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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 26, 2007
Subject: Weekly Report #34: January 14, 2007 – January 20, 2007

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was not on site during the subject week; however, Terry Walls with EDM was on site on January 15.

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 Saturday of the subject week. Sandblasting and coating of piping at the well sites took place Tuesday through Thursday.

On Monday and Wednesday, electrical and instrumentation crews pulled wire between panels at Well Site S-1. On Wednesday, crews installed piping and electrical and instrumentation crews powered up the lighting panel and worked on the fiber optic system. On Thursday, crews completed piping installation at Well Site S-1. Electrical and instrumentation crews pulled instrument cable and completed rigid and flexible conduit installation to the instruments at Well Site S-1 and began wiring terminations. On Friday, electrical and instrumentation crews pulled instrument wire at Well Site S-1 and continued wiring terminations. On Saturday, electrical and instrumentation crews terminated instruments and turned on power to I/O cabinets at Well Site S-1 and established fiber optic communications between Well Site S-1 and Well Site S-10.

Monday through Wednesday, electrical and instrumentation crews worked on the conduit stub-ups at Well Site S-2. On Tuesday and Wednesday, crews installed piping at Well Site S-2.

On Friday, electrical and instrumentation crews pulled instrument wire at Well Site S-10.

KIRBY HILLS COMPRESSOR STATION SITE:

Work at the Kirby Hills Compressor Station took place Monday through Saturday. Crews conducted the following activities:



- Monday through Friday, crews installed grout at pipe supports, installed metal containment in the tank area, installed the chain link fencing around the yard, drilled for water well, poured concrete for the electrical panel and water tank for the water well, fabricated and installed piping for the thermal oxidizer system in the glycol area, installed trim at the glycol contactor, constructed forms for stair foundations, poured concrete for the stairs at the MCC building on the south side, installed guard rails on the walkway in the compressor building, installed material in the bottom of the containment area, spread gravel in the yard
- Monday through Friday, crews conducted electrical and instrumentation work which included: installing conduit and wire at the glycol regeneration area, installing instrument air supply to the glycol skid 3-way valve, minor grounding work at the fence and pole areas, commissioning dehydration equipment, terminating wiring for the gas consumption flow meters for the dehydration skid and the thermal oxidizer, terminating the last solenoid valve in the compressor yard, commissioning of the thermal oxidizer, and commissioning of the glycol equipment.

During his site on Monday, Terry Walls, EDM observed that there were several items that needed to be corrected:

- Railings on the MCC building were not constructed as required; lower rail missing. Efforts are underway to correct the railings.
- The access platforms to the compressors have a top step that is not in compliance.
- There were numerous conduit seals missing.
- There were numerous flexible conduit grounding conductors missing.
- There were numerous conduit seal fittings that have not been poured.

The site visit was conducted as a walk-through with Scott, Lodi Gas, the Construction Supervisor, and the Electrical Supervisor. All acknowledged that these are items that should be corrected.

METERING STATION SITE:

PG&E crews worked throughout the week at the Metering Station. On Tuesday, Lodi Gas’ contractor’s crews removed a piping section and installed an 8-inch valve to isolate the PG&E meter from the Lodi Gas system, and electrical and instrumentation crews installed wiring for the new 8-inch valve at the metering facility.

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 01-26-07)

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 01-26-07)

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. The North Compressor has now been commissioned as well.