



Issue 7, 2018

● [Trump Budget Seeks 23 Percent Cut at EPA, Eliminating Dozens of Programs](#)

"The fiscal 2019 proposal released marks the Trump administration's latest attempt to shrink the reach of an agency the president once promised to reduce to 'little tidbits.' The EPA already has lost hundreds of employees to buyouts and retirements over the past year, and its staffing is now at Reagan-era levels."

Why this is important: A budget reduction of 23 percent is significant regardless of the agency. However, cuts to other agency budgets will not garner the same level of scrutiny as will cuts to the EPA budget. Critics believe the cuts were made to eliminate critical programs to the detriment of the environment and to the benefit of industry. Supporters of the cuts believe they are necessary to eliminate bloat and to allow the individual states to take more control over environmental matters within their own borders. Whether the cuts become final, and the extent to which they ultimately affect the agency's ability to effectively regulate, remains to be seen. --- [Nicholas S. Preservati](#)

● [Trump Infrastructure Plan Would Speed Up Pipelines, Cut Environmental Reviews](#)

"The Trump administration's infrastructure proposal would speed up the permitting of U.S. natural gas pipelines, including by cutting Congress out of the process for allowing them to cross national parks."

Why this is important: Pipeline access is a major impediment in our nation's ability to produce and transport natural gas and the related liquids to both domestic and foreign markets. Environmentalists opposed to the use of any hydrocarbons have used the pipeline approval process, especially on the state level, to block the further development of these resources. President Trump's proposed use of infrastructure funds to promote pipeline development is important. However, his proposal to reduce the duplicative regulatory reviews and barriers to such project is much more significant. If this reform is implemented, it could facilitate the further development of our oil and gas resources for both domestic and foreign markets. --- [William M. Herlihy](#)

● [Global Thermal Coal Demand to Outstrip Supply, Grow by 5 Percent in 2018](#)

"Powered by Asia's continuing demand, the global seaborne thermal coal market is expected to grow by around 48 million mt or 5 percent from 2017 to touch 974 million mt in 2018, trading house Noble Group said."

Why this is important: While demand for domestic consumption of thermal coal has continued to decline in the U.S., world-wide use of thermal coal is increasing. The export market demand for coal around the world is projected to increase by 48 million metric tons this year alone - to a level just under a billion tons at 974 metric tons. With the increase in Asian coal consumption, a 10-million metric ton shortage is expected that should lead to increased pricing. This increase in demand should help U.S. producers as only Russia and the United States were able to increase exports in 2017. --- [Mark E. Heath](#)

● [The U.S. Solar Industry Records First Year of Job Losses](#)

"Adjustments following the 2016 solar boom, angst surrounding the Section 201 trade case, and a slowdown in established solar markets all contributed to an overarching 3.8 percent cutback in solar jobs over the past year, according to The Solar Foundation's latest National Solar Jobs Census."

Why this is important: After a boom in 2016, solar energy-related jobs dropped by 9,800, with total employment hovering at around 130,000. The solar industry will continue to add jobs in the future, but as it matures, it will have a difficult time matching the exponential growth rates of earlier years. --- [David L. Yaussy](#)

● [FERC's Powelson Sees No Shift in Natural Gas Pipeline Policy](#)

"Commissioner Robert Powelson told an industry audience in Pittsburgh that they don't have to worry about any 'tectonic shifts in policy' as FERC prepares to review how it evaluates and approves interstate natural gas pipeline projects."

Why this is important: Last year, FERC Chairman Kevin McIntyre announced the Commission would review its 1999 Policy Statement of New Interstate Natural Gas Pipeline Facilities, particularly the definition of "need" for a pipeline, and its environmental procedures. Various groups opposing the development of shale gas and related pipelines routinely base their challenges on these issues. During a recent Q&A session at Hart Energy's Marcellus-Utica Midstream Conference and Exhibition in Pittsburgh, Commissioner Powelson recognized the power generation industry is "dashing to gas" and it was difficult to ignore the increasingly significant role natural gas has in power generation. Powelson also noted that because of the lack of New England natural gas pipelines during the recent bombogenesis winter storm, "1950s, 1960s oil burners [...] had to run to keep the lights on in the New England marketplace, backed up by gas storage ..." and that he was concerned about "game playing that goes on in certain jurisdictions around pipeline development." Powelson's comments provide some certainty that future FERC action will recognize the increased role of natural gas in developing the country's energy infrastructure. --- [Matthew P. Heiskell](#)

● [China Is Financing a Petrochemical Hub in Appalachia](#)

"Over the past year, oil and gas industry plans to build a petrochemical refining and storage hub along the Ohio River have steadily gained traction. Proponents hope this potential hub, which would straddle Pennsylvania, Ohio, West Virginia, and Kentucky, could someday rival the industrial corridor found along the Gulf Coast in Texas and Louisiana."

