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**Docket Title:** Applications to Export Liquefied Natural Gas: Freeport LNG

Expansion, L.P., et al. \*0

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**Comment:** According to Department of Energy (DOE) and industry

expectations, this years the United States is expected to change from a net importer of natural gas to a net exporter, with those exports destined for different regions of the

world, especially Asia. According to representatives from five LNG facilities, their liquefaction CAPACITY has already been SOLD mainly through 20-year contracts and their customers are responsible for transporting the LNG to export markets. Based on estimates from these liquefaction facilities, transport of

the full capacity of these liquefaction facilities WILL REQUIRE about 100 or more LNG carriers. ......Currently

operating LNG carriers are nearly all foreign built and operated. LNG carriers have not been built in the United States since before 1980, and no LNG carriers are currently registered under the U.S. flag.....The Maritime Administration is charged with advocating for the U.S.-flag fleet and promoting the viability of the U.S. merchant marine. To inform the Administration in carrying out this mission, this report operating costs of U.S.-flag vessels engaged in foreign commerce. US flag ship count very low and NEED American to Build more ships, like LNG, As of year-end 2010, the U.S.-flag fleet in foreign commerce was comprised of 60 ships participating in the Maritime Security Program (MSP), and roughly 50 other ships carrying commercial and preference cargo on various routes. By comparison, there were over 540 U.S.- owned vessels registered in 31 foreign countries, The U.S.-built LNG carriers could be fully funded through 25-year debt at low rate of interest. U.S.-built LNG carrier of approximately 170,000 cubic meter capacity will be priced at \$450 million, about twice that of such carriers being constructed for this trade in Korea (a conservative estimate of construction costs, based on statements from shipyard representatives, and others). Operating costs of the U.S.-flagged LNG carriers would be 50-percent higher than an internationally flagged LNG carrier (likely a conservative estimate, compared to the MARAD report, based on statements from stakeholders that the different in cost might not be as large for LNG carriers and in an effort to ensure our analysis does not overestimate the potential costs of operating U.S.-flagged LNG carriers). A U.S. carrier would make six deliveries of LNG each year to an Asian destination. This suggests an annual capacity of just over 23 million MMBtu of energy per LNG export carrier. Transport exports of LNG via U.S.-built-and-flagged carriers could expand employment for U.S. mariners and shipbuilders if it does not reduce the expected demand for U.S. LNG. According to representatives of U.S. mariner groups, between 4,000 and 5,200 mariners would be needed to operate the estimated 100 LNG carriers needed to transport the five U.S. facilities' full capacity of LNG once the five are fully operational. Based on the current capacity of U.S. shipyards we spoke with, building 100 carriers would likely take over 30 years, with employment in U.S. shipyards increasing somewhat or becoming more stable, according to shipyard representatives. Department of Defense (DOD) officials also indicated that any policy or requirement that increases and stabilizes jobs in the U.S. maritime industry could support military readiness. \*\square

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Comment:	According to Department of Energy (DOE) and industry expectations, this years the United States is expected to change from a net importer of natural gas to a net exporter, with those exports destined for different regions of the world, especially Asia. According to representatives from five LNG facilities, their liquefaction CAPACITY has already been SOLD mainly through 20-year contracts and their customers are responsible for transporting the LNG to export markets. Based on estimates from these liquefaction facilities, transport of the full capacity of these liquefaction facilities WILL REQUIRE about 100 or more LNG carriersCurrently

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States since before 1980, and no LNG carriers are currently registered under the U.S. flag......The Maritime Administration is charged with advocating for the U.S.-flag fleet and promoting the viability of the U.S. merchant marine. To inform the Administration in carrying out this mission,

operating LNG carriers are nearly all foreign built and operated. LNG carriers have not been built in the United

this report operating costs of U.S.-flag vessels engaged in foreign commerce. US flag ship count very low and NEED American to Build more ships, like LNG, As of year-end 2010, the U.S.-flag fleet in foreign commerce was comprised of 60 ships participating in the Maritime Security Program (MSP), and roughly 50 other ships carrying commercial and preference cargo on various routes. By comparison, there were over 540 U.S.- owned vessels registered in 31 foreign countries, The U.S.-built LNG carriers could be fully funded through 25-year debt at low rate of interest. U.S.-built LNG carrier of approximately 170,000 cubic meter capacity will be priced at \$450 million, about twice that of such carriers being constructed for this trade in Korea (a conservative estimate of construction costs, based on statements from shipyard representatives, and others). Operating costs of the U.S.-flagged LNG carriers would be 50-percent higher than an internationally flagged LNG carrier (likely a conservative estimate, compared to the MARAD report, based on statements from stakeholders that the different in cost might not be as large for LNG carriers and in an effort to ensure our analysis does not overestimate the potential costs of operating U.S.-flagged LNG carriers). A U.S. carrier would make six deliveries of LNG each year to an Asian destination. This suggests an annual capacity of just over 23 million MMBtu of energy per LNG export carrier. Transport exports of LNG via U.S.-built-and-flagged carriers could expand employment for U.S. mariners and shipbuilders if it does not reduce the expected demand for U.S. LNG. According to representatives of U.S. mariner groups, between 4,000 and 5,200 mariners would be needed to operate the estimated 100 LNG carriers needed to transport the five U.S. facilities' full capacity of LNG once the five are fully operational. Based on the current capacity of U.S. shipyards we spoke with, building 100 carriers would likely take over 30 years, with employment in U.S. shipyards increasing somewhat or becoming more stable, according to shipyard representatives. Department of Defense (DOD) officials also indicated that any policy or requirement that increases and stabilizes jobs in the U.S. maritime industry could support military readiness. \*\square

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**Comment:** 

According to Department of Energy (DOE) and industry expectations, this years the United States is expected to change from a net importer of natural gas to a net exporter, with those exports destined for different regions of the world, especially Asia. According to representatives from five LNG facilities, their liquefaction CAPACITY has already been SOLD mainly through 20-year contracts and their customers are responsible for transporting the LNG to export markets. Based on estimates from these liquefaction facilities, transport of the full capacity of these liquefaction facilities WILL REQUIRE about 100 or more LNG carriers. .....Currently operating LNG carriers are nearly all foreign built and operated. LNG carriers have not been built in the United States since before 1980, and no LNG carriers are currently registered under the U.S. flag.....The Maritime Administration is charged with advocating for the U.S.-flag fleet and promoting the viability of the U.S. merchant marine. To inform the Administration in carrying out this mission, this report operating costs of U.S.-flag vessels engaged in foreign commerce. US flag ship count very low and NEED American to Build more ships, like LNG, As of year-end 2010, the U.S.-flag fleet in foreign commerce was comprised of 60 ships participating in the Maritime Security Program (MSP), and roughly 50 other ships carrying commercial and preference cargo on various routes. By comparison, there were over 540 U.S.- owned vessels registered in 31 foreign countries, The U.S.-built LNG carriers could be fully funded through 25-year debt at low rate of interest. U.S.-built LNG carrier of approximately 170,000 cubic meter capacity will be priced at \$450 million, about twice that of such carriers being constructed for this trade in Korea (a conservative estimate of construction costs, based on statements from shipyard representatives, and others). Operating costs of the U.S.-flagged LNG carriers would be 50-percent higher than an internationally flagged LNG carrier (likely a conservative estimate, compared to the MARAD report, based on statements from stakeholders that the different in cost might not be as large for LNG carriers and in an effort to ensure our analysis does not overestimate the potential costs of operating U.S.-flagged LNG carriers). A U.S. carrier would make six deliveries of LNG each year to an Asian destination. This

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