

Natural Gas, The Vatican And Holy Smoke



By John Harpole

VATICAN CITY—Two significant historic events took place recently that, while seemingly unrelated, are connected and equally miraculous—at least in my mind.

I'm traveling here in Rome, where the Vatican's College of Cardinals elected a new pope. Three weeks later, the Potential Gas Committee (PGC) increased the U.S. Natural Gas reserve estimate by nearly 25%.

In a centuries-old ritual, the College of Cardinals notified the world of the results of each ballot by black or white smoke signals from a Sistine Chapel wood-burning stove.

Twenty-five years ago, the Vatican completed a nine-year effort to clean 500 years of smoke, dirt, silt and grime smothering the priceless murals inside the Sistine Chapel. The restoration was considered a renaissance for Michelangelo, yet they still burn wood fires in the building.

Perhaps the Vatican should consider an upgrade and convert from burning wood to burning clean, abundant natural gas. We will have to figure out how to make the black smoke/white smoke signal later.

Such a high-profile fuel conversion would be timely in light of the other recent historic announcement by the PGC.

According to the PGC during the past two years, the future gas supply estimate for the U.S. rose nearly 25% to a 48-year record of 2,688 trillion cubic feet (Tcf). Thank you, shale gas and hydraulic fracturing.

The new reserve numbers were not a surprise to many in the energy industry. For five years, the non-believers of the shale-gas story have accused the industry of blowing smoke when it came to reserve estimates. Evidently, as time goes on, it becomes impossible to argue with actual production numbers. The non-believers are being converted by warm, hard facts.

That conversion has taken five years. In 2008, the Clean Skies Foundation announced a forecast for U.S. shale reserves equal to 840 Tcf, clearly an industry-derived number. That same year, the Energy Information Administration (EIA) showed a number that was 500 Tcf less. In 2011, EIA revised that number upward to 827 Tcf. In the report released in April, the PGC announced a 1,073 Tcf forecast for shale resources—a subset of the total 2,688 Tcf.

What this shale breakthrough could mean for the world's poor is far beyond and certainly less tongue-in-cheek in significance than converting the Sistine Chapel to natural gas. You see, this new humble pope is all about the poor and all about improving their quality of life.

What could be more important to quality of life issues than affordable heat, sustenance and shelter?

Heat: The U.S.-born energy renaissance could mean comfort for a world where the least privileged could stay warm in

the winter, have abundant food and affordable shelter. That is not a melodramatic, unsubstantiated claim.

The phrase "energy poor" refers to individuals or households that spend more than 15% of their income on various forms of energy.

During the past five years, \$21 billion of energy assistance was provided to low-income households in the U.S. What would the demand be for heat assistance if our cost of gas were similar to the cost in Asia, where it is four times higher, or Europe, where it is three to four times higher? Thanks to inexpensive gas, there are far fewer people in the U.S. choosing between heating and eating than in any country in the world.

However, it's not just about the comfort of staying warm. Cold weather kills people. A recent European Commission public health study shows that, despite media attention to the contrary, cold weather is much more lethal than heat waves. The high-risk groups needing special attention during cold weather include the elderly, children and people with heart and respiratory diseases.

Sustenance: Natural gas is the most expensive feedstock cost for the world's fertilizer producers. That is why nearly every world-class fertilizer producer is clamoring to build or restart production efforts in the U.S., the land of inexpensive, abundant gas.

Inexpensive abundant gas, unlike ethanol, could actually lower the cost of a corn tortilla in Mexico City. But it's not just about corn production; every food that requires fertilizer will simply cost less to produce. The potential that this made-in-America energy renaissance could lower food costs and increase the quality of life on a global scale is staggering.

Shelter: And then there is the cost of shelter. Nucor Steel's \$3.6 billion, 22-year gas supply deal with EnCana will result in what one Nucor executive described to me as "a cost of steel that will compete and beat anything China can send our way." Lower steel costs mean lower construction costs, which means lower housing costs.

Every time I hear unsubstantiated complaints from anti-fracking activists, I wonder if they can even begin to understand what low-cost energy means for the low-income, for jobs, food prices and better health? Perhaps it's time for them to promote another doctrine. Now that would be an answer to the collective prayers of the energy industry. ■

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