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PROJECT MEMORANDUM
LODI GAS KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: November 9, 2006
Subject: Weekly Report #24: October 29, 2006 – November 4, 2006

CPUC ENVIRONMENTAL MONITORS (EM): Jody Fessler

CPUC EM Jody Fessler was on site October 31st.

PIPELINE SEGMENT:

Summary of Activity:

All 16-inch pipeline work has been completed (except for where it connects into the Compressor Station and the Metering Station), as well as right-of-way cleanup. All of the affected landowners have signed off on the work as acceptable.

The cleanup of the staging area off Shiloh Road is complete; equipment and materials have been moved off the site and the area tilled per the specifications of the landowner.

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:

Work at well site S-1 occurred Monday and Tuesday of this week. On Monday, the logging rig was onsite. On Tuesday, the well logging was completed.

Work at well site S-2 was ongoing throughout the week. On Monday, the logging rig was onsite. On Tuesday, the well logging was completed and sandblasting and painting of piping took place (see Figure 1). On Wednesday, crews began trenching for piping to the well heads and continued coating the piping. On Thursday and Friday, crews continued trenching for the pipe.

Work at well site S-10 only occurred Tuesday of this week. On Tuesday, crews worked on the temporary compressor at S-10 well site (see Figure 2).

Water trucks were observed regularly watering the sites and roads 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.



KIRBY HILLS COMPRESSOR STATION SITE:

Work at the Kirby Hills Compressor Station took place Monday through Saturday of this week, including piping fabrication and welding, foundation work, compressor building erection, electrical work, and sandblasting and coating of piping (see Figures 3 & 4).

- On Monday, crews prepared for hydrostatic testing of the piping, installed flashing at cooler areas in the compressor building, worked on fans and building penetration sealing in the compressor building, conducted cable tray work, and encased a portion of the conduit bank near the MCC building in concrete.
- On Tuesday, crews continued to prepare for hydrostatic testing of the piping; installed conduit sleeve at the PG&E power pole; ran ESD, fan, control station, and lighting conduit in the compressor building; installed underground instrument conduit in the yard area; and set control stations and started conduit for motors at the tank battery area.
- On Wednesday, crews completed the hydrostatic testing of the underground gas piping and the slug catcher, continued to install flashing and building penetration work in the compressor building, and continued electrical work.
- On Thursday, crews dewatered the piping system following the hydrostatic testing, continued to install flashing and wall penetration work in the compressor building, and continued electrical work. Utility piping fabrication, pipe support and muffler foundation work, and sandblasting and coating of pipe all got shut down early due to rain.
- On Friday, crews continued fabrication and installation of utility piping, began fabrication of exhaust piping, continued to install flashing in the compressor building, continued foundation work for pipe supports and muffler supports, pulled wire to compressor building lights and successfully tested, continued installing conduit in the compressor building, mounted Caterpillar control panels, and completed cable tray installation.
- On Saturday, crews continued to backfill piping and worked on electrical/instrumentation work, which included: pulling wire to motors and switches in the compressor building, installing conduit in the compressor building, installing instrument junction boxes, and installing yard underground conduit.
- On Sunday, crews worked on electrical/instrumentation work, which included: pulling cable to the air compressors, setting the instrument junction box, working on the underground yard conduit, and working on the conduit and devices in the compressor building.

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 and Rockford crews worked throughout the week at the Metering Station site (see Figure 5). On Monday, crews continued to backfill piping and compact soil, set the fence corner posts, sandblasted and coated piping, installed conduit, and trenched for power installation to the gate. On Tuesday, crews completed piping backfill and compaction, continued to trench for conduit, trenched and prepared for the building foundation, and installed the barbed wire fence. On Wednesday, crews installed a chain link fence around PG&E's valve assembly and set posts for the meter facility chain link fence. On Thursday, there was no fence work due to rain. Crews installed wire and conduit between the pig launcher and communication building. On Friday, crews continued to set posts for the chain link fence and tied rebar for the building foundation. On Saturday, crews spread gravel at the site.

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. No additional NTPs are anticipated.

**TABLE 1
NOTICES TO PROCEED
(Updated 11-09-06)**

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	9-06-06	Metering station foundation, structural, piping, electrical, and instrumentation construction. County permit pending.

VARIANCE REQUESTS:

Table 2 presents the Variance Requests reviewed and approved by the CPUC for the Lodi Gas Kirby Hills Project to date. No Variance Requests were submitted during the subject week.

**TABLE 2
VARIANCE REQUESTS
(Updated 11-09-06)**

Variance #	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 construction 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:

Starting in September, Lodi Gas began holding conference calls on an as needed basis in coordination with the CPUC/Aspen Project Manager.

Lodi Gas anticipates the initial commissioning of project facilities in late November.

Photographs



Figure 1 – Piping at well site S-2, October 31, 2006.



Figure 2 – Crews working at S-10 well site, October 31, 2006.



Figure 3 – Compressor building at Compressor Station site, October 31, 2006.



Figure 4 – Crews working at Compressor Station, October 31, 2006.



Figure 5 – Crews working at Metering Station, October 31, 2006.