Why this is important: The Appalachian Storage Hub will be a "game changer" for a region of the country that is in dire need of economic development. It is hard to overstate the magnitude of this investment into the region, as the \$83.7 billion investment in the Storage Hub is more than the annual budgets of West Virginia, Kentucky and Ohio combined. --- [Nicholas S. Preservati](#)

● [Indian Coal Output to be Ramped Up Shortly: Piyush Goyal](#)

"Coal minister Piyush Goyal said coal output will be ramped up over the coming weeks as efforts are on across ministries to help raise production after an unexpected surge in coal demand from power plants."

Why this is important: As countries like India seek to catch up economically with the rest of the world, generating enough power to meet industrial and consumer demand is difficult. Long term development of renewables necessarily will take a back seat to coal-generated power, which can be ramped up more quickly to meet immediate demand. In the next few weeks, coal production in India will be increased to meet higher demand for power. --- [David L. Yaussy](#)

● [U.S. Miner Contura Expects to Supply Up to 9.1 Million ST of Metallurgical Coal in 2018](#)

"Contura expects to sell 3.7 million-4.1 million st of met coal from its Central Appalachia mines, and 4.2 million-5 million st of met coal through Contura's Trading and Logistics business, the private Tennessee-based company said in a statement."

Why this is important: The pricing of metallurgical coal continues to be a bright spot for the U.S. coal industry, particularly in Central Appalachia. Contura Energy is forecasting sales of 9.1 million short tons of met coal in 2018. It plans to produce 3.7 to 4.1 million short tons itself and purchase the rest. On the thermal coal side, it is forecasting up to 7.7 million short tons of production. Similarly, Alpha Natural Resources announced it expects to produce 6.8 to 7.8 million short tons of met coal from its mines. --- [Mark E. Heath](#)

● [Russia's Energy Ministry Maintains 2018 Oil Price Outlook at \\$50-60 Per Barrel](#)

"Russia's Energy Ministry has no plans to change its outlook for 2018 average annual oil price, which is currently at \$50-60 per barrel, despite its high level now, the Minister Alexander Novak said, TASS reported."

Why this is important: In our increasingly global world, economic weapons have become much more effective than combat weapons. Our international economic communities are now so connected that rival countries cannot attack one another without catastrophic consequences. As a result, economic pressure has become the weapon of choice in the 21st century. The ability of the United States to export significant amounts of oil, natural gas and related liquids produced by the shale revolution is a very effective international policy tool for use with Russia, China and other rival nations. If we diminish the barriers to the export of these products, then it will enhance the ability of our nation to influence the foreign policies of other countries much better than military might. --- [William M. Herlihy](#)

● [Biggest-Ever U.S. Wind Farm Suffers Blow from Oklahoma Judge](#)

"The company failed to prove that customers should pay for the \$4.5 billion Oklahoma project through power rates, Mary Candler, an administrative law judge in the state, said in a filing. Her non-binding recommendation will be considered by the Oklahoma Corporation Commission, which has final say on the project."

Why this is important: AEP wanted to buy a huge windfarm and bake the cost of the wind and the 350-mile transmission line into customer rates. An ALJ in Oklahoma recommended against approving the purchase, citing insufficient need for the project. Even with production credits, renewables still have to justify their expense. --- [David L. Yaussy](#)

● [Pennsylvania Sits on Nearly 63 Trillion Cubic Feet of Natural Gas](#)

"Pennsylvania was sitting on at least 62.7 trillion cubic feet of recoverable natural gas in 2016, trailing only Texas, which had at least 88.3 trillion cubic feet, according to the Energy Information Administration."

Why this is important: If Pennsylvania were a country, it would rank 21st in the world for total natural gas reserves directly behind Kuwait and ahead of Libya. If Pennsylvania and Texas combined their natural gas reserves, they would rank 11th in the world ahead of China, Iraq and Canada. --- [Nicholas S. Preservati](#)

● [EIA Energy Statistics](#)

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

[PETROLEUM](#)

[Crude Oil Futures](#)

[This Week in Petroleum](#)

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Weekly Storage Report

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