NEGATIVE DECLARATION & NOTICE OF DETERMINATION

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING
976 OSOS STREET • ROOM 200 • SAN LUIS OBISPO • CALIFORNIA 93408 • (805) 781-5600

Promoting the Wise Use of Land • Helping to Build Great Communities

ENVIRONMENTAL DETERMINATION NO. ED12-132 **DATE:** Sept. 26, 2013

PROJECT/ENTITLEMENT: Kerry Mormann Lot Line Adjustment; SUB2008-00039

APPLICANT NAME: Kerry Mormann
ADDRESS: 977 Via Rosita, Santa Barbara, CA, 93110-2117
CONTACT PERSON: Kerry Mormann **Telephone:** 805-682-2742

PROPOSED USES/INTENT: A request by Kerry Mormann for a Lot Line Adjustment (SUB2008-00039 / COAL 08-0145) to adjust the lot lines between three parcels of 3.19, 62.81, and 19.24 acres each for the purpose of sale and/or development. The adjustment will result in three parcels of 32.0 (Parcel 1), 29.0 (Parcel 2), and 24.2 (Parcel 3) acres each. The project will not result in the creation of any additional parcels. A 2.3 acre building envelope is proposed for Parcel 1, a 1.7 acre building envelope for Parcel 2 and a 1.6 acre building envelope for Parcel 3.

LOCATION: The proposed project is within the Rural Lands land use category and is located approximately 0.5 miles south of Highway 227, and approximately 0.8 miles southwest of Corbett Canyon Road, south of the City of San Luis Obispo.

LEAD AGENCY: **County of San Luis Obispo**
Dept of Planning & Building
976 Osos Street, Rm. 200
San Luis Obispo, CA 93408-2040

Website: http://www.sloplanning.org

OTHER POTENTIAL PERMITTING AGENCIES: California Department of Fish and Game

STATE CLEARINGHOUSE REVIEW: YES ☒ **NO** ☐

ADDITIONAL INFORMATION: Additional information pertaining to this environmental Determination may be obtained by contacting the above Lead Agency address of (805)781-5600.

COUNTY "REQUEST FOR REVIEW" PERIOD ENDS AT ..... 4:30 p.m. (2 wks from above DATE)

30-DAY PUBLIC REVIEW PERIOD begins at the time of public notification

Notice of Determination

State Clearinghouse No. _____

This is to advise that the San Luis Obispo County_____ as ☐ *Lead Agency* ☐ *Responsible Agency* approved/denied the above described project on _____, and has made the following determinations regarding the above described project:

The project will not have a significant effect on the environment. A Negative Declaration was prepared for this project pursuant to the provisions of CEQA. Mitigation measures and monitoring were made a condition of approval of the project. A Statement of Overriding Considerations was not adopted for this project. Findings were made pursuant to the provisions of CEQA.

This is to certify that the Negative Declaration with comments and responses and record of project approval is available to the General Public at the 'Lead Agency' address above.

	Holly Phipps		County of San Luis Obispo
Signature	**Project Manager Name**	**Date**	**Public Agency**

Initial Study Summary – Environmental Checklist

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING
976 OSOS STREET • ROOM 200 • SAN LUIS OBISPO • CALIFORNIA 93408 • (805) 781-5600
Promoting the Wise Use of Land • Helping to Build Great Communities

(ver 5.0) Using Form

Project Title & No. Mormann Lot Line Adjustment ED12- 132 (SUB2008-00039)

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED: The proposed project could have a "Potentially Significant Impact" for at least one of the environmental factors checked below. Please refer to the attached pages for discussion on mitigation measures or project revisions to either reduce these impacts to less than significant levels or require further study.

☒ Aesthetics	☒ Geology and Soils	☐ Recreation
☐ Agricultural Resources	☒ Hazards/Hazardous Materials	☐ Transportation/Circulation
☒ Air Quality	☒ Noise	☐ Wastewater
☒ Biological Resources	☐ Population/Housing	☒ Water /Hydrology
☐ Cultural Resources	☒ Public Services/Utilities	☒ Land Use

DETERMINATION: (To be completed by the Lead Agency)

On the basis of this initial evaluation, the Environmental Coordinator finds that:

☐ The proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

☒ Although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.

☐ The proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

☐ The proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

☐ Although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Holly Phipps — Holly Phipps — 9/18/13
Prepared by (Print) — Signature — Date

Steven McMasters — Steve McMast — Ellen Carroll, Environmental Coordinator (for) — 9/18/13
Reviewed by (Print) — Signature — Date

Project Environmental Analysis

The County's environmental review process incorporates all of the requirements for completing the Initial Study as required by the California Environmental Quality Act (CEQA) and the CEQA Guidelines. The Initial Study includes staff's on-site inspection of the project site and surroundings and a detailed review of the information in the file for the project. In addition, available background information is reviewed for each project. Relevant information regarding soil types and characteristics, geologic information, significant vegetation and/or wildlife resources, water availability, wastewater disposal services, existing land uses and surrounding land use categories and other information relevant to the environmental review process are evaluated for each project. Exhibit A includes the references used, as well as the agencies or groups that were contacted as a part of the Initial Study. The County Planning Department uses the checklist to summarize the results of the research accomplished during the initial environmental review of the project.

Persons, agencies or organizations interested in obtaining more information regarding the environmental review process for a project should contact the County of San Luis Obispo Current Planning Division, 976 Osos Street, Rm. 200, San Luis Obispo, CA, 93408-2040 or call (805) 781-5600.

A. PROJECT

DESCRIPTION A request by Kerry Mormann for a Lot Line Adjustment (SUB2008-00039 / COAL 08-0145) to adjust the lot lines between three parcels of 3.19, 62.81, and 19.24 acres each for the purpose of sale and/or development. The adjustment will result in three parcels of 32.0 (Parcel 1), 29.0 (Parcel 2), and 24.2 (Parcel 3) acres each. The project will not result in the creation of any additional parcels. A 2.3 acre building envelope is proposed for Parcel 1, a 1.7 acre building envelope for Parcel 2 and a 1.6 acre building envelope for Parcel 3. The proposed project is within the Rural Lands land use category and is located approximately 0.5 miles south of Highway 227, and approximately 0.8 miles southwest of Corbett Canyon Road, south of the City of San Luis Obispo. The site is in the San Luis Bay Inland planning area.

All future residential and accessory uses shall be limited to the proposed building envelopes. Up to two primary residences could be developed on each proposed parcel. The project could potentially result in the disturbance of approximate 15,000 square feet (sf) of disturbance on each parcel (45,000 sf combined total) as a result of future homes being built on each of the parcels.

Project Location and Background. The project is located within the Energy Extractive Resource Area (EX) combining designation. The Inland Framework for Planning states that the purpose of the EX designation is to

1. To identify areas where mineral or petroleum extraction occurs, is proposed to occur, or where petroleum or mineral reserves of statewide significance exist, as defined by the State Geologist.
2. To protect existing extraction areas so that land uses incompatible with continuing extraction activities will not be developed on adjacent properties.
3. To protect existing energy production areas and regional production facilities so that incompatible uses will not be developed on adjacent properties such that the energy production facilities may become dangerous or detrimental to public health and safety.
4. To protect energy production areas from encroaching urban development or other incompatible land uses that may hinder their continued operation.

Oil and Gas Lease. The subject property is also subject to an oil and gas lease known as the Morehouse Lease. The Morehouse Lease was first leased by Plains Exploration and Production Company by PXP's interest in September 17, 1947. Effective September 1, 1986, the Morehouse Lease became a part of Price Canyon Unit Agreement, by execution of the agreement by Kerry Mormann's predecessor in interest, which has been filed for record in the County of San Luis Obispo. The Lot Line Adjustment is subject to both the Lease terms and the terms of the Price Canyon Unit Agreement. PXP is the current Operator of the Arroyo Grande Field within which the Lease and Unit are located and has rights and responsibilities of the Operator for the said Lease, Unit and Field (Letter dated May 13, 2013, PXP).

Flood Hazard. The project is also located within the Flood Hazard (FH) combining designation. The purpose of this designation is to:

1. To encourage land development that is designed to minimize adverse effects on drainage ways and watercourses.
2. To avoid damage to property improvements through flood inundation; destruction of natural resources; loss of water retention facilities, open space and wildlife habitats; and impairment of public and private water supplies.
3. To encourage a coordinated land and water management program which will support non-structural land uses in flood-prone areas.
4. To support location of permanent structures and other artificial obstructions to not adversely restrict water flow.

ASSESSOR PARCEL NUMBER(S): 044-211-002 & 044-241-002

Latitude: 35 degrees 10 ' 48 " N Longitude: -120 degrees 36 ' 36 " W **SUPERVISORIAL DISTRICT #** 3

B. EXISTING SETTING

PLANNING AREA: San Luis Bay (Inland), Rural

LAND USE CATEGORY: Rural Lands

COMBINING DESIGNATION(S): Flood Hazard (FH) & Energy Extractive Area (EX)

EXISTING USES: Active oil field

TOPOGRAPHY: Nearly level (proposed building envelopes) to very steeply sloping (rest of site)

VEGETATION: Oak woodland, Riparian, grassland, ruderal .

PARCEL SIZE: 3.19, 62.81,a 19.24 acres (existing)

SURROUNDING LAND USE CATEGORIES AND USES:

North: Agriculture; single-family residence(s)	*East:* Rural Lands and Agriculture; single-family residence (s)
South: Rural Lands; oil production field and adjacent parcel vacant	*West:* Agriculture;single-family residence(s)

C. ENVIRONMENTAL ANALYSIS

During the Initial Study process, several issues were identified as having potentially significant environmental effects (see following Initial Study). Those potentially significant items associated with the proposed uses can be minimized to less than significant levels.

COUNTY OF SAN LUIS OBISPO
INITIAL STUDY CHECKLIST

1. AESTHETICS *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
a) Create an aesthetically incompatible site open to public view?	☐	☐	☒	☐
b) Introduce a use within a scenic view open to public view?	☐	☐	☒	☐
c) Change the visual character of an area?	☐	☐	☒	☐
d) Create glare or night lighting, which may affect surrounding areas?	☐	☒	☐	☐
e) Impact unique geological or physical features?	☐	☐	☐	☒
f) Other: _____	☐	☐	☐	☒

Setting. A portion of the site is comprised of steep heavily wooded topography that is part of a "ridge" containing prominent rock outcrops. This "ridge" is a significant physical feature that is highly visible from the surrounding area and public roads including Price Canyon and HWY. 227. A portion of the subject property has almost a flat topography associated with the floodplain to the north of Canada Verde Creek. Two unnamed tributary drainages to Canada Verde Creek enter from the north of the area. The property is located in the unincorporated area of San Luis Obispo located approximately 3.5 miles southeast of the City of San Luis Obispo. Cold Canyon Landfill is located 1,300 feet to the east. The Arroyo Grande Oil Field operated by the Plains Exploration and Production is to the south and west of the property. The approximately 85-acre property is located in the community of Edna Valley, 3.8 miles southeast of San Luis Obispo.

The proposed project is adjacent to the Sensitive Resource Area/Highway Corridor designation. The areas of proposed building sites are located in or adjacent to the level floodplain areas of the subject property. No development is proposed on the steeper highly visible hillsides.

Impact. Future development of the existing three parcels would result in development on steep slopes highly visible from public roadways. The proposed project would adjust the existing lot line configuration of the parcels into a configuration that would eliminate potential future disturbance on the steeply sloping portion of the site.

It is anticipated that the lot line adjustment could result in the future construction of a residence on each parcel for a total of three primary residences and three secondary residences (if ordinance requirements can be met). Due to the existing vegetation and location of the building envelopes on the project site, it is not anticipated that these future homes would be visible from HWY 227 or Price Canyon.

However these homes would be viewed by the public via the railroad tracks that run adjacent to this property. The train tracks would be located 200-300 feet from the closest building enveloped (Parcel 1). The view from the train has been identified as a significant public view, and the tracks are located within the Sensitive Resource Area/Highway Corridor. The subject property lies outside but adjacent to this designation.

While not out of character with the area, future residences could introduce additional sources of light and glare into the area that could be visible from passenger trains running adjacent to the property.

Mitigation/Conclusion. To mitigate for potential visual impacts, the applicant has agreed to implement the following measures: 1) preparation and implementation of landscape plans for all structures and improvements; 2) submittal and implementation of an exterior lighting plan.

Implementation of these measures (refer to Exhibit B) would mitigate visual resource impacts to less than significant.

2. AGRICULTURAL RESOURCES *Will the project:*	**Potentially Significant**	**Impact can & will be mitigated**	**Insignificant Impact**	**Not Applicable**
a) Convert prime agricultural land, per NRCS soil classification, to non-agricultural use?	☐	☐	☒	☐
b) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance to non-agricultural use?	☐	☐	☒	☐
c) Impair agricultural use of other property or result in conversion to other uses?	☐	☐	☒	☐
d) Conflict with existing zoning for agricultural use, or Williamson Act program?	☐	☐	☒	☐
e) Other: _____	☐	☐	☐	☒

Setting. Project Elements. The following area-specific elements relate to the property's importance for agricultural production:

Land Use Category: Rural Lands

State Classification Prime Farmland if irrigated, Farmland of Statewide importance.

Historic/Existing Commercial Crops: None

In Agricultural Preserve? Yes the site is located within the Edna Valley AG Preserve Area.

Under Williamson Act contract? No

The project is located in the Edna Valley Agricultural Preserve which encompasses much of the planning area. The intent of this designation is to support continuing availability of these areas for production of food and fiber. While it is located within the larger Agricultural Preserve, this property is not enrolled in a Land Conservation Act contract. This property is located in the Rural Lands land use category, but is bordered by the Agricultural land use category to the north.

The Agriculture Department reviewed the proposed project (Lynda Auchinachie, January 20, 2009) and had no significant concerns.

The soil type(s) and characteristics on the subject property include:

Soils Unit Coastal:

Arnold loamy sand (5 - 15 % slope). This gently to moderately sloping sandy soil is considered moderately drained. The soil has low erodibility and low shrink-swell characteristics, as well as

having potential septic system constraints due to: poor filtering capabilities. The soil is considered Class IV without irrigation and Class IV when irrigated.

Briones loamy sand (15 - 50 % slope). This moderately to steeply sloping sandy soil is considered moderately drained. The soil has low erodibility and low shrink-swell characteristics, as well as having potential septic system constraints due to: poor filtering capabilities, steep slopes, shallow depth to bedrock. The soil is considered Class VII without irrigation and Class is not rated when irrigated.

Cropley clay (0 - 2 % slope). This nearly level clayey soil is considered very poorly drained. The soil has moderate erodibility and high shrink-swell characteristics, as well as having potential septic system constraints due to: slow percolation. The soil is considered Class III without irrigation and Class II when irrigated.

Pismo-Rock outcrop complex (30 - 75% slope). This steeply to very steeply sloping shallow sandy soil is considered Very poorly drained. The soil has low erodibility and low shrink-swell characteristics, as well as having potential septic system constraints due to: steep slopes, shallow depth to bedrock. The soil is considered Class VII without irrigation and Class is not rated when irrigated.

