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## Texas Port Seeks Unique LNG Terminal to Handle 'Hot' LNG

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The Texas Coastal Bend was one part of the state's Gulf Coast that has not yet attracted a liquefied natural gas (LNG) import venture, but a privately held Houston group hopes to change that.

Gulf Coast LNG Partners said Wednesday they hope to develop Calhoun LNG on Lavaca Bay near the fishing community of Port Lavaca and adjacent to an established industrial zone at Point Comfort, about 120 miles southwest of Houston and 100 miles north of Corpus Christi.

The site selected now is owned on property owned by the Port of Port Lavaca-Point Comfort and Calhoun County Navigation District. It is immediately south of a major Alcoa Alumina and Chemical complex and not far from Formosa Chemicals' large petrochemical facilities. In addition, the location is only a few miles south of the primary natural gas pipeline corridor running from South Texas to the Houston Ship Channel, giving the project easy access to multiple markets within the state and nationally.

The two chemical plants as well as other similar facilities in the area could become customers for not only regasified LNG, but also for petrochemical feedstocks that would be extracted from the gas stream, said Rafael Garcia, executive vice president of asset development for Gulf Coast LNG Partners.

Plans call for Calhoun LNG to have not only the standard LNG regasification and storage facilities, but also a liquids extraction plant. "Hot" LNG has become a significant concern recently as the gas quality varies from one source country to another. The Btu content is higher than the standard on US and Canadian pipelines because it contains small amounts of natural gas liquids (NGLs). The NGLs, primarily ethane but also some propane and butane, can be extracted and sold as petrochemical feedstocks.

In a presentation to community and government leaders from Port Lavaca and surrounding areas, Garcia stressed the safety and security measures already in place at the port to address the tankers carrying feedstocks and finished products to and from the various plants. He noted that visitors to the still undeveloped site would have to pass through as many as two security checks before they would be admitted.

The size of the project will be determined by market demand, Garcia told Oil Daily. The liquefaction facilities are scaleable, and the Calhoun project could begin with a capacity as low as 300 million cubic feet per day, or just over 2 million tons/year of LNG. The complex would include two above-ground storage tanks, but the developers also are considering salt-cavern storage.

The project is just beginning to contact potential suppliers, but they are looking to the usual suspects in Africa, the Middle East and Latin America. Plans call for construction to begin in 2006, with the first LNG delivered in 2009.

Gulf Coast LNG Partners has obtained financing through the permitting stage from Houston-based Haddington Ventures, a venture capital fund that has invested about \$7 million in the project, said Chris Hilgert, chief executive and chief financial officer for the company. Eventually, the company would like to bring in equity partners with operating experience to takeover the project.