



Aspen *Environmental Group*

PROJECT MEMORANDUM LODI GAS KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: September 6, 2006
Subject: Weekly Report #15: August 27, 2006 – September 2, 2006
CPUC Environmental Monitors (EM): Jody Fessler

CPUC EM Jody Fessler was on site August 30th and 31st.

PIPELINE SEGMENT:

Summary of Activity:

All 16-inch pipeline work has been completed (except for where it connects into the Compressor Station and the Metering Station), as well as the right-of-way cleanup. All of the affected landowners have signed off on the work as acceptable.

On Tuesday, crews worked on installing the 16-inch pipeline into the Compressor Station from where it was left off and welder testing of the pipeline was ongoing.

On Tuesday and Wednesday, Frontier (a sub-contractor) worked on installing fiber optic cable from Shiloh Road into the Compressor Station. On Saturday, an electrical crew was onsite, working on the grounding and termination of the communications cable along the access road into the Kirby Hills site (outside the cattle guard).

The cleanup of the staging area off Shiloh Road is complete; equipment and materials have been moved off the site and the area tilled per the specifications of the landowner.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

WELL SITES:

Work at the well sites took place Monday through Friday of this week.

Crews worked at well site S-1 throughout the week (see Figure 1). On Monday, crews tied rebar for the piping header support. On Tuesday, crews poured concrete for underground header supports. On Wednesday and Thursday, crews backfilled the piping and compacted the pipeline area.

Crews worked at well site S-2 throughout the week (see Figure 2). On Monday and Tuesday, crews continued with piping fabrication and installation, and sandblasting and coating of the piping also continued. Crews constructed forms for the piping header support and the electrical cables were coiled and staked away from the backfill areas. On Tuesday, crews filled the pipe with water to prepare for a hydrostatic test. Crews also poured concrete for the underground header supports. On Wednesday, crews began the hydrostatic test, but aborted due to complications. Crews also installed a 1-inch air line. On Thursday, the hydrostatic test was successful and the 1-inch air line installation was completed. Also, crews began underground

coating and LGS personnel began installing instrumentation and tubing. On Friday, crews completed coating the 1-inch air line and successfully completed a 2-hour nitrogen test of the 1-inch air line. Crews also installed a 4-inch “kicker” line to the launcher and bolted it up for test fit. Lastly, LGS personnel completed the instrumentation work at the well site and began gas injection into well site S-2.

Crews worked at well site S-10 throughout the week (see Figure 3). On Monday, crews tied rebar for the piping header support. On Tuesday, the electrical crew moved the distribution panel cables as not to interfere with backfilling efforts. Crews also poured concrete for the underground header supports. On Thursday, crews conducted maintenance on the Temporary Compressor at well site S-10.

Water trucks were observed regularly watering the sites and roads for dust control and were present during welding activities.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

KIRBY HILLS COMPRESSOR STATION SITE:

Work at the Kirby Hills Compressor Station took place Monday through Friday of this week.

At the Kirby Hills Compressor Station, crews conducted foundation work and piping fabrication throughout the week (see Figures 4 & 5). On Monday, crews installed the 12-inch piping system to tie-in to the main line. Crews also set MLB-8300 and MLB-8400 air receivers, set forms for final slug catcher foundation, and trenched for the grounding grid. On Tuesday, crews worked on installing the 16-inch pipeline into the station from where it was left off and welder testing of the pipeline was ongoing. Crews also poured concrete in the last slug catcher pedestal, poured concrete for the top section of MAF-5100, set MLB-8400 on its foundation, and built up the grade for the pump and containment foundations. On Wednesday, crews installed flame arrestors on the storage tanks, conducted excavation for pipe support foundations, and completed testing of one welder and qualification of downhill welding procedure. Ground grid installation continued and two electrical transformers arrived at the site. On Thursday, crews continued the installation of the flame arrestors and valves on the storage tanks. Crews also set forms and poured concrete for pipe supports #38 - #44, #48, and #52. Concrete was also poured for MAD-6200 and the ground grid installation continued. On Friday, crews set pipe onto pipe supports PS-42, 43, and 44. Also, a Solano County Inspector approved the grounding grid and backfill began for the grounding grid.

