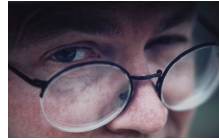


FRACK EU: UNCONVENTIONAL INTRIGUE IN POLAND



A Preliminary Investigation of the Fracking Assault on Poland



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CHAPTER 8: The U.S. State Department - The GSGI (Global Shale Gas Initiative) Double Whammy

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8. The U.S. State Department - The GSGI Double Whammy

The report identifies five core strategies for meeting future energy challenges:

- *Expand and diversify production from clean coal, nuclear, biomass, other renewables, and unconventional oil and natural gas; moderate the decline of conventional domestic oil and gas production; and increase access for development of new resources.*
- *Integrate energy policy into trade, economic, environmental, security, and foreign policies; strengthen global energy trade and investment; and broaden dialogue with both producing and consuming nations to improve global energy security.*

(National Petroleum Council, News Release, July 18, 2007)

8-(1). Shale Gale Goldwyn

The **U.S. Energy Association (USEA)** is a heavy weight body of “public and private energy-related organizations, corporations, and government agencies” and is “the U.S. Member of the **World Energy Council.**”¹ Corporate and petroleum Association members include the **American Gas Association**, the **American Petroleum Institute**, **Chevron Corporation**, **Conoco Phillips**, **Duke Energy**, **ExxonMobil**, **Interstate National Gas Association of America**, **Natural Gas Supply Association**, **Shell Oil Company**, and **Total Gas & Power North America**. The membership list also includes the **U.S. Agency for International Development**, the **U.S. Department of Commerce**, the **U.S. Department of Energy**, and the **U.S. Geological Survey**.



At the April 7, 2010 USEA’s annual 2010 Board of Directors meeting held at the National Press Club in Washington, D.C., the US State Department’s recently appointed Special Envoy of International Energy Affairs, **David L. Goldwyn**, made a big

announcement. The State Department would be “launching” something coined the **Global Shale Gas Initiative (GSGI)**. According to Goldwyn’s short biography on his company’s website, **Goldwyn Global Strategies**, he himself “created” the GSGI as a second component of his new portfolio.² The media picked up the story all across the world, i.e.:

The United States has officially offered its assistance to China and India, and other countries with potentially large shale gas resources that are under consideration include

¹ USEA’s website.

² The other component of his portfolio was something called the **Energy Governance and Capacity Initiative (EGCI)**.

Jordan, Poland, Chile, Uruguay and Morocco, according to Goldwyn. Goldwyn said the State Department will also help those countries determined to have shale gas come up with a plan to bring those resources to market.

The U.S. assistance will also show the countries how to auction off the shale gas, how to establish investment returns that attract companies to develop the gas, and how to provide the infrastructure for moving the equipment to produce the gas. (India's Siasat Daily, April 8, 2010)

It just so happened that Goldwyn's announcement came the very day before the April 8, 2010 conference event in Warsaw. Was the timing of Goldwyn's GSGI launching sheer coincidence with the Poland conference event, attended by U.S. heavy weights such as Ambassador Richard Morningstar, or was this part of an unfolding strategy? If so, and it appears to be so, who were the parties behind it all?



Goldwyn's photo is inset in the bottom left of Washington DC Press Club photo.

The American Chamber of Commerce's satellite office in Poland, in association with AmCham, had organized the April 8, 2010 conference. How long had the event been planned beforehand, and who had been responsible for arranging and planning it? Here is an interesting snippet from a petroleum intelligence firm about the rather eager involvement of the U.S. government in Poland:

It appears that the American government is pushing hardest when it comes to shale gas exploration/concessions. Industry execs, including one from Poland's national gas company (PGNiG) and a former AON Ruhrgas official, told this researcher that a deputy director of the U.S. Department of Energy spent a full six-month period in Poland lobbying the government for headway on concessions. Likewise, their opinion was that the current foreign minister, Radoslaw Sikorski, has either been leading the push to get American interests into the Polish shale gas race, or that the Americans, having a long relationship with Sikorski, have been pushing the minister to aid them in the current lobbying effort.³

