

APPENDIX H

COMMENTS ON THE DRAFT EIS AND RESPONSES

Public Meeting

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BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

IN THE MATTER OF: : Docket Number
BAYOU CASOTTE : CP05-420-000
ENERGY, LLC :

Pascagoula High School Cafeteria
1716 Tucker Avenue
Pascagoula, MS 39567

Thursday, June 22, 2006

The above-entitled matter came on
for public meeting, pursuant to notice at
7:05 p.m.

MODERATOR: JOHN J. WISNIEWSKI, FERC

Public Meeting

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1 APPEARANCES:
2
3 John J. Wisniewski, Physical Scientist
4 Office of Energy Projects
5 Federal Energy Regulatory Commission
6 888 First Street, N.E.
7 Washington, D.C. 20426
8
9 Van T. Button, Archaeologist
10 Federal Energy Regulatory Commission
11 888 First St., N.E.
12 Washington, D.C. 20426
13
14 Jennifer Lee
15 Natural Resource Group, Inc.
16 Pat Tehaar
17 Natural Resource Group, Inc.
18
19 Trevor Loveday
20 Entrix
21
22 Richard A. Lammons, Vice President
23 Bayou Casotte Energy, LLC
24 1500 Louisiana
25 Houston, TX 77002

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1 APPEARANCES CONTINUED:
2
3 John M. McCutchen, Chief Operating Officer
4 Gulf LNG Clean Energy Project
5 1407 Jackson Ave., Suite 2
6 Pascagoula, MS 39567
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1 is to give you a chance to give you -- to
2 give your comments to us on the Draft
3 Environmental Impact Statement, or the
4 DEIS, and that document was issued on May
5 19, 2006. Your comments are crucial to our
6 completing our process. We will use your
7 comments to help us prepare the final
8 Environmental Impact Statements on these
9 documents. We'll use these comments to
10 determine what changes need to be made and
11 what new issues need to be addressed. All
12 comments you give us will be responded to
13 in that final Environmental Impact
14 Statement.

15 Cooperative agencies that helped us
16 prepare these documents include the U.S.
17 Coast Guard, U.S. Army Corps of Engineers,
18 the U.S. Environmental Protection Agency,
19 the National Oceanic and Atmospheric
20 Administration, or NOAA Fisheries, the U.S.
21 Fish and Wildlife Service, the Mississippi
22 Department of Marine Resources, and the
23 Mississippi Department of Environmental
24 Quality.

25 There's two ways you can make your

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1 comments to us. You can speak tonight or
2 you can write them in to us, or just fill
3 out the forms in the back of the room.
4 Jennifer Lee and Pat Tehaar were greeting
5 the individuals coming in, and they can
6 show you how to fill out those forms.

7 There's another way you can do it,
8 too. At FERC we have this system called e-
9 library system, or electronic system, and
10 if you have a computer you could send your
11 comments in electronically, and you can
12 also view the documents that were filed in
13 the record for both of these projects by
14 the Docket Number. If you wanted to pick
15 up one of those brochures, they're on the
16 table in the back. And if you have a
17 computer, as I said, you can get a password
18 at FERC and log in and review all the
19 documents. And if you wanted to submit an
20 electronic comment you can do that as well.
21 And that pamphlet will tell you how to do
22 that.

23 Also, this evening, we have a court
24 reporter who's taking the transcripts of
25 this meeting, Miss Lisa Bell, who is on my

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1 right. So, when your name is called and if
2 you want to speak this evening, please walk
3 up to the microphone and speak clearly so
4 the court reporter can make an accurate
5 record of your comments.

6 Before we do that, we want to give
7 people a general idea of what's going on
8 with these projects if you haven't been
9 here last year. So, at this time we're
10 going to have the companies give a brief
11 presentation of the project background.
12 So, at this point I'd like to call up Mr.
13 Richard Lammons who is going to speak on
14 the Bayou Casotte Project.

15 MR. LAMMONS: Good evening, my name
16 is Richard Lammons, Vice-President of Bayou
17 Casotte Energy, LLC, a wholly-owned
18 subsidiary of Chevron Corporation.
19 Together with other Chevron personnel here
20 and my project team, we'd first like to
21 thank FERC and Mr. Van Button and his team
22 for continuing to engage local, state and
23 federal agencies as well as the community
24 in various public forums such as this this
25 evening.

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1 The objective of Casotte Landing is
2 to enable receipt of an alternate supply of
3 natural gas for a growing demand of a clean
4 fuel to support power generation,
5 industrial needs, and residential use for
6 Mississippi and the Southeast U.S. Region.

7 I'd like to couple that objective
8 with the Chevron culture toward commitment
9 to safe, reliable, secure and technically
10 and environmentally safe operations. This
11 commitment is evident in Chevron's 43-year
12 history at the Pascagoula Refinery, and
13 it's one that we would like to duplicate
14 with Casotte Landing.

15 The proposed Casotte Landing
16 natural gas receiving terminal would be
17 located at the entrance of Bayou Casotte on
18 it's east bank, south of Chevron's
19 Pascagoula Refinery. The terminal site is
20 a 255-acre plot of Chevron controlled land
21 and consists of three major components;
22 that being a new excavated slip off the
23 bayou for LNG and crude ship berths and
24 offloading operations, three full-
25 containment tanks for storing the minus 260

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1 (-260) degree Fahrenheit LNG product at
2 near ambient or atmospheric conditions, and
3 LNG vaporization equipment to deliver an
4 annual average of 1.3 billion cubic feet
5 per day of natural gas to existing pipeline
6 infrastructure.

7 The design and operation of the
8 terminal includes numerous measures to
9 ensure that environmental impacts are
10 minimized or avoided to the maximum extent
11 possible. A few examples of these as we
12 move through design of the facility are:
13 the use of a previous industrial site, and
14 avoiding pristine wetlands and minimizing
15 overall wetlands impacts; recovering waste
16 heat from the refinery, circulated in a
17 closed loop system for LNG vaporization,
18 whereby minimizing emissions and avoiding
19 water impingements; connecting to existing
20 pipeline infrastructure for natural gas
21 systems that cross our property, thereby
22 avoiding the need or eliminate the need to
23 construct new systems; and also the use of
24 ultra low-nox burners for on-site
25 equipment.

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1 Since our introduction of the
2 Casotte Landing opportunity in November of
3 2004, we have endeavored to maintain
4 transparencies to the community and to the
5 agencies, both with FERC sponsored and our
6 open houses. The team permitting meetings
7 that have been established have provided
8 avenues for open dialogue with the MDEQ,
9 Mississippi DMR, U.S. Coast Guard, and the
10 Army Corps of Engineers, and other agencies
11 as was mentioned by FERC a few moments ago.
12 Specifically, Bayou Casotte Energy has
13 received positive feedback from the U.S.
14 Coast Guard for our waterway suitability
15 assessment and will soon complete our air
16 and dredge disposal permits to the MDEQ and
17 U.S. Coast -- Army Corps of Engineers,
18 respectively.

19 Chevron's integrated business model
20 reflects our interest in full gas value
21 chain participation, including Bayou
22 Casotte Energy and Casotte Landing. As
23 such, we are keenly interested in hearing
24 from port and waterway users, neighbors and
25 other interested parties and look forward

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1 to receiving your comments.

2 I appreciate the opportunity to
3 provide this overview, and want to ensure
4 Bayou Casotte Energy, LLC and Chevron
5 Corporation are committed to the
6 proposition of this facility, its safe,
7 reliable design and future operations which
8 will minimize environmental impact and
9 supplement the supply of natural gas to the
10 Mississippi and the Southeast U.S. Thank
11 you.

12 MR. WISNIEWSKI: Thank you,
13 Richard. Now we're going to have Mr. John
14 McCutchen from Gulf LNG Energy give a brief
15 presentation.

16 MR. McCUTCHEN: Thank you, John,
17 Van, and other members of the FERC staff.
18 We appreciate the opportunity to be here
19 tonight to reiterate what Richard said is
20 the reason we, of course, build these.
21 This is the way we can increase our supply
22 of natural gas to the United States and
23 supply a more economical source of natural
24 gas to all individuals.

25 Just a brief overview of the

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1 project. We will be dredging out a 61.3
2 acre berth area creating a single berth to
3 receive LNG ships. Once we receive it,
4 we'll then store it to two LNG tanks, the
5 Mississippi Bayou Casotte meter receives
6 full containers. At that point it then
7 will go to the high pressure pump system
8 through vaporizers. The vaporizers we plan
9 to use are the submerged industrial
10 vaporizers which is a closed loop system.
11 I know there was an article in the paper
12 this week that may have had a statement to
13 the contrary to that, which I believe there
14 was a correction the next day. But, we are
15 a closed loop system.

16 The vaporizers then will discharge
17 it out into the pipelines which supply the
18 U.S. It's a process we've been through,
19 which I reckon we started back in November
20 of 2004 with our pre-filing documents.
21 We're working with the necessary agencies,
22 FERC, the Corps of Engineers, Fish and
23 Wildlife, the Mississippi DMR, EPA, DEQ.
24 All the agencies we're working with have a
25 positive role and have been cooperating

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1 well. Since the prefiling we have made our
2 official filing in October 28, 2005. Since
3 then we've been working toward getting a
4 positive Draft Environmental Impact
5 Statement out. That was received on May
6 19th by the folks of this Committee. So,
7 we do appreciate any input you have. Like
8 Richard said and John said, it's vital for
9 y'all to provide your input to us so that
10 we can produce the safest LNG facility
11 there is. Thank you very much for your
12 time.

13 MR. WISNIEWSKI: Thank you, John.
14 Well, now it's time for the most important
15 part of our -- our meeting, is to get the
16 speakers to express their comments on the
17 project. We have three speakers that would
18 like to speak this evening. When I call
19 your name, please come up to the
20 microphone, clearly state your name and try
21 to speak clearly so our court reporter can
22 make an accurate record of your comments.

23 Just a reminder that your comments
24 are due on the Draft Environmental Impact
25 Statements by July 10th. So, please try to

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1 send your comments in by that time.
2 Our first commentor this evening is
3 Mr. Rome Emmons.
4 MR. EMMONS: My name is Rome
5 Emmons, I represent the Coastal
6 Conservation Association of Mississippi.
7 We got a few questions to ask. One of them
8 is: Although being closed loop, there
9 exists the possibility of interactions
10 between regasification process and marine
11 environment. What, if any, such
12 interaction is expected?
13 How many acres of wetlands will be
14 impacted by dredging, filling, covering, or
15 draining? If any, what mitigation is
16 proposed?
17 Will any new pipelines traverse
18 wetlands or marine habitat?
19 There has been great concern within
20 the recreational boating, especially the
21 recreational fishing communities regarding
22 the potential loss of access to waterways
23 and fishing areas. Do you reasonably
24 foresee any closures in areas surrounding
25 the terminal for security or other reasons?

PM1-1

PM1-2

PM1-3

PM1-4

PM1-1 As discussed in section 2.1.1.3, Bayou Casotte Energy, LLC (Bayou Casotte Energy) would use an intermediate fluid vaporizer (IFV) to vaporize the liquefied natural gas (LNG). As a potential back-up to the heating provided by the refinery cooling water system, two natural gas fire process heaters would supplement or replace a portion of the heat normally provided by the heat exchange system.

