



Issue 22, 2018

## ● Spilman Conversations on Climate Change Forum

You are cordially invited to a premier event we are hosting on June 12 in Charleston, West Virginia.

Climate change is undeniable. But is human activity causing it, and if so, to what degree? How are current public policies helping or hurting the situation? All these questions and more will be addressed at Spilman's Conversations on Climate Change.

We're thrilled to be bringing together world-renowned scientists and policy experts to the stage at the University of Charleston to discuss these issues from both sides of the table. Expect an exciting exchange of ideas on the causes and effects of climate change, the prognosis for the future, and what can and should be done to prepare for those changes. We'll hear from those whose research leads them to believe human activity is having a dangerous impact on the climate, as well as those who believe such theories are overblown and unsupported by the science.

Join us for this unique opportunity to see scientists who rarely share the same stage, presenting a balanced discussion about this important topic affecting our planet, our lives, and our businesses. Click [here](#) for more information and to purchase tickets.

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## ● In an Internal Memo, the White House Considered Whether to Simply 'Ignore' Federal Climate Research

*"The document, drafted September 18 by Michael Catanzaro, President Trump's special assistant for domestic energy and environmental policy at the time, highlights the dilemma the administration has faced over climate change since Trump took office."*

**Why this is important:** This article reports on a memo drafted by a White House staffer who suggests an option available to the Trump administration is to simply ignore government research on climate change. That sounds like an attempt to squelch science, but that suggestion is based on an underlying belief that the scientific research done by some federal agencies has been partisan and less than objective. The other options that were proposed were a more rigorous look at the science, and a "red team, blue team" exercise to allow both sides of the debate to challenge one another. Either one could lead to a more balanced approach to the question of how much the climate is changing, and why. --- [David L. Yaussy](#)

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## ● Not So Fast on Fracking, UN Agency Tells Developing Countries

*"A new report by UNCTAD, the UN Conference on Trade and Development, describes natural gas as a useful 'bridge fuel' for States aiming to move towards more environmentally-friendly renewable power sources. But it has disadvantages too, not least the fact that its main component is methane gas, which has a global-warming potential 28 times higher than the carbon dioxide found in other fossil fuels."*

**Why this is important:** Global warming aside, the reality is natural gas is a bridge fuel while global economies adjust to

renewable power sources. Currently, renewable sources don't have the grid or storage capacity to keep pace with even a fraction of our power needs based on current technology. Even though methane has warming effects, its emergence as a primary fuel source has reduced carbon dioxide emissions from United States sources by a significant extent over the last few years as coal fired power plants are retired. The UNCTAD should focus on emissions from China and India caused by new coal fired plants that these countries are commissioning to meet domestic demand that lack any effective scrubbing technology for non-carbon exhaust. Without due cooperation from these emerging economies, our emission improvements are futile. This is one other reason why United States exports of natural gas to Asia could help curb the increase in carbon dioxide emissions from these countries in the short run. --- [William M. Herlihy](#)

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## ● [PA DEP Acknowledges that Approval to Spread Brine on Roads Was Not Issued in Accordance with State Law](#)

*"Department officials have not said if there's another way DEP might approve the use of waste brine."*

**Why this is important:** Several times each summer, Pennsylvania roads crews routinely spread brine from conventional wells on dirt roads to minimize dust in municipalities across the Commonwealth. The brine was provided free, or at a very low cost, by oil and gas producers. The arrangement benefited the industry because it allowed for the disposal of the waste brine byproduct and benefited the public because it reduced dust generated from miles of unpaved roads (and in the winter, reduced snow and ice on the roads) at little to no cost. However, the PA DEP recently stopped issuing permits to allow the use of waste brine in this manner because it claimed its process violated the Commonwealth's Solid Waste Management Act. While the DEP is currently working with stakeholders to develop new regulations to facilitate brine spreading on roads, townships will now either have to buy brine or control dust in another manner, and producers will have to find another avenue to dispose of waste brine. --- [Matthew P. Heiskell](#)

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## ● [OPEC, Russia Prepared to Raise Oil Output Amid U.S. Pressure](#)

*"Saudi Arabia and Russia are discussing raising OPEC and non-OPEC oil production by some 1 million barrels a day, sources said, weeks after U.S. President Donald Trump complained about artificially high prices."*

**Why this is important:** In order to "stabilize" crude oil prices, OPEC and its allies (primarily Russia) agreed to cut production. Last month, production was cut by 52 percent more than required. Coupled with the crisis in Venezuela, a bigger reduction than intended took place. OPEC, restating its friendship with the U.S., indicated it would start gradually increasing production in order to curb fears of low oil supplies. It is anticipated the implementation of the plan to increase production will be announced at the June 22-23 OPEC meeting in Vienna. --- [Gerald E. \(Gee\) Lofstead III](#)

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## ● [Other Countries 'Highly Unlikely' to Replicate U.S. Shale Gas Boom, Says UN Report](#)

*"It is highly unlikely that Europe will experience the same level of shale gas development as in the United States,' says the report. 'The development of shale gas resources in other countries remains marginal.'"*

**Why this is important:** There are large supplies of unconventional gas around the world, but it's unlikely they will be developed soon outside of North America, largely for political, rather than technological, reasons. That's good news for U.S. producers, who are seeking to supply the growing demand for natural gas from tight shale formations of North America, and who might see a glut and lower prices if the world tapped its own reserves at the same time. --- [David L. Yaussy](#)

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## ● [Canada to Buy Kinder Morgan's Trans Mountain Crude Oil Pipeline for C\\$4.5 Billion](#)

