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Mr. Gene Kinney, Editor
Oil & Gas Journal
P.O. Box 1260
Tulsa, Oklahoma 74101

Dear Mr. Kinney:

Your editorial of March 13, 1978, commented on a General Accounting Office (GAO) draft report on liquefied natural gas (LNG).

We do have a draft report on "Liquefied Energy Gases Safety" on which we recently sought the comments of concerned Federal agencies and private companies. Liquefied energy gases as used in the draft report include LNG, liquefied petroleum gas (LPG), and naphtha.

Unfortunately, the draft report leaked to the press after it was distributed for comment and before we considered it a final report ready for public release. We are now in the process of considering many worthwhile and substantive comments on the draft and making appropriate revisions. The obtaining of comments from responsible Federal agencies and other concerned parties, and the revising of draft reports to recognize the comments is a normal practice in GAO.

As you are aware, the Director of GAO's Energy and Minerals Division, Monte Canfield, Jr., testified on the tentative findings in the draft report before the Subcommittee on Energy and Power of the House Interstate and Foreign Commerce Committee on February 21, 1978. In that testimony, Mr. Canfield's specific comments on LNG safety issues were preceded by the following statement.

"I want to make clear at the outset, though, that my testimony is not directed toward the conclusion that LNG is too dangerous a substance to rely upon as an energy source. The principal thrust of the tentative findings which follow is that because LNG is the dangerous substance it is, and because its potential for damage is so great, serious consideration needs to be given to intensified safety measures and to whether new or expanded old storage facilities should be built in densely populated urban areas; further, that transportation through such urban areas should be highly controlled."

As the preceding statement indicates, the principal thrust of our tentative findings indicates to us both a need for upgrading of safety standards, and a need to reconsider current policies which allow storage and transportation of hazardous liquefied energy gases in densely populated urban areas. Because the potential is great that LNG imports will increase substantially in the years ahead, we believe now is the appropriate time to consider the adequacy of existing safety standards.

After careful consideration of all comments received, we hope to issue the final report by the end of May 1978.

Sincerely yours,

(Signed) Elmer B. Staats

Comptroller General
of the United States