Exhibit A
Project Findings (May 15, 2012)
Conditional Use Permit (Excelaron DRC2009-00002)

Environmental Determination

A. The Environmental Coordinator, after completion of the initial study, finds that there is evidence that the project will have a significant effect on the environment, and therefore a Final Environmental Impact Report (FEIR) was prepared (pursuant to Public Resources Code Section 21000 et seq., and CA Code of Regulations Section 15000 et seq.) for this project. The Final EIR focuses on the following issues: Aesthetics, Agricultural Resources, Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hazards/ Hazardous Materials, Noise, Population/ Housing, Public Services/ Utilities, Transportation/ Circulation, Wastewater, Water, and Land Use. The EIR also considers alternatives in addition to the "No Project" alternative. While an EIR has been prepared, per the Public Resources Code 21080(b)(5) and CEQA Guidelines, CEQA does not apply to projects which a public agency rejects or disapproves. However, the FEIR has provided evidence and information to support these findings, including an evaluation of the significant and unavoidable environmental impacts of the proposed project.

Required Conditional Use Permit Findings (Title 22, Land Use Ordinance, Section 22.62.060)

B. The proposed project or use is not consistent with the San Luis Obispo County General Plan because:

1. Pursuant to Framework for Planning – Noise Element and County Land Use Ordinance – Noise Ordinance the primary intent of the Noise Element is to minimize future noise conflicts to sensitive noise receptors. In general, noise levels in the vicinity of the project are very quiet. The project would generate loud noise and is near noise sensitive receptors, including residences.

   The Noise Element specifies different measurements for noise levels. One measurement is called L_{max} or "**maximum**" noise level and is defined as the maximum instantaneous noise level during a given period of time. Another measurement that is used is referred to as L_{eq}, or "**hourly**" which averages noise over a continuous one hour period.

   According to the Noise Element, acceptable nighttime stationary noise levels are up to an average of 45 decibels as measured on an **hourly** basis at the property line and up to 65 decibels **maximum** as measured at the property line. Also according to the Noise Element, acceptable daytime noise levels are up to an average of 50 decibels on an **hourly** basis and up to 70 decibels **maximum**, both at the property line.

   The proposed project would exceed the above acceptable property line thresholds for both hourly and maximum nighttime and daytime noise levels during drilling activities. The property line between the closest residence and the closest noise source is about 100 feet. The anticipated noise levels at the closest property line during drilling and/or operations are estimated as follows:

Comparison of Project Noise Levels with County Noise Element Ordinance Standards						
Location/Threshold	**County Noise Element/Ordinances**		**Project with Drilling at Pad 2 and Operations**		**Project with Just Operations**	
	Daytime	**Nighttime**	**Daytime**	**Nighttime**	**Daytime**	**Nighttime**
No Mitigation						
Nearest Property Boundary						
Hourly Noise Level (dBA)	50	45	**79.8**	**79.8**	**56.8**	**56.8**
Maximum Noise Level (dBA)	70	65	**89.5**	**89.5**	**66.9**	**66.9**
Nearest Residence						
Hourly Noise Level (dBA)	50	45	**54.7**	**54.7**	41.3	41.3
Maximum Noise Level (dBA)	70	65	**71.9**	**71.9**	51.8	51.8
Mitigated						
Nearest Property Boundary						
Hourly Noise Level (dBA)	50	45	**65.2**	**65.2**	38.5	38.4
Maximum Noise Level (dBA)	70	65	**80.1**	**80.1**	51.7	51.6
Nearest Residence						
Hourly Noise Level (dBA)	50	45	41.2	41.2	30.5	29.8
Maximum Noise Level (dBA)	70	65	56.2	56.2	43.6	43.2

Number is **bold** are exceedences of the County Noise Element and Ordinance.

The nighttime maximum noise level threshold of 65 decibels at the property line and the daytime maximum noise level threshold of 70 decibels would both be exceeded during drilling activities. The drilling activities would result in noise levels as high as 80.1 decibels maximum even after all mitigation has been applied. Pipe clangs during drilling would occur approximately 500 times per each 24 hour period and such activity would last for up to six consecutive days for each well.

