

To: San Luis Obispo County Board of Supervisors

Re: Public Comment from Huasna Valley Association
April 7, 2009 Board of Supervisors Meeting

Speaker #1: Doug Timewell, 3850 Acrewood Place

I would like to comment on concerns the Huasna Valley community has regarding potential contamination of our limited freshwater aquifer from past oil drilling activities.

In 1980, Lorena of California, Inc. obtained a conditional use permit to re-enter and test three existing wells on the Mankins property in the Huasna Valley. These wells had been drilled in the late twenties and mid-sixties. In 1983 Lorena reported to the Division of Oil and Gas that one of the wells had a badly corroded casing, but nothing was done to repair the casing or abandon the well.

The Division of Oil and Gas currently lists 5 orphaned wells on the Mankins' property. Orphaned wells are defunct oil wells, which were not properly plugged and abandoned as required by California State Law. They present a risk to freshwater aquifers, as their casings, left open to the atmosphere, rust over time, allowing the contents of the oil well to mix with shallower freshwaters.

The Huasna Valley Association recently hired a hydrologist, Dr. Robert Curry, to comment on the Excelaron/Mankins application to re-enter the old wells and drill new wells on the Mankins' property.

Dr. Curry has stated, "...ultimately the oily water (from the oil wells) will seek passage to the surface. It is a matter of time, with potential deleterious effects on shallow water supply aquifers not realized for perhaps a decade or more. We have established that as many as 100 residents may pump water from the Santa Margarita formation within 1 mile of the proposed operation. This is unlike typical oil field areas in California where few private water wells produce domestic water from the same geologic unit that acts as a petroleum reservoir."

The oil wells on the Mankins' property have sat orphaned and rusting for decades. They present a hazard to the freshwater aquifer of the Huasna Valley and Suey Creek residents. There is existing and long-standing contamination at the well sites.

The Division of Oil and Gas has failed to properly abandon the wells and thus failed to enforce the Clean Water Act. The county has failed to follow through with remediation of the site and thus failed the mandate of the Land Use Element to protect the freshwater supply from petroleum extraction activities. The Mankins family has allowed a hazardous mess to remain on their property and potentially contaminate the freshwater aquifer.

A full study should be done of the existing well sites in the greater Huasna area to determine the state of the wells and the extent of contamination of soils and water from the past petroleum

extraction projects. A moratorium should be put in place on any new petroleum extraction projects until all existing wells are plugged and abandoned and all existing sites are fully remediated and the freshwater supply of the Huasna area is fully protected as required by Federal and state laws and county ordinances.

Speaker #2: Tracy Del Rio, 6150 Huasna Townsite Road

I would like to comment on the Excelaron/Mankins CUP application, which was recently withdrawn by the applicant, but will soon be re-submitted to the county.

In a letter dated March 23, 2009, the Huasna Valley Association informed the Planning Commission that the applicant, Excelaron LLC, is in fact the previous operator of the existing wells from the late 1980's. The original CUP from 1980 for petroleum extraction on the Mankins' property was assigned in 1985 to Deuel Petroleum Company, owned by Warren Perrine. Two years later, Warren Perrine and Deuel Petroleum Company walked away from their responsibilities to remediate the site and properly abandon and plug the wells.

Division of Oil and Gas did not follow through with the abandonment of the orphaned wells or their California State law mandate to enforce the clean water act. The county did not follow through with remediation of the site or the mandate of the Land Use Element to protect the freshwater supply from petroleum extraction activities. The Mankins family allowed a hazardous mess to remain on their property and potentially contaminate the freshwater aquifer.

In 1988, Warren Perrine changed his name to William Divine and entered the Vedanta Ramakrishna monastery in Beverly Hills for eight years as a monk. During that time he shuffled his mineral leases between several different companies and changed the name of Deuel Petroleum to United Hydrocarbon.

In 2006, Will Divine and United Hydrocarbon entered into a 50/50 partnership with Grant Jaegleman and Australian Oil Company and formed Excelaron, LLC in San Luis Obispo for the purpose of re-entering the wells. On June 5, 2007 Excelaron, LLC filed an application for a Conditional Use Permit. After almost two years of multiple project changes and a tremendous waste of our county staff resources, Excelaron withdrew their application the day before Planning Commission. They are currently discussing a re-submittal with Planning Department staff.

Excelaron LLC is a wolf in sheep's clothing. They have been dishonest and untrustworthy. They have responsibilities to clean up their previous mess. The county or state taxpayers should not pay for that cleanup. The county should not entertain a re-submittal of their application to drill new wells until their old mess is cleaned up at their expense.

Speaker #3: Ron Skinner, 5420 Huasna Townsite Road

When the Huasna Valley Association first became involved with the Excelaron/Mankins CUP last summer, we were a community interested in mitigating the proposed project in order to

protect our community standards and minimize impacts of the project. As we investigated the project further we found a lack of disclosure and transparency and an unstable project description that was impossible to adequately evaluate. We demanded a complete project description and a full EIR.

Our hydrologist, Dr. Robert Curry, raised concern of contamination of our tenuous freshwater aquifer. Investigation of Division of Oil, Gas, and Geothermal Resources (DOGGR) well logs for the existing orphaned wells showed rusted casings, wells open to the atmosphere, and oil seeping from a previously plugged well casing.

The Huasna Valley Association recently discovered that Excelaron, LLC is actually the previous operator, in disguise, that is responsible for walking away from the wells in the late 1980's.

Our community is now focused on the potential contamination of our freshwater aquifer from the past petroleum extraction activities in our area and the cleanup and abandonment of the old existing wells.

Yesterday I spoke with DOGGR. All but one bond was released for the existing wells and even if the bonding agent was still in business, the \$10,000 bond would not begin to cover the \$100,000 - \$200,000 estimated cost to plug the existing wells. This cost does not include any surface site remediation. The county holds a \$20,000 cash bond for that purpose, which again would not begin to cover the costs.

DOGGR has applied for abandonment funds, which they hope to obtain by the end of the year. However, this cleanup has very low priority for them and there is no guarantee that funding would come through.

Excelaron has been lobbying the Planning Department to accept a re-submittal of their proposed project to drill new wells. They claim DOGGR will abandon the old wells and that they cannot remediate the sites until their CUP is approved.

The Huasna Valley Association would like to see the county apply code section 22.01.070 and not accept any new applications for petroleum extraction in the greater Huasna Area until these abandonment and site remediation issues are resolved and until the effect of these old sites on the freshwater supply in Huasna is fully studied. In other words, put a temporary moratorium on the Huasna Area for petroleum extraction.

DOGGR has failed in its mandated enforcement of the Clean Water Act. The county has failed in its protection of the freshwater supply as mandated in the Land Use Element. The Huasna Valley Association will be filing complaints of those failures with the following agencies: Code Enforcement, Public Health, Regional Water Quality Control Board, Water Resources Advisory Council, SLO Environmental Enforcement Group, SLO/Santa Barbara Federal Environmental Task Force, and the State Attorney General.

Cc: SLO Planning Commission