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BHP may miss gas approval target as celebrities protest

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Sydney: BHP Billiton will probably miss a 2006 target for California to approve an \$800mn natural gas terminal as celebrities including James Bond film actors Pierce Brosnan and Halle Berry campaign against the project. BHP, the world's biggest mining company, no longer expects Governor Arnold Schwarzenegger, a former Hollywood star, to clear the venture this year, spokeswoman Kathi Hann said last week.

The final environmental report by regulators hasn't been completed, she said. Oscar winner Tom Hanks, rock musician Sting and supermodel Cindy Crawford are among campaigners objecting to the plant because of concern about safety and the potential for terrorist attacks.

BHP needs the Cabrillo Port terminal to take liquefied natural gas from fields in Asia Pacific and plug a forecast shortage in California, the world's fifth-largest economy.

"In Malibu, you have a community that frankly doesn't want anything within eyeshot of their coastline," said Michael Zenker, senior director of North American gas research Cambridge Energy Research Associates. "From that standpoint, the Cabrillo Port project is a particular challenge."

Charlize Theron, Martin Sheen, Cher, Olivia Newton-John and Daryl Hannah are among celebrities that have joined Brosnan's campaign.

LNG is natural gas cooled to a liquid, reducing it to one-six-hundredth of its original volume, for transportation by tankers. On arrival, it is turned back into gaseous form for delivery through pipelines to users such as power stations, factories and households.

BHP's terminal "will be the length of three football fields, 14 stories high and will receive, store and process LNG, a highly flammable substance," Brosnan says in a letter on his website. It "poses significant and potentially irreversible negative impacts to our coast, our environment and to the health and safety of our families."

California needs to replace declining supplies through pipelines from its own fields and from Canada. BHP wants to build the state's first LNG terminal to import 800mn cu ft of gas a day, meeting 13% of the requirements in the largest US state economy.

California already imports about 86% of its gas.

LNG's share of US gas supplies is expected to surge five-fold by 2025 as domestic production levels off, James Slutz, deputy assistant secretary, oil and natural gas, at the US Department of Energy, said in June.

In August 2003, when BHP announced plans for Cabrillo Port, it expected to get primary approvals by the end of 2004 and to start operating the terminal in 2008. More recently, the company expected a ruling this Northern Hemisphere autumn.

After more than three years in the approvals process, BHP now expects the decision to be delayed to the first quarter next year as the Californian State Lands Commission and the US Coast Guard and Maritime Administration are yet to complete their environmental report, BHP's Hann said in a phone interview.

The celebrity protest is a case of "Not In My Back Yard," she said. "If these protesters were really concerned about the environment, they would be

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going to protests in Long Beach and Baja California and everywhere else where projects like ours are being proposed,” Hann said.

Mitsubishi Corp is proposing a gas import terminal in Long Beach, while Sempra Energy, owner of the largest US gas utility, is set to be the first company to import LNG into California, through its Costa Azul terminal being built in Baja California, Mexico.

Excelerate Energy and BHP’s smaller oil and gas rival Woodside Petroleum Ltd are also proposing projects in California. Terminals on the Pacific coast of North America will enable imports from Australia and Asian producers.

“There have been plans to import LNG into California since the 1970s but none has come to fruition,” said Frank Harris, global co-head of LNG at Wood Mackenzie Consultants Ltd in Edinburgh. “When you get the Hollywood celebrities jumping on the bandwagon it can’t be a good thing for the project. It will have an influence on public opinion.”

Brosnan, his wife Keely Shaye, and celebrity supporters joined in a “paddle-out protest” last month where hundreds of surfers paddled out on surfboards to form a giant circle with a diagonal line through it, the universal symbol for “no.”

The involvement of the stars boosted publicity for a two-year-old anti-terminal campaign by people in Oxnard, along the coast from Malibu, said Susan Jordan, a spokeswoman by California Coastal Advocates.

“The governor uses his celebrity wherever he goes, so I think this has levelled the playing field,” Jordan said in an interview. “It’s peers talking to peers. This is a big decision, it’s going to be on his watch and he’s got to be extraordinarily careful that he makes the right one because it’s going to last for decades.”

Schwarzenegger, in response to the protests, said he hasn’t made any decision on the project. – Bloomberg



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