Impact. The project is located adjacent to land in the Agriculture land use category. No agricultural uses occur on the subject property, and only limited agricultural activities, such as grazing and horse facilities are located in the immediate vicinity. No significant impacts to agricultural resources are anticipated.

Mitigation/Conclusion. No mitigation measures are necessary.

3. AIR QUALITY *Will the project:*	**Potentially Significant**	**Impact can & will be mitigated**	**Insignificant Impact**	**Not Applicable**
a) Violate any state or federal ambient air quality standard, or exceed air quality emission thresholds as established by County Air Pollution Control District?	☐	☐	☒	☐
b) Expose any sensitive receptor to substantial air pollutant concentrations?	☐	☒	☐	☐
c) Create or subject individuals to objectionable odors?	☐	☒	☐	☐
d) Be inconsistent with the District's Clean Air Plan?	☐	☐	☒	☐

3. AIR QUALITY *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
e) Result in a cumulatively considerable net increase of any criteria pollutant either considered in non-attainment under applicable state or federal ambient air quality standards that are due to increased energy use or traffic generation, or intensified land use change?	☐	☐	☒	☐
GREENHOUSE GASES				
f) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	☐	☐	☒	☐
g) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	☐	☐	☒	☐
h) Other: _____	☐	☐	☐	☒

Setting. The Air Pollution Control District (APCD) has developed and updated their CEQA Air Quality Handbook (2012) to evaluate project specific impacts and help determine if air quality mitigation measures are needed, or if potentially significant impacts could result. To evaluate long-term emissions, cumulative effects, and establish countywide programs to reach acceptable air quality levels, a Clean Air Plan has been adopted (prepared by APCD).

Greenhouse Gas (GHG) Emissions are said to result in an increase in the earth's average surface temperature. This is commonly referred to as global warming. The rise in global temperature is associated with long-term changes in precipitation, temperature, wind patterns, and other elements of the earth's climate system. This is also known as climate change. These changes are now thought to be broadly attributed to GHG emissions, particularly those emissions that result from the human production and use of fossil fuels.

The passage of AB32, the California Global Warming Solutions Act (2006), recognized the need to reduce GHG emissions and set the greenhouse gas emissions reduction goal for the State of California into law. The law required that by 2020, State emissions must be reduced to 1990 levels. This is to be accomplished by reducing greenhouse gas emissions from significant sources via regulation, market mechanisms, and other actions. Subsequent legislation (e.g., SB97-Greenhouse Gas Emissions bill) directed the California Air Resources Board (CARB) to develop statewide thresholds.

In March 2012, the San Luis Obispo County Air Pollution Control District (APCD) approved thresholds for GHG emission impacts, and these thresholds have been incorporated the APCD's CEQA Air Quality Handbook. APCD determined that a tiered process for residential / commercial land use projects was the most appropriate and effective approach for assessing the GHG emission impacts. The tiered approach includes three methods, any of which can be used for any given project:

1. Qualitative GHG Reduction Strategies (e.g. Climate Action Plans): A qualitative threshold that

is consistent with AB 32 Scoping Plan measures and goals; or,

2. Bright-Line Threshold: Numerical value to determine the significance of a project's annual GHG emissions; or,
3. Efficiency-Based Threshold: Assesses the GHG impacts of a project on an emissions per capita basis.

For most projects the Bright-Line Threshold of 1,150 Metric Tons CO2/year (MT CO2e/yr) will be the most applicable threshold. In addition to the residential/commercial threshold options proposed above, a bright-line numerical value threshold of 10,000 MT CO2e/yr was adopted for stationary source (industrial) projects.

It should be noted that projects that generate less than the above mentioned thresholds will also participate in emission reductions because air emissions, including GHGs, are under the purview of the California Air Resources Board (or other regulatory agencies) and will be "regulated" either by CARB, the Federal Government, or other entities. For example, new vehicles will be subject to increased fuel economy standards and emission reductions, large and small appliances will be subject to more strict emissions standards, and energy delivered to consumers will increasingly come from renewable sources. Other programs that are intended to reduce the overall GHG emissions include Low Carbon Fuel Standards, Renewable Portfolio standards and the Clean Car standards. As a result, even the emissions that result from projects that produce fewer emissions than the threshold will be subject to emission reductions.

Under CEQA, an individual project's GHG emissions will generally not result in direct significant impacts. This is because the climate change issue is global in nature. However, an individual project could be found to contribute to a potentially significant cumulative impact. Projects that have GHG emissions above the noted thresholds may be considered cumulatively considerable and require mitigation.

Impact. Looking at a future anticipated scenario, two primary dwellings per parcel is allowed in the Rural Lands land use category. This could result in up to six primary dwellings on the resulting parcels. Future construction could also include accessory buildings and driveways. The project could then potentially result in an estimated 45,000 sf of disturbance. This will result in the creation of construction dust, as well as short- and long-term vehicle emissions.

The project will be moving less than 1,200 cubic yards/day of material and will disturb less than four acres of area, and therefore will be below the general thresholds triggering construction-related mitigation. The project is also not in close proximity to sensitive receptors that might otherwise result in nuisance complaints and be subject to limited dust and/or emission control measures during construction.

From an operational standpoint, based on Table 1-1 of the CEQA Air Quality Handbook (2012), the project will not exceed operational thresholds triggering mitigation. The project is consistent with the general level of development anticipated and projected in the Clean Air Plan. No significant air quality impacts are expected to occur.

Using the GHG threshold information described in the Setting section, the project is expected to generate less than the Bright-Line Threshold of 1,150 metric tons of GHG emissions. Therefore, the project's potential direct and cumulative GHG emissions are found to be less significant and less than a cumulatively considerable contribution to GHG emissions. Section 15064(h)(2) of the CEQA Guidelines provide guidance on how to evaluate cumulative impacts. If it is shown that an incremental contribution to a cumulative impact, such as global climate change, is not 'cumulatively considerable', no mitigation is required. Because this project's emissions fall under the threshold, no mitigation will be required.

The project site is located with the Price Canyon Oilfield (an active oilfield) and future residences may be exposed to emissions associated with the oil production facilities. Any equipment failures at the

active oil field could have the potential to generate odors and, in the event this was to occur, there may not be sufficient odor buffering distance between active wells and future residences.

The project is located within the Energy Extractive Resource Area (EX) combining designation. If future residential uses are proposed, they will need to demonstrate that the development of such uses will not interfere with the oil extraction activities (this may include exposure to future residents to unacceptable airborne contaminants).

Mitigation/Conclusion. As proposed, the project will result in the potential future disturbance of approximately 45,000 square feet for the construction for single-family residences. The applicant will be required to implement dust control measures as required by Section 22.52.160C which will reduce potential air quality impacts associated with construction activities. Any future development on the said property would be required to meet permit requirements and the finding requirements for EX combining designation (Refer to Section 6 and Section 15 for a full discussion on land use ordinances and policy consistencies).

No mitigation measures are necessary beyond ordinance requirements.

4. BIOLOGICAL RESOURCES *Will the project:*	**Potentially Significant**	**Impact can & will be mitigated**	**Insignificant Impact**	**Not Applicable**
a) Result in a loss of unique or special status species* or their habitats?	☐	☐	☒	☐
b) Reduce the extent, diversity or quality of native or other important vegetation?	☐	☒	☐	☐
c) Impact wetland or riparian habitat?	☐	☐	☒	☐
d) Interfere with the movement of resident or migratory fish or wildlife species, or factors, which could hinder the normal activities of wildlife?	☐	☐	☒	☐
e) Conflict with any regional plans or policies to protect sensitive species, or regulations of the California Department of Fish & Wildlife or U.S. Fish & Wildlife Service?	☐	☐	☒	☐
f) Other: _____	☐	☐	☐	☒

*** Species – as defined in Section15380 of the CEQA Guidelines, which includes all plant and wildlife species that fall under the category of rare, threatened or endangered, as described in this section.**

Setting. A Biological Resource Assessment and Rare Plant Survey was completed on the Mormann Property (August 2009, Rincon Consultants, Inc.) The Natural Diversity Database (NDDB) and other resources were consulted to determine the potential for special status species to occur on the subject property. An approximate 37 acre study area, that includes the three proposed development envelopes and the surrounding area with the potential for future development was evaluated. In addition a 100-foot wide buffer was included in the study area to accommodate the proposed project access road from the site to HWY 227. A study area of this size was determined to be sufficient for

this project because the southern region of the property has limited access due to steep terrain, and would therefore lack potential for future development. The survey and subsequent report identified and mapped habitats that are present within the study area, included a list of all observed plant and animal species, and identified species that have the potential to be present based on species habitat and range.

The report identified the habitats on the property including: oak woodland, grassland, riparian, wetland, and disturbed/ruderal. The riparian and wetland habitat areas are associated with Cañada Verde Creek, a tributary to Pismo Creek, that traverses the site from east to west.

Plants
Special Plant species that were observed within the study area include the following: black-flowered figwort, dune larkspur, Pismo clarkia, and Well's manzanita. Occurrences of these species were recorded and mapped.

Animals
No special status animal species were identified on-site, but those identified as having a potential to occur within the study area include the following: San Luis Obispo pyrg, Steelhead-south/central California coast ESU, California red-legged frog (CRLF), coast horned lizard, California legless lizard, northern pacific pond turtle, two-striped garter snake, western spadefoot, burrowing owl, California horned lark, Cooper's haw, ferruginous hawk, golden eagle, grasshopper sparrow, merlin, northern harrier, prairie falcon, purple martin, sharp-shinned hawk, white-tailed kit, yellow warbler, American badger, hoary bat, pallid bat, Townsend's western big eared bat, western mastiff bat, western red bat, and Yuma myotis.

A Site Assessment for the California Red-legged frog was also completed (March 21, 2012, Transmittal of Site Assessment for the California Red-legged Frog / CRLF on the Mormann Property, San Luis Obispo County, California, Kevin Merek Associates, LLC). The site assessment identified suitable habitat for CRLF within the on-site portion of Cañada Verde Creek, which forms part of the upper watershed of Pismo Creek. Fieldwork did not identify CRLF onsite, but did confirm the presence of CRLF predators within the Cañada Verde Creek.

The Biological Resource Assessment - Rare Plant Survey, CRLF Site Assessment, and the resulting recommendations in these reports were reviewed by the County Biologist (Brooke Langle, February 2013).

Impact. It is anticipated that the lot line adjustment could result in the future construction of a two residences on each parcel for a total of six primary residences (if ordinance requirements can be met). A 2.3 acre building envelope is proposed for Parcel 1, a 1.7 acre building envelope for Parcel 2 and a 1.6 acre building envelope for Parcel 3. The project could potentially result in the disturbance of approximate 45,000 square feet (combined total) of disturbance from future homes being built on each of the parcels.

Pismo Clarkia
In the original project application, building sites on proposed Parcels 1 and 2 were identified at locations south of Cañada Verde Creek. The Biological Assessment and Rare Plant Survey, identified Pismo clarkia within these proposed building envelopes (Figure 2, Biological Assessment and Rare Plant Survey; Rincon, 2009). The project was revised and the building envelopes were moved for proposed Parcel 1 and Parcel 2 toward the northern property line. Proposed building envelopes are no longer located in an area containing any rare plants (Pismo clarkia).

California Red-legged frog (CRLF)
California Red-legged frog (CRLF) was not observed on site. No CRLF habitat loss or resulting mitigation measures are recommended. The Site Assessment for the CRLF frog did identify that this species may use the areas of proposed development for dispersal and movement. The biologist recommended CRLF avoidance measures for any potential future development as well as measures for the northern Pacific pond turtle, and the two stripped garter snake.

Legless lizards and horned lizards
Legless lizards and horned lizards were not observed on site but could be present in the riparian areas adjacent to the building sites. To avoid potential future impacts, a qualified biologist should be present to salvage any legless lizards and horned lizards found during construction and relocate individuals to appropriate habitat well outside of the construction zone (February, 2013, Brooke Langle).

American Badger
The proposed project would include future development that would occur within grassland habitat. The impacted area has large areas of suitable open grassland habitat for American Badger. No mitigation is recommended for loss of badger habitat (August 2009, Rincon Consultants, Inc.). However avoidance measures during construction are recommended (Brooke Langle, February 2013).

Oak Trees
It is not anticipated that the proposed project would result in the impact or removal any oak trees.

Wildlife
The proposed future construction of single-family residences potentially impact the night sky and disturb nocturnal animals dependent on darkness. In addition, vegetation removal and construction during the nesting season could have the potential to disturb nesting birds.

Mitigation/Conclusion.

To minimize and avoid impacts associated with the project, the applicant has agreed to incorporate but not limited to the following measures below. Incorporation of the measures are listed in detail in Exhibit B.

- Implementation of an exterior lighting plan;
- Pre-construction surveys for California red-legged frog (CRLF), northern Pacific pond turtle, and two stripped garter snake shall be conducted to determine presence/absence in the project area. A minimum of one survey the night before construction and one survey the morning of construction shall occur;
- Pre-construction (two weeks prior to initiation of ground disturbing activities) and if American badger dens are found within the survey area they shall be monitored to assess the presence of badgers.
- To protect sensitive bird species and those species protected by the Migratory Bird Treaty Act and/or the Fish and Wildlife Code, the owners shall avoid vegetation clearing and earth disturbance during the typical nesting season (February 15 – August 31).;
- The applicant is responsible for obtaining all necessary regulatory permits;
- If oak woodlands and riparian habitat are expected to be disturbed, a qualified biologist shall be present to salvage any legless lizards and horned lizards found during construction and relocate individuals to appropriate habitat well outside of the construction zone.

Refer to Exhibit B for a list of specific details.

5. CULTURAL RESOURCES *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
a) *Disturb archaeological resources?*	☐	☐	☒	☐
b) *Disturb historical resources?*	☐	☐	☒	☐
c) *Disturb paleontological resources?*	☐	☐	☒	☐
d) *Other:* _____	☐	☐	☐	☒

Setting. The project is located in an area historically occupied by the Northern Chumash . No historic structures are present and no paleontological resources are known to exist in the area.

Impact. A Phase I (surface) survey was conducted (C.A. Singer & Associates, Inc., March 24, 2009). Based on the results of the surface survey, no evidence of prehistoric artifacts, features, or other indications of significant cultural resources were discovered.

Mitigation/Conclusion. No significant cultural resource impacts are expected to occur, and no mitigation measures are necessary.

6. GEOLOGY AND SOILS *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
a) *Result in exposure to or production of unstable earth conditions, such as landslides, earthquakes, liquefaction, ground failure, land subsidence or other similar hazards?*	☐	☐	☒	☐
b) *Be within a California Geological Survey "Alquist-Priolo" Earthquake Fault Zone", or other known fault zones*?*	☐	☐	☒	☐
c) *Result in soil erosion, topographic changes, loss of topsoil or unstable soil conditions from project-related improvements, such as vegetation removal, grading, excavation, or fill?*	☐	☐	☒	☐
d) *Include structures located on expansive soils?*	☐	☐	☒	☐
e) *Be inconsistent with the goals and policies of the County's Safety Element relating to Geologic and Seismic Hazards?*	☐	☐	☒	☐
f) *Preclude the future extraction of valuable mineral resources?*	☐	☒	☐	☐
g) *Other:* _____	☐	☐	☐	☒

* **Per Division of Mines and Geology Special Publication #42**

Setting. The following relates to the project's geologic aspects or conditions:

Topography: Gently sloping (building envelopes) to very steeply sloping

Within County's Geologic Study Area?: No

Landslide Risk Potential: Negligible

Liquefaction Potential: Negligible

Nearby potentially active faults?: Yes Distance? Approximately 3,000 ft.

