



**San Joaquin Valley
Air Pollution Control District**

**Inergy Propane LLC
North Coles Levee Gas Plant (Tupman Facility)**

District Project Numbers: S1071454 and S1074194

**California Environmental Quality Act
Proposed Mitigated Negative Declaration
And Initial Study**

October 2007



**SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT GOVERNING
BOARD 2007**

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SEYED SADREDIN



I. INTRODUCTION

The San Joaquin Valley Unified Air Pollution Control District (District) has received an Authority to Construct (ATC) application from Inergy Propane LLC. The applicant proposes the installation of a butane isomerization (Butamer) unit and a 5.24 MW gas turbine cogeneration operation. The proposed facility will be located within the existing plant site of the Inergy Propane LLC North Coles Levee Gas Plant (Tupman Facility). The County of Kern has determined that this is not an enlargement or intensification of the scope of the historical legal, non-conforming use.

Kern County has determined that the proposed facility will not require a discretionary permit from the county. The District is not aware of any other agency with discretionary approval authority for the project thus, the District is serving as the Lead Agency.

II. PROJECT BACKGROUND INFORMATION

1. Project Title:

Inergy Propane LLC North Coles Levee Gas Plant (Tupman Facility)
District Project Numbers: S1071454 and S1074194

2. Lead Agency Name and Address:

San Joaquin Valley Unified Air Pollution Control District
1990 E. Gettysburg Avenue
Fresno CA 93726-0244

3. Contact Person:

Planning/CEQA: Daniel Barber, Ph.D. Permit Services: Thomas E. Goff, PE
(559) 230-5800 (661) 326-6950

4. Project Location:

9224 Tupman Road
Tupman, CA 93276

5. Project Sponsor's Name and Address:

Inergy Propane LLC (Inergy Services)
P.O. Box 430
9224 Tupman Road
Tupman, CA 93276

6. Section, Township and Range:

NE ¼ of Section 32, Township 30S, Range 25E, Mount Diablo Base and
Meridian (MDB&M)



7. General Plan Designation/Zoning:

The project is located within General Plan Designation 8.4 Mineral and Petroleum. The zoning for the project location is "A" (Exclusive Agriculture District).

8. Project Description:

Inergy Propane LLC, is proposing the installation of a butane isomerization (Butamer) unit and a 5.24 MW gas turbine cogeneration operation. The proposed projects will be located within the interior of the Inergy Propane LLC North Coles Levee Gas Plant (Tupman Facility), which is located within an "A" district zone (Exclusive Agriculture District). The facility is surrounded by a habitat conservation easement and oil field properties. The facility is not located within 1000 feet of a K-12 school. Exhibit A through Exhibit D identifies the current operational facility (Inergy Propane LLC North Coles Levee Gas Plant - Tupman Facility), the proposed new equipment location, and the area plot plan.

Kern County has determined that the proposed facility will not require a discretionary permit from the county. The site of the proposed facility is zoned "A" (Exclusive Agriculture District). The County of Kern has determined the improvement is not an enlargement or intensification of the scope of the historical legal, non-conforming use. The District is not aware of any other agency with discretionary approval authority for the project thus, the District is serving as the Lead Agency.

Butane Isomerization (Butamer) - Project S1071454

The butane isomerization (Butamer) converts normal butane (n-butane) into iso-butane. The conversion of n-butane to iso-butane is accomplished catalytically in the presence of hydrogen. The n-butane feedstock is currently produced by Inergy's North Coles Levee Gas (Tupman) facility from existing processes that separate butanes from natural gas liquids. Iso-butane is commonly used as a feedstock for the production of alkylates, a gasoline-blending component. Hydrogen is required for the process and will be purchased as required. Inergy does not have plans to install a hydrogen generation unit. Perchloroethylene (PERC) is used to maintain catalyst activity. Installation of the new equipment will trigger BACT.

The facility is over the VOC offset threshold; therefore, VOC offsets are required. However, public notice is not required.

Proposed mitigation: Butane Isomerization (Butamer) Project

The impact on air quality can be mitigated by surrendering VOC Emission Reduction Credits (ERCs) to the District. As illustrated below, the District estimates that the applicant will be required to withdraw 5,565 lb/year VOC ERCs at 1.5:1 offset ratio.

(Offset requirements with 20% buffer** (3,710 lb/year x 1.5 offset ratio = 5,565 lb/year)



** Buffer is to allow for a minor increase in emissions prior to ATC issuance.

Cogeneration System with a Gas Turbine Engine - Project 1074194

Installation of a 5.240 MW (ISO output) Solar Taurus 60 Cogeneration System with a natural gas fired gas turbine engine (GTE), SoLoNOx (SLN) combustors, selective catalytic reduction (SCR) System and oxidation catalyst. The GTE will be installed in a cogeneration configuration with a 75 MMBtu/hour duct burner.

Additionally operation of existing heater #4 (S-39-31), existing cogeneration (S-39-50), and the new cogeneration (S-39-56) will be restricted such that only two of the units may operate at any one time. The heat recovered from the new cogeneration will "replace" the heat from existing heater #4. This minimizes the emissions of the increase in permitted emissions due to the projects. To "mitigate" the emission increase due to the project, the facility will permanently shutdown Heater #2 listed in Permit to Operate (PTO) S-39-1 and cooling tower Permit to Operate (PTO) S-39-57-1. Installation of the new equipment will trigger BACT.

