

# EPA waives oversight of proposed LNG terminal

**Also, the Environmental Protection Agency says the proposed liquefied natural gas terminal will be exempt from California smog laws.**

**By Hans Laetz / Special to The Malibu Times**

**2/8/06, page 1.**

<http://www.malibutimes.com/articles/2006/02/08/news/news6.txt>

Government approval for a floating liquefied natural gas terminal to be located 13.8 miles off the Malibu coast may be closer, as a result of a U.S. Environmental Protection Agency decision to waive EPA safety and operational oversight of the project.

But the decision by the EPA was delayed for several months because BHP Billiton officials submitted a wrong location for its floating Cabrillo Port facility, an apparent engineering gaffe that project opponents said shows the company cannot be trusted.

In a written finding made November, but only released last week, the EPA also declared that the facility off Malibu will be exempt from California smog laws because it would be anchored more than three miles offshore. Local regulators had considered the LNG terminal within the South Coast Air Basin because it sits between the mainland and Channel Islands, in an area considered air-polluted by the state.

"Based on the new documents, we're definitely looking into all of the air quality issues raised by this project," said Alicia Roessler of the Santa Barbara-based Environmental Defense Center.

In a decision dated Nov. 5 of last year, an EPA official in San Francisco said that agency would not require Billiton to file extensive risk management, accident prevention or cleanup plans. Rather, the EPA said the U.S. Coast Guard should oversee all safety aspects, and said EPA would "like" Billiton to voluntarily adopt safety industry written safety guidelines similar to offshore oil rigs.

The EPA also ruled that predictions for any accident at the site can rely on a scenario of any mishap that is "most likely" to occur, instead of the far more serious "worst case" scenario planning. The agency also allowed Billiton alone to make those predictions, instead of the outside safety agencies that LNG opponents were urging to be considered.

Opponents have said the possibility of a catastrophic failure of an LNG terminal could spread huge amounts of concentrated methane gas, which would need to disperse over several miles before mixing with enough oxygen and then encounter a source of ignition to cause a catastrophic fireball.

But while backing off regulating the LNG terminal regarding air pollution and accident issues, the EPA said it "would like to see BHPB voluntarily adopt" industry standard safety and operational rules. And the EPA asked the Coast Guard and Department of Transportation to enforce safety rules at the LNG terminal, even as the EPA bowed

out of enforcing the Clean Air Act's requirements.

At issue are smog emissions from boilers aboard Billiton's proposed 11-story-high floating LNG receiving terminal, which the company wants to permanently anchor near Malibu's western end. Although natural gas is commonly viewed as a clean fuel, opponents of the project point out that the terminal's vaporization of LNG into natural gas will send 261 tons of smog-producing petrochemicals, nitrites, sulfides and ammonia into the air just upwind of Malibu annually.

Although Ventura County officials have raised no objections, their counterparts in Los Angeles and Santa Barbara counties have expressed concern that their air basins, already severely polluted, will be further degraded by the hundreds of tons of smog-producing chemicals from a new factory ship sitting just offshore and upwind.

Santa Barbara County Air Pollution Control District officials pointed out last year that the construction project alone would add 450 tons of nitrous oxide pollution to the local air, and said Cabrillo Port's environmental impact report, which categorized this pollution as "minor," is "not supported by the evidence."

"If that project were [under] our jurisdiction, we would regulate it under our regulations book," said Peter Cante, manager of the Engineering and Compliance Division of Santa Barbara County APCD.

Although EPA officials claim the project is exempt from smog rules because it sits outside state air basin boundaries, environmentalists said the federal Deep Water Port Act requires the EPA to apply and enforce the air pollution rules of the nearest state.

Part of the delay in issuing the EPA findings was blamed by federal officials on inaccurate locations given by the company's engineers for the floating terminal.

In Houston, Billiton spokesman Patrick E. Cassidy said the concerns raised by the EPA waivers may be addressed next month, when a revised federal/state environmental impact report is released after 13 months of delay caused by an incomplete application filed by the Australia-based company to use federal and state property for their project. If not, he said he would "revisit" the issue then.

"We are confident that when the full details of the Cabrillo Port project are known and understood, people will appreciate the project and the benefits it will bring to the communities of Southern California," Cassidy wrote in an e-mail.

And in a development on the other side of the globe that could reduce Washington's support for the Malibu LNG terminal, BHP Billiton has been implicated in an Australian scandal involving alleged kickbacks paid to Saddam Hussein during the American-led trade embargo before the Iraq War.

Australian newspapers have reported that two Billiton officials allegedly conspired in 1995 to export \$5 million worth of Australian wheat past the American-led international trade sanctions against Iraq, and pay Hussein kickbacks. In return, Billiton hoped to get Hussein's permission to explore for oil in Iraq.

The company has told Californians it is a reliable energy supplier as it campaigns for approval of the Cabrillo Port project, which is worth \$15 billion in future gas income

to the Canberra government. The Australian government has heavily lobbied Washington and Sacramento officials to approve the Billiton project, stressing its support for America in the Iraq War.