



United States Department of the Interior

FISH AND WILDLIFE SERVICE

Sacramento Fish and Wildlife Office
2800 Cottage Way, Room W-2605
Sacramento, California 95825-1846

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APR 24 2002

IN REPLY REFER TO:

1-1-02-TA-1737

April 22, 2002

Mr. Michael Rosauer
CPUC WGSJ Project Manager
c/o MHA Environmental Consulting
4 West Fourth Avenue, Suite 303
San Mateo, California 94402

A1

Subject: Comments on the Draft Environmental Impact Report for the Proposed Wild Goose Gas Storage Expansion Pipeline Project, Butte and Colusa Counties, California

Dear Mr. Rosauer:

The U.S. Fish and Wildlife Service (Service) has reviewed the March, 2002, draft environmental impact report (DEIR) for the proposed Wild Goose Gas Storage Expansion Pipeline project, Butte and Colusa counties, California. The proposed project involves the expansion of an existing natural gas storage facility. Major project components include installation of approximately 25.5 miles of 36 inch diameter pipeline (Line 400/401 Connection Pipeline), expansion of the existing well pad and remote facility sites, and installation of approximately 4.5 miles of 24 inch diameter, bi-directional pipeline.

In accordance with the California Environmental Quality Act (CEQA), the DEIR describes three project alternatives. These alternatives vary in the route of the proposed Line 400/401 Connection Pipeline. The alternative preferred by the applicant (Central Crossing) will result in temporary impacts to approximately 230 acres (22 acres of rice fields and 10 acres of wetlands) that likely are inhabited by the threatened giant garter snake (*Thamnophis gigas*)(snake). In contrast, the North Crossing alternative will result temporary impacts to approximately 46 acres (35.6 acres of rice fields and 10 acres of wetlands) that likely are inhabited by the snake. Therefore, it appears that the North Crossing alternative will have fewer effects on the snake than the Central Crossing alternative.

A1-1

The Service cannot recommend any of the proposed project alternatives at this time because the DEIR does not adequately address the potential effects of any of the alternatives on federally listed species. In order for the California Public Utilities Commission to evaluate the proposed project and its alternatives, the proponent should assess potential effects to federally listed

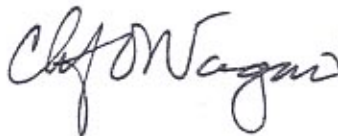
species having the potential to occur within the action area, including, but not limited to, the threatened Sacramento splittail (*Pogonichthys macrolepidotus*), endangered Conservancy fairy shrimp (*Branchinecta conservatio*), endangered vernal pool tadpole shrimp (*Lepidurus packardii*), threatened vernal pool fairy shrimp (*B. lynchi*), threatened Colusa grass (*Neostapfia colusana*), threatened valley elderberry longhorn beetle (*Desmocerus californicus dimorphus*), endangered palmate-bracted bird's-beak (*Cordylanthus palmatus*), threatened bald eagle (*Haliaeetus leucocephalus*), candidate California tiger salamander (*Ambystoma californiense*), and candidate yellow-billed cuckoo (*Coccyzus americanus*).

The U.S. Army Corps of Engineers is currently in informal consultation with the Service on the Central Crossing alternative for this project. However, it appears that the North Crossing alternative may minimize the potential effects to listed species. Therefore, you may wish to evaluate the suitability of the North Crossing alternative as it likely could reduce the effects on listed taxa, and possibly lower the potential costs of avoiding and/or minimizing the effects on federally listed species.

The comments provided in this letter are intended solely for the CEQA process and in no way fulfill the applicant's obligations under section 7(a) of the Endangered Species Act of 1973, as amended, on the proposed Wild Goose Gas Storage Expansion Pipeline project.

If you have any questions or concerns about these comments regarding the proposed Wild Goose Gas Storage Expansion Pipeline project, please contact Craig Aubrey or Justin Ly at (916) 414-6645.

Sincerely,



Jan C. Knight

Chief, Endangered Species Division

cc:

Wild Goose Storage, Inc., Calgary, Alberta, Canada (Attn: Jeff Carlson)
Matrix Environmental Planning, Healdsburg, California (Attn: Ernie Ralston)
California Department of Fish and Game, Rancho Cordova, California (Attn: Terry Roscoe)
Corps of Engineers, U.S. Army Engineer District, Sacramento, California (Attn: Tom Cavanaugh)
National Marine Fisheries Service, Sacramento, California (Attn: Mike Aceituno)



DEPARTMENT OF CONSERVATION
STATE OF CALIFORNIA

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BY: *[Signature]*

April 8, 2002

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GRAY DAVIS
GOVERNOR

Mr. Michael Rosauer
PUC WGSJ Project Manager
4 West Fourth Avenue, Suite 303
San Mateo, CA 94402

Subject: Wild Goose Gas Storage Project Draft EIR

The Department of Conservation, Division of Oil, Gas, and Geothermal Resources (Division) appreciates the opportunity to comment on the Draft Environmental Impact Report for the Wild Goose Storage Inc., Expansion Project.

DOGGR JURISDICTION & PROGRAM

Section 3000 et seq, Division 3, of the Public Resources Code (PRC), mandates that the Division supervise the drilling, operation, maintenance, and plugging and abandonment of oil, gas, and geothermal wells in the State to prevent damage to life, health, property, and the environment. As part of this statutory authority, PRC Section 3403.5 identifies the Division's jurisdiction over underground storage facilities. Furthermore, permit conditions are outlined in Section 1724.6 Division 2, Title 14, of the California Code of Regulations. Before a permit is issued Division engineers review all aspects of a proposed project to ensure there will be no gas migration from the intended injection zone, and that there will be no contamination of any freshwater aquifers. If there are concerns regarding possible migration or contamination, the Division could require the operator to modify the project, undertake remedial actions, and/or perform additional monitoring to ensure there are no problems.