The facility is over the NOx and VOC offset thresholds; therefore, NOx and VOC offsets are required. The facility is not over the SOx offset threshold; therefore, SOx offsets are not required. However, public notice is not required.

Proposed mitigation: Cogeneration System with a Gas Turbine Engine Project

The impact on air quality can be mitigated by surrendering NOx ERCs to the District. As illustrated below, the District estimates that the applicant will be required to withdraw 7,374 lb/year NOx ERCs at 1.5:1 offset ratio

(Offset requirements with 20% buffer ** $(4,916 \text{ lb/year} \times 1.5 \text{ offset ratio} = 7,374 \text{ lb/year})$)

The impact on air quality can be mitigated by surrendering VOC ERCs to the District. As illustrated below, the District estimates that the applicant will be required to withdraw 2,892 lb/year VOC ERC at 1.5:1 offset ratio

(Offset requirements with 20% buffer** $(1,928 \text{ lb/year} \times 1.5 \text{ offset ratio} = 2,892 \text{ lb/year})$)

** Buffer is to allow for a minor increase in emissions prior to ATC issuance.



Pre-Project Potential to Emit (PE1)

Butane Isomerization (Butamer) – Project S1071454

Pre Project Potential to Emit [PE1] (lb/year)					
	NO _x	CO	VOC	PM ₁₀	SO _x
S-39-1 (Heater #2)	1,620	2,700	50	68	26
S-39-31 (Heater #4)	2,987	10,038	803	2,064	155
S-39-50 (Existing cogen)	15,000	10,000	2,909	3,455	973
S-39-57 (Cooling tower)	0	0	0	8,468	0
Total	19,607	22,738	3,762	14,055	1,154

Post Project Potential to Emit (PE2)

Butane Isomerization (Butamer) – Project S1071454

Post Project Potential to Emit [PE2] (lb/year)					
	NO _x	CO	VOC	PM ₁₀	SO _x
S-39-1 (Heater #2)	1,620	2,700	50	68	26
S-39-31 (Heater #4)	2,987	10,038	803	2,064	155
S-39-50 (Existing cogen)	15,000	10,000	2,909	3,455	973
S-39-53 (Butamer unit)	0	0	3,092	0	0
S-39-54 (Emergency flare) **	258	1,397	221	37	37
S-39-55 (Cooling tower)	0	0	0	2,409	0
S-39-57 (Cooling tower)	0	0	0	6,059	0
Total	19,865	24,135	7,075	14,092	1,191

** Exempt from offsets

Butane Isomerization (Butamer) – Project S1071454

Project Increase in Emissions – Before Mitigation					
	NO _x	CO	VOC	PM ₁₀	SO _x
Increase in emissions	258	1,397	3,313	37	37
Offset exempt flare emissions	258	1,397	221	37	37
Offsets required	0	0	3,092	0	0
Increase in Emissions (Offset Requirement with 20% buffer) **	0	0	3,710	0	0

** Buffer is to allow for a minor increase in emissions prior to ATC issuance.



Pre-Project Potential to Emit (PE1)

Cogeneration System with Gas Turbine Engine – Project # 1074194

Pre Project Potential to Emit [PE1] (lb/year)					
	NO _x	CO	VOC	PM ₁₀	SO _x
S-39-1 (Heater #2)	1,620	2,700	50	68	26
S-39-31 (Heater #4)	2,987	10,038	803	2,064	155
S-39-50 (Existing cogen)	15,000	10,000	2,909	3,455	973
S-39-57 (Cooling tower)	0	0	0	6,059	0
Total	19,607	22,738	3,762	11,646	1,154

Post Project Potential to Emit (PE2)

Cogeneration System with Gas Turbine Engine – Project S1074194

Post Project Potential to Emit [PE2] (lb/year)					
	NO _x	CO	VOC	PM ₁₀	SO _x
S-39-1 (Heater #2) **	0	0	0	0	0
Allowable Emissions S-39-31, 50, and 56	23,704	22,347	5,369	10,078	3,622
S-39-57 (Cooling tower) **	0	0	0	0	0
Total	23,704	22,347	5,369	10,078	3,622

** Surrendered

Cogeneration System with Gas Turbine Engine – Project S1074194

Project Increase in Emissions – Before Mitigation					
	NO _x	CO	VOC	PM ₁₀	SO _x
Increase in emissions	4,097	(391)	1,607	(1,568)	2,468
Increase in Emissions (Offset Requirement with 20% buffer) **	4,916	0	1,928	0	0

** Buffer is to allow for a minor increase in emissions prior to ATC issuance.



Major Source Determination

Pursuant to Section 3.24 of District Rule 2201, a Major Source is a stationary source with post-project emissions or Post Project Stationary Source Potential to Emit (SSPE2) equal to or exceeding one or more of the following threshold values.

