U.S. Department of Homeland Security

United States Coast Guard

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JUN 15 2007

Mr. Mark Robinson
Director of Energy Projects
Director of Gas-Environment and Engineering, PJ 11
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Mr. Robinson:

On March 16, 2006, the Coast Guard completed a review of the Waterway Suitability Assessment (WSA) for the Dominion Cove Point LNG expansion project, submitted by Dominion Cove Point LNG, LP on January 12, 2006. On April 14, 2006, the Coast Guard issued a Waterway Suitability Report in which it was noted that Dominion Cove Point had not yet provided adequate security measures necessary for the proposed expansion, and that the Coast Guard would address those security measures in their Letter of Recommendation. In lieu of waiting until the LOR is developed, we have decided to communicate the specific requirements and conditions necessary for ensuring adequate safety and security around the terminal and the vessel with this letter, as a supplement to the existing WSR.

Our determination that the waterway may be suitable for accommodating the type and frequency of LNG vessel traffic referred to in the WSA is contingent upon the various agencies involved in the navigation safety and maritime security processes having the appropriate resources necessary to implement the risk mitigation measures specified in this supplement. Dominion Cove Point, LNG, LP may not bring in vessels larger than those proposed in their Letter of Intent, dated April 14, 2005. Our review of the WSA focused solely on navigation safety and maritime issues, and did not address shore-side emergency response or conveyance agreement issues.

The following is a list of specific risk mitigation measures that must be put into place to responsibly manage the safety and security risks of this project. Details of each measure, including adequate support infrastructure, will need to be further developed through the creation of a Transit Management Plan (TMP) that clearly spells out the roles, responsibilities, and specific procedures for the LNG vessel and all agencies responsible for security and safety during the operation.

- Security Zone A security zone shall be established around the moving LNG vessel 500 yards ahead and astern, and 500 yards to either side of the moving LNG vessel in accordance with 33 CFR 165.502. No vessel may enter the security zone without first obtaining permission from the Coast Guard Captain of the Port.

- Communications Interoperability All agencies involved in the vessel's navigation and security regime must have interoperable communications. Additionally, procedures must be specified, and incorporated into the TMP, for notification and communication with owners/operators of certain critical infrastructure located along the transit route.

- Law Enforcement (LE) Vessel Escort While an LNG vessel is navigating its loaded inbound transit, an armed, multi-vessel escort may be required to enforce the security zone around the moving LNG vessel. This escort may consist of USCG patrol boats, and/or patrol boats provided by state/local LE agencies. The escort will commence in a specified area and continue during the remainder of the inbound transit. These procedures must be specified and incorporated into the TMP. The number of escort vessels required will range from one to four vessels.

- Tug Escort A minimum of three tractor tugs of at least 50-ton bollard pull each shall be available to the LNG vessel when it is mooring or getting underway. In the event that only two tractor tugs of at least 50-ton bollard pull each are available, the third tug to be used will be mutually agreed upon, at least 96 hours in advance, by the Association of Maryland Pilots and the LNG shipping company. Any disputes over the third tug to be used will be resolved by the COTP Baltimore. One tractor tug shall remain on scene in immediate standby (capable of getting underway in less than one minute) and two tugs in 10-minute standby while the LNG vessel is moored.

- Security Code Words A procedure will be established for the LNG vessel's crew to exchange security "code words" with the pilots before approaching to board the LNG vessel, and to review security status with pilots and participating security and public safety agencies.

- Shoreline Surveillance & Monitoring The monitoring of shoreline and adjacent waterways shall be accomplished using a blend of electronic and crewed shore-side, waterborne, and aerial assets, provided as laid out below. These assets must have the ability to communicate with the cognizant COTP Command Center. Appropriate Memorandums of Agreement (MOAs) between the Coast Guard and all entities involved may have to be developed.

    - Surveillance Patrols: State, local and private LE agencies will provide landside security patrols for surveillance along the facility's waterfront and portions of the transit route prior to and during an LNG vessel's transit and during the LNG off-load operations.

