



# ENERGY ASSURANCE DAILY

Thursday Evening, May 26, 2016

## ***Electricity***

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### **Update: Alberta Oil Sands Cogeneration Capacity at 443 MW May 26 – AESO**

Cogeneration electric plants' output around Fort McMurray in Alberta, Canada was at 443 MW by early Thursday, 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, 7:59 May 26, 2016

### **MEA Says Power Nearly Fully Restored to 20,000 Customers after Car Hits Utility Pole in Alaska May 25**

The Matanuska Electric Association (MEA) on Wednesday evening said about 20,000 customers were without power after a vehicle crash knocked down a utility pole. The utility said it was making repairs to a damaged feeder as well as six substations. As of 11:00 a.m. AKDT Thursday, 23 customers remained without power.

<https://ebill.mea.coop/woViewer/mapviewer.html?config=Outage+Web+Map>

<https://twitter.com/meacoop>

<http://www.ktva.com/20000-mea-customers-without-power-following-crash-into-utility-pole-343/>

### **Update: Southern's 870 MW Hatch Nuclear Unit 2 in Georgia Restarts, Ramps Up to 22 Percent by May 26**

The unit shut from full power on May 20. No further information was available on the cause of the shutdown.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

### **Entergy's 858 MW Arkansas Nuclear Unit 2 in Arkansas Reduced to 70 Percent by May 26**

On the morning of May 25 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

### **BHE Renewables' 310 MW Solar Star Unit 1 in California Shut by May 25**

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201605251515.html>

### **NRG Says Its 392 MW Ivanpah Solar Project in California to Return Online within 3 Weeks May 25 after Fire May 19**

Officials on Wednesday said the Ivanpah solar-thermal power plant in the Mojave Desert, California could be back online within three weeks after it was damaged on May 19 by a fire. The fire occurred when mirrors were misaligned during maintenance focusing sunbeams to create a spark, a spokesman said, adding that new safeguards will prevent the problem from happening again.

<http://lasvegassun.com/news/2016/may/25/solar-thermal-plant-damaged-by-fire-to-be-online-i/>

[http://www.nrg.com/documents/renew/factsheet\\_ivanhah.pdf](http://www.nrg.com/documents/renew/factsheet_ivanhah.pdf)

## ***Petroleum***

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### **Update: Oil Sands Crude Production Remobilization Continues Near Fort McMurray as Wildfire Grows in Northeastern Alberta May 26**

Authorities on Thursday said the Fort McMurray wildfire, which began burning on May 1, continued to burn and conditions remained "high to extreme" in Northeastern Alberta. Temperatures climbed on Wednesday and the fire

grew by about 43,000 hectares to 566,000 hectares (2,185 square miles), according to a wildfire official. Firefighters were conducting controlled burns in the Fort McMurray region to remove flammable debris and limit potential flare-ups later. Fort McMurray, Anzac, Gregoire Lake Estates, Fort McMurray First Nation, and Fort McKay First Nation remained under a mandatory evacuation order. On Tuesday several oil sands crude producers restarted operations as authorities lifted mandatory evacuation orders for work camps north of Fort McMurray, which were issued on May 16. A voluntary, phased re-entry for the return of Fort McMurray residents remained on schedule for June 1, and should be complete by June 15. The fire 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 Wednesday's EAD publication.