Major Source Determination (lb/year)					
	NO _x	CO	VOC	PM ₁₀	SO _x
Pre-Project SSPE (SSPE1)	31,832	130,465	42,313	15,910	1,208
Post Project SSPE (SSPE2)	35,929	130,074	43,920	14,342	3,676
Major Source Threshold	50,000	200,000	50,000	140,000	140,000
Major Source?	No	No	No	No	No

9. Health Risk Assessment (HRA)

The District performed a Health Risk Assessment (HRA) for the project. The Residential risk was calculated to be 0.36 in one million. Both the Acute and Chronic indices are below 1.0. The Worksite worst-case cancer risk was calculated to be 2.87 in one million. The District has determined that the risk from the proposed project to be less than significant.

10. Applicable Rules

- Rule 2201 New and Modified Stationary Source Review (9/21/06)
- Rule 4001 New Source Performance Standards (4/14/1999) and 40 CFR 60
 - NSPS Subpart GG Standards of Performance for Stationary Gas Turbines
 - NSPS Subpart Dc Standards of Performance for Small Industrial-Commercial-Institutional Steam Generating Units
 - NSPS Subpart KKK Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants
- Rule 4101 Visible Emissions (2/17/05)
- Rule 4102 Nuisance (12/17/1992)
- Rule 4201 Particulate Matter Concentration (12/17/1992)
- Rule 4301 Fuel Burning Equipment
- Rule 4311 Flares (6/15/06)
- Rule 4409 Components at Light Crude Oil Production Facilities, Natural Gas Production Facilities, and Natural Gas Processing Facilities (4/20/05)
- Rule 4455 Components at Petroleum Refineries, Gas Liquid Processing Facilities, and Chemical Plants (4/20/05)
- Rule 4703 Stationary Gas Turbines (9/20/07)
- Rule 4801 Sulfur Compounds



Rule 7012 Hexavalent Chromium – Cooling Towers (12/17/1992) – not applicable;
No Hexavalent chromium compounds are added to cooling tower-
circulating water

CH&SC 41700 Health Risk Assessment
CH&SC 42301.6 School Notice

10. Mitigation Measures:

Per District Authority to Construct Application No: S-39-53-0, -54-0, -55-0 and S-39-56, incorporated herein by reference, mitigation measures and monitoring and reporting requirements have been made conditions of project approval. The District concludes that the potential impact on air quality will be reduced to less than significant through compliance with District Rule 2201 (New Source Review) and implementation of required mitigation measures.



POTENTIAL ENVIRONMENTAL IMPACT

The environmental factors checked below would be potentially affected by the proposed project, involving at least one impact that is a "Potentially Significant Impact" or "Potentially Significant Unless Mitigated", as indicated by the checklist on the following pages.

- | | | |
|--|---|---|
| ☐ Aesthetics | ☐ Agriculture Resources | ☒ Air Quality |
| ☐ Biological Resources | ☐ Cultural Resources | ☐ Geology/Soils |
| ☐ Hazards & Hazardous Materials | ☐ Hydrology/Water Quality | ☐ Land Use/Planning |
| ☐ Mineral Resources | ☐ Noise | ☐ Population/Housing |
| ☐ Public Services | ☐ Recreation | ☐ Transportation/Traffic |
| ☐ Utilities/Service Systems | ☐ Mandatory Findings of Significance | |

DETERMINATION

I certify that this project was independently reviewed and analyzed and that this document reflects the independent judgment of the District.

- ☐ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- ☒ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described on an attached sheet have been added to the project. A MITIGATED NEGATIVE DECLARATION has been prepared.
- ☐ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- ☐ I find that the proposed project MAY have a significant effect(s) 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, if the effect is a "potentially significant impact" or "potentially significant unless mitigated." An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