    - Aerial Reconnaissance: Aircraft will periodically be used to monitor the shoreline ahead of the vessel's transit, with the capability of transmitting real-time images directly to the Sector Hampton Roads and Baltimore Command Centers.

    - Pre-staging of Law Enforcement Assets: Sufficient landside and waterborne LE assets which are capable of being dispatched to investigate anomalies reported during aerial reconnaissance of the transit route, will be pre-staged in and around

the LNG terminal.

- Video Surveillance System The TMP must include integration of an electronic surveillance of the fixed waterside security zone and terminal area.

- Anchorage Management LNG vessels are not expected to anchor during transit. Once the Chesapeake Bay is entered there is only one designated anchorage available, Anchorage Q, in the vicinity of York Spit Channel (33 CFR 110.168). Any request for an LNG vessel to anchor, except during an emergency, shall be authorized by the cognizant COTP.

- Moored Vessel Security Zone A security zone of 500 yards shall be established around the moored LNG vessel and enforced through continuous presence of at least one armed law enforcement patrol boat. This function will NOT be performed by the USCG.

- Divers for Pier Security Sweeps On a case-by-case basis, divers may be required to conduct underwater security sweeps of the LNG pier. If deemed necessary by the COTP, divers shall be arranged for and provided by the facility owner.

- Measures for Non-Empty Outbound Transits If for any reason the LNG vessel must carry a significant amount (beyond the heel) of cargo during its outbound transit, all security measures recommended during inbound transit also shall be undertaken during the vessel's loaded outbound transit.

- Additional Measures While Other Vessels are in Port If, for any reason, two LNG vessels are moored at the facility at the same time, each vessel shall have dedicated to it all of the required safety and security measures. For example, if two vessels are moored and off-loading, each will have at least one small boat enforcing the fixed security zone and each will have one tug on immediate standby.

- Vessel and Facility Inspections The LNG facility and LNG vessels serving the facility will be subject to (at a minimum) annual Coast Guard inspections to ensure compliance with federal and international safety, security and pollution regulations. In addition, the LNG vessels and facility are typically required to undergo a pre-arrival inspection and transfer monitor.

- Terminal Emergency Procedures Emergency operations conducted at the terminal shall be the primary responsibility of the terminal operator. The terminal Emergency Manual in accordance with 33 CFR Part 127, shall establish response procedures and coordination with emergency responders. The terminal operator shall ensure the Emergency Manual is maintained up-to-date and distributed to the appropriate emergency responders, and the procedures tested on a frequent basis.

- Transit Management Plan (TMP) An updated TMP must be developed in cooperation with local stakeholders and the Captain of the Ports which addresses specific issues and

details related to the increased number of LNG vessel transits to and from the LNG facility.

This determination is merely a preliminary assessment and does not constitute final agency action because analysis required by the National Environmental Policy Act (NEPA) has not been completed. The final determination of suitability as well as any requirements or conditions related thereto will be disclosed in my Letter of Recommendation.

In the absence of the measures described in this letter and the resources necessary to implement them or changes in Coast Guard policy upon which the necessary resources are based, the Chesapeake Bay, from Cape Henry, VA to Cove Point, MD would be considered unsuitable for the LNG marine traffic associated with Dominion Cove Point LNG, LP.

The conclusions of the WSA were published in the Federal Register on February 14, 2006 which provided the public with a 30-day opportunity to comment. No public comments were received in response to this request.

For further information, please contact the project officer at Sector Baltimore, Lieutenant Commander Laura Weems at (410) 576-2519, or email: Laura.H.Weems@uscg.mil.

Sincerely,

B. D. Kelley
Captain, U.S. Coast Guard
Captain of the Port
Baltimore, Maryland

P. B. Trapp
Captain, U.S. Coast Guard
Captain of the Port
Hampton Roads, Virginia

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Dominion Cove Point, Mr. Frederick