

EXECUTIVE SUMMARY

S.1 INTRODUCTION

Southern California Gas Company (SCG), in its California Public Utilities Commission (CPUC) application (A.99-05-029), proposes a sale of surplus SCG property in Playa del Rey (PDR) and Marina del Rey (MDR). This Initial Study considers environmental impacts from the potential development of the 36 lots that comprise these properties. All lots are designated for residential use except for one, which is designated for limited commercial use. If SCG's application is approved by the CPUC, SCG proposes to commence with the sale of the lots in 2004. Under Public Utilities Code Section 851, approval of the proposed sale must comply with the California Environmental Quality Act (CEQA) in order to assess the potential environmental impacts of the proposed project. Based on the assessment presented in this Initial Study, it is recommended that the CPUC prepare an Environmental Impact Report (EIR) for the proposed project.

As required by CPUC guidelines, the California Environmental Quality Act (CEQA) Initial Study Checklist was used as the format for describing potential impacts. The level of research and analysis provided is intended to satisfy the requirements to determine the need for an EIR pursuant to CEQA.

This document is organized as follows:

- This Executive Summary is provided to introduce the project and present the project description in brief as well as describe the approach to the analysis contained in the body of the document.
- The Impacts section documents all required CEQA checklist items and a discussion of those impacts and their significance.
- Appendices follow the Impacts. Appendix A contains detailed history and background information for each lot. Appendices B through I provide background information for air quality; biological resources; cultural and historical resources; geology and soils; hydrology and water quality; hazards and hazardous materials; land use; and noise.

S.2 PROJECT DESCRIPTION

The project area is located approximately 4 miles south of the city of Santa Monica, 1.5 miles north of the Los Angeles International Airport, 0.5 miles west of Culver City, and is bordered by the Santa Monica Bay to the west. PDR is located within the City of Los Angeles and MDR is located within the County of Los Angeles. MDR is approximately 2 miles northwest of PDR, separated by the Ballona Wetlands and the MDR Channel.

