

Shale gas extraction tax-free in Poland through 2020

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A drilling rig exploring for shale gas of oil company Chevron on June 11, 2013 in a village of Ksiezomierz in south-eastern Poland

The Polish government on Tuesday decided to make it tax-free to extract shale gas at home through 2020, as the EU member strives to ensure energy independence from Russia.

Poland's [shale gas](#) reserves are estimated at between 800 to 2,000 billion

cubic metres and many local and foreign companies have already sunk test wells.

"We adopted measures that should encourage shale gas exploration," Polish Prime Minister Donald Tusk told reporters on Tuesday.

He added that after 2020, taxes "shouldn't exceed 40 percent of extraction income".

The nation of 38 million people hopes to exploit its shale gas reserves out of concern for its energy security, as it currently leans heavily on Russia for its [natural gas](#)—a topic of renewed concern given the Ukraine crisis.

Russia, which has threatened to cut off gas supplies to Kiev, is Europe's biggest single energy supplier and its natural gas pipelines mainly run through Ukraine.

Poland, which shares a border with Ukraine and is Central Europe's largest economy, currently uses around 15 million cubic metres of natural gas annually.

Two-thirds of it is imported, mostly from Russia.

Now the government plans to invest 12.5 billion euros (\$17.3 billion) in the shale gas sector by 2020.

Local and global companies have thus far sunk around 50 exploratory wells in Poland. The firm Lane Energy Poland—controlled by US energy giant ConocoPhillips—was the first to extract shale gas in July 2013.

The amount was not big enough however to qualify as commercial production.

US energy giant Chevron meanwhile announced late last year it had joined forces with Poland's PGNiG on shale gas exploration in the country's south.

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