



Issue 18, 2018

● [In Cities v. Fossil Fuels, Exxon's Allies Want the Accusers Investigated](#)

"Now two industry-friendly groups are turning the tables and asking the SEC to investigate the cities and counties for possible fraud."

Why this is important: Over the past year, cities across the country have sued Exxon and its peers alleging the extractive industry withheld information about the risks of climate change. Those cities are seeking billions of dollars in damages to offset the costs they allege they'll incur in addressing rising sea levels over the coming years. In court filings, however, the industry has pointed out those cities never disclosed threats from climate change when they issued public bonds. Now, two trade groups have asked the SEC to investigate. It's a strong statement by the industry that it intends to litigate these cases both in the courts of law and public opinion. --- [Joseph V. Schaeffer](#)

● [Climate Activists and Coal Interests Unite, Lending Support to Zero-Emissions Technologies](#)

"Indeed, Net Power's Brown says that while carbon capture could change the energy landscape, few companies can afford to pursue this technology. Research and development has thus been limited, which in turn, has kept in check the economies of scale. The new tax program changes the whole dynamic, he notes."

Why this is important: Effective climate change strategies need to focus on what comes out of the power plant instead of what goes into it. While coal may not be "clean" in its natural state, that does not mean technology cannot be developed to capture the carbon-dioxide resulting from its use before it is released into the atmosphere. Just as petroleum is refined to eliminate pollutants before its use, coal can be "refined" to eliminate pollutants after its use. Given coal is a cheap and abundant source of energy that still will account for 77 percent of global electricity supply in 2040, it is encouraging to see industry and climate change activists working together to develop an effective solution to curbing carbon-dioxide emissions. --- [Nicholas S. Preservati](#)

● [Newsweek Proves Why Lazy Definition of 'Fracking' is Harmful to Public Debate](#)

"Scientists recently determined that an earthquake that injured more than 80 people in South Korea last year was probably triggered by geothermal energy production. Newsweek blamed it on fracking, even though South Korea has little to no oil and natural gas production."

Why this is important: Popular media has no understanding of how fracking works, and they make no attempt to do so because a thoughtful explanation of that process does not make for sensational news. In an effort to mislead the public, opponents of oil and gas deal in popular myths and misinformation rather than attempting to understand the process and help the public learn about the realities of this process. This misleading comparison just shows how far certain opponents of natural gas

will go to distort public opinion based on irrelevant comparisons and false information. Maybe it's time for industry advocates to engage in a public information effort that could blunt this mythology? --- [William M. Herlihy](#)

● [Russian Trolls' Post-Election Task: Disrupt Florida and Other U.S. Energy Pipelines](#)

"Russia's hidden hand in the Florida pipeline protests was extensive, according to sources familiar with the operations. At least eight Russian accounts, most tied to the troll farm known as the Internet Research Agency, sent at least 16 social media messages excoriating the Sabal Trail pipeline or retweeting messages from one of its most prominent opponents."

Why this is important: In what can only be characterized as continued evidence that U.S. energy independence is considered a threat by the Russians, the Kremlin-backed internet "troll farm" has been engaged in social media's organization and support of anti-fracking protests throughout the United States. Reports indicate this same group was responsible for the Russian social media attacks on the 2016 presidential election. Between 2015 and 2017, Russian trolls posted, tweeted or retweeted about American energy projects or environmental issues nearly 9,100 times. Russian state television, RT and Sputnik, have supported this process by regularly running anti-U.S. energy programming and interviewing far-left American environmental activists. --- [Gerald E. \(Gee\) Lofstead III](#)

● [U.S. Top Court Rejects Constitution Pipeline Over New York Permit](#)

"The U.S. Supreme Court dealt another setback to a proposed natural gas pipeline running from Pennsylvania to New York, rejecting Constitution Pipeline Co's bid to challenge New York state's refusal to issue a needed water permit for the project."

Why this is important: The Supreme Court of the United States upheld an August 2017 ruling by the New York-based 2nd U.S. Circuit Court of Appeals, in favor of the state of New York, rejecting Constitution Pipeline Company's challenge of New York's refusal to issue a water permit necessary for the project's progress. If built, the pipeline would deliver more than 1/6 of New York's current natural gas consumption needs from Pennsylvania to the Empire State. New York's environmental regulators denied Constitution Pipeline's application in April 2016, alleging the company failed to provide sufficient information to determine whether the project would comply with the state's water quality standards. Constitution Pipeline has petitioned FERC separately to overturn the state agency's decision. In March, FERC stated it was taking more time to consider the issue. --- [John C. \(Max\) Wilkinson](#)

● [Underground Gas Migration Can Trigger Small Earthquakes, Study Finds](#)

"When researchers took a close look at how stress was redistributed in the wake of the original quake, they realized a nearby natural gas reservoir had come under increased pressure as a result of the tectonic reshuffling. The added pressure caused gas to migrate upwards, triggering a series of small earthquakes closer to the surface."

