



County of Fresno

DEPARTMENT OF PUBLIC WORKS AND PLANNING
STEVEN E. WHITE, DIRECTOR

Planning Commission Staff Report Agenda Item No. 2 May 18, 2017

SUBJECT: Initial Study Application No. 7265 and Unclassified Conditional Use Permit Application No. 3568

Allow three exploratory petroleum oil and natural gas wells with the potential for a production facility on two 1.37-acre (60,000 square feet) portions of a 160-acre parcel in the AE-20 (Exclusive Agricultural, 20-acre minimum parcel size) Zone District.

LOCATION: The project site is located on the southwest corner of W. Harlan and S. Lake Avenues approximately 1.9 miles northwest of the unincorporated community of Five Points (SUP. DIST. 1) (APN 050-080-10S).

OWNER: David and Marilyn Britz Trustees
APPLICANT: Petro-Lud Inc.

STAFF CONTACT: Ejaz Ahmad, Planner
(559) 600-4204

Chris Motta, Principal Planner
(559) 600-4227

RECOMMENDATION:

- Adopt the Mitigated Negative Declaration prepared for Initial Study (IS) Application No. 7265; and
- Approve Unclassified Conditional Use Permit (CUP) No. 3568 with recommended Findings and Conditions; and
- Direct the Secretary to prepare a Resolution documenting the Commission's action.

EXHIBITS:

1. Mitigation Measures, Conditions of Approval and Project Notes
2. Location Map
3. Existing Zoning Map
4. Existing Land Use Map
5. Site Plan/Floor Plans/Elevations
6. Applicant’s Operational Statement
7. Summary of Initial Study Application No. 7265
8. Draft Mitigated Negative Declaration

SITE DEVELOPMENT AND OPERATIONAL INFORMATION:

Criteria	Existing	Proposed
General Plan Designation	Agriculture	No change
Zoning	AE-20 (Exclusive Agricultural, 20-acre minimum parcel size required)	No change
Parcel Size	160 acres	No change
Project Site	Uncultivated Farmland	Three exploratory petroleum oil and natural gas wells with the potential for a production facility on two 1.37-acre portions of a 160-acre parcel
Structural Improvements	None	<p>Drilling and Testing Phase:</p> <ul style="list-style-type: none"> • 172-foot-tall drilling rig, catwalk, pipe bins, mud pumps, reserve tanks/pits, water tanks, living quarters, generators <p>Production Phase:</p> <ul style="list-style-type: none"> • 15- to 18-foot-tall pumping units located on the top of the wellheads; pumping units, separator, stick tank, water tank, flare or gas pipeline
Nearest Residence	None	No change
Surrounding Development	Farmland	No change

Criteria	Existing	Proposed
Operational Features	N/A	<ul style="list-style-type: none"> • Site Preparation: Four to six days for drill pads and installation of well cellars • Drilling: 24 hours per day for 20 days. Resulting solid cutting and drilling fluids will be hauled off site to an approved disposal site. • Completion, testing: 10 days for installation/operation of the completion rig • Production: 20 days for construction of permanent facilities • If no oil and gas discovered in economically viable amounts, the exploratory wells will be plugged/abandoned and the site restored to its original condition.
Employees	N/A	One on-site employee
Customers/Supplier	N/A	No customers on site
Traffic Trips	N/A	<p>Drilling, per well:</p> <ul style="list-style-type: none"> • Twenty (20) one-way heavy truck trips (10 round trips); eighty (80) one-way passenger vehicle/truck and employee/contractor trips (40 round trips) <p>Completion per well:</p> <ul style="list-style-type: none"> • Four (4) one-way heavy truck trips (2 round trips); fourteen (14) one-way passenger vehicle/truck and employee/contractor trips (7 round trips) <p>Testing, per well:</p> <ul style="list-style-type: none"> • Six (6) one-way heavy truck trips (3 round trips); eight (8) one-way passenger vehicle/truck and employee/contractor trips (4 round trips) <p>Construction per well:</p> <ul style="list-style-type: none"> • Four (4) one-way heavy truck trips (2 round trips); eighteen (18) one-way

Criteria	Existing	Proposed
		passenger vehicle/truck and employee/contractor trips (9 round trips) Operation three wells: <ul style="list-style-type: none"> • Eighteen (18) one-way heavy truck trips (9 round trips); six (6) one-way passenger vehicle/truck and employee/contractor trips (4 round trips)
Lighting	N/A	Lighting of the 1.37-acre drill pads during nightly operations
Hours of Operation	N/A	24 hours per day for the life of the project

EXISTING VIOLATION (Y/N) AND NATURE OF VIOLATION: N

ENVIRONMENTAL ANALYSIS:

An Initial Study (IS) was prepared for the project by County staff in conformance with the provisions of the California Environmental Quality Act (CEQA). Based on the IS, staff has determined that a Mitigated Negative Declaration is appropriate. A summary of the Initial Study is included as Exhibit 7.

Notice of Intent to Adopt a Mitigated Negative Declaration publication date: April 14, 2017.

PUBLIC NOTICE:

Notices were sent to two (2) property owners within 1,320 feet of the subject parcel, exceeding the minimum notification requirements prescribed by the California Government Code and County Zoning Ordinance.

PROCEDURAL CONSIDERATIONS:

An Unclassified Conditional Use Permit (CUP) may be approved only if four Findings specified in the Fresno County Zoning Ordinance, Section 873-F are made by the Planning Commission.

The decision of the Planning Commission on an Unclassified CUP Application is final, unless appealed to the Board of Supervisors within 15 days of the Commission's action.

BACKGROUND INFORMATION:

This proposal entails the drilling of three exploratory petroleum oil and natural gas wells using portable drilling rigs on two 1.37-acre (60,000 square feet) portions of a 160-acre parcel. Through initial testing, if oil and gas production and economics warrant, a permanent production facility to process oil and gas will be established. Part of this establishment involves temporary on-site storage of oil and transporting it off site via tanker trucks, and natural gas reinjected into the production formation to maintain reservoir pressure. If exploratory drilling is unsuccessful,

	Current Standard:	Proposed Operation:	Is Standard Met (y/n)
Water Well Separation	Septic tank: 50 feet; disposal field: 100 feet; seepage pit/cesspool: 150 feet	N/A	N/A

Reviewing Agency/Department Comments Regarding Site Adequacy:

Zoning Section of the Fresno County Department of Public Works and Planning: The proposed improvements meet the setback requirements of the AE-20 (Exclusive Agricultural, 20-acre minimum parcel size) Zone District.

No other comments specific to the adequacy of the site were expressed by reviewing Agencies or Departments.

Analysis:

Staff review of the Site Plan demonstrates that the proposed facility meets the minimum building setback requirements of the AE-20 Zone District. Drilling Pad - A will be set back 1,350 feet from the eastern property line (35-foot minimum required), 20 feet from the southern property line (20-foot minimum required), 2,420 feet from the northern property line (35-foot minimum required), and 1,020 feet from the western property line (20-foot minimum required). Likewise, Drilling Pad - B will be set back 35 feet from the eastern property line (35-foot minimum required), 20 feet from the southern property line (20-foot minimum required), 2,420 feet from the northern property line (35-foot minimum required), and 2,320 feet from the western property line (20-foot minimum required). Wells 1 and 2 will be located approximately 1,500 and 1,525 feet, respectively, from the east property line and approximately 120 feet from the south property line of the subject property. Adequate area is available on the 160-acre project site to accommodate two 60,000 square-foot drilling pads with apparatus required of the drilling operation and production facility.

Based on the above information, staff believes the project site is adequate in size and shape to accommodate the proposed use.

Recommended Conditions of Approval:

None

Conclusion:

Finding 1 can be made.

Finding 2: That the site for the proposed use relates to streets and highways adequate in width and pavement type to carry the quantity and kind of traffic generated by the proposed use.

		Existing Conditions	Proposed Operation
Private Road	Yes	Lake Avenue	No change

		Existing Conditions	Proposed Operation
Public Road Frontage	No	N/A	N/A
Direct Access to Public Road	No	N/A	Access to the production facility will be from Mount Whitney Avenue via the Lake Avenue alignment.
Road ADT		Lake Avenue alignment: unknown (private road)	No change
Road Classification		Lake Avenue alignment: N/A (private road)	No change
Road Width		Lake Avenue alignment: unknown (private road)	No change
Road Surface		Lake Avenue alignment: unimproved – dirt road	Installation of a grizzly and/or gravel pad on the Lake Avenue alignment where the Lake Avenue alignment intersects Mount Whitney Avenue to minimize sediment transport from vehicles and equipment onto Mount Whitney Avenue
Traffic Trips		N/A	<p>Drilling, per well:</p> <ul style="list-style-type: none"> • Twenty (20) one-way heavy truck trips (10 round trips); eighty (80) one-way passenger vehicle/truck and employee/contractor trips (40 round trips) <p>Completion per well:</p> <ul style="list-style-type: none"> • Four (4) one-way heavy truck trips (2 round trips); fourteen (14) one-way passenger vehicle/truck and employee/contractor trips (7 round trips) <p>Testing, per well:</p> <ul style="list-style-type: none"> • Six (6) one-way heavy truck trips (3 round trips); eight (8) one-way passenger vehicle/truck and employee/contractor trips (4 round trips) <p>Construction per well:</p> <ul style="list-style-type: none"> • Four (4) one-way heavy truck trips (2 round trips); eighteen (18) one-way

		Existing Conditions	Proposed Operation
			passenger vehicle/truck and employee/contractor trips (9 round trips) Operation three wells: <ul style="list-style-type: none"> • Eighteen (18) one-way heavy truck trips (9 round trips); six (6) one-way passenger vehicle/truck and employee/contractor trips (4 round trips)
Traffic Impact Study (TIS) Prepared	No	N/A	None required by County Design Division of the Department of Public Works and Planning
Road Improvements		N/A	None required

Reviewing Agency/Department Comments:

Road Maintenance and Operations Division (RMO) of the Fresno County Department of Public Works and Planning: Prior to commencing production operations, a grizzly and/or gravel pad shall be installed on the Lake Avenue alignment where the Lake Avenue alignment intersects Mount Whitney Avenue to minimize sediment transport from vehicles and equipment onto Mount Whitney Avenue. This has been included as a Mitigation Measure.

There is no public road right-of-way along the Lake Avenue alignment and the nearest County public road is Mount Whitney Avenue approximately one half-mile south of the site. The Applicant shall demonstrate that he has access easement/rights to the property. Any work proposed within the County road right-of-way shall require an encroachment permit from RMO. These requirements have been included as Project Notes.

Design Division of the Fresno County Department of Public Works and Planning: No concerns.

Analysis:

Access to the project site will be from Mount Whitney Avenue via the Lake Avenue alignment. An existing 20-foot-wide access road off of Lake Avenue will provide access to drilling sites (drill pads). Lake Avenue is a private dirt road and not maintained by the County.

The project will generate short-term traffic during drilling, completion and testing phases of the project and nominal traffic during operational phase of the project. Based on low traffic trips generated by the proposal (noted above), no traffic impact study was required by the Design Division or the Road Maintenance and Operations Division of the Fresno County Department of Public Works and Planning.

Comments provided by the Road Maintenance and Operations Division identified potential adverse impacts to County Roads caused by truck traffic due to the tracking of stones from the project site onto Mount Whitney Avenue. Therefore, a mitigation measure was incorporated into the project which requires that the Applicant install a grizzly and/or gravel pad where the Lake Avenue alignment intersects Mount Whitney Avenue to minimize sediment transport.

Based on the above information and adherence to the Mitigation Measure and Project Notes, staff believes that Lake and Mount Whitney Avenues will remain adequate to accommodate the proposed use.

Recommended Conditions of Approval:

None

Conclusion:

Finding 2 can be made.

Finding 3: That the proposed use will not be detrimental to the character of the development in the immediate neighborhood or the public health, safety, and general welfare

Surrounding Parcels				
	Size:	Use:	Zoning:	Nearest Residence:
North	320 acres	Farmland	AE-20	None
South	315 acres	Farmland	AE-20	None
East	120 acres	Farmland	AE-20	None
West	160 acres	Farmland	AE-20	None

Reviewing Agency/Department Comments:

San Joaquin Valley Air Pollution Control District (Air District): The project shall be subject to District Regulation VIII (Fugitive PM 10 Prohibitions) and Rule 4102 (Nuisance), and all portable emission units (including drilling rigs) shall be registered with either the California Air Resources Board (CARB) or with the Air District (Rule 2280 [Portable Equipment Registration]).

Development Engineering Section of the Fresno County Department of Public Works and Planning: Any additional runoff generated by the proposed site development cannot be drained across property lines and shall be retained or disposed of per County Standards. A Grading Permit or Voucher may be required for this application.