Signature: _____

Date: _____

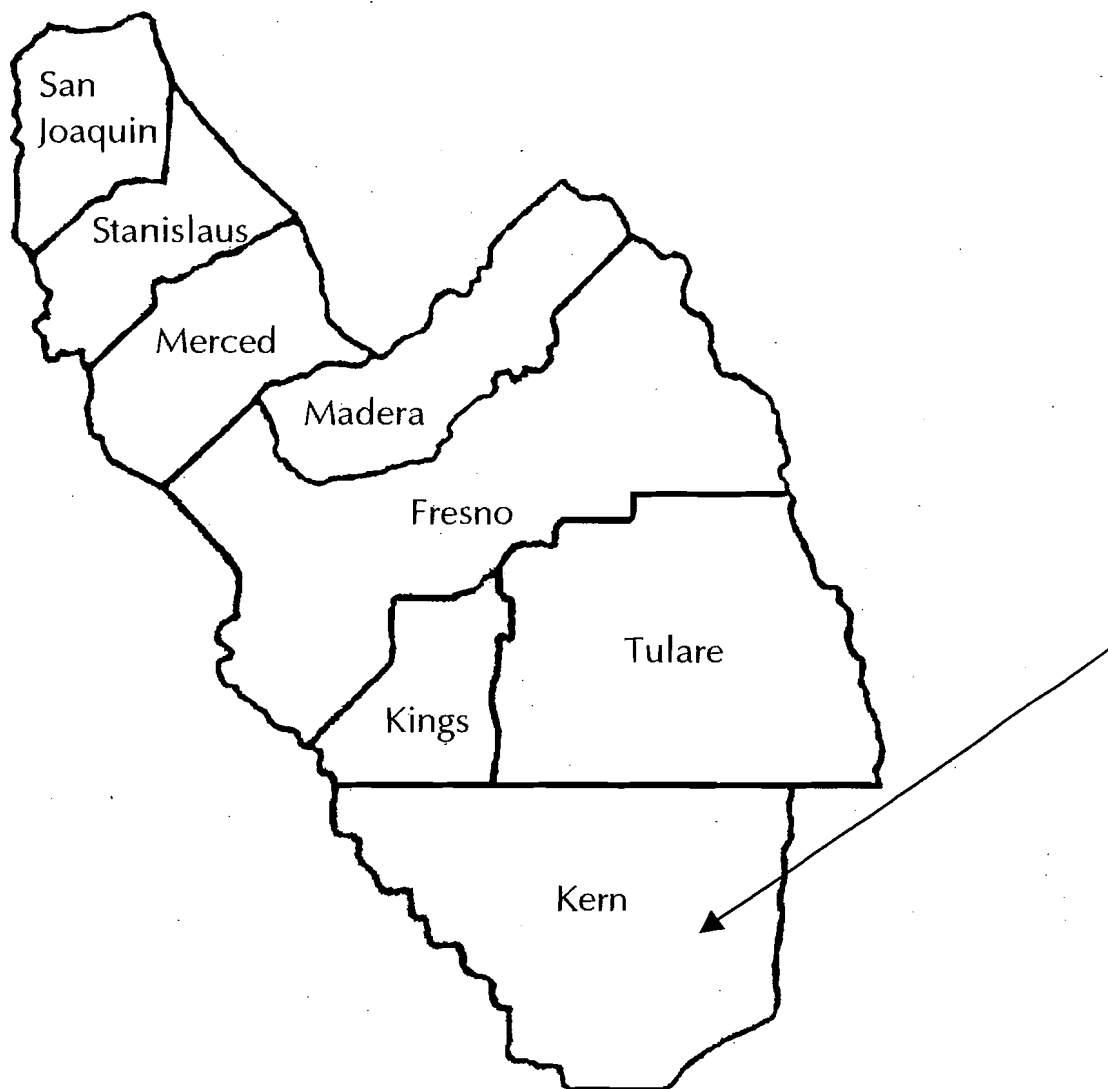
10/23/07

Printed name: David Warner

Title: Director of Permit Services



Project Location within San Joaquin Valley Air Basin





ENVIRONMENTAL IMPACT CHECKLIST

I. AESTHETICS Would the proposal:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Affect a scenic vista or scenic highway?			X	
b) Have a demonstrable negative aesthetic effect?			X	
c) Create light or glare?			X	
Discussion: The North Coles Levee Gas Plant is located in an industrial oil-field area. The scenic vista is comprised of related oil-field activities. The subject improvements are in the interior of the facility and will not change any element of the scenic vista. There will be limited lighting requirements at the facility related to the subject project. Lighting within the existing plant area will be shaded to direct the light into the plant. Therefore, the aesthetics-related impacts are <i>less than significant</i> .				
Mitigation: None				
II. AGRICULTURE RESOURCES In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				X
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				X
c) Involve other changes in the existing environment, which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?				X
Discussion: Since the subject projects are located in the interior of the North Coles Levee Gas Plant no conversion of farmland will occur. The proposed project is situated within the North Coles Levee Habitat Conservation Area. Additionally, the surrounding property is not under Williamson Act. Therefore, the agricultural resources-related impacts are <i>no impact</i> .				
Mitigation: None				



III. AIR QUALITY				
Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Conflict with or obstruct implementation of the applicable air quality plan?			X	
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?			X	
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?			X	
d) Expose sensitive receptors to substantial pollutant concentrations?			X	
e) Create objectionable odors affecting a substantial number of people?			X	
Discussion: The project site is within the San Joaquin Valley Air Basin, which has been classified as "Non-attainment" for ozone and respirable particulate matter (PM-10 and PM-2.5) as defined by the Federal Clean Air Act. The San Joaquin Valley Air Pollution Control District has been established by the State of California in an effort to control and minimize air pollution. As such, the District maintains permit authority over stationary sources of air pollution. Per District Authority to Construct Application No: S-39-53-0, -54-0, -55-0 and S-39-56, incorporated herein by reference, mitigation measures and monitoring and reporting requirements have been made conditions of project approval. The District concludes that the potential impact on air quality will be reduced to less than significant through compliance with District Rule 2201 (New Source Review) and implementation of required mitigation measures. Mitigation: Offsets for VOC and NOx will be required, as estimated below. Project S1071454: withdraw 5,565 lb/yr VOC emission reduction credits (ERCs) Project S1074194: withdraw 2,892 lb/yr VOC emission reduction credits (ERCs) and 7,374 lb/year NOx ERCs Reference: San Joaquin Valley Unified Air Pollution Control District, <i>Authority to Construct: Application Review</i> Applicant No. S-39-53-0, -54-0, -55-0 Project No. S1071454 and <i>Authority to Construct: Application Review</i> Applicant No. S-39-56 Project No. S1074194				
IV. BIOLOGICAL RESOURCES				
Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X



