



Aspen *Environmental Group*

PROJECT MEMORANDUM LODI GAS KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: October 3, 2006
Subject: Weekly Report #19: September 24, 2006 – September 30, 2006
CPUC Environmental Monitor (EM): Jody Fessler

CPUC EM Jody Fessler was on site September 26th and 28th.

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 the well sites was ongoing throughout the week.

On Thursday, crews worked on the layout for light poles and distribution panels, and excavated for the light poles at well site S-1.

On Monday, crews were setting up equipment and tanks for the drill rig at well site S-2 that arrived onsite late last week. On Tuesday, preparations for drilling continued and drilling operations began (see Figures 1 and 2). On Wednesday, the drilling crew drilled approximately 500 feet and set the casing. On Thursday, the drilling crew was on standby because they were waiting for the casing concrete to set. On Friday and Saturday, drilling continued on the first new well.

On Tuesday, crews replaced small sections of the temporary compressor piping during a shutdown at well site S-10. On Thursday, crews worked on the layout for the light poles and distribution panels, and excavated for the light poles.

Water trucks were observed regularly watering the sites and roads for dust control and were present during welding activities.

Environmental Compliance Activities:

On Tuesday, September 26th, the CPUC EM noted that there was an oil spill on the ground near the east side of the drilling rig at well site S-2 (see Figure 3). The CPUC EM informed the Lodi Gas Environmental Inspector (EI) and he spoke with the Construction Manager for Lodi Gas and the drill rig foreman. It was cleaned up that day. The CPUC EM observed that other 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 foundation work, piping fabrication, and grounding work (see Figure 4). On Monday, crews continued to work on the fabrication of piping spools, installed control valves on the 16-inch and 12-inch piping systems, installed slug catcher piping, continued sandblasting and coating of piping, and completed the concrete placement for the compressor building grade beam. On Tuesday, crews continued to work on the slug catcher piping, continued fabrication and installation of the tank and pump area piping, blew down piping to tie the 12-inch pipeline into the compressor station receiver, continued sandblasting and coating of piping, worked on the compressor building foundation floor area, and worked on the layout for light poles and distribution panels. On Wednesday, crews continued the fabrication and installation of the slug catcher, continued the fabrication and installation of underground piping, purged and pressured the 12-inch piping from the receiver to the well sites, got the temporary compressor and the wells back online, continued sandblasting and coating of piping, worked on the compressor building foundation floor, and placed cables from the well sites into the main piping ditch to the MCC building area. On Thursday, crews completed the welding and installation of the slug catcher 24-inch piping, worked on the compressor building foundation floor, worked on the cable tray support foundations, continued the fabrication and installation of underground piping, and continued sandblasting and coating of piping. On Friday, crews continued the fabrication and installation of the tank and pump area piping, poured concrete for the compressor building sump, poured concrete for the four cable tray supports, excavated for three light pole foundations, and continued sandblasting and coating of piping. On Saturday, crews worked on the compressor building foundation floor, knocked out holes in the MCC for conduit entry, and continued grounding work.

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:

Piping fabrication for the Metering Station is ongoing at the Compressor Station yard.

On Thursday, PG&E crews poured concrete for the building foundation at the Metering Station site (see Figure 5). PG&E crews also performed the hot-tap of the existing 32-inch pipeline on Thursday (see Figure 6).

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.

TABLE 1
NOTICES TO PROCEED
(Updated 10-03-06)

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.

TABLE 2
VARIANCE REQUESTS
(Updated 10-03-06)

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.

Photographs



Figure 1 – Drill rig set up at well site S-2, September 26, 2006.



Figure 2 – East side of drill rig at well site S-2, September 26, 2006.



Figure 3 – Oil spill on ground near east side of drill rig at well site S-2, September 26, 2006.



Figure 4 – Crews working at Compressor Station, September 26, 2006.



Figure 5 – PG&E working on building foundation at the Metering Station, September 28, 2006.



Figure 6 – PG&E ready to do hot-tap of their existing 32-inch pipeline just outside the Metering Station, September 28, 2006.