

Appendix G

2014 Conservation Bank Transactions



Western Scrub-jay (*Aphelocoma californica*)

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KERN WATER BANK AUTHORITY

January 14, 2015

Dr. Jeffrey Single
Regional Manager
California Department of Fish and Wildlife
1234 East Shaw Avenue
Fresno, CA 93710

RE: Kern Water Bank Authority (KWBA)
2014 Conservation Credit Certificates and
2014 Endowment Fund for Credits Sold

Dear Dr. Single:

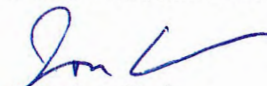
Enclosed are two sets of Conservation Credit certificates for the conservation credits sold in 2014. I have enclosed a check for EIGHT THOUSAND SIX HUNDRED TWENTY-FIVE DOLLARS, (\$8,625), representing the endowment funds for conservation credits sold in 2014. Per the Conservation Bank Agreement (Agreement), this payment is based on the sale of 23 credits at the rate of \$375.00 per credit. Paragraph 6.2 of the Agreement stipulates that KWBA should forward the endowment funds to:

FASB, California Department of Fish and Wildlife
1416 Ninth Street, 12th Floor
Sacramento, CA 95814
Attention: Cash Receipts Group
Fund: KWB Conservation Bank Endowment

Based on previous conversations with CDFW staff, however, I am sending the payment to your attention. If you need anything further, please call.

Very truly yours,

KERN WATER BANK AUTHORITY


Jonathan Parker,
General Manager

Enclosures (3)

cc: Craig Bailey, CDFW
Thomas Leeman, USFWS
Hunter Kunkel, USFWS

**KERN WATER BANK AUTHORITY
GENERAL ACCOUNT**

1620 MILL ROCK WAY, SUITE 500
BAKERSFIELD, CA 93311



Wells Fargo Bank, N.A.

018585

11-24/1210

1/12/2015

PAY TO THE ORDER OF California Department of Fish & Game

\$8,625.00

Eight Thousand Six Hundred Twenty-Five and 00/100*****

DOLLARS

California Department of Fish & Game
1416 Ninth Street, 12th Floor
Sacramento, CA 95814

MEMO

Endowment Fund for 2014 Conservation Credits

⑈018585⑈ ⑆121000248⑆ 4040017758⑈

KERN WATER BANK AUTHORITY

California Department of Fish & Game

1/12/2015

018585

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
1/1/2015	Bill	2014 Edmnt Fund	8,625.00	8,625.00		8,625.00
					Check Amount	8,625.00

Wells Fargo General Endowment Fund for 2014 Conservation Credits 8,625.00

KERN WATER BANK AUTHORITY

California Department of Fish & Game

1/12/2015

018585

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
1/1/2015	Bill	2014 Edmnt Fund	8,625.00	8,625.00		8,625.00
					Check Amount	8,625.00

Wells Fargo General Endowment Fund for 2014 Conservation Credits 8,625.00

KERN WATER BANK AUTHORITY



January 14, 2015

Mr. Thomas Leeman
U.S. Fish & Wildlife Service
2800 Cottage Way W2605
Sacramento, CA 95825

RE: Kern Water Bank Authority (KWBA)
2014 Conservation Credit Certificates and
2014 Endowment Fund for Credits Sold

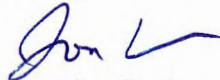
Dear Mr. Leeman:

Enclosed are two sets of Conservation Credit certificates for the conservation credits sold in 2014. I am also forwarding a check for EIGHT THOUSAND SIX HUNDRED TWENTY-FIVE DOLLARS, (\$8,625), representing the endowment funds for conservation credits sold in 2014 to California Department of Fish and Wildlife.

If you need anything further, please call.

Very truly yours,

KERN WATER BANK AUTHORITY



Jonathan Parker,
General Manager

Enclosure (3)

cc: Jeffrey Single, CDFW
Craig Bailey, CDFW
Hunter Kunkel, USFWS

KERN WATER BANK AUTHORITY



January 14, 2015

Brandon Liddell
Senior Land Planner
Pacific Gas and Electric Company
Mail Code N10A
Post Office Box 770000
San Francisco, CA 94177

RE: Conservation Credit Certificate #2014-01

Dear Mr. Liddell:

Enclosed, please find the above captioned Conservation Credit Certificate confirming your prior purchase of 5 credits from the Kern Water Bank Authority Conservation Bank.

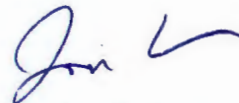
Original copies of this credit certificate are being forwarded to the United States Fish and Wildlife and the California Department of Fish and Wildlife.

We have forwarded the Endowment Fund (\$375.00 per credit) collected at the time of purchase to the California Department of Fish & Wildlife.

