

	<b>California Public Utilities Commission</b> <b><i>Mitigation Monitoring, Compliance, and Reporting Program</i></b>
	<b>Central Valley Gas Storage Project</b>  <b>Compliance Status Report 24</b>  <b>September 30, 2012</b>

**SUMMARY**

The California Public Utility Commission (CPUC) is responsible for overseeing implementation of the mitigation measures set forth in the final initial study/mitigated negative declaration (FIS/MND) for the Central Valley Gas Storage (CVGS) project. The CPUC has established a third-party monitoring program and adopted a Mitigation Monitoring, Compliance, and Reporting Program (MMCRP) to ensure that measures approved in the FIS/MND to mitigate or avoid significant impacts are implemented in the field. This MMCRP status report is intended to provide a description of construction activities on the project, a summary of site inspections conducted by the CPUC’s third-party monitors, the compliance status of mitigation measures required by the MMCRP, and anticipated construction activities. This compliance status report covers construction activities for the period of September 1 to September 30, 2012.

**MITIGATION MONITORING, COMPLIANCE, AND REPORTING**

***Site Inspections/Mitigation Monitoring***

A CPUC third-party environmental compliance monitor conducted site observations in remaining construction areas, which included the 10-acre compressor station site, the 5-acre remote well pad site, and the Southam #2 Observation Well. Site observations were completed on September 10, 2012. Areas of active and inactive construction within the project limits were observed to verify implementation of the measures stipulated in the project’s MMCRP. Daily observations were documented on daily site inspection forms, and applicable mitigation measures were reviewed in the field.

***Implementation Actions***

Construction Activity at the Remote Well Pad Site and Compressor Station Site

Construction activities at the remote well pad site undertaken during the period covered by this report included: gas injection; removal of the temporary compressor (See Photograph 1, Attachment A); access road construction for anode bed well drilling at the northwest corner of the site; and drilling of the first anode bed well in the northwest corner of the site (See Photograph 2, Attachment A).

No ongoing construction work was undertaken at the compressor station site during the period covered by this report included.

Construction activities at the Southam #2 Well site undertaken during the period covered by this report included: completion of site access road clearance (tree trimming); site preparation (including tree removal); equipment mobilization; drill rig set-up; and initiation of well conversion and drilling activities (See Photograph 3, Attachment A).

With the exception of the Southam #2 and anode bed well drilling activity, construction is nearly complete with remaining tasks including removal of construction materials, water tanks, and temporary offices (modular building).

On September 10, 2012, CPUC's Environmental Monitor (EM) observed construction activities at the Southam #2 Well site not being completed in accordance with the MMCRP, including:

1. Construction and drilling activities at the Southam #2 observation well were being completed beyond the approved work limits identified in the Variance 18 Approval Letter issued by CPUC to CVGS on August 14, 2012. Construction equipment consisting of drill pipe, tool cabinets, generators, and fluid storage tanks was observed to be located beyond the approved work limits. In addition, orchard trees were being utilized to support drilling activities that were located beyond the approved work limits.
2. In accordance with the project SWPPP, all hazardous materials are to be stored within secondary containment (see Section 3.8 of the SWPPP). Storage containers were observed to not have adequate secondary containment.

A letter was sent to CVGS on September 13, 2012 identifying observed issues. CVGS responded on September 14, 2012 documenting corrective actions that had been implemented to address the above mentioned incidents.

#### Construction Activities along the Natural Gas Connecting Pipeline Right-of-Way

All construction activity associated with the Natural Gas Connecting Pipeline (Segments A and B) was completed as of October 31, 2011. Documentation of landowner acceptance of final right-of-way condition has been provided to the CPUC.

#### Construction Activities at the Metering Station and 400/401 Line Interconnect

PG&E crews have completed the 400/401 line interconnect. All areas have been regarded and all equipment/materials have been removed from the work area.

Construction activity at the Metering Station site has been completed. The final perimeter fence has been installed and all equipment/materials have been removed from the work area.

### ***Mitigation Measure Tracking***

Mitigation measures applicable to the construction activities were verified in the field and documented in the CPUC's mitigation measures tracking database. A complete list of mitigation measures and applicant proposed measures is included in Section 6 of the FIS/MND (Certification of Public Convenience and Necessity (CPCN) Application A.09-08-008, SCH No. 2010042067). The status of each mitigation measure, including measures applicable to the design and pre-construction phases, is included in the project's mitigation measure tracking database, which is available upon request.

### ***Compliance***

Pre-construction mitigation measures have been completed as indicated in Notice to Proceed (NTP) No. 1, No. 2, No. 2A, No. 4, No. 5A, No. 5B, No. 6A, No. 6B, No. 6C, No. 6D, No. 7, No. 9A, No. 9B, No. 10A, No. 10B, No. 11, No. 12, No. 13A, and No. 13B (Attachment B). Applicable mitigation measures were verified during site inspections and were determined to be implemented in accordance with the MMCRP.