Fresno County Department of Public Health, Environmental Health Division: Facilities proposing to use and/or store hazardous materials and/or hazardous wastes shall meet the requirements set forth in the California Health and Safety Code (HSC), Division 20, Chapter 6.95, and the California Code of Regulations (CCR), Title 22, Division 4.5. Any business that handles a hazardous material or hazardous waste may be required to submit a Hazardous Materials Business Plan pursuant to the HSC, Division 20, Chapter 6.95. All hazardous waste shall be handled in accordance with requirements set forth in the California Code of Regulations (CCR), Title 22 Division 4.5.

In an effort to protect groundwater, all water wells and septic systems that have been abandoned within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of agricultural wells, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

Building Safety/Plan Check Section of the Fresno County Department of Public Works and Planning: If approved, plans, permits, and inspections shall be required.

The aforementioned requirements have been included as Project Notes.

Water/Geology/Natural Resources Section of the Fresno County Department of Public Works and Planning; California Regional Water Quality Control Board; California Department of Conservation, Division of Oil, Gas and Geothermal Resources; Table Mountain Rancheria, Tribal Government Office; California Department of Fish and Wildlife; U.S. Fish and Wildlife Service; Fresno County Department of Agriculture; Fresno County Fire Protection District; NAS Lemoore: No concerns.

Analysis:

The subject 160-acre parcel is located in an agricultural area marked by relatively large parcel sizes and sparse residential uses. The unincorporated community of Five Points is located approximately 1.9 miles southeast of the subject parcel. The closest commercial development is located approximately 2,132 feet south of the drilling sites (drill pads). The parcel is not located along a designated Scenic Highway and no scenic vistas or scenic resources were identified in the vicinity of the proposal. As part of temporary drilling operations, 172-foot-tall drilling rigs and low-height supporting apparatus (catwalk, pipe bins, mud pumps, reserve tanks/pits, water tanks, living quarters and generators) will be used for a short period of time. If the drilling operation proves unfruitful, all apparatus will be removed from the site within 90 days of termination of the drilling operations. However, as part of the production facility 16- to 18-foot-tall pumping units and water and oil storage tanks will be permanently installed on the site. These low-height permanent improvements on a remotely-located project site will have less than significant visual impact on the surrounding area.

Based on the above information and with adherence to the Mitigation Measures, recommended Conditions of Approval, and Project Notes identified in the Initial Study prepared for this project and discussed in this Staff Report, staff believes the proposal will not have an adverse effect upon surrounding properties.

Recommended Conditions of Approval:

See Mitigation Measures, recommended Condition of Approval, and Project Notes attached as Exhibit 1.

Conclusion:

Finding 3 can be made.

Finding 4: That the proposed development be consistent with the General Plan.

Relevant Policies:	Consistency/Considerations:
Policy OS-C.13: The County shall require a special permit for certain oil and gas activities and facilities as specifically noted in the Oil and Gas Development Matrix (Table OS-C.1) due to their potential significant adverse effects on surrounding land or land uses.	This policy is met in that the subject application is required for exploratory oil and gas drilling due to the potential for adverse effects on surrounding land uses. With adherence to the Mitigation Measures, Conditions of Approval, and Project Notes identified in the Initial Study prepared for

Relevant Policies:	Consistency/Considerations:
	this project, the proposal will not have a detrimental impact on the surrounding land uses.
Policy OS-C.17: The County shall require the timely reclamation of oil and gas development sites upon termination of such activities to facilitate the conversion of the land to its primary land use as designated by the General Plan.	Consistent with this policy, a Mitigation Measure has been included requiring the Applicant to remove all drilling equipment and restore the project site to its original condition within 90 days of termination of the drilling operations.
Policy OS-C.20: The County shall not allow any building intended for human occupancy to be located near any active petroleum well unless suitable safety and fire protection measures and setbacks are approved by the local fire district.	The nearest commercial development is approximately 2,132 feet south of the drilling sites and no concerns related to any fire hazard were expressed by the Fresno County Fire Protection District.
General Plan Policy HS-B.1: The County shall review project proposals to identify potential fire hazards and to evaluate the effectiveness of preventive measures to reduce the risk to life and property.	The proposal was reviewed by the Fresno County Fire Protection District which expressed no concerns with the project.
General Plan Policy HS-F.1: The County shall require that facilities that handle hazardous materials or hazardous wastes be designed, constructed, and operated in accordance with applicable hazardous materials and waste management laws and regulations.	The project will adhere to all the federal and state requirements discussed in Section VIII (Hazards and Hazardous Materials) relating to the handling and management of hazardous materials and noted in Finding 3 of this report.

Reviewing Agency/Department Comments:

Policy Planning Section of the Fresno County Department of Public Works and Planning: Policy OS-C.13 requires a special permit for exploratory oil and gas drilling due to the potential for adverse effects on surrounding land uses. Policy OS-C.17 requires timely reclamation of oil and gas development sites upon termination of such activities to facilitate the conversion of the project site to its primary land use. Policy OS-C.20 requires that no human occupancy be located near any active petroleum or natural gas well unless approved by the local Fire District. Policy HS-B.1 requires identification of fire hazards to reduce the risk to life and property. Policy HS-F.1 requires handling of hazardous materials according to waste management laws and regulations. The subject parcel is currently enrolled under Agricultural Land Conservation Contract (Williamson Act Contract) No. 1512. Exploratory oil/gas wells are a compatible use on properties subject to a Williamson Act Contract.

Analysis:

The subject property is designated Agriculture in the County General Plan and is zoned AE-20 (Exclusive Agricultural, 20-acre minimum parcel size) in the County Ordinance. The proposal is consistent with the General Plan Policies as discussed above.

In regard to consistency with Policy OS-C.13, the Applicant has requested approval of the proposed use through the subject discretionary land use application and associated environmental analysis (Initial Study). In regard to consistency with Policy OS-C.17, a Mitigation Measure would require that all drilling equipment be removed and the project site returned to its original condition within 90 days of termination of the drilling operations. In regard to consistency with Policy OS-C.20 and Policy HS-B.1, the nearest improved property is approximately 2,132 feet south of the drilling sites (drill pads) and no concerns related to fire hazard were expressed by the Fresno County Fire Protection District. In regard to consistency with Policy HS-F.1, all hazardous materials generated by this proposal will be handled according to federal, state, and local laws.

Based on the above discussion and with adherence to the Mitigation Measures and Conditions of Approval included as Exhibit 1 of this report, staff believes the subject application is consistent with the General Plan.

Recommended Conditions of Approval:

None

Conclusion:

Finding 4 can be made.

CONCLUSION:

Staff believes the required Findings for granting Unclassified Conditional Use Permit (CUP) No. 3568 can be made based on the factors cited in the Analysis, the recommended Conditions of Approval, and Project Notes regarding mandatory requirements. Staff therefore recommends approval of Unclassified Conditional Use Permit No. 3568 subject to the recommended Conditions.

PLANNING COMMISSION MOTIONS:

Recommended Motion (Approval Action)

- Move to determine the required Findings can be made and move to approve Unclassified Conditional Use Permit (CUP) No. 3568, subject to the Mitigation Measures, Conditions of Approval and Project Notes attached as Exhibit 1; and
- Direct the Secretary to prepare a Resolution documenting the Commission’s action.

Alternative Motion (Denial Action)

- Move to determine that the required Findings cannot be made (state basis for not making the Findings) and move to deny Unclassified Conditional Use Permit (CUP) No. 3568; and
- Direct the Secretary to prepare a Resolution documenting the Commission’s action.

Mitigation Measures, recommended Conditions of Approval and Project Notes:

See attached Exhibit 1.

Mitigation Monitoring and Reporting Program
Initial Study Application No. 7265/Unclassified Conditional Use Permit Application No. 3568
(Including Conditions of Approval and Project Notes)

EXHIBIT 1

Mitigation Measures					
Mitigation Measure No.*	Impact	Mitigation Measure Language	Implementation Responsibility	Monitoring Responsibility	Time Span
*1.	Aesthetics	All outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets.	Applicant	Applicant/Public Works and Planning (PW&P)	Ongoing
*2.	Aesthetics	All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare.	Applicant	Applicant/PW&P	During drilling operation
*3.	Aesthetics	All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands	Applicant	Applicant/PW&P	During drilling operation
*4.	Agricultural and Forestry Resources	When drilling operations are complete, the Applicant shall return the project site (as much as practical) to its original condition and all drilling equipment shall be removed within 90 days of termination of the drilling operations.	Applicant	Applicant/PW&P	Within 90 days of the termination of drilling operations
*5.	Cultural Resources	In the event that cultural resources are unearthed during ground-disturbing activities, all work shall be halted in the area of the find. An Archeologist should be called to evaluate the findings and make any necessary mitigation recommendations. If human remains are unearthed during ground-disturbing activities, no further disturbance is to occur until the Fresno County Sheriff-Coroner has made the necessary findings as to origin and disposition. All normal evidence procedures should be followed by photos, reports, video, etc. If such remains are determined to be Native American, the Sheriff-Coroner must notify the Native American Commission within 24 hours.	Applicant	Applicant/PW&P	During all ground-disturbing activities
*6.	Transportation/Traffic	Prior to commencing production operations, a grizzly and/or gravel pad shall be installed on the Lake Avenue alignment where the Lake Avenue alignment intersects Mount Whitney Avenue to minimize sediment transport from vehicles and	Applicant	Applicant/PW&P	As noted

	equipment onto Mount Whitney Avenue.		
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*MITIGATION MEASURE – Measure specifically applied to the project to mitigate potential adverse environmental effects identified in the environmental document.

Conditions of Approval	
1.	Development of the property shall be in accordance with the Site Plan, Floor Plans, Elevations and Operational Statement approved by the Commission for Unclassified CUP No. 3568.

Conditions of Approval reference recommended Conditions for the project.

Notes	
The following Notes reference mandatory requirements of Fresno County or other Agencies and are provided as information to the project Applicant.	
1.	Plans, permits, and inspections are required for the project. Contact the Building and Safety Section of the Fresno County Department of Public Works and Planning at (559) 600-4540 for permits and inspections.
2.	There is no public road right-of-way along the Lake Avenue alignment and the nearest County public road is Mount Whitney Avenue approximately one half-mile south of the site. The Applicant shall demonstrate that he has access easement/rights to the property.
3.	The project is subject to the following Rules of the San Joaquin Valley Air Pollution Control District (Air District): District Regulation VIII (Fugitive PM 10 Prohibitions) and Rule 4102 (Nuisance). All portable emission units (including drilling rigs) shall be registered with either the California Air Resources Board (CARB) or with the Air District (Rule 2280 [Portable Equipment Registration]).
4.	Any additional runoff generated by the proposed site development cannot be drained across property lines and shall be retained or disposed of per County Standards.
5.	A Grading Permit or Voucher may be required for this application.
6.	All construction materials, equipment, and employee vehicles used in the operation shall be stored and/or parked outside of the County road right-of-way.
7.	Any work within the road right-of-way shall require an encroachment permit from the Road Maintenance and Operations Division.
8.	Any sediment material transported onto the County roadways shall be cleaned on a daily basis.
9.	Per the Fresno County Department of Public Health, Environmental Health Division: <ul style="list-style-type: none"> • Facilities proposing to use and/or store hazardous materials and/or hazardous wastes shall meet the requirements set forth in the California Health and Safety Code (HSC), Division 20, Chapter 6.95, and the California Code of Regulations (CCR), Title 22, Division 4.5. • Any business that handles a hazardous material or hazardous waste may be required to submit a Hazardous Materials Business Plan pursuant to the HSC, Division 20, Chapter 6.95.

