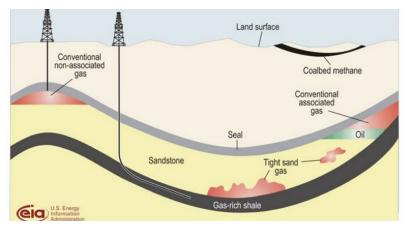
Written by **<u>Bob Adelmann</u>** on July 29, 2013



George Mitchell, the Father of Fracking, Dead at 94

With determination and the ability to ignore naysayers, George Mitchell, the owner of a Fortune 500 company, Mitchell Energy & Development Company, poured himself and \$6 million of his company's money into the task of finding ways to access the natural gas he knew was underground of his property north of Houston, Texas. <u>It took</u> him more than 10 years to find those ways. Since 2000, his discoveries have changed the world and caused the ongoing rebalancing of the energy equation that the United States is responsible for internationally. As the *Economist* noted a year ago:



At the turn of the millennium America's conventional gas fields were in decline. The country was preparing to become a significant importer....

Shale gas was known to geologists but had never been worth extracting. As recently as 2000 hardly any of it was coming out of the ground.

Natural gas from shale, thanks to Mitchell's discoveries, now contributes more than a third of America's supplies of natural gas, and in 20 years is conservatively estimated to increase to more than half. The technology known as fracking — a combination of horizontal drilling and hydraulic fracturing — is accessing natural gas and oil in the Marcellus, Haynesville, Barnett, and Utica shale beds, along with the Bakken Formation in North Dakota. It is responsible for turning North Dakota into one of the most prosperous states in the union, with reserves estimated to be <u>more than 25 times</u> those in the Arctic National Wildlife Refuge (ANWR).

The impact of Mitchell's efforts is difficult to comprehend. Over the last five years, America has recorded a larger decline of those dreaded greenhouse gases than any other country in the world. According to the *Economist*, the biggest winner is the petrochemical industry, which uses natural gas as feedstock to make chemicals such as methanol and ammonia, a vital component of fertilizer. By encouraging chemical companies to switch from using naphtha to ethane, other industries such as automakers, agriculture, household goods manufacturers, and homebuilders are able to keep their costs lower than they otherwise would be able to. The ultimate beneficiary is, of course, the American consumer.

Manufacturers are finding low energy prices in the United States attractive, and many are moving their facilities back home. Methanex, the world's largest methanol producer, is dismantling its methanol plant in Chile and rebuilding it in Louisiana. Dow Chemical and other giants are making new investments in the United States as well. Price Waterhouse is estimating that these lower energy prices could boost employment in American factories by one million jobs within the next decade.

The impact is measurable, too, when it comes to heating and cooling office buildings and schools, reducing financial pressure on local communities. One can expect to see more and more natural-gas

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vehicles on the road as well, as over-the-road trucking companies are recalculating their costs. AT&T, for instance, is buying some 8,000 compressed natural gas (CNG) vehicles over the next five years, along with school districts, waste management companies, and cities and counties across the country.

Prior to 2000, crude oil and natural-gas production was slowly declining, having peaked in the early '70s. It had shrunk by nearly a third by 2005. But that was the turnaround year for energy production, as Mitchell's discoveries began to bear fruit, making accessible the reserves that were off limits before then. According to the Energy Information Agency (EIA), production of natural gas and crude oil has since skyrocketed an amazing 37 percent, nearly completely reversing the decline since 1970.

<u>Energy historian Daniel Yergin</u>, author of <u>The Prize</u> and <u>The Quest</u> and now vice chairman of IHS, Inc., an international energy consulting company, <u>paid homage to Mitchell</u>:

He is responsible for what is the most important innovation in world energy so far this century. Before his breakthrough, shale gas had another name — "uneconomic" gas. It was thought that there was no way to commercially extract it.

He proved that it could be done. His breakthrough in hydraulic fracturing, when combined with horizontal drilling, set off the revolution in unconventional oil and gas that we see today.

But it did not come easily. It took a decade and a half of conviction, investment and dogged determination. In the face of great skepticism and refusing to accept "no" as an answer, Mitchell dramatically changed America's energy position. As such, he also changed the world energy outlook in the 21st century and set in motion the global rebalancing of oil and gas that is now occurring.

In his later years, after selling his company to Devon Energy Corporation for \$3.5 billion, Mitchell became interested in the "sustainable development" meme. He supported Dennis Meadows, the author of <u>The Limits to Growth</u>, a book that was roundly and accurately criticized as a "doomsday prophecy that has not held up to scrutiny" by reviewers. Nevertheless, Mitchell moved ahead with the development of <u>The Woodlands</u>, a master-planned mixed-use community 32 miles north of Houston, Texas, based on sustainability principles, with a population now approaching 100,000 citizens.

Mitchell helped fund the study "<u>Our Common Journey: A Transition Toward Sustainability</u>," proposing measures to reduce fertility, maximize the efficient use of diminishing resources, and restore "ecosystem damage." He donated \$20 million to create an endowment at the National Academy of Sciences dedicated to sustainable development, and another \$25 million to the Houston Advanced Research Center for its work on sustainable development. Prior to his death, Mitchell gave away nearly \$150 million to various charities and sustainable development research groups.

Back in 2004, before Mitchell's discoveries to unlock the reserves of oil and natural gas began to have an impact, Charles Hall, a professor of systems ecology at the State University of New York and a selfproclaimed "card-carrying ecologist," published a paper in the *Journal of Energy Resources Technology* entitled "<u>The Myth of Sustainable Development</u>." In his conclusion Hall stated:

We have had a wonderful ride on cheap oil. Sustaining anything like that for the future in a world where the population still grows, and the environmental problems that effect the resources that people are dependent upon mount, will be an enormous challenge....

And we should eliminate the word "sustainable" from our lexicon, at least for human dominated systems, until if and when we have found a substitute for cheap oil and have figured out how to



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mobilize the energy capital required for its implementation or have figured out how to live decent lives on enormously less cheap energy.

In what is a supreme irony, Mitchell's work in unlocking the potential energy present in shale is putting the lie daily to the "sustainability" meme promoted by Hall and others that the world is running out of energy resources and that, consequently, something must be done! What needs to be done, of course, is to continue to allow and encourage the creative and indefatigable energies of people such as Mitchell to disprove such myths. Mitchell, the father of fracking, failed as a father of sustainability. For his persistence, determination, and his discoveries in energy development, he is to be honored. For his efforts to promote the sustainability myth, not as much.

A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at <u>www.LightFromTheRight.com</u>, primarily on economics and politics. He can be reached at <u>badelmann@thenewamerican.com</u>.



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