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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: September 5, 2008
Subject: Report #14: August 24, 2008 – August 30, 2008

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site Thursday, August 28th.

WELL SITES:

Summary of Activity:

Well Site 21 (WS-21)

Monday through Saturday, Ensign Drilling continued to drill at WS-21-4 (see Figure 1). They are drilling 24 hours a day, 7 days a week.

Well Site 22 (WS-22)

Monday through Saturday, a workover rig was set up at WS-22-9 (see Figure 2).

Well Site 23 (WS-23)

No work activities occurred at WS-23 during the subject week.

Observation Well Lambie 6 (Well L6)

No work activities occurred at Well L6 during the subject week.

Observation Well Lambie 7 (Well L7)

No work activities occurred at Well L7 during the subject week.

PIPELINE:

Summary of Activity:

On Monday and Tuesday, crews continued to backfill and compact the pipeline trench (see Figure 3). No other work was conducted on the pipeline the remainder of the week.

ACCESS ROADS:

Summary of Activity:

No construction activity was conducted on the access roads during the subject weeks. The access roads are being used to access the work sites.

STAGING AREAS:

Summary of Activity:

Crews are utilizing the temporary work area/staging yard on the north side of the compressor station for materials storage, equipment storage, and welding operations (see Figure 4).

COMPRESSOR STATION SITE:



Summary of Activity:

Throughout the week, crews continued excavation for pipe trenches, surveyed for new foundations, conducted welder testing, conducted miscellaneous pipe fabrication, worked on compressor foundation forms, excavated for glycol regeneration skid and thermal oxidizer skid foundations, began and completed re-compaction of subgrade for glycol regeneration skid foundation, and poured concrete for CBA-3000 and CBA-4000 compressor foundations (see Figure 5).

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 Inspect (EI) daily 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. 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. 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.

NOTICES TO PROCEED (NTP):

To date, six Notices to Proceed (NTPs) have been issued for the Kirby Hills Natural Gas Storage Facility Phase II Project (see Table 1). Additional NTPs are anticipated for the project.

TABLE 1
Notice to Proceed Requests
(Updated 9-5-08)

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.
#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.

VARIANCE REQUESTS:

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

PHOTOGRAPHS



Figure 1 – Ensign Drilling at WS-21-4, August 28, 2008.



Figure 2 – Workover rig set up at WS-22-9, August 28, 2008.



Figure 3 – Pipeline right-of-way trench backfilled from the Compressor Station to WS-21 well pad, August 28, 2008.



Figure 4 – Compressor Station staging yard, August 28, 2008.



Figure 5 – Foundations for compressors at the Compressor Station, August 28, 2008.