Why this is important: Natural gas development has been blamed for inducing earthquakes since at least the early 2010s, when Oklahoma began reporting increased seismic activity. In the national discourse, however, the nuance between underground injection activities and natural gas production activities has been lost, with the rise in induced seismicity commonly attributed to hydraulic fracturing. The distinction is significant since most induced seismicity has been linked back to disposal rather than production activities. This new study, however, undoubtedly will prompt renewed debate over whether the natural gas migration triggered during production can itself be a cause of seismic events. --- [Joseph V. Schaeffer](#)

● [WVU Shale Gas Development Team Formed](#)

"Bringing big business to West Virginia is the focus of the new business and economic development shale and gas study report team that was recently formed at West Virginia University."

Why this is important: This proposal to extend I-68 is a start, but the team and West Virginia University need to get more involved with in-depth research to facilitate the oil and gas industry. For example, more research about the recycling, reuse and disposal of drilling fluids would be essential to the continued effective operation of the industry in the most environmentally friendly manner possible. In addition, the team could study obstructions to extending and interconnecting the pipeline system in the state to ensure natural gas and its liquids can flow effectively to needed markets. They might also focus on ways to facilitate

the Appalachian Storage and Trading Hub in an effort to keep value-added manufacturing in our region. Good luck to the Development Team! --- [William M. Herlihy](#)

● [Geopolitics of Energy: China and the Middle East](#)

"China's deepening energy dependency on oil and gas supplies from the Persian Gulf raises doubts on Beijing's ability to abstain from taking clear political stance."

Why this is important: China is currently one of the fastest growing economies in the world, with some major economic projections putting the Asian powerhouse on a path for growth of 6 percent or more in 2018 and years beyond. However, this growth will strongly be tied to China's ability to have secure and continual access to oil and gas in what has increasingly become a Middle East full of conflict. China has always tried to play a middle ground in the often tense geopolitics of this region, especially when it comes to two of the region's largest petroleum producers, Saudi Arabia and Iran. However, over the past several years as conflicts have arisen and continued in Syria, Iraq and Yemen, these two nations have engaged in a proxy war that is based in the longstanding feud between the Shia and Sunni sects of the Islamic faith. As these conflicts drag out and require more and more attention, China may be forced to engage further diplomatically in the region, take actions one side may perceive as being biased towards them, and force them to make moves to restrict China's access to their gas and oil. Any reduction in China's access to the fuel it needs to power its ever-growing economy could lead to a slowdown in not just China's economic growth, but could also have reverberating waves throughout the global economy. --- [Ryan W. Weld](#)

● [Largest U.S. Energy Grid Operator to Study Too Much Reliance on Natural Gas](#)

"A new initiative by PJM Interconnection on energy grid reliance is building off conclusions from a 2017 report that found, 'The system could remain reliable with the addition of more natural gas and renewable resources, but that heavy reliance on one resource type raises potential resilience risks beyond existing reliability standards.'"

Why this is important: Identifying ways to maintain grid security when demand is high, or when particular fuel sources may be unavailable due to physical, cyber or weather-related constraints, is a necessary precaution in diversifying the U.S. energy grid's supply sources. While weather-related issues have long been discussed for wind and solar, threat of infrastructure to purposeful attacks is increasingly on the list of growing concerns. As the grid's reliance on natural gas continues to increase (it has risen from 5 percent to 20 percent in the past decade), the potential for grid sectors to be reliant on a single pipeline, small set of pipelines or critical junction hub, only increases the potential for catastrophic vulnerability. --- [John C. \(Max\) Wilkinson](#)

● [Watch the Cotenancy Modernization and Royalty Information Reporting Webinar](#)

Spilman attorneys Mark D. Clark and Thomas J. O'Neill provided an overview and explanation of West Virginia H.B. 4268 "Cotenancy Modernization and Majority Protection Act" and H.B. 4270 "Information Reporting" related to royalty payments and production volumes. This webinar also provided energy companies with information helpful toward preparing for the implementation of these new laws.

You can watch it now. Click [here](#).

● [EIA Energy Statistics](#)

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

[PETROLEUM](#)

[This Week in Petroleum](#)

[Weekly Petroleum Status Report](#)

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Short-Term Energy Outlook - Natural Gas

Natural Gas Weekly Update

Natural Gas Futures Prices

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Coal Markets

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