



ENERGY ASSURANCE DAILY

Tuesday Evening, June 18, 2013

Major Developments

Energy Transfer Partners Shuts Segment of 3.1 Bcf/d Florida Gas Transmission Pipeline in Louisiana after Explosion June 18

Energy Transfer Partners confirmed an explosion on the 3.1 Bcf/d Florida Gas Transmission (FGT) pipeline in Washington Parish, Louisiana sparked a fire Tuesday, forcing operators to shut a section of the pipeline and reroute natural gas to customers along other parts of the Florida Gas system. The fire was later contained, officials said. The near 5,500-mile FGT system, a key artery transporting natural gas from Texas to south Florida, is owned by Florida Gas Transmission Co LLC, an Energy Transfer Partners-Kinder Morgan Inc. affiliate. In a critical notice, FGT announced it was performing unscheduled maintenance on one of the two FGT mainlines just downstream of FGT Compressor Station 9, which is located in Washington Parish. Starting with the gas day of June 19, FGT said it will schedule up to 1.1 Bcf/day through Station 9, down from 1.25 Bcf/d during normal operations. An Energy Transfer spokeswoman did not estimate when the pipeline would restart or have any details on the cause of the explosion, which occurred in a rural area near the town of Enon. The explosion caused about 10,000 customers of the Washington-Street Tammany Electric Cooperative in Louisiana to lose power, but a co-op representative said power had been restored to most of them. The blast destroyed a mobile home and prompted officials to evacuate 55 residents in the area, but no injuries were reported.

Reuters, 11:23 June 18, 2013

<http://www.albanyherald.com/news/2013/jun/18/major-natural-gas-pipeline-explodes-louisiana/>

<http://fgttransfer.energytransfer.com/fgtinfopost/noticesDetails.do?co=FGT&priority=Y&identifier=41336¬iceType=6#>

Electricity

Thunderstorms Cut Power to 25,000 DTE Customers and More Than 45,000 Consumers Energy Customers in Michigan June 17

A series of gusty thunderstorms and hail blew through eastern Michigan on Monday, cutting power to 25,000 DTE Energy customers and more than 45,000 Consumers Energy customers in the region. As of 3:30 p.m. EDT today, 10,588 DTE customers and 7,885 Consumers Energy customers remained without power. DTE said that barring any additional storms, it expects to restore the vast majority of affected customers by late Tuesday night. Consumers Energy on Tuesday said that the storms Monday evening caused additional outages in areas hit by storms earlier in the day. The utility was mobilizing additional company and contract crews to the hardest hit areas to assist in restoration efforts. A majority of its customers that have been without electric service since late Monday afternoon should have their power restored by 11:00 p.m. local time tonight. Customers in the hardest hit areas may not receive electric service until 11:00 p.m. Wednesday. Additional storm activity may prolong restoration times.

<http://www.freep.com/article/20130618/NEWS05/306180047/Power-out-Macomb-Lapeer-storms-storms>

<http://www.dteenergy.com/map/outage.html>

www.ConsumersEnergy.com/outagemap

<http://www.consumersenergy.com/News.aspx?id=6316&year=2013>

Update: Entergy's 730 MW Palisades Nuclear Unit in Michigan Ramped Up to 85 Percent by June 18

Entergy's Palisades nuclear plant is returning from an outage that began May 5, when operators shut the reactor after discovering excessive water leakage from the safety refueling water tank. Operators fixed the crack by replacing the tank bottom and redesigning its subflooring. Operators restarted the unit by June 17.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

Wolf Creek's 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas Reduced to 47 Percent by June 18 Due to Nonfunctional Electrical A/C Unit

Wolf Creek Nuclear Operating Corp. reported the Class 1E electrical A/C unit that cools safety related electrical train 'A' at its Wolf Creek nuclear power plant was declared nonfunctional Monday morning, rendering numerous electrical equipment inoperable due to inadequate room cooling capability, according to a filing with the U.S. Nuclear Regulatory Commission. Plant shutdown to mode 5 commenced Monday morning. No major equipment is out of service. All systems have functioned normally. The plant was at 47 percent power and ramping down this morning. On the morning of June 17 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130618en.html>

Update: Entergy's 813 MW FitzPatrick Nuclear Unit in New York Ramped Up to 52 Percent by June 18

On the morning of June 17 the unit was operating at 20 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