In addition, all operators must report monthly injection or withdrawal volumes and well pressures to the Division. This information and regular site inspections insure the operator is in compliance with the conditions in their injection permit.

A2

A2-1

EXISTING PROJECT BACKGROUND

CEQA review of the initial project involved a Negative Declaration prepared by the Public Utilities Commission (PUC) in 1997. The initial project included a 3-acre compressor facility, a 1.5-acre well pad, a 12-inch pipeline to connect the facility with a PG&E transmission line, and an 18-inch pipeline connecting the well pad with a compressor facility.

Wild Goose Gas Storage, Inc., was issued a Division permit to inject gas into the Kione Formation on August 5, 1997. The permit contains 23 stipulations that must be met for the company to continue operation of the project. The following are some of the conditions:

- Corrosion prevention measures.
- Annual mechanical integrity testing.
- Maximum allowable injection pressure significantly below the fracture gradient of the cap rock.
- Waste-handling provisions.
- Annual project review meetings with Division engineers.
- Subsurface safety valves.
- Annual monitoring of plugged and abandoned wells in the area.

Wild Goose Gas Storage, Inc. began operation in April 1999, and there has been no evidence of fresh water contamination or gas migration from the injection zone.

COMMENTS ON DRAFT EIR

The Draft EIR overstates significantly the potential impacts of injecting gas into a depleted gas reservoir and the drilling, operation, and plugging and abandonment of gas-storage wells. In addition, there are jurisdictional issues that need clarification.

A2-2

In each discussion of mitigation measures involving Division jurisdiction, the CPUC has been included for further consultation. The CPUC has no jurisdiction over the wells or the subsurface aspects of this type project. Therefore, the CPUC should not be included in regulatory oversight responsibilities that are duplicative or inappropriate.

A2-3

Page 2-40, Well Workover

This section outlines the regular operational maintenance procedure that may be performed on a well. However, the equipment typically used for a well workover is much smaller and less elaborate than what is used in drilling operations. The workover frequency for any well is dependent on many factors, including the subsurface fluid chemistry, the physical properties of the reservoir rock, and the production practices of the operator. The workover frequency stated in the draft EIR is less than usual for wells in this type project.

In addition, whenever a workover operation is performed on an injection well, the operator must have a Division permit prior to commencing operations. This permit is provided after a Division engineer evaluates the proposed operations and specifies the proper safety equipment for the well.

A2-4

Page 2-42, California Division of Oil, Gas, and Geothermal Resources

This section briefly describes the Division's regulatory program, including the requirements for initiating an injection project. The following information should be added to this section:

- Written approval (a permit) from the Division is required prior to commencing drilling, reworking (workover), injection, or any plugging operations.
- Upon completion of any drilling, redrilling, deepening or reworking operations, the operator must submit a written history of the operations to the Division, along with copies of all geophysical tests and surveys performed on the well.

A2-5

Page 2-44, Permit Requirements

This section outlines the required permits in addition to permits from the PUC and the U.S. Army Corps of Engineers. The list fails to include the following Division permits:

- An updated gas storage project permit.
- A drilling permit for each well to be drilled.

A2-6

When applicable, the following permits are necessary during the life of the project:

- A workover permit to change the mechanical condition of the well.
- An abandonment permit whenever a well is to be plugged and abandoned.

Page 3.7-14, Storage Field and Caprock Conditions

Project permit conditions set the maximum allowable injection pressure to ensure gas storage pressures are maintained at safe levels. Typically, the fracture pressure gradient for a sedimentary rock is approximately 1.0 psi per foot of depth. The Division requires at least a 20 percent safety margin for most injection projects, allowing a maximum of 0.8 psi per foot. The injection pressure in the current Wild Goose Gas Storage Project permit is limited to 0.7 psi per foot. All the project conditions, including the injection pressure for each well, are reviewed with the operator at annual meetings. If necessary, the Division will alter the maximum allowable injection pressure to prevent damage to the caprock.

A2-7

In addition, the Wild Goose Gas reservoirs were initially discovered as a gas field. The structure that resulted in the accumulation of gas has been dated at approximately 2.4 million years old. Over the life of this field, 103 billion cubic feet of gas was produced. Therefore, it is unreasonable to assume that the cap rock is now incompetent at pressures similar to the original natural pressure. The caprock coring proposed by the operator is an additional measure that would not be a requirement specified in the Division's project permit, especially because this project is an extension of a proven project. The requirement would be more appropriate for a new project.

A2-8

Page 3.7-14, Mitigation Measure 3.7-1

The core information gathered by Wild Goose Gas Storage, Inc., is beyond the typical project requirements. Considering its routine nature, it is unnecessary to review the core evaluation process prior to conducting the tests.

A2-9

In addition, proposed injection pressures are at an appropriate level for safety, and they are consistent with Division guidelines.

Page 3.7-14, Mitigation Measure 3.7-2

As detailed previously, this mitigation measure is excessive given the allowable injection pressures that include a large safety margin that is included in the Division's project permit.

A2-10

Page 3.7-16, Abandoned Wells and Dry Holes

This section describes potential hazards associated with plugged and abandoned wells in the project area, and provides mitigation measures for them. Two plugged and abandoned wells are identified as potential sources of problems; wells Brady 1-20 and WWGU1 1-17. These plugged and abandoned wells and the gas storage project wells are under the Division's jurisdiction, as specified in the Public Resources Code cited previously.

A2-11

Page 3.7-16, Mitigation Measure 3.7-3

As part of the justification for this mitigation measure, the report indicates that storage gas may escape and accumulate in a building or structure. There are several reasons outlined below indicating why this scenario is highly improbable.

