

Freeport LNG Plans Relocation of Natural Gas Pretreatment Facility

Houston, April 13, 2012 – Freeport LNG announced today that it had entered into an option agreement to purchase approximately 400 acres of land located about one mile southeast of the city of Oyster Creek near County Road 690 and State Highway 332 in order to relocate the future site of a natural gas pretreatment facility, which is part of Freeport LNG’s overall natural gas liquefaction project. Freeport LNG originally purchased 500 acres of land located off of CR 792 to use as the site for its natural gas pretreatment facility. However, this property had only one point of ingress and egress (which was shared by a few neighboring communities), was closer to a greater number of residents, and was not behind the surge protection levee (which would have resulted in needing to elevate the site). These limitations led to concerns being raised by nearby residents regarding the aesthetic impact as well as safety concerns regarding ingress and egress, and the limitations of the site presented significant, additional development hurdles to Freeport LNG. Freeport LNG continued to search for other available properties that could alleviate the community’s concerns and the limitations of the CR 792 site. When the new site near County Road 690 and State Highway 332 recently became available, Freeport LNG was able to obtain an option on the property.

While certain requirements must be met before Freeport LNG can utilize the new location, the new site provides Freeport LNG with several benefits over its previously announced site for the pretreatment facility, including: (1) the new location is currently being used for industrial purposes as a fill dirt excavation site (so fewer acres of native ground will be impacted by the development), (2) the new location will be accessible by multiple routes, allowing for more efficient development and operation of the facilities while minimizing the impact of traffic on neighboring homes and businesses, (3) the new location is more remote from current residences and (4) the new site is located behind the surge protection levee, so the elevation will not need to be raised to the same extent as the prior site. In addition, because the facilities would be built at a lower elevation behind the levee, and in an area bordered by substantial woodland and foliage barriers, noise, lighting or other aesthetic impacts of the facilities will be significantly reduced as compared to the prior location.

“The new site is a ‘win-win’ for us to be able to find a location that addresses the concerns of the residents in the area near the prior site, and alleviate certain development limitations with the prior site.” said Mark Mallett, FLNG’s Vice President of Operations and Engineering. “This is a solution to an issue that benefits both the surrounding communities and Freeport LNG.” Freeport LNG’s natural gas liquefaction project is an important investment in the Brazoria County community, involving over \$4 billion of direct capital investment in the area, adding over 2,000 local jobs during the project’s four year construction, and adding approximately 180-190 full time positions to Freeport LNG’s operations.

With the proposed relocation of the pretreatment facilities, Mr. Mallett had this to say regarding the prior location of the facilities: “We do not have any permanent plans for the

property on County Road 792 at this time. However, we do not plan to build any facilities on it. For now, we plan to retain it as we progress through the permitting process, potentially using it as part of our overall wetland mitigation plan.”

The Freeport LNG natural gas pretreatment facility is necessary to process and treat the incoming natural gas so that it can be transported to Freeport LNG’s Quintana Island Terminal for liquefaction. When the natural gas arrives at the pretreatment facility, it is the same quality natural gas that is used every day by consumers and burned in furnaces, gas stoves and hot water heaters in private homes. However, all natural gas contains very small or trace quantities of impurities that, while unnoticeable and safe in the gas burned in private homes, negatively affect the natural gas liquefaction processes. The purpose of the pretreatment facility is to remove the trace impurities from the natural gas that will be delivered to the LNG Terminal on Quintana Island.

Freeport LNG points out that the natural gas coming into the facility is of the same quality as that delivered to nearby homes but the gas must be further purified before it can be liquefied at its Quintana Island facilities. No liquefied natural gas (LNG) will be present at the pretreatment plant. The types of processes utilized at Freeport LNG’s pretreatment facility are very similar to those processes utilized in numerous gas processing plants in and around Brazoria County.

Pending approval of the liquefaction project by the Federal Energy Regulatory Commission (FERC) and other permitting agencies, construction of the Liquefaction Plant and support facilities will begin in mid-2013. “Local residents will continue to have opportunities to be part of the permitting process.” said Mallett. “FERC will be scheduling a public scoping meeting within the next couple of months to discuss the project and provide an opportunity for comments.”

Freeport LNG will continue its work during the upcoming facility design and development phases to prevent or reduce impacts on nearby residents. Environmental stewardship is a hallmark of Freeport LNG’s operations and will be at the center of planning, designing, and decision-making during all phases of the liquefaction project. The company is committed to operating safe and efficient facilities at the pretreatment plant site and will continue to communicate with nearby residents and engage local, state and federal officials as the Project moves forward.

In particular, Freeport LNG is in the preliminary stages of creating a community outreach program for the liquefaction project in order to provide a forum for citizens to meet with Freeport LNG on a regular basis as it progresses the project through the design phase and into construction and operation. Through the permitting processes and its community outreach efforts, Freeport LNG seeks to collaborate with neighbors and local stakeholders in a positive and constructive manner to design and construct the pretreatment facilities while minimizing negative impacts to the local community. If successful, Freeport LNG’s liquefaction project will

not only grow Freeport LNG's business and employee base but will also bring thousands of quality jobs and significant economic benefits to Brazoria County.

Regional Setting of the Proposed Freeport LNG Pretreatment Facility