IV. BIOLOGICAL RESOURCES (Continued)	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
b) 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 Game or US Fish and Wildlife Service?				X
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				X
d) 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?				X
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				X
Discussion: Since the subject projects are located in the interior of the North Coles Levee Gas Plant, no biological impacts will occur. The North Coles Levee Gas Plant is situated in the interior of the North Coles Levee Habitat Conservation Area and thus has a stringent operating plan addressing endangered species management. Therefore, the biology-related impacts are <i>no impact</i> .				
Mitigation: None				
V. CULTURAL RESOURCES Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource as defined in '15064.5?				X
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to '15064.5?				X
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				X
d) Disturb any human remains, including those interred outside of formal cemeteries?				X
Discussion: Cultural resources are not known to exist on the project site.				
Mitigation: None				



VI. GEOLOGY/SOILS				
Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:			X	
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.			X	
ii) Strong seismic ground shaking?			X	
iii) Seismic-related ground failure, including liquefaction?				X
iv) Landslides?				X
b) Result in substantial soil erosion or the loss of topsoil?				X
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?				X
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?				X
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?				X
Discussion: Since the subject projects are located in the interior of the North Coles Levee Gas Plant, no Geology and Soils impacts will occur. The subject projects will not modify any of the existing structural components. The project site is not located within an Alquist-Priolo earthquake fault zone as defined by the California Geological Survey and no active faults are located in the vicinity of the site. The site is located in Seismic Zone 4, approximately 20 miles northeast of the San Andreas Fault and could be subject to potentially strong seismic related ground shaking. Any structures will be designed to meet Seismic Zone 4 current building standards. Topographically the project area is flat with a slight regional dip to the northeast and has been developed with facilities for the North Coles Levee Gas Plant. Consequently, the potential for landslides or soil erosion are less than significant. Soils at the site consist primarily of sandy loams. The site does not lie within an area of expansive soils as defined by the Uniform Building Code. Groundwater is located at a depth of approximately 100 feet in the area of the project. Consequently, the potential for liquefaction of onsite soils is extremely low. Based on the site conditions, impacts associated with geology and soils are <i>less than significant</i> .				
Mitigation: None				



VII. HAZARDS & HAZARDOUS MATERIALS				
Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?			X	
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?			X	
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?			X	
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				X
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				X
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				X
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?			X	
h) Expose people or structures to a significant risk of loss, injury or death involving wildlands fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?			X	
Discussion: The District performed a Health Risk Assessment (HRA) for the project. The Residential risk was calculated to be 0.36 in one million. Both the Acute and Chronic indices are below 1.0. The Worksite worst-case cancer risk was calculated to be 2.87 in one million. The District has determined that the risk from the proposed project to be <i>less than significant</i> .				
Mitigation: None				



VIII. HYDROLOGY/WATER QUALITY				
Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Violate any water quality standards or waste discharge requirements?				X
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?			X	
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner, which would result in substantial erosion or siltation on- or off-site?			X	
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?			X	
e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?			X	
f) Otherwise substantially degrade water quality?			X	
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				X
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?				X
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X
Discussion: The North Coles Levee Gas Plant currently has an operational cooling tower, which serves as the facility heat sink; the method of makeup and blow-down will remain. Makeup is by the groundwater wells on the property. Blow-down is permitted for disposal in Class II injection wells on the property. Therefore, the related impacts are <i>no impact</i> . A new cooling tower will replace the existing cooling tower. The new cooling tower is designed to operate at a higher efficiency and will lessen energy demand. Demands for the cooling of the new Cogen and the iso-butamer unit will increase the demand for groundwater by 45 acre-feet per year. The increase in demand is within the historic variance in usage from the aquifer. Therefore, the related impacts are <i>less than significant</i> . The method of disposal of the cooling tower blow-down will remain unchanged. Therefore, the related impacts are <i>less than significant</i> . The subject projects are inside the existing facility and will not affect the drainage patterns, flood hazard exposure or alter storm drainage requirements. The subject projects are not subject to tsunami, seiches or mudflow. Therefore, the related impacts are <i>no impact</i> .				
Mitigation: None				



IX. LAND USE/PLANNING Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Physically divide an established community?				X
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				X
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?				X
Discussion: Since the subject projects are located in the interior of the North Coles Levee Gas Plant, no mineral impact will occur. The project will not divide an existing community. The proposed project will not conflict with the North Coles Levee Habitat Conservation Area as the plan is designed to accommodate the facilities. Therefore, the related impacts are <i>no impact</i> .				
Mitigation: None				
X. MINERAL RESOURCES Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				X
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?				X
Discussion: Since the projects are located in the interior of the North Coles Levee Gas Plant, mineral resources impact will not occur. The proposed projects are compatible with existing and historic mineral resource related activities. Therefore, the related impacts are <i>no impact</i> .				
Mitigation: None				
XI. NOISE Would the project result in:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?				X
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?				X
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?				X



