



Issue 37, 2018

● [Iran's Latest Terrorist Attack Matters More than OPEC's Latest Meeting, RBC's Croft Says](#)

"Oil market attention was focused on an OPEC meeting in Algeria this weekend, but it was Saturday's terrorist attack in an oil-rich part of Iran that 'could have serious security implications for the world's most important oil production region,' according to a closely-watched oil analyst."

Why this is important: Saturday's terrorist attack (killing 25 and wounding 60) on a military parade in Ahvaz, a city in the oil-rich southwest of Iran, could potentially be of significant consequence and exacerbate already dangerous Middle East antagonisms. Both Iran and Saudi Arabia have jockeyed for geopolitical and religious sectarian dominance in the region for decades. There is confusion over the identity of the perpetrators of the attack--Islamic State claiming responsibility, but some analysts opining the attack was the work of an Arab separatist group. Iran's Supreme Leader Ayatollah Ali Khamenei publicly blamed U.S. allied neighboring Gulf states. Iran is a key mover for oil markets with analysts watching to see what happens to oil prices as U.S. economic sanctions are fully implemented on its oil industry in early November. --- [John C. \(Max\) Wilkinson](#)

● [Sierra Club Offers EQT Midstream Partners Investors Opportunity](#)

"These two catalysts, the merger with Rice Energy and the MVP project's environmental delays, provide advantageous opportunities for investors."

Why this is important: Discussion of EQT Midstream Partners' Mountain Valley Pipeline project usually focuses on its potential for environmental issues, and for good reason. The Sierra Club, for instance, recently prevailed before the Fourth Circuit on its challenge to MVP's right-of-way through Jefferson National Forest, leading to the issuance of a stop-work order while the federal agencies comply with the court's decision. Rather than being discouraged by the Fourth Circuit's decision, though, some investors see the uncertainty as creating opportunities to buy low on a stock they view as having strong potential for long-term growth. If that's the case, then the Sierra Club may have done investors a favor. --- [Joseph V. Schaeffer](#)

● [Mountain Valley Pipeline Revises Cost Estimate](#)

"Approximately half of the cost increase is due to extended periods of work stoppage during August that triggered ongoing contractual charges and schedule changes - with the balance relating to extraordinary rainfall events that continued through the summer, recent hurricane preparedness actions that interrupted full-construction activities, and certain unanticipated construction cost overruns."

Why this is important: Mountain Valley Pipeline, LLC announced on Monday, September 24 that it has increased its overall project cost estimate to \$4.6 billion, nearly \$1 billion, and not quite 20 percent, increase in the total budget. The halting of construction due to court challenges from environmental opponents has caused lengthy project delays, material cost increases, and burdens for local communities and agencies. It also has impeded the delivery of low-cost energy resources to consumers and

other end-user markets. Along with the work stoppage, significant costs have been incurred to enhance and repair erosion and sediment control structures due to atypically heavy rainfall in West Virginia and Virginia over the summer. --- [John C. \(Max\) Wilkinson](#)

● [Ethane Rising: Another Fossil Fuel Advances](#)

"But today, ethane is feedstock for nearly half of U.S. plastics production and a valuable export to chemical companies around the world."

Why this is important: The Appalachian shale extraction industry produces large volumes of natural gas liquids that include ethane and other feedstock for plastics and other products. The abundance of "wet shale gas" promotes the possibility of renewed chemical manufacturing in the Appalachian Basin as well as increasing our exports to other countries. --- [William M. Herlihy](#)

● [Texas Coal Plant to Shut Down by 2020](#)

"The nearly 700 megawatt Oklaunion plant near Vernon couldn't compete in the market run by the Electric Reliability Council of Texas or ERCOT said AEP Texas spokesman Greg Blair."

Why this is important: American Electric Power has announced plans to close its 700 megawatt Oklaunion plant near Vernon, Texas in 2020. As has happened with many older coal-fired plants, the Texas plant cannot compete with gas-fired plants and renewables in the current electricity markets. The Trump administration currently is working on a plan to help coal and nuclear generating plants that are being priced out of the electricity markets. --- [Mark E. Heath](#)

● [Colorado Takes Fracking Restrictions to the Polls](#)

"Voters in Colorado next month will weigh in on what's shaping up to be the environmental showdown of the 2018 election cycle: whether to approve larger setbacks for oil and gas facilities that would make most of the state off limits to new fracking operations."

