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Coast Guard and City Determine OceanWay Application is Complete *Begins Thorough Public Review of Natural Gas Portal*

SANTA MONICA – OceanWay, a proposed project to bring natural gas to California, took another major step forward today when the U.S. Coast Guard and the City of Los Angeles determined that the Woodside Natural Gas application for a license to operate an offshore project had met federal and state requirements to begin a full environmental assessment. This determination launches the public review of the OceanWay project proposal.

The Coast Guard and City of Los Angeles officially declared Woodside's application for its OceanWay project "deemed complete," a status that reflects substantial progress since Woodside submitted its detailed application in August 2006 to develop and operate a safe and secure offshore project that would deliver natural gas to California without building permanent offshore surface or floating structures.

"This announcement is great news for OceanWay and California consumers," Woodside Natural Gas President Steve Larson said. "We are one step closer to the day when OceanWay can deliver clean, affordable natural gas to California consumers. OceanWay will safely bring in the natural gas we need to power California's booming economy and hold down heating and electricity costs in the region."

OceanWay will use a ship and buoy system to deliver natural gas to California, unloading at two buoys 28 miles offshore Los Angeles, and connecting into the existing gas network via undersea pipelines. When ships are not moored to the buoys to unload their cargo, no offshore structure will be visible.

Onshore, dual pipelines will be installed beneath the ground and will connect to the natural gas network four miles inland, joining the 90,000 miles of underground gas pipelines that already crisscross Southern California and Los Angeles.

OceanWay is a safe and secure solution for California's energy future, delivering much-needed natural gas for consumers while minimizing its environmental footprint. OceanWay will:

- Protect the environment by meeting all federal and state air and water quality standards.
- Preserve ocean views because OceanWay will not require the construction of any onshore storage facilities or permanent offshore surface structures.
- Commit to community safety by locating the project 28 miles offshore, far removed from population centers and existing shipping lanes.
- Use proven technology, relying primarily on ocean air for regasification and a buoy system similar to one that performed reliably and safely during Hurricane Katrina.
- Provide a secure and reliable energy source for California, capable of supplying 15 percent of California's annual natural gas demand and adding valuable peak supply during events like heat waves.

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- Protect consumers by establishing a critically needed new natural gas portal on the West Coast, thereby adding new supply diversity to California's energy portfolio. This should guard against price spikes that occurred in past California energy crises.
- Create jobs by committing to US staffing and flagging of the regasification ships. This commitment contributes new opportunities for training a highly skilled maritime workforce.

Natural gas is one of the cleanest-burning and most widely used energy sources available today. It is the same energy source used in our homes for cooking, heating and drying clothes, and it is the fuel of choice for low-pollution buses and other public vehicles. Natural gas is a vital part of California's current and future energy portfolio, providing more than 40 percent of the state's electricity. Ninety percent of power plants built in the U.S. in the next 20 years are expected to use natural gas to reduce greenhouse gases and other emissions from dirty coal-fired power plants.

However, California's energy future is at risk. Natural gas supplies accessible to California are limited, and as a result, prices have doubled since 2001. California's growing population and booming trillion-dollar economy will demand even more energy in the years ahead.

Yet California produces just 15 percent of the natural gas it needs to meet current demand. California currently does not have a way to safely import natural gas. Instead, the state relies on pipelines from other states and Canada to deliver 85 percent of its natural gas needs. California is now facing unprecedented competition for those gas supplies from the fast-growing states of Colorado, Arizona and New Mexico, as well as rapidly increasing demand for these gas supplies in the northeastern states and Canada.

Increased energy efficiency and renewable energy sources are the priority building blocks of California's future energy, and natural gas helps support their operation as part of the state's diversified energy portfolio. Natural gas will provide backup energy when renewable sources — like solar or wind— are unable to generate the power needed because of weather or other conditions.

"Unfortunately, California consumers will ultimately pay the price if the state fails to secure new natural gas supplies," Larson said. "California leaders and energy agencies have recommended the construction of a new natural gas import facility in the state, and OceanWay is positioned to provide a solid solution."

Today's announcement initiates a comprehensive public review and approval process for the OceanWay project. Woodside Natural Gas has submitted applications to the Coast Guard for a Deepwater Port license and to the City of Los Angeles for a pipeline franchise permit. For final project approvals, the Coast Guard will serve as the lead agency under the National Environmental Policy Act (NEPA) and the City of Los Angeles as the lead agency under the California Environmental Quality Act (CEQA).

"We look forward to continuing our work with the public and the permitting agencies in the months ahead," Larson said. "OceanWay provides a great opportunity to successfully deliver clean, affordable natural gas to California consumers in an environmentally sensitive manner."

The United States Coast Guard and City of Los Angeles expect to announce the date and time of the environmental review public scoping hearing within 30 days.

OceanWay will be built and operated by Woodside Natural Gas Inc., a California-based company committed to a California-based solution to the state's energy needs. Woodside Natural Gas is an affiliate of Woodside, a publicly traded company in business since 1954. Woodside has a market capitalization of more than \$27 billion, offices worldwide and more than 3,000 employees. Woodside has a successful history of collaborating with local communities and safely delivering natural gas by ship, moving more than 2,300 liquefied natural gas cargos around the world including the U.S. More information on OceanWay may be obtained at www.oceanway.com.