SUMMARY

The California Public Utility Commission (CPUC) is responsible for overseeing implementation of the mitigation measures set forth in the final initial study/mitigated negative declaration (FIS/MND) for the Central Valley Gas Storage (CVGS) project. The CPUC has established a third-party monitoring program and adopted a Mitigation Monitoring, Compliance, and Reporting Program (MMCRP) to ensure that measures approved in the FIS/MND to mitigate or avoid significant impacts are implemented in the field. This MMCRP status report is intended to provide a description of construction activities on the project, a summary of site inspections conducted by the CPUC’s third-party monitors, the compliance status of mitigation measures required by the MMCRP, and anticipated construction activities. This compliance status report covers construction activities for the period of June 11, 2011 to June 24, 2011.

MITIGATION MONITORING, COMPLIANCE, AND REPORTING

Site Inspections/Mitigation Monitoring

A CPUC third-party environmental compliance monitor conducted site observations in areas of active construction, which included the 10-acre compressor station, 5-acre remote well pad site, and three observation well locations. Site observations were completed on June 15 and 22, 2011. Areas of active and inactive construction within the project limits were observed to verify implementation of the measures stipulated in the project’s MMCRP. Daily observations were documented on daily site inspection forms, and applicable mitigation measures were reviewed in the field.

Implementation Actions

Drilling Operations at the Remote Well Pad Site associated with Injection/Withdrawal Wells, Connection to PG&E Gas Line 172, Placement of equipment at the Remote Well Pad, and Observation Well Conversions

Construction activities at the remote well pad site included drilling the first injection well, initiation of drilling of the second injection well, placement of the temporary compressor and the electrical control
room on the remote well pad site, and continuing work associated with the connection to Pacific Gas & Electric (PG&E) gas line 172 (see Photos 1, 2, & 3 – Attachment A).

Work at the compressor station site is on hold while engineering drawings are being updated. Work on footings and building foundations will begin when the drawing are complete (see Photo 4 – Attachment A). Work associated with observation well conversions included the completion of the Southam #4 and the Sara Louise #1 wells and the start of drilling activities on the Southam #3 well (see Photo 5 – Attachment A).

As a result of the major grading operations are now complete, dust emissions at both sites have been minimal and the contractor has kept one water truck on site to spray the roads on a regular basis. Crews have placed best management practices (BMPs) around the perimeter of the work area, consisting of a silt fence to minimize the potential for sediment to be transported beyond the work limits. Silt fences were observed to be in good working order throughout the site. Exclusion fencing has also been placed within areas adjacent to the approved work limits at the direction of the CVGS biologist to ensure that direct impacts to sensitive habitat do not occur during construction (see Photo 6 – Attachment A).

**Mitigation Measure Tracking**

Mitigation measures applicable to the construction activities were verified in the field and documented in the CPUC’s mitigation measures tracking database. A complete list of mitigation measures and applicant proposed measures is included in Section 6 of the FIS/MND (Certification of Public Convenience and Necessity (CPCN) Application A.09-08-008, SCH No. 2010042067). The status of each mitigation measure, including measures applicable to the design and pre-construction phases, is included the project’s mitigation measure tracking database, which is available upon request.

**Compliance**

Pre-construction mitigation measures have been completed as indicated in Notice to Proceed (NTP) No. 1, No. 2, No. 5A, No. 6A, No. 6B, No. 6D, No. 9A, No. 10A, and No. 12 (Attachment B). Applicable mitigation measures were verified during site inspections and were determined to be implemented in accordance with the MMCRP.

During the June 15, 2011 site visit, evidence of clearing and grading activity at the saltwater disposal well site was observed. This project-related activity was conducted outside the approved work area included under NTP No. 2. Non-compliance letter No. 2 was issued by the CPUC on June 20, 2011 in response to the observed activity. Following issuance of non-compliance letter No. 2, CVGS prepared an Environmental Compliance Work Plan which was subsequently approved by the CPUC on June 27, 2011. The Environmental Compliance Work Plan outlines a process for ensuring that an environmental monitor will be aware of all clearing/grading activities and verifying that a NTP has been issued by the CPUC prior to any clearing/grading activities being completed. The Environmental Compliance Work Plan also provides a reporting protocol that ensures the CPUC is immediately notified of unauthorized
activities by a CVGS representative. Future project activity at the saltwater disposal well site will be conducted following issuance of an approved NTP for that project component.

