



Issue 17, 2018

● [EPA Announces a New Rule. One Likely Effect: Less Science in Policymaking](#)

"The Environmental Protection Agency announced a new regulation that would restrict the kinds of scientific studies the agency can use when it develops policies, a move critics say will permanently weaken the agency's ability to protect public health."

Why this is important: There is a "reproducibility crisis" afflicting a wide range of scientific disciplines. Per the National Association of Scholars, improper research techniques, lack of accountability, disciplinary and political groupthink, and a scientific culture based toward producing positive results together have produced a critical state of affairs." That is why increased transparency and access to scientific data is essential for reproducibility and objective analysis. This process will subject the studies relied upon by the EPA to the scrutiny of others who are experts in the same field. As Congressman Smith noted in the article, "Open access to scientific data fosters good policymaking. The American people have a right to understand how and why regulatory decisions are made." --- [Nicholas S. Preservati](#)

● [U.S. Cove Point LNG Terminal Ships First Cargo to Japan](#)

"Dominion Energy's Cove Point LNG export terminal in Maryland, the second U.S. facility to produce LNG from shale gas, has reportedly shipped its first cargo of the fuel to Japan."

Why this is important: This is wonderful news not only for the oil and gas industry, but also the nation as a whole. The inaugural shipment from Cove Point traveled to Europe and the second is going to Japan. Both Europe and Asia are hungry markets for our cheap shale gas, even with the associated transportation costs. In light of the turmoil in the Middle East and hang-ups in Russia's attempts to expand its pipeline system to Central Europe, the market for LNG exports to Europe and Asia are promising for the foreseeable future. This helps support domestic gas prices at a competitive level, causes reductions in our foreign trade deficits and serves as a non-military, economic tool in support of our country's foreign policy. The more of these LNG terminals that can come on line through accelerated permitting, the better will be the results for our nation. --- [William M. Herlihy](#)

● [EPA to Treat Biomass as Carbon Neutral](#)

"Environmental Protection Agency Administrator Scott Pruitt announced that future regulatory actions on biomass from managed forests will be treated as carbon neutral when burned for energy production, a move that researchers warn could lead to deforestation in the U.S. and elsewhere and exacerbate climate change and environmental justice issues."

Why this is important: Sustainability is a buzzword that many use, but is hard to define. It's often associated with "carbon neutrality," the idea there is no net addition of carbon dioxide or other greenhouse gases from a plant's operation. EPA recently has announced it will treat biomass burning (in this case, wood pellets) as carbon neutral, when the wood comes from managed forests. The idea is that planted and managed forests are removing from the air all of the carbon dioxide generated by burning wood. This has raised the ire of those who are opposed to managed forests as a threat to biodiversity, and those who aren't convinced that CO2 removal by plants is balanced by CO2 generation by woodburning. --- [David L. Yaussy](#)

● [Aimed at China, Trump's Tariffs are Hitting Closer to Home](#)

"The Commerce Department has received more than 2,400 applications from companies seeking waivers from the administration's tariffs on steel and aluminum imports, which may result in duty payments of millions of dollars for larger businesses."

Why this is important: The complexities of the President's steel and aluminum tariffs are starting to hit home, as domestic businesses in the furniture, energy, and food sectors have expressed the financial difficulties they will incur if they do not receive a waiver from the steel and aluminum tariffs. The tariffs--25 percent on imported steel and 10 percent on imported aluminum--are designed to protect and rebuild U.S. companies that manufacture those metals. In some U.S. towns, a steel mill applauds the tariffs, while a pipe company faces over \$25 million in annual import tariffs. Major U.S. trading partners, including the European Union, Mexico, and Canada, are temporarily exempted. --- [Gerald E. \(Gee\) Lofstead III](#)

● [WV's Governor Justice Order to Expedite Permit Process Could Benefit Business, Oil & Gas Industries](#)

"According to the governor's staff, the executive order would require expedited permitting for all projects, as well as prioritization of permits for projects of critical economic concern."

