



ENERGY ASSURANCE DAILY

Tuesday Evening, May 24, 2016

Major Developments

Update: Some Oil Sands Crude Production Restarts as Weather Improves Wildfire Conditions in Fort McMurray, Alberta May 24

Several oil sands crude producers restarted operations on Tuesday and anticipated to revamp production levels in the coming weeks. Authorities lifted mandatory evacuation orders on Tuesday, which were issued for work camps north of Fort McMurray on May 16. Cool weather and light winds were expected to help firefighters on Tuesday and no oil facilities or communities were in the fire's path as of Tuesday morning, a wildfire information officer said. The fire's estimated size was unchanged from Monday, at just over 520,000 hectares (about 2,008 square miles). The fire, which began burning on May 1, cut Canadian oil output by approximately 1.07 million b/d, although some projects have now restarted at reduced rates. The northern Alberta oil sands region normally produces roughly 2.2 million b/d and has more than 20 oil production operations clustered within a 60-mile radius of Fort McMurray, according to government data. The following list of companies details the most recent status update from impacted companies, which began on Wednesday, May 4. The red text indicates an update to the wildfire impacts reported in Monday's EAD publication.

- **Suncor Energy on Monday, May 23 said it began the remobilization process of its employees to support the staged restart of its operations. There has been no damage to Suncor's assets and enhanced fire mitigation work has been conducted at all sites. Construction activities at the Fort Hills Mine continued ramping up over the weekend.** Authorities late Friday, May 20, lifted evacuation orders on its Base Plant as well as nearby camps that house oil workers after rain and cold weather helped dampen the flames. On Tuesday, May 17 all personnel at the Base Plant and MacKay River operations were relocated with the exception of a minimum number of emergency response and security workers required to close operations at Base Plant. Only the minimum number of essential personnel were staffing the Firebag project. On the evening of Monday, May 16 mandatory evacuations were issued for the McKay River operation as well as the Borealis, Millennium, and Hudson lodges. Suncor closed its 350,000 b/d Base Plant, and its MacKay River and Firebag thermal oil sands operations on May 4. It cited the precautionary shut-in of takeaway pipelines and limited availability of diluent. Prior to the fire, Suncor said it was operating at reduced rates of approximately 300,000 b/d because of a maintenance turnaround.
- **Syncrude Canada on Tuesday, May 24 said it was in the process of planning a return to operations.** On Saturday, May 21 said it was still monitoring the situation and did not yet have a timeline for restarting production, although it did have skeleton crews at its sites. Authorities lifted evacuation orders late Friday, May 20, on its Mildred Lake facility as well as nearby camps that house oil workers. On Thursday, May 19 the force majeure on crude production was extended, according to traders familiar with the matter. The company's customers were told to expect no further shipments for May. Syncrude shut its 315,000 b/d Aurora bitumen mine by Saturday, May 7 while other projects were operating at minimal levels. A power generator was restarted at its Aurora bitumen mine by Tuesday, May 10. Syncrude is an oil sands project owned by a consortium of companies, including majority owner Suncor.
- **Shell Canada** said on Thursday, May 19 that its Albian Sands operation remains safe and secure, and that the mandatory evacuation order north of Fort McMurray has not been extended to include its Albian Sands sites. On Tuesday, May 17, the company said its Albian Sands operations were not under an immediate threat from the wildfire, and that production continues at reduced rates. On Monday, May 9, the company restarted production at a reduced rate at its 255,000 b/d Albian oil sands mining operation, which include the Muskeg River and Jackpine oil sands mines. The company said it will fly staff in and out to help resume operations over the coming days and weeks.
- **Nexen (CNOOC Ltd)** on Sunday, May 22 said the Regional Municipality of Wood Buffalo announced a phased re-entry for camps near its Long Lake facility. The Long Lake operation, which was shut on Wednesday, May 4, can produce approximately 50,000 b/d of synthetic crude but had been operating at reduced rates since late January due to an explosion at the plant.