Why this is important: Colorado environmentalists, regulators, and industry have been at loggerheads over the scope of oil and gas regulations for years, particularly the extent to which local governments should be permitted to adopt their own (and often more stringent) regulations. And, in most cases, the result has been in favor of the state's primacy over oil and gas regulation. Now, however, Colorado voters have the chance to vote on a referendum that will dramatically increase setback requirements on a statewide basis while giving local governments additional, express regulatory authority. The substantial impact if approved--exclusion of up to 85 percent of non-federal land from new operations--means this is a referendum worth monitoring. --- [Joseph V. Schaeffer](#)

● [Oil and Natural Gas Industry Energizing W.Va. Economy](#)

"Oil and gas production is one of West Virginia's fastest-growing and most successful industries, easily outpacing other sectors of the economy."

Why this is important: The oil and gas industry does not only create jobs at the drilling and production phases, but should generate manufacturing and secondary jobs from both the production stream and the renewed manufacturing of byproducts. Let's avoid the temptation to put taxation burdens on this new source of economic development, and instead strive to achieve its greatest benefits for both consumers and industry. --- [William M. Herlihy](#)

● [Coronado Kicks Off \\$950 Million IPO, Australia's Top Coal Float in Six Years](#)

"U.S.-based Coronado Global Resources Inc launched what is set to be Australia's biggest coal mining float in six years with an IPO that seeks to raise up to A\$1.3 billion (\$946.1 million) and capitalize on Asian demand for the steelmaking commodity."

Why this is important: Coronado Coal will begin with one of the largest public offerings in recent years on October 2 with a \$946 million offering in Australia. The offering is driven by the strong metallurgical coal market. Shares of the company, with mines in the U.S. and Australia, will begin trading on October 23. --- [Mark E. Heath](#)

● [Pipelines are Big Part of West Virginia's Energy Picture](#)

"Noting that environmental activists are fighting pipeline projects in West Virginia and elsewhere, she labeled fears about pipelines 'simply unfounded and based on untruths.'"

Why this is important: Natural gas is the preferred hydrocarbon fuel for energy production. The lack of access to interstate pipelines leading to major markets has kept our oil and gas industry from achieving its full potential. The removal of artificial barriers to these essential routes for transporting natural gas and the recognition that this is the safest manner of distributing this valuable resource best serves our country's energy needs. --- [William M. Herlihy](#)

● [U.S. Miner Corsa Emulates Glencore as Coking Coal Prices Surge](#)

"U.S. miner Corsa Coal intends to extend its trading activities longer term and ramp up low-vol coking coal production as it meets higher US domestic steel-related demand for 2019, the company's CEO said in an interview."

Why this is important: Corsa Coal, based on the strong metallurgical coal market, has sold out of its 2.3 million tons of coal mined for 2018. The company, with mines in Pennsylvania and Maryland, is expanding production with a new mine next year and another in 2020. The producer continues to see a strong metallurgical market with increasing prices. --- [Mark E. Heath](#)

● [Peabody to Buy Shoal Creek Coal Mine for \\$400M](#)

"Global pure-play coal firm Peabody has signed an agreement to purchase the Shoal Creek metallurgical coal mine located on the Black Warrior River in Central Alabama, U.S. from Drummond, in a deal valued at \$400m."

Why this is important: In another sign of how strong the U.S. metallurgical coal markets are due to strong exports, Peabody has signed an agreement to purchase the Shoal Creek mine located in Central Alabama from Drummond. The purchase of the mine and preparation plant for \$400 million will give Peabody an additional 2 million tons of hard coking coal to sell and export. -- [Mark E. Heath](#)

● [EIA Energy Statistics](#)

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

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[Natural Gas Weekly Update](#)

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Coal Markets

Weekly Coal Production

RENEWABLES

Short-Term Energy Outlook

Monthly Biodiesel Production Report

Monthly Densified Biomass Fuel Report

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