



Issue 34, 2019

● [Crisis in Middle East Should Remind Us of the Importance of Fracking](#)

"Oil prices are likely to spike in the short-term aftermath of the attack on Saudi Arabia, but, as Clifford Krauss and Stanley Reed of The New York Times report, the availability of a secure U.S. oil supply is one of several factors - including large stockpiles around the world - that should help cushion the blow to the global economy."

Why this is important: The terrorist attack on Saudi oil facilities this week and the resultant uncertainty in world energy markets highlights the farce of ongoing opposition to the shale revolution. Shale operations, in Appalachia and elsewhere, are the reasons the United States can largely be insulated from turmoil in international energy markets. Without this industry, we could not produce the oil and gas necessary to provide economic security for our country. --- [William M. Herlihy](#)

● [Cheap Renewables Could Make 90 Percent of Proposed Gas Power Plants — and Many Pipelines — Obsolete by 2035](#)

"That shale revolution, like coal, could see its economic advantage swept away by 2035, as renewable energy choices offer electrical utilities options that not only produce no climate-changing exhaust but are also rapidly falling in price."

Why this is important: It's unlikely renewables are going to replace natural gas as a source of electricity generation in the foreseeable future. Intermittent sources of energy, such as wind and solar, are inherently unable to reliably power a grid without significant fossil fuel or nuclear baseload running somewhere in the background. Sufficient storage of excess renewable energy production would make a difference, but the necessary grid-level storage is nowhere on the horizon. --- [David L. Yaussy](#)

● [South Africa Coal is Burning Out Quicker than Expected](#)

"South Africa's coal mining industry is on the brink of permanent decline as the country's main export markets prepare to reduce reliance on the erstwhile 'black gold' and global divestment from fossil fuels increases at an exponential rate."

Why this is important: A new study foresees declines in South Africa's coal industry. The study finds the two biggest users of South African coal, including synthetic fuel producer Sasol, will decline in their purchases of coal. Also South Korea, India and Pakistan, which receive half of South Africa's exports, are expected to decline with increased competition from Indonesia, Australia and Russia. Finally, the study notes the decline in coal for electrical generation along with increased competition from wind and solar power are leading South African banks to curtail loans to coal companies. These pressures are not contained to South Africa as coal is facing growing pressures around the world. --- [Mark E. Heath](#)

● [Oil Prices Soar After Attacks on Saudi Arabia](#)

"Crude oil futures are trading at their highest levels since July after attacks on oil facilities in Saudi Arabia disrupted about half of the kingdom's production capacity, or more than 5% of the global supply of crude."

Why this is important: The recent (likely Iranian) attacks on Saudi Arabian oil refineries disrupted about 5 percent of the world's crude oil supply. This caused a 20 percent spike in the price of Brent crude oil. The attacks demonstrate the continuing volatility of the region and the impact of world supplies. Alternative sources are limited. Iranian oil is unavailable due to United States sanction. Venezuelan oil is unavailable due to the deteriorated economy in that country. And U.S. supplies from shale cannot be increased so quickly. For those reasons, the attack has had a severe impact on global production and will test prices to account for the volatility in the Middle East. --- [Bryan S. Neft](#)

● [U.S. Solar Market Growth Slows This Year as Projects Pushed Back](#)

"The Solar Energy Industries Association forecast 17% growth this year to 12.6 gigawatts in its quarterly joint report with consultants Wood Mackenzie Power & Renewables."

Why this is important: The year-over-year change in solar installation projections does not tell the whole story. While the expectations for 2019 have slowed, that is not because interest in solar has waned, but instead because projects planned for this year have been pushed out to 2020. In fact, the long-term projections for new solar installations are at a record high. As the author notes, the long-term projected growth in solar is being driven primarily by: (1) corporations increasing demand that their energy come from renewable sources; and (2) utilities seeking to take advantage of government tax credits that currently remain at 30 percent, but which step down to 10 percent by 2022. --- [Carrie H. Grundmann](#)

● [Caperton, Hardy See Potential of Petrochemical Industry](#)

"Gov. Jim Justice announced the task force, which will focus on the anticipated job growth related to the petrochemical industry in Appalachia, and named Caperton as the head of the body."

Why this is important: Downstream petrochemical plants are very expensive and long-term investments. State and federal government agencies must remain actively involved to make West Virginia attractive for such investments. The efforts of Governor Justice and Secretary Caperton are a welcome step in the promotion of new petrochemical investments in the heart of the Appalachian shale play. --- [William M. Herlihy](#)

● [Bridge to Nowhere](#)

"Where the Texas Gulf Coast meets Mexico, a trio of fossil fuel companies is planning an industrial complex the likes of which Texas' Rio Grande Valley has never seen."

Why this is important: Liquefied natural gas is increasingly the means by which energy is shipped over long distances. Developing the infrastructure to facilitate LNG commerce is not without controversy though, with some locals feeling displaced or concerned about the future effects of the terminals. While local opposition might stop LNG development in some locales, it is unlikely to halt the burgeoning growth of the LNG industry, which is moving cheap natural gas all around the world. --- [David L. Yaussy](#)

● [Manchin, Colleagues Send Letter Urging Permanent Funding for Miners Health Care, Pensions](#)

"A group of Democratic senators is asking congressional leadership to pass legislation permanently funding health care and pension benefits for retired coal miners as discussions continue in regards to preventing a government shutdown."

Why this is important: Several Democratic U.S. senators have asked Congressional leaders to vote on the American Miner's Act. Senator Joe Manchin and others have asked the Act be passed to protect pensions and health care for 87,000 current retirees and families along with 20,000 future beneficiaries. The Act also would address pensions and health care for miners who lost coverage in 2018 coal bankruptcies. The bill restores a Black Lung Trust Fund excise tax and increases transfers to the funds to \$750 million a year. The decline in the coal industry has also resulted in a decline in union miners. --- [Mark E. Heath](#)

● [Oil Production Increases Again in Ohio Shale Region](#)

"Oil production in Ohio's horizontal shale region continued to increase in the second quarter this year with greater gains than natural gas on a percentage and annual basis."

Why this is important: Oil production gains in Ohio's horizontal shale region surpassed natural gas gains from the same region. While oil production increased nearly 30 percent, natural gas gains were 11 percent. Given geopolitical realities in the Middle East, the increase of domestic production should go a long way to stabilizing the price of fuel in the long-term. --- [Bryan S. Neft](#)

● [Thermal Coal to Produce 2,400MW of Electricity by 2023 – Zimbabwe Government](#)

"Currently, Zimbabwe requires about 1,900 megawatts of electricity per day and the intervention I am talking about will see the country generating 2,400 megawatts and I can safely say that Zimbabwe will be a net exporter of electricity by 2024," he said."

Why this is important: Zimbabwe wants to become a net exporter of electricity and is turning to its own coal reserves, rather than renewables or nuclear, to make that happen. Renewables do not, at this point, compare with the ability of fossil fuels, nuclear and hydro to provide reliable, baseload power for a national grid. China and Japan are funding many coal power plants in third world countries like Zimbabwe trying to reach first world economic standards because it is the surest way to generate enough electricity to power a first-rate economy. --- [David L. Yaussy](#)

● [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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