CONSTRUCTION PROGRESS

CVGS has completed pad site preparation and grading at the compressor station and remote well pad sites. Drilling work for observation well conversions (Southam #2, #3, and #4 and Sara Louise #1) has begun and is expected to continue through September 2011. Injection/withdrawal well drilling has begun at the remote well pad site and is expected to continue through August 2011. Initial site preparation for installation of civil foundations, piping systems, and associated equipment at the remote well pad site has begun, but has not yet been completed. Based on soil conditions, the foundation work at the compressor station site has been on temporary hold while engineering drawings are being updated.

CONSTRUCTION SCHEDULE

Compressor Station – CVGS began construction on April 11, 2011, and anticipates completion of construction by April 2012.

Remote Well Pad Site (includes saltwater tank) – CVGS began construction on April 11, 2011, and anticipates completion of construction by December 2011.

Observation Well Conversions – CVGS began construction on May 13, 2011 and anticipates completion of construction by October 2011.


Metering Station – CVGS anticipates starting construction on June 1 and completing construction by August 2011.

Natural Gas Connecting Pipeline (Segment A) – CVGS anticipates starting construction on July 1 and completing construction by January 2012. Preparation of the Natural Gas Connecting Pipeline (Segment A) right-of-way is expected to begin on April 18 and to be completed by June 2011.

Natural Gas Connecting Pipeline (Segment B) – CVGS anticipates starting construction on July 11 and completing construction by October 2011.

Line 172 Connection Pipeline – CVGS began construction on May 16, 2011 and anticipates completion of construction by December 2011.
ATTACHMENT A
Photos

Photo 1: Drilling operations at the remote well pad site.

Photo 2: Temporary compressor placed at the remote well pad site.
Photo 3: Pipe work associated with PG&E Line 172 at remote well pad site.

Photo 4: Completed pad site at the compressor station.
Photo 5: Drilling work at the Sara Louise #1 observation well site.

Photo 6: Exclusion fencing and silt fencing at the western edge of the remote well pad site to ensure protection of sensitive habitats.
## ATTACHMENT B
### Notices to Proceed

<table>
<thead>
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<th>NTP No.</th>
<th>Date Issued</th>
<th>Segment/Component</th>
<th>Conditions Included (Y/N)</th>
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<td>Compressor Station, Remote Well Pad, and Observation Wells</td>
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<td>April 18, 2011</td>
<td>Berm Installation for Preparation of Natural Gas Pipeline Right-of-Way</td>
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<td>9A</td>
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<td>Test Boring at Horizontal Directional Drilling (HDD) Locations along 24-inch Pipeline Alignment</td>
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<td>Southam #3, #4, and Sara Louise #1; inspection and work-over activities</td>
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<td>L-172 meter and interconnection</td>
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<td>May 17, 2011</td>
<td>Drill up to 10 injection/withdrawal wells at remote well pad site</td>
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<td>Remote well pad civil foundations, piping systems, temporary compressor, and equipment installation</td>
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<td>Pacific Gas &amp; Electric electrical pole relocation on Southam Road and new electrical pole installation on McAusland Road</td>
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<td>June 16, 2011</td>
<td>Complete test well and install saltwater disposal pipeline to remote well pad site</td>
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**Variance Requests**

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<td>April 6, 2011</td>
<td>Realignment of the 24-inch gas pipeline, including the Southam Pipeline, Weller Pipeline, and Perez Pipeline will be performed. The intent of realignment is to minimize impacts to irrigation systems and agricultural lands.</td>
<td>Approved</td>
<td>April 25, 2011</td>
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