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From: [Briana Dema](#)
To: [LNGStudy](#)
Subject: 2012 LNG Export Study
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Attachments: [LNG Export Study Comments Final.pdf](#)

Dear Sir or Madam:

On behalf of the undersigned, the Environmental Working Group respectfully submits the attached comments to the U.S. Department of Energy on the 2012 LNG Export Study.

Sincerely,

Dusty Horwitt
Senior Counsel
Environmental Working Group

Briana Dema
Law Fellow
Environmental Working Group

Pam Solo
President
Civil Society Institute

Jill Wiener
Catskill Citizens for Safe Energy

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Briana Dema
Law Fellow
Environmental Working Group
1436 U St. NW, Suite 100
Washington, DC 20009
p: (202) 667-6982
e: bdema@ewg.org

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January 24, 2013

U.S. Department of Energy (FE-34)
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Ave. SW
Washington, DC 20585

Re: 2012 LNG Export Study

Dear Sir or Madam:

On behalf of the undersigned, the Environmental Working Group (EWG) respectfully submits the following comments to the U.S. Department of Energy (DOE) on the 2012 LNG Export Study. EWG is a non-partisan, non-profit organization dedicated to using the power of information to protect public health and the environment. As part of that mission, EWG conducts original research and publishes reports on a range of issues related to U.S. oil and natural gas drilling. In particular, EWG has focused on the consequences of using the extraction method known as hydraulic fracturing to exploit this country's shale gas reserves.

The Natural Gas Act requires the DOE to find that the exportation of natural gas is consistent with the public interest before issuing an order to export.¹ The LNG Export Study (Study) cannot support a determination that the approval of pending and future applications to export liquefied natural gas (LNG) will be in the public interest. As the Study notes, increased exports of LNG from the United States will depend upon a substantial expansion of domestic shale gas production.² The failure of the Study to evaluate any costs associated with hydraulic fracturing — the drilling process used to extract shale gas — renders it a woefully incomplete analysis of the potential economic effects of increased LNG exports. Moreover, DOE cannot limit its public interest assessment to a macroeconomic analysis that ignores impacts to the environment and public health of significantly increased shale gas production. DOE must delay any decision to authorize additional LNG exports until scientists, lawmakers, and regulatory agencies know more about the risks of hydraulic fracturing and how to manage them in a way that does not compromise public health, the environment, or the economy.

Although the oil and gas industry maintains that hydraulic fracturing is safe,³ there is compelling evidence to suggest that the process is imposing devastating environmental, public health, and

¹ 15 U.S.C. § 717b.

² U.S. Energy Info. Admin., Effect of Increased Natural Gas Exports on Domestic Energy Markets 11 (2012) (“Increases in natural gas production that contribute to additional natural gas exports from the relative baseline scenario come predominately from shale sources. On average, across all cases and export scenarios, the shares of the increase in total domestic production coming from shale gas, tight gas, coalbed, and other sources are 72 percent, 13 percent, 8 percent, and 7 percent, respectively.”).

³ E.g., Michael Bradford, Energy Companies Fight Fracking Controversies with PR, Ads, Bus. Ins., Sept. 25, 2011, <http://www.businessinsurance.com/article/20110925/NEWS07/309259983> (“Exxon Mobil Corp. [] has been running a television ad campaign promoting the safety of fracking and the need for natural gas.”).

economic costs on communities throughout the country. As EWG reported in 2011, both industry and the U.S. Environmental Protection Agency (EPA) have known for decades about hydraulic fracturing's potential to contaminate groundwater.⁴ Recent studies have also linked gas drilling in shale deposits to air⁵ and soil pollution.⁶ While more research is needed to fully assess the environmental and public health risks associated with shale gas production, serious impacts have already been documented. In 2004, for example, state officials reported that natural gas and associated contaminants had traveled underground more than 4,000 feet laterally from a well that had been improperly fractured and cemented by Canada-based EnCana Corp. in Garfield County, Colo.⁷ As a result, a creek was contaminated with dangerous levels of carcinogenic benzene.⁸ The state of Colorado fined EnCana a then-record \$371,200.⁹ Despite more than seven years of cleanup efforts, three groundwater-monitoring wells near the creek still found unsafe levels of benzene as of September 2011.¹⁰

