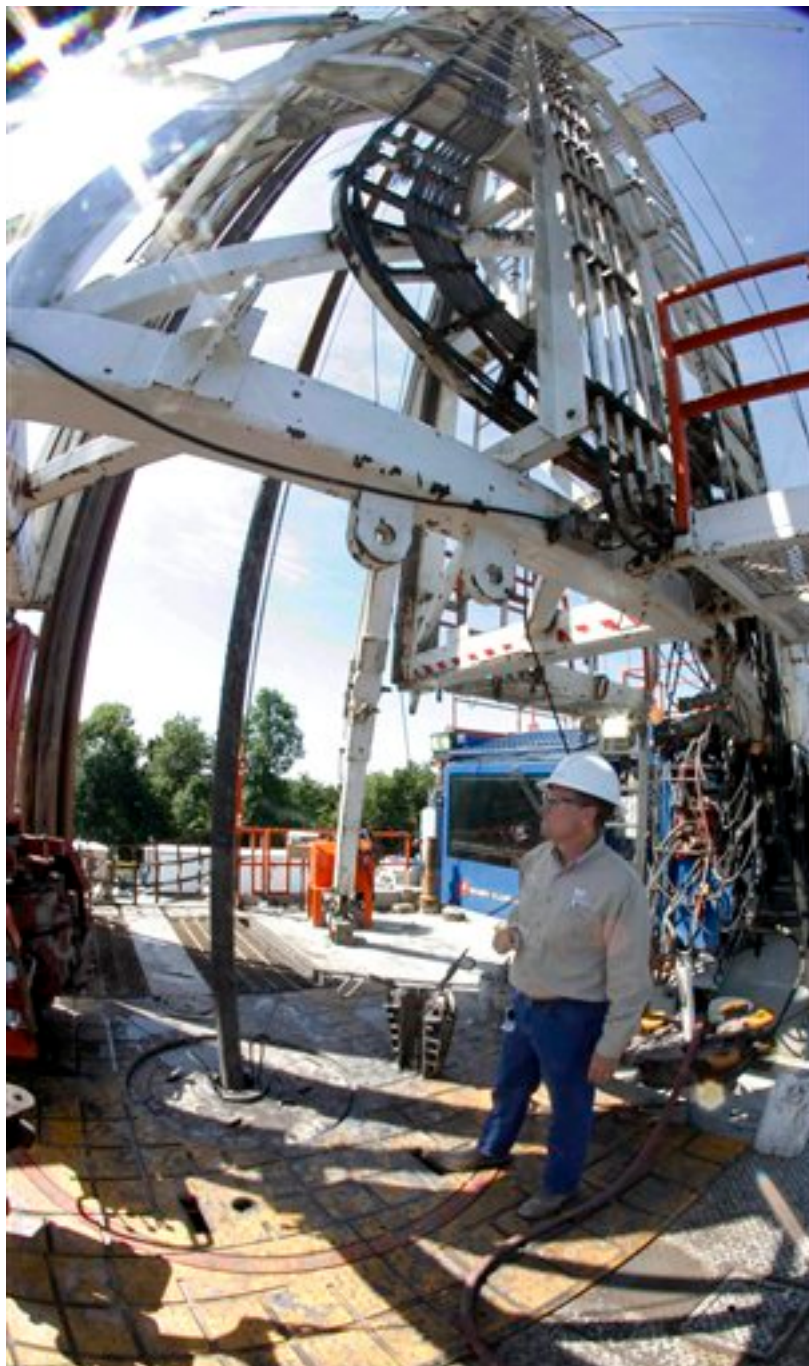


Gas Drilling Presents Obama with Historic Choices

KEVIN BEGOS, Associated Press



PITTSBURGH (AP) — Energy companies, environmental groups, and even Hollywood stars are watching to see what decisions President Barack Obama makes about regulating or promoting natural gas drilling.

The stakes are huge. Business leaders don't want government regulations to slow the flow of hundreds of billions of dollars of clean, cheap domestic energy over the

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next few decades. Environmental groups see that same tide as a potential threat, not just to air and water, but to renewable energy. And on a strategic level, diplomats envision a future when natural gas helps make the U.S. less beholden to imports.

Some say the unexpected drilling boom presents historic options — and risks — for the Obama administration.

"It's a tough choice. The president is in a real bind," said Charles Ebinger, director of the energy security initiative at the Brookings Institution, a Washington, D.C., nonprofit. "I think the question is what does he want his legacy to be?"

