



Canada Races to Beat America in this Critical Energy Battleground

Description

Americans continue to debate whether or not the country's natural gas riches should even be exported. While a handful of export projects have been approved, the country's petrochemical and steel manufactures, which are heavy natural gas users, are waging a very public debate to hold back the approval of additional export projects.

Canada isn't standing by idly watching this drama unfold. Instead we're working overtime to secure our place in the global natural gas export market. In fact, the country just recently approved four new Pacific Coast terminal projects.

One way ticket to Asia

The largest of the four projects is proposed by **ExxonMobil** ([NYSE: XOM](#)) and its Canadian affiliate **Imperial Oil** ([TSX: IMO](#)) (NYSE: IMO). It was granted the right to export four billion cubic feet of natural gas per day for 25 years. While the proposed ExxonMobil project doesn't have a location yet, it could potentially be located in Kitimat, British Columbia. This would place it in close proximity to a similar project from **Chevron** ([NYSE: CVX](#)) and **Apache** (NYSE: APA). The fact that ExxonMobil and Imperial Oil don't have a firm location planned yet shows just how quickly Canada is acting to get these projects approved.

What matters is that the destination of all this natural gas is Asia, and Canada wants to make sure as much of our natural gas makes its way there as possible. That's why it is also important to see Asian companies investing in these projects. For example, a Chinese company is [rumoured](#) to be bidding for a stake in the Kitimat LNG project that's being developed by Chevron and Apache. Not only that but other Asian companies are looking to take part in Canada's natural gas export boom with a Malaysian state-owned energy company receiving one of the four approvals to build an export terminal.

Massive potential

Canada's looming natural gas export boom has [incredible potential](#). As fellow Fool Robert Baillieul pointed out last month, the boom could yield \$35 billion in capital spending just on the top three projects. Further, it's estimated that natural gas exports could yield a trillion dollars in gross domestic

product by 2046 if just five facilities are built. Finally, he notes that LNG exports could create 100,000 jobs in Western Canada.

One reason Canada is racing to get these projects built is because it wants to position itself ahead of the U.S. which used to be its top customer for natural gas. America's shale gas boom cut Canada out of the supply equation, which is why it's looking for new customers for its gas.

Canada has its own potential natural gas boom as the country is sitting on vast resources in the Horn River, Montney and Duvernay. Estimates suggest that Canada has up to 1,300 trillion cubic feet of natural gas. To put that resource into context, one trillion cubic feet of natural gas is enough to supply the needs of a million households for up to 15 years. Clearly, we've got gas! Further, a bulk of that resource just happens to be located in Western Canada making exports such a logical choice.

Final thoughts

With our top customer now becoming a top rival, Canada needs to act fast in order to secure its place in the world LNG marketplace. If we don't, our vast natural gas resources will stay in the ground while America will be the one supplying Asia. Big oil companies like ExxonMobil, Chevron and Apache would rather see these natural gas deposits produce profits for investors which is why all three are pushing these export projects through.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:XOM (Exxon Mobil Corporation)
2. NYSEMKT:IMO (Imperial Oil Limited)
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