

Congress of the United States
Washington, DC 20515

January 23, 2013

The Honorable Steven Chu
Secretary
Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Secretary Chu,

First, thank you for completing and releasing the recent report commissioned by President Obama and conducted for the Department of Energy by the National Economic Research Associates (NERA) group titled "Macroeconomic Impacts of LNG Exports from the United States." Our primary goal of significantly expanding domestic exports of LNG is not without concerns, such as potential negative impacts on domestic manufacturers and consumers due to changes in the natural gas market. However, it was reassuring to see that the report has concluded that each scenario examined resulted in a net benefit to our economy.

As we all know, the growth of the natural gas industry and the jobs, tax revenues, royalties, orders for equipment and materials from manufacturers, and other economic activity it generates, is being held back by a lack of demand. In one sense, this is a good problem to have as we see overseas customers seeking to buy natural gas from the United States. However, opponents of LNG exportation argue that opening domestic producers to the entire global LNG market will drastically impact natural gas consumers here at home. The NERA study rightly looked at the question of price impacts. In every scenario analyzed, the positive economic impact of a vibrant exploration and production sector and the activity generated by the construction and operation of export terminals provide a net benefit to the economy.

That is not to say the issue should be ignored. We note that the Department has already indicated that it intends to monitor the market so that "natural gas exports do not subsequently lead to a reduction in the supply of natural gas needed to meet essential domestic needs." As supplies tighten and prices adjust to sustainable levels, less gas would be exported. Further, the NERA report estimates the total cost to transport gas to an export terminal, liquefy, ship, and then regasify it overseas would range from \$6.30 to \$8.39 Mmtbu. In other words, the difference between the price of gas in the U.S. and internationally would need to be at least that much higher in order to justify its export. That price differential is a significant cushion against domestic prices climbing to a "world price."

The United States is not the only nation with abundant shale gas reserves. However, we do have significant advantages that will take competitors many years to overcome, such as best-in-class technology, gas processing and pipeline infrastructure developed over decades, a financial system that matches capital with promising investment opportunities, well defined mineral

ownership, and a mature legal system. Other nations are already at work trying to duplicate the success of America's shale industry. These advantages won't last forever.

In the wake of the DOE report and the realities of today's natural gas market, we believe now is the time to expand domestic exportation of LNG. We respectfully urge the Administration to advance without delay through the comment period and toward approval of export permits to non-Free Trade Agreement (FTA) countries.

Thank you for taking this request into consideration and we look forward to your response.

Sincerely,

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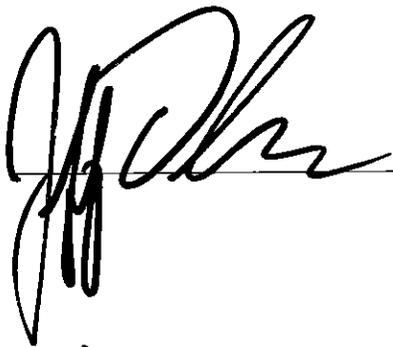
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