

Energy Demand for the Long Haul

Randy A. Williams, SR/WA, MAI, FRICS



Anyone working on gas production or infrastructure will attest to the hectic pace of development in the industry over the last several years. The abundance of natural gas in North America has created an urgent need for additional pipeline capacity. There is also an upturn in demand for agents to strengthen and increase the electrical grid.

This movement toward more energy work is not short term. The United States and Canada are proving to have much larger marketable reserves than what was previously thought. The Bakken oil field in North Dakota and Montana is projected by some to exceed the output from Alaska's Prudhoe Bay. In South Texas, not only are large amounts of oil and gas being extracted due to new techniques, another deeper layer of shale awaits future exploration. The demand for drilling and the accompanying infrastructure is expected to continue into the foreseeable future.

The price of natural gas recently dropped substantially due to market supply. In the northern Louisiana area, drilling rigs are being transferred to oil fields further north. It takes time to convert oil or coal use plants to natural gas, but as low prices continue, these conversions will happen. In particular, coal-fired plants will look at this energy source as an alternative to costly scrubbers. At \$100 a barrel, oil-fired plants will also be working out the feasibility of conversion. While the concept of going green sounds good, we do not currently have the resources to replace all the oil, coal and gas we need with alternative energy sources.

That being said, there are some problems that concern all of us. Canada has vast reserves in their oil sands and will be harvesting this natural resource. The recent decision by President Obama to not approve the Keystone Pipeline was cynically political and hopefully, will soon be reversed. Two of IRWA's ten regions are in Canada, and we all recognize just how close our two countries are in culture and business. Given the current problems with OPEC members such as Iran and Venezuela, energy trade between the

U.S. and Canada needs to be strengthened, not hindered. Much of the opposition to this pipeline does not come from the states that are part of the pipeline route, but rather from those who are opposed to carbon-based fuels regardless of the route. Hopefully, the Keystone Pipeline can and will be re-routed around the Sand Hills in Nebraska. In fact, Nebraska Governor Dave Heineman is working to propose a new route by this fall.

Another industry concern has been over the fracking process used to extract the gas. Stories of water wells being polluted by fracking are now becoming a staple in the news. What is not mentioned is that most of the fracking is being done at a depth of 4,000 to 8,000 feet, far below the level of a typical well water aquifer. While some wells may have been contaminated, it was likely caused by poor drilling techniques and concrete work, two concerns that the drilling companies have already identified and corrected.

At a recent IRWA International Pipeline Committee meeting I attended, it was impressive to witness the depth of knowledge our members possess and their commitment to advancing the industry's standards. More and more of our members are working on energy projects, and our educational course development is working to keep pace. Course 215, the Right of Way Agent's Development Program has been fully updated, thanks to David Sinclair, SR/WA and the active support from the Pipeline Committee. Plans are currently underway for a new pipeline course for those working in oil and gas production fields. It will give an overview for creating pipeline gathering systems for the field, as well as addressing the effects of oil and gas leases, well locations and facilities on pipeline rights of way.

A lull in drilling the dry shale will give the pipeline infrastructure some time to catch up, while giving the Association more time to develop new courses and training modules. Our professionals engaged in this pipeline infrastructure work should enjoy a long cycle of development and accompanying work.