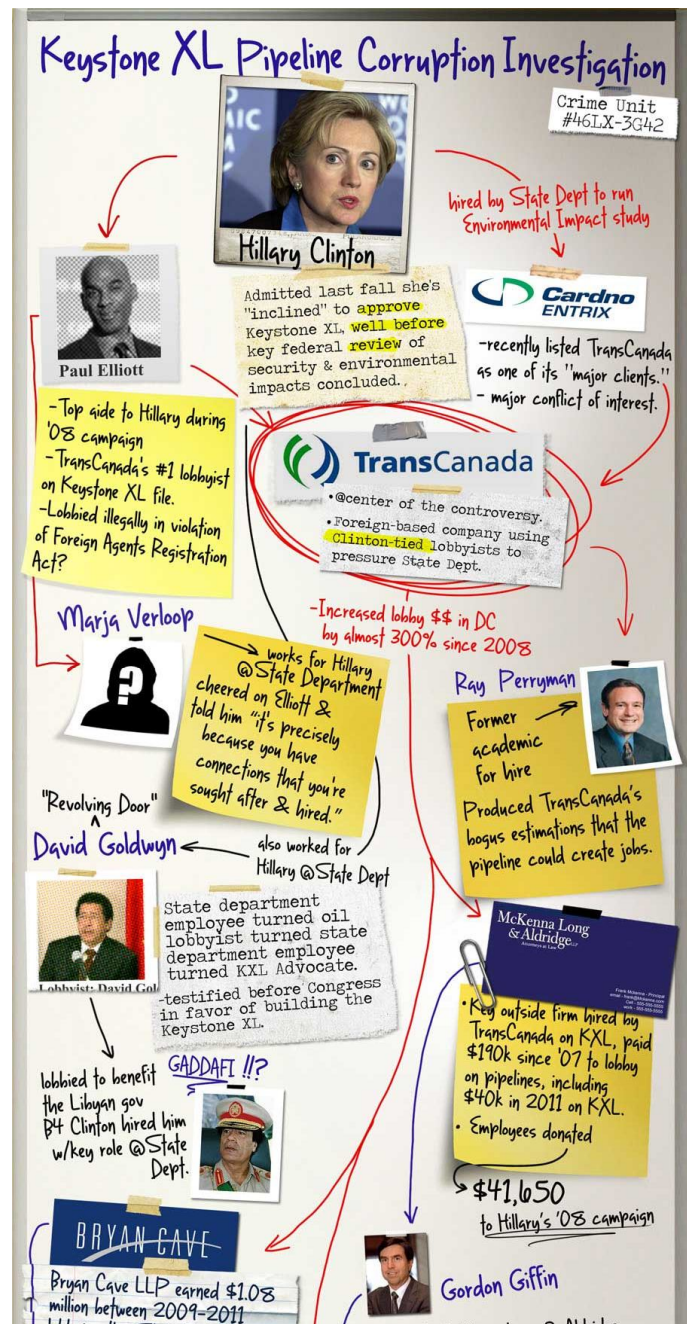
The information trail about U.S. State Department involvement seems to point in large part to Goldwyn, who as the new bridge advisor spokesman between industry and government, marshalled "the whole of government approach." The US State Department's website says that its GSGI's partners include the "US Agency for International Development (USAID), the Department of Interior's U.S. Geological Survey (USGS), Department of Interior's Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE), the Department of Commerce's

³ CEE Consulting, *Shale-gas and Poland - A potential game-changer with complications Briefing.*

Commercial Law Development Program (CLDP), the Environmental Protection Agency (EPA), and the Department of Energy's Office of Fossil Energy (DOE/FE)." Goldwyn stated at his January 11, 2011 swan song speech at the Woodrow Wilson Institute that it also included the Federal Energy Regulatory Commission (FERC). As the GSGI guy, Goldwyn then helped facilitate a series of events, through the blessings and operations of the U.S. State Department, that eventually brought Poland into the fold, that is, on the European shale gas front. Many other global unconventional fronts were being orchestrated at the same time. Richard Morningstar, Hilary Clinton's Eurasian Energy Envoy appointed in April 2009, was another senior player in the shale game.

What is Mr. Goldwyn's background? A version of his biography is on the U.S. State Department's website, where it states that Secretary of State Hilary Clinton had appointed him, and was "sworn in on August 17, 2009" as Special Envoy and Coordinator for International Energy Affairs (this version is included as Appendix C).⁴ From 2001 to 2009, Goldwyn had his own energy consulting firm called **Goldwyn International Strategies LLC**, which he resumed after he left the State Department in mid-January 2011, who became, among other things, while under the employ of **Sutherland** (a "Washington lobbying and law firm"⁵), a strategic lobbyist for Alberta's tar sands and for the related controversial crude Keystone Pipeline. From 1991 to 1992, Goldwyn was "an Attorney-Adviser in the Office of the Legal Adviser at the State Department." From 1993 to 1997, he was Chief of Staff to the Under Secretary of State for Political Affairs during the Clinton administration; the National Security Deputy to the U.S. Ambassador to United Nations Bill Richardson from 1997 to 1998; the Counsellor to the Secretary of Energy from 1998 to 1999; and the Assistant Secretary of Energy for International Affairs from 1999 to 2001.

Right: Cut out from a recent Friends of the Earth collage examining players in the controversial Keystone XL Pipeline review by the US federal government. David Goldwyn is in connecting the dots image on the bottom left, above former Gadhafi.



⁴ Spencer Boyer, with The Center for American Progress (where he worked on transatlantic and European affairs), was also appointed the same day as deputy assistant secretary of state for Europe and Eurasian Affairs.

⁵ Los Angeles Times, July 15, 2011. Goldwyn's biography is also on Sutherland's website, where he "works with Sutherland's Energy and Environmental Practice Group."



Photo of a NATO panel discussion in 2006 at St. Gallen, Switzerland. From left to right: John Roberts, Energy Security representative from Platts; Poland's Defence Minister Radoslaw Sikorski; moderator John Mitchell, Chatham House fellow of Energy, Environment and Development Program; David Goldwyn, Goldwyn International Strategies; and Dr. Stephanie Babst, NATO deputy assistant secretary general public diplomacy division.

The State Department biography also notes that Goldwyn “has been affiliated with the **Ford Foundation** and the **Brookings Institution**.” On November 2, 2009, some two months into Goldwyn’s new appointment, the Brookings Institution, the Embassy of Poland, the Embassy of Sweden, and the **Heinrich Boll Foundation** hosted an event called *The European Union’s Eastern Partnership, Energy Security and the U.S.-EU Cooperation*. Royal Dutch Shell had made initial investments and political inroads in shale gas in southern Sweden in late 2007 where public protests and court actions were unfolding, and Marathon Oil and Chevron had made inroads into Poland for shale gas. The think tanks were gearing up Goldwyn’s big shale energy plan for Europe.

