BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

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IN THE MATTER OF: : Project Number:

JORDAN COVE LNG PROJECT : PF06-25

AND PIPELINE : PF06-26

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Umpqua Community College

Campus Center Dining Room/

Timber Room

1140 Umpqua College Road

Roseburg, OR 97470

Monday, July 10, 2006

The above-entitled matter came on for scoping meeting, pursuant to notice, at 6:35 p.m.

BEFORE:

PAUL FRIEDMAN, FERC

P R O C E E D I N G S

(6:35 p.m.)

MR. FRIEDMAN: Good evening. My name is Paul Friedman. I work in the environmental branch of the Office of Energy Projects at the Federal Energy Regulatory Commission. We often abbreviate that as either F-E-R-C or FERC or just call it the Commission.

This is a public meeting hosted by the FERC to discuss the environmental issues relating to the proposal by Jordan Cove Energy Project, LP -- we'll simplify that and call it just Jordan Cove -- to construct and operate a liquified natural gas import terminal with -- liquified natural gases abbreviated as LNG in Coos Bay, Oregon under FERC Docket No. PF06-25 and a proposal by Pacific Connector Gas Pipeline LP, which I'll shorten to just Pacific Connector, to construct and operate a 223-mile long, 36-inch diameter natural gas, steel send-out pipeline from the Jordan Cove LNG terminal to an interconnection with Pacific Gas and Electric, better known as PG&E, at the California state border. That's under FERC Docket No. PF06-26.

I am the environmental project manager for the FERC on this project. On behalf of the FERC, I'd like to welcome you all here tonight. Let the record show that this meeting began at approximately 6:35 p.m. on Monday, July 10, 2006. This meeting is taking place at Umpqua Community

College in Roseburg, Oregon.

You may have noticed that a court reporter is transcribing this meeting. This is so that we can have an accurate record of tonight's comments. The FERC has a transcription contract with Ace-Federal Reporters, Inc., better known as Ace. If you wish to obtain a copy of the transcript prior to its placement in the public files, you must make arrangements directly with Ace. They sell copies at $9.70 per page for same day service, $3.18 a page for overnight, $3.08 a page for next day, $2.02 a page within five days of this meeting. This transcript will be available to the public at the FERC public reference room in Washington, D.C. at 25 cents a page 10 days after its receipt from Ace.

My goals tonight are as follows, I'd like to take this opportunity to introduce myself and the FERC environmental project team, including our third-party contractor. I'd like to explain the role of the FERC in its review of this project. I'd like to summarize what's currently known about the proposals and I'd like to give you, the public, an opportunity to comment on the project and identify environmental concerns. I ask that you reserve all comments until after I've spoken and called individual speakers up to the microphone later in this program.

(Slide.)

MR. FRIEDMAN: The Federal Energy Regulatory Commission was originally created in 1920 to regulate hydropower and electricity and was known as the Federal Power Commission until 1977 when it was reorganized as an independent agency within the U.S. Department of Energy by President Jimmy Carter. Our agency is directed by five commissioners who are appointed by the President of the United States and are approved by the U.S. Congress.

The Natural Gas Act, also abbreviated as NGA, of 1938 gave the Commission the authority to regulate the interstate transmission of natural gas. The FERC staff are civil servants. We do not make decisions. The commissioners do that, but staff make recommendations to the commissioners.

(Slide.)

MR. FRIEDMAN: Let me introduce to you the people from our project team who have joined me here tonight. First, in the back is Kara Harris. Kara, can you stand up? Kara works with me at FERC. She is a soils scientist and she is part of the multi-disciplinary team that we put together to work on creating an environmental impact statement for this project.

Next to Kara is Andrea. Andrea works at TetraTech, which is our third-party environmental contractor, along with John Scott up here running the slide

show. Third party contractors are typical in government service that's an extension of the FERC staff to, again, help us write an environmental document.

(Slide.)

MR. FRIEDMAN: While the FERC is the lead federal agency for this project, we are not the only agency which must approve the proposal or issue a license or permit for its operation. For example, the U.S. Army Corps of Engineers would issue a permit under the Clean Water Act and the Rivers and Harbors Act. The United States Coast Guard would issue a letter of recommendation indicating if the waterway is suitable for LNG ship traffic. The Corps of Engineers and the Coast Guard have both agreed to be cooperating agencies in the production of the EIS for this project.

The U.S. Bureau of Land Management or the BLM will also be a cooperating party. The BLM, along with U.S. Forest Service would issue right-a-way grants to allow the pipeline to be built across federal lands. The U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, the National Marine Fishery Service and the Department of Energy have also been asked to be cooperating agencies in the production of the EIS.

The Forest Service and EPA have both indicated that they intend to be cooperating agencies, while National

Marine Fishery and the Oregon Department of Energy have declined our invitation. However, they can reconsider at any time during the FERC's pre-filing review process.

(Slide.)

MR. FRIEDMAN: Both the Fish and Wildlife Service and the National Marine Fishery Services are agencies that have to be consulted when the FERC considers potential impacts of the project on federally-listed, threatened and endangered species under the Endangered Species Act. The Oregon Department of Energy has been designated by the governor of the State of Oregon as the appropriate state agency to consult with the FERC on safety considerations regarding Jordon Cove's proposed LNG terminal according to the Energy Policy Act of 2005.

I'd like to point out that the FERC nor any of the other federal agencies involved are project proponents. We do not advocate this project. The location of the LNG terminal by Jordan Cove and the location of the send-out pipeline by Pacific Connector were their ideas. They merely present proposals to the FERC and we review them as a independent agency.

(Slide.)

MR. FRIEDMAN: Now I'd like to summarize what I know about the proposals by Jordan Cove and Pacific Connector.

(Slide.)

MR. FRIEDMAN: Jordan Cove proposes to construct and operate an onshore LNG import terminal on the bay side of the north spit of Coos Bay in Coos County, Oregon about seven miles up the Coos Bay navigation channel.

(Slide.)

MR. FRIEDMAN: LNG is a liquid created by cooling natural gas, which is a vapor made up mostly of methane, to about minus 260 degrees fahrenheit. This reduces the volume of the gas 600 times as a liquid. This transformation is done at liquification plants located around the globe.

(Slide.)

MR. FRIEDMAN: That's a picture of a liquification plant in Alaska. That's where they turn natural gas into LNG. There are currently 12 LNG exporting countries, including the United States.

(Slide.)

MR. FRIEDMAN: Those countries painted in red are LNG exporting nations. The United States currently gets almost 90 percent of its imported LNG from Trinidad, Tabago in the Caribbean. That's where the little box is drawn. LNG can be transported long distances across oceans in specially designed ships.

(Slide.)

MR. FRIEDMAN: LNG is not a new technology.

There have been LNG plants in the United States since the 1940s. There are currently 96 existing LNG storage facilities in the United States. We call these "peak shaving" plants. There are three peak shaving plants operating in the Pacific Northwest, in Oregon and Washington. Now those are storage facilities. There are four existing onshore LNG import terminals in the United States. They were all built in the 1970s. One is in Massachusetts. One is in Maryland. One is Georgia and one is in Louisiana. There is one LNG import terminal operating offshore in the Gulf of Mexico and it began operation last year.

(Slide.)

MR. FRIEDMAN: Over the past couple of years there have been a plethora of new proposals. These are shown on this map. Some of these are real and some of these are the imagination of the project developers. But FERC has authorized 11 new onshore LNG import terminals at Cameron in Louisiana; Freeport in Texas; Chenier Sabine in Louisiana; Weaver's Cove in Massachusetts; Exxon-Mobil Golden Pass in Texas; Chenier, Corpus Christi; Vista Del Sol in Corpus Christi, Texas; Engleside Energy in Corpus Christi, Texas; Sempra Port Arthur in Texas; Crown Landing in New Jersey; and Creole Trail in Louisiana. Five of these newly authorized LNG import terminals are currently under

construction at Cameron, Freeport, Sabine, Golden Pass and Chenier, Corpus Christi.

