



Frequently Asked Questions About Drilling For Oil In Whittier

Question

Response

What is the proposal?

To drill for oil in the old Oil Field in the hills.

Why drill now?

When the field stopped operations in about 1990, oil was about \$14 per barrel and today it is around \$50, and as the economy improves, we will probably see prices above \$80.

What makes you think there is still oil there?

Oil was still being produced when the field shut down. With modern drilling techniques it is believed that significant quantities of oil may still be extracted.

When/why did the Oil Field stop producing?

With oil at \$14 per barrel in 1990, it was no longer economic for them to continue.

The old Oil Field is now wilderness open space - wouldn't the drilling damage the land for animals and recreation?

Our biggest concern is to be sure that does not happen. A complete Environmental Impact Report (EIR) would be done before any project would be allowed and appropriate mitigation measures and controls would be put in place. If there is no way to mitigate impacts, the project will not be done.

What would need to be studied in the EIR?

All impacts to the natural environment, noise, traffic, aesthetics, water issues, etc.

Who would do the report?

Under Whittier's requirements, the City, not the operator, would hire the team of experts to do the report but the developer pays all costs. This is to be sure that the EIR is not biased in favor of the operator and that all information gathered is available to the public.

Who would review and analyze the EIR?

First, the various environmental agencies (Fish & Game, Fish & Wildlife, Wildlife Corridor Conservation Authority, etc.). Second, all work would be supervised by the Habitat Authority and its Citizens Technical Advisory Committee. Finally, there would be public hearings in front of the Planning Commission and City Council.



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Would the public have a chance to give their opinion?

Yes - at all stages of the EIR and, of course, at the public meetings before the Planning Commission and the City Council.

How would the City and taxpayers benefit?

If the project was permitted (i.e. the EIR and the mitigation required by it were approved), and if the test wells were successful and the operation wells were then drilled, it is estimated that the income to the City might be between \$2 million and \$10 million per year for perhaps as long as 50 years.

How many wells would be drilled?

If the EIR and CUP are acceptable there would be three test wells. If these proved the yield as estimated, then additional wells could be drilled. It is believed that about 40 wells might eventually be drilled.

Would that be very disruptive to the environment?

The Oil Field operated for over 100 years as an active oil field and about 550 wells were drilled in that time. With today's technology a few wells can tap the same oil sands. The wells would not be on more than three locations for a total of not more than seven acres (out of about 1,280 acres.).

How can they do that?

The old way of drilling was straight down until the oil sands were hit so many wells had to be drilled to tap a large area. Today's technology allows wells to be drilled down and then horizontally THROUGH the oil sands tapping a huge area with each well.

What protection would be provided for the environment?

While many additional requirements may come from the EIR, we can see that at least:

- All drill sites would have to have state of the art soundproofing.
- Fire clearance area, fire proof walls, and fire fighting equipment on site.
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- Continuous monitoring by Habitat Authority's ecologist, rangers, and staff.



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- After the initial test wells, oil would be shipped by pipeline on the property to avoid truck traffic.

Who is the Habitat Authority?

The Puente Hills Landfill Native Habitat Preservation Authority (the Habitat Authority) is a Joint Powers Authority of the City of Whittier, Los Angeles County and the L.A. County Sanitation Districts. A mitigation fee from the operation of the Puente Hills Landfill funds it.

The Authority manages wilderness land in the hills for the City of Whittier and other property purchased by the Authority. The staff consists of an Executive Director, Park Interpreter, Ecologist and three full-time Rangers that live on the property. Its charge is to maintain the wilderness property and habitat, allow low impact recreation consistent with the maintenance of the habitat, and to educate the public about the natural areas.

What would be the benefit to the Habitat Authority?

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How do we know that other activities won't follow this use?

In order to assure that other non-environmental uses would never be allowed on the property, the City would place a conservation easement on the rest of the property.

How would the drilling affect the habitat and recreational use?

The surface "footprint" of the operation is very small (about 1/2 of one percent of the area - not to exceed 7 acres in all). All the real activity would take place hundreds or thousands of feet below the surface. In addition, because the drilling would be "directionally drilled," the three surface sites would be located out of sensitive areas and screened from sight.



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Would the drill sites be near homes?	No, the sites would not be near any homes or schools.
How would we enforce the mitigation measures that would be imposed on the operation?	The Habitat Authority, working with the City, would provide ongoing supervision of the activities just as they currently do for wells located in Sycamore Canyon. Their rangers and ecologist would regularly visit the sites to assure compliance.
I have heard the property was purchased with 1992 Proposition A funds. Do we have the right to use the property for another purpose than open space?	Under the rules of Proposition A, the land we convert (i.e. the 7 acres that would be used for drilling operations), will be required to repay the current fair market value. We are currently working with the County to determine this value.
Question	Response
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Why drill now?	When the field stopped operations in about 1990, oil was about \$14 per barrel and today it is around \$50, and as the economy improves, we will probably see prices above \$80.
What makes you think there is still oil there?	Oil was still being produced when the field shut down. With modern drilling techniques it is believed that significant quantities of oil may still be extracted.
When/why did the Oil Field stop producing?	With oil at \$14 per barrel in 1990, it was no longer economic for them to continue.
The old Oil Field is now wilderness open space - wouldn't the drilling damage the land for animals and recreation?	Our biggest concern is to be sure that <u>does not</u> happen. A complete Environmental Impact Report (EIR) would be done before any project would be allowed and appropriate mitigation measures and controls would be put in place. If there is no way to mitigate impacts, the project will not be done.
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How would the City and taxpayers benefit?

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<p>How would the drilling affect the habitat and recreational use?</p>	<p>The surface "footprint" of the operation is very small (about 1/2 of one percent of the area - not to exceed 7 acres in all). All the real activity would take place hundreds or thousands of feet below the surface. In addition, because the drilling would be "directionally drilled," the three surface sites would be located out of sensitive areas and screened from sight.</p>
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<p>I have heard the property was purchased with 1992 Proposition A funds. Do we have the right to use the property for another purpose than open space?</p>	<p>Under the rules of Proposition A, the land we convert (i.e. the 7 acres that would be used for drilling operations), will be required to repay the current fair market value. We are currently working with the County to determine this value.</p>
<p>Has the operator been chosen to drill and operate the wells?</p>	<p>Yes. We went to competitive bid and the winning bid was to Matrix Oil/Clayton Williams. This is no guarantee, however, that they will actually be able to drill any wells. That is all dependent on the findings of the EIR as to whether they can be developed without serious impact to the Preserve.</p>

What will the City receive as its share of the oil income?

The minimum will be 30% of the Gross Revenue with an additional 1.25% for each additional \$250,000 of Gross Revenue per month, above a base projected revenue, to a maximum of 50%.

Where are we in the process and when will the first test wells be drilled?

Right now the operator is surveying to determine the best locations for the three sites. They are preparing their Conditional Use Permit application (CUP) which will be filed with the City this month. After approval, the EIR process will start and probably take about a year. If that is OK'd, the first wells may be drilled in mid-2010.

If I live near the oil field will I get royalties at my home?

No, sorry, the Oil Field is a defined area under State law and adjoining properties are not part of the field. On the other hand, no drilling can go off the property and go under any neighbors' property.