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● Is U.S. Shale as Productive as It's Cracked Up to Be?

"When you look at the data, the question arises of whether E&Ps' well production systems are as efficient and productive as they like to think they are."

Why this is important: Detractors of the shale gas revolution are adopting a new tactic--claiming that horizontal shale wells are not as productive and efficient as the industry says. The longer range of lateral well bores, reduced drilling and completion times, and more sophisticated stimulation technologies are not enough, says this crowd. The high price of operating capital, uncertain production decline rates, and the stagnant price of natural gas are the supposed problems that will bring down this industry. The fact is U.S. technology in shale operations is advancing much faster than in other countries, which causes operating costs to continue to decrease and production volumes to rise. Moreover, if regulators decrease hurdles to the development of pipeline systems that service both domestic and foreign export markets, then the domestic price of natural gas will rise to a more sustainable level. These factors are part of the natural development of this relatively new industry and will work themselves out in the future. --- [William M. Herlihy](#)

● China Building New Coal Plants Equal to Entire U.S. Capacity

"China is building hundreds of new coal-fired power plants capable of generating a total of 259 GW of electricity--that's equal to the entire existing U.S. coal fleet of around 266 GW, findings by advocacy and research group CoalSwarm show."

Why this is important: China continues to build coal-fired electrical generation plants at an amazing rate. The country is building hundreds of plants equal to 259 GW of new plants--almost equal to the 266 GW of coal-fired plants currently operating in the U.S. China currently has 48 percent of the world's coal-fired generation at 993 GW. The new plants will add 25 percent more GW of coal-fired generation for a total of 1252 GW. From 2005 to 2016, China added one new coal-fired plant per week. --- [Mark E. Heath](#)

● IEA Lifts Renewables Forecast for Europe, but China Continues to Dominate

"Solar power is set to dominate global renewable electricity capacity additions in the five years to 2023 while modern bioenergy 'has huge prospects for future growth' in green transport and heat, the International Energy Agency said in its annual renewables report."

Why this is important: The International Energy Agency projects large growth in electricity provided by renewables, particularly solar, in the next five years. But, electricity accounts for less than 20 percent of global energy consumption. Bioenergy, the conversion of vegetation to fuel, is the largest overall source of renewable energy, greater than all other renewables combined. The ability to use it for industrial heat and for transportation makes bioenergy a more flexible fuel, not unlike fossil fuels, which increases its utility. --- [David L. Yaussy](#)

● [Natural Gas Driving Force Behind Pennsylvania Manufacturing Growth](#)

"Thanks to the technological innovation that combines horizontal drilling and hydraulic fracturing, energy companies have unlocked an abundance of clean, American-made natural gas."

Why this is important: Affordable natural gas produced from shale is the primary reason for manufacturing growth in Pennsylvania, according to this op-ed from the *Observer-Reporter*. Citing evidence of increased manufacturing output since 2010 of \$12 billion, the op-ed notes the chemical industry is leading the way. Expansion and job creation with multi-billion dollar investments by Shell and Hershey are proof of manufacturing optimism. The authors note record-setting production gives domestic manufacturers a competitive advantage as the tri-state region is an attractive location for petrochemical manufacturing investment. Similar enthusiasm for West Virginia manufacturing growth was voiced at the Economic Outlook Conference in Charleston on October 3. Dr. John Deskins, economist and director of WVU's Bureau of Business and Economic Research, cited the BBER's five-year study, titled "West Virginia Economic Outlook 2019-2023" and the findings of an uneven economic picture in West Virginia. He noted the natural gas, manufacturing and construction industries are expected to be the top performers in West Virginia's economy in the near future. With Pennsylvania's proven manufacturing output tied to natural gas, West Virginia's abundant natural gas resources can lead to positive economic development from ethane cracker plants, petrochemical manufacturing plants, and related infrastructure investments and construction projects. --- [H. Dill Battle III](#)

● [Why China May Soon Regret Its Tariffs on U.S. Natural Gas](#)

"Beijing's tariffs on U.S. liquefied natural gas threaten to raise prices for buyers throughout Asia and deal a self-inflicted wound to China's state-owned energy companies."

