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www.sacnaturalgas.com

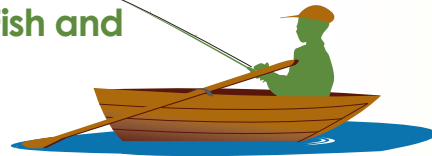
CALENDAR OF EVENTS

Community Park Day Event — Pollock Ranch Park

Date: July 24, 2010
Time: 11:00 a.m. to 2:00 p.m.
Location: 3800 Robinridge Way, Sacramento, CA
FREE neighborhood park day event throughout the City of Sacramento. Enjoy BBQ, children's activities, information booths, and entertainment. For more information, call (916) 808-3821.

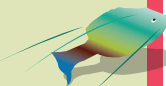
Gone Fishin' Derby — Catch a Fish and Eat It, Too! Free Fishing

Date: August 7, 2010
Time: 8:00 a.m. to 1:00 p.m.
Location: Granite Regional Park, Ramona Avenue & Power Inn Road, Sacramento, CA
Bring your kids to this all inclusive **FREE** event—fishing equipment, hot dog lunch, and a chance to win prizes are provided. And if you're lucky enough to catch a catfish, you can take it home for dinner! Fishing license required if over sixteen. For more information, contact Tom Burruss at (916) 392-0154.



Summer Concert — Meadowview Park

Date: August 21, 2010
Time: 5:00 p.m. to 8:00 p.m.
Location: 7760 24th Avenue, Sacramento, CA
FREE family fun event including BBQ, children's activities, and entertainment. This is a drug and alcohol free event. Performance by The Reggie Graham Project Gospel Fest. For more information, please call (916) 808-7337.



Union Bug

Para obtener una copia de este material en español, por favor llame al (916) 554-7153.
請洽(916) 554-7153 索取中文資料。
Nếu muốn bản sao của thông tin này, làm ơn gọi (916) 554-7153.

For more information or to be added to the project mailing list, please visit the Project Web site at www.sacnaturalgas.com or contact Elizabeth Hughes at elizabeth.hughes@sacnaturalgas.com or (916) 554-7153.

c/o Public Outreach
1325 J Street, Suite 1300
Sacramento, CA 95814



A Green and Safe Project...Providing Sacramento with Jobs, City Revenue, and Secure Energy Benefits to the Sacramento Region

This project will make Sacramento the most energy-secure city in California. Returning natural gas to the only commercially feasible underground field in the area will provide:

- Crucial 30-day backup supply during peak periods or significant interruptions of SMUD service
- A stable, affordable supply to protect SMUD ratepayers and other customers against severe gas price fluctuations

Underground natural gas storage will contribute substantially to Sacramento's economic stability—it will create jobs and produce substantial long-term revenues and taxpayer benefits that will be felt across the city.

- Construction will generate:
 - Nearly \$78 million in total business revenues within the City of Sacramento
 - More than 200 jobs
 - \$1.1 million in general fund revenues (for schools, police services, etc.)
- Ongoing operation will generate:
 - About \$25 million annually in business revenues
 - Nearly 100 new, long-term jobs
 - Nearly half a million dollars annually in general fund revenues (for schools, police, etc.)

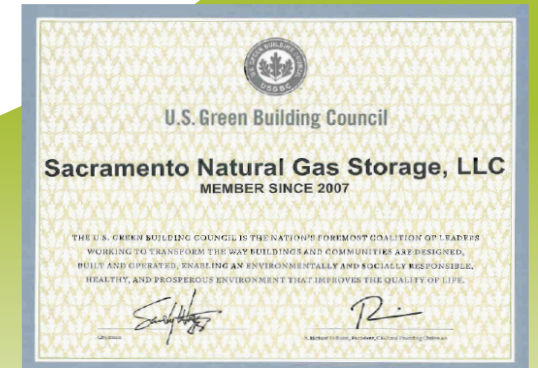


Local residents will benefit from long-term rental payments, improving their incomes and quality of life.

- The project will pay landowners above the field a combined total of more than \$700,000 a year in rental payments.
- These payments exceed fair market rental value according to an independent City appraisal.

