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America's Energy Edge

The Geopolitical Consequences of the Shale Revolution

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Only five years ago, the world's supply of oil appeared to be peaking, and as conventional gas production declined in the United States, it seemed that the country would become dependent on costly natural gas imports. But in the years since, those predictions have proved spectacularly wrong. Global energy production has begun to shift away from traditional suppliers in Eurasia and the Middle East, as producers tap unconventional gas and oil resources around the world, from the waters of Australia, Brazil, Africa, and the Mediterranean to the oil sands of Alberta. The greatest revolution, however, has taken place in the United States, where producers have taken advantage of two newly viable technologies to unlock resources once deemed commercially infeasible: horizontal drilling, which allows wells to penetrate bands of shale deep underground, and hydraulic fracturing, or fracking, which uses the injection of high-pressure fluid to release gas and oil from rock formations.

The resulting uptick in energy production has been dramatic. Between 2007 and 2012, U.S. shale gas production rose by over 50 percent each year, and its share of total U.S. gas production jumped from five percent to 39 percent. Terminals once intended to bring foreign liquefied natural gas (LNG) to U.S. consumers are being reconfigured to export U.S. LNG abroad. Between 2007 and 2012, fracking also generated an 18-fold increase in U.S. production of what is known as light tight oil, high-quality petroleum found in shale or sandstone that can be released by fracking. This boom has succeeded in reversing the long decline in U.S. crude oil production, which grew by 50 percent between 2008 and 2013. Thanks to these developments, the United States is now poised to become an energy superpower. Last year, it surpassed Russia as the world's leading energy producer, and by next year, according to projections by the International Energy Agency, it will overtake Saudi Arabia as the top producer of crude oil.

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