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NEGATIVE BRIEF: LNG Exports to Japan

NEGATIVE PHILOSOPHY

We should be talking about reducing our LNG exports, not expanding them

Reuters news service 2012. (journalists Ayesha Rascoe and Roberta Rampton) 1 Nov 2012 U.S. shale gas boom requires rethink of natgas export policy: Senator <http://articles.chicagotribune.com/2012-11-01/business/sns-rt-us-usa-lng-exportsbre8a103z-20121101_1_shale-gas-natural-gas-cheniere-s-sabine-pass> (brackets added)

The government should rethink a decades-old law that automatically allows companies to send U.S. natural gas to the country's free trade partners, argued [Senator Ron] Wyden, who is in line to be the top Democrat on the Senate energy committee next year. "This policy needs reconsideration," Wyden said in a statement. "It could harm the nation's ability to achieve energy independence, combat pollution and preserve the environment, and improve the economic competitiveness of American manufacturers."

INHERENCY

1. Already exporting LNG to Japan

Dept of Energy approved the Freeport project to export LNG to Japan in 2013

Matthew Philips 2013 (journalist) 30 May 2013 Bloomberg Business, The Battle Over Who Gets U.S. Natural Gas <http://www.bloomberg.com/bw/articles/2013-05-30/natural-gas-exports-have-the-u-dot-s-dot-chemical-industry-steamed>

On May 17, the U.S. Department of Energy approved Freeport’s application to export liquefied natural gas (LNG) to countries without free-trade agreements with the U.S.—which account for about 90 percent of global gross domestic product. Two years ago it approved Cheniere Energy’s request to do the same thing at its Sabine Pass LNG project. The facilities will spend a combined $22 billion building massive freezing tanks to liquefy the gas by chilling it down to –260F. Freeport’s LNG will then be shipped mostly to Japan, whose utilities have contracted for the gas. Sabine Pass will ship LNG to customers based in the U.K., Spain, Korea, and India. By the time they’re completed, Freeport and Sabine Pass will be able to export 3.6 billion cubic feet of LNG per day.

2. Status Quo US exports (in general, not discussing specifically Japan) are already big

Status Quo already has rapidly growing LNG exports. 18% of total US production will be exported by 2020

*Daniel J. Weiss 2014 (Senior Fellow and Director of Climate Strategy at the Center for American Progress) testimony before the House Committee on Ways and Means, Subcommittee on Trade on Wednesday, April 9, 2014 “*Trade Implication of U.S. Energy Policy and the Export of Liquefied Natural Gas (LNG)” <https://www.americanprogress.org/issues/green/report/2014/04/24/88506/trade-implication-of-u-s-energy-policy-and-the-export-of-liquefied-natural-gas-lng/>

Before Congress passes legislation to accelerate or eliminate the public interest review process, it is essential to note that DOE has already approved LNG terminals that could export 13 billion cubic feet per day, or Bcf/d, of natural gas—about 18 percent of total domestic production projected in 2020. The Energy Information Administration, or EIA, notes that LNG exports will increase by 14-fold between 2013 and 2020 under a “business as usual” scenario. There would be another fourfold increase in exports between 2020 and 2030.

SOLVENCY

1. More study needed

We need to put a hold on any more LNG exports until a new comprehensive review is conducted

America’s Energy Advantage 2014. (a trade association representing many of the world’s leading manufacturers and commodity producers, as well as the United States’ publicly-owned natural gas distribution companies) 10 Sept 2014 AEA STATEMENT ON ADDITIONAL LNG EXPORT APPROVALS <http://www.americasenergyadvantage.org/blog/entry/aea-statement-on-additional-lng-export-approvals>

“Stable and affordable natural gas is powering an American manufacturing comeback.  According to IHS Chemical, more than $125 billion of new manufacturing investments are planned.  This latest export approval will raise domestic natural gas, electricity, home-heating and propane prices for every American, undermine our manufacturing competiveness and cost the nation good-paying jobs.  America’s Energy Advantage renews its call for the Administration to take an immediate ‘time out’ from further LNG export approvals until a new, comprehensive review of current market conditions is completed.”