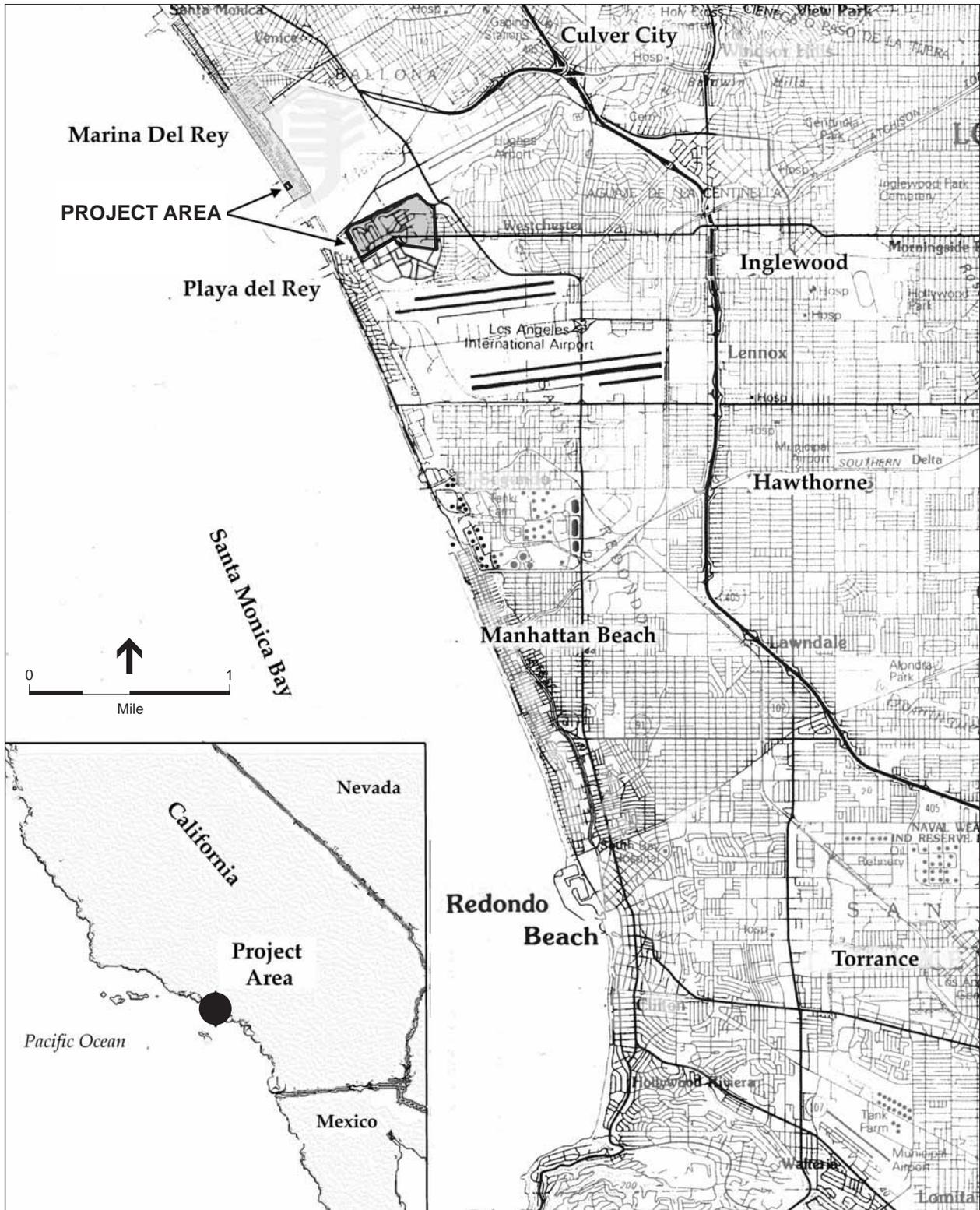
The 34 undeveloped lots proposed for sale located in PDR are grouped into lot clusters of one to eight lots (See Table 1). The two MDR lots represent a single cluster and are located approximately two miles north of PDR. There are 12 abandoned SCG wells located on the proposed project lot clusters (see Table 1). Each cluster (with typically two to four lots per cluster) contains one well. Cluster 1 contains only a single well located on a single lot. Cluster 8 has two wells, each associated with either the 4 north lots or the 4 south lots. Originally, SCG maintained ownership of these lots associated with those wells utilized as oil production wells and those converted for gas storage operations. In order to operate and maintain such wells, sufficient land around each well was required to support the transport and operation of heavy equipment used in well servicing. These 12 abandoned wells were once used as observation or monitoring wells for SCG's Playa del Rey Gas Storage Facility (PDRGSF).

**TABLE 1
PROJECT LOTS AND RELATED ABANDONED WELLS**

<u>Cluster No. / Location</u>	<u>No. of Lots</u>	<u>Well Designation</u>	<u>Date Abandoned</u>
<i>Playa del Rey</i>			
1) Corner of 81st/Berger Place	1	Anglo American	July 1958
2) North side of 82nd Avenue	2	Joyce 1	March 15, 1993
3) Corner of 83rd and Saran Drive	3	Lormar 1	December 1, 1992
4) 85th Street	2	O and M 1	April 1956
5) Saran Drive	1	Hisey 1	November 9, 1992
6) Manchester Avenue	3	Merrill 1	September 24, 1992
7) 83rd Avenue Middle of 81st-82nd	5	13-1	October 2, 1992
8) 79th and 83rd	8	23-1	July 14, 1993
9) 83rd Avenue (Western 83rd)	4	Samarkand 1	December 8, 1992
10) Falmouth / Calabara Avenue	3	29-2	July 26, 1994
11) Falmouth / Calabara Avenue	2	29-1	August 4, 1994
<i>Marina del Rey</i>			
12) Union Jack / Speedway	2	Troxel 1	March 15, 1994

SOURCE: Brown and Caldwell (2002)

A general project location is shown on Figure 1 and an aerial photograph of the property and surrounding area is presented in Figure 2. See Figures 3 and 4 for the mapped locations of the PDR and MDR lots. See Appendix A for an expanded description of the lots and abandoned wells.