Area known to contain serpentine or ultramafic rock or soils?: No

Shrink/Swell potential of soil: Negligible

Other notable geologic features? None

The project is not within the Geologic Study area designation or within a high liquefaction area, and is not subject to the preparation of a geological report per the County's Land Use Ordinance LUO section 22.14.070 (c), to evaluate the area's geological stability.

A sedimentation and erosion control plan is required for all construction and grading projects (LUO Sec. 22.52.120) to minimize these impacts. When required, the plan is prepared by a civil engineer to address both temporary and long-term sedimentation and erosion impacts.

Project Location and Background. The project is located within the Energy Extractive Resource Area (EX) combining designation. Inland Framework for Planning states that the purpose of the EX combining designation is to:

1. To identify areas where mineral or petroleum extraction occurs, is proposed to occur, or where petroleum or mineral reserves of statewide significance exist, as defined by the State Geologist.
2. To protect existing extraction areas so that land uses incompatible with continuing extraction activities will not be developed on adjacent properties.
3. To protect existing energy production areas and regional production facilities so that incompatible uses will not be developed on adjacent properties such that the energy production facilities may become dangerous or detrimental to public health and safety.
4. To protect energy production areas from encroaching urban development or other incompatible land uses that may hinder their continued operation.

As previously stated, per Section 22.14.040 Processing Requirements. When located within an EX area, all proposed land uses required to have a land use permit approval per Section 22.06.030 or by planning area standards in Article 9, are subject to the requirements of this Section. Proposed land uses not directly related to energy or extraction operations are subject to Minor Use Permit approval, unless the project would be otherwise be required to have a Conditional Use Permit.

Any future development for a single-family residence would be required to obtain a use permit. The use permit application shall include a mineral resource report prepared by a geologist or mining engineer that evaluates:

(1) The estimated extent and commercial value of any mineral resources located on the site or known to be within the vicinity of the proposed uses;

(2) The feasibility of extracting the identified mineral resources within a reasonable time before development of the proposed use;

(3) The feasibility of conducting resource extraction operations at the same time as the proposed use.

The existing lot line configuration would allow for the development of the property subject to the above mentioned permit requirements. The proposed lot line adjustment would also allow for the development of the property subject to the above permit requirements. The proposed lot line adjustment is not proposing any development at this time. However, any future development would be required to meet the permit and finding requirements for the EX combining designation. If these findings cannot be made then development would not be allowed at that time.

The proposed lot line adjustment provides building envelopes to help reduce future impacts that could result from grading on steep slopes. Therefore Staff can find that the proposed lot line adjustment is equal to the existing lot line configuration.

Impact. As proposed, the project will result in the potential future disturbance of approximately 45,000 square feet for the construction of single-family residences. This could result in soil loss and erosion. Prior to any future development on the property an applicant would be required to obtain a land use permit and submit a mineral resource report for review and approval.

Required Finding per Section 22.14.040, states that an approval of any use other than energy production or resource extraction may be granted when a finding is made that the proposed use will not adversely affect the continuing operation or expansion of the energy or extraction use.

Any future development on the said property would be required to meet the permit requirements and the finding requirements for EX combining designation. At the time of application for any future development on this property, the County would review of the proposed project, be required to make the required findings, and apply appropriate conditions to that project.

Mitigation/Conclusion. There is no evidence that measures above what will already be required by ordinance or codes are needed. The requirements of the EX combining designation adequately provides for opportunities and measures to address any future developments limitation on extraction activities.

7. HAZARDS & HAZARDOUS MATERIALS - ***Will the project:***	**Potentially Significant**	**Impact can & will be mitigated**	**Insignificant Impact**	**Not Applicable**
a) Create a hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	☐	☐	☒	☐
b) Create a hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	☐	☐	☒	☐
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within ¼-mile of an existing or proposed school?	☐	☐	☒	☐

7. HAZARDS & HAZARDOUS MATERIALS - *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
d) Be located on, or adjacent to, a site which is included on a list of hazardous material/waste sites compiled pursuant to Gov't Code 65962.5 ("Cortese List"), and result in an adverse public health condition?	☐	☐	☒	☐
e) Impair implementation or physically interfere with an adopted emergency response or evacuation plan?	☐	☐	☒	☐
f) If within the Airport Review designation, or near a private airstrip, result in a safety hazard for people residing or working in the project area?	☐	☐	☒	☐
g) Increase fire hazard risk or expose people or structures to high wildland fire hazard conditions?	☐	☐	☒	☐
f) Other: *Within the boundaries of an active oil field.*	☐	☒	☐	☐

Setting. The project is not located in an area of known hazardous material contamination. The project is not within a high severity risk area for fire. The project is not within the Airport Review area. Pursuant to Government Code 65962.5 ("Cortese List"), the property is **not** on a list of "Other Cleanup Sites" identified by CalEPA, on the CalEPA Geotracker mapping site.

As mentioned in the previous section, the project is located within the Energy Extractive Resource Area (EX) combining designation and the project is located within the boundaries of an active oilfield. The Department of Conservation's Division of Oil, Gas, and Geothermal Resources has reviewed the proposed project (January 8, 2009). Records indicate 5-wells drilled within the project area. There is one-well not abandoned to current plugging standards, one-well meeting current plugging standards, and three-wells owned by Plains Exploration and Production that are presently idle. Drilling in the area began before the establishment of the Division in 1915, and there is a possibility that undocumented wells may be found.

Impact. The proposed lot line adjustment does not propose the use of hazardous materials, nor the generation of hazardous wastes. The proposed project does not present a significant fire safety risk. The project is not expected to conflict with any regional emergency response or evacuation plan.

If any future structure to be constructed will be located over or in the proximity of a previously plugged and abandoned well, there is the possibility that the well may need to be plugged and abandoned to current Division specifications. Section 3208.1 Public Resources Code authorizes the State and Oil and Gas Supervisor to order the re-abandonment of any previously abandoned well when construction of any structure over or in the proximity of a well could result in a hazard. The cost of re-abandonment operations is the responsibility of the owner of the property upon which a structure will be located. Furthermore, if any abandoned or unrecorded wells are uncovered or damaged during exaction or grading, remedial operations may be required, (Department of Conservation, January 2009).

Mitigation/Conclusion. Prior to issuance of grading and/or construction permits, the applicant shall contact the Department of Conservation, Division of Oil, Gas, and Geothermal Resources (Ross Brunetti at 805-937-7246 or rbrunett@consrv.ca.gov) to determine if the proposed development is to be located over or in the proximity of a previously plugged and abandoned well. The applicant shall submit proof to the Department of Planning and Building of the above required information for review and approval. The owner or the property upon which the structure will be located shall pay for the cost of re-abandonment operation. If any abandoned or unrecorded wells are uncovered or damaged during exaction or grading, remedial operations may be required,

Additionally, as stated in the previous section, the Required Finding per Section 22.14.040, states an approval of any use other than energy production or resource extraction may be granted when the finding is made that the proposed use will not adversely affect the continuing operation or expansion of the energy or extraction use.

Implementation of these measures along with ordinance requirements (refer to Exhibit B) would mitigate hazards and hazardous material impacts to less than significant.

8. NOISE ***Will the project:***	**Potentially Significant**	**Impact can & will be mitigated**	**Insignificant Impact**	**Not Applicable**
a) Expose people to noise levels that exceed the County Noise Element thresholds?	☐	☐	☒	☐
b) Generate permanent increases in the ambient noise levels in the project vicinity?	☐	☐	☒	☐
c) Cause a temporary or periodic increase in ambient noise in the project vicinity?	☐	☐	☒	☐
d) Expose people to severe noise or vibration?	☐	☒	☐	☐
e) If located within the Airport Review designation or adjacent to a private airstrip, expose people residing or working in the project area to severe noise levels?	☐	☐	☒	☐
f) Other: _____	☐	☐	☐	☒

Setting. The railroad runs through the northwestern side of proposed Parcel 1. The proposed building envelope for this parcel is located far enough away from the railroad that significant noise impacts to future development are not expected to occur.

Based on the Noise Element's projected future noise generation from known stationary and vehicle-generated noise sources, the project is within an acceptable threshold area.

While at this time there are no residences on the property, future construction of single-family residence could result in noise impacts to a residence that would be generated by oil and gas equipment being used on the site or any future expansion of the Morehouse Oil and Gas fields. Noise

standards apply to noise sensitive land uses, which include residential uses.

Sensitive receptors (residential uses) could experience noise that would occur when a oil company drills a new well. Typically, drilling (considered as construction) would occur 24 hours a day, seven days per week during the drilling process. Drilling operations for each new well would last several days. Any re-drills would have the same noise impacts as drilling.

Additionally, certain activities or procedures at an oil field site could cause short-term (temporary), intermittent maximum noise levels to be higher than an hourly average. These activities would primarily be associated with activities such as drill pipe "metal-on-metal" noises (pipe "clangs"), backup alarms on vehicles or annunciators. Annunciators are used at oil and gas facilities to alert operators of alarms or to be used as communication. All three activities would be associated with drilling activities. Generally, only annunciators would be associated with operations at the shipping site.

Section 22.10.120 (A) of the County Land Use Ordinance provides a list of exemptions to the noise standards. Temporary noise is not one of the listed exceptions. Construction noise is exempt provided the activities do not take place before 7 AM or after 9 PM on any day except Saturday or Sunday, or before 8 AM or after 5 PM on Saturday or Sunday. Given that drilling would typically occur 24-hours per day when new wells are being drilled, the noise standards specified in Section 22.10.120 (B) of the County Land Use Ordinance would apply to the drilling operations.

Impact. Any future development on said property would be required to meet the permit requirements and the finding requirements for EX combining designation. One of which is *To protect existing extraction areas so that land uses incompatible with continuing extraction activities will not be developed on adjacent properties.* If all the required findings cannot be made then any proposed development would not be allowed at that time.

Additionally, the Noise Element states:

> Policy 3.3.4 - New development of noise-sensitive land uses shall not be permitted where the noise level due to existing stationary noise sources will exceed the noise level standards of Table 3-2, unless effective noise mitigation measures have been incorporated into the design of the development to reduce noise exposure to or below the levels specified in Table 3-2.

Mitigation/Conclusion. Therefore, no significant noise impacts are anticipated, and no mitigation measures are necessary.

9. POPULATION/HOUSING ***Will the project:***	**Potentially Significant**	**Impact can & will be mitigated**	**Insignificant Impact**	**Not Applicable**
a) Induce substantial growth in an area either directly (e.g., construct new homes or businesses) or indirectly (e.g., extension of major infrastructure)?	☐	☐	☒	☐
b) Displace existing housing or people, requiring construction of replacement housing elsewhere?	☐	☐	☐	☒
c) Create the need for substantial new housing in the area?	☐	☐	☒	☐

9. POPULATION/HOUSING *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
d) Other: _____	☐	☐	☐	☒

Setting In its efforts to provide for affordable housing, the county currently administers the Home Investment Partnerships (HOME) Program and the Community Development Block Grant (CDBG) program, which provides limited financing to projects relating to affordable housing throughout the county. The County's Inclusionary Housing Ordinance requires provision of new affordable housing in conjunction with both residential and nonresidential development and subdivisions.

Impact. The project will not result in a need for a significant amount of new housing, and will not displace existing housing.

Mitigation/Conclusion. No significant population and housing impacts are anticipated. The project will mitigate its cumulative impact to the shortage of affordable housing stock by providing affordable housing unit(s) either on-site and/or by payment of the in-lieu fee (residential projects), or housing impact fee (commercial projects). No mitigation measures are necessary.

10. PUBLIC SERVICES/UTILITIES *Will the project have an effect upon, or result in the need for new or altered public services in any of the following areas:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
a) Fire protection?	☐	☒	☐	☐
b) Police protection (e.g., Sheriff, CHP)?	☐	☒	☐	☐
c) Schools?	☐	☒	☐	☐
d) Roads?	☐	☒	☐	☐
e) Solid Wastes?	☐	☐	☒	☐
f) Other public facilities?	☐	☐	☒	☐
g) Other: _____	☐	☐	☐	☒

Setting. The project area is served by the following public services/facilities:

Police: County Sheriff Location: San Luis Obispo (Kansas Ave.)

Fire: Cal Fire (formerly CDF) Hazard Severity: Moderate Response Time: 5-10 minutes

Location: Approximately 4 miles to the northwest

School District: Lucia Mar School District

Impact. No significant project-specific impacts to utilities or public services were identified. This project, along with others in the area, will have a cumulative effect on police/sheriff and fire protection, and schools. The project's direct and cumulative impacts are within the general assumptions of allowed use for the subject property that was used to estimate the fees in place.

Mitigation/Conclusion. Regarding cumulative effects, public facility (County) and school (State Government Code 65995 et seq.) fee programs have been adopted to address this impact, and will reduce the cumulative impacts to less than significant levels.

11. RECREATION *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
a) *Increase the use or demand for parks or other recreation opportunities?*	☐	☐	☒	☐
b) *Affect the access to trails, parks or other recreation opportunities?*	☐	☐	☒	☐
c) *Other* _____	☐	☐	☐	☒

Setting. The County's Parks and Recreation Element does not show that a potential trail goes through the proposed project. The project is not proposed in a location that will affect any trail, park, recreational resource, coastal access, and/or Natural Area.

Impact. The proposed project will not create a significant need for additional park, Natural Area, and/or recreational resources.

Mitigation/Conclusion. No significant recreation impacts are anticipated, and no mitigation measures are necessary.

12. TRANSPORTATION/CIRCULATION *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
a) *Increase vehicle trips to local or areawide circulation system?*	☐	☐	☒	☐
b) *Reduce existing "Level of Service" on public roadway(s)?*	☐	☐	☒	☐
c) *Create unsafe conditions on public roadways (e.g., limited access, design features, sight distance, slow vehicles)?*	☐	☐	☒	☐
d) *Provide for adequate emergency access?*	☐	☐	☒	☐
e) *Conflict with an established measure of effectiveness for the performance of the circulation system considering all modes of transportation (e.g. LOS, mass transit, etc.)?*	☐	☐	☒	☐
f) *Conflict with an applicable congestion management program?*	☐	☐	☒	☐

12. TRANSPORTATION/CIRCULATION *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
g) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	☐	☐	☒	☐
h) Result in a change in air traffic patterns that may result in substantial safety risks?	☐	☐	☒	☐
i) Other: _____	☐	☐	☐	☒

Setting. The County has established the acceptable Level of Service (LOS) on roads for this rural area as "C" or better. The existing road network in the area (HWY 227) is operating at acceptable levels. The property is located southwest of Carpenter Canyon Road. (HWY 227). It is separated from Carpenter Canyon Road by an intervening property. The subject property is accessed via a private Right-of-Way through that adjacent parcel. This existing access will be used for future access.

Referrals were sent to County Public Works and Cal Trans. No significant traffic-related concerns were identified (Public Works, December 23, 2008).

