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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: July 30, 2008
Subject: Weekly Report #11: July 20, 2008 – July 26, 2008

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Thursday, July 24th.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

Throughout the week, Ensign Drilling continued drilling of WS-21-5 at WS-21 (see Figure 1). They are drilling 24 hours a day, 7 days a week.

Well Site 22 (WS-22)

On Tuesday, Ensign Drilling began logging of wells at WS-22.

Well Site 23 (WS-23)

On Thursday, crews installed orange safety fencing along the WS-23 access road and well pad edges. On Friday, crews installed straw wattles for erosion control at WS-23.

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 L7 during the subject week.

PIPELINE:

Summary of Activity:

On Monday, crews also were stringing pipe for the pipeline and installed orange safety fence along the pipeline right-of-way between the compressor station area and WS-21. On Tuesday, crews began excavation of the pipeline trench between the compressor station and WS-21. Crews also completed installation of the orange safety fencing to WS-21. On Thursday, crews conducted pipe stringing for the pipeline (see Figure 2).

ACCESS ROADS:

Summary of Activity:

On Thursday, crews installed orange safety fencing along the WS-23 access road.

STAGING AREAS:

Summary of Activity:

Crews are now utilizing the temporary work area/staging yard on the north site of the compressor station for materials storage, equipment storage, and welding operations (see Figure 3).



COMPRESSOR STATION SITE:

Summary of Activity:

Throughout the week, crews conducted excavation in the compressor building area and for the 8-inch vent line re-route (see Figure 4). Tuesday through Thursday, welder qualification testing occurred. On Friday, crews conducted miscellaneous pipe welding, moved cover rock from proposed excavation areas, and prepared for the extension of the berm area.

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 LGS' EI daily reports and survey reports. Environmental training of crew personnel by LGS's EI was on-going as new crew personnel came onto the site. Sensitive environmental areas were staked, flagged, and/or fenced. 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, six Notice to Proceed (NTPs) have been issued for the Kirby Hills Natural Gas Storage Facility Phase II Project (see Table 1). Additional NTPs are anticipated for the project.

TABLE 1
Notice to Proceed Requests
(Updated 7-30-08)

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	6-13-08	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 – Drilling rig drilling at WS-21-5 at well pad WS-21 (background) and pipe stringing along pipeline between Compressor Station and WS-21, July 24, 2008.



Figure 2 – Pipe stringing along pipeline between Compressor Station and WS-21, July 24, 2008.



Figure 3 – Welder shack set up in temporary work area/staging yard on the north side of the Compressor Station, July 24, 2008.



Figure 4 – Excavation for the new compressor building at the north end of the Compressor Station, July 24, 2008.