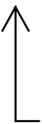
PM1-2 Impacts on wetlands associated with the Bayou Casotte Landing Project and Bayou Casotte Energy's proposed mitigation measures are described in detail in Section 4.4.

PM1-3 Bayou Casotte Energy would construct a 1.5-mile-long spur that would contain five interconnects to existing interstate natural gas pipelines. Waterbodies and wetlands affected by the proposed pipeline are described in sections 4.3.2 and 4.4, respectively.

PM1-4 Impacts on recreational boating and fishing associated with the Bayou Casotte Landing Project are discussed in Sections 4.7.3.4 and 4.9.1.

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PM1-4



1 Would these be permanent or temporary
2 closures? If temporary, under what
3 conditions? If permanent, how extensive
4 are these closures likely to be?

5 We as an organization want to thank
6 these people for using closed loop and we
7 want to work with y'all. And also, this
8 letter was presented and it has been -- LNG
9 did answer it and I appreciate that. And
10 we hope that everything works out and we
11 want y'all to be real cautious and protect
12 our resources. Thanks.

13 MR. WISNIEWSKI: Our second speaker
14 this evening is Mr. Benie Rohr.

15 MR. ROHR: I am an employee of the
16 National Marine & Fishery Service and
17 because of Katrina moving through South
18 Resca DeLa Palma and the Counties we are
19 investing right now, of course, we are
20 paying and repaying our taxes. But, I've
21 got --

22 MR. WISNIEWSKI: Excuse me, could
23 you speak up for the court reporter.

24 MR. ROHR: Oh. All right. I
25 thought I was talking loud.

PM1-5



PM1-5 Thank you for your comments. Section 4.1.3.5 provides information on the models used to evaluate future hurricane surge events.

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PM1-5



1 Anyway, what happened, Katrina
2 rearranged the property area of the south
3 end of Resca DeLa Palma. I had five feet
4 of black mold in my house. So anyway
5 -- I had a heart murmur at the same time as
6 the Hurricane hit there, so I was put on
7 light-duty, so I put together a program
8 called Windstar in the hospital based on
9 the measurements of realtime observations
10 of the rise and fall of the surge. And
11 it's 16.3 feet, that's what the entire
12 surge looked like down south. (Showing
13 document.)

14 So, anyway, what I did was approve
15 the Coastal Scholarship program. The Gulf
16 Coast Research Lab invited me over two
17 years ago to be an invited supporter of the
18 21st Century approach to marine biology.
19 You take your best students -- and it
20 doesn't make any difference what university
21 you go to -- you go into an essay
22 competition. Five professors pick you if
23 you're good, and you get a trip or you get
24 an advanced scholarship and then you can
25 solve some of these environmental problems

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1 we discuss from both sides.
2 In this case, with Windstar, if you
3 give me the GIS information I can show you
4 how to make the colors on -- and the great
5 colors really walk right off the paper,
6 once you get the right, correct database.
7 It's exciting new technology. This is
8 exploring more computer technology. With
9 just a few keystrokes you can just put one
10 layer of data on top of each other if you
11 know what you're doing.

PM1-5

12 As long as you're following with
13 this program and what I've understood about
14 it then we can use all of the smarts. But,
15 we've got to get our best people working on
16 these issues from both sides. And the
17 earlier they get started working on it and
18 the smarter we get to the -- I mean, the
19 quicker we get the smarter students to do
20 this, the better off we are.

21 MR. WISNIEWSKI: Our third speaker
22 this evening is Mr. Eckhoff. Oscar? Oscar
23 Eckhoff?

24 MR. ECKHOFF: I'm wondering how
25 many years of operation do y'all expect to

PM1-6

PM1-6 As discussed in Section 2.9, the life span of the Project is set to be between 25 to 30 years.

Public Meeting

PM1-6 1 be here? How many years do you think
2 you're going to work? How many years of
3 operation is this project planned; ten
4 years? Fifty years? What do we do when we
5 get a total world-wide economic clash?
6 What happens when the population starts
7 reproducing?

PM1-7 8 I'm not so sure the mitigation plan
9 thing works. I'm not so sure about that.

PM1-8 10 It says the discretion modeling is
11 currently in process of the proposed
12 terminal operation and the marine budget
13 operations. Until this analysis is
14 completed we are unable to determine
15 whether or not the vessel emissions will
16 exceed the measurement of ambient air
17 quality standards. Has that study been
18 completed? I'm just wondering.

PM1-9 19 The seawall is gonna rise at least
20 a foot and a half this century, is there
21 any plan for taking that into account?

PM1-10 22 As a geologist I worry about these
23 channels that y'all are planning. You
24 know, you say it could change the flow of
25 sediments. Being a geologist I've got to

PM1-7 Mitigation measures Bayou Casotte Energy would implement to minimize impacts on wetlands are described in sections 4.4.4 and 4.4.5. As discussed in section 4.4.5, we have recommended that Bayou Casotte Energy continue to consult with U.S. Army Corps of Engineers (COE); Mississippi Department of Marine Resources (MDMR); Fish and Wildlife Services (FWS); and other applicable agencies to finalize its Mitigation Plan.

PM1-8 The dispersion modeling was not completed at the time the Draft EIS was published. However, the modeling was completed following the comment period and is discussed in Section 4.11.1 of the Final EIS.

PM1-9 The factors used in the design of the proposed hurricane levee around the LNG terminal are described in Section 4.1.3.4.

PM1-10 Sediment-related issues associated with the proposed project are discussed in Section 4.2.2.

Public Meeting

19

PM1-10 1 say I think there's a port right along
2 here, or somewhere around here that goes to
3 Baton Rouge. I wonder what will happen if
4 it decides to move. It would produce
5 probably some salt and the sediments are so
6 salty it wouldn't do any harm.

PM1-11 7 Speaking of earthquakes, there's
8 four other CPT resorts down in the middle
9 of the bay by the proposed project site.
10 That is a pretty bad situation in terms of
11 earthquakes down there. I think it's down
12 to 1 million meter bars, but we have to
13 find out what the "s" rating, the sheer
14 rating, the velocity rating is.

PM1-12 15 This FEMA one hundred year flood
16 plan, it makes me laugh. With sea level
17 rising forget about a one hundred year
18 flood plan. Things keep getting bigger and
19 higher.

20 Well, I think that's all of my
21 comments.

22 MR. WISNIEWSKI: Okay, thank you,
23 Mr. Eckhoff. Our final speaker we have so
24 far tonight is Miss Paula Vassey.

25 MISS VASSEY: My name is Paula

PM1-11 Section 4.1.3.1 discusses the seismic setting for the project area. The risk of a significant earthquake occurring in the project area is very low.

PM1-12 Flooding and storm-related issues associated with the proposed project are discussed in Section 4.1.3.5.

Public Meeting

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1 Vassey. Once again I'm in awe and amazed
2 by Chevron double-speak, and even Gulf
3 Energy LNG has learned the same thing; if
4 you tell people what they want to hear then
5 they generally agree with it. But, I'm --
6 I'm awestruck and dismayed that FERC is
7 buying into the program. Both of these
8 projects have some very bad wetlands
9 impact. They have some bad fisheries
10 impact. They have very bad air quality
11 impacts. Recently we -- we came close to
12 reaching nonpayment.

PM1-13

13 Through some volunteer program by
14 companies like Chevron and others -- and
15 I'm not -- they're trying to be
16 participatory, but we don't have any way to
17 gauge whether they participate in -- in air
18 reduction -- in air emission reduction.

PM1-14

19 These projects will both impact on the air
20 quality in Jackson County. We have some of
21 the highest cancer rates here. They admit
22 to raising DOCs.

PM1-15

23 I'm -- I'm awed and dismayed by
24 Chevron double-talk. They tout -- Mr.
25 Lammons was touting their great

PM1-13 Impacts on wetlands, fisheries, and air quality as a result of the proposed project are discussed in Section 4.4, 4.5.2, and 4.11.1, respectively.

PM1-14 Impacts on air quality as a result of the proposed project and Bayou Casotte Energy's proposed mitigation measures are described in detail in Section 4.11.1.

PM1-15 The primary source for LNG vaporization is the closed loop IFV system. Bayou Casotte Energy has also proposed two natural gas fired process heaters as a back-up. Table 4.11.1-4 list emissions from stationary and mobile sources. The emissions source labeled "heaters" provides the emissions information for the two natural gas fired process heaters described in the comment.

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PM1-15 1 environmental pluses that they're going to
2 reuse from a byproduct at the facility to
3 heat the LNG. But, if you read in the
4 impact they're also gonna put "another
5 system" on line that does have higher
6 emissions. That way when the plant's
7 facility doesn't have enough water or
8 vaporization run-off to work one way, they
9 can work another. Why has this not been
10 mentioned until this environmental impact?
PM1-16 11 Maybe it was in the other one and it's my
12 job for not having read it better.
PM1-17 13 But, why don't you tell everybody
14 else that there's gonna be two ways to heat
PM1-18 15 LNG? Is this also -- Does the Gulf Energy
16 LNG have two ways to heat LNG? It's just
PM1-19 17 like you said it's gonna be for energy
18 production such as -- and I assume you're
19 referring to power plants that heat LNGs.
20 You need to find out how much LNG
21 Mississippi Power uses down here, because I
22 think you'll find we don't need it.
PM1-20 23 You also said this would be for a
24 tie in into the Southeast Region. If you
25 read in the AIS it also goes to the midwest

- PM1-16** This comment is specific to the Gulf LNG Energy Project; Docket Number CP06-12-000.
- PM1-17** Both methods for vaporization of LNG are discussed in Section 2.1.1.3.
- PM1-18** This comment is specific to the Gulf LNG Energy Project; Docket Number CP06-12-000.
- PM1-19** The purpose and need for the proposed Casotte Landing LNG Project is discussed in detail in Section 1.1.
- PM1-20** The purpose and need for the proposed Casotte Landing LNG Project is discussed in detail in Section 1.1. Alternatives to the proposed project, including alternative locations for the proposed facilities, are analyzed in Section 3.0.

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PM1-20



1 and the northeast. Once again, Jackson
2 County, Mississippi is being asked to eat
3 the pollution so Chevron can make more
4 money.

PM1-21



5 I was very dismayed. FERC is
6 concerned about the economic viability or
7 feasibility of an offshore LNG which would
8 be much safer, would not have as harmful
9 environmental impact. You know, they tout
10 that it's okay to destroy wetlands on
11 shore, destroy grass beds on shore, dredge
12 63 and 20 some odd acres of water bottoms
13 40 foot, two foot deep, but it's not okay
14 to run a pipeline through the same stuff
15 coming from offshore.

16 You know, FERC is opening up their
17 doors and letting y'all do what you want to
18 do, and Jackson County deserves better
19 treatment than that from people like y'all.
20 You need to learn to tell the truth, be
21 honest, tell the whole story, not make
22 somebody have to read for months through a
23 document that y'all pay lots of people to
24 provide information for. We don't deserve
25 this. We deserve better than this. We

PM1-21 Offshore LNG terminals were evaluated as an alternative to the proposed project but for the reasons described in section 3.3.2, were not considered environmentally preferable and/or practicable alternatives to the Casotte Landing LNG Project.

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PM1-22

1 don't deserve LNGs in our town that could
2 blow up and blow our whole damn town off
3 the face of the earth.

