FAX COVER SHEET

TO: John McKenzie
781-1242

FROM: Melissa Boggs, CDFG-OSPR

DATE: September 23, 2008

NUMBER OF PAGES TO FOLLOW: 4

Hi John, attached are comments re Excelaron conditional use permit.

Thanks.

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SAN LUIS OBISPO COUNTY
DEPARTMENT OF PLANNING AND BUILDING
VICTOR HOLANDA, AICP
DIRECTOR

THIS IS A SECOND PROJECT REFERRAL

DATE: September 2, 2008

TO: California Department of Fish and Game - Melissa Boggs

FROM: John McKenzie, Project Manager (805/781-5452)

PROJECT DESCRIPTION: Request by Excelaron LLC for a Conditional Use Permit (DRC2006-00222), on property owned by Howard Mankins and Joan Wineman, to establish four production oil wells and transportation of crude oil to processing facilities outside of the county. The project includes an exploratory and production phase. Project components include: 1) testing for integrity of one existing orphaned well for oil production ; 2) if well testing unfavorable for production use as back-up injection well, and drill replacement production well, 3) drilling of up to three additional wells; 4) reactivation of one additional well at the shipping site for the sole purpose of a back-up water reinjection well; 5) should oil formation's quantity and quality be determined favorable, exploratory phase ends and production phase begins for up to four production wells; 6) installation of other project elements as follows: shipping/staging area for storage and operation of facility (office, processing/storage tanks, heater); above ground piping from wells to shipping storage area, and minor grading to level/widen access roads to shipping and well sites; and 7) grading that would result in approximately 1.5 acres of disturbance and movement of approximately 6,600 cubic yards of material. Truck haul route would exit site south on Huasna Townsite Road to the end of the county maintained portion, then use existing ranch roads (Porter Ranch) south to Alamo Creek Road to Highway 166, then west and south to processing facilities in Oxnard via Highway 101.

The above description is different from the original request made over a year ago for the following components: tanker truck haul route was along Huasna Road to village of Arroyo Gande (no longer proposed); three existing orphaned wells were to be used for production (now only one); one new production well (now three); an addition of an injection well and a back-up injection well, processing facility was to be Nipomo Mesa facility - now Oxnard. The total number of production oil wells has not changed.

Location: The project is located on the Mankins Ranch, which is on the west side of Huasna Townsite Road, approximately one mile south of Huasna Road, approximately 12 miles east of the City of Arroyo Grande (Highway 101), in the South County and Huasna-Lopez planning areas.

Applicant: Excelaron LLC

Return this letter with your comments attached no later than: 14 days from receipt of this referral.

PART 1 - IS THE ATTACHED INFORMATION ADEQUATE TO COMPLETE YOUR REVIEW?

X YES (Please go on to PART II.)

☐ NO (Call me ASAP to discuss what else you need. We have only 10 days in which we must obtain comments from outside agencies.)

PART II - ARE THERE SIGNIFICANT CONCERNS, PROBLEMS OR IMPACTS IN YOUR AREA OF REVIEW?

☐ YES (Please describe impacts, along with recommended mitigation measures to reduce the impacts to less-than-significant levels, and attach to this letter)

☒ NO (Please go on to PART III)

PART III - INDICATE YOUR RECOMMENDATION FOR FINAL ACTION.

Please attach any conditions of approval you recommend to be incorporated into the project's approval, or state reasons for recommending denial.

IF YOU HAVE "NO COMMENT," PLEASE SO INDICATE, OR CALL.

September 23, 2008 (Date) Melissa Boggs (Name) 594.6165 (Phone)

John, after my review of the subject document I do not have significant concerns or problems, but I do have some suggested additions to BR25 if there will be buried oil pipelines. Please see attached. Call or email if you have questions. Thank you.

MEMO

TO: John McKenzie, San Luis Obispo County Department of Planning and Building

FROM: Melissa Boggs – Department of Fish and Game, Office of Spill Prevention and Response; mboggs@ospr.dfg.ca.gov, office (805) 594-6165, cell (805) 558-1005.

DATE: September 23, 2008

REGARDING: Excelaron LLC Conditional Use Permit (second project), permit conditions and mitigation measures sent September 2, 2008.

