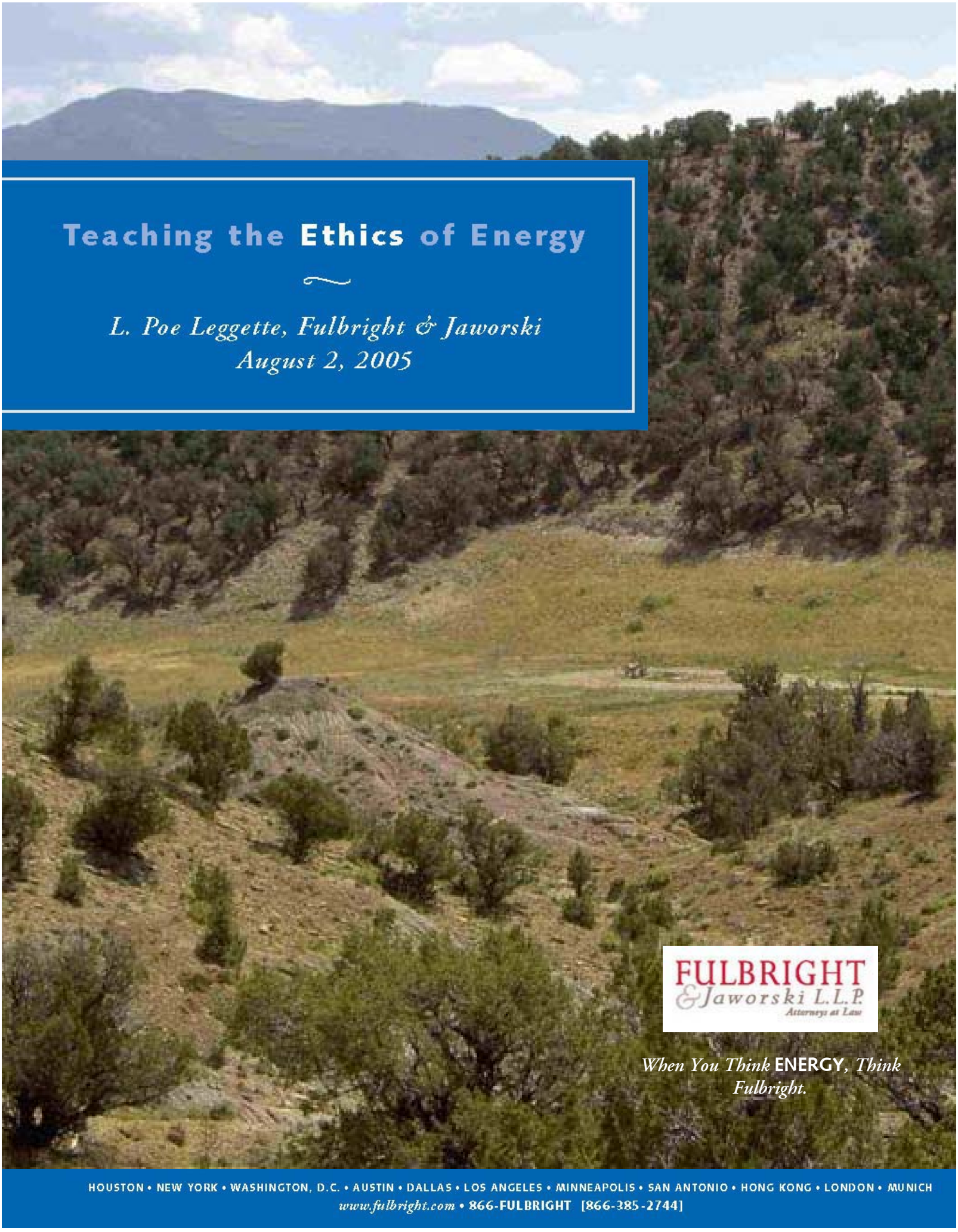
Teaching the Ethics of Energy
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# OUTLINE

**Presenter:**

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**Forum:**

Colorado Oil & Gas Association's *17th Annual Rocky Mountain Natural Gas Strategy Conference and Investment Forum*

# TEACHING THE ETHICS OF ENERGY

## *Overview*

My thesis this afternoon is that teaching the ethics of energy to the American public is the surest way to harmonize our nation's energy policy with its environmental policy. It is the surest way in the long run to reduce permitting delays and litigation costs. It will quiet the steady drumbeat of negative publicity that attends your operations here in the Rocky Mountain region. In twenty minutes I will leave you convinced: either that I am right or that I am nuts.

