

# Backers suspend Bradwood Landing liquefied gas terminal near Astoria

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**NorthernStar Natural Gas** Inc. said Tuesday that it is suspending efforts to develop a liquefied natural gas import terminal at **Bradwood Landing** on the Columbia River, 25 miles east of Astoria.

The announcement ends a six-year effort that consumed as much as \$100 million of investors' capital and countless hours of regulatory work while sparking a firestorm of public opposition from property owners and environmentalists.

The Houston-based energy development company sent out a one-page news release Tuesday afternoon quoting NorthernStar President Paul Soanes saying extended delays in state and federal permitting and the difficult investment environment "have forced us to suspend development."

The company characterized its move as a "suspension" of the project, not a termination. It did not return follow-up calls on Tuesday.

Mike Carrier, natural resources policy director for Gov. Ted Kulongoski, said the company told him Tuesday that another developer could conceivably resurrect the project. But Carrier said the company told him its financial backer, a private equity fund that has put \$100 million into the company's LNG proposals in Oregon and California, was pulling the plug.

NorthernStar began development work nearly six years ago at an abandoned mill site on the lower Columbia River. At the time, gas prices were high and importing the commodity to the United States from abroad seemed like a lucrative opportunity.

**LNG** is natural gas that has been superchilled to a dense liquid for transportation on oceangoing tankers. It is then regasified and shipped via pipeline for local consumption or storage.

In addition to regulatory delays, NorthernStar's investors were doubtless focusing on the fact that domestic reserves of natural gas have soared in recent years with the advent of new drilling techniques to access unconventional reserves in shale formations.

That increased supply, in tandem with the economic recession, has put domestic gas prices into a free fall, undermining LNG terminals that recently opened on the Gulf of Mexico and in Baja, Mexico, and casting doubts on efforts to build any more.

Two other companies are still trying to obtain federal and state permits to build similar LNG import terminals in Oregon. One is in Warrenton, just west of Astoria on the Columbia River, and the other is in Coos Bay on the central coast. Those projects are also competing with a proposed pipeline that would import more gas from Wyoming to customers in Oregon and California.

Many observers think the first project to reach the regulatory finish line will pre-empt the others, leading competitors to abandon their projects.

Peter Hansen, chief executive of the Oregon LNG project in Warrenton, said his company remains committed to developing its project. "We believe that it is in the Pacific Northwest consumers' best interest to have access to all sources for clean, efficient energy such as LNG," Hansen said.

Bradwood's suspension also has implications for a controversial 200-mile pipeline that **Northwest Natural Gas Co.** and **TransCanada Corp.** were planning to build to connect the LNG terminal with an interstate pipeline in central Oregon near Maupin.

The Palomar pipeline, as it's known, has attracted as much grass-roots opposition as the LNG terminals -- though its backers have consistently maintained that the projects weren't linked -- and they intended to go ahead with an eastern section of the pipeline even if Bradwood didn't happen. That section of pipe would transfer gas from the interstate pipeline in central Oregon to customers in the Willamette Valley.

In a statement e-mailed Tuesday, NW Natural Chief Executive Gregg Kantor said his company remained committed to that project. "It's our belief that if an LNG terminal is not built in the Northwest, the east segment of Palomar increases in importance as a way to bring additional domestic supplies from the Rocky Mountains and western Canada and to enhance system reliability across the region," he said.

Project opponents nevertheless celebrated the announcement by NorthernStar.

"It's a huge victory for Oregonians, for family farms, for clean water, for salmon habitat, for fisherman," said Brett VandenHeuvel, executive director of the conservation group **Columbia Riverkeeper**. "LNG has no place in Oregon, not only Bradwood Landing but the other two LNG terminals are not viable projects either."