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OK Pascagoula LNG terminal awaits federal export

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By JEFF AMY — Associated Press

BILOXI -- Investors spent \$1 billion building a facility in Pascagoula to import liquefied natural gas. But plans to bring natural gas into the United States collapsed when explorers began finding large quantities of natural gas in the United States.

Now, Kinder Morgan, the pipeline company that operates the facility, is trying to get approval from the U.S. Department of Energy to export natural gas to countries with which the United States doesn't have free trade agreements.

Kinder Morgan Vice President Norman Holmes told the Southern States Energy Board on Monday that approval could spark as much as \$8 billion of investment at the plant. The board approved a resolution calling on the U.S. Department of Energy and other regulators to ease and speed up licensing of export facilities.

"Export facilities like this are really going to unlock the true value of these new sources of energy," said Doug Domenech, Virginia's secretary of natural resources.

Mississippi Gov. Phil Bryant said Monday he endorsed the Pascagoula bid, citing ballooning domestic supplies of natural gas.

Some industries and other users have opposed exporting natural gas because it could raise prices in the United States.

Roger Bernstein, vice president of government affairs for the American Chemistry Council, said using natural gas for manufacturing in the United States adds value that may be lost by sending it overseas. But he said his group supports some level of export.

"The fear that all our gas is going to be sucked out of this country and go to another place is just not realistic," said Karen Harbert, CEO of the U.S. Chamber of Commerce's Institute for 21st Century Energy. "There is going to be a natural settling-out."

In the last decade, eight U.S. facilities including Pascagoula were built to import natural gas from other countries, with the expectation that North American supplies were dwindling. But, natural gas is much cheaper in North America than it is in many other parts of the world, making exports economical.

"The emergence of shale gas is what happened," Holmes said.

The Pascagoula facility is getting no fees from ships because it hasn't accepted cargo since 2011. It's paying \$1 million in rent each year to the Port of Pascagoula, plus millions in property taxes.

Holmes said Kinder Morgan is trying to market outgoing cargoes now to countries that have free trade agreements with the United States. But, he said, 96 percent of the world market is in areas that don't have agreements. If Kinder Morgan gets a contract and an export permit, it's likely to invest \$4 billion to build one export line, and could spend \$8 billion to build two, Holmes said.

More than 20 facilities, mostly in Louisiana and Texas, have applied to the U.S. Department of Energy to export gas to non-free trade countries. So far, the agency has been taking up the applications in the order with which they were received. The Pascagoula facility is 10th on the list, but many of the facilities ahead of it exist only as proposals.

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