



Issue 24, 2019

## ● [Analysts Say U.S. Coal Merger Not Anti-Competitive](#)

*"The proposed 'extraordinary' joint venture between U.S. coal majors Peabody Energy and Arch Coal will be structurally beneficial, rather than anti-competitive for U.S. energy markets in the long run, according to Jefferies analysts."*

**Why this is important:** Analysts believe the Arch and Peabody Coal joint venture for their Powder River and Colorado coal mines is not anti-competitive as it will help the Powder River mines survive in coal markets dominated by cheap natural gas and continued closings of coal-fired electrical generation plants. In the past few years, the Powder River Basin has seen steep drops in production and employment. The JV will produce 206 million tons per year--about 60 percent of the basin's production--and have 3.4 billion tons of reserves for future mining. The two companies expect \$120 million in savings from synergies in the joint venture. --- [Mark E. Heath](#)

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## ● [Unit at Philadelphia Refinery Completely Destroyed in Fire](#)

*"The alkylation unit involved in a massive fire at Philadelphia Energy Solutions Inc.'s oil refinery has been completely destroyed, which will hamper the supply of gasoline from the U.S. East Coast's largest refinery, sources familiar with the matter said."*

**Why this is important:** Although a massive catastrophe was averted last week after the explosion at the East Coast's largest oil refinery, the cost of gasoline to those it served is bound to increase markedly. After the fire, which destroyed the refinery's alkylation unit completely, the owner announced it was closing the refinery entirely. The fallout likely will be in higher gas prices for the markets the refinery served until suitable substitutes are found. --- [Bryan S. Neft](#)

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## ● [Wind Power Sources Remain More Fantasy than Reality](#)

*"However, those credits are being phased out, and without such generous subsidies, wind energy will not make much of a dent in power production or carbon mitigation for at least a decade."*

**Why this is important:** Government regulators and environmental activists seeking to reduce natural gas production through opposition to hydraulic fracturing and new pipelines need a good dose of reality. Wind and solar energy production will supply only a minimal percentage of the U.S.'s total energy requirements for many years to come. In the meantime, the retirement of coal-fired plants and nuclear facilities will create an energy supply deficit that will shortly put domestic residential and commercial energy users at risk. Despite undeniable evidence, such regulators and activists refuse to acknowledge that shale gas is an affordable and environmentally attractive fuel to bridge the transition from nuclear and coal power generation to other realistic energy sources. --- [William M. Herlihy](#)

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## ● [Planned WV Plant Open for Public Comment](#)

*"Before ground can be broken for a proposed \$1.2 billion coal-to-liquids-fuel facility in Mason County, the company developing it must get its permit applications approved by the West Virginia Department of Environmental Protection."*

**Why this is important:** The comment period for environmental permits for a \$1.2 billion plant to turn coal and natural gas into gasoline and other fuels is ongoing. The Domestic Synthetic ("DS") Fuels Plant will be built in Mason County along the Ohio River and plans to use 2,500 tons of coal per day and 23 million cubic feet of natural gas to make 450,000 gallons of gasoline and other fuels by subjecting the coal and gas to pressure. When operational, the plant will create 130 full-time jobs and 100 coal mining jobs to provide feedstock. DEP is soliciting comments for the plant's environmental plans through July 18. --- [Mark E. Heath](#)

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## ● [EDGE Produces First Well-Site LNG in USA to Create a 'Virtual Pipeline'](#)

*"'Virtual pipeline' pioneer EDGE has produced its first well-site LNG in the USA opening up a route to market for gas reserves that are beyond the reach of conventional pipelines."*

**Why this is important:** Innovation is keeping fossil fuels relevant, by reducing waste and reducing overall CO2 emissions. Edge's wellsite liquefied natural gas plants allow productive use of gas from remote areas that ordinarily would be wasted by flaring because there are no pipelines. That gas can now be transported by truck and burned at a power plant, replacing the natural gas that would otherwise be burned there and reducing overall emissions. The cost of LNG delivered in this fashion is probably higher than gas transported by pipeline, and there may be regulatory issues related to highway transportation of LNG. Nevertheless, this is an interesting option where pipelines have not been built or cannot be built due to state prohibitions. --- [David L. Yaussy](#)

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## ● [Trump Threatens to Lessen U.S. Security Role in Strait of Hormuz, Unveils Sanctions](#)

*"President Donald Trump signaled that the U.S. may lessen its role in the Strait of Hormuz as domestic oil and gas output grows and U.S. energy imports from the Middle East decline."*

**Why this is important:** In a series of tweets, President Trump indicated his desire to stop policing the volatile Strait of Hormuz, when oil passing through the strait serves primarily countries other than the United States. Although this tactic indicates a shift in United States' policy consistent with a shift in policies toward NATO allies, the shift also may signify posturing for leverage in negotiations between Iran and the United States over nuclear and regional ambitions. --- [Bryan S. Neft](#)

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## ● [India's Annual Coal Demand Rises 9.1 Percent to Nearly 1 Billion Tonnes](#)

*"Coal is among the top five commodities imported by India, one of biggest importers of the fuel despite having the world's fifth largest reserves."*

**Why this is important:** India's annual coal demand rose 9.1 percent last year to 991.35 million tons, India's coal minister told its Parliament this week. The nation has the world's fifth largest coal reserves and will soon use more than one billion tons of coal per year. India used 760.6 million tons of that demand for coal-fired electrical generation. India's coal consumption per year to produce electrical power is now more than the total amount of coal mined in the United States. Helping to strengthen the world export market, India imports of coal rose to 235.2 million tons, an increase of 27 million tons from last year. --- [Mark E. Heath](#)

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## ● [Are State Regulators Obstructing Cheaper and Cleaner Energy?](#)

*"Further, rather than helping cut greenhouse gas emissions, the gas-pipeline blockade has impeded the shift away from fuel oil for both heating and electricity generation."*

**Why this is important:** The opposition of New York state regulators to new natural gas pipelines that would supply badly needed gas for New York and Massachusetts is an overreaction to a small, activist segment of the voting public. Denying New York and New England consumers access to cheap shale gas not only harms them financially, but also causes greater use of less environmentally friendly fossil fuels. Renewable energy sources and conservation efforts alone are not nearly sufficient to handle

the increasing energy demands of this region in a foreseeable time frame. Utility customers in New York and New England should let their elected representative know they are entitled to access to this abundant, inexpensive and environmentally friendly energy source. --- [William M. Herlihy](#)

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## ● [Why is Pakistan Opening Up New Coal Power Plants, Even as the World Says Goodbye to Coal?](#)

*"Currently, more than 60 percent of the electricity generated in Pakistan comes from fossil fuels, including gas, coal and furnace oil, and this is set to grow."*

**Why this is important:** Pakistan has 50 million citizens with no access to the national electrical grid. And with reliability problems, many Pakistani citizens are looking at solar power. To strengthen its electrical grid, Pakistan has been contracting with China and other countries for 13.8 GW of new coal-fired electrical generation throughout the country. These new plants will help keep 60 percent of Pakistan's electricity being generated from fossil fuels--coal, natural gas and furnace oil--and that could help strengthen the world steam coal market. It also will leave the country in significant debt to China. --- [Mark E. Heath](#)

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## ● [EIA Energy Statistics](#)

*Here is a round-up of the latest statistics concerning the energy industry.*

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