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Issue 33, 2020

● [Environmental, Tribal Groups Sue to Block Alaska Refuge Drilling](#)

"More than a dozen environmental groups and one representing northeast Alaskan tribal villages sued the Trump administration over a plan to open the sensitive Arctic National Wildlife Refuge to oil and gas drilling."

Why this is important: As anticipated, groups representing both environmental and Native Alaskan interests have filed lawsuits to turn back the Trump administration's efforts to facilitate oil and gas drilling by advancing a leasing program in Alaska's otherwise protected Arctic National Wildlife Refuge ("ANWR"). The lawsuits, filed in Alaska's federal District Court, allege adverse environmental impacts and various violations of federal law, and are likely a precursor to further legal action as the administration's leasing program proceeds. As noted in the article, the lawsuits come on the heels of the announcement last week from the Department of the Interior to issue leases in ANWR before a potential change in U.S. leadership, given that presidential candidate Joe Biden has indicated he would "permanently protect" ANWR if elected. --- [Derrick Price Williamson](#)

● [Louisiana Governor Puts State on Path to Net-Zero Emissions by 2050](#)

"His order establishes a task force charged with reaching that goal, and in the interim reducing economy-wide emissions 26-28% by 2025 and 40-50% by 2030."

Why this is important: Louisiana has joined several other states in requiring emissions reduction by either executive order or legislation, showing a trend in states shifting from use of fossil fuels to renewable energy. At least 15 states and Puerto Rico have enacted legislation establishing emissions reduction requirements, with more requiring state agencies to report or inventory emissions. Other states, such as New Mexico, North Carolina, Pennsylvania, and now Louisiana, recently have committed to statewide emissions reduction goals through executive action, but do not currently have binding statutory targets. What remains to be seen is whether executive orders setting emissions standards will prove to be an effective avenue when statutory standards are unlikely to be enacted. --- [Joseph C. Unger](#)

● [Transition in Coal Country: The Road to Survival is Uncertain](#)

"Even as it downsizes, Powder River Basin will remain the cheapest-to-mine thermal coal region in the

U.S. with potential to pick up new supply contracts as higher-cost thermal coal mines close elsewhere."

Why this is important: The potential demise of coal has long been threatened, but the continued downturn in steam coal is now a focus in both the eastern and western U.S. coal fields. Wyoming production has long been the cheapest coal to produce with large coal seams that can be surface mined, but that coal sells at lower prices. The region seemed invincible to downturns in the markets. Now, the state faces difficulties in exporting coal and is seeing many of its power plants that burn Powder River coal set to close. Wyoming has a \$28 billion sovereign wealth fund that may eventually be used to transition through these times, but the state focuses now on promoting west coast exports and forcing utilities to sell coal-fired power units set for closure to try to keep them open. In the east, West Virginia has cut coal severance taxes and Kentucky in 2013 worked on developing other businesses in the coal fields with a redevelopment program. With forecasts that 25 percent of steam coal that is now being mined and shipped to power plants that are set to close, additional redevelopment programs will be a critical need in all U.S. coal fields. --- [Mark E. Heath](#)

● [Will California's Power Blackouts Affect Pennsylvania Voters - and the Election?](#)

"But no matter how much some in government and the media try to dismiss the point, the fact remains that the force feeding of renewable energy and premature over-reliance on it without natural gas is contributing significantly to the cause of what we are now seeing in California."

Why this is important: Rolling blackouts in California may affect the presidential vote in Pennsylvania. The lack of power in the Golden State, caused at least in part by shutdown of gas generation in favor of solar and wind development, highlights the ongoing war being waged against natural gas used for power generation, and the fracturing that produces it. The natural gas industry provides many jobs and significant royalty payments to landowners in western Pennsylvania, and the ambivalence, or outright hostility, of the Democratic ticket to natural gas may push some voters into the Trump camp. --- [David L. Yaussy](#)

● [\\$40 Oil Isn't High Enough for Indebted U.S. Shale Drillers](#)

"With WTI climbing past \$40 a barrel, most exploration and production firms have been able to keep their head above water, but unless prices strengthen further about 150 more E&Ps will need to seek Chapter 11 protection through 2022."