On the decibel scale, an increase of 10 dB in sound level represents a perceived doubling of loudness. Ambient hourly noise levels measured over a 24-hour period near Residence 1 ranged from 32.4 and 53.6 decibels. Based on the above table, the perceived loudness would more than double during the daytime and nighttime hours (65.2 decibels) at the property line during drilling.

Conclusion: Denial of the proposed project would avoid the introduction of excessively noisy activities (oil well drilling) being introduced into a quiet rural community.

2. *Goal 7 of the Conservation and Open Space Element - Energy Chapter 5* states 'Design, Siting, and Operation of Non-Renewable Energy Facilities will be environmentally appropriate'. The following are specific recommendations within this goal that are considered inconsistent with the proposed project:

Policy Recommendation	Inconsistency
a. Proposed new fossil fuel facilities will provide a sufficient buffer zone from existing or proposed human populations, with special consideration given	• The project is within close enough proximity to surrounding residences and will exceed County noise standards and there is not sufficient buffering between the proposed project and existing residences to meet the County noise standards;

Policy Recommendation	Inconsistency
to those who cannot be quickly evacuated to safety, such as the disabled and elderly.	• The project will introduce an additional fire hazard within a 'very high' fire hazard area that exceeds a 30-minute response time from the nearest fire station in Arroyo Grande. Additionally, Huasna Townsite Road and the surrounding area is served by a long dead-end public road (Huasna Road). In the event of a wildfire or other emergency event, this road would likely serve as the primary and potentially only access for first responders entering the vicinity and residents leaving the vicinity, especially if Porter Ranch Road is inaccessible due to temporary, seasonal flooding of Twitchell Reservoir. Based on the 30 minute response time and the length of the long dead-end road, there are potential buffering conflicts between the existing residents and the proposed project. • Any equipment failures will likely generate odors and, in the event this was to occur, there is not sufficient odor buffering between the proposed project and existing residences because of the fact that noticeable odor can travel substantial distances and may be detected as low as parts per billion.
b. Employ the best reasonably achievable techniques available to prohibit disruption of environmentally sensitive areas such as wetlands, animal or bird refuges, or habitat of species of special concern. Avoid impacts to habitat of rare, threatened, or endangered species.	• Introduction of oil transport along Porter Ranch Road introduces oil transport to a sensitive biological route and the increased potential for accidents/spills increases potential impacts to known species of special concern, including the California Red Legged Frog (CRLF).
c. Locate new or expanded facilities outside sensitive view corridors, scenic, or recreational areas.	Well Pad #2 is located on a scenic hillside that is publicly visible; due to proposed physical changes the post-development condition may not screen the project adequately. Vegetation modification is needed to meet CalFire requirements and it is unknown if existing or new vegetation will effectively screen project over the life of the project, which will place a new facility within a scenic viewshed that can be publicly viewed. Even with new vegetation screening, drill rigs would be visible during the time they were present at Well Pad #2.

d. All exterior lighting shall be energy efficient and shielded to not extend beyond the site.	While night lighting will be shielded, the indirect skyglow from the Shipping Site will change the character of the area and could alter nighttime views in the area.
e. Facilities shall not degrade surface or groundwater resources.	It is unknown how effective monitoring and clean-up would be for the occasional surface spills that would likely occur during the lifetime of the project. Although there are performance criteria for conducting clean ups in response to accidental spills, there are no guarantees that the proposed project would not degrade surface or groundwater in the result of an accidental spill.

Conclusion: Denial of the proposed project would avoid the introduction of excessively noisy activities oil well drilling) being introduced into a quiet rural community, avoid impacts to potentially sensitive biological resources, avoid introduction of nighttime glare, avoid impacts to scenic viewsheds, and avoid potential impacts to surface or groundwater resources..

3. *Policy E.7.1 of the Conservation and Open Space Element - Energy Chapter* states that fossil fuel & related facility development be sited in a manner to protect the public from potential hazards and significant environmental impacts.

