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IMPORTANT INFORMATION ABOUT

Playa del Rey natural gas storage operations

Playa del Rey storage field overview

The Playa del Rey storage field was originally an oil field that produced during the 1930s. Following more than ten years of production, the pressure in the field dropped to a level that was less viable for oil production, but very suitable for natural gas storage. In 1942, the U.S. government initiated underground storage of natural gas as part of the war effort to ensure that a dependable source of energy was available. Pacific Lighting (a predecessor of The Gas CompanySM) operated the reservoir and purchased it in 1955. The Gas Company continues operating the field today - 65 years later.

The sandstone formation holding the gas is around 6,100 feet below ground level. This formation is covered by 1,500 feet of impermeable shale, sealing the porous storage area. We operate 54 active wells in order to inject and withdraw gas from the reservoir formation. Three compressors are used to inject the gas underground.

The Playa del Rey field is one of four active storage fields operated by The Gas Company in the Los Angeles area. The others are in Goleta, Northridge, and Valencia.



Aerial view of the Playa del Rey area. The blue line indicates the approximate boundaries of the "area of influence" of the operations of The Gas Company.

On December 20th, 2007 the California Public Utilities Commission ("CPUC") approved a settlement agreement of complaint cases relating to the natural gas storage field owned and operated by The Gas Company in the Playa del Rey area of the City of Los Angeles.

The purpose of this mailing is to let businesses and residents in the area know about the details of the settlement, improvements made to the facility and to increase the transparency of our operation to our neighbors. You received this

mailing because your home or business is located within the facility's "area of influence," defined as the geographical boundaries of our underground reservoir plus one-quarter mile in all directions.

The boundaries of the area of influence do not conform to a typical geometric shape. The approximate boundaries are on the north from Marquesa Way to Mindanao Way, on the south along 92nd Street, on the east along Park Hill Drive from 92nd Street north through the State owned lands, and on the west all the way to the Pacific Ocean.

Odor minimization program

Minimizing public exposure to odors emanating from the Playa del Rey storage field has been a major objective that The Gas Company has been pursuing for many years. There are three main strategies we implement to meet this objective:

- Minimize gas venting for safety purposes and greenhouse gas reduction
- Minimize gas loss to conserve the valuable natural gas commodity
- Meet or exceed emission requirements as set forth by the South Coast Air Quality Management District (SCAQMD) permits and rules.

As a part of our ongoing safety and maintenance efforts, The Gas Company already regularly performs the following functions:

1) Routine patrols

In the course of routine patrols, The Gas Company's Operations Department notes the presence of any odors. We work to mitigate any detected odors immediately.

2) Planned natural gas venting

We choose the optimal time of day when we must vent gas during maintenance activities, such as weekdays between the hours of 8 a.m. and 4 p.m., when people are awake and blowing winds help promote odor dispersion. The Gas Company also attempts to conduct its venting activities when the wind direction and speed are optimal to keep odors away from homes. We attempt to control the overall amount and velocity of gas venting as much as possible.

3) Minimization of engine and exhaust odors

Natural gas compressor engine exhaust catalysts were installed in 2001. We recently increased the number of cata-



Advanced exhaust fan systems help minimize emissions from natural gas compressors.

lysts in order to further reduce emissions. In 2004, we added internal filtering to improve the cleanliness of natural gas compressor crankcase ventilation. The Gas Company also eliminated the use of two smaller internal combustion engines used for compression of the gas. These two engines were less efficient than the remaining three engines. In 2005, we also discontinued use of three internal combustion engine driven water pumps.

Overall, engine performance improvements have resulted in better compressor efficiency with less run time.

4) Minimizing fugitive emissions

Since 2003, the vapor recovery relief valves in tanks have been overhauled, and maintenance has been increased and evaluated by outside parties. Necessary repairs are completed within 48 hours. Sump vapors are also controlled and evaluated by an outside party. Valves and flanges

are maintained and monitored by a third-party. Improvements in our waste water handling process lead to the elimination of our existing water treating tank.

5) Meteorological station

Since 2004, The Gas Company has leased a meteorological station. In 2007, a permanent meteorological station was installed. The information gathered helps to optimize our venting activities.



