



ENERGY ASSURANCE DAILY

Wednesday Evening, February 04, 2015

Electricity

Update: Duke Energy's 846 MW Oconee Nuclear Unit 3 in South Carolina at Full Power by February 4

By February 3 the unit had restarted and was operating at 25 percent. The unit was shut from full power by February 1.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2015/>

Petroleum

Update: Shell, Oil Workers to Talk More on Fourth Day of Refineries Strike

Negotiations were expected to resume on Wednesday between Royal Dutch Shell Plc and United Steelworkers union (USW) leaders as they negotiate over a new wage contract for striking refinery workers. USW called walkouts early on Sunday for the first time since 1980 at nine plants with about 10 percent of U.S. refining capacity, saying Shell left the negotiating table when talks broke down. Most affected refineries are running near normal, with operators having called on trained managers, retirees, and others from non-union plants to replace workers. The union has said further walkouts may be ordered at some of the other 63 refineries and chemical plants it represents if advances are not made.

Reuters, 5:53 January 4, 2015

Marathon Well Prepared for Strike at Its 451,000 b/d Galveston Bay, Texas and 212,000 b/d Catlettsburg, Kentucky Refineries – CEO

Marathon Petroleum Corp was well prepared for workers at its Galveston Bay, Texas, and Catlettsburg, Kentucky refineries to go on strike this week, the Chief Executive Officer said on Wednesday. He said the company expects to continue to have very strong operations as the strike continued for a fourth day. Trained managers took over for striking workers.

Reuters, 10:53 February 4, 2015

Marathon's 451,000 b/d Galveston Bay, Texas Refinery Contains Small Diesel Fuel Leak from Ultracracker

A small amount of diesel fuel leaked from an ultracracker unit at Marathon Petroleum Corp's Galveston Bay refinery in Texas City, Texas, and was contained on Wednesday morning, according to a report by the Galveston Daily news website. The leak occurred as oil workers are on strike and the refinery units are being manned by salaried staff who don't normally work day-to-day as operators on those units. The hydrocracking unit has a capacity of 60,000 b/d, as per IIR Energy data.

Reuters, 15:33 February 4, 2015

Update: Tesoro's 166,000 b/d Martinez, California Refinery to Shut Within Week – Sources

Tesoro Corp's Golden Eagle oil refinery in Martinez, California, is expected to be fully shut within the week, after a work stoppage was called Sunday at the plant, people familiar with the plant's operations said on Tuesday. Tesoro on Sunday announced a plan to shut the plant during the strike. While other refineries have continued to operate during the strike, Tesoro said it planned to shut the plant in Martinez because ongoing maintenance there made it the safest course of action.

Reuters, 15:28 February 3, 2015

Update: Husky Continues Work to Restart FCCU at Its 160,000 b/d Toledo, Ohio Refinery February 3 – Sources

A fluid catalytic cracking unit (FCCU) at BP Plc and Husky Energy's refinery in Toledo, Ohio, remains shut down and is not expected to restart for at least two weeks, according to two people familiar with the refinery. The 55,000 b/d unit was shut down on January 27 after a component tripped, and it was expected to restart by Tuesday but work on the unit is ongoing, and it will not likely restart for at least another week, two people said on Tuesday.

Reuters, 15:48 February 3, 2015

ExxonMobil Reports Brackish Water, Benzene Leak at Its 238,600 b/d Joliet, Illinois Refinery February 4

Exxon Mobil Corp reported a release of brackish water at Joliet, Illinois refinery. The company said the release was confined on site and has been repaired. ExxonMobil also reported a pipeline leak that caused a release of benzene, according to a filing with the Illinois Emergency Management Agency filing.

Reuters, 6:47 February 4, 2015

Reuters, 4:08 February 4, 2015

Valero Reports Leak from Cooling Tower at Its 330,000 b/d Port Arthur, Texas Refinery February 4

Valero Energy Corp reported operations discovered a leak at cooling tower 366 at its Port Arthur, Texas refinery, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 12:22 February 4, 2015

Marathon Defers Decision on Oil Upgrader at Its 522,000 b/d Garyville, Louisiana Refinery

Marathon Petroleum Corp said it is deferring a final investment decision on its residual oil upgrader expansion project at its Garyville, Louisiana, refinery. The company said the project has great potential returns, but was deferring a final investment decision as it further evaluate the implications of current market conditions on the project.

http://www.downstreamtoday.com/news/article.aspx?a_id=46282

Midwest Crude Oil Stocks Reached Highest on Record Last Week – EIA

Midwest crude oil stocks reached its highest level on record last week, data from the U.S. Energy Information Administration (EIA) showed on Wednesday. Midwest crude stocks jumped to 122.9 million barrels from 120 million barrels the previous week, data showed. Midwest refinery utilization jumped 7 percentage points week over week to 95.1 percent, EIA data showed.