Notes

	<ul style="list-style-type: none"> All hazardous waste shall be handled in accordance with requirements set forth in the California Code of Regulations (CCR), Title 22 Division 4.5. In an effort to protect groundwater, all water wells and septic systems that have been abandoned within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of agricultural wells, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.
10.	<p>If future development is sought, the project/development shall annex to Community Facilities District No. 2010-01 of the Fresno County Fire Protection District. The project/development will also be subject to the requirements of the current Fire Code and Building Code when a building permit or certificate of occupancy is sought.</p>
11.	<p>The Applicant shall submit detailed drilling proposals to the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR) in order to obtain specific drilling requirements for the project and haul off all hazardous and non-hazardous wastes and materials generated by the exploratory well drilling operation to an approved waste disposal facility.</p>

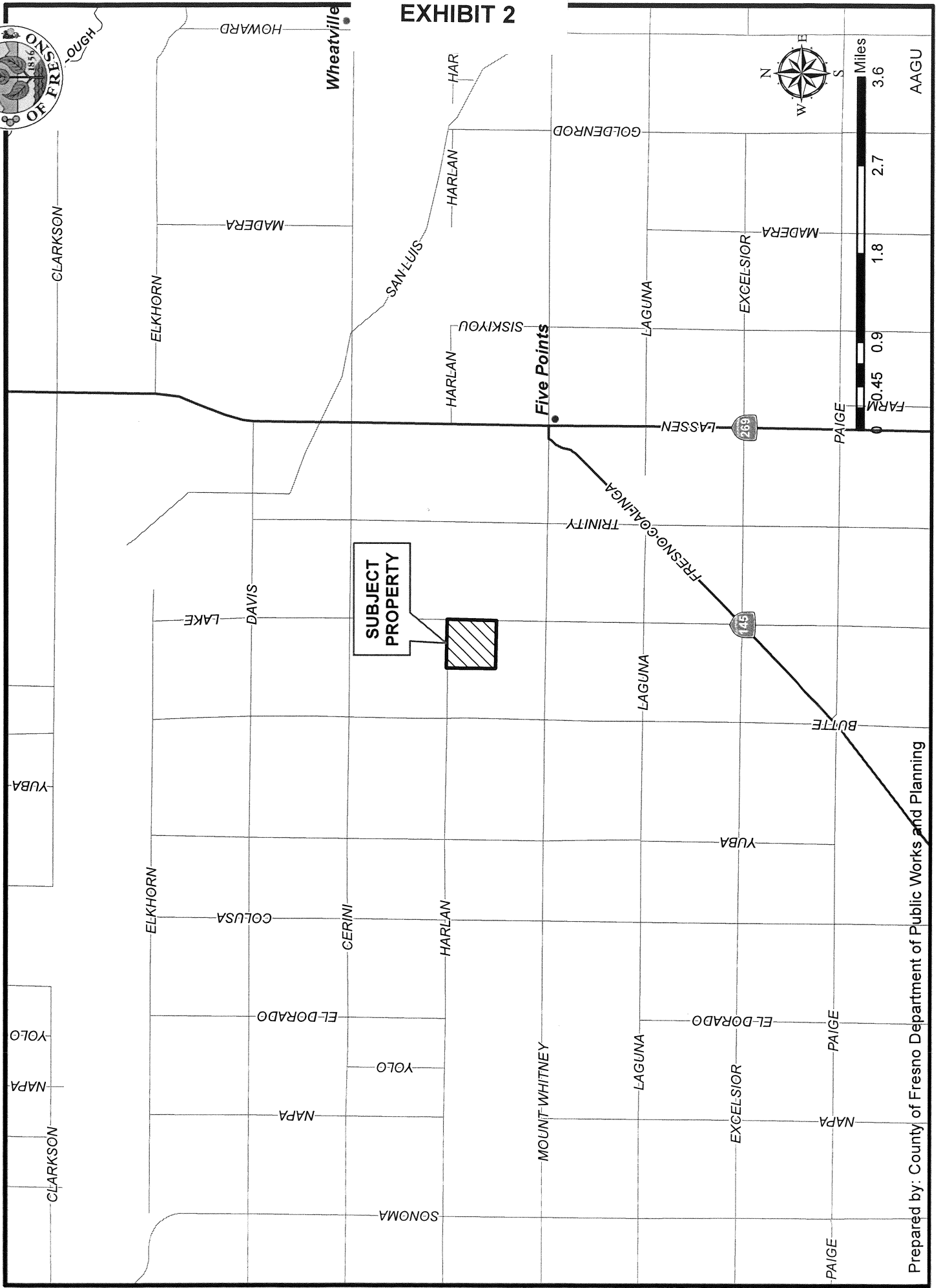
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LOCATION MAP



CUP 3568

EXHIBIT 2



EXISTING ZONING MAP



EXHIBIT 3

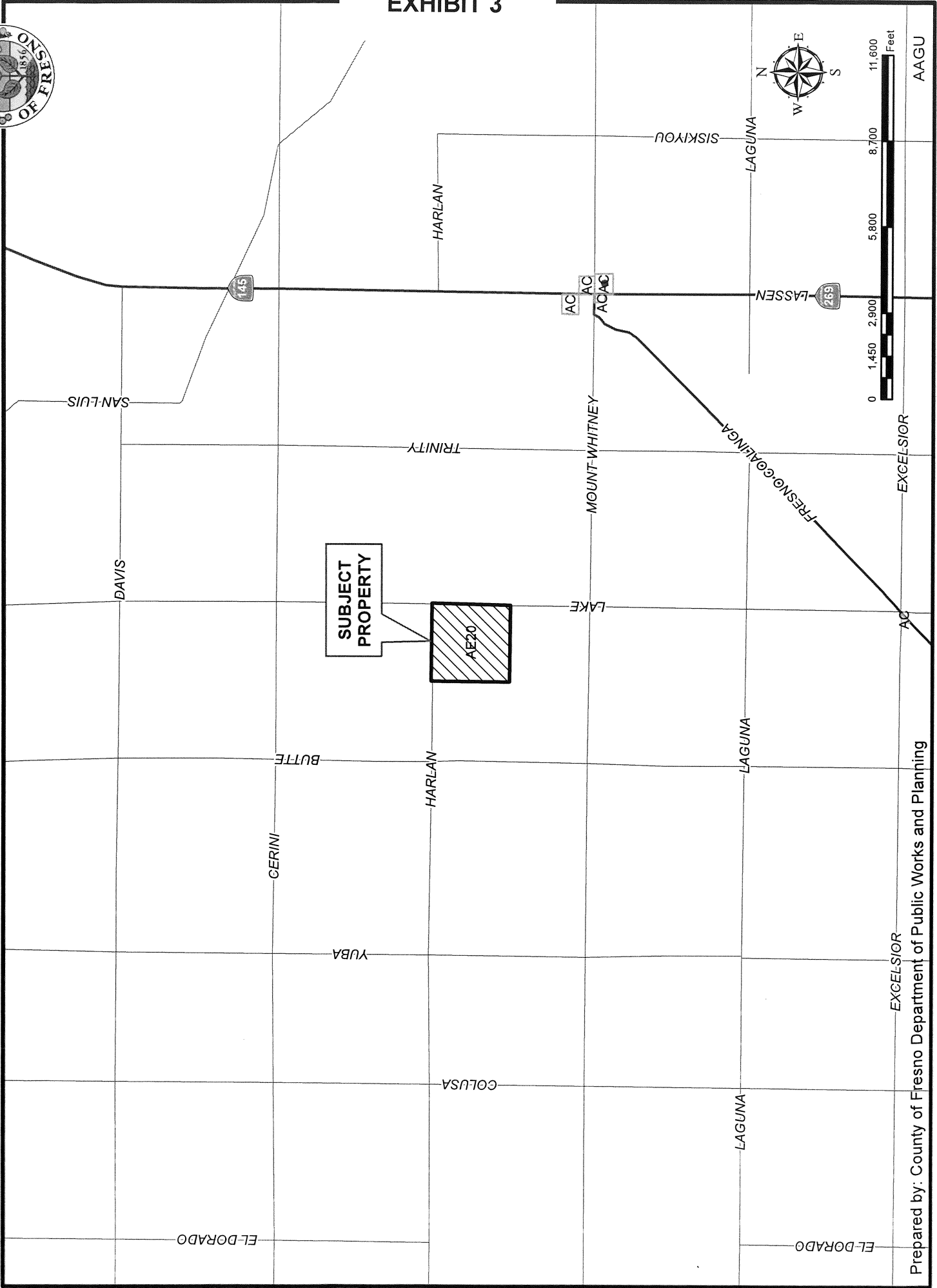
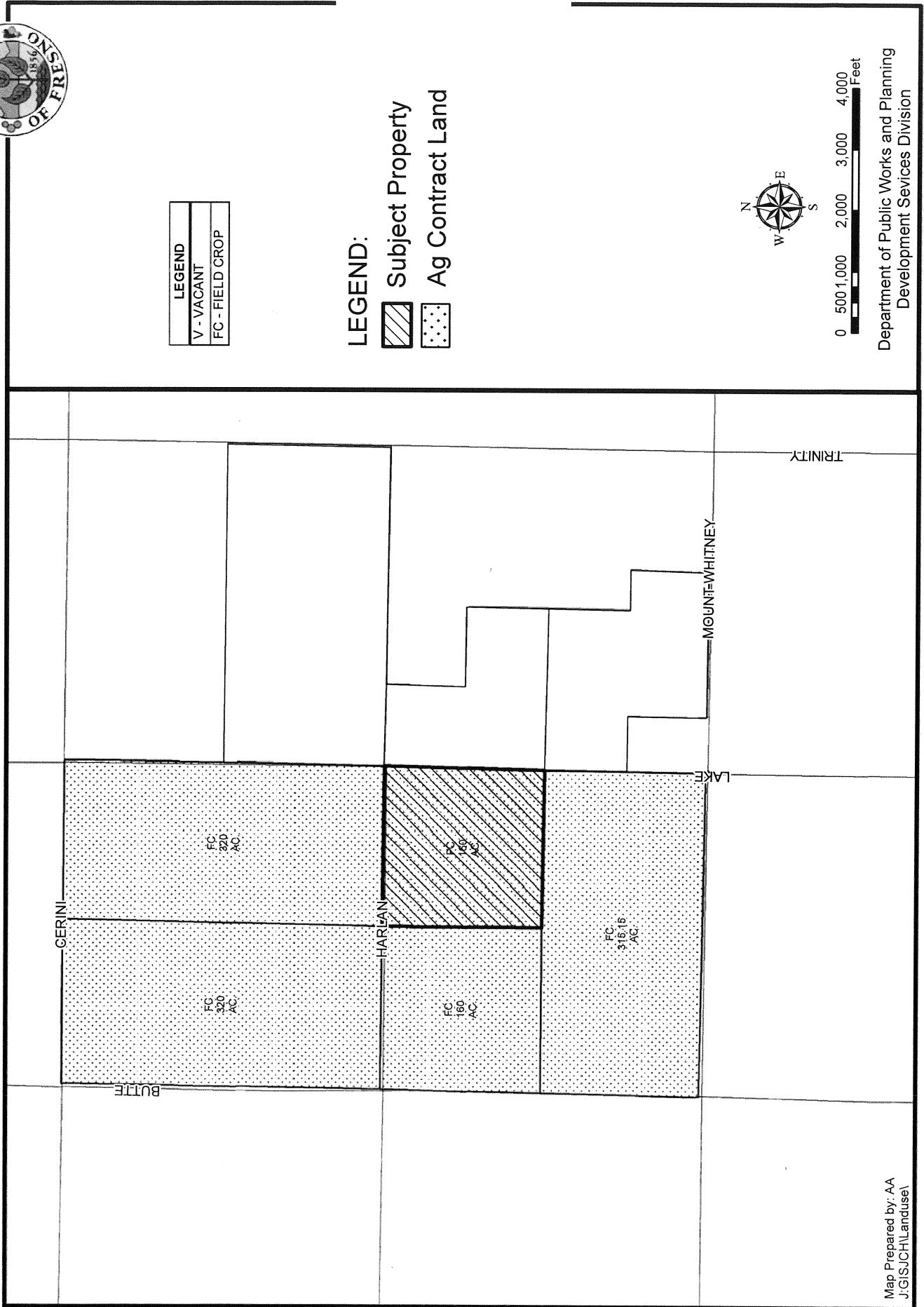