2. Exports are already at the limit

We’re already exporting all we can, and our natural gas supply will run out in 2030

America’s Energy Advantage 2014. (a trade association representing many of the world’s leading manufacturers and commodity producers, as well as the United States’ publicly-owned natural gas distribution companies) 10 Sept 2014 AEA STATEMENT ON ADDITIONAL LNG EXPORT APPROVALS <http://www.americasenergyadvantage.org/blog/entry/aea-statement-on-additional-lng-export-approvals> (brackets added)

Natural gas prices have more than doubled since the first LNG export application was approved and gas supplies are at their lowest levels in 11 years.  New EPA carbon rules will only exacerbate this trend as realistic estimates suggest that the U.S. could exhaust its economically recoverable natural gas supplies by 2030.  DOE has now approved 11.55 bcf/d [billion cubic feet per day] to non-free trade countries and total approvals are well beyond the “high export” scenario.  Continuing down this path puts our manufacturing renaissance at risk and will eliminate American jobs and harm the economy,” said America’s Energy Advantage.

3. Oversupply and price collapse. Natural gas prices have collapsed, making exports unprofitable.

**[Note: Some of the evidence text talks about “oil prices” and then about natural gas. The two are linked because the price of natural gas is often linked to the price of oil on international markets. What happens in oil markets has a direct impact on the price of natural gas.]**

At these prices it isn’t profitable for companies to expand LNG exports – most of them are canceling their expansion plans

USA TODAY 2015 (journalist Bill Loveless) 19 Apr 2015 Oil prices challenge Cheniere's LNG export plan <http://www.usatoday.com/story/money/business/2015/04/19/loveless-cheniere-souki/25980327/>

Now, Cheniere is on the verge of becoming one of the world's major exporters of LNG, likely to account for 10% of that market by the end of the decade, according to Souki. The new challenge for Cheniere and other prospective U.S. LNG exporters is building market share without the price advantage they have enjoyed for the past several years. In a recent report, Moody's Investor Service said the drop in oil prices will not interrupt projects already under construction, like Cheniere's Sabine Pass site in Louisiana. But lower oil prices will lead to the cancellation of most of the nearly 30 proposed projects in the U.S. "At the current Henry Hub gas price of below $3 per million British thermal units and the Brent oil price in the range of $50 per barrel, U.S. LNG linked to U.S. gas prices would cost roughly $10 per MMBtu (Million British Thermal Units) to deliver to East Asia, slightly more than the almost $9 per MMBtu estimated for LNG under traditional oil-linked terms," Moody's said. "With spot LNG prices in East Asia currently about $10 per MMBtu and about $7 per MMBtu in Europe, U.S. gas-linked supplies would be near break-even levels in Asia and unprofitable in Europe."

LNG export rush is over – falling prices make it no longer profitable to think about selling to Japan, Korea and China

Charles Kennedy 2015 (energy market journalist) 8 Apr 2015 North American LNG Export Dream Evaporating <http://oilprice.com/Energy/Natural-Gas/North-American-LNG-Export-Dream-Evaporating.html>

The rush to export natural gas from North America was nice while it lasted. But the spot prices for liquefied natural gas (LNG) in Asia have collapsed, leaving a shrinking opportunity on the table for the plethora of export proposals. Much of that has to do with oil prices falling by half over the past year because LNG prices are linked to the price of oil in much of the world. The latest data from Platts shows that the Japan/Korea Marker (JKM) – the benchmark for LNG in northeast Asia – fell to just $7.279 per million Btu (MMBtu) for April delivery, or nearly [60 percent lower](http://www.platts.com/pressreleases/2015/031715/no) than they were at this time in 2014. That has erased the enormous gulf between natural gas prices in North America and their counterpart in Asia. Without a wide price disparity, the opportunity to “arbitrage” natural gas by selling it at higher prices to Japan, Korea, and China is evaporating.

