



January 17, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file report on Signal Hill Petroleum 3D seismic survey in the City of Long Beach.

DISCUSSION

Signal Hill Petroleum (SHP) is a private oil and natural gas contractor and is the operator of several oil recovery units within the Long Beach Oil Field (near the Long Beach Airport). From January 7 through January 9, 2006, SHP and its contractor, Ameridian, began conducting a 3D seismic survey on streets in the Wrigley area of Long Beach, under a Special Events Permit. The survey requires four large trucks to stop at a site at which, utilizing special equipment mounted on the trucks, acoustic waves are inducted into the ground creating echoes from deep within the earth. The echoes are captured via geosensors that provide data to create 3D images of the subsurface. The primary intent is to greatly enhance the ability to locate oil and natural gas fields.

What had been represented to the City by SHP as resulting minor ground vibration, similar to the "ultrasound used to create pictures of unborn babies within a mother's womb," was, in fact, a much more significant ground vibration. The vibration was strong enough that nearby residents complained of cracks in ceilings and walls, of a glass globe falling and breaking, of objects falling off shelves, windows shaking, damage to a 1" water pipeline that resulted in leakage, crying babies, barking dogs, etc.

At the Wrigley Neighborhood Association meeting on January 9, 2006, there were numerous residents attending who vocalized their strong displeasure with not only the excessive vibration and noise, but also: 1) the length of time the trucks were stationed at one location (expected to be less than 10 minutes, but the trucks were at one location for several hours due to a technical dysfunction); 2) lack of proper notification for the surrounding area residents; 3) misleading notification with unresponsive contact phone numbers; 4) lack of an adequate call center to handle the complaints; 5) the weight of the trucks and possible damage to the streets (each of the four truck weighs 60,000 pounds); and 6) the miles of geosensor cables that were laid along major corridors, such as Atlantic, stretching from Downtown to Bixby Knolls.

Based upon the above concerns as well as personal observation of the actual testing, the decision was made to have SHP halt the project immediately. To protect the property and quality of life of Long Beach residents, it was recommended to the City Manager that the permit be revoked due to the inconsistency between what actually occurred and what was represented when the permit was requested. On Thursday, January 12, 2006, SHP received written notification that the permit had been revoked, and that SHP had the right to appeal the decision to the City Council within ten days.

This matter was reviewed by Deputy City Attorney J. Charles Parkin on January 12, 2006.

TIMING CONSIDERATIONS

There are no timing considerations for this action other than SHP may decide to exercise its right to appeal the revocation of the permit. SHP will factor into that decision discussion and reaction by the City Council and the public related to this report and, more importantly, to SHP's expected presentation of actions they propose to implement to alleviate the concerns of the City and public to the seismic study. Signal Hill Petroleum will incur costs of \$55,000 per day during the delay until the City Council denies or accepts SHP's appeal.

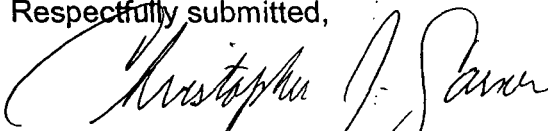
FISCAL IMPACT

There is no fiscal impact associated with this action. However, termination of the seismic study will reduce the possibility of locating and producing potential oil and natural gas deposits within the Long Beach area along with the associated potential loss of revenue. The City of Long Beach is one of many mineral rights owners that would realize revenue from producing such oil and natural gas.

SUGGESTED ACTION:

Approve recommendation.

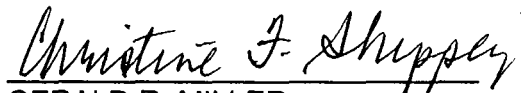
Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

CJG:ls
Signal Hill Petroleum Seismic Survey

APPROVED:

for 
GERALD R. MILLER
CITY MANAGER