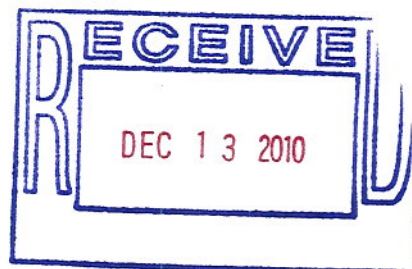




GOVERNMENT OF PUERTO RICO

Kenneth D. McClintock
Secretary



December 13, 2010

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

Dear Secretary Chu,

On July 11, 2010, President Obama announced a bold vision for doubling U.S. exports over the next five years: the National Export Initiative. The Government of Puerto Rico supports this effort and welcomes the benefit that increased exports will have in supporting U.S. jobs across multiple sectors of the Nation's economy.

Given the Obama Administration's initiative in this area, we would like to draw your attention to a potential new export that can support emissions reductions globally, diversify energy security for our trading partners in Europe and the Americas, and support thousands of jobs in the United States, while simultaneously reducing the cost of energy and our dependence on foreign supplies.

The recent development of significant new natural gas reserves across the country presents a unique opportunity for the United States to partner with nations in our Hemisphere and Europe by providing clean natural gas as an export. Over the last five years new conventional and non-conventional natural gas discoveries—located broadly across the country—have dramatically improved the natural gas supply picture in this country. The United States is now the largest producer and holds the greatest reserves of natural gas in the world.

In the lower 48 states our plentiful natural gas resources have no ability to reach export markets beyond the pipelines that move gas bi-directionally between the United States, Canada, and Mexico. However, we are aware that Cheniere Energy Inc. (Cheniere) has filed a request to authorize exports of liquefied natural gas (LNG) from its Sabine Pass, Louisiana terminal—the largest in the United States.

We have been informed that Cheniere plans to convert said facility from an import-only to a bi-directional site with an additional investment in liquefaction technology. This investment would allow gas to be condensed to a liquid and transported via ship to our trading partners. A similar facility has been in operation for four decades in Alaska, but no such "export-ready" facility currently exists on the pipeline network in the lower 48 states.

Although Puerto Rico is not an export destination, the Islands could potentially benefit from this initiative by opening the natural gas market to U.S.-sourced LNG, indexed on Henry Hub/NYMEX prices. Consequently, we seek your assistance in ensuring expedited approval and licensing for Cheniere's exports.

Moreover, for Puerto Rico a more competitive natural gas market is of major importance as we strive to convert and diversify away from oil-based electricity generation and into gas-based and renewable fuels. Our plans through 2015 would result in a shift from a 70% oil-based electric generation system to 70% gas-based electricity and an estimated savings of \$1.4bn yearly.

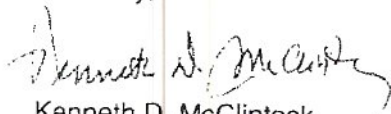
We are hopeful that the Department will consider the unique ability of this facility to align with the National Export Initiative, and the impact it will have on job sustainability and growth across the country.

Cheniere's LNG facility and its export of LNG in the Caribbean and Central America may also serve to highlight the Administration's energy cooperation and security initiatives with the Americas as espoused in the recently launched Energy and Climate Partnership of the Americas.

We look forward to an opportunity to discuss this matter in greater detail and thank you in advance for ensuring that our views and positions on this matter are included in the record and are given utmost consideration.

Thank you for your consideration.

Sincerely,



Kenneth D. McClintock

Cc: Mr. Daniel B. Poneman
Deputy Secretary of Energy