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**PROJECT MEMORANDUM
KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT, PHASE 2**

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: June 13, 2008
Subject: Weekly Report #5: June 1, 2008 – June 7, 2008

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Thursday, June 6th.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

Asta Construction continued grading work at WS-21, Monday through Wednesday (see Figure 1).

Well Site 22 (WS-22)

Ensign Drilling continued drilling of WS22-8 at WS-22 (see Figure 2). They are drilling 24 hours a day, 7 days a week.

Well Site 23 (WS-23)

On Tuesday, Asta Construction completed the final grading and compaction at Well Site 23 in preparation for cover rock. On Wednesday, Asta Construction began installing jute matting on the north slope of the well pad and continued the work through Friday (see Figure 3).

Observation Well Lambie 6 (Well L6)

No work activities occurred at Well L6 during the subject week.

Observation Well Lambie 7 (Well L7)

No work activities occurred at Well 7 during the subject week.

PIPELINE:

Summary of Activity:

No work activities were conducted during the subject week.

ACCESS ROADS:

Summary of Activity:

On Monday, Asta Construction began removing vegetation and clearing road paths for the access roads in the well pad areas. On Wednesday and Thursday, crews continued this task.

STAGING AREAS:

Summary of Activity:

The staging areas have been staked, but were not cleared at the time of the CPUC EM site visit.



COMPRESSOR STATION SITE:

Summary of Activity:

NTP #4 was issued on May 7, 2008 for crews to commence with the civil, mechanical, electrical, and instrumentation work at the Compressor Station site. No work was started during the subject week.

Environmental Compliance:

The CPUC EM observed that all work activities were in compliance with the approved Mitigated Negative Declaration and other permit requirements. The CPUC EM reviewed PG&E EI daily reports and survey reports. Environmental training of crew personnel by LGS's Environmental Inspector (EI) was on-going as new crew personnel came onto the site. Sensitive environmental areas were staked, flagged, and/or fenced. Pre-construction bird surveys were completed prior to areas being cleared and graded. The wetland area near WS-23 was fenced-off and had silt fencing installed on the upslope side so potential erosion from WS-23 would not enter the wetland area. The CPUC EM observed water trucks continuously watering the work areas.

NOTICES TO PROCEED (NTP):

To date, four Notice to Proceed (NTPs) have been issued for the Kirby Hills Natural Gas Storage Facility Phase II Project. Additional NTPs are anticipated for the project.

TABLE 1
Notice to Proceed Requests
(Updated 6-13-08)

| NTP # | Date Requested | Date Issued | Description |
|-------|----------------|-------------|--|
| #1 | 4-11-08 | 4-21-08 | Request authorization from the CPUC to commence with construction activities associated with three new wells (Well Sites 21, 22, and 23), a 2,700-foot-long pipeline (flow line), and access roads and staging areas for Phase II of the Kirby Hills Natural Gas Storage Facility Project. |
| #2 | 4-11-08 | 4-20-08 | Request authorization from the CPUC to commence with reentry and conversion of Wells Lambie 6 and Lambie 7 to observation wells for Phase II of the Kirby Hills Natural Gas Storage Facility Project. |
| #3 | 5-2-08 | 5-6-08 | Request a NTP from the CPUC for PG&E's hot tapping work at the Kirby Hills Natural Gas Storage Facility meter station, located west of Birds Landing Road in Solano County. |
| #4 | 4-29-08 | 5-7-08 | Request authorization from the CPUC to commence with the civil, mechanical, electrical, and instrumentation work at the compressor station facility of the Kirby Hills for Phase II of the Kirby Hills Natural Gas Storage Facility Project. |
| #5 | 5-23-08 | N/A | Request authorization from the CPUC for extra work space at the corner of Shiloh Road and the access road to Kirby Hills. This work space was already approved under NTP #1 and therefore NTP #5 is not necessary. Wetland areas within the work space will be totally avoided. |
| #6 | 6-9-08 | In progress | Request to install compressor units on foundations at Compressor Station. |

VARIANCE REQUESTS:

No Variance Requests have been submitted to the CPUC to date.

PHOTOGRAPHS



Figure 1 – Clearing and grading of Well Site 21, June 6, 2008.



Figure 2 – Drill rig at WS-22, June 6, 2008.



Figure 3 – Crew installing jute matting at WS-23, June 6, 2008.