
APPENDIX B

Jordan Cove's Letter of Intent and the U.S. Coast Guard's Waterway Suitability Report for the Jordan Cove Energy Project



Jordan Cove Energy Project, L.P.

April 10, 2006

Captain Patrick Gerrity
Commanding Officer
USCG Sector Portland
6767 N. Basin Ave.
Portland, Oregon 97217

**RE: Jordan Cove Energy Project
Coos Bay, Oregon
Letter of Intent**

Dear Captain Gerrity:

Under the requirements of 33 CFR 127.007, I am pleased to forward this LETTER OF INTENT (LOI) for the construction of an LNG receiving terminal located at Coos Bay, Oregon. As part of this proposal, I am attaching as Enclosure (1) a Preliminary Waterway Suitability Assessment (WSA), which has been completed using the guidance contained in Enclosure (2) of Navigation and Vessel Circular No. 05-05, (NVIC 05-05) dated June 14, 2005.

This Preliminary WSA has been prepared to meet the requirement to start the "Pre-Filing" process with the Federal Energy Regulatory Commission (FERC). It is understood that a "Follow-on" WSA will be required to be submitted to you as this project matures. The "Follow-on" WSA will clearly identify credible security threats and safety hazards to LNG transportation in this port, and will identify appropriate risk management measures, as well as addressing items of concern noted in the Preliminary WSA.

In accordance with the requirements contained in 33 CFR 127.007 (d), the following information is provided:

1. The name, address, and telephone number of the owner and operator:

Jordan Cove Energy Project
125 Central Avenue, Suite 380
Coos Bay, OR 97420
Attn: Robert L. Braddock
Phone: (541) 266-7510
Fax: (541) 269-1475
E-mail: bobbraddock@attglobal.net

The name, address and telephone number of the facility: (since the facility has not been constructed, the information is the same as in item 1 above.

Jordan Cove Energy Project
125 Central Avenue, Suite 380
Coos Bay, OR 97420
Attn: Robert L. Braddock
Phone: (541) 266-7510
Fax: (541) 269-1475
E-mail: bobbraddock@attglobal.net

2. Physical location of the facility: *This information is contained in Section 3.10 of the Preliminary WSA included as Enclosure (1) to this report.*
3. Description of the facility: *This information is contained in Section 3.10 of the Preliminary WSA included as Enclosure (1) to this report.*
4. LNG vessel characteristics and frequency of shipments to and from the facility: *This information is contained in Section 3.11 of the Preliminary WSA included as Enclosure (1) to this report.*
5. Charts showing waterway channels and identifying commercial, industrial, environmentally sensitive and residential areas in and adjacent to the waterway used by the LNG vessel en route to the facility, within 15.5 miles of the facility. *This information is contained in Sections 2.5, 3.1, 3.13, 3.14, 3.15 and 3.16 of the Preliminary WSA included as Enclosure (1) to this report.*

We understand the requirement to advise you in writing within 15 days if there are any changes to the information presented in this letter in paragraphs 1 – 5 above. We do not anticipate any construction starting in the next 60 days or LNG transfer operations in the next 12 months.

I trust the information provided meets all LETTER OF INTENT requirements. Please feel free to contact me at any time to discuss this proposal, or if you require any further documentation incident to this submission.

Sincerely,



Robert L. Braddock
Project Manager

ENCL: (1) Preliminary Waterway Suitability Assessment

U.S. Department of
Homeland Security

United States
Coast Guard



Commanding Officer
United States Coast Guard
Sector Portland

6767 N. Basin Avenue
Portland, OR 97217
Phone: (503) 240-9307
Fax: (503) 240-9586

16611
July 1, 2008

Lauren O'Donnell
Director of Gas – Environmental & Engineering, PJ-11
Federal Energy Regulatory Commission
888 First Street, N.E., Room 62-45
Washington, DC 20426

WATERWAY SUITABILITY REPORT FOR THE JORDAN COVE ENERGY PROJECT

Dear Ms. O'Donnell:

This Waterway Suitability Report (WSR) fulfills the Coast Guard's commitment under the Interagency Agreement among the Federal Energy Regulatory Commission (FERC), the Research and Special Programs Administration (RSPA), and the Coast Guard for the Safety and Security Review of the Waterfront Import/Export Liquefied Natural Gas Facilities that was signed in February 2004. Under this agreement, our agencies work together to ensure that both land and maritime safety and security risks are addressed in a coordinated and comprehensive manner. In particular, the Coast Guard serves as a subject matter expert on maritime safety and security issues.

