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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 30, 2008
Subject: Weekly Report #3: May 18, 2008 – May 24, 2008

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Wednesday, May 21st.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

No work was conducted during the subject week.

Well Site 22 (WS-22)

Sunday through Saturday, Ensign Drilling continued drilling of WS 22-9 at WS-22 (see Figure 1). This work is continuing 24 hours a day, 7 days a week.

Well Site 23 (WS-23)

Monday through Thursday, Asta Construction crews continued building up the well pad and grading the work area (see Figure 2).

Observation Well Lambie 6 (Well L6)

On Monday and Tuesday, KDY Drilling continued workover drilling operations at Well L6. On Wednesday, crews completed workover drilling operations at Well L6 (see Figure 3).

Observation Well Lambie 7 (Well L7)

On Thursday, KDY Drilling set up the workover drilling rig at Well L7 and began workover drilling operations which continued through Saturday.

PIPELINE:

Summary of Activity:

No work was conducted during the subject week.

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.



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 5-30-08)

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 – Drilling operations at WS 22-9 at Well Site 22, May 21, 2008.



Figure 2 – Crews building up well pad at WS-23, May 21, 2008.



Figure 3 – Workover equipment at Well L6, May 21, 2008.