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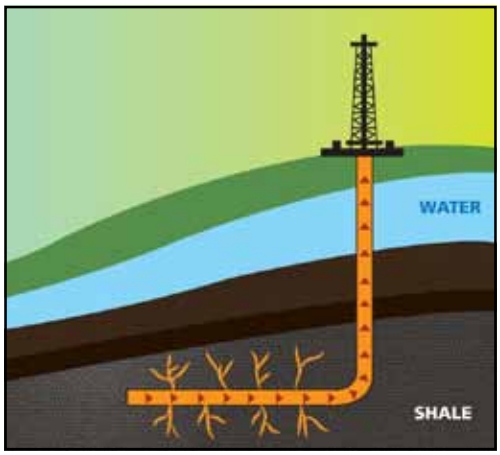
Shale Gas - High Potential meets High Regulation?

In the race to become a favored source of energy, shale gas is gaining speed. The emissions characteristics, plentitude, and cost of recovery make it a popular choice for utilities and other users seeking diversification from the pollutants of coal or the political quagmire of nuclear energy. Natural gas is also heralded as the next premier transportation fuel, and therefore a significant piece of an energy independence strategy.

The opportunity to recover natural gas locked in shale formations through hydraulic fracturing, or "fracking," as it is commonly referred to, has updated and uplifted forecasts for gas reserves. By some estimates, there are 100 years of natural gas resources available, given the current rate of consumption. While the process of fracking is considered a keystone to fulfilling the promises of natural gas, it is also a factor which threatens further growth of the industry.

This threat is manifested in the concern for safe drinking water. Are a robust shale gas industry and clean, safe drinking water mutually exclusive, or can they coexist? This question cannot conclusively be answered given the limited data at hand regarding the impacts of fracking. To date, natural gas recovery processes are subject to regulations at a state level in conjunction with enforcement of federal laws such as the Clean Water Act, Safe Drinking Water Act, and Environmental Policy Act. Despite this existing framework for regulation, the EPA was directed in 2010, by the U.S. Congress' Appropriation Conference Committee, to conduct a study on the impacts of fracking on drinking water. The study was initiated earlier this year and is to be completed in 2012. The goal of this study is to answer the questions; "Can hydraulic fracturing impact drinking water resources? And if so, "What are the conditions associated with the potential impacts on drinking water resources due to hydraulic fracturing activities?"



In June, the EPA selected seven hydraulic fracturing well sites for the study. Five of the sites are already in production; the remaining sites have yet to break ground. The fracking process criteria being studied include: chemicals and fluids, injection, water produced ("flowback"), and wastewater treatment and disposal. In addition to the individual well site studies, the EPA has requested fracking technical information from Halliburton and other natural gas recovery companies.

Though it will be 2014 before the EPA's full report is delivered, one can presume that some form of federal regulation over fracking will result. Perhaps such regulation will provide a more uniform framework in place of the myriad state requirements currently in place. Or, it may prove to be an onerous gauntlet of bureaucracy which renders dead all but the most lucrative shale gas projects.

The EPA's study will likely receive much attention as it progresses. The promise of shale gas and its contribution to the domestic energy portfolio hang in the balance. A diverse portfolio of domestic energy resources has many benefits related to economic growth, financial stability, and geopolitical independence. Those benefits, however, cannot come at the unmitigated expense of other crucial domestic resources like clean drinking water.

For more information, please contact
Aaron Tippie
Director, Energy Sector
aaron.tippie@westwoodps.com
952-906-7464

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