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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 14, 2006
Subject: Weekly Report #29: December 3, 2006 – December 9, 2006

CPUC ENVIRONMENTAL MONITOR (EM): Jody Fessler

CPUC EM Jody Fessler was on site December 5th.

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 Monday through Saturday of the subject week. On Wednesday, electrical crews worked on conduit at the well sites and on Saturday, electrical crews installed instruments and thermo wells.

On Tuesday, excavation was completed for piping at Well Site S-1 (see Figure 1).

Monday through Thursday, a work-over rig was stationed at Well Site S-2 (see Figure 2).

On Monday, crews installed conduit at Well Site S-10.

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 3 and 4). No civil or mechanical work was conducted on Friday and Saturday. Crews conducted the following activities:



- Monday through Thursday, crews continued the installation of the utility piping inside the compressor building, worked on sandblasting and coating of piping, continued miscellaneous foundation and support work, worked on fabricating exhaust piping and installing exhaust piping for the north engine/compressor, worked on assembling and installing the muffler support frame and muffler, finished piping installation to the glycol tower, and worked on light pole foundations and poured concrete for various light standards.
- Monday through Saturday, crews conducted electrical and instrumentation work which included: checking rotation of three motors at the tank battery area; completing conduit installation to the lube oil drip pump; continuing installation of lighting conduit; pulling wire to lights in the compressor station yard areas; preparing the NOX system commissioning; continuing wire terminations for the second compressor; continuing wire terminations at the MCC, PLC and field devices; changing the ESD buttons from “push-to-stop” to “pull-to-stop”; installing hardware for T1 communications system; installing conduit supports; working on grounding at the instrument junction boxes; setting ten light poles (five have lights burning); installing probe, sample line, tubing and cable for exhaust system; terminating fiber optic cable; and beginning SCR commissioning.

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 5). Lodi Gas also conducted some work at the Metering Station (see Figure 6). On Monday, crews pulled “home run” fiber into the meter site building. On Tuesday, crews completed the ground grid installation. On Wednesday, crews poured concrete for pipe supports and the County successfully inspected the grounding grid and the underground conduit.

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 12-14-06)**

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 12-14-06)

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 excavating for conduit installation at S-1 Well Site, December 5, 2006.



Figure 2 – Work-over rig at S-2 Well Site, December 5, 2006.



Figure 3 – Compressor Station Site looking northwest, December 5, 2006.



Figure 4 – Compressor Station Building and external piping, December 5, 2006.



Figure 5 – PG&E crews working at the Metering Station, December 5, 2006.

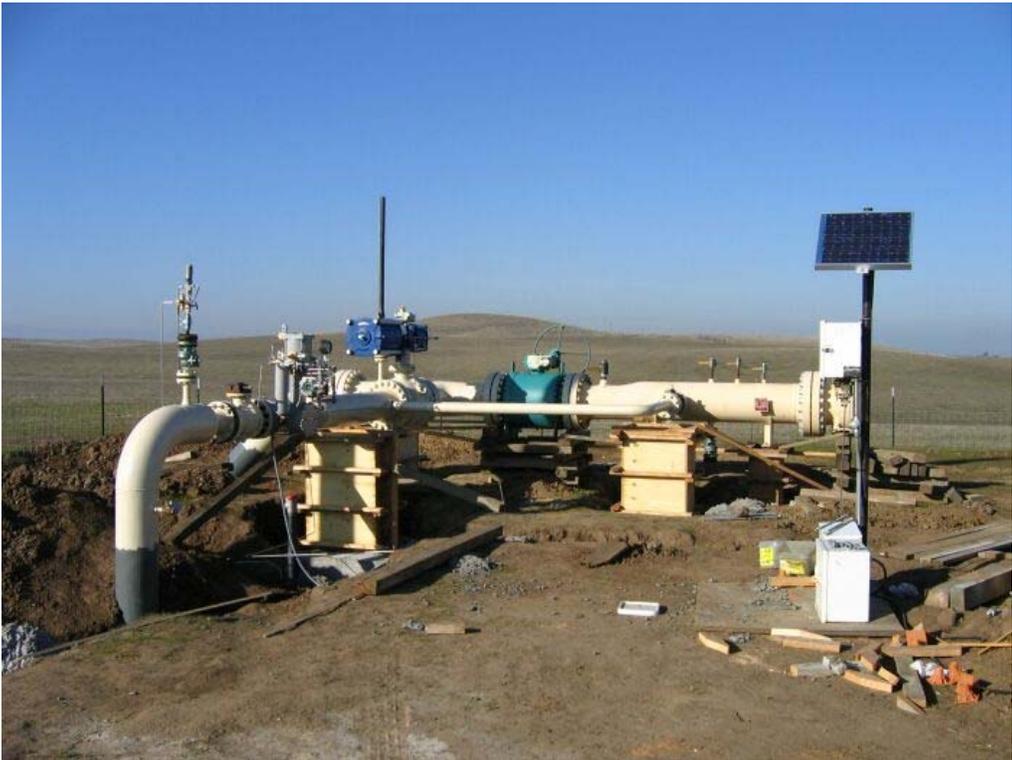


Figure 6 – Piping work at the Metering Station, December 5, 2006.