



## Issue 16, 2018

### ● [An Interview with Bill Raney, President of West Virginia Coal Association](#)

[Nick Preservati](#), Co-Chair of Spilman's Energy Practice Group, recently sat down with Bill Raney, President of the [West Virginia Coal Association](#) to discuss the past, present and future of the coal industry.

Since the mid-1970s, Bill has committed his professional life to the representation of the coal industry and his insights are extremely interesting.

The West Virginia Coal Association is a trade organization representing more than 90 percent of the state's underground and surface coal mine production and its related supply and service industries. Its purpose is to have a unified voice representing the state's coal industry as well as to increase emphasis on coal as a reliable energy source to help the nation achieve energy independence.

Click [here](#) to listen to the interview.

### ● [API Opposes Bailout of FirstEnergy Solutions, Asks Trump Administration to 'Let the Markets Work'](#)

*"The American Petroleum Institute, the oil and gas industry association, released a letter calling for the Trump Administration to 'let markets work' by denying the struggling utility firm's request for a government rescue."*

**Why this is important:** Environmentalists and gas producers are joining hands to oppose government assistance to FirstEnergy Solutions and its nuclear plants, which are slated for closure due to the power industry's increased usage of natural gas. The interests of the natural gas industry are obvious, but the environmentalists should be conflicted. Nuclear power is a prime source of baseload power that is carbon-free, and one might expect those who are concerned about global warming to be embracing it. - -- [David L. Yaussy](#)

### ● [EQT Sues WV Government Over New Royalties Law](#)

*"The company's lawyers wrote, 'the Flat-Rate Statute severely disrupts the contractual expectations of EQT, which has invested significantly in improving the extraction of natural gas, premised on its ability to enjoy the returns of such investments.'"*

**Why this is important:** EQT has filed suit in the U.S. District Court for the Northern District of West Virginia challenging S.B. 360, which, when it takes effect on May 31, 2018, will reverse the decision by the Supreme Court of Appeals of West Virginia in *Leggett v. EQT Production Company*, Appeal No. 16-0136 filed May 26, 2017. Among major oil and gas operators, EQT has been the primary beneficiary of the reformed *Leggett* decision because it has invested heavily in fixed-rate leases in order to reduce the cost of renegotiating these leases for modern horizontal operations. This case likely would not succeed on the basis of constitutional grounds, but may be fortified by the reasons for the reversal of opinions in the Supreme Court of Appeals of West

Virginia. Apart from EQT, other operators have not been heavily affected by either the original Supreme Court decision or S.B. 360. --- [William M. Herlihy](#)

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## ● [Trudeau Vows to Ram Through Oil Pipeline Over BC Resistance](#)

*"Canada's Prime Minister Justin Trudeau has vowed to roll over opposition from British Columbia and see that an 890,000-barrel-a-day oil pipeline is completed linking Alberta oil fields with an oil export port just east of Vancouver."*

**Why this is important:** Confronting what some commentators have called the "mob rule of [British Columbia's] environmental activists," Canadian Prime Minister Justin Trudeau and neighboring Alberta Province Premier Rachel Notley have promised to overcome British Columbia's opposition to the construction of Houston-based Kinder-Morgan's new \$7.4 billion oil pipeline from Alberta to the Pacific Coast near Vancouver, birthplace of the organization Greenpeace. The project would triple pipeline capacity to Canada's Pacific port and increase oil tanker traffic by a factor of seven. The British Columbian provincial government, as well as the neighboring Washington state's governor, have opposed the pipeline fearful of potential environmental damage. In the past month, 7,000 protesters marched through British Columbia decrying the project and approximately 200 arrests were made. Prime Minister Trudeau has placed the blame for the protests squarely on the British Columbian government, claiming it has "obviously inflamed passions and political rhetoric" in both British Columbia and Alberta. Kinder-Morgan has halted non-essential work on the project and given the Canadian government until May 31 to suppress British Columbian obstacles to the pipeline. Some commentators predict the protest against the pipeline will remain active regardless of Canadian and Albertan countermeasures. --- [John C. \(Max\) Wilkinson](#)

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## ● [Acid Mine Drainage Yields Valuable Rare Earth Elements](#)

*"A joint research project between West Virginia University and the National Energy Technology Laboratory aims to extract rare earth elements from the acid mine drainage found at various coal mine sites throughout the country."*

**Why this is important:** In some parts of the country, acid mine drainage has long been a costly part of the reclamation process, including certain coal seams in northern West Virginia. West Virginia University and the National Energy Technology Laboratory have spent the past two years studying how to recover rare earth elements from that drainage. There are 17 rare earth elements that are used in everything from smart phones to missiles, and China has dominated the production and pricing of those elements. The current project is looking at how to recover those elements from former mine sites at prices competitive with Chinese production and early results continue to look promising. --- [Mark E. Heath](#)

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## ● [BP Aims to Keep Carbon Emissions Flat Into 2025](#)

*"The London-based company said it plans to reduce emissions of CO2 gases by 3.5 million tonnes by 2025 through higher production of gas, the least polluting fossil fuel, reducing leakage of methane, a potent greenhouse gas, and limiting flaring of excess gas."*

