

1.0 INTRODUCTION

On September 30, 2005, Bayou Casotte Energy LLC, a subsidiary of Chevron U.S.A. Inc. (Chevron), filed its application with the Federal Energy Regulatory Commission (FERC or Commission) under Section 3(a) of the Natural Gas Act (NGA). The application was noticed in the Federal Register on October 31, 2005. In Docket No CP05-420-000, Bayou Casotte Energy LLC seeks authorization to site, construct, and operate a liquefied natural gas (LNG) terminal and ancillary facilities to connect the proposed LNG terminal to existing interstate gas transmission facilities near Pascagoula, Mississippi. Hereafter, Bayou Casotte Energy LLC is referred to as Bayou Casotte Energy, and the proposed Project, including the LNG terminal and pipeline components, is referred to as the Casotte Landing Project or Project.

Bayou Casotte Energy's proposed facilities would send out a nominal 1.3 billion cubic feet per day (Bcf/d) of imported natural gas to the United States market. In order to provide LNG import, storage, and pipeline transportation services, Bayou Casotte Energy requests Commission authorization to construct, install, and operate an LNG terminal and associated natural gas pipeline facilities.

The LNG terminal facilities would include:

- a ship unloading facility with berthing capabilities for one LNG carrier ship with cargo capacities up to 200,000 cubic meters (m³)¹;
- three 160,000 m³ full containment LNG storage tanks;
- a closed-loop intermediate fluid vaporization system capable of a nominal sendout capacity of 1.3 Bcf/d; and
- various ancillary facilities, including administrative offices, LNG control center, and guardhouse.

The natural gas pipeline facilities would include:

- five pipeline interconnects originating from a 1.5-mile-long, 36-inch-diameter spur; and
- associated pipeline support facilities, including metering facilities at each interconnect with the existing pipeline systems.

In addition to the LNG terminal and natural gas pipeline facilities, the Casotte Landing Project would require construction of facilities that do not fall under the Commission's jurisdiction. These facilities include the relocation of two crude oil berths, a main power station and four electric substations, a heated wastewater delivery and cool water return system, and a natural gas liquids (NGL) extraction system and pipeline. These facilities are addressed further in Section 2.2.

¹ Bayou Casotte Energy indicates that the existing Bayou Casotte shipping channel and associated navigational aids are currently only sufficient to accept LNG carriers up to approximately 160,000 m³ capacity, but the Casotte Landing Project as proposed has been designed with the flexibility to accommodate larger LNG carriers should the channel be modified at a future date to enable their passage.

1.1 PROJECT PURPOSE AND NEED

Bayou Casotte Energy proposes to provide an additional source of firm, long-term, and competitively priced natural gas to the southeast and the broader United States markets by accessing natural gas reserves throughout the world. For the Project to be viable and to satisfy its objectives, Bayou Casotte Energy indicated that the Project facilities must satisfy the following specific attributes:

- be technically and economically feasible, and practicable;
- access gas markets primarily in the southeastern United States, as well as the Mid-Atlantic and New England regions, through pipeline interconnects with existing intra- and interstate pipeline infrastructure;
- ensure that LNG marine traffic can safely arrive to the facility, which requires a Letter of Recommendation (LOR) from the Coast Guard determining the waterway to be suitable for LNG marine traffic;
- provide vaporization facilities to accommodate the send-out of natural gas all year at a nominal rate of approximately 1.3 bcf/d;
- provide LNG storage facilities with a combined capacity of at least 480,000 m³;
- provide facilities needed to receive and unload a range of LNG carriers from approximately 125,000 m³ to 200,000 m³ capacity, while making use of an existing 42-foot-deep shipping channel;
- start-up terminal operations by 2010;
- be located proximal to existing NGL infrastructure and markets for the sale of associated liquids;
- provide synergies with other existing Chevron owned businesses; and
- provide Bayou Casotte Energy sufficient control and proprietary rights of operation to ensure operability for a 25- to 30-year project life.

Energy demand in the southeast and the United States has been growing and continues to increase steadily. The U.S. Department of Energy's (DOE's) Annual Energy Outlook 2006, estimates that total energy consumption in the U.S. will increase from 99.7 quadrillion British Thermal Units (BTU) per year in 2004 to 127.0 quadrillion BTU per year in 2025, representing an annualized increase of 1.2 percent (EIA 2006). Although this energy will be obtained from a variety of sources (coal, petroleum, hydropower and other renewable sources), natural gas usage will represent about 22 percent of all energy consumption by 2025. To maintain pace with growing energy demands, the EIA anticipates that consumption of natural gas in the United States will grow from 22.4 trillion cubic feet (Tcf) per year in 2004 to 27.0 TCF in 2025. In the southeastern U.S. (Alabama, Florida, Louisiana, Mississippi, and Georgia) natural gas consumption is projected to increase from 4.0 Tcf per year in 2003 to 4.7 Tcf per year in 2025, an annualized increase of 2.4 percent (EIA 2005). The growth in natural gas demand is driven primarily by increased use of natural gas for electricity generation and industrial applications, which together account for 62 percent of the projected demand growth from 2004 to 2025 (EIA 2006).

