



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 26, 2006
Subject: Weekly Report #22: October 15, 2006 – October 21, 2006
CPUC Environmental Monitor (EM): Jody Fessler

CPUC EM Jody Fessler was on site October 18th and 20th.

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 well sites S-1 and S-2 was ongoing throughout the week.

On Tuesday, crews set up the drilling rig at well site S-1 for drilling well S1A. On Wednesday and Thursday, crews drilled, set, and cemented the casing for well S1A. On Friday, crews began drilling for well S1A (see Figure 1). On Saturday, drilling of well S1A continued.

On Monday, crews waited for the truck to move the drilling rig from well site S-2 to S-1 and constructed forms for pipe supports at well site S-2. On Tuesday, crews continued constructing forms for pipe supports. On Wednesday, crews poured concrete for the pipe supports.

No activity took place at S-10 well site this week.

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

Environmental Compliance Activities:

On Wednesday, October 18th, the CPUC EM noted that the soil around the first well drilled at S-2 well site needed to be cleaned up. The drilling rig left some residue of bentonite and potential oil. The CPUC EM spoke with the Lodi Gas EI and the Construction Manager. On Friday, October 20th, the CPUC EM noted that the area had not been cleaned up yet. The CPUC EM observed that other 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 piping fabrication and welding, foundation work, compressor building erection, grounding work, and sand-blasting and coating of piping (see Figure 2).

- On Monday, crews tested piping, and constructed forms for pipe supports.
- On Tuesday, crews constructed forms for pipe supports and the building ramp, installed conduit in the air compressor area, installed dividers in cable trays, and installed rebar in electrical power duct bank. The Solano County Inspector approved electrical grounding and duct bank work to date.
- On Wednesday, crews continued to construct forms for pipe supports and the building ramp, and installed conduit in the air compressor area.
- On Thursday, crews continued to construct forms for pipe supports and the building ramp, and installed conduit in the air compressor and tank farm areas. The Solano County Inspector approved grounding work to date.
- On Friday, crews installed instrument conduit in the tank battery area, conducted conduit and electrical work in the MCC building, and conducted grounding terminations at the air compressor area and the MCC building.
- On Saturday, crews mounted four lights and conduit in the MCC building and installed plywood support for the phone and communications equipment.

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 filled the piping system with water in preparation for hydrostatic testing and conducted electrical work at the Metering Station. On Tuesday, crews put the piping system under pressure, stabilized, and leak checked in preparation for the hydrostatic testing and continued electrical work. On Wednesday, crews completed launcher and mainline piping system hydrostatic testing and continued electrical work (see Figure 3).

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 10-26-06)

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 10-26-06)

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-1, October 20, 2006.



Figure 2 – Compressor building at Compressor Station, October 20, 2006.



Figure 3 – Crews doing hydrostatic testing at the Metering Station, October 18, 2006.