In 2009, Harpers magazine seems to have published the only scant and critical accounts in the ‘media’ about Goldwyn and his appointment by the U.S. State Department. In a February 20th account - well before the rumours of Hillary Clinton’s short-list that included Goldwyn for his fated appointment - former Harpers Business editor Ken Silverstein wrote that Goldwyn was “a consultant to energy companies” and a staff member of the **US-Turkmenistan Business Council** “which is primarily funded by American oil companies (**Chevron, ExxonMobil, Marathon**) hoping to do business” in Turkmenistan. The article also notes that “Goldwyn also heads up the **US-Libya Business Association**, an oil-endowed entity helping to promote Colonel Muammar Gaddafi.”⁶ Just by coincidence, the three oil companies that Goldwyn was working for were also making the first deep shale claims in Europe: Exxon was the first company to frack the European Union for shale gas in Germany, and all three obtained deep shale licenses in Poland by late 2009.

Silverstein is one of those rare, savvy sort of investigative reporters. According to information about him on Wikipedia, “he drew attention in 2007 for a report in which he went undercover as an investment group with business interests in Turkmenistan, raising questions about journalistic ethics.” The descriptive goes on to state that “Silverstein said that he could not have exposed the willingness of companies to work with a Stalinist dictatorship using conventional journalism

⁶ Harpers, *Turkmen Dictator Finds Help in United States*.

methods.” Silverstein was the 2008 author of *Turkmeniscam: How Washington Lobbyists Fought to Flack for a Stalinist Dictatorship*, and was interviewed on June 22, 2007 on the PBS television show, *Bill Moyers Journal*, where he gave an account of the deep problems of energy lobbyists in Washington D.C., the U.S. Capital.

Silverstein wrote a punchy piece on May 22nd for Harpers, *Dictator/oil consultant being considered for senior administration position*:

Two sources have told me that David Goldwyn, a long-time advocate and consultant for the oil industry and energy-rich Third World countries, is on the short list for a top position at the State Department. One source stated that Goldwyn is being considered for the post of International Energy Coordinator; the other believed he was in the running for the position of Assistant Secretary at the Bureau of Economic, Energy and Business Affairs. Either way, it would appear to be a conflict-of-interest, to put it mildly.

“Goldwyn International Strategies, LLC (GIS) is a leading provider of political and business intelligence, energy sector analysis, and Washington strategy advice to Fortune 100 companies and investment advisers,” says his firm’s website. “Our team of advisors, analysts, and economists has decades of experience in Executive branch and Congressional relations in the United States, and political and economic analysis and diplomacy in Eurasia, East Asia, the Middle East, Africa, and Latin America.” Goldwyn is a classic example of how in Washington one can effectively lobby without having to register.

Goldwyn advocates a form of foreign policy “realism” that makes Brent Scowcroft look like a Quaker spokesman. In the aftermath of 9/11, he argued that the United States should import less oil from the Middle East and more from countries in the equally corrupt regions of Central Asia and West Africa.

Goldwyn did not return a phone call seeking comment.

Silverstein’s final entry came some three weeks following on June 12th, *Obama to Name Oil Industry Crony to Top Position*:

For all intents and purposes, Goldwyn is a lobbyist, although weak disclosure rules don’t require him to register. He works for international oil firms and on behalf of crooked oil-rich countries like Turkmenistan and Libya. Just the sort of guy you want shaping American energy policy.

Rozen quoted a former administration official as saying Goldwyn “has worked to bring more transparency to the energy sectors of countries he’s worked in, including Nigeria.” That’s pretty amusing since Nigeria remains one of the most corrupt countries in the world. It would be interesting to hear about Goldwyn’s achievements there (and in Turkmenistan and Libya).

It looks like Obama will pursue the same old American policy towards energy-rich nations: give us your oil and steal all you like.

8-(2). Goldwyn's GSGI: Two-Birds-With-One-Stone "Whole of Government" Approach

The deep irony and contradictory nature about Goldwyn's GSGI program announcement through the U.S. State Department is that the Environmental Protection Agency (EPA) had just initiated a lengthy federal review process on hydraulic fracturing (on February 18, 2010).

On the one hand, a federal environmental agency was supposedly undertaking a serious investigation of the life-cycle merits of fracking operations in the United States, while on the other hand the State Department was suddenly promoting its undertaking internationally. When pondering or weighing its significance, the GSGI directive is a brilliant yet cunning and devious strategy: a classic two-birds-with-one-stone, or double whammy.

Here's the construct or mechanistic history of its uncanny unfolding. During the Bush-Cheney pro-fracking administration the structures of federal agencies and departments had undergone revisionary strategies to severely interfere with what may be generally termed as the public good, redirected toward the benefit of private industry. Much has been published to this effect (and much more should have), in how captains and representatives of industry had been placed in charge of federal programs and agencies, and what transpired to federal programs and personnel as a result. There is a complex history here during the 8-year Republican administration on energy-related issues alone, both national and international policies and programs. Within this context came the passage of the Halliburton Loop-Hole in 2005, the infamous exemption of fracking from the federal Safe *Drinking Water* and *Clean Water Acts*, in which the Interstate Oil and Gas Compact Commission played a leading role.

Had the Republicans returned to office for the third consecutive term, there are ample grounds to assume that the EPA's review of hydraulic fracturing underway by the Obama administration would have been obstructed and would not have occurred, something the fracking fraternity is cognizant of.⁷ Because of the complex political nature of making changes to federal government agencies related to the energy industry, the Obama administration, even if it so wanted, would have been hard pressed to bring about substantive alterations within federal agencies to reflect more democratic and wholesome policies and conditions. Given this backdrop, the decision-makers and advisors within federal government agencies, through intense lobbying efforts by the energy industry, were unwilling to tolerate the likely outcome should the EPA's findings directly challenge the fracking industry, both at home and abroad. Therefore, if the State Department could help bring in the rest of the world's governments on the fracking train under the rationale of "energy security" - a process which it initiated with India and China in late 2009, and by signing an agreement with China in November 2009 - then the more difficult it would be for the EPA and politicians to oppose or environmentally regulate the frackers deep inside America, and by direct association, inside western Canada, as the EPA's investigations into fracking furthered.