On June 11, 2008, the Coast Guard completed a review of the Waterway Suitability Assessment (WSA) for the Jordan Cove Energy Project (JCEP) that was submitted in September of 2007. This review was conducted following the guidance provided in Navigation and Vessel Inspection Circular (NVIC) 05-05 of June 14, 2005. The review focused on the navigation safety and maritime security risks posed by LNG marine traffic, and the measures needed to responsibly manage these risks. During the review, the Coast Guard consulted a variety of stakeholders including state and local emergency responders, marine pilots, towing industry representatives, members of the Ports and Waterways Safety Committee and the Area Maritime Security Committee.

Based upon this review, I have determined that Coos Bay is not currently suitable, but could be made suitable for the type and frequency of LNG marine traffic associated with this proposed project. Additional measures are necessary to responsibly manage the maritime safety and security risks. The specific measures, and the resources needed to implement them, where applicable, are described below and in a separate supplementary report which is being provided to you under the terms and conditions established for handling Sensitive Security Information (SSI). This supplemental report includes a copy of the Jordan Cove Waterway Suitability Assessment. This determination is preliminary as the NEPA analysis has not yet been completed.

The following is a list of specific risk mitigation measures that must be put into place to responsibly manage the safety and security risks of this project. Details of each measure, including adequate support infrastructure, will need further development in consultation with the Coast Guard and state and local agencies through the creation of an Emergency Response Plan as well as a Transit Management Plan that clearly spell out the roles, responsibilities, and specific procedures for the LNG vessel and all agencies responsible for security and safety during the operation.

Navigational Measures:

July 1, 2008

LNG Tanker Size Limitations: Based on the Ship Simulation Study conducted by Moffatt & Nichol on March 17-20, 2008, the maximum size LNG tanker permitted to transit through the Port of Coos Bay is a spherical containment LNG carrier with the physical dimensions of a 148,000 m³ class vessel. The ship dimensions used in the study reflect a length overall of 950 feet, beam of 150 feet and a loaded draft of 40 feet. The channel must demonstrate sufficient adequacy to receive LNG carriers for any single dimension listed. Consequently, prior to approving the transit of an LNG ship larger than 148,000 m³, or any increase in the physical dimensions cited, additional simulator studies must be conducted in order to assure the sufficiency of the channel.

- Safety/Security Zone: A moving safety/security zone shall be established around the LNG vessel extending 500-yards around the vessel but ending at the shoreline. No vessel may enter the safety/security zone without first obtaining permission from the Coast Guard Captain of the Port (COTP). The expectation is that the COTP's Representative will work with the Pilots and patrol assets to control traffic, and will allow vessels to transit the Safety/Security zone based on a case-by-case assessment conducted on scene. Escort resources will be used to contact and control vessel movements such that the LNG Carrier is protected.

While the vessel is moored at the facility there shall be a 150 yard security zone around the vessel, to include the entire terminal slip. In addition, while there is no LNG vessel moored, the security zone shall cover the entire terminal slip and extend 25-yards into the waterway.

Resource Gap: Resources required to enforce the safety/security zone are discussed under Security Measures in the supplemental report.

