



# ENERGY ASSURANCE DAILY

Wednesday Evening, May 04, 2016

## Major Developments

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### Wildfire Threatens Operations in Alberta's Oil Sands Region, Companies Curb Production May 4

A large wildfire that broke out on Sunday, southwest of Fort McMurray, Alberta, forced the closure of one major oil-sands mining operation on Wednesday and reduced output at another, a day after the city of 80,000 residents was evacuated. Most oil sands projects are north of the city while the worst of the flames were on the city's south side. Shell said it has shut down production at its Albion Sands mining operations—about 60 miles north of the city—and another mine was in the process of closing down. These facilities normally produce about 255,000 b/d. The company's Chief Financial Officer said upgraders would operate for a few more days. Shell said it would open its oil sands camp to evacuees and was looking to use its airstrip to fly out non-essential staff and accommodate displaced residents. Suncor, the largest oil sands operator, said it is reducing production at its regional facilities—about 15 miles north of the city. Connacher Oil and Gas Ltd said it has cut production at its Great Divide operation—about 50 miles south of the city—to about 4,000 b/d of bitumen. Canadian Natural Resources Ltd (CNRL) said its oil sands operations remain stable but it was working to ensure any affected CNRL workers and their families could use its camps. Nexen, a subsidiary of the China National Offshore Oil Corp., was working on a modified staffing plan at its nearby Long Lake oil-sands project. Representatives of Syncrude and Enbridge Inc said their operations were unaffected. Athabasca Oil Corp, which operates a thermal plant south of the city, where the fire was located, said it has not been affected by the wildfire. A Cenovus spokesman said its oil sands operations are not affected by the fires and output remained steady. Imperial's Kearl operation, located about 43 miles north of Fort McMurray, was not seeing any direct impact but was monitoring the situation closely. Statoil ASA said it was "being vigilant" and the company has plans in place for its Leismer facility—about 75 miles south of Fort McMurray. MEG Energy says its oil sands output remains steady and was not impacted by the fires. TransCanada Corp said it does not expect the wildfire to affect deliveries of natural gas. The nearest pipeline is about 12 miles west of the current wildfire. It played down the potential for damage to equipment as its pipelines are designed to withstand a number of natural scenarios and high-pressure natural gas pipelines are buried underground. Valves can also be closed manually or from its gas control center, if needed. Enbridge Inc said its crude and condensates pipelines in the area were not affected. Some lateral pipelines are close to the city but the mainlines are 6 or more miles away, a spokesman said. A spokeswoman for The Canadian Association of Petroleum Producers said all large oil sands facilities have emergency crews and plans for forest fires, noting all personnel would be evacuated and facilities would be properly shut-in to minimize the damage. She said 80 percent of the oil sands is located deep underground and can only be extracted through a drilling process. The remaining twenty percent is minable from the surface and predominantly located north of Fort McMurray. She said it can burn under certain circumstances, however oil sands would burn at a much slower pace considering its composition with sand. In May 2015, wildfires led to the evacuation of hundreds of workers, and a 9 percent cut in Alberta's oil sands output as Cenovus Energy and Canadian Natural Resources Ltd called shutdowns at some of their projects.

Reuters, 2:54 May 4, 2016

[https://www.facebook.com/suncorenergy/?ref=aymt\\_homepage\\_panel](https://www.facebook.com/suncorenergy/?ref=aymt_homepage_panel)

<http://www.marketwired.com/press-release/suncor-energy-provides-operational-update-tsx-su-2121138.htm>

<http://www.mining.com/canadas-oil-sands-cuts-production-wildfire-forces-mass-evacuation/>

<http://www.reuters.com/article/us-canada-wildfire-fortmcmurray-idUSKCN0XU2D8>

<http://www.ibtimes.com/fort-mcmurray-wildfires-canadian-oil-sands-producers-cut-output-alberta-fires-rage-2363926>

## **Electricity**

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### **Calpine's 799 MW Pastoria Gas-fired Unit in California Reduced by May 3**

