



ENERGY ASSURANCE DAILY

Thursday Evening, February 16, 2012

Major Developments

Enbridge Shuts 491,000 b/d Line 5 Due to a Crude Leak in Eastern Michigan; 237,000 b/d Line 1 Forced Shut Due to Supply Backup in Wisconsin

Enbridge Inc. shut down two U.S. crude oil pipelines after crews conducting routine maintenance near the village of Sterling, Michigan on Tuesday discovered a leak, according to reports. A spill of less than three barrels was found leaking from Enbridge's 500,000 b/d Line 5 oil pipeline, which runs from Superior, Wisconsin to Sarnia, Ontario. Pipeline repair and cleanup began immediately, according to a spokeswoman, and the company expects Line 5 to be repaired and restarted later today. After the restart, Enbridge plans to run the line at reduced pressure as it investigates other possible trouble spots. The company has also shut its 237,000 b/d Line 1, which runs from Edmonton, Alberta to Superior, due to a backup of crude at the hub in Superior, the spokeswoman said. Line 1 will return to service shortly after Line 5.

DJN, 12:42 February 16, 2012

<http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/enbridge-finds-small-oil-pipeline-leak-in-michigan/article2340319/>

<http://www.reuters.com/article/2012/02/16/enbridge-idUSL2E8DG25O20120216>

Electricity

Two Substation Outages Knock Out Power to 36,384 SCE Customers in Southern California February 14

A helium-filled balloon hit Southern California Edison's (SCE) Fontana substation Tuesday night, knocking out power to 15,099 customers in Southern California, according to a spokesman Wednesday. Utility crews restored power later that evening. The utility reported another substation outage that night, in Huntington Beach, which affected 21,285 customers. The cause of that outage wasn't immediately known, but power was restored there later that night.

http://www.businessinsider.com/a-valentines-gift-went-horribly-wrong-and-knocked-out-power-for-15000-people-2012-2?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+businessinsider+%28Business+Insider%29

Update: TVA's 1,126 MW Sequoyah Nuclear Unit 2 in Tennessee Ramped Up to 90 Percent by February 16

On the morning of February 15 the unit was operating at 59 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Sycamore Cogeneration's 360 MW Sycamore Natural Gas Unit in California Reduced by February 15

The unit reported a curtailment of 285 MW due to planned and unplanned causes.

<http://content.aiso.com/unitstatus/data/unitstatus201202151515.html>

NRC Faults SCE for Inadequate Response to Degraded Equipment at Its 2,150 MW San Onofre Nuclear Plant in California after Ammonia Leak

Upon investigating the circumstances surrounding an ammonia leak that caused an emergency alert at the San Onofre nuclear plant in November, the U.S. Nuclear Regulatory Commission (NRC) recently concluded the problem was caused by employees who failed to recognize degraded equipment and fix it, according to reports Friday. The NRC said the problem had “very low safety significance,” and faulted plant operator Southern California Edison (SCE) for failing to adequately identify, evaluate, and correct a problem in a water purification system, which led to the leak. Operations personnel lacked guidance, according to the report, needed to fix the tank once the problem was detected. An equipment operator believed the problem was being corrected when, in fact, it was allowed to degrade, eventually triggering an alert.

http://www.stardem.com/article_d5af958f-6576-5f88-b11d-fd943b077ea4.html

Inspector General Faults NRC for Failing to Track Facilities Addressing Significant Safety Agreements

After an 8-month audit, the U.S. Nuclear Regulatory Commission’s (NRC) Office of Inspector General concluded last week that the commission is failing to follow through on safety agreements with nuclear facilities. In particular, the NRC has no centralized way to oversee or follow up on Confirmatory Action Letters (CALs) that ensure a nuclear facility has committed itself to address “significant concerns regarding health and safety, the environment, safeguards, or security.” The Inspector General cited a lack of consistent guidelines for regional NRC offices, regional offices’ failure to comply with those guidelines, and some offices’ lack of any tracking system whatsoever as problems that “degrade” the NRC’s accountability. The Inspector General recommended that the NRC update its main enforcement manual, centralize tracking, and submit occasional audits of the action letter system.

http://msnbcmedia.msn.com/i/MSNBC/Sections/NEWS/120213_NRC_Report.pdf

<http://usnews.msnbc.msn.com/news/2012/02/13/10399062-us-nuclear-watchdog-questions-oversight-of-safety-enforcement?chromedomain=openchannel>

NRC Approves Exelon-Constellation Merger, Indirect Transfer of Five Nuclear Power Plant Licenses

