



ENERGY ASSURANCE DAILY

Monday Evening, September 23, 2013

Major Developments

Update: 1,300 Wells Remain Shut-in in Flood-Impacted Colorado; Eight Confirmed Oil Spills Have Released 641 Barrels as of September 23

The Colorado Oil and Gas Conservation Commission (COGCC) reported September 23 that 1,300 wells remain shut-in, as of this weekend, following the severe flooding in the Denver-Julesburg (DJ) Basin in northeastern Colorado. This is down from 1,976 wells reported shut-in on September 16. Some sites remain inaccessible for physical inspection, while others will require repairs ranging from minor to substantial before wells on location can return to production. Production in the DJ Basin averaged 134,333 b/d over the first 5 months of 2013. COGCC has also confirmed eight notable oil releases totaling 641 barrels and is tracking 10 additional locations with some evidence of release of oil, such as a sheen on the water, and another 33 locations where there appears to be damage to tanks or other equipment but no obvious indication of a release. Company specific updates are noted below:

- **Anadarko Petroleum** reported as of September 19 that 600 of its 5,800 operated wells in the DJ Basin were shut-in, down from 675 wells shut-in at peak. On September 20, the company reported a total of seven releases associated with its flood-damaged tank facilities and estimated the maximum quantity of light oil associated with these releases is approximately 500 barrels. This total includes individual spills of 323 barrels from a tank north of Firestone, CO; 125 barrels due to a shifted tank south of Milliken, CO; and 56 barrels of condensate due to a cracked flow line between equipment near Evans, CO. Not included in the total is a fourth release of 26 barrels near Johnstown, CO, which was reported to COGCC over the weekend.
- **Noble Energy** reported as of September 21 that 491 of its more than 8,000 operated wells in the DJ Basin were shut-in, down from 768 wells shut-in at peak. Three isolated incidents have also been reported due to flood waters at Noble production facilities in Weld County: a release of approximately 54 barrels of produced oil and 20 barrels of produced water from a steel tank near Milliken, CO; a release of approximately 36 barrels of oil and 3 barrels of produced water from another steel tank; and a release of produced condensate and water originating from a steel tank found lying on its side.
- **Encana Corp.** reported as of September 19 that 133 wells out of 1,241 operated wells in the DJ Basin were shut-in, down from 397 wells shut-in at peak. The company completed inspections at its tank batteries and found two non-reportable oil spills within containment.
- **Bayswater Exploration and Production** had two oil tanks floated at a location near Evans, CO. One tank was empty prior to the flood. Upon assessment of the location, 21 barrels of oil and 13 barrels of produced water was lost from the second tank in the flood.
- **Bill Barrett Corp.** reported as of September 16 that four of its vertical wells were shut-in affecting production of less than 100 barrels of oil equivalent per day. The company noted there may be delays in certain activity due to a number of road closures
- **PDC Energy Inc.** reported that production equipment at a tank battery at its Vetting 24-14 well in Weld County was swept away by the floods. Prior to the flooding, PDC was able to shut-in the well that produces to the battery. PDC is initiating corrective actions to recover the production tanks and equipment.

In addition to the above production reports, Colorado's Office of Emergency Management reported September 22 that 3,947 customers were without electricity and 4,210 customers were without gas statewide due to the floods.

<http://www.coga.org/index.php/Events/ColoradoFloods#sthash.mle3bMUT.dpbs>

<http://cogcc.state.co.us/announcements/COGCC2013FloodResponse.pdf>

<http://www.anadarko.com/media/Pages/FlashRelease.aspx?apcflash-id=2>

<http://www.nobleenergyinc.com/Noble-Energy-Colorado-Operations-Update-344.html>

<http://www.billbarrettcorp.com/investor-relations/overview/colorado-storms-bill-barrett-corporation-is-currently-assessing-the-effects-of-the-wide-spread-flo/>

<http://www.coemergency.com/2013/09/statewide-flood-quick-facts-little.html>

Reuters 17:28, September 20, 2013

Update: Young Gas Storage Lifts Force Majeure on Pipeline in Colorado September 20

Young Gas Storage Co., a joint venture of Kinder Morgan Inc., Xcel Energy Corp., and Colorado Springs Utilities, lifted a force majeure after returning line 59A, a lateral natural gas pipeline, in Colorado to service following exposure of the line during recent heavy flooding in the state. The site, with a working gas capacity of 6 billion cubic feet, is located in Morgan County, Colorado. The company said in a website posting that locations Bijou Creek and Young Storage were available for gas flows.