   The project is inconsistent with this policy for several reasons. Introduction of this industrial-type use would increase potential fire hazard in a very high fire hazard area with a poor fire response time. The potential for surface oil spills would be introduced along truck haul routes and at the project site. Such oil spills when in close proximity to sensitive biological resources would have a detrimental effect on these resources. Noise would be substantially increased during oil drilling activities. Unpleasant odors could be introduced during upset conditions. Scenic public views would be diminished during grading, drilling and maintenance activities associated with Well Pad #2 and in the event that vegetation cannot adequately screen the site.

4. *Conservation and Open Space Element, Biological Resources Goal BR 2* - states 'Threatened, Rare, Endangered, and Sensitive Species Will Be Protected'. The EIR for the proposed project identified a significant and unavoidable biological impact for a potential oil spill entering wetland/riparian areas, which would likely impact California red-legged frogs known to exist in the nearby waterways, and other sensitive aquatic species.

   Porter Ranch Road, which would be used by trucks hauling oil product from the project site, runs parallel to Huasna River for over four miles, of which approximately two miles are within 100 feet of the river's edge. The project also crosses 7 blue line creeks, which would likely need culvert or crossing improvements. Additionally, several existing culverts may need replacing that cross other blue line creeks. As outlined in the Environmental Impact Report, BIO.7, spills could result during oil transportation to and from the Shipping Site along off-site roads. Large portions of the road are within the historic inundation elevation of Twitchell Reservoir. The project site and Mankins access roads are also immediately adjacent to several small tributary channels. Current road conditions include at-grade creek crossings and narrow culvert crossings along creeks and riverbanks. Given the current road conditions, improvements to the access roadways would be required. However, even with the proposed improvements,

spills along the project's transportation route have the potential to occur, and given the number of water crossings and the length of the road that is in close proximity to waterways, the project may not protect sensitive species, with particular concern for the California Red-Legged Frog.

In addition, the project's access road and pad improvements require vegetation modifications to meet CalFire requirements and will encroach upon the adjacent oak woodlands and chaparral communities. Up to two oaks are proposed for removal due to road improvements, as well as impacts to 276 oaks, primarily for required fuel modification purposes.

Based on these circumstances, the project is inconsistent with COSE Goal BR-2.

5. *Conservation and Open Space Element, Visual Resources Goal VR 2* – states "The natural and historic character and identity of rural areas will be preserved". The introduction of drill rigs, well head pumps, and associated equipment/ structures visually contrasts with the existing rural and agricultural character of the area. Also, it is unknown how well the key viewing vegetation will be protected given the amount of grading work necessary and due to the CalFire fuel modification requirements around the key viewing vegetation for Pad #2, and the likely slow growth rates associated with any revegetation. There is a high potential that permanent and temporary equipment on Pad #2 will be visible for an extended period. CalFire fuel modification requirements will reduce the potential screening effectiveness of existing or newly planted vegetation. While exterior lighting from the Shipping Site will not be directly visible from public roads, a skyline glow may emanate from this otherwise dark rural area. Therefore, the project is inconsistent with COSE Goal VR-2.

6. *Framework for Planning (Principle 1, Policy 1)* – County policy to protect a living environment that is safe, healthful, and pleasant would not be achievable due to the introduction of noise (exceeding thresholds, doubling of loudness at the nearest residence) in a very quiet neighborhood, compromising a publicly visible scenic backdrop, potential introduction of unpleasant odors during upset conditions, increase of fire safety hazards in a very high fire hazard area with excessive fire response times, and exposure of sensitive areas and species in the event of an oil spill.

7. *Safety Element (Goal S-1)* – The County's goal to attain a high level of emergency preparedness would not be achievable without additional local CalFire staff training to respond to the special circumstances introduced by the project. In addition, the project introduces a high level of risk for fire to occur and potentially difficult to contain if it gets beyond the limits of the on-site fixed facilities due to limited access, inaccessible terrain, long response times and high vegetative fuel loads.

