SABINE-NECHES WATERWAY PROJECT

US ARMY CORPS OF ENGINEERS

JANUARY 27, 2010

7:00 P.M.

LAKE CHARLES CIVIC CENTER

JEAN LAFITTE ROOM, THIRD FLOOR

LAKE CHARLES, LOUISIANA

A P P E A R A N C E S

Janelle Stokes - US Army Corps of Engineers
Sheri Willey - US Army Corps of Engineers
Byron Williams - US Army Corps of Engineers
Col. David Weston - US Army Corps of Engineers
Randall Reese - Sabine-Neches Navigation District
Clayton Henderson - Sabine-Neches Navigation District
Arthur Janecka - US Army Corps of Engineers

Reporter: Betty Curry Minton, RPR, CCR

P R O C E E D I N G S,

MR. REESE: We would like to go ahead and get started. Good evening, my name is Randall Reese. I'm the general manager of the Sabine-Neches Navigation District. We're the local sponsor for the US Army Corps of Engineers for the Sabine-Neches Waterway. At this time, I'd like to introduce the other members of the Navigation District that are here with us tonight. We have Paul Beard our board chairman and Joe Johnson is here with us tonight, one of our commissioners here with us. We have Clayton Henderson here with us, our assistant general manager.

We have a good presentation to present tonight and without any further delay, I'd like to go ahead and introduce Colonel David Weston. He is with the Galveston District US Army Corps of Engineers.

COL. WESTON: Thanks, Randy. Good evening, ladies and gentlemen. I'm pleased to be here tonight. As Randy mentioned, I'm Colonel Dave Weston. I'm the Commander of the US Army Corps of Engineers District in Galveston, Texas. And I'm here to talk to you tonight and welcome you to the public meeting of the Sabine-Neches Waterway Channel Improvement Project.

Specifically, we're going to present

information and accept public comment on the following draft documents that were released for public review on December 24th, 2009; The Draft Feasibility Report for the Sabine-Neches Waterway Channel Improvement Project Southeast Texas and Southwest Louisiana; The Draft Environmental Impact Statement for the Sabine-Neches Waterway Channel Improvement Project for Southeast Texas and Southwest Louisiana; The Draft Environmental Impact Statement for the Sabine-Neches Waterway Channel Improvement Project, The Ocean Dredge Material Disposal Site Designation and the Draft General Conformity Determination Sabine-Neches Channel Improvement Project.

And for the record, I'd like to state this public meeting is being convened at 7:00 p.m. on January 26, 2010 at the Lake Charles Civic Center in Lake Charles, Louisiana.

As you know or are learning here tonight, the Corps of Engineers and the Sabine-Neches Navigation District have been performing a study analyzing the potential modification to the portion of the Sabine-Neches Waterway that serves the ports of Beaumont and Port Arthur, Texas. The two objectives were identified for the study. These objectives were improvement and navigational efficiency along the

Sabine-Neches Waterway and maintain the ecological value of coastal and estuary sources within the project area.

The cost effective plan as been identified by the study that meets these objectives. This plan will be referred to as the tentatively recommended and locally referred plan will be described by study team members in the following presentations.

We are specifically seeking input tonight concerning the plan and associated environmental impact that are described in these documents. I hope that all of you have had an opportunity to read the announcement of the public meeting either on our Galveston District webpage or any individual announcements that were mailed to individuals, agencies, organizations and news media believed to have an interest in these proceedings. The meeting notice was also published in the Beaumont Enterprise in Beaumont, Texas and the Southwest Daily News here in Lake Charles.

An additional fact sheet is also available at the entrance here as you came in. The announcement mailing list and a list of those present tonight will be made a part of the record of this meeting. A court reporter is here who will transcribe these proceedings and all public comments.

Before we go any further, I'd like to introduce those members of my District that are here tonight representing the Corps of Engineers. Starting with Mr. Arthur Janecka, who is my deputy district engineer. Mr. Dolan Dunn who's my chief environmental and regulatory; Ms. Carolyn Murphy my chief of the environmental section; Mr. Byron Williams, my project manager for the Sabine-Neches Waterway Study; Ms. Sheri Willey our planning lead; Ms. Gloria Appell our economic lead; Ms. Janelle Stokes our environmental lead; Ms. Nancy Young project engineer; and Ms. Samantha Lambert our hydrology and hydraulics engineer. Now, I'll turn the meeting over to Mr. Byron Williams, the project manager. He's going to describe the ground rules for tonight's meeting and we will proceed from here. Thank you.

