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Shale Gas in Northern BC and elsewhere...

TAG ARCHIVES: PICKEN'S PLAN

US to provide affordable clean energy to China

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It sounds a bit ironic that the US – largest consumer of energy in the world - would be exporting affordable low carbon energy to China. That is exactly what a Houston-based subsidiary of [Cheniere Energy Inc.](#) is planning to do when it announced it is working on a deal to export liquefied

natural gas (“LNG”) from Louisiana to one of China’s largest independently owned natural gas companies.

Cheniere bills itself as “North America’s LNG Gateway” and like other LNG facilities in North America, they were originally intended to import LNG from natural gas suppliers like Qatar. However, with the boom in natural gas production due to shale gas these LNG facilities are looking to now export natural gas to China and other countries in Asia.

The financial model is quite compelling. Demand for natural gas in Asia is increasing and most Asian contracts are price-pegged to oil. That means that natural gas bought in Louisiana for ~\$4 can be sold in China for nearly three times as much or \$12. Providing enough margin to cover the processing and shipping to Asia.

Exporting US natural gas is nothing new. Alaska has been exporting natural gas to Japan for years. And many Americans that read the recent story in the Wall Street Journal, may think its a positive economic opportunity to finally be selling and exporting gas rather than importing it when in fact it is a lost opportunity.

The US is still the largest consumer of energy in the world – more specifically – it is the largest consumer of oil in the world. And a good portion of this oil is imported from some countries in the Middle East that use the profits from oil sales to pay for political movements that oppose the US. As T. Boone Pickens once said about the Iraq war when he stated “we’re financing both sides”.

HRN has continually pointed out that North America needs to leverage natural gas to its full benefit. Its abundant, affordable and cleaner then oil and coal. In the US, T. Boone Pickens has been tirelessly