



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

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

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: May 21, 2008
Subject: Weekly Report #2: May 11, 2008 – May 17, 2008

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Friday, May 16th.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

On Tuesday, a survey crew staked the well pad work area for WS-21.

Well Site 22 (WS-22)

Monday through Thursday, Ensign Drilling moved in their equipment and began setting up drilling rig and equipment at the well site. On Friday, drilling operations began at WS 22 and WS 22-9 and continued through Saturday (see Figures 1 and 2).

Well Site 23 (WS-23)

Monday through Friday, Asta Construction crews continued building up well pad and grading the work area (see Figure 3).

Observation Well Lambie 6 (Well L6)

On Monday, KDY Drilling set up their workover rig at Well L6. On Tuesday, crews began workover drilling operations at Well L6 and continued through Saturday (see Figure 4).

Observation Well Lambie 7 (Well L7)

On Monday, Samuel Welding installed the casing and wellhead at Well L7. On Tuesday, Vetco-Gray installed the wellhead valving at Well L7.

PIPELINE:

Summary of Activity:

On Tuesday, a survey crew staked the temporary workspace for the pipeline from the well sites to the compressor station.

ACCESS ROADS:

Summary of Activity:

At this time, crews are using existing access roads except for the access road that was built between WS-22 and WS-23. The access roads were continuously watered throughout the day for dust control. On Tuesday, a survey crew staked out the access road centerlines.

STAGING AREAS:

Summary of Activity:

The staging areas have been staked, but were not cleared at the time of the CPUC EM site visit.



COMPRESSOR STATION SITE:

Summary of Activity:

NTP #4 was issued on May 7, 2008 for crews to commence with the civil, mechanical, electrical, and instrumentation work at the Compressor Station site. No work was started during the subject week.

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 PG&E EI daily reports and survey reports. Environmental training of crew personnel by LGS's Environmental Inspector (EI) was on-going as new crew personnel came onto the site. Sensitive environmental areas were staked, flagged, and/or fenced. The wetland area near WS-23 was fenced off and had silt fencing installed on the upslope side so potential erosion from WS-23 would not enter the wetland area. The CPUC EM observed water trucks continuously watering the work areas.

NOTICES TO PROCEED (NTP):

To date, four Notice to Proceed (NTPs) have been issued for the Kirby Hills Natural Gas Storage Facility Phase II Project. Additional NTPs are anticipated for the project.

TABLE 1
Notice to Proceed Requests
(Updated 5-21-08)

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.

VARIANCE REQUESTS:

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

PHOTOGRAPHS



Figure 1 – Drill rig set up at WS-22, May 16, 2008.



Figure 2 – Close-up photo of drill rig at WS-22, May 16, 2008.



Figure 3 – Well pad grading work at WS-23, May 16, 2008.



Figure 4 – Workover rig set up at Well L6, May 16, 2008.