MR. WILLIAMS: Thank you, Colonel Weston. First, I'd like to ask did everyone fill out an attendance card. We not only use an attendance card to record your attendance but we also use them to determine who would like to make a comment. So if anyone doesn't have a card and you would like one, please raise your hand. One will be brought to you. Okay. Those who have filled out a card, you will be given an opportunity to speak after all presentations

have been made. And if you do not wish to speak but you would still like to make a comment, we also have 8 1/2 by 11 comment cards which you can fill out and place in one of the baskets that we have in this room or you can email or you can snail mail us. So if anyone would like one of those comment cards, please raise your hand. Okay. Thank you.

We want to emphasize that this is not a voting contest simply to determine if you are for or against the project tonight. So I would like to start with the format. First, I'm going to introduce Mr. Clayton Henderson, the assistant general manager for the Sabine-Neches Navigation District he will be giving you the project introduction; followed by Sheri Willey, she's our planning lead. She's going to talk about the planning study; and then followed by Ms. Janelle Stokes. She's the environmental lead and she's going to discuss the summary of the environmental study.

Afterwards Colonel Weston is going to open the floor for comments. First, he's going to recognize federal and state officers. Then he'll recognize federal and state resource agencies. Thirdly, he'll recognize any individuals who have filled out comment cards and would like to speak.

Again I'd like to remind you anyone who has requested to speak will have an opportunity tonight. I would like to ask you during the comment period that you be courteous and have your phones off or on vibrate, do not talk and please hold the applause and or reactions until afterwards so that we can maintain order at the meeting. Each comment period will be three minutes. When 30 seconds are remaining, I'll raise my hand at the table. Please act accordingly and adjust your speech to finish in 30 seconds. A mic will be brought to you when it is time to speak. You may stand up at your chair. That's our mic. Okay.

Without further ado, I'd like to introduce Mr. Clayton Henderson of the Sabine-Neches Navigation District. Thank you.

MR. HENDERSON: Thank you, Byron. My name is Clayton Henderson. I'm the assistant general manager for the Sabine-Neches Navigation District. We're the local sponsor to the Army Corps of Engineers for the Sabine-Neches Waterway Project. So what I'd like to do before we get into the technical aspect that you're going to hear tonight is give you an idea of what the project looks like through the local sponsors eyes and what brings us here tonight.

I'd like to start with just a little bit of

the projects history. I know it seems this is the first time we've done an improvement project on the Sabine-Neches Waterway. Because it's been quite a while, almost 50 years, since we've done an improvement project.

You can see by the slide we're pretty good at it. We've been doing it for quite a while. In 1912, we did the first improvement project. Took a meandering river and dug it to about 25 feet, straightened some of the bends and curves all of the way up to the Beaumont channel, and we've done it five times total. Hopefully, the sixth time will be this year in 2010. That's kind of what brings us to tonight. I wanted to point out that it may seem that the improvement project is new for all of us. It may be new to this generation, but it's not a new thing to the waterway to the project itself, and we've become pretty good at improving the project both from an economical standpoint but we believe also from an environmental standpoint. I think you're going to see a lot of that tonight as they give you the details.

We've definitely learned our lessons as we've gone since 1912, and I think you're going to see the best product put forward tonight, both economically and environmentally.

As I said, the project has a long history. The total involvement started back in 1875. The local sponsor was designated in 1909 for that first improvement project and since then, it's always been, we believe, a perfect coordination as far as the federal project goes. Although the federal government pays for the lion's share of the maintenance of the project. The local sponsor has a big hand in paying for the real estate or the placement areas where you put the dredge material that you dredge out of the channel and then industry kind of plays the other part of that perfect triangle and paying their share of their terminals and when they dredge their terminal anything that is outside of the federal footprint. So we do believe that the way our project was engineered, the one we're living with now and the one that we're going to go forward with is a really good coordinated effort. We share the burden all of the way around and it really gives everyone a seat at the table as we discuss the waterway going forward.

Some of the original tenets that we started with for this feasibility study were pretty simple to deepen the channel and to widen the channel starting off in the Gulf of Mexico and going all of the way up to the Port of Beaumont for the deepening and widening.

And you may have seen as you've been following the project along here lately, we have dropped the widening from the terminology it has been just a deepening project.

I wanted to point out to you this is an excerpt from the original feasibility bullets back in 1999. And one of our original tenets was to be sure that we kept the vision to improve the transportation, efficiency and navigational safety of the waterway. So although we have dropped the word "widening," we absolutely haven't dropped off the efficiency or the safety of the waterway and no doubt we're strategically widening places we have absolutely adjusted. I think you're going to hear a lot of that as the specifics roll out for tonight.

Let me back up one. Also, I want to point out that the waterway has been driving us as we go along. This project although I said it's been about 50 years since we've improved the project, it doesn't mean we haven't been needing an improved project. With the way the world vessels are going and the world market is going, vessels are getting bigger, with the Panama Canal improving itself coming due pretty soon and with the regulations requiring double hull tankers in 2015. Our waterway is already seeing vessels that

are easily exceed the design limits currently so they'll come either short loaded so they can make it up the waterway to design depth or they'll come fully loaded and have to offload offshore and lighter. All of those things impact the efficiency of the waterway and it impacts industry and ultimately impacts our area.