While the FERC is the lead federal agency for authorizing
on-shore import terminals for LNG, there are a number of off-shore LNG import terminal proposals that would come under the Deep Water Port Act, which is reviewed by the U.S. Coast Guard and the U.S. Department of Transportation. Those would be the blue things you see off the coast.

(Slide.)

MR. FRIEDMAN: That's a picture of the Jordan Cove proposed facility. The Jordan Cove LNG import terminal would occupy about 170 acres within a tract of about a thousand acres that the international port of Coos Bay or "the port" for short would acquire from Weyerhauser and leads back to Jordan Cove. According to Jordan cove, it would be the Port in coordination with Corps of Engineers who would dredge a 1700 foot diameter turning basin in the channel just south of the existing Roseburg wood chip facility and you can see the existing wood chip facility where the ship is docked. The Port would also dredge an adjacent upland to create a multi-user slip. The LNG import facility would be designed to handle about 80 LNG ships per year sized between 89,000 and 160,000 cubic meters in capacity.

(Slide.)

MR. FRIEDMAN: There is an artist rendering of what the LNG import terminal would look like after it was completed. Jordan Cove would construct an LNG unloading system at the berth consisting of three 16-inch diameter unloading arms and one vapor return arm and a 2600-foot long 36-diameter cryogenic unloading pipeline from the dock to storage tanks. There would be two full containment LNG storage tanks, each with a capacity of 160,000 cubic meters or a little over one million barrels. The LNG would be vaporized through six submerged combustion vaporizers and sent out through an associated needling facility with a capacity of about one billion cubic feet of natural gas per day.

Also, within the LNG terminal would be a natural gas liquids or MGL facility with the MGLs sold to a third party and removed from the terminal via the railroad. In addition, Jordan Cove would build a 37 megawatt natural gas-fired electric generation plant on its property to supply electricity to the terminal and provide raised heat which could be used in the LNG vaporization process.

(Slide.)

MR. FRIEDMAN: The natural gas will be transported to the interstate market through the Pacific Connector send out pipeline. This would be a 223-mile long,

36-inch diameter steel underground high pressure pipeline with a capacity to deliver one billion cubic feet of natural gas per day at a maximum allowable operating pressure of 1440 pounds per square inch. The pipeline would traverse through Coos, Douglas, Jackson and Klamath Counties, Oregon and into Murdock County, California.

One 20,620 horsepower compressor station is proposed at Butte Falls at about milepost 127 in Jackson County, Oregon. Other above-ground facilities include four meter stations at Coos Bay, which is milepost zero; Clark's Branch, which is milepost 68; Tulelake and Tuscarora, which are milepost 223. The pipeline would have interconnections with the existing Williams Northwest pipeline system, Grant Pass lateral at the Clark's Branch meter station and with the existing PG&E pipelines at the Tulelake meter station and with the existing Tuscarora pipeline at the Tuscarora meter station. Meter stations would also contain pig launchers and receivers. In addition, there would be about 16 million line block valves located along the pipeline route.

(Slide.)

MR. FRIEDMAN: I'm now going to show you some graphic illustrations of pipeline construction. This is a graphic showing what a pipeline spread looks like.

Next slide.

(Slide.)

MR. FRIEDMAN: This is an example of clearing.

Next slide.

(Slide.)

MR. FRIEDMAN: This is right-of-way grading.

(Slide.)

MR. FRIEDMAN: This is pipe stringing.

(Slide.)

MR. FRIEDMAN: This is trenching.

(Slide.)

MR. FRIEDMAN: This is lowering in.

(Slide.)

MR. FRIEDMAN: This is backfilling.

(Slide.)

MR. FRIEDMAN: This is final grading.

(Slide.)

MR. FRIEDMAN: This is restoration.

(Slide.)

MR. FRIEDMAN: And that's what it looks like when it's all done. So those are examples from elsewhere of what pipeline construction looks like.

Now I'd like to talk about the FERC review process.

Next slide.

(Slide.)

MR. FRIEDMAN: Section 3 of the National Gas Act covers the importation of LNG. It does not include the power of eminent domain, so the project proponent, in this case Jordan Cove, must own or control the pipeline for the LNG terminal, to negotiate contracts with the landowners. Section 7 of the Natural Gas Act covers the send off pipeline for the interstate transportation of natural gas. Section 7(h) of the NGA conveys with it the power of eminent domain to the pipeline company. We urge Pacific Connector to enter into good faith negotiations with landowners to obtain easement agreements. However, if agreements are not forthcoming once the FERC authorizes this project, through it's certificate to Pacific Connector, a local court will determine the final settlement for an easement in a condemnation proceeding.

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(Slide.)

MR. FRIEDMAN: The Energy Policy Act of 2005 clarified that the FERC has exclusive authority to approve or deny an application for the siting of any on-shore LNG import terminals into the United States. It also requires the use of a pre-filing review process for LNG import terminal proposals. The Commission issued a rulemaking outlining our pre-filing procedures on October 7, 2005 with Docket No. RM05-31, Order No. 665.

In a notice for proposed rulemaking issued May 18, 2006 in RM061, the Commission presented its draft procedures for creating a consolidated record for all involved federal agencies in accordance with Section 313 of EPAct. The public has until July 18, 2006 to comment on the proposed rulemaking.

(Slide.)

MR. FRIEDMAN: The goal of the FERC pre-filing environmental review process is to identify and notify stakeholders and allow for the early identification and resolution of environmental issues. On April 11, 2006, Jordan Cove and Pacific Connector requested that the FERC review their projects under our pre-filing process. We accepted their pre-filing request on May 1, 2006 and selected TetraTech as our third party contractor.

On May 31, 2006, Jordon Cove and Pacific Connector filed their initial draft resource report 1, which is their project background and a summary of alternatives. Jordon Cove also filed its preliminary design for its LNG terminal, in initial draft resource report 13.

(Slide.)

MR. FRIEDMAN: This is a graphic showing the FERC review process. Jordon Cove and Pacific Connector notified stakeholders about their project and held public open house informational meetings in Coos Bay, Canyonville, Shady Cove

and Klamath Falls the week of June 12 through 15, 2006. The FERC held interagency meetings on June 8th and 9th 2006, including representatives of the BLM, Forest Service, Corps of Engineers, Coast Guard, EPA, Fish and Wildlife Service, National Marine Fishery Service, Oregon Department of Energy, Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, Oregon Department of Geology, Oregon Department of Land Conservation Development, Oregon Department of State Lands, Oregon Public Utilities Commission, Coos and Douglas Counties, cities of Coos Bay and North Bend and the Cow Creek Tribe.

We held additional interagency meetings in Portland today and in Roseburg tomorrow. During those meetings agencies raised environmental issues and we seek to determine how to resolve those issues. Usually, we seek resolution through a data request, which we issued to project proponents. On June 23, 2006, the FERC issued its notice of intent to prepare an Environmental Impact Statement or EIS for this project. This Notice of Intent or NOI was sent out to elected government officials, federal, state and local governance, Indian tribes, local libraries and newspapers, environmental groups and interested parties and landowners.

The NOIs are an official way of notifying stakeholders and the public, requesting comments on

environmental issues. The public may comment by July 24, 2006. While that date is the end of the initial scoping period, in fact, we will consider comments received after that date throughout the entire environmental pre-filing process.

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(Slide.)

MR. FRIEDMAN: Information that has been filed with the docket so far is available to the public online through the internet at the top address, www.FERC.gov, our E-library link. When you get to E-library, you need to put in the docket numbers, either PF06-25 or PF06-26 and the date range and you'll be able to see everything that's contained in the public record.

The public may comment on this project in writing or by sending a letter to the Secretary of the Commission at 888 First Street, N.E., Washington, D.C. 20426. The Commission urges the electronic filing of comments through the E-filing link on our webpage.

