



Fuel of the Future! This is one of the LNG (liquid natural gas) refueling stations (above, left) already in operation. Currently, there are five stations in Texas. UPS (above, right) is only one of many national carriers who have made the switch to liquid natural gas.

Is Liquefied Natural Gas the fuel of the future?

By Melinda McCutchen, Publisher

While researching this special section, one of the men I interviewed made a comment which I scribbled down in my notes. When reviewing these notes, I thought I must have written something down wrong and I went back to him for clarification. I had not written it down wrong. The note actually said that there was “every probability that America would be exporting natural gas within 5 years and that the majority of vehicles on America’s roadways would be fueled by natural gas.”

When I pressed him for substantiation of this prediction during the follow-up, he referred me to a video produced by Stansberry and Associates Investment Research Analyst Frank Curzio. Curzio’s video, though aimed at market investors, was all about a quickly emerging fuel source – liquefied natural gas (LNG) or as Curzio calls it – Eagle Diesel. This fuel is already in use by such widely known companies as Walmart, UPS, FedEx, Pepsi, etc. One statistic from 2010 reported that LNG displaced 360 million gallons of petroleum that year alone.

Others are also extolling the advantages of LNG:

- “An immediate solution to the nation’s energy security needs.” US Dept. of Energy
- “A revolutionary type of fuel will soon be on sale across the United States and Canada. Cheaper than regular gasoline, this fuel promises to end US dependence on foreign oil and cut prices at the pump in half all at once.” Frank Curzio, Stansberry and Associates Investment Research Analyst
- “We’ve basically won the lottery.” Michael Ming, president of Research Partnership to Secure Energy for America
- “It’s the biggest energy innovation of the decade.” Daniel Yergin, Chairman of the Cambridge Consulting Group
- “It is astonishingly less expensive than gasoline. I suspect the cost of running an automobile on it would generate a 50% fuel savings.” Rick Rule, founder of Global

Resource Investments

- “Frankly, no other energy source can do so much for America.” Denise Bode, President of American Clean Skies Foundation
- “I’ve been in the energy business my entire career, and I can assure you this 81 year old has chased down more deals than anyone you’ll ever meet. A lot of those deals didn’t pan out – that’s just how the game is played. But every now and then a big kahuna comes along. When it does, you’d better jump on it. Right now, that sort of game changer has landed in our lap.” Legendary oilman T. Boone Pickens

What exactly is Liquefied Natural Gas (LNG)?

LNG, or liquefied natural gas, is natural gas that is cooled to -260° Fahrenheit until it becomes a liquid and then stored at essentially atmospheric pressure. Converting natural gas to LNG, a process that reduces its volume by about 600 times – similar to reducing the volume of a beach ball to the volume of a ping-pong ball – allows it to be transported internationally via cargo ships. Once delivered to its destination in the U.S. or abroad, the LNG is warmed back into its original gaseous state so that it can be used just like existing natural gas supplies, by sending it through pipelines for distribution to homes and businesses.

When returned to its gaseous state, LNG is used across the residential, commercial and industrial sectors for purposes as diverse as heating and cooling homes, cooking, generating electricity and manufacturing paper, metal, glass and other materials. LNG is also increasingly being used to fuel heavy-duty vehicles.

Clean burning natural gas is used to heat and cool approximately 65 million American homes and power 23 percent of the nation’s electricity. Even though America has an abundance of natural gas, LNG is essential to providing the U.S. with the ability to import or export natural gas

depending on market conditions.

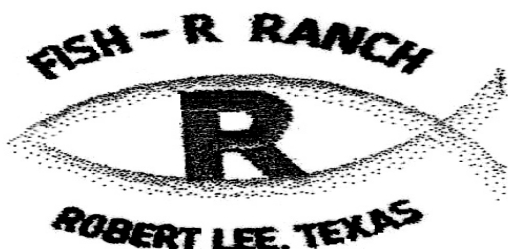
LNG terminology

- Import terminal – Facility that has the capability of accepting and storing LNG from overseas. There are currently 12 terminals operating in the United States and one in Puerto Rico.
- Export terminal – Facility that has the capability to liquefy and store natural gas so it can be loaded on to ships and sent overseas. Currently, there is only one terminal in the United States with this capability.
- Liquefaction – The process of cooling natural gas to -260° Fahrenheit until it becomes a liquid, i.e. liquefied natural gas (LNG).
- Liquefaction plant – Facility that has the capability of cooling natural gas to form LNG. This is also called an LNG export facility.
- vLNG – Liquefied natural gas, or natural gas cooled until it becomes a liquid.
- Peak-shaving facilities – Facilities at which LNG is stored during periods of low natural gas demand. When it is needed, it is warmed back to gas and shipped to end users.
- Regasification – The process of warming (LNG) until it returns to its gaseous state.

Currently, there are 34 LNG facilities around the country with the capability of offloading LNG into trailers for truck delivery to user sites. These facilities can supply up to three million gallons of LNG each day.

LNG fuel suppliers are increasingly targeting the diesel vehicle market, which consumes 150 million gallons of diesel each day. The trucking industry is by far the primary consumer. However, by the end of September 2012, 47 fleets in the United States are either using LNG or are in the process of implementing the transition to LNG. At that time (end of 3rd quarter 2012), these companies had a total of over 4,000 LNG fueled trucks already in operation.

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