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Just Released: 2 Groundbreaking Reports on Shale Gas & Oil Supplies, Economics

Santa Rosa, CA (19. February) Energy Policy Forum & Post Carbon Institute have released two groundbreaking reports that belie energy industry claims of U.S. energy independence as a result of newly accessible shale gas and shale (tight) oil.

The report findings are based on an unprecedented analysis of over 60,000 U.S. shale oil and gas wells and an investigation of the role of Wall Street investment banks in the explosive growth of fracking for natural gas.

Drill Baby Drill: Can Unconventional Fuels Usher in a New Era of Energy Independence? by J. David Hughes takes a critical look at the prospects for shale gas, shale/tight oil and other unconventional fuels.

Download PDF: http://shalebubble.org/drill-baby-drill

Shale & Wall Street: Was the Decline in Natural Gas Orchestrated? by Deborah Rogers uncovers the role of Wall Street investment banks in inflating the natural gas bubble to their advantage.

Download PDF: http://shalebubble.org/wall-street

Together, the independent reports reassess current common wisdom about the tight oil and shale gas booms that are sweeping America. The reports comprise a thorough and up-to-date analysis of data on U.S. oil and gas wells and a comprehensive review of the financial status of the companies leading the charge.

What emerges from the data:

- Overall field decline rates are so steep that 30-50% of shale gas production and 40% of shale oil production must be replaced annually to offset declines.
- High productivity shale plays are not ubiquitous. Just six plays account for 88% of shale gas production and two plays account for 80% of shale oil production. Furthermore the most productive areas constitute relatively small sweet spots within these plays.
- Maintaining production requires high rates of high-cost drilling—8,600 new wells annually for shale gas and oil. This will increase as sweet spots are drilled off.
- High drilling rates require extremely high rates of investment—$48 billion a year to maintain shale gas and oil production considering drilling costs alone – much more if full cycle costs are included.

These costs will increase dramatically as plays age.

- Wall Street promoted the shale gas drilling frenzy, which resulted in prices lower than the cost of production and thereby profited [enormously] from mergers & acquisitions and other transactional fees.
- Shale gas has become one of the largest profit centers in some investment banks, in direct parallel with the decline of natural gas prices.
- Due to extreme levels of debt, stated proved undeveloped reserves (PUDs) may have been out of compliance with SEC rules at some shale companies because of the threat of collateral default for some operators.

Hughes and Rogers suggest the fracking boom may be a costly, risky, short-term "fix" for America's long-term dependency on depleting oil and gas. Rather than offering the nation a century of cheap energy and economic prosperity, fracking may instead present us with a short-term bubble that comes with exceeding high economic and environmental costs.

About J. David Hughes: J. David Hughes is a geoscientist who has studied the energy resources of Canada for nearly four decades, including 32 years with the Geological Survey of Canada as a scientist and research manager. He developed the National Coal Inventory to determine the availability and environmental constraints associated with Canada's coal resources. As Team Leader for Unconventional Gas on the Canadian Gas Potential Committee, he coordinated the recent publication of a comprehensive assessment of Canada's unconventional natural gas potential. He is a board member of the Association for the Study of Peak Oil and Gas – Canada and is a Fellow of the Post Carbon Institute.

About Deborah Rogers: Deborah Rogers worked as a financial consultant for several major Wall Street firms, including Merrill Lynch and Smith Barney. Ms. Rogers was appointed as a primary member to the U.S. Extractive Industries Transparency Initiative (USEITI), an advisory committee within the Department of Interior, in 2013 for a three-year term. She also served on the Advisory Council for the Federal Reserve Bank of Dallas from 2008-2011. She is a Member of the Board of Earthworks/OGAP (Oil and Gas Accountability Project). She is also the founder of Energy Policy Forum, a consultancy and educational forum dedicated to policy and financial issues regarding shale gas and renewable energy.

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