- **ConocoPhillips** on Sunday, May 22 said the Regional Municipality of Wood Buffalo announced a phased re-entry for camps near its Surmont facility. On Friday afternoon, May 20, the company said the wildfire threat to its Surmont site was moderate and it was continuing to closely monitor the situation. ConocoPhillips said it has limited access to its facilities but fire suppression crews were on site as a precautionary measure. The Surmont site was shut and evacuated on Thursday, May 5.
- **Husky Energy** on Sunday, May 8 shut production at its 30,000 b/d Sunrise Energy Project. Husky had previously reduced operations to 10,000 b/d.
- **Connacher Oil and Gas Ltd** said on Thursday, May 5 it was restoring production at its Great Divide operation back up to 8,000 b/d, after cutting output to 4,000 b/d on Wednesday, May 4. The Great Divide operation, which is located 50 miles south of Fort McMurray, produced 14,000 b/d during the fourth quarter of 2015.
- **Canadian Natural Resources Ltd** said on Wednesday, May 18 that the wildfire continues to be a safe distance from its Horizon project with no threat to the health and safety of its staff or infrastructure. On Tuesday, May 17 that it was closely monitoring the forest fires and changing wind conditions in the Fort McMurray area with the health and safety of its teams as its first priority. The company said the fire continues to be a safe distance from its Horizon oils sands site and that operations were returning to stable conditions following minor upgrader repairs over the past weekend, which were unrelated to the fire. The company cut output by an unspecified amount at its Horizon project by Sunday, May 8. The Horizon project produced approximately 129,000 b/d of synthetic crude oil during the fourth quarter of 2015.
- **Statoil ASA** on Friday, May 20 said its Leismer oil sands project was producing 13,000 b/d and remains on wildfire alert. On Wednesday, May 18 Leismer was producing 9,000 b/d after initiated start-up on Friday, May 13. Statoil said on Sunday, May 8 that it was suspending all production at its 20,000 b/d Leismer facility located south of Fort McMurray.
- **Athabasca Oil Corp** on Tuesday, May 24 said there has been no damage to its assets and was resuming operations at its Hangingstone project after it was shut and evacuated on May 5. The company expects the reservoir to re-pressurize to normal operating levels over the next several weeks with no anticipated long-term impacts. The project's production volumes reached in excess of 9,000 b/d prior to the shutdown.
- **Imperial Oil Ltd** on Thursday confirmed it restarted limited operations at its Kearl oil sands site, but indicated full restoration would depend on a number of factors, including safety and air quality. The project was expected to produce 12,000 b/d by the fourth quarter 2016.
- **Cenovus** said on Tuesday, May 17 that its operations in northern Alberta were not affect by the wildfire activity that led to the precautionary evacuation of several oil facilities north of Fort McMurray. The company said its Christina Lak facility continues to operate with normal production and staffing levels, and that the southern edge of the wildfire was more than 40 miles north of the site. On Friday, May 6 the company said that essential staff were maintaining full production at its Christina Lake oil sands site. The company said it would return non-essential site staff beginning on Thursday, May 12.
- **MEG Energy and Japan Canada Oil Sands Ltd** said their operations near Fort McMurray were not affected.
- **Enbridge Inc.** on Sunday, May 22, said the Regional Municipality of Wood Buffalo announced a phased re-entry for camps near its Cheecham terminal, which the company has said was returning to full service. On Monday, May 16 Enbridge said some pipelines into and out of the terminal were operating. On Friday, May 13 the company was working to restore operations to its Alberta pipeline network after fires halted the movement of an estimated 900,000 b/d of oil sands crude. On Wednesday, May 11, the company resumed operations at its Cheecham terminal, which is located about 47 miles southeast of Fort McMurray and receives crude from production sites to be shipped on the Enbridge pipeline network. By the evening of Thursday, May 12, reports confirmed that the company was injecting volumes into its 550,000 b/d Waupisoo pipeline (Line 18) and its 570,000 b/d Athabasca pipeline (Line 19), which transport crude south from the Cheecham terminal to the Edmonton and Hardisty markets, respectively.
- **Inter Pipeline** said late on Wednesday, May 18 that it had safely resumed operations on the Polaris and Corridor pipeline systems, and that it continues to monitor the situation while working with its customers. The company confirmed on Tuesday, May 17 that operations on Polaris and Corridor pipeline systems were partially shut down as a proactive measure due to the ongoing fires around Fort McMurray. On Wednesday, May 4, the company shut its 346,000 b/d Corridor pipeline system and a section of its 540,000 b/d Polaris diluent pipeline system near Fort McMurray. The company resumed operations on the Polaris pipeline system on Thursday, May 5, and said that the Corridor system was ready to restart as soon as Shell's oil sands site restore production.
- **Pembina's** Algar to Cheecham Lateral remains fully operational as of Thursday, May 5, but was not delivering due to the shutdown of downstream facilities. All other Pembina facilities in the Fort McMurray area remain fully operational.