Impact. The proposed project is estimated to generate about 60 trips per day (for up to three primary and three secondary residences), based on the Institute of Traffic Engineer's manual of 10/unit. This small amount of additional traffic will not result in a significant change to the existing road service or traffic safety levels. The project does not conflict with adopted policies, plans and programs on transportation.

Mitigation/Conclusion. No significant traffic impacts were identified, and no mitigation measures above what are already required by ordinance are necessary.

13. WASTEWATER *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
a) Violate waste discharge requirements or Central Coast Basin Plan criteria for wastewater systems?	☐	☐	☒	☐
b) Change the quality of surface or ground water (e.g., nitrogen-loading, day-lighting)?	☐	☐	☒	☐
c) Adversely affect community wastewater service provider?	☐	☐	☒	☐
d) Other: _____	☐	☐	☐	☒

Setting. Regulations and guidelines on proper wastewater system design and criteria are found within the County's Plumbing Code (hereafter CPC; see Chapter 7 of the Building and Construction

Ordinance [Title 19]), the "Water Quality Control Plan, Central Coast Basin" (Regional Water Quality Control Board [RWQCB] hereafter referred to as the "Basin Plan"), and the California Plumbing Code. These regulations include specific requirements for both on-site and community wastewater systems. These regulations are applied to all new wastewater systems.

For on-site septic systems, there are several key factors to consider for a system to operate successfully, including the following:

- ✓ Sufficient land area (refer to County's Land Use Ordinance or Plumbing Code) – depending on water source, parcel size minimums will range from one acre to 2.5 acres;
- ✓ The soil's ability to percolate or "filter" effluent before reaching groundwater supplies (30 to 120 minutes per inch is ideal);
- ✓ The soil's depth (there needs to be adequate separation from bottom of leach line to bedrock [at least 10 feet] or high groundwater [5 feet to 50 feet depending on percolation rates]);
- ✓ The soil's slope on which the system is placed (surface areas too steep creates potential for daylighting of effluent);
- ✓ Potential for surface flooding (e.g., within 100-year flood hazard area);
- ✓ Distance from existing or proposed wells (between 100 and 250 feet depending on circumstances); and

To assure a successful system can meet existing regulation criteria, proper conditions are critical. Above-ground conditions are typically straight-forward and most easily addressed. Below ground criteria may require additional analysis or engineering when one or more factors exist:

- ✓ The ability of the soil to "filter" effluent is either too fast (percolation rate is faster or less than 30 minutes per inch and has "poor filtering" characteristics) or is too slow (slower or more than 120 minutes per inch);
- ✓ The topography on which a system is placed is steep enough to potentially allow "daylighting" of effluent downslope; or
- ✓ The separation between the bottom of the leach line to bedrock or high groundwater is inadequate.

Based on Natural Resource Conservation Service (NRCS) Soil Survey map, the soil type(s) for the project is provided in the listed in the previous Agricultural Resource section. The main limitation(s) of this soil for wastewater effluent include:

-***poor filtering characteristics*** due to the very permeable nature of the soil, without special engineering will require larger separations between the leach lines and the groundwater basin to provide adequate filtering of the effluent

--***shallow depth to bedrock***, which is an indication that there may not be sufficient soil depth to provide adequate soil filtering of effluent before reaching bedrock. Once effluent reaches bedrock, the chances increase for the effluent to infiltrate cracks that could lead directly to groundwater source or surrounding wells without adequate filtering, or allow for daylighting of effluent where bedrock is exposed to the earth's surface.

--***slow percolation***, where fluids will percolate too slowly through the soil for the natural processes to effectively break down the effluent into harmless components. The Basin Plan identifies the percolation rate should be greater than 30 and less than 120 minutes per inch.

The project is proposing three building envelopes for future residential development. The building sites are located on nearly level areas within or in close proximity to the floodplain areas associated with the on-site creek. While this may present some limitations, there is adequate evidence showing that on-site systems can be designed to meet the CPC/Basin Plan.

Leach line locations will also be reviewed at this time to verify adequate setbacks are provided from any existing or proposed wells (100 feet for individual wells, 200 feet for community wells). Public Works has reviewed the proposed project (April 8, 2013 and December 13, 2008). Septic Systems located within the 100 year flood zone shall comply with the requirements of the National Flood Insurance Program and be constructed so that their leach fields shall be resistant to scour and erosion and their septic tanks sealed to prevent leakage while inundated. Calculations shall be provided to show that the tanks shall not be subject to flotation while inundated. The construction required to build a house on these parcels will require substantial site disturbance within the building envelopes (a lot of fill most likely). All future building permit submittals shall show compliance with County Code 22.14.060, Flood Hazard. Also refer to Section 14, for additional Flood Hazard discussion.

Impacts/Mitigation. Based on the following project conditions or design features, wastewater impacts are considered less than significant:

- ✓ The project has sufficient land area per the County's Land Use Ordinance to support an on-site system;
- ✓ There is adequate soil separation between the bottom of the leach line to bedrock or high groundwater;
- ✓ The soil's slope is less than 20%; inside and around the proposed building envelopes;
- ✓ There is adequate distance between proposed leach lines and existing or proposed wells;

Based on the above discussion and information provided, the site appears to be able to design an on-site system that will meet CPC/Basin Plan requirements. Prior to building permit issuance and/or final inspection of the wastewater system, the applicant will need to show to the county compliance with the County Plumbing Code/ Central Coast Basin Plan, County Code 22.14.060, Flood Hazard, including any above-discussed information relating to potential constraints.

Therefore, based on the project being able to comply with these regulations, potential groundwater quality impacts are considered less than significant.

14. WATER & HYDROLOGY ***Will the project:***	**Potentially Significant**	**Impact can & will be mitigated**	**Insignificant Impact**	**Not Applicable**
QUALITY				
a) Violate any water quality standards?	☐	☐	☒	☐
b) Discharge into surface waters or otherwise alter surface water quality (e.g., turbidity, sediment, temperature, dissolved oxygen, etc.)?	☐	☐	☒	☐
c) Change the quality of groundwater (e.g., saltwater intrusion, nitrogen-loading, etc.)?	☐	☐	☒	☐

14. WATER & HYDROLOGY *Will the project:*	Potentially Significant	Impact can & will be mitigated	Insignificant Impact	Not Applicable
d) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide additional sources of polluted runoff?	☐	☐	☒	☐
e) Change rates of soil absorption, or amount or direction of surface runoff?	☐	☐	☒	☐
f) Change the drainage patterns where substantial on- or off-site sedimentation/ erosion or flooding may occur?	☐	☐	☒	☐
g) Involve activities within the 100-year flood zone?	☐	☒	☐	☐
QUANTITY				
h) Change the quantity or movement of available surface or ground water?	☐	☐	☒	☐
i) Adversely affect community water service provider?	☐	☐	☒	☐
j) Expose people to a risk of loss, injury or death involving flooding (e.g., dam failure,etc.), or inundation by seiche, tsunami or mudflow?	☐	☐	☒	☐
k) Other: _____	☐	☐	☒	☐

Setting. The project proposes to obtain its water needs from on-site wells. Based on available information, the proposed water source is not known to have any significant availability or quality problems.

The topography of the project is nearly level. Canada Verde Creek, a tributary to Pismo Creek, traverses the site east to west. As described in the NRCS Soil Survey, the soil surface is considered to have low erodibility.

Projects involving more than one acre of disturbance are subject to preparing a Storm Water Pollution Prevention Plan (SWPPP) to minimize on-site sedimentation and erosion. When work is done in the rainy season, the County's Land Use Ordinance requires that temporary erosion and sedimentation measures to be installed.

DRAINAGE – The following relates to the project's drainage aspects:

Within the 100-year Flood Hazard designation? Yes

Closest creek? Canada Verde Creek Distance? On-site

Soil drainage characteristics: Well drained

For areas where drainage is identified as a potential issue, the Land Use Ordinance (LUO Sec. 22.52.110) includes a provision to prepare a drainage plan to minimize potential drainage impacts.

When required, this plan would need to address measures such as: constructing on-site retention or detention basins, or installing surface water flow dissipaters. This plan would also need to show that the increased surface runoff would have no more impacts than that caused by historic flows.

SEDIMENTATION AND EROSION – Soil type, area of disturbance, and slopes are key aspects to analyzing potential sedimentation and erosion issues. The project's soil types and descriptions are listed in the previous Agriculture section under "Setting". As described in the NRCS Soil Survey, the the project's soil erodibility is as follows:

Soil erodibility: Low

A sedimentation and erosion control plan is required for all construction and grading projects (LUO Sec. 22.52.120) to minimize these impacts. When required, the plan is prepared by a civil engineer to address both temporary and long-term sedimentation and erosion impacts. Projects involving more than one acre of disturbance are subject to the preparation of a Storm Water Pollution Prevention Plan (SWPPP), which focuses on controlling storm water runoff. The Regional Water Quality Control Board is the local extension who monitors this program.

Flood Hazard. The project is also located within the Flood Hazard (FH) combining designation. The purpose of this designation is to:

1. To encourage land development that is designed to minimize adverse effects on drainage ways and watercourses.
2. To avoid damage to property improvements through flood inundation; destruction of natural resources; loss of water retention facilities, open space and wildlife habitats; and impairment of public and private water supplies.
3. To encourage a coordinated land and water management program which will support non-structural land uses in flood-prone areas.
4. To support location of permanent structures and other artificial obstructions to not adversely restrict water flow.

Public Works has reviewed the proposed project and the location of the building envelopes (Tim Tomlinson, April 8, 2013). Septic Systems located within the 100 year flood zone shall comply with the requirements of the National Flood Insurance Program and be constructed so that their leach fields shall be resistant to scour and erosion and their septic tanks sealed to prevent leakage while inundated. Calculations shall be provided to show that the tanks shall not be subject to floatation while inundated.

Impact – Water Quality/Hydrology
With regards to project impacts on water quality the following conditions apply: The project will be subject to standard County requirements for drainage, sedimentation and erosion control for construction and permanent use;

- ✓ The project will be disturbing over an acre and will be required to prepare a SWPPP, which will be implemented during construction;
- ✓ The project is not on highly erodible soils, nor on moderate to steep slopes;
- ✓ All disturbed areas will be permanently stabilized with impermeable surfaces and landscaping;
- ✓ Parking area drainage inlets will be fitted with hydrocarbon filters;
- ✓ Bioswales will be installed as a part of the drainage plan;
- ✓ Stockpiles will be properly managed during construction to avoid material loss due to erosion;

- ✓ The project is subject to the County's Plumbing Code (Chapter 7 of the Building and Construction Ordinance [Title 19]), and/or the "Water Quality Control Plan, Central Coast Basin" for its wastewater requirements, where wastewater impacts to the groundwater basin will be less than significant;
- ✓ All hazardous materials and/or wastes will be properly stored on-site, which include secondary containment should spills or leaks occur;

Water Quantity
Based on the project description, as calculated on the County's water usage worksheet, the project's water usage is estimated as follows:

Indoor: 1.05 acre feet/year (AFY);
Outdoor: 0.45 AFY
Total Use: 1.5 AFY

Sources used for this estimate include one or more of the following references: County's Land Use Ordinance, 2000 Census data, Pacific Institute studies (2003), City of Santa Barbara Water Demand Factor & Conservation Study 'User Guide' (1989).

Based on available water information, there are no known constraints to prevent the project from obtaining its water demands.

To help conserve water the applicant should implement Low Impact Development designs to help promote groundwater re-charge. Such as, roof runoff should be directed to landscape areas (rain gardens) and / or vegetated drainage swales. Runoff should not be allowed to cross surfaces that have the potential to contain pollutants such as parking areas.

Mitigation/Conclusion. As specified above for water quality, existing regulations and/or required plans will adequately address surface water quality impacts during construction and permanent use of the project.

The applicant shall implement Low Impact Development designs to help promote groundwater re-charge. Such as, roof runoff should be directed to landscape areas (rain gardens) and / or vegetated drainage swales. Runoff should not be allowed to cross surfaces that have the potential to contain pollutants such as parking areas.

Based on the proposed amount of water to be used and the water source, no significant impacts from water use are anticipated.

Prior to recordation of the final map or certificates of compliance, the applicant shall supply the 100 year flood elevations for the proposed building envelopes on the proposed parcels (Tim Tomlinson, April 8, 2013).

If the applicant prepares a Parcel Map: The applicant shall prepare an additional map sheet to be approved by the county Department of Planning and Building and the Department of Public Works. The additional map sheet shall include the limits of inundation from a 100 year storm and the Base Flood Elevations on the Building sites so that all future building permit submittals may show compliance with County Code 22.12.060, Flood Hazard.

If the applicant prepares Certificates of Compliance: The applicant shall provide an exhibit showing the Base Flood Elevations for the proposed building envelopes and record it as a Constructive Notification at the same time as the Certificates so that all future building permit submittals may show compliance with County Code 22.12.060, Flood Hazard.

15. LAND USE *Will the project:*	Inconsistent	Potentially Inconsistent	Consistent	Not Applicable
a) Be potentially inconsistent with land use, policy/regulation (e.g., general plan [County Land Use Element and Ordinance], local coastal plan, specific plan, Clean Air Plan, etc.) adopted to avoid or mitigate for environmental effects?	☐	☒	☐	☐
b) Be potentially inconsistent with any habitat or community conservation plan?	☐	☐	☒	☐
c) Be potentially inconsistent with adopted agency environmental plans or policies with jurisdiction over the project?	☐	☐	☒	☐
d) Be potentially incompatible with surrounding land uses?	☐	☐	☒	☐
e) Other: _____	☐	☐	☐	☒

Setting/Impact. Surrounding uses are identified on Page 2 of the Initial Study. The proposed project was reviewed for consistency with policy and/or regulatory documents relating to the environment and appropriate land use (e.g., County Land Use Ordinance, Local Coastal Plan, etc.). Referrals were sent to outside agencies to review for policy consistencies (e.g., CAL FIRE for Fire Code, APCD for Clean Air Plan, etc.). The project was found to be consistent with these documents (refer also to Exhibit A on reference documents used).

The project is not within or adjacent to a Habitat Conservation Plan area. The project is consistent or compatible with the surrounding uses as summarized on page 2 of this Initial Study.

The project is located within the Energy Extractive Resource Area (EX) combining designation. The Inland Framework for Planning states that the purpose of the EX designation is to

1. To identify areas where mineral or petroleum extraction occurs, is proposed to occur, or where petroleum or mineral reserves of statewide significance exist, as defined by the State Geologist.
2. To protect existing extraction areas so that land uses incompatible with continuing extraction activities will not be developed on adjacent properties.
3. To protect existing energy production areas and regional production facilities so that incompatible uses will not be developed on adjacent properties such that the energy production facilities may become dangerous or detrimental to public health and safety.
4. To protect energy production areas from encroaching urban development or other incompatible land uses that may hinder their continued operation.

Prior to any future development on the property an applicant would be required to obtain a land use permit and submit a mineral resource report for review and approval.

Required Finding per Section 22.14.040, states that an approval of any use other than energy production or resource extraction may be granted when the finding is made that the proposed use will not adversely affect the continuing operation or expansion of the energy or extraction use.

Any future development on the said property would be required to meet permit requirements and the finding requirements for EX combining designation. At the time of application for any future development on this property, the County would review of the proposed project, be required to make the required findings, and apply appropriate conditions to that project.