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(Slide.)

MR. FRIEDMAN: You also have the opportunity to comment at these public scoping meetings and a transcribe from this meeting will be placed in the public record. All filings from these projects can be found under the E-library

link that was discussed. You can also be notified via e-mail of all future filings in these procedures. You need to sign up through our E-subscription service through our webpage and that's the first link here. If you sign up for E-subscription, you'll be notified via e-mail every time something's filed in the docket.

Jordon Cove has a website and so does Pacific Connector have a website and those websites contain information about their proposals.

I want to make it very clear that you may not request to be an intervenor during the pre-filing review process. Interventions are only accepted after a formal application has been filed. Jordon Cove and Pacific Connector have indicated that they intend to file applications on January 31, 2007. You do not need intervenor status to comment on environmental issues. We set an initial date for the end of scoping because our pre-filing regulations require that Jordon Cove and Pacific Connector file all of their environmental resource reports in draft form 60 days after the end of scoping. So that date of July 24th is meant specifically for Pacific Connector and Jordon Cove. Like I said before, we will accept public comments throughout the pre-filing period even after July 24th. It does mean that all the draft resource reports must be into the FERC before September 24, 2006.

(Slide.)

MR. FRIEDMAN: Still during pre-filing the FERC would review initial draft resource reports and send out data request to Jordon Cove and Pacific Connector to fill data gaps and requests that the resource reports be revised. Other agencies and the public may also comment on those draft resource reports. And if those comments are timely, the FERC will try to incorporate those comments into our data requests. The specifics for what we want contained in the environmental reports can be found in our regulations at 18 CFR 380.12.

(Slide.)

MR. FRIEDMAN: These are the resource reports that must be filed in draft form during pre-filing -- general project description; water use and quality; fish, wildlife and vegetation; cultural resources; socioeconomics; geological resources; soils; land use, recreation and aesthetics; air and noise quality alternatives; reliability and safety; PCB contamination and additional information related to LNG facilities.

Like I said, the FERC is an independent review agency. We will, with our third-party contractor, check all the facts in these reports produced by the applicants and write data requests, ask questions about data we consider to be incomplete.

(Slide.)

MR. FRIEDMAN: After an application is filed, we issue a notice of application. Based on the application, our environmental team, including our third-party contractor, TetraTech and cooperating agencies will begin producing an EIS in accordance with the regulations for the Council on Environmental Quality at 40 CFR, Part 1500, et cetera, to satisfy the requirements of the National Environmental Policy Act of 1969 better known as NEPA. That environmental document will offer our independent analysis of the potential environmental impacts of Jordon Cove and Pacific Connectors proposals and alternatives.

Generally, the EIS will discuss the current environment, outline potential project impacts on specific resources and present proposed mitigation measures. In the EIS, we'll be assessing the project's affects on among other things water bodies and wetlands, vegetation and wildlife, endangered species, cultural resources, soil, land use, air quality, noise, safety. A draft of the EIS will be sent out to all interested parties on our environmental mailing list. The public would have 90 days to comment on the draft EIS. At about the same time the FERC would hold other public scoping meetings here in the project area to take oral comments on the draft EIS. We would address all comments on the draft in the final EIS.

(Slide.)

MR. FRIEDMAN: The EIS will not be a final decision document. It will be prepared to advise the commissioners and to disclose to the public the environmental impact of constructing and operating the projects as proposed. The EIS will contain staff's recommendations to the commissioners. When it is finished, our environmental analysis will be combined with other staff's materials pertaining to non-environmental issues such as markets and rates and the total package will be provided to the commissioners so that they will be able to make an informed decision about the projects.

Only after this entire process is complete and the Commission is able to consider both the environmental and economic impacts of the project will commissioners make a final decision. That final decision would be issued as an order. The Commission has the options of accepting the proposals in whole or in part, approving the proposals subjects to conditions or denying the applications altogether.

If the Commission decides to approve the proposals, FERC's environmental staff and our contractors will monitor the project through construction and restoration performing on-site inspections for compliance with the environmental conditions of the order.

(Slide.)

MR. FRIEDMAN: At this time I would like to take about a five-minute break and I'd like to ask you all to go to the back and sign up on our sign-up list with Andrea and Kara if you wish to speak at this meeting.

After I've given you five minutes, we'll reconvene and I will call people up to speak and give their comments in the order in which they've signed up. So we'll take about a five-minute break and give everyone the opportunity to sign the list if you've not already done so. Thanks.

(Recess.)

MR. FRIEDMAN: I'd like everyone to come back in and take your seats because now is the portion of the meeting you've been waiting for. It's the time that we take comments from the public and allow you all to provide us with your opinions about the proposal and concerns about its potential environmental impacts.

Let me emphasize this is not a meeting on the hearing of the merits of these proposals. Other Commission staff will consider the economic needs for these projects and the rates to be charged for service. As I said earlier, the purpose of tonight's meeting is to give you, the public, an opportunity to comment on the type of environmental issues that you wish to see studied in the EIS.

I will call up speakers in the order in which they've signed the sign-in sheet. I ask that each speaker come up to that microphone over there. Come one at a time when I call your name. Clearly state your name and spell it for the record. If I mispronounce your name when call you up, please correct me. I want you to identify any organization you may be representing. If you represent yourself, please say so. If you are a landowner along the pipeline route and you know the approximate milepost of your property, please tell us that.

To allow adequate time for everyone to speak tonight who wants to, each speaker will be limited to five minutes. As a matter of fairness, I will strictly enforce the five-minute rule. The goal tonight should be for each speaker to briefly summarize their concerns. You may present very detailed, very long, intricate comments on these proposals in writing to the Commission. Written comments can be submitted any time during the pre-filing review process.

The first speaker tonight is Greg Stanko.

MR. STANKO: S-T-A-N-K-O. I have a copy of the notice of intent and in Exhibit J under the introduction it states that the applicant does not anticipate that the construction operationally will cause any environmental impacts that would qualify as significant and that word is

in quotes, which I find very interesting considering the fact that this pipeline is going to be 223 miles. Will it be going underneath as I understand it, so lake, rivers, streams and tributaries. This is also serious enough to possibly have -- I'm sorry. Serious enough to possibly have to amend resource management practice of four counties to include Coos Bay, Roseburg, Medford and Klamath Falls. And I can't think if those aren't significant. That's the first one.

No. 2, I think is the wrong direction for it and basically due to the fact that we are a very progressive state, we pride ourselves in being diverse and this development is giving an opportunity to the fossil fuel market instead it's developing technologies that are non-fossil fuel in Oregon.

No. 3, I'm very disturbed by the fact that two of the cooperating agencies, and these are ones, to me, would have the most impact have chosen not to be participating agencies and these are the Oregon Department of Energy and the National Marine Fishery Service. Now why these two choose not to be involved in this and help draft up the environmental impact statement I cannot imagine since this will be on the tributary and traverse quite a distance and it is energy related.

And I would like to ask a question. If this land

has already been purchased? I haven't heard that one way or the other whether Weyerhauser has been bought out. I'm not sure. Thank you.

MR. FRIEDMAN: Thank you very much for your comments.

The next person on my list is Dana Stone.

MR. STONE: That was pronounced correctly. My name is Dana Stone, D-A-N-A and Stone.

You know the expression "think globally, act locally." Well, the construction of a major national gas pipeline certainly is a global issue with a multitude of environmental, safety, social and economic factors to be considered. The debate will be framed by concerned citizens, environmental and other non-governmental organizations, local and state governments, FERC, Federal Land Management agencies and, of course, the Pacific Connector Gas Pipeline Limited Partnership.

We'll I'd like to address the impact of this project on citizens at the local level and the effects on small rural communities and landowners. My wife and I purchased a 5-acre home site near Day Street in March of this year. We enthusiastically began cleaning up the property, cutting brush, building a fence, tearing down structures, fixing up the old barn and preparing to build our home.

