



SOUTHERN UTE INDIAN TRIBE

April 5, 2016

Ms. Ann F. Miles
Director
Office of Energy Projects
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

via Email – ann.miles@ferc.gov

Ref: *Jordan Cove LNG Terminal Project and Pacific Connector Pipeline Project*
Docket Nos. CP13-483-000 and CP13-492-000
Klamath, Jackson, Douglas and Coos Counties, Oregon

Dear Ms. Miles:

The Southern Ute Indian Tribe strongly supports the Jordan Cove and Pacific Connector Gas Pipeline Project (Jordan Cove Project) and urges the Federal Energy Regulatory Commission (FERC) to authorize the project and issue the Certificate of Public Convenience and Necessity. The upstream economic benefits resulting from the Jordan Cove Project would be substantial and far reaching.

The Jordan Cove Project will expand marketing opportunities for entities that produce upstream natural gas supplies by creating an opportunity for export of liquefied natural gas overseas through the Jordan Cove terminal. This is underscored by the recent announcement that Jordan Cove has finalized the key commercial terms with JERA Co., Inc. covering the purchase by JERA of at least 1.5 million tons per annum of natural gas liquefaction capacity for at least 20 years. We understand that JERA is poised to become one of the world's largest purchasers of liquefied natural gas by volume. We also understand that Jordan Cove is continuing to negotiate with other parties for the project's remaining liquefaction capacity.

Like many others who support the Jordan Cove Project, we have a direct interest in the expansion of natural gas markets. We have previously provided background information about our tribe to FERC explaining why this project is important to our people. For your convenience, we again provide that information below.

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 seven years, with even more dramatic price reductions in recent months. 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'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 and offers operational

efficiencies that would reduce the environmental impacts of serving Asian markets from other domestic locations. In fact, while Jordan Cove is approximately 9 shipping days to Asia, the projects in the Gulf are 22 shipping days through the Panama Canal. Not only will Gulf Coast projects require twice the number of vessels to do the job – adding nearly \$2 billion to the cost of these projects – twice the amount of fuel will be consumed. 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.

Conclusion

We continue to believe that the Jordan Cove Project is a sound project that will serve national interests. We urge you to authorize the project and issue the Certificate of Public Convenience and Necessity as quickly as possible, especially in light of the progress being made with regards to commercial negotiations. We appreciate the opportunity to provide this comment.

Sincerely,



Clement J. Frost, Chairman