8. *Safety Element (Goal S-4)* – The County's goal to reduce the threat to life, structures and the environment caused by fire would not be achievable as this type of development in rural lands introduces a new potential fire source in an area difficult to defend against fire (e.g., long dead-end road, steep portions of access road, existing vegetation highly flammable with heavy fuel load; surrounding terrain steep and inaccessible; 30-40 minute response time; area rated as 'very high fire risk', etc.). In addition, this location would require substantial fuel (vegetation) modification that will result in substantial impacts to native vegetation, such as impacting 276 oak trees.

9. *Safety Element (Goal S-6)* – The County's goal to reduce the potential for harm to individuals and damage to the environment from hazardous materials would not be achievable due to the quantity and frequency such materials would be shipped through the area and their potential to result in a transportation-related accident.

10. *County's Framework for Planning (Principle 1, Policy 3) - 'County's policy to 'preserve and sustain important water resources, watersheds and riparian habitats'*. Should a projected-related spill occur within a biologically sensitive resource, which are present along the proposed truck route, a significant and unavoidable environmental impact could result

11. *County's Framework for Planning (Principle 3, Policy 1) - 'County's policy to 'protect and restore the valuable history, cultures, images and identity of communities and rural areas'*. The introduction of an oil well field in this area will change the identity of this area as it would reduce the scenic qualities, introduce new noise impacts and introduce new and unpleasant odors to the area. Therefore, the project is inconsistent with this Policy.

C. **The proposed project does not satisfy all applicable provisions of Title 22 of the County Code because**:

1. Noise Ordinance (LUO Section 22.10.120) – Construction and drilling activities are stationary noise sources. The Noise Ordinance limits acceptable stationary levels to 45 decibels (hourly average) for nighttime hours and 50 decibels (hourly average) for day time hours. These standards are intended to protect persons from excessive noise levels, which are detrimental to the public health, welfare and safety and contrary to the public interest because they can: interfere with sleep, communication, relaxation and full enjoyment of one's property; contribute to hearing impairment and a wide range of adverse physiological stress conditions; and adversely affect the value of real property. At the property line these thresholds are exceeded for the drilling operation, which will occur intermittently over a five year period. This ordinance includes exceptions for construction, provided such activities do not take place before 7 a.m. or after 9 p.m. Monday through Friday, or before 8 a.m. or after 5 p.m. on Saturday or Sunday. The project would be conducting drilling activities outside of these exception times, as follows: up to 24 days during Phase 1 and then during operations for up to 12 days a year for four years. The drilling operations would generate noise levels that exceed both the daytime and nighttime County noise standards. Therefore, the project is inconsistent with Title 22 of the County Code. Section 22.10.120.

D. **The establishment and subsequent operation or conduct of the use will be, because of the circumstances and conditions applied in the particular case, detrimental to the health, safety or welfare of the general public or persons residing or working in the neighborhood of the use, or be detrimental or injurious to property or improvements in the vicinity of the use because**:

1. The project would increase the fire hazard potential in a very high fire hazard area that is more than 30 minutes from the closest fire station. The project would introduce flammable or explosive substances to the area (e.g., propane, crude oil, natural gas, etc.), as well as construction and maintenance practices that would introduce ignition sources and increase the risk for wildland fires (e.g., installation and maintenance welding for above-ground tanks and pipes, etc.). The lack of an onsite water source and the unspecified long-term sustainable water source diminish the likelihood that enough water would be available in the event of a wildland fire.

2. On average, based upon historical data, truck access to the site could be disrupted about every five to six years for between 8 and 343 days per occurrence. This is due to the filling of Twitchell Reservoir during 'better than average' rain years, which would flood portions of the Porter Ranch access road. These periodic closures will result in:

   a. The potentially costly temporary closure/cessation of oil extraction at the site;

b. A potential increased use of Huasna Road by larger trucks needed for: maintenance activities at the project site, or for the 'project side' of Porter Ranch Road (if impassable) when Twitchell Reservoir is at or near capacity for extended periods;

3. Short and long-term water sustainability is unknown. The use of an on-site water source is not proposed (the Applicant proposed to truck-in all water needed for the project), and no assurances have been provided by the Applicant to show that there will be a long-term off-site source/supply (e.g., no intent-to-serve letter from water purveyor). Therefore, there is a likelihood that inadequate water would be available for construction purposes, ongoing potable water needs and fire water storage (360,000 gallons) needs.

