

Malibu Surfside News

LNG Firm Wants Coast Guard Concerns Applied to Competitor
NorthernStar Move Could Be Sign that Offshore Development Options in Southern California Are Dwindling

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In what may be a case of “corporate tit-for-tat,” the company asking to build one offshore liquefied natural gas terminal near Ventura has demanded that another, competing LNG terminal closer to the Malibu coast address a long list of environmental concerns—concerns originally proposed by the government for the first plant.

Officials for the Woodside Natural Gas LNG terminal, proposed for 21 miles off Malibu’s Point Dume, said they “find it odd” that their competitor filed the letter in the official comment file for Woodside’s proposed Ocean Way gas terminal.

The Ventura applicant, Northern Star Energy, was hit with a list of 396 environmental questions by the U.S. Coast Guard last month, ranging from how LNG tankers will avoid killing whales to whether the Clearwater Port project is needed in the first place.

That list, first revealed in the Malibu Surfside News last week, could delay the Northern Star terminal for many months, officials said, as they strive to conduct research and compile answers to the 396 items.

Now, Northern Star has taken the same government list and demands that its competitor meet the same 396 standards.

“It’s just a matter of basic fairness, just to ensure parity,” said Northern Star vice president Joe Desmond. “We are concerned that different regulatory agencies may apply different criteria to two projects that are very similar.”

Although the Coast Guard is handling both projects, its local partner in Ventura is the California State Lands Commission, which has already addressed LNG issues in its rejection of the BHP Billiton LNG terminal in Malibu. The local partner for the Woodside request off Malibu, is the City of Los Angeles—which has no LNG experience.

Woodside vice president Laura Doll said her company expected some questions to be raised about its proposal, but “we just really didn’t expect it to come from an LNG company.”

Doll said the Woodside’s Ocean Way proposal was designed over several years to answer the questions posed in the Northern Star letter. “We honestly haven’t seen anything filed in the comments yet that would make us think we left something out,” she said.

The Woodside plant in Santa Monica Bay is somewhat different from Northern Star’s oil rig repurposing project, as Woodside would employ two regasification ships that

would alternate cruising out beyond the Channel Islands to accept transfers of LNG cargoes on the high seas from trans-pacific carriers.

At any given time, one of the two carriers would be anchored halfway between Point Dume and Catalina Island, unloading its cargo.

The other ship would be in the designated transfer areas, and the U.S. Navy has voiced opposition that the transfer process would interfere with naval exercises, including live firing of missiles in the Navy's Point Mugu Sea Range. Several retired admirals have publicly opposed the concept.

Last week, the Navy formally dropped its objections and said it could live with LNG carriers in its missile test range so long as Woodside acknowledged that the Navy has first dibs on the waters, and that the company would schedule its ship movements around Navy exercises.

In other news, last week the Santa Monica City Council formally went on record opposing the Woodside proposal. City council members said the placement of two two-foot-diameter gas pipelines in Santa Monica Bay would be detrimental to marine life.

Los Angeles City Councilmember Bill Rosendahl also came out swinging against the LNG terminal in Santa Monica Bay. He said the terminal and its gas pipeline across Los Angeles International Airport would make LAX a vulnerable terrorism target, and the LNG regasification ships would be targets like the U.S.S. Cole.

Rosendahl also said the project would adversely affect LAX runway relocations, would make extension of the Green Line difficult, and would disrupt environmentally sensitive sand dunes at Dockweiler Beach.

Rosendahl is chair of the LA Airports board, and chair of the L.A. council's public works committee, both of which have veto over the proposal. The natural gas pipelines would cross his district as they come ashore at LAX and head east.

And the Los Angeles Unified School District said it wants Woodside to explain what safety precautions would be taken at 21 locations where proposed high-pressure, 24-inch gas pipelines would pass within 1500 feet of public schools in Westchester, Watts, South Gate and Cudahy.

Environmental laws provide special protections to low income areas in the interest of economic justice, and community organizers on L.A.'s south side have yet to be heard on this issue.

Impetus to build LNG terminals in the coastal waters of California may be affected by two proposals to build new natural gas pipelines into the west from new gas fields in Utah and Wyoming.

Both the Kern River and Spectra gas pipeline companies filed legal notice last week that they plan to add California-bound gas capacity if customers can be found.

If both of these pipelines are built, their capacity would approximately equal the LNG capacity proposed by the Woodside and Northern Star projects combined.

And finally, a San Diego company that will start up its new LNG import terminal at Ensenada, Mexico announced Thursday it will build a \$150 million addition to treat its LNG imports to remove the “hot gas” threat. Sempra officials said they would treat LNG cargoes with nitrogen to lower their burning temperature, thus dramatically decreasing the amount of air pollution that will be caused by burning the natural gas.

Although California regulators have approved the so called hot gas for use here, smog agencies have filed suits to overturn that because of the large amounts of smog that would be generated.

Neither of the two offshore LNG terminals have plans to limit or treat imports to bring them in line with lower-burning standards