Why this is important: Governor Justice has signed an executive order that is intended to streamline the permitting process in West Virginia. Any help in getting permits out the door promptly is helpful. But, the order is fundamentally flawed by not setting specific timelines for getting permits issued. Requiring written reports on where a project stands is not as helpful as, for example, a simple internal policy that permits will be issued by a certain number of days after the application is received. Getting permits done, not keeping track of where they are, is the fundamental need. --- [David L. Yaussy](#)

● [Seneca Resources Using 75 Percent Recycled Water in Shale Wells](#)

"Just a few years after purchasing the wastewater treatment facility at the McKean County Landfill, Seneca Resources is using 75 percent recycled water to complete its shale wells, exceeding its 50 percent goal and reducing draw from local freshwater sources for operations."

Why this is important: This sort of commitment to the reuse of drilling water and fluids by Seneca Resources is a terrific development in horizontal drilling and fractionating operations in the Appalachian Basin. One major criticism of shale gas operations by opponents of the industry has been the use of freshwater resources and potential contamination of municipal wastewater and solid waste disposal facilities from the resultant operational residue. Now, not only Seneca Resources, but other operators as well, are making significant inroads in the recycling and reuse of drilling water and fluids so the waste and disposal stream from these operations has been dramatically reduced in the past few years. This sort of innovation has been the hallmark of the shale gas industry ensuring its operations cause the minimum impact on surrounding infrastructure and lands. --- [William M. Herlihy](#)

● [Michael Bloomberg to Write \\$4.5 Million Check for Paris Climate Pact](#)

"Bloomberg will continue to provide money for the pact if the United States does not rejoin the agreement, according to a news release from Bloomberg Philanthropies, the charity he founded."

Why this is important: Michael Bloomberg has promised to cover the \$4.5 million cost of U.S. participation in the Paris Climate Agreement. It's not clear how that figure was arrived at, but it's not the true cost of the remaining part of the Agreement. The real cost comes from the large number of nations who predicated their control of greenhouse gases on subsidies from the U.S. and other developed countries. Those financial expectations were huge and are part of the untold story of the Paris Accord. --- [David L. Yaussy](#)

● [Key U.S. Metallurgical Coal Mines See Production Recovery in Q1](#)

"Several U.S. low-vol and mid-vol coking coal mines produced at higher rates in the first quarter during a period of rising export and domestic prices, US government data analysed by S&P Global Platts showed."

Why this is important: U.S. metallurgical coal production continues at levels near or, in some cases, above last year's record production. Platts' analysis of recently reported production data to the U.S. Mine Safety and Health Administration shows the major producers of low and mid-vol coal are continuing to have strong production numbers. Arch's Leer Mine in West Virginia produced 939,125 short tons of high vol-A met coal in the first quarter of 2018, an increase of more than 144,000 short tons from the same quarter in 2017. Drummond Co.'s Shoal Creek premium mid-vol mine in Alabama produced 744,143 st, its highest quarterly total since the last quarter of 2016. Coronado Coal's Buchanan mine in Virginia produced 1.37 million st, near its record output in the first half of 2017. These production numbers will continue to keep U.S. exports strong as metallurgical coal continues to drive U.S. exports and offset declines in steam coal production in Appalachia. --- [Mark E. Heath](#)

● [Trump Likes Coal, but that Doesn't Mean He's Hostile to Wind](#)

"Using federal offshore leases, wind power projects along the East Coast, including off the shores of Massachusetts, New Jersey, Connecticut, Virginia and New York, are pressing ahead with the goal of transforming the electric grid and providing energy to power millions of homes."

Why this is important: President Obama famously announced he was an "all of the above" proponent of diverse sources of power generation, but in practice his administration was not favorably inclined toward mainstay fossil fuels such as gas and coal. President Trump actually appears to be embracing the Obama ethos in practice. In addition to loudly supporting the coal industry and offshore oil drilling, Trump has encouraged offshore leasing for wind projects that would compete with those same fossil fuels as power sources. --- [David L. Yaussey](#)

● [EIA Energy Statistics](#)

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

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[This Week in Petroleum](#)

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