Please submit a report on your project, when completed, for inclusion in our Annual Report to California Department of Fish and Wildlife and United States Fish and Wildlife Service. We appreciate your interest in our conservation bank and hope we can be of service to you in the future.

Very truly yours,

KERN WATER BANK AUTHORITY



Jonathan Parker,
General Manager

Enclosures (1)

KERN WATER BANK AUTHORITY



CONSERVATION CREDIT CERTIFICATE NO. 2014-01

5.0 CREDITS

**Pacific Gas and Electric Company
Carrizo to Midway Reconductoring Project, Kern County
(USFWS 81420-2011-F-0511)**

This Conservation Credit Certificate certifies that Pacific Gas and Electric Company (the “Developer”) has acquired five (5) Conservation Credits in the Kern Water Bank Conservation Bank (the “Conservation Bank”), established pursuant to the Conservation Bank Agreement (the “Conservation Bank Agreement”) dated October 2, 1997, by and among the United States Fish and Wildlife Service (“USFWS”), the California Department of Fish and Wildlife (“CDFW”), and Kern Water Bank Authority (“Bank Owner”).

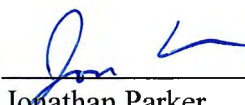
This Certificate may be used only in satisfaction of requirements identified by USFWS and/or CDFW relating to that project of the Developer whose project is identified in the letter from CDFW to Developer attached hereto.

This Conservation Credit Certificate is not transferable.

KERN WATER BANK AUTHORITY

Date: January 14, 2015

By:



Jonathan Parker
Authorized Representative of Bank Owner



United States Department of the Interior

FISH AND WILDLIFE SERVICE
Sacramento Fish and Wildlife Office
2800 Cottage Way, Room W-2605
Sacramento, California 95825-1846



In Reply Refer to:
81420-2011-F-0511

JUL 25 2014

JUL 28 2014

Mr. Brandon Liddell
Pacific Gas and Electric Company
245 Market Street, Mail Code N10A
San Francisco, California 94105

Subject: Request for Authorization to Purchase Conservation Credits from the Kern Water Bank Authority for the PG&E Carrizo to Midway Reconductoring Project

Dear Mr. Liddell:

This letter is in response to a April 24, 2014 request from Dr. Brian Boroski of H.T. Harvey and Associates for U.S. Fish and Wildlife Service (Service) authorization to purchase conservation credits from the Kern Water Bank Authority (KWBA) by Pacific Gas and Electric Company (PG&E) for impacts resulting from the Carrizo to Midway Reconductoring Project. Additional information related to the request was provided by Dr. Boroski in emails to the Service on June 16th and 23rd, 2014. Credit purchase is intended to minimize the effects of incidental take on the federally-listed as endangered Tipton kangaroo rat (*Dipodomys nitratoides nitratoides*) (TKR) and blunt-nosed leopard lizard (*Gambelia sila*) as included in the Service's biological opinion (81420-2011-F-0511) on the California Valley Solar Ranch issued to the Department of Energy on June 24, 2011.

Project-related impacts consisted of 1.19 acres of temporary disturbance to TKR habitat and 4.75 acres of temporary disturbance and 0.01 acres of permanent disturbance to blunt-nosed leopard lizard habitat. Based on the compensation ratios in the biological opinion, PG&E requests to purchase 4.78 conservation credits at Kern Water Bank to minimize the effect of incidental take on these species. As the KWBA does not sell partial credits, total credit purchase will be five (5) credits.

The biological opinion analyzed 1.14 acres of potential impacts to the TKR in the form of temporary habitat disturbance related to project implementation. The actual amount of temporary disturbance that resulted from the project exceeded the amount analyzed in the biological opinion by 0.05 acres. The Service concurs with Dr. Boroski that the additional 0.05 acres of temporary impacts was unlikely to result in additional harm and harassment to TKR than was analyzed in the biological opinion. This determination is based on negative results of pre-disturbance trapping for TKR and the general low quality habitat the additional impacted area provided TKR.


Mr. Brandon Liddell

2

The Service authorizes the purchase of five (5) conservation credits from the KWBA by PG&E to compensate for project-related effects to TKR and blunt-nosed leopard lizard.

If you have any questions regarding this letter, please contact Justin Sloan, Senior Fish and Wildlife Biologist, or Thomas Leeman, Chief, San Joaquin Valley Division, at the letterhead address or at (916) 414-6600.

Sincerely,

A handwritten signature in cursive script that reads "Daniel Russell".

