

Posting of Off-the-Record Communication

The attached document was sent to the Department of Energy in reference to this proceeding, Jordan Cove Energy Project, L.P., docket number 12-32-LNG. This document is considered “off-the-record communication” under 10 CFR 590.102 and 590.108 because the person/entity who submitted it is an “interested person,” the communication was directed to a “decisional employee,” and the communication addressed the merits of the proceeding.

The comment period for this proceeding has closed. Therefore, this communication will not be considered as a part of the record. It is posted here in compliance with regulations. As provided in 10 CFR 590.108(a)(5), a request by a party wishing to rebut this communication, on the record, may be submitted in writing. As specified in this regulation, such requests will be granted “only for good cause.”



SOUTHERN UTE INDIAN TRIBE

January 27, 2014

Honorable Ernest Moniz
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D. C. 20585

VIA E-Mail and US Mail
the.secretary@hq.doe.gov

Re: Support for Jordan Cove LNG Export Application

Dear Mr. Moniz:

The Southern Ute Indian Tribe strongly supports and urges your approval of the pending application of Jordan Cove Energy Project, L.P. for long-term authorization to export liquid natural gas (LNG) to countries with which the United States does not have free trade agreements requiring national treatment for trade in natural gas and LNG (FE Dkt. No. 12-32-LNG). Like many others who support the Jordan Cove non-FTA application, we have a direct interest in the expansion of natural gas markets. Some background about our experience may help you understand why this project is important to our people.

Background

Our reservation is located in southwestern Colorado on the northern portion of the San Juan Basin. This area is blessed with significant natural gas resources including conventional natural gas and gas extractable from extensive coal beds. Exploration and production of natural gas began on our reservation in the early 1950s pursuant to oil and gas leases approved and supervised by the U.S. Department of the Interior, Bureau of Indian Affairs (DOI). For decades, our role was a passive one, and we relied upon the United States to ensure that our mineral lands were properly managed and that we were receiving fair value for our natural gas resources. Royalty revenue was almost the exclusive source of money available to support our tribe and its members. In 1974, convinced that the United States was not looking out for our best interests, our tribal leaders imposed a moratorium on future leasing until we had established sufficient internal capacity to monitor both the United States and industry. That self-imposed moratorium lasted almost ten years during which we formed our own energy department staffed by highly qualified professionals who mapped our leases and evaluated our geological resources.

Shortly after Congress finally allowed Indian tribes to negotiate oil and gas exploration agreements directly with industry (subject to DOI approval), we resumed limited mineral leasing in 1984, and, in 1992, we formed our own oil and gas company, Red Willow Production Company. Through its various subsidiaries – all ultimately owned by the tribe – Red Willow has served as a national example of successful Indian tribal development of energy resources. Our current activities reach well beyond our reservation boundaries in southwestern Colorado and extend from the deep waters of the Gulf of Mexico, through the mid-continent region of the United States, to northern Colorado and Wyoming. The proceeds we receive from our energy development fund our government, our tribal schools and education programs, our health clinic and services, our justice system and police department, and a variety of other programs and services relied upon by our members. We are also the largest employer in southwestern Colorado, with additional offices in Houston, Tulsa and Denver.

Basis of Support

Advances in technology have expanded the productive potential of formations previously thought to be uneconomic and have opened vast new areas of the country to oil and natural gas development. The resulting surplus in natural gas supplies has dramatically reduced the wellhead price for natural gas over the last five years. Because the price for oil has remained relatively stable, many oil and gas exploration companies have shifted emphasis to producing oil. Even though the principal objective may be oil production, associated production of gas continues to supplement national natural gas supplies and continues to keep the price of natural gas at very low levels. For areas like our reservation that produce natural gas and little or no oil, rig counts have plummeted, and there is little likelihood of additional exploration and infill development until natural gas prices rise.

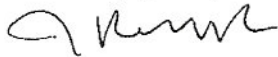
The detrimental effects on our tribe from natural gas price reductions are significant. Based on current volumes of natural gas production attributable to our tribe's interests, a decline of \$1.00 per mcf in the price of natural gas results in an annual decline in revenue of \$62 million. Such revenue declines have serious short-term impacts on tribal member services and programs, and long-term cumulative effects on the tribe may undermine the tribe's efforts to sustain its people and culture in perpetuity. Obviously, we heartily embrace new opportunities to expand markets for natural gas produced from our region and other parts of the country.

The proposed Jordan Cove project will connect to the Ruby Pipeline, which already exists, and, among other sources, will use natural gas from northern Colorado and Wyoming, where our exploration and production company has ongoing operations. The location of the Jordan Cove Project in Coos Bay, Oregon provides unique access to Asian markets. Further, if natural gas is made available to industrial consumers in Asia, it is likely that increased use of natural gas, instead of coal, will mitigate some of the adverse, global environmental consequences of increasing Asian industrialization. At the present time, however, many of the nations who could benefit from increased natural gas fuels do not have free trade agreements addressing natural gas requirements. It is for that reason that your approval of Jordan Cove's application is critical.

Conclusion

While others may provide much more elaborate testimony on this issue, we believe that our reasons for supporting the Jordan Cove application are compelling, not just in a parochial sense, but in a national context. We urge you to approve the application, and appreciate the opportunity to provide this comment.

Sincerely yours,



Jimmy R. Newton, Jr.
Chairman

cc:

Hon. Mark Udall
Hon. Michael Bennet
Hon. Ronald Lee "Ron" Wyden
Hon. John A. Barrasso
Hon. Lisa Murkowski
Hon. Maria Cantwell
Hon. Scott Tipton
Christopher A. Smith, Acting Asst. Secretary

Secretary Moniz

From: Garner, Debbie <dgarner@sugf.com>
Sent: Wednesday, January 29, 2014 11:06 AM
To: Secretary Moniz
Cc: Tom Shipps
Subject: Support for Jodan Cove LNG Export Application
Attachments: Jordan Cove LNG Support ltr .pdf

Sent on behalf of the Southern Ute Indian Tribe--

Honorable Ernest Moniz;

The Southern Ute Indian Tribe is submitting a letter of support on the Jordan Cove LNG Export Application. Please find the Support Letter attached to this email. The original will be sent US Mail .

If you wish to discuss any aspect on the Jordan Cove LNG support letter, you may contact Mr. Thomas H. Shipps, Legal Counsel for the Southern Ute Indian Tribe. The contact information is listed below.

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Respectfully,

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