



Aspen *Environmental Group*

PROJECT MEMORANDUM LODI GAS KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: June 21, 2006
Subject: Weekly Report #4: June 11, 2006 – June 17, 2006
CPUC Environmental Monitors (EM): Jody Fessler

CPUC EM Jody Fessler was on site June 13th, June 15th, and June 16th.

PIPELINE SEGMENT:

Summary of Activity:

Construction activities continued this week with the trenching of the pipeline right-of-way west of Olson Road. Crews continued welding pipe sections together from where they left off from last week. Pipe was then placed in the trench. The right-of-way was completed and restored east of Olson Road this week. The only area left to complete is where the pappose spikeweed population is near a seasonal drainage.

Trenching of the right-of-way for the 12-inch flow-line at Kirby Hills from the compressor station toward the well sites continued during the subject week (see Figure 1). Clearing, grading, and trenching began for the 4-inch temporary line this week at Kirby Hills.

The staging area off Shiloh Road is being used for the staging of materials and equipment for the pipeline construction. Lodi Gas and Rockford, the construction contractor, also have work trailers staged on the site.

A Jones & Stokes Environmental Inspector (EI) was on-site to ensure compliance with mitigation measures adopted in the Mitigated Negative Declaration (MND), Storm Water Pollution Prevention Plan (SWPPP), and other permit requirements.

Environmental Compliance Activities:

On June 13th, the CPUC EM noted a couple of oil leaks from equipment and informed Lodi Gas's EI. Several crew members were also observed disposing of their cigarette butts improperly. These issues were discussed during the Thursday conference call. The CPUC EM observed that all other construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

WELL SITES:

Crews continued work at well site S-2 in the Kirby Hills this week. A work-over rig was at S-2 conducting Frac and Pack activities (see Figure 2). This work involves shooting engineered sand down into the well with a high pressure hose (see Figure 3). The sand creates fracs in the natural substrate so gas can flow more freely and also protects the well from smaller particles from exiting the substrate.

Environmental Compliance Activities:

On June 13th, an oil spot was observed on the access road near the S-2 well site. The Lodi Gas EI was informed as well as construction management. The CPUC EM observed that all other construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

KIRBY HILLS COMPRESSOR STATION SITE:

Earth work activities at the Kirby Hills Compressor Station continued this week and involved contouring the area and compacting the soil. Water trucks were observed regularly watering the site for dust control.

Environmental Compliance Activities:

On June 16th, the CPUC EM and the Lodi Gas EI discovered a Western meadowlark’s nest near the entrance to the Kirby Hills property. There were four dead baby birds and one live one (see Figure 4). The live bird was immediately taken to the Suisun Wildlife Center by the CPUC EM for care. The CPUC EM reminded the EI that the necessary resource agency notifications need to be made.

The CPUC EM observed that all construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

NOTICES TO PROCEED (NTP):

Table 1 presents the NTPs issued by the CPUC for the Lodi Gas Kirby Hills Project to date.

**TABLE 1
NOTICES TO PROCEED
(Updated 6-21-06)**

| NTP # | Date Issued | Description |
|-------|--------------|---|
| #1 | 5-19-06 | Pipeline Portion |
| #2 | 5-31-06 | Civil (grading) and piping construction of the well sites, and civil (grading) construction of the compressor station |
| #3 | Under Review | Foundation/Structural construction on the compressor station and well sites |
| #4 | 6-20-06 | Civil portion only of the natural gas receiving/metering station |

VARIANCE REQUESTS:

Table 2 presents the Variances requested and issued by the CPUC for the Lodi Gas Kirby Hills Project to date.

**TABLE 2
VARIANCE
(Updated 6-21-06)**

| NTP # | Date Requested | Date Issued | Description |
|-------|----------------|-------------|--|
| #1 | 6-01-06 | 6-05-06 | Request to trench through ephemeral wetland area approximately 70 ft. west of Olson Road. |
| #2 | 5-31-06 | 6-08-06 | Lodi gas would like permission to trench through an area with a CNPS listed plant (pappose spikeweed). CPUC approval contingent upon CDFG concurrence. 6/21 – CDFG feedback provided and forwarded to J&S. |
| #3 | 6-16-06 | 6-16-06 | Request to trench through two ephemeral wetland areas west of Shiloh Road. |

ENVIRONMENTAL COMPLIANCE:

No Non-Compliance Reports (NCR) or Project Memorandums (PMs) have been issued by the CPUC EM for the project to date.

UPCOMING ITEMS:

Lodi Gas holds a weekly conference call on Thursdays at 1:00 p.m. (PST) to review issues and upcoming events.

AGENCY PERSONNEL CONTACTS:

On June 14th, the CPUC EM received an email from Jenny Marr of CDFG regarding Variance Request #2 (trenching through population of pappose spikeweed located within the pipeline right-of-way) and that she would review the information the next week.

Photographs



Figure 1 – View of the 12-inch pipeline right-of-way from well sites to the Compressor Station, June 15, 2006.



Figure 2 – Work over rig at S-2 well site doing Frac and Pack work, June 13, 2006



Figure 3 – System to shoot engineered sand down well, June 13, 2006



Figure 4 – Western meadowlark nest discovered with four dead baby birds and one live baby bird, June 16, 2006