The market is saturated and the window is closed: Only 2 LNG export projects are profitable, the rest won’t work

Colin Chilcoat 2014 (journalist, specialist in Eurasian energy affairs and political institutions) LNG Export Hopes Fading Fast For US 16 Dec 2014 <http://oilprice.com/Energy/Natural-Gas/LNG-Export-Hopes-Fading-Fast-For-US.html>

A total of four LNG projects, with a projected capacity of 70 bcm, await approval by FERC or DOE. Once approved, FID must be made – Cameron LNG [seems](http://www.nyk.com/english/release/3132/003411.html) to be a good second bet – and volumes contracted. US preliminary volumes have [contracted](http://www.iea.org/publications/freepublications/publication/TheAsianQuestforLNGinaGlobalisingMarket.pdf) well – LNG importers like diversity – but the Energy Information Administration (EIA) has taken an increasingly pessimistic view of potential US exports. Pricing schemes vary, but Henry Hub-linked contracts – the US standard – has lost its shine as an alternative to oil-linked contracts. Oil’s collapse has more than [halved](http://www.bloomberg.com/news/2014-10-30/oil-rout-seen-diluting-price-appeal-of-u-s-lng-exports.html) Henry Hub’s price advantage over oil-linked supplies from Qatar and elsewhere. The International Energy Agency estimates that oil prices of $70 to $75 per barrel [translate](http://www.bloomberg.com/news/2014-10-30/oil-rout-seen-diluting-price-appeal-of-u-s-lng-exports.html) to a pricing advantage of only 50 cents. So to recap: we’re looking at an already saturated market with little opportunity to make a buck. Sabine Pass and likely Cameron will have their chance, but the window is all but closed.

US LNG projects are being canceled due to oversupply of LNG and lower prices

Joe Fisher 2015 (journalist) “Moody’s Forecasts Cancellation of Many US LNG Projects” 7 Apr 2015 <http://www.naturalgasintel.com/articles/101902-moodys-forecasts-cancellation-of-many-us-lng-export-projects> (brackets in original)

Cheniere Energy Inc. has a first-mover advantage that some might not have anticipated at the time it got in front of the pack of would-be U.S. liquefied natural gas (LNG) exporters: two of the company's projects are advancing while dozens of projects by others could flounder in a market weakened by cheap oil and LNG oversupply. "Lower oil prices are causing LNG suppliers to curtail their capital budgets. This will result in the cancellation of a majority of the almost 30 proposals [to export LNG] in the U.S., 18 in western Canada and four in eastern Canada," Moody's Investors Service said in a note Tuesday titled "Lower Oil Prices Cause Suppliers of Liquefied Natural Gas to Nix Projects."

New LNG export projects are dead for years to come

Charles Kennedy 2015 (energy market journalist) 8 Apr 2015 North American LNG Export Dream Evaporating <http://oilprice.com/Energy/Natural-Gas/North-American-LNG-Export-Dream-Evaporating.html>

Global liquefaction supply is [set to expand](http://www.igu.org/sites/default/files/node-page-field_file/IGU%20-%20World%20LNG%20Report%20-%202014%20Edition.pdf) by about one-third between 2014 and 2018. Much of that will take place in Australia, which accounts for more than half of the world’s LNG capacity under construction. The vast new supplies coming online at a time when prices are already subdued will kill off new LNG construction for years to come.

US LNG isn’t profitable to sell in Asia at these prices

Reuters news service 2015 “Record new LNG supplies to pull prices down further, boost demand –Bernstein” 21 Jan 2015 <http://uk.reuters.com/article/2015/01/21/lng-production-demand-idUKL6N0V006H20150121> (brackets added)

Not only are LNG volumes rising, the supply map is also changing. Australia, source of most of the new production, will move ahead of Malaysia as the world's No.2 LNG exporter this year, and by 2018 will become the biggest supplier ahead of Qatar, data from Wood Mackenzie shows. Also, a newcomer to LNG exports in 2015 is the United States, although the current low prices will make it difficult for its LNG to come to Asia. "Spreads in gas price between Asian LNG and U.S. gas have fallen by 50 percent from $12 to 6 (per mmBtu). With liquefaction and shipping costs of US$6.50, arbitrage margins are now negative," [investment management and research firm Alliance] Bernstein said.

