	California Public Utilities Commission ***Mitigation Monitoring, Compliance, and Reporting Program***
	Central Valley Gas Storage Project **Compliance Status Report 22** **July 31, 2012**

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 July 1 to July 31, 2012.

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 site and the 5-acre remote well pad site. Site observations were completed on July 11, 2012. 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

<u>Construction Activity at the Remote Well Pad Site and Compressor Station Site</u>

Construction activities at the remote well pad site undertaken during the period covered by this report included: operation of the temporary compressor; gas injection; finishing of pipes and valves; electrical work at valves; completion of access gates; hydroseeding of perimeter buffer areas (temporary disturbance areas) (See Photograph 1, Attachment A); removal of storage containers and

equipment/supplies from the site (See Photograph 2, Attachment A); and completion of base material installation grading/rolling.

Ongoing work at the compressor station site undertaken during the period covered by this report included: completion of final perimeter fence and gate installation; hydroseeding of interior buffer areas and inactive soil stockpiles (temporary disturbance areas); removal of silt fencing along southern project area boundary (See Photograph 3, Attachment A); electrical work at the dehydration towers and hazardous liquid storage tanks; removal of equipment and materials in the northern portion of the site; completion of electrical work at the compressor building, auxiliary building, and utility building; completion of exterior light installation; and completion of foundation work at the sphere receiver.

Dust emissions at both sites have been controlled with water trucks on site to spray the roads (See Photograph 4, Attachment A). Perimeter silt fencing has been removed. Hydroseed has been applied to inactive soil stockpiles. All work was being conducted within approved work limits and portable toilets and trash bins were provided for workers. Spill kits are maintained at the field office. Secondary containment for fluid storage is provided in most cases. Some 55-gallon drums being readied for transport offsite were observed without secondary containment. Traffic control devices were in place on public roadways within and adjacent the project site.

Construction Activities along the Natural Gas Connecting Pipeline Right-of-Way

All construction activity associated with the Natural Gas Connecting Pipeline (Segments A and B) was completed as of October 31, 2011. Documentation of landowner acceptance of final right-of-way condition has been provided to the CPUC.

Construction Activities at the Metering Station and 400/401 Line Interconnect

PG&E crews have completed the 400/401 line interconnect. All areas have been regarded and all equipment/materials have been removed from the work area.

Construction activity at the Metering Station site has been completed. The final perimeter fence has been installed and all equipment/materials have been removed from the work area.

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. 2A, No. 4, No. 5A, No. 5B, No. 6A, No. 6B, No. 6C, No. 6D, No. 7, No. 9A, No. 9B, No. 10A, No. 10B, No. 11, No. 12, No. 13A, and No. 13B (Attachment B). Applicable mitigation measures were verified during site inspections and were determined to be implemented in accordance with the MMCRP.

CONSTRUCTION PROGRESS

Remote Well Pad Site/Observation Wells/Saltwater Disposal Well

CVGS has completed pad site preparation and grading at the remote well pad site. Site preparation and drilling work for observation well conversions at Southam #3, and #4 and Sara Louise #1 is complete. Site preparation and drilling work at the saltwater disposal well is complete. The auxiliary building has been constructed. The utility transformer has been installed. Injection/withdrawal well drilling is complete. A total of eight injection withdrawal wells were drilled on site. Eight well heads have been installed. The temporary compressor has been installed and is operational at the remote well pad site. Gas injection has begun at one well at the remote well pad site. Construction of the sound wall at the temporary compressor has been completed. Foundations for the saltwater storage tank have been completed. The saltwater storage tank has been constructed and tested and test water has been disposed. The saltwater tank has been painted. The perimeter dike for the saltwater tank has been completed. The methanol tank has been installed. The permanent perimeter fence and gates have been installed. Nitrogen testing of the wells has been completed. Line 172 connection has been completed and the trench backfilled. Buried electrical line installation has been completed. Installation of the 16-inch natural gas pipeline has been completed. Connection of the 16-inch natural gas pipeline to the right-of-way has been completed. Backfilling of trenches associated with electrical lines and pipelines has been completed. Backfilling of the trench connecting the saltwater disposal well and the saltwater tank has been completed. Final site grading and base installation has been completed. Materials and equipment have been removed from the site. Buffer areas have been hydroseeded.

