



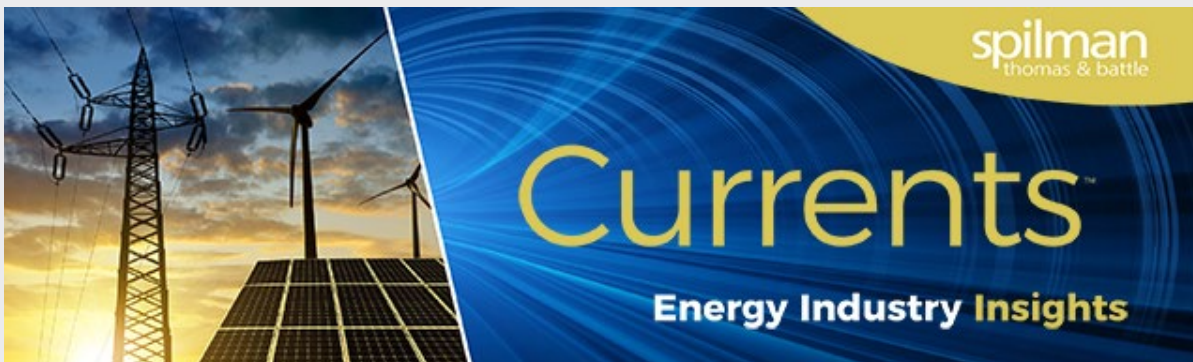
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Issue 27, 2020

● [Big Oil repeatedly remanded to state courts - will SCOTUS come to the rescue?](#)

"Oil companies facing suits by state and local governments that want them to bear a share of the cost of responding to the consequences of global warming do not want to litigate in state court. In case after case, when localities have filed climate change suits in state court, oil company defendants have removed the cases to federal court. They've cited all kinds of rationales for federal jurisdiction, ranging from preemption by the Clean Air Act to federal common law governing interstate pollution."

Why this is important: State and local governments have begun suing oil companies in state courts for damages related to the effects of climate change. Although the oil companies prefer a federal forum for such lawsuits to limit a "home field advantage," they are not opposing motions to remand in federal courts with success. The oil companies have attempted to appeal adverse rulings but the appellate courts claim to have little or no authority to review trial court decisions to remand even if the oil companies are raising what is presumably a federal defense. At least one oil company defendant is seeking United States Supreme Court review. If the oil companies lose, they may be looking at protracted state court litigation over their practices affecting climate change. --- [Bryan S. Neft](#)

● [Dominion's Natural Gas Dump Shows That A Renewable Future Is On The Horizon](#)

"Dominion Energy, one of the largest utilities in the United States with over 7 million customers across 18 states, recently announced that it was shedding a large portion of its natural gas portfolio to Berkshire Hathaway, including the largest storage site in the United States, while cancelling plans for a controversial pipeline project in Appalachia. The company, not generally known as a leader in clean or renewable technologies, has in recent years begun a concerted effort to restructure its generation portfolio to cleaner sources in its home market of Virginia."

Why this is important: A key business component of one of the country's largest utilities has been acquired by one of the country's most interesting conglomerates. The driver may be Dominion's interest in renewables and/or Berkshire's interest in the transportation sector. It will be interesting to see if a rail-centric purchase in the east is next for Berkshire. --- [Michael J. Basile](#)

● [China's demand for coal and iron ore surges despite rising animosity with Australia](#)

"The surge illustrates a two-track trade relationship developing between the economies: imports critical to China's infrastructure stimulus are climbing while trade bans are imposed on beef, barley and education, which can be sourced from elsewhere."

