



Aspen *Environmental Group*

PROJECT MEMORANDUM LODI GAS KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: October 17, 2006
Subject: Weekly Report #21: October 8, 2006 – October 14, 2006
CPUC Environmental Monitors (EM): Jody Fessler

CPUC EM Jody Fessler was on site October 10th and 12th.

PIPELINE SEGMENT:

Summary of Activity:

All 16-inch pipeline work has been completed (except for where it connects into the Compressor Station and the Metering Station), as well as right-of-way cleanup. All of the affected landowners have signed off on the work as acceptable.

The cleanup of the staging area off Shiloh Road is complete; equipment and materials have been moved off the site and the area tilled per the specifications of the landowner.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

WELL SITES:

Work at the well sites was ongoing throughout the week.

Monday through Wednesday, crews continued installing erosion controls at well site S-1. On Tuesday, crews worked on the distribution panel. On Friday, crews drilled the pilot hole and set the conductor pipe for well S1A.

Monday through Wednesday, crews continued the drilling for the S2B well at well site S-2 (see Figure 1). On Wednesday, crews achieved drilling depth on well S2B; however, there was a problem encountered while drilling and the drilling tool got stuck. A “fishing” company was called in to extract the tool. On Thursday, crews continued to attempt retrieval of the stuck tool. On Friday, the drilling tool was successfully retrieved from S2B and crews set and cemented the casing for the well. On Saturday, crews disassembled the drilling rig in preparation to move it to well site S-1. On Tuesday and Wednesday, crews installed erosion controls at the site.

Monday through Wednesday, crews continued installing erosion controls at well site S-10 (see Figures 2 & 3). On Monday, crews also installed conduit and grounding.

Water trucks were observed regularly watering the sites and roads for dust control.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

KIRBY HILLS COMPRESSOR STATION SITE:

Work at the Kirby Hills Compressor Station took place Monday through Saturday of this week, including foundation work, compressor building erection, grounding work, and sandblasting and coating of piping (see Figure 4).

- On Monday, crews installed piping and valves onto vessels,
- On Monday and Tuesday, crews installed piping and valves in the compressor area.
- On Tuesday, crews conducted pipe fabrication for the fuel gas heater and 6200 separator areas.
- Wednesday through Friday, crews installed piping in various areas, and installed conduit at the MCC building and transformer areas.
- On Thursday, crews installed conduit in yard areas.
- On Friday, crews installed the cable tray between the MCC building and the compressor building.
- On Saturday, crews conducted grounding terminations in the compressor building, installed the ground grid in the southeast yard area, and built back plates for the junction boxes.
- Throughout the week, crews constructed pipe support foundations, installed pipe supports, and continued compressor building erection.

Water trucks were observed regularly watering the site for dust control.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

METERING STATION SITE:

On Monday, crews conducted welding and installation of piping from the meter run to the receiver at the Metering Station site. On Tuesday, crews worked on installing the 16-inch and 12-inch piping from the meter run to the receiver. Wednesday through Friday, crews continued installing piping and prepared the piping for hydrostatic testing (see Figure 5).

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

NOTICES TO PROCEED (NTP):

Table 1 presents the NTPs issued by the CPUC for the Lodi Gas Kirby Hills Project to date. No additional NTPs are anticipated.

TABLE 1
NOTICES TO PROCEED
(Updated 10-17-06)

NTP #	Date Issued	Description
#1	5-19-06	Pipeline Portion
#2	5-31-06	Civil (grading) and piping construction of the well sites, and civil (grading) construction of the compressor station
#3	7-05-06	Compressor station and well site construction. Drilling of three new storage wells.
#4	6-20-06	Civil portion only of the natural gas receiving/metering station
#5	9-06-06	Metering station foundation, structural, piping, electrical, and instrumentation construction. County permit pending.

VARIANCE REQUESTS:

Table 2 presents the Variance Requests reviewed and approved by the CPUC for the Lodi Gas Kirby Hills Project to date. No Variance Requests were submitted during the subject week.

TABLE 2
VARIANCE
(Updated 10-17-06)

Variance #	Date Requested	Date Issued	Description
#1	6-01-06	6-05-06	Request to trench through ephemeral wetland area approximately 70 ft. west of Olson Road.
#2	5-31-06	6-08-06	Lodi gas would like permission to trench through an area with a CNPS listed plant (pappose spikeweed). CPUC approval contingent upon CDFG concurrence. 6/21 – CDFG feedback provided and forwarded to J&S.
#3	6-16-06	6-16-06	Request to trench through two ephemeral wetland areas west of Shiloh Road.
#4	6-27-06	6-28-06	Request for additional workspace on the west side of Shiloh Road for the Shiloh bore.
#5	6-28-06	6-29-06	Request for removal of two small eucalyptus trees and trenching through the root system of two larger trees.
#6	7-07-06	7-07-06	Request to use additional workspace at the corner of Shiloh Road and the Kirby Hills access road to support large vehicles and equipment being transported to the Kirby Hills site.
#7	7-07-06	7-18-06	Request to relocate a PG&E distribution line around the S-2 well site. CPUC has requested historical resource information on the drilling “dog house” that is near the site. Jones & Stokes submitted information on 7/17/06.
#8	7-07-06	7-07-06	Request to move the 4-inch temporary gas line.

ENVIRONMENTAL COMPLIANCE:

One Project Memorandum has been issued by the CPUC EM for the project to date. On June 27th, the CPUC EM observed dump trucks dumping spoils from the Kirby Hills site on a levee road in an adjacent wetland area. This activity was not described in the project description. The CPUC EM requested to review permits for this activity. The landowner provided Lodi Gas with the 2006 Annual Application for the USACE Wetlands Maintenance, a copy of a letter from the USACE to the Suisun Resource Conservation District dated May 31, 2006, and a letter from the Suisun Resource Conservation District to the landowner dated June 5, 2006. The CPUC EM reviewed these documents and has concluded that the work activities are in compliance with the USACE approval. The Project Memorandum serves as a reminder that all permits for construction activities related to the Kirby Hills Natural Gas Storage Facility project be submitted and approved by the CPUC. Also, if changes to project activities as described in the MND occur, a Variance Request shall be submitted.

No Non-Compliance Reports (NCR) have been issued by the CPUC EM for the project to date.

UPCOMING ITEMS:

Starting in September, Lodi Gas began holding conference calls on an as needed basis in coordination with the CPUC/Aspen Project Manager.

Photographs



Figure 1 – Drilling rig set up at well site S-2 drilling well S2B, October 10, 2006.



Figure 2 – Hydro-seeding at well site S-10, October 10, 2006.



Figure 3 – Silt fence partially installed at well site S-10, October 10, 2006.



Figure 4 – Compressor building being erected at the Compressor Station, October 10, 2006.



Figure 5 – Crews working on pipe installation at the Metering Station, October 12, 2006.