

United States Senate

WASHINGTON, DC 20510-4305

January 24, 2013

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

Dear Secretary Chu:

On December 3, 2012, your Department issued the second part of the Liquefied Natural Gas (LNG) Export Study conducted for the Department of Energy by the National Economic Research Associates (NERA) group titled "Macroeconomic Impacts of LNG Exports from the United States." I strongly support the conclusions of this macroeconomic analysis and urge you to use these findings to conclude that LNG exports are in the public interest.

To address concerns about increased exports, the NERA study rightly considered the price impacts and found in every scenario analyzed, the positive economic impact of a vibrant exploration and production sector and the activity generated by the construction and operation of export terminals provide a net benefit to the economy. The report also concluded that any price increases associated with LNG exports would be extremely modest and would be constrained by other economic factors. Further, the NERA report estimates the total cost to transport gas to an export terminal, liquefy, ship, and then re-gasify it overseas would range from \$6.30 to \$8.39. In other words, the difference between the price of gas in the U.S. and internationally would need to be at least that much higher in order to justify its export. That price differential is a significant cushion against domestic prices climbing to a "world price." These results suggest that there would be little, if any, negative impact on the manufacturing sector in our economy.

The report concluded that the U.S. is projected to gain net economic benefits from allowing LNG exports. The economic benefits already occurring from shale production are staggering, as well as providing energy security for our nation with increased domestic production. For example, greater oil production has been an important benefit of the increase in natural gas development in my home state. The Eagle Ford Shale, in the southwestern portion of Texas, has gone from a minimal level in 2010 to over 300,000 barrels of oil production per day so far this year, plus another roughly 70,000 barrels per day of condensates. Besides spurring jobs growth, the jump in Eagle Ford production has been among the major factors driving Texas crude oil production to a level not seen since 1988.

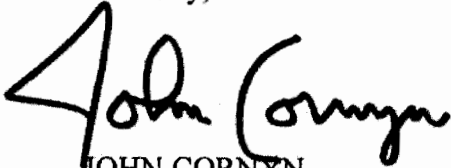
A U.S. Geological Survey (USGS), published in 2011, found the Eagle Ford shale held estimated technically recoverable reserves of 853 million barrels of oil, 2 billion barrels of natural gas liquids, and 1.7 trillion cubic feet of natural gas. According to a study by the Institute for Economic Development at the University of Texas at San Antonio (UTSA), Eagle Ford shale

play activity supported over 47,000 full-time jobs; had a total economic output impact of \$25 billion in 2011; and \$358 million in state revenues.

The availability of large quantities of shale gas will allow the U.S. to consume a predominantly domestic supply of gas for many years and produce more than it consumes. In addition to any economic benefits, for overseas customers seeking alternative sources for natural gas, buying from U.S. companies could also yield important opportunities for enhanced diplomatic and strategic relations. Given the exhaustive study that DOE has undergone on the potential impact of LNG exports and the conclusions of the positive benefits associated with it, I encourage you to proceed with the processing of the export applications now pending at the Department.

Thank you for your attention to this important issue.

Sincerely,

A handwritten signature in black ink that reads "John Cornyn". The signature is written in a cursive style with a large, stylized initial "J".

JOHN CORNYN
United States Senator

Watson, Sylvia

From: Mackall, Brenda
Sent: Monday, January 28, 2013 11:56 AM
To: Watson, Sylvia
Cc: Mackall, Brenda
Subject: FW: CI FOR TODAY - FW: Cornyn Letter on LNG Exports
Attachments: LNG DOE letter 012413.pdf

I may have already forwarded this one. CI for today.

thanks

*Brenda Mackall - 6-8923
Work Group Leader
Correspondence & Records Management
Office of the Executive Secretariat*

From: ES Central
Sent: Friday, January 25, 2013 1:00 PM
To: Matthews, Carol
Cc: Mackall, Brenda
Subject: CI FOR TODAY - FW: Cornyn Letter on LNG Exports

Brenda

From: Tuttle, Robert
Sent: Friday, January 25, 2013 11:42 AM
To: ES Central
Cc: Crowell, Brad; Davis, Christopher
Subject: FW: Cornyn Letter on LNG Exports

ES- Please log in.

Thank you,

Robert Tuttle
CI-20 Rm. 7B-170
202-586-4298 Phone
202-586-4891 Fax

From: Pettigrew, Theresa (Cornyn) [mailto:Theresa_Pettigrew@cornyn.senate.gov]
Sent: Friday, January 25, 2013 10:52 AM
To: Tuttle, Robert
Subject:

Hello, Robert –

This has been mailed to the Department's Office of Natural Gas regulatory activities with the copies. I thought I'd send it to you as well should you need it.

Thank you,
Theresa

Theresa Lavery Pettigrew
Legislative Assistant
United States Senator John Cornyn (TX)
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