

Fracking Nightmare:

Explosive Liquefied Gas Export Plan Could Turn New Jersey and the Delaware River Basin Into a Fossil Fuel Sacrifice Zone



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New Jerseyans and communities throughout the Delaware River Basin are fighting a controversial project, the Gibbstown Logistics Center. This proposed liquefied natural gas (LNG) export terminal is being spearheaded by a subsidiary of New Fortress Energy, LLC (“NFE”), a self-described “gas-to-power” company, which has proposed several infrastructure projects across the globe.¹

NFE formed with intentions to “capitalize on this growing supply-demand gap and create new markets for natural gas,”² building its entire export model around fracking and the gas glut. The New Jersey terminal would receive fracked gas via train and trucks from a proposed NFE processing and liquefaction plant in Wyalusing, Pennsylvania, then ship the gas in its liquefied form via a continuous fleet of LNG tankers on the Delaware River to the Caribbean and Europe.³

The Gibbstown terminal has been met with fierce opposition. Locals and environmental groups rallied for a delay in the construction of the project, but they were dismissed by the Delaware River Basin Commission (DRBC), a quasi-governmental administrative agency whose members include the governors of Pennsylvania, New York, Delaware and New Jersey.⁴ In December 2020, the DRBC gave its stamp of approval, which opponents promised to appeal.⁵ Immediately following the vote, Governor Murphy also made a statement where he committed to preventing the Gibbstown terminal from being used for LNG exports.⁶

The project has thus far evaded federal review of indirect and cumulative environmental impacts, a process historically required for LNG export facilities. NFE also still needs additional permits from Governor Murphy’s Department of Environmental Protection before it can actually export any LNG from the Gibbstown terminal, and construction of the port itself is on hold through at least mid-September during the breeding season of the Atlantic sturgeon.⁷

Granting NFE these permits and allowing construction would be a disaster for communities in Southern New Jersey, Pennsylvania and Delaware. It would generate unacceptable public safety risks and destructive pollution every step of the way and worsen our national and global climate crisis through increased methane emissions.

The Gibbstown Logistics Center

The Gibbstown Logistics Facility is a \$96 million LNG export terminal slated to be built by Delaware River Partners on contaminated land in South Jersey that was previously home to a DuPont facility. The terminal would transport LNG from fracked gas fields in Pennsylvania to overseas markets. It has been approved to also export other commodities, ranging from different types of fuels to bulk cargo and vehicles.⁸

The Gibbstown facility is planned in a county that has already been subjected to environmental assaults such as per- and polyfluoroalkyl substance (PFAS) water contamination in the Delaware River and a train derailment that released 23,000 gallons of toxic vinyl chloride into a water body

connected to the Delaware River.⁹ South Jerseyans do not need another form of toxic pollution infiltrating their region.

Health, Safety and Environmental Risks

The terminal could ship up to 7 million gallons of LNG a day.¹⁰ Estimates suggest that up to 1,650 polluting truck trips daily would transport LNG from Pennsylvania to the New Jersey site, potentially compounding existing ozone problems.¹¹

A NFE subsidiary called Energy Transport Solutions has also been permitted to start the construction of a 100-car train operation, in what would be the first LNG rail in U.S. history.¹² Because of LNG's highly volatile and combustible nature, many have called the rail project a "bomb on wheels" (see Box); 15 different states — including Pennsylvania and Delaware — have opposed the former Trump administration's move to allow LNG rail transport, due to safety concerns.¹³ (The Biden administration has since pledged to take a "hard look" at the LNG-by-rail rule.¹⁴)

The 200-mile journey from Pennsylvania to New Jersey would carry LNG through some of the most densely populated parts of the East Coast.¹⁵ The proposed terminal would be built near a daycare center, and community members say the LNG-filled trucks and rail could travel past low-income neighborhoods and communities of color, including Camden, New Jersey, where residents have long been fighting environmental injustices.¹⁶

Moreover, LNG facilities (including export terminals) can emit large amounts of air pollution and methane, locking in decades of climate pollution.¹⁷ The tankers and storage facilities also pose significant risks of potentially catastrophic explosions.¹⁸ A catastrophic incident could harm the water quality of the Delaware River, which supplies water to 17 million people.¹⁹

