



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: July 27, 2006
Subject: Weekly Report #9: July 16, 2006 – July 17, 2006
CPUC Environmental Monitors (EM): Jody Fessler

CPUC EM Jody Fessler was on site July 18th and July 21st.

PIPELINE SEGMENT:

Summary of Activity:

Construction activities continued this week with the installation of the 16-inch pipeline along the right-of-way adjacent to the abandoned house and the excavation of trench through the staging yard (see Figure 1). Crews continued stringing and welding pipe sections together. Pipe was then coated, jeeped, and lowered in the trench. Backfilling of the trench continued west toward the Compressor Station from Shiloh Road. On Wednesday, all of the welding for the 16-inch pipeline was completed, except for the spikeweed area and adjacent bore, and the pipeline was prepared for hydrostat tests. On Wednesday afternoon, after PG&E crews had left the Metering Station, pipeline crews and the bore crew moved back to the skipped area of spikeweed and adjacent bore to complete the work at that location (see Figure 2). They had to wait until PG&E was not working at the Metering Station because of air quality mitigation measures that state the two crews cannot be working at the same time east of Olson Road. The bore was completed on Friday and the pipeline work continued through Saturday. On Saturday, brush pigs and poly pigs were run through the 16-inch pipeline, and then water began to be introduced into the pipeline for the hydrotest.

Clean-up of the 12-inch pipeline right-of-way continued this week with the cutting in of water bars.

The fiber optic cable has been pulled from the west side of Olsen Road, through the railroad track bore and into the staging yard.

The staging area off Shiloh Road is being used for the staging of materials and equipment for the pipeline construction. Lodi Gas and Rockford, the construction contractor, also have work trailers staged on the site. Welding operations are also taking place in the staging yard.

Water trucks were observed often watering down the right-of-way for dust control.

A Jones & Stokes Environmental Inspector (EI) was on-site to ensure compliance with mitigation measures adopted in the Mitigated Negative Declaration (MND), Storm Water Pollution Prevention Plan (SWPPP), and other permit requirements.

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:

Piping fabrication continued at the S-10 well site Monday through Wednesday and was completed on Wednesday. The gas piping was hydro-tested on Friday at S-10. Installation of the temporary compressor was completed at the site (see Figure 3).

On Tuesday, crews began excavation for the PG&E piping re-route at well site S-2. Earthwork also continued at well site S-2 throughout the week.

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:

At the Kirby Hills Compressor Station, form work and rebar setting for the north compressor block continued this week (see Figure 4). Water was delivered and pumped into baker tanks on site throughout the week to prepare for the hydrostat testing. Piping fabrication in the compressor station yard was ongoing throughout the week. A subcontractor foundation consultant was on site on Monday to evaluate the south compressor block. No voids or honeycomb areas were found inside the compressor block. The contractor chipped loose material and sandblasted the surface area of the south compressor block. On Monday, the entry area to the Compressor Station off of Shiloh Road was completed in preparation for the compressors to be delivered on very large trucks. Also on Monday, the cranes and components arrived at the site in preparation for the compressor unloading. On Tuesday, forms and tied rebar were set at the north compressor block foundation. The compressors also arrived on site Tuesday. One of the compressors was set onto the south compressor block foundation since it was ready. The north compressor was unloaded and set aside for future installation. On Wednesday, excavation and layout for the battery foundations began. Also, Solano County inspected and approved rebar for the north compressor block foundation re-work. The compressor cooling units arrived on site. On Thursday, the forms were set for the tank battery foundations. Concrete was successfully placed for the north compressor block foundation. Excavation for the filter separator foundations also took place. The MCC building arrived on site on Thursday as well, and was unloaded and set aside for future installation.

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

Environmental Compliance Activities:

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

METERING STATION SITE:

PG&E continued work Monday through Wednesday at the Metering Station conducting earthwork activities. On Wednesday, PG&E crews moved off site pending future permits to conduct the rest of the work.

Environmental Compliance Activities:

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

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 7-27-06)**

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	Under Review	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 7-27-06)**

NTP #	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 will be holding bi-weekly conference calls on Thursdays at 1:30 p.m. (PST) to review issues and upcoming events. No conference call is scheduled for Thursday, August 27.

Photographs



Figure 1 – Pipeline installed adjacent to the old abandoned house looking west, July 18, 2006.



Figure 2 – 16-inch pipeline work at skipped spikeweed and adjacent bore area east of Olson Road, July 21, 2006.



Figure 3 – Temporary Compressor setup at S-10 well site, July 21, 2006.



Figure 4 – Work at the Compressor Station, July 21, 2006.