



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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July 1, 2014

The Honorable Fred Upton
Chairman, Committee on Energy and
Commerce
U.S. House of Representatives
2183 Rayburn House Office Building
Washington, DC 20515

The Honorable Henry Waxman
Ranking Member, Committee on Energy
and Commerce
U.S. House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

RE: Natural Gas Flaring is a Weak Argument in Favor of Expediting LNG Exports

Dear Chairman Upton and Ranking Member Waxman:

Congressional advocates for expediting LNG exports have often, and somewhat passionately, pointed to the fact that the U.S. is “flaring” natural gas – as added justification. While we prefer that no natural gas is flared, the fact is that when compared to historical amounts of flaring, the increase is relatively small.

Throughout history, the U.S. natural gas industry has always flared gas for a variety of reasons. Primarily, wells are flared because the natural gas cannot be processed or sold, due to the lack of pipeline infrastructure to move it to the market.¹ Regardless of whether or not we export LNG, if you do not have pipelines in place, it cannot get to the market, even for domestic consumers. The point is, not one single Btu of natural gas is flared because of lack of demand.

While flaring has increased, the actual increase is quite small. Comparing 2007 to 2011 (the latest complete available Energy Information Administration data), the increased amount is only 65,982 million cubic feet, or only two tenths of one percent of total U.S. 2011 natural gas gross withdrawals.

To put this into perspective, Sabine Pass, the first fully approved LNG export terminal will export 803,000 million cubic feet per year. This means that Sabine Pass will export 12.17 times more gas than the increased flared amount, without accounting for the amount of natural gas that will be consumed in liquefying, transporting, and unloading the LNG ship. All seven of the U.S. Department of Energy’s (DOE) approved or conditionally approved LNG export terminals would export 3,978,500 million cubic feet per year, an amount that is 60.30 times more gas than the increased flared amount. And, all LNG export applications would consume 14,348,150 million cubic feet or 217.46 times more gas than the increased flared amount.

¹ “Liquefied natural gas exports get boost with bill,” Mary Bowerman, The Durango Herald, June 25, 2014, <http://www.durangoherald.com/article/20140625/NEWS01/140629689/Liquefied-natural-gas-exports-get-boost-with-bill->

Below is a brief history which shows the percentage of U.S. natural gas either flared or vented. The percentage over the last decade has remained under 1 percent.

U.S. Natural Gas Gross Withdrawals vs. Flared and Vented Gas (Million Cubic Feet)²

	2007	2011	Change
Gross Withdrawals	24,663,656	28,479,026	+3,815,370
Flared/Vented Gas	143,457	209,439	+65,982 million cubic feet

Source: EIA

The chart below shows the natural gas flared or vented broken down by producing states.

Natural Gas Flared/Vented by Producing States (Million Cubic Feet)

State	2007	2011
Alaska	6,458	10,966
•Alaska Onshore	5,125	9,276
•Alaska State Offshore	1,334	1,690
Louisiana	6,496	6,302
•Louisiana Onshore	6,078	6,153
•Louisiana State Offshore	418	149
New Mexico	929	4,360
Oklahoma	0	0
Texas	36,682	35,248
•Texas Onshore	36,682	35,248
•Texas State Offshore	0	0
Wyoming	47,783	57,711
Alabama	2,372	3,491
•Alabama Onshore	2,038	3,012
•Alabama State Offshore	334	478
Arkansas	11	494
California	1,879	2,424
•California Onshore	1,879	2,424
•California State Offshore	0	0
Colorado	1,333	1,291
Kansas	363	307
Michigan	3,324	3,324
Mississippi	5,909	9,593
Montana	3,721	4,878
Nebraska	5	21
North Dakota	10,500	49,652
South Dakota	2,177	2,120
Utah	1,005	1,755
Federal Offshore Gulf of Mexico	12,509	15,502
Totals	143,457	209,439

Source: EIA

A better solution for natural gas flaring or venting is to streamline the permitting process for natural gas pipeline systems and build more infrastructure, in order to slow and stop wasteful

² "Natural Gas Gross Withdrawals and Production," EIA,
http://www.eia.gov/dnav/ng/ng_prod_sum_a_epg0_vgv_mmcf_a.htm

flaring or venting, which would allow more natural gas to be used domestically. Whether we use it domestically or export the natural gas being flared or vented, adequate infrastructure must be built in both cases.

IECA companies are almost exclusively energy-intensive trade-exposed industries. Energy issues are important to us because these industries consume over 80 percent of the energy of the entire manufacturing sector. And, these industries are investing over \$100 billion in new facilities nationwide, due to shale natural gas production. For these reasons, we look forward, as always to working with you to assure there is an ample supply of affordable natural gas.

Sincerely,

Paul N. Cicio
President

cc: House Committee on Energy and Commerce

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 1,500 facilities nationwide, and with more than 1.4 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: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, brewing, independent oil refining, and cement.