PM1-23

4 For the people in here who made a
5 statement, they're gonna protect marine
6 mammals because somebody's gonna give the
7 LNG boat captains a manual. You know,
8 that's a piss-poor way to take care of
9 endangered species animals is to give some
10 stinkin' boat captain a book that tells
11 them don't hit them, you know. If y'all
12 sign off on that, then it's bad, bad, bad
13 on y'all too, you know. We don't expect it
14 from FERC. We expect it from people like

PM1-24

15 Chevron and Gulf LNG because y'all are just
16 looking to make a dime out the expense of
17 Pascagoula, Jackson County, Mississippi,
18 Gautier.

PM1-25

19 There was a blow up that happened
20 there in Louisiana, four or five years ago
21 either a liquid natural gas line or a LPG
22 gas line blew up in New Mexico, it blew a
23 campground off -- off the face of the
24 earth. When FERC comes out and says it's
25 better to have it here than there, that's

PM1-22 As discussed in section 4.12.1 and 4.12.8, LNG is not explosive as it is normally transported and stored. LNG vapors can explode if contained within a confined space and ignited.

While giving recognition to the various comments regarding public safety, we note that the thermal radiation and flammable vapor exclusion zones evaluated in section 4.12 of the EIS would primarily be confined to the site, land that would be controlled by Bayou Casotte Energy, or adjacent offshore waters. Also, the thermal radiation hazards for the LNG spills on water from the nominal intentional breach scenarios, as evaluated in section 4.12 of the EIS, would be less than 1 mile from the spill location. As stated in the EIS, the entire ship transit from the Gulf of Mexico through the Pascagoula Bar, Horn Island Pass, Lower Pascagoula, and Bayou Casotte Channels to the LNG berth, has no development or communities adjacent to the channel or within the transient hazard area. The analysis found no excluded uses within the exclusion zones for the import terminal, and that while the risks associated with the LNG vessel transit cannot be entirely eliminated, they can be managed.

PM1-23 Measures that would be implemented to avoid or minimize impacts on marine mammals are discussed in detail in Section 4.6.1.

PM1-24 The purpose and need for the proposed Casotte Landing LNG Project are discussed in detail in section 1.1. Section 4.8.2 provides information on the impacts the proposed project would have on the economy and employment in the local area.

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PM1-25 1 ridiculous. All they're doing is saying
2 what they need to say to allow Chevron to
3 get what they want.

PM1-26 4 The impacts from these projects are
5 some of the worst environmental impacts for
6 projects in Jackson County in the history
7 of the DMR, the DEQ, the EPA, Fish and
8 Wildlife and NOAA. And we don't deserve
9 this. Our people are proud that Chevron is
10 here. I'm not one of those people.

PM1-27 11 Y'all give enough money away with a
12 press conference on a day before a meeting
13 to talk about how bad your project is. I
14 mean, who are you trying to fool or suck up
15 to? It ain't people like me. But, it is
16 people -- somebody here is proud of what
17 y'all doing. I'm not one of them. I want
18 to be proud of industry in my town that
19 protects the people, protects the air,
20 protects the water, and makes it a good
21 place to live, not a place that people are
22 scared to live to.

23 We had high ozone alerts two days
24 out of the last two weeks with Orange
25 Alerts. Y'all contribute to that. Y'all

PM1-25 See response to PM1-22.
Regarding pipeline safety, the Department of Transportation's Office of Pipeline Safety is responsible for regulating compliance with Title 49 CFR Part 192 of the Federal Pipeline Safety Regulations regarding the operation and maintenance of natural gas pipelines. The CPPUC is the state agency participating in the Federal/state pipeline safety program. Pipeline safety is explained in Section 4.12.7.

PM1-26 The environmental impacts associated with the Casotte Landing LNG Project are described and analyzed in Sections 4.3.1.4, 4.3.2.2, 4.4.4, and 4.11.1.4 of the EIS. All of the referenced agencies participated as cooperating agencies in the development of this EIS.

PM1-27 Impacts on air quality as a result of the proposed project and Bayou Casotte Energy's proposed mitigation measures are described in detail in Section 4.11.1.

Public Meeting

PM1-27 ↑ 1 are the biggest polluters next to
2 Mississippi Power down here. Y'all need to
3 do better. We deserve better.

PM1-28 { 4 Gulf Energy LNG, yeah, y'all have a
5 make believe project on fiction and I hope
6 y'all do well by selling this project to
7 somebody that might actually care about
8 having a business or an industry in Jackson
9 County because we don't deserve people like
10 y'all. All y'all want to do is get your
11 way and destroy everything we've work for
12 for years on environmental protection laws.
13 And, you know, the Department of Energy is
PM1-29 { 14 gonna allow y'all to do that by passing
15 laws that make anything y'all do is legal.
16 Y'all shouldn't go to bed proud at night of
17 what y'all do for a living.

18 What y'all need to do is educate
19 yourself and learn how to make really good
20 projects. You know, ask me some time, you
21 know. They don't -- You know, I don't want
22 to be a patsy to y'all's programs, but God
23 knows y'all got engineering degrees, y'all
24 can do better than this, and we deserve
25 better. If y'all were gonna live here for

PM1-28 This comment is specific to the Gulf LNG Energy Project and will be addressed in the final EIS for that project; Docket Number CP06-12-000.

PM1-29 Bayou Casotte Energy would construct and operate the proposed facilities in accordance with all applicable permits. The major permits, approvals, and consultations required for the Bayou Casotte Landing Project are identified in Table 1.3-1.

Public Meeting

PM1-30

1 any amount of time, y'all deserve better.
2 I'm gonna try to submit written
3 comments -- which I swore I'd never do
4 again on an LNG 'cause it's a waste of my
5 time because they let people like y'all do
6 stuff like this to the people that live in
7 this community in the name of getting a few
8 jobs or because y'all are a good corporate
9 citizen 'cause you build a few day cares or
10 you give some scholarship money. Well, by
11 God, you ought to be building frickin'
12 house -- hospitals to take care of people
13 that y'all are polluting to death. Thank
14 you.
15 MR. WISNIEWSKI: Thank you, Paula,
16 for your comments.
17 MISS VASSEY: Thank you for
18 listening.
19 MR. WISNIEWSKI: Is there anybody
20 that would like to speak this evening that
21 didn't sign up on the sheet?
22 (No response.)
23 MR. WISNIEWSKI: Okay, I just would
24 like to remind you to file your comments
25 before July 10th, we would appreciate that.

PM1-30 Comment noted. All comments received on the draft EIS for the proposed project have been responded to and are included in this comment response appendix.

Public Meeting

27

1 If there's no other people that would like
2 to speak this evening, I'm going to
3 conclude our scoping meeting. Thank you
4 very much.

5 (Whereupon, the meeting adjourned
6 at 7:34 p.m.)

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Public Meeting

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REPORTER'S PAGE

I, Lisa Bell, Certified Court Reporter
in and for the State of Mississippi, the
officer, as defined in Article 9-13-111 of the
Mississippi Code of Civil Procedure, before whom
this meeting was taken, do hereby state on the
Record:

That due to the interaction in the
spontaneous discourse of this proceeding, dashes
(--) have been used to indicate pauses, changes
in thought, and/or talk over;

That same is the proper method for a
court reporter's transcription of proceeding and
that the dashes (--) do not indicate that words
or phrases have been left out of this
transcript;

That any words and/or names which could
not be verified through reference material have
been denoted with the phrase "(phonetic)."

Lisa Bell, CCR, CVR
Certified Court Reporter

Public Meeting

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C E R T I F I C A T E

This certification is valid only for a transcript accompanied by my original signature and original seal on this page.

I, Lisa Bell, Certified Court Reporter, in and for the State of Mississippi, as the officer before whom this meeting was taken, do hereby certify that the foregoing 26 pages were reported by me in Stenomask, were prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding;

That I am not of counsel or to the parties herein; am not otherwise interested in the outcome of this matter; and am a valid member in good standing of the Mississippi State Board of Examiners for Certified Shorthand Reporters.

Lisa Bell, CCR, CVR
Certified Court Reporter
Mississippi License #1713

Federal Agency

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United States Department of the Interior

OFFICE OF THE SECRETARY
Office of Environmental Policy and Compliance
Richard B. Russell Federal Building
75 Spring Street, S.W.
Atlanta, Georgia 30303



ER 06/529

July 5, 2006

Ms. Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

RE: Draft Environmental Impact Statement (DEIS) for the Proposed Bayou Casotte Landing Liquid Natural Gas (LNG) Energy Project, FERC Docket Nos. PF05-9-000 and CP05-420-000, FERC/EIS-0193D

Dear Ms. Salas:

The Department of Interior (Department) has reviewed the Federal Energy Regulatory Commission (FERC) May 2006 Draft Environmental Impact Statement (DEIS) for the proposed Bayou Casotte Landing Liquid Natural Gas (LNG) Energy Project. Bayou Casotte Energy LLC, a subsidiary of Chevron U.S.A. (Chevron) proposes to construct and operate a new LNG receiving terminal, storage, and gasification facility on a 264-acre site adjacent to Bayou Casotte in Pascagoula, Jackson County, Mississippi. The following comments are provided in accordance with the Fish and Wildlife Coordination Act (16 U.S.C. 661-667e) and the Endangered Species Act (87 Stat. 884, as amended 16 U.S.C. 1531 et seq.). The Department has reviewed the information provided, and offers the following comments in accordance with provisions of the National Environmental Policy Act (NEPA) of 1969 (83 Stat. 852; 42 U.S.C. 4321 et seq.), the Endangered Species Act (ESA) of 1973 (87 Stat. 884, as amended; 16 U.S.C. 1531 et seq.), and the Fish and Wildlife Coordination Act (48 Stat. 401, as amended; 16 U.S.C. 661 et seq.).

Section 3.5.2.6 - Intermediate Fluid Vaporization (IFV) technology was chosen as the preferred vaporization technology, since IFV would use waste heat from the adjacent Chevron Pascagoula Refinery to accomplish vaporization. Specifically, transfer of heated wastewater from the Refinery cooling towers to the LNG terminal site via a water circulation (closed loop) system to a heat exchanger, where vaporization would occur. Cooled water resulting from the transfer of heat to a glycol solution would subsequently be returned to the Refinery through a water circulation system, and would achieve synergies in meeting the cool water needs of that facility's operation.

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F1-1 { The Department agrees that the IFV alternative is the most environmentally sound alternative and is preferred over Open Rack Vaporization (ORV) Technology, which typically uses millions of gallons of sea water to warm the LNG before being discharged back to the ocean in an open-loop. Although ORV Technology has been widely used in warm water areas, the withdrawal and discharge of cooled and chemically treated seawater would also affect water quality and marine life, including Essential Finfish Habitat. Additionally, ORV would likely adversely affect designated Critical Habitat of the threatened Gulf sturgeon.

F1-2 { Section 4.2.2 Sediments - Our knowledge of contaminants in the project area indicates that dioxins and furans may occur in the proposed dredge area. In addition, the tidal surge from Hurricane Katrina may have deposited dioxin and furan contaminated sediment in the proposed dredge area. Therefore, we recommend that the sediment cores be analyzed for dioxins and furans.

