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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 23, 2009
Subject: Report #29: June 7, 2009 – June 13, 2009

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Thursday, June 11th.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

No construction activity was conducted at WS-21 during the subject period. Final grading, graveling, fencing, and clean-up work remains.

Well Site 22 (WS-22)

No construction activity was conducted at WS-22 during the subject period. Final grading, graveling, fencing, and clean-up work remains.

Well Site 23 (WS-23)

No construction activity was conducted at WS-23 during the subject period. Final grading, graveling, fencing, and clean-up work remains.

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 Figure 1). They are drilling 24 hours a day, 7 days a week. Better progress was being made than previously.

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 was being stored on the south side of the compressor station, but is now being removed.

COMPRESSOR STATION SITE:

Summary of Activity:

Electrical work at the compressor station included installing miscellaneous conduit supports, working on various punch list items, assisting with dehydration equipment commissioning, and pouring conduit seals. Foundation work included grouting of equipment and supports. Mechanical work included installation of remaining miscellaneous structural “T” supports, installation of pipe clamps as painting is completed, glycol dehydration equipment commissioning, painting, demobilizing material and equipment, exhaust insulation installation, clean-up work, final grading, and spreading rock. Flashing work on the compressor building remains to be performed at a later date (after exhaust insulation has been completed).

METERING SITE:

Summary of Activity:

Electrical work and PG&E’s work are 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 6-23-09)

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

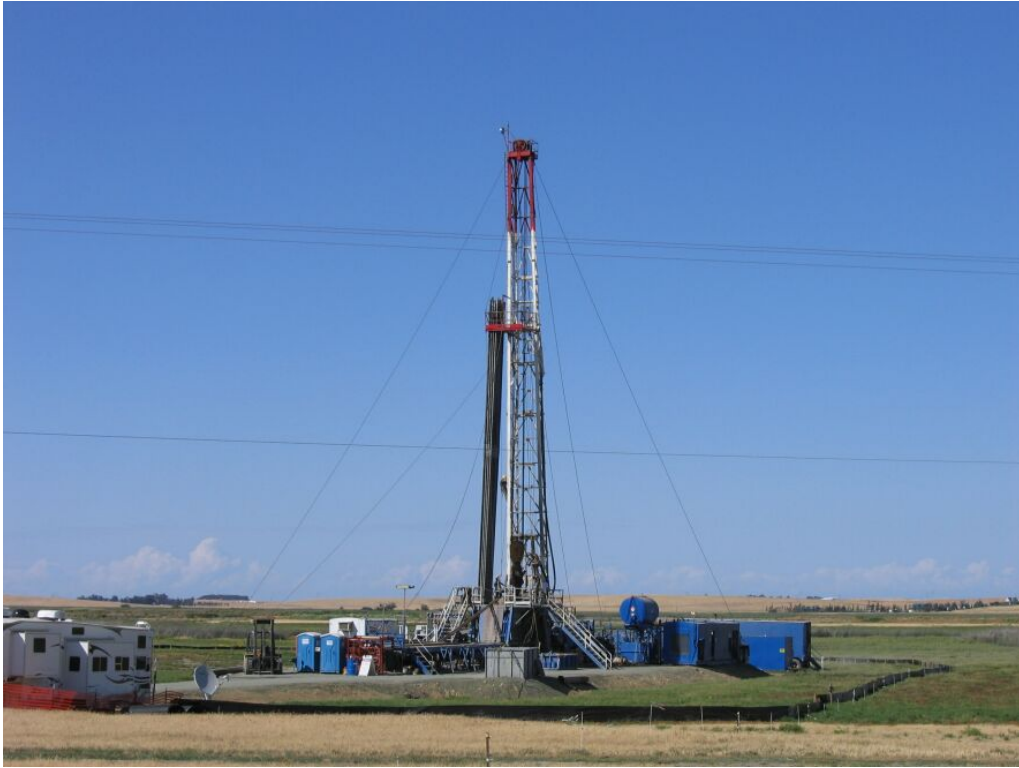


Figure 1 – Drilling at Wagenet 5, June 11, 2009