Reuters, 13:37 September 20, 2013

<http://ebb.cigco.com/ebbmastertpage/Notices/NoticesAutoTable.aspx?code=YGS&status=Notice&name=CriticalNotices&sParam1=0467&sParam3=6341&sParam14=D&details=Y>

Electricity

EPA Proposes Carbon Pollution Standards for New Power Plants September 20

The U.S. Environmental Protection Agency (EPA) proposed Clean Air Act standards to cut carbon pollution from new power plants in order to combat climate change and improve public health. In addition, EPA has initiated broad-based outreach and direct engagement with state, tribal, and local governments, industry and labor leaders, non-profits, and others to establish carbon pollution standards for existing power plants and build on state efforts to move toward a cleaner power sector. Under the proposal, new large natural gas-fired turbines would need to meet a limit of 1,000 pounds of CO₂ per megawatt-hour, while new small natural gas-fired turbines would need to meet a limit of 1,100 pounds of CO₂ per megawatt-hour. New coal-fired units would need to meet a limit of 1,100 pounds of CO₂ per megawatt-hour, and would have the option to meet a somewhat tighter limit if they choose to average emissions over multiple years, giving those units additional operational flexibility.

<http://yosemite.epa.gov/opa/admpress.nsf/0/da9640577ceacd9f85257beb006cb2b6!OpenDocument>

PJM Determines FirstEnergy Can Retire 2,080 MW of Generation in Pennsylvania Without Harming System Reliability

U.S. power grid operator PJM Interconnection said on Friday that FirstEnergy Corp. can retire its Hatfield's Ferry and Mitchell coal-fired power plants in Pennsylvania without harming system reliability. The plants produce a total of 2,080 MW, representing approximately 10 percent of the company's total generating capacity. In July, FirstEnergy said it wanted to shut the two plants by October 9, 2013 due to the cost of compliance with current and future environmental regulations in conjunction with the continued low market price for electricity.

Reuters, 17:22 September 22, 2013

Construction of 700 MW CPV Woodbridge Natural Gas-fired Power Plant in New Jersey to Begin This Quarter

Competitive Power Ventures (CPV), GE Energy Financial Services, and ArcLight Capital Partners announced on Friday that they have closed financing for the \$842 million CPV Woodbridge Energy Center. GE is providing financing, advanced power generation technology, and services for the electric generating facility under construction in Woodbridge, New Jersey. Construction of the project will begin this quarter and it is expected to enter commercial operation as soon as the first quarter of 2016. GE's Power & Water business is supplying its FlexEfficiency* 60 combined-cycle technology as well as engineering services for the 700 MW, natural gas-powered project. GE also will support the long-term availability of the CPV Woodbridge Energy Center through a 16-year contractual services agreement.

http://geenergyfinancialservices.com/press_releases/view/241

Exelon Reports Loss of Communications at Its 1,131 MW Byron Nuclear Unit 2 in Illinois September 21

Exelon Corp.'s Byron nuclear unit, in Illinois, was contacted via the nuclear accident reporting system phone line by the Illinois Emergency Management Agency reporting an issue for the phone systems in the Byron area. The cause of the loss of phone capability was not known but is under investigation and an update will be provided upon restoration.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130923en.html>

Update: Southern's 870 MW Hatch Nuclear Unit 2 in Georgia Restarts September 21, Ramps Up to 67 Percent by September 23

The unit restarted by September 21 and ramped up to 67 percent by September 23.

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

Update: PPL's 1,298 MW Susquehanna Nuclear Unit 2 in Pennsylvania Restarts September 23

PPL Corp.'s Susquehanna nuclear power plant unit 2 in Pennsylvania started to exit an outage and ramped up to 1 percent power by early Monday, the U.S. Nuclear Regulatory Commission said in a report.
<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

Update: DTE's 1,089 MW Fermi Nuclear Unit 2 in Michigan Restarts September 23

DTE Energy Co's Fermi nuclear power plant unit 2 in Michigan ramped up to 3 percent power by early Monday after a power outage, the U.S. Nuclear Regulatory Commission said in a report.
<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

Update: AES's 506 MW Redondo Gas-fired Unit 7 in California Returns to Service by September 21

The unit returned from an unplanned outage that began September 19.
<http://content.caiso.com/unitstatus/data/unitstatus201309211515.html>