XI. NOISE (Continued)	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?				X
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				X
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?				X
Discussion: Since the projects are located in the interior of the North Coles Levee Gas Plant, no noise impact will occur. The proposed projects are remotely located within the existing operations and are similar to existing and historic activities. Therefore, the related impacts are <i>no impact</i> .				
Mitigation: None				
XII. POPULATION/HOUSING Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?				X
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				X
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				X
Discussion: Since the subject projects are located in the interior of the North Coles Levee Gas Plant, no population and housing impact will occur. The proposed projects are remotely located within the existing operations and are similar to existing and historic activities. The project will add 4 to 6 persons to the permanent staff. The local mineral extraction employee base will serve labor demand. Therefore, the related impacts are <i>less than significant</i> .				
Mitigation: None				



XIII. PUBLIC SERVICES				
	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				X
Fire protection?				X
Police protection?				X
Schools?				X
Parks?				X
Other public facilities?				X
b) Cumulatively exceed official regional or local population projections?				X
c) Induce substantial growth in an area either directly or indirectly (e.g., through projects in an undeveloped area or extension of major infrastructure)?				X
d) Displace existing housing, especially affordable housing?				X
Discussion: Since the projects are located in the interior of the North Coles Levee Gas Plant, no public services-related impacts will occur. The proposed projects are remotely located within the existing operations and are similar to existing and historic activities. The project will not create any incremental demand for public services. Therefore, the related impacts are <i>no impact</i> .				
Mitigation: None				
XIV. RECREATION				
	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				X
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?				X
Discussion: Since the subject projects are located in the interior of the North Coles Levee Gas Plant, no recreation related impact will occur. The proposed projects are remotely located within the existing industrial operations and are similar to existing and historic activities. The project will add 4 to 6 persons to permanent staff. The local mineral extraction employee base will serve labor demand. No additional demand will be made on existing recreational areas. Therefore, the related impacts are <i>no impact</i> .				
Mitigation: None				



XV. TRANSPORTATION/TRAFFIC Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Cause an increase in traffic, which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?			X	
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?			X	
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?			X	
e) Result in inadequate emergency access?			X	
f) Result in inadequate parking capacity?			X	
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?			X	
Discussion: Since the subject projects are located in the interior of the North Coles Levee Gas Plant, no traffic-related impact will occur. The proposed projects are remotely located within the existing industrial operations and are similar to existing and historic activities. The Annual Average Daily Traffic (AADT) ranges from 5,000 to 12,600, with trucks constituting up to 22 percent of the ADDT. The project will add 4 to 6 persons to the permanent staff. The traffic is within the normal variance on a daily basis. The surrounding level of service is LOS E. The proposed project will not impact the current level of service. The average number of deliveries to the facility on a daily basis will remain unchanged. Therefore, impacts related to traffic are considered <i>less than significant</i> .				
Mitigation: None				
XVI. UTILITIES/SERVICE SYSTEMS Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				X
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X

