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Date: 11/23/2014 08:03 PM
Subject: Comments on Recirculated DEIR Phillips 66 Rail Spur

Comments on Recirculated DEIR for Phillips 66 SMR Rail Spur Project

The proposed Rail Spur Project is out of touch with the future wellbeing and the health of our community. The proposal and its impacts listed in the revised DEIR are only a fraction of the project's true impacts, which include all additional crude oil transport risks along UPRR tracks and through pipelines undercutting our county's lands and infrastructure. Once built, the Rail Spur Project and with the continued financial investment of Phillips 66, the project will assure the Santa Maria Refinery will continue to directly raise the risk of Cancer in our community, will continue to threaten our community's ability to conduct regular business, will contribute to Global Climate Change (in direct opposition to California's progress toward a Clean Energy future), will continue to decrease our county's ability to attract visitors, will continue to decrease property values on the Nipomo Mesa, and will continue to consume and discharge over 1100 acre-feet of unusable and polluted groundwater to the ocean… every year, year after year. Every element of this project elevates environmental risk to our county, and most risks have already been isolated within the limited scope of the Revised DEIR. As written, the revised DEIR provides enough facts to support the "No Project" alternative. However, the document could be further improved with the following suggestions: SNB-01

- The Guadalupe Oil Field at the Nipomo Dunes failed to detect 12 million gallons of diluent into the dunes, beach, groundwater, and the Pacific Ocean. Given the close proximity, geological similarities, and potential risks posed by similar pipelines at the Phillips 66 SMR, the revised DEIR should include an analysis of the impact on SLO County roads and natural resources from the excavation and evacuation of a spill similar to the Unocal spill on the SMR property. The Guadalupe Oil Field case is so similar to the risks posed on the SMR property, the real-world impacts of the Guadalupe spill on surrounding communities should be directly referenced and similarities should be quantified in the County's CEQA analysis of the SMR Rail Spur Project. SNB-02

- Increased consumption of shared groundwater resources on the Santa Maria Groundwater Basin, regardless of the refinery's water rights to up to 1400 a.f. per year, are significant during a historical drought. The city of Pismo Beach and the South SLO County Sanitation District are exploring the use of reclaimed water, while the most accessible possible re-use being distribution to construction trucks. The water used for construction of the Rail Spur should be described as "less than significant with mitigation" in this CEQA analysis, and the corresponding mitigation measure for this impact should be for the Phillips 66 Rail Spur Project to utilize the nearest source of reclaimed water during construction. SNB-03

- The list of project impacts includes an increase in groundwater consumption, which must also include an increase in ocean outfall. The County's CEQA analysis should include a description of how increased ocean outfall will be addressed by Phillips 66. SNB-04

- The list of project impacts should include a calculation of Total Carbon Emission to the atmosphere from the crude to be processed at SMR should the Rail Spur be completed. The calculation should estimate Atmospheric Carbon release during Rail Spur construction and during crude processing. The list should also include an estimate of projected annual Carbon release to the atmosphere after final use of the crude expected to be processed at Phillips 66 SMR. SNB-05

Kind regards,
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Responses to Brad Snook Comments

