



ENERGY ASSURANCE DAILY

Wednesday Evening, October 12, 2016

Major Developments

Update: Five Canadian Crude Oil Import Pipelines Resume Operations October 12 after Temporary Shutdowns due to Activist Tampering in Montana, Minnesota, North Dakota, Washington October 11

Five border-crossing pipelines carrying nearly 3 million b/d of Canadian crude oil into U.S. Midwest and West Coast refinery markets had resumed operations by early Wednesday after operations were disrupted by activists tampering with valve stations on Tuesday. The activists used bolt cutters to break into valve stations in an attempt to manually shut pipeline flows at five remote locations in Montana, Minnesota, North Dakota, and Washington State. Companies operating the pipelines shut down their lines for between five and seven hours as a safety measure before the restart, according to Reuters estimates and company representatives. TransCanada's 591,000 b/d Keystone Pipeline, Spectra Energy's 280,000 b/d Express Pipeline, and Enbridge's 796,000 b/d Line 4 and 570,000 b/d Line 67, and KinderMorgan's 300,000 b/d TransMountain Pipeline all restarted Tuesday afternoon, according to company representatives. Kinder Morgan added that at the time of the incident, it was not operating through the portion of its two Puget Sound system feeder lines that were targeted by the protesters. The 180,000 b/d Puget Sound Pipeline System is the U.S.-portion of Kinder Morgan's 300,000 b/d Trans Mountain Pipeline System. Reuters, 12:17 October 12, 2016

https://www.transmountain.com/uploads/pages/1476214499-Trans-Mountain-Statement_Puget-Sound.pdf

<http://www.spectraenergy.com/Operations/Liquids-Operations/Express-Pipeline/>

<http://www.enbridgepartners.com/~media/EepEqMep/Site%20Documents/Shared%20Content/Delivering%20Energy/Mainline%20Configuration%20and%20Capacities.pdf>

<http://prod-http-80-800498448.us-east-1.elb.amazonaws.com/w/images/8/84/Keystone.pdf>

http://www.kindermorgan.com/business/canada/puget_sound.aspx

OE/ISER Situation Report: Hurricane Matthew

The U.S. Department of Energy, Office of Electricity Delivery & Energy Reliability (OE/ISER) released an emergency situation report Wednesday afternoon. For details on the impact of this storm on customer outages, energy infrastructure issues, and restoration efforts, see Hurricane Matthew Situation Reports issued by OE/ISER at the following URL: <http://energy.gov/oe/downloads/hurricane-matthew-situation-reports-october-2016>

Electricity

Update: Progress Energy's 872 MW Brunswick Nuclear Unit 1 in North Carolina Ramps Up to 94 Percent by October 12

On the morning of October 11 the unit was operating at 59 percent, reduced from full power on October 8.

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

Update: Progress Energy's 811 MW Brunswick Nuclear Unit 2 in North Carolina at Full Power by October 12

On the morning of October 11 the unit was operating at 83 percent, reduced from full power on October 5.

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

Update: Progress Energy's 710 MW Robinson Nuclear Unit 2 in South Carolina at Full Power by October 12

On the morning of October 11 the unit had restarted and ramped up to 48 percent. The unit shut from full power on October 8 due to the loss of offsite power.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2016/20161011en.html>

Update: Exelon's 1,131 MW Byron Nuclear Unit 2 in Illinois at Full Power by October 12

On the morning of October 11 the unit was operating at 71 percent, reduced from full power on October 9.

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

Petroleum

Coast Guard Says No Vessel Traffic Restrictions after Responding to 20,000 Gallon Diesel Spill into Intracoastal Waterway in Texas October 12

The U.S. Coast Guard said there were no Intracoastal Waterway (ICW) closures or transit restrictions on Wednesday after responding to and containing a diesel fuel spill into the ICW near Port Isabel, Texas. Watchstanders at Port Sector Corpus Christi received a report on Tuesday night that a towing vessel collided with a dock, which caused a release of approximately 20,000 gallons of low sulfur diesel at mile marker 667. On Wednesday, an flyover with pollution responders was being conducted from the Coast Guard and Texas General Land Office in order to get an accurate assessment of the environmental impact to the waterway and surrounding areas. The ICW is a major petroleum shipping waterway, running between the U.S. mainland coast and barrier islands in the Gulf of Mexico, and intersects the Houston Ship Channel.

