

The Fatal Flaw in Washington's New Energy Strategy

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If the feeling of pity would be worth a damn one would be tempted to feel sorry for the hapless Poles. Now Poland's leaders have again been seduced, this time by a dangerous Washington stratagem: to try to become the Natural Gas Hub of the EU displacing Germany and pushing Russia out.

The Poles seem to have a penchant to fall for self-destructive projects. That was the case in 1939 when the Polish Foreign Minister Józef Beck signed with Britain and later France the Polish-British Common Defense Pact believing that Britain would defend Poland's sovereignty in the event of a Nazi invasion only to find itself divided as spoils of war by Hitler and Stalin while Britain and France stood by quietly smiling. They had another agenda from the Poles.

It was also the case when the Polish people, especially Lech Walesa, believed the Reagan CIA and National Endowment for Democracy. Solidarność, with millions in CIA and State Department money via the National Endowment for Democracy, a CIA NGO-front, took Poland from the frying pan of Soviet control to free market hyperinflation and looting of the nation's most valuable [assets](#). The "national DNA" if we can speak of such, seems to lack one or more vital amino acids that cause them to distort true perception of who their friends and who their enemies are.



President Trump's speech receives rapturous reception in Poland (Source: Source: @SebastianLedwon/Twitter)

Now, during the recent "red carpet" reception of US President Trump in Warsaw, the Poles fell all over themselves to embrace the US President and to believe his promises to make Poland a rival to Russian natural gas for the EU. In his July 6 remarks to the meeting of the

Three Seas Initiative in Warsaw Trump told the leaders present that they should take US energy exports as an alternative to dependence on Russian gas.

The Three Seas Initiative is a loose effort of 12 Central and East European nations to coordinate energy policies among others. Trump told his Polish audience, clearly referring to Russia,

“Let me be clear about one crucial point. The United States will never use energy to coerce your nations, and we cannot allow others to do so. You don’t want to have a monopoly or a monopolistic situation.”

He then went on to state

“We are committed to securing your access to alternate sources of energy, so Poland and its neighbors are never again held hostage to a single supplier of [energy](#).”

LNG Energy Hub?

Trump’s stop in Warsaw on route to the Hamburg G20 summit was calculated to feed Polish dreams of US backing to block the Russian-German Nord Stream 2 gas pipeline under the Baltic Sea from Ust Luga south of St. Petersburg to Greifswald, Germany midway between Berlin and Hamburg and 80 km from the Polish border. The Poles are furious that they lose not only the transit fees from Gazprom for a Polish pipeline from Ukraine. They also want to push Russia’s Gazprom out of the huge and growing EU gas energy market. This is precisely the Trump Administration long-term agenda. In his meetings with the Polish government Trump reportedly spoke about LNG gas infrastructure and the enormous possibilities to import US LNG from its surplus of shale gas.

US shale gas sent by special tankers from the very limited number of LNG terminals existing in the USA East Coast and Gulf of Mexico doesn’t come cheap.

This June the first US shipment of LNG came to Poland from Cheniere Energy’s Sabine Pass plant in Louisiana. And it didn’t come cheap. Energy consultants estimate the price at the Polish LNG terminal in Swinoujscie to be \$5.97 per million British thermal units. The same gas in the US market today goes for around \$3 per million Btu. Estimates are that Russian gas to Germany costs about \$5 per MBtu. The Poles are getting suckered because of their Russophobia and manipulation by [Washington](#).

A NATO Energy Strategy

The Polish strategy has been a long time in the making, and supported by the US and the Atlantic Council. Already in 2014 Poland began construction on its liquefied natural gas (LNG) terminal, in the Baltic port of Swinoujscie at a cost of nearly \$1 billion. It can accept 5 billion cubic metres of gas per year, and is discussing doubling that. But that’s only the first part of what in fact is a NATO strategy to drive Russian gas out of EU markets.

The strategy calls for making Poland a natural gas hub for Central Europe via linking of Poland with Lithuania, Ukraine, Slovakia and the Czech Republic through [interconnectors](#).

