

## "Hydrauliic Fracturing": Poland Gives Green Light to Massive Fracking Efforts

By John C.K. Daly Global Research, February 02, 2012 OilPrice.com 2 February 2012 Region: <u>Europe</u> Theme: <u>Environment</u>, <u>Oil and Energy</u>

There is perhaps no more controversial energy source after nuclear than "hydraulic fracturing," or "fracking," of subterranean shale deposits containing pockets of natural gas.

While the process can liberate previously unusable sources of natural gas, political, environmental and scientific concerns have risen along with production, as evidence mounts that fracking is responsible for everything from polluting subterranean aquifers to causing regional earthquakes.

But no matter – during his 24 January State of the Union address, U.S. President Barack Obama wholeheartedly embraced hydraulic fracturing without even mentioning it, telling his audience, "We have a supply of natural gas that can last America nearly 100 years. And my administration will take every possible action to safely develop this energy."

Tree-hugging environmentalists and seismologists be damned – according to Obama, the full exploitation of these resources will "support more than 600,000 jobs by the end of the decade," no small consideration in an election year.

Across the Atlantic, European Union members, particularly in Eastern Europe, are considering the benefits of fracking, though coming to differing conclusions.

On 18 January 166 members of Bulgaria's Narodno Sabranie (National Assembly) 240 parliamentarians voted to impose an indefinite ban on shale gas exploration and extraction in Bulgaria using hydraulic fracturing or other similar technology. Six National Assembly members voted in favor of the practice, along with three abstentions.

Poland has taken a different tack, noting that thanks to fracking of natural gas shale deposits, in 2009 the United States became the world's largest gas producer, overtaking Russia and driving down prices.

The day after the contentious Bulgarian vote Polish Treasury Minister Mikolaj Budzanowski told reporters that Polish companies with permits to explore for shale gas in the country must intensify drilling to start production of the fuel by 2014 or 2015, with Polish companies each drilling 12 wells and performing 12 hydraulic fracking operations annually.

The reason for such enthusiasm?

Simple, said Budzanowski – Poland's shale-derived gas could be as much as 50 percent cheaper than the Gazprom natural gas Poland now receives from the 2,607 mile-long Yamal-

Europe natural gas pipeline, which currently costs Warsaw more than \$500 per 1,000 cubic meters (tcm)for West Siberian output.

Seeking to cut the expensive Russian natural gas umbilical cord, Poland has high expectations for its projected indigenous production shale natural gas, as it currently depends on Russian Gazprom supplies for nearly two-thirds of its annual gas consumption of 14 bcm, estimating its domestic reserves of conventional natural gas at some 100 bcm, which would only meet domestic needs for slightly more than seven years.

In contrast, the U.S. Energy Information Administration has estimated Poland could have the biggest shale natural gas reserves in Europe, amounting to some 5.3 tcm.

No wonder Warsaw is interested.

And, letting no grass grow under their feet, the Polish government has already granted more than 100 exploration permits to companies, including U.S. energy giants Chevron and Exxon Mobil.

Injecting a bit of nationalist pride however, Budzanowski reiterated an earlier appeal for state-owned utilities to participate in developing shale natural gas extraction. Leaving reporters in no doubt as to the importance that the Polish government placed on the rapid ramping up of shale natural gas production Budzanowski added, "I will expect the Treasury-owned companies to present plans to drill as many wells as possible within the next two years and this is the most important task from the perspective of (the nation's) shale gas policy."

Poland's love affair with fracking began last year. On 18 September 2011 Polish Prime Minister Donald Tusk told an audience in Lubocin, northern Poland, where shale natural gas exploration had begun, "Being a moderate optimist, the commercial exploitation of shale gas will begin in 2014" before adding that Poland could achieve "gas security" by 2035. Referring to the larger geo-strategic implications of such policies Tusk added, "After years of dependence on our large neighbor (Russia), today we can say that my generation will see the day when we will be independent in the area of natural gas and we will be setting terms" before insisting that he had been "assured that well conducted exploration and production would not pose a danger to the environment."

Accordingly, whatever the ultimate fate of fracking in the U.S. and cautious European states like Bulgaria as additional environmental and scientific studies about the practice are conducted, Poland seems for better or worse to have firmly embraced the practice for the foreseeable future.

One can only hope that it is a judgment call that they will not soon have cause to regret in what in what Foreign Affairs Minister Radosław Sikorski has called "the gold rush of the 21st century."

Coincidently, on 11 January Waldemar Tyl of the Warsaw Appeals Prosecutor's Office announced that seven people, including government officials, have been charged with corruption during the granting of licenses for shale gas exploration, adding that bribes of tens of thousands of dollars apparently changed hands over the second half of 2011 alone.

Surely a coincidence, like those earthquakes and aquifer pollutants.

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