The dichotomy is most worrisome. It's a classic ugly standoff, identical in many ways to, and far more intense than, what unfolded during the heated campaigns in Canada and the United States about clear cut logging of old growth forests. The three words "talk and log" were coined by those out to protect the forests, because the phrase branded the brazen strategy by the timber industry in league with compromised forest service agencies in charge of public forest lands. The extent of, and investments made into, public relations exercises by the timber industry during the old growth battles in both countries, now pale in comparison to the petroleum industry's efforts on the fracking

⁷ I.e., the 2009 Hearings regarding the Frack Act, and the oral and written comments by industry and its supporters.

front. Now it's "talk and frack" - and during and after the talking a lot more fracking. Ultimately, U.S. president Obama, the commander-in-chief, could possibly have invoked an executive decision to place a blanket moratorium on fracking on all public and private lands (as underground and surface waters know no bounds) while its practice was being investigated. That would have been profoundly interesting for the entire world to witness, and what a show it could have been!

The spins under America's new dichotomy were soon being promoted by the petroleum sector, and occasionally rubbing the EPA's nose in it:

The US State Department is seeking to export the promise and potential of shale gas to markets around the world, but the big question is: Will the Obama Administration apply the same lessons and encouragement here at home?

According to the White House, the president and his administration continue to be actively involved in spreading the good news of shale gas far and near, even using it as a tool of diplomatic engagement in promoting a clean, sustainable and growth-oriented energy future for some of our closest and most important trading allies across the globe.

*Let's promote shale gas globally, but let's act locally on it as well. That was the message delivered by the State Department at the Washington event. Any chance the good folks over at EPA heard it?*⁸

8-(3). The Secret Washington D.C., GSGI International Conference

The advertising excitement about Goldwyn's international conference on shale gas in Washington D.C. was all over the energy industry news wires. Following upon the shale gas conference in Poland three and half months earlier, the August 23-24, 2010 conference was the next giant promotional step for the State Department's GSGI. Following this sales pitch occasion, great momentum was built up by the public relations entities, involving the policy support end of things by petroleum industry-friendly think tanks. On the European front, especially through the early agreements with Poland, it may have helped to put a few cracks in the ice of public opposition.

With all the excitement and interest developed around this conference event, the strange thing about it was its private, guarded and secretive nature, which nobody seemed to pick up on in the media. Using search engines, there was nothing found on the internet about Goldwyn's conference's program agenda and speakers, no record of the conference details on the U.S. State Department website, no conference photos, no comprehensive list stating which countries were attending, no identification of the names of the representatives from those countries. The only available information was Goldwyn's September 3, 2010 *Dipnote* and a controlled media briefing session on August 24th with David Goldwyn describing the private event as a "regulatory conference".

As witnessed in Goldwyn's *Dipnote*, the conference program was about marketing and promoting shale gas and its U.S.-patented technology to the international visitors, and not about including an organized voice from concerned landowners, groups and local governments who would have provided some much needed perspectives from America's anti-shale gas community warriors:

⁸ *Shale Goes Global*, Jeff Eshelman and Chris Tucker, Energy In Depth, published in the Oil & Gas Financial Journal, August 25, 2010.

*On the first day, the conference took the delegates through the process of what governments need to know before they establish a shale gas industry, based on the United States' experience. We began with presentations from the U.S. Energy Information Administration (EIA) on the role that unconventional gas will play in U.S. and global energy supply, from the U.S. Department of the Interior's **U.S. Geological Survey (USGS)** on how to assess the extent of a country's shale gas resources, and then presentations from the Interior's **Bureau of Land Management, Environmental Protection Agency (EPA), the Interstate Oil and Gas Compact Commission, and the Ground Water Protection Council** on the umbrella of regulations the United States has put in place at the federal and state level to ensure the safety of drinking water and that shale development is conducted safely and responsibly.*

*On the second day, the presentations focused on the infrastructure, technology, and investment climate necessary for shale development, with **presenters from private firms, the Federal Energy Regulatory Commission (FERC), the U.S. Department of Commerce's Commercial Law Development Program, and the U.S. Trade and Development Agency (USTDA).***

*Finally, on the third day, the **U.S. Energy Association (USEA)** arranged for the delegates to travel to Pennsylvania for a visit to a **Chief Oil & Gas shale gas site in the Marcellus shale play.** Participants were given the chance to see a drilling rig, observe water containment facilities and ask questions at a live gas site. The event was remarkably successful.*

There is a video, audio and written transcript on the August 24th Goldwyn briefing, and that's about all that was provided to the public: no video or audio recording, no transcript of the conference event.

Our motivation as the State Department to engage on this issue should be clear for foreign policy and energy security reasons. Countries around the world need diversity of energy supply.

We have, in our country, an umbrella of laws and regulations that makes sure this is done safely and efficiently. We have federal regulation of air and water. We have state regulation of land use and water. We have the capacity to monitor and to regulate. And even then, there's the need for enforcement.

So what we did was we gathered all these agencies together for two days to explain all of these things to governments. So EPA talked about how we regulate water at the federal level and how they partner with states. EIA, the Energy Information Administration, talked about the phenomenon in the growth of shale gas and how unconventional gas in general is making – giving us choices to improve the climate and to reduce the pathway for future energy emissions. The U.S. Geological Survey is talking to these countries about how you know what kind of resource you have. And the Bureau of Land Management and the Department of Interior is talking about how on federal lands all the steps we take in terms of environmental impact assessment, safety regulations, license rules, to make sure that when an operator comes to develop a resource that you have someone who is technically qualified, someone who has a plan which has been approved, and that the environmental impacts have been considered and are adopted into the core of the license.

