



Issue 43, 2018

● [U.S. to Give Eight Nations Oil Waivers Under Iran Sanctions, Official Says](#)

"The U.S. has agreed to let eight countries - including Japan, India and South Korea - keep buying Iranian oil after it reimposes sanctions on the OPEC producer."

Why this is important: The U.S. is engaged in a delicate balancing act as it imposes restrictions on Iranian oil sales, while allowing waivers to some Iranian customers to keep them from competing for, and driving up the price of, petroleum on the world market. With luck, the result will be to force Iran into a better nuclear deal, while controlling oil prices. If that fails, President Trump could incur the wrath of American drivers who will see higher prices at the pump. --- [David L. Yaussy](#)

● [West Virginia Supreme Court Upholds Certificate for Brooke County Power Station](#)

"The state Supreme Court has issued a ruling upholding a decision by the state Public Service Commission in connection with a certificate for a natural gas-powered plant in Brooke County."

Why this is important: Despite the fact that West Virginia is one of the largest producers of natural gas in the United States with some of the most prolific reserves in the country, the state lags very far behind neighboring Ohio and Pennsylvania in the development of new base load power plants. Two other base load natural gas fired plants have been approved for siting by the PSC, but the efforts to develop those projects have been opposed and stymied in a series of fruitless legal challenges that were both costly and time consuming. In a Memorandum Opinion issued November 1, 2018, the Supreme Court of Appeals affirmed the PSC's order approving the siting of an 850 MW base load plant primarily sourced from abundant West Virginia natural gas reserves to serve the wholesale energy market. The Supreme Court of Appeals stated, in part, that "[g]iven the current economic condition of West Virginia, and Brooke County, in particular, it is apparent that the project will substantially and positively impact the state and local economies." Projects like ESC Brooke County Power I, LLC will provide a powerful economic stimulus to West Virginia's economy and workforce, particularly in areas that have seen a steady decline in tax revenues and employment opportunities. This decision allows energy companies to be much more confident in making investments to expand the natural gas infrastructure in West Virginia, which, in turn, will make West Virginia more competitive with its neighboring states in attracting similar projects. --- [Grant P. H. Shuman](#) and [Lee F. Feinberg](#)

● [Sempra Seeks LNG Export Projects' Boost from Additional Total Tie-Up](#)

"French energy company Total may buy up to 9 million mt/year of LNG from two export terminals being developed by Sempra Energy - one in the U.S. and the other in Mexico."

Why this is important: These Sempra Energy projects show the critical need to commission additional LNG export facilities along the eastern United States in order to supply cheap Appalachian shale gas to hungry foreign markets. Such export facilities will bring needed high-paying jobs to various levels of the natural gas industry, as well as stabilize the price of domestically

produced gas at a sustainable level. --- [William M. Herlihy](#)

● [U.S. Shale Companies Facing 'Catastrophic Failure' Over Ballooning Debt](#)

"As the fledgling UK fracking industry bleeds investors' money in alarming quantities on a daily basis, plagued by ongoing issues of democratic accountability, seismic activity, financial viability and on-going legal challenges, it will find no comfort from looking across the pond."

Why this is important: Despite the production boom, U.S. shale companies are in a financial crisis. The very costly and ongoing issues of democratic accountability, seismic activity, financial viability, and on-going legal challenges have plagued the shale industry. Despite the shortcomings, there are several strategies shale companies are using to pursue alternatives to combat these expensive problems. Many U.S. shale companies are curtailing drilling activity or deferring completions of current drilling projects. Additionally, many research reports from top investment banks are reporting the shale industry will continue to press forward, despite the current problems. Even though the shale industry has taken a hard hit in 2018, the regrouping of current drill sites and the recent rise in oil prices will significantly benefit the industry moving forward to 2019. --- [Kelly G. Pawlowski](#)

● [Drilling to Start at the UK's First Deep Geothermal Electricity Plant](#)

"The demonstration project has benefited from around Â£18 million (\$23.54 million) in funding, with Â£10.6 million alone coming from the European Regional Development Fund."

Why this is important: Geothermal energy promises boundless renewable heat that is produced out-of-sight, out-of-mind, unlike more intrusive wind, solar or hydropower projects. Finding reliable source rock, avoiding fouling, and other technical hurdles have undercut its practicality, but with ongoing investment and subsidies geothermal could develop into a darling of the green power movement. --- [David L. Yaussy](#)

● [How Trump Disrupted Natural Gas Trade that Could have Offset the China Trade Deficit](#)

"But Donald Trump has smothered the potential for trade between the two countries, effectively preserving the trade deficit his trade war was supposed to eliminate."