*"It is not, however, the intention of the Government of Canada to be a long-term owner of this project,' the Finance Department said in a press release."*

**Why this is important:** Brought to a head by the conflicting positions of the provincial governments of British Columbia and

Canada, the Canadian government purchased Kinder Morgan's beleaguered Pacific-bound Trans Mountain pipeline. By acquiring the Trans Mountain pipeline, Canada will achieve a meaningful option in the sale of its crude oil to Asian and other Pacific rim markets. Nearly all Canadian crude currently exports to the U.S. only. The pipeline also adds approximately 600,000 b/d in capacity to non-U.S. markets, enabling Canadian producers to obtain global pricing for their product. The Canadian government intends the acquisition to be a temporary bridge arrangement until the project and assets can be transferred to private investors who can assure the project's construction and operation in the public interest. --- [John C. \(Max\) Wilkinson](#)

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## ● [Investors Turn Up Heat on Shell Over Climate Targets](#)

*"Top investors in Royal Dutch Shell put pressure on the oil and gas giant to commit to hard targets to reduce greenhouse gas emissions to battle climate change."*

**Why this is important:** Shell has announced "ambitions" to halve its greenhouse gas emissions by 2050. Its investors, however, have pushed Shell for specific, measurable targets. Some of that push has come from the fringes, like a group of activist investors whose overwhelmingly rejected resolution would have tied Shell's greenhouse gas emissions targets to the goals of the 2015 Paris Climate Agreement. Yet, that same push has also come from some of the world's largest financial institutions like HSBC, AXA and UBS. What's clear is that climate change is no longer a fringe issue. The debate is no longer whether companies must act, but rather how far they must go. --- [Joseph V. Schaeffer](#)

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## ● [U.S. Record Oil Exports Bite Into Russia, OPEC Market Share in Asia](#)

*"The United States is set to export 2.3 million barrels per day (bpd) in June, of which 1.3 million bpd will head to Asia, estimated a senior executive with a key U.S. oil exporter."*

**Why this is important:** U.S. crude oil production hit all-time highs in the past few weeks, thanks mostly to shale oil producers. U.S. prices were discounted to more than \$9 below Brent crude futures, causing Asian oil buyers to look to America for its light crude needs. China has purchased 16 million barrels to be loaded in June, while India and South Korea are the next largest purchasers. U.S. exports to Thailand will increase to at least 2 million barrels. PTT is the Thai state-owned oil and gas company, whose subsidiary, PTT Global Chemical, is investigating the construction of an \$8 billion ethane cracker on the Ohio River, in Belmont County, Ohio. --- [Gerald E. \(Gee\) Lofstead III](#)

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## ● [U.S. Natural Gas Poised for Global Rise](#)

*"The United States produces natural gas in abundance and is poised to become the world's third-largest exporter by 2020, a production ramp-up supported by President Donald Trump."*

**Why this is important:** Domestic production of natural gas is an effective export tool. The shale revolution has created an attractive foreign market for our gas production at competitive prices. Our federal government needs to make all possible efforts to permit export terminals for natural gas in order to take advantage of the current market conditions, which would promote domestic employment and a reduction in foreign trade deficits. This is truly a win-win situation for the economy of the United States. --- [William M. Herlihy](#)

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## ● [Saudi Arabia Taps Halliburton for Fracking, Drilling Support](#)

*"Houston-based oil field services giant Halliburton reached a deal with Saudi Arabia's state-owned oil company, Saudi Aramco, to expand gas production as the country seeks to diversify away from its heavy reliance on oil."*

**Why this is important:** Halliburton has been a central player in the past decade's shale drilling across Texas, North Dakota, Oklahoma, and Louisiana. It will leverage its expertise in Saudi Arabia in order to boost the Kingdom's shale production by tapping into one of the largest reserves of natural gas in the Persian Gulf. This allows Saudi Arabia to achieve energy security and independence due to the fact that they only rely on themselves to meet their natural gas demands. --- [Kelly G. Pawlowski](#)

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## ● [EPA's Own Science Advisers to Rebuke Agency Over Auto Rollback](#)

*"Some of the EPA's science advisers say the agency is ignoring its own research in moving to relax vehicle emission requirements, a signature element of the Trump administration's campaign to roll back environmental regulations."*

**Why this is important:** A working group of the EPA's Science Advisory Board ("SAB") is recommending the full 44-member SAB review the EPA's justifications for several planned rollbacks, including Obama-era auto/light truck mileage efficiency requirements. The SAB is a panel of outside researchers and experts who review the quality of the technical information the EPA relies upon, gives advice on broad scientific matters, and examines agency research programs. The SAB working group also proposes reviewing the EPA's proposed rollback of a 2016 rule requiring oil and gas companies to pare methane releases. If agreed to by the full SAB, the working group recommended reviews may impede the regulatory rollbacks being promoted by Administrator Pruitt. At minimum, the comments by the SAB working group provide a blueprint for challenging regulatory rollbacks through the courts. --- [Mark D. Clark](#)

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## ● [Coal India Aims to be World's Most-Efficient Coal Miner, Says New CMD](#)

*"The world's largest miner, Coal India Ltd, now aspires to be the 'most-efficient' coal producer, with an aim to bring down costs to a 'bare minimum' level as the sector opens up for commercial mining."*

**Why this is important:** India wants to be the world's most efficient coal producer, not just the world's largest. That will be difficult, given the demands of local villagers for jobs at the mines. The result is a much higher level of employment, and higher costs, than in Australian mines, which are competing to supply coal to India and southern Asia. --- [David L. Yaussy](#)

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## ● [EIA Energy Statistics](#)

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

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