

Copano Energy

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March 25, 2011

Dr. Steven Chu
Secretary
Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

The Honorable Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426



RE: Freeport LNG Development, L.P., Freeport LNG
Expansion, L.P., and FLNG Liquefaction, LLC
FERC Docket No. PF11-2-000
DOE/FE Docket No. 10-161-LNG

Dear Secretary Chu and Chairman Wellinghoff:

On December 17, 2011, Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC filed two applications with the Department of Energy Office of Fossil Energy ("DOE/FE") seeking authorization under Section 3(a) of the Natural Gas Act ("NGA") to export up to the equivalent of 9 million metric tons of LNG each year for 25 years from the existing LNG import terminal on Quintana Island, Texas.¹ On December 23, 2010, those same companies and Freeport LNG Development, L.P. (collectively "Freeport LNG") asked the Federal Energy Regulatory Commission ("FERC") to initiate its National Environmental Policy Act pre-filing review of the proposed liquefaction and export terminal facilities.² Freeport LNG states that it expects to submit its formal application for NGA §3(e) authority to site, construct, expand, and operate the LNG liquefaction and export terminal in November 2011.

¹ The first application (DOE/FE Docket No. 10-160-LNG) sought authorization for export to countries with Free Trade Agreements with the United States and was granted on February 10, 2011. The other application (DOE/FE Docket No. 10-161-LNG) seeks authorization for export to countries without Free Trade Agreements with the United States and remains pending at the DOE/FE.

² FERC initiated the pre-filing process on January 5, 2011.

I am writing to express Copano Energy, L.L.C.'s strong support for Freeport LNG's proposed liquefaction and export project and the related applications.

Copano Energy is a midstream natural gas company providing comprehensive services to natural gas producers, including natural gas gathering, intrastate transmission, processing, conditioning, treating, and natural gas liquids fractionation. Our operations are located in Oklahoma, Texas, Wyoming and Louisiana.

In recent years, horizontal drilling and hydraulic fracturing technologies have allowed the natural gas industry to economically access large volumes of shale gas that previously were uneconomic. Shale gas made up 14% of total the United States natural gas supply in 2009. The DOE's Energy Information Agency ("EIA") expects shale gas production to make up 45% of United States total natural gas supply in 2035.³ The United States possesses 2,552 trillion cubic feet ("Tcf") of potential natural gas resources including 827 Tcf of shale gas.⁴ The EIA estimates that this gas is enough to supply the United States for approximately 110 years.⁵ The EIA expects shale gas reserves to increase dramatically in future years. According to the EIA, the availability of large quantities of shale gas will further allow the United States to consume a predominantly domestic supply of gas.⁶

Copano Energy and other midstream companies play a key role in bringing this new shale gas to the market. The midstream industry gathers shale and non-shale natural gas at the well head, transports it to gas processing facilities, and delivers it to market demand points. Copano Energy, for example, is very active in the Eagle Ford, Barnett, and Woodford shale regions in Texas and Oklahoma.

The proposed Freeport LNG liquefaction and export project would benefit the energy industry and United States consumers. The increased ability of Freeport LNG and others to export natural gas creates new markets for natural gas. This, in turn, would allow industry participants to continue their investments in technology development, land acquisition, exploration, and infrastructure and, therefore, maintain or expand employment opportunities. It also would allow states to maintain or increase tax revenues. These investment, employment, and tax benefits are far reaching and impact many states and regions across the country, and not only the area that would directly benefit by Freeport LNG's

³ EIA Annual Energy Outlook 2011.

⁴ http://www.eia.gov/energy_in_brief/about_shale_gas.cfm (March 23, 2011).

⁵ *Id.*

⁶ *Id.*

construction efforts. The midstream industry, for example, would be required to build or expand pipelines and processing plants thereby creating skilled employment opportunities and investing capital across the country.

The Freeport LNG project also is consistent with the National Export Initiative, which calls for promotion of exports to facilitate the creation of high-paying jobs.⁷ President Obama's executive order reads, in relevant part:

Creating jobs in the United States and ensuring a return to sustainable economic growth is the top priority for my Administration. A critical component of stimulating economic growth in the United States is ensuring that U.S. businesses can actively participate in international markets by increasing their exports of goods, services, and agricultural products. Improved export performance will, in turn, create good high-paying jobs.

Shale gas has put the natural gas industry on a path of unprecedented transformation. In many ways, the shale gas drilling and production boom has rejuvenated the natural gas industry in the United States. The ever increasing shale gas production has created the opportunity for the United States to shift to a natural gas net exporter. Allowing Freeport LNG to export domestically produced LNG will help both the natural gas industry and United States consumers by creating new markets that will support new energy investments and increased employment opportunities.

For these reasons, Copano Energy supports the Freeport LNG project and urges the FERC and DOE/FE to approve their respective elements of the Freeport LNG liquefaction and export projects.

Respectfully



Bruce Northcutt
President and Chief Executive Officer
Copano Energy, L.L.C.

⁷ See Exec. Order No. 13,534, 75 Fed. Reg. 12,433 (March 16, 2010).

PUBLIC SUBMISSION

As of: March 28, 2011 Received: March 25, 2011 Status: Pending_Post Tracking No. 80c10fa0 Comments Due: March 28, 2011 Submission Type: Web
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Docket: DOE-HQ-2011-0013

Application for Long-Term Authorization to Export Liquefied Natural Gas: Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC

Comment On: DOE-HQ-2011-0013-0001

Application for Long-Term Authorization to Export Liquefied Natural Gas: Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC

Document: DOE-HQ-2011-0013-DRAFT-0007

Comment on FR Doc # 2011-01812

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General Comment

See attached file(s)

Attachments

DOE-HQ-2011-0013-DRAFT-0007.1: Comment on FR Doc # 2011-01812