

Copyright 2005 The Denver Post
All Rights Reserved
The Denver Post

February 6, 2005 Sunday
FINAL EDITION

SECTION: PERSPECTIVE; Pg. E-01

HEADLINE: Energy and the West We must get it right this time

BYLINE: Fred Julander President of Julander Energy Company, a Denver-based natural gas exploration firm; chairman of the Colorado Oil and Gas Association's annual Rocky Mountain Natural Gas Strategy Conference

Demand for energy is increasing rapidly. Around the world, 1.6 billion people still dwell in energy poverty with no access to electricity.

Global competition for the energy supply gives increasing importance to the American West's status as the nation's most important site for growth in energy supplies. Wind, solar, coal, oil, uranium and natural gas all abound here. Since so many of the West's energy resources are undeveloped, their economic potential is significant, as is the impact on our communities and environment if we do not handle their development with care.

And we need to handle energy policy-making with equal care. Reasonable conversation about the West's energy policy is as necessary as it is rare. The Center of the American West examined the West's energy issues and produced a report written in a tone that is both calming and refreshingly irreverent. If we are lucky, the objective, non-partisan and more tranquil tone of the report will turn out to be part of a trend, as we seek an alternative to the current dysfunctional shouting match of demagoguery, demonization and "gotcha" headlines.

No energy resource offers us a "silver-bullet special" or a "free lunch." Four-story drilling rig or 40-story windmill, all forms of energy production come with their own strengths, weaknesses, benefits, costs and "externalities." Making sound choices requires an atmosphere of reason in which all of these qualities and characteristics can be fairly and fully evaluated.

For 20 years, advocates of natural gas have made our case to an energy industry that emphasized oil and coal almost to the exclusion of gas. Then, natural gas began to come into its own as a source for electricity generation. In the early 1990s, many in the environmental community supported the expanded use of natural gas, in light of its advantages in producing fewer problem emissions than other fossil fuels. A decade ago, gas may well have been romanticized. But now that the infrastructure necessary to produce and transport it is expanding rapidly, gas risks being demonized.

While many of us involved with natural gas congratulate the advocates of Amendment 37 – which requires the state's largest utilities to generate 10 percent of electrical power from renewable sources by 2015 – our experience does suggest a warning. As renewable energy ramps up and its external costs and impacts become more evident, it will probably undergo a similar loss of "halo effect." We cannot seem to stop ourselves from lusting after that "silver-bullet, free-lunch" combo, and then feeling deep disappointment when reality creeps in.

Rocky Mountain natural gas is important to our more realistic hopes in many ways. The Rockies' intermountain basins have the natural-gas reserve potential of the prolific Indonesian area, with as much as 400 recoverable TCF (trillion cubic feet). By and large, these geologic basins do not lie under national parks, national monuments or designated wilderness. This gas, responsibly produced, can serve as a Rocky Mountain companion to the cause of renewable energy and of enhanced efficiency and conservation.

Especially in terms of greenhouse gases, natural gas is the cleanest fossil fuel. It fuels 95 percent of the nation's new electricity generation capacity, and it heats and powers more than 50 percent of our homes and businesses. Gas is also the No. 1 fuel used in U.S. manufacturing.

As we move toward an economy of renewable energy, the world will still run on gas, coal, oil and nuclear energy as renewables grow into their role. Gas is an essential part of both the transition and the ultimate solution. Because it can power up quickly, gas complements the intermittent nature of renewables. Gas research, development and infrastructure build bridges to the potential ultimate renewable: hydrogen. Natural gas is currently the main "raw material" for producing hydrogen in a pure and utilizable form.

Using gas, our cleanest fossil fuel, to get to hydrogen is not a perfect plan, but it is a realistic one. Most important, we are learning to develop natural gas fields in the Rockies both efficiently and economically. If we

use the best technology and planning, our great-grandchildren will see no evidence of our work when they visit the sites where we drilled. Boulder's 100-year-old oil field provides an example: A landscape that now features open space and upscale neighborhoods was, in the early 1900s, littered with 200 oil wells. If we did that well at landscape restoration by accident, we can do much better on purpose.

And we're focusing on being good neighbors to the communities near the sites where we drill. The English common-law concept of allowing simultaneous ownership by different parties of the surface estate and mineral estate has, for centuries, let the miner mine and farmer farm, both using their specialized skills to the benefit of society. This "split estate" currently presents difficult issues, but none which mutual good faith can't resolve.

Reasonably priced, widely available energy does grand things. In the United States, it facilitates an ever-improving standard of living, a large middle class, widespread opportunity for upward mobility and participatory democracy. Adequate and affordable energy keeps businesses operating and workers employed, provides heat for low-income citizens, and keeps everyday life functioning.

As demand for energy from the West grows, environmental leaders and industry leaders would be wise to sit down at the table in good faith. Energy production in the American West is essential and inevitable. Wells will be drilled; wind projects will be erected. The less agitated the voices, the higher the quality of the decisions. The more people seated at the table rather than stationed at the ramparts, the more productive and meaningful the dialogue will be and the more effectively it will direct public opinion, political decisions and market forces to a positive future.

Energy is so important that we must get it right.