The natural gas supply in the United States currently comes from three basic sources: domestic production, pipeline imports from Canada and Mexico, and imports of LNG. Domestic production is projected to increase from about 18.5 Tcf in 2004 to about 21.6 Tcf in 2019, before beginning a gradual decline to 20.8 Tcf by 2030 (EIA 2006). Even though some moderate growth in domestic production is anticipated over the near term, this growth would not keep pace with increasing demand. Likewise, net

pipeline imports of natural gas from Canada and Mexico are also expected to continue to decline as a function of depletion and growth in Canada's domestic consumption (EIA 2006). For these reasons, LNG imports will become increasingly important sources of natural gas for the United States.

LNG is natural gas that has been cooled to about minus 260 degrees Fahrenheit (°F) for shipment and storage as a liquid. LNG is more compact than the gaseous equivalent, with a volumetric difference of approximately 610 to 1. LNG can be transported long distances across oceans using specially designed ships, thus allowing access to stranded reserves of natural gas that cannot be transported by conventional pipelines. There are currently five operational LNG import terminals in the United States (see Section 3.3), but more than 35 new LNG terminals have been proposed or planned for the United States. Additional terminals that would serve United States markets have also been proposed to Canadian, Mexican, and Bahamian regulatory authorities. A number of factors are contributing to interest in increasing the level of United States imports of LNG (currently there are over 30 new LNG terminals under consideration), including higher domestic natural gas costs; the leveling-off of domestic gas supplies; and technological advances in liquefying, shipping, storing, and regasifying, which have reduced the cost of transporting and importing LNG (Gaul and Young 2003). Total net imports of LNG to the United States are projected to increase from 0.6 Tcf in 2004 to 4.1 Tcf in 2025 (EIA 2006). However, the EIA expects that total LNG imports would be even higher under some alternative scenarios, particularly those that assume higher natural gas prices.

1.2 PURPOSE AND SCOPE OF THIS STATEMENT

The FERC is the federal agency responsible for authorizing applications to construct and operate onshore LNG import and interstate natural gas transmission facilities. As such, the FERC is the lead federal agency for the preparation of this Environmental Impact Statement (EIS) in compliance with the requirements of the National Environmental Policy Act of 1969 (NEPA), the Council on Environmental Quality (CEQ) regulations for implementing NEPA (40 Code of Federal Regulations [CFR] 1500-1508), and the FERC regulations implementing NEPA (18 CFR 380).

The U.S. Army Corps of Engineers (COE); U.S. Department of Homeland Security, U.S. Coast Guard (Coast Guard); U.S. Department of the Interior, Fish and Wildlife Service (FWS); U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service (NOAA Fisheries); U.S. Department of Transportation (DOT); U.S. Environmental Protection Agency (EPA); and the Mississippi Department of Marine Resources (MDMR) are cooperating agencies for the development of this EIS. A cooperating agency has jurisdiction by law or special expertise with respect to environmental impacts involved with the proposal, and is involved in the NEPA analysis. Other state and local agencies that have been coordinated with in the preparation of this EIS include Mississippi Department of Environmental Quality (MDEQ), Gulf States Marine Fisheries Commission and Jackson County Port Authority.

This document was prepared to respond to public scoping comments received on the draft EIS. The distribution list for the draft EIS is provided in Appendix A.

Our principal purposes in preparing this EIS are to:²

- identify and assess potential impacts on the natural and human environment that would result from the implementation of the proposed actions, including the Coast Guard's proposed action of issuing a LOR finding the waterway to be suitable for LNG vessel traffic with conditions referenced in Section 2.0;
- describe and evaluate reasonable alternatives to the proposed actions that would avoid or minimize adverse effects on the human environment;
- identify and recommend specific mitigation measures, as necessary, to minimize the environmental impacts; and
- facilitate public involvement in identifying the significant environmental impacts.

The FERC will consider the findings of the final EIS in its determination of whether the Project should be approved. A final approval will only be granted if, after a consideration of both environmental and non-environmental issues, the FERC finds that the proposed Project is in the public interest. The environmental impact assessment and mitigation development discussed herein will be important factors in this final determination. The Coast Guard will determine whether to issue an LOR finding the waterway to be suitable for LNG marine traffic with conditions (see section 2.0).