It's part of what's called the Three Seas Initiative, founded last year by Poland and Croatia to link energy strategies among the twelve countries bordering the Adriatic, the Baltic and the Black Sea. Croatia's government is also trying to construct a controversial floating LNG terminal on the island of Krk in the Adria amid major opposition in the popular Croatian tourist region of Istria. In addition to Poland and Croatia the initiative includes Hungary, Czech Republic, Slovakia, Romania, Bulgaria, Lithuania, Estonia, Latvia, Slovenia and Austria, almost all of whom are presently relying on Russian natural gas.

Atlantic Council, the Washington-based think tank de facto of NATO strategy, is the public driver of the Three Seas Initiative to try to push Russian gas out from the former communist countries of Eastern and Central Europe. Ironically, Germany and other Western EU countries back the Gazprom Nord Stream II already in construction, putting them in conflict with Poland's Three Seas Initiative.

In May the Atlantic Council held a conference in Washington on the Three Seas strategy. Former Obama National Security Director, General James Jones gave a keynote speech in which he pushed the strategic importance for the Trump Administration to back the Three Seas Initiative on energy "independence" from Russian gas. In his remarks Jones stated that the purpose of the Initiative is to reduce or eliminate the "Kremlin's strong hand" in the European energy [sector](#). Trump's July 6 speech to the Three Seas Initiative in Warsaw could have been written, and maybe it was, by General Jones himself. Strategic geopolitical Washington policies are not penned by Presidents, at least not since the CIA assassination of JFK in November 1963. Making Poland an energy hub along with Croatia for import of very expensive US LNG natural gas is Washington geopolitical strategy against Russia.

New EU Fault Lines

In addition to taking aim at Russia energy influence in the eastern and central European EU states, the Trump policy on LNG gas to Poland and potentially Croatia is aimed at hitting the dominant influence of Germany and France over EU affairs. The latest US Senate economic sanctions against Russia take direct aim at the companies involved in backing the German-Russian Nord Stream II pipeline expansion across the Baltic independent of Poland transit. If passed by the House of Representatives and signed by Trump, it would impose severe economic sanctions on EU companies involved in energy projects with Russia, such as Nord Stream II.



Concrete Weight Coating Begins on Rügen for Nord Stream 2 Pipes (Source: [Nord Stream 2](#))

The governments of Germany and Austria immediately registered vehement opposition to the latest possible US sanctions for obvious reasons. On June 15 the German and Austrian foreign ministers issued an unusually US-critical joint statement. It declared in very strong terms, "Europe's energy supply is a matter for Europe, not the United States of America. We cannot accept ... the threat of illegal extraterritorial sanctions against European companies that participate in the development of European energy [supply](#)." Austria boycotted the Trump July 6 appearance before the Three Seas Initiative.

What is developing are new major EU fault lines around the economic lifeline of energy, explicitly of natural gas energy. On the one side is the axis between especially Germany but also Austria, France and other EU states currently tied to major Russian gas supplies. Now

emerges clearly the opposed axis of Poland allied with Washington. How this plays out in the next months and years will have major implications for war and peace not only in Europe.

Washington's New 'Gas Great Game'

One feature of the Washington Deep State is that their strategic imagination is limited to what seemed to work for them a century or so ago until recently, namely control of energy. In the past several years, in addition to countless Pentagon wars for control of oil such as the 2003 occupation of Iraq and the destruction of Libya in 2011, the US-steered war against Bashar al-Assad until today, is fundamentally a war for control of energy, specifically natural gas energy.

If we view the often confusing Trump Administration policy aims through the special prism of global domination of natural gas and strategic denial of same for other rivals, a clear strategy is now visible. One key cornerstone of the Trump strategy is the attempt to make Poland a European hub for US shale gas via support of the Three Seas Initiative.

A second cornerstone of the new Washington strategy is to sabotage an emerging Qatar-Iran-Syria-Turkey natural gas alliance to bring the world's largest natural gas reserves in the shared gas field in the Persian Gulf straddling both Iranian and Qatari territorial [waters](#).