The unit entered an unplanned curtailment of 269 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201605031515.html>

### **Mirant's 530 MW Pittsburg Gas-fired Unit 7 in California Reduced by May 3**

The unit entered a planned and unplanned curtailment of 180 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201605031515.html>

### **Dynegy to Shut Multiple Units at Its 1,815 MW Baldwin, 1,230 MW Newton Coal-Fired Power Plants in Illinois**

Dynegy Inc. on Tuesday announced plans to shut down Units 1 and 3 at the Baldwin Power Station in Baldwin, and Unit 2 at the Newton Power Station in Newton, over the next year. In total, Dynegy is requesting that MISO remove 1,835 MW from MISO Zone 4. An additional 500 MW are targeted for shutdown, and a final determination is likely later this year. The decision to shut down operations at the Baldwin and Newton units was made after they again failed to recover their basic operating costs in the most recent MISO capacity auction. Earlier this year, Dynegy announced the 465 MW Wood River Power Station would retire in June for similar reasons. In total, 2,800 MW of generation from Illinois will be lost—approximately 30% of the power generation capacity in Southern Illinois.

[http://phx.corporate-ir.net/phoenix.zhtml?c=147906&p=irol-newsArticle\\_Print&ID=2164582](http://phx.corporate-ir.net/phoenix.zhtml?c=147906&p=irol-newsArticle_Print&ID=2164582)

<http://www.dynegy.com/about/power-generation-facilities>

## **Petroleum**

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### **Chevron Reports Unit Shutdown at Its 330,000 b/d Pascagoula, Mississippi Refinery April 29**

Chevron Corp reports an unplanned unit shutdown at its Pascagoula, Mississippi, refinery on April 29, according to a filing with the National Response Center.

Reuters, 3:22 May 3, 2016

### **Update: Motiva Restarting FCCU at Its 603,000 b/d Port Arthur, Texas Refinery May 4 – Sources**

Motiva Enterprises on Wednesday was restarting the 81,000 b/d fluidic catalytic cracking unit (FCCU) at its Port Arthur, Texas refinery, sources familiar with plant operations said. The FCCU was shut last week for repairs after a malfunction.

Reuters, 9:15 May 4, 2016

### **Update: ExxonMobil Prepares CDU Restart at Its 560,500 b/d Baytown, Texas Refinery May 3 – Sources**

ExxonMobil Corp on Tuesday was preparing to return to production the 135,000 b/d crude distillation unit (CDU) at its Baytown, Texas, refinery later this week, said sources familiar with plant operations. The unit was taken out of production on Monday due to a malfunction, the sources said. An ExxonMobil spokesman said unplanned maintenance was continuing at the Baytown refinery with minimal impact to production and did not say whether the company planned to restart the unit.

Reuters, 5:22 May 3, 2016

### **Alon Reports Emissions at Its 70,000 b/d Big Spring, Texas Refinery May 3**

Alon reported hydrogen sulfide emissions at its Big Spring, Texas refinery, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 5:15 May 3, 2016

### **U.S. Oil & Refining Reports Crude Unit Start-Up at Its 40,700 b/d Tacoma, Washington Refinery May 1**

U.S. Oil & Refining Co reported a crude unit start-up at its Tacoma, Washington refinery on May 1, according to a filing with the National Response Center.

Reuters, 3:20 May 3, 2016

## **U.S. Crude Oil Exports Reach 508,000 b/d in March, Stockpiles Increase – U.S. Census, EIA**

U.S. crude oil exports reached nearly 508,000 b/d in March compared with 374,000 b/d in February, foreign trade data from the U.S. Census Bureau showed on Wednesday. The Energy Information Administration (EIA) also on Wednesday reported crude inventories rose by 2.8 million barrels in the last week. Crude stocks at the Cushing, Oklahoma delivery hub rose by 243,000 barrels and refinery utilization rates rose by 1.6 percentage points, EIA said. U.S. crude imports rose last week by 110,000 b/d.