The Company Behind the Project

NFE was formed in 2014 by majority owners Wed Edens and Randal Nardon, who are considered employees of Fortress Investment Group (FIG), a subsidiary of Softbank (a Japanese conglomerate with Saudi Arabian ties).²³ In 2007, FIG became the first large hedge fund to be publicly traded.²⁴ A decade later, when FIG was struggling to stay afloat, Softbank bought it out for over \$3 billion.²⁵

Before Edens co-founded NFE, he was a partner and managing director of the now defunct investment bank Lehman Brothers Holdings Inc., and also of the multinational investment management corporation BlackRock, Inc. Edens' first dive into the toxic LNG business started with FIG's Florida East Coast Railway efforts to convert diesel-fueled trains to



A "Bomb on Wheels": The Hazards of LNG Trains

Transporting LNG by rail is extremely dangerous due to the gas' highly volatile nature. LNG is composed of combustible methane. Because it must be contained in a pressurized and temperature-controlled unit, it can result in a "boiling liquid expanding vapor explosion" (BLEVE). A BLEVE rapidly heats liquid when there is a change in pressure, resulting in a blast wave, a fireball and/or flying train tank fragments.²⁰ Now imagine this volatile liquid being jostled around on train cargo.

When leaked, LNG vapors can cause uncontrolled fires and explosions. These fires tend to burn hotter and faster than fires started by oil or gasoline and are typically very difficult to put out — generally they will burn until the last bit of LNG vapor is consumed.²¹ This means that an LNG train incident or accident would be catastrophic.

LNG fires in one train car could cause surrounding cars to fail due to rising heat, which has occurred in oil and ethanol rail accidents. There are additional concerns regarding possible train derailment and the fact that these routes often pass through densely populated areas. These trains may also share the same tracks as passenger trains, putting commuters at risk.²²

LNG. Since then, Edens realized that low-priced natural gas could be a boon to his LNG infrastructure scheme, and he pushed NFE to expand its operations globally.²⁶

As a billionaire, private equity investor and co-owner of the Milwaukee Bucks basketball team, Edens has also attempted to use his wealth to sway those in power.²⁷ He is a

longtime donor to the Democratic National Committee and to Democratic political candidates.²⁸

In 2019, Edens was involved in a plan for GateHouse Media to take over Gannett Co., Inc., the parent company of *USA Today* and other regional newspapers. The now defunct GateHouse Media was owned by an investment firm called New Media Investment Group, which is owned by FIG.²⁹ After the merger, Gannett negotiated an early exit from its management arrangement with FIG at the end of 2020.³⁰

Like many oil and gas companies, NFE is largely reliant on equity; it has built up debt and liabilities over the years and uses bonds and credit agreements to help fund its facilities and proposed projects.³¹ In 2019, New Fortress publicly announced that it had entered into a credit agreement with Wall Street-affiliated underwriters such as Morgan Stanley and Citigroup.³²

Gibbstown Logistics Facility Must Be STOPPED

The Gibbstown Logistics Facility would be devastating for the environment and nearby communities, but a boon for a faltering fracking industry. This project is dangerous along its whole supply chain — from the liquefaction facility in Pennsylvania, to the dangerous transportation of explosive LNG through hundreds of miles of densely populated

communities, to the Gibbstown terminal where floating bomb-ships will transport the LNG abroad.

NFE knew what it was doing when it formed, and it formed with one purpose: to capitalize on the surplus of cheap natural gas and ship it all around the world. But continued fracking and LNG exportation puts the planet on an unsustainable trajectory, producing and burning vastly more gas than is compatible with a safe climate.

An emissions-free world can only be achieved through true renewable energy. As climate impacts become more severe, it is more apparent than ever that we must move away from fossil fuels — as a nation and around the world. Technology for a large-scale transition to renewables has existed for over 20 years but is cheaply available now³³ — we just need strong government policies backed by political will to see these policies through.

Approving the Gibbstown terminal will help spur and sustain unnecessary drilling and fracking and generate more greenhouse gas emissions. New Jerseyans demand that Governor Murphy fulfill his commitment to prevent the Gibbstown terminal from becoming a hub for dirty, dangerous and destructive fracked gas exports.

Endnotes

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