Mitigation/Conclusion. The requirements of the EX combining designation adequately provides for opportunities and measures to address any future developments limitation on extraction activities.

Therefore, no inconsistencies were identified and therefore no additional measures above what will already be required were determined necessary.

16. MANDATORY FINDINGS OF SIGNIFICANCE *Will the project:*	**Potentially Significant**	**Impact can & will be mitigated**	**Insignificant Impact**	**Not Applicable**
a) Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	☐	☒	☐	☐
b) Have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)	☐	☒	☐	☐
c) Have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☐	☒	☐

For further information on CEQA or the county's environmental review process, please visit the County's web site at "www.sloplanning.org" under "Environmental Information", or the California Environmental Resources Evaluation System at: http://www.ceres.ca.gov/topic/env_law/ceqa/guidelines for information about the California Environmental Quality Act.

Exhibit A - Initial Study References and Agency Contacts

The County Planning Department has contacted various agencies for their comments on the proposed project. With respect to the subject application, the following have been contacted (marked with an ☒) and when a response was made, it is either attached or in the application file:

Contacted	Agency	Response
☒	County Public Works Department	**Attached**
☒	County Environmental Health Division	**None**
☒	County Agricultural Commissioner's Office	**Attached**
☐	County Airport Manager	**Not Applicable**
☐	Airport Land Use Commission	**Not Applicable**
☐	Air Pollution Control District	**Not Applicable**
☐	County Sheriff's Department	**Not Applicable**
☒	Regional Water Quality Control Board	**None**
☐	CA Coastal Commission	**Not Applicable**
☐	CA Department of Fish and Wildlife	**Not Applicable**
☐	CA Department of Forestry (Cal Fire)	**Not Applicable**
☒	CA Department of Transportation	**None**
☐	Community Service District	**Not Applicable**
☒	Other Plains Exploration and Production	**None**
☒	Other Department of Conservation	**Attached**
☒	Other City of Arroyo Grande	**None**

*** "No comment" or "No concerns"-type responses are usually not attached*

The following checked ("☒") reference materials have been used in the environmental review for the proposed project and are hereby incorporated by reference into the Initial Study. The following information is available at the County Planning and Building Department.

☒ Project File for the Subject Application

County documents

☐ Airport Land Use Plans
☒ Annual Resource Summary Report
☐ Building and Construction Ordinance
☐ Coastal Policies
☒ Framework for Planning (Coastal & Inland)
☒ General Plan (Inland & Coastal), including all maps & elements; more pertinent elements considered include:
  ☒ Agriculture & Open Space Element
  ☒ Energy Element
  ☒ Environment Plan (Conservation, Historic and Esthetic Elements)
  ☒ Housing Element
  ☒ Noise Element
  ☐ Parks & Recreation Element
  ☒ Safety Element
☒ Land Use Ordinance
☐ Real Property Division Ordinance
☐ Trails Plan
☐ Solid Waste Management Plan

- ☒ San Luis Bay (Inland) Area Plan and Update EIR
- ☐ Circulation Study

Other documents

- ☒ Archaeological Resources Map
- ☒ Area of Critical Concerns Map
- ☒ Areas of Special Biological Importance Map
- ☒ California Natural Species Diversity Database
- ☒ Clean Air Plan
- ☒ Fire Hazard Severity Map
- ☒ Flood Hazard Maps
- ☒ Natural Resources Conservation Service Soil Survey for SLO County
- ☒ Regional Transportation Plan
- ☒ Uniform Fire Code
- ☒ Water Quality Control Plan (Central Coast Basin – Region 3)
- ☒ GIS mapping layers (e.g., habitat, streams, contours, etc.)
- ☐ Other

In addition, the following project specific information and/or reference materials have been considered as a part of the Initial Study:

Peer Review of Rincon Rincon Biological Resources Assessment and Rare Plant Surveys and follow up correspondence from Kevin Merk, by Brook Langle, February 18, 2013.

Transmittal of Site Assessment for the California Red-Legged Frog on the Mormann Property, San Luis Obispo County, by Kevin Merk Associates, LLC., March 21, 2012.

Review of Rincon Biological Resources Assessment and Rare Plant Surveys, by Trevor Keith - County Environmental Resource Specialist, March 15, 2010.

Mormann Property Biological Resources Assessment and Rare Plant Surveys, by Rincon Consultants, Inc., August 2009, August 2009.

Cultural Resources Survey and Impact Assessment for the Mormann Lot Split, COAL, 08-0145, APN: 044-241-002 and 044-211-002, by C.A. Singer & Associates, Inc., March 24, 2009.

Exhibit B - Mitigation Summary Table

Visual

VS-1 At the time of application for construction permits, the applicant shall provide an exterior lighting plan. The plan shall include the height, location, and intensity of all exterior lighting. All lighting fixtures shall be shielded so that neither the lamp nor the related reflector interior surface is visible from the train tracks, Highway 227 and Price Canyon. All lighting poles, fixtures, and hoods shall be dark colored. This plan shall be implemented prior to final inspection or occupancy, whichever occurs first. Security lighting shall be shielded so as not to create glare when viewed from train tracks, Highway 227 and Price Canyon.

VS-2 At the time of application for construction permits, the applicant shall clearly delineate on the project plans the location and visual treatment of any new water tank(s). All water tanks shall be located in the least visually prominent location feasible when viewed from the train tracks. Screening with topographic features, existing vegetation or existing structures shall be used as feasible.

If the tank(s) cannot be fully screened with existing elements, then the tank(s) shall be a neutral or dark, non-contrasting color, and landscape screening shall be provided. The applicant shall provide evidence that the proposed tank(s) are as low profile as is possible, given the site conditions. Landscape material must be shown to do well in existing soils and conditions, be fast-growing, evergreen and drought tolerant. Shape and size of landscape material shall be in scale with proposed tank(s) and surrounding native vegetation. Plans shall show how plants will be watered and what watering schedule will be applied to ensure successful and vigorous growth.

VS-3 At the time of application for construction permits, the applicant shall clearly delineate the building envelopes on the project plans, as shown on the attached exhibit. All new development (e.g. residences, detached garages, guest houses, and sheds) shall be located within the building envelopes.

VS-4 At the time of application for construction permits, the applicant shall submit landscape plans to the Department of Planning and Building for review and approval in consultation with the Environmental Coordinator. The landscape plan shall provide vegetation that will adequately screen the new development, including outbuildings, water tanks, etc., when viewed from the train tracks.

Biological

BIO-1 Prior to issuance of construction permit or grading permit, if access or work is slated to occur near (within 300 feet) drainages or wetland features, the Applicant shall conduct a jurisdictional delineation of the waters of the United States (U.S.) and State of California to determine the nature and extent of Army Corps of Engineers (ACOE), Regional Water Quality Control Board (RWQCB) and California Department of Fish and Wildlife (CDFW) jurisdiction on site. The Applicant is responsible for obtaining all necessary regulatory permits from these agencies. This assessment and other needed permits shall be conducted prior to the County issuing a grading or development permit.

BIO-2 To protect sensitive bird species and those species protected by the Migratory Bird Treaty Act and/or the Fish and Wildlife Code, the Owners shall avoid vegetation clearing and earth disturbance during the typical nesting season (February 15 – August 31). If avoiding construction during this season is not feasible, a qualified biologist shall survey the area one week prior to activity beginning on the site. If nesting birds are located, they shall be avoided until they have successfully fledged. A buffer zone of 50 feet will be placed around all non-

sensitive bird species, a 500-foot buffer zone for raptors, and all activity will remain outside of that buffer until a County approved biologist has determined that the young have fledged. If special-status bird species are located, no work will begin until an appropriate buffer is determined by consultation with the County, the local California Department of Fish and Wildlife biologist, and/or the U. S. Fish and Wildlife Service.

BIO-3 Prior to issuance of construction and/or grading permits, the applicant shall clearly show all occupied nests on project plans, and these nest shall be mapped using GIS or survey equipment. The mapped locations shall be placed on a copy of the grading plans *and all other* applicable construction documents with a 500-foot buffer indicated. The buffer zone shall be delineated on the ground with orange construction fencing where it overlaps work areas.

BIO-4 Prior to issuance of construction and/or grading permits, the applicant shall clearly show all oak trees within 50 feet of grading activities on the grading plans.

No oak trees shall be impacted or removed.

Oak trees within 50 feet of grading activities shall be fenced and flagged for protection prior to permit issuance. Fencing shall be clearly shown on the grading plans to be located at the root zone for trees.

BIO-5 Prior to issuance of construction and/or grading permits, the applicant shall retain a County-approved biologist to review final plans to ensure that the proposed project avoids impacts to sensitive plants.

BIO-6 Prior to the issuance of construction and/or grading permits, the applicant shall contact the U.S. Fish and Wildlife Service for direction on potential impacts to CRLF after a design has been developed, written confirmation of this correspondence and any requirements shall be provided to the County.

BIO-7 Prior to issuance of construction and/or grading plans, the applicant in order to avoid potential impacts shall have a qualified County biologist conduct a Pre-construction surveys for California red-legged frog (CRLF), northern Pacific pond turtle, and two stripped garter snake shall be conducted to determine presence/absence in the project area. A minimum of one survey the night before construction and one survey the morning of construction shall occur.

BIO-8 If removal of oak trees cannot be avoided, bat boxes shall be installed near the locations where tree removal is to occur to encourage the bats to roost in the boxes rather than in the trees. These boxes should be species specific, mimic a tree hollow or crevice, installed at a height that is appropriate and equipped with anti-predator measures (metal spikes on top). The boxes shall be installed 30 days prior to oak tree removals.

BIO-9 Prior to issuance construction permit or grading plans, if development is to occur in grassland habitat, the applicant shall approximately two weeks prior to initiation of ground disturbing activities, a survey for American badger burrows shall be conducted within the disturbance footprint and a 100-foot buffer by a County-approved biologist.

a. American badger dens found within the survey area shall be monitored to assess the presence of badgers.
    i. The inactive badger dens shall be collapsed by hand with a shovel once the biologist has deemed appropriate, to prevent badgers from re-using them during construction.
    ii. Active badger dens shall be avoided during the breeding season (March 1 through June 30) and a minimum buffer of 50 feet shall be demarcated by temporary fencing. This fencing shall be installed in a manner to permit movement of badgers in and out of the buffer zones.

iii. Prior to grading activities occurring outside of the breeding season, badgers may be discouraged from using currently active dens within the development footprint by partially blocking the entrance (incrementally) of the den with sticks, debris and soil for 3 to 5 days. This work shall be conducted by a County-approved biologist.

Hazards and Hazardous Materials

HAZ-1 Prior to issuance of grading and/or construction permits, the applicant shall contact the Department of Conservation, Division of Oil, Gas, and Geothermal Resources (Ross Brunetti at 805-937-7246 or rbrunett@consrv.ca.gov) to determine if the proposed development is to be located over or in the proximity of a previously plugged and abandoned well. The applicant shall submit proof to the Department of Planning and Building of the above required information for review and approval.

There is the possibility that the well may need to be plugged and abandoned to current Division specifications. Section 3208.1 Public Resources Code authorizes the State and Oil and Gas Supervisor to order the re-abandonment of any previously abandoned well when construction of any structure over or in the proximity of a well could result in a hazard.

The owner or the property upon which the structure will be located shall pay for the cost of re-abandonment operation.

Furthermore, if any abandoned or unrecorded wells are uncovered or damaged during exaction or grading, remedial operations may be required.

Water

W-1 At the time of application for construction permits, the applicant shall show two (2) stormwater runoff reduction measures. Such measures include but not limited to:

a. Rain gardens;
b. Porous paving system;
c. Vegetative swales;
d. Pavement disconnection or;
e. Other, as approved by the County Planning Department in consultation with Public Works.

These measures shall be implemented prior to final inspection or occupancy, whichever occurs first.

W-2 Prior to recordation of the final map or certificates of compliance, the applicant shall supply the 100 year flood elevations for the proposed building envelopes on the proposed parcels (Tim Tomlinson).

If the applicant prepares a Parcel Map: The applicant shall prepare an additional map sheet to be approved by the county Department of Planning and Building and the Department of Public Works. The additional map sheet shall include the limits of inundation from a 100 year storm and the Base Flood Elevations on the Building sites so that all future building permit submittals may show compliance with County Code 22.12.060, Flood Hazard.

If the applicant prepares Certificates of Compliance: The applicant shall provide an exhibit showing the Base Flood Elevations for the proposed building envelopes and record it as a Constructive Notification at the same time as the Certificates so that all future building permit submittals may show compliance with County Code 22.12.060, Flood Hazard.

DATE: SEPTEMBER 10, 2013
REVISED DATE:

DEVELOPER'S STATEMENT FOR
MORMANN LOT LINE ADJUSTMENT / SUB2008-00039

The applicant agrees to incorporate the following measures into the project. These measures become a part of the project description and therefore become a part of the record of action upon which the environmental determination is based. All development activity must occur in strict compliance with the following mitigation measures. These measures shall be perpetual and run with the land. These measures are binding on all successors in interest of the subject property.

Note: The items contained in the boxes labeled "Monitoring" describe the County procedures to be used to ensure compliance with the mitigation measures.

Visual

VS-1 At the time of application for construction permits, the applicant shall provide an exterior lighting plan. The plan shall include the height, location, and intensity of all exterior lighting. All lighting fixtures shall be shielded so that neither the lamp nor the related reflector interior surface is visible from the train tracks, Highway 227 and Price Canyon. All lighting poles, fixtures, and hoods shall be dark colored. This plan shall be implemented prior to final inspection or occupancy, whichever occurs first. Security lighting shall be shielded so as not to create glare when viewed from train tracks, Highway 227 and Price Canyon.

Monitoring: At the time of issuance of a construction permit. Compliance will be verified by the County Department of Planning and Building.

VS-2 At the time of application for construction permits, the applicant shall clearly delineate on the project plans the location and visual treatment of any new water tank(s). All water tanks shall be located in the least visually prominent location feasible when viewed from the train tracks. Screening with topographic features, existing vegetation or existing structures shall be used as feasible..

If the tank(s) cannot be fully screened with existing elements, then the tank(s) shall be a neutral or dark, non-contrasting color, and landscape screening shall be provided. The applicant shall provide evidence that the proposed tank(s) are as low profile as is possible, given the site conditions. Landscape material must be shown to do well in existing soils and conditions, be fast-growing, evergreen and drought tolerant. Shape and size of landscape material shall be in scale with proposed tank(s) and surrounding native vegetation. Plans shall show how plants will be watered and what watering schedule will be applied to ensure successful and vigorous growth.

Monitoring: Required prior to issuance of a construction permit. Compliance will be verified by the County Department of Planning and Building.

VS-3 At the time of application for construction permits, the applicant shall clearly delineate the building envelopes on the project plans, as shown on the attached exhibit. All new development (e.g. residences, detached garages, guest houses, and sheds) shall be located within the building envelopes.

Monitoring: Required at the time of issuance of a construction permit. Compliance will be verified by the County Department of Planning and Building.

VS-4 At the time of application for construction permits, the applicant shall submit landscape plans to the Department of Planning and Building for review and approval in consultation with the Environmental Coordinator. The landscape plan shall provide vegetation that will adequately screen the new development, including outbuildings, water tanks, etc., when viewed from the train tracks.

