



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

AUG 08 2008

OFFICE OF THE ASSISTANT SECRETARY

SAF/IE
1665 Air Force Pentagon
Washington, DC 20330-1665

Mr. Robert E. Nunn
Sunset Exploration, Inc.
10500 Brentwood Blvd
Brentwood, CA 94513

Dear Mr. Nunn

As requested, the Air Force reconsidered its decision not to proceed with a National Environmental Policy Act (NEPA) evaluation of Sunset/Exxon-Mobil's proposal to access off shore oil reserves using drilling and production facilities located on a 25-acre site on Vandenberg Air Force Base (VAFB). As part of the reconsideration process, representatives of the Air Force met with Mr. Nunn and his legal consultant, Judge Eugene R. Sullivan. At that meeting, Mr. Nunn provided an excellent summary of the Sunset/ExxonMobil proposal and the benefits accruing to the Air Force if the proposal proceeds. He also discussed the fallback position of pursuing solely a subsurface oil and gas extraction project and the potential impacts of such a project on the Air Force.

At this point in time the Air Force remains unwilling to commence the NEPA process for the Sunset/ExxonMobile proposal. The Air Force is willing to initiate a leasing action utilizing its Enhanced Use Lease (EUL) process. The EUL process requires a survey of all sites on VAFB with the potential to accommodate oil drilling facilities utilizing slant drilling technology. Assuming a suitable site is identified, the Air Force will initiate a competitive process to select a lessee and proceed to negotiate and execute a lease with the successful party. A NEPA analysis of the leasing action will be required and will be undertaken by the Air Force before a lease is executed.

The Air Force also acknowledges its obligation to provide reasonable access consistent with California law to Sunset Exploration, Inc. (Sunset) if Sunset decides to exercise its option to lease subsurface minerals on VAFB. A copy of this letter was provided to Mr. Ray Charles from ExxonMobile Exploration Company.

Sincerely

KEVIN W. BILLINGS
Deputy Assistant Secretary
(Energy, Environment, Safety & Occupational Health)

cc:

AF/CC

AF/CV

AF/CVA

SAF/GC

AFSPC/CC

HQ USAF/A7C

Mr. Douglas K. Anthony
County of Santa Barbara
Office of Planning and Development
123 E. Anapamu Street
Santa Barbara, CA 93101

Mr. Paul Mount
California State Lands Commission
Minerals Resource Management
200 Oceangate 12th floor
Long Beach, CA 90802



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Mr. Ray G. Charles
ExxonMobil Exploration Company
222 Benmar Drive
Houston, TX 77060

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Sincerely

A handwritten signature in black ink, appearing to read "Kevin W. Billings".

KEVIN W. BILLINGS
Deputy Assistant Secretary
(Energy, Environment, Safety & Occupational Health)

cc:

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