Why this is important: COVID-19 caused a precipitous drop in demand for oil sending prices plunging. Those prices, which reached as low as \$19 per barrel, caused significant upheaval in the domestic shale markets leaving many producers in bankruptcy. The fact of the matter is that shale production is only cost-effective when prices rise above \$50 per gallon. Currently, the price per barrel is hovering around \$40. The ability to extract oil from shale acts as a nice hedge on oil prices when demand and prices increase beyond \$50 per barrel. However, below that rate, we can expect to see further companies filing for bankruptcy. --- [Bryan S. Neft](#)

● [After 48 Years, Democrats Endorse Nuclear Energy In Platform](#)

"In its recently released party platform, the Democrats say they favor a 'technology-neutral' approach that includes 'all zero-carbon technologies, including hydroelectric power, geothermal, existing and advanced nuclear, and carbon capture and storage.'"

Why this is important: Nuclear energy has a capacity factor of 92.6, which makes it the most efficient and reliable form of electricity generation. Despite this efficiency and reliability, nuclear generation has not been able to increase its share of generation in the U.S. for over three decades. A large reason for this is the opposition to nuclear energy, which started in the late 1970s when activists began protesting the proliferation of nuclear weapons. In his 2017 interview with Spilman, Dr. Patrick Moore, the founder of Greenpeace, acknowledged that it was a mistake for the organization to oppose nuclear energy in the

same manner that it opposed nuclear weapons. --- [Nicholas S. Preservati](#)

● [Nuclear Generation in 2019 Close to Record High](#)

"Nuclear reactors generated a total 2657 TWh of electricity in 2019, up from 2563 TWh in 2018, and second only to the 2661 TWh generated in 2006, according to a new World Nuclear Association report."

Why this is important: This report details several important achievements in the global nuclear industry in 2019. Not only has nuclear energy generation rose for the past seven years, but the capacity of the global fleet of reactors has increased as well, indicating improved operational performance. Even older reactors are increasing in capacity, with five reactors reaching 50 years of operation and showing an average increase in capacity from their 40-year anniversaries. These achievements in nuclear energy generation and capacity will prove to be a driving force as the World Nuclear Association seeks to promote more than 100 new reactor construction projects in the near future. --- [Joseph C. Unger](#)

● [India Plans Deep Cut in Thermal Coal Imports in Coming Years](#)

"India spent 1.58 trillion rupees (\$21.28 billion) on importing 247 million tonnes of coal, including 197 million tonnes of thermal grade, in the fiscal year to March 2020."

Why this is important: India is the world's second largest importer of energy, including thermal coal after China. The country last year imported 247 millions tons of coal -- 197 million tons of steam coal and 50 million tons of metallurgical coal. Now, India wants to dramatically reduce coal imports by producing an additional 110 to 120 million tons of coal a year from its own mines. In June, it auctioned off 41 blocks of coal to increase domestic production. Unfortunately, if successful, these changes will continue to hurt a weak world export market for U.S. producers. --- [Mark E. Heath](#)

● [Hurricane Laura Poses Biggest Threat to U.S. Oil in 15 Years](#)

"The U.S. energy industry began preparing for a major hurricane strike by cutting crude production at a rate approaching the level of 2005's Hurricane Katrina and halting oil refining at plants along the Texas/Louisiana coast."

Why this is important: Oil refining in the Gulf of Mexico region has come to a screeching halt in the wake of Hurricane Laura. Currently, oil producers have halted 84 percent of the region's oil production and closed approximately 14 percent of the region's oil refining as the storm approached. Storm surge, expected to approach 10-15 feet, could significantly damage refineries near the Gulf Coast. As a result, oil prices may increase in the short-term. --- [Bryan S. Neft](#)

● [Energy Question of the Week](#)

Last Week's Question and Results

Should FERC take over the permitting of high-voltage electrical transmission lines from states?

Yes, Strongly Support - 11.5%
Yes, Moderately Support - 30.8%

Will there be an increase of nuclear reactors for electricity generation in the next 10 years?

Yes

Select

Neutral - 11.5%
No, Moderately Oppose - 15.4%
No, Strongly Oppose - 19.2%
Do Not Know - 11.5%

No

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

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