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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 3, 2009
Subject: Report #27: May 17, 2009 – May 23, 2009

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Thursday, May 21st.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

At WS-21, crews worked on terminations for instrument wiring and punch list items throughout the week. Crews set light poles on Tuesday and terminated the power cable at the electrical distribution rack on Monday through Wednesday.

Well Site 22 (WS-22)

At WS-22, crews worked on terminations for instrument wiring and punch list items throughout the week. Crews set light poles on Tuesday and terminated the power cable at the electrical distribution rack on Monday through Wednesday.

Well Site 23 (WS-23)

At WS-23, crews worked on terminations for instrument wiring and punch list items throughout the week. Crews set light poles on Tuesday and terminated the power cable at the electrical distribution rack on Monday through Wednesday.

Observation Well Lambie 6 (Well L6)

No construction activity was conducted at Well L6 during the subject period.

Observation Well Lambie 7 (Well L7)

No construction activity was conducted at Well L7 during the subject period.

Well Site 5 (Wagenet 5 – W5) Observation Well

Drilling operations continued throughout the subject period at Wagenet 5 (see Figures 1 and 2). They are drilling 24 hours a day, 7 days a week. Progress continued to be slow in attempting to find and follow the original drill hole.

PIPELINE:

Summary of Activity:

No construction activities were conducted along the pipeline during the subject period.

ACCESS ROADS:

Summary of Activity:

The access roads are being used by construction vehicles and equipment to access the construction sites.



STAGING AREAS:

Summary of Activity:

The disturbed temporary work area/staging area on the north side of the compressor station has revegetated well. Some equipment and material is being stored on the south side of the compressor station.

COMPRESSOR STATION SITE:

Summary of Activity:

Electrical work at the compressor station included: grounding work, conduit installation, wire pulling, termination work, loops checks, testing of equipment, lighting installation inside compressor building, packing and pouring conduit seals, and setting light poles in the compressor station (see Figure 3). Foundation work included installing pipe support foundations inside the compressor building Monday through Thursday. Mechanical work included: pipe fabrication, piping installation, and equipment testing. The Unit CBA-4000 engine was started Wednesday evening. Crews conducted continued starts, shut downs, safety systems, PLC programming, etc., throughout the remainder of the week. Flashing work on the compressor building remains to be performed at a later date.

METERING SITE:

Summary of Activity:

Electrical work and PG&E's work is complete at the Metering Station. Spreading of rock gravel remains.

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. 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. The access road to W5 was being kept watered to prevent dust. The SMHM wildlife exclusion fencing was in place and functional.

NOTICES TO PROCEED (NTP):

To date, eight Notices to Proceed (NTPs) have been issued for the Kirby Hills Natural Gas Storage Facility Phase II Project (see Table 1). No additional NTPs are anticipated for the project.

TABLE 1
Notice to Proceed Requests

(Updated 6-03-09)

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	12-17-08	Request to conduct modifications at the Metering Station, located west of Birds Landing Road in Solano County.
#8	4-7-09	4-16-09	Request authorization from the CPUC to commence with construction activities at observation well Wagenet 5 (W5).

VARIANCE REQUESTS:

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

PHOTOGRAPHS



Figure 1 – Drilling at Wagenet 5 (W5), May 21, 2009



Figure 2 – Drilling rig at Wagenet 5 (W5), May 21, 2009.



Figure 3 – New compressor building and attached equipment at Compressor Station, May 21, 2009.