

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 14, 2012

Mr. Jim Kiefer  
Director Project Development  
Central Valley Gas Storage, LLC  
3333 Warrentville Road, Suite 130  
Lisle, Illinois 60532

**Subject: Central Valley Natural Gas Storage Project - (Application No. 09.08.008) – Variance Request #18**

Dear Mr. Kiefer:

On August 2, 2012, Central Valley Natural Gas Storage (CVGS) requested a variance from the California Public Utilities Commission (CPUC) to allow CVGS to realign the proposed access road to the existing Southam #2 well site to support re-entry and conversion of the well to an observation well. This variance request includes a modification to the proposed access road alignment that was approved for the Central Valley Gas Storage Project.

The CPUC voted on October 14, 2010, to approve the CVGS Project (Decision D10-10-001) and a Notice of Determination was submitted to the State Clearinghouse (SCH# 2010042067).

The CPUC also adopted a Mitigation, Monitoring, Compliance and Reporting Program (MMCRP) to ensure compliance with all mitigation measures imposed on the CVGS Project during implementation. The MMCRP also acknowledges that minor changes to the project are anticipated and that a variance request would be required for these activities. This letter documents the CPUC's thorough evaluation of all activities covered in this variance, and that no new impacts or increase in impact severity would result from the requested variance activities.

Variance #18 allowing the realignment of the access road to the existing Southam #2 well site to support re-entry and conversion of the well to an observation well is granted by CPUC based on the factors described below.

**CVGS Variance Request.** Excerpts from the CVGS Variance Request, received August 2, 2012 are presented below (indented):

The original access road (as shown in the IS/MND) came from the south off an existing access road at the south boundary of the orchard. The access road has been planted and is no longer available to use for access purposes. The proposed access road alignment (shown in the attached drawing) would eliminate the need to remove newly planted and existing trees per the original plan. No orchard trees would be removed as part of this new access road alignment and all construction trucks and vehicles would access the pad site between the rows of orchard trees. The landowner has agreed to trim the trees if needed for more clearance.

In addition, Central Valley Gas has reduced the well pad work area to a 60-foot by 70-foot area which is smaller than the originally proposed 0.5 acre (as described in the IS/MND). Therefore, the number of orchard trees that would be removed (estimated to be less than 10 trees) would be substantially less than originally anticipated.

### **CPUC Evaluation of Variance Request.**

In accordance with the MMCRP, the subject variance request was reviewed by CPUC to confirm that no new impacts or increase in impact severity would result from the requested variance activities. The following discussion summarizes this analysis for agricultural, biological, cultural, paleontological, hydrological resources, sensitive land uses/noise and other issue areas. A list of conditions is presented to define additional information and clarifications regarding mitigation requirements.

**Agricultural Resources** – The realignment of the access road to the Southam #2 well site will not result in increased impacts to Farmland of Statewide or Local Importance from those previously identified in the Final IS/MND. The proposed alternative access road will not remove any orchard trees and the permanent impact area will be less than the disturbance area identified in the Final IS/MND. No new impacts or increase in impact severity for agricultural resources are anticipated.

**Biological Resources** – The proposed alternative access road to the Southam #2 well site is located in the same habitat as identified in the Final IS/MND (orchard). Consistent with the mitigation measures included in the Final IS/MND and the MMCRP, and in accordance with the conditions of this variance approval, a pre-construction biological survey will be performed to identify any potential biological impacts and recommend protective measures. No new impacts or increase in impact severity for biological resources are anticipated with the implementation of the conditions.

**Cultural & Paleontological Resources** – The proposed alternative access road to the Southam #2 well site does not include any soil excavation or removal, therefore, no new impacts or increase in impact severity for cultural or paleontological resources are anticipated.

**Hydrological Resources** – The proposed alternative access road to the Southam #2 well site does not include any soil excavation, drilling, or soil removal which would affect hydrological resources. Therefore, no impacts to hydrological resources are anticipated with the implementation of the conditions noted below.

**Sensitive Land Uses/Noise.** The area is rural in nature and supports large-scale agriculture. Realignment of the well site access road is consistent with other project construction activity on site. Therefore, no new impacts or increase in impact severity for sensitive land uses/noise is anticipated.

**Other Issue Areas.** No issues/concerns noted under this variance.

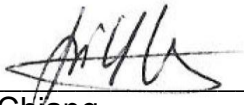
### Conditions of Variance Approval.

The conditions presented below shall be met by CVGS and its contractors:

1. All applicable project mitigation measures, APM's, and permit conditions shall be implemented. Some measures have on-going/time-sensitive requirements and shall be implemented prior to and during construction where applicable.
2. Copies of all relevant permits, compliance plans, and this Variance approval shall be available on site for the duration of construction activities.
3. The CVGS Environmental Monitor shall be on-site during construction activity.
4. Consistent with APM BIO-8, the CVGS Environmental Monitor shall conduct a preconstruction biological survey of the construction area. A copy of the survey report shall be provided to the CPUC prior to construction activity.
5. All project personnel shall be provided an environmental briefing focused on resources in the area, erosion control requirements, and the limits of the work area. A log shall be maintained on-site with the names of all crew personnel trained. All participants will receive a hard-hat sticker for ease of compliance verification.

Please contact me if you have any questions.

Sincerely,



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Eric Chiang  
CPUC Environmental Project Manager  
Central Valley Gas Storage Project

cc: *D. Hochart and S. Eckardt, Dudek*  
*S. Bushnell-Bergfalk, ICF*  
*R. Schnegelsberg and J. Boehme, Central Valley Gas Storage, LLC*  
*H. Salvage, Flour Inc.*