



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

JUN 25 2008

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

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

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

Dear Messrs Charles and Nunn

We have evaluated your proposal to leverage your option to lease on-shore, sub-surface mineral rights beneath 7,780-acres of South Vandenberg Air Force Base (VAFB) to establish oil and gas drilling and production facilities on 25-acres near Space Launch Complex (SLC) 5 for directional drilling into off-shore reserves.

I believe it would be premature to proceed with the National Environmental Policy Act (NEPA)/Environmental Impact Statement (EIS) evaluation of your desired location for the reasons stated below. A drilling and production facility at your proposed location would present a wide range of significant operational constraints, inconsistent with VAFB's national space launch mission. Most significantly, your proposed location is within the Impact Limit Lines of all of our active SLCs; it is within the SLC-5 explosives safety clear zone, eliminating SLC-5 as an optional platform for the approximate 40 year life of the Vahevala project; and in the event of a natural disaster or catastrophic mission failure at any of the SLCs, the presence of the facility would severely complicate emergency response. Consistent with these concerns, the Air Force cannot provide you access to your desired 25-acre location on South VAFB.

We do understand that if you exercise the option to lease, you will be entitled to reasonable access to onshore, subsurface minerals. Any drilling and oil or gas production on South VAFB would still hamper execution of space launches and create operational impacts. However, there are areas which may present less operational impact than your proposed 25-acre site west of SLC-5. They are generally in the northern and eastern portions of South VAFB, within the 7,780-acre option to lease.

We recognize the Air Force's discussions with you regarding the Vahevala project have been protracted. Please accept my personal assurance that this has been due to diligent examination of the proposal at the several levels of command that support the space launch mission at VAFB. As a result of this diligent examination, our military commanders have decided it is simply not consistent with their most fundamental mission responsibilities.

As the Deputy Assistant Secretary of the Air Force for Energy and the Environment, I am keenly aware of the crucial contributions of your industry to our nation, and to the national defense. I salute you for your initiatives to enhance the energy security of America, and look forward to the possibility of collaborating with you on projects that might be synergistic with the Air Force mission.

Sincerely



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

cc:

AF/CC
AF/CV
AF/CVA
SAF/GC
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