The risks associated with drilling and hydraulic fracturing have implications not only for the environment and public health, but also for property owners and the lending community. Properties subject to gas drilling leases can lose significant resale value, as the typical lease allows drillers to engage in dangerous activities and use and store hazardous substances on a landowner's property.¹¹ Because homeowners' insurance policies often do not cover property damage caused by hydraulic fracturing, property owners may face additional financial risk once drilling activity begins.¹² Further, given that lenders typically require property owners to obtain permission before engaging in hazardous activities like gas drilling, hydraulic fracturing may cause property owners to violate the terms of their mortgages, potentially triggering foreclosure proceedings.¹³

⁴ Dusty Horwitt, Env'tl. Working Group, Cracks in the Façade: 25 Years Ago, EPA Linked 'Fracking' to Water Contamination (2011), http://static.ewg.org/reports/2011/fracking/cracks_in_the_facade.pdf

⁵ Lisa Song, First Study of Its Kind Detects 44 Hazardous Air Pollutants at Gas Drilling Sites, InsideClimate News, Dec. 3, 2012, <http://insideclimatenews.org/news/20121203/natural-gas-drilling-air-pollution-fracking-colorado-methane-benzene-endocrine-health-NMHC-epa-toxic-chemicals>.

⁶ Bruce Finley, Drilling Spills Reaching Colorado Groundwater; State Mulls Test Rules, Denver Post, Dec. 9, 2012, http://www.denverpost.com/environment/ci_22154751/drilling-spills-reaching-colorado-groundwater-state-mulls-test.

⁷ Colo. Oil & Gas Conservation Comm'n, Order No. 1V-276 (Aug. 16, 2004), <http://cogcc.state.co.us/> (follow link for "Orders"); URS Corp., Phase I Hydrogeologic Characterization of the Mamm Creek field Area in Garfield County (2006), <http://cogcc.state.co.us/> (follow link for "Library" and then "Piceance Basin") (prepared for Bd. of County Comm'rs, Garfield County, Colo.).

⁸ Id.

⁹ Id.

¹⁰ Rule Eng'g, LLC, West Divide Seep Area Monitoring Status Report for September 2011 (2011), <http://cogcc.state.co.us/> (follow link for "Library" and then "Piceance Basin").

¹¹ Mireya Navarro, Gas Drilling Jitters Unsettle Catskills Sales, N.Y. Times, Sept. 30, 2012, at RE1, http://www.nytimes.com/2012/09/30/realestate/fracking-fears-hurt-second-home-sales-incatskills.html?pagewanted=all&_r=4&; Peggy Heinkel-Wolfe, Drilling Can Dig Into Land Value, Dallas Morning News, Sept. 18, 2010, <http://www.dallasnews.com/incoming/20100918-Drilling-can-dig-into-land-value-9345.ece>.

¹² Matthew Sturdevant, Possible Damage from 'Fracking' Not Covered by Standard Homeowner's Policy, Hartford Courant, July 13, 2012, http://articles.courant.com/2012-07-13/business/hc-fracking-insurancecoverage-20120713_1_hydraulic-fracking-property-casualty-insurers-liberty-mutual.