4. Slack demand

Japanese importers are bailing out – oversupply means they don’t need to buy US LNG

Reuters news service 2014 (journalist Oleg Vukmanovic) 19 Sept 2014 Exclusive: Asian buyers of U.S. LNG dial back as exuberance dims <http://www.reuters.com/article/2014/09/19/us-usa-lng-asia-idUSKBN0HE1AQ20140919>

A looming gas glut worldwide is prompting Japanese and Indian firms to resell to European traders and utilities big chunks of U.S. liquefied natural gas they had committed to buy several years ago, signaling tempered enthusiasm for U.S. energy. The chance to ship LNG from the United States, where natural gas output is booming, was touted as the solution to Asia's soaring energy needs and mounting fuel import bill -- and firms rushed in to grab a slice of the affordable action. But after splashing out billions of dollars to build numerous plants to liquefy and export the gas by ship, at least three buyers spooked by the scale of their commitments and risks of heavy financial losses want out, in part.

No rush to expand new LNG capacity: LNG demand growth in Japan will be flat as nuclear power comes back online

Joe Fisher 2015 (journalist) “Moody’s Forecasts Cancellation of Many US LNG Projects” 7 Apr 2015 <http://www.naturalgasintel.com/articles/101902-moodys-forecasts-cancellation-of-many-us-lng-export-projects>

Now with the first-mover advantage well locked up, there might be something to be said for taking one's time on new liquefaction. Through the end of the decade, Moody's said it expects that LNG demand will grow more slowly versus supply. "China will be the biggest variable and most important driver of global LNG in that timeframe," it said. "India will see rapid growth, but not be as big of a player as China. Other more mature LNG markets in Japan, South Korea and Europe, which represent the bulk of demand, will have flat growth." Last week in a note, analysts at Bank of America Merrill Lynch said that nuclear plants coming back online in Korea and Japan and China's economic growth weak, the destiny for LNG cargoes has tilted away from Asia and toward Europe as Asian prices have converged with those at the National Balancing Point (see Daily GPI, [April 6](http://www.naturalgasintel.com/articles/101886-more-lng-than-market-needs-for-a-while-bank-says)).

DISADVANTAGES

General evidence on “exporting leads to higher US domestic natural gas prices”

Exporting natural gas will hurt US chemical companies: exporting raises the price within the US

Matthew Philips 2013 (journalist) 30 May 2013 Bloomberg Business, The Battle Over Who Gets U.S. Natural Gas <http://www.bloomberg.com/bw/articles/2013-05-30/natural-gas-exports-have-the-u-dot-s-dot-chemical-industry-steamed>

Chemical companies, among the biggest industrial users of natural gas, would rather keep it at home. They argue that exporting natural gas as a raw material will raise its price in the U.S. and erode the advantage they enjoy over their foreign competition for products made with gas. One of the most outspoken opponents of natural gas exports has been Dow Chemical ([DOW](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=DOW)) Chief Executive Officer Andrew Liveris. “If we allow the world gas price to come to this country by exporting gas, then it will destroy the benefits of plentiful cheap gas,” Liveris said at an energy conference in March.

1. Loss of energy-dependent industries

Link: Exports will raise prices and end the US manufacturing revival

**Analysis: It’s simple supply and demand. Sending gas out of the U.S. means lower supplies within the U.S., hence higher prices. If US manufacturers depend on gas as an input to their manufacturing process, they may be pushed out of business if the price becomes uncompetitive. These businesses located in the US specifically because we have low natural gas prices.**

Charles R. Morris 2013. (former banker and lawyer; fellow at The Century Foundation.) 19 Aug 2013 The Case Against Natural Gas Exports <http://blogs.reuters.com/great-debate/2013/08/18/the-case-against-natural-gas-exports/>

But the industry’s clamor for expedited approvals is [opposed by an alliance](http://www.americasenergyadvantage.org/) of large manufacturing companies, led by Nucor and Dow Chemical, and including Huntsman Chemical, Celanese, Alcoa and the American Public Gas Association. They warn that large-scale exporting at international prices will inevitably push American prices up to international levels and risk smothering a U.S. manufacturing revival.