Reuters, 13:41 October 12, 2016

<http://www.uscgnews.com/go/doc/4007/2891710/>

Colonial Pipeline to Stop Shipping High Sulfur Jet Fuel, Heating Oil in January 2018

Colonial Pipeline on Tuesday said it intends to change its tariff to reflect the elimination of high sulfur grades of jet fuel and heating oil from the pipeline system starting in January 2018. Colonial said the effective handling and management of the high sulfur interface was becoming a significant issue as limited markets exist for distillate containing more than 500 parts per million (ppm) sulfur due to the reduction of state heating oil sulfur limits and decreased demand in the locomotive and marine sectors. Colonial intends to change its tariff, effective January 2018, cancelling service for 54 grade jet fuel, and the 70, 71, 77, and 88 grades of high sulfur heating oil.

Reuters, 15:08 October 11, 2016

Update: Petrobras Reports FCCU Startup at Its 112,229 b/d Pasadena, Texas Refinery October 11

Petrobras on Tuesday reported the startup of the fluid catalytic cracking unit (FCCU) at its Pasadena refinery, according to a community information line. The FCCU was shut on Monday, but the cause of the incident was not disclosed.

Reuters, 16:08 October 11, 2016

Alon Reports CLE Unit Trip, Flaring at Its 70,000 b/d Big Spring, Texas Refinery October 12

Alon USA Energy reported the crude light ends (CLE) unit at its Big Spring refinery tripped offline, according to a filing with the Texas Commission on Environmental Quality. Emissions from the south flare were also reported in the filing. Alon said it was de-inventorying the unit for repairs.

Reuters, 10:19 October 12, 2016

Update: PBF Says Restart Continues at Its 151,300 b/d Torrance, California Refinery October 12 after Power Outage, Flaring October 11

PBF Energy on Wednesday said it was continuing the restart of its Torrance refinery after a local power outage resulted in a major flaring event early on Tuesday. PBF said it was continuing to supply customers and there may be intermittent flaring associated with the restart.

Reuters, 10:30 October 12, 2016

Phillips 66 Reports Pinhole Leak at Compressor at Its 120,200 b/d Rodeo, California Refinery October 11

Phillips 66 reported a pinhole leak at the flare gas compressor at its Rodeo refinery on Tuesday, according to a filing with Contra Costa Health Services.

Reuters, 12:34 October 12, 2016

Marathon Sues BP Over Maintenance at Its 451,000 b/d Galveston Bay, Texas Refinery

A Marathon Petroleum Corp. unit sued BP Plc subsidiaries on Tuesday, claiming the company left parts the Galveston Bay refinery in shoddy condition and lied about unfinished repairs and inspections when selling the complex to Marathon. Marathon is seeking unspecified damages to cover the multi-million-dollar cost of completing plant-wide safety inspections, repairs, and upgrades that BP allegedly promised to finish before the sale. Marathon said in its lawsuit filed Monday in Houston federal court that BP promised in the sale agreement to leave the refinery in compliance with environmental laws and federal regulations, but left thousands of critical pressure vessels untested and more than 500 electrical components out of compliance when it turned the facility over. Marathon said it also had to modify or install new secondary spill-containment mechanisms to bring both critical safety systems up to code. BP agreed to sell its refinery in 2012 for less than it had originally sought. In 2005, 15 workers were killed and hundreds injured at the refinery when a unit used to boost octane in gasoline overflowed as it was being restarted. BP's senior vice president of U.S. Communications and External Affairs said the company satisfied all commitments to federal regulators and was in full compliance with the terms of the purchase agreement. http://www.downstreamtoday.com/news/article.aspx?a_id=53845

Natural Gas

DCP Midstream Reports Turbine Shut at Its 160 MMcf/d Goldsmith Gas Plant in Texas October 11

DCP Midstream reported turbine-A shut when the lube oil pump went down. Turbine-B was unable to carry the load which resulted in a flaring event. Calls were made to have field gas shut out until the turbine could be put back online. The lube oil pump was reset and A-turbine was put back online ending the flaring event.