So part of this channel improvement was to alleviate that specifically. So the need is still there. It's still driving us. Although it's taken us a little while to get to it, we believe it's going to be just in time and a perfect fit for our area once we get it out.

But it's a bit of process to get there. The federal civil works process it looks pretty lengthy I know on that slide about a 21-step process on that slide starting with the identification of improvement need all of the way through the operation and maintenance of a channel once it's authorized and constructed.

But to give you an idea of where we are tonight, we're highlighted there at block eight or nine which is the finalization of the Feasibility Report. So it looks like we have a long way to go, but we really believe we've climbed a lot of the hill going

forward essentially to get us here tonight. And going forward, we believe that things are going to go a quicker pace hopefully with a local sponsor so we are looking for a chief's report sometime this September to sign off on the feasibility study and then we can swiftly move into the Water Resource Act passed by Congress this year and that will put us into the preliminary engineering design in 2011 and 2012. So it's taken a little bit, sure, but we do believe as we go forward, we're going to see the pace pick up quite a bit.

We started the reconnaissance phase in '97 and through '99. I wanted to kind of point out some of the things that it did propose as we were going to go into the feasibility phase as a way for you to kind of gauge some of the things you're going to hear tonight. The reconnaissance report said the project would be found in the federal interest and that we would have a favorable benefit cost ratio about 1.2 to 1. I think you're going to hear some numbers from Ms. Willey that are going to dovetail right with that but these are decade old numbers or predictions. You're going to see that the feasibility study track pretty much along with what the reconnaissance report predicted.

The yardage is quite large although we're

going to be a little north -- quite a bit north of the 260 million dollar price tag on the thing. You probably all can agree with me that over a decade and with the scale of economy and industry and also with the cost of doing business in industry has really accelerated that project cost, but the benefit to cost ratio was maintained and I believe even improved just a little bit so you're going to see that.

In the feasibility phase, it was pretty simply from a local sponsor as we listen to industry and we saw the need for an improved channel, the direction we were giving the Corps as we were asking them to do a feasibility study for our project or for our current project was to describe and evaluate alternative plans for improvement probably a lot of ways we can come up with and there were a lot of ways that came up to improve our project.

I believe Jan and her team went through 120 different alternatives just on the environmental side of things. And so they had to wade through quite a bit of alternatives to get it down to a presentable package. And then ultimately proposed the recommended project. I think you're going to see that tonight. I think that the Colonel and his staff and over the years they've done a great job at doing just that that led to

a complex project like we see tonight. It's a tough thing to wrestle down. But I think you're going to see and agree with me that they've done quite a job doing that.

As we went through the feasibility phase, some of the particulars were the cost sharing between the navigational district and the federal government to pay for actually doing the study. And early on even before we started this thing, we knew that we would be at a meeting much like tonight where you would be presented with an environmental impact statement because the project does have such an environmental impact. It's a very large waterway. It touches a lot of ecosystems and so Jan's work has been cut out for her probably from the beginning, but I think she's done a good job of gathering all of the agencies to kind of sit down and go through that.

The 48 months to complete, 78 million dollars to do that absolutely got escalated, but I think most of that could be attributed to new policies within the Corps. Our project was the first project to go through some of the new policies. And in the end, I think, it was a good thing for our project to go through those because the project we are now going to pass on to headquarters for their review phase is a

better project for it. It's going to be a more vetted project for it. And as I said in the beginning since 1912, we looked at getting better at doing projects and I think this is a part of it. So it's a little bit painful at times for us to go through those over and over, but at the end of the day, I think we're going to see the results and the benefits of that when it goes into the headquarter's review phase.

So the project all along and this process all along has always meant to be an open process. We wanted early on to identify the stakeholders and urge their participation in the project. We wanted intensive state and federal resource agency involvement. Jan has done, I think, a great job as far as coordinating all of the different agencies. This waterway splits two states, a lot of federal interest as well. So that's been quite a task to do but if -- some of you may have been at some of those coordination team meetings, and you'll see that we were able to smooth out the majority of the wrinkles environmentally and so I think you're going to see some benefits of that tonight as well.

And so I look forward to your open comments tonight to continue that openness. I think as you hear the details of the project, you're going to see that

the project that the Corps is proposing tonight and as we press it forward, is the project that we all can get behind and endorse. It's a project that more importantly that we started out looking toward and you can see that tonight. Thank you for your time and now I would like to introduce you to Ms. Sheri Willey and she's going to go through some of the details.