Link: The Australia experience. Natural Gas prices tripled when exports went up and a major firm left for the U.S.

Charles R. Morris 2013. (former banker and lawyer; fellow at The Century Foundation.) 19 Aug 2013 The Case Against Natural Gas Exports <http://blogs.reuters.com/great-debate/2013/08/18/the-case-against-natural-gas-exports/>

Fortunately, we don’t have to rely on forecasts. There is a real-life experiment underway in Australia. They have been exporting natural gas for some time in modest amounts. But a number of big projects will start coming on line next year, and local gas prices have already tripled — though there is ample supply and there has been little change in production costs. Suppliers apparently “[prefer to sell the LNG](http://www.albertaoilmagazine.com/2013/05/australia-boom-a-cautionary-tale-as-companies-advance-projects-to-export-lng-from-canada/) to the likes of Japan and South Korea who will pay a premium for it.” One major Australian fertilizer and ammonia producer that had been planning a new billion-dollar plant at home, has cancelled it to relocate in Louisiana. The chief executive officer, in an interview, said he was confident that the United States would carefully limit exports. One can only hope.

Impact: Massive job losses. Millions of manufacturing jobs at risk

Charles R. Morris 2013. (former banker and lawyer; fellow at The Century Foundation.) 19 Aug 2013 The Case Against Natural Gas Exports <http://blogs.reuters.com/great-debate/2013/08/18/the-case-against-natural-gas-exports/>

An industry trade group has identified 97 new chemical manufacturing projects underway, with some $72 billion in new investment, about half of it from overseas. And they come from far and wide: the big Dutch conglomerate, LyondellBasell, Taiwan’s Formosa Plastics, Russia’s EuroChem. In the steel industry, Nucor is converting to a new energy-intensive high-efficiency method of iron production that had previously been uneconomic. Austria’s Voestalpine, a Nucor rival, is building an American clone of the Nucor plant; half of its product will be exported back to Europe. These are all billion-dollar, long lead-time investments, so major job impacts won’t start being felt until about 2015. But they will have long-term staying power. The job implications, taking into account supply chain, spending multipliers and other spinoff effects, are in the millions.

Impact: LNG exports would reduce net job creation. We’d lose jobs, not gain them

*Daniel J. Weiss 2014 (Senior Fellow and Director of Climate Strategy at the Center for American Progress) testimony before the House Committee on Ways and Means, Subcommittee on Trade on Wednesday, April 9, 2014 “*Trade Implication of U.S. Energy Policy and the Export of Liquefied Natural Gas (LNG)” <https://www.americanprogress.org/issues/green/report/2014/04/24/88506/trade-implication-of-u-s-energy-policy-and-the-export-of-liquefied-natural-gas-lng/> *(ellipses in original)*

Lower natural gas prices have fueled the recent increase in U.S. manufacturing. “Fuel Fix,”a Hearst energy publication, reported in March that:  
An ample supply of cheap natural gas has ignited a U.S. manufacturing surge projected to expand plant payrolls and drive demand for chemicals, machinery and steel through the end of the decade, according to a report released Thursday. Sinking natural gas prices … are linked to more than 196,000 new manufacturing jobs in major metropolitan areas and a $124 billion boost to sales for energy-intensive products like fabricated metals and plastics, according to a U.S. Conference of Mayors report on the nation’s industrial growth.  
This growth is at risk if more LNG exports boost natural gas prices, as studies indicate. According to EIA, the industrial sector, which includes manufacturers that use natural gas as a feedstock, would experience a 28 percent price increase in direct natural gas costs between 2013 and 2020. The price boost would be more than a 50 percent increase between 2013 and 2030. LNG exports could reduce net job creation compared to using this gas for domestic manufacturing.