Monitoring: Required at the time of issuance of a construction permit. Compliance will be verified by the County Department of Planning and Building.

Biological

BIO-1 Prior to issuance of construction permit or grading permit, if access or work is slated to occur near (within 300 feet) drainages or wetland features, the Applicant shall conduct a jurisdictional delineation of the waters of the United States (U.S.) and State of California to determine the nature and extent of Army Corps of Engineers (ACOE), Regional Water Quality Control Board (RWQCB) and California Department of Fish and Wildlife (CDFW) jurisdiction on site. The Applicant is responsible for obtaining all necessary regulatory permits from these agencies. This assessment and other needed permits shall be conducted prior to the County issuing a grading or development permit.

Monitoring: Required prior to issuance of a construction and/or grading permit. Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

BIO-2 To protect sensitive bird species and those species protected by the Migratory Bird Treaty Act and/or the Fish and Wildlife Code, the Owners shall avoid vegetation clearing and earth disturbance during the typical nesting season (February 15 – August 31). If avoiding construction during this season is not feasible, a qualified biologist shall survey the area one week prior to activity beginning on the site. If nesting birds are located, they shall be avoided until they have successfully fledged. A buffer zone of 50 feet will be placed around all non-sensitive bird species, a 500-foot buffer zone for raptors, and all activity will remain outside of that buffer until a County approved biologist has determined that the young have fledged. If special-status bird species are located, no work will begin until an appropriate buffer is determined by consultation with the County,

the local California Department of Fish and Wildlife biologist, and/or the U. S. Fish and Wildlife Service.

Monitoring: Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

BIO-3 Prior to issuance of construction and/or grading permits, the applicant shall clearly show all occupied nests on project plans, and these nest shall be mapped using GIS or survey equipment. The mapped locations shall be placed on a copy of the grading plans and all other applicable construction documents with a 500-foot buffer indicated. The buffer zone shall be delineated on the ground with orange construction fencing where it overlaps work areas.

Monitoring: Required to issuance of a construction and/or grading permit. Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

BIO-4 Prior to issuance of construction and/or grading permits, the applicant shall clearly show all oak trees within 50 feet of grading activities on the grading plans.

No oak trees shall be impacted or removed.

Oak trees within 50 feet of grading activities shall be fenced and flagged for protection prior to permit issuance. Fencing shall be clearly shown on the grading plans to be located at the root zone for trees.

Monitoring: Required to issuance of a construction and/or grading permit. Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

BIO-5 Prior to issuance of construction and/or grading permits, the applicant shall retain a County-approved biologist to review final plans to ensure that the proposed project avoids impacts to sensitive plants.

Monitoring: Required to issuance of a construction and/or grading permit. Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

BIO-6 Prior to the issuance of construction and/or grading permits, the applicant shall contact the U.S. Fish and Wildlife Service for direction on potential impacts to CRLF after a design has been developed, written confirmation of this correspondence and any requirements shall be provided to the County.

Monitoring: Required to issuance of a construction and/or grading permit. Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

BIO-7 Prior to issuance of construction and/or grading plans, the applicant in order to avoid potential impacts shall have a qualified County biologist conduct a Pre-construction surveys for California red-legged frog (CRLF), northern Pacific pond turtle, and two stripped garter snake shall be conducted to determine presence/absence in the project area. A minimum of one survey the night before construction and one survey the morning of construction shall occur.

Monitoring: Required to issuance of a construction and/or grading permit. Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

BIO-8 If removal of oak trees cannot be avoided, bat boxes shall be installed near the locations where tree removal is to occur to encourage the bats to roost in the boxes rather than in the trees. These boxes should be species specific, mimic a tree hollow or crevice, installed at a height that is appropriate and equipped with anti-predator measures (metal spikes on top). The boxes shall be installed 30 days prior to oak tree removals.

Monitoring: Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

BIO-9 Prior to issuance construction permit or grading plans, if development is to occur in grassland habitat, the applicant shall approximately two weeks prior to initiation of ground disturbing activities, a survey for American badger burrows shall be conducted within the disturbance footprint and a 100-foot buffer by a County-approved biologist.

a. American badger dens found within the survey area shall be monitored to assess the presence of badgers.
   i. The inactive badger dens shall be collapsed by hand with a shovel once the biologist has deemed appropriate, to prevent badgers from re-using them during construction.
   ii. Active badger dens shall be avoided during the breeding season (March 1 through June 30) and a minimum buffer of 50 feet shall be demarcated by temporary fencing. This fencing shall be installed in a manner to permit movement of badgers in and out of the buffer zones.
   iii. Prior to grading activities occurring outside of the breeding season, badgers may be discouraged from using currently active dens within the development footprint by partially blocking the entrance (incrementally) of the den with sticks, debris and soil for 3 to 5 days. This work shall be conducted by a County-approved biologist.

Monitoring: Required to issuance of a construction and/or grading permit. Compliance will be verified by the County Department of Planning and Building, in consultation with the Environmental Coordinator.

Hazards and Hazardous Materials

HAZ-1 Prior to issuance of grading and/or construction permits, the applicant shall contact the Department of Conservation, Division of Oil, Gas, and Geothermal Resources (Ross Brunetti at 805-937-7246 or rbrunett@consrv.ca.gov) to determine if the proposed development is to be located over or in the proximity of a previously plugged and abandoned well. The applicant shall submit proof to the Department of Planning and Building of the above required information for review and approval.

There is the possibility that the well may need to be plugged and abandoned to current Division specifications. Section 3208.1 Public Resources Code authorizes the State and Oil and Gas Supervisor to order the re-abandonment of any previously abandoned well when construction of any structure over or in the proximity of a well could result in a hazard.

The owner or the property upon which the structure will be located shall pay for the cost of re-abandonment operation.

Furthermore, if any abandoned or unrecorded wells are uncovered or damaged during exaction or grading, remedial operations may be required.

Monitoring: Required prior to issuance of a grading and/or construction permit. Compliance will be verified by the County Department of Planning and Building.

Water

W-1 At the time of application for construction permits, the applicant shall show two (2) stormwater runoff reduction measures. Such measures include but not limited to:

- Rain gardens;
- Porous paving system;
- Vegetative swales;
- Pavement disconnection or;
- Other, as approved by the County Planning Department in consultation with Public Works.

These measures shall be implemented prior to final inspection or occupancy, whichever occurs first.

Monitoring: At the time of issuance of a construction permit. Compliance will be verified by the County Department of Planning and Building in consultation with the County Public Works Department.

W-2 Prior to recordation of the final map or certificates of compliance, the applicant shall supply the 100 year flood elevations for the proposed building envelopes on the proposed parcels (Tim Tomlinson).

If the applicant prepares a Parcel Map: The applicant shall prepare an additional map sheet to be approved by the county Department of Planning and Building and the Department of Public Works. The additional map sheet shall include the limits of inundation from a 100 year storm and the Base Flood Elevations on the Building sites so

that all future building permit submittals may show compliance with County Code 22.12.060, Flood Hazard.

If the applicant prepares Certificates of Compliance: The applicant shall provide an exhibit showing the Base Flood Elevations for the proposed building envelopes and record it as a Constructive Notification at the same time as the Certificates so that all future building permit submittals may show compliance with County Code 22.12.060, Flood Hazard.

Monitoring: Required prior to recordation of the final map or certificates of compliance. Compliance will be verified by the County Department of Planning and Building in consultation with the County Public Works Department.

The applicant understands that any changes made to the project description subsequent to this environmental determination must be reviewed by the Environmental Coordinator and may require a new environmental determination for the project. By signing this agreement, the owner(s) agrees to and accepts the incorporation of the above measures into the proposed project description.

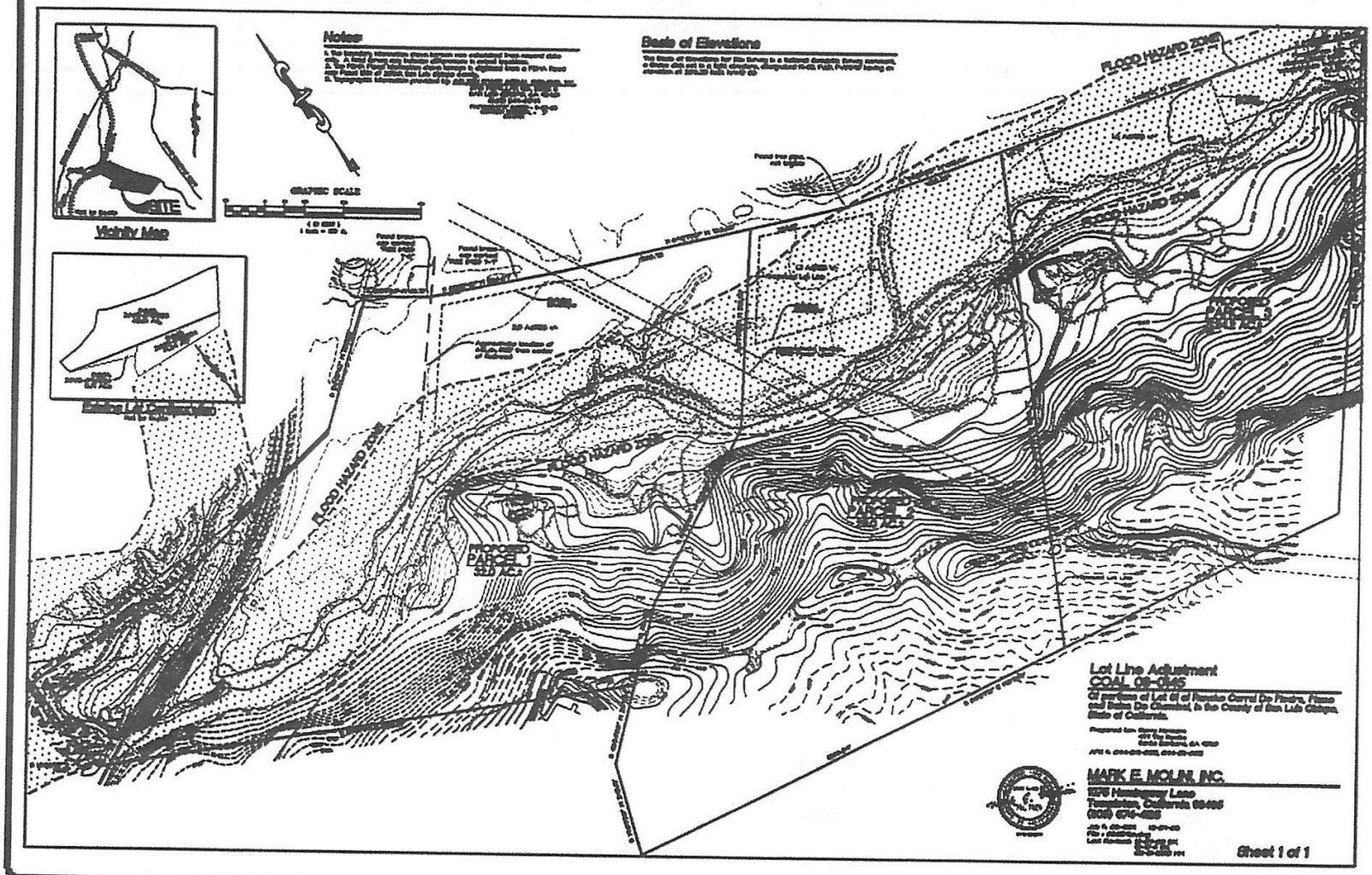
Kerry Mormann — 9-11-13

Signature of Owner(s) — Date

KERRY MORMANN

Name (Print)