**Why this is important:** British Petroleum has committed to keeping its carbon emissions flat for the period from 2015 to 2025. It will do that mainly by using more natural gas, greater production efficiency, and less gas flaring and methane leakage. Renewables will play a role, but BP acknowledges the increased demand for fossil fuels that is expected in coming years will mean it will have to obtain reductions in greenhouse gases by changing the manner it produces and uses fossil fuels, rather than replacement of fossil fuels with renewables. --- [David L. Yaussy](#)

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## ● [Australian Northern Territory Lifts Fracking Ban, Opening Up 700,000 sq km to Gas Exploration](#)

*"The Northern Territory government has lifted a ban on hydraulic fracturing of onshore gas that will open up more than half of the territory's land mass to the controversial practice."*

**Why this is important:** In a move that has sharply split public opinion of its territorial residents, Australia's Northern Territory government has reversed its prior ban and authorized exploratory fracking by petroleum companies, which is set to begin early

next year. The policy reversal follows an independent study that concluded the risks with hydraulic fracturing could be safely managed and regulated. Slightly less than half of the Territory will continue to be prohibited to fracking. The decision to allow fracking was condemned by environmentalists and some scientists, with at least one research director claiming the fracking allowance will wipe out emissions savings "one hundred fold." --- [John C. \(Max\) Wilkinson](#)

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## ● [A Startup Wants to Reopen a Coal Plant to Mine Bitcoin](#)

*"IOT Group plans to rent out their coal-powered servers to companies and individuals looking for some cheap blockchain technology."*

**Why this is important:** Mining bitcoin (using brute computing power to qualify for a place on a blockchain) takes a lot of computer power, and that means loads of electric usage. Some of the lowest cost power is available from coal-fired plants, and one Australian company wants to reopen an old coal plant to provide power dedicated to bitcoin mining. It's an interesting example of the market identifying coal as the lowest cost source of power, when there are no politics or subsidies in play. --- [David L. Yaussy](#)

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## ● [U.S. Coal Finding Its Way into Europe, Mediterranean Markets](#)

*"Shrinking Indian demand is forcing U.S. coal into Europe and the Mediterranean as South African and Colombian coal seeks a home in more lucrative Asian markets, trade sources said."*

**Why this is important:** Due to reductions in imports into India, more U.S. coal is being exported to Europe and the Mediterranean areas. The moves have occurred, in part, as lower cost producers in South Africa and Columbia have focused on the generally more lucrative Asian market. Currently, high sulfur coal from Illinois and Northern Appalachia is being exported through New Orleans and Baltimore to Europe and the Mediterranean areas at competitive prices. With declines in coal power generation, the export market has become a growing and increasingly important part of U.S. production sales. --- [Mark E. Heath](#)

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## ● [U.S. Natural Gas Production, Exports Set Records](#)

*"Surging shale drilling has led companies in the United States to top records for both natural gas production and exports. The U.S. Energy Information Administration detailed the trends, showing total U.S. natural gas production last year at a record high of 90.9 billion cubic feet per day. December marked the highest recorded monthly rate of 96.7 billion cubic feet per day."*

**Why this is important:** Continued massive shale gas production has created the potential for the U.S. to be one the largest world-wide exporters of LNG. The major impediment to this effort has been lagging federal and state approvals of permits for export terminals. There is a real need for enhanced exports on an environmental level since those LNG exports would replace coal as a fuel that has fewer environmental impacts when used as a thermal product in other countries that are hungry for energy and will produce in any way they can. In addition, enhanced exports of LNG will help stabilize domestic natural gas prices and solidify the industry for long-term operations. The continued approval of permits for export LNG terminals is a win/win for both the domestic industry and world-wide environmental concerns. --- [William M. Herlihy](#)

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## ● ['Coal Remains a Vital Mainstay of the UK's Energy Reserves'](#)

*"For example, at the start of March, National Grid warned of a potential shortage of gas on the system - coal plants fired up to fill the gap, generating a significant 10.5GW of power."*

**Why this is important:** Coal powered the Industrial Revolution in Great Britain, but it has been steadily pushed aside in favor of other power sources. It was an important backstop during a recent cold snap, though, and likely will continue to serve as a reserve electric resource, even though it is one of the slowest sources to ramp up to production from a cold start. --- [David L. Yaussy](#)

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## ● [Join Us for Our Webinar - Cotenancy Modernization and Royalty](#)

## **Information Reporting**

Join Spilman attorneys, [Mark Clark](#) and [Tom O'Neill](#) this Monday, April 23, 12pm-12:45pm EDT for a live webinar on West Virginia House Bill 4268 and House Bill 4270.

This webinar will provide an overview and explanation of H.B. 4268 "Cotenancy Modernization and Majority Protection Act" and H.B. 4270 "Information Reporting" related to royalty payments and production volumes.

This webinar also will provide energy companies with information helpful toward preparing for the implementation of these new laws.

Click [here](#) to register for this free event.

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## **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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