



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: January 11, 2007
Subject: Weekly Report #32: December 31, 2006 – January 6, 2007

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was not on site during the subject week.

No work activities were conducted from December 24th through January 1st due to the Christmas Holiday and New Years Holiday.

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 Tuesday through Saturday of the subject week.

On Saturday, the electrical and instrumentation crews mounted a stand at Well Site S-1.

On Tuesday, crews sandblasted weld joints, and coated and jeepled piping at Well Site S-2. On Wednesday, crews backfilled the piping for Well S-2. On Wednesday and Thursday, crews prepared Well S-2 piping for the hydrotest. For the remainder of the week, the electrical and instrumentation crews installed conduit at Well Site S-2.

On Saturday, electrical and instrumentation crews pulled and terminated wire at Well Site S-10.

KIRBY HILLS COMPRESSOR STATION SITE:

Work at the Kirby Hills Compressor Station took place Tuesday through Saturday. No civil or mechanical work was conducted on Saturday. Crews conducted the following activities:

- Tuesday through Friday, crews prepared the Compressor Station site for the fence crew, stripped concrete forms, worked on the pump piping in the tank battery area, re-installed lube oil lines to the compressor skid and day tank area, installed miscellaneous pipe supports, installed trim for glycol contactor, constructed forms for the pig receiver catch basins, poured concrete for the pig receiver catch basins.
- Thursday through Saturday, crews conducted electrical and instrumentation work which included: installing light bulbs at the light pole locations, set light poles in the compressor yard, and mounted four light poles.
- On Saturday, the water well contractor mobilized various equipment and materials onto the site.



METERING STATION SITE:

Lodi Gas’ contractor had electrical and instrumentation crews testing fiber optics at the Metering Station site on Saturday. Crews also mounted and terminated two new transmitters at the Metering Station site on Saturday.

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 1-11-07)**

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 1-11-07)**

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:

As previously reported, Lodi Gas began commissioning of the South Compressor in November. Additional commissioning activities are scheduled for January.

At the request of Solano County, Aspen made an inquiry to Lodi Gas regarding the planned facility lighting. On January 4, Lodi Gas provided an email to Aspen Environmental Group, Vida Strong, stating that they had modeled the lights at the meter station prior to energization to predict the light level and have since checked them with a meter. There are several spots in the meter station that exceed the 5-foot candles, so they are making modifications and should have them in spec in a few days. Lodi Gas will send confirmation once the lighting levels are in spec.