SNB-01	The commenter's concerns about climate, hazards, tourism and water resources are included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project. This comment introduces the suggestions to improve the scope of the EIR, listing these suggestions in subsequent comments, and therefore does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA.
SNB-02	The Guadalupe Spill and Cleanup is in no way similar to the proposed Rail Spur Project. The spills at the Guadalupe site were associated with oil production operations and no refining. The principal land use at the Guadalupe site, from 1946 to March 1994, was the production of oil and natural gas. In the 1950s, a petroleum hydrocarbon referred to as diluent was used to assist in the production of the heavy crude oil. Diluent is similar to kerosene. Diluent use ceased in 1990. Over the years, diluent was inadvertently released from the pipelines and storage tanks, and diluent sources are now present in soils and the ground water at the Guadalupe site. By some estimates as much as five million gallons were spilled into the environment. The site had over 250 miles of pipelines, many of which were buried in sand or crossed areas that were difficult to access, and were spread over the entire 2,700 acre Guadalupe Site. The most likely source of a spill from the Rail Spur Project would be from the short pipeline that would run from the rail unloading area to the existing storage tanks. This would be an above ground pipeline that would be monitored on a regular basis and would only be in operation when trains were being unloaded. The most likely spill related event would be a release during the unloading process due to a loading line failure. The unloading racks are equipped with oil spill drain boxes which would feed below-grade 16-inch-diameter drain lines routed to three parallel 20,000 gallon rectangular storage tanks (approximately 60,000 gallons total volume) located in a vault for containment. The capacity of the storage tanks and drain boxes would be sufficient to hold three full tanker cars of oil. Spilled material collected in this containment system would remove via vacuum truck. This system would serve to prevent any spilled oil from impacting sensitive habitat. The unloading operations would be manned at all times, so if there were a failure in the loading lines the operation would be shutdown well before a tank car could be fully drained. There is also the potential for a spill from the crude oil pipeline from the unloading area to the crude oil storage tanks. The worst case spill would be if the pipeline leaked or ruptured near the unloading rack since the pipeline increase in elevation as the line runs from the unloading area to the storage tanks. The worst case spill from this pipeline would be approximately 90,800 gallons. A spill near the unloading rack would drain into the spill drain boxes. Potential spills along the rest of the pipeline would be smaller in size due to the elevation change. As one moves up the pipeline toward the storage tanks, the maximum spill volumes decrease, with the smallest spill volumes being near the storage tanks. In the event of a release from the pipeline the oil would drain

	into the area around the pipeline and unloading racks (see grading plans in Appendix A). The rail spur and unloading/pipeline system has been designed to contain oil spills within the facility boundaries, which would avoid impacts to surrounding sensitive habitats.
SNB-03	A Water Supply Assessment was completed in 2012 in association with increased throughput at the SMR. The Water Supply Assessment concluded that the total water supplies available during normal, single-dry, and multiple-dry water years, within a 20-year projection, will meet the projected water demand for the Increased Throughput project, based on the Phillips 66 groundwater rights in the Nipomo Mesa Management Area (NMMA), as defined in the Stipulation for the Santa Maria Groundwater Litigation (the Stipulation). In the next 20 years, if a Severe Water Shortage Condition occurs, per the Stipulation, Phillips 66 would have rights to 110 percent of the highest amount of prior groundwater use, or 1,550 AFY. The County of San Luis Obispo and other major water purveyors in the NMMA are bound by the Superior Court of the County of Santa Clara, under the Stipulation to uphold the Phillips 66 SMR rights to use water. The proposed Rail Spur Project would increase water demand by 250 gallons per day, or 0.3 AFY. With the Rail Spur and Throughput Increase Projects water demand at the SMR would be 1,111.3 AFY, which would be less than the 1,550 AFY of water available for SMR use under the Stipulation. The RDEIR included a mitigation measure to use recycled water (See mitigation measure WR-6) for construction activities such as dust control and revegetation.
SNB-04	Project related water demand would be approximately 250 gallons per day, or 0.3 AFY, which is negligible in proportion to the 1,111 AFY of water demand at the refinery. None of this water would be directed to the ocean outfall but would rather be handled through the SMR septic system. Therefore, the proposed project would have no impact on the volume of water discharged from the ocean outfall.
SNB-05	End-use of gasoline and diesel fuels produced from the crude oil processed at the SMR would occur regardless of the source of crude oil. The refining of the different crude slate associated with this project would not produce different GHG emissions at the SMR than the normal range of crude oils refined at the SMR. Note that some Canadian crude oils are currently being processed at the SMR, transported by rail to Bakersfield, then by truck to the SMPS. GHG emissions are attributable to removal of the heavier ends, such as at the SMR, and associated with the cracking and formulation of lighter ends, such as gasoline, at the Rodeo Refinery. These activities would be within the range of normal activities at each refinery. The main difference in GHG emissions occurs at the extraction point, where extracting the tar sands generally produces substantially higher GHG per bbl of crude oil than convention methods, depending on the level of associated gas and the use of that gas. Some fields in California for example, extract the crude oil and just burn the associated gas in flares, which actually can produce a higher GHG intensity than even Canadian

	Tar Sands crude oils. The additional GHG emissions associated with mining the tar sands would occur no matter the destination of the crude oil, whether the crude oil is destined for the SMR, or other locations within the U.S.