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June 20, 2014

U.S. Department of Energy (FE-34)
Attn: Proposed Procedures
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
P.O. Box 44375
Washington, DC 20026-4375

SUBJECT: Proposed Procedures for Liquefied Natural Gas Export Decisions

On June 17, 2014, America's Energy Advantage ("AEA") submitted a letter concerning the Department of Energy's ("DOE" or "Department") Notice of Proposed Procedures for Liquefied Natural Gas Export Decisions, 79 Fed. Reg. 32,261 (June 4, 2014) ("Notice"). More specifically, AEA requested that DOE extend the current 45-day public comment period for the Notice, which currently closes on July 21, 2014, by an additional 120 days, or until October 2, 2014.

The American Petroleum Institute ("API") respectfully submits this letter urging DOE to reject AEA's request (and any other similar requests DOE receives) to extend the comment period. An extension is unnecessary and will only serve to further delay DOE's processing of pending LNG export authorization applications.

API is a national trade association that represents over 600 companies involved in all aspects of the oil and natural gas industry. API's members include owners and operators of LNG import and export facilities in the United States and around the world, as well as owners and operators of LNG vessels, global LNG traders, and manufacturers of essential technology and equipment used all along the LNG value chain. Our members also have extensive experience with the drilling and completion techniques used in shale gas development and in producing America's natural gas resources in a safe and environmentally responsible manner.

At this stage, less than two weeks into the public comment period, AEA's request that DOE extend the comment period by 120 days – nearly three times the length of the original period – is unwarranted and unsubstantiated. In support of this arbitrary extension request, AEA makes three arguments, each of which is demonstrably false, and which API addresses below. Perhaps more to the point, each of these fallacious arguments seems to be a substantive argument in opposition to LNG exports generally, and they have no connection to the specific proposal detailed in the Notice or to the appropriate length of the public comment period:

> **DOE has "approved LNG exports well beyond the 'high export' scenario" as examined by NERA in its 2012 LNG Exports Study.** NERA analyzed a "high level" scenario of an assumed 12 bcf/d of LNG exports from the U.S.[1] However, NERA also analyzed an "unconstrained" exports scenario.[2] NERA concluded with respect to both scenarios that "U.S. economic welfare consistently increases as the volume of natural gas exports increased. This includes scenarios in which there are unlimited exports. … [U]nlimited exports always had higher net economic benefits than corresponding cases with limited exports."[3] Whether and how U.S. exports compare to other LNG exporting nations is utterly beside the point, and AEA completely ignores the overall conclusions reached by NERA. Moreover, the 54% consumer price increase cited by AEA is from NERA's natural gas supply "constrained" scenario, which by design includes a highly unrealistic domestic supply assumption.
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> **Domestic natural gas supplies are at their lowest levels in eleven years.** AEA notably omits the reason for lower gas supplies – an exceptionally cold winter – as well as the fact that U.S. natural gas production is at an all-time high. Moreover, EIA predicts that working gas storage is expected to average 2.863 Tcf in 2014; in 2013, the average was 2.890 Tcf, or just 1% higher than currently projected storage volumes.[4]
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> **The U.S. could exhaust "economically recoverable" natural gas supplies in sixteen years.** In support, AEA relies on a single quotation from a single consulting firm in a single newspaper article. In contrast, EIA estimates that the U.S. has a 92-year supply of technically recoverable gas in known formations and with current technology.[5] Other credible analysis has concluded that the level of supply is even higher.[6]

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[1] NERA Economic Consulting, "Macroeconomic Impacts of LNG Exports from the United States," report prepared for the Office of Fossil Energy, Department of Energy, Dec. 11, 2012, at 3.
[2] *Id*. at 40.
[3] *Id*. at 1, 6.
[4] EIA, Short Term Energy Outlook, Natural Gas (June 10, 2014), *available at* http://www.eia.gov/forecasts/steo/report/natgas.cfm.
[5] EIA, Frequently Asked Questions, How Much Natural Gas Does the United States Have and How Long Will it Last?, *available at* http://www.eia.gov/tools/faqs/faq.cfm?id=58&t=8.
[6] *See*, *e.g.*, Potential Gas Committee, "Potential Gas Committee Reports Significant Increase in Magnitude of U.S. Natural Gas Resource Base" (April 9, 2013), *available at* http://potentialgas.org/press-release (over 112 years); ICF, "U.S. LNG Exports: Impacts on Energy Markets and the Economy" (May 15, 2013), *available at* http://www.api.org/news-and-media/news/newsitems/2013/may-2013/~/media/Files/Policy/LNG-Exports/API-LNG-Export-Report-by-ICF.pdf, at 42 (150 years); National Petroleum Council, "Prudent Development – Realizing the Potential of North America's Abundant Natural Gas and Oil Resources" (Oct. 2013), *available at* http://www.npc.org/Prudent_Development-Topic_Papers/Topic_paper_1-8_update-Onshore_Gas-102013, at 7 (as high as 416 years); *see also* IHS, "America's New Future: The Unconventional Oil and Gas Revolution and the US

Additionally, AEA's request should be rejected because it would introduce additional delay into a process that has already dragged on for far too long. DOE has approved just seven non-FTA LNG export authorizations in the nearly four years that have elapsed since the first of the new wave of applications was submitted to the Department. Additional delay could not come at a worse time as critical overseas U.S. allies continue to seek reliable alternatives to unstable Russian and Middle Eastern supplies. The fact that DOE has made a proposal to change its process, just a year and half removed from its *last* process change, is troubling in and of itself, and has already created uncertainty in the market. DOE should not compound the disruption by granting AEA's frivolous request.

For the reasons above, API urges DOE to reject any and all requests to extend the public comment period for the Notice. Should you have any questions, please feel free to contact me.

Best regards,

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Economy, Vol. 1: National Economic Contributions" (Oct. 2012), at 15 ("Natural gas supply is no longer in doubt.").