



Issue 15, 2017

## ● [WV DEP Waives Clean Water Act Authority Over Atlantic Coast Pipeline](#)

*"The West Virginia Department of Environmental Protection waived the state's authority under the federal Clean Water Act to determine if another major natural gas pipeline proposal would harm rivers and streams."*

**Why this is important:** The West Virginia DEP has waived its right to certify the Mountain Valley Pipeline under Section 401 of the Federal Clean Water Act. This is an important step in the approval of new pipeline construction for the transportation of shale gas to market. Opponents of natural gas hydrocarbons have used opposition to pipeline construction as part of a strategy to interfere with the development of these resources. This waiver likely reflects two realities for the West Virginia DEP: (1) first, this agency does not want to put any more restrictions on the Mountain Valley Pipeline than have already been or will be imposed by the Federal Environmental Protection Agency or the U.S. Army Corps of Engineers; and (2) the West Virginia DEP is aware from past experience that its further engagement in the specifics of this pipeline project, beyond the review of federal agencies, would likely lead to litigation by opponents of the pipeline which would cause an unnecessary delay in the approval and construction of this facility. The general stormwater permit, together with the stormwater pollution prevention plan that will be developed with the West Virginia DEP in accordance with that permit, will impose numerous controls on the route of the Mountain Valley Pipeline depending upon the type of crossings for streams and wetlands involved. In this way, West Virginia DEP will retain the authority to address environmental considerations related to this pipeline project even without the Section 401 certification process. ---

[William M. Herlihy](#)

## ● [Does OPEC Need An Exit Strategy?](#)

*"One of the crucial details that OPEC omitted when it rolled over its production cuts for another year was how the group plans on winding down the agreement. When pressed by reporters, Saudi oil minister Khalid al-Falih said that it was 'premature' to talk about an exit strategy."*

**Why this is important:** OPEC continues to walk the balance beam of keeping close ties with Russia, controlling Libyan and Nigerian production, and watching U.S. shale oil in an effort to stabilize prices at profitable levels. The article succinctly explores the complexities the organization is facing with trying to control the multiple players in the world energy market. --- [Gerald E. \(Gee\) Lofstead III](#)

## ● [Appalachia Shale Gas Production has Tripled Since 2012](#)

*"Shale gas production in the Appalachia region has been driving an overall increase in U.S. natural gas production, according to the U.S. Energy Information Administration. Production in the region, which includes the Marcellus and Utica shale plays, has risen 205% to 23.8 billion cubic feet per day in 2017, from 7.8 billion cubic feet per day in 2012."*

**Why this is important:** Surging natural gas production from Marcellus and Utica shale operations in the Appalachian Basin makes the location of chemical processing and value-added manufacturing in the region even more critical. An important first step in this process would be the location of subsurface storage reservoirs for natural gas liquids in our area using favorable geologic

strata. The creation of a large and stable supply of this feed stock that is not dependent on the availability of interstate pipeline infrastructure would naturally attract these types of operations to the Appalachian region. Local manufacturing close to the production source will result in significant cost savings for creation of the resultant chemical products. --- [William M. Herlihy](#)

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## ● [A Change to the GOP Tax Bill Would be a Huge Boost to Energy Companies](#)

*"An amendment introduced by Sen. John Cornyn - the second-ranking Republican in the Senate - would have allowed owners of publicly traded partnerships to take a deduction for pass-through businesses on their income. That deduction was increased to 23 percent in the latest version of the Senate Tax Cuts and Jobs Act."*

**Why this is important:** Although the original amendment would have allowed financial services firms classified as publicly traded partnerships ("PTPs") to take the pass-through benefit, final bill limits the allowance to oil and gas firms that are PTPs to take the benefit. Many energy companies are classified as master limited partnerships, a type of PTP, to enjoy the tax benefits of a partnership. The amendment will allow gas and oil companies in which the owner takes business profits as income, to utilize the pass-through. The pass-through should also boost small businesses who treat such profits as income as well. --- [John C. \(Max\) Wilkinson](#)

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## ● [Greece, Italy, Israel and Cyprus Back NatGas Pipeline to Europe](#)

*"The project, known as East Med, involves a 2,000 km long pipeline to channel offshore reserves in the Levantine Basin in the far east corner of the Mediterranean to Greece and Italy, at a cost of up to 6 billion euros."*