EXHIBIT 4



EXISTING LAND USE MAP

CUP 3568



Department of Public Works and Planning
Development Services Division

Map Prepared by: AA
J:GIS\CH\Landuse\



More Streets Aerial Topo

EXHIBIT 5

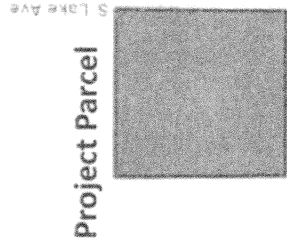
CUP3568

RECEIVED
COUNTY OF FRESNO

FEB 03 2017

DEPARTMENT OF PUBLIC WORKS
AND PLANNING
DEVELOPMENT SERVICES

8/17/17



Project Parcel

City of COUNTY Picture 1

Looking North from Mt. Whitney Ave

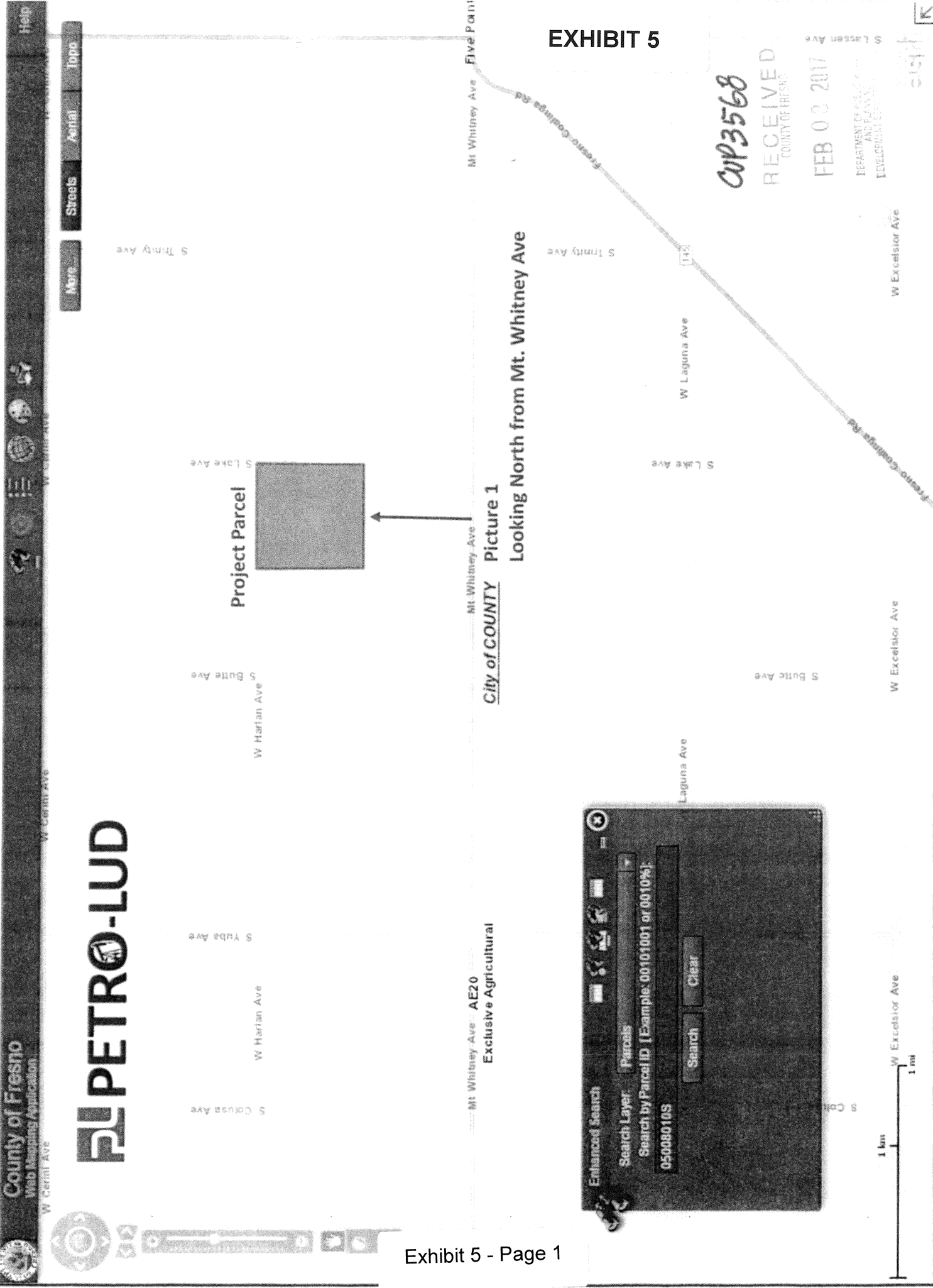
Enhanced Search

Search Layer: Parcels

Search by Parcel ID (Example: 00101001 or 0010%)

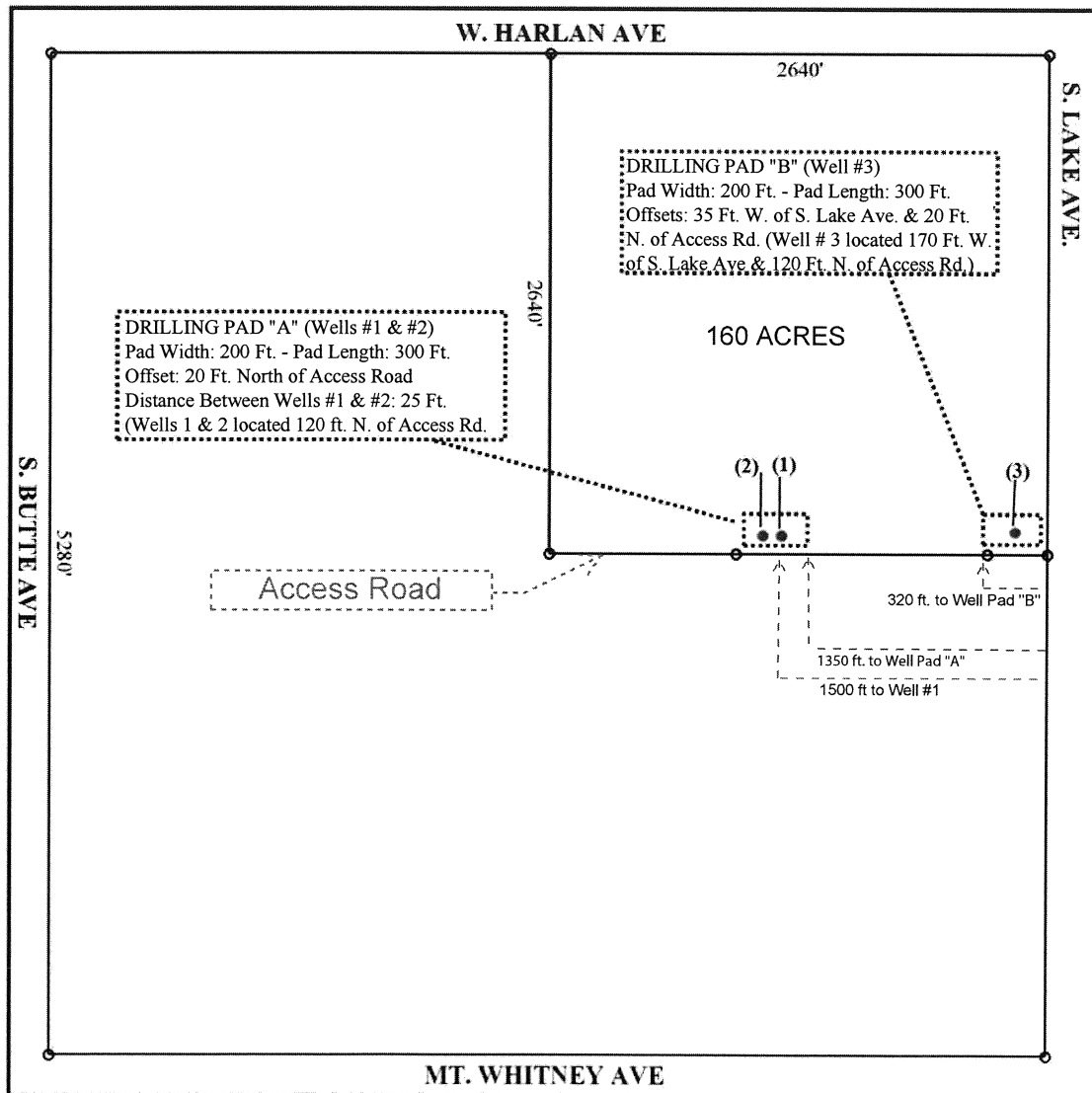
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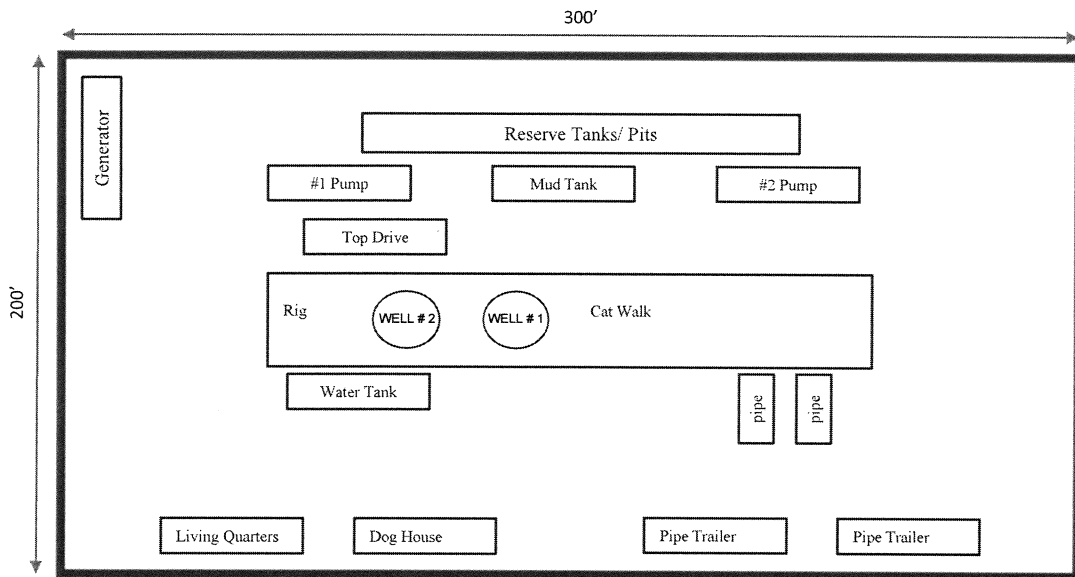




PETRO-LUD, INC. - SITE PLAN
WELLS: HOEY 1, 2, & 3
SEC. 20 - T17S -R17E - FRESNO, CA



Typical Rig Layout



DIMENSIONS:

GENERATOR: 11' 1" W x 11' H x 50' L

MUD TANK: 10' W x 55' L

CAT WALK: 8' W x 6' H x 42' 6" L

LIVING QUARTERS: 10' W x 35' L

RIG: 25' W x 50' L

RESERVE TANKS / PITS: 11' 6" W x 11' 8" H x 104' L

#2 PUMP: 11' 6" W x 11' 6" H x 34' L

WATER TANK: 10' 6" W x 10' 9" H x 55' 4" L

DOG HOUSE: 10' W x 11' 3" H x 50' L

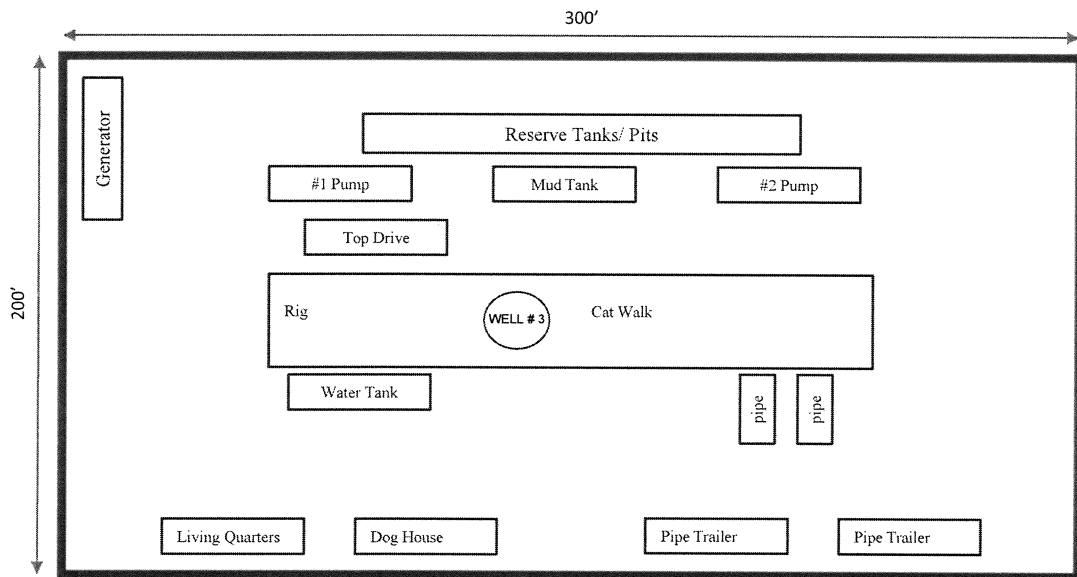
#1 PUMP : 11' 6" W x 11' 6" H x 34' L

TOP DRIVE : 5' 10" W x 14' L

PIPE TUBS (2): 8' W x 6' H x 36' L

PIPE TRAILER (2): 10' W x 35' L

Typical Rig Layout



DIMENSIONS:

