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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: February 9, 2007
Subject: Weekly Report #36: January 28, 2007 – February 3, 2007

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

On Friday, February 2, Butch Walls, EDM Services, toured the project site for compliance of project facilities with approved building plans/drawings.

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 right-of-way is revegetating well.

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:

Work at the well sites occurred Monday through Saturday of the subject week. On Monday, crews continued fabrication of instrument air piping at all the well sites.

Well Site S-1A: On Tuesday, crews conducted piping modifications for Well Site S-1A. On Tuesday, the electrical and instrumentation crews commissioned Well Site S-1A. On Wednesday, electrical and instrumentation crews began installation of a shed over the distribution panel. On Thursday, crews conducted piping modifications. On Saturday, electrical and instrumentation crews completed terminations for the existing well at the site.

Well Site S-2: On Monday and Tuesday, crews constructed forms for the final pipe supports and light pole foundations at Well Site S-2. On Monday, electrical and instrumentation crews completed interconnecting conduit for the distribution rack, installed flexible conduit for instruments, and terminated fiber optic cable. On Tuesday, electrical and instrumentation crews pulled wire and terminated instruments, powered-up the distribution rack, and powered-up and configured the I/O cabinet. On Wednesday, crews poured concrete for the launcher supports and light poles at Well Site S-2. Also on Wednesday, electrical and instrumentation crews conducted instrument terminations. On Thursday, crews backfilled conduit and removed foundation forms at the site. On Thursday, electrical and instrumentation crews, completed pulling instrument cable and continued terminations. On Saturday, electrical and instrumentation crews wired terminations at Well Site S-2.

Well Site S-10: On Thursday, electrical and instrumentation crews mounted the rain hood at Well Site S-10 and commissioned instruments at the site. On Friday, electrical and instrumentation crews converted Well Site S-10 from temporary to permanent power.



KIRBY HILLS COMPRESSOR STATION SITE:

Work at the Kirby Hills Compressor Station took place Monday through Friday. No civil or mechanical activities took place on Friday. Crews conducted the following activities:

- Monday through Thursday, crews worked on “punch list” items, fabricated and installed miscellaneous pipe supports, installed miscellaneous pipe clamps, sandblasted and coated pipes, modified stairs and landing at the MCC building, installed final handrail and structural items inside the compressor building, and demobilized various equipment.
- Wednesday through Friday, crews conducted electrical and instrumentation work which included: installing light fixtures over personnel doors in the compressor building, a vendor installing instruments on the glycol equipment, packing and pouring conduit seals in the compressor yard, working on grounding items (including the fence), terminating and commissioning the level switches for the glycol equipment, commissioning the glycol equipment, and testing fiber optic cable.

METERING STATION SITE:

PG&E crews worked throughout the week at the Metering Station commissioning their system. On Monday, Lodi Gas crews completed the fence installation around the meter site.

The PG&E control building at the PG&E meter station was observed out of compliance with the approved anchor design by Butch Walls, EDM Services. The building was not physically anchored (strapped) to the foundation as was detailed in the plans as approved by the CPUC during the design review. Mr. Walls is checking with the Solano County Inspector regarding the matter.

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 02-09-07)

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 02-09-07)

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:

Construction has essentially been completed with the exception of remaining punch list items.