



ENERGY ASSURANCE DAILY

Tuesday Evening, June 26, 2012

Major Developments

Update: More than 250,000 b/d of Oil and 773 MMcf/d of Natural Gas Production Remain Shut-In as Producers Resume Operations in Gulf of Mexico after Tropical Storm Debby

The Bureau of Safety and Environmental Enforcement continued to monitor offshore oil and gas activities in the Gulf of Mexico Tuesday as producers slowly resumed operations after evacuating platforms and rigs in the path of Tropical Storm Debby over the weekend. Based on data from offshore operator reports submitted as of 11:30 AM CDT today, approximately 250,187 b/d (18.1 percent of the current daily oil production in the Gulf of Mexico) has been shut-in. It is also estimated that approximately 773 MMcf/d (17.2 percent of the current daily natural gas production in the Gulf) has been shut-in. Oil and gas producers began restarting production and re-staffing evacuated platforms on Monday as Tropical Storm Debby headed northeastward toward Florida. Individual company activities are noted below:

- **Anadarko Petroleum Corp.** on Monday was re-staffing four oil and gas platforms it shut June 23 and expected to restart production after inspections. The four platforms are: Independence Hub (1 Bcf/d), Marco Polo (120,000 b/d, 300 MMcf/d), Constitution (70,000 b/d, 200 MMcf/d), and Neptune (14,000 b/d, 23 MMcf/d).
- **BHP Billiton** on Monday was re-staffing two platforms it shut June 22 and expected to restart production on Tuesday. The two platforms are: Shenzi (120,000 b/d, 50 MMcf/d) and Neptune (50,000 b/d, 50 MMcf/d).
- **BP Plc** on Monday was re-staffing six platforms it shut June 23 and expected to resume production first at its westernmost operations. The six platforms are: Thunder Horse (250,000 b/d, 200 MMcf/d), Atlantis (200,000 b/d, 180 MMcf/d), Horn Mountain, Mad Dog (65,000 b/d, 68 MMcf/d), Holstein (110,000 b/d, 150 MMcf/d), Na Kika (130,000 b/d, 500 MMcf/d), Marlin (60,000 b/d, 250 MMcf/d).
- **ConocoPhillips** said Tuesday it had re-staffed its Magnolia offshore platform (8,000 b/d, 16 MMcf/d), which it shut June 24, and that normal operations were underway to restore production.
- **Royal Dutch Shell Plc** on Monday was re-staffing and restarting production at two platforms it shut June 24. It expected to resume normal operations across the Gulf by the end of the day Tuesday. The two platforms are: Auger (101,000 b/d, 415 MMcf/d) and Enchilda/Salsa (60,000 b/d, 400 MMcf/d).
- **ExxonMobil Corp.** on Monday said it was re-staffing and resuming normal operations in the Gulf. The company had shut-in about 1,000 b/d of oil production and 7 MMcf/d of gas production.

<http://www.bsee.gov/BSEE-Newsroom/Press-Releases/2012/Press06262012.aspx>

[http://www.reuters.com/article/2012/06/25/storm-debby-energy-](http://www.reuters.com/article/2012/06/25/storm-debby-energy-idUSNL28HPB7Y20120625?feedType=RSS&feedName=rbssEnergyNews&rpc=43)

[idUSNL28HPB7Y20120625?feedType=RSS&feedName=rbssEnergyNews&rpc=43](http://www.reuters.com/article/2012/06/25/storm-debby-energy-idUSNL28HPB7Y20120625?feedType=RSS&feedName=rbssEnergyNews&rpc=43)

<http://www.hydrocarbonprocessing.com/Article/3050968/Latest-News/US-oil-gas-producers-redeploy-Gulf-of-Mexico-staff-as-Debby-weakens.html>

http://www.rigzone.com/news/article.asp?a_id=118880

Update: Nearly 40,000 Utility Customers without Power in Florida June 26 Due to Tropical Storm Debby; More Outages Expected as Storm Makes Landfall This Week

Tropical Storm Debby continued moving slowly eastward toward Florida Tuesday, complicating efforts to restore power to affected customers along the Florida Gulf Coast and causing new outages throughout the state. The storm has delivered heavy rainfall, powerful winds, and isolated tornadoes since Sunday, knocking down power lines and cutting power to at least hundreds of thousands of utility customers throughout the state. On Tuesday morning, Progress Energy Florida reported about 7,000 customers remained without power as crews continued to battle the effects of the storm. The utility reported it had restored power to more than 278,000 customers since the first round of storms Sunday. Nearly 14,500 of its customers were without power Tuesday afternoon. The company said it expects additional outages across its 35-county service area as the storm makes landfall later this week. Tampa Electric Co. reported early Tuesday morning that it had restored power to all but 2,000 of its 20,000 customers affected by the first round of storms Sunday. The utility said all customers currently affected by the storm should see their service restored sometime today, but additional outages may occur today and Wednesday as high winds and rain continue in some areas.