“Markets solve” – Response: There is no free market in gas and oil

Charles R. Morris 2013. (former banker and lawyer; fellow at The Century Foundation.) 19 Aug 2013 The Case Against Natural Gas Exports <http://blogs.reuters.com/great-debate/2013/08/18/the-case-against-natural-gas-exports/>

When the data can’t be trusted, principles should rule. And the oil industry invokes one of the most strongly held American values: Let the free market decide. Governments should step aside, the big oil companies are insisting, and let the market work out the allocations — that’s what markets do best. Right. This just highlights the hypocrisy in the pro-liquefaction argument. Global oil and gas are not traded in free markets. World oil prices are carefully managed by the Organization of Petroleum Exporting Countries (OPEC) cartel. Knowing a good deal when they see it, the world’s largest gas producers, Russia and Qatar, both of whom produce gas more cheaply than the American shale industry can, keep gas prices resolutely oil-linked. It’s raining money for all of them.

2. Trade negotiations undermined

Link: Affirmative sends LNG to Japan without negotiating any trade concessions in return

Link: This undermines trade negotiations. We should instead use LNG exports to negotiate a better trade deal and get something in return before we agree to export

America’s Energy Advantage 2014. (a trade association representing many of the world’s leading manufacturers and commodity producers, as well as the United States’ publicly-owned natural gas distribution companies) 10 Sept 2014 AEA STATEMENT ON ADDITIONAL LNG EXPORT APPROVALS <http://www.americasenergyadvantage.org/blog/entry/aea-statement-on-additional-lng-export-approvals>

The Obama Administration continues to send American natural gas to countries that have not signed a free trade agreement with the U.S.  Giving the green light to export LNG to non-FTA trading partners undermines the efforts of U.S. trade negotiators to open closed markets to all American goods and services.  It makes no sense for the United States to send American natural gas – an incredibly valuable strategic commodity – to our overseas competitors without receiving any trade concession in return.

Impact: Opening up Japanese markets would mean a lot of money to US manufacturers

WASHINGTON POST 2014. (journalist Jaime Fuller ) 23 Apr 2014 Why almost everyone hates the trade deal Obama’s negotiating in Japan <http://www.washingtonpost.com/blogs/the-fix/wp/2014/04/23/why-almost-everyone-hates-the-trade-deal-obamas-negotiating-in-japan/>

For companies that export U.S. goods, new markets could mean a lot of money. The Peterson Institute of International Economics[estimates](http://www.iie.com/publications/pb/pb12-16.pdf) that the deal could reap $78 billion in income gains for the United States. The United States already has FTA with six of the countries at the TPP negotiating table, but they really want to ink a deal with Japan, the third largest global economy.  In particular, the United States [likely wants to open up](http://blogs.wsj.com/washwire/2013/12/11/qa-explaining-the-trans-pacific-partnership-talks/) the Japanese agricultural market and allow rust belt automakers to sell vehicles in Asia.

3. Higher consumer prices for natural gas

Link: Unlimited LNG exports will double or triple prices for consumers

America’s Energy Advantage 2014. (a trade association representing many of the world’s leading manufacturers and commodity producers, as well as the United States’ publicly-owned natural gas distribution companies) 15 Aug 2014 AEA STATEMENT ON DEPARTMENT OF ENERGY CHANGES TO LIQUEFIED NATURAL GAS EXPORT DECISIONS <http://www.americasenergyadvantage.org/blog/entry/aea-statement-on-department-of-energy-changes-to-liquefied-natural-gas-expo>

With sound LNG export policy, we will continue to import jobs and grow the economy. Conversely, unchecked and unlimited LNG exports will threaten America's manufacturing renaissance, double or even triple prices for consumers, and negatively impact capital investment and job creation. The Department must continue to proceed with caution and prioritize the public interest – the interests of American consumers, manufacturers and the U.S. economy – over those of our overseas competitors.

