



# ENERGY ASSURANCE DAILY

Wednesday Evening, August 08, 2012

## ***Major Developments***

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### **Update: Chevron Reports Small Second Fire at 245,271 b/d Richmond, California Refinery August 8**

On Wednesday, Chevron Corp. reported a small secondary fire ignited near the location of Monday's fire in the refinery's crude distillation unit (CDU). The second fire resulted in no injuries, presented no immediate threat to the public, and was extinguished in minutes. On Tuesday Chevron said its Richmond refinery still continued to operate but did not provide details on which parts of the refinery were still operating. The California Occupational Safety and Health Administration (Cal/OSHA) on Tuesday said it had issued a preservation order around the site of the fire that was limited to the atmospheric tower and associated piping in the CDU. A preservation order keeps the site of the fire intact for investigators and prevents injuries to workers repairing damaged units. Cal/OSHA said Chevron must address any structural safety issues among the overhead pipes and walkways that were in or near the fire, and then, upon approval, review the atmospheric tower for necessary repairs. A lengthy disruption of production at the refinery could affect the supply of fuel on the West Coast, particularly gasoline. The Richmond refinery produces about 150,000 barrels of gasoline a day—or 16 percent of the region's daily gasoline consumption of 963,000 barrels, according to industry analysts. Spot prices for gasoline in California surged Tuesday, gaining 29.5 cents against futures traded on the New York Mercantile Exchange, according to data compiled by Bloomberg. More than 1,000 people on Monday and Tuesday sought medical help due to respiratory problems and eye irritation caused by smoke from the fire, according to reports.

Reuters, 00:13 August 8, 2012

[http://www.chevron.com/news/mediareources/updates.news?utm\\_campaign=Richmond\\_Fire\\_-\\_US&utm\\_medium=cpc&utm\\_source=Google&utm\\_term=chevron\\_corp](http://www.chevron.com/news/mediareources/updates.news?utm_campaign=Richmond_Fire_-_US&utm_medium=cpc&utm_source=Google&utm_term=chevron_corp)

<http://finance.yahoo.com/news/chevron-says-richmond-refinery-still-163548976.html>

[http://www.reuters.com/article/2012/08/07/chevron-refinery-](http://www.reuters.com/article/2012/08/07/chevron-refinery-idUSL2E8J72HW20120807?feedType=RSS&feedName=marketsNews&rpc=43)

[idUSL2E8J72HW20120807?feedType=RSS&feedName=marketsNews&rpc=43](http://www.reuters.com/article/2012/08/07/chevron-refinery-idUSL2E8J72HW20120807?feedType=RSS&feedName=marketsNews&rpc=43)

<http://finance.yahoo.com/news/chevron-response-refinery-fire-under-071425311.html>

[http://www.reuters.com/article/2012/08/08/chevron-refinery-richmond-](http://www.reuters.com/article/2012/08/08/chevron-refinery-richmond-idUSL2E8J810120120808?feedType=RSS&feedName=marketsNews&rpc=43)

[idUSL2E8J810120120808?feedType=RSS&feedName=marketsNews&rpc=43](http://www.reuters.com/article/2012/08/08/chevron-refinery-richmond-idUSL2E8J810120120808?feedType=RSS&feedName=marketsNews&rpc=43)

<http://www.bloomberg.com/news/2012-08-07/california-gasoline-surges-after-chevron-refinery-fire.html?cmpid=yahoo>

### **Update: Enbridge Restarts Its 317,600 b/d Line 14 Crude Oil Pipeline at Reduced Rate in U.S. Midwest August 7**

Enbridge Energy Partners, LP on Tuesday restarted its Line 14 crude oil pipeline upon approval from the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA), which said Enbridge must observe extra safety precautions, including restricting line pressure to 80 percent of that used at the time of failure. Operators shut and isolated the 24-inch pipeline July 27 after discovering an estimated 1,200 barrels of crude oil had spilled near Grand Marsh, Wisconsin. Line 14 predominantly transports light crude oil to Chicago-area refineries. It is part of Enbridge's Lakehead System, a 2.5 million b/d network that is the main conduit for Canadian crude oil exports.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2012&id=1650026>

## ***Electricity***

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### **Severe Storms, High Winds Cut Power to More Than 20,000 Oklahoma Gas & Electric Co. Customers in Oklahoma City August 7**

<http://newsok.com/thunderstorms-leave-more-than-20000-without-power-in-oklahoma-city-area/article/3698982>

