Fracking: The Economic and Environmental Impact

February 2014 CPES Dinner Meeting
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Economic Effects of Fracking

• US oil production:¹
  • 2008: 5M BPD
  • 2014: 7.4M BPD

• International Energy Agency predicts US will produce 11.6 M BPD by 2020¹

• Fracking has increased US GDP by 0.3% in 2013¹

• Expected to add at least 0.1% to GDP every year until 2020¹

• US Petroleum deficit has shrunk to 1.7% of GDP¹
  • Europe’s has grown to 4% of GDP¹

¹Economist February 15th, Article Saudi America – The Economics of Shale Oil
Moderating Energy Prices

- Conventional wells decline at 6% per year.
- “Tight wells” decline at ~30% per year.
- Maintaining Bakken Field production:
  - 2,500 new wells per year.
- Conventional field: 60 wells per year.
- Oil Price Moderation.
Safety and Environmental Concerns

• Fracking is in the national energy dialogue

• Significant environmental concerns being raised
  • Ground water contamination, toxic chemicals, radioactivity

• Popular culture/Hollywood is weighing in
  • Movie “Promised Land”, CSI Episode “Fracked”, You Tube campaign “What the Frack”
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