

Energy industry advances, even in down economy

Star-Tribune Editorial Board | Posted: Thursday, September 24, 2009 1:00 am

It's well known that Wyoming's economy lives and dies according to demand for our energy products, and the slump brought on by the worldwide recession has yet to loosen its grip.

But amid the concern about the state's economy, including the highest unemployment rate in two decades, there are some hopeful signs out there. Among the good news that has appeared in the Star-Tribune recently:

* While the price for natural gas has yet to rebound, plans are proceeding for construction of pipelines to ship Wyoming gas to new markets. One of the most significant is El Paso Corp.'s Ruby Pipeline, which will span western Wyoming to Malin, Ore., and serve the Northwest market. Construction of the \$3 billion pipeline could begin next year.

There's no question that drilling activity has slowed dramatically, but that doesn't mean it has dried up completely. Companies including Shell, BP, Anadarko and other heavy-hitters are still spending billions of dollars in Wyoming and the Rockies.

It's not certain when the market for natural gas will improve. When it does, Wyoming will be in a great position to meet the demand.

* Black Hills Corp. and two partners plan to build a power plant in Campbell County that would capture and store more than 90 percent of the carbon dioxide produced when coal is burned. The 100-megawatt plant would use a process in which coal is burned within a regulated oxygen environment rather than air. The same technology might be used to retrofit existing coal-fired plants.

Meanwhile, construction is scheduled to begin next year near Cheyenne on the High Plains Gasification-Advanced Technology Center, a joint project between the University of Wyoming and General Electric. The demonstration plant is aimed at showing that Wyoming coal can be gasified and generate electricity economically, along with capturing harmful carbon emissions.

It's crucial for Wyoming and the nation that these clean coal projects succeed, and there's every reason to believe they will.

* Speaking of carbon, plans are under way for a new carbon dioxide pipeline that could revitalize aging oil fields in the Powder River Basin. Encore Acquisition Co. has struck a deal to take 50 million cubic feet of CO₂ per day from the Lost Cabin gas plant in Fremont County, compress it into liquid form and ship it through northeast Wyoming.

CO₂ flooding has proven successful in pulling more oil from the historic Salt Creek field in Natrona County. Not only will the new pipeline reduce the volume of CO₂ emissions from the Fremont County plant, but it will boost oil production in the Powder River Basin.

* At the same time, Wyoming officials are moving ahead with creation of a legal and regulatory framework for commercial-scale carbon sequestration in the state, and the University of Wyoming is helping on the technological side.

The state has already identified two prime spots for underground carbon storage -- the Moxa Arch and the Rock Springs Uplift in southwest Wyoming.

Commercial-scale carbon sequestration is a must to maintain the strong position of Wyoming's coal industry, which provides thousands of jobs and hundreds of millions of dollars of revenue for state and local governments.

These are just a few of the recent developments that give cause for optimism about Wyoming's crucial energy sector. As the national economy continues to improve, energy demand will rise, and the state is in a prime position to meet it.