



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: July 19, 2006
Subject: Weekly Report #8: July 9, 2006 – July 15, 2006
CPUC Environmental Monitors (EM): Jody Fessler

CPUC EM Jody Fessler was onsite July 12th and July 14th.

PIPELINE SEGMENT:

Summary of Activity:

Construction activities continued this week with the installation of the 16-inch pipeline along right-of-way from the compressor station at Kirby Hills heading east, on the east side of Shiloh Road near the eucalyptus trees, and on either side of the railroad tracks (Figure 1). Crews continued stringing and welding pipe sections together. Pipe was then coated, jeeped, and lowered in the trench. By Thursday, the right-of-way east of the staging yard had pipe installed, with the exception of the papoose spikeweed population near a seasonal drainage (Figure 2). Vegetation was cleared per CDFG requirements at the spikeweed area on Wednesday (Figure 3). The topsoil was covered with a plastic tarp. As of Friday, all anodes and cathodic protection stations were installed on the 16-inch pipeline. Also on Friday, the pipeline was backfilled from Shiloh Road west approximately 1000 feet in preparation for the compressor delivery, which is a very heavy load. On Saturday, the 16-inch pipeline tie-ins were completed along the east side of Shiloh Road, and the pipeline section from west of Shiloh Road to the “Y” was shaded and backfilled.

Fiber optic cable was installed in the pipeline trench on Thursday and Friday.

On Monday, crews attempted a hydro-test of the 12-inch and 4-inch pipeline, but could not complete the work due to a faulty pressure pump. On Tuesday, crews completed a successful hydro-test of the 12-inch pipeline south of S-1 well site. On Wednesday, crews completed de-watering of the 12-inch pipeline and ran foam pits, a brush pig, and a sizing plate pig through the line. On Thursday, caps were welded on to the 12-inch pipeline for use during the temporary injection.

A variance request was submitted for the 4-inch temporary line to be moved slightly from the original alignment (see Table 2). On Tuesday, crews completed a successful hydro-test of the 4-inch pipeline south of S-1 well site. On Wednesday, crews completed de-watering of the 4-inch pipeline and ran foam pigs, a brush pig, and a sizing plate pig through the line.

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. Welding operations are also taking place in the staging yard.

Water trucks were observed often watering down the right-of-way for dust control.

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:

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

WELL SITES:

Earthwork at the S-2 well site continued to widen the right-of-way this week. An existing PG&E line will have to be relocated around the S-2 well site. A variance request was submitted on July 7th and approved on July 18th (see Table 2). There is an old drilling “dog house” that was used by drillers years ago for tool storage and possible housing that is near where the PG&E line will be rerouted. Jones & Stokes researched the historical status of this “dog house” and found it to be non-significant. The “dog house” was placed at the site in 1975 for previous drilling work.

On Monday, at the S-10 well site, crews moved pipe fittings to the well site and prepared for fabrication. Piping fabrication took place at S-10 well site throughout the week. A temporary containment for the tank at S-10 well site was installed on Wednesday. Radiographic inspection took place throughout the week.

Environmental Compliance Activities:

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

KIRBY HILLS COMPRESSOR STATION SITE:

At the Kirby Hills Compressor Station, excavation for various foundations took place this week. On Monday, crews tied rebar for various foundations, removed forms on the south compressor block foundation, and continued to fabricate piping. Grading of the road into the compressor station also took place on Monday. On Tuesday, crews set forms and rebar for the MCC building foundation, tied rebar for various foundations, and removed forms on the south compressor block foundation. Demolition also began on Tuesday of the bad concrete for the north compressor block foundation. On Wednesday, crews worked on the access road to the Compressor Station, placing a liner, hauling and packing the road base. Crews also completed forms and rebar for the MCC building foundation. The concrete pour is pending EDM drawing approval. On Thursday, crews completed the forms and rebar for the air receiver, air dryer, and air compressor foundations. The demolition of the north compressor block was also completed on Thursday. On Friday, crews completed pulling the electrical cable from the Compressor Station to the power pole drop. Also, crews worked on forms for the north compressor block and completed compaction for the north compressor block (Figure 4).

Water trucks were observed regularly watering the site for dust control.

Environmental Compliance Activities:

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

METERING STATION SITE:

PG&E continued work this week at the metering station conducting earthwork activities.

Environmental Compliance Activities:

The CPUC EM observed that 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 7-19-06)**

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	7-05-06	Compressor station and well site construction. Drilling of three new storage wells.
#4	6-20-06	Civil portion only of the natural gas receiving/metering station
#5	Under Review	Metering station foundation, structural, piping, electrical, and instrumentation construction.

VARIANCE REQUESTS:

Table 2 presents the Variance Requests reviewed and approved by the CPUC for the Lodi Gas Kirby Hills Project to date.

**TABLE 2
VARIANCE
(Updated 7-19-06)**

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.
#4	6-27-06	6-28-06	Request for additional workspace on the west side of Shiloh Road for the Shiloh bore.
#5	6-28-06	6-29-06	Request for removal of two small eucalyptus trees and trenching through the root system of two larger trees.
#6	7-07-06	7-07-06	Request to use additional workspace at the corner of Shiloh Road and the Kirby Hills access road to support large vehicles and equipment being transported to the Kirby Hills site.
#7	7-07-06	7-18-06	Request to relocate a PG&E distribution line around the S-2 well site. CPUC has requested historical resource information on the drilling “dog house” that is near the site. Jones & Stokes submitted information on 7/17/06.
#8	7-07-06	7-07-06	Request to move the 4-inch temporary gas line.

ENVIRONMENTAL COMPLIANCE:

One Project Memorandum has been issued by the CPUC EM for the project to date. On June 27th, the CPUC EM observed dump trucks dumping spoils from the Kirby Hills site on a levee road in an adjacent wetland area. This activity was not described in the project description. The CPUC EM requested to review permits for this activity. The landowner provided Lodi Gas with the 2006 Annual Application for the USACE Wetlands Maintenance, a copy of a letter from the USACE to the Suisun Resource Conservation District dated May 31, 2006, and a letter from the Suisun Resource Conservation District to the landowner dated June 5, 2006. The CPUC EM reviewed these documents and has concluded that the work activities are in compliance with the USACE approval. The Project Memorandum serves as a reminder that all permits for construc-

tion activities related to the Kirby Hills Natural Gas Storage Facility project be submitted and approved by the CPUC. Also, if changes to project activities as described in the MND occur, a Variance Request shall be submitted.

No Non-Compliance Reports (NCR) 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.

Photographs



Figure 1 – Crews welding 16-inch pipe near the “Y” in the access road to the Compressor Station, July 12, 2006.



Figure 2 – 16-inch pipeline installed in trench east of railroad tracks, July 14, 2006.



Figure 3 – Vegetation clearing of the pappose spikeweed east of Olson Road along the right-of-way, July 12, 2006.



Figure 4 – Work at the Compressor Station, July 14, 2006.