

August 16, 2008

JMC

Gene Mehlschaw  
4<sup>th</sup> District Planning Commissioner  
Dept. of Building and Planning  
County Government Center  
1055 Monterey St  
San Luis Obispo, CA 93408

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AUG 27 2008

SLO CO PLAN & BLDG DEPT

Re. Excelaron Proposal

Dear Mr. Mehlschaw,

I live on the eastern edge of Tar Springs Ranch, just north of Huasna Road. I am a self employed consultant in the oil industry, with 27 years of experience as a Petroleum Geologist and Reservoir Engineer. I have reviewed Excelaron's Project Description, as well as many of the publicly available records from the DOGGR regarding past activities in the Huasna Oil Field. Excelaron's proposal is somewhat generic and high level, and I feel that there are a couple of issues which they have glossed over which could eventually change the scope of the project to some degree. There is also a potential safety issue which I have not yet seen addressed, and a noise issue

### **Disposal of produced water**

Excelaron states that no off site disposal of produced water will be required, and has hinted that they plan on injecting the water back into the oil reservoir. The problem is that past production tests of both the Monterey and Santa Margarita Formations (the two established oil productive formations in Huasna Oil Field) indicate there will be much more water produced than oil. And if commercial production is established, the proportionate amount of water produced will inevitably increase over time, leading to ever greater amounts of water to be dealt with. It simply isn't possible to dispose of this produced water by injecting it back into the same reservoir it came from, using the same wells that produced it. Yet, Excelaron's plan makes no mention of drilling dedicated injection wells for the disposal of water, which would be the only way of not moving it off site. Without injectivity tests to demonstrate that this would even be feasible, they may be forced to truck the water offsite, which would involve many more truck trips than for the transport of oil.

One potentially positive use for the produced water would be to use it for local agriculture. This is assuming that it could be cleaned up to acceptable standards. A good example of where this is done elsewhere is in Kern County, where water from the Kern River oil field is sold to the Cawelo Water District. Such a scheme could have a very positive impact on the water levels in the groundwater aquifer of Huasna Valley.

### **Use of hot water to stimulate oil production**

Excelaron states that they intend to stimulate oil production by injecting hot water into their wells. This plan has a very high likelihood of failing, simply because hot water does not contain enough heat energy to warm both the reservoir rock and the oil. A much greater probability of success would be achieved by using the industry standard practice of injecting super heated steam under high pressure. In fact, that was the stimulation technique successfully used in Huasna Oil Field during the 1960's. However, Excelaron's plan does not include a provision for this, but it can be anticipated that they may request permission to do so at a later date. This would involve moving in portable steam generation equipment, which would have much greater air emissions than the water heating equipment in the current plan.

### **Hydrogen sulfide gas**

Hydrogen sulfide is a potential safety issue in any oil field operation. In very low concentrations it has an obnoxious "rotten egg" smell. In slightly higher concentrations, it is undetectable by smell and is deadly poisonous. It is flammable and highly corrosive.

I have seen no documentation stating either the confirmed absence or presence of hydrogen sulfide during past operations in Huasna Oil Field. Even if it can be established that there hasn't been any associated with production in the past, because Excelaron has stated that it will be "exploring", the possibility of a future problem still exists. A safety plan to protect the employees of Excelaron, the local community, and residents along the trucking routes (in case of an accident) should be required before a permit to proceed is issued.

### **Engine compression brakes**

Those of us living along the trucking route, especially near the Huasna grade, appreciate how invasive the noise of Jake brakes can be. Cattle trucks coming into and out of Huasna valley use them, and the noise is very loud and disturbing. It is something we can live with on the relatively rare occasions that they are currently used, but it would be unacceptable to be subjected to the noise multiple times on a daily basis. I request that as a condition of granting a permit to Excelaron, the County require that no engine brakes be used on the oil transport trucks, or any other transport equipment coming or going from the oil field.

Thank you for your consideration of these issues.



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