



Transcript of Video Interview with Don May re LNG, recorded August 2006.

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Interview with Don May re LNG

Janet Bridgers (JB)): Hello and welcome to *Heroes of the Coast*, the program that brings personal insights and stories and up-to-the-date issues on what's happening with the coast. I'm very pleased to have again as our guest, Don May. Don May is executive director of Earth Corps.

DM: Thank you very much. Delighted to be here.

JB: Thank you, Don. We're going to be talking today about liquefied natural gas or as it is euphemistically called, LNG. What do you remember about the first battle or effort to site an LNG terminal in California?

DM: I don't know if it was the first battle, but it was the first one that I was involved with was the plan to put one in San Pedro, quite some time ago. And the battle was before the Coastal Commission and the Coastal Commission rightly recognized that on top of an earthquake fault, close to a center of population, was, with regard to all the safety issues, perhaps not the best place to put a plant. So it was largely the Coastal Commission that had killed that plan. But it was also clear that they had to put an LNG...or at least it was felt that an LNG facility might be needed at some point somewhere on the coast, to which a lot of the coastal commissioners, Dr. Fay said, "well, perhaps we should put it at San Onofre. That's supposed to be the safest place, where the nuclear power plant is."

And the commission did a study and San Onofre was indeed one of the locations looked at, but it was felt that perhaps one of the best places would be at Pt. Conception. And, of course, there was forthwith a proposal to put it up there. And there came together three groups—my group at that time was Friends of the Earth—that was an opponent, as was Hollister Ranch, which...whose land would be taken, and because it was a Native American grave yard, AIM (American Indian Movement) was involved. And I have to tell you when we eventually got into some litigation with those three parties, which was rather interesting, with Hollister Ranch and...

JB: Strange bedfellows.

DM: In fact, one particular sweat that we were doing, banging on the drums and singing, and doing a sweat, and in the midst of everything, this is with mostly AIM folks, John Trudell and Dennis Banks, and the whole gang were there, folks who have since become well known, and someone came running in and said, "Dennis Pelletier has escaped from Lompoc," which was almost..."oh, my God, I'm going to visit Wounded Knee all over again. We're going to be in a shoot-out." And, of course, that didn't happen. And litigation...things fell apart, not because of what we were doing, but because of the price of gas dropped down so the project was not feasible.

And there's been a number of others since, up to and including today.

JB: And now I want to talk about the one that happened about the year 2000 – 2001 at Oxnard. And people who know a lot about Ormond Beach credit Earth Corps with having been in the right place and the right time to save Ormond Beach, which what happened with the Occidental Petroleum proposal.

DM: That's exactly the right way to characterize it because we have ended up being the custodians of some wetland mitigation funds, from San Onofre in fact. And early on, Southern California Edison had asked us if we would like to have a large chunk of Ormond Beach for restoration as a settlement. And there were a lot of reasons, mostly having to do with liability for waste problems that are up there that led us not to do that, but we did maintain the right of first refusal should anyone...

And we got a phone call that said...

JB: Your organization had the right of first refusal?

DM: Yes. And so we got a phone call saying, "well, the time has come and someone's looking to buy this land." And I said, "gee, who is that?" And they said, "well, it's Occidental that wants to put an LNG facility there." And so I said, "well, it sounds like we better step up..." And I should say also, we were...came up with a third of the price, \$9.7 million, and we came up with a little over \$3. And the Coastal Conservancy put together the rest of that. So it wasn't us by ourselves, but we did happen to have the cash at the right time, plus the ability to step in and buy it. And yes, that was the end of Occidental's proposal.

JB: And it was the first piece of land purchased for public ownership...

DM: At Ormond Beach, that's correct. That's correct.

JB: Well now LNG is back. And with a vengeance, it seems. I've heard that there are 43 proposals nationwide for LNG terminals. Currently, there are four that exist. None of them are on the West Coast, and one of them is proceeding toward completion in Mexico.

DM: Yes.

JB: What is your insight into all of this activity at this time? Is it the price of gas? Is there really a shortage? Is demand up? Or is it a plot?

DM: Well, first of all, in terms of "does California need it?" And in fact, California has in place long-term solid contracts for the next 20 years. So California, the state, does not need additional supplies. That being said, 80% of does come from out-of-state. And even you may have a fir contract, things can happen.

Nationally, well, we do of course need...there is a shortfall. But there's lots of gas around. The problem is that all of it comes with negative environmental impacts. I think it's a horrible thing

that's taking place right now up in the Powder River, with the loss of beautiful, beautiful land to gas production. And, in fact, where we have historically been at odds with the grazing leases and that, all of the sudden we find that the ranchers are our allies, because of what the production of the gas and the sour water sulfur is doing to range land and water and making the land unfit either for recreational area or for cattle.

