



ENERGY ASSURANCE DAILY

Tuesday Evening, February 05, 2013

Electricity

Update: Entergy Focusing on Fuses, Circuit Breakers as It Investigates Cause of Partial Power Loss at the Mercedes-Benz Superdome in New Orleans February 3

Entergy Corp. and SMG, the management company that operates the Mercedes-Benz Superdome in New Orleans, on Monday were focusing on fuses and circuit breakers that monitor the flow of electricity to the dome as they investigated the cause of a partial power loss during the Super Bowl on Sunday. Entergy and SMG earlier reported that at the time of the outage, load-sensing equipment had detected an abnormality in the system and opened a circuit breaker, causing the power loss. Entergy had on December 21 completed work to install switchgear equipment and replace transformers and back-up feeder cables as it overhauled the stadium's electrical systems to protect against blackouts, a spokesman said Monday. Since completing the electrical work on December 21, the stadium held three major games without incident, the spokesman said. About \$336 million has been spent on repairs to the stadium, including its electrical system, following extensive damage caused by Hurricane Katrina in 2005. <http://www.bloomberg.com/news/2013-02-04/entergy-stadium-manager-investigating-blackout.html?cmpid=yhoo>

Update: Progress Energy to Retire Its Damaged 838 MW Crystal River Nuclear Power Plant in Florida

Progress Energy Florida, a subsidiary of Duke Energy, today announced that it will retire the Crystal River Nuclear Plant in Citrus County, Florida. The plant has been shut since September 2009, when workers cutting through a concrete containment dome to replace the unit's steam generators found a crack in the outer layer of the containment building's wall. The process of repairing the damage and restoring the unit to service resulted in additional cracks in other sections of the containment structure in 2011. Since then, the utility had been evaluating whether to continue with repairs or shut the reactor permanently. The company is now working to develop a comprehensive decommissioning plan, and is reviewing alternatives to replace the power produced by the unit. One plan would involve the construction of a new natural gas-fired power plant, which could come online as early as 2018, but no definitive plans have been made at this time. <http://www.duke-energy.com/news/releases/2013020501.asp>

CDWR's 933 MW Hyatt-Thermalito Hydro Unit in California Reduced by February 4.

The unit entered a curtailment of 793 MW that was due to both planned and unplanned causes. <http://content.caiso.com/unitstatus/data/unitstatus201302041515.html>

Update: PG&E's 154 MW Kerkhoff Hydro Unit 1 in California Returns to Service by February 4

The unit returned from an unplanned outage that began by February 3. <http://content.caiso.com/unitstatus/data/unitstatus201302041515.html>

Update: BOEM Extends Public Comment Period for Wind Energy Offshore North Carolina

The Bureau of Ocean Energy Management (BOEM) on Monday announced it is extending the comment period on its Call for Information and Nominations to gauge the offshore wind industry's interest in acquiring commercial wind leases in three areas offshore North Carolina, and to request comments regarding site conditions, resources, vessel traffic, visual impacts, and other uses within those areas. The original comment period ended on January 28, but BOEM has extended the period at the request of stakeholders seeking more time to submit comments. The comment period will now end on March 7, 2013. <http://www.boem.gov/BOEM-Newsroom/Press-Releases/2013/press02042013.aspx>

Update: Magellan Expects to Start 75,000 b/d of Service on Its Reversed Longhorn Crude Oil Pipeline in Texas by Mid-April, Increase Capacity to 225,000 b/d by Mid-2013

Magellan Midstream Partners LP on Tuesday said its reversed Longhorn Pipeline will begin filling with crude oil in mid-March, ramp up to carry 75,000 b/d by mid-April, and reach its planned 225,000 b/d capacity in the third quarter this year. Magellan had recently reported the ramp-up to full capacity would happen by mid-2013. Announced last year, the project has involved reversing the flow on Magellan's Longhorn petroleum products pipeline, which had shipped fuel from Houston to El Paso, and converting it to bring crude oil from south Texas directly to refiners in Houston, instead of shipping it to storage hubs in Cushing, Oklahoma. Reuters, 09:35 February 5, 2013

Blueknight Announces Pecos River Pipeline Project to Transport Permian Basin Crude Oil to Gulf Coast Markets

Blueknight Energy Partners, L.P. (BKEP) today announced it has entered into an agreement with Advantage Pipeline, L.L.C. to acquire approximately 30 percent ownership in a project to construct a 70-mile crude oil pipeline from Pecos, Texas to Crane, Texas. The new, 16-inch Pecos River Pipeline will enable West Texas producers to deliver Permian Basin crude oil to Gulf Coast markets through a pipeline connection to the Longhorn Pipeline at Crane, Texas. BKEP will operate the pipeline under a long term agreement with Advantage. Construction is slated to begin soon and the companies expect Phase I of the project to be operational by the end of May 2013.

