

News and Information from Oregon International Port of Coos Bay

For Immediate Release: October 21, 2005

Port Executes Letters of Intent for Weyerhaeuser Land, Jordan Cove LNG Project

Oregon International Port of Coos Bay Executive Director Jeffrey Bishop was authorized by unanimous vote of the Port's Board of Commissioners during the October 20, 2005, commission meeting to sign a letter of intent with Weyerhaeuser Company for the option to purchase nearly 1,300 acres of North Spit land, and to execute a lease/sale option with Jordan Cove Energy Project L.P., developer of a proposed Liquefied Natural Gas (LNG) facility, for up to 200 acres of that same industrial property.

Port staff and its community partners have been communicating with Weyerhaeuser since last winter seeking information about their plans for the North Spit. Property acquisition discussions started in August, with terms outlined in the letter of intent coming through final negotiations during the past 10-days. The property purchase price is \$25 million, and includes a former mill site, the Henderson Ranch parcel, the wastewater treatment system, and the company's leasehold interest in an ocean outfall.

Coos Bay's North Spit is a nearly six-mile long, up to one-mile wide sand barrier separating lower Coos Bay from the Pacific Ocean. A large portion of the spit has long been designated and used for industrial operations. The Port's past North Spit land ownership was more than 200 acres designated as the North Bay Marine Industrial Park. In 2004 the Port sold a 32±-acre site to Southport Forest Products for a new sawmill, and this week completed an industrial rail spur accessing several significant industrial parcels on the North Spit.

The Port is negotiating with the State of Oregon to borrow \$15 million and the Coos County North Bay Urban Renewal Agency board recently pledged future tax increment revenue for debt service of that loan. Port staff is also negotiating a \$10 million loan from Umpqua Bank to finance a two-year contingency period, during which staff will perform additional due diligence and which allows cancellation of the transaction and refund of the purchase price after the first year. All debt is contingent on successful siting of the Jordan Cove LNG project.

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Dave Kronsteiner, Port Commission President, stated “Buying the Weyerhaeuser land and leasing or selling a portion to Jordan Cove goes straight to the bottom line of our mission of building a healthy regional economy by productive, aggressive management of local assets. Early on we determined the need to work with public and private sector entities to help us leverage this deal. Our partners are willing participants and we are grateful for their professionalism.”

The letter of intent with Jordan Cove provides an option for the developers to lease or buy up to 200 acres of land for the proposed LNG marine terminal and storage facility. During the two-year contingency period for the lease/sale option, Jordan Cove will make payments to help cover the Port’s associated project costs. When exercised, a long-term lease will specify an annual payment to the Port, while a sale agreement will set a per acre price. Negotiations on the lease/purchase option continue between the Port and Jordan Cove.

With the execution of the Jordan Cove option, the Port will immediately begin the permitting process for a 50-acre multi-vessel moorage slip and a 1,600-foot turning basin to accommodate deep-draft vessel traffic in lower Coos Bay. Bishop said, “By partnering with Jordan Cove, we’re able to move forward with our goal of revitalizing maritime commerce in the Coos Bay harbor through future development of a modern multi-purpose cargo terminal.”

Bishop explained that throughout the negotiating process he was impressed by the various parties’ willingness to explore options that provided benefit to everyone. “Weyerhaeuser and Jordan Cove both came to the table with goals they needed to attain in order to satisfy shareholders or investors, but they also realized the potential economic impacts to the bay area and southern Oregon from successful completion of the deal.”

“As a public agency we are taking on some risk, however it is manageable and in the best interest of the community,” Bishop said. “We are focused on revitalizing the local and regional economy through job creation and industrial expansion and retention, and the best way to be successful is by leveraging our resources with a variety of development partners.”

“We see this as an exciting economic development opportunity for the Coos Bay/North Bend area,” said Mike Moskovitz, a Weyerhaeuser spokesman. “We know the North Spit property has significant growth potential and believe the Port of Coos can manage the property to provide more immediate benefit to the local community and southern Oregon.”

In comments praising the many partners that have helped with the project, Kronsteiner said, “Everyone we’ve asked to participate has been enthusiastic and supportive. South Coast

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Development Council, Coos County and the urban renewal district board, the Oregon Economic & Community Development Department, Umpqua Bank; they have all helped close this deal for us. Congressman Peter DeFazio played an important role expediting the process. He has quietly and enthusiastically assisted when it was needed.”

Throughout the months of discussion over the land use issue, U.S. Rep. DeFazio was key in facilitating communications between the Port and Weyerhaeuser, and his staff closely tracked the project as it was moving forward. Congressman DeFazio said, "The Port of Coos Bay has long been an economic driver for the region and acquiring this North Spit property will definitely increase opportunities for job creation and revitalization of the critical marine and industrial sectors in southwest Oregon."

As a final comment Bishop said, “The Commission’s approval of the Weyerhaeuser letter of intent and the Jordan Cove lease/sale option are great news, but realistically all of us know there’s a lot of work ahead. I want to thank the Commission for their trust and support, and I want to acknowledge the diligence and efforts of our Port staff in sticking with the project and keeping an eye on the details.”

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