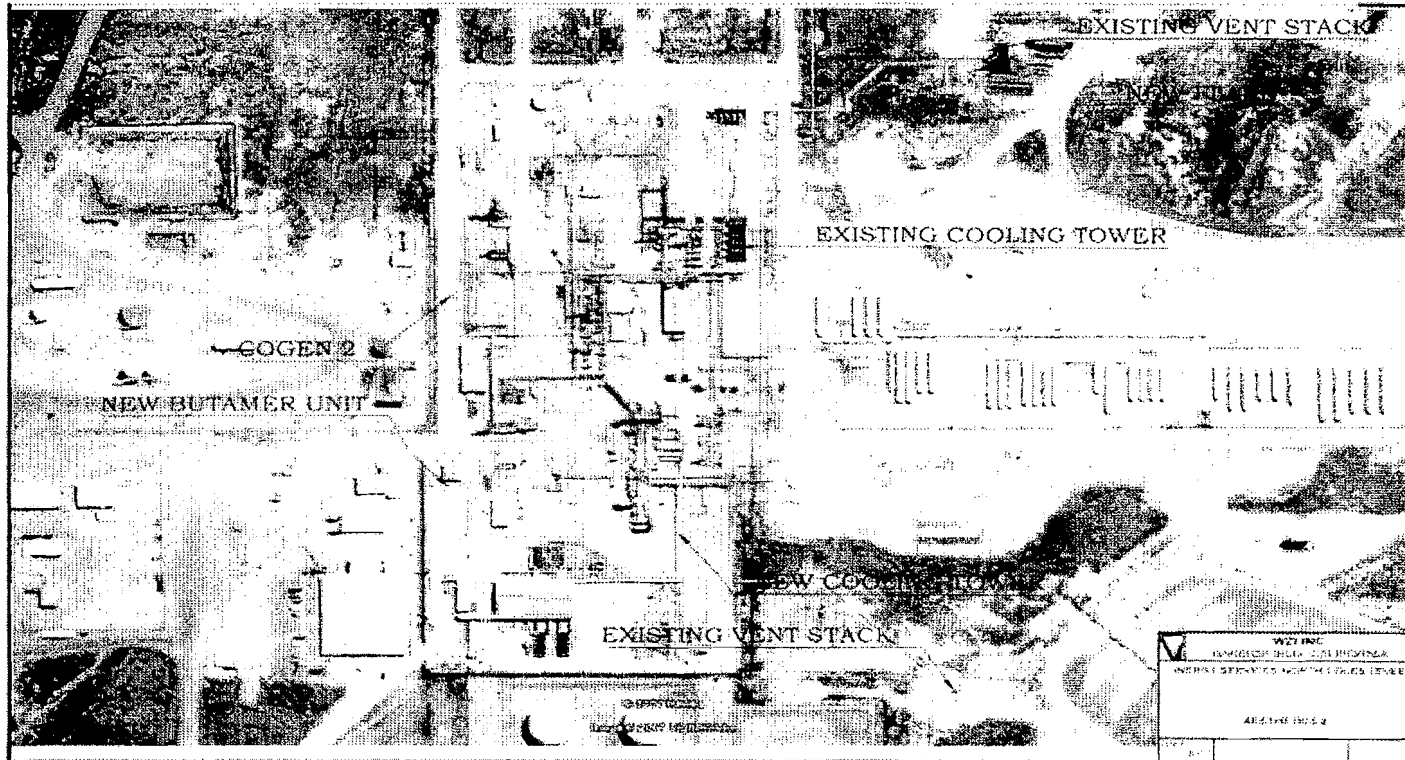


XVI. UTILITIES/SERVICE SYSTEMS (Continued)	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?				X
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				X
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				X
g) Comply with federal, state, and local statutes and regulations related to solid waste?				X
Discussion: Since the subject projects are located in the interior of the North Coles Levee Gas Plant, no utility and service systems-related impacts will occur. The proposed projects are remotely located within the existing operations and tie to existing infrastructure. Water supply will be by water wells located on the property. Wastewater will continue to be disposed of through permitted Class II injections wells. No intensification of waste generation activities will occur resulting in greater demand placed on the current landfill service provider. Spent catalyst will be returned to the vendor for regeneration. Therefore, the related impacts are <i>no impact</i> .				
Mitigation: None				
XVII. MANDATORY FINDINGS OF SIGNIFICANCE	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
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 history or prehistory?				X
b) Does the project 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)?				X
c) Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?				X
Discussion: Review of this project has not indicated any features that might significantly impact the environmental quality of the site and/or adjacent areas.				
Mitigation: None				



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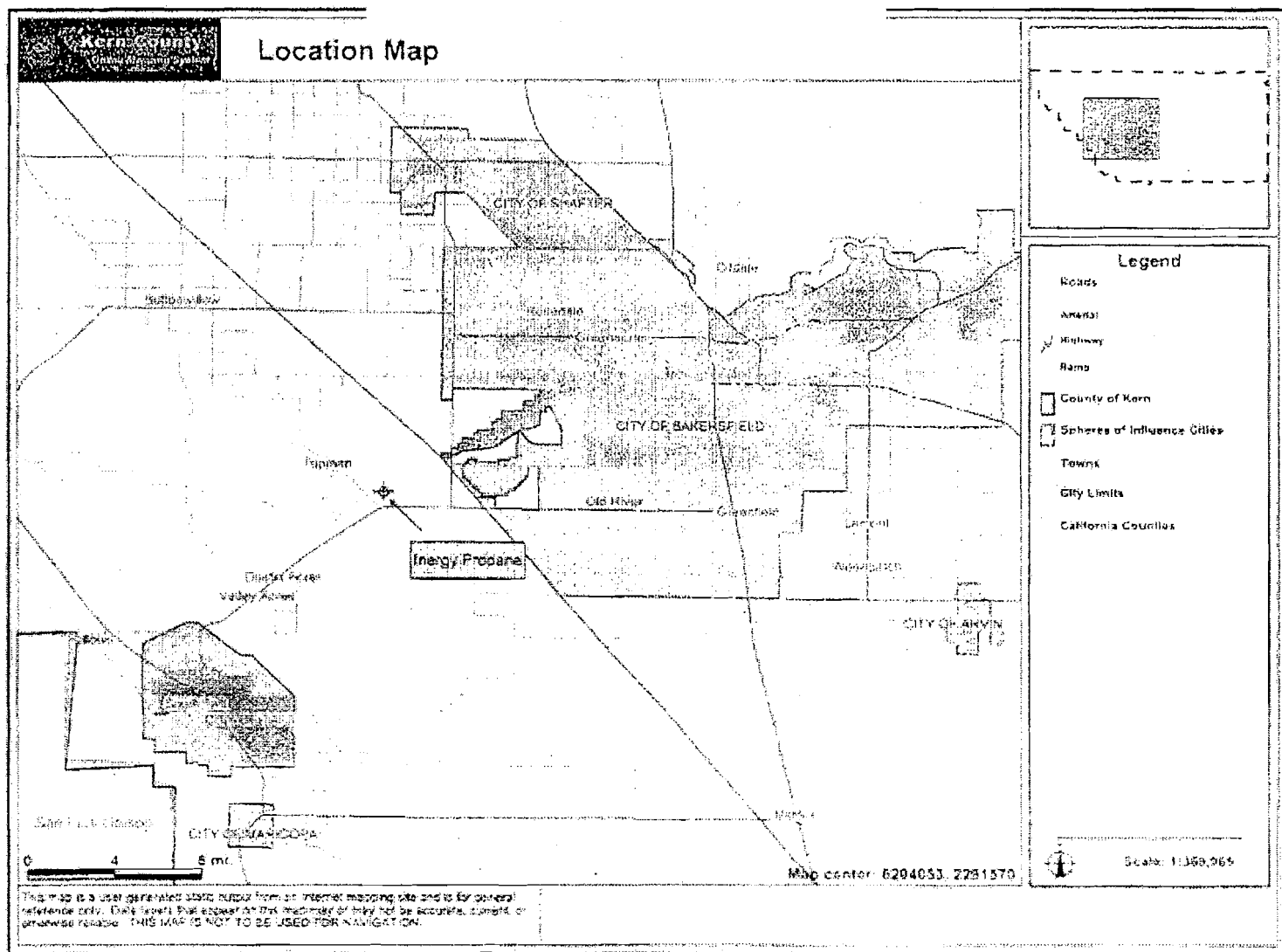
Exhibit A