## **KCP&L Continues to Operate Its 1,555 MW Iatan Coal-Fired Power Plant in Missouri after Explosion, Small Fire in Coal Bunker August 8**

Kansas City Power and Light (KCP&L) on Wednesday said it did not shut the 1,555 MW Iatan coal-fired power plant in Missouri following an explosion and small fire in the coal bunker, according to a spokeswoman.  
Reuters, 12:15 August 8, 2012  
Reuters, 12:29 August 8, 2012

## **Calpine's 135 MW Gilroy Natural Gas-Fired Unit in California Shut by August 7**

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201208071515.html>

## **NRC Suspends Nuclear Power Plant License Approvals until It Resolves Spent Fuel Issue**

The U.S. Nuclear Regulatory Commission (NRC) on Tuesday suspended issuing final decisions on new licenses and license renewals for nuclear power plants until the commission addresses an appeals court remand on NRC provisions affecting the storage and disposal of spent nuclear fuel. The U.S. Court of Appeals for the District of Columbia Circuit in June struck down the NRC's 2010 update to the Waste Confidence Decision and accompanying Temporary Storage Rule, arguing the NRC had violated the National Environmental Policy Act. The court remanded the case for further consideration. The NRC will not stop hearings or other work on licensing activity, and no license decisions are imminent, an NRC spokesman said. The commission has no set timetable for action on this matter, he said.

<http://www.reuters.com/article/2012/08/08/utilities-nuclear-idUSL2E8J81DX20120808?feedType=RSS&feedName=marketsNews&rpc=43>

## **NRC Cites NextEra's Seabrook Nuclear Power Plant in New Hampshire after Inadequate Emergency Exercise Performance; Orders Additional Oversight**

The U.S. Nuclear Regulatory Commission (NRC) on Tuesday announced NextEra Energy's Seabrook nuclear power plant in New Hampshire will receive additional oversight from the commission following the finalization of a "white" (low to moderate safety significance) inspection finding for the facility. The inspection finding stems from an emergency exercise conducted at the plant in April. During the exercise on April 17, NextEra personnel did not adequately identify particular issues, critique them, and take appropriate corrective actions. The NRC will perform a supplemental inspection at Seabrook to evaluate the company's root-cause evaluation of the problem identified during the emergency exercise and its corrective actions. NextEra will notify the agency once it is ready for that review.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-033.i.pdf>

## **Update: NRG Energy's Joint Venture 370 MW Ivanpah Solar Power Project in California on Track for Completion in 2013**

NRG Energy, Google, BrightSource Energy, and construction partner Bechtel announced that the Ivanpah Solar Electric Generating System has reached the halfway mark of construction on its solar thermal project. The project commenced construction in October 2010 is on track for completion in 2013. The 370 (net) MW Ivanpah solar power facility includes three individual power plants located in California's Mojave Desert. Power generated from the plants will be sold under separate contracts with Pacific Gas and Electric and Southern California Edison.

<http://www.brightsourceenergy.com/ivanpah-solar-project-reaches-halfway-mark-and-peak-of-construction-employment>

## **Update: BOEM Advances Deepwater Wind's Proposed Rhode Island Offshore Wind Energy Transmission Line Project**

The U.S. Bureau of Ocean Energy Management (BOEM) on Tuesday announced a determination of no competitive interest for the construction of a transmission system between the Rhode Island coastline and Block Island, a step in evaluating a transmission project proposed by Deepwater Wind that would deliver electrical power from its proposed 30 MW Block Island Wind Farm in state waters. The proposed offshore transmission connection would also transmit power from the existing onshore transmission grid to Block Island. Deepwater Wind estimates the proposed wind farm will generate over 100,000 megawatt hours annually, supplying the majority of Block Island's electricity needs.

<http://www.boem.gov/BOEM-Newsroom/Press-Releases/2012/press0807012.aspx>

### **Buckeye Restarts 70,000 b/d West Shore Petroleum Products Pipeline August 6 after Power Outage at Its Lemont, Illinois Plant**

Buckeye Partners LP restarted its West Shore pipeline late Monday after a power failure at its Lemont, Illinois plant shut the line, according to a spokesman. The pipeline carries refined products west and north from Chicago-area refineries.

<http://www.bloomberg.com/news/2012-08-07/chicago-gasoline-weakens-as-west-shore-products-line-restarts.html?cmpid=yhoo>

### **Citgo Reports Flaring after Restarting SCC Process Unit at Its 167,000 b/d Lemont, Illinois Refinery August 8**

Citgo Petroleum Corp. reported flaring at its Lemont refinery early Wednesday morning was caused when operators restarted an SCC process unit, according to a filing with state pollution regulators. The company had shut a fluid catalytic cracking unit at the refinery following an equipment issue on July 28.

