



Letter from Dean

Dear Friends:

It's hard to believe but next month will mark the second anniversary of the announcement of our plans to build a modern, safe LNG import terminal at Mill Cove in Robbinston. I am deeply grateful for the support we have received and the relationships we have built here in Washington County over the past two years.

Right on schedule, our project is now in the critical phase of state and federal reviews. An incredible amount of hard work has gone into preparing our permit applications, and we look forward to making our case to state and federal regulators at the upcoming public hearings to be held by the Maine Board of Environmental Protection (BEP) and the Federal Energy Regulatory Commission (FERC).

Both agencies will hold hearings here in Washington County, giving the public an opportunity to participate in the process. Several groups, both supporters and opponents, also have been granted formal intervenor status, which means that they can present testimony and question our witnesses. We can question the intervenors, as well.

While the Canadian government's stated opposition to allowing LNG ships to transit Head Harbor Passage continues to be a concern, it becomes clearer every day that their position has little to do with safety and everything to do with local politics and protecting Canadian economic interests. I am pleased the U.S. State Department, Maine's U.S. Senators, Governor Baldacci and area legislators have all come out strongly in support of the right of innocent passage for ships using these waters to reach Maine ports.

In addition, a report issued by Marine Safety International, which conducted sophisticated simulation exercises for us last summer, says that Head Harbor Passage can be safely navigated by LNG vessels, and a Canadian official who participated in the simulations didn't take issue with that conclusion in a recent Canadian newspaper story about the study.

As you can see, there is a lot of positive momentum behind our project, and I remain convinced that this is a great opportunity for Washington County and the State of Maine. We can expect our opponents to do everything they can over the next few months to stop us, so I hope that I can count on your continued support as we enter the final stages of the approval process.

Sincerely,

A handwritten signature in black ink that reads "Dean P. Gindin". The signature is written in a cursive, flowing style.



Maine BEP hearings scheduled for July

The Maine Board of Environmental Protection (BEP) public hearing on Downeast LNG's state permit applications has been scheduled for the week of July 16. Members of the public will have the opportunity to express their views on the applications at public comment sessions to be held on July 17 at the Robbinston Grade School and on July 19 at Calais High School. Both of these sessions start at 6:30 p.m.

More formal hearing sessions will also be held in the cafeteria at Calais High School, beginning at 9:00 a.m. on July 16 and at 8:00 a.m. on the following days. The hearing will begin with testimony from representatives of Downeast LNG, who will then be questioned by BEP members, Department of Environmental Protection (DEP) staff and the intervenors in the hearing. While the public may attend these sessions, the BEP will be focused on the testimony of Downeast LNG and the intervenors.

Intervenors are groups of people, for and against the project, who have asked for and been granted the right to formally take part in the hearing by providing testimony and questioning DELNG witnesses. The intervenors also can be questioned by BEP members, staff and our attorneys. Under BEP rules, extensive testimony from Downeast LNG and its experts and the intervenors and their experts was pre-filed in early June. After reviewing the pre-filed testimony, Downeast LNG and the intervenors also filed rebuttal testimony, challenging points made in the original testimony. Much of the hearing will be directed to this pre-filed testimony and the rebuttals.

The BEP is expected to issue a decision on our applications later this year.

Draft EIS from FERC due soon

On the federal level, Downeast LNG is expecting the Federal Energy Regulatory Commission (FERC) to issue a draft Environmental Impact Statement (EIS) on our applications for the LNG import terminal in Robbinston and the pipeline connector to the Maritimes & Northeast Pipeline at Baileyville in the near future.

Once the draft EIS is completed, public comments will be solicited and hearings will be held in the Robbinston area. FERC will take those comments and then issue a final EIS. A final decision on our applications will then be made by FERC, hopefully before the end of the year.

Opponents fail in attempts halt review of Downeast LNG applications

Even before any public hearings were scheduled, project opponents tried to stop further consideration of our state and federal applications. Fortunately, both attempts failed.

In mid-May, the Maine Board of Environmental Protection (BEP) unanimously rejected an attempt by Save Passamaquoddy Bay to have our application thrown out. A few weeks later, FERC denied a similar request by the Province of New Brunswick to suspend consideration of Downeast LNG's applications.