The U.S. Nuclear Regulatory Commission (NRC) has approved the proposed merger between Exelon Corp. and Constellation Energy Group, Inc. (CEG), including the indirect transfer of operating licenses for five commercial nuclear power plants and two spent fuel storage installations. These include Calvert Cliffs 1 and 2, Nine Mile Point 1 and 2, and R. E. Ginna, as well as independent spent fuel storage installations at Calvert Cliffs and Ginna. The indirect transfer of the licenses will not result in any physical changes to the facilities or any changes to the conduct of operations.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-016.pdf>

SDG&E Announces Power-Purchase Agreements to Add 300 MW of Renewable Energy to Its Portfolio

San Diego Gas & Electric (SDG&E) today announced that it has entered into two long-term contracts to purchase 300 MW of renewable energy. The first is a 20-year contract to purchase 100 MW from Manzana Wind LLC, a 189 MW wind power facility currently under construction near Rosamond, California and slated for completion in late 2012. The second is a 25-year agreement to purchase 200 MW of energy from the Mount Signal Solar project in Imperial Valley, California, developed jointly by 8minutenergy Renewables and AES Solar. The first 100 MW of energy from the photovoltaic solar energy facility is expected to be online by mid-2013, with project completion slated for late 2013. The electric output will be transported to market along SDG&E’s 117-mile Sunrise Powerlink transmission line that is currently under construction and slated for completion later this year.

<http://sdge.com/node/3007>

Petroleum

ExxonMobil Shuts FCCU for Repairs at Its 344,500 b/d Beaumont, Texas Refinery February 15

ExxonMobil said on Wednesday that operators took a fluid catalytic cracking unit (FCCU) out of production for “minor equipment repairs,” according to reports. A spokeswoman said the refinery does anticipate some impact to production, but declined to say how long the unit would be shut.

<http://www.reuters.com/article/2012/02/16/refinery-operations-exxon-beaumont-idUSH5E8D900A20120216?type=companyNews>

Motiva to Restart FCCU after Brief Repairs at Its 285,000 b/d Port Arthur, Texas Refinery February 16

Motiva Enterprises reported Thursday that it will initiate startup procedures on its fluid catalytic cracking unit (FCCU) after a brief unit downtime to complete repairs, according to a filing with state regulators. Operators anticipate the startup sequence will last approximately 7 days. The filing mentions a carbon monoxide boiler and FCCU 3 as the sources of emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164901>

Partial Power Loss Affects Multiple Units, Leads to Flaring at Marathon's 490,000 b/d Garyville, Louisiana Refinery February 15 – Local Officials

Marathon Petroleum Corp.'s Garyville refinery was hit by a partial power loss on Wednesday morning, according to local officials, affecting multiple units and triggering flaring.

<http://www.reuters.com/article/2012/02/15/refinery-operations-marathon-garyville-idUSH5E8D900820120215>

Placid Refining Reports SRU Shutdown at Its 56,000 b/d Port Allen, Louisiana Refinery February 14

Placid Refining Co. reported a release of sulfur dioxide due to the shutdown of the No. 2 sulfur recovery unit (SRU) at its Port Allen refinery Tuesday night, according to a filing with the U.S. National Response Center. Operators were working to get the unit back online at the time of the filing and had not yet secured the release.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1002994

Update: Fire-Damaged Unit at Korea National Oil Corp.'s 115,000 b/d Come by Chance, Newfoundland Refinery Has Been Repaired – Spokeswoman

Korea National Oil Corp. reported last week that a brief fire at the refinery February 8 shut a platformer without disrupting other units.

Reuters, 13:06 February 16, 2012

Saddle Butte Pipeline LLC Proposes 150,000 b/d Crude Oil Pipeline from North Dakota to Minnesota

Saddle Butte Pipeline LLC wants to build an oil pipeline running from western North Dakota's booming oil patch to a pipeline hub in northern Minnesota, according to news reports. The company has proposed that its subsidiary, High Prairie Pipeline, build a 450-mile, 150,000 b/d pipeline for operation by late 2013.

<http://www.businessweek.com/ap/financialnews/D9SUFM8O2.htm>

Natural Gas

Lone Star to Construct Second 100,000 b/d Fractionation Facility at Mont Belvieu, Texas NGL Plant

Energy Transfer Partners, L.P. and Regency Energy Partners LP today announced that their joint venture, Lone Star NGL LLC, will construct a second 100,000 b/d natural gas liquids (NGL) fractionation facility at Mont Belvieu, Texas. Supported by multiple long-term contracts, the second fractionator is necessary to handle the increasing NGL barrels delivered via the partnerships' Woodford Shale, Eagle Ford Shale, and Permian Basin infrastructure, including Lone Star's 570-mile West Texas Gateway NGL Pipeline. The company expects this second fractionator to be completed in the first quarter of 2014. The project will also include interconnectivity infrastructure to provide NGL suppliers and NGL markets with significant access to storage, other fractionators, pipelines, and multiple markets along the Texas and Louisiana Gulf Coast.