Our analysis in this EIS focuses on the facilities that are under the FERC's jurisdiction (i.e., the LNG import terminal and pipeline interconnects proposed to be constructed by Bayou Casotte Energy) as well as the nonjurisdictional facilities that are integrally related to the development of the Project (i.e., crude berth relocations, and including the LNG vessel transit waterway from territorial seas to the LNG facility's berthing area, electric power station and substations, heated wastewater delivery and cool water return system, and NGL extraction system and pipeline).

The topics addressed in this EIS include geology; soils and sediments; water use and quality; wetlands; vegetation; wildlife; fish and marine invertebrates; threatened, endangered, and special-status species; land use, recreation, and visual resources; cultural resources; socioeconomics and traffic; air quality and noise; reliability and safety; cumulative effects; and alternatives. The EIS describes the affected environment as it currently exists, discusses the environmental consequences of the proposed Project, and compares the Project's potential impact to that of alternatives. The EIS also presents our conclusions and recommended mitigation measures.

Currently, there is one other proposal to build an LNG import facility along Bayou Casotte in the Pascagoula area. The LNG Clean Energy Project (FERC Docket Nos. PF05-5-000 and CP06-12-000), as proposed by Gulf LNG Energy, LLC and Gulf LNG Pipeline, LLC (collectively referred to hereafter as Gulf LNG), would be located south of the Casotte Landing Project. Although these two LNG projects are on similar schedules, the FERC is preparing a separate EIS for each of the projects. The Commission does not consider the other proposed facility to be a mutually exclusive alternative to the Casotte Landing Project; rather as a new source that would help satisfy the increasing regional and national demand for natural gas (see Section 3.3). In addition, the FERC has a regulatory responsibility to act on each of the projects that are filed with it in a timely manner. Linking the environmental analyses of both LNG projects into a single EIS would result in delaying action on one or both of the projects based on insufficient data or unresolved issues associated with just one of the projects. The potential cumulative

² The pronouns "we," "us," and "our" refer to the environmental staff of the Office of Energy Projects (OEP), part of the FERC staff.

environmental effects of the two proposed LNG projects, as well as other past, present, and reasonably foreseeable projects and activities, are addressed in this EIS (see Section 4.13), as well as that prepared for the other project.

1.3 PERMITS, APPROVALS, AND REGULATORY REQUIREMENTS

As the lead federal agency for the Casotte Landing Project, the FERC is required to comply with Section 7 of the Endangered Species Act of 1973 (ESA), the Magnuson-Stevens Fishery Conservation and Management Act (MSA), Section 106 of the National Historic Preservation Act (NHPA), and Section 307 of the Coastal Zone Management Act of 1972 (CZMA). Each of these statutes has been taken into account in the preparation of this document.

The Coast Guard exercises regulatory authority over LNG facilities that affect the safety and security of port areas and navigable waterways under Executive Order 10173; the Magnuson Act (50 United States Code (USC) section 191); the Ports and Waterways Safety Act of 1972, as amended (33 USC section 1221, et seq.); and the Maritime Transportation Security Act of 2002 (46 USC section 701). The Coast Guard is responsible for matters related to navigation safety, vessel engineering and safety standards, and all matters pertaining to the safety of facilities or equipment located in or adjacent to navigable waters up to the last valve immediately before the receiving tanks. The Coast Guard also has authority for LNG facility security plan review, approval and compliance verification as provided in Title 33 CFR Part 105, and siting as it pertains to the management of vessel traffic in and around the LNG facility.

As required by its regulations, the Coast Guard is responsible for issuing a Letter of Recommendation (LOR) as to the suitability of the waterway for LNG marine traffic. The LOR would be based on the following items:

- density and character of marine traffic;
- locks, bridges, or other manmade obstruction in the waterway;
- environmental impacts from LNG vessel traffic in the waterway from the territorial seas to the LNG facility's berthing areas; and
- the following factors adjacent to the facility:
 - a. depth of water;
 - b. tidal range;
 - c. protection from high seas;
 - d. natural hazards, including reefs, rocks, and sandbars;
 - e. underwater pipes and cables; and
 - f. distance of berthed vessels from the channel and the width of the channel.

