

Liquefied Natural Gas Terminals: Another Sick Link in the Fossil Fuel Economy?

By Mina Hamilton

It's all in the name of making the US an energy exporter - using the extreme and environmentally destructive energy source, fracked gas. Eco-writer and longtime activist Mina Hamilton reveals the "brilliant tactic" that makes a mockery of the permitting process for natural gas exports...

It's a brilliant tactic, perfectly legal and makes a few tremendously wealthy guys even more so. Meanwhile, homeowners, small farms, schools, state forests, rivers and water supplies get trashed by high-pressure gas pipelines and multiple, highly-polluting compressor stations.

Here's how it works: A privately-held company hires high-powered lawyers for the extensive paperwork to get a liquefied natural gas - LNG - terminal and gas export application through US and/or Canadian regulatory agencies. These terminals are huge industrial complexes that liquefy natural gas by freezing it to 260 degrees F.¹

Meanwhile, because it's a company nobody has heard of, the application gets scant attention in the press or in the halls of government. Then, once the LNG terminal is approved, the privately held company sells out to one of the giant energy companies that can actually afford the multi-*billion* dollar price tag of building a LNG terminal. Next, the private held company dissolves and no one is the wiser. Or if they are wiser, it's too late in the regulatory process to stop the project.

This is exactly what happened a few years ago at KitimatLNG. Kitimat is located about 400 miles north of Vancouver on Canada's gorgeous and, until recently, pristine west coast. A small, privately-held company called GalvestonLNG, founded by energy-trader, Alfred Sorensen, was the holding company for KitimatLNG.

Over several years, Sorensen shepherded the project through the necessary environmental permits at the provincial and national government level - as well as snagging Haisla First Nation² approval for Kitimat.

¹This reduces the gas volume 600-fold, making it easier to store and ship.

² <http://www.albertaoilmagazine.com/2012/10/alfred-sorensen-and-canadian-spirit-resources-look-to-cash-in-on-an-lng-rush/>

Then in 2010, Sorensen sold his stake in GalvestonLNG to Apache Energy and EOG Energy³, both large publicly-traded energy companies. Later, the Apache stake was bought by Chevron. As of 2015, the Kitimat LNG project is owned by Chevron and Woodside Petroleum, Australia's largest LNG company.

GalvestonLNG was subsequently dissolved. Sorensen and his associates walked away with a tidy profit. It was a brilliant sequence of steps and all totally legal.

So why should citizens in the Northeast care about what happened over 3000 miles away back at the beginning of the twenty-first century?

Here's why: Since 2012 the same energy trader has shifted his focus from Canada's West Coast to its East Coast, specifically Nova Scotia. Alfred Sorensen is the founder and CEO of PieridaeEnergy, another privately-held corporation and the one planning to build the GoldboroLNG terminal in Nova Scotia.

PieridaeEnergy in its application to both Canada's National Energy Board and the US Department of Energy makes clear what pipeline critics have asserted all along: Its LNG facility will use gas from the US "sourced" via the Maritimes & Northeast pipeline. This is the pipeline that runs from Dracut, MA up to Baileyville, ME and on into Canada.⁴ It links up directly with two highly controversial proposed projects: Kinder Morgan's Northeast Direct pipeline and Spectra Energy's AIM-Atlantic Bridge pipeline.⁵

The company's applications to the US Department of Energy and three-person Canadian National Energy Board are still pending. Pieridae, however, has already received a thumbs-up from the province of Nova Scotia to build the Goldboro terminal. (No public hearing was deemed necessary, though an environmental assessment was prepared.)

A second example: On March 15, 2015 the US Department of Energy approved DowneastLNG's application to export gas from Passamaquoddy Bay in northern Maine for the next 20 years.⁶ Previously, in the summer of 2014, the Federal

³ EOG was formerly known as Enron Oil and Gas Company, owned by the legendarily corrupt Enron. When Enron imploded in 1999, Enron Oil and Gas declared its independence from Enron and took the name EOG.

⁴ https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90466/94153/552726/1059367/2433930/2431874/ieridae_NEB_Application_for_Import_and_Export_of_Gas_-_A3V2I4.pdf?nodeid=2432580&vernum=-2

⁵ <http://www.nofrackedgasinmass.org/> <http://sape2016.org/>

⁶ Previously, FERC had approved Downeast's application to build an LNGterminal in summer of 2014.

Energy Regulatory Commission had approved Downeast's application to build the DowneastLNG terminal.

Yes, Downeast is *another* privately-held corporation with Dean Girdis as its CEO. And where is Downeast's gas to come from? You got it - the Northeast Direct and the Maritimes and Northeast pipelines.⁷

So lets look in a little more depth at what is happening here.

First, there's the complete lack of visibility. Who has ever heard of, can remember, or even spell a name like Pieridae? Downeast is equally unmemorable.

Now imagine if a Chevron, an Exxon-Mobil or Royal Dutch Shell company had made these LNG applications? They could not run under the radar. Instead they would be smeared all over the media, day-in and day-out.

