



# ENERGY ASSURANCE DAILY

Tuesday Evening, August 30, 2016

## Major Developments

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### **Update: Tropical Depression Nine Forces Additional Disruptions to Offshore Oil and Gas Operations in Gulf of Mexico; Over 350,000 b/d of Crude Oil and Nearly 350 MMcf/d of Gas Production Shut-In August 30 – BSEE; Expected to Approach Florida Gulf Coast September 1 – NHC**

U.S. oil and gas operators in the Gulf of Mexico, including BP, Royal Dutch Shell, Anadarko Petroleum Corp., BHP Billiton Ltd, Hess Corp, and Transocean have shut production, repositioned drilling rigs, and evacuated non-essential workers as precautionary measures against Tropical Depression Nine. As of 5:00 p.m. EDT, the center of Tropical Depression Nine was located about 345 miles west of Key West, Florida, moving northwest at about 5 mph. The system is expected to turn toward the northeast on Wednesday and approach coastal watch areas in Florida on Thursday. The National Hurricane Center has issued a Hurricane Watch for the Florida Gulf Coast from the Anclote River to Indian Pass, and a Tropical Storm Watch has been issued for the Florida Gulf Coast west of Indian Pass to the Walton/Bay County line. Meanwhile, the Bureau of Safety and Environmental Enforcement (BSEE) on Tuesday said that 9 platforms had been evacuated, and estimated that operators shut in approximately 352,946 b/d of crude oil production, and 346 MMcf/d of natural gas production in the U.S. Gulf of Mexico due to the storm, up from 168,334 b/d of oil and 190 MMcf/d of gas shut in on Monday. Tuesday's shut in figures represent 22.06 percent of total oil output and 10.18 percent of natural gas production in the U.S. Gulf of Mexico, and is reflective of four companies' reports as of 12:30 p.m. EDT, BSEE said. According to the U.S. Energy Information Administration (EIA), the U.S. Gulf of Mexico accounts for about 20 percent of U.S. oil production and around 5 percent of natural gas output. The following bullets list impacts resulting from Tropical Depression Nine, broken out by operator:

- **BP** confirmed late on Monday, August 29 that non-essential personnel had been evacuated from its four operated platforms in the Gulf. BP shut three of its four platforms, including Thunder Horse (250,000 b/d oil, 200 MMcf/d gas), Atlantis (200,000 b/d oil, 180 MMcf/d gas), and Na Kika (130,000 b/d oil, 500 mmcf/d gas). The Mad Dog production platform, located further west in the Deepwater Gulf, continues to operate.
- **Destin Pipeline** said all personnel have been evacuated from its Main Pass 260 platform (MP 260), which receives and transports gas from several offshore gathering systems for processing in Pascagoula, Mississippi. In a critical notice to shippers, Destin said all receipt points at MP 260, including the Okeanos Gas Gathering System, Marlin, and Horn Mountain have been shut in, and all delivery points, including Viosca Knoll Gathering System have also been shut-in. Destin Pipeline said transportation service to its 24-inch lateral continues to be available for deliveries to MP 261JP. The 24-inch lateral will remain isolated from MP 260, and flow on the 24-inch lateral will be dependent on downstream operations.
- **Shell** on Monday said it shut-in production at its Coulomb field in the Gulf of Mexico after BP shut in its Na Kika platform. Production from the Coulomb field flows back to the Na Kika platform, which is jointly owned by BP and Shell. Production is currently unaffected at all other Shell-operated assets.
- **Hess** on Monday said it was securing its Gulf of Mexico facilities and evacuating non-essential personnel as a precaution.
- **BHP Billiton** has secured its Gulf of Mexico facilities and evacuated non-essential personnel.
- **Transocean** said it repositioned to drilling rigs out of the path of the storm.

