Gulf LNG to begin pre-filing review with FERC on potential $8 billion export expansion at Pascagoula terminal

gulf lng.jpg

Shown is Gulf LNG Energy's storage terminal as it was being constructed in Pascagoula. (File)

April M. Havens | ahavens@al.com By **April M. Havens | ahavens@al.com**

Email the author | **Follow on Twitter**

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PASCAGOULA, Mississippi -- Gulf LNG Liquefaction Co., which wants to add liquefaction and export capabilities to the $1 billion liquefied natural gas storage terminal in Pascagoula, received permission this week from the Federal Energy Regulatory Commission to begin its pre-filing review process.

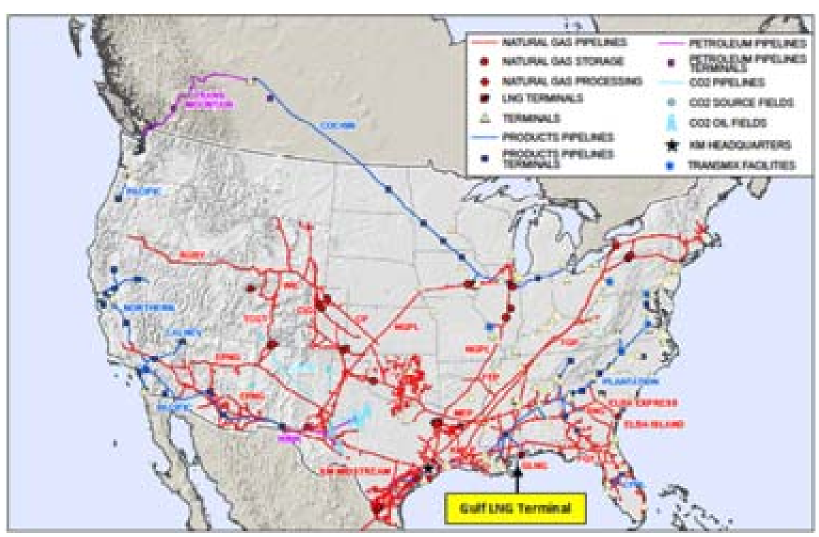
Simultaneously, Kinder Morgan **seeks permission from the U.S. Department of Energy to export natural gas to non-free trade agreement countries**, a request that is still pending.

GLLC and Gulf LNG Energy -- which owns the terminal -- are wholly-owned subsidiaries of Gulf LNG Holdings Group, which is held 50 percent by Southern Gulf LNG Co., a wholly-owned subsidiary of Kinder Morgan.

If the company gets permission to export LNG to non-free trade agreement countries and the project is approved, it could bring an $8 billion investment to the Pascagoula facility, said Richard Wheatley, a spokesman for Kinder Morgan.

The Pascagoula facility is now seventh on the Department of Energy's list of applications for LNG export to non-FTA countries, he said.

On Wednesday, FERC sent a letter to GLLC saying that "beginning review of this proposal prior to the receipt of your application will greatly improve our ability to identify issues early and address them in our environmental document."



The permission was granted in response to a May 9 correspondence from GLLC that provided supplemental information to the company's original request to initiate the pre-filing, which was filed Dec. 5, 2012.

GLLC plans a two-phased project to install natural gas processing, liquefaction and export facilities at the existing terminal on a 33-acre site on Bayou

Casotte, and the upgraded facility would have a total capacity of up to 10 million tons per annum.

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The proposed facilities would be situated on an adjacent site of about 50 acres, which would be leased by GLLC, and would include two liquefaction "trains," or the processing equipment used in converting natural gas to LNG.

Each train would cost about $4 billion, Wheatley said.

"We've begun work on front end engineering and design," he said. "That started in April."

The project would require new or additional in-tank pumps, piping modifications, and valves and control systems to provide for bi-directional operation and tie-ins to the new facility, among other work, the company said in its filing.

Upon completion, the facility will continue to be able to import LNG and deliver vaporized LNG to the existing pipeline.

An updated timeline of the project says the company intends to submit its full application to FERC next April.

"When GLLC files its application with the commission, we will evaluate the progress made during the pre-filing process, based in part on our success in resolving the issues raised during scoping," FERC said in its letter. "Once we determine that your application is ready for processing, we will establish a schedule for completion of the environmental document and for the issuance of all other federal authorizations."

The company projects that the National Environmental Policy Act document would be issued by February 2016, and construction would begin in June 2016.

The first phase, or "train," would be in service by late 2019, the company said, and the second phase would be in service by mid-2020.

George Freeland, executive director of the Jackson County Economic Development Foundation, said Thursday that "we have to be very careful to manage our expectations and appreciate the fact that this is a long process."

But, he said, "we are cautiously optimistic about the notion of an $8 billion capital investment, and we are optimistic about the broad range of economic development impacts to the port, the community and the region."