<http://www2.tceq.texas.gov/oce/eer/index.cfm?fuseaction=main.getDetails&target=245320>

SemCAMS to Construct New 200 MMcf/d Wapiti Sour Gas Processing Plant in Alberta; Signs Long-Term Deal with NuVista Energy

SemCAMS, a subsidiary of SemGroup Corporation on Tuesday announced it entered into a 15-year agreement with NuVista Energy Ltd. to proceed with a project that will include the processing of up to 120 MMcf/d of sour gas at a new gas plant SemCAMS will build in the Wapiti area of Alberta. The Wapiti gas plant, licensed by the Alberta Energy Regulator in August, will have the capacity to process up to 200 MMcf/d of raw sour gas and 20,000 b/d of condensate. The new plant will utilize SemCAMS' existing Wapiti/Simonette pipeline systems, which are connected to SemCAMS' K3 and KA sour gas plants, to process approximately 350 tonnes per day of sulfur. Construction on is expected to begin in the second quarter of 2017 and the Wapiti gas plant is expected to be online by the second quarter of 2019. Negotiations are underway with other area producers to fully subscribe the remaining plant capacity.

<http://ir.semgroupcorp.com/press-releases/press-release-details/2016/SemCAMS-to-Construct-New-200-MMcf-d-Montney-Sour-Gas-Processing-Plant-Signs-Long-Term-Deal-with-NuVista-Energy/default.aspx>

Other News

Nothing to report.

Mexico Seeks to Export Flagship Maya Crude to U.S. West Coast Refineries

Mexico is targeting U.S. West Coast refineries to boost sales of its flagship Maya crude. Mexico has been a regular supplier of Maya oil to U.S. Gulf Coast refineries but has not shipped any to the West Coast since February 2008, according to data from the U.S. Energy Information Administration (EIA). Petroleos Mexicanos, the state-controlled oil producer, on Tuesday issued an official price for November sales. Earlier in the day, Pemex said it was planning to resume shipments to the region but did not say when the first cargo will be sent or the amount of crude.

http://www.downstreamtoday.com/news/article.aspx?a_id=53859

Iraq Plans to Cut Basra Crude Exports to 3.24 Million b/d in November – Sources

Iraq plans to trim crude oil exports from its southern ports to 3.24 million b/d in November from 3.28 million b/d planned for the previous month, two trade sources said on Tuesday. Basra Light crude exports in November are expected to fall by 260,000 b/d to 2.34 million b/d, the sources added. South Oil Co. (SOC), the state oil company that manages Iraq's oil industry in the southern region, denied any plans to cut November shipments. November exports of Basra Heavy crude are set to rise by 223,000 b/d to 900,000 b/d.

http://www.downstreamtoday.com/news/article.aspx?a_id=53856

Update: Kazakhstan's Kashagan Oilfield Start-Up Going According to Plan – Energy Minister

Work to bring the giant Kashagan oilfield in Kazakhstan into commercial production is going according to plan and some crude has already been processed and put in storage, the country's energy minister said on Wednesday. He added that four wells were already producing at Kashagan with a total output of 90,000 b/d although it was unclear how much of that was oil and how much was gas that would then be flared or injected back into the reservoir. The field off Kazakhstan's Caspian coast has cost about \$50 billion to develop and first started production in 2013, but output was suspended shortly after its launch because of technical problems with the gas pipelines. Kashagan is initially expected to produce 75,000 b/d in October, rising to between 150,000 and 180,000 b/d in November and December. The NCOG consortium developing Kashagan comprises China National Petroleum Corp, ExxonMobil, Eni, Royal Dutch Shell, Total, Inpex, and KazMunaiGas.

http://www.rigzone.com/news/oil_gas/a/146994/Kazakhstan_Says_Kashagan_Oilfield_StartUp_Going_To_Plan

Energy Prices

U.S. Oil and Gas Prices			
October 12, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S. \$/Barrel	50.09	48.62	49.62
NATURAL GAS			
Henry Hub \$/Million Btu	3.14	2.81	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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