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Coastal Files Gulfstream Application with Federal Energy Regulatory Commission

HOUSTON — The Coastal Corporation today announced plans to file an application on Oct. 15 with the Federal Energy Regulatory Commission (FERC) to build and operate a new natural gas pipeline with an initial capacity of 1.1 billion cubic feet per day to serve Florida's growing energy needs. Ten non-affiliated utility and power- production customers have made long-term, binding commitments for capacity on the system, with additional commitments expected soon.

Commenting on today's announcement, David A. Arledge, chairman, president and chief executive officer of The Coastal Corporation, noted that "the Gulfstream Natural Gas System will provide economically priced capacity to deliver the additional supplies of clean-burning natural gas that Florida needs, with a route design that is in keeping with our commitment to environmental stewardship."

Florida will require more than 9,600 megawatts of additional electrical- generating capacity by the year 2007 to meet the needs of its growing population, according to the Florida Public Service Commission's "Review of Electric Utility 1998 Ten-Year Site Plans." When completed, the Gulfstream system will have the capacity to deliver sufficient natural gas to produce electricity for more than 50 percent of the state's additional megawatt requirements.

According to Arledge, "Coastal has a clearly defined growth strategy with specific projects and plans that are being coordinated with the Gulfstream project. Our power production division will have opportunities to develop projects in Florida, and the exploration and production division has the opportunity to expand existing gas supplies in the Gulf of Mexico for delivery to the project."

The proposed 744-mile Gulfstream Natural Gas System will originate near Mobile, Ala., and cross the Gulf of Mexico with more than 400 miles of 36-inch diameter pipeline to Manatee County, Fla. In Florida, 292 miles of main line and laterals, ranging in diameter from 36 inches to 16 inches, are planned to deliver environmentally preferred natural gas to fuel new electric generation capacity throughout the state. The main line terminates in Palm Beach County, along Florida's East Coast.

"Through interconnections with others, Gulfstream shippers will have reliable access to more than 2 billion cubic feet per day of gas supplies sourced from supply basins in the U.S. and Canada," Arledge said.

Arledge said that Gulfstream took extraordinary steps in the months preceding today's announcement to ensure that the project met or exceeded all federal, state and local laws and regulations pertaining to safety, health and the state's environmental resources. Those he enumerated included:

Gulfstream developed and implemented a strategy that resulted in a pipeline route which seeks the least environmental impact and meets the needs of the customers and markets Gulfstream will serve. Gulfstream sought advice and guidance from federal, state and local permitting agencies involved in the project. That collaboration led to Gulfstream's adoption of the "team permitting" process in Florida, in which all interested stakeholders participate in developing the conditions to be included in the state's Environmental Resource Permit.

This cooperative sharing of data enabled Gulfstream to avoid known sensitive habitats and develop field survey protocols used in identifying and avoiding sensitive areas such as "live bottom" habitats in Tampa Bay. In fact, Gulfstream met with more than 150 agencies and environmental groups and spent more than \$7 million on environmental surveys and related work to ensure that its filing with the FERC was comprehensive and complete.

Gulfstream held 20 open houses with landowners, community leaders and other interested parties across Florida and in Alabama. That dialogue helped Gulfstream take into account landowner suggestions and gradually narrow the pipeline study corridor from an initial 3-mile-wide study area to the current 300-foot-wide corridor.

Arledge said Gulfstream will generate a \$716 million economic stimulus to the Florida economy. Construction on the \$1.6 billion project is scheduled to begin in June 2001. Gulfstream has a targeted in-service date of June 2002.

Coastal has more than 25 years of experience in offshore pipeline construction and operation. Coastal companies own, operate or have interests in 18,000 miles of natural gas pipelines and handle about 13 percent of all natural gas consumed in the United States.

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