<http://investor.bkep.com/profiles/investor/ResLibraryView.asp?ResLibraryID=60169&GoTopage=1&Category=1029&BzID=1505&G=386>

MEG Energy Looks to Rail, Barge to Move Bitumen from Alberta to the Gulf of Mexico; Says Christina Lake Oil Sands Expansion on Track for Completion by Year-End 2013

MEG Energy Corp. on January 31 reported it has agreements in place to enable "substantial volumes" of bitumen to be transported by rail and barge to markets along the U.S. Gulf Coast, providing an option to bypass congested pipeline infrastructure, according to its fourth-quarter financial statement. The company recently entered into agreements for rail terminal capacity accessible by direct pipeline connections to the company's Stonefell Terminal near Edmonton, as well as leasing agreements for barges to provide transportation to Gulf Coast markets via U.S. inland waterways. MEG also gave a status update on its Christina Lake Phase 2B project near Conklin, Alberta, which will increase the total production capacity at the oil sands facility by 35,000 b/d to reach 60,000 b/d by the end of the year. The company said that all materials and project modules associated with Phase 2B have been delivered, with onsite construction continuing and slated for completion in the second half of 2013.

http://www.megenergy.com/sites/default/files/user_uploaded/images/MEG%204Q%202012%20Report.pdf

[http://www.calgaryherald.com/business/energy-](http://www.calgaryherald.com/business/energy-resources/Bitumen+trains+help+beat+pipeline+congestion/7906716/story.html?_lsa=00b4-4d5a)

[resources/Bitumen+trains+help+beat+pipeline+congestion/7906716/story.html?_lsa=00b4-4d5a](http://www.calgaryherald.com/business/energy-resources/Bitumen+trains+help+beat+pipeline+congestion/7906716/story.html?_lsa=00b4-4d5a)

Update: Imperial Oil Reports Schedule Delays, Cost Overruns on Its 110,000 b/d Kearn Oil Sands Project in Alberta

Imperial Oil Ltd., a unit of ExxonMobil Corp., on Friday announced first production from its Kearn oil sands mine in Alberta has been repeatedly delayed by harsh winter weather conditions but is still expected to begin in this quarter, according to a fourth-quarter financial report. Production will ramp up to 110,000 b/d over the next several months. The company also reported cost overruns due to module transportation issues and the harsh weather, increasing its total cost estimate for the project by \$2 billion to an estimated \$12.9 billion. Imperial said it was making good progress on the second development phase of the Kearn project, which is planned to start up in 2015 and is currently ahead of schedule. The mine is expected to reach a peak production capacity of 345,000 b/d by 2020.

http://www.imperialoil.ca/Canada-English/about_media_releases_20130201.aspx

<http://www.theglobeandmail.com/globe-investor/first-phase-of-imperial-oils-kearn-project-to-cost-2-billion-more/article8102965/>

Philadelphia Energy Solutions Shuts Reformer Unit for Maintenance at Its 335,000 b/d Philadelphia, Pennsylvania Refinery January 18; No Restart Timing Indicated

Philadelphia Energy Solutions reported it shut a reformer unit at the Girard Point section of its Philadelphia refinery on January 18 for maintenance, according to a filing with local pollution regulators made public last Friday. The filing does not indicate when operators expect to restart the unit.

<http://www.foxbusiness.com/news/2013/02/04/refinery-status-phillips-66-sweeny-refinery-2/>

Site-Wide Power Outage Shuts North Atlantic Refining's 115,000 b/d Come by Chance, Newfoundland and Labrador Refinery February 4

North Atlantic Refining, a unit of the Korea National Oil Corporation, reported a site-wide power outage shut its Come By Chance refinery at about 5:00 p.m. local time Monday night, according to a spokeswoman. A trip at the refinery's terminal station knocked out the two transmission lines that provide power to the refinery. Workers restored power around 9:20 p.m. that night, but operators were assessing equipment and planned to conduct some required maintenance work before restarting operations, the spokeswoman said Tuesday. The spokeswoman emphasized that there was no fire at the facility, responding to incorrect reports by some media outlets earlier today. <http://www.thetelegram.com/News/Local/2013-02-05/article-3170636/Outage-at-oil-refinery/1>

Continental Refining Company Restarts Its 5,500 b/d Somerset, Kentucky Refinery by February 4; Marks First Production at the Plant Since February 2010

Continental Refining Company (CRC) on Monday announced the completion of turnaround work and the successful startup of its 5,500 b/d Somerset, Kentucky crude oil motor fuels refinery. CRC bought the shuttered refinery in December 2011 from Somerset Energy Refining, which had cited crude oil supply issues in its decision to shutter the plant in February 2010. CRC installed a new flare system and made other, unspecified improvements during the turnaround work. The company said Monday that it plans to also install a benzene stripping operation by 2015, and is evaluating whether to install an additional hydrotreater and hydrocracker. <http://www.continentalrefiningco.com/oil-refinery-news.html>

