



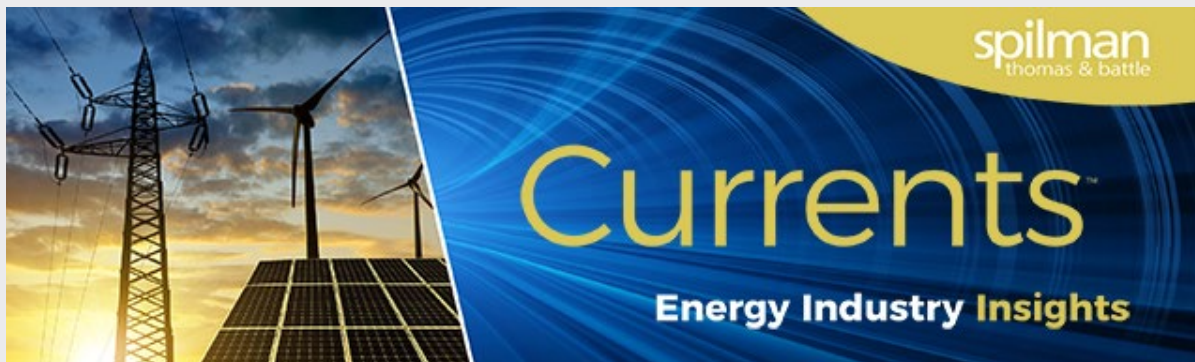
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Issue 10, 2020

● [The Drop in Oil was Perhaps the 'Final Straw' for U.S. Credit Markets, Strategist Says](#)

"The credit market is sensitive to moves in oil because a 'very large portion' of high-yield bonds in America are issued by companies involved in energy production, distribution and exploration, Thomas Tzitzouris of Strategas Research Partners said."

Why this is important: U.S. credit market's volatility and vulnerability have been greatly affected by falling oil prices and historic lows on Treasury yields. With some U.S. shale producers on the brink of bankruptcy, the recent drop in oil prices are further straining a leveraged credit market, signaling worse times to come. According to Thomas Tzitzouris of Strategas Research Partners, "All these markets – treasuries, equities, credit – are signaling that right now, the U.S. is very close to a recession within the next four to eight weeks." --- [Dennise R. Smith](#)

● [Man-Made Natural Gas Disaster for New England](#)

"This action to import Russian LNG only increases the price of gas to NE consumers, but also introduces greater risk due to a long gas supply line (4,500 miles one-way) from Russia while those tankers add more emissions to our environment."

Why this is important: The State of New York and environmental groups caused the cancellation of the Constitution gas pipeline project by Williams in February 2020. Unfortunately, the opposition to this pipeline hurts northeastern consumers financially and environmentally. Currently, there is insufficient pipeline capacity to serve the natural gas market in New York and Massachusetts. By scuttling this project, consumers in the Northeast are forced to rely on much more costly heating oil and imported gas to serve their needs. In addition, the replacement of heating oil and imported gas with cheap shale gas would improve environmental conditions by eliminating oil combustion emissions and the transportation pollution attributed to importing gas by rail, truck or ship. --- [William M. Herlihy](#)

● [Death of Coal Financing is Exaggerated as China Steps Up](#)

"While global banks including Goldman Sachs Group and BNP Paribas are withdrawing support for coal mines, others are stepping into the breach."

Why this is important: Environmental and other groups continue to pressure banks and other entities from financing coal mines and coal-fired electrical generation plants. Recently, Whitehaven Coal in

Australia turned to Japan and China for financing. Environmentalists have successfully persuaded Goldman Sachs Group and BNP Paribas to withdraw from coal financing. But, the Export Import Bank of China and Japan Bank for International Cooperation recently provided \$29 billion for coal-fired electric plants in Vietnam and Indonesia. Even with these increases, there remain a significant number of proposed coal-fired electrical generation plants in Southeast Asia without financing. --- [Mark E. Heath](#)

● [Oil and Gas Officials, West Virginia Chamber of Commerce Optimistic of Pipeline Continuation](#)

"Burd said Dominion stopped the progress on the pipeline in December of 2018, and 'pipeliners in the hundreds went to work on other pipelines in other parts of the country' while Dominion did its best to retain as many as possible in the area."

Why this is important: The Atlantic Coast Pipeline has the potential to be a revenue generator for West Virginia by providing a natural gas feed to the Mid-Atlantic states of Virginia and North Carolina. The pipeline was halted when the United States Court of Appeals upheld a lower court ruling that the pipeline could not legally traverse the Appalachian Trail. The disruption in construction also caused the temporary loss of construction jobs and related spending in the local economy. Local officials are hopeful the Supreme Court of the United States will overturn that ruling. --- [Bryan S. Neft](#)

● [Energy Valuations: Freefall into Bankruptcy or is This Time Different?](#)

"The looming factor for companies is how banks will go about determining borrowing bases this year."

