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# U.S. Threatens to Replace Russia as Europe's Oil and Gas Supplier

By The Moscow Times

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Ending the 40-year ban on U.S. crude exports is the fastest way the American drilling boom could bolster energy independence from Russia in Europe and Ukraine, the CEO of the biggest operator in North Dakota's vast oil fields told lawmakers this week.

After Russia's invasion of the Ukraine's Crimean peninsula, several U.S. lawmakers have introduced bills pushing the government to speed approvals of U.S. liquefied natural gas exports. They say the extra U.S. supplies would provide Europe with an alternative to supplies from Russia, from which it currently gets nearly a third of its fuel.

Speaking on a visit to Brussels to discuss trade relations and the Ukraine crisis, U.S. President Barack Obama said that concluding a new transatlantic trade pact, now under negotiation, would make it easier for Washington to license more gas exports.

"Once we have a trade agreement in place, export licenses for projects for liquefied natural

gas destined to Europe would be much easier, something that is obviously relevant in today's geopolitical environment," Obama said after meeting European Union leaders, though he added that it could not happen overnight.

Russian state-owned gas export monopoly Gazprom, the world's largest gas producer, was dismissive of what it sees as bluster coming out of Brussels. "What next? Where are [the U.S.'s] free volumes? How much will gas cost at [Louisiana distribution center] Henry Hub if so much is going to Europe? What will the price be at European terminals? And finally, where are the tankers?" a Gazprom representative said to Vedomosti on Friday. "These announcements are meant only for the general public ... They do not have any effect on our negotiating position."

Harold Hamm, the chairman and CEO of Continental Resources Inc, acknowledged at a hearing of the House of Representatives Foreign Affairs Committee that a surge in U.S. gas exports was not immediately feasible.

"While opening LNG exports is a noble goal and one that we as a country are actively working toward, the fact is the infrastructure to undertake large scale overnight LNG exports does not currently exist," he said.

Oil, however, is another matter. "If we want to have an overnight impact on today's global events, we can immediately begin exporting crude oil, which does not have the same infrastructure constraints [as LNG]," he said.

But the idea that U.S. crude oil exports could make a big difference in Europe is not shared by everyone.

Michael Levi, a fellow at the Council on Foreign Relations who testified at the hearing, said the ability of U.S. exports to weaken President Vladimir Putin's hand was less powerful than many think.

"Oil exports are a fairly weak tool against Russia," he said. "Europe can already buy oil from elsewhere if Russian supplies are cut off."

And U.S. exports would be "a drop in an already large sea" of the global oil market, Levi wrote in a recent blog.

*Material from the Moscow Times is included in this report.*

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