F1-3 { The last paragraph states that the outcome of ongoing sampling and analyses has not yet been determined. Therefore, the revised document should provide a detailed discussion regarding the adequacy of sediment cores to assess contamination in the proposed dredge area. Additionally, any contaminate issues should be fully addressed in the EIS

Section 4.3.1.4 Impacts and Mitigation - This section discusses impacts of the trenching activities associated with the construction of the sendout pipeline. It is our understanding that, in order to complete the pipeline, it will be necessary to excavate a trench across several streams. We are concerned that these trenching activities may cause head cutting on the streams. Head cuts can cause extensive bank sloughing and channel erosion that destroys fish and wildlife habitat. The document should discuss the impacts of head cuts that may result from excavating a trench across the project area streams.

F1-4

F1-5 { Section 4.4.4.2 Wetlands - Paragraph 1 states that construction of the proposed terminal site would impact approximately 126.0 acres of low to medium quality palustrine and estuarine wetlands, which have limited functional value. Additionally, the last sentence in the paragraph states that higher quality wetlands in surrounding areas would continue to provide functional benefits. Although these impacts are not expected to be significant on a regional scale, it should be pointed out that the loss of wetlands along the Mississippi coast, particularly from urban and commercial development, has been substantial. These wetlands support an abundant variety of wildlife species and provide energy rich foods for songbirds. They also provide resting and nesting areas. Wetlands, even low quality ones, trap sediments and pesticide residues, recharge ground water, and control flooding by temporarily holding floodwaters and releasing them slowly. The Department strongly believes the EIS should address the impacts to coastal brackish marsh and other coastal wetlands.

F1-6 { Section 4.4.5 Compensatory Mitigation - The applicant is considering the purchase of mitigation credits from various mitigation banks and restoration projects to mitigate for unavoidable impacts to approximately 151.1 acres of wetlands. However, the Department recommends the Final EIS address the avoidance and minimization of wetland impacts.

At the end of the first paragraph, it is stated that, "Final mitigation measures to ensure that there is no net loss of wetlands, would be established under the terms of the Joint Mississippi

F1-1 Thank you for your comment.

F1-2 Bayou Casotte Energy's Field Sampling Plan for dredged material did not include analysis for dioxins/furans (see Table A-3). The Field Sampling Plan was submitted to the COE and MDMR for approval prior to sampling efforts being conducted by Bayou Casotte Energy.

F1-3 Section 4.2.2 of the DEIS conditions Bayou Casotte to complete all sediment sampling, analyses, and consultation and submit a report to the Commission and cooperating agencies prior to issuance of the Final EIS. That information was filed with FERC and is discussed in the Final EIS.

F1-4 Section 4.2.1.5 discusses erosion. Although headcut erosion is not specifically mentioned, it is not anticipated to be a problem because of the level topography of the area. Bayou Casotte Energy's SWPPP and Plan and Procedures (as modified) address erosion issues and provides guidelines for erosion control.

F1-5 Section 4.13.4.2 addresses cumulative wetland impacts. FERC concludes that with mitigation, there would be a net increase in the regional coastal marsh resource. Section 4.4.3 defines brackish estuarine wetlands and section 4.4.4.2 discusses impacts to some brackish wetlands.

F1-6 As described in Section 3.4, one of the criteria for siting of the LNG terminal is the minimization of environmental impact from construction and operation and avoidance of most higher quality wetlands.

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F1-7

Department of Marine Resources (MDMR)/U.S. Army Corps of Engineers (COE) section 404/10 permit.” The Service recommends that unavoidable impacts to scarce wetlands such as marsh habitat should be compensated at least 4:1, i.e., four acres of habitat should be restored/created for each acre of impact, or an appropriate number of credits be purchased at an approved wetlands mitigation bank. The U.S. Fish and Wildlife Service will coordinate with other natural resource agencies during the Section 404 and 401 permitting process with the Mobile District Corps of Engineers and will provide comments and recommendations regarding adequate mitigation for unavoidable wetland losses. The Department recommends that the Fish and Wildlife Service’s Jackson Field Office, as well as all other resource agencies, should receive a completed mitigation plan for review.

F1-8

F1-9

Section 4.5 Wildlife and Aquatic Resources– Numerous migratory as well as resident bird species occur within the proposed project area and include the following: mockingbird, Carolina wren, blue jay, vireos, great blue heron, great egret, tri-colored heron, clapper rail, belted kingfisher, marsh hawk, and a variety of wintering ducks. Therefore, based on the importance of the surrounding area to resident and migratory birds for nesting and resting purposes, we recommend that proposed construction that involves the clearing of terrestrial habitat be conducted after the peak nesting season (April 1 through June 30) in order to avoid adverse impacts to resident bird species as well as neotropical migrants.

F1-10

Section 4.5.1.2 Unique or Sensitive Wildlife Habitats – Paragraph one states that the LNG pipeline interconnects would approach but not cross the west boundary of the Grand Bay Preserve. The Preserve contains at least 12 natural communities and 57 species listed as rare or imperiled by the Mississippi Natural Heritage Program. Since the Preserve supports a variety of unique, rare and imperiled species, the Service strongly recommends consultation with the Preserve biologist for his recommendations and comments before commencement of construction activities near the Grand Bay Preserve. Additionally, the Preserve conducts routine burns to improve habitat. Therefore, Gulf LNG should consult with the Preserve biologist concerning any potential hazards or conflicts that may arise during seasonal burns.

F1-10

Section 4.5.2.2 Impacts and Mitigation – Under the Dredging Section, paragraph two mentions that total suspended solids concentrations (TSS) from dredging would not likely have a significant impact on water quality or aquatic organisms within the dredging footprint. We agree that TSS concentrations from dredging activity would not have a significant impact on water quality and aquatic organisms. However, the proposed dredging activity would destroy the current benthic populations of organisms living in the sediment. The benthic organisms would begin to repopulate the sediment when dredging ceases. The document should recognize the loss of benthic organisms during dredging.

F1-11

Section 4.6.1.2 Gulf Sturgeon – Dredging associated with the construction of the proposed berthing and maneuvering area would temporarily impact 6.3 acres of estuarine habitat including Critical Habitat of the Gulf sturgeon. The Department understands that Gulf LNG is coordinating their efforts through discussions with the MDMR as well as section 7 consultations with the National Marine Fisheries Service (NMFS), which has jurisdiction over the Gulf sturgeon within the Mississippi Sound. The Service recommends that Gulf LNG continue to

F1-12

F1-7

Bayou Casotte Energy is developing a mitigation plan, in collaboration with the FWS, COE, and MDMR, that would address the appropriate mitigation ratio. Since FWS is involved in the development of the mitigation plan, this comment should be addressed by their participation. The final mitigation plan must be approved by the cooperating agencies and submitted to the FERC prior to construction. Further, no construction will begin until the COE has issued the appropriate permits.

F1-8

Comment noted. The FWS should be included in the review of the Section 404 and 401 permitting.

F1-9

Section 4.6.2.3 discusses how construction will be timed to avoid migratory birds. Clearing and site preparation would occur during the first quarter of 2007 (Jan 1 – March 31) and would avoid the peak nesting season (April 1 – June 30).

F1-10

We have included a condition that Bayou Casotte Energy consult with the Grand Bay Preserve biologist prior to construction.

F1-11

The DEIS acknowledges the loss of benthic organisms during dredging in Section 4.5.2.2.

F1-12

We have included a condition that Bayou Casotte Energy continue to consult with NMFS during and after project construction to address any concerns the agency may have.

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200607055003 Received FERC OSEC 07/05/2006 10:27:00 AM Docket# PF05-9-000, ET AL.

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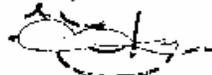
F1-12 coordinate with NMFS during and after project construction and they address any concerns NMFS and the MDMR may have regarding potential "affects" to the Gulf sturgeon.

Section 4.6.1.4 Birds – As noted in paragraph one, the federally listed threatened bald eagle (*Haliaeetus leucocephalus*) and the endangered brown pelican (*Pelecanus occidentalis*) occur in Jackson County. The brown pelican is common in estuarine waters around Bayou Casotte that they use for loafing and foraging. Although there are no records of bald eagles or brown pelicans nesting within the project area, the Service recommends that all potential habitat, including work areas, pipeline corridors, and areas of ingress and egress, be surveyed prior to the commencement of construction activities. The Jackson, Mississippi Field Office should receive all completed surveys for review.

4.7.3.1 Gulf islands National Seashore – In 1971, the National Seashore was established for preservation of coastal islands, historic forts, and other historic structures, nature trails, and adjacent open waters. In 1978, Congress set aside Horn and Petit Bois Islands as wilderness areas within Gulf Islands National Seashore administered by the National Park Service (NPS). Although these islands are several miles from the LNG terminal facilities, LNG carriers would traverse the pass between Horn and Petit Bois Islands on a daily basis. Therefore, consultation with the NPS should occur during all construction phases of the project regarding concerns they may have about LNG carrier traffic and potential impacts to Horn and Petit Bois Islands.

We appreciate the opportunity to provide comments on the subject document. If you have any questions or require additional information, please contact Daniel Gregg at the Fish and Wildlife Service Jackson Field Office, at (601)965-4900.

Sincerely,



Gregory Hogue
Regional Environmental Officer

cc:
FWS, Jackson
FWS, Atlanta
OEPC, WASO

F1-13 Bayou Casotte Energy has completed field surveys for these species and their habitats. The FERC concluded that the proposed Project would not adversely affect these species or their habitat and FWS states that they have no records of these species nesting within the proposed Project area. The FERC has included a condition that Bayou Casotte Energy conduct another survey immediately prior to construction in response to FWS.

F1-14 Construction would not affect LNG carrier traffic, but operation of the proposed Project would. The corridor that LNG carriers would use during operation is an existing, actively used shipping channel and no new or significantly increased effects to Horn and Petit Bois Islands are anticipated. The EIS discusses potential impacts to resources on the islands in regards to accidental and intentional releases of LNG from the LNG carriers as they pass Horn Island and Petit Bois Island.

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Southeast Regional Office
263 13th Avenue South
St. Petersburg, Florida 33701
(727) 824-5317; Fax (727) 824-5300

July 7, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, DC 20426

Dear Ms. Salas:

NOAA's National Marine Fisheries Service, Habitat Conservation Division (NMFS-HCD) has received the Draft Environmental Impact Statement (DEIS) dated May 2006 for the Casotte Landing LNG Project, Docket Nos. PF05-9-000 and CP05-420-000. Bayou Casotte Energy LLC (BCE) seeks authorization to site, construct, and operate a liquefied natural gas (LNG) terminal and ancillary facilities in and adjacent to Bayou Casotte in Jackson County, Mississippi. A 55-acre slip would be dredged to facilitate docking and offloading of LNG carriers and to relocate a Chevron crude oil berth. The dredged material would be placed onsite or in the Pascagoula offshore disposal site located in the Gulf of Mexico. A closed-loop regasification system would be utilized. The DEIS includes an essential fish habitat (EFH) assessment, pursuant to Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requirements, which identifies EFH within the project boundary.