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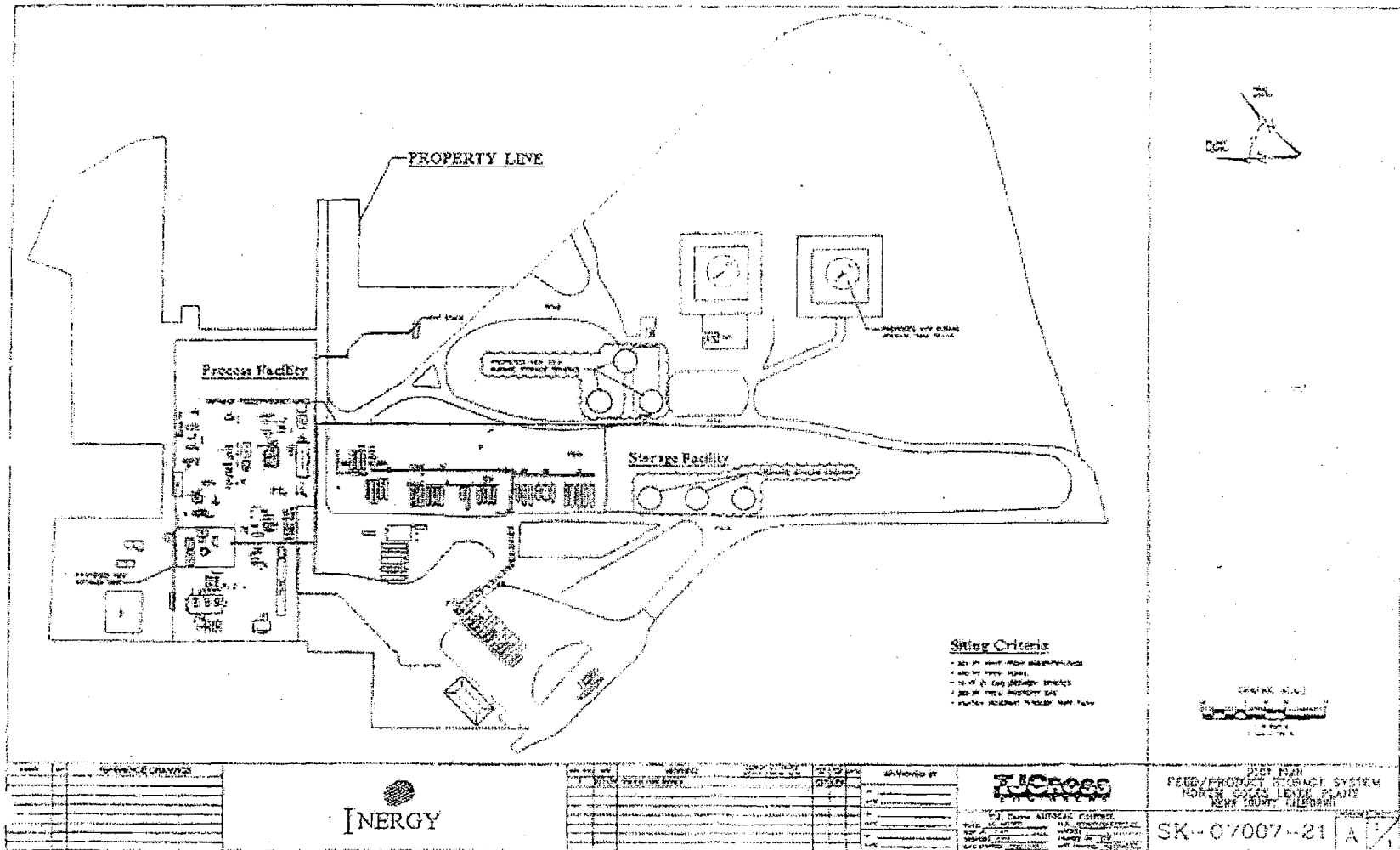
Exhibit B





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Exhibit C





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Exhibit D

