



Week of November 12, 2017

● [Wheeling Resident David Zatezalo Confirmed to Lead MSHA](#)

"In a strict party-line vote, the U.S. Senate confirmed Wheeling resident David Zatezalo to lead the federal Mine Safety and Health Administration. The vote to confirm Zatezalo was 52-46, with all "yes" votes coming from Republicans. Two senators, both Democrats, did not vote. The Senate's two Independent members, both of whom caucus with the Democrats, voted against Zatezalo."

Why this is important: The U.S. Senate formally confirmed David Zatezalo as the Undersecretary of the Department of Labor and head of MSHA. This is important because the position had not been filled for 10 months as his predecessor, Joe Main, left office on January 20, 2017. Mr Zatezalo brings an extensive background to running MSHA. He has worked as an hourly miner and held many management jobs in the U.S. coal industry. --- [Mark E. Heath](#)

● [Chinese Investment Could Begin to Pay Off Within a Year, Thrasher: "We're going full steam ahead, immediately"](#)

"According to U.S. Senator Shelley Moore Capito, R-W.Va., Thrasher and others familiar with the memorandum of understanding, ground could be broken within six to eight months on two gas-fired power stations to take advantage of the state's vast Marcellus Shale gas reserves."

Why this is important: This international interest and investment offers first-hand validation of the vision of maximizing the regional impact of these prolific energy finds by adding as much economic value as close to the production point as possible. --- [Michael J. Basile](#)

● [A New Energy Milestone, Thanks to Natural Gas](#)

"Several other LNG facilities in the U.S. are under construction, and another dozen have proposals pending before energy regulators. But if the U.S. expects to compete in the global LNG market, Congress should pass legislation to create a more certain regulatory process for processing and issuing LNG export permits. A bill to speed up LNG licensing is now under consideration in the House."

Why this is important: The ability of U.S. producers to enter into the international LNG market has been delayed unnecessarily by regulators sympathetic to global environmental concerns who ignore the plain facts about this energy source. Many European and Asian countries currently are relying on coal to supply their power needs because it is readily available and cheap to burn. Competitively priced LNG from shale gas can compete with this coal in foreign markets while only creating about one-half of the carbon footprint of an equal thermal value of coal. In addition, increased LNG exports of cheap shale gas could be a major source

of domestic economic development as well as a foreign policy tool for our federal government. It would allow the U.S. to bring economic pressure to bear on higher priced natural gas exports by Russia and Saudi Arabia to our domestic economic and foreign diplomatic benefits. --- [William M. Herlihy](#)

● [Sides Prepare for EPA Hearing on Clean Power Plan Repeal](#)

"People are planning their words for when the Environmental Protection Agency comes to the State Capitol Complex later this month to hear public comment on its plan to repeal the Obama-era Clean Power Plan."

Why this is important: In many ways, West Virginia has been ground zero in an ongoing battle against coal's role in the U.S. energy portfolio. Since the late 1990s, coal mining, particularly large surface mining operations, has been the target of ongoing citizen lawsuits by environmentalist groups principally rooted in Clean Water Act challenges. Although two decades of these lawsuits had taken its toll on coal, and the superabundance of natural gas altered coal's pre-eminence for fuel with utilities, the Obama administration's Clean Power Plan ("CPP") was viewed within the coal industry as the coup de grace, creating by regulatory fiat restrictions that effectively made aging coal-fired generation stations unable to comply. The coal industry in West Virginia, and throughout Appalachia, declined sharply during the Obama administration. No hearings on the CPP's issuance were held in West Virginia. Coal industry representatives and families see the coming public hearing as a long overdue opportunity for the rest of the country to hear about the impact of the CPP on their livelihoods and communities. --- [John C. \(Max\) Wilkinson](#)

● [Waiver Aside, West Virginia Regulators Express Confidence in Pipeline Oversight](#)

"Caperton said he feels comfortable enough with the regulatory options DEP has chosen to take the same path for projects such as the Atlantic Coast Pipeline or the Mountaineer Express."