Daniel Russell
Deputy Assistant Field Supervisor

cc:

Jonathan Parker, Kern Water Bank Authority, Bakersfield, CA
Dave Hacker, California Department of Fish and Wildlife, Fresno, CA
Brian Boroski, H.T. Harvey and Associates, Fresno, CA



State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
Central Region
1234 East Shaw Avenue
Fresno, California 93710
(559) 243-4005
www.wildlife.ca.gov

EDMUND G. BROWN JR., Governor
CHARLTON H. BONHAM, Director



MAY 23 2014

May 20, 2014

Brandon Liddell
Senior Land Planner
Pacific Gas and Electric Company
Mail Code N10A
Post Office Box 770000
San Francisco, California 94177

**Subject: Carrizo to Midway Reconductoring Project (Incidental Take Permit
No. 2081-2011-035-04) Credit Authorization for Kern Water Bank**

Dear Mr. Liddell:

The California Department of Fish and Wildlife (CDFW) has received your request to purchase credits from the Kern Water Bank Authority's (KWBA) Conservation Bank to partially satisfy condition 8 of Incidental Take Permit (ITP) No. 2081-2011-035-04 and the Biological Opinion for the Carrizo to Midway Reconductoring Project (Project). Although the Kern Water Bank credits are for multiple species, the authorization to purchase 0.57 credits would be specifically for mitigating the Project's impacts to the State and federally endangered Tipton kangaroo rat (*Dipodomys nitratoides nitratoides*).

CDFW approves the purchase of 0.57 conservation credits at the Kern Water Bank Conservation Bank to satisfy the above referenced ITP's requirement to conserve 0.57 acre of Tipton kangaroo rat habitat. Pacific Gas and Electric Company (PG&E) must also secure approval from the United States Fish and Wildlife Service (USFWS) to purchase Kern Water Bank conservation credits. We understand that PG&E proposes purchasing an additional 4.21 credits to satisfy requirements of the Project's Biological Opinion issued by USFWS. CDFW also approves the purchase of the 4.21 additional credits, recognizing that those credits are not required to satisfy the Project's ITP conditions. The sum of the credits authorized for purchase by this letter is 4.78. Since KWBA sells credits in whole acre/credit increments, PG&E would be required to purchase 5 credits (acres) to satisfy the Kern Water Bank mitigation requirements of both CDFW and USFWS.

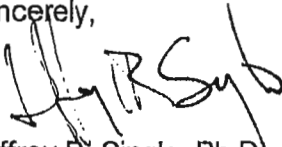
CDFW concurs that the Kern Water Bank Conservation Bank is an appropriate location to compensate for the Project-related loss of habitat and that the KWBA may issue a Conservation Credit Certificate for this Project in the amount of 5 credits. If PG&E has

Brandon Liddell
May 20, 2014
Page 2

not done so already, PG&E must also secure approval from the USFWS for purchase of conservation credits at the Kern Water Bank.

If you have any questions regarding this letter, please contact Dave Hacker, Senior Environmental Scientist, at (805) 594-6152 or david.hacker@wildlife.ca.gov.

Sincerely,



Jeffrey R. Single, Ph.D.
Regional Manager

cc: ✓ Jonathan Parker
Kern Water Bank Authority
1620 Mill Rock Way, Suite 500
Bakersfield, California 93311

Thomas Leeman
United States Fish and Wildlife Service
2800 Cottage Way, Room W-2605
Sacramento, California 95825-1846

ec: Craig Bailey
Dave Hacker
California Department of Fish and Wildlife

KERN WATER BANK AUTHORITY

January 14, 2015

Keith Jones
Seneca Resources
4800 Corporate Court
Bakersfield, CA 93311

RE: Conservation Credit Certificate #2014-02

Dear Mr. Jones:

Enclosed, please find the above captioned Conservation Credit Certificate confirming your prior purchase of 10 credits from the Kern Water Bank Authority Conservation Bank.

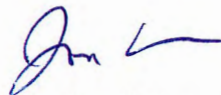
Original copies of this credit certificate are being forwarded to the United States Fish and Wildlife and the California Department of Fish and Wildlife.

We have forwarded the Endowment Fund (\$375.00 per credit) collected at the time of purchase to the California Department of Fish & Wildlife.

Please submit a report on your project, when completed, for inclusion in our Annual Report to California Department of Fish and Wildlife and United States Fish and Wildlife Service. We appreciate your interest in our conservation bank and hope we can be of service to you in the future.

Very truly yours,

KERN WATER BANK AUTHORITY



Jonathan Parker,
General Manager

Enclosures (1)

KERN WATER BANK AUTHORITY

CONSERVATION CREDIT CERTIFICATE NO. 2014-02

10.0 CREDITS

Seneca Resources
Seneca Western Minerals Well Project, Kern County
(USFWS O8ESMF00-2014-TA-0397)

This Conservation Credit Certificate certifies that Seneca Resources (the "Developer") has acquired ten (10) Conservation Credits in the Kern Water Bank Conservation Bank (the "Conservation Bank"), established pursuant to the Conservation Bank Agreement (the "Conservation Bank Agreement") dated October 2, 1997, by and among the United States Fish and Wildlife Service ("USFWS"), the California Department of Fish and Wildlife ("CDFW"), and Kern Water Bank Authority ("Bank Owner").