In accordance with Title 33 CFR Part 127.007, each applicant must submit a Letter of Intent (LOI) to the local Captain of the Port (COTP) to begin the LOR process. On June 14, 2005, the Coast Guard issued a *Navigation and Vessel Inspection Circular – Guidance on Assessing the Suitability of a Waterway for Liquefied Natural Gas (LNG) Marine Traffic* (NVIC 05-05). The purpose of this NVIC 05-05 is to provide Coast Guard COTP/Federal Maritime Security Coordinators (FMSC), members of the LNG industry, and port stakeholders with guidance on assessing the suitability of a waterway for LNG marine traffic that takes into account conventional navigation safety/waterway management issues contemplated by the existing LOI/LOR process, but in addition, will also take completely into account maritime security implications. In accordance with this guidance, each LNG project applicant is to submit a Waterway Suitability Assessment (WSA) to the cognizant COTP. The WSA is to address the

transportation of LNG from the LNG tanker's entrance into U.S. territorial seas, through its transit to and from the LNG receiving facility, including operations at the vessel/facility interface. In addition, the WSA should address the navigational safety issues and port security issues introduced by the proposed LNG operations. The NVIC 05-05 also provides specific guidance on the timing and scope of the WSA.

Section 7 of the ESA, as amended, states that any project authorized, funded, or conducted by a federal agency (e.g., FERC) should not "jeopardize the continued existence of any endangered species or threatened species or result in the destruction or adverse modification of habitat of such species which is determined...to be critical" (16 United States Code [USC] § 1536(a)(2)). The FERC, or the applicant as a non-federal party, is required to consult with the FWS and NOAA Fisheries to determine whether any federally listed or proposed endangered or threatened species or their designated critical habitat occur in the vicinity of the proposed Project, or along the waterway from the territorial seas used by the LNG marine traffic to access the berthing area. If, upon review of existing data or data provided by the applicant, the FERC determines that these species or habitats may be affected by the proposed Project, the FERC is required to prepare a biological assessment to identify the nature and extent of adverse impact, and to recommend measures that would avoid the habitat and/or species, or would reduce potential impacts to acceptable levels. Section 4.6.1 of this EIS provides additional discussion on the status of the ESA review for the proposed Project.

The MSA, as amended by the Sustainable Fisheries Act of 1996 (Public Law 104-267), established procedures designed to identify, conserve, and enhance Essential Fish Habitat (EFH) for those species regulated under a federal fisheries management plan. The MSA requires federal agencies to consult with NOAA Fisheries on all actions or proposed actions authorized, funded, or undertaken by the agency that may adversely affect EFH (MSA §305(b)(2)). Although absolute criteria have not been established for conducting EFH consultations, NOAA Fisheries recommends consolidated EFH consultations with interagency coordination procedures required by other statutes, such as NEPA, the Fish and Wildlife Coordination Act, or the ESA, to reduce duplication and improve efficiency (50 CFR 600.920(f)). As part of the consultation process, the FERC has prepared an EFH Assessment, which is included in Section 4.5.2 of this EIS.

Section 106 of the NHPA requires the FERC to take into account the effects of its undertakings on properties listed in or eligible for listing in the National Register of Historic Places (NRHP), including prehistoric or historic sites, districts, buildings, structures, objects, or properties of traditional religious or cultural importance, and to afford the Advisory Council on Historic Preservation (ACHP) an opportunity to comment on the undertaking. The FERC has requested that Bayou Casotte Energy, as a non-federal party, assist in meeting the FERC's obligation under Section 106 by preparing the necessary information and analyses as required by the ACHP procedures in 36 CFR 800. Section 4.10 of this EIS provides additional discussion on the status of the NHPA review for the proposed Project.

The Coastal Zone Management Act (CZMA) calls for the "effective management, beneficial use, protection, and development" of the nation's coastal zone and promotes active state involvement in achieving those goals. As a means to reach those goals, the CZMA requires participating states to develop management programs that demonstrate how these states will meet their obligations and responsibilities in managing their coastal areas. In the state of Mississippi, the Department of Marine Resources is responsible for reviewing federal agency actions and activities to ensure that they are consistent with the Mississippi Coastal Management Program (CMP). Because Section 307 of the CZMA requires federal agency activities to be consistent to the maximum extent practicable with the enforceable policies of a management program, the FERC requires that Bayou Casotte Energy seek a determination of consistency with Mississippi's CMP. Section 4.7.5 of this EIS provides additional discussion of the Mississippi CMP and the status of the consistency review for the proposed Project.

Besides the FERC, other federal agencies have responsibilities for issuing permits or approvals to comply with various federal laws and regulations. For example, the COE would issue permits under the Clean Water Act (CWA) and the Rivers and Harbors Act; the EPA has regulatory authority under the CWA and the Clean Air Act (CAA); and the Coast Guard has responsibilities relating to LNG waterfront facilities under 33 CFR 127. Several Mississippi state agencies have delegated responsibilities under the CZMA, CWA, and CAA. Major permits, approvals, and consultations required for the proposed Casotte Landing Project are identified in Table 1.3-1.

