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From: Mills, Mark [mmills@Manhattan-Institute.org]
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U.S. Department of Energy 2012 LNG Export Study

Comments from

Mark P. Mills

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January 20, 2012

I write these comments supporting both the specific opportunity for applicants, and the generic opportunities for the nation to export U.S. natural gas.

While there are numerous issues, regulations and challenges associated with any business or industrial activity engaged in the production and export of goods, my comments are intended to highlight the overwhelming economic benefits, and the substantial strategic and geopolitical benefits from increasing America's exports in general, and exports of natural gas (and other hydrocarbons) in particular.

The Department of Energy should consider the issue in the broad context and long history of benefits to the nation from exports. Would questions about exporting natural gas be debatable if the word "wheat" were substituted for "gas"? The United States is the world's largest single supplier of grains, accounting for about 40 percent of global exports. The nation enjoys the associated trade, jobs, and revenue benefits that come from being the world's breadbasket.

Last year the United States exported almost \$140 billion in agricultural goods – an activity nearly universally seen as a good thing for both Americans, and the worlds' citizens who need food. The U.S. exported about \$120 billion in hydrocarbons last year and will likely soon export more fuel and petroleum products than food. It is entirely feasible that the U.S. hydrocarbon exports could exceed those not just in agricultural products, but also from information technology equipment and the automotive sector.

Technology is now doing for the American energy and fuel sectors what it previously did for the agricultural sector. It is a complete reversal of the earlier and widely accepted energy paradigms of declining domestic hydrocarbon production, dependence, and shortage. It is now realistic for America not just to feed the world, but to fuel it as well.

Policies that help accelerate hydrocarbon production, and collaterally encourage exports, will create jobs, likely millions of jobs, and generate enormous tax receipts and royalties to state and federal treasuries, and can make the largest single difference in reducing the U.S. balance of trade deficit. Total U.S. society-wide economic benefits from expanded domestic hydrocarbon production, and exports, over the coming two decades have been estimated to total \$3 to \$7 trillion.

A wide range of analyses – from organizations including Citi bank, Wood McKenzie, IHS CERA, Deloitte, and Bentek Energy – have documented the extraordinary productive abundance of the U.S. domestic hydrocarbon industry, and especially natural gas, now made possible by the permanent and on-going advances in hydrocarbon exploration and production technologies.

The new reality of hydrocarbon abundance makes possible not only energy independence, but also a credible scenario in which the U.S. – and in particular in combination and collaboration with our North American partners – can rival the

Middle East as the world's primary energy exporter. Hydrocarbons currently supply 85 percent of the world's energy and every forecast sees them as central for the foreseeable future. Moving the nation from a posture of energy dependence, to energy influence via hydrocarbon exports would completely reset energy geopolitics

Not in nearly a half century has the energy "ground game" changed so radically. The United States could by inaction, or ill-considered actions, miss the opportunity for an enormous increase in export revenues, domestic jobs, and geopolitical influence. Failing to support and encourage the export of LNG would be a reversal of long-standing and beneficial U.S. policies and posture on the world stage.

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I have provided more detail and references on the aforementioned issues in several reports published last year under the auspices of the Manhattan Institute:

[OIL, GAS, AND COAL CAN PRIME THE JOBS PUMP](#), October 2012

[Liberating the Energy Economy: What Washington Must Do](#) Manhattan Institute, September 2012

[Unleashing the North American Energy Colossus: Hydrocarbons Can Fuel Growth and Prosperity](#) Manhattan Institute, July 2012.

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