



March 20, 2015
Kleinfelder Project No.: 20152460.001A

Panoche Valley Solar LLC
845 Oak Grove Ave., Suite 202
Menlo Park, CA 94025

Attention: Mr. Eric Cherniss

SUBJECT: RESPONSE TO CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE
MINERAL RIGHTS COMMENT
Panoche Valley Solar and Mitigation Lands
Panoche Valley, California

Dear Mr. Cherniss:

Kleinfelder has prepared this letter on behalf of Panoche Valley Solar LLC (PVS) addressing comments by the California Department of Fish and Wildlife (CDFW) regarding the Draft Supplemental Environmental Investigation Report (DSEIR) associated with the Panoche Valley Solar and Mitigation Lands Project (Site). This letter addresses CDFW comments related to existing severed mineral rights established at and in the vicinity of the Site. In the comment letter issued by CDFW dated February 2, 2015, the following information was requested.

CDFW COMMENT

The DSEIR's conclusions on mitigated biological impacts are premised on the preservation of specific lands where the severed mineral rights are held by the federal government. If those lands (or a conservation easement thereon) were held by the Department or any other entity, that entity would have no authority to dictate how the federal mineral rights would be exercised. Those rights could be exercised in ways that compromise the habitat values of the mitigation lands. For this reason, the Department typically does not accept lands that have the type of federal mineral rights that exist on Silver Creek. To date the applicant has not provided title reports or other information that may reveal additional encumbrances on the mitigation lands. The Department recommends identifying a feasible path to resolving the mineral rights issues and other encumbrances that may exist on the mitigation lands before premising findings on the assumption that those lands will be conserved to offset the Project's impacts.

In response to the CDFW comment, Kleinfelder has completed a mineral potential assessment for the Site following Federal Bureau of Land Management Manual 3060¹ and the CDFW Departmental Bulletin dated February 3, 2015². The purpose of this assessment is to establish the potential for exploitation of minerals at the Site in the future. Our mineral potential assessment includes a detailed review of title work for the parcels the Site is composed of and identification of encumbrances to the Site. In addition, the report will discuss efforts to clear the mineral rights held by the federal government and private holders and an evaluation of the risks

¹ United States Bureau of Land Management Manual 3060 Mineral Reports Release 3-284. April 4, 1994.

² California Department of Fish and Wildlife Departmental Bulletin. Policy and Procedural Guidance for Managing Risks of Mining on Conservation Lands. Number 2015-01. February 3, 2015

to the Site in light of those encumbrances that may not be closed out. Our assessment of the Site, included in the mineral potential report, is summarized below.

The Site includes approximately 27,000 acres of proposed solar development and mitigation lands located within the Panoche Valley, San Benito County, California. The Panoche Valley is an inland basin located between the Panoche Hills and Diablo Coastal Range. Regional geology includes basin consolidated deposits of the Tulare Formation overlying Jurassic and Cretaceous aged sandstone, mudstone, and conglomerate sedimentary deposits with some volcanic formations throughout.

Currently no mining activity is occurring on the Site. Historical mineral exploitation in the region has included mercury (quicksilver) mining operations, oil and gas exploration (with no production), and some gem grade mining practices.

As outlined in BLM Manual 3060 we have established the following ratings associated with Leasable, Salable, and Locatable Minerals on the Site.

Leasable Minerals

Low: oil, gas, and geothermal resources

Salable Minerals

Moderate: Aggregate mineral resources such as sand, gravel, and clay

Low or No: All other salable minerals

Locatable Minerals

Low or No: All locatable minerals

Based on BLM guidelines; mineral development at exploitable quantities is unlikely due to the low to no potential occurrence at the Site. Additionally, for those lands and/or mineral rights held by the BLM, the Federal Land Policy and Management Act of 1976³ states that public lands are to be managed accordingly to protect the “quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archeological values; that, where appropriate, will preserve and protect certain public lands in their natural condition, that will provide food and habitat for fish and wildlife and domestic animals, and that will provide for outdoor recreation and human occupancy and use.”

Under the guidance of the CDFW Departmental Bulletin the occurrence of minerals at the Site, particularly the probability of aggregate surface mining (rated with a moderate potential above) is considered so remote as to be negligible (low risk) based on the following:

- Development of aggregate quarries in the area would require significant infrastructure upgrades within the Panoche Valley with little likelihood for a sufficient market to validate the investment and expenditures;
- Dispersed and noncontiguous land and mineral rights ownership within the Site boundaries and surrounding properties complicates the efficiency and likelihood of acquiring sufficient quantities of land to exploit mineral development in the region;

³ U.S. Department of the Interior, Bureau of Land Management. *The Federal Land Policy and Management Act of 1976, as amended*. Washington, D.C. October 2001.

- The nearest city center in which aggregate needs are projected is Fresno, where aggregate is currently mined at profitable quantities near the Sierra Nevada Range. Aggregate availability in this area will continue for the foreseeable future. Additionally, the cost to transport materials from the Site to projected development centers adds prohibitive costs to the final product; and
- The potential for threatened and endangered species occurrence on the proposed conservation lands (particularly in the area of Silver Creek) will further limit the advance of development, as obtaining the necessary authorizations from federal, state and local agencies will likely be cost prohibitive in comparison to the value of those materials.

Based on the reasons listed above it is unlikely that aggregate mining would occur at the Site, Additionally, exploitation of minerals on adjoining properties would result in the disturbance of minimal surface lands and it is unlikely that these impacts would compromise the conservation value of surrounding mitigations lands.

LIMITATIONS

This work was performed in a manner consistent with that level of care and skill ordinarily exercised by other members of Kleinfelder's profession practicing in the same locality, under similar conditions and at the date the services are provided. Our conclusions, opinions, and recommendations are based on a limited number of observations and data. It is possible that conditions could vary between or beyond the data evaluated. Kleinfelder makes no other representation, guarantee or warranty, express or implied, regarding the services, communication (oral or written), report, opinion, or instrument of service provided.

CLOSING

Should you have any further questions, please feel free to contact Corey Park at 801.261.3336.

Sincerely,

KLEINFELDER



Corey A. Park, PG (Utah)
Environmental Geologist



Ryan Merkley, PG (Utah)
Utah Area Manager



Brad Woodard, CPG (Colorado)
Project Manager III