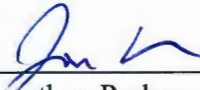
This Certificate may be used only in satisfaction of requirements identified by USFWS and/or CDFW relating to that project of the Developer whose project is identified in the letter from CDFW to Developer attached hereto.

This Conservation Credit Certificate is not transferable.

KERN WATER BANK AUTHORITY

Date: January 14, 2015

By:



Jonathan Parker

Authorized Representative of Bank Owner



United States Department of the Interior



In Reply Refer to:
08ESMF00-
2014-TA-0397

FISH AND WILDLIFE SERVICE
Sacramento Fish and Wildlife Office
2800 Cottage Way, Suite W-2605
Sacramento, California 95825-1846

JUN 5 2014

Mr. Brad Elliot
Seneca Resources
2131 Mars Court
Bakersfield, California 93308

Subject: Request for Authorization to Obtain Conservation Credits from the Kern Water Bank Authority for the Seneca Western Minerals Wells Project, Kern County, California

Dear Mr. Elliot:

This letter responds to your July 18, 2013, request for U.S. Fish and Wildlife Service (Service) authorization for the purchase of conservation credits from the Kern Water Bank Authority (KWBA) by Seneca Resources (Seneca), as compensation for ground disturbing activities associated with the proposed Seneca Western Minerals Wells Project (project). The purchase of these credits by Seneca is intended to minimize the effects of incidental take upon the federally-listed as endangered blunt-nosed leopard lizard (*Gambelia sila*) and San Joaquin kit fox (*Vulpes macrotis mutica*), resulting from project-related impacts. Federal incidental take authorization for the project would be extended through the *Kern Water Bank Habitat Conservation Plan/Natural Community Conservation Plan* (HCP/NCCP).

The proposed project is located in Section 20, Township 11 south, Range 23 east, Mount Diablo Base and Meridian, in the Pentland U.S. Geological Survey 7.5-minute Quadrangle, south of Highway 166, southeast of the City of Maricopa, Kern County, California. The proposed project is within HCP/NCCP Master Permit area.

The proposed project involves site preparation and grading for nine production wells, three injection wells, and their associated pipelines and roads over 9.2 acres on an approximately 17-acre site within an active oil production area.

Blunt-nosed leopard lizard was not observed during protocol surveys conducted in spring and summer of 2010, 2011, and 2012. Additionally, San Joaquin kit fox or signs of their past presence were not observed during project surveys. The California Natural Diversity Database records identify multiple occurrences of blunt-nosed leopard lizard and San Joaquin kit fox within a 5-mile radius of the proposed project right-of-way. The project site is located within the western Kern County core area of natural lands, an area targeted for the protection of blunt-nosed leopard lizard, San Joaquin kit fox and their habitat. Construction of the pipeline will result in the permanent disturbance within 9.2 acres of habitat for the blunt-nosed leopard lizard and San Joaquin kit fox.

The Service concludes that it is reasonably likely this project will result in incidental take of blunt-nosed leopard lizard and San Joaquin kit fox by harm through loss of breeding, feeding, and sheltering habitat. To avoid and minimize the amount and extent that these species will be affected by project activities, Seneca will incorporate all the avoidance measures described in your May 23, 2014, email sent to the Service.

The Service authorizes this project to proceed under the HCP/NCCP. To compensate for the effects of the project including 9.2 acres of habitat loss, Seneca will purchase 10 conservation credits from the KWBA. Additionally, Seneca has proposed to preserve a 28.56 acre conservation area that will be protected in perpetuity through dedication of a permanent conservation easement. The purchase of KWBA credits must be completed in full and a copy of the fully executed credit sales agreement received by the Service prior to any surface disturbance associated with this project.

If you have any questions regarding this response, please contact Hunter Kunkel, Fish and Wildlife Biologist, or Thomas Leeman, Chief, San Joaquin Valley Division at (916) 414-6600.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Russell". The signature is written in a cursive, flowing style.

Daniel Russell

Deputy Assistant Field Supervisor



State of California – The Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
Central Region
1234 East Shaw Avenue
Fresno, California 93710
www.wildlife.ca.gov

EDMUND G. BROWN, Jr., Governor
CHARLTON H. BONHAM, Director



September 15, 2014

SEP 18 2014

Brad Elliott
Vice President, West Division
Seneca Resources
2131 Mars Court
Bakersfield, California 93308

**Subject: Seneca Western Minerals DEC-12 Well Project, Kern County, California
Request for Approval of Habitat Compensation Purchase at Kern Water
Bank**

Dear Mr. Elliott:

The California Department of Fish and Wildlife (Department) has reviewed your request to mitigate for the above proposed Project through the Kern Water Bank Authority's (KWBA) Kern Water Bank (KWB).

