

US-Russia “New Cold War”: The Battle for Pipelines and Natural Gas

What The US & Russia Are Really Quarreling Over: Pipelines

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For both countries, the Snowden affair is just another ho-hum spat in the greater imperial rivalry

Nearly two months ago, former [National Security Agency \(NSA\) contractor-turned-whistleblower Edward Snowden](#) handed smoking-gun documents on the international surveillance apparatus to [The Guardian](#) and [The Washington Post](#) in what’s become one of the most captivating stories in recent memory.

[Snowden now lives in Russia](#) after a Hollywood-like nearly six-week-long stint in a Moscow airport waiting for a country to grant him asylum.



Journalists and pundits have spent countless articles and news segments conveying the intrigue and intensity of the standoff that eventually resulted in Russia granting Snowden one year of asylum. Attention now has shifted to his father, [Lon Snowden, and his announced visit of Edward in Russia](#).

Lost in the excitement of this “[White Bronco Moment](#),” many have missed the elephant in the room: the “[Great Game](#)”-style geopolitical standoff between the U.S. and Russia underlying it all, and which may have served as the impetus for Russia to grant Snowden asylum to begin with. What’s at stake? Natural gas.

Russia, of course, [has its own surveillance state](#) and has been described by The Guardian’s Luke Harding as a “[Mafia State](#)” due to the deep corruption that reportedly thrives under Putin’s watch.

It all comes as the U.S. competes with Russian gas production thanks in part to the controversial drilling process known as [hydraulic fracturing — “fracking”](#) – transforming the United States into what President Barack Obama has hailed as the “[Saudi Arabia of gas](#).”

Russia produced 653 billion cubic meters of gas in 2012, while the U.S. produced 651 billion cubic meters, [making them the top two producers in the world](#).

Creating a “gas OPEC”

Illustrating this elephant in the room is the fact that when, on July 1, Russian President Vladimir Putin first addressed whether he would grant Snowden asylum, he [did so at the](#)

[annual meeting of the Gas Exporting Countries Forum](#) (GECF) in Moscow, [which unfolded July 1-2](#).

“If he wants to stay here, there is one condition: he must stop his work aimed at harming our American partners, as strange as that sounds coming from my lips,” [Putin stated](#) at GECF’s annual summit.

Paralleling the Organization of Petroleum Exporting Countries (OPEC) — The New York Times calls it a “gas OPEC” — GECF is a bloc of countries whose mission is to fend off U.S. and Western power dominance of the global gas trade. [The 13 member countries include](#) Russia, Iran, Bolivia, Venezuela, Libya, Algeria and several others.

GECF has held informal meetings since 2001, becoming an [official chartered organization in 2008](#) and dominated in the main by Russia. GECF Secretary General [Leonid Bokhanovskiy](#) is also the former VP of Sroytransgaz, a [subsidiary of Russian oil and gas giant Gazprom](#).

Depicting the close proximity between Putin’s regime and GECF’s leadership is the fact that Gennady Timchenko – a [member of “Putin’s inner circle,”](#) according to The Bureau of Investigative Journalism – [owns an 80-percent stake in Sroytransgaz](#).

A 21st-century “gas Cold War” has arisen between the U.S. and Russia, with Edward Snowden serving as the illustrative protagonist. President Obama, upset over Russia’s asylum offer to Snowden, [recently cancelled a summit with President Putin](#).

With access to the free flow of oil and gas resources a central tenet of U.S. national security policy under the [Carter Doctrine](#), there’s no guarantee this new Cold War will end well.

Fracked gas exports fend off Russia, but for how long?

Fracking is in the process of transforming the U.S. from a net importer of gas to a net exporter, with [three](#) liquefied natural gas (LNG) [export terminals](#) on the Gulf Coast already [rubber-stamped for approval](#) by the U.S. Department of Energy.

Industry cheerleaders as well as [President Obama](#) and [other like-minded politicians](#) say there are “[100 years of natural gas](#)” under the United States, a geopolitical game-changer to say the very least.

But [independent petroleum geologists](#) and [investors alike](#) see it differently, concluding perhaps 15-20 years of gas exist at current [diminishing, “exploration treadmill” rates of return](#).

“More and more wells must be drilled and operated to maintain production as the average productivity per well is declining,” [David Hughes](#), a Fellow at the Post Carbon Institute [explains in his report “Drill Baby, Drill.”](#) “Since 1990, the number of operating gas wells in the United States has increased by 90 percent while the average productivity per well has declined by 38 percent.”

