

U.S. Department of
Homeland Security

United States
Coast Guard



Commanding Officer
U.S. Coast Guard
Sector Southeastern New England

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16000

October 24, 2007

BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Gordon Shearer
Chief Executive Officer
Weaver's Cove Energy, LLC
One New Street
Fall River, MA 02720

Dear Mr. Shearer

This is my Letter of Recommendation Issued pursuant to 33 C.F.R. § 127.009. It is issued in response to your Letter of Intent of May 12, 2004 proposing to transport Liquefied Natural Gas (LNG) by ship to your terminal in Fall River, Massachusetts using large tankers, as amended by your change of information letter dated February 2, 2006 proposing smaller LNG tankers. In making this recommendation, I have compiled and considered a comprehensive administrative record. A complete listing of the documents I considered in making my recommendation is contained in enclosure (1) of this letter, and those documents are incorporated by reference herein. This record includes the additional documentation submitted by you and your counsel in response to my May 9, 2007 letter. I also considered information obtained during my observation of a simulated transit on May 24, 2007, and my own observations of the waterway while onboard deep-draft vessels transiting through Mount Hope Bay and the Taunton River. Enclosure (2) contains my factual determinations, analysis, and detailed recommendations in arriving at an ultimate recommendation.

This Letter of Recommendation is based upon my review of the aforementioned record, and my observations and knowledge of current commercial vessel traffic using the transit route along which you propose. My ultimate recommendation is that the waterway from near Sandy Point, Prudence Island, Rhode Island at approximate position 41° 36' 21"N, 071° 18' 13"W to the proposed facility in Fall River, Massachusetts, is unsuitable from a navigation safety perspective for the type, size, and frequency of LNG marine traffic associated with your proposal.

As I have determined that the above described segment of the proposed transit route is unsuitable from a navigation safety perspective, an exhaustive analysis of the other segments of the intended transit route described in my letter of May 9, 2007 and other factors relevant to waterway suitability for LNG traffic, such as maritime security, were not further analyzed in detail. Therefore, no additional public meetings and workshops with state and local officials, to further address security risks, resource demands, capabilities and coordination requirements, will be held. Moreover, as I view the safety of navigation as paramount, my recommendation that the waterway is unsuitable generated no additional environmental documentation requirements.

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The environmental impact of my sole alternative holding that the waterway is unsuitable due to navigation safety determinations is discussed in the May 20, 2005 FERC final environmental impact statement, incorporated by reference herein. I therefore adopt that document.

The determinations, analysis, and ultimate recommendation as to the suitability of this waterway for LNG transits between Sandy Point and Weaver's Cove, as contained in this letter and its enclosures, would be referenced in concert with a Captain of the Port Order, should an LNG transit be attempted along this waterway segment. Such an order would be issued pursuant to my authority under the Ports and Waterways Safety Act of 1972, as amended by the Port and Tanker Safety Act of 1978, 33 U.S.C. §1223, et seq, among other authorities.

Should there be significant changes to the characteristics of the waterway prior to the expiration of FERC's approval order in July 2010, Weaver's Cove may submit a new Letter of Intent in accordance with 33 CFR §127.007.

If you feel aggrieved by this action, you may request reconsideration by me pursuant to 33 C.F.R. §127.015(a). Your request for reconsideration must be submitted to me, in writing, within 30 days of receipt of this letter. If the delay in presenting a written request for reconsideration would have an adverse impact on your operations, you may request to make an oral presentation, but your written request must be submitted within five days of your oral presentation.

If you have questions, my point of contact is Mr. Ed LeBlanc of the Sector Southeastern New England Waterways Management Branch. He may be reached at the address, phone number, and e-mail address listed above.

Sincerely,

ROY A. NASH
Captain, U.S. Coast Guard
Captain of the Port
Southeastern New England

Enclosure: (1) Administrative Record
(2) Determination of Unsuitability

Copy: Commander, First Coast Guard District (d, dp, dl)
Commander, Atlantic Area (Am)
Commandant (CG-3PSO)
Federal Energy Regulatory Commission
Mass and RI Congressional delegations
Mayor, City of Fall River
Applicable state and local agencies