



## **Industrial Energy Consumers of America**

*The Voice of the Industrial Energy Consumers*

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1776 K Street, NW, Suite 720 • Washington, D.C. 20006  
Telephone (202) 223-1420 • [www.ieca-us.org](http://www.ieca-us.org)

June 12, 2017

Michael Catanzaro  
Special Assistant to the President for Energy and Environmental Policy  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

***Re: Comparison of Energy Information Administration and Potential Gas Committee Natural Gas Resources***

Dear Mr. Catanzaro:

Thank you for meeting with us to discuss concerns regarding excessive LNG exports to non-free trade (NFTA) countries and the serious implications for U.S. manufacturing investment and jobs.

First, you had made inquiry as to why other trade associations have not brought this concern to your attention. The reason is that other trade associations such as the National Association of Manufacturers (NAM), the U.S. Chamber of Commerce, the American Chemistry Council (ACC), or the Business Roundtable include oil and gas companies that prevent them from taking a position on LNG exports. IECA company members are exclusively large manufacturing companies.

Second, you specifically asked about the availability of U.S. natural gas resources and how the Energy Information Administration (EIA) versus oil and gas industry estimates differ. Below is a comparison of natural gas resources from the EIA and the Potential Gas Committee (PGC). IECA has excluded natural gas resources in Alaska from the EIA data because those resources are not available to consumers in the lower 48 states.

There is very little difference between the two of them in total technically recoverable resources. Technically recoverable does not mean that it is “economically” recoverable. About eighty-five percent of U.S. natural gas resources are unproven. Table 9.2 in the EIA assumptions to the AEO 2016<sup>1</sup> on page 132 states that, “Estimates of TRR (Technical Recoverable Resources) are highly uncertain, particularly in emerging plays where few wells have been drilled.” This uncertainty of how much natural gas that can be economically recovered is of critical importance.

The EIA AEO 2017 forecasted total demand from 2017 to 2050 of 1,200.3 Tcf and that includes only a peak demand for LNG exports of 4.4 Tcf, only 22 percent of what has already been

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<sup>1</sup> Annual Energy Outlook 2016, [https://www.eia.gov/outlooks/aeo/assumptions/pdf/0554\(2016\).pdf](https://www.eia.gov/outlooks/aeo/assumptions/pdf/0554(2016).pdf).

approved by the U.S. Department of Energy (DOE). Given the EIA demand forecast and resource data, the U.S. will have consumed 55 percent of all natural gas resources in 33 years.

And, the cheapest gas is produced first. Every government or industry production breakeven cost curve forecast has a sloping upward curve that predicts higher costs of natural gas long-term. Because we build our facilities for 50 years or more, and because our past and future investments are predicted on low-cost natural gas, these numbers are of concern.

**Technically Recoverable U.S. Natural Gas Resources (Trillion Cubic Feet)**

EIA Proved Reserves	EIA Unproved Reserves	EIA Total Technically Recoverable Resources	PGC Proved Reserves	PGC Unproved Reserves	PGC Total Technically Recoverable Resources
330.9	1,865.1	2,196.0	844.4	1,516.2	2,356.8

Source: Technically recoverable U.S. dry natural gas resources in the lower 48 states as of January 1, 2014, Energy Information Administration (EIA) <https://www.eia.gov/outlooks/aeo/assumptions/pdf/oilgas.pdf>, <http://potentialgas.org/download/pgc-press-release-april-2015-slides.pdf>

The above information goes to the heart of an ongoing myth promoted by the oil and gas industry that there is a 100-year supply of natural gas. That is clearly not the case.

If you have any further questions, please feel free to let us know.

Sincerely,

Paul N. Cicio  
President

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*The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 2,600 facilities nationwide, and with more than 1.7 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.*