



Issue 4, 2019

● [Trump Eyes Action to Limit States' Powers to Block Pipelines](#)

"The Trump administration is considering taking steps to limit the ability of states to block interstate gas pipelines and other energy projects, according to three people familiar with the deliberations."

Why this is important: States in the northeastern United States have been blocking interstate pipeline projects by exercising their powers under Section 401 of the Clean Water Act. Under the Act, if there is the potential a project will release pollutants into water sources the company must obtain a permit from the state in which the discharge will occur. Since the states derive their power from federal statute, it cannot be overridden by an executive order. The states' power to block interstate pipeline projects under the CWA can only be curtailed through an act of Congress, not the executive branch. --- [Nicholas S. Preservati](#)

● [Talk of Developing Appalachian Storage Hub for Natural Gas Continues](#)

"Independent Oil and Gas Association of West Virginia president Brett Loflin said the much-anticipated hub, which would store natural gas liquids underground in a four-state region that includes West Virginia, could be coming sooner rather than later."

Why this is important: The planned Appalachian Storage Hub is becoming more viable with every passing month. The unfolding of this public/private partnership is a wonderful opportunity for all states along the Ohio River Valley including Kentucky, Ohio, Pennsylvania and West Virginia. The storage reservoirs and associated distribution system of ASH would not only create thousands of high-paying construction jobs, but also permanent employment with the resultant manufacturing and other support industries that would be a natural result. Every effort should be made on the federal, state and regional levels to create this integrated facility. --- [William M. Herlihy](#)

● [In 2018, U.S. Coal Production Declined as Exports and Appalachian Region Prices Rose](#)

"EIA estimates that total 2018 U.S. coal production was 755 million short tons (MMst), 20 MMst less than in 2017 and 36 percent less than in the previous decade."

Why this is important: The U.S. Energy Information Administration just released its 2018 summary of the U.S. coal industry. U.S. coal production totaled 755 million short tons (st), down 20 million st from 2017. The U.S. consumed 692 million st, the lowest level in 39 years. However, the U.S. exported 116 million st, or 15 percent of U.S. production. This strong export market is reflected in the changes in regional coal markets. Central Appalachia and Illinois were the only basins with increased production of 4 million st (4 percent) and 2 million st (2 percent). The Rocky Mountain basin dropped 6 million st (12 percent). The Powder River Basin declined 3 percent, and Northern Appalachia was down 2 percent. EIA also estimates electrical generation last year was down 28 percent from coal and natural gas 35 percent, which reduced U.S. coal consumption. The U.S. must maintain a strong export market to counter the continued closing of coal-fired electrical generation plants. --- [Mark E. Heath](#)

● Treasury Sanctions Venezuela State-Owned Oil Firm in Bid to Transfer Control to Maduro Opposition

"The Trump administration will sanction Venezuela's state-owned oil firm, a move the White House has long put off for fear that it would raise oil prices and hurt American refiners."

Why this is important: The Maduro government continues to hang on in Venezuela, defying the concerted efforts of the entire hemisphere to orchestrate a change in leadership. U.S. sanctions against Venezuela's state-owned energy company are intended to make the pain so great that there's a regime change. The years-long suffering of ordinary people has not been enough to bring about a new government. But with the new sanctions, the military might find that continuing to support the current leadership is no longer in its interest. One can only hope any military intervention results in a peaceful transfer of civilian rule, for the benefit of democracy in the country, and stabilization of oil markets. --- [David L. Yaussy](#)

● Committee Looks at Funding for Abandoned Oil and Gas Wells

"A new bill could help plug abandoned oil and natural gas wells that dot West Virginia's countryside, but could hurt the budgets of small counties."

Why this is important: West Virginia has an estimated 4,000 abandoned oil and gas wells (wells that no longer have a responsible owner), and another 8,000 wells that have owners, but have not produced oil or gas for at least 12 months. Abandoned wells pose significant problems, especially when struck while drilling new wells. Pennsylvania and Ohio have taken steps to address their abandoned well problem, and earlier this week the House Energy Committee passed a bill to address the problem in West Virginia. The bill seeks to exempt low-producing wells from severance taxes and instead collect a smaller percentage tax for a special fund to pay for plugging abandoned wells. The financial shell game has some losers, predictably the counties who lose the severance tax revenue. The bill is by no means a perfect solution, but it is a start and may lead to a meaningful attempt to solve the abandoned well problem. --- [Matthew P. Heiskell](#)

● Is Germany Phasing Out Coal, or Merely Outsourcing It?

"This means that Germany at last has a coherent timetable for transitioning to an electricity system that, in theory, relies entirely on renewable sources such as the sun and wind, with backup from (relatively clean) gas."