Why this is important: China's imports of iron ore and coal have increased as the country's recovery from the COVID-19 epidemic surges. In the first six months of 2020, ore imports are up 10%, coal 13% and LNG 3%. Many of those imports came from Australia. However, Australia remains in conflict with China over its treatment of Hong Kong's independence. For now, China is importing industrial products, such as ore and coal, and slowing its imports of Australian agricultural products, such as beef and barley. These increases in Chinese imports have not yet helped the U.S. coal industry, with many mines still closed or on reduced schedules. --- [Mark E. Heath](#)

● [Oil rises slightly ahead of OPEC+ meeting](#)

"Oil prices rose slightly on Tuesday as OPEC and its allies cut production by more than agreed to in June, although demand concerns lingered due to increased cases of COVID-19 in the United States."

Why this is important: Despite OPEC member country production cuts, oil prices, hovering around \$40 per barrel, may decline again due to fears of additional coronavirus outbreaks. Although OPEC sees an increase in demand in 2021 of seven million barrels per day, the increase is still below production levels from before the coronavirus pandemic. The pandemic is expected to weaken demand for oil with fewer people travelling for work or leisure. --- [Bryan S. Neft](#)

● [Natural gas prices hit record low](#)

"Warmer-than-normal temperatures in January through March resulted in less natural gas demand for space heating. Starting in March, the economic fallout from the pandemic further lowered demand as businesses temporarily closed and exports of liquified natural gas slowed."

Why this is important: Prolific finds and record production met the cliff of a warm, late winter, which trailed into a pandemic that further lessened demand. Current dynamics likely will lead to continuing consolidation via workout and bankruptcy scenarios in the gas segment throughout the remainder of 2020 and likely well into 2021 with consumers benefiting from historically low pricing. --- [Michael J. Basile](#)

● [Ramaco reduces staff numbers as it partially shuts met coal mine](#)

"The continued deterioration of both the domestic and export metallurgical coal markets, driven in large part by the Covid-19 pandemic have led us to make this difficult decision," said executive chairperson Randall Atkins."

Why this is important: RAMACO Resources is partially closing its Berwind Complex on the West Virginia and Virginia border and will lay off 44 employees. The temporary partial closure is due to the continued decline in domestic and export metallurgical coal markets relating to the COVID-19 outbreak. In April, RAMACO idled its Elk Creek Mine in West Virginia for two weeks. U.S. metallurgical coal producers continue to close or idle mines due to the collapse of met coal markets worldwide. --- [Mark E. Heath](#)

● [OPEC sees oil demand soaring in 2021 but still below 2019](#)

"Global oil demand will soar by a record 7 million barrels per day in 2021 as the global economy recovers from the coronavirus pandemic but will remain below 2019 levels, OPEC said in its monthly report."

Why this is important: Oil production is expected to increase by seven million barrels per day in 2021 even though production at those levels is below production prior to the outbreak of coronavirus. However, the assessment assumed no further downside risks such as a second wave of coronavirus or geopolitical tensions. The report also assumes that growth in demand will be stunted by remote working and efficiencies gained in the global economy. The message from the report is that we can expect energy markets to continue their volatility until the coronavirus is controlled. --- [Bryan S. Neft](#)

● Energy Question of the Week

Last Week's Question and Results

The recent halting of which of the following pipeline projects is the most significant:

Atlantic Coast Pipeline - 55%
Dakota Access Pipeline - 20%
Keystone XL Pipeline - 15%
Do Not Know - 10%

Do you support the EPA's decision to keep the ozone air standard at 70 ppb?

Strongly Support

Select

Moderately Support

Select

Neutral

Select

Moderately Oppose

Select

Strongly Oppose

Select

Do Not Know

Select

● 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

NATURAL GAS

Short-Term Energy Outlook - Natural Gas

Natural Gas Weekly Update

Natural Gas Futures Prices

COAL

Short-Term Energy Outlook - Coal

Coal Markets

Weekly Coal Production

RENEWABLES

Short-Term Energy Outlook

Monthly Biodiesel Production Report

Monthly Densified Biomass Fuel Report

What are your areas of interest? If there are particular industries or issues that you would like to hear about, [email us](#) ! We have a large number of attorneys willing to weigh in on the issues that impact you and your business.

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Responsible Attorney: Michael J. Basile, 800-967-8251