Compressor Station

CVGS has completed pad site preparation and grading at the compressor station site. Construction of the compressor building, utility building, and auxiliary building is complete (See Photograph 5, Attachment A). Installation of three compressor engines has been completed. Pipe assembly and fabrication has been completed. Excavation and backfilling of pipe trenches has been completed. Installation of three dehydration tanks has been completed. Installation of the Caterpillar units has been completed and connections have been completed. Installation of the seven fluid storage tanks has been completed. Installation of three storage tanks at the north end of the site has been completed. The urea tank has been installed. The sphere receiver has been installed. The electric utility meter has been installed. The analyzer shelter has been installed. The condensate tank has been installed. The pig receiver and filter

separator have been installed. Installation of the cooler units has been completed. Installation of the standby generators has been completed. Installation of the electric utility meter and connection to PG&E lines has been completed. Grading and installation of engineered base in the northern portion of the site where storage tanks will be placed has been completed. Dehydration towers and reboilers have been installed (See Photograph 6, Attachment A). Standby generators have been installed. PG&E lines along McAusland Road have been installed. Installation of the standby generators has been completed. Installation of compressor station blowdowns has been completed. The soil stored at Storage Area 1 (immediately north of the Compressor Station site along McAusland Rd.) has been removed and the area restored to rice field. All BMPs have been removed from the site. Hydroseed has been sprayed in the buffer areas within the site. The final perimeter fence and gates have been installed. Electrical work continues.

Natural Gas Connecting Pipeline

All construction activity associated with the Natural Gas Connecting Pipeline (Segments A and B) was completed as of October 31, 2011. Documentation of landowner acceptance of final right-of-way condition has been provided to the CPUC.

Metering Station and 400/401 Line Interconnect

All construction activity associated with the Metering Station and 400/401 Line Interconnect was completed as of June 12, 2012.

CONSTRUCTION SCHEDULE

Compressor Station – CVGS began construction on April 11, 2011, and anticipates completion of construction by August 31, 2012.

Remote Well Pad Site (includes saltwater tank) – CVGS began construction on April 11, 2011, and anticipates completion of construction by August 31, 2012.

Observation Well Conversions – CVGS began construction on May 31, 2011 and anticipates completing construction by August 31, 2012.

Saltwater Disposal Well – CVGS began construction on June 15, 2011 and construction was completed in February 2012.

Metering Station – CVGS began construction on September 27, 2011 and construction was completed by June 12, 2012.

Natural Gas Connecting Pipeline (Segment A) – CVGS began construction on August 8, 2011 and construction was completed on October 31, 2011. Preparation of the Natural Gas Connecting Pipeline (Segment A) right-of-way began on August 5, 2011 and was completed as of September 1, 2011.

Natural Gas Connecting Pipeline (Segment B) – CVGS began construction on August 23, 2011 and construction was completed on October 31, 2011.

Line 172 Connection Pipeline – CVGS began construction on May 16, 2011 and anticipates completing construction by August 31, 2012.

Photo 1: The buffer area in the eastern portion of the Remote Well Pad site has been hydroseeded.

Photo 2: Materials and supplies have been removed from the Remote Well Pad site. Water tanks and temporary fluid storage systems still require removal. The final base has also been installed.

Photo 3: The silt fence along the southern boundary of the Compressor Station has been removed and the final perimeter fence installed.

Photo 4: On-site dust at the Compressor Station site was being controlled via the use of water trucks.

Photo 5: The compressor building has been completed and the seven fluid storage tanks (left) have been installed at the Compressor Station site. Electrical work at the fluid storage tanks was underway.

Photo 6: The dehydration towers (left) and reboilers (center) have been installed at the Compressor Station site.