Florida Customer Power Outages			
June 24–26			
Electric Utility	State	Peak	Latest Reported
Progress Energy Florida	FL	80,000	14,467
Tampa Electric Co. (TECO)	FL	20,000	1,486
Lee County Electric (LCEC)	FL	18,000	100
Florida Power & Light (FPL)	FL	22,590	22,950
City of Tallahassee	FL	14,550	130
Withlacoochee River Electric Cooperative	FL	2,000	30
JEA	FL	700	98
TOTAL*		157,840	39,260

*Peaks are non-concurrent. Total outages only represent electric utilities listed in this table.

Sources:

<https://www.progress-energy.com/app/outagemaps/florida.aspx>

<http://www.tampaelectric.com/outagemap/>

<http://www.lcec.net/outage/>

<http://www.fplmaps.com/>

<http://www.talgov.com/you/news/june.cfm?src=25>

http://www.wrec.net/storm_information.php

https://jea.com/Outage_Info.aspx

<https://www.progress-energy.com/company/media-room/news-archive/press-release.page?title=Progress+Energy+Florida+restoration+efforts+continue+&pubdate=06-26-2012>

<http://tampaelectric.com/news/article/index.cfm?article=660>

http://www.abcactionnews.com/dpp/news/region_tampa/thousands-of-progress-energy-teco-customers-still-without-power-from-debby

Electricity

Fast-Moving Storm Knocks Out Power to 192,000 Dominion Virginia Power Customers near Richmond and Williamsburg June 25

Dominion Virginia Power expected to restore power by overnight Wednesday to the vast majority of customers affected by a powerful, fast-moving storm that passed through the Richmond metro and Williamsburg areas around 2:30 PM EDT Monday, according to a release. A few isolated areas where restoration is most difficult may remain without power until Thursday morning, Dominion said. Crews working overnight Monday night restored power to more than 120,000 of the 192,000 customers affected. As of 3:30 PM EDT today, Dominion reported 45,589 customers remained without power.

<http://www.dom.com/storm-center/dominion-electric-outage-summary.jsp>

<http://dom.mediaroom.com/2012-06-26-Dominion-Virginia-Power-Restores-Service-To-More-Than-125-000-Customers-Affected-By-Summer-Storm>

ERCOT Sets Electric Use Record at 65,047 MW in Texas June 25; Urges Conservation as New Record, Tight Grid Conditions Expected June 26

The Electric Reliability Council of Texas (ERCOT) saw a new June record for peak electric demand Monday, the grid operator announced in a release today. Electric use during the 4:00–5:00 PM hour averaged out at 65,047 MW. The previous record for June was 63,102 MW, which occurred on June 17, 2011. ERCOT’s all-time peak demand record occurred on August 3, 2011, when electric use in the ERCOT region topped out at 68,379 MW. The grid operator was urging users to reduce electricity use during the hours between 3:00–7:00 PM. With temperatures expected to remain hot through much of the week, ERCOT expects to see tight grid conditions continue during peak evening hours. The forecast for Tuesday, June 26, calls for electric use to exceed 66,000 MW, with the possibility of topping out at more than 67,000 MW.

http://www.ercot.com/news/press_releases/show/26234

Update: DTE Shuts 1,089 MW Fermi Nuclear Unit 2 in Michigan June 25 after Reactor Feed Pumps Trip

DTE Energy reported that Monday afternoon, while restoring the main turbine generator to service after repairs to the main unit transformer No. 2B, workers manually initiated a reactor scram in response to a trip of both reactor feed pumps (RFPs). All systems were being maintained at normal levels while an investigation into the trip of RFPs continues.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120626en.html>

Entergy’s 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Reduced to 83 Percent by June 26

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

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

Unionized Con Edison Workers in New York City Threaten to Begin Strike July 1 amid Contract Disputes

Consolidated Edison workers belonging to the Local 1-2 Union in New York City on Friday threatened to strike on July 1 if they do not reach a new contract with the utility. The union represents 8,500 workers whose contract ends at midnight on June 30; at issue are wages, pensions, and health benefits, according to a union representative.