**Why this is important:** A pipeline from Israel and Cyprus to Europe provides important revenues to those two countries, strengthening their economies and providing a more secure supply of natural gas to the continent. But perhaps more important is that, for all the talk about renewables, the willingness to build this undersea pipeline demonstrates fossil fuels remain a key component for future industrial development in Europe. --- [David L. Yaussy](#)

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## ● [America Crowns a New Pollution King](#)

*"For the first time in 40 years, power plants are no longer the biggest source of U.S. greenhouse gas pollution. That dubious distinction now belongs to the transport sector: cars, trucks, planes, trains and boats."*

**Why this is important:** With automobiles surpassing power plants as the primary emitter of CO2 in the United States, some regulators are already drafting legislation to phase out gas powered vehicles. This may be difficult to do, as the drop in CO2 emissions from power plants was not the result of effective regulations, but instead economics. With the low price of natural gas, power producers were able to use a cheaper source of generation that also had lower CO2 emissions. The same is not true for automobiles, as the cars with the lowest CO2 emissions (electric) are also the most expensive. Therefore, the forces that helped lower CO2 emissions in power plants are working against lowering CO2 emissions in automobiles. --- [Nicholas S. Preservati](#)

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## ● [Oil Refiners and Farmers Battle Over Biofuels](#)

*"President Donald Trump has agreed to meet representatives of the U.S. oil refining industry and oil-supporting lawmakers to discuss the Renewable Fuel Standard Program - a meeting that could set the stage for negotiations over the U.S. biofuels policy that has been pitting the oil refining industry against the Midwest farm lobby."*

**Why this is important:** President Trump may find himself in the middle of a battle between legislators from oil producing states and corn farming states over the Renewable Fuel Standard Program. In the past, President Trump has supported corn-based ethanol, while remaining a vocal supporter of the U.S. oil industry. However, the oil producing states' lawmakers seem intent on pushing the President into changing biofuels policy, a move the farm belt says is, "a waste of time." --- [Gerald E. \(Gee\) Lofstead III](#)

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## ● [China Energy Delegation Traveling Through West Virginia](#)

"A delegation from China numbering more than two dozen is in West Virginia for the next two weeks in connection with the multi-billion dollar investment announced by the state and China Energy last month."

**Why this is important:** Conducting due diligence pursuant to the \$83.7 billion Memorandum of Understanding with West Virginia for future energy and chemical investment, Chinese representatives are meeting with prospective owners, suppliers, and sub-contractors in the state. The Chinese reconnaissance is focusing on power generation, chemical manufacturing and underground storage of natural gas liquids and derivatives according to West Virginia's Secretary of Commerce Woody Thrasher. According to Thrasher, this represents "an incredible effort on their part, a good faith effort, to move this thing forward." A successful implementation of this amount of investment will create profound economic productivity gains for the state and stimulate significant secondary industries, services and jobs. --- [John C. \(Max\) Wilkinson](#)

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## ● [High Concentrations of Rare Earth Elements Found In American Coal Basins](#)

*"The U.S. Department of Energy's National Energy Technology Laboratory has found high rare earth element concentrations in coal samples taken from the Illinois, Northern Appalachian, Central Appalachian, Rocky Mountain Coal Basins, and the Pennsylvania Anthracite region. These highly concentrated samples are greater than 300 parts per million (ppm)."*

**Why this is important:** Rare earth elements are needed for advanced electronics and battery manufacturing. They recently have been found in surprisingly high concentrations in coal and coal by-products, like coal ash, and even acid mine drainage waters. Bench-scale work is being done now to see if it will be feasible to scale up extraction of rare earth elements to commercially-viable levels. --- [David L. Yaussy](#)

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## ● [EIA Energy Statistics](#)

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

[Today in Natural Gas Energy](#)

[This Week's Coal Markets](#)

[Electric Power Monthly](#)

[Gasoline and Diesel Fuel Update](#)

[Weekly Petroleum Status Report](#)

[This Week in Petroleum](#)

[Heating Oil and Propane Update](#)

[Natural Gas Monthly](#)

[Appalachia Region Drives Growth in U.S. Natural Gas Production Since 2012](#)

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