



ENERGY ASSURANCE DAILY

Wednesday Evening, January 13, 2016

Major Development

System Integrity Issue Shuts Lines 1 and 2 of 2.53 Million b/d Colonial Pipeline System January 12; Line 2 Restarts January 13; Line 1 to Restart January 14

Colonial Pipeline shut down its main gasoline and distillate pipelines, Lines 1 and 2, at approximately 3:30 p.m. EST on Tuesday after reports of a potential system integrity issue. In a notice to shippers on Wednesday, the company said that operations returned to normal on its main distillate pipeline, the 1.16 million b/d Line 2, and that it expected to restart the main gasoline pipeline, the 1.37 million b/d Line 1, on Thursday. The company said the issue was isolated to Line 1 and the projected restart time was 12:00 p.m. EST on Thursday. The company did not discuss any specifics of the system integrity issue.

Reuters, 9:31 January 13, 2016

Electricity

Update: Alta Interconnection Management's 168 MW East-Alta Wind Unit 5 in California Returns to Service by January 12

The unit returned from an unplanned outage that began on January 11.

<http://content.aiso.com/unitstatus/data/unitstatus201601121515.html>

AES's 336 MW Alamos Gas-fired Unit 4 in California Shut by January 12

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201601121515.html>

Petroleum

ExxonMobil to Cut Rates at Its 502,500 b/d Baton Rouge, Louisiana Refinery on Flooding Fears – Bloomberg

ExxonMobil was said to be reducing rates on unspecified units at its Baton Rouge, Louisiana refinery in preparation for potential flooding from the Mississippi River, according to a Bloomberg report citing two people familiar with operations. Refinery production has been reduced since a mid-December fire in the hydroprocessing section, the report said.

Reuters 14:34 January 13, 2016

Update: CSB Reports Series of Leaks Caused Explosion at ExxonMobil's 149,500 b/d Torrance, California Refinery January 13

The U.S. Chemical Safety and Hazard Investigation Board (CSB) said on Wednesday that a series of problems at ExxonMobil Corp's Torrance, California refinery caused an explosion on February 18, 2015. The explosion destroyed the pollution-controlling electrostatic precipitator (ESP) and damaged the plant's gasoline-making fluid catalytic cracking unit (FCCU), both of which have been shut since the blast. At an interim update of the board's probe, a CSB investigator said that in February 2015, a series of leaks of steam and hydrocarbons led to the blast. The investigator said that hydrocarbons leaked into the main distillation column of the FCCU, then flowed back to a reactor, out of a leaking valve into the ESP, where they found an ignition source. Another investigator added that debris from the blast narrowly missed a tank containing hundreds of thousands of pounds of toxic hydrofluoric acid, which can vaporize and spread for miles, burning eyes, skin, and lungs. The California Division of Occupational Safety and Health in November lifted an order prohibiting Exxon from restarting the ESP and FCCU following repairs, which are ongoing at the refinery.

Reuters, 14:58 January 13, 2016

Phillips 66 Reports Sour Gas Recovery Machine Trip at Its 336,000 b/d Wood River, Illinois Refinery January 13

Phillips 66 reported a sour gas recovery machine trip at its Wood River, Illinois refinery, according to a filing with the Illinois Emergency Management Agency.

Reuters, 4:09 January 13, 2016

Valero Reports Upset, Emissions at Its 205,000 b/d Corpus Christi, Texas Refinery January 12

Valero Energy Corp reported an upset at complex 7 and emissions from the sulfur recovery unit, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 17:50 January 12, 2016

Shell says No Impact after Unit Upset at Its 156,400 b/d Martinez, California Refinery January 12

Royal Dutch Shell said no offsite impact or injuries were reported at its Martinez, California refinery after a unit upset, according to Contra Costa County Health Services Department.

Reuters, 22:35 January 12, 2016

U.S. Gasoline Stocks Increase for Second Week; Crude Oil Builds – EIA

U.S. gasoline and diesel inventories surged for a second week while crude stocks rose slightly last week, data from the Energy Information Administration (EIA) showed on Wednesday. Gasoline stocks rose 8.4 million barrels in the week to January 8, compared with analysts' expectations for a 2.7 million-barrel gain. In the previous week, the stockpiles rose more than 10 million barrels, the largest build since 1993. Distillate stockpiles rose 6.1 million barrels, versus expectations for a 2.0 million-barrel increase, the data showed. Crude inventories rose 234,000 barrels, compared with analysts' expectations for an increase of 2.5 million barrels. Crude stocks at the Cushing, Oklahoma delivery hub rose by 97,000 barrels, EIA said.

Reuters, 11:26 January 13, 2016

Magellan Midstream, TransCanada Plan to Build Houston, Texas Pipeline Connection

Magellan Midstream Partners, L.P. and TransCanada Corporation on Wednesday announced plans to connect TransCanada's Houston tank terminal to Magellan's East Houston terminal. HoustonLink Pipeline Company, LLC, a new company jointly-owned by Magellan and TransCanada, will construct, own, and operate a nine-mile, 24-inch diameter crude oil pipeline connecting both terminals. The new pipeline will provide TransCanada's Keystone and Marketlink customers with access to Magellan's Houston and Texas City crude oil distribution system. Magellan and TransCanada plan to develop additional infrastructure at their respective Houston-area terminals to accommodate shipments from the new pipeline. Magellan will serve as construction manager and operator for HoustonLink, which is expected to be operational during the first half of 2017.

<http://www.magellanlp.com/magellannewst.aspx?id=2AE6A447-93CE-4B8C-B3AD-766F62768A01>

Natural Gas

Update: CARB's Latest Leak Estimates Indicate 60 Percent Reduction of Methane at SoCal Gas' 86 Bcf Aliso Canyon Storage Field January 11; Senators Urge Federal Agency Response

SoCal Gas said the most recent Aliso Canyon preliminary methane emissions estimates by the California Air Resources Board (CARB) were posted Tuesday, showing a 60 percent reduction from initial estimates. Preliminary methane emissions based on CARB data collected on January 8 and posted yesterday show emissions have declined to 23,400 kilograms per hour from a high estimate of 58,000 kilograms on November 28, according to information posted on the CARB web site. Based on the updated estimate, the new emissions rate is equivalent to approximately 30 MMcf/d, down from the initial high estimate of nearly 75 MMcf/d. CARB also calculated the total estimated volume of greenhouse gas (GHG) released from the well since the leak was detected at 1.9 million metric tons in carbon-dioxide equivalent. Also on Wednesday, U.S. Senators Boxer and Feinstein from California urged the heads of federal agencies, including the Department of Justice, to offer help to the state to respond to its biggest methane leak in history.

<http://sempira.mediaroom.com/index.php?s=19080&item=137107>

http://www.epw.senate.gov/public/_cache/files/a1236102-9367-40c4-be3c-7927fd126074/1.12.16-letter-to-dot-epa-doj-final.pdf

Other News

Nothing to report.

International News

Update: Force Majeure on Nigeria's Brass River Crude Oil Lifted – Traders

A force majeure on exports of Nigeria's Brass River crude oil was lifted traders said on Wednesday. The force majeure was declared in December and led to a sharp fall in the amount of the grade due for export in February compared to what was initially planned in January, traders said.

Reuters, 10:42 January 13, 2016

Energy Prices

U.S. Oil and Gas Prices			
January 13, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	30.37	33.92	45.76
NATURAL GAS Henry Hub \$/Million Btu	2.38	2.32	2.90

Source: Reuters

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM ET every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM ET every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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