Ebinger said that if Obama fully embraced the boom in gas drilling the nation could see "incredible" job gains that could lead to "a re-industrialization of America." Possibilities like that are tempting to any president, and perhaps even more so in the current economy.

"But really embracing this stuff is going to bring him squarely in conflict with some of his environmental supporters. It's not without some possible peril, particularly if he gets to be seen too cozy with the oil and gas folks," Ebinger said.

Hydraulic fracturing, or fracking, has made it possible to tap into deep reserves of oil and gas but has also raised concerns about pollution. Large volumes of water, along with sand and hazardous chemicals, are injected underground to break rock apart and free the oil and gas.

Environmental groups and some scientists say there hasn't been enough research on water and air pollution issues. The industry and many federal and state officials say the practice is safe when done properly, and that many rules on air pollution and disclosure of the chemicals used in fracking are being strengthened.

The Sierra Club is already trying to slow the gas rush, which began in Texas and has expanded to Pennsylvania, Colorado and other states. It's started a nationwide "Beyond Natural Gas" campaign to push for more regulation on an industry it describes as "Dirty, Dangerous and Run Amok."

"We need to avoid replacing one set of problems with a new but very different set of problems," said Michael Brune, the Sierra Club's executive director, referring to coal and natural gas. Investing in green energy makes more economic and environmental sense, he said.

The Sierra Club knows natural gas will be a part of the nation's energy future. "How much a part is a big fight right now," Brune said.

Such arguments have resonated with many environmental groups, and with actors and musicians who are lending their star power to anti-drilling efforts.

The Hollywood film *Promised Land* is scheduled for release in December, starring Matt Damon, with a story line about drilling from best-selling novelist Dave Eggers.

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But even before its release, critics pounced on the fact that some financing for the project came from a company in the United Arab Emirates — a country that stands to lose money if the U.S. gets more of its energy needs at home.

Brune agreed that "you have to acknowledge that there are benefits to home-grown energy."

Critics say many states haven't been tough enough on the industry, which has objected to the idea of national drilling regulations. Some state officials oppose such proposals, too.

"Yes, we are concerned," said Patrick Henderson, energy executive for Pa. Gov. Tom Corbett. "Upwards of 10 federal agencies are seeking to put their proverbial nose under the tent with regard to oil and gas development." He added that federal intrusion "is a surefire way to impede job growth. We'll be vigilant of proposed federal rulemakings."

The U.S. Environmental Protection Agency is conducting one major national review of drilling and potential drinking water impacts, but it won't be finished until 2014.

Jack Gerard, president of the American Petroleum Institute, which lobbies for the industry in Washington, is hoping Obama's campaign rhetoric doesn't change.

"He has evolved on the oil and the gas issue, and today, he gives it a full-throated endorsement in terms of the need to produce it to create jobs, get our economy back on track," Gerard said in a postelection conference call.

Most experts agree that Obama faces four big choices about the gas boom: whether to back nationwide EPA rules; whether to keep pressuring coal-fired power plants to reduce emissions (which benefits gas as an alternative fuel); whether to allow large-scale exports of liquefied natural gas; and whether to support a national push to use compressed gas in commercial vehicles.

One expert in Texas predicted that Obama won't go to extremes.

"I don't think the administration will do anything to halt development," said Kenneth Medlock III, a professor at Rice University's Center for Energy Studies in Houston, adding that there will be "some attempts" to move regulations into federal hands.

Medlock expects Obama to keep the pressure on the coal industry, but go slowly on the natural gas export issue. The industry says exports have the potential to be highly profitable, but some members of Congress fear exports will just drive up domestic prices, depriving consumers and other industries of the benefits of cheap natural gas.

Others see an opportunity for the president to stake out a middle ground.

"A lot of the industry guys are pretty shaken by the anti-fracking movement," said Michael Shellenberger, president of the Breakthrough Institute, an Oakland

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nonprofit that promotes new ways to address environmental issues. "That might make them a bit more open to regulatory oversight."

Shellenberger said natural gas could also be a "big opportunity" for Obama as part of a broader campaign to address greenhouse gas emissions.

Ebinger agreed, saying that "if we really pushed tax credits to get diesel out of long-distance trucks" that could lead to massive carbon dioxide reductions. But at some point, Obama will have to make tough decisions. "I don't think the president can punt this one," he said.

Whatever Obama does, "it will definitely drive a bunch of people crazy" in the environmental community, Shellenberger said.

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