Reuters, 10:50 February 4, 2015

<http://www.eia.gov/>

EPA's Review of TransCanada's Keystone Pipeline Links Oil Sands to Carbon Emission Increase

The U.S. Environmental Protection Agency (EPA) said developing Canadian oil sands would significantly increase greenhouse gases, a conclusion environmental groups said gives President Barack Obama reason to reject TransCanada Corp.'s proposed Keystone XL pipeline. In a letter to the State Department, which is reviewing the project, EPA said the crude oil carried by Keystone could lead to the release of more than 27 million metric tons of carbon annually compared with other, less carbon-heavy crude. That's the equivalent of emissions from 7.8 coal plants, the EPA said. Obama has said he'll reject Keystone if it would lead to a significant increase in carbon pollution. Keystone would deliver Alberta oil sands to U.S. Gulf Coast refineries. The Republican-led House next week probably will pass a Senate bill to approve the pipeline and circumvent the State Department review. Obama said he will veto the measure and continue with his administration's review.

<http://www.bloomberg.com/news/articles/2015-02-03/epa-keystone-review-links-oil-sands-to-higher-carbon-emissions>

<http://www.epa.gov/compliance/nepa/20140032.pdf>

Marathon Says Study to Reverse 1.2 Million b/d Capline Crude Oil Pipeline to be finished in First Quarter 2015

Marathon Petroleum Corp expects an engineering study on the possible reversal of the 1.2 million b/d Capline crude pipeline to move oil from Illinois to Louisiana will be finished in the first quarter of this year, the Chief Executive Officer said on Wednesday. Plains All American LP, part owner of the pipeline, supports the reversal. Marathon, which operates the line, says another south-to-north artery would be needed if Capline were reversed. The 40-inch, 632-mile crude oil pipeline originates in St. James, Louisiana and terminates in Patoka, Illinois.

Reuters, 11:07 February 4, 2015

http://www.olympicpipeline.com/pipeline_capline.html

Natural Gas

Live Oak Announces New 5 Mtpa LNG Export Project on Calcasieu Ship Channel in Louisiana

Live Oak LNG, on Tuesday, announced a new natural gas liquefaction and export project to be developed in the Calcasieu waterway in Louisiana. The mid-sized project is being designed for a plant capacity of up to five million tonnes per annum production (approximately 667 MMcf/d) and will include two 130,000 m3 storage tanks, and port facilities with a jetty for standard size liquefied natural gas (LNG) carriers. The proposed site is about 350 acres and is situated within Calcasieu Parish on the west bank of the Calcasieu River. Initial study work is already underway and Live Oak LNG will begin the permitting process within the next few weeks. The anticipated start-up of the plant is in late 2019.

<http://liveoaklng.com/governor-jindal-live-oak-lng-announce-new-mid-sized-liquefaction-project-planned-calcasieu-parish/>

Other News

Canadian Pacific Reports 6 Cars of Ethanol Train Derail in Iowa February 4

Six cars of a freight train carrying ethanol have derailed in a rural area north of Dubuque, Iowa, and one car is on fire. A Canadian Pacific railway spokesman said six cars of the eastbound train derailed at around 11:20 a.m. CST Wednesday. An Iowa Department of Natural Resources spokesman says his department also has someone going to the scene to see if there's a spill that needs attention.

<https://twitter.com/canadianpacific>

<http://www.startribune.com/business/290808271.html>

International News

Libya's al-Mabrook Oilfield Closed after Attack by Gunmen – NOC

Gunmen stormed the al-Mabrook oilfield in central Libya, a spokesman for state-run National Oil Corp (NOC) said on Wednesday. Operations at the field, located south of Sirte, were closed following fighting which closed the Es Sider oil port in December. France's Total, which operates the field with NOC, said it had already withdrawn staff from the site. Libya's oil output was around 350,000 b/d, the latest data shows.

http://www.rigzone.com/news/oil_gas/a/137068/NOC_Gunmen_Storm_Libyas_alMabrook_Oilfield#sthash.eEJh0JkM.dpuf

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| February 4, 2015 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 48.40 | 44.05 | 97.35 |
| NATURAL GAS Henry Hub \$/Million Btu | 2.67 | 2.95 | 5.26 |

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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