The proposed Project includes the development, operation, and maintenance of 9 production wells, 3 injection wells, and associated pipelines, electrical power lines and roads on 12 well pads within an existing oilfield for the continued exploration, development, production, recovery and processing of oil and gas reserves. The Project will result in the disturbance of 10.65 acres of land on an approximately 17-acre property.

The Project site is located approximately 2.5 miles south-southeast of the City of Maricopa within Kern County, California. The Project site is within an existing oilfield within the Division of Oil, Gas and Geothermal Resources (DOGGER) Administrative Boundary of the South Midway Sunset Oil Field in portions of Sections 19 and 20, Township 11 North, Range 23 West, San Bernardino Baseline and Meridian, within the Pentland United States Geological Survey 7.5-minute topographic quadrangle. The proposed Project is within the Kern Water Bank Authority's HCP/NCCP Master Permit area.

Of the 10.65-acre disturbance area, 1.13 acres consist of existing roads and disturbed surfaces, whereas 9.52 acres consist of non-native grassland and saltbush scrub habitat. The Project is expected to cause the permanent loss of 9.40 acres and the temporary loss 1.25 acres of habitat for the State and federally endangered and State fully protected blunt-nosed leopard lizard (*Gambelia sila*) (BNLL), the State threatened and federally endangered San Joaquin kit fox (*Vulpes macrotis mutica*), and the State threatened San Joaquin antelope squirrel (*Ammospermophilus nelsoni*). In addition the

Project site contains potential foraging, nesting, breeding and/or colonization opportunities for the following special-status species, including but not limited to, the State and federally endangered California jewel-flower (*Caulanthus californicus*) and giant kangaroo rat (*Dipodomys ingens*); the federally endangered San Joaquin woollythreads (*Monolopia congdonii*); and the State Species of Special Concern burrowing owl (*Athene cunicularia*), short-nosed kangaroo rat (*Dipodomys nitratoides brevinasus*), loggerhead shrike (*Lanius ludovicianus*), San Joaquin coachwhip (*Masticophis flagellum ruddocki*), coast horned lizard (*Phrynosoma blainvillii*), Le Conte's thrasher (*Toxostoma lecontei*), and American badger (*Taxidea taxus*). Also, the above listed avian species that do occur or have the potential to occur at the Project site are protected by the Federal Migratory Bird Treaty Act (MBTA) and Sections 3503, 3503.5, and 3513 of the Fish and Game Code.

Biological surveys of the Project site were conducted in 2010 and 2011 by McCormick Biological, Inc. including reconnaissance surveys, BNLL protocol surveys, and rare plant surveys. Protocol-level surveys for BNLL, using current Department guidelines (May 2004), were conducted by McCormick Biological in 2010 and 2014, which resulted in a negative finding for the species. During these surveys direct observations of listed and other sensitive wildlife species, important habitat elements for these species, and any species sign were noted if encountered. A survey specifically to identify and map evidence of San Joaquin kit fox on the site was conducted on November 22, 2010. Survey findings from survey efforts determined that the Project site consists of occupied habitat for the State listed San Joaquin kit fox and San Joaquin antelope squirrel.

The rare plant survey effort was conducted on April 2, 2010 and February 16, 2011 which focused on California jewel-flower and San Joaquin woollythreads, and resulted in a negative finding for both species. The rare plant survey included the confirmation of known reference populations blooming for both species within a week of the survey effort.

In addition, based on the negative survey results for BNLL in survey season 2010 and 2014, the Department concurs that take of BNLL is unlikely as a result of Project implementation, so long as the Project is completed within one year of the last BNLL survey day. Should preconstruction surveys or construction monitoring indicate their presence in or adjacent to the work area, it would be warranted that the Project proponent consult with the Department and develop and implement avoidance measures acceptable to the Department since no "take" can be authorized for fully protected species. It is important to note, that the Department accepts negative survey findings for protocol-level survey efforts for one year from the date of completion. In the event that the Project related ground-disturbing activities do not commence this fall as planned (within one year of the last BNLL survey day of 2014), protocol level BNLL surveys would need to be repeated.

Due to the presence of San Joaquin antelope squirrel and San Joaquin kit fox on the Project site and avoidance of all potential occupied burrows infeasible during Project

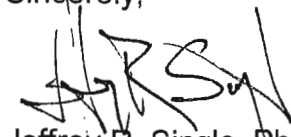
implementation, Seneca Resources has acquired the State Incidental Take Permit (ITP #2081-2011-072-04), pursuant to Fish and Game Code section 2081(b).

