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**PROJECT MEMORANDUM
KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT, PHASE 2**

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: May 12, 2009
Subject: Report #24: April 26, 2009 – May 2, 2009

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Thursday, April 30th.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

No construction activity was conducted at WS-21 during the subject period.

Well Site 22 (WS-22)

No construction activity was conducted at WS-22 during the subject period.

Well Site 23 (WS-23)

No construction activity was conducted at WS-23 during the subject period.

Observation Well Lambie 6 (Well L6)

No construction activity was conducted at Well L6 during the subject period.

Observation Well Lambie 7 (Well L7)

No construction activity was conducted at Well L7 during the subject period.

Well Site 5 (Wagenet 5 – W5) Observation Well

On Monday, crews began setting up the drilling rig and on Tuesday, crews moved in support equipment. Drilling operations began Tuesday night. Drilling operations are ongoing (see Figures 1 – 3).

PIPELINE:

Summary of Activity:

No construction activities were conducted along the pipeline during the subject period.

ACCESS ROADS:

Summary of Activity:

The access roads are being used by construction vehicles and equipment to access the construction sites.



STAGING AREAS:

Summary of Activity:

The disturbed temporary work area/staging area on the north side of the compressor station has revegetated well.

COMPRESSOR STATION SITE:

Summary of Activity:

Electrical work at the compressor station included: grounding work, terminating power and control cables in the new MCC building, pulling cable, wire terminations and miscellaneous assembly, instrument calibrations, and conduit installation. Foundation work included: pouring concrete for light poles, pipe supports, and foundations; and grouting of equipment. Mechanical work included: fabrication and installation of piping; installation of instruments; hydrostatic testing; other piping tests; installation of various units; backfilling of piping; and pipe blasting, priming, and painting. Installation of the roll-up doors and flashing work remains on the compressor building.

METERING SITE:

Summary of Activity:

Electrical work and PG&E's work is complete at the Metering Station. On Monday and Tuesday, crews conducted painting. Spreading of rock gravel remains.

ENVIRONMENTAL COMPLIANCE:

The CPUC EM observed that all work activities were in compliance with the approved Mitigated Negative Declaration and other permit requirements. The CPUC EM reviewed LGS' Environmental Inspector's (EI) reports and survey reports. Environmental training of crew personnel by LGS's EI was on-going as new crew personnel came onto the site. Sensitive environmental areas were staked, flagged, and/or fenced. Erosion controls were in place and functioning at all work sites. The refueling tank and other small cans at the compressor station were surrounded with secondary containment. The sites were cleaned of trash on a daily basis. The access road to W5 was being kept watered to prevent dust. The SMHM wildlife exclusion fencing was in place and functional.

NOTICES TO PROCEED (NTP):

To date, eight Notices to Proceed (NTPs) have been issued for the Kirby Hills Natural Gas Storage Facility Phase II Project (see Table 1). No additional NTPs are anticipated for the project.

TABLE 1
Notice to Proceed Requests
(Updated 5-12-09)

NTP #	Date Requested	Date Issued	Description
#1	4-11-08	4-21-08	Request authorization from the CPUC to commence with construction activities associated with three new wells (Well Sites 21, 22, and 23), a 2,700-foot-long pipeline (flow line), and access roads and staging areas for Phase II of the Kirby Hills Natural Gas Storage Facility Project.
#2	4-11-08	4-20-08	Request authorization from the CPUC to commence with reentry and conversion of Wells Lambie 6 and Lambie 7 to observation wells for Phase II of the Kirby Hills Natural Gas Storage Facility Project.
#3	5-2-08	5-6-08	Request a NTP from the CPUC for PG&E's hot tapping work at the Kirby Hills Natural Gas Storage Facility meter station, located west of Birds Landing Road in Solano County.
#4	4-29-08	5-7-08	Request authorization from the CPUC to commence with the civil, mechanical, electrical, and instrumentation work at the compressor station facility of the Kirby Hills for Phase II of the Kirby Hills Natural Gas Storage Facility Project.
#5	5-23-08	N/A	Request authorization from the CPUC for extra work space at the corner of Shiloh Road and the access road to Kirby Hills. This work space was already approved under NTP #1 and therefore NTP #5 is not necessary. Wetland areas within the work space will be totally avoided.
#6	6-9-08	6-13-08	Request to install compressor units on foundations at Compressor Station.
#7	12-14-08	12-17-08	Request to conduct modifications at the Metering Station, located west of Birds Landing Road in Solano County.
#8	4-7-09	4-16-09	Request authorization from the CPUC to commence with construction activities at observation well Wagenet 5 (W5).

VARIANCE REQUESTS:

No Variance Requests have been submitted to the CPUC to date.

PHOTOGRAPHS



Figure 1 – View of drilling rig at Wagenet 5 (W 5) looking northeast, April 30, 2009.



Figure 2 – Drilling rig set up at Wagenet 5 (W 5), April 30, 2009.



Figure 3 – View of drilling rig at Wagenet 5 (W 5) looking north, April 30, 2009.