

By CORAL DAVENPORT and STEVEN ERLANGER MARCH 5, 2014

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WASHINGTON — The crisis in Crimea is heralding the rise of a new era of American energy diplomacy, as the Obama administration tries to deploy the vast new supply of natural gas in the United States as a weapon to undercut the influence of the Russian president, Vladimir V. Putin, over Ukraine and Europe.

The crisis has escalated a State Department initiative to use a new boom in American natural gas supplies as a lever against Russia, which supplies 60 percent of Ukraine’s natural gas and has a history of cutting off the supply during conflicts. This week, Gazprom, Russia’s state-run natural gas company, said it would no longer provide gas at a discount rate to Ukraine, a move reminiscent of more serious Russian cutoffs of natural gas to Ukraine and elsewhere in Europe in 2006, 2008 and 2009.

The administration’s strategy is to move aggressively to deploy the advantages of its new resources to undercut Russian natural gas sales to Ukraine and Europe, weakening such moves by Mr. Putin in future years. Although Russia is still the world’s biggest exporter of natural gas, the United States recently surpassed it to become the world’s largest natural gas producer, largely because of breakthroughs in hydraulic fracturing technology, known as fracking.

“We’re engaging from a different position because we’re a much larger energy producer,” said Jason Bordoff, a former senior director for energy and climate change on the White House’s National Security Council.

Over the past week, Congressional Republicans have joined major oil and gas producers like ExxonMobil in urging the administration to speed up oil and natural gas exports. Although environmentalists, some Democrats and American

manufacturing companies that depend on the competitive advantage of cheap domestic natural gas oppose the effort, they have fallen to the sidelines in the rush.

For Russia, energy supplies are as important to keeping a hold on Ukraine and the other former countries of the Soviet Union as is the Russian Army itself. Ukraine would freeze without Russian gas, and its flow has been a considerable source of wealth and corruption in both countries. But Russia is also obligated by contract to provide natural gas to Western Europe, and Moscow remains highly dependent on Ukrainian pipelines to get it there.

David Dalton, the editor of the Economist Intelligence Unit, said: "Russia has always used gas as an instrument of influence. The more you owe Gazprom, the more they think they can turn the screws."

But this time, there is a major difference. As recently as 2007, American natural gas supplies were believed to be dwindling, and the George W. Bush administration was considering importing natural gas from Russia. Since then, fracking, which environmentalists say could contaminate America's water supplies, has transformed the strategic landscape.

The United States does not yet export its natural gas. But the Energy Department has begun to issue permits to American companies to export natural gas starting in 2015. American companies have submitted 21 applications to build port facilities in the United States to export liquefied natural gas by tanker. The agency has approved six of the applications.

However, even if the Energy Department approves all the pending permits from companies seeking to export natural gas, the fuel could not begin flowing overseas for at least a few years. Most American natural gas export terminals are in the early stages of construction. While one, in Sabine Pass, La., is tentatively scheduled to open in late 2015, most others will not start operating until 2017 or later.

At the helm of the new energy diplomacy effort is Carlos Pascual, a former American ambassador to Ukraine, who leads the State Department's Bureau of Energy Resources. The 85-person bureau was created in late 2011 by Hillary Rodham Clinton, the secretary of state at the time, for the purpose of channeling the domestic energy boom into a geopolitical tool to advance American interests around the world.

In an interview, Mr. Pascual asserted that his team's efforts had already weakened Mr. Putin's hand, and had helped lower Ukraine's dependence on Russia for natural gas supplies to 60 percent, down from 90 percent.

Mr. Pascual said that his team had worked to help Ukraine and other European countries break away from dependence on Russian gas by finding supplies elsewhere, including Africa, and assisting the Europeans to build up their natural gas storage. The team, he said, is working with Ukraine and the European Union on completing a European energy charter, which already allows natural gas to move more quickly through Europe and permits countries to negotiate lower rates with Gazprom.

In addition, he said, the team is helping countries develop their own natural gas resources, including in partnership with American energy giants. Halliburton has started fracking for natural gas in Poland, while Shell last year signed a contract to explore for natural gas in Ukraine.

Mr. Pascual said that although the prospective American exports would not immediately solve the problems in Europe, "it sends a clear signal that the global gas market is changing, that there is the prospect of much greater supply coming from other parts of the world."

"This is a radically changed market," he added. "Our challenge is to look at U.S. production in the global context and understand how we can influence what happens."

In the coming years, Gazprom's influence will be further weakened as American supplies are shipped onto the global market, Mr. Pascual said.

This week, Republicans escalated their calls for the administration to speed those exports.

On Tuesday, Speaker John A. Boehner, Republican of Ohio, said: "One immediate step the president can and should take is to dramatically expedite the approval of U.S. exports of natural gas. The United States has abundant supplies of natural gas — an energy source that is in demand by many of our allies — and the U.S. Department of Energy's excruciatingly slow approval process amounts to a de facto ban on American natural gas exports that Vladimir Putin has happily exploited to finance his geopolitical goals.

"We should not force our allies to remain dependent on Putin for their energy needs," he said.

The efforts this week are not the first time that the State Department has used newfound energy resources to gain geopolitical advantage.

In 2012, in response to Iran’s nuclear program, the United States urged the Europeans to impose financial sanctions that greatly limited Iran’s ability to sell oil on the world market. Other countries feared that the move would raise prices, but officials assured other nations that a surge in American oil production would keep prices stable.

Earlier this year, the United States worked to broker a sale of Israeli natural gas to Jordan, in an effort to stabilize relations in the Middle East.

“In World War II, we were the arsenal of democracy,” said Robert McNally, who was the senior director for international energy issues on the National Security Council during the Bush administration. “I think we’re going to become the arsenal of energy.”

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