Why this is important: The current administration's tariffs and the reaction by other countries have been debilitating to the natural gas industry. China, in particular, is a fertile market for our shale gas. However, the current tariff controversy with China has affected the U.S. natural gas industry in multiple ways. Initially, it cuts off potential exports of LNG to China, which cannot produce nearly enough domestic natural gas to meet its energy needs. China depends heavily on low-tech coal-fired power plants, which produce global pollution that could be replaced by cheaper and more environmentally friendly gas-fired plants to the benefit of the worldwide community. And finally, more exports of cheap LNG to China would both help reduce our trade deficit with that country as well as create an additional tool in our diplomatic relations with China. --- [William M. Herlihy](#)

● [Judge Knocks Down California Law to Stop Trump Administration Land Sales](#)

"A California law that sought to stop the Trump administration from selling off federal lands in the state to miners, oil drillers and developers is an unconstitutional intrusion on the government's authority to manage its own property, a judge has ruled."

Why this is important: To stymie the Trump administration's future weakening of environmental laws in California, including potential new leasing and selling of federal lands to private developers and energy companies (e.g., President Trump's March 28, 2017 "Presidential Executive Order on Promoting Energy Independence and Economic Growth," which, among other pro-development initiatives, overturned a temporary moratorium on leasing federal lands for coal mining), California legislators have sought creative ways to regulate federal lands without violating the Supremacy Clause of the U.S. Constitution. One such attempt is CA Senate Bill No. 50, which was to take effect this year and prohibited county officials from recording deed conveyances of federal public lands in California unless accompanied by a certificate of compliance (federal lands comprise nearly half of the land

in California). To obtain a certificate of compliance, the California State Lands Commission first had to be provided with the right of first refusal or the right to arrange for transferring the federal public land to another entity. Although the state can't legally prohibit federal agencies from conveying their lands due to constitutional preemption issues, it argued Senate Bill No. 50 only sought to divert such sales through local land-use law, which is traditionally an area limited to state and local government control. The holding by the U.S. District Court Judge in this case (who is a George H. W. Bush appointee) further confirms that no matter how indirect or veiled state and local land-use regulations may be, any encroachment by such regulations on the federal government's authority to manage and dispose of its lands will not likely overcome similar constitutional challenges. --- [Travis H. Eckley](#)

● [TMC's Intelligent Software Could be Used to Safeguard Liquid Natural Gas Imports in China](#)

"Intelligent, early warning and emergency response software being developed by high-tech firm TMC Technologies Inc. could be used to help keep West Virginia and U.S. liquid natural gas exports safe and accounted for, according TMC Program Manager Scott Zemerick."

Why this is important: The development of TMC Technologies, Inc.'s early warning and emergency software is very positive for both technological growth in West Virginia, but also a welcome safeguard for LNG export functions. By their very nature, LNG terminals and transit ships transport a highly volatile product. To the extent that such software reduces or minimizes the occurrence of any accidents related to these export functions, it is a welcome development. --- [William M. Herlihy](#)

● [UK Renewables Capacity Overtakes Fossil Fuels for the First Time](#)

"The latest report from Drax Electric Insights today reveals UK renewables capacity available to the grid now stands at 42GW, while fossil fuel capacity has fallen to 40.6GW continuing a trend that has seen a third of fossil fuel generating capacity retired over the past five years."

Why this is important: The United Kingdom's renewable electricity capacity exceeded its fossil-fuel capacity for the first time this year. That doesn't tell the whole story, though, as capacity in this case represents the most energy the renewables could produce if always in operation. Since they can't always operate, their capacity factor is low compared to dispatchable fossil-fueled power. This difference between what renewables could produce in perfect conditions, and what fossil-fueled, nuclear and hydro plants can produce under any conditions, is the reason renewables still haven't taken over all electricity generation. --- [David L. Yaussy](#)

● [Natural Gas Energy is Giving Power to the Poor and Lighting the Future](#)

"The IEA article hails the fact world population without access to electricity has fallen below 1 billion people."

Why this is important: The shale gas revolution is bringing much needed power to international regions that have not been supplied in the past. The cheap cost of shale gas per Btu and increasingly efficient methods to use gas to generate electric power with lowered emissions is terrific news for both developed, but more importantly, emerging economies. Why can't we embrace the use of this abundant energy source as a transition fuel until much more expensive renewable energy sources and related storage technologies evolve into an abundant and affordable alternative? --- [William M. Herlihy](#)

● [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

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