<https://www.bsee.gov/newsroom/latest-news/statements-and-releases/press-releases/bsee-tropical-depression-no-9-activity-0>

<http://www.shell.us/media/us-storm-center/shell-us-storm-updates/2016-storm-updates/storm-center-update-2-tropical-depression-9.html>

[http://www.bp.com/en\\_us/bp-us/media-room/storm-center.html](http://www.bp.com/en_us/bp-us/media-room/storm-center.html)

<http://www.nhc.noaa.gov/text/refresh/MIATCPAT4+shtml/301447.shtml>

Reuters, 9:54 August 30, 2016

Reuters, 18:06 August 29, 2016

Reuters, 17:31 August 29, 2016

## **Storm Watch**

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### **Hurricane Madeline May Impact Hilo August 31; Lester Approaching Hawaii August 30**

As of 2:00 p.m. EDT, the Central Pacific Hurricane Center said that Hurricane Madeline (Category 3), the closer of two hurricanes moving towards Hawaii, was located about 420 miles east of Hilo on the Big Island. Maximum sustained winds were reported up to 120 mph, with hurricane-force winds extending outward up to 30 miles from the center and tropical-storm-force winds extending outward up to 125 miles. Madeline continues to move westward at 10 mph, which is expected to continue on Tuesday, followed by a turn toward the west-southwesterly tonight through early Thursday. On the forecast track, the center of Madeline will pass dangerously close to the Big Island of Hawaii on Wednesday and Wednesday night. Meanwhile, Hurricane Lester (Category 3), about 1,280 miles east of Hilo, was moving westward at 14 mph, and this general motion was expected to continue for the next couple days with gradual weakening expected during the next 48 hours. Maximum sustained winds were near 120 mph, with hurricane-force winds extending outward up to 35 miles.

<http://www.prh.noaa.gov/cphc/tcpages/archive/?prod=TCPCP5.EP142016.16A.201608301802>

<http://www.nhc.noaa.gov/text/refresh/MIATCPEP3+shtml/302034.shtml?>

<http://www.nhc.noaa.gov/>

### **Update: Tropical Storm Warning Remains in Effect for North Carolina Coast as Tropical Depression Eight Approaches Outer Banks August 30; No Increase in Strength**

As of 5:00 p.m. EDT, the National Hurricane Center said its Tropical Storm Warning remains in effect for the coast of North Carolina from Cape Lookout to Oregon Inlet, and Pamlico Sound. Tropical Depression Eight is located about 60 miles south of Cape Hatteras, North Carolina, moving northeast at about 5 mph. This general motion is expected tonight with a turn toward the northeast forecast on Wednesday. On the forecast track, the center of the depression will be near the Outer Banks of North Carolina this evening and overnight. Maximum sustained winds remain near 35 mph with higher gusts. Slow strengthening is forecast during the next 48 hours, and the depression could become a tropical storm by tonight. The depression is expected to produce total rain accumulations of 1 to 3 inches with isolated maximum amounts of 5 inches over far eastern North Carolina, including the Outer Banks. Interests along the North Carolina coast should monitor the progress of the depression. Additional watches or warnings may be required later today.

<http://www.nhc.noaa.gov/text/refresh/MIATCPAT3+shtml/302047.shtml?>

<http://www.nhc.noaa.gov/>

## **Electricity**

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### **Update: FPL's 839 MW Saint Lucie Nuclear Unit 1 in Florida Ramps Up to 74 Percent by August 30**

On the morning of August 29 the unit was operating at 49 percent after restarting on August 28. The unit was shut on August 21 after it experienced a reactor trip and a loss of offsite power due to an inadvertent generator relay actuation.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2016/20160823en.html>

### **Update: Exelon's 1,163 MW Byron Nuclear Unit 1 in Illinois at Full Power by August 30**

On the morning of August 29 the unit was operating at 83 percent, reduced from full power on August 26.

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

### **Update: DTE's 1,089 MW Fermi Nuclear Unit 2 in Michigan Ramps Up to 66 Percent by August 30**

On the morning of August 29 the unit was operating at 52 percent, reduced from full power on August 25.

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

### **Update: RRI Energy's 775 MW Ormond Beach Gas-fired Unit 2 in California Returns to Service by August 29**

The unit returned from an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201608291515.html>

## **Inland Empire's 366 MW Gas-fired Unit 2 in California Shut by August 29**

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201608291515.html>

## **Petroleum**

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### **Phillips 66 Cuts Output By 5 Percent at Its 238,000 b/d Linden, New Jersey Refinery Amid Weak Margins August 30 – Source**

Phillips 66 has cut production by roughly five percent at its refinery in Linden, New Jersey amid weak refining margins, according to a source familiar with the plant's operations. Monroe Energy's 185,000 b/d Trainer, Pennsylvania refinery is also running at reduced rates following run cuts that began in July, a source said Tuesday. U.S. and global refining margins have been hurt by historically high gasoline and diesel inventories. Refining executives and analysts across the globe are predicting refiners are going to be forced to scale back production to reduce inventories, balance the market, and boost margins. East Coast refineries see some of the weakest margins due in part to their supply constraints, and experts predict they would be among the first to cut runs.