Before any structure can be built over or adjacent to a well, the Division must be notified as required under Section 3208.1 of the Public Resources Code. Under this section the Division may require the owner of any property to plug any well that is in the proximity to a proposed structure when that well may pose a potential hazard. As part of this process, the Division may recommend that the developer install a vent to ensure that any potential gas leakage is vented to the atmosphere and not allowed to accumulate under or in a structure. This procedure is used extensively in Southern California where there are hundreds of structures built over plugged and abandoned oil and gas wells.

Well Brady 1-20 was plugged and abandoned in 1966 to the standards specified on the Division permit. Division engineers were on site during the plugging operations to ensure the gas zones were plugged properly. A review of the plugging and abandonment operations indicates that it is highly unlikely that any storage gas could be leaking from this well.

In addition, this well is located structurally below the gas-water contact for the current L-4 zone project and, therefore, could not act as a direct conduit for injected gas. Typically, the injected gas accumulates in the highest portions of a reservoir and forces the formation water downward. This well was located in a lower portion of the reservoir that has always been saturated with water.

The proposed expansion into the U-1 and U-2 zones would not pose a significant threat, even though the injected gas would come in contact with the wellbore of Brady 1-20. The cement plugs in this well ensure that any injected gas will be contained in the intended storage zone.

Page 3.7-17, Mitigation Measure 3.7-4

The argument behind this mitigation measure assumes that gas is currently leaking from the existing wells in the area. There is no evidence that this is occurring.

The current injection zone is approximately one half mile below the surface and there are several gas zones and several impermeable rock layers above the injection zones. Any gas leakage from the storage zone would most likely charge the other gas reservoirs in the field or be contained in the subsurface formations by the other confining rock strata. In addition, the gas storage operator monitors the volume of gas injected and withdrawn continuously to assure that no gas is escaping the gas storage reservoirs.

A2-12

A2-13

Also, gas storage operators use observation wells routinely to determine if there is any gas escaping from a storage reservoir. Typically, observation wells are sited in zones above the injection zone where any escaping gas would most likely collect. Typically, Division project permits require the use of observation wells, along with a regular monitoring program, if there is a question involving the competence of a gas-storage reservoir.

Page 3.7-17, Mitigation measure 3.7-5 & 3.7-6

These mitigation measures address the assumption that new and plugged and abandoned wells will fail with age. While it is true that older wells may have a higher probability of leaking, it is more a function of the plugging and abandonment practices used. Plugging and abandonment technologies have advanced significantly over the last 50 years and the Division's regulations have changed to meet those standards. The wells in the project area have been plugged and abandoned properly and should not pose a threat.

A2-14

In addition to the advancement of plugging and abandonment technologies, the techniques used to drill and complete wells have progressed over time, also. Therefore, the statement that the casing and annular seals will fail with age is not necessarily valid. In other areas of the State, much older wells are used regularly in steam-injection or gas-storage projects without any evidence of casing or annulus-seal failure.

Page 3.7-18, Mitigation Measure 3.7-1 & 3.7-7

These mitigation measures are directed at the assumption that the locations of the plugged and abandoned wells in the area are unknown. The Division has detailed location information for every well in this area. This information is available at the Division's district office in Sacramento or through its web site.

A2-15

In addition, Section 1723.5, in Title 14, Division 2, Chapter 4 of the California Code of Regulations requires that all plugged and abandoned wells be cut off and buried 5 feet below the ground surface. This is to ensure that the plugged and abandoned wells do not affect adversely any future use of the property. Requiring an operator to place monuments over all the plugged and abandoned wells is not a Division requirement and is considered unnecessary.

The comments regarding the previous mitigation measures for potential gas leaks to the surface apply, also.

Page 3.7-20. Mitigation Measure 3.7-8

This mitigation measure intends to resolve the possibility of gas migrating to the surface through faults. Typically, faults act as conduits or barriers to subsurface gas or fluid migration. Because this area was originally a gas field, it can be assumed that the faults are either not in contact with the gas reservoir or the faults act as a barrier to gas migration. Otherwise, the gas would not have accumulated in the reservoir.

During the project permitting phase, the Division evaluates the potential for gas escaping the reservoir through faults. When necessary, the Division requires alteration of the project to include observation wells or maintaining a higher gas-water contact prior to project approval.

Not all faults extend to the surface; therefore, it is not reasonable to test for gas at the surface to prove or disprove that the fault is acting as a conduit. Comments provided above regarding the proper mitigation measures and improbability of gas reaching the surface apply, also.

A2-16

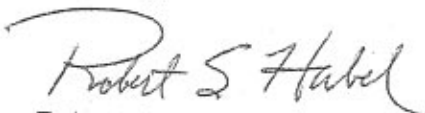
CONCLUSION

In conclusion, the Division is mandated to protect life, health, property, and the environment from damage resulting from the drilling, operation and plugging and abandonment of oil and gas wells, including gas-storage wells. The Division uses project evaluation permitting, site inspections, annual reviews, and monthly injection and withdrawal reporting to ensure the operations are operated in a safe manner.

A number of the comments to this draft would not have been necessary if the Division had been consulted prior to development of the report. The Notice of Preparation indicated that the Division would be consulted; however, there is no record of this consultation taking place.

If you have any questions please contact me at (916) 322-1110.

