



235 Montgomery Street, Suite 935, San Francisco, CA 94104-3002
Tel. 415-955-4775, Fax 415-955-4776, www.aspeneg.com

**PROJECT MEMORANDUM
LODI GAS KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT**

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: November 22, 2006
Subject: Weekly Report #26: November 12, 2006 – November 18, 2006

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was not on site this week.

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.

WELL SITES:

On Monday, a work-over rig was set up at Well Site S-1A. No other work was done on Monday due to heavy rain. On Tuesday, crews conducted activities at the work-over rig.

On Monday, no activity occurred at Well Site S-2 due to heavy rain. On Tuesday, crews installed piping for the two new wells at Well Site S-2. On Wednesday, crews began the underground pipe coating and backfilling the pipe. On Thursday and Friday, crews continued backfill operations.

On Friday, crews configured the temporary compressor for a higher volume of injection at Well Site S-10.

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:

- No outside civil work was conducted on Monday due to heavy rains.
- Monday through Saturday, crews conducted and completed the piping fabrication and installation of the vent pipe to silencer, the glycol and oxidizer skid areas, and the compressor suction and discharge. On Saturday, crews prepared the system for hydrostatic testing. On Sunday, crews completed their hydrostatic testing of the vent piping. Other piping work throughout the week included: installing threaded piping at receivers, installing various vessel trim, purging and introducing gas into various main gas piping, installing the instrument tubing at the automated valves, installing piping to Lube Oil Day Tank, installing piping and tubing for the air supply system, sandblasting and coating of piping,



- Electrical work was conducted Monday through Sunday and included: PG&E checking system by turning on power for a short period, pulling wire in the MCC building, installing conduit in the compressor building, commissioning air compressors and dryers, setting instrument stands throughout the yard area, installing several transmitters and terminating wires, pulling feeder wires from the transformer to the MCC building, setting various level gauges and installing associated conduit drops, continuing instrument wire terminations in PLC and field junction boxes, mounting communications panel at the regeneration skid and pulling fiber optic cable, terminating fiber optic cable, installing field conduit for Instrument Junction Box IJB3, installing conduit for SCR system, installing conduit in exhaust piping area, mounting high voltage pole transformer and pole at metering yard, PG&E turning on power to transformer, energizing the MCC and UPS system, mounting fire and gas detectors inside the compressor building and conducting wiring, and programming computers in the control room.
- On Monday, crews cleaned the area inside the compressor building in the grout pour area. On Wednesday, crews fabricated the structural support for the lube oil day tank inside the compressor building and installed it on Thursday. On Wednesday, crews also completed grouting of the compressor skids outside the compressor building. Friday through Sunday, crews worked on installing a steel walkway inside the compressor building.
- On Wednesday, crews worked on remaining exhaust supports and installed forms for non-shrink grout at various pipe supports. On Thursday, crews installed structural supports for the exhaust systems, set the catalyst skid on its foundation, and constructed forms for the suction and discharge pipe supports. On Friday, crews continued the installation of the structural supports for the exhaust systems.
- On Tuesday, crews poured concrete for the exhaust supports and the south catalyst skid foundation. On Thursday, crews poured concrete for the remainder of the exhaust system foundations. On Friday, crews poured concrete for the north exhaust supports and catalyst foundation. On Saturday, crews poured concrete for various compressor suction and discharge pipe supports.
- On Saturday, crews installed the muffler on the south compressor. On Sunday, crews started to check both air compressors and prepared them for start-up.
- Backfilling of piping took place Wednesday through Sunday.

METERING STATION SITE:

Very little work took place at the Metering Station this week. On Wednesday, crews installed a 6-inch control valve at the Metering Station.

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 11-22-06)**

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 11-22-06)

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:

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