Water trucks were observed regularly watering the site for dust control.

Environmental Compliance Activities:

The CPUC EM observed that all other construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

METERING STATION SITE:

No work took place at the Metering Station site this week by PG&E or Lodi Gas. NTP #5 was issued by CPUC on September 6. Lodi Gas is waiting for the Solano County building permit before construction can proceed.

Environmental Compliance Activities:

The CPUC EM observed that no construction activities were taking place at this time.

NOTICES TO PROCEED (NTP):

Table 1 presents the NTPs issued by the CPUC for the Lodi Gas Kirby Hills Project to date.

TABLE 1
NOTICES TO PROCEED
(Updated 9-06-06)

NTP #	Date Issued	Description
#1	5-19-06	Pipeline Portion
#2	5-31-06	Civil (grading) and piping construction of the well sites, and civil (grading) construction of the compressor station
#3	7-05-06	Compressor station and well site construction. Drilling of three new storage wells.
#4	6-20-06	Civil portion only of the natural gas receiving/metering station
#5	9-06-06	Metering station foundation, structural, piping, electrical, and instrumentation construction. County permit pending.

VARIANCE REQUESTS:

Table 2 presents the Variance Requests reviewed and approved by the CPUC for the Lodi Gas Kirby Hills Project to date.

TABLE 2
VARIANCE
(Updated 9-06-06)

Variance #	Date Requested	Date Issued	Description
#1	6-01-06	6-05-06	Request to trench through ephemeral wetland area approximately 70 ft. west of Olson Road.
#2	5-31-06	6-08-06	Lodi gas would like permission to trench through an area with a CNPS listed plant (pappose spikeweed). CPUC approval contingent upon CDFG concurrence. 6/21 – CDFG feedback provided and forwarded to J&S.
#3	6-16-06	6-16-06	Request to trench through two ephemeral wetland areas west of Shiloh Road.
#4	6-27-06	6-28-06	Request for additional workspace on the west side of Shiloh Road for the Shiloh bore.
#5	6-28-06	6-29-06	Request for removal of two small eucalyptus trees and trenching through the root system of two larger trees.
#6	7-07-06	7-07-06	Request to use additional workspace at the corner of Shiloh Road and the Kirby Hills access road to support large vehicles and equipment being transported to the Kirby Hills site.
#7	7-07-06	7-18-06	Request to relocate a PG&E distribution line around the S-2 well site. CPUC has requested historical resource information on the drilling “dog house” that is near the site. Jones & Stokes submitted information on 7/17/06.
#8	7-07-06	7-07-06	Request to move the 4-inch temporary gas line.

ENVIRONMENTAL COMPLIANCE:

One Project Memorandum has been issued by the CPUC EM for the project to date. On June 27th, the CPUC EM observed dump trucks dumping spoils from the Kirby Hills site on a levee road in an adjacent wetland area. This activity was not described in the project description. The CPUC EM requested to review permits for this activity. The landowner provided Lodi Gas with the 2006 Annual Application for the USACE Wetlands Maintenance, a copy of a letter from the USACE to the Suisun Resource Conservation District dated May 31, 2006, and a letter from the Suisun Resource Conservation District to the landowner dated June 5, 2006. The CPUC EM reviewed these documents and has concluded that the work activities are in compliance with the USACE approval. The Project Memorandum serves as a reminder that all permits for construction activities related to the Kirby Hills Natural Gas Storage Facility project be submitted and approved by the CPUC. Also, if changes to project activities as described in the MND occur, a Variance Request shall be submitted.

No Non-Compliance Reports (NCR) have been issued by the CPUC EM for the project to date.

UPCOMING ITEMS:

Starting August 3, Lodi Gas began holding bi-monthly conference calls on Thursdays at 1:30 p.m. (PST) to review issues and upcoming events.

Photographs



Figure 1 – S-1 well site, August 30, 2006



Figure 2 – Crews welding at well site S-2, August 30, 2006



Figure 3 – Temporary Compressor at well site S-10, August 30, 2006.



Figure 4 – Pouring cement for foundations at Compressor Station, August 31, 2006



Figure 5 – Foundation work at Compressor Station, August 31, 2006