MS. WILLEY: Good evening. My name is Sheri Willey and I'm the planning lead on the project and I'm going to be giving you an overview of the project and then Ms. Stokes will be following up with the environmental portion. This is the study authority that gave us the authority to study this project. This authority stated that the Corps should determine the feasibility of modifying the channels to the ports of Beaumont, Port Arthur and Orange. The reconnaissance study began in 1998 with the feasibility study starting in 2000. The results of this is the Draft Feasibility Report and The Draft Environmental Impact Statement currently out for public review.

Here's a list of the study participants. As you can see there's been coordination with a number of agencies throughout the study process. These were the cooperating agencies for the environmental review. There's also going to be another list of agencies that

Ms. Stokes will be providing in her presentation that is the interagency coordination team.

The channel extends from the Gulf of Mexico to the Port of Beaumont. The channel to the Orange portion of the waterway is not a part of this particular study. The geographic limits of the study area is a very extensive study area, 2000 square miles. It includes Sabine Lake, the marshes in Texas and Louisiana, the Neches River Channel, Sabine River, a portion of the Gulf Intracoastal Waterway is the portion that extends to Star Bayou on the west and to Gum Cove Ridge on the east. Also the Gulf of Mexico shoreline extends ten miles on either side of the channel. That was the portion that was in the study area. Also it extended 35 miles offshore into the Gulf of Mexico.

It includes two ports, the Port of Beaumont and the Port of Port Arthur. Two counties in Texas, Jefferson and Orange. Two parishes in Louisiana, Cameron and Calcasieu. The Golden Triangle that includes Beaumont, Port Arthur and Orange, Texas and numerous smaller cities and communities. This is just a picture of -- a photo of some of the facilities on the Port of Port Arthur and also the Port of Beaumont.

Of the existing Sabine-Neches Waterway

project dimension, it's current project is a 40-foot deep channel. It's divided into a number of channel reaches, the total length is about 64 miles. The Feasibility Study has taken several years, but this is because the project is one of the most complex projects in the nation. The project area is very large involving the states of Texas and Louisiana. In addition, the project area has multiple water bodies such as the GIWW, the Sabine-Neches Waterway, Sabine Lake, Neches River. All of these have a complex salinity and circulation pattern.

The channel is the longest current channel in Texas at 64 miles and with the proposed project will be approximately 76 miles long. Deepening such a channel would result in an enormous amount of dredge material that either has to be placed in upland or offshore placement areas or used beneficially.

The area also contains very diverse habitat from bottom land hardwoods to emergent wetlands to shallow open water. All of these factors have required a much more time extensive study effort to adequately evaluate potential project impact of deepening the waterway.

We had to look into the problems and opportunities for the study. These were the categories

that were addressed: Navigation and commerce, environmental concerns, and social and economic factors. For navigation and commerce, the existing 40-foot depth results in draft restriction and affects the navigation efficiency. The existing channel is designed for loaded drafts of 36 feet. Projected increases in the commodity transport will compound the existing problems of the transportation efficiency.

The majority of the Sabine-Neches Waterway tonnage is carried in deep draft vessels and the vast majority of deep draft traffic is comprised of crude oil and petrochemicals. Three quarters of the crude oil tonnage is transported in vessels with design depths over the current projected depth of 40 feet. Because of this, offloading from very large -- from large vessels offshore occurs with the cargo being brought in on shuttle vessels.

Also there's been transit rules adopted by the Sabine pilots that result in daylight only and one way sailing restrictions for certain conditions. There are a number of environmental concerns. Saltwater -- I'm sorry. Salinity intrusion, loss and deterioration of wetlands, effects of water and sediment quality, increased inshore channel and Gulf shore erosion and also the beneficial use of dredge material. What the

beneficial use of dredge material definition is is that you would use the material from the construction of the deeper channel or the maintenance of that channel for a beneficial use, and in this project, we propose to use it to restore marsh and renourish the Gulf shoreline.

There were a number of social and economic factors. The economic effects of reduced transportation efficiency. There's regional economic effects in Louisiana and Texas. Additionally, there could be economic growth and development in the areas near the waterway. There's potential impacts to public infrastructure. Some of this infrastructure that we had to consider includes the Port Arthur hurricane protection levee and various state highways and bridges. Additionally, there are pipeline relocations and removals to be considered and also the increased taxes required to fund the channel improvements.

As we stated before, the objectives of the study are to improve the navigational efficiency of the Sabine-Neches Waterway and maintain and/or restore coastal and estuary natural resources.

In 2000 we began the feasibility study and sponsored public scoping meetings here in Lake Charles and also in Beaumont. The plan objectives were to improve this navigation efficiency while maintaining or

enhancing the effected areas coastal and estuary resources. The Sabine-Neches Waterway plays a significant role in the economy of the `Golden Triangle area, the amount of vessel traffic along the waterway is increasing with the economic growth of the area.

