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June 3, 2011

Mr. Eric Chiang  
California Public Utilities Commission  
505 Van Ness Ave, 4<sup>th</sup> Floor  
San Francisco, CA 94610

Subject: Central Valley Natural Gas Storage Project – Request for Issuance of a Notice to Proceed (NTP #12) to Convert the Existing Test Well to a Saltwater Disposal Well and Install Saltwater Pipeline

Dear Eric:

Central Valley Gas Storage, LLC (CVGS) is requesting the CPUC's issuance of a notice to proceed (NTP #12) to convert the existing test well to a saltwater disposal well and install the 800-foot-long, 6-inch saltwater drain pipeline. The existing test well and proposed saltwater pipeline are located at the eastern end of the project area, immediately east of the remote well pad site. The test well and saltwater drain pipeline will be accessed off of McAusland from an existing agricultural road (currently being used to access the existing observation wells). The test well conversion and saltwater disposal pipeline installation activities are scheduled to start during the week of June 16, 2011.

CVGS has provided all the applicable permits, plans, and supporting documentation as part of the Mitigation Monitoring Compliance and Reporting Plan submittals to the CPUC and additional items to support this NTP #12 request. As you are aware, biological surveys are being conducted daily by the biological monitor in this work area and to-date, no special-status species (including giant garter snake or nesting Swainson's hawks) have been observed. The biological monitor will continue to survey and monitor all work in the work area. Please let me know if you have any questions.

Regards,

A handwritten signature in black ink that reads "Tim Hermann". The signature is written in a cursive style.

Tim Hermann  
Vice President, Midstream Operations  
Central Valley Gas Storage

CC:

David Hochart/Scott Eckardt, Dudek  
Homer Savage, Fluor  
Sue Bushnell Bergfalk, ICF International