Sincerely,



Robert S. Habel
District Deputy
DOGGR – District 6

To: Michael Rosauer
CPUC WGSJ Project Manager
c/o MHA Environmental Consulting
4 West Fourth Avenue, Suite 303
San Mateo, CA 94402

April 18, 2002

From: Jo Turner
Senior Environmental Scientist
Department of Water Resources/Reclamation Board
3310 El Camino Avenue, Room 110
Sacramento, CA 95821

A3

Mr. Rosauer,

Reclamation Board staff have reviewed the Draft Environmental Impact Report for the Wild Goose Storage, Inc. Expansion Project and provide the following comments:

Reclamation Board jurisdiction- The document has identified a need for a Reclamation Board permit for pipeline crossings under levees along the Sacramento River and Cherokee Canal. However, portions of the project are located within the Butte Basin Floodplain (Area E). These areas are also subject to Reclamation Board regulations and may require additional Reclamation Board permits. Information on regulations within the Butte Basin can be found in the California Code of Regulations, Title 23, Waters, Article 8, Section 135, Supplemental Standards for the Butte Basin.

A3-1

Two project features, including the well pad and the remote facility site, include planting vegetation around the sites for visual screening. Article 8, Section 131, contains specific standards for vegetation and vegetation maintenance for areas within an adopted plan of flood control.

A3-2

Hydrology section – The document under Regulatory Setting starting on page 3.8-17 does not mention The Reclamation Board or its' regulatory responsibilities. The existing well pad site (which is unpermitted) and the proposed well pad site expansion as shown in figure 2.4-2 on page 2-9 do not conform to California Code of Regulations, Title 23, Waters, Article 8, Section 135.

A3-3

A3-4

Thank you for the opportunity to provide comments on your Draft Environmental Impact Report. If you have any questions about these comments or need clarification regarding Reclamation Board regulations, please contact Steve Dawson at (916) 653-9898 or me at (916) 574-2739.

Since comments on the document are due very soon, I will send you these comments via e-mail and fax you a hard copy.

State of California

DEPARTMENT OF WATER RESOURCES

The Resources Agency

FAX COVER SHEET

To Michael Rosauer	From Jo Turner
Organization C/O MHA Enviro. Consulting	Organization Dept. Water Res. Reclamation Bd
Location (Building/ Room Number) 4 West Fourth Ave., ^{Suite 1707}	Location (Building/ Room Number) 3310 El Camino, RM 110
FAX Number (650) 373-1211	FAX Number (916) 574-2741
Telephone Number (650) 373-1200	Telephone Number (916) 574-2739
Total Number of Pages Sent (including this sheet) 2	Date 4-18-02

COMMENTS:

I have attached a hard copy of the Reclamation Board's comments on the Draft EIR for the Wild Moose Storage, Inc. Expansion Projects. I have also sent you the information via e-mail.

Thanks

Discard copy Original letter to follow

If you do not receive all pages, or have any problems with receiving this fax, please call:

DWR 4210 (Rev. 01/00)

916-574-2739

To: Michael Rosauer
CPUC WGSJ Project Manager
c/o MHA Environmental Consulting
4 West Fourth Avenue, Suite 303
San Mateo, CA 94402

April 18, 2002

From: Jo Turner
Senior Environmental Scientist
Department of Water Resources/Reclamation Board
3310 El Camino Avenue, Room 110
Sacramento, CA 95821

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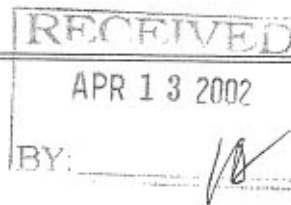
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Thank you for the opportunity to provide comments on your Draft Environmental Impact Report. If you have any questions about these comments or need clarification regarding Reclamation Board regulations, please contact Steve Dawson at (916) 653-9898 or me at (916) 574-2739.

Since comments on the document are due very soon, I will send you these comments via e-mail and fax you a hard copy.



Lawrence D. Odle
Air Pollution Control Officer

(530) 891-2882
(530) 891-2878 Fax

April 11, 2002

A4

Michael Rosauer
CPUC WSGI Project Manager
c/o MHA Environmental Consulting Inc.
4 West Fourth Avenue, Suite 303
San Mateo, CA 94402

Re: Draft Environmental Impact Report (DEIR) for the Wild Goose Storage Inc. Expansion Project

Dear Mr. Rosauer:

The District has reviewed the DEIR for the proposed project noted above. Based on the information provided the District submits the following comments.

The DEIR indicates that project construction phase emissions are well above District air quality significance thresholds. In addition to the mitigation measures proposed the District recommends the following to further reduce potential air quality impacts:

The prime contractor shall submit to the District for approval an Off-road Construction Equipment Reduction Plan (Plan) prior to groundbreaking. The Plan should include a comprehensive inventory (i.e. make, model, engine year, emission rating, fuel consumption rate) of all the heavy-duty off-road equipment, 50 horsepower or greater, that will be used an aggregate of 40 or more hours for the construction project, and indicate how the following measures will be met:

1. At least 20% of the heavy-duty off-road equipment included in the inventory should be powered by EPA/CARB certified off-road engines, as follows:
 - a. 175 hp – 750 hp 1996 and newer engines
 - b. 100 hp – 174 hp 1997 and newer engines
 - c. 50 hp – 99 hp 1998 and newer engines

Alternatively, equivalent emission reductions may be achieved by engine retrofit technology, exhaust filtration and low-sulfur diesel fuel, emulsified diesel fuels, or other CARB verified or certified technology. The District should be contracted to discuss alternative strategies.

2. Construction equipment exhaust emissions shall not exceed BCAQMD Rule 202 Visible Emission limitations.
3. The primary contractor shall be responsible to ensure that all construction equipment is properly tuned and maintained.

A4-1

Michael Rosauer

Page 2 of 2

4. Utilize existing power sources (e.g., power poles) or clean fuel generator rather than temporary power generators.
5. Minimize idling time to 10 minutes.
6. Employ construction activity management techniques, such as: extending the construction period outside the ozone season of May through October; reducing the number of pieces used simultaneously; increasing the distance between emission sources; reducing or changing the hours of construction; and scheduling activity during off-peak hours.

