



Issue 31, 2019

## ● [U.S. Energy Policy Must Support Natural Gas in Appalachia and West Texas](#)

*"And it shows how quickly the U.S. shale revolution since 2008 has transformed domestic and global energy markets, with always improving technologies and operational efficiencies surpassing all expectations."*

**Why this is important:** The increased productivity and efficiency of natural gas operations in Appalachia is a welcome economic boost to the region. This trend allows the production of less expensive gas while decreasing the environmental and physical impacts of gas production and transportation facilities. Economies of scale and ever-improving technology will ensure the continued progress of this trend in the future. --- [William M. Herlihy](#)

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## ● [No Slumping in Pumping Despite Strictures in Colorado's New Oil and Gas Law](#)

*"The more than two dozen drilling rigs operating today in Colorado's oil and gas fields won't be going silent any time soon, even with the enactment this year of a law that promises to make life tougher for the industry statewide."*

**Why this is important:** A recently enacted law in Colorado giving local governments more control over energy extraction and emphasizing health and safety standards to oil and gas operations is not expected to have an immediate impact on existing wells in that state. Nonetheless, industry watchdogs are monitoring the development of regulations and rules under the new law and anticipate greater restrictions on oil and gas production in two to five years. The new law may hamper smaller producers from developing additional wells in Colorado. In addition, producers may shift production to other states with less onerous regulations. -- [Bryan S. Neft](#)

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## ● [Indonesia's May Thermal Coal Exports Rises 6 Percent on Month; Exports to China Highest Since Jan 2014](#)

*"An earlier than usual summer restocking and active Chinese tenders for Indonesian low-mid calorific value thermal coal cargoes offered support for seaborne demand and prices."*

**Why this is important:** Indonesia is reporting it exported 30.6 million tons of coal in May--a 6 percent increase. Its numbers are up 20 percent for the year. China imported 7.2 million tons of that coal--an increase of 57 percent from April and the highest import of Indonesian coal since 2014. Despite the increases, steam coal pricing continues to decline worldwide. --- [Mark E. Heath](#)

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## ● [Asia's Utilities and Policymakers Should Think Twice About Doubling Down on Risky U.S. LNG Imports](#)

*"But building the required infrastructure and locking in energy imports could be a disaster for these countries as alternative options quickly make imported gas uneconomic."*

**Why this is important:** Comparisons of the costs of natural gas and renewable energy sources often rely on rather dubious data. They often fail to consider costs beyond those directly imposed by an energy source. For example, intermittent renewables like solar and wind require reliable spinning backup for when the sun doesn't shine and the wind doesn't blow, both for frequency modulation and backup energy. Nor is there any clear accounting for subsidies in the form of feed-in tariffs or preferential assignments that give renewables a leg up on traditional energy sources. These hidden costs may be one reason Asia's utilities are looking at low-priced natural gas for energy production in their growing countries. --- [David L. Yaussy](#)

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## ● [China Provides \\$1 Billion in 'Green' Finance to Coal Projects in First Half of the Year](#)

*"According to Shanghai-based financial data provider Wind, 7.4 billion yuan (\$1.1 billion) in green corporate and financial bonds were issued by 13 coal projects in the first half of the year."*

**Why this is important:** The \$1.1 billion in funding involves power plants using coal or coalbed methane and coal-to-chemical. China's issuance of these "green bonds" has been controversial, with more than a quarter failing to meet internal standards set by the Climate Bonds Initiative. While coal's representation in China's energy mix has fallen approximately 9.5 percent since 2012, and China intends to further cut it to 50 percent by 2030, China continues to fund coal projects. Overall capacity is expected to grow as China upgrades existing mines and plants and new coal-fueled power stations are built. --- [Dennise R. Smith](#)

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## ● [Fracking Prompts Global Spike in Atmospheric Methane](#)

*"Carbon dioxide emitted today will influence the climate for centuries to come, as the climate responds slowly to decreasing amounts of the gas."*

**Why this is important:** A recent study points to shale oil and gas extraction (fracturing) as the source of newly increased amounts of methane in the atmosphere. Methane is a gas from various sources that contributes to the greenhouse effect and global warming. Because methane can be reduced as easily as it is emitted into the atmosphere, as calls for measures to minimize the effects of global warming increase, measures to limit fracturing may be in the sights of environmentalists seeking to reduce methane in the atmosphere. --- [Bryan S. Neft](#)

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## ● [Three Mile Island, Where America Flirted with Its Own Chernobyl, to Close](#)