Natural Gas

Update: DOE Approves Pangea LNG to Export LNG to Free Trade Nations from Its Proposed 1 Bcf/d South Texas LNG Project on Corpus Christi Bay

The U.S. Department of Energy (DOE) has granted Pangea LNG (North America) Holdings, LLC long-term, multi-contract authorization to export liquefied natural gas (LNG) to free trade agreement (FTA) nations from its South Texas LNG Project currently in development on Corpus Christi Bay. Pangea LNG will be authorized to export up to 8 million metric tons per annum (mtpa) of LNG produced from domestic gas fields for a 25-year term commencing on the date of its first export. That amount is equal to 1.09 Bcf/day of natural gas. Pangea LNG has also filed an application with DOE requesting authorization to export LNG to any country with which the United States does not have a free trade agreement in effect. Pending all federal, state, and local regulatory approvals, Pangea expects the project to be in operation by at least 2018.

<http://pangealng.nl/north-america/>

<http://www.prnewswire.com/news-releases/us-department-of-energy-grants-pangea-lng-project-permission-to-export-lng-189720591.html>

Update: NEB Approves LNG Canada to Export LNG from Its Proposed 2 Bcf/d LNG Export Terminal at Kitimat, British Columbia

The Canadian National Energy Board (NEB) on Monday approved an application by LNG Canada Development Inc., a consortium led by Royal Dutch Shell Plc that includes Mitsubishi Corp, PetroChina, and Korea Gas Corp., to export liquefied natural gas (LNG) from a proposed terminal near Kitimat, British Columbia. The export license authorizes LNG Canada to export a maximum of 24 million tonnes per annum (mtpa) of LNG for a 25-year term. That amount is equal to about 3.23 Bcf/day of natural gas. The project will initially consist of two LNG trains with a total capacity of 12 mtpa, or 2 Bcf/d, with an option to expand.

<http://www.neb-one.gc.ca/clf-nsi/rthnb/nwsrls/2013/nwsrls04-eng.html>

<http://lngcanada.ca/our-business/project-overview/>

Southern Union Reports Ongoing Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas February 5

Southern Union Gas Services reported an ongoing flaring event at its Keystone plant Tuesday was due to field compressors upstream that went down, causing the plant's low-pressure system to overload, according to a filing with the Texas Commission on Environmental Quality. When compressors went down, field pressure increased until gas was shut-in. During this time, Unit No. 20 went down due to a third-stage pressure problem. Operators estimated the flaring would continue until Wednesday morning.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=178974>

Other News

DOE Says No Classified Data Was Compromised by Cyberattack on Its Electronics Network in Mid-January

The U.S. Department of Energy (DOE) reported that hackers attacked the agency's electronics network in mid-January but had not compromised classified data, according to a letter the department sent to its employees on Friday. The attack "resulted in the unauthorized disclosure of employee and contractor Personally Identifiable Information," the department said in the letter. DOE said it was working with federal law enforcement officials to gather more information on the nature and scope of the attacks.

<http://finance.yahoo.com/news/energy-department-hacked-says-no-215151402.html>

Update: DOE, Partners Move Forward with Phase II of FutureGen 2.0 Carbon Capture and Storage Project in Illinois

The U.S. Department of Energy (DOE) on Tuesday announced that it was beginning Phase II of a carbon capture and storage (CCS) project it is jointly developing with the FutureGen Industrial Alliance in Illinois, following the successful completion of Phase I. The project will upgrade a coal-fired unit at Ameren's Meredosia, Illinois power plant with oxy-combustion technology to capture more than 1 million tons of carbon dioxide (CO₂) each year—more than 90 percent of the plant's carbon emissions. Other emissions will also be reduced to near-zero levels. After the CO₂ is captured, it will be transported and stored underground at a nearby storage site.

<http://energy.gov/articles/carbon-capture-and-storage-futuregen-20-project-moves-forward-second-phase>

<http://www.futuregenalliance.org/futuregen-2-0-project/>

International News

Gunmen Flee after Attacking Indian-Owned Oil Barge Being Escorted by Nigerian Military Through the Niger Delta February 5

<http://www.reuters.com/article/2013/02/05/us-nigeria-attack-idUSBRE9140M320130205>

Update: Officials Say Gas Leak Caused Explosion at Petroleos Mexicanos Headquarters January 31

http://www.channelnewsasia.com/stories/afp_world/view/1252313/1/.html

<http://ktla.com/2013/02/04/deadly-explosion-rocks-mexican-oil-company/#axzz2K2UPFNBo>

Energy Prices

U.S. Oil and Gas Prices			
February 5, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	96.66	97.69	97.26
NATURAL GAS Henry Hub \$/Million Btu	3.27	3.25	2.30

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>

Please direct comments and questions to: ead@oe.netl.doe.gov