Bayou Casotte is identified as EFH for the following federally managed species: red drum; Spanish mackerel; white, brown, and pink shrimp; and gulf stone crab. Examination of the seasonal patterns of abundance suggests that at least one of the six species is present in Bayou Casotte at all times of the year. Categories of EFH in the project vicinity include estuarine emergent wetlands, sand and mud substrate, and estuarine water column. In addition to EFH designated for federally managed species, Bayou Casotte and Mississippi Sound provide nursery and foraging habitat that supports various forage species and economically important marine fishery species such as black drum, spotted seatrout, southern flounder, gulf menhaden, bluefish, croaker, mullet, and blue crab. These estuarine-dependent organisms serve as prey for other fisheries managed under the Magnuson-Stevens Act by the Gulf of Mexico Fishery Management Council (e.g., mackerels, snappers, and groupers) and highly migratory species managed by the NMFS (e.g., billfishes and sharks). Project area wetlands produce nutrients and detritus, important components of the aquatic food web, which contribute to the fishery productivity of the Mississippi Sound estuary.

Project Impact and Mitigation

BCE's proposed plan would directly impact EFH by dredging 6.3 acres of benthic habitat in Bayou Casotte at the entrance of the slip and a small area of tidal wetlands in the southeast corner of the project site. Also, the intake of ballast and cooling waters by the LNG carriers and crude oil tankers could result in mortality of plankton and early life stages of ecologically and

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200607075010 Received FERC OSEC 07/07/2006 11:30:00 AM Docket# CP05-420-000

economically important fish and invertebrate species and degrade water quality in the slip. Indirect impacts to EFH would result from the dredging and filling of low to medium quality estuarine and palustrine wetlands and the temporary impacts associated with the installation of various pipelines. In total, approximately 125 acres of wetlands would be affected by the project and, to mitigate for permanent and temporal adverse impacts, BCE proposes to develop an agency approved wetland mitigation plan. We endorse the need for development of a mitigation plan and look forward to working with the applicant and resource agencies in this endeavor.

Intake of Water for Ballast and Vessel Operations

The DEIS estimates that 170 LNG carriers would offload at the facility each year. Individual ships could require as much as 15 million gallons of water for ballast during offloading and 42 million gallons for vessel operation. Total annual water use during LNG offloading could exceed seven billion gallons for vessel operation and up to 2.5 billion gallons for ballast water. Although not addressed, there also would be cooling and ballast water withdrawals from within the slip by crude oil tankers offloading at Chevron's berthing area. Early life stages (e.g., eggs, larvae, and early juveniles) of red drum; white, brown and pink shrimp; gulf stone crab; seatrout; blue crab; black drum; croaker; and bay anchovy would be most susceptible to entrainment in ballast and vessel intakes during offloading operations of the LNG carriers. Because the estuary provides important nursery habitat and is a migratory pathway for numerous estuarine dependent species, the potential impacts of ballast and cooling water intakes and means to minimize impacts on early life stages of those species should be thoroughly addressed. This analysis should consider both the project specific impacts related to the BCE project and the cumulative impacts related to the proposed, adjacent LNG Clean Energy project, Chevron oil refinery terminal shipping operations, and other major shipping and offloading operations in the Bayou Casotte area.

Effects on Local Water Quality

The combined effects of Bayou Casotte being designated as an "impaired water body," the slip being dredged to a depth of -46 feet mean low low water, the temperature increase associated with cooling water discharges, and the disturbance of bottom sediments during movement of LNG carriers and crude oil tankers could adversely impact water quality and fishery resources both inside and outside of the slip. To fully address water quality impacts, additional information regarding construction and operation impacts on water quality and fishery resources in the slip and measures to ensure that water quality standards can and will be met should be developed. An evaluation of water quality in nearby existing slips and the channel and shallow water areas of Bayou Casotte may provide useful background information. BCE is currently consulting with the state agencies on potential effects on water quality in the slip, and we request that NMFS-HCD be included in that coordination process.

Disposal of Dredged Material

BCE is considering disposal of dredged material from initial construction and future maintenance in the Pascagoula offshore disposal area, located south of Horn Island in the Gulf of Mexico and about eleven miles from the project site. The license applicant is currently in the process of evaluating the suitability of the offshore site. While NMFS-HCD has no objection to use of the ocean disposal site, other disposal options should be fully considered. Because Jackson County has lost nearly 5,000 acres of marsh between 1950 and 1990, we believe a preferable option

- F2-1** As discussed in Section 4.4.5 of the EIS, Bayou Casotte Energy prepared a wetland mitigation plan in coordination with several agencies and the mitigation plan was included in its Joint Permit Application submitted to the COE on July 27, 2006.
- F2-2** Since the crude oil berth is simply being relocated and is not new, crude oil tanker offloading would not increase. Impacts from cooling and ballast water withdrawals to early stages of aquatic life by LNG carriers are discussed in Sections 4.3.2.2 and 4.5.2.2. The DEIS (Section 4.5.2.2) conditioned Bayou Casotte Energy to complete consultations with NOAA and MDMR regarding these impacts and the Final EIS contains a discussion of those consultations.
- F2-3** Impacts on water quality and fishery resources in the slip are discussed in Sections 4.3.2.2, 4.5.2.1, and 4.5.2.2. NOAA Fisheries is already included in the consultations regarding development of BMPs for construction and maintenance dredging and associated water quality monitoring (see condition in Section 4.3.2.2). We have included NOAA in the consultations required in the condition (Section 4.3.2.2), regarding impacts and potential mitigation or monitoring measures.
- F2-4** We have included a condition that Bayou Casotte Energy consult with all of the necessary agencies in regards to potential effects on water quality in the slip.
- F2-5** Dredging disposal alternatives, such as wetland restoration, are already discussed in Section 3.7.1.3.
- F2-6** Beneficial use disposal is discussed in Section 3.7.1.3. In Section 4.2.2 we included a condition that required Bayou Casotte Energy to consult with the agencies,

Federal Agency

200607075010 Received FERC OSEC 07/07/2006 11:30:00 AM Docket# CP05-420-000

F2-6 would be for all suitable dredged material be used to restore/create coastal wetlands. Accordingly, we urge BCE and your agency, in coordination with NMFS-HCD and other resource agencies, to explore and seek opportunities to maximize the beneficial use of dredged material.

We appreciate the opportunity to review and comment on the DEIS and are available to continue consultation on the issues identified herein. If you have questions regarding these comments, please contact Mark Thompson at our Panama City office at (850) 234-5061.

Sincerely,

/s/Rickey N. Ruebsamen

for
Miles M. Croom
Assistant Regional Administrator
Habitat Conservation Division

F2-6 continued including NOAA regarding sample testing results and an evaluation of the suitability of placement for the disposal options under consideration, including beneficial use sites. The Final EIS has been updated to reflect the results of the sampling and evaluation for the suitability of disposal placement.

Federal Agency

UNOFFICIAL FERC-Generated PDF of 20060718-006 Received by FERC OSEC 07/13/2006 1x Docket#: CP05-420-000



DEPARTMENT OF HEALTH & HUMAN SERVICES

ORIGINAL

Public Health Service

Centers for Disease Control
and Prevention (CDC)
Atlanta GA 30333

OFFICE OF THE
SECRETARY

July 6, 2006

2006 JUL 13 P 3 43

REGULATORY DIVISION

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First St., N.E., Room 1A
Washington, DC 20426

Re: Docket No CP05-420-000
Attention Gas Branch 2, PJ11.2

Dear Secretary Salas:

We appreciate the opportunity to review the Draft Environmental Impact Statement (DEIS) for Casote Landing LNG Project. We are responding on behalf of the U.S. Public Health Service, Department of Health and Human Services (DHHS).

We have reviewed this document for potential human health and safety concerns. We believe that if the proposed project is constructed and operated in accordance with the 93 mitigation measures recommended by the FERC staff in section 5.2 on page 5-9 of the DEIS, minimal impacts would occur to the quality of the human environment.

Thank you for the opportunity to review and comment on this document. Please send us a copy of any future EAs or EISs which may indicate potential public health impacts and are developed under the National Environmental Policy Act (NEPA).

Sincerely yours,

Paul Joe, DO, MPH
Medical Officer
National Center for Environmental Health (F16)
Centers for Disease Control & Prevention

F3-1 Thank you for your review of the DEIS.

F3-1

Federal Agency



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
ATLANTA FEDERAL CENTER
51 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

JUL 24 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N. E., Room 1A
Washington, D.C. 20426

SUBJECT: Draft Environmental Impact Statement for the Casotte Landing LNG Project,
May 2006 CEQ No. 20060207 and ERP No. FRC - E0316-MS

Dear Ms. Salas:

Pursuant to Section 309 of the Clean Air Act [CAA] and Section 102 [2][C] of the National Environmental Policy Act [NEPA], EPA-Region 4 has reviewed the Federal Energy Regulatory Commission [FERC] Draft Environmental Impact Statement [DEIS] for the Bayou Casotte Energy LLC [Applicant] project. Under Section 309 of the CAA, EPA is responsible for reviewing and commenting on major federal actions significantly affecting the quality of the human environment. Moreover, EPA serves as a cooperating agency during the NEPA process. Our review of the DEIS includes comments in accordance with both EPA roles.

The subject document is an evaluation of the environmental consequences of construction/operation of a liquefied natural gas [LNG] import terminal and natural gas pipeline complex in Pascagoula, Mississippi. Functionally, this on-shore facility would consist of the means to receive, store, and re-gasify LNG, which would be transported to the site via specialized ships and then transhipped to various end-users by a pipeline system. The import terminal would consist of three full containment storage tanks, the LNG re-gasification ["closed-loop"] system using warming water from the adjacent Chevron refinery, and operational equipment, including support/pipeline interconnects, electric transmission, waste heat circulation, and infrastructure. Condensate from the re-vaporization system would be directed back to the Chevron refinery for reuse.

Two existing Chevron Pascagoula Refinery crude oil tanker berths would be reconfigured to accommodate operation of the new facility. In total, the necessary excavation would generate approximately 3.5 million cubic yards of material, which is proposed for disposal in an existing designated site south of Horn Island. The LNG facility would have the capability to re-vaporize and deliver natural gas at a continuous rate of approximately 1.3 billion cubic feet per day. An existing distribution network - with some new construction - would be used to transport the finished gas product to various market users. Construction of the proposed project is forecast to be completed in 2010.

Federal Agency

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FERC examines multiple alternatives in the DEIS, including: alternative sites [on-and offshore] for the port; alternative pipeline routes; terminal slip configurations; re-vaporization technologies; dredge material placement options; and various infrastructure siting locations. Application of screening criteria and purpose/need analyses narrowed the range of options to a manageable number and these were carried forward for further review. After evaluation, the array of alternatives was further winnowed. Among this final set of practicable options is the applicant's proposal, i.e., location adjacent to the Chevron Refinery; "Ranson Road" pipeline alignment; use of "closed-loop" vaporization; and disposal of excess excavated material in the Horn Island site. The DEIS compared/contrasted impacts resulting from the action alternatives with the no-action option.

We recognize the importance of bringing additional natural gas supplies into the eastern Gulf of Mexico region. On the basis of our current understanding, it appears that the overall impacts, as well as the specific kinds of effects, associated with the proposed Casotte Landing project can be effectively mitigated via collaboration among the involved parties. However, as described in our detailed comments, we recommend the Final EIS contain specific baseline data about certain environmental effects of the proposed project. In addition, the detailed comments identify additional functional areas that we believe could warrant more substantiation, including a wetland mitigation package; the effects of terminal construction/operation on near-shore aquatic resources; the acceptability of the excavated material for offshore disposal; a more comprehensive assessment of cumulative impacts; and more thorough evaluation of socioeconomic factors to support conclusions regarding environmental justice [EJ] issues.

