



Issue 20, 2018

● [Study Finds No Evidence of Groundwater Contamination Attributable to Natural Gas Development](#)

"A multi-year study conducted by researchers at the University of Cincinnati, and partly funded by organizations opposed to natural gas development, found no groundwater contamination from Utica shale development in Ohio."

Why this is important: It is no surprise responsibly operated drilling and hydraulic fracturing operations do not impose an environmental hazard. This is one in a number of independent studies showing that hydraulic fracturing is not a threat to groundwater reservoirs. Opponents of natural gas development rely on a number of boogeymen that do not have a basis in fact or science to mount public opinion against shale gas development. As responsible independent studies debunk many of these unsupported theories, the industry needs to publicize them effectively to gain traction in public opinion. --- [William M. Herlihy](#)

● [Six States Join Battle Over the Largest Proposed Coal Export Terminal in the U.S.](#)

"Wyoming, Montana, Kansas, Utah, South Dakota, and Nebraska filed a joint amicus brief in federal court, arguing that the state's rejection of the permits was overly-broad and could impact any number of commodities shipped from interior states through coastal ports."

Why this is important: Litigation continues over the denial of permits for a large coal export facility in Washington state. The port, first proposed in 2010, would allow exports of up to 40 million tons of coal a year. Wyoming, Montana, Kansas, Utah, South Dakota and Nebraska have filed a joint amicus brief in federal court, arguing that Washington state's rejection of the permits was too broad and could impact a number of commodities shipped through coastal ports. This approach is supported by many national trade groups, who fear the denial, if upheld, would leave landlocked states with no means to export a wide range of commodities to overseas markets, including coal. --- [Mark E. Heath](#)

● [Federal Judge Scraps Oakland's Coal Shipment Ban in Scathing Ruling](#)

"A federal judge in California struck down the city of Oakland's ban on coal shipments at a proposed cargo terminal, siding with a developer who wants to use the site to transport Utah coal to Asia."

Why this is important: This ruling is important for two reasons. First, most Utah coal producers are incurring additional expense because they have to ship their coal through Mexico in order to reach markets in Japan and Korea. This ruling allows the Utah coal producers to utilize a more direct and cost efficient shipping route to reach Asian markets. Second, the City of Oakland enacted an outright ban of a lawful product with "no meaningful assessment of how emissions would affect air quality in Oakland." The Court found the City's justification for banning coal shipments was "facially ridiculous" because the supporting legal record was "riddled with inaccuracies, major evidentiary gaps, erroneous assumptions, and faulty analyses, to the point that no reliable conclusion about health or safety dangers could be drawn from it." This ruling sends a clear message to California

municipalities. It is not enough to simply pass ordinances cloaked under the guise of "public health." Such ordinances must be supported by evidence proving they promote the public health or they will be struck down. --- [Nicholas S. Preservati](#)

● [Russia Considering Sanctions Busters](#)

"With its oil and gas sector under pressure from sanctions, the speaker of the Russian house said legislation could easily protect national interests."

Why this is important: Instead of sanctions, why not saturate parts of Russia's oil and gas markets with exports of cheap United States shale natural gas and oil? That could be the most effective method to place pressure on Russian economic goals. In an expanding global economy, economic weapons are equally effective in supporting the United States' foreign policy initiatives as military might. --- [William M. Herlihy](#)

● [U.S. Will be 'Very Strong' for Next 15-20 Years Due to Shale Boom, Petrochemicals CEO Says](#)

"We're very positive on the U.S. because the shale oil, the shale gas, we think that the ethane pricing, and the ethane through to polyethylene - and you could even go through into polypropylene from the propane - we think that will be very strong for the next 15-20 years out for the U.S.," Garrett said."

Why this is important: Borealis Chief Executive Mark Garrett advised that his company's joint venture project (with Total and NOVA Chemicals) building a \$3.2 billion complex near Houston is going to be the company's future for the next two decades. Mr. Garrett also said the Trump tax cuts have "not been bad for business." --- [John C. \(Max\) Wilkinson](#)

● [Do Pipelines Really Create Lots of Jobs?](#)

"Regardless of political outlook, economists generally agree that job numbers don't convey the value of a given project or sector."