Green Certifications

- The project promotes critical growth in the renewable energy market. SNGS has committed to be a SMUD Green Energy Partner, with 50% of the project's electricity use to come from renewable sources.
- SNGS facilities will incorporate strict sustainability standards. SNGS is designing this project to be a Gold LEED-Certified Green Building project.



Environmental Impact Report (EIR) Completed

On June 11, 2010, the California Public Utilities Commission (CPUC) released its EIR for the Sacramento Natural Gas Storage (SNGS) project. The environmental reviews of this project began in April 2007. A draft EIR was created in April 2009. Careful and thorough completion of the EIR was undertaken during the past 14 months.



Public safety remains our #1 priority

The project will be operated safely and in accordance with stringent and continuous regulatory oversight. The CPUC's own independent study provides strong and convincing evidence confirming that the project can be operated safely.

- The Final EIR characterizes potential impacts from hazardous materials, pipeline/wellhead operations, and air emissions as "less than significant."
- The Final EIR characterizes the possibility of gas migration to the surface from around or through the cap rock as having only "remote potential." SNGS is committed to comprehensive testing and monitoring, under strict regulatory supervision, to detect and address gas migration in the unlikely event that it does occur.

EIR Access

A copy of the EIR is available for review in the SNGS office. A CD can be provided upon request. Call Diana at (916) 388-2088 for more information.

Copies of the EIR can also be obtained at City of Sacramento libraries, and the CPUC. Call CPUC representative, Eric Chiang, at (415) 703-1956 for assistance.

Numerous regulatory agencies will ensure that the SNGS facility is built and operated safely. Local, State and Federal regulatory agencies will all be closely involved in monitoring project construction and/or ongoing operations, including:

- United States Department of Transportation, Office of Pipeline Safety
- California Public Utilities Commission (CPUC); Division of Oil, Gas & Geothermal Resources (DOGGR); and Office of Emergency Services
- City of Sacramento Planning Department, Fire Department, Police Department, and Building Department

1. Colonial Heights Library (4799 Stockton Boulevard)
2. Sacramento Public Library (828 I Street)
3. Southgate Public Library (6132 66th Avenue)
4. www.cpuc.ca.gov/environment/info/dudek/sngs/sngs_home.htm
5. www.sacnaturalgas.com

Local Investors

Strong, reputable local investors make this a viable long-term project. Wells Fargo is lead investor for this \$85 million project, with \$14 million already expended as of December 2009.

WELLS FARGO

PROPERTY OWNERS SUPPORT SNGS

"I have been living in my house since 1981. I've raised four beautiful children who all grew up to be very healthy. Therefore, I believe this project is safe for me as well as everyone else."

Luis Wu, homeowner over the field



"We have lived here for 37 years and raised six children in this home. This project benefits our neighborhood. SNGS is trying to help the local community and the larger surrounding area."

Betty Nicholson, homeowner over the field



"I've lived in that neighborhood for the last 30 years. And we have our own water district there. We never had contamination in there."

Pete Rojas, homeowner over the field

"I support this project. I worked for the fire department over a 30-year period. I don't see it as unsafe as far as leaks and explosions."

Vincent Redmond, homeowner over the field

"This process has been too long in coming. It is something we need and it will help the community. Everyone in the neighborhood will benefit. It is time to see the neighborhood come together and work together to make the community a better place."

Ruth Kahle, homeowner over the field



"I bought my house in 1994. I bought it as a single parent. My kids have grown up in that home. If this is a natural storage facility, that tells me that there had to have been something there before - there had to have been gas there before. They want to put gas back there; I don't have a problem with it. I am for it."

Helen L. Broadnax, homeowner over the field



\$1,000 to Homeowners

Homeowners who have leased storage rights to SNGS have each received \$1,000. Business owners who have leased storage rights have received \$1,000 per acre when they signed, with a second payment received in April 2010. Seventy-five percent of the property owners in the project area have signed leases.

Additional leases will be pursued over the next months and efforts will be made to acquire all of the needed leases by the end of this year. SNGS has maintained a policy of providing the same rental formula to all property owners and has not and will not negotiate special deals with individuals.

