

Environmental & Energy Insights

December 23, 2011

America's Bright Energy Future

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Given all the bad economic news lately, you might have missed the extremely positive developments that have been occurring with respect to America's energy future. Until recently, the nation's biggest energy concern has been our supposedly dwindling supply of recoverable domestic crude oil and our heavy dependence on Saudi Arabia and various Middle Eastern fiefdoms for more than 50% of our crude oil needs, with rapidly growing demand from China and India threatening to drive up the price of that vital but insecure supply in the near future.

But, all of that has now changed. As noted by Daniel Yergin, the noted energy expert and author of *The Prize* and *The Quest*, as well as other experts on world energy issues, a dramatic global shift is underway in which the United States, Canada and Brazil, are rapidly becoming the world's new petroleum titans. At the same time, the chokehold that OPEC, with its massive Middle Eastern reserves, has held for decades over the price and supply of crude oil has been rapidly slipping away. The ultimate good news in all of this is that the United States and its Western partners now have the ability to assure a smooth and energy plentiful transition to the next major shift in the world's energy order, the move to a genuine multi-sourced energy base in which not just fossil fuels, but a variety of renewable and sustainable forms of energy will also play a significant role. While that transition will take time – in fact decades – it will eventually occur as the cost of alternative forms of energy decrease and become cost-competitive.

How did the current transition come about? Very simply through human perseverance and major technological advances in the detection and recovery of crude oil and natural gas reserves. These include new methods of determining what lies beneath thick layers of underground salt, as well as advances in drilling techniques, such as the ability to drill horizontally as well as vertically and to hydraulically fracture large buried beds of shale, commonly known as "fracking," in order to release entrapped oil and gas. Along with the discovery of large bodies of petroleum hydrocarbons in locations that were previously thought to be devoid of such reserves, such as North Dakota and offshore Brazil, these technological advances have radically altered our understanding of how much recoverable petroleum actually exists in our own back yard. If there were no political obstacles, these recent developments could make it possible for the United States to become completely energy independent within just a few years, something that would have been unthinkable in the past.

This good fortune should assure that America never has to become a contender in some global tug-of-war over limited, scarce petroleum resources while the effort continues to develop viable and affordable energy alternatives to our current almost total reliance on petroleum-based fuels for transportation, heating and other basic energy needs. So there is some pretty good news out there after all.