SAN LUIS OBISPO COUNTY DEPARTMENT OF BUILDING AND PLANNING



PROJECT

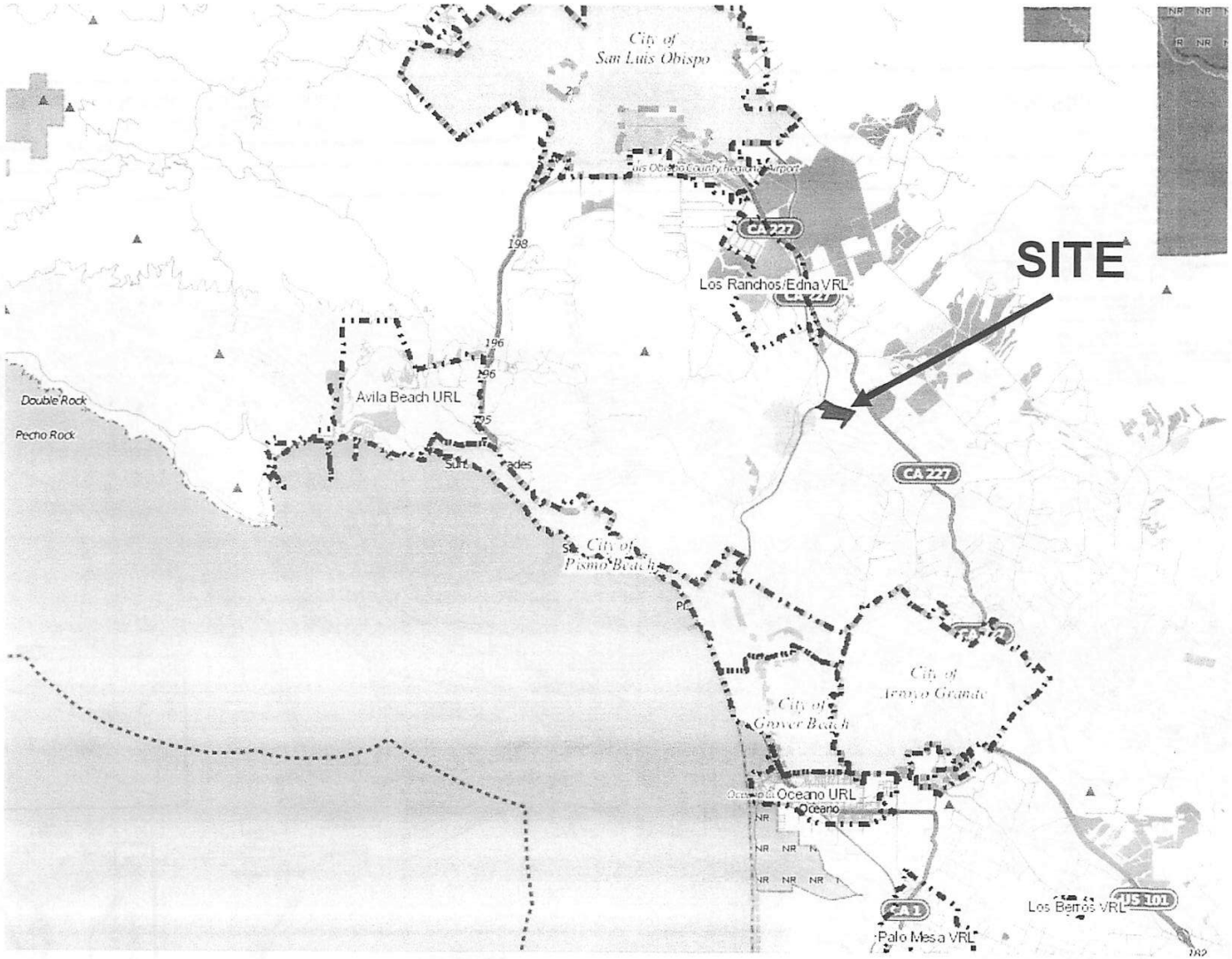
Lot Line Adjustment

Mormann_SUB2008-00039

EXHIBIT B-1

Site Plan

SAN LUIS OBISPO COUNTY DEPARTMENT OF BUILDING AND PLANNING



PROJECT

Lot Line Adjustment
Mormann_SUB2008-00039

EXHIBIT

Vicinity Map

SAN LUIS OBISPO COUNTY DEPARTMENT OF BUILDING AND PLANNING

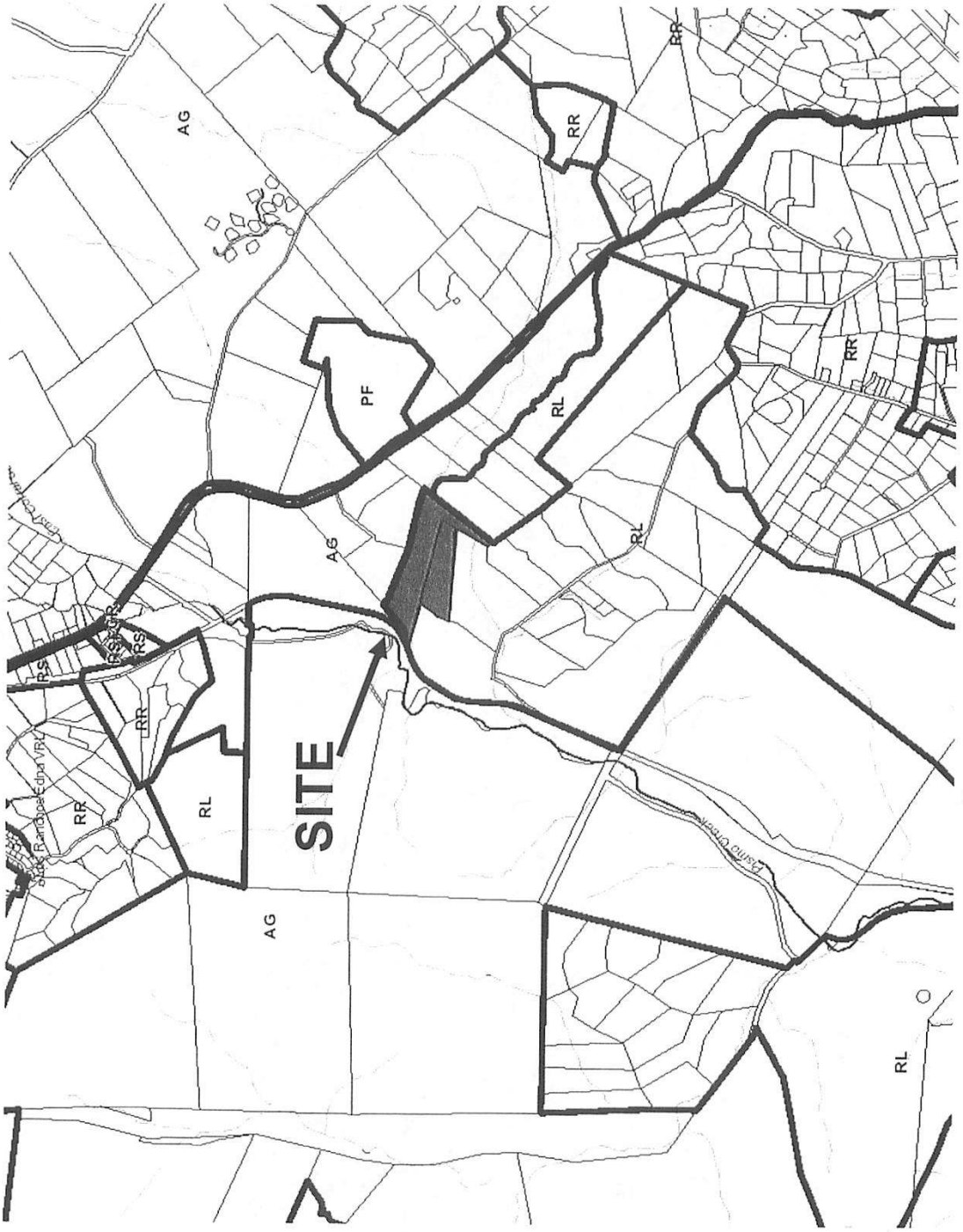


EXHIBIT
Land Use Category Map

PROJECT
Lot Line Adjustment
Mormann_SUB2008-00039

SAN LUIS OBISPO COUNTY DEPARTMENT OF BUILDING AND PLANNING

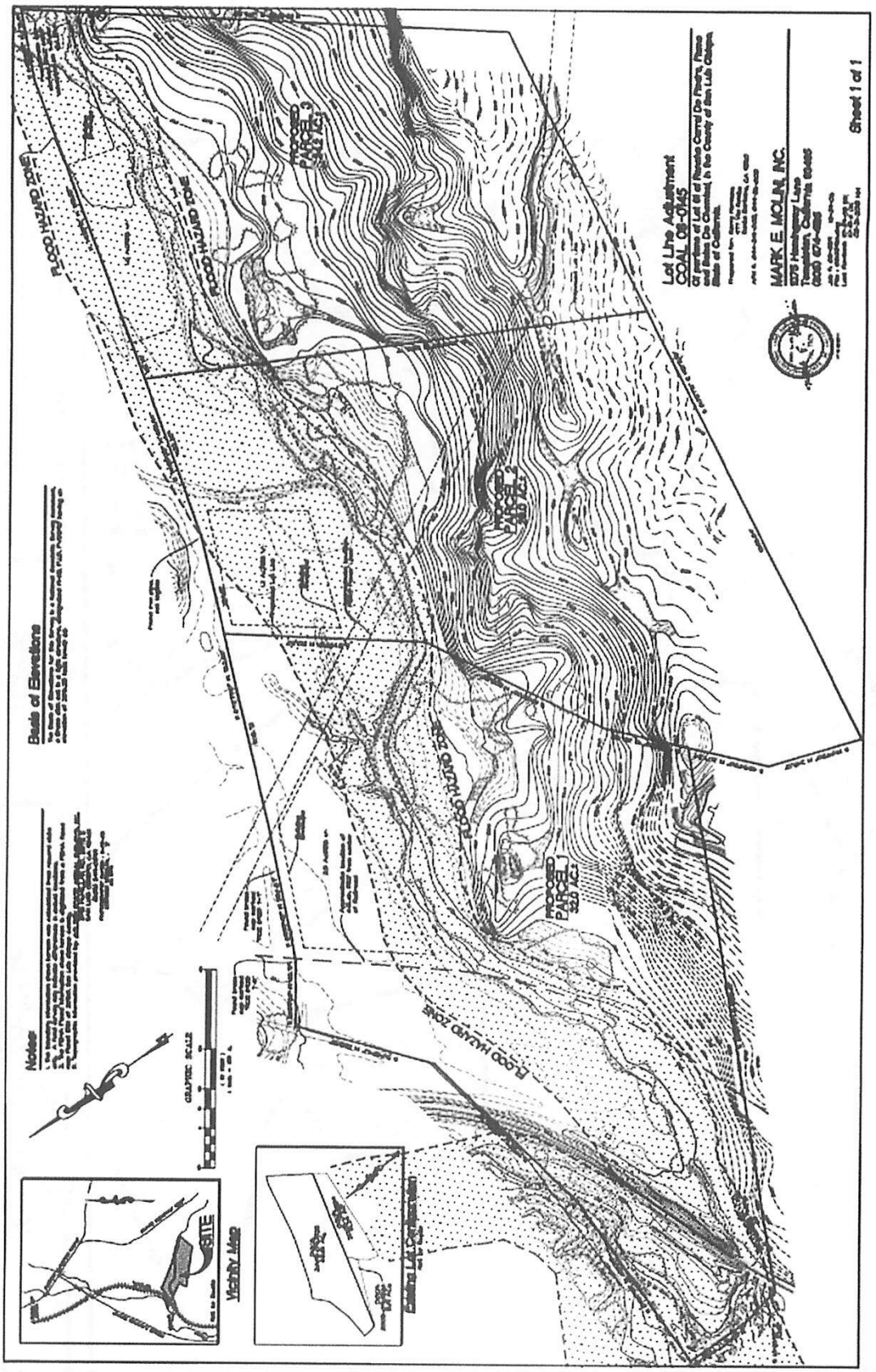


EXHIBIT
Site Plan

PROJECT
Lot Line Adjustment
Mormann_SUB2008-00039

NATURAL RESOURCES AGENCY — ARNOLD SCHWARZENEGGER, GOVERNOR

OIL, GAS & GEOTHERMAL

DEPARTMENT OF CONSERVATION

DIVISION OF OIL, GAS AND GEOTHERMAL RESOURCES

5075 S. Bradley Rd. • Suite 221 • SANTA MARIA, CALIFORNIA 93455

PHONE 805 / 937-7246 • FAX 805 / 937-0673 • WEBSITE conservation.ca.gov

January 8, 2009

RECEIVED
JAN 11 2009
SLO CO PLAN & BLDG DEPT

Brian Pedrotti, South County Team
San Luis Obispo County Department of Planning and Building
County Government Center
San Luis Obispo, CA 93408

Re: Project Referral - Lot Line Adjustment between 3 parcels
SUB2008-2009 COAL 08-0145 MORMANN

Dear Mr. Pedrotti:

The Department of Conservation's Division of Oil, Gas, and Geothermal Resources ("Division") has reviewed the project referral for the proposed project and submits the following comments for your consideration.

We have records of 5 wells drilled within the project area, all falling within Parcel 1. The attached map shows the approximate location of the wells. There is one well not abandoned to current plugging standards, one well meeting current plugging standards, and three wells owned by Plains Exploration and Production that are presently idle. Drilling in the area began before the establishment of the Division in 1915, and there is a possibility that undocumented wells may be found.

If any structure is to be located over or in the proximity of a previously plugged and abandoned well, there is the possibility that the well may need to be plugged and abandoned to current Division specifications. Section 3208.1 of the Public Resources Code authorizes the State Oil and Gas Supervisor to order the re-abandonment of any previously abandoned well when construction of any structure over or in the proximity of a well could result in a hazard. The cost of re-abandonment operations is the responsibility of the owner of the property upon which the structure will be located. For the most part, the best plan is for the structure to be set back sufficiently to allow future access to the well, per the attachment.

Furthermore, if any abandoned or unrecorded wells are uncovered or damaged during excavation or grading, remedial plugging operations may be required. If such damage occurs, the Division's district office must be contacted to obtain information on the requirements for and approval to perform remedial operations.

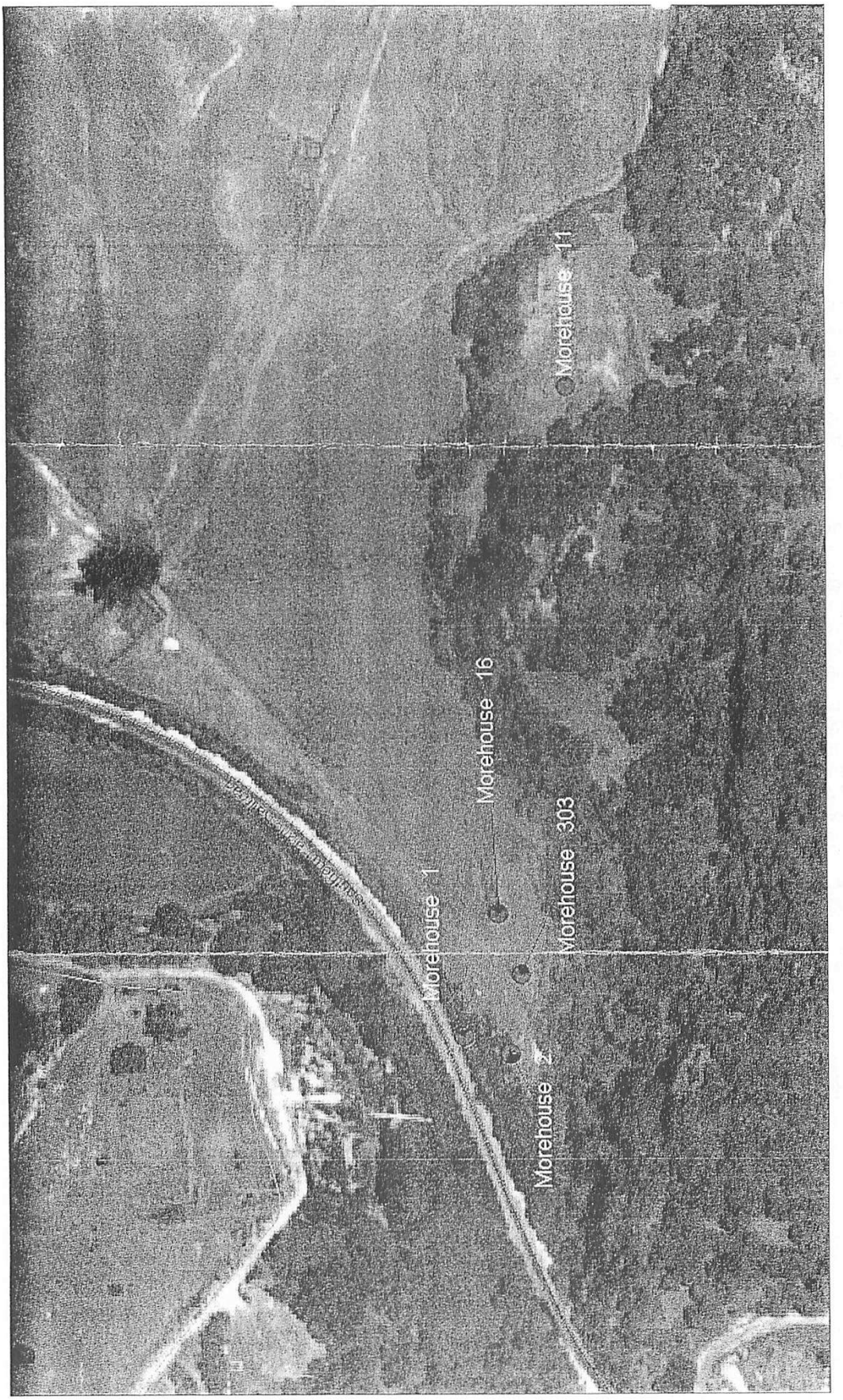
Please contact Ross Brunetti at 937-7246 or rbrunett@consrv.ca.gov if you have any questions.

Sincerely,

Patricia A. Abel
Deputy Supervisor

RB:cb

cc: EQ-SCC Ref09-01
attachment


Morehouse 2
Morehouse 1
Morehouse 16
Morehouse 303
Morehouse 11

6

SAN LUIS OBISPO COUNTY

DEPARTMENT OF PLANNING AND BUILDING

VICTOR HOLANDA, AICP
DIRECTOR

THIS IS A NEW PROJECT REFERRAL

RECEIVED
JAN 06 2009
OIL GAS & GEOTHERM
SANTA MARIA, CALIFORNIA

DATE: 12/23/08

TO: Division of Oil & Gas

FROM: Brian Pedrotti, South County Team

PROJECT DESCRIPTION: SUB2008-00039 COAL 08-0145 MORMANN- LLA between 3 parcels located off Hwy 227 outside Arroyo Grande.