Why this is important: The Mountain Valley Pipeline story took an unexpected turn at the beginning of the month when the WV DEP announced it was waiving its opportunity to require Section 401 Clean Water Act Certification for the MVP project. In a letter to WV DEP staff, Cabinet Secretary Austin Caperton explained the decision in the context of the state and federal permitting and regulatory schemes. In short, he explained some of the Sec. 401 conditions are now required of the project under the Nationwide 12 permit and other conditions, particularly those concerning upland areas and stream and wetlands crossings, are better regulated through the state Oil and Gas Construction Stormwater Permit. Environmental groups mostly have reserved judgment on WV DEP's contentions, though Sec. Caperton indicated this approach will be utilized for other pipeline projects in the state. --- [Matthew P. Heiskell](#)

● [King Coal Rebounds as Markets Improve](#)

"The physical signs are starting to show with the increase in coal truck and rail activity," said Laxton, executive director of the Wyoming County Economic Development Authority."

Why this is important: The overall rebound of coal in the U.S. will allow the return of laid off workers and help coal state budgets that endured downturns following the coal market's near collapse in the past few years. --- [Mark E. Heath](#)

● [Zurich Walks Away from Investments in Coal-Heavy Firms](#)

"According to a report by the Telegraph, Zurich has pulled out its investments and stopped covering businesses that depend on coal for more than half of their revenue."

Why this is important: There will not be a market abandonment from insuring coal operations because the demand for metallurgical and thermal coal continues. While utilities are broadening their supply portfolios to include renewables such as wind and solar, one regional energy company has stated coal will drop from 61 percent of its fuel supply in 2017 to 51 percent by 2031, with natural gas dropping from 19 percent to 11 percent, and wind and solar growing from 5 percent to 25 percent over that same period. While this diversification of power generation sources will impact the coal industry, in the near term other international and national carriers will fill the void with Zurich's departure from the market. --- [H. Dill Battle III](#)

● [Gas is the Future of Energy, World Oil Report Says](#)

"Renewable energy will have enormous growth but gas - and shale oil - will be the power source of the future, the latest World Oil Outlook report states."

Why this is important: The OPEC report is right on point! While renewable technology continues to progress over the next several decades, fossil fuels (including coal, natural gas and oil) will necessarily play a role in the total mix of energy sources. Renewables cannot completely fulfill the demands of an energy hungry world for the foreseeable future. In the meantime, natural gas is the obvious "bridge fuel" between a hydrocarbon-driven energy world and a renewable energy world because it is plentiful, cheap and has a smaller environmental impact than either oil or coal. As stated the above article "A New Energy Milestone, Thanks to Natural Gas", increased LNG exports will bring economic benefit to the U.S., while providing a much needed foreign policy impact on the international energy market. --- [William M. Herlihy](#)

● [Blackouts from Phoenix to Los Angeles If Coal Plant Shuts Down, Study from Coal Company Says](#)

"A study being released will warn of brownouts and blackouts if the largest coal plant in the West is shut down in favor of natural gas-fired electricity."

Why this is important: The proposed shuttering of Arizona's Navajo Generating Station risks placing the state and region to grid unreliability due to the minimal natural gas supply pipelines available, according to a Peabody-sponsored study done by Quanta Technology. The study analyzes the projected grid impact if the loss of the Palo Verde Nuclear Station, the El Paso Natural Gas Pipeline, or the Trans-Western Natural Gas Pipeline were compromised. In each scenario, any single loss of these pieces of energy infrastructure would cause unacceptable overloads that could cause "damage to equipment, extended hours of [regional] power outage... and obstacles to daily activities" in Phoenix, Flagstaff, Scottsdale, Vail, Tucson and Raso in Arizona, and Lugo and San Luis Obispo in California. --- [John C. \(Max\) Wilkinson](#)

● [Atlantic Met Coal: Limited Spot Supply on 2018 Contract Volume Growth](#)

"Spot pricing was heard firming due to factors related to Asia-Pacific trade and growing demand. For China, Premium Low Vol CFR prices rose steeply, closing the gap between equivalent sales levels to markets outside China. Limited premium coal availability in Australia, as port shipment disruption increases spot inquiry for alternatives, supported spot indices."

Why this is important: The strengthening met market is a good sign for continued growth in this important sector. Southern West Virginia has particularly benefited from rising met coal prices. --- [Mark E. Heath](#)

● [EIA Energy Statistics](#)

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

[Annual Coal Report 2016](#)

[Weekly Coal Production](#)

[Today in Energy - Growth in global energy-related carbon dioxide emissions expected to slow](#)

[This Week in Petroleum](#)

[Today in Energy: Transportation constraints and export costs widen the Brent-WTI crude oil price spread](#)

[Today in Energy: Russia exports most of its crude oil production, mainly to Europe](#)

[Today's Diesel Prices](#)

[Today's Gasoline Prices](#)

[Drilling Productivity Report](#)

[Coal Markets Report](#)

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