GENERATOR: 11' 1" W x 11' H x 50' L

MUD TANK: 10' W x 55' L

CAT WALK: 8' W x 6' H x 42' 6" L

LIVING QUARTERS: 10' W x 35' L

RIG: 25' W x 50' L

RESERVE TANKS / PITS: 11' 6" W x 11' 8" H x 104' L

#2 PUMP: 11' 6" W x 11' 6" H x 34' L

WATER TANK: 10' 6" W x 10' 9" H x 55' 4" L

DOG HOUSE: 10' W x 11' 3" H x 50' L

#1 PUMP : 11' 6" W x 11' 6" H x 34' L

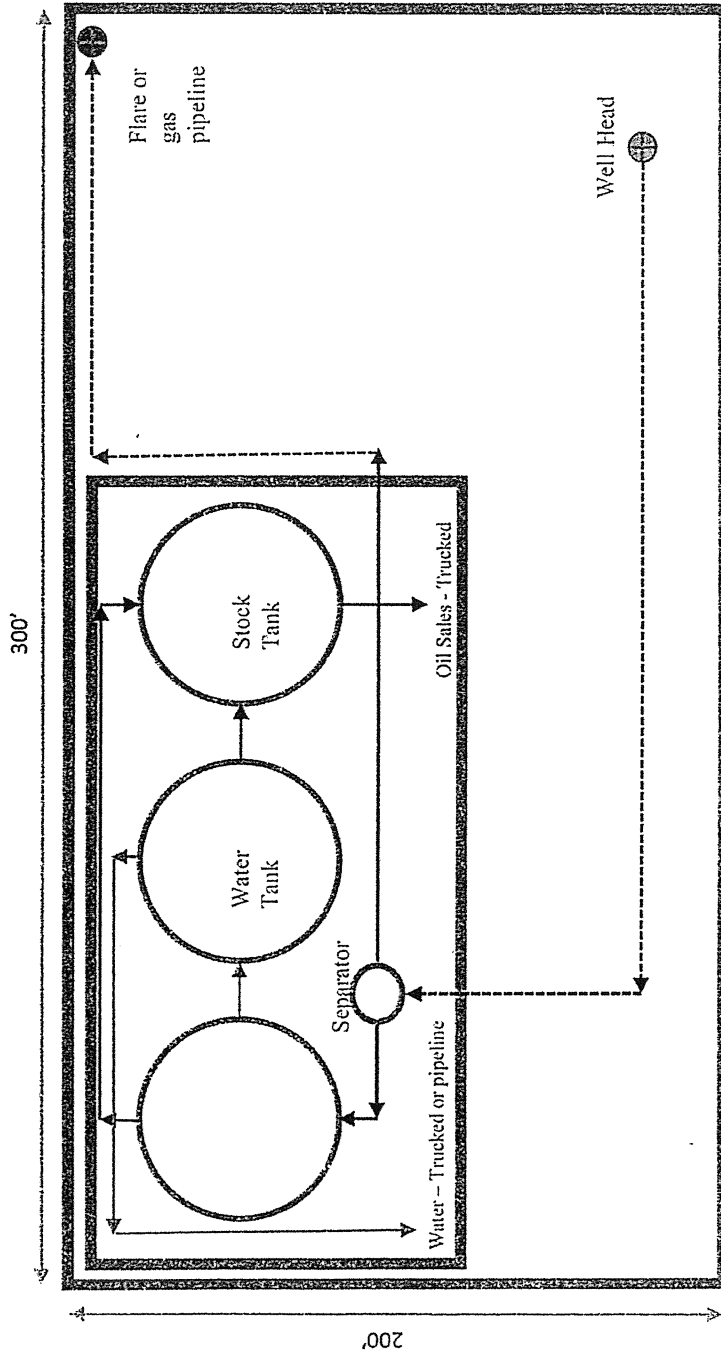
TOP DRIVE : 5' 10" W x 14" L

PIPE TUBS (2): 8' W x 6' H x 36' L

PIPE TRAILER (2): 10' W x 35' L



Typical Production Site Layout



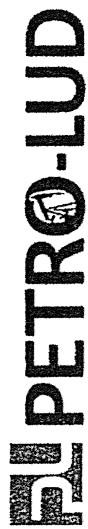
Oil
Gas
Water

CWP 3568

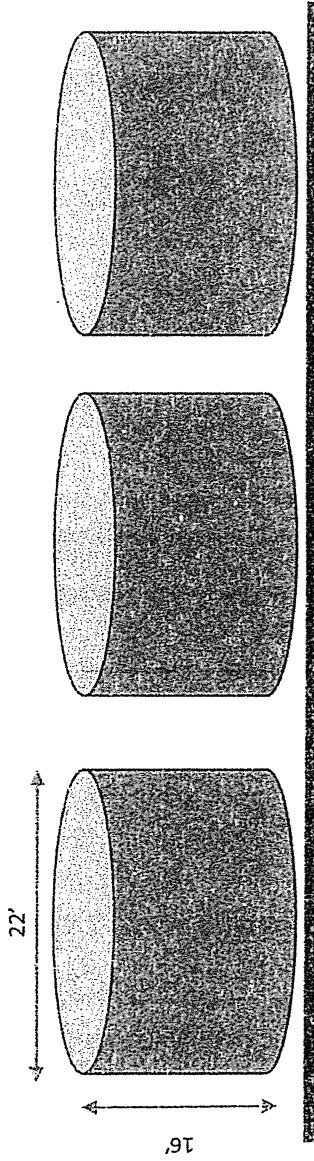
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COUNTY OF FRESNO

FEB 03 2017

DEPARTMENT OF PUBLIC WORKS
AND PLANNING
DEVELOPMENT SERVICES DIVISION



Typical Elevation Profile



CUP3568

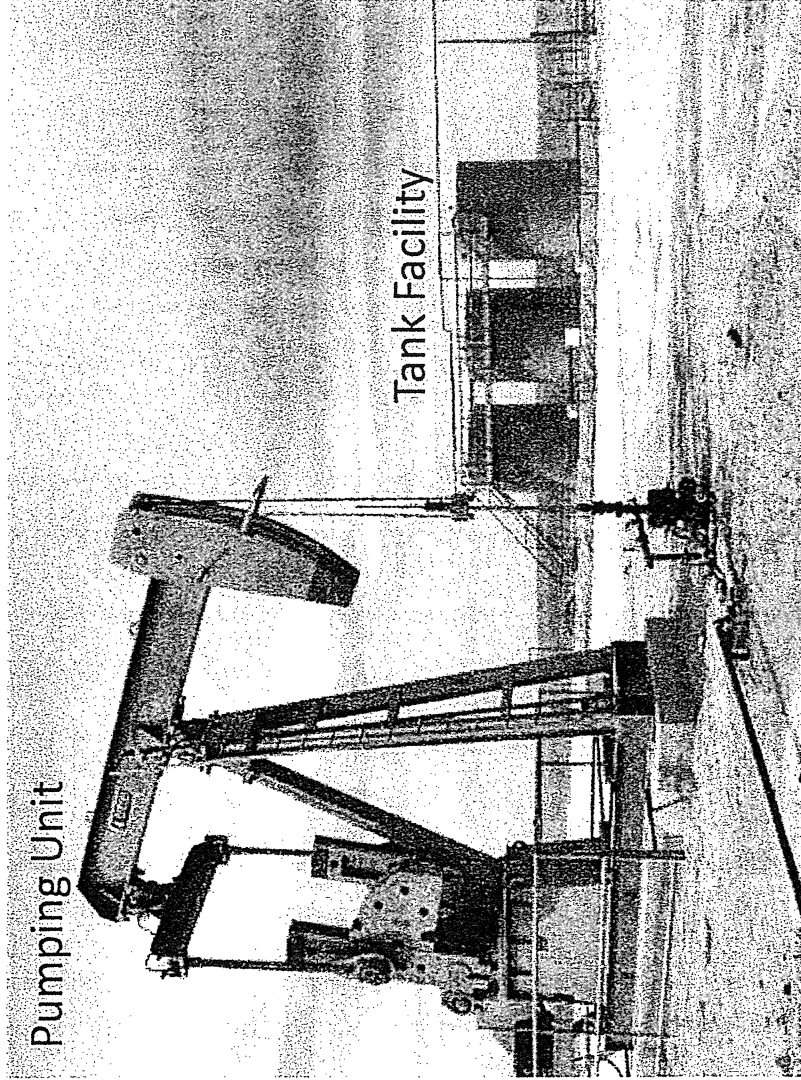
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PPETRO-LUD

Image of Typical Well and Facility



CUP 3568

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DEPARTMENT OF PUBLIC WORKS
AND PLANNING
DEVELOPMENT SERVICES DIVISION

HOEY 1, 2, & 3 WELLS
TYPICAL OIL, GAS, AND GEOTHERMAL
DRILLING RIG

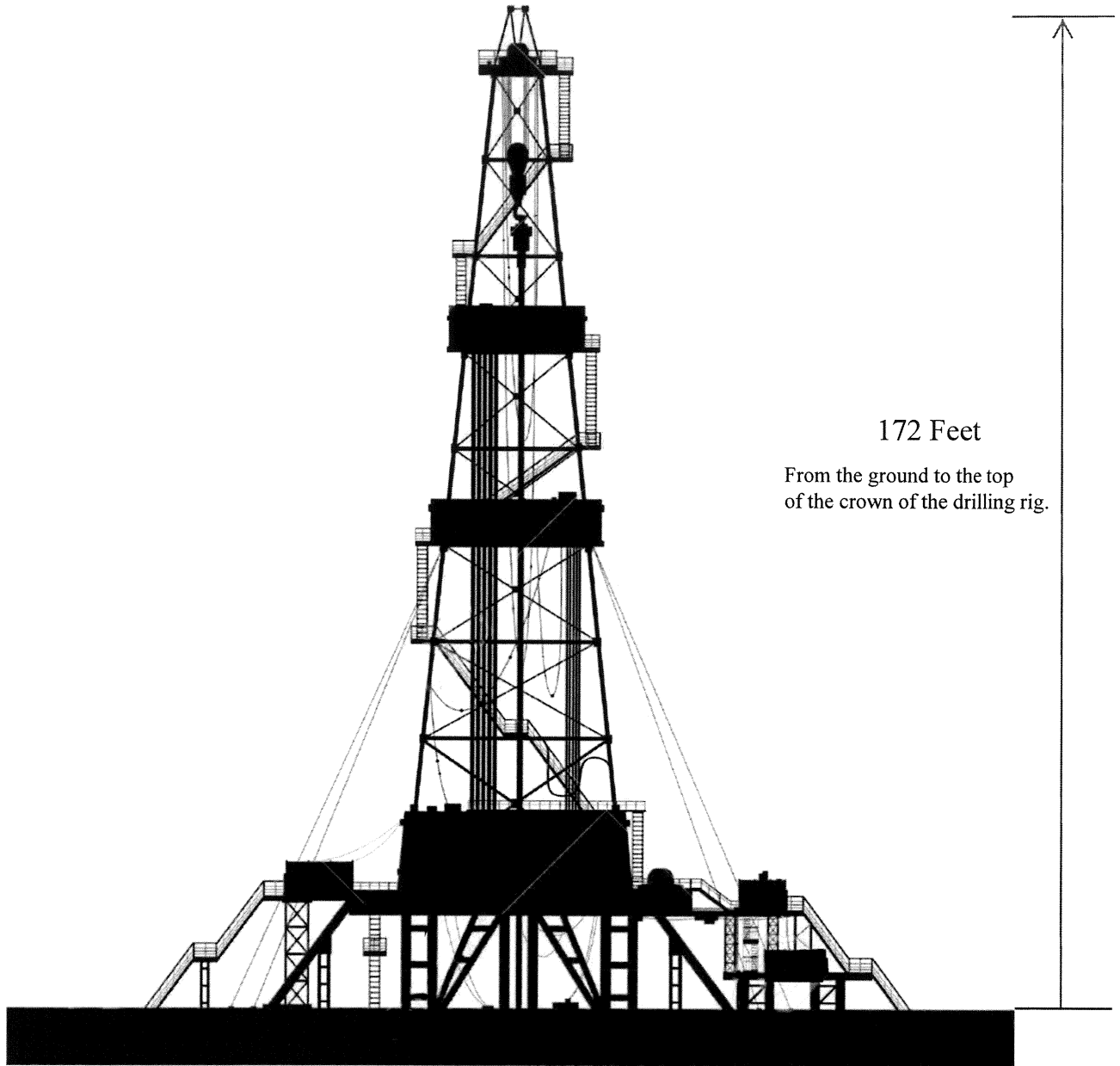


EXHIBIT 6

Petro-Lud Inc. CUP Application Operational Checklist

1. Outline of the operation:

The applicant is proposing to drill up to three (3) oil and gas wells using a temporary portable drilling rig. The wells will be tested using temporary production equipment to determine if there are paying quantities of oil and gas. If it is determined that the field is productive a permanent oil and gas facility will be constructed and the field will be operated and maintained.

The project consists of two distinct phases (some wells may be drilled after the construction of the permanent facility).