And that holds true whether you're talking about coal gas, IGCC...there's a lot of different sources of gas, but they all have a price to pay environmentally. That's the reason that we look to conservation as the most immediate and best alternative. All that being said, of course, there are a lot of other folks who look at a number of sites up and down the coast, and what has stopped them, mostly, whether it's at Mare Island or Eureka, has been public outcry. When the Eureka City Council has 5000 people show up, pounding on the tables, screaming that this is not where it goes, that was the end of Eureka. And similarly in Mare Island. For whatever reason, if it's...

JB: Were those both onshore facilities?

DM: Yes.

JB: So now, the ones that are in the pipeline, the one in San Pedro, I mean in Long Beach, is an onshore facility, and there are two and going toward three in Ventura County that are off shore.

DM: And Woodside, which is offshore of Long Beach.

JB: Oh, they have another one offshore of Long Beach? Well, I can't keep up, Don.

DM: It's tough.

JB: Where are we at with the one in Long Beach?

DM: In a lot of difficulty. We were early intervener in the front of the California Public Utilities Commission...actually not an intervener because we hadn't gotten Mitsubishi to file yet. They claimed that they were dealing with the federal government with Federal Energy Management Agency and didn't have to apply to California. We disagreed and joined the Public Utilities Commission in five, six, seven other states...there were quite a few states as well that opposed the idea of a federal preemption.

And under the Natural Gas Act, it clearly allows federal control over the receiving facilities, but this is not just a terminal. This is also a refinery, as opposed to every other place in the world which receives or produces a specified gas—gas which is refined at the well head—for delivery to a particular location. This...they seek to open a new market by accepting anyone's gas. We'd get the dregs, not only in terms of gas, but in terms of the ships that would come into Long Beach. Most importantly, the gas would not meet the 1000 BTU standard for California gas. It would be a lot hotter, as they say. That is to say, have more long-chain hydrocarbons in there, burn hotter, so it would have to be refined. Plus most of that gas is very high sulfur. So we'd have to strip the sulfur out, strip out the butane, the propane, the ethane and the other constituents.

Ordinarily, at a well head, where you do that sort of thing, it typically requires 250 or more acres. One of the big sites, one of the big problems is a site problem. They're jamming all of this, not only the terminal, and the refinery, and the distribution facility all onto a 20 acre site. It's very very packed. And in FERC and their proceedings, one of their big problems is how you get so much stuff on such a tiny area.

It's also, because there are other users on Pier T in the Port of Long Beach, it has some unique exposure to evildoers that could get entry to the facility. And that gives a problem. In order to use that site, they have to demonstrate they have control over it. One of the others that's on that Pier T is British Petroleum (BP). And I don't see how BP is going to give a rival, Conoco Phillips, who is a partner in the Long Beach control over their personnel and who has access to Pier T.

There are the original problems that lead the Coastal Commission to turn this down to begin with. It has to do with being very close to a center of population, to Long Beach and Wilmington, and also right on top of not one, but two major earthquake faults, the second and fourth—what they call—most-capable faults run...the site is between them, where there is a focusing. And not only that, directly under it is a thrust fault, which has vertical acceleration, which runs between those two. What is the likelihood of an event? Our consultants and Mitsubishi's consultants basically used the same data, and came up with the same predictions, that the likelihood of a quake that would exceed the design capacity of the facility is someplace...the 50/50 chance is someplace between 10 and a 150 years.

JB: How long is this facility designed for?

DM: Oh, at least 30. They have said, "well, that's not quite true. The Inglewood/? Fault, they're looking at something...the last time that it erupted there was 10,000 years ago. You're looking at a long time. But the new studies that are out don't agree with that. So we think that the seismicity, the seismic safety, is the main issue. Any way, whether it's by an accident, whether it's by an evildoer's action, or by a seismic or tsunami or other natural events, the vulnerability of these two large tanks—85 million gallons of liquid—lot big tanks! Should they both or either crack, release their contents, and there is a containment berm, as required by state law, the inevitable thing would be a pool fire, as it's called. It would be a column of fire, and at a distance of about a mile and half would be a minimum of 1000 degrees. That's the ignition source, and the refineries and storage tanks and all the rest.

JB: So how could it possibly be proceeding?

DM: Because under the Natural Gas Act, they claim that this was exempt from local and state control, federal preemption. And the federal government is not nearly as concerned about potential issues like the safety of the residents of Long Beach.

JB: And what is the reaction, the local reaction? Are you getting out?

DM: Well, we have...Mitsubishi has spent an awful lot of money in town and have made large donations to all the charitable groups, and have been around working the home owners' associations with "how safe this material is."

