



# A Fractured Europe Debates Fracking

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**T**he United States is not the only country with shale gas reserves. According to a 2011 report prepared by the US Energy Information Administration (EIA),<sup>1</sup> Europe, most of which is beholden to Russia for its natural gas supplies, has perhaps 600 trillion cubic feet of technically recoverable shale gas reserves. In comparison, that same report estimated US shale gas reserves at 862 trillion cubic feet. Of the 14 countries the EIA report evaluated, Poland and France have the largest estimated reserves by far, at 187 trillion cubic feet and 180 trillion cubic feet, respectively.

Given much of Central and Eastern Europe's historic dependence on Russia for its natural gas supplies, a country that has literally turned off the spigot in the past for political reasons, Europe's shale gas bounty ought to be a cause célèbre. Alas, a combination of factors, including the same environmentalist fear-mongering that has colored debates over shale gas in the United States,<sup>2</sup> is slowing down shale gas development in Europe.

A *Wall Street Journal* article identified government ownership of underground mineral rights, lack of infrastructure (pipelines) to transport oil and gas, and environmental concerns as the three factors inhibiting shale gas development in Europe.<sup>3</sup> In France, for example, Industry Minister Arnaud Montebourg has said fracking causes "irreversible pollution,"<sup>4</sup> while Energy and Environment Minister Delphine Batho said, "Hydraulic fracturing is and will remain banned.

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. . . Debate is now centered on a technology that doesn't exist right now to my knowledge."<sup>5</sup> As long as the subject is nonexistent technologies, perhaps the French Parliament will debate the environmental impacts of faster-than-light space travel and Harry Potter's invisibility cloak, too.

Moreover, the European Union has promised to begin a "public consultation" this year, as part of a broad "impact statement" on fracking. No doubt, this will provide a paean to green concerns over fracking's supposed evils, while ignoring the very real and very damaging economic aspects of Europe's high energy prices.

### PIERCING THE VEIL

Although many other European countries have banned fracking, cracks in European adversity are slowly appearing. In February, Romania and Lithuania lifted their bans, following the lead of Ukraine, which signed an agreement with Royal Dutch Shell to begin exploration.<sup>6</sup> These three countries' change of heart is not surprising; they are at the mercy of Russia's gas monopoly, Gazprom, and experienced supply shut-offs in the past.

In December, Britain lifted its ban on fracking, too, despite allegations of fracking-induced earthquakes and surface water pollution.<sup>7</sup> Of course, environmentalists are horrified. Chris Shearlock, sustainable development manager of the Co-operative Group, a British consumer cooperative owning everything from food stores to funeral parlors, said "[t]he UK should concentrate on renewable technologies, which not only offer a sustainable energy future but thousands of new jobs and more stable energy prices."<sup>8</sup>

Although environmentalists will forever believe in green economic salvation, no matter the evidence

in front of their eyes, this resistance and government overregulation can be overcome. That may be especially true if the European economy continues to recede under the pressures of unaffordable social safety nets and cement-like labor markets. As the CEO of Total Fina, the French oil company, remarked, France should have the “courage” to explore for shale gas.<sup>9</sup> Whether France will heed his advice, or whether that courage will be of the variety requiring alcoholic fortification, remains to be seen. For a country that has embraced nuclear power, in spite of widespread European fears stemming from Chernobyl and, most recently, Fukushima Dai-ichi,<sup>10</sup> French fracking fears seem overblown.

Nor is developing a pipeline infrastructure an insurmountable task. In the United States and Canada, existing long-line pipelines built to deliver natural gas from “traditional” supply areas, such as the Gulf Coast, the Permian Basin, and the Western Canadian Sedimentary Basin, are facing increasing competitive pressure because shale gas is located elsewhere. As a result, some of these pipelines are seeing demand decrease and are reconfiguring their systems, such as by reversing flows along traditional routes.

Although the lack of European pipeline infrastructure will require new investment to transport shale gas, that infrastructure can be developed specifically for shale gas development, rather than adapting to it, as in the United States. An analogy is construction of cellular telephone infrastructure in developing nations, which avoided investments in the traditional land-line system, and have been able to create cellular networks that far outperform those in the United States. Of course, there still will be plentiful opposition to new pipeline infrastructure from environmentalists, whether because of fears that natural gas development will make renewables even less competitive or fears of ruptures and explosions. Yet given the vast swaths of Europe covered with gigantic wind turbines and miles of solar photovoltaics, the footprint of new pipelines, which require little land and can be buried, will be minuscule in comparison.


And as for safety, new pipelines will be far safer than the old, corroded (and safe) ones in the United States.

### MINERAL RIGHTS FOR ME AND THEE?

Of all the barriers to shale gas development in Europe, the lack of private underground mineral rights is likely the greatest. Overcoming that barrier will require more than courage—of any variety.

If landowners do not own the shale gas resources beneath them, they will have little economic incentive to allow development. In essence, such a prospect offers “all pain and no gain.” Brute government force, the equivalent of an uncompensated eminent domain taking in the United States, might be one solution, but hardly conducive to private investment. After all, today’s favored investor may be tomorrow’s public enemy, as the US coal industry and electric utilities that constructed coal-fired power plants in response to fears of impending natural gas shortages in the late 1970s have discovered.

### PATH AHEAD

The energy path much of Europe has embraced may be environmentally sustainable, whatever that means, but it is clearly not economically sustainable. With most of Europe having spurned new nuclear energy, and with burning coal considered almost an act of terrorism, new energy resources must be developed. However, blind reliance on wind and solar power, whatever its advocates claim, cannot provide consumers and businesses with lower-cost, reliable energy supplies. Shale gas can. The challenges are many, but the potential benefits are great. 

### NOTES

1. US EIA, *World Shale Gas Resources: An Initial Assessment of 14 Regions Outside the United States*, April 2011. Retrieved from <http://www.eia.gov/analysis/studies/worldshalegas/pdf/fullreport.pdf>.
2. In my December 2012 column in this newsletter, “Frack Attack: Environmentalists and Hollywood Renew Attacks on Hydraulic Fracturing,” I discuss the efforts by environmentalists in the United States to link fracking to surface water pollution through bad science, histrionics, and outright fraud.
3. Gold, R. (2012, December 2). Global gas push stalls. *Wall Street Journal*. Retrieved from <http://online.wsj.com/article/SB10001424127887324355904578155591443631854.html?KEYWORDS=global+gas+push+stalls>.
4. Patel, T. (2012, August 29). France to keep shale ban in place until fracking alternative emerges. *Bloomberg Business Week*. Retrieved from <http://www.businessweek.com/news/2012-08-29/france-to-keep-shale-ban-until-fracking-alternative-emerges>.
5. Ibid.
6. Buckley, N. (2013, February 5). Romania and Lithuania back fracking. *Financial Times*. Retrieved from <http://www.ft.com/intl/cms/s/0/fa2812bc-6fa6-11e2-956b-00144feab49a.html>.
7. Harvey, F., & Vaughan, A. (2012, December 13). Fracking for shale gas gets green light in UK. *The Guardian*. Retrieved from <http://www.guardian.co.uk/environment/2012/dec/13/fracking-shale-gas-green-light>.
8. Ibid.
9. See Note 4.
10. I discussed the Fukushima disaster in (2011, May). Nuclear fallout. *Natural Gas & Electricity*, 27(10), pp. 31–32.