- **Syncrude Canada** on Wednesday, May 25 said it did not have a timeline yet for production restart but was making “significant progress” on its plan to safely restart operations. The company said it was sending several hundred more workers to its oil sand facilities. 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.
- **Suncor Energy** on Thursday, May 26 said it was pushing to reach full operations at its oil sands projects before July 1, according to several company employees. Another Suncor employee, an engineer, however, said all key production facilities could be up and running in as little as two weeks. On Monday, May 23 the company said it began the remobilization process of its employees to support the staged restart of its operations. Authorities late Friday, May 20, lifted evacuation orders on its Base Plant as well as nearby camps that house oil workers. 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.
- **Shell Canada** said on Thursday, May 19 that its Albion Sands operation remains safe and secure, and that the mandatory evacuation order north of Fort McMurray has not been extended to include its Albion Sands sites. On Tuesday, May 17, the company said its Albion 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 Albion oil sands mining operation, which include the Muskeg River and Jackpine oil sands mines.
- **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 Tuesday, May 24, said the fire threat to its Surmont facility was now low. It has started a staged remobilization and expected to have 350 workers back at the site by the end of the week. The company said it did not have an estimate of when production will be back online. 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. 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** confirmed last Thursday, May 19, 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 Monday, May 23 that its operations in northern Alberta were not affected by the wildfire activity that led to the precautionary evacuation of several oil facilities north of Fort McMurray and air quality remained at acceptable levels. The company said its Christina Lake facility continues to operate with normal production and staffing levels.
- **MEG Energy and Japan Canada Oil Sands Ltd** said their operations near Fort McMurray were not affected.
- **Enbridge Inc.** on Tuesday, May 24 said it was continuing to work with the Regional Municipality of Wood Buffalo on a staged re-entry and resumption of full operations in the Fort McMurray region. Additional fire mitigation measures, including widened firebreaks, were expected to be completed in the coming days and industrial firefighters remain onsite at several facilities as a precaution. Enbridge said pipelines into and out of its terminals remain operational and the time required to return to full service will be dependent on a number of factors, including the safety of its people and the staged re-entry into the region. Access to facilities and its rights of way, as well as utility power supply, remains intermittent. On Sunday, May 22, the Regional Municipality of Wood Buffalo announced a phased re-entry for camps near its Cheecham terminal. 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 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, which resumed operations on May 11, 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.

Reuters, 7:59 May 26, 2016

Reuters, 5:58 May 25, 2016

<http://www.alberta.ca/release.cfm?xID=41701E7ECBE35-AD48-5793-1642C499FF0DE4CF>

<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.nexencoold.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](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.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/>

## **ExxonMobil Reports Flaring Due to Lube Plant Upset at Its 560,500 b/d Baytown, Texas Refinery May 26 – Sources**

ExxonMobil Corp reported a malfunction in the lube oil plant at its Baytown, Texas refinery on May 26, according to sources familiar with plant operations. A compressor on a lube oil plant unit malfunctioned, triggering the refinery's flare system, according to the sources.

Reuters, 2:38 May 26, 2016

## **Phillips 66 Reports Emissions at Its 247,000 b/d Sweeny, Texas Refinery May 25**

Phillips 66 reported emissions from a wastewater treatment plant at its Sweeny, Texas refinery on May 25, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 3:53 May 25, 2016

## **ExxonMobil Reports Flaring at Its 149,500 b/d Torrance, California Refinery May 26**

ExxonMobil Corp reported unplanned flaring at its Torrance, California refinery on May 26, according to a filing with the South Coast Air Quality Management District. ExxonMobil said there was no impact on production.

Reuters, 3:03 May 26, 2016

Reuters, 1:32 May 26, 2016

## ***Natural Gas***

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### **Kinder Morgan Cancels Application to Build 420-Mile Northeast Energy Direct Natural Gas Pipeline May 23**

Kinder Morgan on Monday withdrew its application with the Federal Energy Regulatory Commission for a federal permit to build the 420-mile Northeast Energy Direct natural gas pipeline and a network of compressor stations. The pipeline was intended to send natural gas from Pennsylvania's shale gas fields across upstate New York to New England. The company announced last month that it was suspending work on the project, citing a lack of contracts with gas distribution companies. New York regulators last month denied a water quality permit for the Constitution pipeline, which would have followed much of the same route. That pipeline's developers are challenging the state's action in court.

Reuters, 1:27 May 26, 2016

## ***Other News***

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### **North Carolina House Approves Coal Ash Legislation May 25**

North Carolina House members on Wednesday approved a plan to revive the Coal Ash Management Commission that would help oversee the cleanup of coal ash pits maintained by Duke Energy despite a veto threat from Governor Pat McCrory. The bill now goes to the Senate, where leaders are on board with the legislation. Governor McCrory shut down the original commission following a state Supreme Court ruling in January that found the legislature held too much control over a panel with executive branch duties. Governor McCrory told legislators this week he would veto the bill, calling it unnecessary and saying it would interrupt recent efforts by the North Carolina Department of Environmental Quality to manage the cleanup of more than 30 pits linked to Duke Energy's coal-fired power plants.