As a result of our long-term experience with similar coastal facilities, discussions with the applicant's consultant during the NEPA process, and numerous interactions with state/federal agencies, we believe concerns and issues raised in our comments can be resolved. Hence, we have assigned a rating of EC-2 to the overall action, including the applicant's proposal. That is, we have environmental concerns [EC] about the degree/extent to which the long-term operation of this proposed re-gasification facility could affect local environmental quality and [2] we recommend additional information be provided in the Final EIS to strengthen the evaluation of the proposed project's overall impacts. To expedite review and facilitate evaluation of project-related materials, we recommend FERC provide us with the information requested in our detailed comments before circulation of the Final EIS. We believe that expeditious evaluation of materials could also be enhanced through a series of informal technical meetings among our staff, FERC staff, and representatives of the applicant.

Because the evaluation process is time constrained, we will make resolution of the noted outstanding issues a high priority. Our technical staff will continue to work with your staff through the remainder of the NEPA process to reach agreement on an environmentally acceptable outcome.

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Thank you for the opportunity to review and comment on this DEIS. If you have further questions, please have your staff contact Dr. Gerald Miller by telephone at (404) 562-9626 or by e-mail at miller.gerald@epa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Heinz Mueller". The signature is written in a cursive style with a long horizontal stroke at the end.

Heinz J. Mueller, Chief
NEPA Program Office

Enclosure

Federal Agency

DETAILED COMMENTS

On the basis of our initial review, we determined that additional data, as well as clarification of existing information, would improve the NEPA analysis. This supplemental information is important for federal and state agencies to complete their determination of the proposed project's environmental consequences and assist in evaluating applications for permits/approvals.

AIR QUALITY

We recommend resolving the following issues to aid informed decision-making regarding the proposed project's air quality impacts and to expeditiously facilitate securing the necessary state/federal permits:

- F4-1** { 1. Identification of the standards and/or target values used in a particular analysis [Air Quality Section-4.11.1] is important in understanding the acceptability of the proposed project's ambient impacts. The DEIS identifies only the national ambient air quality standards [NAAQS] and prevention of significant deterioration [PSD] increments. We recommend FERC provide a more complete evaluation of standards and targets, including other air quality related values [e.g., visibility, deposition, etc.] in PSD Class I areas and sensitive receptors within PSD Class II areas.
- F4-2** { 2. The DEIS does not provide the bases for the background air quality monitored values cited in Table 4.11.1-1. We recommend FERC provide additional information, including the period of record considered, station identification, and the characteristics of the selected value [e.g., highest value, high second-highest value, etc.] for our evaluation.
- F4-3** { 3. Table 4.11.1-4 in the DEIS does not include emissions data from "Mobile Sources." This information should include the emissions generated during LNG carrier operations, viz., hotelling, maneuvering, and loading/unloading, which would provide a basis for determining air quality impacts. We recommend this information be disaggregated for each LNG carrier activity; however, only loading/unloading emissions should be included when evaluating PSD applicability.
- F4-4** { 4. On page 4-89, the DEIS points out that the applicant is presently conducting an engineering emissions analysis to determine if the proposed project will be a major PSD source. However, subsequent sections of the DEIS [pages 4-92 and 4-93] indicate that the proposed facility is not subject to PSD permitting requirements. FERC should clarify this inconsistency in the Final EIS. We request FERC provide us with the results of the analysis, as soon as practicable, to allow our staff to determine the applicability of PSD requirements.

F4-1 Section 4.11.1-2 has been expanded to discuss visibility and deposition targets.

F4-2 Table 4.11.1-1 footnote "f" gives the period of record considered, 2002 – 2004. The station number and characteristics will be added to the table.

F4-3 Table 4.11.1-4 does show tugboat and mobile rolling stock emissions. The sub-category "mobile emissions" header will be changed to bold typeface to make it clear that the items that follow are mobile sources.

F4-4 Bayou Casotte Energy conducted emissions modeling that determined the Proposed Project would not be a major PSD source, as discussed in Section 4.11.1.3 of the FEIS.

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- F4-5** 5. FERC recommends [page 4-91] the applicant complete a “worst case” analysis of Hazardous Air Pollutants [HAP] emissions from the LNG carrier unloading operations. We recommend FERC provide us the results of this analysis, as soon as practicable, to allow our staff to determine if the facility would be a major source of HAP emissions and possibly subject to the National Emission Standards for Hazardous Air Pollutants [i.e., Part 63 Subpart DDDDD and/or Subpart ZZZZ].
- F4-6** 6. Because we apply modeling protocols using a source’s maximum emission potential for each pollutant to evaluate the proposed projects’s possible air quality impacts, we recommend FERC include detailed emission estimates and calculations in the Final EIS to support our modeling efforts.
- F4-7** 7. The DEIS does not include a quantitative ambient air quality impact assessment, but indicates that the necessary modeling is being performed. To better assess the environmental [Section 4.11.1.4] and cumulative impacts [Section 4.13.9] of the proposed project, we recommend these calculations be presented in the Final EIS. Moreover, the DEIS relies on the air quality permitting process to ensure attainment of established ambient pollutant levels. To improve the Final EIS, we recommend FERC incorporate ambient air quality assessments that include compliance with the NAAQS, PSD increments, and air quality related values in the PSD Class I area and at sensitive receptors within the PSD Class II area.
- F4-8** 8. The bases for air quality impact conclusions and recommendations made in the DEIS are not available for review/comment at this time. We recommend this information [e.g., assumptions, input variables, procedures, etc.] on the air quality modeling performed for the proposed project be provided in the Final EIS.
- F4-9** 9. The proposed Casotte Landing LNG facility would use waste heat from the Chevron refinery for vaporization of the LNG. If there are any projected emissions increases associated with the use of this waste heat, we recommend FERC address them and their effects in the Final EIS.
- F4-10** 10. The DEIS does not address emissions attendant to crude oil unloading and/or storage operations. Because these oil berths are part of the proposed Casotte Landing complex, their operations would be additive to the air quality profile for the proposed project and should be included in the Final EIS. Associated emissions/impacts should also be addressed.
- F4-11** 11. On page 4-92 of the DEIS, we would like to point out an incorrect reference to Table 4.11.1-3 [construction emissions] in the Title V Operating Permit section. The correct reference is Table 4.11.1-4 [operating emissions].
- F4-5** Bayou Casotte Energy conducted emissions modeling that determined the Proposed Project would not be a major PSD source, as discussed in Section 4.11.1.3 of the FEIS.
- F4-6** Bayou Casotte Energy conducted emissions modeling and filed the data with the Secretary and the detailed calculations are included in the public record. Emissions estimates are included in Section 4.11.1.4 of the FEIS.
- F4-7** Bayou Casotte Energy conducted a modeling analysis after the DEIS was prepared. The analysis was filed with the Secretary and included with the public record. Sections 4.11.1.4 and 4.13.9 of the FEIS have been updated with this information.
- F4-8** Bayou Casotte Energy conducted a modeling analysis after the DEIS was prepared. The analysis was filed with the Secretary and included with the public record. Section 4.11.1 of the FEIS includes our review and analysis of the modeling analysis filed by Bayou Casotte Energy.
- F4-9** The Casotte Landing LNG Facility will use waste heat as it is available from the Chevron Refinery. Additional heat requirements will be provided by heaters at the Casotte Landing LNG Facility. The Chevron Refinery will not change its operations to provide heat to the Casotte Landing LNG Facility and there will be no emissions from the Chevron Refinery that are associated with the Casotte Landing LNG Facility.
- F4-10** The operation of crude oil tankers is not associated with the Casotte Landing LNG Facility. A crude oil tanker berth is being relocated to make room for the LNG tanker berth, but crude oil tanker operations are associated with the Chevron Refinery, not with the Casotte Landing LNG Facility. Crude oil unloaded from tankers will not be transported to, stored at, or used in association with the Casotte Landing LNG Facility
- F4-11** Page 4-92 will be corrected to refer to Table 4.11.1-4.

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F4-12 12. Section 5.1.11 of the DEIS provides recommendations and conclusions regarding air quality impacts. The Final EIS should provide more complete data on project emissions and a more thorough assessment of ambient impacts.

RECOMMENDATIONS: We recommend FERC provide us with the information requested in this section as soon as practicable to facilitate full assessment of the potential impacts of the proposed project.

Subject matter contacts: Mr. Stan Krivo, 404-562-9123 and Ms. Katy Forney, 404-562-9130

DREDGED MATERIAL DISPOSAL

According to information contained in the DEIS, the applicant proposes to use the existing Ocean Dredged Material Disposal Site south of Horn Island to dispose of material which would be excavated to accommodate the LNG ships. Under Section 103 of the Marine Protection, Research, and Sanctuaries Act [MPRSA], permits for ocean disposal of dredged materials are issued by the U.S. Army Corps of Engineers [COE], subject to concurrence by EPA, in accordance with the process described in Section 103(c) of MPRSA.

We recommend the Final EIS contain sufficient information to allow us to fully assess proposed ocean disposal operations and to determine compliance with the Ocean Dumping Criteria (40 CFR Parts 227 and 228). We understand that the applicant has not made an initial submission to the COE District Office in Mobile.

F4-13 RECOMMENDATIONS: Before a conclusive review of the applicant’s proposal [i.e., using the existing ODMDS south of Horn Island] to dispose of material which would be excavated to accommodate the LNG ships can be accomplished, we request the applicant provide us a copy of its submission to the Mobile District Corps of Engineers. We further request this information be provided before circulation of the Final EIS for review/comment. We recommend FERC work with the applicant to ensure that appropriate information is submitted to the Mobile District Corps of Engineers as soon as practicable to allow us to fully assess the applicant’s dredged material disposal proposal.

Subject matter contact: Mr. Doug Johnson, 404-562-9386 at EPA or Dr. Susan Rees, 251-694-4141 at the Mobile District

ENVIRONMENTAL JUSTICE

F4-14 The provisions of Executive Order 12898, requiring federal agencies to identify and address, as appropriate, disproportionately high and adverse human health or environmental effects of activities on minority and low-income populations, apply to this proposal and should be used to address the impacts of the LNG terminal on such populations within the project area. Section 4.8 of the DEIS contains information on socioeconomic factors that characterize the

F4-12 Bayou Casotte Energy conducted a modeling analysis after the DEIS was prepared. The analysis was filed with the Secretary and included with the public record. The results of this analysis was reviewed by FERC staff and the conclusions in Section 5.0 of the FEIS includes that review and analysis.

F4-13 Bayou Casotte Energy filed its Joint Permit Application with the COE on July 28, 2006. A determination by the COE is ongoing. An analysis of Bayou Casotte Energy’s dredged material disposal plan is included in the Final EIS in Section 4.2.2.

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F4-14 surrounding areas and the potential impacts of the construction and operation of the terminal on the overall population, housing, property values, and other pertinent community aspects. However, We recommend the Final EIS provide further information to better permit a correlation as to whether or not the environmental effects of the proposed project could result in a disproportionate burden on minority and low-income populations.

