

**SAN DIEGO GAS AND ELECTRIC COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
2013 TRIENNIAL COST ALLOCATION PROCEEDING (A.11-11-002)
(DATA REQUEST DRA-OCE-2)**

QUESTION OCE2-1:

Please provide copies of all communications between San Diego Gas, Southern California Gas Company and the 1st Contractor concerning the contract termination mentioned on Page 11 of above referenced testimony

RESPONSE OCE2-1:

The 1st Contractor's contract was not terminated. SoCalGas typically hires the directional drilling contractors on a time and material basis, with no stipulation of a work guarantee. In this instance, SoCalGas only provided a verbal notification that their services were no longer required on the project.

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QUESTION OCE2-2:

Please give detailed reasons on why the utilities “released” the directional drilling contractor mentioned on Page 11, of the testimony.

RESPONSE OCE2-2:

The directional drilling contractor was released from the project due to inadequate directional tool performance during the drilling of the well WEZU C2C. The GEOPilot tool in particular could not accurately steer the bit and maintain our planned well course and the tools ultimately failed due to the drilling in the difficult formations. There were other wells planned during the project with a similar directional plan and thus a vendor change was required to achieve the project objective. Baker Hughes-INTEQ provided a different design rotary steerable directional drilling system which turned out to be better suited for the drilling conditions encountered in the Honor Rancho Storage Field.

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QUESTION OCE2-3:

Please provide copies of the contracts or terms of engagement between San Diego Gas, Southern California Gas Company and all the contractors involved in this project?

RESPONSE OCE2-3:

See the attached contracts for the vendors involved in the project.