As I've stated before with the current channel dimensions, there are size restrictions on the large vessels which utilize the channel. The current 40-foot depth and width of the channel restrict the vessel movement to one way convoys and daylight sailing -- daylight only sailing. Additionally, the tankers must anchor offshore and lighter the cargo to get into the waterway.

There are a number of alternatives evaluated in the study. First alternative that we always must consider is the no action alternative. It would be the plan that we would maintain the existing waterway but not improve it. Additionally, we looked at some nonstructural alternatives. Traffic management system which is a Coast Guard managed system that is already in place. Also the relaxation of pilot rules such as allowing -- possibly allowing two way traffic in certain areas to see if that would be possible while improving the efficiency. Also we considered alternative mode of commodity transport, such as the

Louisiana offshore oil port LOOP or the bulk oil offshore transfer system BOOTS. The LOOP is an existing system and BOOTS was proposed but is not currently active.

The structural alternatives that were considered during this study were extensive. More than 120 combinations of different channel depths and widths. Deepening ranged from 43-feet to 55-feet, and then we looked into the widening from 500 to 700 feet wider for all -- I'm sorry. 500 to 700 feet for all depths.

The tentatively recommended plan consists of deepening to 48-foot channel, dredge material management plan, beneficial use plan and marsh mitigation.

As was mentioned before, the widening was dropped out of the project because it was not economically justified. The tentatively recommended plan includes the deepening from the -- deepening the entire Sabine-Neches Waterway to Beaumont to 48 feet. In doing so we would have to extend the entrance channel over 13 miles offshore to reach that depth contour.

Also we're deepening and widening Taylor Bayou Channel and Turning Basin, adding and enlarging

turning and anchorage basins along the Neches River Channel and bend easements on the Sabine-Neches Canal and Neches River Channel.

For long-term management of the dredge material, we are looking at increases of the maintenance material from 405 million cubic yards to 650 million cubic yards over the entire 50-year project life that we had to examine. The average annual cost increase is from 36 to 68 million dollars. Additionally, we're going to be using the 16 existing upland placement areas, expanding two of the placement areas, and using the four existing offshore placement areas as well as four additional offshore placement areas. The tentatively recommended plan, we have a construction cost of a little over 1 billion dollars and the benefit to cost ratio is 1.3 to 1.

At this time Ms. Stokes will come up and continue the presentation with the environmental aspect.

MS. STOKES: Good evening. The Sabine-Neches Waterway Feasibility Study needed to consider an extremely large complex and sensitive study area for all of the environmental impact analyses. The area contains about 440 square miles of coastal marsh, 26 square miles of Cypress Tupelo swamp and 14 square

miles of bottomland hard woods. It also contains a number of protected lands in protected status that are held by a National Wildlife Refuge and Wildlife Management Areas.

It includes -- in Louisiana it includes portions of the Sabine National Wildlife Refuge and the Sabine Island Wildlife Management Area. In Texas the study area includes all of Texas Point National Wildlife Refuge, the Blue Elbow Swamp Wildlife Management Area and the Lower Neches Wildlife Area, and it also effects portions of the J. D. Murphree Wildlife Management Area and the McFaddin National Wildlife Refuge.

The environmental impact assessment has recognized that wetlands in this area have been undergoing high rates of marsh loss like those in the Western Cheniere Plain in Louisiana and more recently have suffered adverse effects of Hurricanes Rita and Ike.

Because of the large and sensitive study area and the complex environmental issues that we are facing, we used a collaborative approach in assessing the impacts and determining the mitigation. And we formed what we call an Interagency Coordination Team. As you can see this team is very large.

It contains members from federal agencies like EPA, US Fish and Wildlife with representatives from both Texas and Louisiana, Natural Marine Fisheries also with representatives from both states, Natural Resources Conservation Service.

In Texas, we had Texas General Land Office, Commission on Environmental Quality, Water Development Board, and Parks and Wildlife, the Sabine and Neches River Authorities. And in Louisiana, we had representatives from the Department of Natural Resources, Department of Environmental Quality and Department of Wildlife and Fisheries.

We had meetings over several years, I think five years worth of meetings to evaluate all of these -- to evaluate this project and it was an enormous amount of work that was done by all of these agency representatives and we really appreciate their involvement in helping in studying this project. We couldn't have done it without them.

We also included many of the actual men on the ground, men and women on the ground that manage these refuges and wildlife management areas. They participated in the ICT Team.

Sheri listed all of the environmental concerns or most of the major environmental concerns

that we had and these are the technical studies or most of the technical studies that we undertook in order to address these concerns. I'm not going to go through all of them, but I want to talk about some of the most significant. And those are the hydrodynamic salinity modeling. There was a large 3D estuary model run by the environmental -- it used to be a Waterway Experiment Station Corps laboratory for us to evaluate salinity and circulation and surface elevation changes that could occur with the deepening project.