Let me begin by defining my terms. What are the ethics of energy? They are the ethics of energy development, the ethics of energy consumption, and the ethics of energy debate.

The ethics of energy development are free of paradox. It is highly ethical for you to spend your company's capital trying to help meet this nation's energy needs. It is perfectly ethical for you to make a profit doing so.

But the ethics of energy development also require that our companies accept that we are stewards of the land on which we operate. We must accept that, as a general principle, we cannot disturb land if we cannot reclaim it. We must accept that if we can reclaim the land, we should reclaim it as soon as practicable. We must accept that we need to minimize our effect on the land and environment. We must accept that we must protect in nature what we cannot replace.

The ethics of energy consumption require that we consumers accept responsibility for the choices we make in how we consume energy. We cannot, for example, oppose energy development passionately and consume energy conspicuously. We cannot, like our fellow citizens in Florida, oppose local production of energy and ask the citizens of other states to deal with the consequences of developing the energy we use. We must be willing to share in the effects of producing that energy. This is a fundamental principle of environmental justice.

The ethics of energy consumption require knowledge. We consumers must be willing to learn about the effects of developing and consuming oil and gas, and the effects of developing alternative forms of energy. And we must use that knowledge to inform our decisions about what

*"We consumers must be willing to learn about the effects of developing and consuming oil and gas, and the effects of developing alternative forms of energy."*

we purchase and how we consume. It is the tyranny of millions of consumer choices that rules millions of investor choices.

Finally, the ethics of energy debate require honesty and clarity. When we debate energy policy or energy projects, we must state facts accurately and understandably. We must present the facts in perspective. We must lay out the consequences of alternative courses clearly. We may still let others be opinionated; we may no longer let them be uninformed.

## What Is the Plan?

My plan of attack I can state quickly. Teach with truth. Persuade with reason. Motivate with emotion. Let me illustrate.

### First, We Must Teach with Truth

The great chasm between energy developers and their opponents is that each side poorly understands the other side's basic premises. For example, many in the public wonder why we cannot always develop a 640-acre section of land by drilling from a single drillpad. We must explain. Many in the public wonder why, with so many acres of land already under lease, we say we need still more. We must explain the basic imperatives of petroleum exploration.

For our part, we must recognize that those opposing energy development often have little idea where the energy they consume comes from. We must help them learn. We must help government officials recognize how decisions they make in approving or disapproving energy development are affecting the price consumers pay for the energy that is allowed to be developed. We especially must show them the cost of a government decision to delay making a decision.

We should also play at least some role in helping consumers understand how they might use energy more efficiently than they currently do. We surely must help them place the consequences of oil and gas development in perspective.

A highly simplistic illustration will serve here. In 2003, this nation used 3.5 trillion kilowatt hours of electricity. The Energy Information Administration says that fifteen percent of it was generated by natural gas. Suppose we had tried to generate natural gas's share by the alternative of wind power. How much infrastructure would have been needed to generate that amount of electricity from wind turbines?

If we had used the very largest turbines in the 3.6 megawatt class – turbines with twice the capacity as the large turbines now being installed at the Judith Gap Wind Farm in Montana -- and if the wind had blown constantly 24 hours a day all year, and if we had spaced the turbines in a pattern typical for that class of wind farm, we would have needed 16,300 wind turbines, spaced about 4/10s of a mile apart, covering an area of about 3750 square miles. That is about the size of the eastern half of Massachusetts.

Dorothy Parker or one of her literary friends once said that if you were to take all the journalists in Washington and lay them end to end, it would be a good idea. Similarly, if you take the eastern half of Massachusetts and put a 420 foot wind turbine tower every 4/10s of a mile, it would be a good idea!