In May I was informed that the proposed route of the Pacific Connector gas pipeline cut through the heart of our property after crossing the adjacent bridge and Day Street directly across the road. A 75-foot permanent easement with no trees or buildings allowed would be required. This would have a significant and unacceptable impact of our use of the property.

In visiting with community members in the Day's Creek and Milo areas who are also affected, I found that a large number of other local residents are opposed to this project as it is being proposed. And to date, 65 people have signed a petition requesting that the pipeline be rerouted. The petition reads as follows: "I'm opposed to the location of Pacific Connector gas pipeline in my community. As a concerned resident, I do not feel that the citizens in my community are well served by this intrusion on private property. I oppose the enforcement of eminent domain, which is the power to force landowners to sell easement even if the property owner chooses not to have a pipeline on their land. I request that the pipeline be rerouted to avoid impacting our community."

As the debate about the feasibility and the wisdom of this project continues, I urge the decision-makers to consider the environmental and social costs of this intrusive project and its negative impact on the lives of

the citizens of southern Oregon, especially those living in rural communities. Thank you.

(Applause.)

MR. FRIEDMAN: Thank you for your comments.

Next on the list is Debra Michael.

MS. MICHAEL: Hello. My name is Debra Michael. I live in Myrtle Creek. I'm a biologist and my business before coming to Myrtle Creek was writing biological assessments for the Army Corps of Engineers regarding endangered species and I've several concerns with this pipeline project that the EIS should address and I'll just mention a few that I think are the most important right now.

First, the scope of the EIS must include the purpose and need to meet energy needs of the western United States. There are multiple ways to meet our energy needs. The EIS must incorporate the full range of reasonable alternatives and not limit alternatives to a narrow and unrealistic natural gas alternative only.

I did some research and I found out that gas storage is already at near record levels. In a recent report published by the Midwest Attorney's General Natural Gas Working Group they concluded that the run up in price has little to do with declining supplies. As the report details, supply and demand of natural gas through the 2005 and 2006 winter are about where they've been for the last

two years while gas storage is "at or near record levels." Even though the supply/demand ratios were similar to last winter, the laws of supply and demand would indicate similar gas prices, yet prices were up over 60 percent at the well hub and in the spot market. The EIS should document that there is, in fact, a demand for more natural gas.

I'd also like to ask FERC to consider an alternative in the EIS that would increase our use of renewable energy sources such as wind, solar protovoteic, solar thermal, geothermal, biomass, small hydroelectric and ocean power. The government can play a big role in fostering research and tax incentives to help eliminate the need to increase foreign imports of natural gas. It also cannot go unnoticed that the U.S. is home to 5 percent of the world's population, yet we consume 26 percent of the world's energy. Conservation would eliminate the need to increase our dependence on foreign fossil fuels as well as save Americans money. I would like to ask FERC to consider an alternative that encourages and legislates sensible conservation of energy resources.

I would also like to ask FERC to consider an alternative that puts the LNG terminal in California. They're the ones you say need the gas. Even though some of the gas would be available to Oregon, there's no current need here. While moving the terminal does not reduce our

dependence of foreign fuels, it does eliminate the need for a 223 mile pipeline through some of the most beautiful and remote land in southern Oregon to bring gas to California.

FERC and other public agencies have stated that the terminal and the pipeline could be possible targets for terrorist attack. This is a serious issue for the people who live in this area and the EIS needs to address this concern. Another issue I have is a cultural one. The pipeline will in many places travel on ridgetops, which are also highly valuable cultural resource sites because Native Americans historically use the ridgetops for travel. In fact, the proposed route that goes through the Umpqua National Forest is one of the most important traditional cultural properties of the Cow Creek's and I think the EIS should address this impact.

And a final but very important concern is for human safety remembering what happened on August 19, 2000. A 30-inch natural gas pipeline exploded about 200 yards from where members of three related families were camping on the banks of the Peco's River in New Mexico. All 12 campers including 5 young children were killed. National Transportation Safety Board investigators determined that the explosion which left a crater 20 feet deep and 86 feet long and 46 feet wide was caused by water and other corrosives that pooled in.

In closing, it's my hope that the EIS covers all environmental impacts -- the direct, the indirect, the short term and the long term for this project before proceeding.

(Applause.)

MR. FRIEDMAN: Thank you for your comments.

Ross Reineke is here today. He's with the U.S. Department of Transportation and the Office of Pipeline Safety. At the end of all of the speakers, Ross will get up and say a few words about how his department looks at pipeline design and pipeline construction and ensures that they are built in a safe manner.

Our next speaker is Francis Eatherington.

MS. EATHERINGTON: Thank you. My name is Francis Eatherington. That's E-A-T-H-E-R-I-N-G-T-O-N. I work with Umpqua's watersheds out of Roseburg and I'm also a property owner on Wood's Creek Road, which is very close to the current proposed pipeline route and they recently put a white "S" right at the start of our driveway, so we might be on the pipeline route. We aren't quite sure yet.

So I would like to encourage you to consider all the connected environmental impacts of the pipeline. There's a lot of social impacts. There's a lot of impacts to people and their homes, but I also want to talk about the environmental impacts of the pipeline. In your slide show tonight, you showed pictures of the pipeline and the nice,

neat little row that it clear-cut and putting the pipeline in the hole and covering it up. It looked wonderful afterwards, but that was all on flat ground. That wasn't anywhere around here. You should show pictures of the pipeline that was installed around here. That would be the pipeline that was installed in 2003, the natural gas pipeline that went from Roseburg to Coos Bay. That's an entirely different story when you work in Oregon in the wintertime, than whatever place those pictures were from.

The pipeline that was buried in Roseburg to Coos Bay in 2003 caused extensive erosion. It poured sediment into streams that supported at-risk salmon species and I have some pictures of that I will hand in to you and people can look around at it and you can see the steep slope. The erosion was so extensive after just a normal rain that the pipeline itself was re-exposed and it poured sediment into the salmon-bearing streams below and they have hay bales that they put there to stop the erosion and the sediment. They're called erosion control devices, the hay bales. But the erosion was so intense that the hay bales washed into Ten Mile Creek and plugged up a culvert that went under a logging road and then the logging road washed out. So because of these problems, we hope that the EIS considers an alternative that does not allow ground-disturbing activities during the rainy season.

The EIS should also consider an alternative that does not allow the use of drill lubricants that are lethal to fish for spawning habitat if they accidentally leak while drilling under the streams and rivers, which also happened quite a bit in 2003 pipeline. We had a lot of fish killed because of the drill lubricant leaking out.

Also, please consider the impacts to marine life from large ships that would bring liquid natural gas to Coos Bay, these large, huge tankers that cross the ocean are thought to disrupt the ability of some species of whales to communicate with each other over long distances. There's not a lot of these whales, but if they find each other for mating and social purposes is by communicating thousands of miles through the ocean and when you have all these big tankers coming across the ocean it disrupts that ability. So the EIS should really consider this connected action and the connected impact.

The EIS should consider the effects of the pipeline corridor on wild land fire, which occurs naturally and regularly in southwest Oregon. The EIS should consider if the corridor would spread the fire unnaturally far or fast. Power line corridors becomes brush choked, high hazard fuel zones. They are prime vectors for the spread of invasive weeds also. These are both flashy fuels that increase fire spread in a pattern like a quick-burning fuse.

So please in the EIS consider the impacts of these natural fires that happen on the ecosystem here.

And the EIS should consider the impacts on the spread of noxious weeds such as thistle and scotchbroom. The noxious weeds thrive in sunlight and will spread onto adjoining farms and yards and in forests.

In closing, I also wanted to ask you to please not to limit the scope of the EIS to just putting in natural gas. If the purpose and need is to supply the western United States or Americans in general to meet our energy needs, then the scope of the EIS should include all types of energy forms that could meet our needs and not just natural gas. So thanks for considering these comments for the alternatives for the EIS.