Not only are these privately-held companies obscure. Since they were created just a few years ago, there is no corporate history, no history of prior oil spills or natural gas explosions. Or history of questionable alliances with legislators, or examples of regulatory malfeasance.

In place of history, there's a blank. A blank tends to draw a blank.

Earlier this spring a team of six stalwart activists from Greenpeace boarded Shell Oil's drilling rig en route to the Arctic. A key aspect of the action was that everybody on the planet has heard of Shell. Given the name recognition, the protest grabbed instant media attention.

You can be sure the Greenpeace team is not ever going to board a PieridaeLNG gas storage tank. In fact, in all probability, if our hunch is correct, there will never be a PieridaeLNG gas storage tank.

The second key point: LNG terminals are exceptionally expensive to build. The price tag can range from \$4 billion to \$54 billion.⁸ How can a handful of albeit very-well-connected businessmen come up with all that financing?

Maybe, that isn't the plan. Indeed, it seems likely that the plan is for the bigger energy companies to step in and buy out these smaller fry - *after* the less well-known entities have gotten all the necessary permits.

⁷ The company website says it will "source gas at Wright, NY and transport it via existing pipelines through Canada to Maine or via the currently proposed Kinder Morgan NED project that would run from Wright to Dracut, MA." See <http://www.downeastlng.com>.

⁸ The Golden Pass LNG in Sabine, TX will cost an estimated \$10 billion "initial investment." In this case, Qatar Petroleum, ConocoPhillips and Exxon are sharing the tab. Chevron's GordonLNG project in Australia is expected to cost \$54 billion.

And, in fact, PieridaeEnergy's GoldboroLNG application repeatedly makes references to "as is typical for LNG projects, new partners will join as it progresses." Similar references are found in the Downeast application.

Here's another factor to consider: The US Department of Energy, the Federal Energy Regulatory Commission and Canada's National Energy Board must know that these applicants seeking permits to build LNG terminals lack both experience in constructing or operating LNG terminals and the financial resources to do so. They do not have the experience one would think such a highly complex and potentially dangerous industrial plant requires.⁹

Isn't that a bit strange?

Let's consider another dangerous energy source and its regulation, weak as it is. When a corporation wants to build a nuclear power plant it must go before the US Nuclear Regulatory Commission and prove its engineering credentials, safety records and economic bona fides. Although the NRC licensing process is deeply, deeply flawed, the applicant still has to have had some experience in constructing and operating a nuclear power plants.

It is unimaginable that the US Nuclear Regulatory Commission would give a license to a couple of energy traders to build a nuclear power plant.

So why should Sorensen, Girdis or any other group of wealthy businessmen get approval to build an exceptionally complex and potentially *extremely* hazardous industrial enterprise, a LNG terminal?

Shouldn't engineering experience be key in these permits?

Yet, according to the company website, Pieridae, which describes itself as an "infrastructure development company," has *one* engineer on its management team of eight.¹⁰ Of course, the Downeast's and Pieridae's of the world can and do hire experienced consultants.¹¹ That, however, does not adequately address the murkiness of the permitting process.

Is this a case of a nod and a wink? The Canadian Energy Board, the US Department of Energy, the Federal Energy Regulatory Commission and other official bodies know quite well that these applicants have neither the experience

⁹ In 2004 there was a vapour cloud explosion at a LNG terminal in Skikda, Algeria. Raging out-of-control for 8 hours, the conflagration killed 27 people and injured another 70. Just five years before the fire all safety systems at the plant had been upgraded by Halliburton, Inc. See Alexander's Gas and Oil Connections, April 14, 2004.

¹⁰ <http://goldborolng.com/project/management-team/> <http://www.downeastlng.com/teamstaff.php>

¹¹ In 2014, Pieridae hired the engineering behemoth, CB&I to do a FEED study on the construction of the Goldboro terminal. FEED stands for Front End Engineering and Design. And since it received FERC and DOE approval Downeast has added a number of partners to its Passamaquoddy Bay project.

nor money for construction of an LNG terminal. And these agencies also know that, therefore, there has to be a BIG CORPORATION or one or two waiting in the wings.

Recently we learned that on May 22, PieridaeEnergy received a partial permit¹² from the US Department of Energy to export natural gas at GoldboroLNG - all the more reason for an expedited investigation by concerned legislators.

Are the regulatory agencies simply choosing to look the other way in order to facilitate the build-out of the industrial infrastructure necessary for the US and Canada to become big natural gas exporters - as fast as possible?

It is a startling and alarming thought. Further inquiry is in order. Senators Elizabeth Warren, Edward Markey and Bernie Sanders -- are you there?

Mina Hamilton is a life-long environmental activist and writer. A co-founder and co-director of the Sierra Club Radioactive Waste Campaign and research associate at Radioactive Waste Management Associates, she served on the Board of Directors of GreenpeaceUSA. Her articles have appeared in Mother Jones, the Nation, the Progressive and the Village Voice. Her thanks for help with this piece go to: Jim Cutler of Pipeline Awareness Network of the Northeast; Ted Glick of Chesapeake Climate Action Network for editorial review; and Anna Gyorgy/WLOE internet project for final editing and distribution.

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¹² USDOE/FE order#3639