1. Drilling, completion, and testing
2. Construction, operation, and maintenance

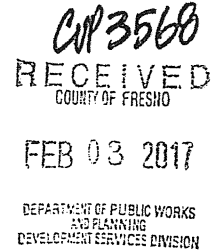
Drilling, Completion, and Testing:

A new drilling pad will be built lying east to west that will be located 1500' West and 125' North from the center section line of the Northeast Quarter Corner of section 20. The new drilling pad will measure approximately 200' (E-W) x 300' (N-S). Access to the location will be on the existing county roads, improved and unimproved. A temporary well cellar (8' x 8" x 6') will be built and conductor pipe will be cemented at the well location to a depth of 80 feet +/- 1ft. This preliminary work will require four (4) to six (6) days of daylight activity. The proposed well, Hoey#1, will be drilled approximately 600' North of the existing Temblor well, Harnish-McCormick #3.

A mobile drilling rig will be set up for drilling – See “Typical Rig Layout.” The move in and rigging-up should take approximately two (2) days. Actual drilling time is estimated to take approximately twenty (20) days. Drilling is a continuous 24 hour per day operation and the drilling crew consists of four (4) men working eight hour shifts, three shifts per day. The well will be drilled to a total measured depth of approximately 10,000'.

No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid waste (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally drilled agriculture wells. Therefore all cuttings and drilling fluids will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if necessary to build up location for production facilities.

If oil and gas is found in commercial quantities casing will be installed. The casing will be cemented and fresh water zones will be protected with cement as required by the California Division of Oil and Gas. The drilling rig will be released and a smaller completion rig will be moved in and the well completed.



Petro-Lud Inc. CUP Application Operational Checklist

A smaller, portable completion rig will be used instead of the drilling rig to complete the well. It may be required to run logs, perforate oil/gas sands, perform tests and run tubing. The completion process would take approximately ten (10) additional days. Temporary testing facilities would be brought in the test the well.

The oil would be produced into portable tanks and trucked to a local refiner during an initial test period. The capacity of the well will be estimated at that time and permanent facilities will be designed based on expected capacity. The time required for initial testing of an oil well is not expected to exceed two (2) months.

The natural gas will be produced into a portable gas/liquid separator and flare system with any liquids being contained in a portable tank as mentioned above. The produced gas will be metered and then incinerated in the flare utilizing an air induction line, continuous pilot, and wind shroud to ensure complete combustion. The capacity of the well will be estimated at this time and permanent facilities will be designed based on the expected capacity. The time required for initial testing of a gas well is not expected to exceed two (2) months.

If the well(s) is unsuccessful, it will be plugged with cement as required by the California Division of Oil and Gas. The drilling rig and all of the equipment will be removed from the site. The temporary cellar will be removed and the site and access road will be cleaned up and returned to as close to their original condition as reasonably possible. The total time that the site will be used is four (4) or five (5) weeks if oil or gas is not discovered in paying quantities.

Construction, Operation, and Maintenance:

If there is a sufficient volume of oil, and or gas, permanent facilities would be constructed- See "Typical Production Site Layout." Construction of permanent facilities would take twenty (20) days. Oil would be trucked offsite to a local refiner. It is anticipated that one (1) or two (2) trucks per day per well to haul oil may be needed at first, but the frequency will lessen as the oil production rate falls off during the first few months. Water hauling may require only one (1) truck per week per well at the outset. If natural gas is available on a regular basis, it will be –flared or eventually reinjected into the production formation to maintain reservoir pressure.

It is also estimated that each well could require a workover at least one (1) per well per year. Each workover could last seven (7) days per well. A company operator will monitor the well(s) on a daily basis to ensure that the operation continues as required. Producing operations will continue as long as it is profitable.

We expect that the economic life of the well(s) will be twenty years or longer.

2. Operational time limits:

To prepare the site, set conductor, rig up, drill well, set casing and rig down is 24 hours per day, 7 days a week. The completion rig will operate +/- 12 hours per day. The construction will be +/- 12 hours per day. Operations and maintenance 24 hours per day, 7 days a week.

Petro-Lud Inc. CUP Application Operational Checklist

3. Number of customers or visitors:

There are no costumers for this site. Visitors will include contractor and service employees during all phases of the project. This has been captured in the "Estimated Project Traffic and Employee/Contractor" sheet.

4. Number of employees:

There are no current employees. There will be one employee who will check in on the property once its fully operational. This will normally be 2-3 hours during daylight. There would also be one contract employee driving a truck picking up oil and water.

See "Estimated Project Traffic and Employee/Contractor" sheet.

5. Service and delivery vehicles:

During the drilling, completion and testing there could be as high as 20 (includes 4 employees x 3 shifts) passenger vehicles. This would be for the transportation of crews and delivery of drilling related items. There would also be as many as ten (10) trucks in a single day. This would be brief and only during the two (2) days of rig up and two (2) days of rigging down.

During normal operations, there would be an estimated three (3) truck trips per well to handle fluids. This would be reduced as the well production declines. There would be an additional site visit each day from an employee. Deliveries of other goods and items would be very infrequent and likely only during workover operations.

See "Estimated Project Traffic and Employee/Contractor" sheet.

6. Access to the site

Mt. Whitney Avenue to S. Lake Avenue; then approximately ½ mile North of S. Lake Avenue to the project site.

7. Parking:

The drill site will be bladed and on a flat field. It is 200' x 300' in size. Temporary parking will be provided at the drill site. During ongoing operations parking will be provided at the wells pads and production facility.

8. Goods on sale:

There are no goods for sale.

9. Equipment used:

Petro-Lud Inc. CUP Application Operational Checklist

Please see the answer in # 1 above.

10. Supplies:

Diesel fuel will be on site for fuel to run the drilling rig. The diesel will be stored in tanks specifically designed to contain diesel with a secondary containment bin. Other various non-hazardous products to formulate drilling fluids will also be on location to allow the well to be drilled. The drilling fluids products will be in dry bagged form and miscellaneous buckets of products. The formulated drilling fluid will be in above ground steel tanks. Various steel casings and tubular products will also be on location, which will be used in the drilling and completion of the well.

During operations, no supplies will be kept onsite. Most daily supplies will be carried on employee or contractor vehicles.

11. Appearance:

During the drilling operation, noise will only consist of the running of approximately 3-500 horsepower main rig engines with industrial mufflers with some (+/- 2) auxiliary 50hp. engines. The noise of these engines will not be noticeable outside the boundaries of the location. Glare and odor will not be a problem. The location will be periodically watered to prevent any dust problem.

12. Solid & Liquid Waste:

During the drilling of a well, approximately 1500 barrels or 300 yards or +/- 400 tons of solid cuttings will be brought out of the well and stored in a pit 25' wide by 150' long by +/- 5' deep. The cuttings will be analyzed when drilling is completed for hazardous content. Historical analysis of cuttings to date indicates that cuttings are non-hazardous. Therefore, assuming the non-hazardous analysis applies for the Hoey#1, the cuttings alone with the drilling mud will be hauled off to a disposal site or spread on location if necessary to build up the location for production facilities. In addition to the cuttings themselves, approximately 1500 barrels of liquid drilling mud will be produced during the drilling of the well. This liquid too, will be analyzed, and if found non-hazardous as 99.9% of the drilling mud water samples are, this material will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if necessary to build up location for production facilities. Any and all wastes found to be hazardous will be hauled off to a certified and approved California hazardous waste disposal site. All other solid waste will be kept in a bin and disposed of in the local landfill.

During operations there could be some tank bottoms accumulated. This material would be removed, tested, and possibly used onsite for dust suppressant or road base. If the material is hazardous it would be hauled offsite to a certified and approved California hazardous waste disposal site. All other solid waste will be kept in a bin and disposed of in the local landfill.

Petro-Lud Inc. CUP Application Operational Checklist

13. Estimated water:

It is estimated during the course of the drilling operation, approximately 1400 gallons of water per day will be used during the drilling of the well. This water will be used to manufacture the drilling fluid and to make cement, which will be used to cement the outside of the casing(s). And, if the well is deemed to be a dry hole, the water will be utilized to formulate cement to place abandonment cement plugs in the hole in accordance with the rules and regulations of the California Department of Conservation, Division of Oil, Gas, and Geothermal Resources, Coalinga Division. Water will be purchased offsite and trucked in when needed to replenish the onsite water tank.

No water is expected to be used for the ongoing operation of the facility.

14. Advertising:

No advertising will exist.

15. Buildings:

No existing buildings will be used, nor will any buildings be constructed for the temporary drilling operation. If the permanent facility is constructed there would tanks, vessels, pumping units, pipes, valves, pumps, etc. See "Typical Production Facility Layout"

16. Buildings:

There will be no buildings intended for human occupancy.

17. Lighting/Sound:

The rig and location will be totally lit during the night for working operations by portable temporary lights that will be focused on the rig and drilling location. There will not be any sound amplifications systems.

No lights are necessary for the long term operation of the facility.

18. Landscaping:

No landscaping or fencing is expected.

19. Additional information:

See attached maps for reference.

END OPERATIONAL STATEMENT CHECKLIST

Estimated Project Traffic and Employees/ Contractors				
Drilling - Per Well	Maximum Per Day	Average Per Day	Days of Operation	Total
Heavy Trucks ⁽¹⁾	10	3.5	30	106
Passenger Vehicles/ Trucks	20	16.4	30	492
Employees/ Contractors	20			
Completion - Per Well				
Heavy Trucks	2	1	10	10
Passenger Vehicles/ Trucks	3	2	10	20
Employees/ Contractors	4			
Testing - Per Well				
Heavy Trucks	3	3	60	180
Passenger Vehicles/ Trucks	2	2	60	120
Employees/ Contractors	2	2	60	120
Construction	Maximum Per Day	Average Per Day	Days of Operation	Total
Heavy Trucks	2	1	20	20
Passenger Vehicles/ Trucks	4	4	20	80
Employees/ Contractors	5			
Operations - 3 Wells	Maximum Per Day			
Heavy Trucks ⁽²⁾	9			
Passenger Vehicles/ Trucks	1			
Employees/ Contractors	2			
1. Clear location, set conductor, rig up, drill, set casing, rig down. Includes haul off of any solid or liquid waste.				
2. Heavy truck traffic would be for trucking of water and crude oil. Also, an extra heavy truck trip could occur during workovers. Because this is infrequent it is not added.				



EXHIBIT 7

County of Fresno

DEPARTMENT OF PUBLIC WORKS AND PLANNING
STEVEN E. WHITE, DIRECTOR

EVALUATION OF ENVIRONMENTAL IMPACTS

- APPLICANT:** Petro-Lud Inc.
- APPLICATION NOS.:** Initial Study Application No. 7265 and Unclassified Conditional Use Permit Application No. 3568
- DESCRIPTION:** Allow three exploratory petroleum oil and natural gas wells with the potential for a production facility on two 1.37-acre (60,000 square feet) portions of a 160-acre parcel in the AE-20 (Exclusive Agricultural, 20-acre minimum parcel size) Zone District.
- LOCATION:** The subject parcel is located on the southwest corner of W. Harlan and S. Lake Avenues approximately 1.9 miles northwest of the unincorporated community of Five Points (SUP. DIST. 1) (APN 050-080-10S).

I. AESTHETICS

- A. Would the project have a substantial adverse effect on a scenic vista; or
- B. Would the project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a State scenic highway; or
- C. Would the project substantially degrade the existing visual character or quality of the site and its surroundings?

FINDING: LESS THAN SIGNIFICANT IMPACT:

This proposal entails the drilling of three exploratory petroleum oil and natural gas wells using portable drilling rigs on two 1.37-acre (60,000 square feet) portions of a 160-acre parcel. Through initial testing, if oil and gas production and economics warrant, a permanent production facility to process oil and gas will be established. Part of this establishment involves temporary on-site storage of oil and transporting it off site via tanker trucks. If exploratory drilling is unsuccessful, all wells will be plugged and abandoned in compliance with the California Department of Conservation, Division of Oil, Gas and Geothermal Resources regulations.

Amenities to be utilized during drilling operation include: drilling rig, catwalk, pipe bins, mud pumps, reserve tanks/pits, water tanks, living quarters, generators, and dog house.

Likewise, amenities to be utilized during oil/gas production include: pumping units, well head, separator, stick tank, water tank flare or gas pipeline.

The subject parcel is located in an agricultural area marked by relatively large parcel sizes and few residential uses. The unincorporated community of Five Points is located approximately 1.9 miles southeast of the subject parcel. The closest commercial development is located approximately 2,132 feet southeast of the drilling site (drill pad).

The subject parcel is not located along a designated Scenic Highway and no scenic vistas or scenic resources were identified in the vicinity of the proposal. As part of the production facility, the project will permanently install limited, low-height, above-ground structures. This includes a 16- to 18-foot-tall pumping unit and water and oil storage tanks. These low-height improvements on a remotely located project site will not significantly change the existing visual character of the site and its surroundings.

