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Many consider autumn as the season of change. Daylight lessens with each passing day and weather patterns change as a prelude to winter. Quite noticeably, the leaves change color to yield brilliant hues of yellow, gold, orange, and red that are visually pleasing. We shift from grilling and congregating around the fire pit to preparing lavish meals served to family and friends seated at the dining room table. Change -- and to many, welcome change -- is occurring in the energy industry, too. Articles that summarize changes in the coal and natural gas industries are presented in this issue of the newsletter, consistent with fall's theme. Enjoy the "colors".

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U.S Coal Production On the Rise

As reported by the U.S. Energy Information Administration, total domestic coal production has increased 10% year-over-year (YOY) for the week ending October 7, 2017. See https://www.eia.gov/coal/production/weekly/tables/weekly_production.php Total tonnage mined as of that date was 803 million short tons. Mined tonnage for Appalachia was 203 million short tons, which corresponds to a 13% increase (YOY). Production for Pennsylvania and West Virginia for the 52 weeks ending October 7, 2017 were 52.5 million short tons and 93 million short tons, respectively. These figures represent 20 percent (PA) and 17 percent (WV) increases in coal production. The EIA compiles, analyzes, and reports copious energy-related data, coal and natural gas information being no exceptions. Readers are encouraged to familiarize themselves with the EIA website/analyses at www.eia.doe.gov.

Nominations to Key Leadership Positions

President Trump has made several nominations to key federal positions that relate to coal production and use, including publicly-sponsored research. J. Steven Gardner was nominated to become the Director, Office of Surface Mining Reclamation and Enforcement. Mr. Gardner is Chief Executive Officer of the science and engineering consulting firm ECSI, LLC base in Lexington, KY. Earlier, the President nominated David Zatezalo for the post of Assistant Secretary of Labor for the Mine Safety and Health Administration. Mr. Zatezalo has extensive experience in the mining industry and has held the position of Chief Executive Officer. A third nominee (now confirmed), Steven Winberg, will assume the duties of Assistant Secretary for Fossil Energy for the Department of Energy. Steven is a former Consol Energy, Inc. executive and has been with Battelle Memorial Institute since his retirement from Consol in 2014. Gardner and

Zatezalo will assume their federal roles contingent to being confirmed by the U.S. Senate. Readers can follow the status of the confirmation process by selecting “nominations” from the drop-down box at <https://www.congress.gov/> and keying in a nominee’s name.

Coal Royalty Rule Repealed

The Department of the Interior repealed of the Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform Rule (Valuation Rule) which had created confusion and uncertainty regarding how companies report and pay royalties on energy and other mineral resources from federal onshore/offshore areas and American Indian lands. Provisions in the Valuation Rule increased the regulatory burden on the nation’s energy production, but with repeal of the rule, costs to oil, natural gas, and coal companies that would be passed to the American consumer are expected to be reduced. Additionally, the efficiency gain for payors will reduce industry’s cost of compliance and the Office of Natural Resources Revenue cost to ensure industry compliance. Repeal of the Valuation Rule became effective on September 6, 2017. For a more complete summary, see <https://www.doi.gov/pressreleases/interior-repeals-defective-federal-mineral-valuation-rule> .

Global Energy Projections

The U.S. Energy Information Administration (EIA) released its International Energy Outlook 2017 during September. Total world energy consumption is forecast to rise from 575 quadrillion British thermal units (Btu) in 2015 to 736 quadrillion Btu in 2040, an increase of 28% in the reference case. Most of the world’s energy growth will occur in countries outside of the Organization for Economic Cooperation and Development (OECD), where strong, long-term economic growth drives increasing demand for energy. Non-OECD Asia (including China and India) alone accounts for more than half of the world’s total increase in energy consumption over the 2015 to 2040 projection period. In the long term, the IEO2017 Reference case projects increased world consumption of marketed energy from nearly all fuel sources. Although consumption of nonfossil fuels is expected to grow faster than fossil fuels, fossil fuels still account for 77% of energy use in 2040. Natural gas is the fastest-growing fossil fuel in the projections. Global natural gas consumption increases by 1.4%/year. Abundant natural gas resources and rising production—including supplies of tight gas, shale gas, and coalbed methane—contribute to the strong competitive position of natural gas. Worldwide natural gas consumption is projected to increase from 124 trillion cubic feet (Tcf) in 2015 to 177 Tcf in 2040 in the IEO2017 Reference case. Global coal production is projected to remain relatively flat at about 9 billion short tons from 2015 to 2040. Although the total world production volumes do not change over the projection, the producer profiles will likely change. An Executive Summary of the report is available at https://www.eia.gov/outlooks/ieo/exec_summ.php .

