

# Europeans starting to search for shale gas

By David Jolly

**PARIS:** While American shale-gas recovery efforts are booming, Europe is just getting into the game.

The first hurdle is to learn just how much shale gas might be available for recovery. Europe has numerous sites of potential interest.

"There's a possibility that under our feet are the same kind of shale-gas deposits that you have in the United States," said Brian Horsfield, a professor of organic geochemistry at the GFZ German Research Center for Geosciences in Potsdam, Germany. "There are many of the same types of shale formations in Europe."

Working with institutions in France, the Netherlands and elsewhere, GFZ scientists will in January begin a six-year industry-financed study to map possible shale-gas sites in Europe. They will investigate the possibility of commercial recovery, using the Barnett shales around Fort Worth,

Texas, as a yardstick. Their first project involves shale deposits in Sweden, the Netherlands and Germany, but there are other shale deposits in Austria, France, Poland and elsewhere.

New gas supplies would be welcome news to European Union officials, who have grown anxious over their increasing energy dependence on a resurgent Russia. Gazprom, the Russian state monopoly, already supplies more than a quarter of European natural gas needs.

"The Europeans have to hope that these shales will do for them what eastern shales have done for the U.S. gas supply, which is to boost the main supply that is coming from the Gulf of Mexico," said Don Hertzmark, an oil and gas consultant in Washington. "That would reduce the prices the Russians were able to charge the final consumers in Europe."

Companies are reticent about discussing their exploration activities, possibly because they fear land spec-

ulation could raise their costs. In Texas and Louisiana, mineral rights prices skyrocketed after the discovery of recoverable shale gas. Horsfield said the same land-rush mentality has begun to appear in Europe, with "huge interest, not just from locals, but also from as far away as Canada and Australia."

OMV, an Austrian energy company, has been conducting tests of gas shale in the Vienna Basin, an area that has provided hundreds of millions of barrels of oil since the 1930s. Ashiq Hussain, an OMV executive, was quoted in a March interview with *Platts's International Gas Report* as saying the gas deposits in the basin were "quite substantial," though he noted that the deposits lay far deeper than those of the Barnett shale in Texas. The deeper the gas deposits, the higher the market price of gas would need to be to make recovery economically feasible.

"We've started with projects on

shale gas, but we're actually in the first phase of evaluation," said Christa Hanreich, an OMV spokeswoman.

Elsewhere, Royal Dutch Shell has obtained contracts to explore for gas in two sites in southern Sweden. And Lane Energy Poland is exploring in that country.

"Nobody even knew what we were talking about when we got started 18 months ago," said Kamlesh Parmar, director of Lane Energy Poland. The company was granted licenses in October to explore one million acres, or 405,000 hectares, in Poland's Baltic Basin region.

Despite the new enthusiasm, it will take years to develop Europe's gas resources, assuming doing so is economically feasible.

"It's at a very embryonic stage in comparison to the United States," said Alastair Syme, an energy-sector analyst at Merrill Lynch in London. "It's a story for the middle of the next decade, not for right now."