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**PROJECT MEMORANDUM
LODI GAS KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT**

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: January 2, 2007
Subject: Weekly Report #31: December 17, 2006 – December 23, 2006

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was not on site during the subject week.

PIPELINE SEGMENT:

Summary of Activity:

All 16-inch pipeline work has been completed, as well as right-of-way cleanup. All of the affected landowners have signed off on the work as acceptable. The right-of-way is revegetating well.

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.

WELL SITES:

Work at the well sites occurred Monday through Thursday of the subject week. On Thursday, crews began coating of the underground piping, but were shut down due to rain.

On Monday, crews completed piping installation for Well Site S-1 to the meter area.

On Monday, crews began working on the final piping for Well Site S-2. By Wednesday, crews completed the installation of the 6-inch piping.

On Monday, electrical and instrumentation crews set the frame for the distribution panel and began mounting the panels at Well Site S-10. On Tuesday, crews anchored the distribution rack and mounted the transformer and panels. On Wednesday, crews ran conduit and began pulling wire at Well Site S-10.

KIRBY HILLS COMPRESSOR STATION SITE:

Work at the Kirby Hills Compressor Station took place Monday through Friday. No civil or mechanical work was conducted on Friday. Crews conducted the following activities:

- Monday through Thursday, crews re-routed piping in the tank pump area, began and completed lube oil acidizing, began and completed lube oil flushing operations, worked on the pipe support foundations, poured concrete for pipe support foundations and for lighting foundations, constructed forms for carbon filter foundations, poured concrete for the two carbon filter foundations and the three pipe support foundations, conducted structural welding for the exhaust stack supports, re-routed some vents at the compressor area, and spread gravel in the yard areas.
- Monday through Saturday, crews conducted electrical and instrumentation work which included: assisting the lube oil acidizing contractor in equipment setup and power, putting into service the T1 data transmission between Kirby Hills and Lodi, checking loops ongoing, removing circuit involved with the lube oil flushing operations, and installing light bulbs in several light poles.



METERING STATION SITE:

On Wednesday, PG&E crews worked on the power pole equipment at the Metering Station Site. Lodi Gas also conducted some work at the Metering Station. On Monday crews worked on the instrument cable terminations. On Tuesday, crews worked on the fiber optic cable installation. On Wednesday, crews completed power for the communications building panel and began charging batteries in the PLC. On Thursday, Scadicon commissioned the PLC at the meter site. Crews also mounted and terminated one instrument at the meter site.

NOTICES TO PROCEED (NTP):

Table 1 presents the NTPs issued by the CPUC for the Lodi Gas Kirby Hills Project to date. No additional NTPs are anticipated.

**TABLE 1
NOTICES TO PROCEED
(Updated 01-02-07)**

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. No Variance Requests were submitted during the subject week.

**TABLE 2
VARIANCE REQUESTS
(Updated 01-02-07)**

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:

As previously reported, Lodi Gas began commissioning of the South Compressor in November. Additional commissioning activities are scheduled for December and January.

At the request of Solano County, Aspen made an inquiry to Lodi Gas regarding the planned facility lighting. Lodi Gas is preparing a written response in coordination with PG&E.