This means there likely won’t be enough gas to fend off GECF and Russian dominance of the global gas market in the long term, particularly because [Russia relies on easier-to-obtain conventional gas](#), as opposed to tough-to-obtain unconventional shale gas.

Despite the reality of the “exploration treadmill,” myriad politicians have backed the notion of the U.S. serving as a global supplier of gas via LNG exports. Congress has already introduced two bills in 2013 – the [Expedite our Economy Act of 2013](#) and the [Expedited LNG for American Allies Act of 2013](#) – calling for expedited approval of the [remaining LNG export terminal proposals](#).

“[T]he timeline for considering these applications may jeopardize our ability to retain a competitive position against other natural gas exporting nations who are also working diligently to export LNG,” a bipartisan cadre of [34 U.S. Senators wrote in a July 9 letter](#) to U.S. Department of Energy head Ernest Moniz urging the DOE for to speedily approve LNG export terminal applications. “There is a global race for market share underway,” the letter continued. “American competitors have been at a disadvantage for the past year and a half because the Department of Energy has delayed action on pending applications.”

Sometimes politicians are vague when it comes to the rationale for expedited LNG exports, using phrases like the ability to maintain a “competitive position” against “other natural gas exporting nations” but not calling out those nations by name.

Others, however, take off the kid gloves and name names. “Our bill will also promote the energy security of key U.S. allies by helping reduce their dependence on oil and gas from countries, such as Russia and Iran,” said Sen. John Barrasso (R-Wyo.), co-sponsor of the Expedited LNG for American Allies Act of 2013, [of the rationale behind the bill’s January 2013 introduction](#).

Months later, Rep. Ted Poe (R-Texas) wrote similarly in a June 2013 Houston Chronicle op-ed piece. “Aside from unquestionable economic benefits, there are also geopolitical considerations that make exporting LNG to our friends and allies a no-brainer,” [Poe wrote](#). “The risk of high reliance on Russian gas has been a principal driver of European energy policy in recent decades ... From the U.S. perspective, cheap but reliable natural gas would reduce Moscow’s clout while shoring up goodwill amongst our allies.”

Faced with diminishing returns on shale gas basins nationwide, U.S. strategic planners haven’t put all of their eggs in one basket, and have a backup plan in mind to fend off Russia and GECF.

Enter U.S. gas “anchor,” Azerbaijan

The [LNG for NATO Act](#) was another key bill introduced in December 2012 by now-retired U.S. Sen. Dick Lugar (R-Ind.). That legislation’s introduction came alongside the release of a key Senate Foreign Relations Committee report titled, “[Energy and Security from the Caspian to Europe](#).”

First discussed at a [press event hosted by the influential Atlantic Council](#) – then [headed by current Secretary of Defense Chuck Hagel](#) – the premise of the report was simple: many NATO member states rely on Russia for gas imports.



And Russia is the main power player alongside China overseeing the Shanghai Cooperation Organization, which effectively operates as NATO’s foil. Thus, the report concludes, NATO

must find a way to wean itself off of Russian gas.

“This strategic U.S. initiative would advance U.S. interests by alleviating Russian gas-fueled pressure against NATO allies, bolstering bilateral relations in the Caspian Sea region, and further isolating Iran,” [Lugar wrote in introducing the report](#).

One of the report’s solutions calls for undermining the DOE’s LNG export approval process for fracked gas exports to NATO allies due to the U.S. having — wait for it — a “100-year supply” of gas.

“As a first step, we should allow exports of U.S. natural gas, now abundant thanks to shale gas, to all our NATO allies,” [Lugar wrote in an op-ed summarizing the report’s conclusions](#). “At current consumption rates, we have an estimated 100-year supply, and prices have fallen so low that new drilling activity is drying up. We easily could export some of this surplus as LNG without causing consumer gas prices to spike here at home.”

Perhaps knowing the “100-year supply” is more fiction than fact, the report does point to something “even more important”: Azerbaijan’s robust supply of conventional gas.

[Azerbaijan, ruled by a human-rights-violating authoritarian regime](#) and bordered by the Caspian Sea to the east and Iran to the south, [has the 24th highest proven reserves of natural gas in the world](#) and maintains friendly relations with the U.S. and NATO countries.

The Senate Foreign Relations Committee report refers to Azerbaijan as an “anchor” gas supplier for NATO countries, a key source of imported gas in particular for European Union countries seeking to fend off reliance on Russian gas.

Given Azerbaijan’s strategic importance, the report calls for expedited building of the [Trans-Adriatic Pipeline](#), set to pipe Azeri gas from the Shah Deniz gas field in the Caspian to Turkey and eventually into EU member states.