- D. Would the project create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

FINDING: LESS THAN SIGNIFICANT IMPACT WITH MITIGATION INCORPORATED:

The drilling rig and drill pad will be lit during the night for working operations by portable temporary lights. These lights have the potential to cause adverse glare effects in the area. To minimize these effects, it will be required that all lighting shall be hooded and directed down toward the base of the drilling rig so as to not shine toward adjacent properties and on public streets, and drilling tower shall be lighted and marked to reduce potential conflicts with nighttime aerial application of herbicides and pesticides on adjacent agricultural lands. These requirements will be included as Mitigation Measures.

* **Mitigation Measures:**

1. *All outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets.*
2. *All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare.*
3. *All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.*

II. AGRICULTURAL AND FORESTRY RESOURCES

- A. Would the project convert prime or unique farmlands or farmland of state-wide importance to non-agricultural use?

FINDING: LESS THAN SIGNIFICANT IMPACT WITH MITIGATION INCORPORATED:

The subject parcel is located on land which is classified as Unique Farmland on the Fresno County Important Farmland Map (2014). Although this proposal will preclude the agricultural cultivation of approximately 1.37 acres (60,000 square feet) of farmland, the loss of farmland would be less than significant considering the remaining 158.63 acres of the subject parcel to remain available for agricultural use. Additionally, a Mitigation Measure will require that the project site shall be returned to its original condition upon cessation of the operations.

* **Mitigation Measure**

1. *When drilling operations are complete, the Applicant shall return the project site (as much as practical) to its original condition and all drilling equipment shall be removed within 90 days of termination of the drilling operations.*

- B. Would the project conflict with existing agricultural zoning or Williamson Act Contracts?

FINDING: LESS THAN SIGNIFICANT IMPACT:

The subject parcel is enrolled under Agricultural Land Conservation Contract (Williamson Act Contract) No. 1512. The Policy Planning Section of the Fresno County Department of Public Works and Planning reviewed the proposal and determined that exploratory oil/gas wells are a compatible use on properties subject to a Williamson Act Contract.

- C. Would the project conflict with existing zoning for or cause rezoning of forest land, timberland, or timberland zoned Timberland Production; or

- D. Would the project result in the loss of forest land or conversion of forest land to non-forest use; or

- E. Would the project involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural uses or conversion of forest land to non-forest use?

FINDING: NO IMPACT:

The subject parcel is not located in an area of forest land, nor is it zoned for Timberland Production. Approval of the proposed drilling operation and establishment of an oil/gas production facility on a small portion (1.37 acres) of the subject farming property will not encourage the conversion of additional farmlands away from their intended uses.

III. AIR QUALITY

- A. Would the project conflict with or obstruct implementation of the applicable Air Quality Plan; or

- B. Would the project violate any air quality standard or contribute to an existing or projected air quality violation; or

- C. Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under a Federal or State ambient air quality standard; or
- D. Would the project expose sensitive receptors to substantial pollutant concentrations; or
- E. Would the project create objectionable odors affecting a substantial number of people?

FINDING: LESS THAN SIGNIFICANT IMPACT:

According to the San Joaquin Valley Air Pollution Control District (Air District) the project-specific criteria pollutants are not expected to exceed District significance thresholds of 10 tons/year NOX, 10 tons/year ROG and 15 tons/year PM10. The project will not significantly impact air quality and is also not subject to District Rule 9510 (Indirect Source Review).

The project, however, would be subject to District Regulation VIII (Fugitive PM 10 Prohibitions) and Rule 4102 (Nuisance) and would require all portable emission units (including drilling rigs) to be registered with either the California Air Resources Board (CARB) or with the Air District Rule 2280 (Portable Equipment Registration). These requirements will be included as Project Notes.

IV. BIOLOGICAL RESOURCES

- A. Would the project have a substantial adverse effect, either directly or through habitat modifications, on any candidate, sensitive, or special-status species; or
- B. Would the project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Wildlife (CDFW) or U.S. Fish and Wildlife Service (USFWS); or
- C. Would the project have a substantial adverse effect on federally-protected wetlands as defined by Section 404 of the Clean Water Act through direct removal, filling, hydrological interruption or other means; or
- D. Would the project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?

FINDING: LESS THAN SIGNIFIACNT IMPACT:

The subject parcel is located in an agricultural area and has been previously disturbed as said property has been historically utilized for agricultural cultivation. Additionally, neighboring properties have also been historically utilized for agricultural cultivation and, therefore, have also been previously disturbed. This proposal was referred to the U.S. Fish and Wildlife Service (USFWS), which did not identify any concerns related to the project. This proposal was also referred to the California Department of Fish and

Wildlife (CDFW), which also did not identify any concerns. Therefore, no impacts were identified in regard to: 1) any candidate, sensitive, or special-status species; 2) any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by CDFW or USFWS; 3) any Federally-protected wetlands as defined by Section 404 of the Clean Water Act; or 4) the movement of any native resident or migratory fish or wildlife species or established native resident or migratory wildlife corridors, or impediment of the use of native wildlife nursery sites.

- E. Would the project conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance; or
- F. Would the project Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local regional, or state habitat conservation plan?

FINDING: NO IMPACT:

This proposal will not conflict with any local policies or ordinances protecting biological resources or any provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state Habitat Conservation Plan.

V. CULTURAL RESOURCES

- A. Would the project cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5; or
- B. Would the project cause of substantial adverse change in the significance of an archeological resource pursuant to Section 15064.5; or
- C. Would the project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature; or
- D. Would the project disturb any human remains, including those interred outside of formal cemeteries?

FINDING: LESS THAN SIGNIFICANT IMPACT WITH MITIGATION INCORPORATED:

The subject parcel is not located in an area determined to be high or moderately sensitive to archeological resources. Although no impact on cultural resources are expected from this proposal, a mitigation measure will require that if cultural resources are uncovered during ground-disturbing activity, all work shall be halted and an archeologist shall be called to evaluate the findings and necessary mitigation measures.

* **Mitigation Measure**

1. *In the event that cultural resources are unearthed during ground-disturbing activities, all work shall be halted in the area of the find. An Archeologist should*

be called to evaluate the findings and make any necessary mitigation recommendations. If human remains are unearthed during ground-disturbing activities, no further disturbance is to occur until the Fresno County Sheriff-Coroner has made the necessary findings as to origin and disposition. All normal evidence procedures should be followed by photos, reports, video, etc. If such remains are determined to be Native American, the Sheriff-Coroner must notify the Native American Commission within 24 hours.

- E. Would the project cause a substantial adverse change in the significance of a tribal cultural resource as defined in Public Resources Code Section 21074?

FINDING: NO IMPACT:

The Table Mountain Rancheria (TMR), Tribal Government Office reviewed the proposal and in a letter dated February 23, 2017 stated that the project site is beyond TMR's area of interest.

VI. GEOLOGY AND SOILS

- A. Would the project expose people or structures to potential substantial adverse effects, including risk of loss, injury or death involving:

1. Rupture of a known earthquake; or
2. Strong seismic ground shaking; or
3. Seismic-related ground failure, including liquefaction; or
4. Landslides?

FINDING: NO IMPACT:

The project is not located within a fault zone or in an area of known landslides.

- B. Would the project result in substantial erosion or loss of topsoil?

FINDING: LESS THAN SIGNIFICANT IMPACT:

The subject parcel is flat, and while changes in topography and erosion may result from grading activities, it is not likely. According to the Development Engineering Section of the Fresno County Department of Public Works and Planning, any grading performed as part of this proposal may require a Grading Voucher. This will be included as a Project Note.

- C. Would the project result in on-site or off-site landslide, lateral spreading, subsidence, liquefaction or collapse; or

- D. Would the project be located on expansive soils, creating substantial risks to life or property?

FINDING: NO IMPACT:

The project site is not located within an area at risk of known risk of landslides or lateral spreading, nor is it located in an area of known expansive soils.

- E. Would the project have soils incapable of adequately supporting the use of septic tanks or alternative disposal systems where sewers are not available for wastewater disposal?

FINDING: NO IMPACT:

This proposal does not require installation of an on-site sewage disposal system. Portable toilets will be utilized on site in lieu of permanent restroom facilities.

VII. GREENHOUSE GAS EMISSIONS

- A. Would the project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment; or
- B. Would the project conflict with any applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?

FINDING: LESS THAN SIGNIFICANT IMPACT:

The San Joaquin Valley Air Pollution Control District (Air District) reviewed the project and expressed no concerns with greenhouse gas emissions, supporting the determination that the project will not generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment. The project will adhere to the Air District Rules described in Section III. A. B. C. D. Air Quality.

VIII. HAZARDS AND HAZARDOUS MATERIALS

- A. Would the project create a significant public hazard through routine transport, use or disposal of hazardous materials; or
- B. Would the project create a significant public hazard involving accidental release of hazardous materials into the environment; or
- C. Would the project create hazardous emissions or utilize hazardous materials, substances or waste within one quarter-mile of a school?

FINDING: LESS THAN SIGNIFICANT IMPACT:

The project proposes to extract, process, and transport oil and gas. Per the Applicant's Operational Statement, diesel fuel will be stored on site in tanks with secondary

containment bins, and non-hazardous products to formulate drill fluid will be stored in steel tanks. Solid cutting and liquid drilling mud produced during drilling operations will be analyzed for non-hazardous contents and hauled off site to an approved disposal site.

The Fresno County Department of Public Health, Environmental Health Division reviewed the proposal and requires that: 1) facilities proposing to use and/or store hazardous materials and/or hazardous wastes shall meet the requirements set forth in the California Health and Safety Code (HSC), Division 20, Chapter 6.95, and the California Code of Regulations (CCR), Title 22, Division 4.5; 2) any business that handles a hazardous material or hazardous waste may be required to submit a Hazardous Materials Business Plan pursuant to the HSC, Division 20, Chapter 6.95; and 3) all hazardous waste shall be handled in accordance with requirements set forth in the California Code of Regulations (CCR), Title 22, Division 4.5. These requirements will be included as Project Notes.

The project is not located within one quarter-mile of a school. The nearest school, Helm Elementary School, is approximately 6.4 miles north of the subject proposal.

D. Would the project be located on a hazardous materials site?

FINDING: NO IMPACT:

The project site is farmland and not a hazardous material site.

E. Would a project located within an airport land use plan or, absent such a plan, within two miles of a public airport or public use airport, result in a safety hazard for people residing or working in the project area; or

F. Would a project located within the vicinity of a private airstrip result in a safety hazard for people residing or working in the project area?

FINDING: NO IMPACT:

The project site is not located within an Airport Land Use Plan or within two miles of a public or private use airport. Five Point Ranch Airport is approximately 6.3 feet west of the drilling site (drill pads). The project will not be impacted by the airport.

G. Would the project impair implementation of or physically interfere with an adopted Emergency Response Plan or Emergency Evacuation Plan?

FINDING: NO IMPACT:

This proposal will not impair the implementation of, or physically interfere with an adopted Emergency Response Plan.

H. Would the project expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?

FINDING: NO IMPACT:

The project site is not located in an area at risk of wildfire.

IX. HYDROLOGY AND WATER QUALITY

- A. Would the project violate any water quality standards or waste discharge requirements or otherwise degrade water quality?

FINDING: LESS THAN SIGNIFICANT IMPACT:

The project was routed to the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR) for review and comments. Although no concerns were expressed by that agency, standard comments requiring the Applicant to submit detailed drilling proposals to DOGGR in order to obtain specific drilling requirements for the project and haul off all hazardous and non-hazardous wastes and materials generated by the exploratory well drilling operation to an approved waste disposal facility shall apply and will be included as Project Notes.

The Fresno County Department of Public Health, Environmental Health Division, reviewed the proposal and requires that: 1) in an effort to protect groundwater, all water wells and septic systems that have been abandoned within the project area shall be properly destroyed by an appropriately-licensed contractor; 2) prior to destruction of agricultural wells, a sample of the uppermost fluid in the well column shall be checked for lubricating oil; and 3) should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction. These requirements will be included as Conditions of Approval.

This proposal was also routed to the California Regional Water Quality Control Board. No concerns were expressed by that agency.

- B. Would the project substantially deplete groundwater supplies or interfere substantially with groundwater recharge so that there would be a net deficit in aquifer volume or a lowering of the local groundwater table?

FINDING: LESS THAN SIGNIFICANT IMPACT:

The project will require the use of water during the course of drilling operations. An estimated 1,400 gallons of water per day will be used. Water will be purchased off site and trucked in when needed to replenish the on-site water tanks.

