



Issue 45, 2019

● [Chevron to Take \\$10B+ Write-Down](#)

"More than half the write-down is related to gas drilling operations in Appalachia."

Why this is important: In recent years, the pressure to reduce carbon emissions has affected Chevron and other major oil companies' businesses, just as hydraulic fracturing and horizontal drilling boosted production and undercut prices, despite OPEC and its allies' attempts to limit output. "The huge fourth-quarter write-down — between \$10 billion and \$11 billion — underscores the challenge posed by rising production that has prevented energy prices from increasing sharply during a time of increasing global demand." Chevron states it intends to focus on operations in the Permian Basin of west Texas and New Mexico, a Kazakhstan project, and deepwater drilling opportunities in the Gulf of Mexico. --- [Dennise R. Smith](#)

● [Miners Pension Funding Will Get a Vote This Week in Congress as Part of Government Funding Package](#)

"U.S. Senator Joe Manchin announced the bipartisan American Miners Act will be included in the funding package to keep the federal government operating beyond Dec. 20."

Why this is important: The American Miner's Act is set to pass Congress this week as part of Congress' 2020 budget bills. The Act, sponsored by Senators Joe Manchin (D-WV), Shelley Moore Capito (R-WV) and Congressman David McKinley (R-WV), will shore up United Mine Workers of America pension and healthcare funds with additional yearly transfers from interest on the federal Abandoned Mine Lands Funds. The funds, which provide pensions and benefits to 100,000 former miners, widows and families, also were supported by Kentucky Senator Mitch McConnell (R-KY). The funds have been hurt in recent years from declining contributions as U.S. producers who were signatories to UMWA contracts have left the business or have gone bankrupt. --- [Mark E. Heath](#)

● [The World's Top 10 Carbon Dioxide Emitters](#)

"Of the Top 3 emitters, China and India have both experienced massive increases since 2005. The U.S. has experienced double-digit declines, as have Germany and Japan."

Why this is important: China has been applauded for participating in international efforts to curb climate change, while the U.S. has been derided for failing to ratify the Kyoto Protocol and for withdrawing from the Paris Accord. What this article highlights is that although participation in these international efforts is important, it is not mandatory to affect change. As a participant in the Paris Accord, China's emissions have increased 54.6 percent since Kyoto, making it the world's largest emitter. As a now non-participant in the Paris Accord, the U.S.'s emissions decreased by 12.1 percent since Kyoto, making it the world leader in reduced emissions. --- [Nicholas S. Preservati](#)

● [National Petroleum Council Calls for Sharp Increase in Carbon Capture Subsidies](#)

"Subsidies for commercial carbon capture, use, and storage (CCUS) are currently as high as \$50/tonne of captured carbon thanks to a law President Donald Trump signed in 2018."

Why this is important: The NPC report recommends raising subsidies for CCUS to \$90/tonne within the next 15 years and \$110/tonne in the next 25 years. Although environmental advocates oppose CCUS subsidies, arguing they result in increased oil production and more dependence on fossil fuels, carbon capture has bipartisan support. However, reaching the levels advocated by the NPC will require Congress making bipartisan CCUS legislation a priority. --- [Dennise R. Smith](#)

● [U.S. Coal Production Jobs Plunged 41% in 8 Years](#)

"Employment fell from a high of 92,000 employees in 2011, to 54,000 employees in 2018, a 41.3% drop, with the most dramatic decrease in the Appalachian region, Kallanish Energy reports."

Why this is important: The 2010 decade has not been a good one for coal. The U.S. Energy Information Agency has issued a report on the rapid changes the industry has seen. In 2011, 92,000 employees mined coal in the U.S. In 2018, the number was 54,000, a 41.3 percent decline of 38,000 jobs in seven years. Coal production has seen similar declines. The U.S. produced 1.2 billion tons of coal in 2008 from 1,458 mines. By 2018, the U.S. production declined by 37 percent, to 756 million tons from just 679 mines. The report finds the decline particularly has hurt Appalachian production. The region produced 390 million tons in 2008. There was a decline to 200 million tons in 2018, an almost 50 percent decline, and half the region's mines have closed. One bright spot the past few years was exports from Appalachia, but recent declines in export pricing have heavily affected Appalachian employment and production with additional mine closings. --- [Mark E. Heath](#)

● [Oil Poised Near Three-Month Highs on U.S.-China Trade Hopes, Supply Cuts](#)

"The so-called 'Phase One' trade deal between both countries has been 'absolutely completed', Larry Kudlow, a top White House adviser said, adding that U.S. exports to China will double under the agreement."

Why this is important: While the partial U.S. China trade agreement is yet to be signed, U.S. exports to China are expected to double under the agreement. The nascent trade agreement, along with OPEC's agreement to tighten supply to curb output further, prompted JP Morgan and Goldman Sachs to increase their oil price forecasts for the next year. --- [Dennise R. Smith](#)

● [Bloomberg Says He's Killing Coal. He's Not](#)

"Democratic presidential contender Michael Bloomberg broadly, repeatedly — and wrongly — took a huge amount of credit for driving the U.S. coal industry to its knees."

Why this is important: Presidential candidate Michael Bloomberg has released his campaign's energy plan that seeks to constrain the use of coal for electrical generation. The candidate claims his support of a Sierra Club campaign to end coal-fired generation is why coal usage has declined in the U.S. in the past few years. An Associated Press fact check finds that is not true. The U.S. declines in coal usage are based on market forces -- cheap natural gas and the growing use of wind and solar. Even efforts by the Trump administration to roll back regulations have not been able to overcome the economics of cheap natural gas and renewables like wind and solar, which are supported by tax credits. --- [Mark E. Heath](#)

● [World's Attempts to Shake Off Coal Hampered by Steady Chinese Demand](#)

"The report found that while a hunger for coal in the U.S. and the EU is falling, demand in China, India and south-east Asia is rising to cater to their developing economies."

Why this is important: The use of coal has been declining in Europe and North America for several years, but not in Asia. The International Energy Agency reports that in 1990, coal-fired electrical plants generated 20 percent of Asia's power. In 2019, that grew to a whopping 80 percent. By comparison, U.S. coal-fired electrical production has declined from more than 50 percent to 28 percent in 2018 and will drop to 21 percent by 2024. Worldwide, coal usage dropped in 2014, 2015 and 2016, but it increased last year and is up 1.1 percent in 2019 based on these developments in Asia. --- [Mark E. Heath](#)

● [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](#)

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[Short-Term Energy Outlook - Natural Gas](#)

[Natural Gas Weekly Update](#)

[Natural Gas Futures Prices](#)

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[Short-Term Energy Outlook - Coal](#)

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