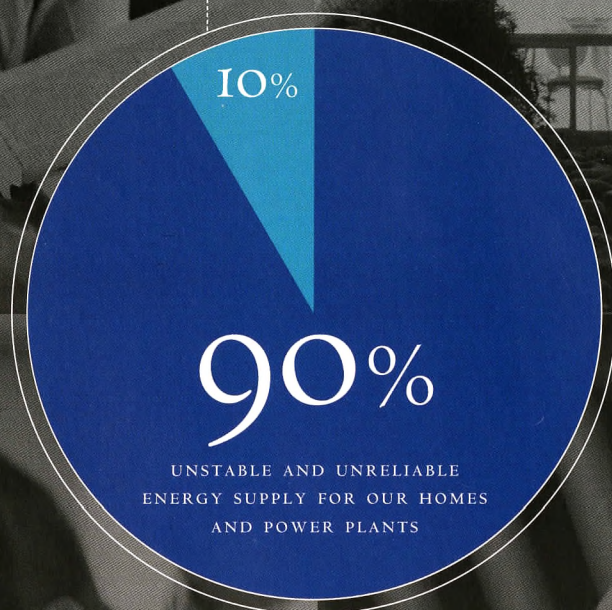




A Clean Solution

SUPPLYING CALIFORNIA WITH ENERGY FOR OUR FUTURE

CALIFORNIA PRODUCES JUST 10 PERCENT OF
THE NATURAL GAS IT CONSUMES. THE REMAINDER
IS IMPORTED FROM OTHER STATES.



"Greenspan Urges More Imports of Natural Gas"

LOS ANGELES TIMES

7.11.03

"County's Job Losses at 4,900 in the Past Year"

VENTURA COUNTY STAR

9.13.03

"California in Crisis"

NEWSWEEK

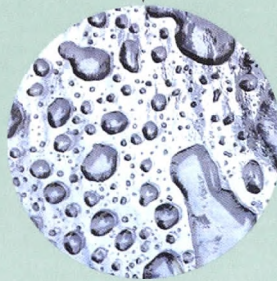
7.28.03

A LOOMING CRISIS:

Today, Ventura County and California are at the end of the natural gas supply line and at the mercy of out-of-state providers. The rolling blackouts of 2001 were like tremors before a major earthquake. California now faces a severe energy shortage because the vast majority of the state's power plants are fueled by natural gas, and other Western States that once provided cheap natural gas now use more of the supply for their own needs. While Mexico is attempting to increase its natural gas imports and production, the gas will soon be used to meet Mexico's own skyrocketing demands.

As the natural gas shortage drives the price of electricity up, businesses and jobs are disappearing from Ventura County and California. **IT IS TIME FOR A CREATIVE SOLUTION.**

NATURAL GAS, LIKE WATER,
CAN BE CONVERTED FROM
VAPOR TO LIQUID FORM
AND BACK AGAIN.



THE NATURAL SOLUTION:

Clean-burning natural gas has become the fuel of choice for Ventura County and California for heating our homes and offices, cooking our meals, and fueling our electrical power plants. Unfortunately, the natural gas supply has not kept pace with demand. The only solution to this shortage is to connect the state with a new, low-cost, and dependable supply.

A low-cost supply of natural gas is readily available on the international open market, yet there is no way to bring this natural gas into California except by sea. The only viable method of importing this natural gas is to condense it by cooling the gas to its liquid form – just like rain clouds condense into rain – and transporting it by ship. According to the California Energy Commission, liquefied natural gas will “help meet the growing national gap between demand and supply.”

CRYSTAL ENERGY IS COMMITTED TO BRINGING AN IMPORTATION FACILITY TO THE WEST COAST AND MAKING VENTURA COUNTY A PRIORITY RECIPIENT OF NATURAL GAS, ENSURING A RELIABLE, COST-EFFECTIVE SUPPLY TO THE REGION FOR YEARS TO COME.

THE CALIFORNIA CHALLENGE:

Today, there are four importation facilities for liquefied natural gas on the East Coast, including one in downtown Boston at the Boston Harbor. Yet there is not a single facility on the West Coast, explaining why Ventura County and California face such a dilemma.