Thank you for the opportunity to comment on the proposed project. If you have any questions, please contact the District at 891-2882.

Sincerely,



Gail Williams
Air Quality Planner

File No 3452

STANDING COMMITTEES:
VETERANS AFFAIRS (CHAIR)
BUSINESS & PROFESSIONS (VICE CHAIR)
AGRICULTURE & WATER RESOURCES
APPROPRIATIONS
BANKING, COMMERCE & INT'L TRADE
GOVERNMENTAL ORGANIZATION
NATURAL RESOURCES & WILDLIFE

California State Senate

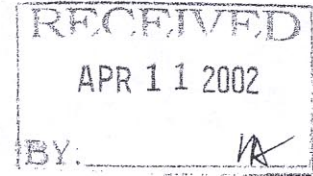
SENATOR
K. MAURICE JOHANNESSEN
ASSISTANT REPUBLICAN LEADER

SELECT COMMITTEES:
CALFED WATER PROGRAM (CHAIR)
CALIFORNIA'S WINE INDUSTRY
CAPITOL AREA FLOOD PROTECTION
DELTA RESOURCES & DEVELOPMENT
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LEGISLATION
INVESTIGATE PRICE MANIPULATION
OF THE WHOLESALE ENERGY MARKET
MOBILE & MANUFACTURED HOMES
JOINT COMMITTEES:
FAIRS ALLOCATION & CLASSIFICATION
LEGISLATIVE BUDGET
LEGISLATIVE SUNSET REVIEW

4TH SENATE DISTRICT



April 9, 2002



Mr. Mike Rosauer, CPUC Project Manager
C/o MHA Environmental Consulting, Inc.
4 West Fourth Avenue, Suite 303
San Mateo, California 94402

RE: Draft Environmental Impact Report for Wild Goose Storage, Inc.

Dear Mr. Rosauer:

P1

I am writing to express my support for the expansion of the Wild Goose Storage facility, located in my Senate District, near the City of Gridley in the County of Butte.

Due to the current legislative schedule, I will be unable to attend the California Public Utilities Commission's hearing in Colusa on April 11 regarding the Draft Environmental Impact Report for Wild Goose Storage, Inc. (WGS). However, I would like to take the liberty of making the following key points on this project:

- I offered my support on the original Wild Goose Storage project when it became the first independent natural gas storage provider in the state and am pleased to do so again.
- I am generally familiar with the work of WGS and believe the company did a very good job of protecting the interests of farmers, duck clubs, and the adjacent wildlife refuge during its initial construction a few years ago.
- The mitigation measures that were required of the earlier project seemed reasonable, proved effective, and were supported by landowners, farmers, and duck hunters. I am confident those mitigation measures would work just as well with the proposed expansion project.
- Operation of the WGS facility over the past three years has shown the company to be a good neighbor that conscientiously works with farmers and duck clubs in the area to ensure that their operations are not adversely impacted by the operation of the Wild Goose facilities.
- Based on past experience, the best way to approach this, in my judgment, is to let WGS work directly with the farmers and duck clubs to address any concerns.

P1-1

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(530) 224-4794 - FAX

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(530) 458-4184 - FAX

1170 NORTH LINCOLN ST., STE 106
DIXON, CA 95620
(707) 678-3195
(707) 678-3198 - FAX

If I may be of further assistance, please contact me or my District Representative, Kim Davis, in the Colusa Office at (530) 882-4447.

Your favorable consideration of this expansion project would be very much appreciated.

Sincerely,

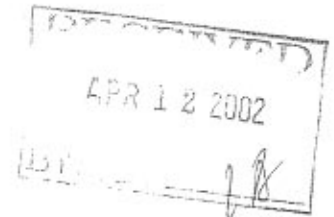


K. MAURICE JOHANNESSEN



CURT JOSIASSEN

SUPERVISOR, FOURTH DISTRICT
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April 8, 2002

Mike Rosauer
C/o MHA Environmental Consulting, Inc.
4 West Fourth Avenue, Suite 303
San Mateo, CA 94402

Dear Mr. Rosauer:

P2

My name is Curt Josiassen, Butte County Supervisor representing the area in which the Wild Goose Storage Facility is located. I also farm land located in the Richvale area, which is north of the project area just off Highway 99. Unfortunately I will not be able to attend the CPUC hearings in Colusa on April 11th regarding the Draft Environmental Impact Report for Wild Goose Storage Inc.

Here are some key points I would make if I could attend the hearing.

- Wild Goose Storage did a good job of protecting the interests of farmers, duck clubs and the adjacent wildlife refuge during its initial construction a few years ago.
- The mitigation measures that were required of that earlier project seemed reasonable, proved to be effective and were supported by the landowners, farmers and duck hunters.
- Those mitigation measures would work just as well with this expansion project.
- Operation of the WGSF facility over the past three years has shown the company to be a good neighbor that conscientiously works with farmers and duck clubs in the area to ensure that their operations are not adversely impacted by the operation of the Wild Goose facilities.
- The best way to approach this is to let WGSF work directly with farmers and duck clubs to address any concerns.
- I urge you to revise DEIR Mitigation Measure 3.2-3 so it reads "require that the construction manager coordinate closely with the farmers and property owners to ensure that construction crews have sufficient advance notice of the schedule pesticide spraying days and can be working on an unaffected part of the project on those days."