TABLE 1.3-1 Major Permits, Approvals, and Consultations for the Casotte Landing Project		
Agency	Permit/Approval/Consultations ^a	Agency Action
FEDERAL		
Federal Energy Regulatory Commission	Authorizations to construct and operate an LNG import facility under Section 3 of the National Gas Act	Determine whether the construction and operation of the LNG terminal and natural gas pipeline are in the public interest.
	National Environmental Policy Act (NEPA)	Preparation of an Environmental Impact Statement.
Advisory Council on Historic Preservation	Comment on the project and its effect on historic properties under Section 106 of the National Historic Preservation Act (NHPA)	Comment on the undertaking and its effects on historic properties.
U.S. Army Corps of Engineers (COE)	Authorization for activities that will occupy, fill, or grade land in a floodplain, streambed, or channel of a stream or other waters of the U.S. under Section 10 of the Rivers and Harbors Act of 1899	Consider issuance of permit for placement of structures or work in, or affecting, navigable waters of the United States.
	Authorization to discharge dredged or fill material into waters of the United States under Section 404 of the Clean Water Act (CWA) and Section 103 of the Marine Protection, Research, and Sanctuaries Act (MPRSA)	Consider issuance of permit for the placement of dredge or fill material into all waters of the United States, including wetlands.
U.S. Department of Commerce National Oceanic and Atmospheric Administration, National Marine Fisheries Service	Ocean Dredged Material Disposal Site (ODMDS) Management	Approval and coordination for disposal of dredge material
	Consultation regarding compliance with Section 7 of the Endangered Species Act; the Magnuson-Stevens Fishery Conservation and Management Act; and the Marine Mammal Protection Act	Consult on marine and anadromous endangered and threatened species essential fish habitat, and protected marine mammals.
U.S. Department of the Interior U. S. Fish and Wildlife Service	Consultation regarding compliance with Section 7 of the Endangered Species Act, the Migratory Bird Treaty Act, the Marine Mammal Protection Act, and the Fish and Wildlife Coordination Act	Consult on endangered and threatened species, migratory birds, and marine mammals. General consultation regarding conservation of fish and wildlife resources.

**TABLE 1.3-1 (continued)
Major Permits, Approvals, and Consultations for the Casotte Landing Project**

Agency	Permit/Approval/Consultations ^a	Agency Action
FEDERAL(continued)		
U.S. Environmental Protection Agency – Region 4	Section 404 of the CWA (veto power for wetland permits issued by the COE)	Oversee issuance of the Section 404 permit.
	Section 402, CWA, National Pollutant Discharge Elimination System (NPDES) Permit	Review and issue permit for activities associated with pipeline and aboveground facilities construction.
	Clean Air Act permits for the construction of a stationary source of air pollutant emissions and for operation of the source	Permitting authority delegated to the Mississippi Department of Environmental Quality.
	ODMDS Permit	Approval and coordination for disposal of dredge material.
U.S. Department of Homeland Security U.S. Coast Guard	33 CFR 127, Letter of Recommendation	The Captain of the Port determines the suitability of the waterway for issuance of a Letter of Recommendation to the operator.
	Waterfront Facilities Handling Liquefied Natural Gas and Liquefied Hazardous Gas; Permission to establish Aids to Navigation	Review waterfront facilities handling LNG
	Navigation and Shipping Consultation, administer approval for Maritime Transportation Act, and OPA-90 Spill Response Plan	Consult on navigation and shipping, Facility Operations Manual, Emergency Response Manual, and Safety and Security Plan.
U.S. Department of Transportation Research and Special Programs Administration	LNG Facilities Petition for Approval Consultation as required by section 311 of the Energy Policy Act of 2005 and section 3 of the NGA	Consider issuance of approval that the new LNG facility meets standards governing siting, design, installation, personnel qualifications, and training.