Reuters, 04:01 August 8, 2012

### **Update: HollyFrontier Says Third-Quarter Crude Rates at Its 125,000 b/d Tulsa, Oklahoma Refinery Could Drop by Up to 40,000 b/d during Diesel Hydrotreater Repairs**

HollyFrontier Corp. on Wednesday said repairs at its Tulsa East refinery could take 6–8 weeks following a fire in a diesel hydrotreater unit August 2. Crude rates at the refinery are expected to be 30,000–40,000 b/d less in the third quarter due to the hydrotreater outage, according to an executive during a recent second-quarter earnings call.

Operators were still assessing the damage caused by the fire. HollyFrontier operates two refineries in Tulsa—Tulsa East and Tulsa West. Located within 2 miles of one another, the two refineries are operated as an integrated facility through interconnecting pipelines. The neighboring 85,000 b/d Tulsa West plant continues to operate at “full speed,” the executive said.

Reuters, 11:48 August 8, 2012

### **Alon Reports Sulfur Dioxide Emissions Due to Unknown Causes at Its 80,000 b/d Krotz Springs, Louisiana Refinery August 5**

Alon USA Energy Inc. reported sulfur dioxide emissions at its Krotz Springs refinery on Sunday were due to unknown causes, according to a filing with the U.S. National Response Center. Operators were in the process of troubleshooting a flow meter and had not secured the release at the time of the filing.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1020111](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1020111)

### **Update: Valero Says FCCU Increasing Toward Planned Rates at Its 144,000 b/d Benicia, California Refinery August 8**

Valero Energy Corp. on Wednesday said the fluid catalytic cracking unit (FCCU) at its Benicia refinery was increasing toward planned rates, according to a spokesman. Valero shut the unit July 26 after a compressor malfunction and restarted it by August 6.

Reuters, 10:58 August 8, 2012

### **HollyFrontier to Add 14,000 b/d of Capacity at Its 31,000 b/d Woods Cross, Utah Refinery by Year-End 2014**

HollyFrontier Corp. is undertaking an expansion project at its Woods Cross refinery that will add 14,000 b/d of capacity by year-end 2014, according to an executive during an earnings call. The expansion project will take advantage of the 62,000 b/d “UNEV” pipeline that has started transporting refined products from the Woods Cross refinery to Las Vegas, Nevada. The pipeline could be expanded to transport 118,000 b/d, the executive said.

Reuters, 11:48 August 8, 2012

## Natural Gas

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### **Chevron Declares Force Majeure at Its Bridgeline Natural Gas Storage Cavern in Louisiana August 7 Due to Seismic Activity**

Chevron Corp.'s subsidiary Bridgeline Holdings on Tuesday declared force majeure on its natural gas storage cavern near Napoleonville, Louisiana due to seismic activity, according to a company filing. The force majeure is in place until December 31, 2012, the filing said.  
Reuters, 11:32 August 8, 2012

## Other News

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Nothing to report

## International News

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### **Mexico Closes Two Main Oil Export Ports in the Gulf of Mexico August 8 as Tropical Storm Ernesto Approaches**

Mexican officials on Wednesday closed ports Cayo Arcas and Dos Bocas, two of the country's three main oil export hubs in the Gulf of Mexico, as Tropical Storm Ernesto approached. Almost all of Mexico's crude oil exports are shipped to refineries on the U.S. Gulf Coast from these two ports and the Coatzacoalcos port.  
Reuters, 11:34 August 8, 2012

### **Update: Iraqi Oil Flows to Turkey Resume on Kirkuk-Ceyhan Crude Oil Pipeline August 8 after Attack Last Weekend**

Iraqi crude oil flows on the Kirkuk-Ceyhan pipeline have resumed and are expected to deliver crude to the Turkish Mediterranean port of Ceyhan by Wednesday evening, according to a Turkish shipping source. Flows had been suspended since Sunday, when rebels attacked the pipeline north of Turkey's border with Syria. Exports along the Kirkuk-Ceyhan pipeline have been running around 300,000 b/d, according to Iraqi officials.  
Reuters, 10:50 August 8, 2012

## Energy Prices

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<b>U.S. Oil and Gas Prices</b>			
August 8, 2012			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	94.09	89.10	83.68
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.99	3.20	4.00

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 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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