Reuters, 10:32 May 4, 2016

Reuters, 9:31 May 4, 2016

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## **Natural Gas**

### **Update: PHMSA Issues Corrective Action Order to Spectra May 4 after Pipeline Explosion in Pennsylvania April 29**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) on Tuesday issued a corrective action order to Spectra Energy Partners' Texas Eastern Transmission pipeline following the April 29 failure on its Penn Jersey System in Salem Township, Pennsylvania. The pipeline that failed and three nearby pipelines are currently shut down under PHMSA's authority. PHMSA in its order said the cause of failure is unknown at this time, and the investigation is ongoing. The failed pipe section is being transported to an independent metallurgist for examination and failure analysis. The preliminary investigation has identified evidence of corrosion along two of the circumferential welds—one at the point of failure and another excavated after PHMSA's response to the failure site. The pattern of corrosion indicates a possible flaw in the coating material applied to girth weld joints following construction welding procedures in the field at that time. An inline inspection in 2012 revealed no areas requiring repair or remediation before the next inspection. The order requires the operator to take several immediate actions to determine the root cause of the incident and to ensure the safety of three nearby lines.

<http://www.spectraenergy.com/announcements/>

<http://www.phmsa.dot.gov/pipeline/phmsa-issues-corrective-action-order-to-texas-eastern-transmission-lp-spectra-energy-partners-lp>

Reuters, 2:23 May 4, 2016

### **DCP Midstream Reports Turbine Shut at Its 160 MMcf/d Goldsmith Gas Plant in Texas May 3**

DCP Midstream reported when bypassing the trim cooler, an unknown substance in the bypass line flowed into the turbine B compressor causing the turbine to shut, resulting in a flare event. The turbine and all downed equipment was restarted and once engines were back online, the flare event ended.

<http://www2.tceq.texas.gov/oce/ee/index.cfm?fuseaction=main.getDetails&target=232602>

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## **Other News**

### **Advanced BioEnergy Shuts Its Aberdeen, South Dakota Ethanol Plant**

Advanced BioEnergy's ethanol plant in Aberdeen, South Dakota, which began operating in the early 1990s, as Heartland Grain Fuels, was shut last week. The company's CEO said it was too costly to operate because of outdated technology. The company continues to operate a larger plant that opened in the city in 2008. That factory can produce up to 48.5 million gallons of fuel annually, compared to 8.5 million for the smaller plant.

Reuters, 9:16 May 4, 2016

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## **International News**

### **Northern Iraq Oil Wells Hit by Explosion, Halt Production May 4 – Sources**

Explosions at two oil wells near territory controlled by Islamic State in northern Iraq halted production on Wednesday as firefighters worked to put out the flames, oil officials and security sources said. The Khabbaz oilfield, 12 miles southwest of Kirkuk, has a maximum production capacity of 15,000 b/d but was producing around 10,000 b/d before the attack, said officials from the state-run North Oil Company that operates the reservoir. The sources said police were attempting to dismantle undetonated explosives found at a third oil well.

Reuters, 3:36 May 4, 2016

## Tanker Leaves East Libyan Port without Loading May 4

A tanker that an oil company set up by Libya's eastern government prevented from loading has left the eastern port of Marsa el-Hariga on Wednesday, after a Tripoli oil official warned that blockages at the port could reduce production by 120,000 b/d. The Seachance, which had been due to load 600,000 barrels of oil for the National Oil Corporation (NOC) in Tripoli, left the port on its own accord, a port official said. The stand-off at Hariga, part of a broader political struggle between factions in eastern and western Libya, threatens to further diminish oil output that has fallen to less than a quarter of its 2011 high of 1.6 million b/d.

Reuters, 8:39 May 4, 2016

## Energy Prices

U.S. Oil and Gas Prices			
May 4, 2016			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	43.73	45.24	58.71
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	1.92	1.88	2.67

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](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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