The United States Fish and Wildlife Service (USFWS) has notified Seneca Resources in a letter dated June 5, 2014, that the Project is suitable for inclusion under the KWBA section 10 Master Permit to cover Project-related incidental take under the Federal Endangered Species Act, and ten (ten) conservation credits shall be purchased from the KWBA.

The Department concurs that KWB is an appropriate location to partially compensate for the loss of habitat that will result from Project implementation and that the KWBA may issue a Conservation Credit Certificate for ten (10) credits. In addition, as required in the Project ITP #2081-2011-072-04, Seneca Resources will also provide for both the permanent protection and management of 28.2 acres of Habitat Management lands. Please note that this letter does not grant Incidental Take Authority under CESA for this Project under the State Incidental Take Permit held by the KWBA. Refer to the ITP discussed above for take minimization measures that are required to be implemented during Project implementation.

If you have any additional questions, please contact Craig Bailey, Senior Environmental Scientist, at the address provided on this letterhead, by telephone at (559) 243-4014, extension 227, or by electronic mail at Craig.Bailey@wildlife.ca.gov.

Sincerely,



Jeffrey R. Single, Ph.D.
Regional Manager

cc: Thomas Leeman
United States Fish and Wildlife Service
2800 Cottage Way, Room W-2605
Sacramento, California 95825-1846

Jonathan Parker
Kern Water Bank Authority
1620 Mill Rock Way, Suite 500
Bakersfield, California 93311

KERN WATER BANK AUTHORITY



January 14, 2015

Mr. Jim Adams
Phillips 66 Company
3900 Kilroy Airport Way, Suite 210
Long Beach, California 90806

RE: Conservation Credit Certificate #2014-03

Dear Mr. Adams:

Enclosed, please find the above captioned Conservation Credit Certificate confirming your prior purchase of 8 credits from the Kern Water Bank Authority Conservation Bank.

Original copies of this credit certificate are being forwarded to the United States Fish and Wildlife and the California Department of Fish and Wildlife.

We have forwarded the Endowment Fund (\$375.00 per credit) collected at the time of purchase to the California Department of Fish & Wildlife.

Please submit a report on your project, when completed, for inclusion in our Annual Report to California Department of Fish and Wildlife and United States Fish and Wildlife Service. We appreciate your interest in our conservation bank and hope we can be of service to you in the future.

Very truly yours,

KERN WATER BANK AUTHORITY



Jonathan Parker,
General Manager

Enclosures (1)

KERN WATER BANK AUTHORITY

CONSERVATION CREDIT CERTIFICATE NO. 2014-03

8.0 CREDITS

Phillips 66 Company
Phillips 66 Company Middlewater Gas Line Project, Kern County
(USFWS O8ESMF00-2013-TA-0525)

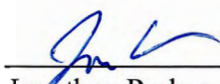
This Conservation Credit Certificate certifies that Phillips 66 Company (the “Developer”) has acquired eight (8) Conservation Credits in the Kern Water Bank Conservation Bank (the “Conservation Bank”), established pursuant to the Conservation Bank Agreement (the “Conservation Bank Agreement”) dated October 2, 1997, by and among the United States Fish and Wildlife Service (“USFWS”), the California Department of Fish and Wildlife (“CDFW”), and Kern Water Bank Authority (“Bank Owner”).

This Certificate may be used only in satisfaction of requirements identified by USFWS and/or CDFW relating to that project of the Developer whose project is identified in the letter from CDFW to Developer attached hereto.

This Conservation Credit Certificate is not transferable.

KERN WATER BANK AUTHORITY

Date: January 14, 2015

By: 
Jonathan Parker
Authorized Representative of Bank Owner



United States Department of the Interior



In Reply Refer to:
08ESMF00-
2013-TA-0525

FISH AND WILDLIFE SERVICE
Sacramento Fish and Wildlife Office
2800 Cottage Way, Suite W-2605
Sacramento, California 95825-1846

JUN 5 2014

Mr. Jim Adams
Phillips 66 Company
3900 Kilroy Airport Way, Suite 210
Long Beach, California 90806

Subject: Request for Authorization to Obtain Conservation Credits from the Kern Water Bank Authority for the Phillips 66 Middlewater Gas Line Project, Kern County, California

Dear Mr. Adams:

This letter responds to your October 21, 2013, request for U.S. Fish and Wildlife Service (Service) authorization for the purchase of conservation credits from the Kern Water Bank Authority (KWBA) by Phillips 66, LLC (Phillips 66), as compensation for ground disturbing activities associated with the proposed Phillips 66 Middlewater Gas Line Project (project). The purchase of these credits by Phillips 66 is intended to minimize the effects of incidental take upon the federally-listed as endangered blunt-nosed leopard lizard (*Gambelia sila*) and San Joaquin kit fox (*Vulpes macrotis nutica*), resulting from project-related impacts. Federal incidental take authorization for the project would be extended through the *Kern Water Bank Habitat Conservation Plan/Natural Community Conservation Plan (HCP/NCCP) (1997)*.

