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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 15, 2006
Subject: Weekly Report #25: November 5, 2006 – November 11, 2006

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site November 9th.

PIPELINE SEGMENT:

Summary of Activity:

All 16-inch pipeline work has been completed, 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:

No work occurred at Well Site S-1 during the subject week.

On Monday, excavation for the meter run piping was conducted at Well Site S-2 and meter run piping fabrication began in the compressor station yard. Throughout the week, piping fabrication continued and piping installation was conducted (see Figure 1). By the end of the week, piping fabrication and installation was 90% complete.

No work occurred at Well Site S-10 during the subject 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:

Work at the Kirby Hills Compressor Station took place Monday through Sunday of the subject week, including the following activities:

- Monday through Friday, crews conducted backfilling and compacting of piping ditches, fabrication of exhaust piping, electrical work, and sandblasting and coating of piping (see Figures 2 & 3). Electrical work included conduit installation at various locations, pulling of fiber optic cable into the control room, junction box installation, pulling of wire to field junction boxes, and wire and cable termination at various locations. Work on the high voltage system began on Wednesday and continued through Friday.
- Compressor building erection was conducted Monday and Tuesday, including installation of flashing around the coolers, trim inside the building, and overhead doors. Fabrication and installation of utility piping in the compressor building was also conducted Monday through Wednesday. On Wednesday, preparation for compressor epoxy grouting was conducted and on Friday installation of epoxy grout occurred. Clean up for epoxy grouting operations was conducted on Saturday. Building crews will return to the site after epoxy grouting is completed.
- Monday through Thursday, crews conducted form and rebar work for the exhaust support foundations. This work was completed on Thursday.
- On Monday and Tuesday, excavation for the transformer foundation continued, and the foundation was formed and rebar installed on Wednesday. Concrete was poured for the foundation on Thursday.
- Monday through Wednesday, excavation for the glycol and thermal oxidizer piping was conducted.
- Excavation for silencer piping was conducted on Thursday and completed on Friday.

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:

Monday through Friday, crews installed conduit and instrumentation at the Metering Station. PG&E crews were observed at the Metering Station on Thursday, November 9, during the CPUC EM site visit (see Figure 4).

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 11-15-06)

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 11-15-06)

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 – Crews working at Well Site S-2, November 9, 2006.



Figure 2 – Tanks at the Compressor Station, November 9, 2006.



Figure 3 – Piping at the Compressor Station site, November 9, 2006.



Figure 4 – PG&E crews working at the Metering Station, November 9, 2006.