Terms of the settlement agreement

The Gas Company continues to operate the field with the safety of our neighbors as a top priority. Nevertheless, in an effort to better update and inform the residents and businesses around our facility, The Gas Company has agreed to implement several measures.

1) Soil gas monitoring

We will set up a soil gas monitoring program using a qualified consultant agreed to by the CPUC and establish a procedure to post results of the soil gas monitoring analysis at www.socalgas.com/safety/. Results will also be provided to the CPUC's Utilities Safety and Reliability Branch ("USRB.") We will also follow a soil gas monitoring program after abandoning and closing any wells.

2) Subsidence monitoring

The Gas Company will set up a program to monitor subsidence in the area. Subsidence is a phenomenon where the elevation of the ground is lowered over a large area. In some parts of the Los Angeles basin this has resulted from large scale withdrawal of oil or water from subsurface formations. The Gas Company will hire a specialized contractor to monitor for the occurrence of subsidence using sophisticated satellite technology that is capable of detecting changes in ground level of 2 to 3 millimeters. We will also submit results of this program to the USRB and post results at www.socalgas.com/safety/.

3) Gas pressure, withdrawal and release of liquids

In the Venice area of the field, we will continue to maintain reservoir pressure at no greater than 2400 psi.

4) Withdrawn gas

The chemical composition of withdrawn gas will be posted and updated monthly at www.socalgas.com/safety/.

5) Testing of liquids

If The Gas Company releases any liquids into the atmosphere that reach neighboring homes, we will test the liquids for Polychlorinated Biphenyls (PCBs), metals, and volatile organic compounds (VOCs). These results will be posted. PCB content of liquids collected inside of our pipeline at the facility since 2003 and going forward will be posted at www.socalgas.com/safety/.

Venting notification procedure

Residents and businesses within the area of influence can now subscribe to an automated text message/email/phone call system to be notified of the following events:

- A planned venting of gas for maintenance activity releasing more than 50 thousand cubic feet (mcf) of gas. Subscribers will be contacted with as much notice as possible, up to 24 hours in advance
- An unplanned venting of gas lasting longer than ten minutes or releasing more than 50 mcf of gas. Residents will be contacted as soon as possible within 24 hours following the event.

The messages will include the following information:

- The estimated time of the release and the estimated volume
- A brief reason (equipment failure, unplanned maintenance / repair work, etc.)
- A phone number in the event that further information is requested.

How to sign up for venting notification

To receive venting notifications by email or mobile device, please call **(310) 578-2609**, send an email to playadelrey@socalgas.com or fill out the enclosed postage-paid reply card and mail it back to us. Please note: we will not share your information with anyone for any reason.

Emergency contact

The Gas Company is committed to providing safe, reliable natural gas service and emergency response, 24 hours a day, seven days a week. If you are in the area of our wells or facilities and happen to notice odors or anything else unusual, please call the Playa del Rey Storage Operations Specialist at **(310) 780-8015**. The number is available 24 hours a day, seven days a week. An alternate number is our Gas Control office, (800) 640-9997.



View of part of The Gas Company facility at Playa del Rey.

Ongoing and future efforts

There are several current and future measures that The Gas Company is undertaking as part of our continuing commitment to safety and to the environment.

1) Vapor recovery for oil loading operations. The operation of the storage field results in approximately 100 barrels per day of crude oil being produced. When the tanker trucks load the oil for transport to a refinery, there are crude oil vapors/odors released. We will seek approval from the South Coast Air Quality Management District to install a vapor recovery system to eliminate these vapors.

2) Continuing conversion of natural gas pneumatic supply systems. Historically, we have utilized high pressure natural gas as a source of energy to operate certain devices, such as valves, at the facility. In order to minimize odors as well as greenhouse gas emissions, we are continuing to convert these types of systems to air operation.

3) Conversion of natural gas powered equipment. In order to minimize odors and emissions, we are converting or replacing certain smaller natural gas-fired pumps with electric motor driven pumps.

4) Continuing reduction of inactivated pipelines and equipment. Our goal is to maintain the infrastructure required to run our operations safely and efficiently. This minimizes the number of flanges and valves exposed to natural gas, which reduces fugitive emissions.

5) Use of charcoal canisters to mitigate odors, when applicable. It may be possible in various situations to safely vent natural gas through charcoal filters to mitigate odor.