<http://ir.energytransfer.com/phoenix.zhtml?c=106094&p=irol-newsArticle&ID=1661857>

Pennsylvania Governor Signs Marcellus Shale Bill into Law February 13; Legislation Addresses Environmental Safeguards, Authorizes Counties to Adopt Impact Fees

http://www.whptv.com/news/local/story/Governor-Corbett-signs-Marcellus-Shale-bill-into/JDp_6lYqoU6L200CeYRKBg.csp

http://www.rigzone.com/news/article.asp?a_id=115069

http://www.rigzone.com/news/article.asp?a_id=115204

Devon Energy to Scale Back Gas Production in 2012 amid Falling Prices, Boost Oil Production by 20 Percent

Devon Energy Corp. announced it will scale back its gas production activities due to falling prices, an executive said recently in a call with investors. Instead, the company plans to focus on oil opportunities by directing its capital in 2012 toward its oil and liquids-rich project areas in the Permian Basin in west Texas and New Mexico, the Barnett shale formation in east Texas, the Cana field in west Oklahoma, the Utica shale region in the U.S. Midwest, and the Mississippi Lime formation through Kansas and Oklahoma. The company hopes to increase its oil production by a targeted 20 percent for the year.

http://www.rigzone.com/news/article.asp?a_id=115196

<http://www.dvn.com/Newsroom/Pages/NewsRelease.aspx?id=1661266>

Talisman Energy to Reduce North American Natural Gas Production in 2012; Focus Instead on Liquids-Rich Oil and Gas Targets in Texas and Alberta

Talisman Energy said it will reduce natural gas production activities this year to focus on more profitable liquids-rich oil and gas targets in North America, an executive said during a conference call with analysts Wednesday. The company will reduce exploration and development spending from \$4.5 to 4.0 billion and direct 80 percent of investments toward liquids-rich opportunities, the executive said. It expects to more than double its 2011 average production of 30 million cubic feet of gas equivalent per day (MMcfe/d) in the Eagle Ford shale region in Texas. The company will cut its development spending in the Marcellus shale region in the U.S. Northeast by half, running just three rigs this year where it ran 11 rigs in 2011.

<http://www.calgaryherald.com/business/Talisman+Energy+shift+focus+from+natural/6161286/story.html>

http://www.thepressreleasewire.com/client/talisman_energy/release.jsp?actionFor=1570133&year=2012&releaseSeq=0

Bad Heads Shut Engine at Exterran's 50 MMcf/d Reinecke Gas Plant in Texas February 14-15

Exterran reported Engine 70972 went down on two bad heads, according to a filing with the Texas Commission on Environmental Quality. Mechanics removed the failed heads and replaced them.

<http://www11.tceq.state.tx.us/oce/eei/index.cfm?fuseaction=main.getDetails&target=164875>

Other News

U.S. Energy Secretary Chu Highlights DOE Investments in American Nuclear Energy at Visits to Vogtle Nuclear Power Plant and Oak Ridge National Laboratory

U.S. Secretary of Energy Steven Chu visited the Vogtle nuclear power plant in Waynesboro, Georgia and Oak Ridge National Laboratory in Tennessee to highlight the steps the Obama Administration is taking to restart America's nuclear industry as part of an all-of-the-above American energy strategy. He also announced up to \$10 million in new funding for innovative research and development in advanced nuclear reactor and fuel cycle technologies. Secretary Chu also spoke about the Administration's commitment to developing an effective strategy for the safe and secure storage and management of used nuclear fuel.

<http://energy.gov/articles/secretary-chus-remarks-vogtle-nuclear-power-plant-prepared-delivery>

<http://energy.gov/articles/chu-visits-site-america-s-first-new-nuclear-reactor-three-decades>

International News

Iran State TV Says Tehran Has Cut Oil Exports to Six EU Nations in Response to Sanctions

Iran's semiofficial Mehr news agency reported on Wednesday that Iran has cut oil exports to six European countries, days after Iran's oil minister said the government could cut off oil exports to "hostile" European nations as tensions build over sanctions against the country. The news reported envoys from Italy, Spain, France, Greece, Portugal, and Netherlands were invited to Iran's Foreign Ministry on Wednesday to discuss the sanctions.

<http://www.businessweek.com/ap/financialnews/D9STQ3O00.htm>

Energy Prices

U.S. Oil and Gas Prices			
February 16, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	102.43	99.91	83.89
NATURAL GAS Henry Hub \$/Million Btu	2.54	2.48	3.92

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 EDT every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM EDT every Thursday.

ENERGY ASSURANCE DAILY

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

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