- **TransCanada Corp** said it did not expect the wildfire to affect deliveries of natural gas. The nearest pipeline was about 12 miles west of the current wildfire.

Reuters, 11:39 May 24, 2016

Reuters, 11:22 May 24, 2016

Reuters, 23:55 May 23, 2016

<http://www.alberta.ca/premier.cfm>

<http://fingfx.thomsonreuters.com/gfx/rngs/1/1706/2971/index.html>

<http://www.suncor.com/fort-mcmurray-fires>

<http://www.syncrude.ca/our-news/syncrude-insights/2016/syncrude-continues-to-implement-safe-restart-plan/>

<http://www.shell.ca/en/aboutshell/employee-help-site.html>

<http://www.nexencnooltd.com/en/AboutUs/MediaCentre/FortMcForestFires.aspx>

<http://www.conocophillips.ca/newsroom/Pages/Fort-McMurray-Fire.aspx>

http://www.cnrl.com/upload/media_element/1011/07/may-18-2016-public-statement-fort-mcmurray-forest-fires.pdf

<https://twitter.com/StatoilASA/status/731200671542706176>

<https://www.atha.com/news/releases.html>

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

<http://www.cenovus.com/news/news-releases/2016/20160504-Fort-McMurray-fire-response.html>

<http://www.enbridge.com/wildfires-in-fort-mcmurray>

<http://www.interpipeline.com/ourresponsibility/communityinvestment/fort-mcmurray-fires.cfm>

<http://www.pembina.com/media-centre/news-releases/>

<http://finance.yahoo.com/news/imperial-provides-kearl-operations-224800438.html>

Update: Alberta Oil Sands Cogeneration Capacity Holds Steady at 471 MW May 24 – AESO

Cogeneration electric plants' output around Fort McMurray in Alberta, Canada held steady over the past 24 hours at 471 MW by early Tuesday, close to the 477 MW early on Monday, the Alberta Electric System Operator (AESO) said. There is about 3,200 MW of power cogeneration capacity serving the oil sands industry in Alberta, with about two-thirds located in the Fort McMurray area. Before the wildfires started, the Fort McMurray units were producing about 1,300 MW, according to local media reports.

Reuters, 7:54 May 24, 2016

Electricity

SCE's 820 MW Big Creek Hydro Unit in California Reduced by May 23

The unit entered an unplanned curtailment of 100 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201605231515.html>

PG&E's 641 MW Colusa Gas-fired Unit in California Reduced by May 23

The unit entered an unplanned curtailment of 344 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201605231515.html>

BHE Renewables' 276 MW Solar Star Unit 2 in California Reduced by May 23

The unit entered an unplanned curtailment of 204 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201605231515.html>

Petroleum

Update: Shells Says Repairs Complete on Its San Pablo Bay Crude Pipeline in Northern California May 24 after 500 Barrel Spill May 20

Shell Oil Co. on Tuesday said crews repaired its San Pablo Bay underground pipeline after it broke and spilled 500 barrels of oil in near Tracy, California. A company spokesman said workers were running small amounts of oil through the pipeline to test it and were working on cleaning up the contaminated soil. Shell reported the leak after noticing that its pipeline lost pressure Friday morning. The company did not give a timeline for the resumption of oil flow.

Reuters, 14:31 May 24, 2016

<http://abcnews.go.com/US/wireStory/latest-shell-pipeline-fixed-california-oil-spill-39341877>

ExxonMobil Reports Release at Its 502,500 b/d Baton Rouge, Louisiana Refinery May 22

ExxonMobil Corp reported a release of materials from its Baton Rouge, Louisiana refinery on May 22, according to a filing with the National Response Center.

Reuters, 15:06 May 23, 2016

HollyFrontier Reports Unit Upset at Its 85,000 b/d Tulsa West, Oklahoma Refinery May 22

HollyFrontier Corp reported a release of materials due to a process unit upset at its Tulsa, Oklahoma refinery on May 22, according to a filing with the National Response Center.