The proposed project is located in Section 10, Township 28 south, Range 20 east, Mount Diablo Base and Meridian, in the Carneros Rock U.S. Geological Survey 7.5-minute Quadrangle, (northern reach UTM coordinates 11S 245024 meters east, 3932028 meters north, and southern reach UTM coordinates 11S 249867 meters east, 3925408 meters north), 3.6 miles west of the intersection of Highway 33 and Seventh Standard Road, Kern County, California. The proposed project is within HCP/NCCP Master Permit area.

The proposed project involves the installation of approximately 5.3 miles of 4-inch pipe natural gas pipeline. The pipeline will be buried below the existing 10 – 15 feet wide dirt access road. Vegetation along the access route is a patchwork of valley saltbush scrub and non-native annual grassland. Phillips 66 anticipates that a width of approximately 20 feet will be subject to disturbance from the pipeline installation. The new pipeline will parallel two existing 8-inch pipelines that Phillips 66 currently operates. Project activities will include hauling and setting pipe, excavation and trenching, welding, and backfilling. The line will connect into an existing Southern California Gas line at the line's intersection with Seventh Standard Road.

Five blunt-nosed leopard lizards were observed during biological surveys in spring and summer of 2013. Additionally, San Joaquin kit fox scat was observed along the project access road. The California Natural Diversity Database records identify multiple occurrences of San Joaquin kit fox and blunt-nosed leopard lizard within a 5-mile radius of the proposed project right-of-way. Construction of the pipeline will result in the temporary disturbance within 6.4 acres of habitat for the blunt-nosed leopard lizard and San Joaquin kit fox.


The Service concludes that it is reasonably likely this project will result in incidental take of blunt-nosed leopard lizard and San Joaquin kit fox by a variety of factors, including harassment and mortality from destruction of habitat and vehicle strikes related to project construction. To avoid and minimize the amount and extent that these species will be affected by project activities, Phillips 66 will incorporate all the avoidance measures described in your October 21, 2013 letter and Diane Mitchell's April 23, 2014 reports sent to the Service.

The Service authorizes this project to proceed under the HCP/NCCP. Under the HCP/NCCP, the conservation credit ratio for projects on non-protected land in Kern County with permanent effects on listed species habitat is 3:1, and the ratio for temporary effects is 1.1:1. The effects associated with this project will be of a temporary nature. To compensate for the effects of the project including 6.4 acres of habitat loss, Phillips 66 will purchase 8 conservation credits from the KWBA. The purchase of KWBA credits must be completed in full and a copy of the fully executed credit sales agreement received by the Service prior to any surface disturbance associated with this project.

If you have any questions regarding this response, please contact Hunter Kunkel, Fish and Wildlife Biologist, or Thomas Leeman, Chief, San Joaquin Valley Division at (916) 414-6600.

Sincerely,



 Dan Russell
Deputy Assistant Field Supervisor



State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
Central Region
1234 East Shaw Avenue
Fresno, California 93710
(559) 243-4005
www.wildlife.ca.gov

EDMUND G. BROWN JR., Governor
CHARLTON H. BONHAM, Director



NOV 3 2014

October 30, 2014

Jim Adams
Phillips 66 Company
3900 Kilroy Airport Way, Suite 106
Long Beach, California 90806

**Subject: Phillips 66 Middlewater Natural Gas Pipeline, Kern County, California
Request for Approval of Habitat Compensation Purchase at Kern Water
Bank**

Dear Mr. Adams:

The California Department of Fish and Wildlife (Department) has reviewed your request to mitigate for the above proposed Project through the Kern Water Bank Authority's (KWBA) Kern Water Bank (KWB).

The proposed Project would include the installation of one (1) 4-inch natural gas pipeline, with a total length of approximately 5.3 miles, buried to a minimum depth of 42 inches below grade, which will transport natural gas to fuel existing equipment at the Middlewater Pump Station located in western Kern County, California. Construction activities would occur adjacent to an existing pipeline right-of-way (ROW) and existing dirt access road. The purpose of the proposed Project is to allow Phillips 66, to continue to operate its pipeline system, which transports crude oil from the oil fields in Kern County to its refinery in the San Francisco Bay Area. The Project will result in the disturbance of 13 acres of pipeline ROW.