SOURCE: Environmental Science Associates

SCG Valuation and Sale of Surplus Property at Playa del Rey and Marine del Rey Project / 202639 ■

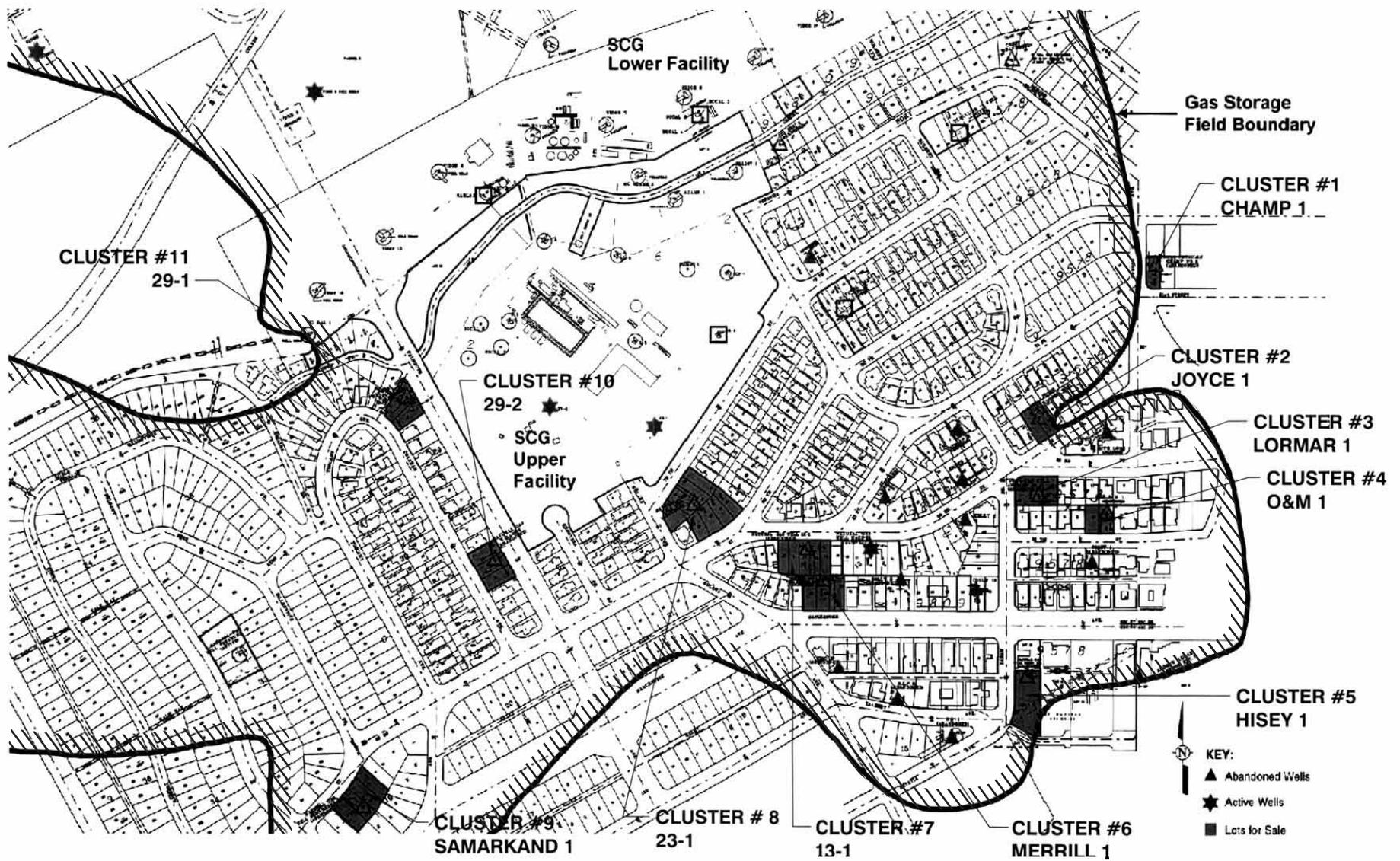
Figure 1
Project Vicinity Map



SOURCE: Environmental Science Associates

SCG Valuation and Sale of Surplus Property at Playa del Rey and Marine del Rey Project / 202639 ■

