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August 8, 2005

Honorable City Councilmembers
City of Long Beach
333 W. Ocean Blvd.,
Long Beach CA 90802

Sound Energy Solutions' proposed LNG Terminal in the Port of Long Beach

On August 8, 2005 the President signed into effect the Energy Policy Act of 2005. The purpose of this letter is to state the position of Sound Energy Solutions with respect to its obligations in the permitting process and to again affirm our commitments to local, state and federal authorities.

It is our position that the federal legislation mentioned above does not change in anyway our obligations to local and state authorities. We will still be regulated under the California Environmental Quality Act (CEQA) review process led by the Port of Long Beach, and need to obtain various necessary permits from the California Coastal Commission, the South Coast Air Quality Management District, and other state agencies involved both in the National Environmental Protection Act (NEPA) and the CEQA process. Most importantly, the last approvals we need to receive are from the Port of Long Beach and the City of Long Beach. We will not have a project unless we receive a Harbor Development Permit and a final lease agreement for the property on Pier T designated for the site.

We reaffirm our commitment to go through the process described above, whether or not there are different opinions on the interpretation of the new law.

We also restate our intent that all of the local, state and federal processes will be completed so that the best available information can be provided to the decision makers. We are fully committed to our project and the City and the Port of Long Beach. We are anxious to enter into a dialog about additional ways this project can contribute to the city.

Sincerely yours,

A handwritten signature in black ink, appearing to read "T. E. Giles", written over the typed name.

Thomas E. Giles
President and CEO
Sound Energy Solutions

CC: Honorable Mayor Beverly O'Neil

Gerald Miller, City Manager, City of Long Beach
Robert Shannon, City Attorney, City of Long Beach
Board of Harbor Commissioners of the Port of Long Beach
Richard Steinke, Executive Director, the Port of Long Beach
Geraldine Knatz, Managing Director, the Port of Long Beach
Joe Desmond, Chairman, California Energy Commission
Honorable Senator Alan Lowenthal
Honorable Assembly member Betty Karnette
Honorable Assembly member Jenny Oropeza