“TAP will transport natural gas from ... Shah Deniz ... in Azerbaijan, via Greece and Albania, and across the Adriatic Sea to Southern Italy, and further to Western Europe,” [the TAP website explains](#). “TAP offers the shortest and most direct link from the Caspian region to the most attractive European markets.”

The importance of Azerbaijan as an “anchor” and TAP is explained bluntly in the Senate Foreign Relations Committee report and was [recently praised in a State Department press release](#).

“Fully committed to energy trade with the West, Azerbaijan is [a] pivotal supplier,” [the report explains](#). “For the past two decades, Azerbaijan’s leadership has made the strategic calculation to use [TAP] to forge closer ties with the West, a decision that was by no means inevitable given the substantial cost of vast new pipeline infrastructure and geopolitical pressures from neighboring Iran and Russia. However, Azerbaijan’s main alternative to westward trade would be with Russia, which is not an attractive prospect.”

The [report closes by recommending](#) the Overseas Private Investment Corporation, the U.S. Trade and Development Agency, the European Bank for Reconstruction and Development and the European Investment Bank to finance construction of LNG import terminals for NATO countries. It also recommends the creation of a full-time U.S. Envoy for Eurasian Energy Security position.

Contextualizing the recent big Azerbaijan junket

One of the recommendations the Senate Foreign Relations Committee report offers in its report is maintaining closer ties with SOCAR — the State Oil Company of Azerbaijan Republic — “to minimize future miscommunications.”

This lends an explanation as to why [many former Obama upper-level staffers](#), along with Stratfor founder [George Friedman](#), state politicians from across the U.S., Vice President Joe Biden’s wife [Jill and former World Bank head and Deputy Secretary of Defense Paul Wolfowitz](#) all attended a key gathering in Azerbaijan in late May, officially titled, “USA-Azerbaijan: Vision for the Future.”

Ted Poe, who weeks after returning from the event wrote the Houston Chronicle op-ed praising fracked gas exports, [was also among the attendees](#).

SOCAR [sponsored the event](#). So too did BP, KBR, ConocoPhillips, and Chevron, all companies deeply invested in fracking in the U.S.

“No doubt this was among the biggest concentrations of American political star power ever seen in the Caucasus — 317 delegates from 42 states, including 11 sitting members of Congress and 75 state representatives,” a [Washington Diplomat reporter who got inside the conference explained](#) of the nature of the event.

Russia excluded from State Dept. fracking “missionary force”

In August 2010, President Obama’s first-term [State Department established the Global Shale Gas Initiative](#) (GSGI), now referred to as the [Unconventional Gas Technical Engagement Program](#).



Its purpose: creating a so-called “missionary force,” showing other countries fracking’s “best practices” based on the U.S. experience.

“The GSGI uses government-to-government policy engagement to bring federal and state governments’ technical expertise, regulatory experience in ensuring the safety of water supplies and air quality, and diplomatic capabilities to bear in helping selected countries understand their shale gas potential and the responsibilities of governments,” [the State Department explains on its website](#).

State Department officials have spent time instructing [Ukraine, Poland, China](#) and [India](#) how to do fracking “[safely and economically](#).” This tutelage agenda is yet another way to wean NATO countries off of Russian gas in an attempt to further isolate it economically.

Noteworthy is the fact that though Russia possesses a shale gas prize of its own — the [massive western Siberian Bazhenov Shale field](#) — the State Department has not included the country under its Global Shale Gas Initiative/Unconventional Gas Technical Engagement Program umbrella.

Snowden standoff part of gas “race for what’s left”

The lion’s share of media coverage surrounding Edward Snowden has focused on both the

intrigue of his asylum standoff and the pervasiveness of the global surveillance apparatus alone.

Missed in the discussion is what Hampshire College professor Michael Klare refers to as "[Rising Powers, Shrinking Planet](#)" in his book titled precisely that, on full display in the Snowden asylum standoff milieu.

That is, a relentless battle royale ensuing between the global powers for the world's quickly diminishing, increasingly difficult-to-obtain and ecologically hazardous forms of "[extreme energy](#)," like shale gas fracking.

"Make no mistake: Rising powers/shrinking planet is a dangerous formula. Addressing the interlocking challenges of resource competition, energy shortages, and climate change will be among the most difficult problems facing the human community," he writes in the book's conclusion.

"If we continue to extract and consume the planet's vital resources in the same [...] fashion as in the past, we will, sooner rather than later, transform the earth into a barely habitable scene of desolation."

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