We've also had a representative from the Groundwater Protection Council, and this is an association of state regulators, because in our country, it's really the states that are on the front lines of safe drinking water regulation. In 33 states, the state leads or co-partners with the Environmental Protection Agency. So we've spent a lot of time talking about water, because water is scarce in a lot of these countries.

The bottom line is that we've had a really successful conference, because these countries have a lot of questions.

It's another of the examples of our using smart power or creative diplomacy to try and improve energy security, but to help countries learn what they need to know.

Reporters and others attending the staged conference media scrum managed to fire off one or two questions related to some of the controversies about fracking, and nothing was raised about America's new political fracking dichotomy:

QUESTION: *Some environmentalists say that these shale extraction techniques are unequivocally disastrous vis-à-vis groundwater and that sort of thing. Is that the case, as far as you're concerned? Do these concerns play in the discussions here?*

MR. GOLDWYN: *Well, safe water and safe regulation plays a huge part in our discussions. It's really one of the main reasons that we held the conference in the first place. And while hundreds of thousands of wells have been drilled successfully in the United States so far, the lesson that we want all these countries to understand is that you have to have technically competent people operating and you have to have laws and regulations in place first. We have safe – we have safe – Clean Air Act. We have safe drinking acts. We have rules about where you can drill. We have rules about what sort of casings you have to have. And so, if done responsibly, it can be done safely, but these countries need to know you need laws and regulations in place first. I wouldn't paint the development with a broad brush.*

QUESTION: *Basically, my question is that the production in the U.S. seems to have outpaced the ability to effectively oversee the safety, with multiple reports of ground water tables being polluted and the proprietary blend that they use, the companies use, they don't have to really divulge what it is there under high pressure being pumped into the ground. So it seems that if U.S. is having a difficulty keeping up with the safety aspect, to what extent can we expect that other countries will be able to do the same?*

MR. GOLDWYN: *We heard from the Ground Water Protection Council, which is sort of a collection of state regulators, and we spent a lot of time talking about that issue, that you have to have the capacity in place first and that you have to have the rules in place to do that – to do that safely, and that you have to make sure that you know how to do that. We also heard a lot about the evolution in the states about new requirements for disclosure when – of what's in the fluids. We heard new things from the companies about the move to use organic and green fluids in the process and about new technology for making the operations safer. So that essentially was our core message to all these countries is you need to know what you need to know before you get started.*

***QUESTION:** Were any river basin commissions involved with this conference? The Susquehanna River Basin, the Delaware River Basin, Ohio River Basin, Potomac River Basin – are any of them involved?*

***MR. GOLDWYN:** Not this one.*

***QUESTION:** Because they regulate water supply.*

***MR. GOLDWYN:** We had – for this one, we had BLM and EPA and the Ground Water Protection Council.⁹*

In the first half of October 2011, I contacted Congressman Henry Waxman’s office and asked if one of his aides would assist me in obtaining information from the U.S. State Department about details from Goldwyn’s public tax-dollar sponsored international conference. The other bit of information I was also looking for concerned Goldwyn’s sudden departure from the State Department in mid-January, 2011, as it seemed to have occurred without any fanfare or formal statement from the State Department.

On two separate occasions thereafter, the State Department would not release the particulars to Waxman’s office, and only provided website links to Goldwyn’s briefing session and *Dipnote*. Why would the U.S. State Department refuse to release simple information on the conference program, presenters and attendees? What was the State Department hiding?

Finally, on the third occasion on asking this information from the State Department, Waxman’s office got a response, summarized in the following email sent to me on the late afternoon of October 26, 2011:

*I received a call back from the Office of the Coordinator for International Energy Affairs about your inquiry after the incomplete response from our liaison. The individual I spoke with said that the conference was a **government-to-government** program, with a **limited industry presence**. The purpose of the program was to **share information** internationally about the U.S. experience with shale gas, and, like other government-to-government programs on **sensitive issues**, the State Department has chosen to share only the information they put on their website. I also asked about Mr. Goldwyn’s departure and was told he **voluntarily left** the position to return to the private sector as a consultant.*

Among others, the words “sensitive issues” are highlighted in bold for emphasis in the above quote. I would infer from the third and final response from the State Department that the conference program and identities of conference attendees are not for public consumption, for now. The other matter, about Mr. Goldwyn’s departure, remains unresolved. Under what conditions did Mr. Goldwyn actually leave the Department? What’s the *real* story? That story, as identified in part below, most likely involves Goldwyn’s revolving door services.

Through sleuthing, there are some clues or bits of information available about Goldwyn’s somewhat mysterious and “sensitive” conference. In a participatory power-point slide presentation on June 24, 2011 in Washington, D.C., as part of a briefing series by the U.S. Geological Survey to members of

⁹ Described in chapter 9 of this report, the Ground Water Protection Council is a close ally of the Interstate Oil and Gas Compact Commission and, therefore, of the petroleum sector.

the U.S. Congress and staff, Goldwyn, who was no longer with the State Department, provided a list of the 20 countries that came to the August 2010 conference. They were: **Armenia, Bulgaria, Chile, China, Columbia, Estonia, Georgia, India, Indonesia, Jordan, Latvia, Lithuania, Morocco, Pakistan, Peru, Poland, Romania, South Africa, Ukraine, and Uruguay.**

The second bit of information is intriguing, and may perhaps be one of the reasons, or an indication of, why the State Department was loathe to release any information to Waxman's office, an event Goldwyn alluded to in his *Dipnote*, overlapped with the reference to "limited industry presence." According to an August 26, 2010 news article in Pennsylvania's Sun Gazette, *World's eyes focus on local shale process*, 12 out of the 20 country representatives went on a private tour to Pennsylvania: Armenia, Bulgaria, China, India, Indonesia, Jordan, Lithuania, Morocco, Poland, Romania, South Africa and the Ukraine. Goldwyn's Dipnote states that the tour was "arranged for" by the **U.S. Energy Association (USEA)**, the same organization that hosted Goldwyn's GSGI inaugural announcement at Washington D.C.'s Press Club on April 7, 2010.