AES's 336 MW Alamos Gas-fired Unit 4 in California Shut by September 22

The unit entered an unplanned outage.
<http://content.caiso.com/unitstatus/data/unitstatus201309221515.html>

FirstEnergy's 882 MW Davis-Besse Nuclear Power Station Examines Shield Building; Routine Inspections to Ensure Long-Term, Safe Operation of the Plant

Routine inspections of the concrete shield building at FirstEnergy Nuclear Operating Company's Davis-Besse Nuclear Power Station conducted to date have confirmed that the building continues to maintain its structural integrity and ability to safely perform its functions. The current inspection incorporated high-definition camera technology for examination inside of the building's walls through a series of core bores. Since the start of the inspection, 43 of the shield building's 82 core bores have been examined, with the remaining examinations expected to be complete in the next several weeks. The improved camera has identified three very tight, subsurface pre-existing cracks in the building that were not visible with previous inspection technology. These inspections also have found that in three locations, cracks initially identified in 2011 appear to have propagated a small amount. A 2½-foot thick reinforced concrete shield building provides biological shielding and protection from natural phenomenon including wind and tornados. The building surrounds a 1½-inch carbon steel vessel containing the reactor. The initial cracks in the shield building were discovered in October 2011 when the building was opened to install a new reactor head. Extensive analysis conducted at the time determined that the building's structural integrity was not affected. Subsequently, the shield building was painted with a protective coating, and a long-term inspection program was established to ensure continued safe function of the building.
https://www.firstenergycorp.com/newsroom/news_releases/davis-besse-nuclear-power-station-examines-shield-building.html

Petroleum

Philadelphia Energy Reports Hydrodesulfurizer Unit Shut at Its 335,000 b/d Philadelphia, Pennsylvania Refinery September 19

Philadelphia Energy Solutions reported it shut down a hydrodesulfurizer unit at the Point Breeze section of its refinery in Philadelphia, Pennsylvania, for maintenance, according to a notice with state regulator.
Reuters, 16:26 September 20, 2013

Delek Says Several Units Affected By Power Blip at Its 60,000 b/d Tyler, Texas Refinery September 23

Delek U.S. Holdings Inc. reported a power blip affected several process units at its Tyler, Texas, refinery, according to a filing with the Texas Commission on Environmental Quality. The filing listed emissions from the fluid catalytic cracking unit and the carbon monoxide boiler at the unit.
Reuters, 10:47 September 23, 2013

Flint Hills Reports Flaring at Its 260,000 b/d Corpus Christi, Texas Refinery September 21

Flint Hills Resources reported flaring at its Corpus Christi, Texas, refinery, according to a notice filed with the U.S. National Response Center. The flaring released benzene, hydrogen sulfide, sulfur dioxide, nitrogen oxide, and volatile organic compounds, according to the notice.

Reuters, 19:04 September 22, 2013

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1060874

Valero Says Its 142,000 b/d Corpus Christi, Texas Refinery at Planned Rates September 23

Reuters, 11:07 September 23, 2013

Valero's 144,000 b/d Benicia, California Refinery Restarts Fluid Catalytic Cracking Unit Over Weekend, At Planned Rates September 23

Reuters, 11:07 September 23, 2013

Shell Says No Major Impact From Power Outage at Its 121,000 b/d Sarnia, Ontario Refinery September 20

Royal Dutch Shell Plc on Friday confirmed that its Corunna refinery in Sarnia, Ontario, had a power outage, and said there was no material impact to production. The company had reported flaring and unit shutdowns after the power outage, in a notice with the Sarnia-Lambton Network Alert System.

Reuters, 18:05 September 20, 2013

Imperial Returning Operations to Normal Following Major Power Outage at Its 187,000 b/d Strathcona, Alberta Refinery September 21

Imperial Oil Ltd reported operations were being brought to normal at its Strathcona refinery in Alberta, following a major power outage that impacted industries in the East Edmonton area on Saturday. All process units at the refinery were in a "safe position" and there could be increased levels of flaring and noise over the next 24 to 48 hours, a message on a community information line said.

Reuters, 21:33 September 22, 2013

Suncor Reports Process Upset at Its 140,000 b/d Edmonton, Alberta Refinery September 21

Suncor Energy Inc. reported a process upset at its Edmonton, Alberta, refinery, according to a message on a community information line on Saturday. There could be increased levels of flaring and noise, the message said.

