

New LNG terminal proposed

□ *Port project could have huge impact on region's economy*

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What's in a name?

Take Calhoun LNG for example. It's short, simple and to the point. But this short, simple name, and the new liquefied natural gas import terminal project it represents at the Port of Port Lavaca/Point Comfort, has the potential of making a huge impact on the regional economy of this area well into the 21st century.

The Calhoun County Navigation District (CCND) board members took the first step Wednesday in bringing Calhoun LNG to reality by approving an interim financing agreement for the estimated \$450 million project with Gulf Coast LNG Partners, L.P., the Calhoun County Navigation Industrial Development Authority and the district.

"This project will help solidify the industrial base of Calhoun County for the 21st century," Randy Boyd, chairman of the CCND board said Wednesday at a luncheon held at the Bauer Community Center to announce the new liquefied natural gas (LNG) terminal project to community leaders. "This new port facility will provide a source for low and stable cost natural gas and natural gas liquids to our area industrial companies and keep them viable and vital employers in our community."

What exactly does the Calhoun LNG project include? Gulf Coast LNG Partners, in conjunction with CCND, will permit, design and construct an LNG receiving terminal and storage facility on the peninsula at the local port. The main features of the new terminal will be a "state of the art" berthing and docking facility to receive LNG ocean-going ships; two 160,000 cubic meter capacity, double walled insulated storage tanks to hold the LNG until it can be regasified and sent via pipelines to industrial and residential customers; and a regasification facility and control room to warm the LNG back into gas for

distribution.

"The facility could be operational by late 2008 or early 2009," Port Director Bob Van Borssum said Wednesday. "Up to 600 workers could be employed during the construction phase of the project. Once operational, up to 40 full-time employees will staff and run the facility."

Gulf Coast LNG Partners has agreed to pay \$50,000 a year to secure the port's peninsula for construction of the project plus they will fund and manage the project during the planning and permitting stages, Van Borssum said. Permits must be obtained and coordinated through the Federal Energy Regulatory Commission (FERC).

"The permitting process, which will take approximately 18 months, requires the development of an extensive environmental assessment and will provide many opportunities for public participation," Rafael Garcia, Gulf Coast LNG's executive vice president said Wednesday. "The ultimate size and scope of the Calhoun LNG terminal will be determined by the needs of the potential capacity holders as they look to bring much needed natural gas into this market."

According to Jim Lewis, a safety standards consultant that spoke at Wednesday's luncheon on behalf of Gulf Coast LNG Partners, LNG is the same natural gas that most people are familiar with for use in their home for heating and cooking. But, instead of being used in a gaseous form, LNG is cooled to minus 260 degrees Fahrenheit and condensed into a liquid for easy transport.

As a liquid, LNG only occupies 1/600th of the space natural gas does in its gaseous state which allows transportation over long distances at sea and efficient storage on land. LNG weighs less than half as much as water, is odorless, colorless, non-toxic, non-corrosive and leaves no residue once it evaporates. LNG neither explodes or burns as a liquid and it is not stored under pressure.

Lewis said that just like natural gas, LNG contains about 90 percent methane with smaller quantities of ethane, propane and butane. The ethane, propane and butane (often called natural gas liquids or NGL) will be separated from the LNG and used as chemical feedstock for industrial customers.

Garcia said in order to provide the community with more information about the Calhoun LNG project his company in conjunction with the port and CCND will hold an open house on Wednesday, Oct. 27 at 7 p.m. in Bauer Community Center in Port Lavaca.

"We urge local community members to come to our open house and ask questions about this very important LNG project," Garcia said. "We welcome their questions and input."

For additional information on the project log on to www.calhounlng.com.