**TABLE 1.3-1 (continued)
Major Permits, Approvals, and Consultations
for the Casotte Landing Project**

Agency	Permit/Approval/Consultations ^a	Agency Action
STATE		
Mississippi Department of Environmental Quality	Facility Air Permit	<u>Air Permits</u>
	NPDES Construction Stormwater Permit	Consult on and approval of air permits
	NPDES Industrial Stormwater Permit	PSD applicability determination review
	NPDES Hydrostatic Discharge Permit	Issuance of New Source Review (NSR) / Title V air
	Section 401 Water Quality Certification	<u>Water Permits</u>
	Water Withdrawal and Discharge Permit	Issuance of Construction Stormwater, Industrial (Operation) Stormwater, and Hydrotest Permits.
	Concrete Batch Plant Air and Water Permits	Issuance of Concrete Bath Plant Water Permit
	Stormwater Pollution Prevention Plan (SWPPP)	Issuance of Section 401 Certification
Mississippi Department of Marine Resources	Spill Prevention, Control and Countermeasure Plan (SPCC)	Approval of SPCC and SWPPP Plans
	Coastal Wetland Permit Coastal Zone Consistency Determination	Consult on, and issuance of, Coastal Wetland Permit. Consult on Coastal Zone Consistency Determination.
Mississippi Department Archives and History – State Historic Preservation Officer	National Historic Preservation Act, Section 106 Review	Consult on, and approval of, Cultural Resources Review.
Mississippi Museum of Natural Science (Department of Wildlife Fisheries and Parks) – Natural Heritage Program	Consultation regarding threatened and endangered species	Consult on state threatened and endangered species that may be affected by the Project.
Mississippi State Fire Marshal	Fire Codes and Standards	Consult on state and local fire and law enforcement services.
Mississippi Department of Transportation	Traffic Planning	Consult on traffic plans, material delivery/shipments, and access.

**TABLE 1.3-1 (continued)
Major Permits, Approvals, and Consultations
for the Casotte Landing Project**

Agency	Permit/Approval/Consultations ^a	Agency Action
LOCAL		
Jackson County Port Authority – Port of Pascagoula	Navigation and Shipping Consultation	Consult on navigation and shipping, and the Maritime Transportation Securities Act.
Local, County, and City Police, Fire, Enforcement and Community Agencies/Commissions	Consultation on Emergency Response Plans, utilities, zoning and ordinances, and Building and Construction Permits	Consult, and continue review through construction planning phase, on water connection fee, local building permits, occupancy permit for new structures, state road tie-in permit, public utility tie-in permit (water and power), state/local access permits for truck traffic, electrical connection permit, excavation permit, notice to mariners, navigation aids, coordination with pilots and marinas.
NOTES:		
^a A number of the permits described provide agencies, the public, and other stakeholders the opportunity to review and comment on the Project (e.g., the FERC's NEPA process, COE's Section 10/404 permit, etc.).		

The EPA has the authority to review and veto COE decisions on Section 404 and Section 103 permits. The EPA also has regulatory authority under Section 402 of the CWA as well as the CAA. In Mississippi, the EPA provides review and oversight of these regulations but has delegated permitting authority to the MDEQ.

The FERC encourages cooperation between applicants and state and local authorities, but this does not mean that state and local agencies, through applications of state and local laws, may prohibit or unreasonably delay the construction or operation of facilities approved by the FERC. Any state or local permits issued with respect to jurisdictional facilities must be consistent with the conditions of any authorization issued by the FERC.³

³ See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); and *Iroquois Gas Transmission System, L.P., et al.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

1.4 PUBLIC REVIEW AND COMMENT

On February 10, 2005, Bayou Casotte Energy filed a request with the FERC to implement the Commission's Pre-filing Process for the Casotte Landing Project. At that time, Bayou Casotte Energy was in the preliminary design stage of the proposed Project and no formal application had been filed with the FERC. On March 2, 2005, the FERC granted Bayou Casotte Energy's request and established a pre-filing docket number (PF05-9-000) to place information filed by Bayou Casotte Energy and related documents issued by the FERC into the public record. The purpose of the Pre-filing Process is to encourage the early involvement of interested stakeholders, facilitate interagency cooperation, and identify and resolve issues before an application is filed with the FERC.

The FERC formally introduced the Pre-filing Process to various Project stakeholders by issuing a notice titled *Pre-Filing Process Review: Casotte Landing LNG Project (Docket No. PF05-09-000)*. This Pre-filing Notice, issued on March 11, 2005, was sent to interested parties including federal, state, and local government agencies; elected officials; environmental and public interest groups; Native American tribes; local libraries and newspapers; and landowners within 0.5 mile of the proposed LNG terminal.

On April 7, 2005, the FERC issued a Notice of Intent to Prepare an Environmental Impact Statement for the Proposed Casotte Landing Project, and Request for Comments on Environmental Issues, and Notice of Public Scoping Meeting, and Site Visit for Both Casotte Landing LNG Project and LNG Clean Energy Project (NOI). The NOI was sent to many of the same interested parties as the first notice. Both of these notices encouraged Project stakeholders or interested parties to provide input on environmental issues that should be addressed during the environmental review process. The NOI specifically requested comments before May 6, 2005. In total, five comment letters were received by the FERC in response to the Pre-filing Notice and the NOI.