*"Seven U.S. power plants have shut down since 2013, and owners have announced plans to close several more."*

**Why this is important:** Three Mile Island is usually presented as a close brush with nuclear catastrophe. In fact, there was never any danger of a Chernobyl-style disaster, and people in the area were exposed to less radiation than a chest x-ray. While cheap natural gas is undercutting it in the global electric generation market, some see nuclear as worth preserving even if it's a more expensive option. Some in the environmental movement, led by people like Mike Shellenberger, are aggressively promoting nuclear energy as a means of carbon-free energy that provides reliable baseload electricity in a way that intermittent renewables cannot. If they succeed, the nuclear industry might see a renaissance under a Democratic administration. --- [David L. Yaussy](#)

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## ● [U.S. Steel Laying Off Nearly 200 Michigan Workers](#)

*"The company announced earlier in the summer that it would suspend operations at two blast furnaces, one at its Great Lakes Works in Ecorse, Mich., and the other in Gary, Ind."*

**Why this is important:** U.S. Steel reports it will lay off nearly 200 workers at a plant in Michigan, citing low steel prices and weak demand. The company previously announced it would be suspending operations at one of its facilities in Michigan and in Gary, Indiana. This news comes as the company plans to spend more than \$1 billion to build a new facility in Pennsylvania that would allow it to lower its costs and make it more competitive. As the Trump administration's trade war with China continues, domestic steel prices have fallen steeply, with hot-rolled coil prices falling nearly 37 percent. That factor with softened demand in

the farm equipment and automobile industry and a glut of supply has further weakened the industry. --- [Dennise R. Smith](#)

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## ● [BHP Sees Medium-Term Uptick in Iron Ore, Met Coal Production](#)

*"After reporting total iron ore production from its assets of 270 million mt in fiscal 2018-19 (July-June), BHP is expecting 273-286 million mt in the current 2019-20 fiscal year, and then 290 million mt/year over the course of five years, it said."*

**Why this is important:** Global metallurgical coal and iron ore producer BHP is reporting it expects a small increase in production of iron ore and metallurgical coal in the second half of 2019. The predictions show a steady demand for metallurgical coal this year and increases in the next five years. Globally, BHP sees a softening of steel demand in Europe and Japan, but increases in steel production in the United States and China. This is important because the continuing softening of steam coal pricing in the United States has caused a greater reliance on metallurgical coal sales for U.S. producers. --- [Mark E. Heath](#)

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## ● [City Backs Deal for CCS Technology to Save New Mexico Coal Plant](#)

*"The Farmington, New Mexico, city council unanimously approved a deal to transfer 95% of the ownership interest of the coal-fired San Juan Generating Station to Enchant Energy, a company run by executives of a New York-based hedge fund that wants to utilize what it calls 'state-of-the-art environmental technology' to capture carbon dioxide from the plant and keep the facility in operation."*

**Why this is important:** After local utility PNM announced it would close its last two remaining units of SJGS in 2022, the city of Farmington partnered with Enchant Energy to keep the plant open. While the plan has drawn significant controversy about its workability, Enchant will use a yet-to-be tested carbon capture and sequestration (CCS) plan and has applied for U.S. Department of Energy grants and tax credits to fund the retrofit project. The SJGS and its nearby San Juan coal mine, which is the sole supplier of coal to the plant, are major employers in northwestern New Mexico. --- [Dennise R. Smith](#)

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## ● [10 Democratic Presidential Candidates Will Participate in CNN Climate Town Hall](#)

*"A CNN poll conducted in late April showed that 96% of Democrats favored taking aggressive action to slow the effects of climate change."*

**Why this is important:** Democratic candidates sense the environment, particularly climate change, will be a key issue in the 2020 presidential campaign. Polls indicate most Americans are concerned about global warming. However, it's not too clear how deep that concern runs. To date, Americans have not been confronted with the costs they will incur in moving to a greater reliance on renewables and the impossibility of eliminating fossil fuels as the nation's primary energy source in the foreseeable future. Nor is it widely known that the U.S. has already led the world in greenhouse gas reductions brought about by its switch from coal to gas for electricity generation, or that increases in greenhouse gas production in developing countries will far exceed reductions the U.S. could realistically achieve. It will be interesting to see whether the Democratic candidates at the next town hall address those issues. --- [David L. Yaussy](#)

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## ● [EIA Energy Statistics](#)

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

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### [NATURAL GAS](#)

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