AES to Add 40 MW Battery Array at DP&L's Tait Natural Gas-Fired Power Plant in Ohio to Provide Frequency Regulation Service to the PJM Market

AES on Monday announced plans to bring an additional 40 MW of advanced energy storage resources to PJM Interconnection, which controls the power grid for 60 million people in the U.S. Northeast and Midwest. The AES battery array will be located at Dayton Power and Light's (DP&L) Tait natural gas-fired peaking station in Ohio, providing frequency regulation service to the PJM market. AES' new project will connect through the Tait station but will have an independent agreement with PJM. The Tait storage array is expected to come online in September 2013. The 40 MW storage resource will consist of 24 MW from AES inventory, with the remaining 16 MW coming from an existing AES facility, which the company is relocating to Ohio.

<http://www.aesenergystorage.com/news/aes-expand-energy-storage-presence-pjm-market-first-advanced-energy-storage-facility-ohio.html>

Petroleum

Update: Tesoro Announces Sale of Its Shuttered 94,000 b/d Kapolei, Hawaii Refinery to Par Petroleum Corp.; Par Intends to Operate Refinery

Tesoro Corporation on Monday announced that it has signed an agreement with a wholly owned subsidiary of Par Petroleum Corporation to sell all of its interest in Tesoro Hawaii, LLC, which operates the 94,000 b/d Kapolei refinery, retail stations, and associated logistical assets. As part of the agreement, Par Petroleum intends to operate the assets as an integrated refining, logistics, and retail system. Tesoro anticipates completing the sale in the third quarter 2013, subject to regulatory approval. Tesoro announced in January 2012 its intention to sell its Hawaii operations to focus on its U.S. Midcontinent and West Coast operations. In January 2013 it announced plans to cease refining operations at the Kapolei refinery in April 2013, and begin converting the facility into an import, storage, and distribution terminal. It ceased refining operations on April 30.

<http://phx.corporate-ir.net/phoenix.zhtml?c=79122&p=irol-newsArticle&ID=1830538>

Update: Motiva Shuts Unspecified Unit Due to an Operational Issue at Its 600,000 b/d Port Arthur, Texas Refinery June 14

Motiva Enterprises said it initiated a planned shutdown on an unspecified unit due to an operational issue at its Port Arthur refinery on Friday. Operators had previously reported they were shutting the catalytic feed hydrotreater (CFH) unit at the refinery early Friday morning to investigate a potential leak. Energy industry intelligence service Genscape reported on Friday that elevated flaring had ceased from a flare tower associated with the 75,000 b/d hydrocracker and three sulfur recovery units located in Sulfur Block 2. Genscape added that one of the SRUs has been shut since May 27.

Reuters, 10:16 June 18, 2013

Update: Valero Says HCU at Planned Rates at Its 310,000 b/d Port Arthur, Texas Refinery by June 18

Valero Energy Corp. said a 45,000 b/d hydrocracking unit (HCU) was operating at planned rates at its Port Arthur on Tuesday after restarting on Friday.

Reuters, 10:29 June 18, 2013

Update: Total Restarts Compressor at Its 232,000 b/d Port Arthur, Texas Refinery after Unexpected Shutdown June 16

Total restarted a compressor on Unit 860 at its Port Arthur refinery after it unexpectedly shut Sunday, according to a filing with the Texas Commission on Environmental Quality. The shutdown caused sulfur dioxide emissions for a period of 31 minutes.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=184211>

Update: CHS Shuts Alkylation Unit at Its 59,600 b/d Laurel, Montana Refinery June 14 Due to Leaking Flange

CHS Inc. shut an alkylation unit at its Laurel refinery after a leak was discovered on Friday. The refinery had reported a leaking flange released an unknown amount of hydrofluoric acid and butane Friday afternoon in a filing with Federal regulators. Operators expect the unit will return to service in the coming days, and the remainder of the refinery continues to operate, a spokeswoman said.