We modeled different project effects. We modeled the potential for the longer offshore channel to affect erosion on the shoreline at the Gulf on either side of the jetties. We looked at the potential for the changes in vessel fleets coming up the confined channel to increase erosion along the channel. We looked at the offshore disposal sites and did modeling to make sure that we had the right size and placement areas and to determine what the possible impacts offshore would be.

Very significantly, we used an ecological model to evaluate the impacts to the wetland communities. We used a model that has been used for more than ten years in Louisiana, The Wetlands Value Assessment Model if you're familiar with it, to

quantify the impact to the environmental communities and to help us then determine what the amount of mitigation that would be required for those damages that could not be avoided.

The primary impact that we found after all of these studies was that there would be an increase in salinity caused by the deeper navigational channel and this would lead to a decrease in marsh productivity and an increase in marsh loss. Salinity changes would be felt the highest in Sabine Lake and the lowest reaches of the Neches River and Sabine River, and those changes would be on the order of about one and a half parts per thousand possibly up to two parts per thousand in the average condition.

There was no significant change found in the upper regions of both the rivers and the Cypress-Tupelo Swamp Habitat north of Interstate 10 and very little change down toward the mouth. So the major differences were in the Sabine Lake and the lower regions.

The ecological model that we used then predicted an increase in land loss that would be associated with the increase in salinity. In Texas, it's predicted that there would be around 250 more acres lost over what is occurring now. And in

Louisiana about 690 acres more than what is occurring now. There is extensive land loss that is occurring in this area, both in Texas and Louisiana. And when you compare this loss with the channel to what is occurring now, it would be less than between a half percent and one percent increase.

I'm going to describe the beneficial use areas that we have been able to develop in a little while and those areas are primarily located in Texas along the Neches River Channel. And they restore about 2,800 acres on the Neches River Channel which more than offsets the loss in Texas, but we were unable although we tried -- we tried diligently over several years to find cost effective beneficial use opportunities in Louisiana that would actually restore marsh. And so that leaves 691 acres in Louisiana as an unavoidable impact that we addressed with a very robust mitigation plan.

There were some other minor impacts associated with the project for example on the Neches River 86 acres of fresh marsh would be converted into a placement area. The offshore channel deepening has the potential to effect threatened and endangered sea turtles, and we have consulted with the National Marine Fisheries to develop management measures to help us

avoid those impacts to the greatest extent possible with using pre-construction, relocation surveys and drag head deflectors and monitors on the dredges.

There is critical piping-plover habitat at Louisiana Point where we have another beneficial use area that is shoreline nourishment and consultation with Fish and Wildlife determine that there might -- that the project would have a long-term beneficial effect by stabilizing and possibly providing more habit there.

The beneficial use areas are of two major types as I described before. There was a large beneficial use project on the Neches River that would restore over 2,800 acres of emergent marsh in three areas on the river at Rose City, Bessie Heights and Old River Cove. The other beneficial use feature is Gulf shoreline nourishment and that would occur at both Texas point and Louisiana point. This would be done with maintenance material and the placement would alternate from one placement cycle to the next between Texas and Louisiana so that all of the maintenance material is shared equally between the two states.

This map shows the location of the beneficial use areas on the Neches River for Rose City it is on the upstream end on the left and Bessie

Heights and Old River Cove are on your right toward the -- near the mouth of the Neches River. These are the locations of the beneficial use shoreline nourishment projects on either side of the jetties. It would extend about three miles from each side of the jetties.

As I mentioned before the beneficial use features in Texas actually fully compensate or more than compensate for all of the impacts that were projected for Texas using the ecological model but unavoidable impacts in Louisiana remain. And so for those impacts, we propose to restore marsh in five large degraded marsh areas in the Willow Bayou and Black Bayou watersheds. They restore -- restoration that we would be doing with these mitigation measures has exactly the same on the ground effect of the beneficial use areas in Texas where we are restoring marsh. They just have different names because the material has different origin and it has different funding implications.

These give you the acres for each one of the areas proposed for mitigation. I'm not going to read them all here but you'll see it's over 2,700 -- nearly 2,800 acres of mitigation and for the loss of 690 acres or the predicted loss of 690 acres. Several times more than are predicted to be lost.

These are the locations of the mitigation areas. At the southern part, you will see two areas in the Sabine National Wildlife area. In the northern part, there are three areas that are located on private property just south of the GIWW in the Black Bayou Watershed.

This is the estimated completion schedule for our project right now. We released the draft of our environmental impact statement and a feasibility report on December 24th and comments on the EIS are due back on February 10th. If you have comments on the conformity determinations those do not have to be returned until the 26th of February. We plan to have the public review of the final EIS in August of this year and hope to have approval of -- by the chief of engineers in September. And that's all. Thank you. I think it's Colonel Weston.

