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April 29, 2011

Mr. Eric Chiang
California Public Utilities Commission
505 Van Ness Ave, 4th Floor
San Francisco, CA 94610

Subject: Central Valley Natural Gas Storage Project – Request for Issuance of a Notice to Proceed (NTP #2) for Inspection and Well Conversion Activities at Three Existing Wells (Southam #3, Southam #4 and Sara Louise #1)

Dear Eric:

Central Valley Gas Storage, LLC (CVGS) is requesting the CPUC's issuance of a notice to proceed (NTP #2) for the inspection and conversion of three existing production wells (Southam #3, Southam #4, and Sara Louise #1) into storage observation wells. These three existing wells occur at the eastern end of the project area, just west of SR 45 and north of Dodge Road. The work associated with this NTP is currently scheduled to begin on May 9, 2011.

Please note that the conversion of the previously plugged and abandoned Southam #2 well was not identified in the MMCRP NTP table for NTP #2, but was clearly described in the PEA and IS/MND as being a well that would be converted to an observation well as part of the proposed project.

As described in Chapter 2 of the PEA, these three well sites and access roads will be graded and improved to accommodate a service rig, trucks for well logging and cementing operations, and other equipment needed for the conversion. Typical work-over activities will include running electronic logs to check casing integrity, perforating the well casing to complete new intervals in the formation, and replacing or repairing casing or upgrading wellhead equipment.

All of the work for this component will occur from Monday to Saturday between the hours of 7 a.m. and 7 p.m. During the well work-over activities and depending on the equipment needed, an additional temporary work space of up to 0.5 acre may be required at each of the observation well sites. Once the well work has been completed, the temporary work space would be restored, the permanent well site finished to a 30- by 30-foot graveled area (0.02 acre area), and a 7-foot-tall chain-link fence installed.

CVGS has provided all the applicable permits, plans, and supporting documentation as part of the Mitigation Monitoring Compliance and Reporting Plan submittals to the CPUC and additional items to support the NTP #1 and #10a request. The biological and cultural surveys that were conducted to support these recent NTP requests also covered the existing observation well sites. There is no suitable upland or aquatic habitat for giant garter snake associated with the existing well sites. However, the

biological monitor will be on-site and periodically checking on well conversion activities to ensure the work is done in compliance with the applicable APMs and mitigation measures.

Please let me know if you have any questions.

Regards,

A handwritten signature in black ink that reads "Jim Kieter". The signature is written in a cursive, flowing style.

Jim Kieter
Director Project Development
Central Valley Gas Storage

CC:

David Hochart/Scott Eckardt, Dudek
Homer Savage, Fluor
Sue Bushnell Bergfalk, ICF International