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Proposal for offshore LNG terminal forges ahead

Local: With plans for natural gas facility at port killed, another firm will try to build miles from shore.

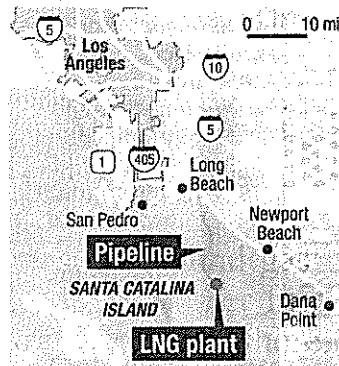
By Kristopher Hanson

Staff writer

LONG BEACH — An energy company seeking to build a pair of floating liquefied natural gas terminals off the coast of Long Beach said Tuesday it will begin seeking approval for the project in the near future.

Under the proposal by Esperanza Energy, the terminals would be located in 1,100 feet of water near existing oil platforms about 15 miles from the Port of Long Beach.

The site, known as Port Esperanza, would allow giant LNG ships to dock and offload their gas into pipelines running along the ocean floor and connecting to an existing underground pipeline near the city's east-



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ern boundary.

"We feel this is the most advanced, environmentally responsible, safe project being proposed," said Terry Mitchell, Esperanza vice president. "It's not an offshore LNG storage facility."

Earlier proposal

Described as a "doorway for natural gas into Southern California," the project comes on the heels of a stalled proposal to build an LNG terminal in the Port of Long Beach.

That site, promoted by Sound Energy Solutions, has been fiercely opposed by community groups and others concerned that an accident or terrorist attack could wipe out part of the port complex and downtown.

In late January, the Port of Long Beach Harbor Commission voted to end negotiations with Sound Energy, effectively ending progress on the project, which was in the initial environmental review process.

In February, Sound Energy filed a legal motion seeking to force the port to finish its environmental impact report.

As negotiations between the two sides unraveled during the past year, Esperanza executives gauged reaction to that proposal and two competing offshore proposals while tailoring their own plan.

To avoid roadblocks, they met with environmental groups, state and federal agencies, community members and lawmakers to address areas of concern.

In recent weeks, Esperanza executives met with Long Beach Mayor Bob Foster, a vocal opponent of the Sound Energy site in part because of its location in the harbor.

The mayor's chief of staff said Tuesday that the discussion was preliminary and the mayor was not privy to details of the project.

Esperanza officials located Port Esperanza at least 10 miles from the nearest coastline in Huntington Beach to allay fears of an LNG vapor cloud explosion reaching land. A federal study released last year showed such a vapor cloud, though highly unlikely, would not extend more than 7 miles.

HOW IT WORKS

The Esperanza proposal calls for accepting liquefied natural gas at an offshore site. Here's how it would work:

- Ships would dock at partially submerged platforms, which rise about 100 feet above the water line and are maneuvered by remote-controlled or onboard thrusters.
- The platforms are designed to suction onto the side of a ship during off-loading.
- Equipment on the platform turns the super-cooled fuel back into gas, using electricity.
- The gas is then pumped through buoyed pipelines connecting the ship to the ocean floor.
- From there, gas is sent through a 30-inch pipeline to an area just outside the breakwater, where the pipe dives 100 feet underground until it ends one mile inland on the Long Beach/Seal Beach border.
- The pipeline would ultimately connect with existing pipelines underneath the San Gabriel River.

The site would be patrolled around the clock by a private patrol vessel and closely monitored under existing Coast Guard regulations.

As a precaution, incoming ships would be stopped 10 miles from the site and boarded by special mooring pilots. Coast Guard vessels would also play a role assisting and securing the ship.

Environmental concerns

To minimize environmental impacts, Esperanza plans to use heated discharge water piped in from a local power plant to warm the LNG facility, eliminating the need to use seawater on-site or use internal combustion engines to warm gas on the platform.

"This is a zero-emission facility," said David Maul, an Esperanza consultant and former natural gas manager with the California Energy Commission. "We're reusing (warmed) water that's already going to be released into the ocean, using it to heat the gas, then discharging it back into the ocean at the same temperature as the (ocean) water. There's no environmental impact."

Esperanza, a subsidiary of Texas-based Tidelands Oil and Gas, plans to file required applications with numerous state and federal agencies later this year as a first step in the permitting process.

Ultimate approval is required from the U.S. Maritime Administration, Coast Guard, Environmental Protection Agency, California Public Utilities Commis-

sion and California Energy Commission, among others.

The city of Long Beach could play a small role in pipeline agreements.

The company said it's willing to alter the plan depending on public reaction.

"We're willing to do whatever it takes to make this acceptable to the people of California," Mitchell said. "We've addressed every major concern we possibly can. Now, we have to wait and see how it's received."

The California Public Utilities Commission, which has opposed Sound Energy's on-shore site, said Tuesday it would support an offshore terminal at least 10 miles from land.

"Our general concern is that you don't have an LNG facility near a center of population," said CPUC Deputy General Counsel Harvey Morris. "We feel there's a definite need for more natural gas in California because it's a much cleaner form of fuel, as long as it doesn't jeopardize the public."

Bill McKennon, a local community activist opposed to Sound Energy's proposal, said he was evaluating the Esperanza site.

"This may be a great project, or it could be a crummy project," McKennon said. "We don't know enough about it at this point, but we do know (LNG) fuel is a good bridge fuel until we develop more sources of renewable energy. A project like this, done responsibly and honestly, could benefit our

region, or it could not."

Adaptable platforms

Esperanza's proposal differs from other offshore plans in that the floating terminals, built by Norway-based Torp Technologies, are adaptable to all existing or future standard LNG ships, Maul said.

The partially submerged platforms, which rise about 100 feet above the water line, are maneuvered by remote-controlled or onboard thrusters.

Platforms are less than half the size of a large port gantry crane used to offload cargo ships and are designed to suction onto the side of a ship during off-loading and hold there in waves up to 14 feet, said Mitchell.

Equipment on the platform is used to regasify the super-cooled fuel using electricity and pump it through buoyed pipelines connecting the ship to the ocean floor.

From there, gas is sent through a 30-inch pipeline to just outside the breakwater, where the pipe dives 100 feet underground until it ends one mile inland on the Long Beach/Seal Beach border, Maul said.

The pipeline would ultimately connect with existing pipelines underneath the San Gabriel River.

Together, the L-shaped platforms could handle up to 2.5 ship loads per week, providing 1.2-billion cubic feet of natural gas per day to Southern California, roughly the same as Sound Energy's proposed site.

Esperanza has no contracts with natural gas suppliers, utilities or energy companies, so the terminals would be open, presumably, to the highest bidder.

"It's an open-access site," Maul said. "We only want to provide the door and then see how people can best use it."

Esperanza officials would not release cost estimates, saying they vary too widely to accurately predict.

"It's on par with other (LNG) projects," Mitchell said.

On the Net
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