

Virginia Oil and Gas Association



VOGA PO Box 2285 Abingdon, VA 24212

April 28, 2014

To: House Energy and Commerce Committee

Re: HR 6

Dear Chairman and Ranking Member:

Given the ongoing crisis in Eastern Europe, it is clear that U.S. must take immediate steps to permit and enhance the exportation of U.S. liquefied natural gas (LNG). As such, the Virginia Oil and Gas Association and its members stand ready to support the expedited approval of U.S. LNG exports to ensure our European allies and trading partners are supplied in times of crisis. With the right policies in place, our energy resources can benefit the American people, U.S. foreign policy and the security of our allies around the world. Now, more than ever, the U.S. should not shy away from its re-emergence as a global energy leader; we should embrace it.

With the release of the U.S. Energy Information Agency's (EIA) Annual Energy Outlook (AEO) 2014 Early Release, there is no doubt that the United States has more than enough natural gas to support exports to our allies and continue to meet domestic demand affordably. According to the report, domestic natural gas production is projected to rise 56 percent from 2012 to 2040, while consumption is projected to rise 23 percent over that same period. These projections – alongside numerous other authoritative studies – show unequivocally that the United States has the natural gas supplies and the economic ability to provide our allies with reliable sources of energy, without losing our competitive edge in domestic prices. Allowing the sale of our natural gas abroad will also bring money back to the U.S. and create more jobs along the natural gas value chain while providing significant tax revenue to our local, state, and federal governments.

While the economic benefits of exporting LNG have been well-documented, recent events have re-focused the discussion on the role U.S. natural gas could play geopolitically. According to the EIA over sixty percent of the natural gas Ukraine consumes each year is imported from Russia, and additional Russian gas flows through Ukraine to other European allies. If those supplies are disrupted again, as they were in 2006 and 2009, Ukraine and Eastern Europe will face an energy crisis. American natural gas can play a powerful role in advancing European energy security in the short-term and the long-term. Allowing American LNG to reach European trade partners would make the global gas marketplace more competitive, and offer greater energy diversity and security of supply. In fact, a study by Deloitte on the global impacts of U.S. LNG exports found that even moderate exports of U.S. LNG could result in a wealth transfer of up to four billion dollars from Russia to European consumers, simply through reduced contract prices and market share.

In order to embrace this unique American opportunity, the LNG Industry stands ready to deploy tens of billions of dollars in capital and create thousands of jobs at no expense to the taxpayer.

But the straightforward review process intended by the Natural Gas Act, which would unleash this economic boon, has been marred by unpredictable, arbitrary changes and bureaucratic delays. Only seven applications have been approved by the Department of Energy (DOE) in three and a half years. Over 20 applications remain pending, and some have been waiting for over two years.

To that end, The Virginia Oil and Gas Association applauds Congress for bringing attention to the bureaucratic delays that are currently holding back U.S. LNG exports and supports legislation that expedites approval of LNG export applications. Given the time that has passed since export application were filed, and the multitude of reports, studies and data on hand that demonstrate LNG exports are in the national interest, it is time to move forward quickly with the applications still waiting to be processed.

Support for LNG exports is coming from a multitude of sources, including Members of Congress from both sides of the aisle, international ambassadors, noted economists, energy experts and newspaper editorial boards across the country, including the Washington Post, New York Times, Wall Street Journal and USA Today. We appreciate your interest in this important issue and welcome the opportunity to discuss it further in the future.

Thank you for considering our association's comments on this issue. If you have any questions or if I can help in any way please let me know. .

Sincerely,

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