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NOTICE OF PREPARATION

To: From: Inyo County Planning Department
168 North Edwards Street
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Independence, CA 93526

Subject: Notice of Preparation of a Draft Environmental Impact Report For CUP No. 2007-03, Coso Hay Ranch Water Extraction, Export, and Delivery System

The County of Inyo will be the Lead Agency and will prepare an environmental impact report for the project identified below. We need to know the views of your agency as to the scope and content of the environmental information that is germane to your agency's statutory responsibilities in connection with the proposed project. Your agency will need to use the EIR prepared by our agency when considering your permit or other approval for the project.

The project description, location, and the potential environmental effects are contained in the attached materials. A copy of the Initial Study (is is not) attached.

Due to the time limits mandated by State Law, your response must be sent at the earliest possible date but not later than 30 days after receipt of this notice.

A public **Scoping Meeting** will be held on **Wednesday, October 17, 2007, 6:30 pm to 8:00 pm** at **Statham Hall**, 138 N. Jackson Street, Lone Pine, CA 93545 (corner of Jackson & Bush Streets).

Please send your response to Jan Larsen, Senior Planner, at the address shown above. We will need the name for a contact person in your agency.

Project Title: Conditional Use Permit No 2007-03/Coso Operating Company LLC (Coso Hay Ranch Water Extraction, Export, and Delivery System).

Project Applicant, if any: Chris Ellis, Site Manager, Coso Operating Company, LLC. 2 Gill Station Road, Coso Junction, Little Lake, CA 93542

Date: _____ Signature: _____
Title: Planning Director
Telephone: 760/ 878-0263

Reference: California Code of Regulations, Title 14, (CEQA Guidelines) Sections 15082(a), 15103, 15375

Project title: Conditional Use Permit No. 2007-03/Coso Operating Company LLC (Water Extraction and Transfer).

Lead agency name and address: Inyo County Planning Department,
P.O. Drawer L,
Independence, CA 93526.

Contact person and phone number: Jan Larsen, Senior Planner (760) 878-0263.

Project location: Coso Hay Ranch in Rose Valley to the Injection Wells at the Coso Geothermal Field located on the China Lake Naval Air Weapons Station, Rose Valley, Inyo County (Sections 25, 26, 35 and 36, T21S, R37E; Sections 31, 32, 33, and 34, T21S, R38E; and, Sections 1, 2, and 3, T22S, R38E, immediately east of U.S. Highway 395; APNs 037-040-23, 03, and 24 [private lands]; 037-070-08, 037-027-01, 02 [BLM lands], and, 037-032-01 [China Lake Naval Air Weapons Station lands]).

Project sponsor's name and address: Chris Ellis, Site Manager
Coso Operating Company LLC
2 Gill Station Road, Coso Junction
Little Lake, CA 93542

General Plan designation: Rural Protection (RP), 1 dwelling unit per 40 acres, 40-acre minimum parcel size (5.36 acres – private lands); State and Federal Lands (SFL) (32.24 acres – Bureau of Land Management); and, State and Federal Lands (SFL) (16.18 acres – China Lake Naval Air Weapons Station).

Zoning: Open Space, 40-acre minimum parcel size (OS-40).

Description of project:

Project Overview: Coso Operating Company on behalf of Coso Hay Ranch LLC (“Coso”) has applied for a Conditional Use Permit (CUP) for a 30-year period to pump up to 4,893 acre feet per year of water from the wells at the Coso Hay Ranch and transport the water

from the ranch via a 9-mile pipeline for reinjection into the Coso Geothermal Field (Figure 1 Regional Vicinity Map and Figure 2 Local Vicinity Map). The water will be used to sustain the steam production of the geothermal field. The proposed project includes the installation of pumps and well improvements at Coso Ranch, addition of an electrical power substation, and construction of a 9-mile buried pipeline with associated pumps and water storage tanks to transport the water to the geothermal field.

Project Objective: In spite of the fluid reinjection program at the Coso Geothermal field for approximately its 20 years of operation, there is an abundance of natural heat in the field that is not being optimally used. This situation is the result in the shortage of fluid that has caused pressure declines in the field. The objective of the proposed project is to provide additional fluid to reinject into the geothermal resource to produce additional steam to sustain the generation of electricity without using fossil fuels and the associated generation of greenhouse gases.

Project Description The proposed project includes pumping of water from the Coso Hay Ranch in Rose Valley to provide fluid to the geothermal field in the China Lake Naval Air Weapons Center. Water will be withdrawn from two existing wells at the Coso Hay Ranch property at an average rate of 3,000 gallons per minute (gpm), or approximately 4,800 acre-feet per year (each well will have a down-hole shaft-driven pump with a capacity of 2,000 gpm, and will be pumped for 18 hours per day). Power for the proposed project is proposed to be supplied by a new 3 mega watt (MW) substation to be constructed by Southern California Edison (SCE) adjacent to the pumping equipment on the Hay Ranch property (the existing dilapidated mobile home and equipment shed will be removed). There will also be a prefabricated 16' x 10' mechanical-electrical equipment building constructed near the pumping equipment. The substation will have security lighting of a low intensity and low sodium type, which will be photo sensor controlled. Maintenance lighting will have high pressure sodium lights controlled by a manual switch which is left in the "off" position except for emergency night maintenance or operations. Landscaping and an automatic irrigation system around the substation will be installed by a certified licensed landscape architect and will be designed to filter views from nearby residences and commercial areas. An 8-foot high chain link/barbed wire fence will enclose the facility.