(Applause.)

MR. FRIEDMAN: Thank you for your comments.

The next speaker on my list is Richard Chasm.

MR. CHASM: Good evening. My name is Richard Chasm. I live at 732 Hoover Hill Road about 1200 feet of this damn thing is going through my property.

I wrote a statement here and I'd like to read it. I had several questions however and I think that Ms. Eatherington raised some very significant issues about this pipeline that was built in 2003. Was an EIS done on that? I had a conversation with a gentleman who's a retired

attorney and far from any kind of whacko. This guy is a serious businessman. He told me that that 12-inch pipeline was the worse nightmare of his entire life. He told me that all kinds of promises were made. Nothing was done. He had to sue them to get them to backfill. He said his hayfield is full of cat ruts. There's major erosion. And I agree with Francis. I mean I've spent my whole life in southern Oregon. There are no flat ground around here. Those pictures were Kansas or Wisconsin or some place where it's rolling ground. Not much of that around here and it gets wet in the winter and that pipeline was a disaster.

And what sort of accountability do we have? But here's my statement. Thank you for this opportunity to comment on the environmental scoping for this proposal. Although this pipeline proposal does cross my property, I am not opposed to it as much as there exist in my mind numerous questions about the feasibility and impact of the proposal. Here briefly are my concerns which I hope are appropriate to the mandate of these hearings.

This is habitat for people. There's people that live here. And the notification of the impacted landowners in the community is very poorly timed. We are country people who work outside when the weather is good. This is the busiest time of the year when we're asked to consider this very important, complex, complicated and expensive

intrusion onto our land and into our lives. We're suppose to read federal laws, regulations, restrictions, requirements as well as learn all that we need to know about the realities of liquid natural gas and then bring it all home in a manner where we have equal footing with the company's trained professionals.

And I would like to go on the record that I have talked with Williams' Pipeline several times. They're very decent. They're real honest. They're serious about what they're doing and I respect them. However, they are paid, qualified professionals and we're not. Everybody I know is either haying or logging or working gardens or they're busy. There's marriages. There's weddings. It's the summertime. This thing is -- the guidelines are all set out by FERC, but the initiation came from the pipeline company to land when the habitat for the people there we're all busy, extremely bad timing for a rural community.

Only the people who actually have the pipeline going on their property got any notice whatsoever. I've talked to numerous people who are adjacent to it who have no idea, none that this is going through. It turns out that we got a letter saying, "Would you let us go on your property and do a survey?" Well, most people are saying, "Heck, no." But when I talk to Williams Pipeline, they're saying we need that so we can do a meaningful EIS. The people don't know

that and there's been very poor communication to the general public.

The size of this pipeline is of major concern to me. The 12-inch pipeline laid over at Coos Bay was fraught with big expensive mistakes, broken promises and poor decisions about how to cross the land. They didn't listen to nobody. They said we know what we're doing. We got equipment. This is a 12-inch pipe. This is a 36-inch pipe that's proposed. That is three times bigger, but exponentially larger problems. It's huge. And what does that mean? Where can we go to make things right? A lot of promises are made when they're trying to get you to sign the paper, but we need enforceable understandings long after FERC has left.

As a businessman I know that large contracts will have bonding requirements and timing requirements and things that you have to do to get paid and to qualify to move to the next step. We need enforceable agreements so we do not have to sue someone to get results and that's what happened with that 12-inch pipeline. And I think that that 12-inch pipeline and what happened there is an extremely significant part of this EIS. I don't know how they do it in Kansas. All I know is out in Reston it's a mess and that needs to be part of this record, too. So if this company knows, if they want to build this pipeline, this is what we don't want and

we should learn from those mistakes and do it right if we're going to do it at all.

Why can't this pipe go along existing roads? Why do we need to go over land so much? When you have a road you've already got a grade. You've already got a route. You've already got access. Why do they want to go through the hills and up and down and through steep ground when there's an existing road? Now I can see a state highway or a freeway there's traffic issues, but when you're going down through Tiller or down through Day Street there's miles of country road where, if you're going to put the pipeline in, you can do it right there. I was told that when they were out there in Reston they said, "Oh no, we can't go done any pipe. We've got to down the hill." We can't go down any roads until it got wet and they couldn't go through their proposed route and then they went right down County Road. Now can they go down the road or not? And if so, that's where they ought to be.

How often will this operator need to return and remove vegetation? What is going to happen to this property? This proposed pipeline goes through timberland that I have worked my entire life to protect, to see nice timber growing in there for my income. This is my business is cutting that timber when the time's right. We're going to take all that timber out of there and then what's going

to grow back, poison oak, more trees? How often are they going to come back and what are they going to do? Are they going to have mechanical equipment in there? Are they going to have crews? Are they going to burn? What are they going to do? I need to know and we need to have a way to come back to them in the future -- 5 years, 10 years from now when all these public officials are long gone I'm still going to be living there along with my neighbors. Who do we go to? How do we have a redress of our agreements? What's the long-term impact on our lives in dealing with these people? Do we have to sue some clown in L.A. to get them to come up and take care of my fences?

There's real danger, real danger from wildfire, landslides and flood in this area. I've fought more than one fire and it's a real deal. What is the potential disaster from a wild fire igniting this pipe? What is the potential of an explosion igniting a wildfire and who's going to pay for putting it out -- the landowners and taxpayers? What exactly is the danger? I've been told that this is safer than my kitchen stove, but not quite as bad as an atomic bomb but only by a little. I really don't know and I think that's a credible issue that I'd like to know a lot more about.

And finally and in conclusion, I'm speaking for myself and my land. However, I'm a member of the Looking

Glass Olalla Water Control District. We sell irrigation water and as such I'm a representative on the Partnership for the Umpqua's. The Partnership for the Umpqua's was mandated by the governor to bring the very stakeholders in this community together, be they from the timber industry, environmental groups, fisheries groups, the city's. I'm there representing the Olalla irrigation district. The Partnership of the Umpqua's has done a tremendous amount of good to restore fishing habitat in our streams. We've replaced culverts. They've put in stream structures and has produced real results.

Now, again, I'm told -- I don't know this -- I'm told when this pipeline crosses a creek they're going to open up a right paring area 100 feet across. What's the impact of that? They do that in the wrong spot they could have significant damage on the fish runs. The impacts on the fish runs are extremely important. Are they going to put in coffer dams? I know they're going to drill under the big streams, but there's a bunch of little streams. Has the Partnership for the Umpqua been contacted and what sort of mitigation will occur if they have to go through -- I know there's going to be some impact, but what's going to be done to make it right elsewhere?

I do appreciate FERC coming to Roseburg. I do appreciate your opportunity -- the opportunity you give me

to spout off and I'm mad at Francis for stealing one of my arguments, but I'll get over it.

(Laughter.)

(Applause.)

MR. FRIEDMAN: Thank you for your comments.

I do want to point out for those of you who don't know, but the reference that Francis and Richard made to this 12-inch pipeline at Coos Bay to Roseburg was not a FERC jurisdictional pipeline. FERC was not involved in that.

MR. CHASM: Are you going to do anything to find out what happened?

MR. FRIEDMAN: I've already heard from numerous people about what happened, including -- I believe that was a Coos County-sponsored project and I've talked to the Coos County commissioners.

The next person on my list is Art Dillahay.

MR. DILLAHAY: Thank you for your time. I guess I'm an environmentalist --

MR. FRIEDMAN: Your name, please.

MR. DILLAHAY: My name is Art Dillahay, D-I-L-L-A-H-A-Y.

MR. FRIEDMAN: Thank you.