Reuters, 7:46 May 25, 2016

## ***International News***

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### **Update: Chevron Shuts Its Escravos Facility in Nigeria's Niger Delta after Militant Attack – Company Source**

Chevron's onshore activities in Nigeria's Niger Delta were shut due to a militant attack at its Escravos terminal, a company source said on Thursday. A militant group called the Niger Delta Avengers, which has told oil firms to leave the delta before the end of May, said late on Wednesday that it had blown up the facility's main electricity feed. Industry sources said that Escravos onshore production accounts for roughly a third of its total output, on average 3.8 million barrels per month in 2014, according to the latest available data from the Nigerian National Petroleum Corporation. Escravos production was already down by more than 40,000 b/d after a May 5 militant attack on a Chevron offshore facility.

Reuters, 5:36 May 26, 2016

## Update: France’s Power Output Drops as Workers Join Strike; Oil Tankers Queue at Port May 26

Nuclear power plants across France were hit with unplanned outages on Thursday after unionized workers at utility EDF joined a rolling nationwide strike against planned government reforms. At least 11 of France’s 58 reactors reported outages, according to grid operator RTE, lowering output by about 5 gigawatts (GW) or 6 percent of the country’s nuclear capacity. State-controlled EDF is required to maintain a minimum output level so as to prevent power cuts during any strike action and the public may not notice the lower nuclear power output. The decrease does mean higher costs for EDF as it must start up more expensive coal- and gas-fired power plants and boost electricity imports. France’s power imports, mostly from Germany and Switzerland, increased to about 3.3 GW from approximately 800 MW around the same time a day earlier, RTE data showed. CGT oil refinery and oil depot workers have been on strike since Monday, with port workers and dockers joining on Thursday, and have blocked oil terminals, preventing some fuel deliveries and leading to shortages. A spokeswoman for the port of Marseille said 29 oil, LNG, and chemicals vessels were waiting on Wednesday. On Thursday morning, 21 vessels including 12 carrying oil, LNG, or chemicals, were waiting. During normal busy operations, about 5 vessels would be waiting, the port authority said. After police intervention in recent days to lift blockades at refineries and fuel distribution depots, 20–30 percent of fuel stations were dry or short of certain fuels, Prime Minister Manuel Valls said. Total said all but one of its fuel distribution depots were working; however two of its five refineries in France were at standstill and two more are set to halt in the coming days.

Reuters, 6:44 May 26, 2016

Reuters, 4:12 May 26, 2016

Reuters, 8:40 May 26, 2016

## Construction of Iraq-Jordan Oil, Gas Pipeline Expected to Begin this Year – Iraqi Ambassador

Construction of an oil pipeline, which would export Iraqi crude oil via Jordan and provide the Kingdom with its oil needs, was expected to start this year, according to the Iraqi Ambassador to Jordan. Jordan, which imports around 97 percent of its energy needs annually, used to receive around 10,000 b/d of crude oil from Iraq before militants caused a complete halt to shipments that used to be carried by trucks. Jordan consumes an estimated 100,000 b/d of oil. The project was originally envisioned as a 1,044-mile double pipeline that would pump 1 million b/d of oil from Basra on the Arabian Gulf to the Aqaba Port and around 258 MMcf/d of gas. The pipeline is expected to provide Jordan with 150,000 b/d, while the rest will be exported through Aqaba, generating an estimated \$3 billion a year in revenues for the Kingdom.

<http://www.jordantimes.com/news/local/construction-iraqi-oil-gas-pipeline-expected-start-year-%E2%80%94-envoy#sthash.DRWiST5k.dpuf>

## Energy Prices

U.S. Oil and Gas Prices			
May 26, 2016			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>	48.95	48.11	57.96
\$/Barrel			
<b>NATURAL GAS</b>			
<b>Henry Hub</b>	1.77	1.91	2.88
\$/Million Btu			

Source: Reuters

## Links

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***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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