<http://www.reuters.com/article/2012/06/22/newyork-coned-strike-idUSL2E8HMC1720120622?feedType=RSS&feedName=marketsNews&rpc=43>

U.S. Appeals Court Says EPA Can Regulate Greenhouse Gases under the Clean Air Act

The U.S. Court of Appeals for the District of Columbia Circuit on Tuesday unanimously upheld regulations governing greenhouse gases proposed by the U.S. Environmental Protection Agency (EPA) under the Clean Air Act. The court in February heard arguments brought by state and industry challenging the EPA’s authority to set carbon dioxide limits. In its ruling today, the court said the EPA is correct in declaring carbon dioxide a public danger and that its attempt to set limits for emissions from cars and light trucks is “neither arbitrary nor capricious.” The court also found the EPA’s interpretation of the Clean Air Act to regulate carbon dioxide regulations is “unambiguously correct.” The court said it lacked jurisdiction, however, to review the timing and scope of greenhouse gas rules that affect stationary sources like new coal-burning power plants and other large industrial sources.

Reuters, 11:48 June 26, 2012

Petroleum

Update: Delta Closes on Trainer, Pennsylvania Refinery Deal June 22; Set to Begin Maintenance Overhaul in Early July, Resume Production in September

A Delta Air Lines subsidiary, Monroe Energy LLC, on Friday closed on a deal to purchase Phillips 66’s idled 185,000 b/d Trainer refinery. The company announced in early May an agreement with Phillips 66 to acquire the refinery near Philadelphia by the end of June; the facility has been idle since September 2011. Workers are expected to return to the plant next week and will begin turnaround activities after the July 4 holiday. Monroe Energy, which will operate the plant, plans to resume fuel production in September.

<http://travel.usatoday.com/flights/story/2012-06-26/Delta-closes-on-deal-for-Pennsylvania-oil-refinery/55833832/1>

Update: Sunoco Announces Binding Open Season for Permian Express Phase I; Project to Deliver 150,000 b/d of West Texas Crude Oil to Gulf Coast Markets

Sunoco Logistics Partners L.P. announced yesterday that Sunoco Pipeline L.P. will commence a binding Open Season for Permian Express Phase I, a recently announced project to deliver 150,000 b/d of Permian Basin crude oil from West Texas to Gulf Coast markets. For Permian Express Phase I, Sunoco Logistics will reverse its Wortham-to-Wichita Falls pipeline and utilize excess capacity on the southern leg of the West Texas Gulf pipeline system to create continuous pipeline service from Wichita Falls, Texas to Nederland/Beaumont, Texas markets. At Wichita Falls, a connection to Basin Pipeline will be provided. Due to the use of existing assets, an initial capacity to transport approximately 90,000 b/d to Nederland will be operational within 6–9 months. Full capacity of 150,000 b/d is expected by the second half of 2013.

<http://www.sunocologistics.com/Investors/News-Releases/44/>

Sunoco Shuts Crude Unit Vacuum Tower at Its 335,000 b/d Philadelphia, Pennsylvania Refinery June 20 – Filing with City Regulators

<http://www.bloomberg.com/news/2012-06-25/n-y-gasoline-strengthens-after-sunoco-refinery-shuts-equipment.html>

Update: BP Returns SRU to Normal Operation at Its 413,000 b/d Whiting, Indiana Refinery by June 25 after Fire Last Week – Sources

BP Plc had returned a sulfur recovery unit (SRU) to normal operation at its Whiting refinery by Monday, according to sources familiar with refinery operations. The SRU was operating at reduced rates following a fire at the refinery last Thursday, the sources said. The fire lasted about an hour and caused no permanent damage.

Reuters, 16:51 June 25, 2012

Update: Motiva Restores Operation of New HCU at Its 600,000 b/d Port Arthur, Texas Refinery June 25 after Malfunction June 23 – Sources

Motiva Enterprises was restoring operation of the new 75,000 b/d hydrocracking unit (HCU) at its Port Arthur refinery on Monday following a malfunction on Saturday, according to sources familiar with operations. The refinery had reported to state regulators a level trip in the high pressure hydrogen sulfide absorber Saturday led to a trip on the recycle gas compressor, resulting in excess pressure in the unit and flaring from the HCU-2 flare.

Reuters, 12:47 June 25, 2012

Shell Says Temporary Upset May Cause Flaring at Its 329,800 b/d Deer Park, Texas Refinery June 25–26

Shell Oil Co. reported a temporary upset might cause flaring at its Deer Park refinery, according to a recorded message on the local Community Awareness and Emergency Response line.