U.S. State Department says ships have a “non-suspendable right of innocent passage”

Just before our last newsletter went to print, the Canadian Ambassador to the U.S., Michael Wilson, wrote to the chairman of the Federal Energy Regulatory Commission (FERC) to say that Canada will not allow LNG ships to use Head Harbor Passage. On March 9, in a letter to U.S. Senators Olympia Snowe and Susan Collins, Assistant Secretary of State for Legislative Affairs Jeffery T. Bergner made it crystal clear that under international law ships bound for Maine ports on Passamaquoddy Bay have the right to use Head Harbor Passage. Below is an excerpt.

We have also underscored privately to Canadian officials - and asserted publicly as well - that it is our firm position that, though Canada may adopt laws and regulations in respect of the safety of navigation and the regulation of maritime traffic, all vessels enjoy a non-suspendable right of innocent passage into and out of Passamaquoddy Bay through Head Harbor Passage. This is guaranteed by the international law of the sea as reflected in articles 21 and 45 of the Law of the Sea Convention.

Senators Snowe and Collins then issued a joint statement in which they said the following:

...the Canadian Government does not have the authority to unilaterally suspend the right of innocent passage. We believe that the right of innocent passage must be consistently maintained and we urge Maine state officials to continue to make this case to their Canadian counterparts.

A few days before the State Department letter to the Senators arrived, Gov. John Baldacci weighed in on the issue, telling Senator Collins in a March 6th letter that:

Eastport is accessed through the Head Harbor Passage waterway which has long been recognized as an international passageway. If the Canadian government can dictate the size and types of vessels that can use Head Harbor Passage, they will be able to dictate the economic future of Eastport. This is an unacceptable situation for the State of Maine.

Washington County State Senator Kevin Raye also had strong words about the Canadian government's position, stating in a news release in February:

Those of us who live on the American side of Passamaquoddy Bay recall Canada's utter disregard for concerns raised by U.S. border communities on issues such as the nearby Point Lepreau nuclear power plant, and the controversial quarry and crushed stone operation at Bayside on the Canadian side of the bay.

Each of the Washington County LNG proposals should rise or fall on its own merits, not on the unwarranted intrusion of Canada's government and corporate power brokers.

Downeast LNG appreciates the continued support of Maine's state and federal elected officials in ensuring that we receive a fair hearing on our proposal, without interference from Canada.



Community Relations

Downeast LNG continues to be actively engaged in the Washington County community. Cathy Footer, our project assistant/community relations coordinator, attended the 2007 Washington County Job Fair held at UMM this spring where she spoke with many people and handed out information about the jobs that will be created by our project.

In May, Cathy attended a meeting of the St. Croix International Waterway Commission at the Downeast Heritage Museum and a Maine Department of Transportation 20-Year Plan meeting held at the Calais Motor Inn. The DOT meeting reviewed the vision for Washington County's roads, rails, and bridges over the next two decades.

In addition, we have contributed nearly \$5,000 so far this year to a variety of community activities, including the Ronald McDonald House/WCCC Polar Dip, American Legion baseball, the Calais High School yearbook and Project Graduation, college scholarships for two outstanding Robbinston students, and the Calais Skatepark.

We are pleased to be part of the community and encourage you to stop by or call (454-3925) our office on Route 1 in Robbinston if we can be of assistance or provide you with any information about our project.

Quotable

"I expected the sophistication but I was amazed at the accuracy," he said.

"They threw everything at us, everything you can think of, with no warning. We never once lost control or touched the shore - no matter what."

— Capt. Bock Peacock, quoted in *Cruising troubled waters; LNG Simulations of tankers going through Passamaquoddy reveal it's not as dangerous as Ottawa is letting on* (New Brunswick Telegraph-Journal, June 11, 2007)

This page one article in New Brunswick's leading newspaper cites a study by Marine Safety International, which says that Head Harbor Passage "is more than adequate to navigate" LNG ships, and also notes that a Canadian official who participated in the simulation exercises on which the study is based did not take issue with the report's conclusion.

"Convolution helps us because the more delay you get, the better off we are."

— Joyce Morrell, an LNG opponent from Campobello Island, quoted in *Legal panel probes bay LNG dispute* (Telegraph-Journal, May 12, 2007)

Our opponents know they can't stop our project if we get a fair hearing and international law is upheld, so look for them to do everything possible to delay the process and file appeals to any favorable decisions we receive.