Figure 2
Aerial Map of Project Area

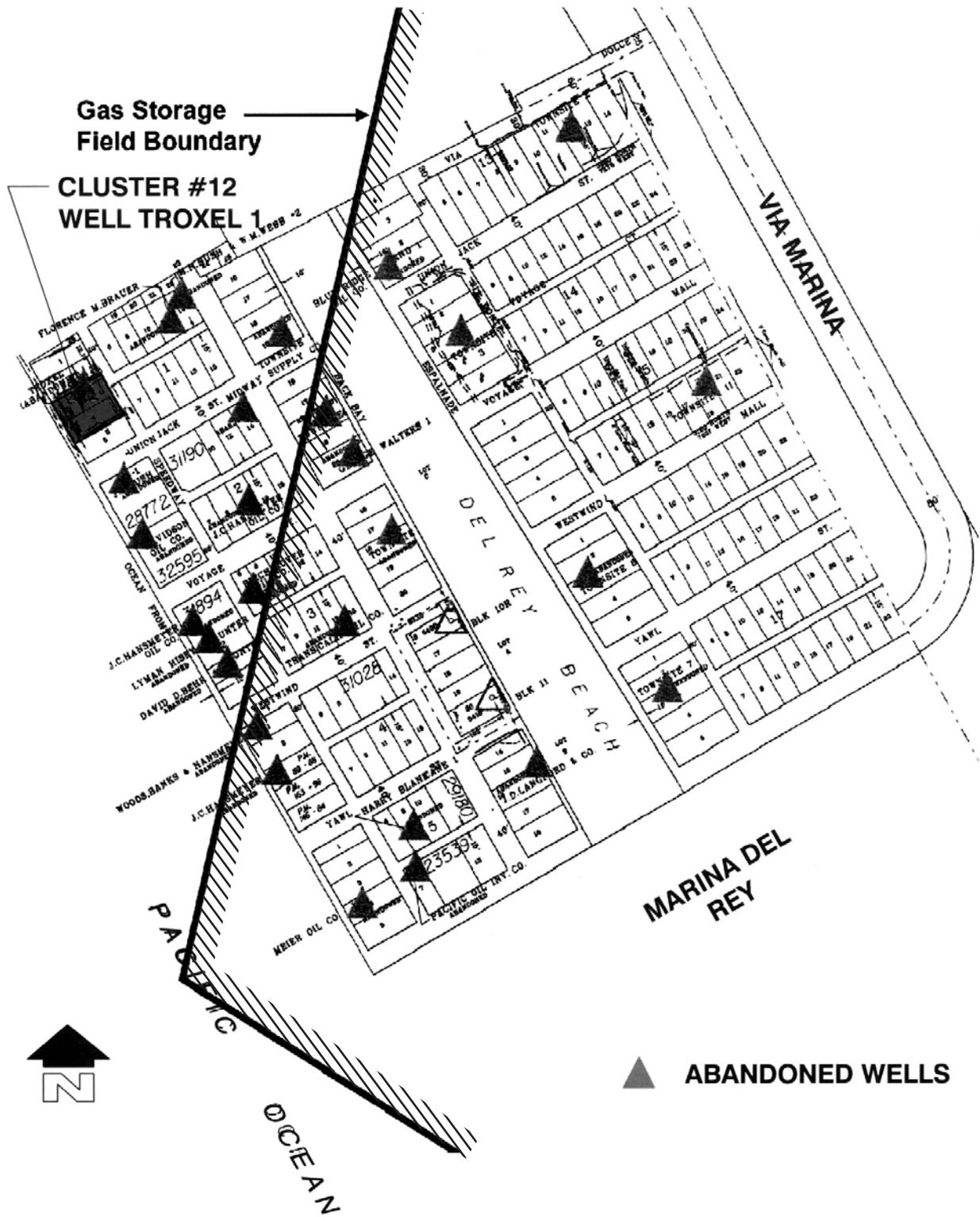


SOURCE: Environmental Science Associates

SCG Valuation and Sale of Surplus Property at Playa del Rey and Marine del Rey Project / 202639 ■

Figure 3

Annotated Site Map - Playa Del Rey



SOURCE: Environmental Science Associates

SCG Valuation and Sale of Surplus Property at Playa del Rey and Marine del Rey Project / 202639 ■

Figure 4
Annotated Site Map - Marina Del Rey

Under the proposed project, SCG would sell the undeveloped lots to 4 different buyers. One buyer would purchase a single lot, while the other three would acquire the remaining 11 clusters of 35 lots.