Past proposals have failed because they have called for onshore facilities that impact our coastline. Our proposed offshore solution protects precious coastal land, eliminates new visual impacts, uses existing facilities, and avoids safety risks.



For more than 30 years, liquefied natural gas has been brought safely into Boston Harbor to provide much-needed fuel for Massachusetts residents.



TO PROTECT OUR COASTLINE while bringing a new supply of natural gas to California, Crystal Energy's first goal was to identify the ideal location for delivering liquefied natural gas to California by ship. We began looking for an offshore location for offloading the natural gas and converting it back into a vapor because – in contrast to an onshore location – an offshore solution protects precious coastal land, eliminates new visual impacts, and distances the facility from populated areas. We looked for a stable, stationary offshore structure.

Platform Grace, located 11 miles offshore of Ventura County, was the natural choice because it is only used to support pipeline operations from other platforms and it is not actively drilling. Also, existing natural gas pipeline corridors from current platform operations connect the platform to the shore.



In March 2003, Crystal Energy signed a long-term lease agreement to use the platform as a liquefied natural gas facility. **THIS SOLUTION PRESERVES OUR COASTLINE AND ENSURES VENTURA COUNTY'S ENERGY NEEDS ARE MET.**

TO THE RESIDENTS OF VENTURA COUNTY,

this project is essentially a simple natural gas pipeline project. Yet unlike other pipelines, it will put Ventura County at the beginning, rather than the end, of the natural gas supply line, guaranteeing reliable energy no matter what happens with the rest of the state.

VENTURA

SANTA PAULA

126

33

The pipeline will connect with the existing natural gas pipeline infrastructure that currently delivers natural gas to our homes and electrical power plants. The pipeline will be similar to hundreds of other natural gas pipelines that exist in Oxnard and all of Ventura County today, delivering fuel to our homes and businesses. The pipeline will be fully compliant with the current state-of-the-art safety standards.

The pipeline never touches the coastline because it travels underground through a horizontal directional bore.

CAMARILLO

Santa Clara Ave

Gonzales Rd.

101

OXNARD

Harbor Blvd.

1

PORT
HUENEME



The undersea pipeline is limited to existing pipeline corridors to eliminate unnecessary disturbance of the seafloor. The pipeline will be even more state-of-the-art than the dozens of other offshore pipelines that already exist in the area.

