

**STEVEN AND ELLEN SLETTEN  
6220 HUASNA ROAD  
ARROYO GRANDE, CA 93420**

March 18, 2009

VIA TELECOPIER  
(805) 781-1350

Mr. Katcho Achadjian  
4<sup>th</sup> District Supervisor  
County of San Luis Obispo  
County Government Center  
San Luis Obispo, CA 93408

Re: Excelaron LLC Huasna Valley Oil Project

Dear Supervisor Achadjian:

I, my wife Ellen, and my children Kristen and Connor all join in the chorus of voices expressing grave and legitimate concerns about the proposed oil drilling project that has been presented by Excelaron LLC to the San Luis Obispo County Planning Commission for review and approval. For a number of reasons, the CUP that is pending for approval should be denied at this time because Excelaron has failed to provide the support required for the CUP. The project description has shifted so many times, and the circumstances of the shifting application is sufficiently suspicious, that applicant should be required to start over if they actually have a legitimate project to present to the County for approval.

We are relatively new as residents in the Huasna Valley community, having purchased our ranch at 6220 Huasna Road last May 2008. But we are native Californians (my wife a fourth generation Californian), and have been enjoying the Central Coast (Pismo Beach, SLO, etc.) as our number one vacation spot since our children (who are 21 and 18) were infants. My in-laws have owned vacation homes in Grover Beach for over 15 years before moving to Arroyo Grande from the Los Angeles area to retire 6 years ago (up on the Mesa in the Bayside Park gated community). Ellen and I fell in love with the beautiful and serene wilderness environment of the Huasna Valley years ago, and finally found the perfect ranch

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I have been following the proposed Excelaron project closely since it was announced around the time we closed our escrow last year. The more I hear about the project, the more concerned I am that it could potentially strike a very serious blow to the essential natural features and characteristics of this wonderful community. But more importantly, it seems rather apparent that the developers of the project are not being upfront about the scope and nature of the planned drilling, and seem to be engaged in a classic "bait and switch" ploy to gain approval for a project of alleged limited scope so they can then expand it way beyond anything that has been affirmatively disclosed.

The community has always been suspicious of the requested number of oil hauling trucks for the development, on the grounds that if Excelaron really is only planning on four wells (as stated in its CUP application), it does not need approval to run up to 12 round trips of oil tankers every day. But we now learn from the web site of a recent investor into the project (as reported last week in the New Times) that the actual plan is to drill at least 15 wells in the Valley, and also that Excelaron has leased 2000 acres of mineral rights in the area. At the rate of production of the wells now operating in the nearest oil field (Price Canyon), 15 active wells in Huasna would likely produce about 225 barrels of oil each day – only about 2-3 trucks worth of oil. Interesting that Excelaron decided to remove the information about the 15 wells from the new investor's web site immediately after it was discovered "to avoid any further confusion."

There are dozens of questions that remain unanswered about this project, and the failure of Excelaron to address many of these basic issues, leads to the fairly reasonable conclusion that they have been intentionally vague if not downright dishonest about their plans. The Planning Commission, the County generally, and the local communities that will be affected by this intrusive project deserve better. The CUP should be denied.

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I am somewhat familiar with the CUP application process having encountered it occasionally in my law practice, and after studying what Excelaron was planning to do, I was surprised to learn that the County was considering proceeding with approval of the proposed project without a full Environmental Impact Report, and even more shocked to receive and review the County's Environmental Determination No. ED07-311 indicating a preliminary decision to allow the project to go forward on the basis of Mitigated Negative Declaration. This seems on its face to be inconceivable, and I learned today that even Excelaron has now finally (and grudgingly) acknowledged it cannot hope to prevail on the project without a full EIR which it now says it will secure. What is disturbing is that Excelaron, a foreign-owned company with virtually no assets in the state (at least that is what I have been informed), can get this far along with a project that has been misrepresented to the County and the community, and having now been "caught red handed" in their game of deception, give in and admit they must follow proper legal process and deliver a full and complete EIR on the proposed project. And they now agree to conduct an EIR but for a project that remains ill-defined and for which serious questions still remain.

