

From: Dorschner, Jon P
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To: SMART Core
Subject: EXXON-MOBIL REQUESTS USG HELP ON SHALE GAS INVESTMENT

UNCLASSIFIED
SBU

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Subject: EXXON-MOBIL REQUESTS USG HELP ON SHALE GAS INVESTMENT

1. (U) SUMMARY: Shale gas development in Germany appears to be grinding to a halt in response to a vigorous campaign by the environmental lobby. The situation is not helped by a new federal wariness of the fracturing technology used in shale gas extraction. Environment Minister Roettgen has imposed a quasi moratorium by calling for extended studies. Exxon-Mobil, the leader in shale gas development in Germany, hopes to invest hundreds of millions of dollars, but is being stymied by the growing opposition. Exxon-Mobil is meeting with opposition groups as part of its own education campaign, but would like the USG to make a direct appeal to the German government in hopes of breaking the logjam.

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[redacted] END SUMMARY.

SHALE GAS GOING NOWHERE FAST

2. (SBU) [redacted] bleak assessment of the German situation. [redacted] to determine precisely how much shale gas can be found in Europe and the best way to extract it. Lamenting that "environmental aspects override everything," it was [redacted] conclusion that the German press has paid far too much attention to "overstating" the hazards of shale gas operations, rather than to Europe's well-established record of sustainable operating practices. [redacted] determined that German "fracking" (hydraulic fracturing) operations have been closely monitored and confirmed to be "environmentally friendly," with no instances of groundwater contamination or increased seismic activity.

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3. (SBU) Despite this enviable record, France has already declared a moratorium on shale gas operations, and German Environment Minister Roettgen has imposed a quasi moratorium and operations are "stagnating." As a result, operations have shifted to Poland, which has large shale gas potential and a friendly and cooperative government. To provide factual information, [redacted] act as a neutral clearing house and direct the public to factual websites. The expert confirmed that most German websites take a strong anti-fracking stance. [redacted]

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[redacted] suspected that Germany may never "commercially exploit shale gas.

REVIEW AUTHORITY: Don Holm, Senior Reviewer

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EXXON REQUESTS USG ASSISTANCE

4. (SBU) Exxon-Mobil is the leader in German shale gas development. An Exxon-Mobil delegation confirmed that the company is running into serious problems in Germany and asked for USG assistance. Exxon-Mobil pointed out that their research confirms that there is sufficient shale gas in Europe to meet the continent's needs for at least the next 35 years if properly exploited, and that shale gas and natural gas must be exploited as they are the most viable replacement for nuclear power.

However, the topic has become mired in controversy, with growing resistance at the state and federal government level.

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5. (SBU) However, local initiatives have been organized throughout the affected region (NRW and Lower Saxony).

NRW has imposed a moratorium on exploratory drilling and fracking and Exxon-Mobil is concerned this may spill over into Lower Saxony, where the company is now finding it more difficult to get required permits. The focus has now shifted to Parliament, which has begun to debate the shale gas issue

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EXXON ACTION PLAN

6. (SBU) Exxon-Mobil believes that shale gas is so important to the German economy that its economic benefits will override environmental lobby opposition. Exxon-Mobil stressed the need to engage the public and the political establishment. They pointed out that this is a huge US investment and potential market for the export of US technology. Exxon-Mobil proposed several ways in which the USG can help:

--Provide guest speakers from the DOE and EPA to address influential German audiences with the latest facts on shale gas and fracking.

--Provide the German government and public with the latest USG reports on shale gas.

--Make formal representations to the German Ministries of Environment and Economics.

ACTION REQUEST

[Redacted]

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COMMENT

8. (SBU) At present, Germany is experiencing a wave of environmental enthusiasm with the shutdown of its nuclear power plants as only the most visible manifestation. This has led to a growing "culture of no," with public opposition not only to nuclear power but Carbon Capture and Storage (CCS), expanded power grids, windmills, and offshore wind farms. In the present environment, it is very easy to demonize shale gas. Opposition is unlikely to diminish unless Germans become convinced of the economic benefits. This will largely be driven by the rising cost of energy. With the current glut in the natural gas market, Germany has little economic impetus to develop shale gas, as it can "keep its hands clean," while importing gas from abroad. This could change quickly, however, once gas price increases reach a "tipping point" that makes shale gas more attractive. Given the EU-wide implications of shale gas extraction on diversity of energy supply in Europe.

B5

Signature:

Murphy

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