



ENERGY ASSURANCE DAILY

Wednesday Evening, December 14, 2011

Major Developments

Iraq Pipeline Bombing Cuts Rumaila Oilfield Production by 700,000 b/d

Officials reported on Tuesday that three explosive charges blew up an oil pipeline that transports crude from southern Iraqi oilfields to the Zubair 1 storage facility around the oil hub of Basra, causing a fire that burned all night until it was extinguished early Wednesday, and forcing dramatic reductions from the Rumaila oilfield, the country's biggest oilfield. Iraqi Oil Ministry officials are evaluating the losses and planning repairs to the pipeline, which could take at least one week, according to a Ministry spokesman. A Rumaila field manager told reporters Wednesday that the Rumaila South field has been shut since yesterday, reducing total output from the normal 1.4 MMb/d to 700,000 b/d. Impacts to production are not expected to affect crude exports from Basra, however, because enough oil has been stored to last until repairs to the pipeline are finished, a Ministry official said. In the meantime, industry sources report that Iraq has asked international oil companies working in southern oilfields to reduce production. It's not clear from the reports whether the reductions are meant as a precautionary measure or because of damage to the pipelines. Oil companies will look for ways to bypass the damaged sections of the pipe as necessary, the source said. The explosions signal renewed attacks on Iraq's oil infrastructure and could present more challenges to Iraqi security forces as U.S. troops withdraw from the country by December 31. In early June, militants blew up a storage tank at Zubair 1, and in October, two bombs hit pipeline networks transporting crude from Rumaila oilfield, cutting output to 530,000 b/d.

[http://en.aswataliraq.info/\(S\(oulb2qj3y0mnp450glad2yr\)\)/Default.aspx?page=article_page&c=slideshow&id=145902](http://en.aswataliraq.info/(S(oulb2qj3y0mnp450glad2yr))/Default.aspx?page=article_page&c=slideshow&id=145902)

<http://www.reuters.com/article/2011/12/14/iraq-oil-exports-idUSL6E7NE08420111214?feedType=RSS&feedName=marketsNews&rpc=43>

<http://www.reuters.com/article/2011/12/14/iraq-oil-output-idUSL6E7NE05O20111214?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

Electricity

Update: OPPD Likely to Delay Restart of 482 MW Fort Calhoun Nuclear Plant in Nebraska until Spring 2012 Due to Increased NRC Oversight, Repair Problems

The U.S. Nuclear Regulatory Agency (NRC) said Tuesday it will continue to monitor plant repairs closely as several new problems emerged at the Nebraska nuclear plant in recent inspections, according to news reports. The tougher oversight will likely delay Omaha Public Power District's (OPPD) plans to reopen the plant as early as January, pushing the restart date back a couple of months into the spring. OPPD shut the Fort Calhoun plant for refueling in April and kept it shut since then due to spring and summer flooding along the Missouri River. Federal regulators approved OPPD's plan for restarting Fort Calhoun in September, but the utility has been thoroughly inspecting the plant before resuming operations. The NRC said inspectors have identified new problems, including deficiencies in emergency response and flaws in the utility's analysis of how the plant would withstand different accident conditions such as earthquakes, tornadoes, or loss of coolant. The NRC also cited what is either a design or installation flaw that contributed to a small fire at the plant in June, which briefly knocked out the cooling system for used fuel. The NRC said that none of the new issues represents a public safety threat, but the growing number of problems, combined with the prolonged shutdown, requires more oversight. The plant was already subject to extra oversight because of the failure of a key electrical part during a test in 2010 and deficiencies in flood planning last year.

http://washingtonexaminer.com/news/business/2011/12/apnewsbreak-more-issues-found-neb-nuke-plant/2000906?utm_source=feedburner+dcexaminer%2FAPContentFeed&utm_medium=feed+AP+Content+Feed&utm_campaign=Feed%3A+dcexaminer%2FAPContentFeed+%28AP+Content+Feed%29feed&utm_content=feed&utm_term=feed

NRC Suspends Review of Plans to Build Two New 1,350 MW Reactors at South Texas Project Nuclear Plant in Texas, Citing Foreign Ownership Requirements

The U.S. Nuclear Regulatory Commission (NRC) has announced it will suspend its review of the non-foreign ownership requirements in an application to build two new reactors at the South Texas Project plant because the company developing the project, Nuclear Innovation North America (NINA), is effectively controlled by Japanese multinational Toshiba. Foreign companies are not permitted to control nuclear plants in the United States. The South Texas plant, which is jointly owned by NRG Energy and two other utilities, currently operates two 1,280 MW reactors. NRG Energy owns the controlling share (44 percent) of the plant, and NINA is a partnership between NRG and Toshiba. In 2007 NINA submitted a combined license application to build two of Toshiba's 1,350 MW Advanced Boiling Water Reactors (ABWR) at the plant. Over the summer of 2011, NINA told the NRC that Toshiba could acquire up to 90 percent ownership of NINA. The NRC has said that this could give Toshiba an 85 percent ownership interest in the new reactors. The NRC will continue to review the application, but it will not issue a license until the foreign ownership requirements were met, according to news reports.

