

**APPENDIX G**

**BAYOU CASOTTE ENERGY**

**LETTER OF INTENT AND THE U.S. COAST GUARD WATERWAY**

**SUITABILITY REPORT LETTERS**

Bayou Casotte Energy LLC  
ChevronTexaco Global Gas

Richard A. Lammons  
Vice President

PO Box 1404  
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RLammons@chevrontexaco.com

**ChevronTexaco**

February 10, 2005

Captain Steven D. Hardy  
Commanding Officer, Captain of the Port  
USCG Marine Safety Office  
Building 102, Brookley Complex  
South Broad Street  
Mobile, AL 36625-1390

**Letter of Intent to Operate a Marine Liquefied Natural Gas Terminal  
Bayou Casotte Energy LLC Natural Gas Import Terminal**

Dear Captain Hardy:

Bayou Casotte Energy LLC (Bayou Casotte Energy), a wholly owned subsidiary of Chevron U.S.A. (CUSA) Inc., proposes to build and operate an onshore liquefied natural gas (LNG) import terminal facility and associated facilities (Casotte Landing Project) located directly southwest of CUSA's existing Pascagoula Refinery on Bayou Casotte in Jackson County, Mississippi. Bayou Casotte Energy is submitting this Letter of Intent (LOI) in accordance with 33 CFR §127. A map identifying the Casotte Landing Project location is included as Attachment 1.

Bayou Casotte Energy is in the initial development phases of the project and looks forward to working with the U.S. Coast Guard's (USCG) Marine Safety Office in developing the proposed project. The proposed Casotte Landing Liquid Natural Gas Import Terminal (Terminal) will receive and store LNG offloaded from LNG carriers, regasify the LNG, and export natural gas through pipelines to the existing natural gas transmission system. The Terminal is conceptually designed to deliver a nominal rate of approximately 1.3 billion cubic feet per day (bcfd). The Project will be constructed on land adjacent to CUSA's existing Pascagoula Refinery. The site was selected to maximize synergies between the existing facility and the proposed Terminal. The Casotte Landing Project will be constructed and operated in compliance with all applicable federal, state, and local regulations.

Bayou Casotte Energy is submitting a formal request to the Federal Energy Regulatory Commission ("FERC") to initiate a National Environmental Policy Act ("NEPA") pre-filing review of Bayou

February 9, 2005

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Casotte Energy's proposed Casotte Landing Project. By engaging the USCG at this early development stage of the Project, Bayou Casotte Energy is committed to design, construct and operate this facility in regular consultation with the USCG to ensure the safety and security of the facility and associated transit of the LNG carriers.

The Casotte Landing Project will be designed in accordance with the requirements of the USCG's 'Waterfront Facilities Handling LNG' (33 CFR 127), the U.S. Department of Transportation's 'Federal Safety Standards for Liquefied Natural Gas Facilities' (49 CFR 193), and the National Fire Protection Association's Standards for the 'Protection, Storage, and Handling of Liquefied Natural Gas' (NFPA 59).

Bayou Casotte Energy will be conducting various studies, including a Vessel Simulation Study for transit and maneuvering into and out of Bayou Casotte, a Navigation Study, and a Ship Traffic Study, as well as working with the local pilots in development of these studies. In consultation with the USCG, Bayou Casotte Energy will also develop a Facilities Operations Manual, an Emergency Manual, and a Safety and Security Plan specific to operations in Bayou Casotte in accordance with the Maritime Transportation Security Act.

Bayou Casotte Energy is submitting attachments with this LOI detailing the required information and appreciates your participation, consideration and support in helping advance our project through the regulatory process to help meet the U. S. demand for natural gas. Bayou Casotte Energy is committed to working with the USCG to develop the Casotte Landing Project and looks forward to receiving a letter of recommendation.

We would like to meet with you in person at your convenience to introduce our Casotte Landing Project and discuss the merits of our proposed project and associated activities. If you have questions or require additional information on the project or this submittal, please contact our Regulatory Coordinator, Mr. Michael J. De Nicola at 713-286-4246 or myself at 713-752-7084.

