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First offshore terminal now operating

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Commercial operations kicked off yesterday in the Gulf of Mexico at the nation's first offshore liquefied natural gas terminal like those proposed 10 miles off Gloucester.

The tanker Excelsior docked at underwater buoys 116 miles off the coast of Louisiana last Thursday, and crews have been doing a series of test runs since then, Excel-erate Energy Vice President Rob Bryngelson said.

The first gas to be sent ashore for consumer use began flowing from the terminal around 9 a.m. yesterday, he said.

LNG has been offloaded at onshore terminals in the United States since the early 1970s, but offshore terminals are new.

It is a major milestone for Excel-erate Energy, the newly formed Texas company.

"This is the first new terminal in 20 plus years," Bryngelson said. "This is definitely a couple of big steps in the direction of getting increased LNG imports into the United States. Everything went very smoothly. We're very pleased."

A group of executives from the El Paso Corporation formed Excel-erate Energy in 2003 when El Paso cut its LNG initiative due to credit problems, Bryngelson said. Excel-erate then bought the technology for the LNG initiative and built the Gulf of Mexico offshore terminal.

Bryngelson said the next major move will be building off Gloucester. That project is still in the approval phase, however, and has been widely opposed by Gloucester leaders.

Local officials who oppose two terminals proposed off Gloucester say just because one tanker has offloaded at Excelerate's Gulf of Mexico operation does not mean they are a good idea. "One day doesn't make history," said Mayor John Bell. "They're two different sites."

Excelerate Energy and a second Texas-based company, Tractebel North America, are both vying to build multi-million dollar terminals southeast of Gloucester to help meet the demand for natural gas in the Northeast.

The companies have proposed offshore terminals that would require putting in two underwater buoys southeast of Eastern Point in a triangle between the Stellwagen Bank National Marine Sanctuary, the Massachusetts Bay Disposal Site and shipping lanes to Boston. LNG tankers would dock at the underwater buoys, vaporize the liquefied natural gas and offload it into a pipeline buried in the ocean floor.

Fishing industry leaders and city officials widely oppose the project because they are concerned the docking facility would disturb fish habitats and force more fishing ground closures in areas invaluable to Gloucester's dayboat fleet.

Another key argument for opponents is the newness of the technology. LNG has never been offloaded from tankers while still at sea anywhere in the world.

Excelerate Energy officials developed their plans for an offshore terminal using technology for an underwater buoy system that tankers latch onto to offload oil in the North Sea.

LNG is natural gas that has been cooled to roughly -260 degrees Fahrenheit, changing the gas to its liquid state and making it easier to transport large amounts. LNG has been offloaded from tankers at an onshore terminal in Everett since the early 1970s.

At the Everett terminal, LNG tankers do not hook up to an underwater buoy system. Instead, giant unloading arms 50 feet tall are extended over the vessel and pump the LNG from each cargo tank onboard. The LNG is then pumped into two storage tanks, and, in turn, pumped into three pipelines that each have their own vaporizing system.

At offshore terminals, the vaporizing system is located onboard the tankers, and the LNG is turned back to gas before it is pumped into the pipeline through the underwater buoy.

Bell said the newness of the technology and the impact on the fishing industry and the marine environment concern him.

"The technology is just one thing," Bell said. "I think we all have a lot to learn. What happens down in the Gulf of Mexico should be used to see if there are lessons to be learned and build those lessons into the permitting process."