P2-1

- I also urge you to revise DEIR Mitigation Measure 3.2-8, which speaks to the use of hay bales, and silt fencing along the right-of-way. We believe this measure should only be implemented where needed. It's my understanding that it's not WGSJ's intent to install silt fencing or hay bales along the entire 30-mile length of the pipeline ROW. This was not needed during the first construction and shouldn't be required now. The spoils will be readily contained on both sides of the ROW. Those spoils will provide a built-in natural containment to prevent run off.

P2-2

If I can be of further assistance, please do not hesitate to contact my office in Richvale: 530-882-4447.

Sincerely,



Curt Josiassen
Butte County Supervisor, District 4

CJ:jt



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April 22, 2002

VIA ELECTRONIC MAIL, FACSIMILE & U.S. MAIL

Mr. Michael Rosauer
CPUC WGSJ Project Manager
c/o MHA Environmental Consulting
4 West Fourth Avenue, Suite 303
San Mateo, California 94402

P3

Re: Wild Goose Storage, Inc. Expansion Project, Application No. 01-06-029:
Comments on Draft Environmental Impact Report
Our Ref. : 09490.00000

Dear Mr. Rosauer:

Lodi Gas Storage, LLC (LGS) welcomes this opportunity to provide comments on the Draft Environmental Impact Report (EIR) for the proposed Wild Goose Storage, Inc. (WGSJ) Expansion Project, which the California Public Utilities Commission (CPUC or Commission), as lead agency under the California Environmental Quality Act (CEQA), has circulated for review and comment. LGS submits the following comments with the goals of promoting consistent environmental review of gas storage projects presented to the Commission for evaluation and ensuring that potential environmental impacts are carefully considered.

I. Scope of Environmental Review

LGS is primarily concerned with the approach to the CEQA environmental review of the initial WGSJ Project and the Expansion Project. Consistent with the comments submitted by WGSJ regarding the Draft EIR for the LGS project, LGS must, with respect to *both* the initial WGSJ Project and the Expansion Project, "necessarily compare the scope and depth of information provided by the applicant, the applicant-offered mitigation, and the final CPUC prescribed mitigation, to the environmental review conducted for" the LGS Project in Application No. 98-11-012. (WGSJ Comments on the Draft EIR for the Lodi Gas Storage Project, November 10, 1999, p.1 (LGS Application No. 98-11-012, Final EIR, Letter O-3).)

P3-1

When LGS filed its Application for Certification with the CPUC, it contemplated *both* the minimum initial project size and the reasonably foreseeable maximum project size which might possibly be developed in a later phase. In order to comply with CEQA's requirement that potential later phases or later expansions of a project that are reasonably foreseeable consequences of a project approval *not* be analyzed on a piecemeal basis, LGS presented detailed information regarding, and the CPUC analyzed, the LGS project based on potential maximum build-out for purposes of CEQA compliance.¹ (LGS Application No. 98-11-012, Draft EIR, Chapter 2, Project and Alternatives Description.) This analysis was conducted during a lengthy environmental review process and resulted in preparation of a thorough and comprehensive EIR.

Here, WGSJ received a certificate of public convenience and necessity (CPCN) for the initial phase of its storage project on June 25, 1997 (D.97-06-091). A Mitigated Negative Declaration was prepared to analyze the potential environmental impacts of the initial WGSJ project. The CPCN authorized construction and operation of one well pad, one bi-directional loop pipeline, and a remote operating facility, along with the use of one of the Wild Goose Gas Storage Field's twelve storage zones for the maximum storage of 14 billion cubic feet (bcf) of natural gas. (WGSJ Expansion Project, Draft EIR, pp. ES-2-3.) The CPCN limited the daily injection and withdrawal of gas into and from the field to 80 million cubic feet per day (Mmcf/d) and 200 Mmcf/d per day, respectively. (WGSJ Expansion Project, Draft EIR, p. ES-3.) Development and construction of the initial phase of the WGSJ project was completed in April 1999. (WGSJ Expansion Project, Draft EIR, p. ES-3.)

WGSJ submitted an application for the expansion phase of the project on June 18, 2001. (Application No. 01-06-029.) The proposed expansion project would dramatically increase the scope of the WGSJ storage facility. Permitted storage capacity would more than double, increasing from 14 to 29 bcf. (WGSJ Expansion Project, Draft EIR, p. ES-3.) Daily injection/withdrawal rates would increase to 450 and 700 Mmcf/d, respectively. (WGSJ Expansion Project, Draft EIR, p. ES-3.) The existing well pad site would be expanded to allow the drilling of up to 16 additional wells, a second bi-directional loop pipeline would be constructed, the remote facility site would be expanded (including the installation of three additional natural gas-fired engines and compressors) and a gas connection pipeline at least 25.6 miles long would be installed. (WGSJ

¹ See, e.g., Cal. Pub. Res. Code § 21003.1: environmental analysis should not be deferred; 14 CCR § 15378(a): the "whole of an action" that may result in a physical change must be considered; and *Laurel Heights Improvement Association v. Regents of the University of California* (1988) 47 Cal.3rd 376.

Expansion Project, Draft EIR, pp. ES-3-11.) The expansion project is being analyzed through the EIR process.

WGSJ's application for the expansion phase of the project was submitted four years after the application for the initial phase was submitted and a mere two years after completion of the initial phase. Physically, the expansion goes well beyond the "Possible Future Plans" discussed briefly in the Negative Declaration prepared for the initial phase of the project. (Negative Declaration, WGSJ Project, A.96-08-056, p.ND-18.) Had the expansion phase been considered initially as part of the whole action, the need to take more agricultural land permanently out of production at the remote facility site for the proposed expansion may have been avoided. (Impact 3.2-1.)