Impact: Higher prices have severe impacts on poor families

*Daniel J. Weiss 2014 (Senior Fellow and Director of Climate Strategy at the Center for American Progress) testimony before the House Committee on Ways and Means, Subcommittee on Trade on Wednesday, April 9, 2014 “*Trade Implication of U.S. Energy Policy and the Export of Liquefied Natural Gas (LNG)” <https://www.americanprogress.org/issues/green/report/2014/04/24/88506/trade-implication-of-u-s-energy-policy-and-the-export-of-liquefied-natural-gas-lng/> *(brackets added)*

A price increase could have severe impacts on family budgets. EIA [US Dept of Energy’s Energy Information Administration] reports that the typical household spent an average of nearly $2,000—or 2.7 percent of their household income—on household energy fuels in 2012. The households in the lowest fifth income bracket spent more than twice this portion—6 percent—on household fuels.

4. More fracking

Link: More LNG exports will lead to more fracking

*Daniel J. Weiss 2014 (Senior Fellow and Director of Climate Strategy at the Center for American Progress) testimony before the House Committee on Ways and Means, Subcommittee on Trade on Wednesday, April 9, 2014* <https://www.americanprogress.org/issues/green/report/2014/04/24/88506/trade-implication-of-u-s-energy-policy-and-the-export-of-liquefied-natural-gas-lng/>

In our view, it is essential that before DOE finds that any more LNG export terminals are in the public interest, it must include the following criteria in its public interest evaluation.  
- What is the impact of additional LNG exports on natural gas prices and electricity costs?  
- What impact would higher natural gas prices have on U.S. manufacturing?  
- Most studies predict that more LNG exports would increase shale gas production. What impact will that have on the climate?  
- Can we enhance energy security with means other than drilling or fracking?

Impact: Irreversible environmental destruction.  Fracking damages air, water, wildlife and health

Emily Jeffers 2013. (Staff Attorney, Oceans Program, Center for Biological Diversity)  14 Nov 2013 Letter to the California Coastal Commission, “Re: The Coastal Commission’s Regulatory Authority and Mandates Relating to Fracking in Oil and Gas Wells Offshore California” <http://www.biologicaldiversity.org/campaigns/california_fracking/pdfs/Center_CoastalCommissionFrackingLtr_11-14-13.pdf>

On land, fracking, drilling, and the resulting toxic wastewater have developed an extensive track record of spills, accidents, leaks, pollution, and property damage; offshore, those effects are heightened by the added complications of operating in a difficult environment. The damages from fracking and drilling to air, water, wildlife, and health have been severe, and often irreversible. Yet the full extent of the risks and the long-term impacts are not even yet fully understood. Hundreds of carcinogenic and toxic chemicals are known to be used in fracking, but the full extent and composition of chemicals used in fracking is undisclosed by industry. The latest fracking techniques, including the high volume, high-pressure use of the chemical fracking fluid combined with horizontal drilling, have been in use for only about a decade, yet in that time have transformed the oil and gas industry and led to drilling booms around the country by facilitating production from shale formations that could not previously be economically developed. The environmental and community destruction have been dramatic.

Impact: Earthquakes

William Ellsworth. Jessica Robertson. Christopher Hook with US Geological Survey 2014.   (Ellsworth is a seismologist, works at the Earthquake Science Center for the  U.S. Geological Survey. Robertson is a Public Affairs Specialist with the USGS Office of Communications and Publishing. Hook works at the Office of Communications and Publishing Intern at U.S Geological Survey  ) 17 Jan 2014 “Man-Made Earthquakes Update” <http://www.usgs.gov/blogs/features/usgs_top_story/man-made-earthquakes/>

The number of earthquakes has increased dramatically over the past few years within the central and eastern United States. Nearly 450 earthquakes magnitude 3.0 and larger occurred in the four years from 2010-2013, over 100 per year on average, compared with an average rate of 20 earthquakes per year observed from 1970-2000. This increase in earthquakes prompts two important questions: Are they natural, or man-made? And what should be done in the future as we address the causes and consequences of these events to reduce associated risks? USGS scientists have been analyzing the changes in the rate of earthquakes as well as the likely causes, and they have some answers. USGS scientists have found that at some locations the increase in seismicity coincides with the injection of wastewater in deep disposal wells. Much of this wastewater is a byproduct of oil and gas production and is routinely disposed of by injection into wells specifically designed for this purpose.