Photo of Ewa Zalewska (center), and Maciej Pisarski (right), two of Poland's six or more representatives at the GSGI conference in Washington. Other international participants are seen in the background milling about on a break after a conference session. The white folder with the unidentified golden emblem in front of Zalewska may have been distributed to conference members. Zalewska is the director of geology in Poland's Ministry of Environment, and Pisarski is with Poland's embassy in Washington as its deputy chief of Mission.

Only four of the 12 international representatives on the tour were identified in the article. From: Poland, **Ewa Zalewska**, director of the Department of Geology and Geological Concession for Poland's Ministry of Environment; India, **B.P. Singh**, executive director for exploration and production of Gail (Gas Authority of India) Limited, an India State run enterprise; Jordan, **Bahjat S. Aladwan**, president of the Jordanian Geologists Association and Arab Geologists Union; and South Africa, **Jennifer Marot**, the senior geologist and manager of frontier geology for Petroleum Agency SA "the agency that regulates oil and gas exploration in South Africa", who said that "she and agency CEO Mthozami Xiphu want to see the impacts of shale development first hand."

Along with Goldwyn on the bus tour was the U.S. Energy Association's senior program manager **Albert Doub**, EPA's environmental engineer **James Kenney**, and unidentified staff from the State Department.

The Sun Gazette reported that when the tour bus arrived in Williamsport, Pennsylvania, "they attended a luncheon hosted by Texas-based **Chief Oil and Gas** and then went on a bus tour of Chief gas operations in the eastern part of Lycoming County. The tour was moderated by company communications specialist Daria Fish, who attendees barraged with questions about shale gas development, including seismic testing, regulations, leases, landowner issues, pipelines and the financial viability of shale gas development." Chief Oil and Gas' vice president, **Kristi Gittins**, was there as well, who said that "her company was only too happy to host the tour."

The Sun Gazette failed to identify Gittin's other and more strategic political role: she is on the executive committee of the **Marcellus Shale Committee** (MSC) as its **vice president of public affairs**. The MSC, a recently formed influential pro-fracking lobby group, presently has 42 oil and gas exploration and production companies/corporations as members, and a long host of associate members from the service and support industry, which is co-sponsored by the **Independent Oil and Gas Association of Pennsylvania** and the **Pennsylvania Oil and Gas Association**.

Though Texas-based Chief Oil & Gas had owned about 580,000 acres in the Marcellus shales, Chevron bought about 230,000 of Chief's acreage in May 2011 for about \$1 billion. Trevor Rees-Jones, the ceo of Chief Oil & Gas, had bought cheap acreage in the Marcellus and was now reaping enormous profits by flipping his investments. According to *SourceWatch*, 2010 "was the biggest year in gas and oil political contributions by corporations hoping to encourage lawmakers to continue with the lax restrictions surrounding methane gas drilling. Nowhere is this seen more than in Pennsylvania, where the majority of the Marcellus Shale area lies." *SourceWatch* also states that Trevor Rees-Jones "personally gave \$100,000" to Republican Pennsylvania Governor Tom Corbett's campaign, and that he:

has given to numerous front groups and PACs whose objectives are to further the lenient laws surrounding fracking. American Crossroads ("the right-wing organization advised by Karl Rove and former RNC chairman Ed Gillespie") and the Republican National Committee, as well as the Republican Congressional Campaign Committee

An obvious question arises: what is the relationship between the Marcellus Shale Committee and the U.S. Energy Association which arranged for the tour? Answer: they are intertwined.

Back on October 9, 2009, when the State Department hosted Goldwyn's introduction to the media as its new Coordinator for International Energy Affairs, a woman reporter asked Goldwyn an obvious and important question:

Energy is such a security issue for many countries and a tool of power for many countries. How do you avoid the impression that the United States is doing this for itself to make sure that it has adequate resources around the world for – to get energy, or that it might not try to give this advice with the idea that this is a way of subtly or unsubtly carrying out the foreign policy mission of the United States?

The U.S. State Department's GSGI website page provides a partial answer to her question: "The ultimate goals of GSGI are to achieve greater energy security, meet environmental objectives and further U.S. economic and commercial interests."

8-(4). Goldwyn's Departure - Role Playing Shift (you know, the revolving door)

Many more things could be said about Goldwyn's role in promoting shale gas and his activities both at home and abroad as special international energy envoy to Hilary Clinton. Of interest was his sudden, no-fan-fare departure from government. The only information found on the internet about his departure was a simple reference in the January 24, 2011 edition of the Oil & Gas Journal, *Goldwyn on shale gas*, in Nick Snow's weekly Watching Washington gossip column.

It may have well been David L. Goldwyn's last public address as special envoy for international energy affairs at the US Department of State. His last day there came a few days after his Jan. 11 remarks at the Woodrow Wilson Institute for International Studies, where he responded to a wide range of questions following his prepared remarks.

Woodrow Wilson's acting director Mike Vandusen gave the introductions as Goldwyn sat waiting for his last performance with the State Department, which, according to what Goldwyn said in passing to the audience, would be at the end of that week. Vandusen said the January 11, 2011 morning event, *U.S. Energy Security Policy: A Global Perspective*, was being sponsored by the Institute's European Studies Program, "**a new European energy security initiative** which seeks to foster discussion and analysis on Eurasian energy issues of keen interest to scholars, policy makers and industry representatives." He also stated that Goldwyn's 17 month stint with the State Department included "23 trips involving 16 countries."