MR. DILLAHAY: I guess, basically, the environmentalists are going to take care of the environment and I hope they do take care of your project in the manner

that we're talking about. But my concerns are how your project is going to interact with my property and I'd like to know how long the construction will take place. How you're going to calculate the method used when you take my property, including trees that I've planted and how is this going to impact on a land petition that I subscribed to under Measure 37 in April? In this petition I have three plots proposed and what's going to happen if your pipeline is going to go through one of my proposed houses that I'd like to put there? So I guess basically that's all I have to say, but I was just concerned about how this is going to interact with my little piece of the world? Thank you.

MR. FRIEDMAN: Thank you for your comments.

Again, I want to point out that the pipeline is not a FERC pipeline. It is a pipeline being proposed by Pacific Gas, which is a private company and the Federal Energy Regulatory Commission is an independent reviewing agency. We are not a proponent of this project. We're not an advocate. We merely review the proposals, determine what environment impacts it may or may not have.

All right, next on the list is Robert Nichols.

MR. NICHOLS: Thank you for the opportunity to comment. I'm here -- Robert Nichols, N-I-C-H-O-L-S. I'm here representing myself as a property owner, Exit 103. Gas lines traverse in Douglas County have a very poor track

record of compliance with environmental and best management practices, which is basically what the company says you will do to prevent environmental degradation. I think we're beating the horse, the dead horse pretty bad here on this one, but the Roseburg to Coos Bay line, you know, resulted in widespread environmental damage, aquatic as well as terrestrial and resulted in record fines.

When I was a teenager the Trans-Alaska pipeline was being constructed through the state that I lived in at the time and I remember that the consortium proposing that activity seriously downplayed the effects of leaks and the risks of leaks and I think everybody here who has a newspaper will recall the Trans-Alaska pipeline has leaked many, many times since then and I'd like to see pretty serious discussion in the Environmental Impact Statement detailing how leaks will be prevented. How is it not going to explode or otherwise be a menace to us that own property and actually go to sleep near this thing at night. So please consider impacts to lake reserves, impacts to fish and water quality, impacts to wildlife species and the bottom line is the only way I'm in support of it is if the thing runs down the I-5 corridor within the right-of-way and I think there's a lot to be said for focusing this disturbance in an RV disturbed area even though that puts it less than a quarter mile from where I lay my head at night.

So from the I-5 corridor, you'd have to go to Medford and then Highway 140 over Lake of the Woods to Klamath Falls and that's all that I have. Are you accepting written or is the stenographer here for --

MR. FRIEDMAN: The stenographer is here to take your verbatim comments. Those who have given prepared statements I'll put those in the record as well.

MR. NICHOLS: Okay, this is scrawled on a piece of paper with a pencil with cross-outs.

MR. FRIEDMAN: Yeah, you probably want to just leave it as a verbatim.

MR. NICHOLS: Got it.

(Applause.)

MR. FRIEDMAN: Thank you for your comments.

Next on the list is Mark Brown.

MR. BROWN: My name is Mark Brown, B-R-O-W-N. I'm a gas consumer and the company that I work for is also a gas consumer. I work for Roseburg Forest Products. I'd like to make just a few general comments in favor of the pipeline and it's related projects that are a marine facility on the other end of it at Coos Bay, up North Bend rather.

First of all, pipelines like this aren't new technology. They run around the United States all over the place and probably a lot of us here in the room are

consumers of natural gas and don't have to be explained the impact of what natural gas has on our quality of life today in the United States. By introducing abundant natural gas from other parts of the world and to our energy network in the United States, Pacific Northwest particularly, will contribute to more affordable energy to homeowners and industry.

There's a very positive impact to the Port of Coos Bay. Many of you remember that the Port of Coos Bay used to be a very vibrant port with probably something over 300 vessel calls per year. Today I don't know the exact number but Roseburg has a wood chip export facility. We handle about 35 vessels a year and we're told that we're 80 percent of the business. I can tell you that the shrinking of the industrial base and the port usage in Coos Bay has some very serious impacts of the ability of the port to get dredging. Just the, all the related things like we're down to I think two bar pilots and a handful of people that are necessary to support a port.

The liquified natural gas project, which the pipeline is a major part of, would -- I don't know the number. Of course, we don't know the size of it, but it could probably bring in another 50 to 80 vessels a year, which would more than double what's happening there today. Certainly, not back to where it was back in the heyday, but

it would be a very positive impact on the Port of Coos Bay.

Potentially, with this new source of energy there would be other industry that is dependent on natural gas that could be attracted to the area. All of this would have the multiplying effect that we're all familiar with in our economy, not only in Coos Bay but anywhere that natural gas can flow.

I think certainly we've heard a lot about the impacts on the environment tonight and certainly they have to be considered. But also I think we need to consider the positive impacts on people in terms of affordable energy and the quality of life that we have in the environment. I guess a project of this nature, as I said, is not new technology. Certainly, they follow whatever guidelines that are set out by the agencies and we'll be tested thoroughly. But I think unless we want to take the position "not in my backyard" I think we have to encompass these efforts to move forward in this very difficult challenge of affordable energy in the future. Thank you.

MR. FRIEDMAN: Thank you for your comments.

Next on the list is Paul Hoot.

MR. HOOT: My name is Paul Hoot. I live in Olalla Valley, 1868 Hoover Hill Road.

MR. FRIEDMAN: Would you spell your last name, please.

MR. HOOT: Like an owl, H-O-O-T. Don't give a hoot, who gives it.

This pipeline is in the form of a colonoscopy it sounds like, so we might as well get right down to the real stuff here. I wrote this and I'll submit a copy to Paul.

In the scoping meeting hosted by FERC, Federal Energy Regulatory Commission, I wish to express my 25 years of experience and knowledge of the Olalla Valley's geographical area and my educated opinions and concerns. I would like FERC recognize, duly note and address three very dangerous conditions that will exist under which the people will have to live if this pipeline established.

This valley is basically a blind-ended canyon, approximately 8 miles long by a half a mile wide with one narrow escapeway, which is a short segment of Olalla Road at the head of this long valley. The people in this valley, including myself, live in a eco-fragile environment. In many regards, however, as to our domestic water sources, most sources are surface water or shallow water taps. The water from these very few low volume sources flow over clay layers and impervious layers to a natural self-directing collection point where they are trapped and pumped for domestic uses.

Many wells have been drilled over many years at much expense with no results gained. The question is will

water drain down the sloping pipe, embedding material for said pipeline from these shallow water sources to the lowest levels of the valley floor, being water seeks its own level? Therefore, some people will have more water. Others none. How will our water sources be reestablished, secured from any contamination this line brings with it? Who pays the costs and what farms and ranches can survive without water.

Mercaptans, is a sulfur compound taken out or added to natural gas which is colorless, odorless and tasteless. Mercaptans and other impurities are removed prior to liquification and shipping from this natural gas, which is more than 85 percent methane and the remaining gases are very explosive by their very nature and the mixture, they are ethane, propane and butane. Being non-detectable in nature, we will not have any warning of pending asphyxiation, conflagration or explosion. The mercaptan gives the odor of sulfur added to gas and the only indicator we have to know a leak is occurring.

Mercaptans are replaced by in-line utility companies -- that's the people who sell the gas to the consumer. Also mercaptan can fade in a long pipeline, so you never really know if you've got too much or not enough or the end users, when it's picked up, can you really smell it as it runs through your ranch.

Inversion layers -- inversion layers caused by

fog, which is a water-saturated area in many of the valleys -- many of the valleys, not just Olalla Valley, many valleys. It is analogous to a bowl and when there is no wind and lots of fog months of the year, as we all know, a lid is essentially placed over this bowl. These areas will not scrub out in the event of a rupture and so accumulated gases will lie in the valley floor causes asphyxiation, conflagration, and explosion. 694,444 cubic feet of gas are going to any point of this line in one minute at 1440 psi -- that's terribly high -- one billion cubic feet a day.