COL. WESTON: Okay. Thank you for those presentations and I hope you found them to be informative. What we're going to start now is the comment period of the presentation. Before I do that, I would like to acknowledge my lack of time and space situational awareness. At the beginning I said we were starting the meeting on the 26th of January which is the meeting I was at last night. We are actually

starting this meeting the day of the 27th of January. I know you all know that. But I caught myself after I was sitting there thinking how unsmart I was when I said the 26th. So it is the 27th in case you were wondering.

We will go to the public comment period here today and just remind you as Byron talked about we are looking about a three-minute comment from you. So be concise in your thought and your delivery, and he will give you the high sign about 30 seconds out by raising his hand. At that point, we would like you to wrap up the thought you're on. We understand you may have more comments than that. As you've seen with the material if you picked up some on the way in, we have other methods and means for you to continue to do that. You can continue to fill out your comments on the comment card here tonight, for example, or you can go to the webpage or mail them in within the timelines that were just talked about. So with that, we'll get started here with the presentations and I'll start off with first Mr. Darryl Clark.

MR. CLARK: All right. Thank you, Colonel. I had to be first. Okay. Yes, I'm Darryl Clark. I'm from the Fish and Wildlife Service. I work in Louisiana, Lafayette, Louisiana at the Louisiana field

office in the ecological services branch and I have positive comments for the whole process. I've been with the process I believe ten years now. I started in the year 2000 as those of you know who started with the program way back then. I'm not going to give Official Department of Interior or Fish and Wildlife Service comments at this time, although Janelle Stokes and Carolyn have received and we have submitted a draft Fish and Wildlife Coordination Act report in 2008 and that is being revised now, and it's in the final process should be submitted within a few weeks.

I was the primary reviewer, member of the team for the Fish and Wildlife service for the Louisiana part of the project primarily reviewing the Louisiana impacts and Louisiana and the benefits of beneficial use and mitigation in Louisiana. And I want to mention as I've already submitted for the Department of Interior comments that the draft environmental impact statement is well written and describes Fish and Wildlife resources especially in Louisiana and project impacts and benefits in Louisiana all very well.

I want to thank the Galveston Corps for being open-minded for various beneficial use and mitigation types of measures that are included in the final plan, especially the Gulf of Mexico beneficial

use along the shoreline. There were many naysayers that said the material is not going to stick. It's going to go away, but it actually has been tried on the Texas Point side and worked.

And we -- I was on the hydrodynamic modeling team although I'm not an engineer. But they seemed to have done a good job with that. We used that material, that data as Jan mentioned to fit into The Wetlands Value Assessment Ecological Model to arrive at the impacts and the benefits which I'm not going to go over. Jan just mentioned that. We are pleased at the ratio benefits to impacts multi-times, the benefits are multi-times larger than the impacts that were predicted by the models.

In Louisiana the threatened endangered species are not -- the project is not likely to adversely effect the threatened endangered species in Louisiana and as Jan mentioned the piping-plover habitat will actually be enhanced by the beneficiary use along the Gulf shoreline. So we'd like to also recommend the ICT Team be constituted for the development of the final BU and mitigation plan. Thank you very much.

COL. WESTON: Thank you. The next individual will be Mr. Darryl Reed.

MR. REED: Thank you. I just want to comment that I think your whole plan looks excellent from an untrained eye. It looks like it's a well needed channel expansion. I along with two others here work for TARGA Resources a pipeline company. This project doesn't interfere with any of our Sabine River pipeline crossings of that we're very happy. However TARGA Resources is a successor in interest to Dynegy and there are several Dynegy pipelines that will be affected or previously owned by Dynegy Pipeline that will be affected and are slated for relocation in this study. That is the Pelican 10-inch line and the Pelican 12-inch line. I just kind of wanted to go on record to say we'll make our comments. Of course, we're totally adverse to having to relocate those pipelines and it's mainly at the southern portion of the proposed entrance expansion and the ODMDS's proposed.

However, the cost of relocation is tremendous plus the cost -- the loss of service and production from those pipelines, there gathering lines from offshore wells would be a tremendous loss of dollars for the company. And so that's just the only thing I had to say. We will be sending you a letter. But it looks like a very good and well conceived

project.

COL. WESTON: Thank you. Next will be Mr. David Richard.

MR. RICHARD: When you're on this side of Sabine, it's Richard. Thank y'all for coming over here and I appreciate Janelle's work. I've been involved with this a long time. My name is David Richard and I'm executive vice president of Stream Property Management and we manage probably the majority of private lands of Louisiana side that would be effected. Three minutes is not near long enough to answer 13 years of work. So I'm going to make it brief on a couple of things.