There is a general statement in Section 4.8.8 indicating that FERC has not identified any adverse human health or environmental effects that would be borne disproportionately by any low income or minority group. While this might, in fact, be the case, this conclusory statement should be explained with some analysis.

RECOMMENDATIONS: We recommend the Final EIS provide a more thorough evaluation of socioeconomic factors to support the conclusion that the proposed project would not cause disproportionate adverse effects on minority and low-income populations from an environmental and human health perspective. This can be most effectively accomplished by requesting the applicant to consult with EPA Region 4 and/or the Mississippi Department of Environmental Quality for assistance.

Subject matter contact: Ms. Gracy Danois, 404-562-9119

EVALUATION OF RISK ANALYSIS

F4-15 From our review, it appears the DEIS contains apparent gaps/inconsistencies in the calculations relating to thermal radiation and flammable vapor hazard distances. Page ES-6, states:

"thermal radiation and flammable vapor hazard distances were calculated for an accident or an attack on a LNG carrier. For 1.0, 2.5, 3.0, and 3.9-meter-diameter holes in an LNG cargo tank, we estimated distances to range from 4,340 to 4,815 feet for a thermal radiation level of 1,600 British thermal units per hour per foot squared, the level which is hazardous to unprotected persons located outdoors".

However, in section 5.1.12 on page 5-6, calculations relating to thermal radiation and flammable vapor hazard distances for a 1 to 3.9 meter diameter hole in an LNG cargo tank are 2,164 to 5,250 feet for the 1,600 BTU/hr/ft² threshold. [1,600 BTU/hr/ft² is the level of exposure at which firefighters must wear protective clothing, and is a common safety threshold for the LNG industry]. We recommend the Final EIS better explain the differences in the distance calculations.

F4-16 Further, the Executive Summary does not contain any calculations regarding the estimated pool radius and associated un-ignited vapor cloud formation and size for the 1.0 meter to 3.9 meter diameter hole releases associated with an accident or attack on an LNG carrier. To determine the level of danger for area residents from combustible and explosive vapors, we recommend the Final EIS provide these calculations or explain why such calculations need not be addressed.

F4-14 As stated in Section 4.8.8 of the EIS, demographic and socioeconomic information has been provided and analyzed regarding Environmental Justice. The proposed LNG terminal is located in an area of existing industrial development; and based on the FERC's assessment, no minority or low-income group is disproportionately bearing the burden of the proposed Project.

F4-15 The thermal radiation level of 1,600 Btu/hr-ft² in the Executive Summary has been changed from 4,340-4,815 feet to 2,164-5,220 feet.

F4-16 Analyses regarding the estimated pool radius and associated un-ignited vapor cloud formation for a 1.0-meter-diameter hole have been added.

F4-17

Page ES-5 states:

"the nearest private residences to the proposed LNG terminal are about 1.0 [5,280 feet] mile northwest of the site boundary, and the nearest special use area, Grand Bay National Estuary Reserve, is about 0.8 [4,815 feet] miles from the proposed terminal site."

We recommend the potential consequences to these areas be discussed in the Final EIS to determine if thermal radiation could impact portions of the area. As stated above, no calculations were presented in the Executive Summary for flammable vapor cloud distances. Calculations on page 5-7 for the same scenario show that the vapor cloud would extend to 9,776 feet [approximately 1.5 miles].

Moreover, the discussion on page ES-6 ends with the conclusory statement, "... the risk to the public from accidental causes should be considered negligible." For the reasons stated above, we recommend the Final EIS provide further analysis supporting this statement.

In Section 5.2 beginning on page 5-9, FERC presents a list of recommended items to mitigate the environmental impacts associated with the construction and operation of the proposed project. EPA supports these measures and further recommends inclusion of the following measures, which are used throughout the chemical processing industry:

1. Page 5-19, "71. The final design shall include a HAZOP review of the completed design. A copy of the review and a list of the recommendations shall be filed." We recommend FERC add the following: "The facility shall develop both a plan to implement the recommendations of the HAZOP review and a quality assurance plan or check list to verify completion of the implementation of the recommendations in both plans."
2. Page 5-20, "84. The facility shall be subject to regular FERC staff and technical reviews...." We recommend FERC add the following: "Further, the facility shall implement a management of change [MOC] program to track changes in the facility, such as additions to or modifications of process equipment, and changes in alarms, instrumentation, and control schemes. The MOC program ensures that changes made by operations and maintenance personnel do not result in deviations from established safe operating limits. The MOC program should require a continuous updating of engineering drawings, e.g., process, instrumentation, mechanical, and electrical. As part of the MOC program, the HAZOP review should be updated at reasonable intervals in accordance with industry best management practices to include an evaluation of any changes and their consequences."

For details, see American Institute of Chemical Engineers Center [AIChE] for Chemical

F4-17 FERC staff's conclusion that the risk to the public from accidental causes should be considered negligible is based on several factors. As discussed in section 4.12.5.4 "Hazards," the December 2004 Sandia Report's analysis of accidental events found that groundings and low speed collisions could result in minor ship damage but not a cargo spill; while high speed collisions could cause a 0.5 to 1.5 m2 cargo tank breach. It is anticipated that inbound LNG ships would be met by tugs in the vicinity of the junction of the Bayou Casotte and Upper Pascagoula Channels, made up with lines and utilized to assist in slowing, turning and berthing the ship. Ship speeds within the channels would range between 3 and 10 knots. The operational controls imposed by the Coast Guard and local pilots and the use of tugs to assist the LNG ship would significantly reduce the possibility of a cargo containment failure and subsequent LNG spill from an accidental collision, grounding, or allision. However, FERC staff performed vapor dispersion calculations based on a 1-meter diameter hole cargo tank breach. Results of this analysis showed that the flammable vapor would extend to the maximum distance only if an event to create the hole in the LNG vessel by penetrating the outer hull, the inner hull, and cargo containment occurred without ignition. It is also unlikely that a flammable vapor cloud could achieve its maximum distance over land surfaces without encountering an ignition source. This is not to imply that flammable vapor would not extend to the maximum distance, but it would be far more credible that the event creating a hole would also result in a number of ignition sources which would lead to an LNG pool fire and subsequent thermal radiation hazards. We estimated distances to range from 2,164 to 5,250 feet for a thermal radiation level of 1,600 Btu/ft2-hr. There would be no residences within the 1,600 Btu/ft2-hr transient hazard area.

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Page ES-5 states:

"the nearest private residences to the proposed LNG terminal are about 1.0 [5,280 feet] mile northwest of the site boundary, and the nearest special use area, Grand Bay National Estuary Reserve, is about 0.8 [4,815 feet] miles from the proposed terminal site."

We recommend the potential consequences to these areas be discussed in the Final EIS to determine if thermal radiation could impact portions of the area. As stated above, no calculations were presented in the Executive Summary for flammable vapor cloud distances. Calculations on page 5-7 for the same scenario show that the vapor cloud would extend to 9,776 feet [approximately 1.5 miles].

F4-18 Moreover, the discussion on page ES-6 ends with the conclusory statement, "...the risk to the public from accidental causes should be considered negligible." For the reasons stated above, we recommend the Final EIS provide further analysis supporting this statement.

In Section 5.2 beginning on page 5-9, FERC presents a list of recommended items to mitigate the environmental impacts associated with the construction and operation of the proposed project. EPA supports these measures and further recommends inclusion of the following measures, which are used throughout the chemical processing industry:

F4-19 1. Page 5-19, "71. The final design shall include a HAZOP review of the completed design. A copy of the review and a list of the recommendations shall be filed." We recommend FERC add the following: "The facility shall develop both a plan to implement the recommendations of the HAZOP review and a quality assurance plan or check list to verify completion of the implementation of the recommendations in both plans."

F4-20 2. Page 5-20, "84. The facility shall be subject to regular FERC staff and technical reviews...." We recommend FERC add the following: "Further, the facility shall implement a management of change [MOC] program to track changes in the facility, such as additions to or modifications of process equipment, and changes in alarms, instrumentation, and control schemes. The MOC program ensures that changes made by operations and maintenance personnel do not result in deviations from established safe operating limits. The MOC program should require a continuous updating of engineering drawings, e.g., process, instrumentation, mechanical, and electrical. As part of the MOC program, the HAZOP review should be updated at reasonable intervals in accordance with industry best management practices to include an evaluation of any changes and their consequences."

For details, see American Institute of Chemical Engineers Center [AIChE] for Chemical

F4-18 See F4-17

F4-19 We have recommended that any authorization from the Commission include a condition that: The final design should include a HAZOP review of the completed design and that a copy of the review and a list of the recommendations should be filed with the Secretary of the Commission. If the project is authorized, Bayou Casotte Energy would be required to comply with this condition, among others, prior to the Commission approving construction of the final design. This would involve FERC staff's review of the information filed by Bayou Casotte Energy to ensure compliance. Also see response to FA4-20.

F4-20 The HAZOP/MOC process is an industry standard that is used to thoroughly review the facility design and subsequent changes to ensure that the facility would safely operate within the established design parameters. As part of the Commission's post-authorization compliance program we have recommended that any Commission authorization require Bayou Casotte Energy to file monthly reports during construction, as well as semi-annual operational reports. The semi-annual reports identify changes in the facility design or operation, operating conditions, abnormal operating experiences, plant activity, and planned plant modifications. FERC staff would review these reports in order to prepare for staff's construction and annual (if not more frequent) operations inspections at the terminal site. FERC staff would review Bayou Casotte Energy's HAZOP/MOC program and any recommendations from these reviews.

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Process Safety "Plant Guidelines for Technical Management of Chemical Process Safety," 1995, or D. Crowl, "Chemical Process Safety Fundamentals with Applications, 1990.

RECOMMENDATIONS: We recommend the Final EIS address these additional provisions.

Subject matter contact, Phyllis Warrilow, 404-562-9198

CUMULATIVE IMPACTS

As indicated in the DEIS, the assessment of cumulative impacts includes other past, present, and reasonably foreseeable future projects and activities. Thus, a complete cumulative impact assessment unlikely would be limited to effects associated with this specific proposed project, the proposed Clean Energy project, and Chevron's Pascagoula Refinery Expansion.

F4-21

RECOMMENDATIONS: We recommend FERC identify the geographic area and planning horizon for which cumulative impacts are being assessed, and explain the rationale for the area and horizon chosen. Cumulative impacts resulting from existing or reasonably foreseeable projects within the selected area and horizon should be identified and assessed. (See 18 CFR 380.12(b)(3)). We suggest FERC utilize the Council on Environmental Quality's 1997 Guidance, *Considering Cumulative Effects Under the National Environmental Policy Act*, in conducting the evaluation.

Subject matter contact : Ms. Katy Forney, 404-562-9130

ONSHORE EFFECTS

EPA technical staff are currently working with both their counterparts in state/federal agencies and the applicant to develop an adequate compensatory mitigation plan.

F4-22

RECOMMENDATIONS: We recommend the Final EIS further address mitigation for unavoidable wetland losses associated with the construction and operation of the Casotte Landing LNG facility.