Reuters, 13:19 June 17, 2013

Koch Pipeline Launches Open Season on Proposed 250,000 b/d Dakota Express Pipeline to Transport Bakken Crude Oil from North Dakota to Illinois

Koch Pipeline Company, L.P. announced today that it will conduct Phase I of an open season for the Dakota Express Pipeline, a proposed pipeline to transport Bakken crude oil from western North Dakota to Hartford, Illinois and Patoka, Illinois. Koch Pipeline also intends to explore a connection at Patoka, Illinois to the Eastern Gulf Crude Access Pipeline, which would be capable of delivering Bakken crude oil to eastern U.S. Gulf Coast refineries. The Dakota Express Pipeline would begin service in 2016 with an expected initial capacity of approximately 250,000 b/d. The pipeline project would include some new construction, while also utilizing Koch Pipeline's existing Wood River Pipeline and Hartford terminal. Historically, the Wood River Pipeline has transported crude oil south to north from Hartford, Illinois to Saint Paul, Minnesota. Koch would reverse the flow of the pipeline to make it part of the Dakota Express Pipeline system.

<http://www.kochind.com/files/061813KPLDakotaExpressPublicAnnouncement.pdf>

Natural Gas

Encana Shuts 32 Natural Gas Wells and WPX Energy Shuts 2 Natural Gas Wells Due to Wildfire in Central Colorado June 14

Encana Corp. on Friday said it has shut down as a precaution 32 natural gas wells in the Piceance Basin northwestern Colorado because of a nearby wildfire, which broke out after a lightning strike Thursday. A spokesman said the company has not estimated when the wells will be brought back online. Garfield County officials say two wells owned by WPX Energy have also been shut down. Local fire officials said Friday that the wildfire was located about a quarter mile from some of the wells, but no structures were threatened at that time. Officials expected the fire would be brought under control soon.

<http://www.inciweb.org/state/6/>

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/NaturalGas/21162894>

http://www.denverpost.com/breakingnews/ci_23461055/encana-shuts-down-32-gas-wells-due-wildfires

Update: DCP Midstream, Partners Place 200,000 b/d Sand Hills NGL Pipeline and 175,000 b/d Southern Hills NGL Pipeline into Service in Texas

DCP Midstream, Phillips 66, and Spectra Energy on Monday announced that the Sand Hills and Southern Hills natural gas liquids (NGLs) pipelines are in service. The three companies each own a one-third interest in the pipeline entities. The 720-mile, 20-inch Sand Hills NGL Pipeline is transporting NGLs from production in the Permian Basin and Eagle Ford Shale to Gulf Coast markets. DCP opened Sand Hills in two phases, with the first segment in South Texas coming online in the fourth quarter of 2012. The pipeline will ramp up to a capacity of more than 200,000 b/d after completion of initial pump stations. Further capacity increases to 350,000 b/d are possible with the installation of additional pump stations. The 800-mile Southern Hills NGL Pipeline is transporting NGLs from production in the Midcontinent to the Texas Gulf Coast and Mont Belvieu markets. The pipeline began taking flows in the first quarter of 2013 and will ramp up to a capacity of 175,000 b/d after completion of planned pump stations.

<https://www.dcpmidstream.com/pdf/DCP%20Midstream,%20Phillips%2066%20and%20Spectra%20Energy%20Announce%20Major%20NGL%20Pipelines%20in%20Service.pdf>

FERC Approves El Paso Natural Gas to Start Service on 366 MMcf/d Norte Crossing Border Pipeline Project to Export Gas from Texas to Mexico

The U.S. Federal Energy Regulatory Commission (FERC) on Friday approved El Paso Natural Gas Company, LLC to place into service the Norte Crossing facilities located at the U.S.-Mexico International Border in El Paso County, Texas. This project will provide 366 MMcf/d to planned Mexican power plants in northern Mexico. EPNG had in March 2012 submitted an application for authorization to site, construct, connect, operate, and maintain the new border crossing facility. FERC granted the authorization in August 2012.

<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13282473>

<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13276686>

<http://www.ferc.gov/legal/staff-reports/mar-2012-energy-infrastructure.pdf>

Acid Gas Compressor Shutdown Leads to Flaring at Targa's 150 MMcf/d Sand Hills Gas Plant in Texas June 16

Targa reported the No. CM-14 acid gas compressor at its Sand Hills plant shut down on a fuel correction factor Sunday night, leading to flaring at the acid gas emergency flare, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=184253>

Other News

BSEE to Host Offshore Energy Hurricane Preparedness and Response Forum to Prepare for Storms in the Gulf of Mexico

The U.S. Bureau of Safety and Environmental Enforcement (BSEE) announced it will host a public forum on offshore energy infrastructure hurricane preparedness and response on June 27, 2013. Stakeholders attending the forum will discuss actions to protect offshore energy infrastructure and the environment during a hurricane in the Gulf of Mexico, and to discuss what stakeholders are doing to prepare for and respond to such storms to ensure minimal impact to the supply of energy from offshore areas.