Woodrow Wilson's vice-president of communications, Dana Steinberg, summed up Goldwyn's presentation with the following:

The priority is transforming the world's energy system to a low carbon, low emissions one, a process that will be a long haul, said Goldwyn. He urged policymakers, environmentalists, and energy producers "to keep an open mind, a patient ear, and a civil tongue. If we can do that, we can have a stronger economy, cleaner environment, and safer world."

Some three weeks after Goldwyn's final hurrah, the Woodrow Wilson Institute officially launched a new program on February 1, 2011, the **European Energy Security Initiative (EESI)**.

To delve into the complex issues surrounding European energy security, the Woodrow Wilson Center's European Studies recently launched the European Energy Security Initiative (EESI). While much of the existing reporting on European energy dynamics comes from an economic or geopolitical perspective, EESI will bring scholarly experts, policymakers, and industry representatives into the mix to provide a more complete picture.

As a testament to the importance the United States is placing on the emerging role of Europe in energy security, the State Department has an expert, Ambassador Richard Morningstar, who works full time on this region. Morningstar, the U.S. secretary of state's special envoy for Eurasian energy, spoke at the Wilson Center in October at what was EESI's inaugural event.

EESI will host a monthly series of events, the European Energy Security Forum, host research fellows, and publish a comprehensive annual report, to be titled, Europe's Energy Future, aimed at U.S. policymakers.

A January 11 Director's Forum featured then Special Envoy on International Energy Affairs for the U.S. Department of State David Goldwyn who described energy security as a matter of national security and an important foreign policy tool.

This envisioned multinational energy collective includes Europe. In the United States, Goldwyn said, high-level talks are occurring to engage suppliers and emerging suppliers across the globe, including in Eurasia. Heightened conversations with the U.S.-EU Energy Council have brought important issues to the forefront, including oil and gas supply, developing markets, and energy efficiency.

One emerging issue is the potential for developing unconventional natural gas sources, known as shale gas, in Europe. "Shale has revolutionized the global gas market," said Goldwyn. "[Natural gas] is in large supply and available on the spot market in Europe and elsewhere."

But will shale gas development revolutionize Europe's energy scenario? Goldwyn responded with cautious optimism, saying that will depend on several factors. Europe has significant shale formations, he said, but it's difficult to know its permeability, maturity, and type until exploration begins. From a geological standpoint, Europe has potential, particularly in Poland, Hungary, Germany, and France, he said. But feasibility of shale will depend on whether Europe attracts the needed investment to exploit the shale and implements regulations to give confidence to investors who would have to sell it. Another unknown is public acceptance in Europe. "Do people want it?" he asked. "We'll see."

EESI will seek to identify and evaluate the potential for new technologies to change the game in European energy. Whether unconventional gas development, deep drilling for oil, or the exploitation of gas hydrates, technological innovation will shape the future of European and global energy security for decades to come.

Immediately after he left the U.S. State Department in mid-January, 2011, Goldwyn resumed his post at Goldwyn Global Strategies and then got hired on with **Sutherland**'s office in Washington, a legal firm of over 400 attorneys spread over 6 offices in the U.S. Sutherland, which also acts as a lobbyist in Washington, has the following information page about Goldwyn on its website, that he:

works with Sutherland's Energy and Environmental Practice Group advising clients on legal and regulatory issues facing the energy and extractive industries. David's experience gives him a deep understanding of on offshore development, shale gas production in the U.S. and abroad, natural gas and liquefied natural gas (LNG) infrastructure, Canadian oil sands production, imports and pipeline issues, trade sanctions in the energy sphere, federal

government review of investments made by non-U.S. companies, and renewable energy initiatives.

On March 3, 2011, a Norwegian newspaper published an article, *Britisk spionsjef blir Statoil-radgiver*, about how petroleum giant Statoil just hired two influential men as advisors to sit on a new “strategic advisory committee” for the company’s international operations. It included Goldwyn. As this headline surfaced, stories about Goldwyn’s previous advisory involvement in Libya had just hit the newswires with the uprising in Libya to oust dictator Gaddafi.¹⁰ What grabbed media attention about the Statoil hiring was the other man on the new advisory board, former British MI-6 spy-chief boss **Sir John Scarlett**. The article stated that Statoil’s London office is primarily responsible for the multinational’s strategy and business development, and that its new James Bond man, who speaks fluent French and Russian with broad knowledge in geopolitical issues, served MI-6 in Nairobi, Moscow and Paris. Over a month later, media reports were out naming more men on Statoil’s advisory hire. Bloomberg reported on April 28, 2011 that former **Petrolia Nasional Bhd** ceo **Hassan Marican** and economist **Joseph Stiglitz** were also on board.

Four months following GSGI Goldwyn’s “voluntary” departure from the US State Department, Secretary Hilary Clinton appointed ambassador **Carlos Pascual** as the next new Special Envoy and Coordinator for International Energy Affairs. The “whole-of-government approach” under the Global Shale Gas Initiative apparently resumed under Pascual’s appointment.

8-(5). The Shadows and Mr. Morningstar

On the afternoon of June 2, 2011, the Republican Congressman from Indiana, the chairman of the *US Foreign Affairs subcommittee on Europe and Eurasia*, was wearing a shiny pink tie, and was in a hurry to attend another event. As a serious sponsor of mining oil shales in the U.S., and a strong opponent to “overregulation” of the EPA, **Dan Burton** opened the subcommittee’s hearing on “European and Eurasian Energy: Developing Capabilities for Security and Prosperity” by repeating the phrase “not in my backyard”, over and over again.