What if we committed to use wind turbines to meet all our projected electrical needs for the year 2025? Using the same assumptions I just used, we would need 172,000 wind turbines in a grid covering 41,000 square miles. That's a tall turbine every 4/10s of a mile throughout the states of Massachusetts, Rhode Island, New Hampshire, Vermont, Connecticut, and New Jersey.

My point is only this: Once the public begins to appreciate the scale needed for widespread use of alternative energy sources, it will be readier and more willing to tackle the nuances of meeting our energy needs from multiple sources of energy.

So we must teach perspective, and we must teach it with truth.

### Second, We Must Persuade with Reason

Many of you enjoyed reading the July issue of National Geographic. It had a riveting article on the two robots that recently explored Mars. Imagine that! They conducted mineral exploration without an environmental impact statement! But the magazine also had an article on energy development on public lands in the Rockies. The article quoted a spokeswoman for the Upper Green River Valley Coalition, a Ms. Linda Baker, calling the Jonah Field in Wyoming a "national sacrifice area." At first I wasn't sure what she meant. Had Encana recently erected hundreds of little stone altars? Soon it became clear, however, that she is a well-intentioned soul who believes the government and the industry are abusing the nation's natural heritage.

Is America neglectful of its wild lands? In the United States we have protected our wild places in many ways.

- Congressionally-designated Wilderness: 106 million acres
- National Parks: 50 million acres
- National Wildlife Refuges: 96 million acres
- National Forest Roadless Areas: 58 million acres
- National Monuments: 2 million acres.

*"All told, America has protected perhaps 400 million acres, an area four times the size of the state of California."*

That is just at the federal level. The states have been active too.

A century ago, the State of New York resolved to keep much of the Adirondack Mountains wild: 6 million acres. I haven't begun to check the other states.

Adjacent to most national wildlife refuges are state wildlife refuges: many more millions of acres.

That is just at the state level. The counties have been active too.

In my home county, Fairfax County, Virginia, 22,000 acres are set aside for natural resource protection. I haven't begun to check the other counties, parishes, and boroughs of this nation.

That is just at the county level. The private sector has been active too.

Organizations such as The Nature Conservancy have purchased or received "conservation easements" restricting the use of undeveloped land. Federal and state agencies have also been given these easements. I have no estimate of the number of acres protected in this way.

All told, America has protected perhaps 400 million acres, an area four times the size of the state of California. I bet you never read that in a newspaper. In America, wild land will not become a lost treasure.

Now, what creates the incentive for energy companies to explore undeveloped areas outside of protected acres? It is the demand of consumers, including the many pickup truck and SUV driving members of our national environmental organizations. We all contribute to the demand.

Since we all consistently contribute to creating demand, can't we all contribute to framing the energy debate in a consistent way?

One argument we hear frequently is a perfect example of framing an issue in a meaningless way. Take the debate over ANWR, the Arctic National Wildlife Refuge. Opponents argue that we should not produce its projected ten billion barrels of oil because that amount would only be enough to meet the nation's crude oil needs for six months. Their point is that the benefits would be gone in the blink of an eye.

But what this argument means is that if ANWR were the only source of America's oil, it would be big enough to meet national needs for six months. One can just as fairly ask whether America would be willing to go completely without oil for six months to preserve ANWR from development. Six months without petroleum would not go by in the blink of an eye.

One cannot trivialize ANWR's 10 billion barrels of oil. Between 2001 and 2025, all oil wells in the lower 48 states combined are projected to produce 22 billion barrels of oil. ANWR could add half again that amount. If this argument had been applied to oil fields in the lower 48 states, America would produce no oil today.

Let's turn to the debate over wilderness in Utah as an opportunity to frame an energy debate more accurately. In each Congress since 1989 wilderness proponents have sought passage of a Red Rocks Wilderness Act designating 9.3 million acres in Utah as wilderness, never with success. While Congress debates, wilderness proponents have pressed the Interior Department to adopt administrative designations of wilderness, so-called "citizen-proposed wilderness areas." These proposals offer us a lesson for the ethics of energy.