- Vessel Traffic Management: Due to a narrow shipping channel, navigational hazards, and the proximity to populated areas, LNG vessels will be required to meet the following additional traffic management measures:
 - A Transit Management Plan must be developed in coordination with the Coos Bay Pilot Association, Escort Tug Operators, Security Assets and the Coast Guard prior to the first transit.
 - This plan must be submitted to the COTP no less than 6 months to initial vessel arrival, and followed by an annual review to ensure that it reflects the most current conditions and procedures.
 - For at least the first six months, all transits will be daylight only, unless approved in advance by the COTP.
 - The LNG Vessel must board Pilots at least 5 miles outside the sea buoy.
 - Overtaking or crossing the LNG tanker within the security zone is prohibited for the entire transit from the Coos Bay Sea Buoy to mooring the vessel at the LNG terminal.
 - Vessel transits and bar crossings will be coordinated so as to minimize conflicts with other deep draft vessels, recreational boaters, seasonal fisheries, and other Marine Events.
 - 24 hours prior to arrival, the Coast Guard, FBI, Coos Bay Pilot Association, Escort Tug Masters, and other Escort assets will meet to coordinate inbound and outbound transit details.

July 1, 2008

Resource Gaps: The Vessel Transit Management Plan must be approved by the COTP at least 60 days prior to the first vessel arrival.

- Vessel Traffic Information System /Vessel Traffic System: The Port of Coos Bay does not have the capacity to receive Automatic Identification System (AIS) signals. AIS receiving capability must be established and must have the capacity to be used by appropriate agencies, port authorities and ship husbandry companies. Additionally, the Port does not have any means for continuous monitoring the navigable waterway. In order to ensure vessel safety and security, a robust camera system capable of monitoring the entire transit route must be established. Due to weather concerns, these cameras must be equipped with the means to adequately monitor vessel traffic in wind, rain and fog conditions.

Resource Gaps: AIS receiver and camera systems including necessary hardware, software, staffing and training. Camera system must have complete coverage of the entire transit route, capable of detecting vessel traffic in wind, rain, fog, and dark conditions. Equipment and access to data feed of video imagery must be provided to state and local emergency operations centers impacted by the project.

- Tug Escort and Docking Assist: Due to the confined channel and high wind conditions, each LNG Carrier must be escorted by two tractor tugs, which will join the vessel as soon as safe to do so. The primary tug will be tethered at the direction of the pilot. A third tractor tug is required to assist with turning and mooring. Based on the Ship Simulation Study conducted by Moffatt & Nichol on March 17-20, 2008, vessels are limited to transiting during periods of high tide and 25 knot winds or less. While unloading, all three tugs will remain on standby to assist with emergency departure procedures.

All three tractor tugs must be at least 80 Ton Astern Bollard Pull or larger and equipped with Class 1 Fire Fighting equipment.

Resource Gaps: Three 80 Bollard Ton Tractor Tugs with Class 1 Fire Fighting capability.

- Navigational Aids:
 - Based on the Ship Simulation Study conducted by Moffatt & Nichol on March 17-20, 2008, four aids to navigation must be added and eight aids to navigation relocated on the waterway (pg. 12-17).
 - Physical Oceanographic Real-Time System (PORTS) must be contracted with NOAA to provide real time river level, current and weather data.
- LNG Carrier familiarization training for Pilots and Tug Operators: Prior to the arrival of the first vessel, simulator training must be provided for pilots and tug operators identified as having responsibility for LNG traffic.

Safety Measures:

Emergency Response Planning: Regional emergency response planning is limited in the region. Emergency response planning resources will need to be augmented to adequately develop

July 1, 2008

emergency response procedures and protocols as well as continuously update those plans as conditions change.

Resource Gap: To be determined in conjunction with local and regional response agencies through the Emergency Response Planning process.

- Vessel and Facility Inspections: LNG tankers and facilities are subject to (at a minimum) annual Coast Guard inspections to ensure compliance with federal and international safety, security and pollution regulations. In addition, LNG vessels and facilities are typically required to undergo a pre-arrival inspection, and transfer monitor.

Resource Gap: Additional Coast Guard Facility and Vessel Inspectors.

- Shore-Side Fire-Fighting: Firefighting capability is limited in the area surrounding the proposed LNG terminal. Shore side firefighting resources and training will need to be augmented in order to provide basic protection services to the facility as well as the surrounding communities along the transit route.