Approximately 10 percent of this gas is known as hot or wet gas. These are heavier C carbon gases. Methane has got an atomic rate of 16. The air is 29. Ethane is heavier than methane. You have methyl, ethyl, propyl, butyl, hexyl or propyl hexyl. Each carbon atom added to the chain -- methane is one, ethane is two, propane is three, butane is four. They get heavier than air and they settle to the valley floors of the creeks in an inversion layer when it occurs. And you go out and start your power, light your pipe and you're done. Or you just go to sleep and not wake up.

This line will rupture either by slippage, line corrosion or human error and I just ask when? The atomic weight of methane is 16 like I said. The atomic weight of air is 29. The atomic weight of ethane is 86, propane is

48, butane is 58. Ethane, propane and butane is heavier than air and will sink to the ground with a heavy dense fog and with methane lie beneath that fog layer and build down from the bottom of the fog layer to the ground.

The EPA Seafer study says the safe zone from a 36-inch pipeline is a thousand feet. That's in a radius. That's a thousand feet on each side and it was studied, and I have it here, and it's pipeline safety. It's a high consequence area for gas transmission lines by the U.S. Environmental Protection Agency and it says that we have, and this is the final rule. This final rule defines areas of high consequences where there are potential consequences of gas pipeline accidents which are in the valleys we live in. Maybe significant or may do considerable harm to people and their property. The definition includes current class 3 and 4. We're a class 4 any way you want to cut it. We are not a facility. We are a valley where people live, have children, have property, work hard and leave the world alone. So we're not a facility like a hospital or a school or penitentiary.

So actually we are a facility. Some of these are persons who are mobile impaired, confined or hard to evacuate. This valley, if it ignites or this gas line breaks with this volume of gas, there's no getting out of this valley. You're going to be asphyxiated or blown up.

Take your choice. If you want to go out lighting a cigarette, go for it. If you just want to go to sleep, go for that.

Anyway, "confined or hard to evacuate in places where people gather for recreation or other purposes." That's kind of a broad definition of what are those purposes? Like farming, like, you know, having everybody out in the field doing this and doing that. So anyway this was written by the federal government and it's law.

Now I don't understand quite how Paul -- you recognize this thing written by the federal government? But anyway I think that pretty much covers what I have to say. We have to be very careful. These are limited liability corporations and what they do is build a pipeline. They go bankrupt, move on and do something else and somebody else takes over and like Mr. Chasm said, who do we go after when all this comes apart? So I recommend that for Olalla Valley, per say, I would say at least a billion dollar bond carried into perpetuity in regards to people, land, property, animals, blah, blah, blah.

What, sir?

MR. FRIEDMAN: That's five minutes.

MR. HOOT: Okay, I'm finished. Thank you.

(Applause.)

MR. FRIEDMAN: Thank you for your comments.

Next on the list is Captain Davis.

(Pause.)

MR. FRIEDMAN: Captain Davis, did you have something to say? Did you want to speak?

CAPTAIN DAVIS: My name is Captain Jackson Davis and I was born in Jackson County. My sister Josephine was born in Grant's Pass.

(Laughter.)

CAPTAIN DAVIS: Anyway, I'm not here to talk about pipelines because I know nothing about them. I've been well-educated already by this table here, but I'm here to answer questions about LNG ships and LNG storage. I'm a retired master of unlimited tonnage and I've been qualified to run LNG ships for quite a few years, but I've been retired 20 years now, so a lot of things have happened since then.

Currently, worldwide there are 300 LNG ships being built. Apparently, these people are willing to spend $50 million per ship for something that needs to be done and they looked far into the future before they do all these things. Now there's some simple things about liquid natural gas, as you saw at the thing here. It's 600 times to a liquid by basing it to minus 256 or 257, whatever number you want to use, and it ways about half of what crude oil weighs. So it looks like big ships, but they're not really

that big.

About 20 years ago they started exporting natural gas from Nakiski, Alaska. I think it was Conoco Phillips that had the idea, but they were unable to get a port in the United States, so the deal went to the Japanese and a French-manned ship. So all the money going to these ships goes somewhere except the U.S.A. Now then the pipeline to Valdez is not a done deal yet. There's a major push to push it across to the middle west because Alberta is running short of natural gas and they're shipping all their natural gas east. So all the midwestern states are looking for a new supply.

Their plan was to bring the pipeline along side the regular pipeline down the Valdez and along about Fairbanks split up and go across to the midwest, but we don't know what's going to happen.

I didn't introduce myself properly. I'm a member of the Council of American Master Mariners. It's a nationwide organization of captains who have been captains of ships 800 tons or bigger and we're all concerned about the loss of all the American ships. American ships are overtaxed, over regulated and cannot compete with the foreign countries. So if the pipeline comes to Valdez and if there are ports in the lower 48 to receive that gas it has to be shipped on American ships with American crews and

American ships built in the U.S. This is called the Jones Act that's been the main prop of the U.S. Government way back in the 1800s, I believe.

If they do these two things, which is highly questionable, they need six ships minimum. Each ship takes about 40 men with relieving crews and everything. Well, that's 240 jobs and it'll be money in America's pocket. The ships will be money in America's pocket and consequentially the Council of American Master Mariners are very enthusiastic about getting some more ships for our American crews. As it is, we're running out of trained merchant marine people. There's no ships to sail on and no training. Without American ships, which about 90 percent of the war material is carried in, the U.S. Government has some standby ships fully loaded and ready to go with government-employed sailors.

I'll entertain any questions. I'm not very well organized here, but LNG ships are well-insulated against collision. They have the inner-tank where the liquid gas is, insulation for the outer tank, void spaces where the liquid nitrogen gas and then they have a hull. So if they do spring a leak into the ocean, that might cold liquid will turn the ocean into the iceberg and people have theorized about how you build an ice dam around a ship. As this stuff flows out on the ocean or wherever it leaks, it has to turn

to vapor before it can be ignited and this initially you might have kind of a gas which will light up. But after that's burned off, you just have a little flickering flame as the gas turns to vapor -- I mean the liquid turns to vapor.

There was a terrible case in -- I think it was Detroit -- some years ago where they put the LNG in inappropriate steel tanks and they had a motor around this tank. It wasn't big enough to hold all the LNG. The tanks collapsed, the LNG run out into town and ignited and burst and it killed a lot of people. So I hope they have learned something from that. The tanks they're proposing at Coos Bay are double. The inner tank will hold the liquid. The other tank is consider the molt and they hold all the fluid if the inner tank fails. So that's how far they've come now and they use nickel steel instead of common, ordinary carbon steel.

That's about all I have to say. I was sent down here by our national president and I just didn't realize it was a pipeline meeting, but we do hope that this is resolved safely and we can get some American ships sailing and that's our main object. Thank you very much. Any questions?

(Applause.)

MR. FRIEDMAN: Thank you for your comments.

I'm going to have Ross Reineke from the U.S.

Department of Transportation talk a little bit about his agency regulates safety, construction and operation of pipelines.

MR. REINEKE: Thank you, Paul, for the opportunity this evening. My name is Ross Reineke with the U.S. Department of Transportation out of Denver and I'm an engineer. My background is 27 years with pipeline operating companies, engineering operations and maintenance and two years I've been with the DOT.

Given the concerns of the public with respect to pipeline safety, my purpose at this meeting is to assure you that if the pipeline receives a favorable review from FERC, the Office of Pipeline Safety will maintain a continual regulatory watch over the pipeline from its construction to its testing and for the entire operational life of the pipeline. This regulatory oversight will consist of measuring the operator's performance to ensure that the pipeline is constructed with suitable materials that is welded in accordance with industry standards. That the welders themselves are qualified to join the pipeline. That the pipeline is installed to the proper depth. That it is coated to assure effective aquatic protection from corrosion. That the backfill is suitable and that the pipeline is properly tested upon completion to ensure that it can hold the pressures that the operator requires to

transport the natural gas.

