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August 22, 2011

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

Subject: Central Valley Natural Gas Storage Project – Request for Issuance of a Notice to Proceed (NTP #2A) for Inspection and Well Conversion Activities at Southam #2

Dear Eric:

Central Valley Gas Storage, LLC (CVGS) is requesting the CPUC's issuance of a notice to proceed (NTP #2A) for the re-entry of Southam #2 and completing as a storage observation well. This plugged and abandoned well occurs 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 September 12, 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, the well site and access road will be cleared of orchard trees, graded and improved to accommodate a service rig, trucks for well logging and cementing operations, and other equipment needed for the conversion. Typical activities will include excavating around the old well casing, drilling cement plugs, running new casing or tubing, running electronic logs to check casing integrity, perforating the well casing to complete new intervals in the formation, and installing new wellhead equipment.

During the well work-over activities an additional temporary work space of up to 0.5 acre will be required at the observation well site. 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 this request. Several rounds of biological surveys have been conducted in the Southam #2 area in June, July, and August. There are no sensitive natural communities (e.g., wetlands or riparian communities) or suitable upland or aquatic habitat for giant garter snake or other habitat for special-status species associated with this existing well site. In addition, the September work will occur outside the nesting season for raptors. 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 style with a large, prominent "J" and "K".

Jim Kieter  
Director Project Development  
Central Valley Gas Storage

CC:

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