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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: December 17, 2008
Subject: Report #21: December 7, 2008 – December 13, 2008

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Friday, December 12th.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

On Wednesday, the electrical crew began fabrication of above grade instrument conduit and on Thursday began installation at WS-21.

Well Site 22 (WS-22)

On Thursday, the electrical crew began above grade instrument conduit installation at WS-22.

Well Site 23 (WS-23)

Throughout the week a workover rig was at WS-23-15. On Friday, the well work was completed and the workover rig was demobilized. Crews repaired jute matting on the slopes around the well site and moved piping and foundation materials to the well site area (see Figure 1).

Observation Well Lambie 6 (Well L6)

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

Observation Well Lambie 7 (Well L7)

No construction activities occurred at Well L7 during the subject week.

PIPELINE:

Summary of Activity:

On Wednesday, crews began restoration of the pipeline right-of-way between WS-22 and WS-23. On Thursday, crews completed the right-of-way restoration between WS-22 and WS-23 except for the incomplete area on the west side of WS-22 and the access road. On Friday, crews spread seed onto the right-of-way between WS-22 and WS-23 and outside of the compressor station (see Figure 2).

ACCESS ROADS:

Summary of Activity:

No work activities occurred on the access roads during the subject weeks. The access roads are being used by construction vehicles and equipment to access the construction sites.

STAGING AREAS:

Summary of Activity:

On Wednesday, crews spread topsoil in the temporary work area/staging yard on the north side of the compressor station. On Friday, crews spread seed over the disturbed area for restoration purposes (see Figure 3).



COMPRESSOR STATION SITE:

Summary of Activity:

Throughout the week, crews set rebar for the discharge filter coalescer, glycol reclamation filter, pump foundation extension, inlet filter separator containment foundation, and pig receiver foundations; conducted miscellaneous pipe fabrication, installation and coating; excavated for pipe trench at the end of the fuel gas skid; set glycol unit onto foundation, installed access platform, and ladder and exchanger pipe; set fuel gas heater onto foundation; poured concrete for filters and pig receiver foundation footings, discharge filter, glycol reclamation filter, and pump extension and inlet filter containment foundations (see Figures 4 and 5). Also the electrical contractor conducted layout and floor penetrations for the new MCC section installation into the existing building, set the new MCC section, assembled the new MCC section and accessories, installed miscellaneous components for the new MCC, and began preparation to install a cable tray under the building.

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' Environmental Inspector's (EI) 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. Erosion controls were in place and functioning at all work sites. The refueling tank and other small cans at the compressor station were surrounded with secondary containment. The sites were cleaned of trash on a daily basis.

NOTICES TO PROCEED (NTP):

To date, six Notices 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 12-17-08)

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.
#7	12-14-08	Under review	Request to conduct modifications at the Metering Station, located west of Birds Landing Road in Solano County.

VARIANCE REQUESTS:

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

PHOTOGRAPHS



Figure 1 – Workover rig demobilized from well site 23 (WS-23),
December 12, 2008.



Figure 2 – Crews reseeding pipeline right-of-way on the east side of the compressor
station, December 12, 2008.



Figure 3 – Topsoil replaced over temporary work space/staging yard north of compressor station and the area reseeded, December 12, 2008.



Figure 4 – Crews pouring cement for foundations at the compressor station, December 12, 2008.



Figure 5 – Crews welding and conducting pipe fabrication at the compressor station, December 12, 2008