Beyond the construction process, the Office of Pipeline Safety conducts inspections periodically over all aspects of the operations and maintenance of the pipeline. The operator must have a written plan in place to instruct his personnel and to relate to federal inspectors exactly what testing or monitoring is done and the frequency. In addition, if testing or monitoring prompts a response or a corrective action, the operator must detail his process to address problems.

Examples of the checks that an operator must have in place are the adequacy of the aquatic protection, monitoring the surface of pipelines exposed the atmosphere, annual testing of the pipeline valves and pressure regulator and relief devises to assure that the pipeline does not exceed its maximum allowable operating pressure. Then there's period patrolling -- air patrol or land-based patrol.

Beyond the routine functions that have for decades been the baseline for operations and maintenance, the Office of Pipeline Safety has in the last few years implemented new initiatives to ensure pipeline safety. At the forefront is the Integrity Management Program. This program was published in the Federal Register on December 15, 2003. It requires operators to identify high

consequence areas, a class 3 or class 4 area or other areas with specified population density concentrations or buildings or assembly or buildings, housing confined or impaired persons.

Integrity Management Program mandates that operators rely not on spot checks, but a comprehensive understanding of its pipelines using established risk assessment methods combined with emerging technology. The attempt is to find critical defects and prepare them before a failure occurs. The plan is continual implementing up-to-date mapping techniques, hydrostatic testing, inline inspection of the pipeline, verification of the inline inspection and additional steps to assure that the pipeline has a real time file within any anomalies documented and tracked. To measure the effectiveness of its Integrity Management Plan, operators are required to measure performance through a variety of measurements, including test excavations.

In addition to the physical pipeline itself, Congress has mandated that operator personnel who perform operating, maintenance or emergency response be qualified in the performance of those functions. The aim of this initiative is to minimize operator error as the cause of any pipeline failure. Beginning in 2001, operators were required to develop a written plan to qualify every

individual performing a covered task. This has been expensive not only to perform the testing, but it has also launched more intensive training programs for employees and contractors who operate and maintain the pipeline.

The LQ regulations was stacked on top of the 1988 requirement for operators to perform mandatory drug and alcohol testing for all employees who perform operations, maintenance and emergency response functions. This was not precipitated by a substance abuse in the pipeline interest, but as a US DOT initiative on operators of transportation systems. Drug and alcohol abuse has been discovered in post-incident investigations in other sectors of the transportation industry. Presently, an operator must conduct random drug testing of 25 percent of its employees performing covered tasks as well as pre-employment testing and post-incident testing.

Another initiative relative to this meeting is public awareness. Recently, a standard was adopted as regulation APIRP 1162. The standard requires operators to identify persons effected by the pipeline in a community, to inform the public about recognizing leaks and taking appropriate action and to evaluate the effectiveness of the program. AR1162 establishes lines of communication and information sharing with the public, excavators, emergency responders and local officials. Operators have prepared

their written plans to comply with the standard, which was implemented last month.

The initiatives that I have described above are a sampling of what the Office of Pipeline Safety does. The western region of OPS inspects interstate operators in 11 western states. If procedures are not adequate or if an operator is not following its procedures or prescriptive regulatory requirements, OPS is authorized to seek punitive action in the form of remedial action, civil penalties, which is a frequent practice, and even criminal action. The authority is granted by Congress and the ADC is responsible to Congress for the execution of its mandates.

I hope the proceeding has been information. OPS's mission is safety and we want to ensure the public that its interest are not ignored in this area. I will be available after the meeting for any questions you might have. Thank you.

MR. FRIEDMAN: Thank you, Ross.

We've gone through the speakers list. At this time is there anyone else who would like to speak?

MR. CHASM: May I make a public announcement?

MR. FRIEDMAN: Before you do, I'd like to give Jake O'Dowd of the U.S. Forest Service a chance to talk a little bit about how the Forest Service is going to cooperate with FERC and the tasks that the Forest Service

has to complete.

MR. O'DOWD: Thank you, Paul. My name is Jake O'Dowd. I'm the program manager of this project for the Forest Service. The Forest Service is not an advocate of this project. We are a cooperating agency with the FERC, though, in developing the EIS so that we tier to that document and issue the right-of-way needed to construct the pipeline.

The proposed action that was presented to us is constructing a 36-inch pipeline across National Forest system land and the route that was presented by Williams Pipeline is a proposed action. Like you, the private landowners, the Forest Service was taken aback in late March, April when we first heard about this project. We had no input up to that time. So I think it's important that each of you have presented your views and your concerns, but I think it's important that you hear that the Forest Service has concerns, also.

I want to commend Williams and the FERC in their effort in keeping us informed, in working with us, in asking us for our concerns, the issues and possible resolutions that they can explore. The Forest Service has grave concerns of the approximately 24 miles that crosses over the Umpqua, Rogue River and Winema National Forest. Three-quarters of those miles cross lake successional reserves,

the remainder being matrix. Lake successional reserved lands are those lands that have been set aside under our Forest plans for the recovery of lake successional species. We have concerns that a 100-foot wide swath will be cut of denuded vegetation through this LSR. We have great concerns about that.

The critical habitat units, the cultural sites, the species that are involved. So, yes, we stewards of your public lands are working with Williams and the FERC to identify all these issues. I ask each of you, if you have issues, please, please present them to the FERC in writing. That way they will be addressed. Paul will ask Williams, in their resource reports to study and look at those issues. That doesn't mean that they may be resolved the way you would like them, but we, the Forest Service, are asking Williams to consider alternative routes.

Alternative routes along roadways -- they say they are not building along roadways, but yet they do. The roadways that we have are currently 30- to 50-feet wide. Again, cutting the swath to enlarge that another 10, 15 feet -- it would be much better to increase this than to create a new deluded utility corridor through the lake successional reserve land. So we, the Forest Service, are trying to protect your interests in your lands and the associated resources.

I invite each and every one of you to contact me at the supervisor's office here in Roseburg if you have question, but realize that the Forest Service is not the proponent and we are not an architect. This is FERC's EIS. We will participate in writing that document so that we can tier to it. Will the pipeline go through this area? It probably will. Is there a public need and benefit? That's what we're trying to establish. But what will the location be? You all, a lot of you, have issues and concerns about the location. I urge you to speak now to Williams, bring those issues up, present alternative routes if necessary. That's where you can be heard is working directly with them and negotiate in good faith with them as they are required to do with you. They are working with us. Thank you.

(Applause.)

MR. FRIEDMAN: Thank you, Jake.

I guess I should say that while a FERC certificate, if we authorize this project, does convey with it the power of interconnect over private and state land. It does not do so for tribal or federal land. Therefore, the Forest Service and BLM will make the final determinations our routing over their lands.

With that said, are there any more speakers?

(No response.)

MR. CHASM: Hi. Richard Chasm, again. I'd like

to make a public announcement. As I said earlier, this is habitat for people and one of the things we do in our habitat is meet. And we've set up a meeting at the Ten Mile Community Hall, Sunday, July 23rd at 6 p.m. and we'll be getting the word out there in Ten Mile, Kalmath Valley and I know people over there in Rose Creek and stuff. But anybody from anywhere is welcome to attend, including Williams and FERC. Anybody who wants to be there, you're welcome and that will be an opportunity for us to kind of go over this amongst ourselves.

VOICE: Ten Mile what?

MR. CHASM: Ten Mile Community Hall. It's over behind the old Ten Mile School, July 23rd at 6 p.m.

MR. FRIEDMAN: Thank you.

Without any more speakers, the formal part of this meeting is concluded. On behalf of the Federal Energy Regulatory Commission, I'd like to thank you all for coming here tonight to help us focus the environmental review process on those issues of concern to you.

Let the record show that this meeting concluded at approximately 8:25 p.m. Thank you very much. I appreciate you coming.

(Whereupon at 8:25 p.m., the above-entitled matter was concluded.)