Poland May Need to Curb Shale Gas Euphoria

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WARSAW, Poland (AP) — In recent years, Poland has nurtured a hope that its large underground shale gas reserves could help ease its dependence on Russian energy imports — a costly and frustrating reliance for this former Soviet satellite.

But now it seems Poland will have to manage its expectations of becoming energy self-sufficient. A new report coming out Wednesday is expected to put the country's likely shale gas reserves at much less than initially thought.

The U.S. Energy Information Administration last year estimated that Poland might hold some 5.3 trillion cubic meters of shale gas, trapped deep below ground in porous rock. That would be enough to make the country self-reliant for centuries, even leaving some to spare for exports.

Polish officials, however, have warned lately that estimates in a new report, carried out by the State Geological Institute and the U.S. Geological Survey, will be a fraction of that.

Treasury Minister Mikolaj Budzanowski said last week the reserves may prove to be just 1 or 2 trillion cubic meters, though he wouldn't reveal the exact estimate.

Such reserves, while not enough to transform Poland into an energy powerhouse like Norway, would still make commercial production viable and go a long way to meeting the country's energy needs.

"We still have a chance to increase our own production, lower the prices and free ourselves from the main supplier," said Pawel Nierada, an energy expert with the Sobieski Institute think tank, referring to Russia.

Poland's hopes of energy independence had been encouraged by the huge success of the shale gas industry in the United States, where a decade of shale gas extraction has proved transformative. It has created gas independence — even allowing the U.S. to profit from exporting gas — while also bringing down gas prices and producing hundreds of thousands of new jobs.

Assured of its potential, Poland handed out licenses to almost 20 international and Polish companies to explore its vast shale rock layers with a view to commercial production.

Some other countries in Europe have also considered exploiting their own gas reserves after Russian deliveries have proven unpredictable in recent winters. In a few recent cases, Moscow has turned off the taps in price disputes with Ukraine, while this past winter it cut exports amid a bitter cold spell across Russia and much of Europe.

Yet across Europe, countries have lately held back on searching for shale gas due to environmental concerns.

France, for instance, has banned the extraction method called hydraulic fracturing, or fracking, which uses large quantities of water laced with chemicals and sand to break the porous shale rock thousands of meters (feet) below ground to release the gas.

Germany has also done some test projects but stopped them due to environment concerns. For that same reason, Bulgaria, which is almost totally dependent on Russian gas, recently canceled an exploration license held by U.S. company Chevron after nationwide protests by people fearing environmental risk.

Even in the U.S., President Barack Obama has called for a cautious approach to more oil and gas drilling.

But Poland is pushing ahead with its shale gas ambitions as its seeks energy independence. The strategy includes the ongoing construction of a liquefied natural gas terminal being built on the Baltic Sea coast that will be able to take gas from countries other than Russia. Poland also is planning to build its first nuclear power plants by 2025, and is also increasing investments in renewable energies like wind.

For now, though, about 70 percent of Poland's annual needs of 14.4 billion cubic meters of gas are covered by Russian imports.

Poland's state report will be based on research done on sample rock cores recovered from some 40 wells drilled by the geological institute for research and exploration between the 1950s and late 1980s.

It does not include findings from recent drilling, because that data belong to the exploring companies.

So far, results from some of the 13 wells drilled last year seem to be below expectations.

"We would have liked better results, better flow rates," said Kamlesh Parmar, Commercial Director for 3Legs Resources and the Poland country manager.

The company drilled two wells last year. It is considering further testing and is working on a plan for this year, including another well.

"I am optimistic," Parmar says.

Other companies, like U.S. Chevron or ExxonMobil, or Poland's PGNiG, say they are still analyzing rock samples taken from test wells.

The picture of Poland's possible shale gas reserves "will be corrected as data from the current drilling is made public," said Pawel Poprawa, a scientist with the State

Geological Institute who helped prepare the report.

But Poprawa said he believes the new data coming in will confirm the picture in Wednesday's report — showing that Poland's reserves are large, but not as transformative as the country had once hoped.

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