



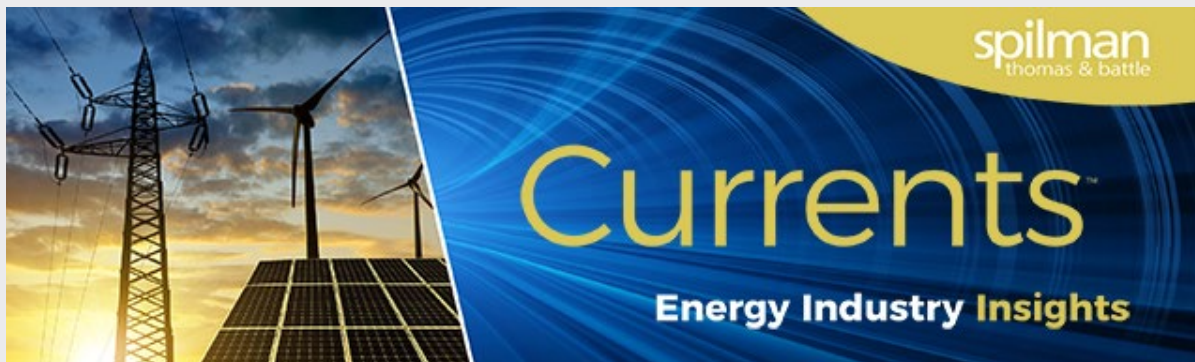
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Issue 24, 2020

● [Fossil Fuels Still Supply 84 Percent of World Energy — and Other Eye Openers from BP's Annual Review](#)

"China was responsible for three quarters of the world's energy consumption growth, followed by India and Indonesia. The U.S. and Germany posted the largest declines."

Why this is important: The BP Statistical Review of World Energy is always a fascinating read. Fossil fuels are still king, supplying 84 percent of energy needs, but renewables were a key part of the small increase in energy consumption last year. They currently provide about 5 percent of total world energy needs. Renewables include biomass burning, such as the burning of wood and dung in less developed nations, making up 25 percent of the renewables portfolio. While there is hope for significant increases in solar and wind power by 2030, it is looking less likely that they will be a substantial part of the energy consumed globally by that year. --- [David L. Yaussy](#)

● [Trump Administration Allows Chesapeake to Suspend Drilling on Over 100 Leases](#)

"The assistance for the cash-strapped shale pioneer, which is widely expected here to become the biggest U.S. oil and gas company to go bankrupt since the health crisis hit the global economy, accounts for nearly a third of the lease suspensions granted by the U.S. government in the last two months."

Why this is important: This development highlights the grave impact COVID-19 has had on the shale industry and the significant (but potentially unavailing) efforts to compensate for that impact. If another outbreak occurs, the number of lease suspensions, currently at 350, almost certainly will increase; and the fate of Chesapeake could foreshadow the future for others in the industry. --- [Joseph C. Unger](#)

● [Virginia's Coal Industry Sees Furloughs and Idled Mines Amid Pandemic](#)

"COVID-19 is the latest challenge for an industry already under pressure from cheap natural gas, a rise in renewable energy sources and big bankruptcies, among other factors."

Why this is important: The COVID-19 outbreak has greatly weakened Virginia coal markets. Virginia mined 45.9 million tons of coal in 1990, but it was 12.4 million tons in 2019. The number of miners in that timeframe dropped from 10,662 to 2,576. Since the COVID-19 outbreak, 11 mine sites have idled,

affecting 900 miners. In March, Coronado's Buchanan Mine was idled, displacing 543 employees, and its 4.94 million tons produced annually was 40 percent of the state's production. It will take significant increases in steel production to revive the state's metallurgical mines. --- [Mark E. Heath](#)

● [Clean Energy Groups to Propose FERC Rules for National Transmission System Saving \\$47B a Year](#)

"The American Council on Renewable Energy and Americans for a Clean Energy Grid launched a new campaign to build support for a stronger U.S. transmission system, including upgrades to interregional lines and the development of a nationwide, high-voltage direct current network."