Return this letter with your comments attached no later than: 14 days from receipt of this referral. By 1/8/09 please.

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

- ☐ 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.

_____

_____

_____

Date _____ Name _____ Phone _____

COUNTY GOVERNMENT CENTER • SAN LUIS OBISPO • CALIFORNIA 93408 • (805)781-5600
EMAIL: planning @co.slo.ca.us • FAX: (805) 781-1242 • WEBSITE: http://www.sloplanning.org

SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS
Paavo Ogren, Director
County Government Center, Room 207 • San Luis Obispo CA 93408 • (805) 781-5252
Fax (805) 781-1229 email address: pwd@co.slo.ca.us

MEMORANDUM

Date: April 8, 2013

To: Holly Phipps, Project Manager

From: Tim Tomlinson, Development Services

Subject: Public Works Comments on SUB2008-00039 / COAL 08-0145, Mormann. San Luis Obispo

Thank you for the opportunity to provide information on the proposed subject project. It has been reviewed by several divisions of Public Works, and this represents our consolidated response.

Public Works Comments:

A. Septic Systems located within the 100 year flood zone shall comply with the requirements of the National Flood Insurance Program and be constructed so that their leach fields shall be resistant to scour and erosion and their septic tanks sealed to prevent leakage while inundated. Calculations shall be provided to show that the tanks shall not be subject to flotation while inundated.

B. The construction required to build a house on these parcels will require substantial site disturbance within the building envelopes (a lot of fill most likely). Any access roadways will also likely need to be elevated to allow Cal Fire all weather access. This should be considered in the Environmental Review.

Recommended Project Conditions of Approval:

Prior to recordation of the final map or certificates of compliance, the applicant shall supply the 100 year flood elevations for the proposed building envelopes on the proposed Parcels.

If the applicant prepares a Parcel Map:
The applicant shall prepare an additional map sheet to be approved by the county Department of Planning and Building and the Department of Public Works. The additional map sheet shall be recorded with the final Parcel Map. The additional map sheet shall include the limits of inundation from a 100 year storm and the Base Flood Elevations on the Building sites so that all future building permit submittals may show compliance with County Code 22.14.060, Flood Hazard.

If the applicant prepares Certificates of Compliance:
The applicant shall provide an exhibit showing the Base Flood Elevations for the proposed building envelopes and record it as a Constructive Notification at the same time as the Certificates so that all future building permit submittals may show compliance with County Code 22.14.060, Flood Hazard.

#132 - 6

SAN LUIS OBISPO COUNTY

DEPARTMENT OF PLANNING AND BUILDING

VICTOR HOLANDA, AICP
DIRECTOR

JAN 2009

THIS IS A NEW PROJECT REFERRAL

DATE: 12/23/08

~~FROM~~ TO: PW

~~**FROM**~~ TO: Brian Pedrotti, South County Team

PROJECT DESCRIPTION: SUB2008-00039 COAL 08-0145 MORMANN- LLA between 3 parcels located off Hwy 227 outside Arroyo Grande.

Return this letter with your comments attached no later than: 14 days from receipt of this referral. By 1/8/09 please.

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

☒ 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.

RECOMMEND APPROVAL, PROVIDE ACCESS EASEMENT TO ALL PARCELS AS A CONDITION OF APPROVAL

Date	Name	Phone
1/8/09	Armand Boutte'	781-5268

COUNTY GOVERNMENT CENTER • SAN LUIS OBISPO • CALIFORNIA 93408 • (805)781-5600
EMAIL: planning @co.slo.ca.us • FAX: (805) 781-1242• WEBSITE: http://www.sloplanning.org

6

SAN LUIS OBISPO COUNTY

DEPARTMENT OF PLANNING AND BUILDING

VICTOR HOLANDA, AICP
DIRECTOR

THIS IS A NEW PROJECT REFERRAL

RECEIVED [redacted] S.L.O. COUNTY

JAN 2009 RECEIVED

DATE: 12/23/08

TO: Ag

FROM: Brian Pedrotti, South County Team

PROJECT DESCRIPTION: SUB2008-00039 COAL 08-0145 MORMANN- LLA between 3 parcels located off Hwy 227 outside Arroyo Grande.

Return this letter with your comments attached no later than: 14 days from receipt of this referral. By 1/8/09 please.

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

- ☑ 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.
PROVIDE RIGHT TO FARM DISCLOSURE.

1/20/09 — Date
LYNDA AUCHINACHIE — Name
781-5914 — Phone

COUNTY GOVERNMENT CENTER • SAN LUIS OBISPO • CALIFORNIA 93408 • (805)781-5600
EMAIL: planning @co.slo.ca.us • FAX: (805) 781-1242 • WEBSITE: http://www.sloplanning.org

FREEPORT-MCMORAN OIL & GAS

Freeport-McMoRan Oil & Gas
1200 Discovery Drive, Suite 500
Houston, TX 77002

Telephone: 661.394.5218

Certified Mail

July 26, 2013

Mr. Richard Woodall
1025 Rimrock Lane
San Luis Obispo, CA 93401

Re: Mormann Three parcel Lot Line Adjust Application, San Luis Obispo County

Dear Richard:

Pursuant to your e-mail request of July 23, 2013, this letter is sent to you to confirm Freeport-McMoRan Oil & Gas (FM O&G's) position that it does not oppose or support the above referenced pending Mormann Lot Line Adjustment application. Although the project description on the application is to adjust lines between three legal parcels for a better configuration for future building, financing, or sale of the property, you have communicated to us the lot line adjustment project is simply to better align the three existing parcels within the existing boundary of the Morehouse property to enable the three owners to each individually own their own separate lot. Because the three parcels, as they are now and will be after the proposed lot line adjustment is approved, will remain subject to FM O&G's September 17, 1947 Morehouse Oil and Gas Lease and the September 1, 1986 Price Canyon Unit Agreement, including all rights granted therein, the lot split should have no affect to FM O&G's Oil Operations in the Arroyo Grande Field.

On May 13, 2013 we sent the attached letter to Ms. Holly Phipps, Project Manager, Department of Planning and Building, San Luis Obispo County in response to her request for response and comments to the above named Project referral. In that letter FM O&G states that it is fully supportive of the surface owners' rights and plans to prepare their land for future non-oil field development, but such plans must take into consideration and be made subject to the current and future rights of FM O&G to continue its oil and gas operations on the Morehouse lands, as granted to it by the pre-existing rights in the Lease and the Unit Agreement.

Sincerely,

Stephen T. Burke

Stephen T. Burke
California Land Manager

PXP

Plains Exploration & Production Company

May 13, 2013

Ms. Holly Phipps, MCRP
Project Manager
Dept. of Planning and Building
County Government Center
San Luis Obispo, CA 93408

Re: Requesting Referral Response / Mormann Lot Line Adjustment, Arroyo Grande Oil and Gas Field, San Luis Obispo County, CA.

Dear Ms. Phipps:

In response to your inquiry dated April 17, 2013, PXP is responding to your request for information. Specifically you have asked "...does PXP have a lease agreement with the owner or an easement? What does does the lease agreement allow or does not allow? When does the lease expire? If so, please explain."

The above referenced Mormann Lot Line Adjustment is subject to an oil and gas lease known as the Morehouse Lease. The Morehouse Lease was first leased, by PXP's predecessor in interest, in September 17, 1947. Effective September 1, 1986, the Morehouse Lease, became part of the Price Canyon Unit Agreement, by execution of the agreement by Kerry Mormann's predecessor in interest, which has been filed of record in the County of San Luis Obispo. The lot line adjustment lands are subject to both the Lease terms and the terms of the Price Canyon Unit Agreement. PXP is the current Operator of the Arroyo Grande Field within which the Lease and Unit are located and has the rights and responsibilities of the Operator for the said Lease, Unit and Field.

The Lease will continue as long as there is commercial production and so will the Unit and Field, all per the terms of the Lease and the Unit Agreement.

The Price Canyon Unit Agreement, copy attached with map, contains applicable provisions, some of which I set forth below:

1200 Discovery Drive, Suite 500, Bakersfield, CA 93309

1) Para 3.1 Oil and Gas Rights Unitized: "... all Oil and Gas Rights of the Unit Operator and Royalty Owners are hereby unitized so that operations may be conducted by Unit Operator as if the Unitized substances had been included in a single lease executed by all owners of Oil and Gas Rights ... Any provision in the lease or other contract requiring or prohibiting wells in any particular location or area shall be suspended and of no or effect during the term of this agreement."
2) Para 3.6 Drilling and Injection Rights: Royalty owners hereby grant unto Unit Operator (a) the right to drill, maintain, and operate wells in the Unit Area for producing and injecting purposes..."
3) Para 11.1 Grant of Easement: "The parties hereto, to the full extent of their rights and interest, hereby grant to Unit Operator the right to use such of the surface of the land within the Unit Aera which on the date hereof ... for the term of this agreement ... until Unit Operator determines ... portions of the of such surface is no longer needed."
4) Para 11.5 Operations: "No persons other than the Unit Operator or those acting on its behalf or for its benefit shall have any right by reason of this agreement to conduct any oil or gas operations or install any improvement or facility within the Unit Aera."
5) Para 13.1 Covenant Running with the Land: "This agreement shall extend to, be binding upon and inure to the benefit of, the respective heirs, devisees, legal representatives, successors, and assigns of the parties hereto and shall constitute a covenant running with the lands, leases, and interests covered hereby."
6) Para 18.1. Term: "The term of this agreement shall be for the time that Unitized Substances are produced in quantities deemed sufficient by the Unit Operator to justify continued Unit Operations and as long thereafter..."

From reviewing the General Application form, we provide the following observations:

a) Page 5 of 16, item Describe Current Uses: the use of 'vacant land" here doesn't really describe that the land is part of an active and developing oil field where oil producing and/or injection wells are located and where more may be located in the future per PXP' rights to do under the Lease. Also per the Unit and Lease, PXP has the right to use the surface of the lands for oil and gas operations, including installing equipment and facilities. Page 5 of 16, application is unsigned so are we responding to the correct application?
b) Page 7 of 16, "What property will be used for after subdivision...," excludes the current rights and uses contained in the Lease and the Unit Agreement. Such rights of PXP will continue as long as there is commercial oil and gas production.
c) Page 7 of 16, item surrounding land use: Property is part of an active oil field.
d) Page 11 of 16, item Historic and Archeological Information, the historic use of the property is its oil field development and current inclusion in the Price Canyon Unit Agreement lands.

e) If the included Lot Line map, that establishes buildable locations on each of the three parcels, would limit by zone change or other restrictions the placement of future wells or facilities, these proposed changes would be in violation of the current rights of the Unit Operator in the Unit Agreement.

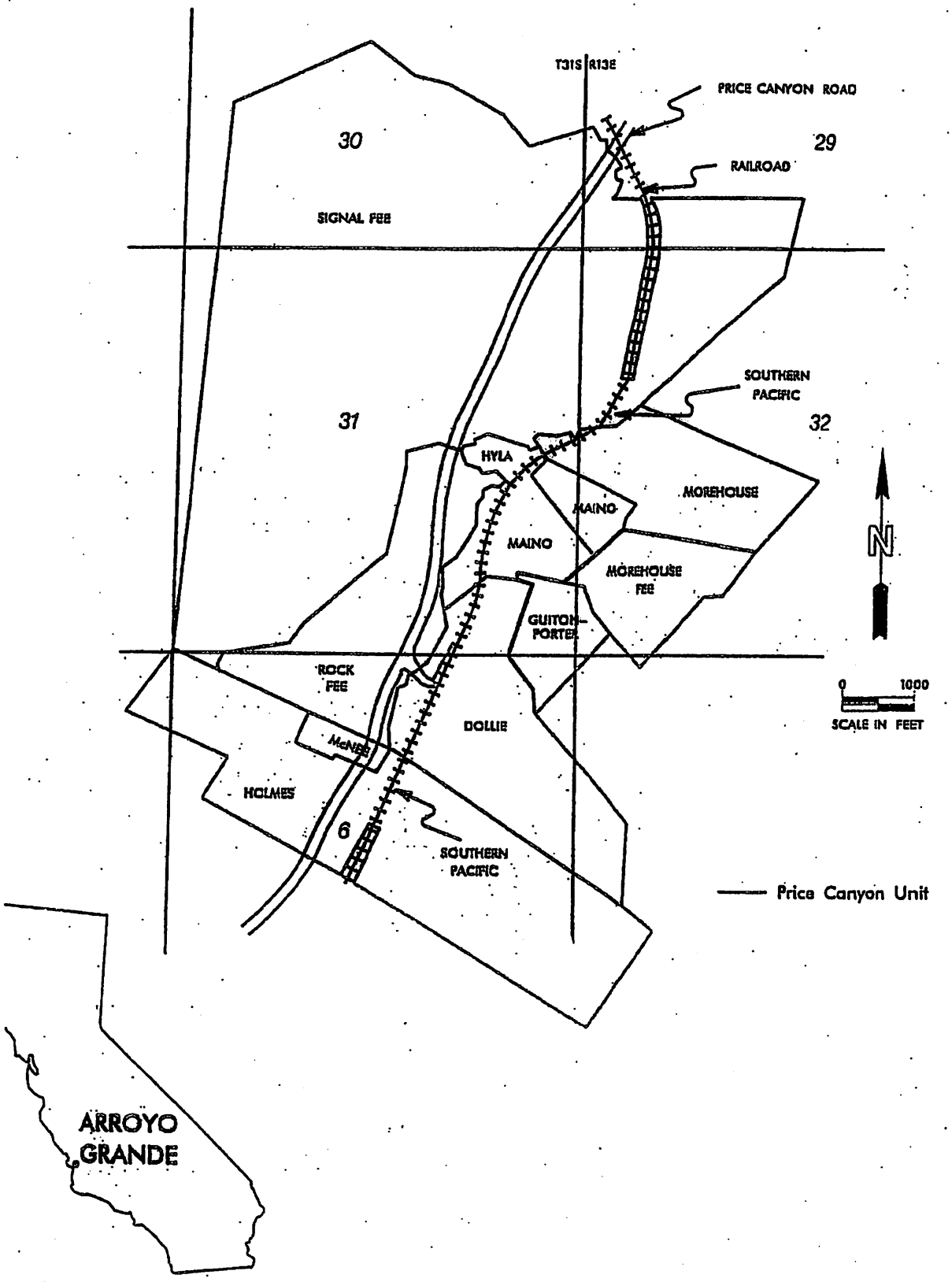
Thank you for the opportunity to comment on the proposed Lot Line Adjustment. PXP is fully supportive of the surface owners' rights and plans to prepare their land for future non-oil field development but such plans must take into consideration and be made subject to the the current and future rights of PXP to continue its oil and gas operations on the subject lands, all as granted to it by the pre-existing rights in the Lease and the Unit Agreement.

You can reach me at 661-395-5218 or at the address provided below. My e-mail is jgilbert@pxp.com

Sincerely,

John C. Gilbert
Senior Landman

Attachment

1200 Discovery Drive, Suite 500, Bakersfield, CA 93309

PXP'S ARROYO GRANDE FIELD