Why this is important: Many developers justify construction projects by the number of jobs produced, which is an unreliable metric. This author wants to do a different cost/benefit analysis, one that determines costs by assuming a high social cost of carbon. The social cost of carbon is based on the supposed risks posed by emissions of carbon dioxide, given presumed future damage to the world from climate change. But the calculation of the social cost of carbon is so fraught with questionable assumptions, unlikely discount rates, and failure to consider beneficial trade-offs, that it can quickly lose any meaning in evaluating projects. That's especially true of pipelines, which only transport fossil fuels that would have been burned at their destination regardless of how they were transported. --- [David L. Yaussy](#)

● [The Efficiency of U.S. Shale Oil Drilling and Production](#)

"In my recent Oil Production Vital Statistics post, commenter rjsigmund posted a link to this EIA update on shale oil production efficiency, which in my opinion contains some astonishing data on how the industry has drilled better and better wells, year on year, for a decade."

Why this is important: The progress in efficiencies for producing shale oil and natural gas truly are remarkable. Producing wells currently are being completed at a fraction of the cost that covered similar operations a few years ago. So with OPEC and other foreign producers trying to sustain record oil prices and Middle East turbulence exacerbating that effort, this is a perfect environment for expanding our domestic oil and gas industry. While the consumption of domestic shale oil and gas continues to increase at a predictable level, why not facilitate our industry and help stabilize international energy markets by increased exports of our production? Efforts to permit new and expanded export terminals are essential to this effort and should be promoted by the industry to a receptive federal government that needs to better understand the strength of this economic phenomenon. --- [William M. Herlihy](#)

● [West Virginia Power Generation Changing, Adapting](#)

"Power generation in West Virginia is changing, although not without a fight: Some don't want to embrace the shifting priorities; others say it's a mistake to bet the bank on one horse."

Why this is important: West Virginia power generation actually is changing very little. It appears from the article that 95 percent of the state's electricity is generated by burning coal, although that may change if gas plants can ever come on line. Meanwhile, wind power generates 3 percent of electric power, and solar just half a megawatt. Coal remains king, at least in West Virginia. --- [David L. Yaussy](#)

● [Panic as Crude Oil Prices Race To \\$80](#)

"The surge in oil prices comes at a time of tight supply amid record Asian demand and voluntary output restraint by the Organisation of the Petroleum Exporting Countries and non-OPEC producers, including Russia."

Why this is important: Pricing of oil steadied and backed off from nearly four-year highs as European and Asian resistance stiffened regarding U.S. sanctions against Iran. The price spike was sparked by marked anticipation that Iranian crude supply will drop dramatically upon the effective date of the sanctions. How much Iran will feel the pinch remains unclear, and is largely contingent upon how other oil consuming states respond to U.S. sanctions. Britain, France, Germany, Russia and China all remain participants in the accord with Iran. --- [John C. \(Max\) Wilkinson](#)

● [Stable or Rising: Economists, Coal Producers, West Virginia Governor Disagree on Coal's Future](#)

"Deskins' assertion that coal production may be bouncing back a little is backed up by those in the field and by severance tax collections flowing into the state's coffers."

Why this is important: Analysts believe coal production in West Virginia has stabilized and has begun to increase. Severance taxes rebounded from a low of \$277 million in 2015 to \$321 million last year. While still below a peak of \$421 million in 2012, experts predict continued modest growth. West Virginia's governor sees an even stronger growth potential in metallurgical coal exports and a reviving thermal coal market. All would help offset declines from continued closing of coal fired electrical generation plants. --- [Mark E. Heath](#)

● [The World Wants Air-Conditioning. That Could Warm the World.](#)

"But there is growing concern that as other countries adopt America's love of air-conditioners, the electricity used to power them will overburden electrical grids and increase planet-warming emissions."

Why this is important: The world's inhabitants are becoming wealthier. And as they do, many look for the same sort of creature comforts that people in the U.S. enjoy, such as air conditioning. About 90 percent of Americans have AC, while only about 8 percent of the world's poorer, hotter countries do. As the rest of the world adds AC, and a host of other electrical appliances (and cars) that we take for granted in developed countries, emissions from fossil fuel-burning electricity generation, and resulting greenhouse gases, are slated to increase. Right now, demand for electricity driven by AC is second only to industrial electricity demand, and domestic electricity demand likely will increase at a faster rate, meaning more emissions. --- [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

Gasoline & Diesel Fuel Update

COAL

Coal Markets

Weekly Coal Production

Coal Market Module

NATURAL GAS

Natural Gas Weekly Update

Drilling Productivity Report

Wholesale Electricity & Natural Gas Market Data

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