MARAD Processing Overview

In accordance with the Deepwater Port Act of 1974 (DWPA), as amended, the Secretary of Transportation (Secretary) must approve the issuance of a Deepwater Port License prior to ownership, construction, operation, and decommissioning of a deepwater port facility.

The DWPA requires that an applicant submit with its formal application detailed plans of the proposed facility to the Secretary for review, evaluation, and processing. This review process was delegated by the Secretary to MARAD and the U.S. Coast Guard (USCG). Based upon the merits of the application, the Maritime Administrator is authorized to approve and issue a deepwater port license.

In making a decision to approve or disapprove a deepwater port application, the following criteria are considered by the Maritime Administrator:

1. Financial responsibility
2. Compliance with relevant laws, regulations, and license conditions
3. National interest
4. International navigation
5. Impact on the marine environment
6. Compliance with national environmental laws and the National Environmental Policy Act (NEPA)
7. Consultation with the Secretaries of the Army, State, and Defense Departments
8. Approval of the Governor of the adjacent coastal state(s)
9. Consistency with the Coastal Zone Management Act

The DWPA sets forth the entire process, from submittal of a complete application to issuance of the Record of Decision (ROD), which must be rendered within 356 days.

Since the inception of the Deepwater Port Licensing Program, MARAD has been working with applicants to actively promote the use of U.S. mariners and cadets. As such, MARAD has pursued voluntary agreements that will ensure maximum utilization of U.S. citizens on the vessels serving our offshore LNG receiving facilities.

Sean T. Connaughton, Maritime Administrator

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Maritime Administration

Deepwater Port Licensing Program

LNG Fact Sheet

LNG Deepwater Port

About LNG

Liquefied Natural Gas (LNG) is natural gas that has been processed to remove impurities and heavy hydrocarbons and is then condensed into liquid form. To liquefy natural gas, it is super-cooled to -260 degrees Fahrenheit (-162.2 ˚C).

By changing natural gas to a liquid, its volume is reduced to about 1/600th its original volume, making it economical to be transported and stored around the globe. LNG is odorless, colorless, non-corrosive, non-toxic, and weighs less than half of the weight of water.

Neither LNG, nor its vapor, can explode in an unconfined environment. Natural gas is made up primarily of methane, but can also contain ethane, propane, and heavier hydrocarbons.

LNG Demand

Japan has historically been the largest importer of LNG. However, as new re-gasification capacity is being built around the world, their share has declined during the last decade. Other major importers in the Pacific Basin include South Korea and Taiwan.

Countries in the Atlantic Basin import approximately one-third of the world's supply of LNG annually. Consumption is relatively equal among several countries, including France, Spain, and the United States.

In the United States, the demand for natural gas is projected to increase from 22.4 trillion cubic feet (Tcf) annually in 2004 to 26.9 Tcf in 2030. In 2004, the U.S. consumed 61 billion cubic feet (Bcf) of natural gas per day, and by 2025, consumption is expected to increase to 74 Bcf per day.

Imports of LNG are projected to grow from 500 Bcf per year in 2003 to 6.4 Tcf in 2025. The gap between production of natural gas and consumption is widening in the U.S.

The four onshore U.S. LNG import terminals currently have an estimated combined peak capacity of about 1.2 Tcf (26.0 million tons) per year and an estimated baseload capacity of 880 Bcf (18.5 million tons) per year. Two of the four terminals have recently completed plans to expand baseload capacity by 1.4 Bcf. The other two terminals have also announced plans to expand their capacity. In addition, four recently licensed offshore terminals will further expand the Nation's LNG import capacity.

LNG Supply

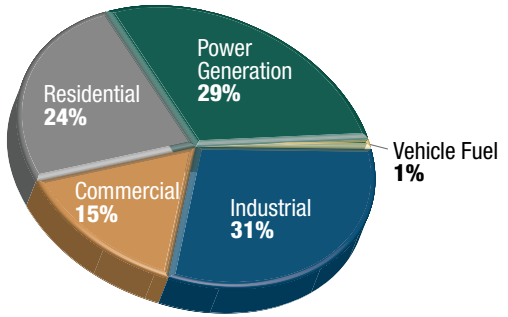
The majority of the world's LNG is exported from the Pacific Basin, including countries like Indonesia, Malaysia, and Australia. Roughly one-third of the total production of LNG comes from countries in the Atlantic Basin region, such as Algeria, Nigeria, and Trinidad and Tobago. The Middle East exports about one-fourth of the world's LNG. However, development of liquefaction plants has slowed the growth in export rates.

Domestically, the U.S. produced 18.2 million cubic feet of natural gas in 2005. The majority of LNG is imported via pipeline from Canada and via LNG tankers from Trinidad and Tobago, Algeria, and Egypt.

Importance of LNG

Natural gas has several uses in homes, industry, commerce, electricity production, and transportation. It is used primarily for industrial applications, residential use, and power generation. Natural gas provides reduced air emissions compared to coal and oil-powered power stations.

Natural Gas Use By Sector



Advantages of Offshore LNG Delivery

Offshore LNG deepwater port receiving terminals allow for the delivery of LNG while helping to alleviate congestion in busy sea ports. Offshore LNG deepwater ports also create buffer zones around LNG tankers, eliminating risk to citizens and workers located near onshore facilities. With increasing land values and public resistance to onshore infrastructure for receiving LNG, offshore deepwater ports offer a viable solution to ensure the Nation's energy needs are met.

Application Processing Timeline

356 days total (including completeness review)

DAY 0
Applicant Submits Application

DAY 26
Notice of Application is Published in the Federal Register

DAY 266
Last Public Meeting on the License Application

DAY 311
Last Day for Agency and Public Comment

Last Day for Adjacent Coastal State's Governor's Decision

DAY 356
Deepwater Port License Application Record of Decision Issued

DAY 0 – 26
Agency Completeness Review

DAY 26 – 266
National Environmental Policy Act Process (Includes Public Scoping on Environmental Review Process)

DAY 266 – 311
Federal and State Agency Review Period