That sabotage was launched between Saudi Arabia and Washington during Trump's recent visit to Riyadh where among other issues Trump encouraged a Saudi-led Sunni "Arab NATO." The result was the bizarre Saudi-led sanctions against Qatar for ties to Iran and support of Muslim Brotherhood terrorism. Bizarre because as most of the observant world knows, Saudi Arabia today is the world's leading sponsor and financier of terrorism along with Washington and has been since at least the support for Osama bin Laden and his Al Qaeda Mujahideen in Afghanistan after 1979. Until recently when they realized winning the war in Syria was hopeless, Qatar had its hands dirty with aid to terrorists in Syria. That was then apparently. In reality the Qatar blockade by the Saudis is aimed not at stopping radical terrorists. It is aimed at keeping Iranian and Qatari and potentially Syrian gas out of the EU gas market, potentially the world's largest gas consumer in coming years.

Then add to these two key elements of US gas war the recent attempt to seduce China into becoming reliant on US shale gas imports. One outcome of the April meeting at Mar-a-Lago between Trump and Chinese President Xi Jinping was the announcement that the US Commerce Department will support and facilitate export of US shale gas in the form of LNG to China. China presently is a major importer of natural gas from Qatar and is about to become a significant Russia gas importer when the large Power of Siberia gas pipeline to China begins operation in 2019. Washington is playing on China's understandable wish to have several different gas suppliers for China's strategy of dramatically lessening coal power [reliance](#).

The Fatal Flaw

There is a fatal flaw in the new Washington gas wars geopolitical strategy. Despite the fact that there are another 12 LNG ports under construction along the US East Coast and Gulf of Mexico, the reliability of USA shale gas supplies over the long term is highly dubious.

Much has been written about the enormous environmental damage from hydraulic 'fracking' required to seismically induce liberation of the shale gas from low permeability shale rock

formations. The list includes a high demand for freshwater, up to 10 million gallons per well. It includes production of large amounts of highly toxic waste water, of induced seismicity-earthquakes, of greenhouse gas emissions, and groundwater [contamination](#).

To bypass these issues which in many states violate clean Water Act laws, Scott Pruitt, the Trump head of the Environmental Protection Administration responsible for enforcing the Clean Water Act has indicated he favors lifting many environmental restrictions on shale gas fracking to boost gas production. That would mean huge water needs across the USA from Pennsylvania to Texas to North Dakota. It would also mean a quantum jump in toxic groundwater pollution.

The most serious fatal flaw however on the Trump USA shale export domination plan is the stability of shale gas production itself. Because of the geology of unconventional shale gas, the well production has a relatively high beginning flow rate. However, as repeated tests have shown, shale gas wells experience a hyperbolic decline in volume after about 4-5 years. tests indicate that gas volume can decline by some 80% after 7-8 years. This means that perhaps 80% of the profit of a shale well comes only in the first 5-7 years before dropping [dramatically](#). This means that to continue the levels of gas output far more wells must be drilled at a far higher cost in terms of gas price to the end users as well as costs to the environment.

Until now shale gas drillers have focused on what are called “sweet spots” such as the West Texas Permian Basin where large volumes of gas can generate large profits. The glut in domestic US shale gas is being relieved by a recent law allowing gas and oil export for the first time since the energy crisis of the 1970’s. However in recent months alarming signs of a kind of present-state “peak” in shale gas at current levels of investment are emerging.

According to the June 16th issue of the energy industry newsletter, OilPrice.com, shale oil production in the very active Texas Permian Basin may already be in decline. That means shale gas will soon follow. OilPrice.com in their subscriber report states, “The Permian Basin has also seen productivity run into a brick wall, with new-well production per rig having declined every month so far this year. The extraordinary productivity increases came to a halt in 2016. Back in August 2016, the average rig could produce just over 700 barrels of oil per day from a new well. That figure has dropped to an estimated 602 barrels per day for July 2017. Falling productivity suggests that the sweetest spots have been taken up, and that if the industry wants to produce more, it will have to spend more and drill in marginal areas.”

This is the fatal flaw which everyone is ignoring, especially Poland in the US shale gas seduction.

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