Reuters, 15:02 May 23, 2016

Update: Hydrotreater Repairs Ongoing at Valero's 335,000 b/d Port Arthur, Texas Refinery May 23 – Sources

Valero Energy Corp was continuing to make repairs at two hydrotreating units at its Port Arthur, Texas refinery on Monday, sources familiar with plant operations said. The 47,000 b/d diesel gulfiner hydrotreater and the 30,000 b/d jet fuel hydrotreater were taken out of production on Friday in order to repair compressors on each of the units, the sources said. The repairs were expected to be finished late on Monday.

Reuters, 14:33 May 23, 2016

Valero Reports Flaring at Its 100,000 b/d Houston, Texas Refinery May 24

Valero Energy Corp reported activities that required flaring at its Houston, Texas refinery on May 24, according to a community information line.

Reuters, 12:36 May 24, 2016

Valero Reports Emissions at Its 89,000 b/d Three Rivers, Texas Refinery May 23

Valero Energy Corp reported emissions from complex 3 at its Three Rivers, Texas refinery on May 23, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 19:40 May 23, 2016

Alon Reports FCCU Emissions at Its 70,000 b/d Big Spring, Texas Refinery May 22

Alon USA Energy reported emissions from the fluid catalytic cracking unit (FCCU) at its Big Spring, Texas refinery on May 22, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 2:01 May 24, 2016

Natural Gas

Regency Reports AGI Compressor Shut at Its 290 MMcf/d Waha Gas Plant in Texas May 23

Regency reported the acid gas injector (AGI) compressor shutdown and power outage at its Waha gas plant. Once power was restored and the plant was restarted, the AGI compressor was reset and adequate inlet volumes are established.

<http://www2.tceq.texas.gov/oce/eeer/index.cfm?fuseaction=main.getDetails&target=233691>

Other News

Nothing to report.

International News

Nigeria's Brass River Crude under Force Majeure after Pipeline Blast – ENI Spokesman

Nigeria's Brass River crude oil stream was under force majeure after a pipeline blast on Sunday evening, an ENI spokesman said on Tuesday. Roughly 21,000 b/d in total of the stream's production were impacted by the blast, which amounts to roughly 20 percent of the crude stream's typical production.

Reuters 6:05 May 24, 2016

Nigeria Issues July Export Plans for Qua Iboe, Bonny Light Crude Oil – Traders

Nigeria issued loading programs for Qua Iboe and Bonny Light crude oil on Tuesday, though both grades remained under force majeure, traders said. The country plans to export 337,000 b/d of Qua Iboe crude oil in July, though five of the eleven cargoes were deferred from the June program. Exports of Bonny Light were set at 240,000 b/d in July aboard eight cargoes, traders said, though that grade was also under force majeure following a pipeline explosion. Reuters, 9:59 May 24, 2016

French Oil Worker Strike Shuts Refineries, Delays Tankers

Strikes by French oil sector workers protesting proposed labor market reforms have halted operations at Total's 247,000 b/d Gonfreville refinery and 117,000 b/d Feyzin refinery. Three other refineries were in the process of shutting down or cutting output causing a drain on gas stations and delaying tankers at ports. The five installations where operations have been affected account for more than half of France's total refinery output. France has a total refining capacity of nearly 1.5 million b/d. Reuters, 9:11 May 24, 2016

Iraq Oil Productions Falls to 4.5 Million b/d Due to Maintenance Issues, Power Outages – Senior Official

Iraq was pumping around 4.5 million b/d of oil, a senior official said on Tuesday, as issues including maintenance and power outages slow output from January's record high 4.78 million b/d. A decision to stop production of 170,000 b/d of Kirkuk crude, and the impact of bad weather and maintenance have slowed output, Iraq's OPEC governor and head of the State Oil Marketing Organisation (SOMO) said. Power outages were affecting production in southern Iraq of between 50,000 b/d to 70,000 b/d, he said. These have contributed to a slowdown in Iraqi exports so far in May.

Reuters, 7:22 May 24, 2016

Energy Prices

U.S. Oil and Gas Prices			
May 24, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	48.01	48.24	59.23
\$/Barrel			
NATURAL GAS			
Henry Hub	1.95	1.91	2.93
\$/Million Btu			

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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