



An Article of
Concern to
All Citizens



Go To New-Plains

Go To Elbert-Grab

Editorial: Patriotism and Oil and Gas Exploitation

By Tony Corrado

There exists a tendency for political conservatives to define patriotism to serve their extreme parochial political viewpoints and bias. One of these rallying cries for the past decade has been the insistent demand that we continue to adversely impact our environment in North America in order to break our dependency on foreign oil. These critics choose to define patriotism as meaning you are not a patriot if you are against oil and gas drilling and exploitation everywhere and anywhere in North America. I would argue that those who believe we must despoil our country and deplete our "energy reserves" are false patriots and those who want reasonable energy exploitation are the true patriots.

We have an interesting dynamic developing in America with the implementation of shale fracing technologies. It has unleashed an unprecedented flow of oil and gas from all over the entire nation but in particular from Texas and North Dakota. So plentiful has this bounty proven to be that The US Government is considering the legalization of exporting both our natural gas surplus as well as unrefined crude oil (as differentiated from refined crude oil products which already constitute our second largest export). Refined crude products such as gasoline, diesel and other distillates, are already being exported at a rate of 0.4 million barrels/day. This data reflects 2011 rates and compares to an import of 1.8M barrels/day in 2008. The big oil barons argue that keeping this supply at home would be foolhardy since it would create a huge surplus and would only serve to drastically lower the cost of domestic gasoline and diesel fuel. It could also be argued that such a condition would surely affect their profits!

The interesting second dilemma developing is that the oil refineries located in the southern US are built to refine heavy crude oil not the light sweet crude that the oil shales are producing. Therefore the oil barons would like to export the light crude and continue to purchase heavy crude from the middle east and elsewhere. This is another disingenuous argument as our East Coast refineries prefer sweet crude oil and only lack pipelines to make it available to the western states. In addition, by selling the light sweet crude at a premium price and importing heavy crude at a lower price the oil barons make money on both transactions and the American people are "taxed" in the form of higher prices at the pump. The oil companies are in line to reap big profits from this exchange of crude oil. West Texas intermediate known as WTI is currently selling for \$17/barrel less than North Sea Brent crude oil.

One problem facing the oil barons is a 37 year old law that in effect prohibits exporting crude oil except under some very special conditions. This law was passed during the oil embargo to protect Americans. A major lobbying effort is underway to get Congress to enact new legislation that will clear the path for such exports to become legal. Fortunately a number of legislators see thru the cynical lobbying efforts and are resisting. However, a large part of this Congress is bought and paid for by the oil and gas industry and therefore a fight is expected. The main law governing U.S. crude oil exports is the 1975 Energy Policy and Conservation Act.

A similar metamorphosis is occurring in the dry natural gas market. Domestic production in 2005 was 18 Trillion cubic Feet (TCF) versus 22 TCF in 2010. This surge in production has resulted in a significant reduction in the price of NG. However, once again the quest for ever higher profits has prompted the producers to seek export markets due to the massive discrepancy in prices between North America (\$2.50-\$4 per thousand cubic feet), Europe (\$10) and Asia (\$15).

In general these trends and profit motivations are typical of the free enterprise economy at work. However, this time there is a difference. Here in Elbert County we are about to experience oil and gas exploitation on a scale that could easily turn us into a slightly less odious version of Weld County. As big oil comes into the county, we will experience a strain on our most precious resource, water, as well as traffic, possible ground and water contamination, air and noise pollution as well as a general degradation of the scenic beauty and solitude we all moved here to enjoy. Each wellhead requires a "minor facility" of roughly 5 acres where storage tanks collect the oil; separators remove gaseous products and water from the oil; and the gas is burned causing air contamination. As you drive through our rolling hills, try to picture one of these facilities every mile or so and imagine how much tranquility and beauty has been destroyed forever.

The following article is reprinted from the Yale Environment 360, a publication of the Yale School of Forestry and Environmental Studies, published in January, 2013:

It's commonly said that the environmental impact is manageable with industry best practices and strong, independent regulation. Unfortunately, I do not yet see actions in the field that justify these statements of good intentions. Cooperation between the Environmental Protection Agency and state regulatory agencies, which share supervisory responsibility for oil and gas drilling on private lands, is strikingly contentious. Comprehensive air and water quality regulations are not set.

Some land and mineral owners will argue that is their "right" to sell off the minerals and they are absolutely correct in that argument. Oil companies will argue that is that is their right to export the refined and crude oil and gas and bolster profits at the expense of middle class working Americans. I would argue that selling off our natural reserves for mere profit dollars and not using them to lower the cost of energy for the average American is truly an unpatriotic act. All of the oil, NG and refined products should remain here in America for domestic consumption. Then at least the price we will be paying in environmental and lifestyle damage will benefit the majority of Americans and not just the wealthiest 2% of corporate America. The true patriots in this battle are those who argue for keeping our resources at home for Americans and who want to see a moratorium on the fracing processes until the industry safety margins are proven by demonstrated experience.