A pipeline is proposed to be constructed from the Northern Hay Ranch past the Southern Hay Ranch well to a 250,000 gallon collection tank. The Southern well will be tied into this pipeline. The applicant anticipates burying this pipeline to minimize visual impacts. The collection tank will sit on sand bedding. The collection tank may be bypassed in the early stages of the project to enable delivery of water prior to completion of tank construction. The collection tank will provide the suction supply to a booster pump station, consisting of two or three vertical turbine pumps. These pumps will discharge through the main pipeline to a high point surge tank, and re-connect to the main pipeline.

The main pipeline from the Hay Ranch to the geothermal facility will be approximately 9 miles long and consist of a 20" diameter steel pipe. The length of the line from the pumping station to the high point tank is approximately 7 miles. The high point tank is a 1,500,000 gallon tank, which will sit on sand bedding. The tank will be equipped with instrumentation to indicate level, and provide pump trips in the event of a high level.

In general, the pipeline follows the path of existing roads and associated rights of ways, to minimize impacts to the land. There is a short cutoff in Section 33, R38E, T21S, in order to shorten the overall length of the pipeline. However, the alternate plan is to follow the main road for the entire length of the pipeline between the extraction wells and the high point tank.

The project area consists mostly of a narrow 50-foot wide corridor. The corridor extends from the North well east of U.S. 395 and north of Coso Junction on the privately owned Hay Ranch, enters public land, then crosses over into the China Lake Naval Air Weapons Station (CLNAWS) boundary to the Navy's #88-1 Well site. Approximately 5 acres of the project property are privately held and consist of fallowed agricultural lands located in the northwest section of the property. Undeveloped BLM lands surround the 9 linear-mile pipeline for approximately 32 acres, with the balance of approximately 16 acres of the project located on CLNAWS lands east of Coso Junction.

The undeveloped BLM lands are designated State and Federal Lands (SFL), and zoned Open Space, 40-acre minimum (OS-40). The private Hay Ranch property is developed with a dilapidated mobile home and outbuildings, and the developed North and South water wells. This property is designated as Rural Protection (RP) and zoned OS-40. The community of Dunmavin is located approximately one-half mile to the northwest, and the Coso Junction rest stop, gas station/mini-mart are located approximately 2 miles south of the Hay Ranch.

The propose pipeline will be buried for most of its length. However, terrain or other environmental considerations may dictate that portions of the line be above ground. This will be detailed in the final design.

This project is **not** exempt from the requirements of Inyo County Ordinance No. 1004, which added Section 18.77 to the Inyo County Code, (Regulation of Water Transfer, Sale, or Transport from Inyo County) and Water Code Section 1810 et seq. Section 18.77.000 (H.) Groundwater Transfers, states: "A transfer or transport of groundwater from a groundwater basin located in whole or in part within Inyo County to an area outside of the groundwater basin...[has] the potential to adversely affect the economy and environment of Inyo County". The project consists of pumping groundwater from wells in the Rose Valley Basin and transporting it via pipeline to the Coso injection system which is located on the margin of the Rose Valley and Coso basins. Rose Valley is named as a groundwater basin within Inyo County. The project is also **not** exempt pursuant to the provisions of Inyo County Code Section 18.77.010 (B.) "Exemptions," because it does not involve purchase or acquisition of water by the Los Angeles Department of Water and Power, is not an emergency transfer of water, is not the transfer of water in the form of manufactured goods, and is not a transfer of water over which the County lacks jurisdiction to regulate.

Surrounding land uses and setting:

Approximately 5 acres of the 300 acres of privately-held project property (Hay Ranch) will be used for the project. This private property consists of currently-fallowed agricultural lands located in the northwest section of the property. Undeveloped BLM lands surround the 9 linear-mile pipeline for approximately 32 acres, with the balance of approximately 16 acres of the project located on CLNAWS lands east of Coso Junction.

Land uses and zoning surrounding the site reflects the following:

The proposed project site is surrounded on the north, south, and east by undeveloped BLM lands, designated State and Federal Lands (SFL), and zoned Open Space, 40-acre minimum (OS-40). The private Hay Ranch property is developed with a dilapidated mobile home and outbuildings, and the developed North and South water wells. This property is designated as Rural Protection (RP) and zoned OS-40. The project area consists mostly of a narrow 50-foot wide corridor that is approximately 9 miles long. The corridor extends from the North well east of U.S. 395 and north of Coso Junction on the privately owned Hay Ranch, enters public land, then crosses over into the CLNAWS boundary to the BLM North Injection Well #88-1 (see attached Regional Vicinity and Local Vicinity Maps).

Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement.): Inyo County Water Department (compliance with Inyo County Code Section 18.77, Regulation of Water Transfers); Inyo County Environmental Health Services Department (construction of monitoring wells); Inyo County Public Works Department (building and grading permits; pipeline along Gill Station Road); U.S. Navy, China Lake Naval Air Weapons Station (permits and right-of-ways for pipeline and high-point water tank); BLM – Ridgecrest (NEPA compliance [EA] and right-of-way for pipeline on public managed lands).

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

An Initial Study and Evaluation of Potential Impacts has been prepared by the Planning Department (attached). The Initial Study, including an environmental checklist, indicates that the proposed project may have a significant adverse impact on the environment for the following reasons:

Potentially significant impacts involving **Aesthetics, Biological Resources, Cultural Resources, Geology and Soils and, Hydrology and Water Quality**, will be resolved with stated mitigation measures (below) or will require measures in accordance with regulatory agency policies, permits, procedures, or other codified regulations, and will be conditions of approval for Conditional Use Permit No. 2007-03/Coso Operating Company LLC. Therefore, with the incorporation of the mitigation measures recommended below, it has been found that the project will not result in any significant adverse environmental impacts.

Aesthetics – Visual Impact

A potential impact will be degradation of the viewshed along U.S. Highway 395 where there are few businesses and very sparse residential development. The proposed substation and 250,000 gallon water tank near the site of the existing water wells could

impact scenic vistas of the local residences, businesses, and travelers along U.S. Highway 395. There could be impacts from light and glare due to emergency nighttime maintenance activities that could adversely affect nighttime views in the area.

Biological Resources:

A biological survey was conducted by UltraSystems, Irvine, CA, in May 2004 and in January, 2005. The March 2005 report (available upon request) includes a literature and database search, and a detailed site evaluation performed by vehicle and on foot in May, 2004 along the 50-foot wide pipeline corridor. Approximately 5 acres of plant and wildlife habitat will be permanently affected, with approximately 60 acres of plant communities and habitat temporarily affected. In addition, a 20-acre area surrounding the ¼-acre substation site and connection transmission line right-of-way was surveyed for habitat and potential for special status species occurrence. Mohave ground squirrel, and desert tortoise, and five sensitive vegetation species were identified with the potential to occur on or in the immediate vicinity. No listed, proposed listed or candidate plant or wildlife species were observed during surveys conducted for these species. However, both tortoise and Mohave ground squirrel burrows of appropriate size were noted. These noted potential burrows were determined to be unoccupied and were of poor quality, evidenced by partial collapse or obvious disuse.

Cultural Resources

Several significant cultural sites were identified during an extensive survey of the project area, and reported by Dr. Mark Becker, ASM Affiliates, Inc., January 2005. Six sites, four of which had been previously recorded, and two new sites, were identified. Two sites were previously subjected to limited test excavations and were recommended as eligible for listing with the National Register of Historic Places (NRHP). Subsequently, they were listed as contributing properties of the Sugarloaf Archaeological District. One site on BLM land was considered as potentially eligible, with three other sites listed as 'indeterminate'. One historical site was also located and identified. Seven isolates, six of which are on public lands, were also identified, but none qualified for listing. Local tribal members have also addressed their concerns regarding changes in the Coso Hot Springs resource as a result of the proposed project.

Geology and Soils

The project consists of approximately 9 linear miles of pipeline, a ¼ -acre electrical substation, construction of 250,000-gallon and 1.5 million-gallon water tanks, an electrical equipment building, and various service roads and corridors. In addition, grading, foundation work, installation of drainage structures and surfacing activities all will result in disturbance of the native vegetation and soils and result in potential soil erosion/deposition impacts.

Hydrology and Water Quality

Analysis using a simple two-dimensional analytical groundwater flow equation (Theis equation) suggests that this project will result in a relatively low draw down in the Rose Valley Basin. Numerical modeling suggests that over a 20 year period, water level drawdown immediately adjacent to the Hay Ranch wells will be from 68 to 72 feet, with decreasing amounts of decline moving radially away from the wells. Current modeling suggests that over the 20-year life of the project, a 2.4' drawdown could occur in the Little Lake area. However, due to large uncertainties and non-availability of data for this region, this figure is most likely high based on observed responses to historical use of the Hay Ranch wells. Historical pumping rates at the Hay Ranch during several years of operation are similar to the anticipated pumping rates for this project. During that period, Little Lake was unaffected by the pumping of the Hay Ranch wells. Further, annual fluctuations in water level have exceeded 4' in the Little Lake area well at various times in the past ten years (reference Bauer's Thesis from April, 2002 titled "The Hydrogeology of Rose Valley and Little Lake Ranch"). Accordingly, a significant impact is not anticipated on Little Lake or Little Lake discharge. The EIR will address the project specific and cumulative hydrological implications of the groundwater pumping.