The proponents have included in their proposals areas already found to lack wilderness characteristics. They argue, though, that the twenty years since the Department first considered these areas, and I use their words, "have brought significant changes. Natural processes have significantly diminished the presence of human impacts to the point that they are substantially unnoticeable." The proponents even included in their petitions photographs showing the regrowth of vegetation on former oil well sites, service roads, and even on paths once bulldozed for seismic survey lines.

The ethics of energy requires us to open our eyes to the real issue in many places in the West. The issue is not whether we will protect undeveloped areas as wilderness for all time or accept its permanent impairment by oil and gas development. Instead, the issue is whether this generation will preserve the area as wilderness for its present wants or whether it will currently develop the oil and gas resources in a manner that allows nature to return the area to wilderness for generations to come.

I am hardly novel in suggesting that we all lay aside the rhetoric about our fragile environment. The great conservationist Aldo Leopold once rebuked his colleagues for talking as if the land had the delicacy of Dresden china. Nature retains a healing potency.

*"It is time we teach this truth, and teach it forcefully. We must appeal to the compassion of our fellow citizens. We must motivate with emotion."*

Framing the issues clearly is the path where reason leads us, and we must persuade with reason.

### Third, We Must Motivate with Emotion

Our current energy predicament takes a human toll. Who suffers?

It is a retired couple in Fort Myers, Florida, living on a fixed income, watching rising gasoline and electric prices erode their monthly cashflow.

It is a charity in Los Angeles, watching money that used to go to job training for the homeless be spent to pay the energy costs in its affordable housing units.

It is the family of a chemical worker in Baton Rouge, Louisiana, who has lost his job because the high cost of natural gas has forced his employer to close the plant and re-open overseas.

The nation needs to learn that the very people who are decrying "national sacrifice areas" in the Rockies are helping to create, in every state in our nation, sacrifice areas for the dreams of our retirees, our working poor, our homeless, and even our middle class.

It is time we teach this truth, and teach it forcefully. We must appeal to the compassion of our fellow citizens. We must motivate with emotion.

## So What Do We Need To Do?

We must make four commitments.

**We must commit to teach.**
This will require the coordinated effort of companies, their trade associations, and their consultants. There is no sunset clause in this commitment.

**We must commit to address environmental issues creatively.**
Consider two environmental problems confronting energy development in northeast Wyoming: excessive water produced from CBM wells and excessive loss of sage grouse and their habitat.

A recent assessment by Wyoming wildlife officials noted "an irruption in sage grouse numbers." What happened? Did the hunters stay home? Did industry leave? No. The officials say, "It appears perfectly timed moisture during the spring of 2004 promoting excellent nesting and brood rearing habitat was the primary reason." They expect the trend to continue this year. But there is an exception to this trend in northeast Wyoming. That area remains in drought conditions.

Who here today has the savvy to figure out an economical way to turn the water from the CBM wells into a source of replenishment for the restoration of sage brush habitat in the Powder River Basin?

**We must commit to budget the necessary funds.**
Those of you here who are investment advisors, consider this. When you encourage CFOs to cut overhead, discourage them from cutting it in energy education and environmental enhancement. Cutting off these funds is cutting off the nose to spite the face. Cutting off these funds is cutting off the long-term profitability of the company.

**We must commit to go forward.**
Having support from other users of the land in restoration projects would be helpful, and efforts by private and local groups are already underway. We should seek their cooperation, but not wait for it.

Having support from the government would be encouraging. And governments have begun responding, BLM with a national sagebrush strategy and an offsite mitigation policy, the Department of Agriculture with funds for restoration, the state of Colorado with a sagebrush restoration project near the city of Craig. We should seek the

cooperation of government, even if we think experience teaches us not to expect it.

We are, after all, Americans. We are a self-governing people. It is time all of us -- producers and consumers of energy, supporters and opponents of development -- focus less on what the government should do and more on what we should do. Self-government starts with governing ourselves.

Thank you for your kind attention.

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