Government, envirogroups, experts, exploration companies debate fracking

Bloomberg reports that a study commissioned by Royal Dutch Shell Plc (RDSA) about the potential of shale gas is biased, according to environmental group Treasure the Karoo Action Group.

Jonathan Deal, the group's chairman, questioned the objectivity and credibility of the RDSA findings. The study, he said, doesn't include costs related to "damaged road infrastructure, health remediation costs, pollution remediation and environmental monitoring and enforcement of standards." The government has stopped shale licensing while it studies the impact of allowing exploration companies to pump chemically-treated water and sand underground to release oil or gas trapped in rock, a process known as hydraulic fracturing, or fracking.

The Treasure Karoo Action Group and residents of South Africa's arid Karoo region went to court to force the Department of Mineral Resources to release a report on the impact of fracking on the environment. Court filings claim that the department will finish the report this month. According to Bloomberg, Johannesburg-based consultant Econometrix (Pty) Ltd. said in a report that development of about 10 percent of South Africa's shale gas reserves would add as much as 200 billion rand annually to the economy.

Business Live reported that Ernst & Young's Elias Pungong said that shale gas exploration will eventually happen in South Africa, despite environmental concerns. "Oil and gas is a dirty industry, but I cannot think of a single project which has not gone ahead because of environmental concerns," Pungong said, adding that even if stumbling blocks are cleared, the political environment and upcoming ANC leadership election should ensure that shale gas exploration is delayed until at least next year.

Read the full article on www.bloomberg.com.
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