4. For nearby residences, there will be more than a doubling of noise loudness during nighttime drilling activities. For example, the closest residence exterior noise levels are as low as 26 decibels with an hourly average of 32.4 Leq during the nighttime (10 pm to 7 am), where projected nighttime noise levels with drilling and all feasible mitigation being applied would experience decibel levels as high as 66.2 decibels (Lmax) at the residence and 80.1 decibels (Lmax) at the property line. These individual loud occurrences (pipe clangs) are expected to occur about 500 times during a 24 hour period. As noise measurement is a logarithmic process, every 10 decibel increase equals a doubling of audible noise, where the difference between the low and high (30 decibels) at the residence would be perceived as more than doubling the loudness. During the daytime period, the acceptable noise maximum is 70 decibels (Lmax), where at the closest property boundary it is expected to be 80.1 decibels (Lmax) during drilling operations, which will exceed County noise standards.

5. There could be unplanned releases of gasses as a result of upset conditions that could result in unpleasant odors and would be detrimental when such an event occurs.

E. **The proposed project or use will not be consistent with the character of the immediate neighborhood or its orderly development because**:

1. In general, noise levels in the Huasna Valley and along Cougar Ridge Way are very quiet, with nighttime hourly Leq as low as 26 decibels. The project would exceed the Noise Ordinance/Element's acceptable stationary noise levels for hourly averages [45 decibels (nighttime); 50 decibels (daytime)] and maximum levels [65 decibels (nighttime); 70 decibels (daytime)] at the nearest property line, which would be perceived as twice as loud compared to the existing minimum nighttime hourly Leq; introduction of this type and intensity of noise would be very disruptive to surrounding neighbors during construction and drilling (which will be done continuously over a minimum of several days per well and over a five year period).
2. The proposed project or use would be inconsistent with the visual character of the immediate neighborhood and contrary to its orderly development because the existing visual character of the area surrounding this site is sparsely scattered residential, agriculture and scenic open space uses. The size and scale of the proposed project conflict with the existing visual character of the area. For instance:

   a. The drilling rigs would be in place one to two weeks for each well, or for about 5 weeks during Phase 1 and then about 1 month per year for the following four years should the project move to Production. All of the initial oil wells could be placed on the publicly visible Pad #2, and up to eight wells on Pad #2 should full production be realized.

   b. Maintenance rigs (workover, recompletion) would return annually for each well and be in place between 1 and 5 days. When all 12 wells are considered, these rigs would be present for up to 60 days per year for the life of the project.

c. If 8 of the total 12 wells (67%) are installed on Pad #2, the above described maintenance rig activities would be publicly visible up to 40 days a year.

d. Substantial vegetation clearance or modification would be required as a result of road and well pad grading, and to meet CalFire fuel modification requirements, potentially limiting the effectiveness of existing or future vegetative screening; in addition, it is unknown whether key screening vegetation would survive the grading and fuel modification requirements and/or operation activities, or compromise the vegetation's health and vigor.

e. Replanting of vegetation screening on the rocky terrain may have limited success and/or growth may be slow due to the existing vegetative constraints.

3. The Huasna River flooding due to the filling of Twitchell Reservoir during better than average rain years would close Porter Ranch Road. When this is for extended periods, there would likely be a need to use Huasna Road for project-related maintenance activities, and which will increase traffic safety concerns.

F. **The proposed project or use may generate traffic conditions beyond the safe capacity of certain roads that provide access to the project because**: substantial numbers of slow moving construction truck traffic will be introduced to a high speed roadway (Highway 166 and Alamo Creek Road) without any improvements during the exploratory and testing phase of the project (Phase 1); the likelihood of periodic road closure (averaging once every five to six years) due to Twitchell Reservoir nearing capacity may result in some additional maintenance vehicles traveling on Huasna Road, which includes narrow and windy sections not conducive to larger vehicles.