¹³ Tompkins County NY Council of Gov'ts Gas Drilling Task Force, Gas and Oil Leases: Impact on Residential Lending (Mar. 24, 2011 & as rev. Nov. 15, 2011), http://www.tompkins-co.org/tccog/Gas_Drilling/Focus_Groups/LandValues_Assessment.html; Ian Urbina, Rush to Drill for Natural Gas Creates Conflicts with Mortgages, N.Y. Times, Oct. 19, 2011, <http://www.nytimes.com/2011/10/20/us/rush-to-drill-for-gas-creates-mortgage->

Natural gas drilling also poses serious threats to public safety. Explosions at drilling sites and compressor stations occur frequently, and have resulted in injury, property damage, and death.¹⁴ Activities associated with shale gas development have also created public safety risks. For example, increased truck traffic to and from well pads has destroyed roads and created hazardous transportation conditions in communities around the country.¹⁵ EWG also has growing concerns about the potential for the underground injection of drilling wastewater to induce seismicity, as scientists and regulators study the link between such activity and numerous recent earthquakes in Arkansas and Ohio.¹⁶

Because the large volumes of natural gas proposed to be exported from the United States would be extracted predominately from shale gas reserves using hydraulic fracturing, the DOE cannot find that increased exports will be consistent with the public interest without evaluating the potentially serious consequences of increased shale gas production. As a recently released report by the EPA makes clear, hydraulic fracturing has already affected millions of Americans in three-fifths of the lower forty-eight states.¹⁷ The public must not be forced to bear the costs and risks of increased shale gas development — both known and unknown — based only on vague assurances of “wealth transfers” and “net economic benefits.”¹⁸ That is why EWG is calling upon the DOE to withhold any further approval of LNG exports until the impacts of increased hydraulic fracturing can be fully and adequately assessed.

Moreover, EWG believes that an energy policy dependent upon increased shale gas production will only push us further away from developing a clean energy economy that protects public health and the environment, promotes true energy independence, and ensures the financial security of all Americans. The amount of recoverable shale gas reserves in the United States is subject to considerable debate. Scientists and regulators continue to cut their estimates, raising serious questions about the true extent of the country’s natural gas supply.¹⁹ Investing billions of dollars in the short term to develop and export a limited natural resource will only serve to perpetuate the economic boom and bust cycles that have devastated communities throughout the United States. As President Barack Obama proclaimed earlier this week in his inaugural address, “The path towards sustainable energy sources will be long and sometimes difficult. But America cannot resist this transition; we must lead it. We cannot cede to other nations the technology that will power new jobs and new industries — we must claim its promise.”²⁰ The time is now to make that transition.

conflicts.html?pagewanted=all.

¹⁴ Fracking Across the United States, Earthjustice, <http://earthjustice.org/features/campaigns/fracking-across-the-united-states> (last visited Jan. 18, 2012).

¹⁵ Jim Efstathiou Jr., Taxpayers Pay as Fracking Trucks Overwhelm Rural Cow Paths, Bloomberg, May 15, 2012, <http://www.bloomberg.com/news/2012-05-15/taxpayers-pay-as-fracking-trucks-overwhelm-rural-cow-paths-1-.html>.

¹⁶ Mike Soraghan, EPA Looking For Ways to ‘Manage or Minimize’ Injection Earthquakes, E&E News, Mar. 15, 2012, <http://www.eenews.net/public/energywire/2012/03/15/2>.

¹⁷ U.S. Env’tl. Prot. Agency, Study of the Potential Impacts of Hydraulic Fracturing on Drinking Water Resources: Progress Report Fig. 10 (2012).

¹⁸ NERA Economic Consulting, Macroeconomic Impacts of LNG Exports from the United States 7 (2012).

¹⁹ Ian Urbina, New Report by Agency Lowers Estimates of Natural Gas in U.S., N.Y. Times, Jan 28, 2012, <http://www.nytimes.com/2012/01/29/us/new-data-not-so-sunny-on-us-natural-gas-supply.html?pagewanted=all>.

²⁰ President Barack Obama, Inaugural Address (Jan. 22, 2013).

EWG thanks the DOE for the opportunity to comment on the 2012 LNG Export Study. The record before the DOE does not support a finding that increased LNG exports will be consistent with the public interest. Before DOE can make that determination, it must evaluate the significant potential negative impacts of increased shale gas development on public health, the environment, and the economy. EWG therefore urges the DOE to suspend any further authorization of LNG export applications until more is known about the risks of this unstudied technology and whether those risks can be safely managed.

Sincerely,

Dusty Horwitt
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