Resource Gap: To be determined in conjunction with local and regional response agencies through the Emergency Response Planning process.

- In-Transit Fire-Fighting: Firefighting capability is limited along the entire transit route for proposed LNG vessels.

Resource Gap: A plan must be developed for managing underway firefighting, including provisions for command and control of tactical fire fighting decisions as well as financial arrangements for provision of mutual aid and identification of suitable locations for conducting fire fighting operations along the transit route. To be determined in conjunction with local and regional response agencies through the Emergency Response Planning process.

Public Notification System and Procedures: Adequate means to notify the public along the transit route, including ongoing public education campaigns, emergency notification systems, and adequate drills and training are required. Education programs must be tailored to meet the various needs of all waterway users, including commercial and recreational boaters, local businesses, local residents, and tourists.

Resource Gap: A comprehensive notification system, including the deployment of associate equipment and training, must be developed. To be determined in conjunction with local and regional response agencies through the Emergency Response Planning process.

- Gas Detection Capability: No gas detection capability exists at the Port of Coos Bay, along the transit route and at the site of the proposed facility. Emergency response personnel require appropriate gas detection equipment, maintenance, and training. Additionally, the use of fixed detection equipment will ensure accurate and expedited gas detection in the event of a large scale LNG release. The installation of these detectors at strategic points along the waterway must be developed.

July 1, 2008

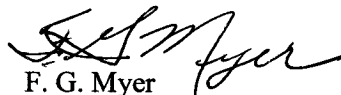
Resource Gap: Gas Detectors, appropriate training, and maintenance infrastructure. To be determined in conjunction with local and regional response agencies through the Emergency Response Planning process.

Security Measures:

- Security Boardings, Waterway Monitoring, and Vessel Escorts: Extensive security measures will be required to provide adequate protection for LNG vessels in transit to and while moored at the facility. The details of these measures are SSI, and are outlined in a separate supplementary report.
- Facility Security Measures: LNG facilities are subject to the security regulations outlined in 33 CFR 105, and are required to submit a Facility Security Plan (FSP) for Coast Guard approval, and undergo (at a minimum) an annual Coast Guard security inspection. The facility shall also develop a plan to provide for appropriate security measures from the start of construction through implementation of the Coast Guard approved FSP.
- Sandia Study: The WSA proposes the potential to receive vessels with up to 217,000 m³ cargo capacity. The Sandia Report is based on consequences of LNG breaches, spills and hazards associated with LNG vessels having a cargo capacity no greater than 148,000 m³ and spill volumes of 12,500 m³. There remains some question as to the size of hazard zones for accidental and intentional discharges and the potential increased risk to public safety from LNG spills on water for larger vessels. Based on these existing uncertainties, Jordan Cove must either complete a site-specific analysis for the largest sized LNG vessel or limit arrivals to vessels with a cargo capacity no greater than 148,000 m³ until additional analysis addressing vessels with higher cargo capacities is completed. However, this requirement is contingent on the requirement for US Coast Guard approval to receive LNG tankers larger than 148,000 m³.

In the absence of the measures described in this letter and the resources necessary to implement them or changes in Coast Guard policy upon which the resource decisions are based, Coos Bay would be considered unsuitable for the LNG marine traffic associated with the Jordan Cove LNG Terminal. The applicant shall be required to submit an annual update to the Waterway Suitability Assessment to the Coast Guard which shall be revalidated by the COTP and AMSC. For further information, please contact Mr. Russ Berg of Coast Guard Sector Portland at (503) 240-9374.

Sincerely,



F. G. Myer
Captain, U.S. Coast Guard
Captain of the Port
Federal Maritime Security Coordinator

Copy: Thirteenth Coast Guard District (dp)
Coast Guard Pacific Area (Pp)
Commandant, Coast Guard Headquarter (CG-52), (CG-522), (CG-544)
Maintenance and Logistics Command Pacific (Sm)