Sincerely,



Richard A. Lammons  
Vice President

MJD:jkd

Enclosures      Attachment 1 – Location Map  
Attachment 2 – 33 CFR 127. Information  
Figure 1 - NOAA Chart  
Figure 2 - Environmentally Sensitive Areas  
Figure 3 – Land Use

CP05-420



Commander  
U.S. Coast Guard Sector Mobile

Brookley Complex  
South Broad Street  
Mobile, AL 36615-1390  
Staff Symbol: spw  
Phone: (251) 441-5940  
FAX: (251) 441-8169

April 1, 2006

Mr. Van Button  
Office of Energy Projects  
Federal Energy Regulatory Commission  
888 First Street NE  
Washington, DC 20426

ORIGINAL

Dear Mr. Button:

On March 15, 2006 I completed a review of the attached Waterway Security Assessment (WSA) for the Casotte Landing Energy, LLC submitted on February 13, 2006. You are reminded that the attached WSA shall be handled in accordance with the guidelines for Sensitive Security Information (SSI). Based upon the review and consultations with the Area Maritime Security Committee, I have determined that the Pascagoula Bar, Horn Island Pass, Lower Pascagoula and Bayou Casotte Channels are suitable for the LNG marine traffic associated with the project. These waterways can accommodate the proposed traffic and there is sufficient capability within the port community to responsibly manage the safety and security risks of this project.

If you have questions please contact Lieutenant Junior Grade Jonathan Mangum, Waterway Management Branch Chief at (251) 441-5940.

Sincerely,

J. D. BJOSTAD  
Captain, U.S. Coast Guard  
Captain of the Port  
Commander, Coast Guard Sector Mobile

REGULATORY  
COMMISSION

FILED  
OFFICE OF THE SECRETARY  
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06 APR - 5 AM 10:34

1 Enclosure

CP05-420

U.S. Department of  
Homeland Security



United States  
Coast Guard

Commander  
U.S. Coast Guard Sector Mobile

Brookley Complex  
South Broad Street  
Mobile, AL 36615-1390  
Staff Symbol: spw  
Phone: (251) 441-5940

September 5, 2006

Mr. Van Button  
Office of Energy Projects  
Federal Energy Regulatory Commission  
888 First Street NE  
Washington, DC 20426

ORIGINAL

Dear Mr. Button:

I wish to clarify my letter dated April 1, 2006 regarding Casotte Landing Energy, LLC. My intention was to give a preliminary evaluation to meet the recommendations of NVIC 05-05. My evaluation is not final until the United States Coast Guard's required National Environmental Policy Act review has been completed. Moreover, any final determination of suitability is contingent upon an evaluation of certain conditions which may include:

- a. The establishment of a moving safety zone during LNG vessels' transit of the waterway, including the requirements for daylight transit and for one way LNG vessel traffic on the waterway, and for another safety / security zone around the LNG facility when the LNG vessels are moored.
- b. The submission by the applicant of an annual review of its Waterway Suitability Assessment to evaluate if any conditions in the waterway have changed that would require issuance of a new Letter of Recommendation (LOR).
- c. The requirement that LNG vessels must navigate the waterway from the Horn Island Pass sea buoy (LLNR 320) to the berthing areas with Pascagoula Pilots onboard and that tug assistance be provided as deemed necessary by the Pascagoula Pilots.
- d. The requirement that prior to crossing the Gulf Intracoastal Waterway, all LNG traffic will be required to make a SECURITE broadcast.
- e. Implementation of a Coast Guard approved LNG Vessel Transit Management Plan.
- f. Availability of Coast Guard resources to implement appropriate security measures.

If you have questions please contact Lieutenant Jonathan Mangum, Waterway Management Branch Chief, at (251) 441-5940.

Sincerely,

E.M. STANTON  
Captain, U. S. Coast Guard  
Alternate Captain of the Port  
Deputy Commander, Sector Mobile