In your -- and I want to say that I think we were very ably represented by Darryl. Darryl, I know has put in a lot of time from the Fish and Wildlife Service perspective. I've got two or three things I want to say. Number one, after the advent of Hurricane Ike, I feel like deep water channels as we've seen channels across the State of Louisiana has accentuated flooding from hurricanes. And I did not see a hydrodynamic model that looked at hurricane surge. We've done a number of those in Louisiana and I suspect that the deepening of that channel is going to accentuate that.

One thing I don't see in your plan is ways to control the hydrology. What it is going to do and what we've seen and I think what your model shows is it going to increase the salinity in the northern portion of Sabine Lake which should be the fresher areas of Sabine Lake. We would propose to contain that water inside the channel instead of letting it circulate in Sabine Lake.

Also, I didn't see tidal amplitude and maybe y'all ran tidal amplitude and tidal amplitude is also going to increase due to the deepening of the channel. I do think the economics, I understand your economics and I understand the port. I also would like to see more of the spoil used beneficially. We are in desperate needs. We have huge losses in Louisiana and we would like to see as much spoil as possible used. The beneficial use areas that are on the north end of the Black Bayou area are actually using spoil from the Sabine River going to the Port of Orange unless I'm mistaken which is outside of the project that you are actually doing here. So it would actually be dedicated mitigation, I suppose, to go to the Port of Orange. Which is fine, beneficial use in Louisiana to Orange, we support that all of the way along.

Deepening of the channels and the building

of the channels have caused tremendous problems as we've just seen with the closing of the MR-GO in New Orleans that caused extensive flooding in the lower Ninth Ward and St. Bernard Parish. Again I think this has been a long process and I want to commend especially Janelle for having to go through the many comments and the many remarks that were made and I'll send my detailed remarks by email I'm sure. Thank you.

COL. WESTON: Thank you. Next will be Mr. James Kaucher.

MR. KAUCHER: I'm Jim Kaucher. I work for the Sabine Pass LNG in Cheniere. The Sabine LNG terminal strongly supports the proposal of deepening and widening of the Sabine Waterway. We wish to see our waterway remain highly competitive with other ports and waterways by being able to accommodate the larger ships that now carry so much of the worlds trade with a higher degree of safety.

Furthermore, we are most interested in promoting the capability of the Sabine-Neches Waterway to safely handle the worlds largest LNG carriers. These ships are nearly 1,100 feet in length and 108 feet in breath. These very large LNG carriers are presently limited to a 40-foot fresh water draft when entering the Sabine-Neches Waterway. Many such vessels

would come in deeper if the waterway's channels were deeper and wider. Any deepening or widening will make our waterway more competitive to business. It uses the larger ships and automatically eliminates the untraditional safety margins for the existing shipping already present.

LNG Cheniere supports this project and the US Army Corps of Engineers work will proceed.

COL. WESTON: Okay. Thank you. That's all of the cards I have for folks that indicated that they would like to make a public comment. Is there anyone else in the room that either didn't get their card in or is having a change of thought and would like to stand up and make a public comment at this time? Okay. I don't see anybody raising their hand.

So in conclusion, the written comments on the Draft Feasibility Report, the Draft Environmental Impact Statement, the Draft Environmental Impact Statement for the Designation of Ocean Dredge Material Disposal Sites must be received on or before February 10, 2010, the conclusion of the 45-day comment period that began on December the 24th, 2009.

Comments on the General Conformity Determination must be received on or before February 26, 2010 and acknowledged as many of you said

this is a complex project with a complex study area. Many of your comments, I'm sure will be more detailed than was provided tonight, and we look forward to receiving those by the deadlines so we can take a fair shot of analyzing and assessing the merits, et cetera, with respect to the overall project of your comments. I would like to thank those of you who came out and showed interest in the project this evening and made your comments to us. Those are greatly appreciated.

I also would like to take time to thank the Sabine-Neches Navigation District who's our local sponsor. For those of you not familiar with Civil works projects, they are cost shared between the federal government and the local government entity. So there's a considerable investment on their part in this project and they have been great partners over what's already been ten years going on this particular Feasibility Report Study. So I thank them here in public and also for their assistance in setting up this meeting for us. Again, thank y'all for your attendance, and the interest that you have shown. I will now adjourn this meeting. Thank you.

(MEETING CONCLUDED AT 8:00 P.M.)

C E R T I F I C A T E

I, Betty Curry Minton, Registered Professional Reporter, Certified Court Reporter for the State of Louisiana, do hereby certify that the above and foregoing testimony was taken by the undersigned and represents a true and correct copy of the proceedings had at the time and place set forth on page one (1) hereof.

I further certify that I am not related to any of the parties named herein, nor their counsel, and have no interest, financial or otherwise, in the outcome of the proceedings.

IN WITNESS WHEREOF, I have hereunto affixed my significant at Lake Charles, Louisiana, this 8th day of February, 2010.

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Betty Curry Minton, RPR, CCR