Subject matter contact: Ms. Andrea Wade, 404-562-9419

F4-21

Information regarding the geographic area and planning horizon used in the cumulative impacts assessment is provided in the introductory paragraphs of section 4.13. The geographic boundaries and timeframes are somewhat qualitative because they vary depending on the resource being considered. In general, we considered the Port of Pascagoula area and 20 years both past and in the future. However, as indicated in section 4.13, without specific proposals to evaluate, the impacts of future developments are not reasonably foreseeable. In selecting activities for the cumulative impacts analysis, we chose those that were most relevant to the resources of concern for the Casotte Landing LNG Project. These included past, present, and future maintenance dredging activities, in addition to the proposed LNG Clean Energy Project and the current Chevron Pascagoula Refinery expansion project.

F4-22

Bayou Casotte Energy filed its Joint Permit Application with the FERC and COE on July 28, 2006. The joint application contained an Addended Wetland Delineation Report, which addressed Bayou Casotte Energy's mitigation plan for the unavoidable wetland losses associated with the proposed Project. The mitigation plan is addressed in the Final EIS in Section 4.4.5.

Organization

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Memorandum To The Public File

From: John Wisniewski, Office of Energy Projects
Date: 6/29/06
Docket Nos. CP05-420-000
Bayou Cassotte Energy, LLC
Cassotte landing LNG Project

J.W.
6/29/06

ORIGINAL

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FEDERAL ENERGY REGULATORY COMMISSION

Summary

The attached letter from Mr. Rome A. Emmons, III of the Mississippi Coastal Conservation Association was submitted to the FERC staff regarding Bayou Cassotte Energy LLC's Cassotte Landing LNG Project, during a joint public meeting held on June 22, 2006 in Pascagoula High School, Pascagoula, Mississippi. The joint public meeting was held to obtain public comments on the Draft Environmental Impact Statements for the Bayou Cassotte Energy, LLC's Cassotte landing LNG Project and the Gulf LNG Energy, LLC's LNG Clean Energy Project.

Organization

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CP05-420-000

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Pete Umbdenstock
Governmental Affairs Chairman
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June 22, 2006

Questions regarding ChevronTexaco's "Casotte Landing Liquefied Natural Gas Import Terminal" proposed for Jackson County, Mississippi.

- G1-1** 1) Although being closed loop system, there exists the possibility of some interaction between the regasification process and the marine environment. What, if any such interaction is expected?
- G1-2** 2) a) How many acres of wetlands will be impacted by: dredging, filling, covering, or draining?
b) If any, what mitigation is proposed?
- G1-3** 3) Will any new pipelines traverse wetlands or marine habitat?
- G1-4** 4) a) There has been great concern within the recreational boating, and especially the recreational fishing, communities regarding the potential loss of access to waterways and fishing areas. Do you reasonably foresee any closures in areas surrounding the terminal for security or other reasons?
b) Would these be permanent or temporary closures?
c) If temporary, under what conditions?
d) If permanent, how extensive are these closures likely to be?

The Coastal Conservation Association Mississippi looks forward to working with the owners/operators and regulators on the construction and operation of this terminal. Our mandate is to represent the interests of the recreational fishing community by promoting methods, procedures, and options that will result in the least negative impact on their interests. We can also serve as a conduit the other way, by quelling unfounded rumors and misinformation that will surely materialize within that community. We would appreciate your responding to the above questions in as much detail as is feasible at this point in the process, and in as timely a manner as possible.

Regards,

Rome A. Emmons, III
Rome A. Emmons, III
Executive Director, CCA MS

COASTAL CONSERVATION ASSOCIATION
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- G1-1** As discussed in section 2.1.1.3, Bayou Casotte Energy, LLC (Bayou Casotte Energy) would use an intermediate fluid vaporizer (IFV) to vaporize the liquefied natural gas (LNG). As a potential back-up to the heating provided by the refinery cooling water system, two natural gas fire process heaters would supplement or replace a portion of the heat normally provided by the heat exchange system.
- G1-2** Impacts on wetlands associated with the Bayou Casotte Landing Project and Bayou Casotte Energy's proposed mitigation measures are described in detail in Section 4.4.
- G1-3** Bayou Casotte Energy would construct a 1.5-mile-long spur that would contain five interconnects to existing interstate natural gas pipelines. Waterbodies and wetlands affected by the proposed pipeline are described in sections 4.3.2 and 4.4, respectively.
- G1-4** Impacts on recreational boating and fishing associated with the Bayou Casotte Landing Project are discussed in sections 4.7.3.4 and 4.9.1.

Organization

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July 10, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, DC 20426

RE: Docket No. CP05-420-000; Casotte Landing LNG Project; Applicant: Bayou Casotte Energy, LLC

Dear Ms. Salas:

I am writing on behalf of the Gulf Restoration Network (GRN), a network of 50 local, regional, and national environmental, environmental justice, social justice and public interest groups dedicated to uniting and empowering people to protect and restore the natural resources of the Gulf Region. The GRN has serious concerns about the Casotte Landing LNG Project as proposed by Bayou Casotte Energy, LLC in Docket No. CP05-420-000. The proposed construction of an LNG terminal and meter stations in Pascagoula, MS will permanently impact approximately 126 acres of low to moderate quality palustrine and estuarine wetlands.

G2-1 [The GRN opposes the Casotte Landing LNG Project, in part, because of the huge acreage of wetlands that will be destroyed.] [We disagree with the conclusion of the Draft Environmental Impact Statement (DEIS) that "impacts to wetland resources associated with construction and operation of the proposed Project would not be significant."]

G2-2

G2-3 [The DEIS states that "higher quality wetlands in surrounding areas would continue to provide functional benefits and wildlife habitat, such that permanent impacts would be relatively minor overall." We disagree with this statement. Although, higher quality wetlands in the area may be able to absorb some of the lost functions of the destroyed wetlands, such as providing habitat for displaced wildlife, its capacity to provide other lost functions is minimal. For example, the functional capacity of wetlands to provide flood storage and reduce storm surge is quite dependent on wetland area, not just functional capacity. By destroying over a hundred acres of these local wetlands, regardless of their quality, the area will have a much greater risk of flooding and damage from storms. This is unacceptable, especially given the great losses experienced in coastal Mississippi during Hurricane Katrina. It is irresponsible for a federal agency to approve wholesale destruction of wetlands in such a sensitive and vulnerable area.]

G2-4 [The DEIS also glosses over wetlands impacts because of the requirement that Bayou Casotte Energy develop an approved mitigation plan prior to construction. We do not believe that the

G2-1 As described in Section 3.4, one of the criteria for siting the LNG terminal is the minimization of environmental impact from construction and operation (p. 3-16). The proposed project has been designed to minimize impacts as much as possible. Bayou Casotte Energy proposes to limit impacts to vegetation and wetlands by siting the LNG terminal in an existing, disturbed industrial site and overlapping or co-locating the nonjurisdictional linear facilities with existing rights-of-way through primarily industrialized areas (Section 4.4.4).

G2-2 As described in Section 3.4, one of the criteria for siting the LNG terminal is the minimization of environmental impact from construction and operation (p. 3-16). The proposed project has been designed to minimize impacts as much as possible. The FERC believes that given the avoidance, minimization, and mitigation measures proposed for this Project, that significant wetland impacts would not occur.

G2-3 Section 4.13.4.2 addresses cumulative wetland impacts. FERC concludes that with mitigation, there would be a net increase in the regional coastal marsh resource. Section 4.4.3 defines brackish estuarine wetlands and section 4.4.4.2 discusses impacts to some brackish wetlands.

Organization

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G2-4 mitigation will be sufficient to ameliorate the impacts to the wetlands. Two studies completed by the National Academy of Sciences (NAS)¹ and the General Accounting Office (GAO)² determined that compensatory mitigation activities are often unsuccessful. The NAS report determined that the Corps' mitigation policy was not providing for "no net loss" of wetlands within the regulatory program and that serious improvements were needed. As described in the NAS report, current requirements for mitigation monitoring are inadequate to ensure that the Corps is meeting the national goal of no net loss of wetlands. In particular, the study indicates that the Corps' data on mitigation activities is not adequate to determine 1) how much mitigation has taken place; 2) the success of that mitigation; and 3) the wetland functions lost due to permitted fill activities. These reports make it clear that one cannot assume that mitigation will successfully compensate for wetlands loss.

G2-5 The DEIS also indicated that Bayou Casotte Energy is considering the use of mitigation banks for its compensatory mitigation. We understand that on-site mitigation is often rejected because its successfulness is questionable, however, the decision to use mitigation banks essentially reduces the applicant's ability to truly compensate for local wetlands losses. Because banks are likely located outside of the immediate area, the project would not be able to mitigate the lost wetlands functions in the vicinity of the project, including flood storage, storm surge protection, habitat, etc.

G2-6 Given the fact that mitigation is often unsuccessful and that local loss of wetland functions will not be adequately compensated for, we believe that the project should be modified to further reduce the area of wetlands impacted. This is the only foolproof way to ensure the local area does not lose precious wetland functions. Furthermore, we believe that whatever mitigation plan is developed should be presented to the public for comment prior to final approval. In this way, citizens can play a role in ensuring that they are appropriately compensated for the destruction of resources that benefit the public good.

G2-8 Due to the scope of the wetland impacts of the Casotte Landing LNG project, further review is clearly warranted to ensure that impacts to our valuable coastal resources are avoided and minimized as much as possible. Therefore, we request that the Federal Energy Regulatory Commission revisit its recommendations concerning this project and require further reduction of wetlands impacts if this project is allowed to proceed. The integrity of the coast and its citizens depends on it. The GRN appreciates this opportunity to comment and looks forward to receiving a written response.

Respectfully submitted,

Vicki E. Murillo
Water Resources Program Director

¹ Compensating for Wetland Losses under the Clean Water Act. 2001. The National Academy of Sciences. <http://books.nap.edu/books/0309074320/html/index.html>

² Wetlands Protection: Assessments Needed to Determine Effectiveness of In-Lieu-Fee Mitigation. 2001. General Accounting Office. GAO-01-325.

G2-4 The DEIS does address wetland impacts in Section 4.4. Compensatory mitigation is an accepted practice permitted by the COE in regard to wetland impacts.

G2-5 As stated in Section 4.4.5, Bayou Casotte Energy is considering purchasing mitigation credits from Moss Point Mitigation Bank, Old Fort Bayou Mitigation Bank, and Round Island, Greenwood Island, and Deer Island restoration projects. Generally, mitigation banks mitigate for the same type of habitat that is being disturbed. The Moss Point Mitigation Bank and Old Fort Bayou Mitigation Bank are both located near the proposed Project in Jackson County, Mississippi.

G2-6 As described in Section 3.4, one of the criteria for siting the LNG terminal is the minimization of wetland and other environmental impact from construction and operation (p. 3-16). The proposed project has been designed to minimize wetland impacts as much as possible (Section 4.4.4.2). Bayou Casotte Energy proposes to limit impacts to vegetation and wetlands by siting the LNG terminal in an existing, disturbed industrial site and overlapping or co-locating the nonjurisdictional linear facilities with existing rights-of-way through primarily industrialized areas (Section 4.4).

G2-7 As discussed in Section 4.4.5, Bayou Casotte Energy is developing a mitigation plan in collaboration with the FWS, COE, and MDMR, which must be approved prior to construction. The COE wetland permitting process allows for public comment prior to issuance. This comment period should be the appropriate place for the public to comment on the mitigation plan.

G2-8 The FERC has carefully considered environmental impacts and feels that the minimization and mitigation of impacts, developed in consultation with federal and state agencies, is adequate.