On April 20, 2005, the FERC staff conducted an inspection of the proposed terminal site that was open to the public. Later that evening, the FERC conducted a public scoping meeting in Pascagoula, Mississippi to provide an opportunity for the general public to learn more about the Casotte Landing LNG Project and the LNG Clean Energy Project and to participate in the analysis by commenting on issues to be included in the EIS. Nine people commented at the meeting, primarily regarding the impacts of the proposed Project on the local socioeconomic conditions and safety. A transcript of these comments is part of the public record for the Casotte Landing Project.

Table 1.4-1 lists the issues identified during the public scoping process for the Casotte Landing Project. Most of the comments received on the project related to LNG safety, alternatives, ship traffic, commercial/recreational boating and fishing, Gulf sturgeon critical habitat, wetlands, and dredged material placement.

On October 31, 2005, the FERC issued a Notice of Application (*Docket No. CP05-420-000*), which announced the filing of an application by Bayou Casotte Energy and a final opportunity to submit comments. The FERC's comment period closed on January 30, 2006. In total, 2 additional comment letters were received by the FERC in response to Notice of Application.

The Coast Guard published a notice in the Federal Register on November 17, 2005 stating that it was preparing a LOR as to the suitability of the Pascagoula Bar, Horn Island Pass, Lower Pascagoula, and Bayou Casotte Channels (collectively identified as the waterway) for LNG marine traffic. On December 7, 2005, the Coast Guard conducted a public meeting in Pascagoula to provide an opportunity for the general public to provide comments on waterway suitability and maritime safety and security aspects of the proposed LNG facilities. Four people commented at the meeting and four comments were received in writing following the meeting. The majority of the comments concerned safety and security of the port,

safety and security of the LNG marine traffic, and impacts to recreational boaters and commercial fishing vessels. A transcript of these comments and the Coast Guard Response to them is part of the public record for the Casotte Landing Project.

TABLE 1.4-1 Primary Issues Identified and Comments Received During the Public Scoping Process for the Casotte Landing LNG Project	
Issue/Specific Comment	EIS Section Addressing Comment
GENERAL	
Purpose and need of proposed Project; natural gas markets; local and national benefits.	1.1
Other permit requirements.	1.3
More inclusive environmental mailing list; broader distribution of Project notices.	1.4
PROJECT DESCRIPTION	
Need for additional pipeline expansion; existing pipeline capacities.	2.1
Description of LNG carrier unloading procedures.	2.1.1
Description of vaporization system(s).	2.1.1.3
Description of dredging operations; maintenance dredging plans.	2.4.1.1, 2.7.1
Operation and maintenance requirements; employee training/licensing standards.	2.7
ALTERNATIVES	
Alternative vaporization technologies; negative impacts of open loop/seawater vaporization.	3.5.2
Alternatives to LNG as a source of energy; energy conservation.	3.2.2
System alternatives; expansion of existing LNG terminals or industrial facilities.	3.3
LNG terminal at alternative site offshore.	3.3.2
Consideration of alternative LNG terminal sites; site LNG terminal closer to market area.	3.4.1
Alternative dredged material placement sites.	3.7
SOILS AND SEDIMENTS	
Need for sediment sampling prior to dredging and dredged material placement.	4.2.2
Mitigation during dredging to reduce turbidity and potential spread of contaminants.	4.3.2.2
Describe dredged material placement locations; upland placement of dredged materials.	4.2.2
WATER RESOURCES	
Water quality issues at dredged material placement location(s).	4.3.2.2
VEGETATION	
Introduction of invasive species.	4.4.2
WETLANDS	
Wetland impacts at LNG terminal and along pipeline route; wetland mitigation.	4.4.3, 4.4.4
WILDLIFE AND AQUATIC RESOURCES	
Impacts on marine mammals, fisheries, and aquatic habitats, including essential fish habitat; habitat impacts should be mitigated.	4.5
Potential impacts of ballasting operations on aquatic organisms.	4.5.2.2

TABLE 1.4-1 (continued)
Primary Issues Identified and Comments Received During the Public Scoping Process for the
Casotte Landing LNG Project