Why this is important: After the recent nose-dive in energy valuations due to declining demand amid COVID-19 and fallout from the Saudi-Russia oil price feud, several energy companies have announced cut-backs in production. Bankruptcies in this industry already were estimated to rise in 2020, but now are expected to accelerate. "According to Haynes and Boone's Oilfield Services Bankruptcy Tracker, there were six new bankruptcies in the oilfield services area in the fourth quarter of 2019." Lending reserve ratios and borrowing bases are expected to continue to shrink alongside values. Given that fewer banks are lending to energy companies anymore, this confluence of factors could, ironically, result in buying the market more time to recover versus pressuring bankruptcy, but values will need to recover for this to occur. --- [Dennise R. Smith](#)

● [Utilities on High Alert as Phishing Attempts, Cyber Probing Spike Related to Coronavirus](#)

"As more employees work remotely to limit the virus' spread, companies should enhance technology monitoring and ensure that virtual private networks and other access systems are fully patched, the U.S. Department of Homeland Security's Cybersecurity & Infrastructure Security Agency said."

Why this is important: With more than 105,000 people infected with the Coronavirus, the virus--and the related news frenzy--pose a serious threat to utilities. Experts are reporting the utility sector is vulnerable to cyberattacks resulting from the virus in two ways. First, the basic lack of individuals at work could pose a threat. As people get sick, or are working from home to combat the spread of the virus, cybersecurity operations could be weakened. Second, some utilities have reported an increase in phishing scams and malware attacks masquerading as information about the virus. Power comes from the application of knowledge, and utilities report they already are preparing to combat these threats. With a history of responding to the 2000 "Y2K" problem, the 2003 Severe Acute Respiratory Syndrome ("SARS") spread, and the 2009 H1N1 flu pandemic, utilities are poised to update their response plans to be prepared for the near future as the entire world deals with this virus. --- [Nicholas P. Mooney II](#)

● [Gas Prices Drop as the Oil Industry Braces for Trouble](#)

"The Associated Press Deputy Markets Editor Seth Sutel has been watching the oil market and said the coronavirus scare has had a ripple effect on a wider scale, including oil and gas."

Why this is important: Oil prices have been dropping for two reasons—the coronavirus and a price war Saudi Arabia initiated. The coronavirus epidemic has caused a decrease in worldwide demand for oil. Saudi Arabia also dropped oil prices in an effort to injure the United States' market for shale oil. Shale oil costs more to produce. Saudi Arabia is betting shale producers will shut production thereby allowing Saudi Arabia to fill the gap. Both reasons have a tendency to cause great turbulence on energy markets, and may eventually lead to a worldwide recession. --- [Bryan S. Neft](#)

● [India 2019 Thermal Coal Imports Rise 12.6% to Nearly 200 Million T](#)

"Imports of thermal coal - mainly used for power generation - jumped 12.6% to 197.84 million tonnes in 2019."

Why this is important: In a move that is good news for U.S. producers, Indian imports of steam coal rose 12.6 percent last year for an increase of 200 million tons. This coal is used by India for electrical generation. India also imported 51.33 million tons of metallurgical coal in 2019, which was a slight decline from 2018 of 51.63 million tons. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

We want to hear from you!

It's important to us that our clients and friends let us know what they are thinking. That's why we have introduced this survey feature.

Please take a moment to answer and results will be published in the next issue.

If you have a question you would like featured, [let us know!](#)

Issue 9 Question and Results

What is the most significant drawback to owning an electric vehicle?

- Limited driving range - 22.6%
- Initial cost - 17%
- Limited public charging stations - 13.2%
- Charging time - 13.2%
- Limited choice/design - 9.4%
- There are no drawbacks - 7.5%
- Stigma of driving an electric car/ image - 5.7%
- Power delivery - 5.7%
- I don't know enough about electric cars - 5.7%

What is the biggest threat posed to the energy sector by the Coronavirus?

Lower demand for energy

Select

Interruption of supply chain

Select

Lower energy stock prices

Select

Increased debt load

Select

Employee illness

Select

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.

If you would like to subscribe to this weekly e-blast or know someone who would, please [email us](#) with contact information and CURRENTS in the subject line. We will add you or your acquaintance to the email list.

If you have any energy questions, please feel free to [contact us](#) .