LGS believes that the Draft EIR should be revised to demonstrate lead agency compliance with CEQA's mandate to consider all phases of project planning, implementation and operation, including phases planned for future implementation. Such a demonstration would also go a long way toward ensuring consistent review of gas storage projects by the CPUC, addressing the issue raised by WGSJ in the LGS CPCN proceeding and by LGS in these comments.

2. Impact 3.2-1: Direct Conversion of Farmland to Non-Agricultural Use

The discussion regarding mitigation required to allow "virtually all plowing and ripping practices currently utilized by farmers in the area" is unclear. The text of the Draft EIR provides that "*a minimum 5-foot cover over the pipeline in agricultural areas* should be enough to preclude impacts to the plowing, ripping, or minor field leveling practices of existing agricultural uses. . . . Easement documents . . . also stipulate that the landowners *may not diminish* or substantially add to the cover of the pipe." (WGSJ Expansion Project, Draft EIR, p. 3.2-12 (emphasis added).) This language implies that a minimum of five feet of cover is required over the pipeline in agricultural areas. However, WGSJ Measure 3.2-5 provides that "the installation of Line 400 Connection Pipeline *with up to five feet of cover in agricultural areas* will allow virtually all plowing and ripping practices currently utilized by farmers in the area." WGSJ Measure 3.2-5 should be revised to clarify that a minimum of 5 feet of cover is required, consistent with the text of the Draft EIR.

3. Proposed Pipeline Alignment

Consistent with the LGS CPCN and EIR, LGS recommends that the CPUC authorize a pipeline alignment that follows existing roadways and public rights-of-way to the greatest extent practicable, in order to minimize impacts to agricultural production and the need to bisect properties.

P3-2

P3-3

In sum, LGS appreciates this opportunity to provide the foregoing comments. If you have any questions or require additional information, please contact me at the number or e-mail address listed above.

Very truly yours,

DOWNEY, BRAND, SEYMOUR & ROHWER LLP



Ann L. Trowbridge

cc: Thomas R. Dill, Western Hub Properties, LLC
Jim LaBauve, Aquila, Inc.

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Jeanne M. Bennett

RECEIVED
APR 23 2002

Mr. Michael Rosauer
CPUC WGSJ Project Manager
4 West Fourth Avenue, Suite 303
San Mateo, CA 94402

Re: Draft Environmental Impact Report for Wild Goose Storage Inc.
Expansion Project (A. 01-06-029)

Dear Mr. Rosauer:

P4

In accordance with the opportunity for public participation provided by the California Environmental Quality Act, Wild Goose Storage Inc. ("Wild Goose") is submitting to you its comments on the Draft Environmental Impact Report for the Wild Goose Expansion Project, distributed for public review on March 22, 2002. As an initial matter, Wild Goose would state its appreciation for the careful and thorough work which went into the preparation of the DEIR. In this regard, Wild Goose notes its agreement with many aspects of the report, including its selection of Wild Goose's proposed pipeline route as the preferred route. The comments which Wild Goose offers on the DEIR are in the nature of further refining the proposed mitigation measures to ensure greater effectiveness.

In total, the following documents are included herein:

1. Comments of Wild Goose Storage Inc. on Draft Environmental Report for Expansion Project ;
2. Project Description;
3. Post Seismic Pipeline Inspection Plan;
4. Seismic Hazard Analysis Workplan; and
5. Willows Fault Rupture Hazard Evaluation, Proposed 30-inch Natural Gas Pipeline, Wild Goose Storage, Gridley, California.

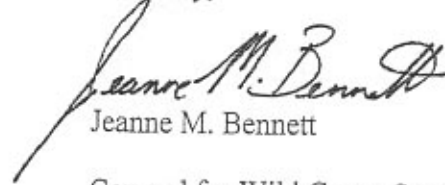
Item 2 is a copy of the updated Project Description which was provided to you in February 2002. Items 3 and 4 are referenced in, and are incorporated as part of, Wild Goose's

Michael Rosauer
April 22, 2002
Page 2.

proposed changes to certain mitigation measures. The final item is a fault evaluation study referenced in the Seismic Hazard Analysis Workplan.

If you have any questions on any of these materials, please contact Ernest Ralston at Matrix Environmental (707.433.7334).

Sincerely,

A handwritten signature in black ink, appearing to read "Jeanne M. Bennett". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Jeanne M. Bennett

Counsel for Wild Goose Storage Inc

cc: Ernest Ralston
Jeff Carlson

2715/014/X33273-1

COMMENTS OF WILD GOOSE STORAGE INC. ON DRAFT ENVIRONMENTAL
IMPACT REPORT FOR EXPANSION PROJECT (A. 01-06-029)

CHAPTER 1 : INTRODUCTION

A. Comments on Text / Tables

1. Page 1-6, 1st ¶: WGSi has proposed construction of a second up-to 24-inch diameter pipeline; not an 18-inch diameter pipeline as indicated in this paragraph.

P4-1

CHAPTER 2: PROJECT DESCRIPTION

A. Comments on Text / Tables

1. **General Comment:** On February 15, 2002, WGSi provided CPUC consultant, MHA, an updated "Project Description" for purposes of inclusion in the DEIR. The updated document reflected changes in the project description since the time when WGSi submitted its initial PEA. The revisions reflected in that update, however, are not reflected in the Project Description set forth in the DEIR, resulting in factual errors. The Project Description, as set forth in WGSi's February 15th update (attached hereto), should be reprinted in the Final Environmental Impact Report to ensure the full and accurate depiction of the entire scope of the project.

