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From: Mark Mc [redacted]
Sent: Monday, [redacted] PM
To: LNGStudy; [redacted]; Me
Subject: 2012 LNG [redacted]

Dear President Obama and the DOE,
I concur with Dr. Jannette Barth that the NERA study is inadequate and will list some of her points here:
It appears that NERA's proprietary energy--economy model, NewERA, was released in the spring of 2012, hardly sufficient time to develop a track record. No tests of forecasting accuracy have been provided. Even NERA's longer established general equilibrium model is proprietary, and tests of accuracy have not been provided with the study results.
Macroeconomic models do not capture regional, state or local impacts. It is possible that the combined losses at these less aggregate levels will be greater than the macroeconomic gains claimed by NERA.
Peer reviewed research and other research not funded by the natural gas industry reach conclusions that show only modest employment gains to regions with shale gas development.[1]
NERA addresses foreign investment in American shale gas on Page 5 by stating one of the study assumptions: "financing of investment was assumed to originate from U.S. Sources." This is clearly an incorrect assumption, as we know that foreign corporations already hold significant shale assets in the United States. In fact, it was very recently reported that Norse Energy, a Norwegian company that has invested in American shale gas, declared bankruptcy. Reports abound of additional foreign investment in U.S. shale gas. For example, another Norwegian firm, Statoil, paid over $4 billion to invest in shale gas in the United States. BHP Billiton, an Australian firm, has invested billions of dollars in US shale gas assets. China National Offshore Oil Company, Cnooc Ltd, paid several billion dollars for a stake in Chesapeake Energy's Eagle Ford shale play. Total SA, a French company, paid several billion dollars to develop U.S. shale gas reserves in Ohio. There may be more, as this list is merely anecdotal.
NERA's inaccurate assumption that all financing originates from U.S. sources clearly results in overstated U.S. macroeconomic impacts.
And on Page 70, it is stated, "Some examples of industries that did fit the criteria for EITE (Energy--Intensive, trade--exposed) were 311251 (nitrogenous fertilizer) within the 31 (2--digit chemicals) industry and 331111 (iron and steel mills) within the 3311 (4--digit iron and steel) industry. Analysis in this report strongly suggests that competitive impacts of higher natural gas prices attributable to LNG exports will be very narrow, but it was not possible to model impacts on each of the potentially affected sectors." Why was it not possible? The stakes are too high for the American people. Nor is any explanation provided for the impossibility. Our decision makers must not accept a less than comprehensive economic assessment.
Natural gas has a history of price volatility and it appears that NERA did not include this issue in the report. The President of American Electric Power commented on the concern of volatility in the price of natural gas. He said, "Whether that volatility has changed permanently remains to be seen." He said that natural gas prices could spike if major enironmental issues emerge with fracking, and that natural gas prices are vulnerable to volatile weather conditions. He also said they could increase as export facilities for LNG are constructed. [2]
Our decision makers should not consider allowing exports of U.S. shale gas unless and until shale gas development can be done in such a way as to protect our environment, our public health and our state and local economies.
Are you not aware that shale gas drilling is ruining water wells and people are suffering?
The silica sand mining for the fracking is damaging lungs.
How many destroyed water wells and broken lives is the acceptable number?
How many ruined lives are we to allow in order to satiate the need for natural gas consumption?

The NERA report sets forth strident conclusions that make their results seem far more reliable than is warranted by a study that is wrought with inaccuracies, omissions, uncertainties and flaws.

Cordially,
Mark McCloskey
[redacted]
Naples, NY [redacted]

REFERENCES:
[1] J.G. Weber, "The Effects of a Natural Gas Boom on Employment and Income in Colorado, Texas, and Wyoming," Energy Economics 34 (2012) 1580-1588.
[2] The Hill.com E2 Wire, "Utility President warns of natural gas price volatility." April 26, 2012.