S.3 HISTORICAL BACKGROUND

All lot clusters overlie the existing SCG PDRGSF as shown on Figures 3 and 4. This gas storage field lies approximately 6000 feet below ground surface and has had an extensive history of activity in the 20th century. Oil drilling in the PDR / MDR region began as early as 1921. Early holes drilled and abandoned in the area during 1925 and 1926 were not deep enough to reach the oil producing zones. The discovery well for PDR Oil Field was completed in 1929. Primary field development continued through the mid-1930s. By the early 1940s, production had reached its economic limit and operators abandoned oil production from the field.

In 1942, as part of the national war effort, the Federal government condemned and took possession of approximately 240 acres of the PDR field area to use as a natural gas storage field. This gas storage field was later transferred to the Reconstruction Finance Corporation in 1945. Then, in 1953, the Reconstruction Finance Corporation declared the field surplus and offered for sale in 1953. SCG was the successful bidder and assumed operations in late 1953. Facilities were completed in 1956, and then gas was injected and stored at depths of about 6,200 feet within the Conglomerate Trap Zone. By July 1958, approximately 27 billion cubic feet (bcf) of cushion gas was stored. Since that time, numerous wells have been utilized for storage and retrieval of the gas. Currently, the storage field is operated through 54 wells directionally drilled from the lowlands and hilltop of PDR. Of these 54 wells, 25 are injection/withdrawal wells used to inject and extract gas, 8 are liquid (primarily water) removal wells, 3 are lateral migration wells to control gas movement, and 18 are observation wells used to monitor pressure and liquid saturation. SCG's Facility for the PDRGSF is 0.2 mile north of Manchester Avenue.

Originally, the wells and associated lots described in this document were used or could have been used for monitoring of gases and liquids in the storage zones (6000 ft below ground surface). Similarly, these wells and lots may be developed for later use if needed for the gas storage system. As shown on Table 1, all 12 wells considered in this document have been abandoned some years ago. Today, the lots provide no useful or commercially viable contribution to the operations and maintenance of the SCG PDRGSF. SCG believes that their remaining wells and facilities are adequate to allow for continued operations of the PDRGSF following the proposed sale of the 36 lots.

S.4 APPROACH TO ANALYSIS

The scope of the environmental analysis described in this document assumes that sale of the 36 lots is approved. Furthermore, the proposed sale of the lots is considered to have a reasonably foreseeable future connected action, which includes the eventual conversion to developed urban land uses consistent with existing zoning, and adjacent land uses. For the purposes of this document, this future connected action is considered to be the construction and occupancy of

residential property on most of the lots.¹ Note that the proposed and connected action is not related to the continued operations of SCG's gas storage facilities or related systems. It is also considered that the property transfer (sale) requires compliance with all applicable environmental laws, permits, and approvals and such requirements be made a condition of any sale.

PROJECT OWNERSHIP TRANSFER AND CONDITIONS

Sale of the SCG lots would generally result in the "clean and clear" of the site(s) for all locations, or cleanup of each site to a level suitable for the new qualified owner(s). The following discussion clarifies the transfer methods and conditions for the future owner(s).

CONDITIONS OF OWNERSHIP TRANSFER

Per SCG's sale agreement, the lots are to be sold "as-is" and do not carry any action for future development. Sub-surface and mineral rights would be retained by SCG and would not be included in the sale. SCG would be obligated, in perpetuity, to mitigate for any potentially adverse effects the wells may have on future beneficial uses of the surface rights associated with these lots. Mitigation measures proposed in the EIR and other CPUC conditions would be required as part of any sales agreement because any mitigation measure required to be complied with by subsequent property owner(s) are not subject to CPUC review and authority, since after the transfer of property the CPUC has no further oversight authority with the lots.

LIABILITY

A thorough environmental investigation would be performed prior to transfer of the property. New qualified owner(s) would be provided with the documentation from an independent environmental consultant detailing the conditions found, and any remaining cleanup not completed. New qualified owner(s) would also be provided with adequate time to complete their own investigation if they desire to do so. New qualified owners would have the right to terminate the purchase agreement if conditions found are different from those represented by SCG. The sales agreement specifies that the properties would be sold "as is," with the new qualified owner(s) assuming all liability for cleaning up any remaining contamination from past use of the property. The new qualified owner would indemnify SCG and its ratepayers from any future liability for contamination found on the property after the sale.