The Middlewater Natural Gas Pipeline (Project) is located west of Highway 33, southwest of the Highway 46 and Highway 33 intersection, within western Kern County, California. The Project is located approximately 3.6 miles west of the intersection of Highway 33 and Seventh Standard Road in Kern County near the community of Belridge and proceeds in a northwesterly direction for approximately 5.3 miles to Middlewater Pump Station. The project site includes portions of Sections 15, 23, 25, 26, and 36, Township 28 South, Range 20 East; and a portion of Sections 10 and 31, Township 28 South, Range 21 East, Mount Diablo Baseline and Meridian (MDB&M), within the Carneros Rocks United States Geological Survey (USGS) 7.5-minute topographic quadrangle. The proposed Project is within the Kern Water Bank Authority's Habitat Conservation Plan/Natural Communities Conservation Plan (HCP/NCCP) Master Permit area.

The Project is expected to cause the temporary loss of approximately 6.4 acres of habitat for the State and federally endangered and State fully protected blunt-nosed leopard lizard (*Gambelia sila*) (BNLL), the State threatened and federally endangered San Joaquin kit fox (*Vulpes macrotis mutica*), and the State threatened San Joaquin antelope squirrel (*Ammospermophilus nelsoni*). In addition, the Project site contains potential foraging, nesting, breeding and/or colonization opportunities for the following special-status species, including but not limited to, the State and federally endangered giant kangaroo rat (*Dipodomys ingens*); the federally endangered San Joaquin woollythreads (*Monolopia congdonii*); and the State Species of Special Concern burrowing owl (*Athene cunicularia*), California legless lizard (*Anniella pulchra*), short-nosed kangaroo rat (*Dipodomys nitratoides brevinasus*), loggerhead shrike (*Lanius ludovicianus*), San Joaquin coachwhip (*Masticophis flagellum ruddocki*), Le Conte's thrasher (*Toxostoma lecontei*), Tulare grasshopper mouse (*Onychomys torridus tularensis*), San Joaquin pocket mouse (*Perognathus inornatus inornatus*), California horned lizard (*Phrynosoma coronatum frontale*), and American badger (*Taxidea taxus*). Also, the above listed avian species that do occur or have the potential to occur at the Project site are protected by the Federal Migratory Bird Treaty Act (MBTA) and Sections 3503, 3503.5, and 3513 of the Fish and Game Code.

Biological surveys of the Project site were conducted in 2013 and 2014 by Diane L. Mitchell, Ph.D., including reconnaissance surveys and rare plant surveys. During these surveys, direct observations of listed and other sensitive wildlife species, important habitat elements for these species, and any species sign were noted if encountered. Survey findings from survey efforts determined that the Project site consists of occupied habitat for the State-listed BNLL, San Joaquin kit fox, San Joaquin antelope squirrel, and giant kangaroo rat.

Due to the presence of San Joaquin antelope squirrel and San Joaquin kit fox on the Project site and avoidance of all potential occupied burrows infeasible during Project implementation, Phillips 66 is acquiring a State Incidental Take Permit (ITP No. 2081-2014-036-04), pursuant to Fish and Game Code section 2081(b). A BNLL avoidance plan will be prepared, and avoidance measures will be implemented to avoid "take" of BNLL.

The United States Fish and Wildlife Service (USFWS) has notified Phillips 66 in a letter dated June 5, 2014, that the Project is suitable for inclusion under the KWBA section 10 Master Permit to cover Project-related incidental take under the Federal Endangered Species Act, and eight (8) conservation credits shall be purchased from the KWBA.

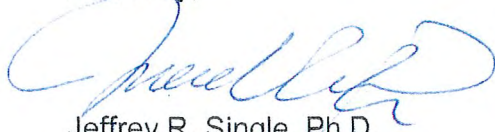
The Department concurs that KWB is an appropriate location to partially compensate for the loss of habitat that will result from Project implementation and that the KWBA may issue a Conservation Credit Certificate for eight (8) credits. In addition, as required in

Jim Adams
Phillips 66 Company
October 30, 2014
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the Project ITP No. 2081-2014-036-04, Phillips 66 will also provide for both the permanent protection and management of 10 acres of Habitat Management lands. Please note that this letter does not grant Incidental Take Authority under the California Endangered Species Act for this Project under the State Incidental Take Permit held by the KWBA. Refer to the ITP discussed above for take minimization measures that are required to be implemented during Project implementation.

If you have any additional questions, please contact Craig Bailey, Senior Environmental Scientist (Supervisor), at the address provided on this letterhead, by telephone at (559) 243-4014, extension 227, or by electronic mail at Craig.Bailey@wildlife.ca.gov.

Sincerely,



Jeffrey R. Single, Ph.D.
Regional Manager

cc: Thomas Leeman
United States Fish and Wildlife Service
2800 Cottage Way, Room W-2605
Sacramento, California 95825-1846

Jonathan Parker
Kern Water Bank Authority
1620 Mill Rock Way, Suite 500
Bakersfield, California 93311