The EIR is of course critically important, and hopefully working through that will reveal the true intentions of Excelaron and allow the County, and the community, to conduct a full, fair, and informed evaluation of the oil drilling project. This will require that many as-yet unanswered questions be directly addressed:

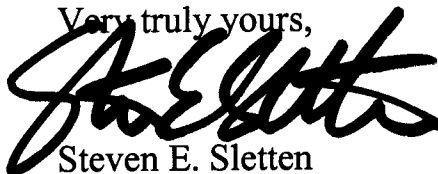
- What is the plan for the processing and disposal of hazardous excess water or produced natural gas?
  
- What are the details of the road easements that purport to allow Excelaron to use private roads to transport oil south to Highway 166 and avoid traveling through the Huasna Valley and the City of Arroyo Grande? A northerly route through the Valley and AG would of course be a disaster on many levels (traffic, risk of accidents, potential pollution, etc.) and Excelaron backed off that absurd plan almost immediately after confronted with the obvious opposition to it.

- How will the unimproved roads heading south be improved to support heavy oil tankers, and what are the terms by which decisions will be made to shut down operations at the site when those roads become impassible due to rain or other natural conditions?
- What are the finances of the developers, and how will they respond to the likely natural disaster that could easily occur from such a project?
- Will the activity be bonded or insured in a way to guarantee any damage will be cleaned up without State, County or residents' funds?
- How is the lawsuit that has been filed against numerous surrounding land-owners by one of the Excelaron lessors connected to the project and is the suit a ploy to gain potential for a northwardly oil shipping route via Mary Hall Lane Road and Huasna Road?
- Where are the net energy calculation to prove that after all the effort (and expended energy) to drill, extract, and haul the low-grade oil from the site to a processing facility over 200 miles away, there is a net energy gain proving that the project has a positive environmental impact?
- Has there been a valid and reliable acoustic study that determines the noise impact from the project on a community that is used to hearing mostly birds, cows and horses, and trees rustling in the cool breezes?
- What about air quality? There are serious issues of dust, hydrocarbons, noxious odors, and the green-house gas effects that have not been adequately addressed by Excelaron.
- The developers present no adequate findings and studies dedicated to the all-important issue of potential water contamination from the project activities. We, and all the surrounding property owners in the community, depend on wells for all our water needs. Any risk of contamination is a very scary thing to us. I understand that the drilling process under consideration involves the injection of water into the rock to extract the oil, and then the re-injection of tainted water that was used to extract the oil back into the ground.

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We are relieved to learn that Excelaron has agreed to a full EIR for this project, and I understand that the Planning Commission staff has also included that as a recommendation for the hearing next week in response to the proposed MND. I look forward to receiving answers to the above, and many other, questions through this ongoing review process. I also submit that the CUP as presented should be denied. This project appears ill conceived and poorly explained by those involved, and from the beginning has been presented in a shady, underhanded way seemingly designed to cut corners and avoid responsibility for a full legal process.

Very truly yours,



Steven E. Sletten

SES/ses  
100622568

cc: Mr. Frank Mecham 1st District Supervisor  
Mr. Bruce Gibson 2nd District Supervisor  
Mr. Adam Hill 3rd District Supervisor  
Mr. James Patterson 5th District Supervisor

**STEVEN AND ELLEN SLETTEN  
6220 HUASNA ROAD  
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(805) 781-1242

Mr. Gene Mehlschau  
4<sup>th</sup> District Planning Commissioner  
Dept. Planning and Building  
976 Oso Street, Room 300  
San Luis Obispo, CA 93408

Re: Excelaron LLC Huasna Valley Oil Project

Dear Commissioner Mehlschau:

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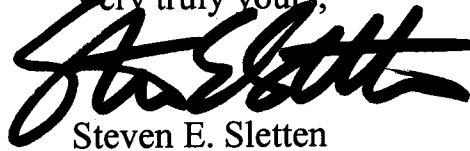
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Steven E. Sletten

SES/ses  
100622556

cc: Mr. Bruce White	1st District Planning Commissioner
Ms. Anne Wyatt	2nd District Planning Commissioner
Ms. Carlyn Christianson	3rd District Planning Commissioner
Ms. Sara Christie	5th District Planning Commissioner
Mr. John McKenzie	Project Coordinator
Ms. Ellen Carroll	Environmental Coordinator