ATTACHMENT B
Notices to Proceed

NTP No.	Date Issued	Segment/Component	Conditions Included (Y/N)
1	March 21, 2011	Compressor Station, Remote Well Pad, and Observation Wells	Y
10A	April 18, 2011	Berm Installation for Preparation of Natural Gas Pipeline Right-of-Way	Y
9A	May 11, 2011	Test Boring at Horizontal Directional Drilling (HDD) Locations along 24-inch Pipeline Alignment	Y
2	May 13, 2011	Southam #3, #4, and Sara Louise #1; inspection and work-over activities	Y
6A	May 16, 2011	L-172 meter and interconnection	Y
5A	May 17, 2011	Drill up to 10 injection/withdrawal wells at remote well pad site	Y
6B	May 31, 2011	Remote well pad civil foundations, piping systems, temporary compressor, and equipment installation	Y
6D	May 31, 2011	Pacific Gas & Electric electrical pole relocation on Southam Road and new electrical pole installation on McAusland Road	Y
12	June 15, 2011	Complete test well and install saltwater disposal pipeline to remote well pad site	Y
6C	July 7, 2011	Compressor station civil foundations, piping systems, temporary compressor, and equipment installation	Y
10B	July 27, 2011	Preparation of 24-inch pipeline right-of-way	Y
4	August 3, 2011	Construction of 16-inch dual gathering lines and 24-inch pipe segment between compressor station and remote well pad site	Y
9B	August 3, 2011	Horizontal directional drilling (HDD) for 24-inch pipeline	Y
11	August 3, 2011	Construction of 24-inch pipeline between remote well pad and L-401 meter station	Y
13A	August 3, 2011	Construct L-401 meter station and pipeline connection to L-401	Y
7	August 4, 2011	Installation of emitting equipment (compressors, dehydration, generators) at the compressor site	Y
5B	August 5, 2011	Gas injection at remote well pad site	Y
13B	August 29, 2011	Installation and removal of PG&E power poles and conducting electrical work at the metering station	Y
2A	September 2, 2011	Southam #2 inspection and work-over activities	Y
14	March 23, 2012	Operations phase	Y

ATTACHMENT C
Variance Requests

Variance Request #	Submitted	Description	Status	Approval
1	April 6, 2011	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.	Approved	April 25, 2011
2	July 1, 2011	Additional temporary work space for pipe staging adjacent an HDD site. Area within a fallow rice field.	Approved	July 20, 2011
3	July 12, 2011	Install 4 new poles to connect power to the compressor station via PG&E Line along Southam Road.	Approved	July 20, 2011
4	July 8, 2011	Utilize HDD to cross the NRCS wetland to avoid surface impacts.	Approved	August 8, 2011
5	July 12, 2011	Offsite area in the City of Colusa to be utilized by Pipeline contractor for office trailers, materials staging, and storage of equipment.	Approved	July 20, 2011
6	July 28, 2011	Construct four new power poles and relocate one existing power pole within the pipeline construction right-of-way.	Approved	August 9, 2011
7	August 8, 2011	Use of temporary bridges during construction.	Approved	August 15, 2011
8	August 15, 2011	Additional temporary work space for five staging areas.	Approved	September 2, 2011
9	August 31, 2011	Replacement of one PG&E pole at the Colusa Drain (D-19)	Approved	September 2, 2011
10	September 7, 2011	Additional temporary work space at the 400/401 Line Interconnect for soil storage and fire hazard reduction	Approved	September 19, 2011
11	September 19, 2011	Amendment to APM BIO-12 allowing construction in giant garter snake habitat to be extended to November 1st from the current restriction of October 1st	Approved	September 29, 2011
12	September 22, 2011	Use of seven additional temporary bridges during construction	Approved	September 23, 2011
13	October 7, 2011	Install temporary 8-inch water line for hydrostatic testing	Approved	October 10, 2011
14	October 17, 2011	Amend APM HAZ-1 to allow storage of construction equipment within 100 feet of a sensitive environmental resource with secondary containment measures in place.	Approved	October 18, 2011
15	February 8, 2012	Increase in size and quantity of hazardous materials storage tanks at the Compressor Station site.	Approved	February 24, 2012
16	February 6, 2012	Dispose of saltwater tank test water onto adjacent, fallow rice field	Approved	February 13, 2012
17	June 19, 2012	Install two anode ground bed wells in Remote Well Pad buffer area	Approved	June 25, 2012