Why this is important: One of the difficulties with developing wind and solar is that the primary sources of the power (the Great Plains for wind and the Southwest for solar) are located far from most population centers. Transmitting alternating current ("AC") power over long distances results in significant losses. Direct current ("DC") can travel long distances with less loss. By converting AC to DC (or simply generating DC, as in the case with solar) at the point of generation, the electricity can be moved from far reaches to the places it is needed on large interregional DC power lines. Such lines would also help balance power supplies when the wind is blowing, or the sun shining, in one area and not another. It could be a game changer for renewables, but as always, the key questions are who will pay for the lines, and will there be environmental objections to their construction? --- [David L. Yaussy](#)

● [No Buyers for Paringa Owned Coal Mine in Western Kentucky](#)

"The Tribeca report says that 'significant headwinds have both directly and indirectly impacted the sales process.'"

Why this is important: The Popular Grove Mine in McLean County, Kentucky, owned by Paringa Resources' Hartshorne Mining, was just built in the past few years as a state-of-the-art mining complex, but it is now in bankruptcy. The mine held an auction of qualified buyers this month and could not sell the mine, its equipment, and other assets. The owners of the mine state the COVID-19 outbreak resulted in an overnight reduction in coal demand of 30-50 percent. The owners hope to sell in the future, but other creditors want to liquidate the company. The steam markets have been crippled by weak electric demand and electric production from renewables. --- [Mark E. Heath](#)

● [AG Nessel Seeks Court Order Halting Enbridge Line 5 Oil Pipeline Operations in Straits](#)

"Citing a 'grave risk of irreparable damage to the Great Lakes,' Michigan Attorney General Dana Nessel filed court motions seeking a temporary restraining order and preliminary injunction to halt Canadian oil transport giant Enbridge from resuming oil and gas pipeline operations through its underwater Line 5 in the Straits of Mackinac."

Why this is important: Given the significant hurdles the oil and gas industry has faced with regard to pipeline permitting (i.e., Nationwide Permit 12), this is not a fight to take lightly. Halting pipeline operations could set a precedent for heightened state interference in the industry after a pipeline is constructed, which is the last thing the industry needs when emboldened environmental groups have already promised persistent challenges at every step of the permitting process. --- [Joseph C. Unger](#)

● [With Supreme Court Case Over, Courts Again Weigh Whether Atlantic Coast Pipeline Is Needed](#)

"The project's main developers — Dominion Energy and Duke Energy — have since its introduction adamantly insisted the pipeline is the best way to supply what they say is the growing demand for natural gas in the region."

Why this is important: The *Cowpasture* decision of the U.S. Supreme Court helps put some sanity into the effort to complete the Atlantic Coast Pipeline. Environmental groups opposed to any use of natural gas, such as the Southern Environmental Law Center, sponsor a variety of litigation that, regardless of whether they win or lose, drives up the cost of completing this pipeline to southern states that can use this affordable source of energy. The opponents of the natural gas industry employ the circular logic that the costs imposed by the delays and expenses of their litigation are unfairly passed on to rate payers through increased utility rates. Actually, it is these groups that are imposing these unnecessary and artificial costs on utility customers without their consent. --- [William M. Herlihy](#)

● [Contura to Idle West Virginia Coal Mine, Put Cumberland Mine Up for Sale](#)

"The company attributed the 'strategic actions' to the deteriorating market for both metallurgical and thermal coal."

Why this is important: Contura Energy has announced that due to weak conditions in steam and metallurgical coal markets, it has closed one complex and will sell another. The Kielty Mine in Mingo County, West Virginia produces steam, met, and industrial coal, but it is now uneconomical in this coal market. The mine and the Delbarton Preparation Plant have received WARN notices of the closing that will eliminate 170 jobs. The Cumberland Mine in Greene County, Pennsylvania will be sold rather than investing in a \$60 million new refuse impoundment. Contura states it has renegotiated the mine's coal contracts to end on December 31, 2022, in 18 months. U.S. coal markets continue to struggle in this downturn. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

Last Week's Question and Results

Where should infrastructure spending be focused?

Roads and Bridges - 41.2%
Electricity Transmission - 17.6%
Telecommunications/Broadband - 17.6%
Railway/Air Travel - 11.8%
Electricity Generation - 5.9%
Other - 5.9%

Which country poses the largest geopolitical threat to the world's energy market?

Brazil

Select

China

Select

India

Select

Russia

Select

Saudi Arabia

Select

United States

Select

Other

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

What are your areas of interest? If there are particular industries or issues that you would like to hear about, [email us](#) ! We have a large number of attorneys willing to weigh in on the issues that impact you and your business.

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