The Water/Geology/Natural Resources Section of the Fresno County Department of Public Works and Planning reviewed the proposal and expressed no water quantity concerns, as the subject parcel is not located in a water-short area and no use of on-site ground water is proposed.

- C. Would the project substantially alter existing drainage patterns, including alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on or off site; or
- D. Would the project substantially alter existing drainage patterns, including alteration of the course of a stream or river, in a manner which would result in flooding on or off site?

FINDING: NO IMPACT:

The project will not alter existing drainage patterns or the course of a stream or river.

- E. Would the project create or contribute run-off which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted run-off?

FINDING: LESS THAN SIGNIFICANT IMPACT:

See discussion in Section VI.B Geology and Soils.

- F. Would the project otherwise substantially degrade water quality?

FINDING: NO IMPACT:

No additional water quality impacts were identified in the project analysis.

- G. Would the project place housing within a 100-year floodplain?

FINDING: NO IMPACT:

No housing is proposed with this project.

- H. Would the project place structures within a 100-year flood hazard area that would impede or redirect flood flows?

FINDING: NO IMPACT:

According to the FEMA FIRM Panel 2825H, the parcel is not subject to flooding from the one percent-chance storm.

- I. Would the project expose persons or structures to levee or dam failure; or
- J. Would the project cause inundation by seiche, tsunami or mudflow?

FINDING: NO IMPACT:

The subject parcel is not in an area at risk of flood by levee or dam failure or inundation by seiche, tsunami or mudflow.

X. LAND USE AND PLANNING

- A. Will the project physically divide an established community?

FINDING: NO IMPACT:

This proposal will not physically divide a community. The nearest unincorporated community of Five Points is approximately 1.9 miles southeast of the subject property.

- B. Will the project conflict with any Land Use Plan, policy or regulation of an agency with jurisdiction over the project?

FINDING: LESS THAN SIGNIFICANT IMPACT:

The proposal is not in conflict with any land use plan, policy, or regulation of an agency with jurisdiction over the project. The Agriculture and Land Use Element of the General Plan lists oil and gas development as non-agricultural uses permitted in areas designated Agriculture.

The subject proposal meets: 1) Policy OS-C.13 in that the subject application is required for exploratory oil and gas drilling due to the potential for adverse effects on surrounding land uses; 2) Policy OS-C.17 in that upon termination of the activities related to reclamation of oil and gas development, the project site will be converted to its primary land use as designated by the General Plan; 3) Policy OS-C.20 and Policy HS-B.1 in that the nearest development is approximately 2,132 feet southeast of the drilling site and no concerns related to fire hazard were expressed by the Fresno County Fire Protection District; and 4) Policy HS-F.1 in that the project will adhere to all the federal and state requirements discussed in Section VIII (Hazards and Hazardous Materials) relating to the handling and management of hazardous materials.

- C. Will the project conflict with any applicable Habitat Conservation Plan or Natural Community Conservation Plan?

FINDING: NO IMPACT:

This project will not conflict with the provisions of any adopted Habitat Conservation Plan or Natural Community Conservation Plan.

XI. MINERAL RESOURCES

- A. Would the project result in the loss of availability of a known mineral resource; or
- B. Would the project result in the loss of availability of a locally-important mineral resource recovery site designated on a General Plan?

FINDING: NO IMPACT:

The project site is not located in a mineral resource area identified in Policy OS-C.2 of the General Plan.

XII. NOISE

- A. Would the project result in exposure of people to severe noise levels; or
- B. Would the project result in exposure of people to or generate excessive ground-borne vibration or ground-borne noise levels; or
- C. Would the project cause a substantial permanent increase in ambient noise levels in the project vicinity; or
- D. Would the project result in a substantial temporary or periodic increase in ambient noise levels?

FINDING: NO IMPACT:

The Fresno County Department of Public Health, Environmental Health Division reviewed the proposal and expressed no concerns related to noise.

- E. Would the project expose people to excessive noise levels associated with a location near an airport or a private airstrip; or
- F. For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

FINDING: NO IMPACT:

The project site is not located near an airport or private airstrip. The nearest airport, Five Point Ranch Airport, is approximately 6.3 feet west of the well drilling site.

XIII. POPULATION AND HOUSING

- A. Would the project induce substantial population growth either directly or indirectly; or
- B. Would the project displace substantial numbers of existing housing; or
- C. Would the project displace substantial numbers of people, necessitating the construction of housing elsewhere?

FINDING: NO IMPACT:

This proposal will not result in an increase of housing, nor will it otherwise induce population growth.

XIV. PUBLIC SERVICES

A. Would the project result in substantial adverse physical impacts associated with the provision of new or physically-altered public facilities in the following areas:

1. Fire protection?

FINDING: NO IMPACT:

The Fresno County Fire Protection District reviewed this proposal and expressed no concerns with the project.

2. Police protection?

3. Schools?

4. Parks; or

5. Other public facilities?

FINDING: NO IMPACT:

No impacts on the provision of other services were identified in the project analysis.

XV. RECREATION

A. Would the project increase the use of existing neighborhood and regional parks; or

B. Would the project require the construction of or expansion of recreational facilities?

FINDING: NO IMPACT:

No such impacts were identified in the project analysis.

XVI. TRANSPORTATION/TRAFFIC

A. Would the project conflict with any applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation; or

B. Would the project conflict with an applicable congestion management program, including, but not limited to, level of service standards and travel demands measures?

FINDING: NO IMPACT:

According to the Applicant's Operational Statement, the project will generate a maximum of forty (40) employees and delivery truck trips (20 round-trips) during drilling, completion and testing of the wells. However, during normal operations, there will be six (6) one-way truck trips (3 round-trips) per well to handle fluids.

The Design Division of the Fresno County Department of Public Works and Planning reviewed this proposal and did not raise any concerns related to traffic, nor require a Traffic Impact Study for the project.

C. Would the project result in a change in air traffic patterns?

FINDING: NO IMPACT:

The project is not in close proximity of a public, private or military airport.

D. Would the project substantially increase traffic hazards due to design features; or

FINDING: LESS THAN SIGNIFICANT IMPACT WITH MITIGATION INCORPORATED:

Access to the drilling site (drill pads) will be from Mount Whitney Avenue via Lake Avenue. An on-site access road will connect the drilling pad to Lake Avenue. The Road Maintenance and Operations Division of the Fresno County Department of Public Works and Planning reviewed the proposal and expressed no concerns regarding increased traffic hazards except that a grizzly or gravel pad shall be installed to minimize sediment transport from vehicles and equipment onto the County roadways. This requirement will be included as a Mitigation Measure.

* **Mitigation Measure:**

1. *Prior to commencing production operations, a grizzly and/or gravel pad shall be installed on the Lake Avenue alignment where the Lake Avenue alignment intersects Mount Whitney Avenue to minimize sediment transport from vehicles and equipment onto Mount Whitney Avenue.*

E. Would the project result in inadequate emergency access?

FINDING: NO IMPACT:

No concerns related to emergency access were expressed by the Fresno County Fire Protection District.

F. Would the project conflict with adopted plans, policies or programs regarding public transit, bicycle or pedestrian facilities or otherwise decrease the performance or safety of such facilities?

FINDING: NO IMPACT:

The project will not conflict with any adopted alternative transportation plans. No such impacts were identified in the project analysis.

XVII. UTILITIES AND SERVICE SYSTEMS

- A. Would the project exceed wastewater treatment requirements; or
- B. Would the project require construction of or the expansion of new water or wastewater treatment facilities?

FINDING: NO IMPACT:

Water used during the drilling operation is non-recyclable and will not contribute to the volume at an existing wastewater treatment facility.

- C. Would the project require or result in the construction or expansion of new storm water drainage facilities?

FINDING: NO IMPACT:

All storm water generated as a result of this proposal will be retained or disposed of per County Standards.

- D. Would the project have sufficient water supplies available from existing entitlements and resources, or are new or expanded entitlements needed?

FINDING: LESS THAN SIGNIFICANT IMPACT:

See discussion in Section IX. B. Hydrology and Water Quality.

- E. Would the project result in a determination of inadequate wastewater treatment capacity to serve project demand?

FINDING: NO IMPACT:

See discussion in Section VI. E Geology and Soils.

- F. Would the project be served by a landfill with sufficient permitted capacity; or

- G. Would the project comply with federal, state and local statutes and regulations related to solid waste?

FINDING: NO IMPACT:

No sanitarian solid waste will be generated at the site. A portable sanitary facility will be installed during operations and will be pumped out at an approved location.

XVIII. MANDATORY FINDINGS OF SIGNIFICANCE

- A. Does the project 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 prehistory or history; or

FINDING: LESS THAN SIGNIFICANT IMPACT:

The project will not impact biological resources. Impacts on cultural resources will be minimized to less than significant with the included Mitigation Measure in Section V of this report.

- B. Does the project have impacts that are individually limited, but cumulatively considerable?

FINDING: LESS THAN SIGNIFICANT IMPACT:

The proposed exploratory petroleum oil and natural gas wells will adhere to permitting requirements, rules and regulations set forth by the San Joaquin Valley Air Pollution Control District; the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR); and the California Regional Water Quality Control Board (RWQCB). No cumulatively considerable impacts were identified in the analysis other than Aesthetics, Agricultural and Forestry Resources, Cultural Resources and Transportation/Traffic, which will be addressed with the Mitigation Measures discussed in Section I, Section II, Section V and Section XVI of this report.

- C. Does the project have environmental impacts which will cause substantial adverse effects on human beings, either directly or indirectly?

FINDING: NO IMPACT:

No substantial adverse impacts on human beings were identified in the project analysis.

CONCLUSION/SUMMARY

Based upon Initial Study No 7265 prepared for Unclassified Conditional Use Permit Application No. 3568, staff has concluded that the project will not have a significant effect on the environment. It has been determined that there would be no impacts to biological resources, mineral resources, noise, population and housing, public services, and recreation.

Potential impacts related to air quality, geology and soils, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, land use and planning, and utilities and service systems have been determined to be less than significant.

Potential impacts relating to aesthetics, agricultural and forestry resources, cultural resources and transportation/traffic have been determined to be less than significant with the identified Mitigation Measures.

A Mitigated Negative Declaration is recommended and is subject to approval by the decision-making body. The Initial Study is available for review at 2220 Tulare Street, Suite A, Street Level, located on the southwest corner of Tulare and "M" Street, Fresno, California.

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EXHIBIT 8

File original and one copy with: Fresno County Clerk 2221 Kern Street Fresno, California 93721		Space Below For County Clerk Only. <div style="text-align: center; font-size: small;">CLK-2046.00 E04-73 R00-00</div>		
Agency File No: IS 7265	LOCAL AGENCY PROPOSED MITIGATED NEGATIVE DECLARATION		County Clerk File No: E-	
Responsible Agency (Name): Fresno County	Address (Street and P.O. Box): 2220 Tulare St. Sixth Floor		City: Fresno	Zip Code: 93721
Agency Contact Person (Name and Title): Ejaz Ahmad, Planner		Area Code: 559	Telephone Number: 600-4204	Extension: N/A
Applicant (Name): Petro-Lud Inc.		Project Title: Unclassified Conditional Use Permit Application No. 3568		
Project Description: Allow three exploratory petroleum oil and natural gas wells with the possibility of a production facility on two 1.37-acre (60,000 square feet) portions of a 160-acre parcel in the AE-20 (Exclusive Agricultural, 20-acre minimum parcel size) Zone District. The subject parcel is located on the southwest corner of W. Harlan and S. Lake Avenues approximately 1.9 miles northwest of the unincorporated community of Five Points (SUP. DIST. 1) (APN 050-080-10S).				
Justification for Mitigated Negative Declaration: Based upon the Initial Study (IS 7265) prepared for Unclassified Conditional Use Permit Application No. 3568, staff has concluded that the project will not have a significant effect on the environment. No impacts were identified related to biological resources, mineral resources, noise, population and housing, public services, and recreation. Potential impacts related to air quality, geology and soils, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, land use and planning, and utilities and service systems have been determined to be less than significant. Potential impacts related to aesthetics, agricultural and forestry resources, cultural resources and transportation/traffic have been determined to be less than significant with the identified mitigation measure. The Initial Study and MND is available for review at 2220 Tulare Street, Suite A, Street Level, located on the southeast corner of Tulare and "M" Street, Fresno, California.				
FINDING: The proposed project will not have a significant impact on the environment.				
Newspaper and Date of Publication: Fresno Business Journal – April 14, 2017			Review Date Deadline: Planning Commission – May 18, 2017	
Date: April 13, 2017	Type or Print Name: Chris Motta, Principal Planner		Submitted by (Signature):	

State 15083, 15085

County Clerk File No.: _____

LOCAL AGENCY MITIGATED NEGATIVE DECLARATION