SCG would pre-qualify prospective owners to ensure that they have adequate resources to ensure that liability does not revert back to SCG and the ratepayers due to financial failure of the purchaser. SCG would evaluate the new qualified owners(s) to determine if there is a corporate structure that could cause liability to revert back to SCG and the ratepayers. If SCG has other concerns about the new qualified owner's future ability to carry out any remaining cleanup of the properties, SCG may require the new qualified owner(s) to provide financial assurance (such as environmental insurance) with SCG as the beneficiary in the event that the new qualified

¹ One of the lots (Cluster 5) is zoned for commercial uses and that property would be expected to be developed for such uses.

owner(s) fails to comply with laws and regulations or otherwise defaults on its obligations under the sales agreement.

ENVIRONMENTAL COMPLIANCE

Compliance with all applicable environmental laws, permits, and approvals would be made a condition of any sale to a new property owner. SCG would disclose to the prospective purchaser(s) any areas which SCG suspects could be contaminated with hydrocarbons or other substances and/or areas with past contamination that have been remediated.

S.5 ENVIRONMENTAL CHECKLIST FORM

1. **Project Title:** Southern California Gas Sale of Surplus Property at Playa del Rey (PDR) and Marina del Rey (MDR)
2. **Lead Agency Name and Address:** California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
3. **Contact Person and Phone Number:** Roosevelt Grant
Project Manager
(415) 355-5492
(415) 703-2200 (fax)
4. **Project Location:** Playa del Rey and Marina del Rey,
(Los Angeles), California
5. **Project Sponsor's Name and Address:** Southern California Gas Company
8141 Gulana Avenue
Playa del Rey, California 90293
(310) 578-2689
6. **General Plan Designation:** All but one of the 36 lots is designated for residential use and one is designated for limited commercial use.
7. **Zoning:** Thirty lots are R1-1 (Single-family residential), five lots are R3-1 (Multi-family residential), and one lot is CR-1 (Commercial)
8. **Description of Project:** See PROJECT DESCRIPTION (Section S.2).
9. **Surrounding Land Uses and Setting:**

The project area is located approximately 4 miles south of the City of Santa Monica, 1.5 miles north of the Los Angeles International Airport, 0.5 miles west of Culver City, and, is bordered by the Santa Monica Bay to the west. PDR is located within the City of Los Angeles and MDR is located within the County of Los Angeles. MDR is approximately 2 miles northwest of Playa del Rey, separated by the Ballona Wetlands and the MDR Channel.

The project involves two areas on the north and south sides of Ballona Lagoon in existing developed urban areas. The lots have no access to Ballona Lagoon, the Ballona wetlands, or other sensitive areas, with the exception of the ocean frontage associated with the two lots in MDR.

10. Other public agencies whose approval is required:

Division of Oil, Gas, and Geothermal Resources (DOGGR)
South Coast Air Quality Management District (SCAQMD)
City of Los Angeles
Los Angeles Fire Department
County of Los Angeles
County of Los Angeles Sanitation Department
California Occupational Health and Safety Administration (CalOSHA)
Regional Water Quality Control Board (RWQCB)

S.6 ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a “Potentially Significant Impact” as indicated by the checklist on the following pages.

- | | | |
|--|--|---|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture Resources | <input checked="" type="checkbox"/> Air Quality |
| <input checked="" type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Energy |
| <input checked="" type="checkbox"/> Geology / Soils | <input checked="" type="checkbox"/> Hazards & Hazardous Materials | <input checked="" type="checkbox"/> Hydrology / Water Quality |
| <input type="checkbox"/> Land Use / Planning | <input type="checkbox"/> Mineral Resources | <input checked="" type="checkbox"/> Noise |
| <input type="checkbox"/> Population / Housing | <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation |
| <input type="checkbox"/> Transportation / Traffic | <input type="checkbox"/> Utilities / Service Systems | |
| | <input checked="" type="checkbox"/> Mandatory Findings of Significance | |

DETERMINATION: (To be completed by Lead Agency)

On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a “potentially significant impact” or “potentially significant unless mitigated” impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature

Date

Rob Feraru, Assistant Director of Energy Division