

 **THE PORT OF
LONG BEACH** NEWS RELEASE

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**LNG TERMINAL PROJECT MOVES AHEAD
New Source of Natural Gas Could Ease Consumer Prices****May 20, 2003**

The Long Beach Board of Harbor Commissioners voted Monday, May 19, to approve a Letter of Intent that provides a subsidiary of Japan-based Mitsubishi Corp. with the exclusive right to pursue development of a \$400 million liquefied natural gas terminal (LNG) on Terminal Island, the first such facility on the West Coast.

Sound Energy Solutions, a Mitsubishi subsidiary, has a proposed an LNG receiving terminal and re-gasification facility on 27 acres of land at Pier T Berth 126, an area also known as Pier Echo. The proposed terminal would handle the equivalent of 68.3 million barrels of LNG a year. Most, if not all of the natural gas would be distributed in Southern California.

“The proposed terminal would provide Long Beach and the region with a cost-competitive alternative source of natural gas, while creating additional jobs and revenues at the port,” said port Executive Director Richard Steinke. The City of Long Beach currently relies upon gas supplies imported from Texas and New Mexico.

An LNG terminal also would facilitate the “re-powering” of diesel-powered heavy-duty vehicles such as port terminal tractors and other vehicles. LNG is natural gas cooled to a liquid state at minus-260 degrees Fahrenheit to reduce the volume for shipping.

With approval of the Letter of Intent, Sound Energy Solutions (SES) will seek approval from the Federal Energy Regulation Commission, which will study the environmental impact. FERC’s review is expected to take about two years.

Construction, which is expected to take about two years, would begin if FERC approves and issues a permit. The port would be responsible for demolishing structures and construction of a new wharf. SES would build the terminal, including two 160,000-cubic-meter storage tanks, the re-gasification facilities, and delivery and unloading equipment.

SES would operate under a 40-year lease that calls for the Mitsubishi subsidiary to pay the port an estimated minimum of \$3.7 million a year, based on projected LNG volumes.

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