Issue/Specific Comment	EIS Section Addressing Comment
WILDLIFE AND AQUATIC RESOURCES (continued)	
Need for pre- and post-construction benthic surveys.	4.5.2.2
THREATENED AND ENDANGERED SPECIES	
Potential impacts on threatened and endangered species (e.g., Gulf sturgeon, sea turtles); impacts on designated critical habitat.	4.6
Endangered Species Act consultation requirements.	4.6
LAND USE, RECREATION, AND VISUAL RESOURCES	
Impacts on other local land uses and recreation (e.g., other industries, recreational boating, fishing, shrimping).	4.7.1, 4.7.3
Impacts on existing special management areas and mitigation sites.	4.7.3
Visual impact of LNG terminal and LNG marine traffic on Gulf Islands National Seashore and the areas' natural scenic qualities.	4.7.4
SOCIOECONOMICS	
Project impacts on property values and insurance rates.	4.8.4
Insurance/liability issues.	4.8.4
Negative economic impacts associated with LNG facility development; discouraging other economic development.	4.8
TRANSPORTATION AND TRAFFIC	
Marine transportation; volume of LNG ship traffic; ship/boat traffic impacts.	4.9.1
AIR QUALITY	
Emission of pollutants and potential venting and/or flaring of natural gas.	4.11.1
Project emission impacts on local attainment levels.	4.11.1
RELIABILITY AND SAFETY	
LNG terminal and ships as target for terrorists.	4.12.6
Reliability of facility and ship operations.	4.12
Risks associated with hurricanes.	4.12, 4.1.3.5
Risks of ship collisions, allisions, and groundings.	4.12.5
Risks to nearby refinery.	4.12.4
Risks associated with operation of nearby facilities (e.g., flares associated with refinery; accidents at nearby facilities).	4.12.4
Contamination of LNG; explosive properties of LNG.	4.12.1
History of LNG accidents.	4.12
Safety, security, maintenance procedures at the LNG terminal and on the ships; facility lighting, guards, cameras, and patrols.	4.12
U.S. Department of Transportation regulations; inspection requirements.	4.12

TABLE 1.4-1 (continued)
Primary Issues Identified and Comments Received During the Public Scoping Process for the Casotte Landing LNG Project

Issue/Specific Comment	EIS Section Addressing Comment
RELIABILITY AND SAFETY (continued)	
Emergency response procedures and equipment.	4.12.5
Costs of providing federal, state, and local emergency response and security services.	4.12.5
CUMULATIVE IMPACTS	
Cumulative impacts of two LNG terminals in the Pascagoula area.	4.13
Broader/regional examination of cumulative impacts; cumulative impacts and risks of LNG facilities.	4.13
Cumulative impact analysis following guidelines developed by the U.S. Army Corps of Engineers.	4.13
Air quality issues, particularly given other industrial activities in the area.	4.13.9

On April 5, 2006, the FERC staff conducted a cryogenic design and technical conference with Bayou Casotte Energy personnel in Mobile, Alabama to discuss design and engineering aspects of the Casotte Landing LNG Project. The meeting was limited to existing parties to the proceeding (i.e., anyone who specifically requested to intervene as a party). Attendees included agency representatives (U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration and Coast Guard), industry representatives, and other interested parties.

In addition to the public notice and scoping process discussed above, the FERC conducted agency consultations and participated in interagency meetings to identify issues that should be addressed in this EIS. These activities included participation in interagency meetings in Pascagoula, Mississippi, on April 20, and August 4, 2005, to discuss the proposed Project and its associated environmental review process with other key federal and state agencies. These agencies included the COE; Coast Guard; NOAA Fisheries; FWS; DOT; MDEQ; MDMR; and the Gulf States Marine Fisheries Commission.

We have consulted with the U.S. Department of Defense (DOD) as required by the Energy Policy Act of 2005 (EPAct) and section 3 of the NGA to determine if there are any impacts associated with the project on training or activities on any military installations. No comments or concerns were received from any branch of the military or a military installation in reply to the FERC's scoping notice issued in March 2005.

In addition, in letters dated January 30, 2006 to branches of the military and the DOD, we requested any information on impacts to military installations. Because no impacts have been identified, we conclude that there is no impact to military installations associated with this project, and therefore, no concurrence from the Secretary of Defense is required under the EPAct.

This final EIS was mailed to the agencies, individuals, and organizations on the mailing list provided in Appendix A and submitted to the EPA for formal issuance of a NOA. In accordance with CEQ's regulations implementing NEPA, no agency decision on a proposed action may be made until 30 days after the EPA publishes a NOA of the final EIS. However, the CEQ regulations provide an

exception to this rule when an agency decision is subject to a formal internal process that allows other agencies or the public to make their views known. In such cases, the agency decision may be made at the same time the notice of the final EIS is published, allowing both periods to run concurrently. Should the FERC issue authorization for the Casotte Landing LNG Project for the proposed action, it would be subject to a 30-day rehearing period. Therefore, the FERC could issue its decision concurrently with the EPA's NOA.