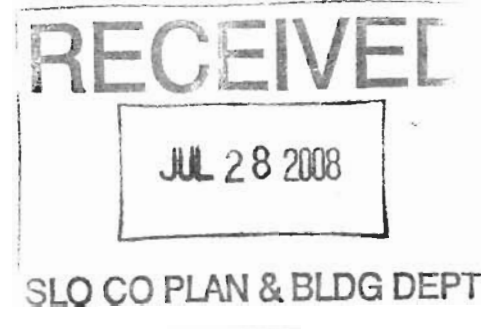




July 24, 2008

Mr. John McKenzie, Project Planner
Department of Planning and Building
County of San Luis Obispo, Government Center
San Luis Obispo, California 93408

SUBJECT: DRC 2006-00222/Mankins (Excelaron LLC)
160 ac. site off Huasna Townsite Road (APN 085-271-001 & 004)



Dear John,

Thank you for meeting briefly with me yesterday regarding the above project referral and the apparent need for additional clarifications and proposed mitigations. The City of Arroyo Grande initially requested a focused EIR on October 12, 2007 to address cumulatively significant traffic and air quality impacts including truck trips through the City and emissions from injection, pumping and transportation. Additional issues of water resources, land disturbance and erosion were also topics of local concern.

A subsequent letter dated May 7, 2008 was submitted after I met with project applicants, but the route of travel, number and type of trips, undefined destination as well as long-term air quality impacts and other elements of the project description and proposed mitigations are NOT in accord with their meeting clarifications. The City requested alternatives and mitigation measures to address traffic routing being considered by the County Public Works Department and expects that APCD will define mitigation measures regarding regional air quality impacts, but neither has been confirmed by the applicant or the County. To the contrary, you reported that the County has provided nothing to mitigate truck trips through the City and asking only \$90.00 per trip for estimated maintenance impacts to County roads. The City does not agree with directing the proposed project truck traffic through the Village on Huasna Road and Branch Streets, nor have we received any evidence of any consideration of Branch Mill and East Cherry as one possible alternative. The County has not evaluated the probable destination of the Nipomo Mesa refinery which would involve additional routes of traffic concern rather than utilization of Freeway 101, including traverse of more of the City.

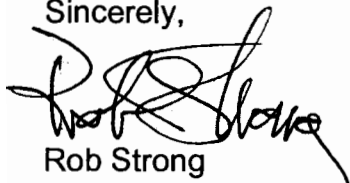
If the Conditional Use Permit for reactivation and test of three existing wells and development of a fourth well is further considered with an Mitigated Negative Declaration (MND) that does not contain mitigations and/or alternatives previously agreed to in concept by the applicant, the City staff returns to its initial request for a focused EIR to disclose answers to these significant cumulative impacts. At minimum the County should also limit the scope and duration of this exploratory project. Without

John McKenzie, Project Planner,
County Planning and Building
July 24, 2008
Page 2

assurance of appropriate mitigation measures and consideration of alternatives of concern to the City of Arroyo Grande, integrated in an MND or as part of a focused EIR, staff will recommend that the City Council oppose the project.

In conclusion, the City Council may consider an official position if the applicant and/or the County defer decision to enable local presentation of the project proposals and proposed mitigations prior to the Planning Commission public hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Strong", written over a white background.

Rob Strong
Community Development Director

cc: Excelaron (via Oasis Assoc.)
Howard Mankins
Steve Adams, City Manager
City Council