Reuters, 11:52 August 30, 2016

### **Update: Motiva's 237,700 b/d Norco, Louisiana Refinery HCU Restart Ongoing August 30 – Sources**

Motiva Enterprises was continuing the restart of the 40,000 b/d hydrocracking unit (HCU) at its Norco, Louisiana refinery, sources familiar with plant operations said. The HCU began restarting on Monday following a malfunction on August 26 that shut the unit for the second time in two weeks. The hydrocracker had restarted early on August 26 after completing repairs following an August 20 malfunction, the sources said.

Reuters, 13:04 August 30, 2016

### **Shell's Reports Discharge into Houston Ship Channel from Its Deer Park, Texas Refinery, Chemical Facility August 30 – Community Line**

Royal Dutch Shell's Deer Park, Texas facility reported an unauthorized discharge into the Houston Ship Channel on Tuesday, according to a community information line, however it was unclear whether the spill occurred from the refinery or chemical plant section of the facility. Shell operates a 316,600 b/d refinery at its Deer Park, Texas facility.

Reuters, 14:31 August 30, 2016

### **Shell Restarts FCCU at Its 145,000 b/d Puget Sound, Washington Refinery after Emergency Shutdown August 23**

Shell restarted a fluid catalytic cracking unit (FCCU) at its Puget Sound, Washington refinery on August 23, according to a regulatory filing published on Monday. The unit was down after an incident occurred following the emergency shutdown of the facility's poly unit, the filing said.

Reuters, 18:37 August 29, 2016

## **Natural Gas**

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### **Enbridge Reports Electrical Malfunction, AGI Fault at Its 150 MMcf/d Tilden Gas Plant in Texas August 28**

Enbridge reported an electrical malfunction occurred on Thursday, August 28 causing acid gas injectors (AGI) no. 1 and 2 to fault. The company said a bird interfered with components of the electrical system causing the upset. Additionally, Enbridge said the back-up power system died while waiting for repairs, which knocked the entire plant offline. The operator said power was eventually restored and the plant was brought back online.

<http://www2.tceq.texas.gov/oce/eer/index.cfm?fuseaction=main.getDetails&target=242413>

## **Other News**

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Nothing to report.

### Nigerian Militant Group Claims NPDC Pipeline Attack August 30

A militant group on Tuesday said it attacked a pipeline operated by the Nigerian Petroleum Development Company (NPDC), a subsidiary of Nigeria's state oil company. The Niger Delta Greenland Justice Mandate said it attacked the Ogor-Oteri pipeline in Nigeria's southern Delta state. OPEC member Nigeria has seen its oil output fall by around 700,000 b/d to 1.56 million b/d due to attacks on oil pipelines in the southern energy hub.

<http://www.reuters.com/article/us-nigeria-delta-idUSKCN1151JD>

### Oil Guards to Close Two Oilfields in Southern Libya over Payment Delays

Libyan armed forces that control some of the country's southern oilfields said it will shut down two of the fields because the government has not paid the funds needed to maintain security operations. The Petroleum Facilities Guards southern brigade said the Gulf and Al Wafa fields would be shut, which usually produce around 30,000 b/d of light oil condensate in aggregate. The state-run National Oil Corporation chairman said on Monday that budget delays in Libya's new government for the state energy company were undermining oil production. Libya's oil production is below 300,000 b/d compared with the 1.6 million b/d peak before the fall of Gaddafi. Oilfields and ports have fallen under the control of rival armed factions allied with two competing governments that emerged in 2014.

Reuters, 9:25 August 30, 2016

### Iranian Crude Oil Production at 3.8 Million b/d – Deputy Minister

Iran's current crude production is at 3.8 million b/d and its current refining capacity at 1.85 million b/d, according to the deputy minister for industry, mining, and trade. Iran's goal is to reach crude production of 4.75 million b/d and refining capacity of 3 million b/d.

Reuters 9:03 August 30, 2016

## Energy Prices

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U.S. Oil and Gas Prices			
August 30, 2016			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>	46.27	47.49	45.24
\$/Barrel			
<b>NATURAL GAS</b>			
<b>Henry Hub</b>	2.95	2.74	2.68
\$/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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