You know, Janet, it's...worry about how much gasoline we have around, and refineries and that sort of thing. And we haven't had a lot of problem. But we've had some. We've had very bad refinery fires and explosions. We've had tankers blow up in the harbor and threw rivets as far away as two miles into the downtown San Pedro. We've had a TFX plant that had a distillation column much like would be used to separate out the different gases that caught fire and took off like a king-sized rocket. We've had a lot of problems in the port, and just because things tend to go well most of the time doesn't mean that we don't have some large problems from time to time.

And if you look at LNG, one thing that hasn't changed since I worked with it back in the early 60s, is it's an ignition source. Everybody who works around LNG, whether it's Long Beach and other cities that use LNG engines in their trash trucks, or freight operators, all of them have problems with fires all the time. It's cold—263 degrees minus—metals shrink when you put the cold liquid into any kind of a container, they leak. Teflon O-rings cold flow. (?) You have little leaks all the time and they catch fire all the time. If you look at the current design...last time I was allowed to look at it, there were 88 items left on the punch list that had to be cleared. All but three of those items was about where the drip pans go, and how do you collect the gas that comes off, to try and contain all of this safely within that 20 acre site so it doesn't ignite things outside of it, except British Petroleum, which is expendable of course.

JB: Well, the similarity to what you're saying about Mitsubishi in Long Beach is that BHP Billeton is also spending millions and millions of dollars in Ventura County to try to get their offshore facility approved. BHP Billeton's EIR is out and will be having hearings very soon, as we tape this show. Is the EIR out for the one in Long Beach?

DM: Yes, it is. But it's a little different, because in Long Beach, exempt from all state law including CEQA, including the Coastal Act, including the Public Utilities Commission, all of these agencies. The Coastal Act, for instance. Even though the Coastal Commission has no authority under the Coastal Act over this, they do have authority under the National Coastal Zone Management Act, but that's not nearly as strong. In order to find consistency with the National...if they disagree, and don't find consistency, it doesn't block the process. It triggers a long and ponderous resolution mechanism. The Coastal Commission has a lot of its...it's very limited in what it can do and it cannot deny a project, nor can any state agency. Under NEPA, it is quite a bit different, as I understand it, that you don't have to take the environmentally least damaging proposal. You don't have to do the same kind of mitigation. You can't hold things up and require mitigations and issues to be resolved under NEPA. Our attorneys have said it's a much tougher row to hoe.

And we lost in court, not only ourselves, but lead by the CPUC, lead by a splendid job done by the attorney general's office, we had expected to prevail and this resolution would be done before state agencies. That's not what happened. And just because they feared we had a really

strong case with the Energy Act of 2005, specifically preempted all of those, so even had we won in court...

JB: Specifically...

DM: Yes, federally preempted.

JB: So with the Ventura project, the biggest impacts on the environment are air pollution. Would you say that's the same with the Long Beach project?

DM: It's particularly true here because one of the things all of the LNG carriers currently use diesel, use bunker oil, which is high sulfur. So you're looking at over 1000 lbs. of sulfur introduced into the South Coast Air Basis, already a non-attainment area in sulfoxides. And that's the largest new source of sulfur to the South Coast Basis, just from the ships that would be coming. Plus you have the distillation column which strips out the sulfur that's in the LNG itself. And if you look, the other one I'm familiar with is Standard Oil's El Segundo Refinery that has a low sulfur oil production facility that strips sulfur out, and that has very high emissions. All of that, particularly with regard to sulfur, makes the Long Beach proposal particularly bad. Well, we have the same problems right now. The biggest problem with sulfoxides that coastal cities have comes from passing ships. And putting, whether it's at Billeton or the other sites, you would still have a problem with the additional ships coming and the additional sulfur being generated.

JB: Do we have any leverage anywhere?

DM: I would hope so, particularly with the offshore facilities, there are a number of...and they're overlooked by the Coast Guard being the lead agency, and it's a different set of rules there, and yes, I think there's a much stronger case for regulation offshore. Onshore, they still have three of the 88 issues they have to solve...there's three big ones—the site, how do you cram so much on that small site; 2nd, the seismicity—how do you deal with the fact that the probability is that you will have a quake greater than their design capacity of the plant within its lifetime; and third, of course, the safety from evildoers, and this is something that people have to take particularly, the Port of Long Beach and Los Angeles, both are named as some of the main target areas, and you don't have to be an expert to visualize a whole lot of ways it would...with a shotgun, there are things you could do that would really frighten a lot of us that would be almost impossible to preempt.

That being said, there are still some handles that the City has...

JB: We're going to have to cut it off at that. I'm going to ask people to contact you. How should they contact you to participate?

DM: The easiest way is to my email address – earthcorps@earthlink.net

JB: Thank you viewers for joining us. earthcorps@earthlink.net Come back next time.[end of interview]