Reuters, 23:28 June 25, 2012

Lyondell Reports Leak in Benzene-Toluene Splitter Unit Tower at Its 270,600 b/d Houston, Texas Refinery June 25

LyondellBassell subsidiary Houston Refining LP reported a leak was discovered on the top of the South Clay Tower of its No. 940 benzene-toluene splitter unit at its Houston refinery overnight Monday, according to a filing with the Texas Commission on Environmental Quality. Operators blocked the line in and stopped the leak.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170269>

Cooling Tower Leak Causes Benzene Emissions at Flint Hills's 288,468 b/d Corpus Christi, Texas Refinery June 25

Flint Hills Resources reported a release of benzene into the atmosphere due to a leak in a cooling tower at its Corpus Christi refinery Monday afternoon, according to a filing with the U.S. National Response Center. Operators were working to find the source of the leak at the time of the filing, and it was unclear whether the release had been secured.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1015674

SRU Malfunction Leads to Sour Water Stripper Shutdown, Triggers Flaring at Alon's 67,000 b/d Big Spring, Texas Refinery June 25

Alon USA Energy reported a malfunction in the sulfur recovery unit (SRU) No. 2 at its Big Spring refinery Monday morning led to the shutdown of a sour water stripper (SWS) and forced operators to reduce feed from units, according to a filing with state regulators. The snag was initially due to an air swing caused by plugging piping associated with the contactor bottoms pump, the filing said. Operators immediately moved as much feed as possible to the No. 1 SRU, shut the SWS, and vented remaining feed to the North Flare. The snag triggered flaring from SRU-2, the No. 2 shell clause off-gas treating (SCOT) unit, and an incinerator at the refinery. The event was ongoing at the time of the filing.

Reuters, 14:16 June 25, 2012

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=170245>

Supply Line Leaks Benzene at ExxonMobil's 503,000 b/d Baton Rouge, Louisiana Refinery June 25

ExxonMobil reported an unknown amount of benzene released onto concrete and into the air due to a leak in a supply line on the T1 tower at its Baton Rouge refinery Monday morning, according to a filing with the U.S. National Response Center. Operators isolated the line to stop the leak and expected to secure the line within an hour at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1015627

Unspecified Unit Breakdown Causes Flaring, Minimal Impact to Production at ExxonMobil's 149,500 b/d Torrance, California Refinery June 25–26

ExxonMobil Corp. expects minimal impact from the breakdown of an unidentified unit at its Torrance refinery overnight last night, according to a company spokeswoman. The company on Tuesday reported unplanned flaring and an unspecified unit breakdown in a filing with the South Coast Air Quality Management District. In a separate filing with the California Emergency Management Agency, operators reported sulfur dioxide emissions due to the flaring at the refinery. ExxonMobil expects to meet its contractual commitments, the spokeswoman said.

Reuters, 08:52 June 26, 2012

Reuters, 11:36 June 26, 2012

Natural Gas

BP Reports Explosion at Its 30 MMcf/d Pinon Natural Gas Compressor Station in Colorado June 25

BP Plc said it was investigating the cause of an explosion that took place Monday morning at its 30 MMcf/d Pinon natural gas compressor station near Bayfield, Colorado. The explosion, which took place as a crew was performing pipeline maintenance at the site, killed one person and wounded two others, the company reported in a statement Tuesday. BP said it was too early to speculate on the cause of the accident. Operators secured and shut down the station; BP was unable to give a timeline for its restart. The Pinon station gathers natural gas from BP's operations in Colorado's San Juan Basin.

Reuters, 11:57 June 26, 2012

http://www.rigzone.com/news/article.asp?a_id=118882

Other News

Silica a Health Hazard to Workers at Hydraulic Fracturing Sites – Occupational Safety and Health Administration

<http://www.reuters.com/article/2012/06/22/us-fracking-study-idUSBRE85L1C320120622>

<http://www.thedickinsonpress.com/event/article/id/59169/group/homepage/>

International News

Update: Statoil Shuts Four More Installations in Oseberg Oil & Gas Field Offshore Norway Due to Ongoing Union Workers' Strike

Statoil on Tuesday said it was shutting down four more installations as a result of a strike on the Norwegian continental shelf (NCS), according to a press release. The Oseberg C, Huldra, Veslefrikk and Brage installations are connected to the Oseberg Field Centre, where members of the Organization of Energy Personnel, Industry Energy, and the Norwegian Organization of Managers and Executives have been called out on strike. Production from the fields served by these installations is now being stopped. Due to reduced oil and gas deliveries from the NCS, parts of the Sture terminal production north of Bergen will also be stopped, according to the release. Norwegian trade unions will decide at a meeting on Friday whether to escalate an ongoing strike that has so far cut the country's oil production by 150,000 b/d, or 9 percent of total capacity, and reduced natural gas output by 4 percent.

<http://www.statoil.com/en/NewsAndMedia/Pages/26June12Streik.aspx>

<http://www.reuters.com/article/2012/06/26/norway-oil-strike-idUSL6E8HQ3FP20120626>

Energy Prices

U.S. Oil and Gas Prices			
June 26, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	79.05	83.69	90.33
NATURAL GAS Henry Hub \$/Million Btu	2.70	2.45	4.31

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 and 1:00 PM Eastern Time every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM Eastern Time every Thursday.

ENERGY ASSURANCE DAILY

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

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