Platform
Grace

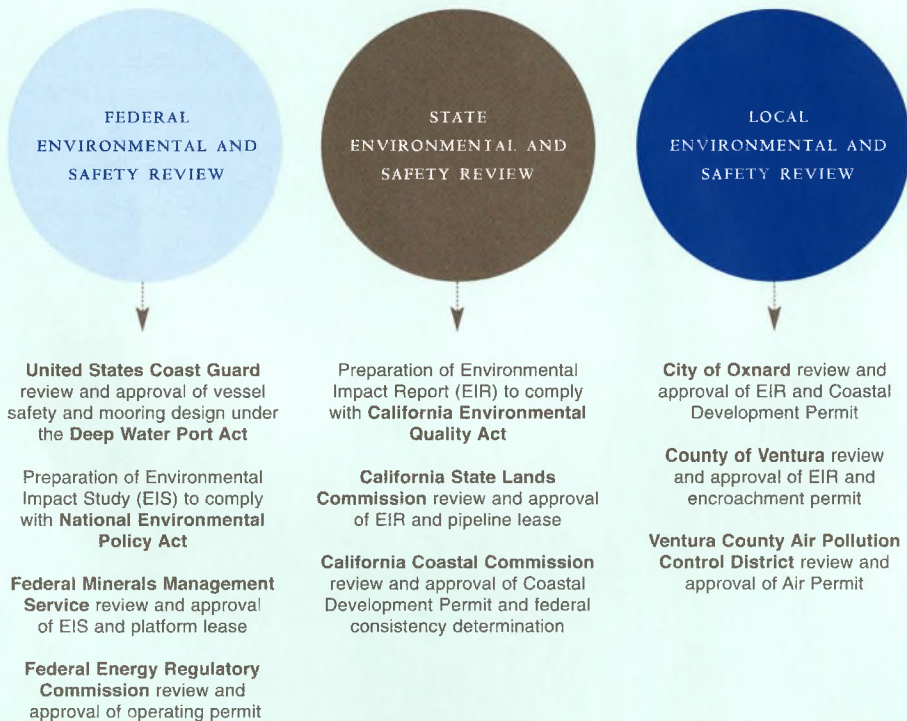
Southern
California
gas tie-in

We have partnered with the premier LNG engineering firm in the nation to implement a system for anchoring a vessel close enough to the platform for it to be safely offloaded. We will be using a "multiple mooring dolphin" dock system that will be similar to typical docks used worldwide. Using a proven, safe existing platform means that we can avoid the complexities of having to use an onshore facility or offloading from one moving vessel to another moving vessel.

OUR PROMISE: CLEAN ENERGY-SAFELY

We have created our plan with safety as a top priority. Yet there is no need to take our word for it. If any of the reviewing agencies find that our proposed plan has impacts that cannot be mitigated to the satisfaction of regulators and the local community, the project will not go forward. Listed below are just a few of the major permits and approvals that will be required.

PERMITTING PROCESS



Ships that carry this cooled natural gas have made more than 35,000 ocean voyages without a single incident resulting in a risk to the public or injury to personnel. These double-hulled vessels are routinely offloaded within a few thousand feet of heavily populated areas, including downtown Boston.

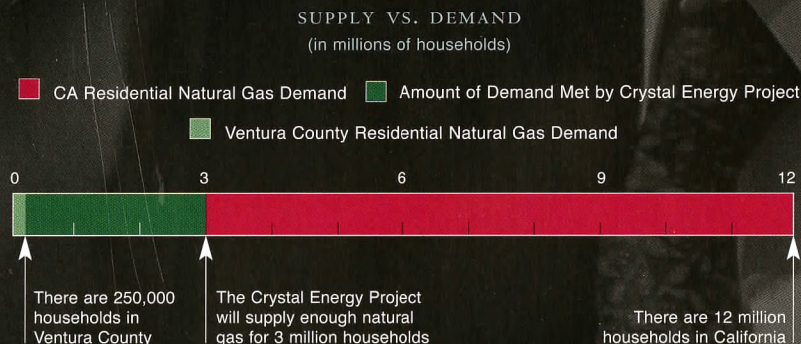
"LNG is inherently safer than other hydrocarbon fuels transported by ship."

U.S. DEPARTMENT OF ENERGY

ALAN GREENSPAN, the nation's top economist, recently testified to the Senate Energy Committee that a "major expansion" of facilities to import natural gas in a liquid form is needed to protect our national economy from the looming shortage of natural gas. The danger posed to the national economy by the natural gas shortage is only amplified in Ventura County and California.

Crystal Energy looks forward to helping solve Ventura County and California's economic crisis by providing one such facility in an offshore location that protects precious coastal land, eliminates new visual impacts, uses existing facilities, and avoids safety risks. As the host County and City, Ventura and Oxnard will be provided priority natural gas distribution.

This stable, reliable supply of natural gas will help attract new businesses to Ventura County from regions with a less reliable energy supply. In addition, the City of Oxnard will receive more than \$1.5 million annually in various fees and benefits for the onshore underground pipeline.



To put the benefits of our proposed solution into perspective, each year the project can deliver enough natural gas to meet 25 percent of California's residential demand, and 1200 percent of Ventura County's residential demand.

FOR MORE INFORMATION OR TO EXPRESS SUPPORT FOR THE PROJECT,
PLEASE VISIT WWW.CRYSTALENERGYLLC.COM



CREATING A CLEAN, ENVIRONMENTALLY-SUPERIOR SOLUTION
TO CALIFORNIA'S ENERGY CRISIS WHILE PROVIDING OXNARD AND
VENTURA COUNTY WITH A PRIORITY SUPPLY OF NATURAL GAS.

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