Reuters, 21:33 September 22, 2013

Shell Restarts Units at Its 100,000 b/d Scotford, Alberta Refinery September 21

Royal Dutch Shell Plc reported it was restarting a unit at its Scotford facility near Edmonton, Alberta, according to a message posted on a community information line. There could be increased flaring over the next 24 hours but there is no material impact to production associated with the activity, the company said.

Reuters, 21:08 September 22, 2013

Canada Crude-by-Rail Loadings Highest Since July 6 Train Derailment in Quebec

Canadian crude-by-rail shipments rose last week to their highest level, about 558,257 b/d, since a train carrying North Dakota crude derailed and exploded on July 6 in Lac-Mégantic, Quebec, industry data showed on Thursday. Shipments had fallen by nearly 90,000 b/d in the weeks after the accident.

http://www.downstreamtoday.com/news/article.aspx?a_id=40784

Eagle Ford, Permian Basin Oil Production Forecasted to Surpass 2 MMb/d in 2013

Oil production in Texas will most likely top 2 MMb/d this year and could reach 2.5 MMb/d in 2014, from just two fields, the Eagle Ford shale and the Permian Basin. Production in Eagle Ford was about 599,000 b/d during the first six months of 2013, according to figures from the Texas Railroad Commission. Projections by the Wall Street Journal are that output will reach 930,000 b/d this year. The Eagle Ford is expected to move well past the 1 MMb/d by mid-2014. Meanwhile, output in the Permian Basin was about 890,000 b/d during the first half of 2013 and output is projected to reach as high as 1.4 MMb/d this year, according to Simmons & Co. International.

http://www.rigzone.com/news/oil_gas/a/129144/Eagle_Ford_Permian_Basin_on_Track_to_Surpass_2_MMbpd_in_2013

DCP Midstream Reports Start Up at Its 160 MMcf/d Goldsmith Gas Plant in Texas September 20

DCP Midstream reported its Goldsmith gas plant, in Texas, was started up after a shutdown to repair a treater and amine still. Plant operators immediately began the sulfur recovery unit start up after the treater was processing acid gas.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=188502>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=188503>

Enbridge Reports AGIs, Compressors Shut at Its Tilden Gas Plant in Texas September 21

Enbridge Inc. reported the acid gas injector (AGI) no. 2 shut down due to a lube oil motor fault and, shortly after, AGI no. 1 shut down on a compressor motor fault. Big foot compressors no. 1 and 2 shut down on high discharge pressure and the plant instrument air compressor tripped out and shut down. The loss of instrument air shut in the 400GPM plant. AGI no. 2 was restarted and stabilized and the electrical breaker was reset, restarted, and stabilized for AGI no. 1. The big foot compressors no. 1 and 2 were restarted and loaded after the plant was lined out

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=188506>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=188507>

Southern Union Reports SRU Shut at Its Keystone Gas Plant in Texas September 21

Southern Union reported the sulfur recovery unit (SRU) shut down at its Keystone gas plant, in Texas, due to a leak in the packing on the recycle blower. The packing was replaced which allowed the SRU to come back on line.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=188505>

Other News

Nothing to report.

International News

Shell's 150,000 b/d Trans Niger Pipeline in Nigeria Shut Again Due to Theft September 20

Royal Dutch Shell again closed the Trans Niger Pipeline in Nigeria due to oil theft less than a week after it announced it had reopened..

Reuters, 12:54 September 20, 2013

Update: Iraq's Oil Output Rises from Southern Fields After Pipeline Leak Fixed

Iraq's oil output from its southern oilfields has increased after repairing a leaking pipeline, two oil officials said on Monday, although planned work was continuing to hinder exports. Rumailia oilfield output rose to 1.35 MMb/d and oil flow rates into southern ports climbs to 2.33 MMb/d below last year's levels of 3 MMb/d.

Reuters, 9:32 September 23, 2013

Update: Libya's 110,000 b/d Hariga Oil Port May Reopen This Week

Libya's eastern Marsa al-Hariga oil port may reopen this week but there has been no progress in the negotiations to end a dispute that shut larger eastern terminals for weeks, the head of the energy committee in parliament said on Monday. Libya's National Oil Company declared force majeure on the port on September 12, after it had ceased to export crude oil for over two weeks.

Reuters, 11:48 September 23, 2013

Energy Prices

U.S. Oil and Gas Prices			
September 23, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	103.61	107.12	92.80
NATURAL GAS Henry Hub \$/Million Btu	3.64	3.73	2.76

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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