

A Letter to Hollywood



By John Harpole

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Matt Damon and John Krasinski
Hollywood, California

Dear Mr. Damon and Mr. Krasinski,

I just heard about your new Hollywood film, "Promised Land." I understand that the storyline features hydraulic fracturing. Forgive me for being cynical, but given Hollywood's propensity to vilify oil and gas companies, I doubt that it will reflect well upon our industry.

It seems that some people in the press are fairly excited about the fact that one of the investors in your new movie is Image Media Abu Dhabi located in the oil-rich kingdom of the United Arab Emirates (UAE). As you may know, the UAE ranks seventh in the world in proven natural gas reserves. I don't believe that the UAE is trying to protect their oil and gas interests by creating problems for us here in the U.S. relative to hydraulic fracturing. Regardless, "the optics" don't look good. It is the other people or groups that you might be unwittingly associated with that creates the most concern for me.

My mother always said that you could tell a lot about a person by the company he keeps. So I thought it was important to share with you some insight on other "groups" in the world that are opposed to "fracking" (I would typically spell fracking without the "k" but to make it easier for you I will include the "k" in this letter).

Perhaps one of the most notorious anti-fracking companies in the world is, strangely enough (seemingly straight out of a Hollywood script!), the largest natural gas producer in the world. That would be Gazprom, the Russian state gas monopoly. By the way, they took in \$44 billion in profits in 2011 alone.

In case you didn't know, Gazprom has a stranglehold on natural gas supply to Eastern Europe and most of Western Europe as well. When I say "stranglehold" in Eastern Europe, more than 90% of natural gas delivered to those countries from Slovakia to Greece comes from Russia's Gazprom. In the past 10 years, natural gas supply to those countries has been interrupted or curtailed at least 30 times, for "contractual reasons," typically in the dead of winter. As you might guess, it is difficult to exercise any leverage in a contract negotiation when your people are freezing. Supply disruptions are clearly being used by Russia to punish and influence policy.

Fiona Hill at the Brookings Institution noted that "industry experts have suggested that Russia is funding environmental groups to oppose fracking in the UE [European Union], which could severely reduce Russia's natural gas export market, as well as Gazprom's profits."

Another friend of mine, a documentary producer, swears that Gazprom helped fund Josh Fox's movie "Gasland," a movie that was acclaimed by the Academy of Motion Picture Arts and Sciences as a great documentary. In hindsight, perhaps "Gasland," should have been under the Academy's science fiction category. "Gasland's" Fox has since admitted to withholding evidence that fracking was not responsible for water contamination in Pennsylvania.

Before hydraulic fracturing and shale gas became what we know they are today, Gazprom had no doubt that it would continue to exercise its nearly monopolistic gas supply power on even larger parts of the world. In October of 2008, in Tehran, Iran, Gazprom, Iran and Qatar, three of the top five natural gas producers in the world, created a natural gas cartel. Thanks to the development of hydraulic fracturing and horizontal drilling, the threat of that cartel has been virtually eliminated.

The unexpectedly brilliant breakthrough of the combination of decades-old technologies, horizontal drilling and hydraulic fracturing, have literally changed the world. That combined engineering breakthrough may be the biggest energy "discovery" in our lifetime. As each country in the world begins to develop its own shale reserves, it will continue to mean more freedom from tyranny.

Gazprom's European clients are currently buying gas for about \$10 to \$11 per million Btu. Here in the U.S. it is trading for about \$3 to \$3.50. Thank God for American ingenuity. However, it is not just about lower energy prices. Last year, 9% of the new jobs created in the U.S. were in the oil and gas industry.

Many of us in the oil and gas industry have grown weary of being vilified by Hollywood. I have been in the industry for 30 years, and I am very proud of the industry's record in supporting local communities through charitable donations of time, talent and treasure. Should we ever meet, I can give you example after example of new hospitals built, new hospital wings built, MRI units purchased, universities endowed, scholarships granted, zoos built, college football stadiums built, art museums built, orphanages in Asia that have been built, water purification systems put in place for villages throughout Central and South America and Africa, etc., all by oil and gas executives. And those are just my friends here in Colorado and Wyoming.

If you are really looking for a conspiracy for your next movie plot, I would suggest you follow up on the stories of Anna Politkovskaya and/or Enver Ziganshin. Type their names into Google and see what you find.

Sincerely,
John Harpole
Natural Gas Executive
Mercator Energy