## **CONSTRUCTION PROGRESS**

### **Remote Well Pad Site/Observation Wells**

CVGS has completed pad site preparation and grading at the remote well pad site. Site preparation and drilling work for observation well conversions at Southam #3, and #4 and Sara Louise #1 is complete. Site preparation and drilling work at the saltwater disposal well is complete. The auxiliary building has been constructed. The utility transformer has been installed. Injection/withdrawal well drilling is complete. A total of eight injection withdrawal wells were drilled on site. Eight well heads have been installed. The temporary compressor has been installed and is operational at the remote well pad site. Gas injection has begun at the remote well pad site. Construction of the sound wall at the temporary compressor has been completed. Foundations for the saltwater storage tank have been completed. The saltwater storage tank has been constructed and tested and test water has been disposed. The saltwater tank has been painted. The perimeter dike for the saltwater tank has been completed. The methanol tank has been installed. The permanent perimeter fence and gates have been installed. Nitrogen testing of the wells has been completed. Line 172 connection has been completed and the trench backfilled. Buried electrical line installation has been completed. Installation of the 16-inch natural gas pipeline has been completed. Connection of the 16-inch natural gas pipeline to the right-of-way has been completed. Backfilling of trenches associated with electrical lines and pipelines has been completed. Backfilling of the trench connecting the saltwater disposal well and the saltwater tank has been completed. Final site grading and base installation has been completed. Materials and equipment have been removed from the site. Buffer areas have been hydroseeded. The temporary compressor has been removed. Site access and mobilization for Southam #2 well conversion activities has been completed. Drilling at the Southam #2 Observation Well is underway.

## Compressor Station

CVGS has completed pad site preparation and grading at the compressor station site. Construction of the compressor building, utility building, and auxiliary building is complete. Installation of three compressor engines has been completed. Pipe assembly and fabrication has been completed. Excavation and backfilling of pipe trenches has been completed. Installation of three dehydration tanks has been completed. Installation of the Caterpillar units has been completed and connections have been completed. Installation of the seven fluid storage tanks has been completed. Installation of three storage tanks at the north end of the site has been completed. The urea tank has been installed. The sphere receiver has been installed. The electric utility meter has been installed. The analyzer shelter has been installed. The condensate tank has been installed. The pig receiver and filter separator have been installed. Installation of the cooler units has been completed. Installation of the standby generators has been completed. Installation of the electric utility meter and connection to PG&E lines has been completed. Grading and installation of engineered base in the northern portion of the site where storage tanks will be placed has been completed. Dehydration towers and reboilers have been installed. Standby generators have been installed. PG&E lines along McAusland Road have been installed. Installation of the standby generators has been completed. Installation of compressor station blowdowns has been completed. The soil stored at Storage Area 1 (immediately north of the Compressor Station site along McAusland Rd.) has been removed and the area restored to rice field. All BMPs have been removed from the site. Hydroseed has been sprayed in the buffer areas within the site. The final perimeter fence and gates have been installed. Electrical work has been completed. Final site grading and base installation has been completed. Final removal of construction materials from the storage area at the north end of the site remains (See Photograph 4, Attachment A).

## Natural Gas Connecting Pipeline

All construction activity associated with the Natural Gas Connecting Pipeline (Segments A and B) was completed as of October 31, 2011. Documentation of landowner acceptance of final right-of-way condition has been provided to the CPUC.

## Metering Station and 400/401 Line Interconnect

All construction activity associated with the Metering Station and 400/401 Line Interconnect was completed as of June 12, 2012.

## **CONSTRUCTION SCHEDULE**

***Compressor Station*** – CVGS began construction on April 11, 2011, and anticipates completion of construction by October 31, 2012.

***Remote Well Pad Site (includes saltwater tank)*** – CVGS began construction on April 11, 2011, and anticipates completion of construction by October 31, 2012.

***Observation Well Conversions*** – CVGS began construction on May 31, 2011 and anticipates completing construction by October 31, 2012.

***Saltwater Disposal Well*** – CVGS began construction on June 15, 2011 and construction was completed in February 2012.

***Metering Station*** – CVGS began construction on September 27, 2011 and construction was completed by June 12, 2012.

***Natural Gas Connecting Pipeline (Segment A)*** – CVGS began construction on August 8, 2011 and construction was completed on October 31, 2011. Preparation of the Natural Gas Connecting Pipeline (Segment A) right-of-way began on August 5, 2011 and was completed as of September 1, 2011.

***Natural Gas Connecting Pipeline (Segment B)*** – CVGS began construction on August 23, 2011 and construction was completed on October 31, 2011.

***Line 172 Connection Pipeline*** – CVGS began construction on May 16, 2011 and construction was completed by July 31, 2012.

## ATTACHMENT A Photos

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**Photo 1:** The temporary compressor at the Remote Well Pad site has been removed. The sound wall remains in place.



**Photo 2:** Drilling for the anode bed well in the northwest corner of the Remote Well Pad site has been started. The drill rig was being repaired at the time of inspection.