Why this is important: The 10 percent tariff levied by China on U.S. exports of LNG likely will create a drag on the Chinese economy due to its heavy dependence on imported LNG. Shale gas exported from the U.S. already is priced attractively when compared with other sources of imported gas available to the Chinese. Rather than harming U.S. LNG sales, this tariff is more likely to drive up the market price of LNG in Asian markets to the detriment of both China and its neighbors who depend on such imports. --- [William M. Herlihy](#)

● [The U.S. Coal Export Boom to Asia](#)

"Now Asia--which accounts for close to 80 percent of total global coal usage--is increasingly turning to the U.S. to supply coal."

Why this is important: U.S. coal exports continue to grow. Asia now is using 80 percent of the world's coal production. Coal use for electrical generation in India is now at 75 percent, and China generates 65 percent of its power from coal. Both are importing more coal from the U.S. The U.S., currently the world's third largest producer with 360 years of coal in reserve, is well situated to supply Asia in coming years. --- [Mark E. Heath](#)

● [ExxonMobil Gives \\$1 Million to Promote a Carbon Tax-and-Dividend Plan](#)

"ExxonMobil will give \$1 million over two years to a group promoting a plan that would tax the carbon content of fuels including the oil giant's own products and return the proceeds of the tax to Americans."

Why this is important: ExxonMobil encouraging a tax on its product? It all makes perfect sense. In return for the tax, Exxon expects relief from lawsuits charging it with complicity in climate change, and it takes away the uncertainty of what restrictions will be imposed on business in order to address climate change. One could question how much this would do to prevent climate change--while a tax on fossil fuels might diminish their use somewhat, the plan to return the money to consumers makes the tax a wash, and it's unlikely to significantly reduce demand for fossil fuels. It will, however, necessarily result in a new bureaucracy for collecting the tax and returning it to consumers. --- [David L. Yaussy](#)

● [Think Tank: Natural Gas Could Help U.S. Dominate Global Fuel Supply](#)

"And, over that period, American growth in shale gas production added 400 percent more to U.S. energy supply than did the combined growth of wind and solar, even though the latter had the advantage of policy preferences as well as at least \$150

billion in subsidies over that period."

Why this is important: In time, shale natural gas will become the largest component of the world's energy supply. While Western countries have leveled out in their overall consumption of energy and are introducing admirable advances in energy conservation and renewable technologies, the demand for energy resources in developing countries is expanding rapidly. China, India and African nations cannot supply their energy needs with solar and wind power, which require expensive government subsidies and are susceptible to interruption from daylight hours and natural disasters. In order to meet the demands of these developing countries and maintain some control over worldwide carbon emissions at an affordable cost, these countries will naturally turn to shale gas resources in the short-term, while other energy sources continue their development over the long-term. --- [William M. Herlihy](#)

● [Peabody Energy in Talks to Buy Drummond to Expand Global Footprint](#)

"Peabody will acquire 80 percent of Drummond International, leaving the rest of the company in the hands of Japanese trading house Itochu Corp, the Journal reported."

Why this is important: U.S. coal producer Peabody is reportedly in talks to buy an 80 percent interest in Drummond International LLC, the leading exporter of coal produced in Columbia. The world export market continues to be strong for metallurgical and steam coal. If the sale goes through, it would give Peabody, which emerged from bankruptcy last year, additional coal to export. --- [Mark E. Heath](#)

● [UN Climate Change Panel Says 'Unprecedented' Action Needed to Prevent Rapid Global Warming](#)

"The nations of the world have a narrow path to preventing global temperatures from overshooting the most ambitious target in the Paris Agreement on managing climate change, a Nobel Peace Prize-winning United Nations panel said in a new report."

Why this is important: The Intergovernmental Panel on Climate Change once again has issued an announcement that the world is in imminent danger from catastrophic climate change unless carbon emissions are reduced significantly. Time will tell whether the IPCC is a Cassandra, or whether it is crying wolf, but, in the meantime, there is little indication the world will turn from fossil fuel usage in any significant fashion. --- [David L. Yaussy](#)

● [EIA Energy Statistics](#)

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

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[NATURAL GAS](#)

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[Natural Gas Weekly Update](#)

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Weekly Coal Production

RENEWABLES

Short-Term Energy Outlook

Monthly Biodiesel Production Report

Monthly Densified Biomass Fuel Report

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