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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: December 7, 2006
Subject: Weekly Report #28: November 26, 2006 – December 2, 2006

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site November 30th.

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 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 occurred throughout the week. On Saturday, crews began grounding work at the well sites.

On Monday, a Frac Rig was on location at Well Site S-1. On Wednesday, the Frac Rig was moved from Well Site S-2 back to Well Site S-1 (see Figure 1). On Thursday and Friday, crews continued to work at the Frac Rig at Well Site S-1. Crews also conducted miscellaneous conduit installation on Thursday.

On Tuesday, the Frac Rig was on location at Well Site S-2. Crews also conducted miscellaneous conduit installation on Thursday.

No work took place at Well Site S-10 during the subject 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:

Work at the Kirby Hills Compressor Station took place Monday through Saturday (see Figures 2 & 3). No mechanical work was conducted on Saturday. Crews conducted the following activities:



- On Monday, no civil or mechanical work occurred due to heavy rains.
- Tuesday through Thursday, crews fabricated utility piping inside the compressor building, installed piping in the glycol contactor area, installed miscellaneous utility piping, and backfilled and compacted for pipe support foundations.
- Tuesday through Thursday, crews built forms for light pole and miscellaneous foundations, and sandblasted and coated piping.
- On Wednesday and Thursday, crews installed instrument tubing and assembled and set the exhaust stack support for the north compressor.
- On Friday, a small mechanical crew installed 2-inch HDPE piping for the future water line.
- Electrical and Instrumentation work included: mounting switches and devices in the compressor building, installing conduit to the compressor panels, installing lighting conduit, pulling wire for north compressor devices, pulling wire to and from the tank farm area, electrical work on NOx analyzer system, installing supports for the gas chromatograph, installing conduit and wire to the gas chromatograph, commissioning of the chromatograph, commissioning of the alarm horns and beacons, installing box for power supply and began conduit installation for power, mounting the SCR probe for the south compressor, mounting and terminating SCR sample line for the south compressor, pulling instrument wire to the tank battery area, terminating for unit control panels, installing underground conduit in yard areas, pouring concrete for duct banks at road crossings, terminating wiring at regeneration skid, terminating wiring for level transmitters in tank area, and working on emergency lighting in compressor building.

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 crews worked throughout the week at the Metering Station (see Figure 4). Lodi Gas conducted some work at the Metering Station. On Wednesday, the communications building was set on its foundation at the Metering Station. On Thursday, crews successfully tested high voltage wiring and terminations and worked on installing final conduit. On Friday, crews successfully tested and terminated power cable to the building. On Saturday, crews completed conduits between the buildings.

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. No additional NTPs are anticipated.

TABLE 1
NOTICES TO PROCEED
(Updated 12-07-06)

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. No Variance Requests were submitted during the subject week.

TABLE 2
VARIANCE REQUESTS
(Updated 12-07-06)

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:

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

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.

Photographs



Figure 1 – Crews working on Frac Rig at Well Site S-1, November 30, 2006.



Figure 2 – Tank Farm area at the Compressor Station, November 30, 2006.



Figure 3 – Compressor Station Building, November 30, 2006.



Figure 4 – Crews working at the Metering Station, November 30, 2006.