Western Australia to Study Hydraulic Fracturing

The Western Australia state (WA) has banned onshore hydraulic fracturing while it studies the risks associated with the stimulation technique. WA became the fifth Australian state to restrict the process. Earlier, the state of Victoria banned hydraulic fracturing as well as shale and coal seam gas exploration. Three other states (Northern Territory, New South Wales, and Tasmania) have put moratoriums in place. WA’s scientific inquiry will be conducted through an independent panel, which will be established by the Minister for Environment. The panel will be charged with assessing and reporting on the potential impacts of hydraulic fracturing of onshore natural gas resources in regions currently under moratorium. The panel will develop recommendations to the government relative to risks and the mitigation of same through regulation. Dr. Tom Hatton has been selected to chair the scientific panel. He currently chairs the Western Australian Environmental Protection Authority. Additional information is available at <https://frackinginquiry.was.gov.au> .

Emissions Profile Study Initiated

The Research Partnership to Secure Energy for America (RPSEA) has initiated a project to determine the actual levels of methane being emitted from marginal wells from across the U.S. The organization asserts that a survey is needed to demonstrate whether the contributions of methane emissions from low producing oil and natural gas wells are in fact lower, than the emission levels employed by the U.S Environmental Protection Agency (EPA) when the agency updated its New Source Performance Standards. As part of that rule, the EPA did not provide an expected exemption of marginal wells from Leak Detection and Repair (LDAR) requirements. RPSEA contends that the lack of an exception adds a significant economic burden to oil and natural gas producers. In the context of the RPSEA study, marginal gas wells are those producing not more than 90 Mcf/d thus, many CBM wells may fall within that limit. CBM operators may consider contacting RPSEA to explore their possible participation in the project. Information is available at <http://www.rpsea.org/media/files/file/RPSEA%20Methane%20Study%20Press%20Release.%2008-21-17.pdf> and <http://www.rpsea.org/media/files/file/RPSEA%20marginal%20methane%20proposal%20JIP%20Attachment%20A.pdf> .

Royalty Case Seeks Supreme Court Consideration

The U.S. Supreme Court has been asked to review the decision of West Virginia's state Supreme Court in the case of Leggett v. EQT Production Company et al. The underlying case deals with whether production companies could (or could not) take deductions from royalty payments to mineral owners. The original state Supreme Court ruling sided with Leggett determining that companies could not take deductions from royalty payments for costs that occur after natural gas exists the well. In a re-hearing however, the Court reversed its decision with Justice Beth Walker voting with the majority. The case before the U.S. Supreme Court is based on whether Justice Walker overstepped her bounds with the decision as her spouse owned stock in energy companies that operated wells in West Virginia. The petition for a writ of certiorari can be read online at <https://www.documentcloud.org/documents/3990121-Leggett-Cert-Petition.html> .

Order Issued for Atlantic Coast Pipeline

The Federal Energy Regulatory Commission (FERC) approved a certificate of public convenience and necessity for the Atlantic Coast Pipeline (ACP) and related projects. FERC's final order issuing the certificates was delivered on October 13, 2017 and can be read at <https://www.ferc.gov/CalendarFiles/20171013192035-CP15-554-000.pdf> . The 600-mile pipeline will originate in Harrison County, WV and travel south to Greenville, VA and continue into eastern North Carolina, ending in Robeson County. The ACP is planned as a 42-inch diameter line in West Virginia and Virginia with a daily capacity of 1.5 billion cubic feet. Cost of the new pipeline is estimated at \$4.5 billion to \$5 billion. The project's website is replete with information and news, and can be accessed at <https://atlanticcoastpipeline.com/default.aspx> .

FORUM'S MISSION STATEMENT

THE NORTH AMERICAN COALBED METHANE FORUM WAS ESTABLISHED IN 1985 TO ADVANCE MINE SAFETY AND TO INCREASE PRODUCTION OF COALBED METHANE AS A WORLD-WIDE ENERGY RESOURCE. THE FORUM PROVIDES AN OPPORTUNITY FOR AN EXCHANGE OF INFORMATION ON COALBED METHANE RESEARCH AND TECHNOLOGY BETWEEN THE PUBLIC AND PRIVATE INDUSTRY SECTORS.