## ATTACHMENT A (Continued)

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**Photo 3:** Well conversion activities have been initiated at the Southam #2 well site. The drill rig has been set up and drilling was actively underway. Pipe and equipment was observed outside the approved work area. This incident was reported to CVGS on September 13, 2012 and corrective action was taken and reported to the CPUC on September 14, 2012.

## ATTACHMENT A (Continued)

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**Photo 4:** Construction-related materials remain in the northern portion of the Compressor Station site.



## ATTACHMENT B Notices to Proceed

NTP No.	Date Issued	Segment/Component	Conditions Included (Y/N)
1	March 21, 2011	Compressor Station, Remote Well Pad, and Observation Wells	Y
10A	April 18, 2011	Berm Installation for Preparation of Natural Gas Pipeline Right-of-Way	Y
9A	May 11, 2011	Test Boring at Horizontal Directional Drilling (HDD) Locations along 24-inch Pipeline Alignment	Y
2	May 13, 2011	Southam #3, #4, and Sara Louise #1; inspection and work-over activities	Y
6A	May 16, 2011	L-172 meter and interconnection	Y
5A	May 17, 2011	Drill up to 10 injection/withdrawal wells at remote well pad site	Y
6B	May 31, 2011	Remote well pad civil foundations, piping systems, temporary compressor, and equipment installation	Y
6D	May 31, 2011	Pacific Gas & Electric electrical pole relocation on Southam Road and new electrical pole installation on McAusland Road	Y
12	June 15, 2011	Complete test well and install saltwater disposal pipeline to remote well pad site	Y
6C	July 7, 2011	Compressor station civil foundations, piping systems, temporary compressor, and equipment installation	Y
10B	July 27, 2011	Preparation of 24-inch pipeline right-of-way	Y
4	August 3, 2011	Construction of 16-inch dual gathering lines and 24-inch pipe segment between compressor station and remote well pad site	Y
9B	August 3, 2011	Horizontal directional drilling (HDD) for 24-inch pipeline	Y
11	August 3, 2011	Construction of 24-inch pipeline between remote well pad and L-401 meter station	Y
13A	August 3, 2011	Construct L-401 meter station and pipeline connection to L-401	Y
7	August 4, 2011	Installation of emitting equipment (compressors, dehydration, generators) at the compressor site	Y
5B	August 5, 2011	Gas injection at remote well pad site	Y
13B	August 29, 2011	Installation and removal of PG&E power poles and conducting electrical work at the metering station	Y
2A	September 2, 2011	Southam #2 inspection and work-over activities	Y
14	March 23, 2012	Operations phase	Y

## ATTACHMENT C Variance Requests

Variance Request #	Submitted	Description	Status	Approval
1	April 6, 2011	Realignment of the 24-inch gas pipeline, including the Southam Pipeline, Weller Pipeline, and Perez Pipeline will be performed. The intent of realignment is to minimize impacts to irrigation systems and agricultural lands.	Approved	April 25, 2011
2	July 1, 2011	Additional temporary work space for pipe staging adjacent an HDD site. Area within a fallow rice field.	Approved	July 20, 2011
3	July 12, 2011	Install 4 new poles to connect power to the compressor station via PG&E Line along Southam Road.	Approved	July 20, 2011
4	July 8, 2011	Utilize HDD to cross the NRCS wetland to avoid surface impacts.	Approved	August 8, 2011
5	July 12, 2011	Offsite area in the City of Colusa to be utilized by Pipeline contractor for office trailers, materials staging, and storage of equipment.	Approved	July 20, 2011
6	July 28, 2011	Construct four new power poles and relocate one existing power pole within the pipeline construction right-of-way.	Approved	August 9, 2011
7	August 8, 2011	Use of temporary bridges during construction.	Approved	August 15, 2011
8	August 15, 2011	Additional temporary work space for five staging areas.	Approved	September 2, 2011
9	August 31, 2011	Replacement of one PG&E pole at the Colusa Drain (D-19)	Approved	September 2, 2011
10	September 7, 2011	Additional temporary work space at the 400/401 Line Interconnect for soil storage and fire hazard reduction	Approved	September 19, 2011
11	September 19, 2011	Amendment to APM BIO-12 allowing construction in giant garter snake habitat to be extended to November 1st from the current restriction of October 1st	Approved	September 29, 2011
12	September 22, 2011	Use of seven additional temporary bridges during construction	Approved	September 23, 2011
13	October 7, 2011	Install temporary 8-inch water line for hydrostatic testing	Approved	October 10, 2011
14	October 17, 2011	Amend APM HAZ-1 to allow storage of construction equipment within 100 feet of a sensitive environmental resource with secondary containment measures in place.	Approved	October 18, 2011
15	February 8, 2012	Increase in size and quantity of hazardous materials storage tanks at the Compressor Station site.	Approved	February 24, 2012
16	February 6, 2012	Dispose of saltwater tank test water onto adjacent, fallow rice field	Approved	February 13, 2012
17	June 19, 2012	Install two anode ground bed wells in Remote Well Pad buffer area	Approved	June 25, 2012
18	August 2, 2012	Re-route access road to Southam #2 observation well	Approved	August 14, 2012