Reuters, 11:05 December 14, 2011

NB Power Reports Small Spill of Heavy Water at the 635 MW Point Lepreau Nuclear Generating Station in Canada

The 635 MW station has been shut since March 2008 for refurbishing. On December 13, while refilling the moderator system in preparation for restart, a small amount of heavy water (approximately 4 to 6 litres) was released into a contained area in the reactor containment building, according to a media release. The release activated highly sensitive radiation monitoring equipment as designed and alerted workers in the area. Station workers responded quickly and cleaned up the spill. Normal operations resumed Wednesday morning, according to the release. The potential risk posed to the environment was negligible and there are no public health implications resulting from this event. NB Power is investigating the cause of the release.

Reuters, 09:42 December 14, 2011

http://www.nbpower.com/html/en/about/media/media_release/pdfs/ENPLGSpillDec142011.pdf

Update: TVA's 1,155 MW Browns Ferry Nuclear Unit 1 in Alabama Restarts December 14, Ramps Up to 21 Percent

The unit has been shut since December 10.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

Luminant Shuts 593 MW Monticello Coal-Fired Unit 1 in Texas to Repair Boiler December 14

Luminant shut the unit to repair a boiler tube leak, according to a filing with state regulators Wednesday. Operators will expedite the shutdown and keep abatement systems in service as long as temperatures will allow. Luminant plans to restart the unit following repairs.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162772>

Update: Luz Solar Partners's Aggregate 184 MW Units 8-9 in California Return to Service by December 13

The units returned from an unplanned outage by December 13.

<http://content.caiso.com/unitstatus/data/unitstatus201112131515.html>

AES's 227 MW Huntington Beach Gas-Fired Unit 4 in California Shut by December 13

The unit entered an unplanned outage by December 13.

<http://content.caiso.com/unitstatus/data/unitstatus201112131515.html>

Update: U.S. Coast Guard Partially Reopens Houston Ship Channel after Collision December 13

The U.S. Coast Guard has closed a portion of the channel, from light #28 to light #40, to investigate a collision that occurred yesterday morning just north of Texas City Dike. Both vessels involved in the collision managed to anchor off the dike after the incident and sustained only minor damage, according to news reports. The collision shut the channel for several hours in the morning, and then heavy fog led port authorities to continue suspending boardings until around 3:00 PM CST.

<http://www.maritime-executive.com/article/ships-collide-in-houston-ship-channel>

<http://www.thesundaily.my/news/238280>

Update: Magellan Reduces Estimate of Spill from Nebraska Product Pipelines

Magellan Midstream Partners said on Tuesday it has recalculated the amount of gasoline and diesel spilled from its Nebraska pipelines after a landowner on a bulldozer broke two pipes, causing a leak. Originally, Magellan said 3,000 barrels (126,000 gallons) of gasoline and 3,000 barrels (126,000 gallons) of diesel spilled. The company now says the total volume of gasoline, diesel, and jet fuel spilled is 2,834 barrels (119,028 gallons).

Reuters, 13:34 December 13, 2011

Unspecified Unit Breakdown Leads to Flaring at ExxonMobil's 149,500 b/d Torrance, California Refinery December 13

ExxonMobil reported that an unspecified unit breakdown at its Torrance refinery has caused sulfur oxide to flare, according to news reports.

http://www.downstreamtoday.com/news/article.aspx?a_id=28842

Kinder Morgan to Build 25,000 b/d Petroleum Condensate Processing Facility near Its Galena Park Terminal on the Houston Ship Channel