Why this is important: After much discussion, Germany will cease burning coal for electricity generation in 2038. This development by the EU's largest manufacturing and industrial country, together with its declaration of 2022 as the year it phases out nuclear energy, irrevocably sets the continent on the road toward a greener energy generation future. Or, does it? Assuming the German government can financially prop up the economies of its coal mining regions in what was formerly East Germany and in the lower Rhineland, and tamp down any political unrest that may arise from the social displacement of so many thousands of miners, there is no guarantee Germany's lower carbon emissions will have any overall impact on European carbon emissions. Indeed, the more likely scenario is that Germany will continue to fuel its economy with electricity imported from countries such as Poland and the Czech Republic where coal is the fuel source for their power plants. Thus, the carbon emissions elsewhere in Europe likely will rise as those of Germany fall, negating any net global benefit. Bottom line: A go it alone approach by any one country will not work. --- [Alexander Macia](#)

● India's 2018 Thermal Coal Imports Grew at Fastest Pace in Four Years

"Coal is among the top five commodities imported by India, one of the world's largest consumers of coal, and the rise in imports of the fuel after two consecutive years of decline adds to its trade deficit."

Why this is important: Imports of coal to India continue to rise. In 2018, imports of thermal coal rose 19 percent to 171.85 million tons. India remains one of the world's largest users of coal. Helping offset losses of U.S. coal-fired electrical generation, U.S. thermal coal exports to India doubled to 12.46 million tons. India's imports of metallurgical coal in 2018 rose to 52.26 million tons, primarily from Australia, Indonesia and the U.S. --- [Mark E. Heath](#)

● [America Needs More Oil and Natural Gas Pipelines](#)

"Despite a 140 percent boom in U.S. crude oil production and a 50 percent jump in natural gas output since shale took flight in 2008, the midstream infrastructure to pipe this new supply around the country has simply not kept up."

Why this is important: The United States is on the cusp of energy independence. Its vast reserves of oil, natural gas and coal have just recently made the United States a net energy exporter. The primary hurdle that precludes the U.S. from obtaining complete energy independence is a lack of infrastructure, including natural gas pipelines, transmission lines and rail facilities. The U.S. does not lack the natural resources. It lacks the means to transport the natural resources to the regions of the country that need them the most. The U.S. will not become truly energy independent until it constructs sufficient infrastructure to meet its energy needs. --- [Nicholas S. Preservati](#)

● [LNG Infrastructure 'Unlikely' to Support Hydrogen](#)

"LNG bunkering infrastructure is unlikely to be viable for supplying zero-emission fuels according to a new study called Zero-Emission Vessels: Transition Pathways jointly authored by Lloyd's Register and the University College of London's Maritime Advisory Service."

Why this is important: There has been strong support for years for a transition to the "hydrogen economy," where hydrogen is used as a non-polluting heat source and generation of electricity from fuel cells. Plants will be needed to liquefy, store and transport hydrogen in sufficient quantities to make this possible. Some have suggested current liquefied natural gas facilities could transform to liquid hydrogen conversion/storage facilities when that time arrives. However, the much lower temperatures to liquefy hydrogen, and other issues such as embrittlement of metal that holds hydrogen gases, make this a difficult proposition. And, some have concluded that hydrogen-specific handling equipment and processes will be needed instead. That has implications for the usable lifespan of LNG bunkering facilities, if they cannot be re-purposed. --- [David L. Yaussy](#)

● [West Virginia's Northern Panhandle Resurgent; Officials Cite Natural Gas, Remediation Projects](#)

"When examining different regions of the state, the WVU Bureau of Business and Economic Research's Brian Lego said the Northern Panhandle is definitely one of the strongest regions as of 2019."

Why this is important: The natural gas industry is causing striking changes in the Northern Panhandle of West Virginia and the surrounding area. The effect is not only an increase in direct employment with production companies, but also the ripple effect of companies that support the industry. Long-term growth in employment, as well as investment in the area, are dependent on the establishment of value-added manufacturing companies whose energy sources and feed stocks are inexpensive shale gas and its associated liquids. The planned Appalachian Storage Hub would go a long way to attracting such manufacturing facilities. --- [William M. Herlihy](#)

● [Alliance Resources 2018 Coal Sales Jump to Record 40.42 Million st](#)

"Alliance Resource Partners' coal sales jumped to a record high in 2018, primarily due to a boost in thermal and metallurgical coal exports, the coal producer said."

Why this is important: Alliance Resources had a record production of 40.42 million short tons (st) of coal in 2018. Reflecting the continued reliance of U.S. producers on exports, Alliance exported 11.2 million st (27.8 percent of its sales), mostly to Europe, but announced it exported to 31 companies in 2018. It had \$2 billion in sales with a net income of \$366.6 million. The company also announced it has sold 82 percent of this year's expected production. Alliance also expects production and exports to remain flat the next five years. --- [Mark E. Heath](#)

● [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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