P4-2

CHAPTER 3.1: ASTHETICS

A. Comments on Text / Tables

None

B. Comments on Mitigation Measures

1. **IMPACT 3.1-2: Potential to Substantially Degrade the Existing Visual Character or Quality of the Site and its Surroundings.**

a. **DEIR Proposed Mitigation Measure 3.1-1 (page 3.1-7):** Install landscape screening at the Remote Facility Site. WGSi shall install a dense hedge around the perimeter of the Remote Facility Site to fully screen the perimeter fence. The hedge shall reach and maintain a height of 6 feet above grade. WGSi shall also install trees around the Site's perimeter that reach and maintain a height equal to the tallest structure or equipment at the Remote Facility Site.

(i) *Wild Goose Proposed Changes to Mitigation Measure 3.1-1:* Delete proposed mitigation measure.

(ii) *Reason for and Sufficiency of Wild Goose Proposed Changes to Mitigation Measure 3.1.1 :* As stated, DEIR proposed mitigation measure 3.1-1 is inconsistent with WGSi Measure 3.1-1 (as stated on page 3.1-14)

P4-3

and the conclusion which follows such measure that the “visual impact of the Remote Facility Site would be considered less than significant because the facility would be similar to existing features at the site, the limited number of viewers, and the screening landscaping that would be installed at the site.”

- b. **DEIR Proposed Mitigation Measure 3.1-2 (page 3.1-18):** Install landscape screening at the valve lots. WGSII shall install a dense hedge around the perimeter of all valve lot sites to fully screen the perimeter fences. The hedges shall reach and maintain a height of 6 feet above grade. WGSII shall also install trees around the perimeter of the Delevan Interconnect Facility that reach and maintain a height equal to the tallest structure or equipment at the Facility.

(i) *Wild Goose Proposed Changes to Mitigation Measure 3.1-2:* Delete proposed mitigation measure.

(ii) *Reason for and Sufficiency of Wild Goose Proposed Changes to Mitigation Measure 3.1-2 :* As stated, DEIR proposed mitigation measure 3.1-2 is inconsistent with WGSII Measures 3.1-10, 3.1-11 and 3.1-12 (as set forth on page 3.1-20) and the conclusion which follows such measures that “through implementation of [these] measures included as part of the project, impacts associated with placement of the valve stations in locations visible from scenic highways are considered to be less than significant without mitigation.”

- c. **DEIR Proposed Mitigation Measure 3.14-3 (page 3.1-18):**¹ Install landscape screening at the Delevan Interconnect Facility. WGSII shall install a dense hedge around the perimeter of the Delevan Interconnect Facility to fully screen the perimeter fence. The hedge shall reach and maintain a height of 6 feet above grade. WGSII shall also install trees around the perimeter of the Delevan Interconnect Facility that reach and maintain a height equal to the tallest structure or equipment at the Facility.

(i) *Wild Goose Proposed Changes to Mitigation Measure 3.14-3:* Delete proposed mitigation measure.²

(ii) *Reason for and Sufficiency of Wild Goose Proposed Changes to Mitigation Measure 3.14-3:* The proposed mitigation measure is inconsistent with the findings and conclusions stated on page 3.1-15 of the DEIR that “it is not expected that the construction and operation of the proposed Delevan Interconnect Facility would adversely affect the visual resources in the area.”

¹ This mitigation measure is misnumbered. It should be 3.1-3.

² The impact discussion in the two paragraphs preceding the proposed mitigation measure should also be deleted.

P4-4

P4-5

CHAPTER 3.2: AGRICULTURE

A. Comments on Text/ Tables

1. **Page 3.2-9, Table 3.2-1:** This table references "Relocation of Line 167." As such a relocation is only necessary if there is an eastward expansion of the Remote Facility Site, and a westward expansion of such site has been selected, Relocation of Line 167 should be deleted from the Table's list of project components.

P4-6

2. **Page 3.2-10, last ¶:** As stated above, the relocation of Line 167 is no longer a necessary project component. Accordingly the reference to such relocation and any necessary easements should be deleted from this paragraph.

P4-7

3. **Page 3.2-11, 2nd ¶:** The second sentence of this paragraph states that, according to CEQA Guidelines Appendix G, permanent conversion of prime agricultural land is considered a significant unavoidable impact that cannot be mitigated. WGSi was unable to find this information in Appendix G. Given this fact, a phone call was made to Terry Rivasplata of Jones and Stokes, formerly of the Governor's Office of Planning and Research. Mr. Rivasplata indicated he is not aware of any such statement in Appendix G or in CEQA that indicates conversion of prime agricultural land would constitute a significant and unavoidable impact. He further indicated that, instead, the impact to agricultural land should be considered in the context of the project area or region. As such, WGSi recommends that this wording be deleted, and any reference to the conversion of prime agricultural land as a significant and unavoidable impact be revised to indicate that the impact is less than significant in the context of the project study area.

P4-8

3. **Page 3.2-14, 3rd ¶:** The first sentence of this paragraph states that the Well Pad Expansion is not expected to affect Williamson Act properties. This statement is inconsistent with the language on page 3.2-3, under the heading Williamson Act Properties, which states that the Well Pad is on land under Williamson Act contract. It should be noted that the Well Pad Site is the only proposed expansion project component which will permanently displace the existing land use on a Williamson Act property, so WGSi will provide the necessary notice to the Department of Conservation. All other Williamson Act properties affected by the proposed expansion are crossed only by the pipeline and will be returned to their agricultural use following construction. As such, notice to the Department of Conservation will not be provided for those properties.

P4-9

B. Comments on Mitigation Measures

1. IMPACT 3.2-1: Direct Conversion of Farmland to Non Agricultural Use

a. **DEIR Proposed Mitigation Measure 3.2-3 (page 3.2-13):** All restricted pesticide permit requirements as issued by the Butte County and Colusa County Agricultural Commissioners' Offices shall be followed. WGSi shall coordinate with the landowners and both counties to assure that all permit requirements are met without unduly affecting or restricting the agricultural

P4-10