Hello John. I have reviewed the Excelaron LLC Conditional Use Permit (second project), permit conditions and mitigation measures and have the following comments:

1) From an oil spill preparedness and response perspective, it is my opinion that the mitigation measures outlined in this Excelaron Conditional Use Permit are adequate. If this project goes forward I would like to be notified of when Excelaron submits their Spill Contingency Plan (BR18) for review and approval. It is possible it could be sent to someone else in Fish and Game that may not be the best person to review it.

2) Regarding the mitigation measures for the native vegetation including oak trees, and other special status species, this is not my area of expertise (e.g., I do not normally get involved with CEAQ reviews for DFG). However, based on my fairly-limited knowledge from other projects, the suggested mitigation measures seem adequate to protect these biological resources. I left a message with Julie Vance, DFG Region 4 to discuss and I have not received a return call.

3) Regarding BR25, this is requiring a surface water testing program. Based on my review of the document, including the figures, I can not determine if there will be any buried oil pipelines. I also can not determine where pipelines are going to be located in relation to the creek/tributary. If there will be buried oil pipelines near the creek/tributary I suggest adding a requirement to BR25(a) to also have them collect baseline sediment samples (in addition to the surface water samples) for Huasna Creek and its tributary. The reason I am suggesting adding sediment samples if there will be buried oil pipelines anywhere near a creek is because if an underground oil pipeline leaks, the leak site in the pipeline may be small enough that it is not detected by a "smart pig" and/or not detected by a drop in pressure, and/or the pipeline may leak in between pipeline tests such that there could be a small, slow, chronic leak from an underground pipeline that could go undetected for some time. If this occurs it can create an underground "plume" of oil that can potentially migrate underground. You could have a scenario where there is subsurface contamination of soil/sediment that could potentially impact a creek but the contamination may not be detected with surface water samples only for a number of reasons. I am not suggesting adding sediment samples to the first flush surface water samples (BR25(c)). I am only suggesting they collect baseline surface water and sediment samples in the creek/tributary if there will be any underground pipelines near

the creek/tributary. One reason it is important to have baseline data is because it is likely certain contaminants will be detected in the baseline samples depending obviously on which analyses they will perform (see my suggestion below). There are certain compounds found in crude oils that are found most everywhere at low concentrations (i.e. some polynuclear aromatic hydrocarbons or PAHs).

You may also want them to include sediment samples from the creek as part of their ongoing monitoring/sampling effort (BR25(b)) again, if there will be buried oil pipelines near the creek.

For the analyses, I suggest they analyze for heavy metals, volatile organic compounds, semi-volatile organic compounds, total petroleum hydrocarbons, and PAHs (using dry weight for soil/sediment samples and for the PAH analysis I suggest a SIM PAH analysis to get the low detection limits).

I can not give a magic number as far as what is the distance from an underground pipeline to the creek that would be of concern – it depends on the geology, hydrogeology, etc. It may have to be based on best professional judgment if there is little existing hydrogeological data for the area.

I also have the following suggested language for BR25(d): "Should contaminants from the project site exceed baseline concentrations or exceed any regulatory threshold ~~harmful amounts be found that are coming from the project site~~, a qualified person ~~biologist~~ shall evaluate impacts to the biological and/or water quality resources to determine appropriate remedial actions to be approved by all necessary agencies. ~~mitigation measures that will reduce impacts to less than significant levels~~..." I am suggesting deleting "biologist" because it may be better to have a geologist or hydrogeologist evaluate the impacts in addition to a biologist. I am suggesting deleting "....that will reduce impacts to less than significant levels" because if they have a big spill and/or big underground plume they may not be able to reduce impacts to less than significant levels within a reasonable amount of time depending on many factors. If they have a big spill and/or big underground plume that they remediate and restore, the area could be "mitigated to less than significant levels" but depending on the many variables the amount of time to get the impacts to "less than significant" could be many, many, many years. This is why we pursue natural resource damage assessments for oil spills...because it can take many, many, many years to make the environment "whole" and we therefore seek monetary damages to "make up" for the time it takes to restore the environment.

I apologize if this BR25 was in the previous version that I reviewed and that I did not provide you with these comments before on this mitigation measure.

These are all the comments I have.