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## S.A. firm has offshore plan

Esperanza wants to build natural gas facility in California.

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A small San Antonio oil and gas company has plans to jump into a big business — building a liquefied natural gas facility off the coast of Southern California.

Esperanza Energy LLC, a subsidiary of Tidelands Oil & Gas of San Antonio, said Wednesday that it plans to file applications with state and federal agencies to build a floating LNG plant about 15 miles off the coast of Long Beach, Calif.

"People say you can't hope to build an LNP facility in California," said Esperanza Vice President Terry Mitchell. "I'm out to prove them wrong."

Getting any LNG terminal approved in California could prove difficult. The chairman of the California Energy Commission told the Los Angeles Times last year that no more than "one, maybe two" LNG terminals will be built in the state.

Esperanza plans to file its permit applications late this year for the project, to be called Port Esperanza. Mitchell said Esperanza would need "just about every permit there is."

Port Esperanza's offshore re-

ceiving terminal would allow ships to transport LNG from overseas, dock and offload at its deepwater floating platform. The LNG — liquefied natural gas that is super-cooled to 260 degrees below zero — would then be warmed to a gas and sent to shore through a pipeline.

The planned terminal would rent space to companies transporting LNG to the terminal, which would be able to handle 1.2 billion cubic feet of LNG a day.

California consumes about 6 billion cubic feet of gas a day and is dependent on natural gas; about half the state's electricity comes from gas-fired plants, according to the California Energy Commission.

Esperanza hasn't yet done detailed engineering work, so a cost for the proposed LNG terminal hasn't been determined, Mitchell said.

Tiny Tidelands, Esperanza's parent company, had revenue of \$1.5 million and a net loss of \$7.4 million for the nine months that ended on Sept. 30.

But Mitchell doesn't believe the company's small size is a barrier to developing an offshore LNG facility.

He compared Tidelands to Houston-based Cheniere Energy Inc., now a force in developing LNG plants while giant oil concerns have struggled to get LNG terminals approved. Cheniere, however, posted a loss in the

fourth quarter of \$93.3 million.

"People said Cheniere couldn't do it — they were too small," Mitchell said. "Now they are golden."

Esperanza has "spent about a year talking to every agency we could think of, along with environmental groups, asking them about the design," Mitchell said. "So we think we have something that already has a lot of public input."

The Los Angeles offices of National Resources Defense Council and Environmental Defense could not be reached for comment.

Most residents and environmental groups say they don't want LNG terminals built near people; Esperanza's answer to that is that it would build offshore.

Super-cooled liquid natural gas must be heated at an LNG terminal, typically using an internal combustion engine to warm up the gas. That creates air emissions that environmentalists don't like.

Port Esperanza would not generate emissions because it would use water discharged from a power plant in Long Beach, send it through a pipeline to the LNG terminal and use that to warm the gas, the company said. The water, having cooled, would then be discharged in deeper waters of the Pacific.

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