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# FEDERAL ENERGY REGULATORY COMMISSION



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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

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### COMMISSION AUTHORIZES THREE NEW LNG IMPORT TERMINALS, EXPANSIONS OF TWO OTHER LNG IMPORT FACILITIES

The Federal Energy Regulatory Commission today approved applications to develop five liquefied natural gas (LNG) import facilities, which if brought on line would increase U.S. LNG-import vaporization capacity initially by up to 8.2 billion cubic feet per day (bcf/d), and eventually to 9.7 bcf/d.

“The increase in natural gas supplies represented by these projects, once constructed, would have a significant impact on domestic natural gas prices in the future,” observed Commission Chairman Joseph T. Kelliher. “Importantly, this new supply will land on not only the Gulf Coast but also in market areas on the East Coast, which will help meet demand and lower prices in market areas.”

The Commission authorized the construction and operation of three new LNG import terminals and related facilities:

**CREOLE TRAIL LNG & CREOLE TRAIL PIPELINE** – Cheniere’s Creole Trail LNG is authorized to site, construct and operate a new LNG import terminal in Cameron Parish, Louisiana (Docket Nos. CP05-360-000; CP05-357-000; CP05-357-001; CP05-357-002; CP05-358 and CP05-359). The terminal would include four LNG storage tanks that would have the capability to store up to 640,000 cubic meters (or 13 bcf) of natural gas and have a send-out capability of an average of 3.3 bcf per day. The Commission authorized Cheniere’s Creole Trail Pipeline to construct and operate 116.8 miles of dual 42-inch diameter pipeline from the outlet of Creole Trail’s proposed LNG terminal through Cameron, Calcasieu, Beauregard, Jefferson Davis, Allen and Acadia Parishes, Louisiana, to interconnect with markets throughout the United States.

**PORT ARTHUR LNG AND PORT ARTHUR PIPELINE** – The Commission granted Sempra’s Port Arthur LNG authority to site, construct and operate a new terminal and related facilities near Port Arthur, Texas (Docket Nos. CP05-83; CP05-84; CP05-85; and CP05-86). The facilities include six LNG storage tanks with a nominal capacity of

160,000 cubic meters each.

The project would be constructed in two phases and would ultimately provide an average of 3 bcf/d to existing interstate pipeline systems in Texas and Louisiana, connecting to markets in the Midwest and Northeast.

Port Arthur Pipeline may construct and operate a new 70-mile, 36-inch diameter pipeline from the LNG terminal to an interstate interconnection with Transcontinental Gas Pipeline Company in Beauregard Parish, LA. The Commission also authorized the company to construct and operate a 3-mile, intrastate pipeline from the LNG terminal to an interstate interconnection with facilities owned by NGPL in Jefferson County, TX.

**CROWN LANDING LNG PROJECT** – Crown Landing LLC, a wholly owned subsidiary of BP America Production Company, proposes to construct and operate a new onshore LNG import terminal in Logan Township, New Jersey (Docket No. CP04-411). The proposed terminal would store up to 450,000 cubic meters of LNG equivalent to 9.2 bcf of gas, vaporize LNG and send it out through a connecting pipeline at a baseload rate of 1.2 bcf per day.

The project would interconnect with a new 11-mile pipeline that the Commission also approved today. The pipeline would be constructed by Texas Eastern Transmission Co. (Docket No. CP04-416) and extend from the terminal through Delaware County, Pennsylvania, to transport the vaporized LNG to various markets in the United States.

Crown Landing and Texas Eastern also anticipate interconnections with facilities operated by Transcontinental Gas Pipeline Corp. and Columbia Gas Transmission Co. Crown Landing hopes to begin service from the facility in late 2008.

The Commission also authorized expansions at two previously authorized LNG facilities. In each case the Commission will require the applicant to deliver the LNG in a format that is compatible with the existing natural gas infrastructure:

**SABINE PASS LNG** – The commission approved an expansion of the proposed Sabine LNG project, which was authorized in December 2004 to be constructed and operated in Cameron Parish, Louisiana (Docket No. CP05-396). In its decision today, the Commission also approved Phase II of the project, which includes three additional 160,000 cubic meter storage tanks and related facilities that would provide an average send-out capacity ranging from 2.6 bcf/d to 4 bcf/d. The Sabine LNG Phase II facilities are proposed to be adjacent to or within the boundary of the Phase I site.

In a March 23, 2006 letter, amended April 28, 2006, Cheniere Sabine Pipeline informed the Commission that it was merged under Delaware law with SPPC, with SPPC as the surviving legal entity.

**DOMINION COVE POINT LNG** – Dominion Cove Point owns and operates an LNG import facility near Lusby, Calvert County, Maryland (Docket Nos. CP05-130-000, CP05-130-001, CP05-130-002; CP05-132-000, -001), and a pipeline, known as the Cove Point pipeline (Docket No. CP05-131), that extends approximately 88 miles from the LNG terminal to connections with several interstate pipelines in Loudoun and Fairfax Counties, Virginia. Currently, the LNG terminal has a storage capacity of 7.8 bcf and a peak send-out capacity of 1 bcf per day.

The Commission today authorized the company to expand its LNG terminal facilities by adding two new storage tanks, each capable of storing 160,000 cubic meters of LNG along with other related facilities. The company states the expansion will enable it to increase the send-out capability by 0.8 bcf/d and increase storage capacity by approximately 6.8 bcf. The Commission also authorized Cove Point Pipeline to construct and operate approximately 47.8 miles of 37-inch diameter loop pipeline in Calvert, Prince George's and Charles counties in Maryland. Further, the Commission authorized Dominion's construction of new downstream pipeline and storage facilities.

In separate orders, the Commission granted Cove Point authority to refurbish and reactivate two existing waste heat vaporizers to provide for an additional 0.25 bcf/d of firm send out capacity to ensure that Cove Point can deliver up to its current peak-day capabilities of 1 bcf/d of send-out capacity on a year-round basis (Docket No. CP05-395). The waste heat vaporizers have been dormant since 1980 and will use the heat produced by the existing gas turbine generator on site to support the gas vaporization process. Cove Point estimates the cost of the reactivation project at over \$5.1 million.

The Commission also authorized Cove Point to construct and operate two air separation units, a liquid nitrogen storage tank, an electric generation unit and appurtenant facilities in order to inject additional nitrogen and reduce the heat values of Cove Point's natural gas send-out (Docket No. CP06-26). Cove Point estimates the cost of constructing the project will be \$63 million.

In approving the expansion project, the Commission addressed gas quality and interchangeability issues involving Cove Point LNG and Washington Gas Light Co.

The Commission found that Washington Gas Light (WGL) used hot tar on pipeline couplings, resulting in corrosion and gas leaks.

“The Commission is convinced that WGL's use of hot tar as a method of corrosion protection was a significant contributing factor that resulted in an increase in leak rates through Prince George's County (MD),” the Commission said. “We find the application of hot tar and the increase in operating pressures on WGL's distribution system were the principal causative factors of the leaks experienced in Prince George's County, MD since

the reactivation of the Cove Point LNG Terminal.”

The Commission will require Cove Point to deliver regasified LNG that meets the gas quality specifications of all interconnecting pipelines.

“In view of these considerations, we find that claims raised in WGL’s November 2, 2005 filing provide no basis to deny the authorizations requested for the Cove Point Expansion Project,” the Commission said.

In all of today’s decisions, the Commission considered public comments and FERC Staff analyses and directed project sponsors to comply with environmental, safety and security mitigation conditions imposed on each of the projects.

R-06-43