road, but its current use would be changed from a little-used internal Preserve road to the Oil Project's access route, including widening, grading, fuel modification and other improvements, the



number of changed use acres should be calculated at 50% of the total Landfill Road acres. The same 50% calculation applies to the acreage of existing road that would be improved and used as a roadway from Catalina Avenue to the Project Site.

As proposed, the oil and gas pipelines would run under existing roadways, which would not constitute a changed use. If pipelines or conduit are installed outside existing roadways and the land disturbed is not restored, or if the L.A. County Fire Department requires additional fuel modification beyond that described in the DEIR, or if other actions result in a changed use that is not restored, the additional changed use acreage would need to be added to the totals.

The table below shows the maximum percentage of the Subject Property and Preserve acreage that would be both changed and temporarily disturbed by the proposed Oil Project. At most, the overall parkland area whose use would be changed by the proposed oil and gas production activities and temporarily disturbed during construction, including those areas that would be required to be fully restored and mitigated, would be 33 acres. This is less than 3% of the Subject Property's total 1,290 acres of park, habitat and open space lands.

The project's subsurface activities would not affect the surface uses of the Subject Property for habitat, public open space or recreation. In addition, at the end of the oil and gas production, Matrix/Clayton Williams is required to fully restore the site to a natural condition and to remove all oil and gas production facilities, so in the long-term, the changed acres would also be restored to the Puente Hills Preserve as habitat.

As shown in the table below, during the construction phase approximately 13 acres near the Project Site would be temporarily disturbed to provide construction grading, staging and parking. These acres are not included in the estimated 12 to 20 acres of changed use parkland acreage because the uses would be temporary and these areas are required to be fully restored. Mitigation would be required on a 2:1 or a 3:1 replacement basis with restoration to native habitat through revegetation with appropriate, locally indigenous plant species.

<b>CHANGED AND DISTURBED PARKLAND ACRES</b>			
	Proposed Project	Fuel Mod. Zone <sup>†</sup>	Totals
<b>Changed Parkland</b>			
Project Site: Oil and Gas Operations			
Pads	7.10		
Internal roadways (50% of total) <sup>††</sup>	0.50	0.80	1.30
<b>Total changed acres, Project Site and Roadways</b>	<b>7.60</b>	<b>5.70</b>	<b>13.30</b>
Landfill Road			
Landfill Road (50% of total) <sup>†††</sup>	1.52		
Grading and widening	2.52		
<b>Total changed acres, Landfill Road</b>	<b>4.04</b>	<b>2.53</b>	<b>6.57</b>
<b>Total Changed Parkland Acres</b>	<b>11.64</b>	<b>8.23</b>	<b>19.87</b>
<b>Temporary Disturbed Parkland, to be Restored</b>			
Construction grading	8.66		
Construction staging and parking areas	4.10		
<b>Total Temporary Disturbed Acres, to be Restored</b>	<b>12.76</b>		<b>12.76</b>
<b>Maximum Changed and Disturbed Parkland Acres</b>			<b>32.63</b>

<b>PERCENT OF SUBJECT PROPERTY AND PRESERVE THAT WOULD BE CHANGED OR DISTURBED BY OIL PROJECT</b>			
	Acres	% of Subject Property	% of Preserve
Changed Parkland Acres	11.64	0.90%	0.31%
Temporary Disturbed Parkland, to be restored	12.76	0.99%	0.33%
<b>Total Changed Parkland, if Fuel Modification Zone not mitigated</b>	<b>19.87</b>	<b>1.54%</b>	<b>0.51%</b>
<b>Maximum Changed and Disturbed Parkland, if Fuel Modification Zone not mitigated</b>	<b>32.63</b>	<b>2.53%</b>	<b>0.84%</b>

Source: DEIR Tables 2-3, 4.2-3 and 6-15; and Matrix Oil Corporation. If changes are made to the DEIR, calculations may change accordingly.  
<sup>†</sup> If the required Fuel Modification Zones are fully mitigated, they would not count as changed acres.  
<sup>††</sup> Assumes 26' width, 1,750' long and 10' fuel modification on both sides.  
<sup>†††</sup> Assumes 20' width, 1.25 miles long



# FINDINGS AND CONCLUSION

## **The proposed Oil Project can be consistent and compatible with Proposition A**

We conclude that the proposed Oil Project can be implemented in a manner consistent and compatible with both the specific and general intent and the specific requirements of Proposition A, and with Proposition A's implementing documents.

## **Approximately 12 to 20 acres of changed use parkland must be replaced to ensure no net loss of parkland in the Puente Hills**

Proposition A allows for a change of use of lands purchased with Proposition A funds, and provides specific steps that the City and the District must follow. We have determined that between 12 and 20 acres of land would be subject to a changed use, depending on whether or not the required fuel modification zones are mitigated, and the City must comply with Proposition A's requirements for replacement of this changed use acreage within the Puente Hills.

The changed use acreage includes: the consolidated Project Site; 50% of the existing Landfill Road area; 50% of the existing Catalina Avenue roadway connecting to the Project Site; and permanently graded, widened or improved areas along the Landfill Road. If not mitigated, required fuel modification zones would result in additional changed acreage. If other actions result in changed uses that are not fully restored, the additional changed use acreage would need to be added to the total.

The replacement of changed use acreage should preserve the original Proposition A intent and regional benefit.

Acquisition of, or a land swap for, lands adjacent to the Preserve that are of comparable or higher open space or habitat value should be carried out. If higher quality land or land with important wildlife habitat or open space value can be protected, this would adequately compensate for the loss of habitat and open space lands from the Subject Property and would meet Proposition A's requirement of no net loss of park and open space lands from the Puente Hills area.

## **L.A. County (District) approval is required of lease between City and Matrix/ Clayton Williams and to release Prop. A Lands from protected status**

In order for the City to grant a Conditional Use Permit for the proposed Oil Project, the City must first obtain the District's approval of the Matrix/Clayton Williams conditional lease agreement, and the District must release the Prop. A land from protected status.

## **Other actions required of the City**

Before approving a Conditional Use Permit for the proposed Oil Project, the City must complete the CEQA environmental review process and approve a Final EIR. Additionally, the proposed Oil Project cannot violate federal regulations restricting the use of funds from tax-exempt bonds, as determined by the District, and the City should provide an analysis of these regulations as they pertain to the proposed Oil Project and provide its finding to the District.

## **Royalties from the Oil Project should be shared with other areas of L.A. County**

In recognition of the role of Proposition A in providing the opportunity for the proposed Oil Project, a portion of the royalties from the Oil Project should be shared with other areas of L.A. County for regional park, recreation, habitat, and open space projects, consistent with Proposition A. This acknowledges the pivotal role of Proposition A and is consistent with the specific intent as well as with the spirit of the measure.