Under this administration, the United States exemplifies this unhelpful “not in my backyard” mentality. We refuse to drill offshore, we refuse to drill in Alaska, and we refuse to embrace new technology such as hydraulic fracturing to extract large deposits of oil and gas from shale. Instead, the United States chooses to rely on unstable foreign sources of energy, including regimes dedicated to advancing the polar opposites of our democratic ideals.

American energy policy should be seamless at home and abroad. Our goals overseas should be our goals here in the States. Instead of the “not in my backyard” mentality, the United States and Europe must develop an all-of-the-above policy that combines economically viable sources of renewable energy with environmentally responsible development of fossil fuels. Moreover, we should achieve understanding with our closest European partners that a diversified energy market will protect economies from unwanted political influence and increase connections between like-minded nations.

Subcommittee Pennsylvanian Republican Congressman **Tom Marino** then weighed in. Marino was born and raised in Pennsylvania’s Lycoming County, where Chief Oil and Gas, the company that

¹⁰ I.e., *U.S British officials benefited from thaw in Libya relations*, NBC News, February 28, 2011.

hosted David Goldwyn's GSGI international representatives on August 26, 2010, has its shale gas interests. A May 30, 2011 article in the Times Leader, *Fracking Control debated*, states that Marino is opposed to federal regulations that would impose on fracking operations in Pennsylvania. An April 5, 2011 entry in the blog Daily Kos, *Typical teabag: Tom Corbett refuses to tax or regulate shale gas industry in PA*, "Pennsylvania remains the only state that refuses to tax shale gas revenue," says of Marino:

Interesting, though, the United States has the capacity to be a large part of the energy solution for Western Europe. Increased interest in unconventional natural gas production on both sides of the Atlantic holds great promise, accounting for nearly 25 percent of our domestic natural gas production, and Western Europe nations which had been overly reliant on Russia for natural gas are evaluating whether to develop their own substantial shale gas resources.

In addition to enormous shale gas reservoirs in places like Poland and the Ukraine, my Congressional district, the 10th District of Pennsylvania, sits atop a large portion of the Marcellus Shale, where natural gas is being produced. I am already familiar with many of the positive benefits that the unconventional gas drilling industry can yield. To date, there has been a huge amount invested in and around my district to develop the industry and the accompanying infrastructure. This investment has brought good jobs to our area at a time when Pennsylvania needs them the most.

As Pennsylvania strives to develop the best practices and become the architect for the unconventional gas industry in America, I am particularly interested in how knowledge of gas development, the tools and techniques used to extract gas in the most environmentally accepted manner, as well as new uses for gas for transportation, fuel for example, can be shared on both sides of the Atlantic to ensure a more energy independent future in both the United States and our European allies.

Special Eurasian Energy Envoy Richard Morningstar was one of the subcommittee's four witnesses for the afternoon sitting. Alongside Morningstar were (ambassador) Keith C. Smith with the **Center for Strategic and International Studies** and the **New European Democracies Project**, Ariel Cohen with the **Heritage Foundation** and the **Kathryn and Shelby Collum Davis Institute for International Studies**, and Ross Wilson with the **Atlantic Council** and the **Dinu Patriciu Eurasia Center**.

Morningstar:

So, how are we going to achieve our energy security goals? First, natural resources are produced, transported, bought and sold primarily in the private sector, but governments can play a role by creating the right economic climate for commercial activity to prosper. We can be facilitators.

Regarding Ukraine, through the U.S.-Ukraine Commission on Strategic Partnership and the U.S.-Ukraine Energy Security Working Group, we continue to encourage Ukraine to make the necessary measures to attract foreign investment and to make the necessary reforms to qualify for international financing, which will allow it to modernize its gas transit system. There is no reason why Ukraine can't become energy secure and energy dependent through the development of its own conventional and unconventional resources. But to do that, if has

to follow through on creating the proper investment climate for Western companies to offer financing and technology for these projects, and we think we are making some progress.

I might also add, partly in response to Mr. Marino's points, that in February 2011 we signed the U.S.-Ukraine memorandum of understanding on unconventional gas resources to help them in the process of developing shale, which we are also doing with other countries such as Poland and particularly other Eastern European countries and other countries in the rest of the world.

With respect to Central and Eastern Europe, we have worked very closely, I have probably spent more time with Central and Eastern European countries than anybody else, very closely with Central and Eastern European States in their efforts to come up with a balanced energy strategy and diverse energy sources and to encourage them to work toward a common energy market in Europe.

Not keeping with his prepared statement to the subcommittee, former ambassador Keith Smith made some frank and disturbing opening remarks about corruption in the world's energy markets:

I have been at various committees before talking mainly about the issue of the supply of gas and oil from Russia to Central Europe. But my concern nowadays has refocused to some extent on the question of corruption and transparency, because I believe that while diversity of supply is important, part of the problem and a big part of the problem, quite frankly, in Central Europe and especially in east Central Europe, but not exclusively in east Central Europe, is a question of transparency and corruption in the energy trade.

It takes you back to—I am old enough to remember when the U.S. bank robber Willie Sutton, they kept asking him why he kept robbing banks and get(ing) caught. His answer was, Well, that is where the money is. Quite frankly, the corruption around the world is generally, in large measure, in the energy trade. And that is where the money is.

The essence of Mr. Smith's evaluation about corruption and cronyism is the strong theme that cascades through Robert Bryce's book, *Cronies: Oil, The Bushes, and the Rise of Texas, America's Superstate*, in how the energy titans in Texas and neighbouring petroleum states have largely and consistently controlled American legislators, public laws and regulations over the last 60 or more years.¹¹

¹¹ For more on Bryce, see the beginning of chapter 5 on the Baker Institute.