<http://www.bsee.gov/BSEE-Newsroom/Press-Releases/2013/Press06172013.aspx>

North Dakota Oil and Natural Gas Production Hits All-Time High in April

The North Dakota Industrial Commission's Department of Mineral Resources on Friday reported oil and natural gas production from North Dakota's Bakken and Three Forks formations reached new record highs in April, growing approximately 1.3 percent to 793,249 b/d from 782,999 b/d in March. Gas production rose 1.7 percent from 834,637 MMcf/d in March to 860,398 MMcf/d in April. The rise comes despite cold temperatures and heavy snowfall in April, and "uncertainty surrounding Federal policies on taxation and hydraulic fracturing," which are making investors "nervous."

<https://www.dmr.nd.gov/oilgas/directorscut/directorscut-2013-06-14.pdf>

International News

Update: Libyan Crude Oil Output Partly Recovers to 1.3 MMb/d after Protests

Libya's oil output has climbed to 1.3 MMb/d from less than 1 MMb/d last week as operations normalize following several disruptions due to protests at fields and ports, a senior Libyan industry source said. Libya normally produces around 1.6 MMb/d, but the state-owned oil company National Oil Corp. said last week that output had fallen below 1 MMb/d due to protests at Tobruk and Zueitina ports, as well as a large decline in production at the El Feel, Sharara, and Sarir oilfields. Workers at the Marsa al-Hariga and Zueitina ports later said that the demonstrators had left the premises. While output has recovered since last week, several fields are still offline due to worker protests, including the 70,000 b/d Abu Attifel oilfield, which shut last Wednesday, and the El Feel, which has been down since late last month.

Reuters, 07:25 June 17, 2013

Statoil Resumes Partial Production at Its Oseberg Oilfield Center in the Norwegian North Sea June 18 after Shutdown Due to Gas Alarm on June 17

Statoil ASA on Tuesday said its Oseberg oilfield center in the Norwegian North Sea, which closed Monday following the activation of a gas alarm, has resumed partial production. Operators were still investigating the cause for the alarm on Tuesday. The Oseberg field center consists of three platforms producing both oil and natural gas from the Oseberg, Oseberg Oest, Oseberg Soer, and Tune fields. Three of those fields—Oseberg, Oseberg Soer, and Oseberg Oest—produced 3.5 million barrels of oil and about 500 million cubic meters of gas in April, according to Norwegian Petroleum Directorate data. The output from Tune was marginal. In June and July operators estimated that between 135,000 b/d and 160,000 b/d of oil would be produced from the three Oseberg fields.

http://www.rigzone.com/news/oil_gas/a/127154/Some_Production_Resumes_at_North_Sea_Oseberg_Oil_Field
<http://www.reuters.com/article/2013/06/17/statoil-oseberg-idUSL5N0ET1DM20130617?feedType=RSS&feedName=marketsNews&rpc=43>

Nigeria's MEND Attacks Two Gasoline Trucks, Threatens Industry June 15

Nigeria's Movement for the Emancipation of the Niger Delta (MEND) on Saturday said it attacked two gasoline-laden trucks and threatened more action against the downstream petroleum industry in Nigeria. MEND used military-grade timed magnetic explosives on the trucks that were queued outside a fuel depot operated by the state-owned Nigerian National Petroleum Corp. in Abaji, a spokesman said in an emailed statement. The spokesman threatened that it was targeting "every tanker vehicle [it] finds distributing petroleum products including propane gas" in its "war against injustice, corruption, despotism, and oppression." MEND had on April 3 said it is resuming assaults on Nigeria's oil industry after its suspected leader, Henry Okah, was imprisoned in South Africa.

<http://www.bloomberg.com/news/2013-06-15/nigeria-s-mend-attacks-two-gasoline-trucks-threatens-industry.html?cmpid=yhoo>

Energy Prices

U.S. Oil and Gas Prices			
June 18, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	97.71	95.32	83.29
NATURAL GAS Henry Hub \$/Million Btu	3.78	3.73	2.44

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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