Kinder Morgan Energy Partners, L.P. today announced it will build, own, and operate a petroleum condensate processing facility near its Galena Park terminal on the Houston Ship Channel. With an initial throughput of 25,000 b/d and a design that provides for future expansions of up to 100,000 b/d, the project will split condensate into its various components, such as light and heavy naphthas, kerosene, and gas oil. The facility will connect to a recently announced crude/condensate pipeline, which will transport crude/condensate from the Eagle Ford Shale in south Texas to the Houston Ship Channel. The pipeline will consist of almost 70 miles of new-build construction and 113 miles of converted natural gas pipeline. Construction on the pipeline began this week and Kinder Morgan expects it to be in service in the second quarter of 2012.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1639662>

Continental Refining Company Purchases 5,500 b/d Somerset, Kentucky Oil Refinery, Plans to Expand Operations

Continental Refining Company announced today that it has purchased a Somerset, Kentucky oil refinery and 15 modern tanker trailers for regional transportation. The facility will be operational by early summer 2012, increasing productivity from the current "warm idle" status to 61 percent capacity by the end of 2012 and 100 percent capacity by mid-2013.

http://www.continentalrefiningco.com/about_continental_refining_company.html

Natural Gas

Update: El Paso Says 1.5 Bcf/d Ruby Natural Gas Pipeline to Remain Shut until at Least Saturday after Fire in Utah Damages Block Valve

El Paso Corp said in a web posting today that its Ruby Pipeline, which transports gas from western supply basins to markets along the U.S. West Coast, will remain out of service until sometime between Saturday and next Wednesday after a fire broke out on the line in Cache County, Utah over the weekend. The company declared a force majeure on the pipeline Saturday night when it determined the fire had damaged a block valve. The valve needs to be replaced, according to a spokeswoman Wednesday, and the in-service date depends on the time workers will need to secure and install the replacement valve.

Reuters, 10:51 December 14, 2011

Crestwood Announces Agreement to Construct the 200 MMcf/d Tygart Valley Natural Gas Pipeline to Serve Marcellus Shale Development in West Virginia

Crestwood Midstream Partners LP announced December 13 that it has signed a memorandum of understanding with Mountaineer Keystone LLC (“MK”) to construct the Tygart Valley Pipeline (TVP), a 42-mile, 16-inch natural gas gathering system to serve MK’s Marcellus Shale development program in Northeast West Virginia. The TVP is expected to be completed by the fourth quarter 2012 and will interconnect with Columbia Gas Transmission’s WB Pipeline in Randolph County, West Virginia. The TVP, as currently designed, will have total capacity of approximately 200 MMcf/d and could be expanded to accommodate approximately 300 MMcf/d with compression. MK expects to reserve firm capacity of 115 MMcf/d under a long-term, fixed-fee gathering agreement. Crestwood is currently marketing the remaining firm capacity in the project to area producers that have been accumulating Marcellus Shale leases but have been slow to commence drilling and development due to a lack of pipeline infrastructure in the area.

<http://www.crestwoodlp.com/corporate/news/press/2011/MK%20MOU%20Press%20Release%2012-13-11.pdf>

Control Valve Malfunction Shuts AGI Compressor at Regency Energy Partner’s 260 MMcf/d Waha Gas Plant in Texas December 12

A malfunctioning back pressure control valve shut the facility’s acid gas injector (AGI) compressor, according to a filing with the Texas Commission on Environmental Quality. Operators are repairing a back pressure control valve and minimizing emission to the flare as much as possible.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162747>

Operator Error Shuts Compressor, Leads to Shut-in of Inlet Gas at Hess’s 210 MMcf/d Seminole Gas Processing Plant in Texas December 13

Hess Corporation reported Wednesday morning that the plant’s C Refrigeration Compressor shut down when a technician accidentally activated the unit’s emergency shutdown switch, according to a filing with state regulators. The compressor shutdown caused a moderate process upset, which in turn shut down two inlet/treated compressors and the membrane separation process unit (MSU). The process upset then carried over to the Trains 1 and 2 sulfur recovery units (SRU) and resulted in sulfur dioxide emissions. Operators immediately shut-in inlet gas and associated oil production to minimize flare emissions. They had difficulty restarting the C Refrigeration Compressor, however, and at the time of the filing, technicians were still working to resolve the problem. Plant process units have been stabilized.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162753>

High Acid Gas Well Pressure Shuts Acid Gas Compressor at Targa’s 150 MMcf/d Sand Hills Gas Plant in Texas December 12

Targa reported in a filing with state regulators Tuesday that the acid gas well at its facility pressured up, causing the C-14 acid gas compressor to shut down, which led to flaring from the F-4 acid gas flare. Operators are investigating what caused the increased well pressure and are attempting to correct the problem. The plant has shut out third-party gas to help minimize flaring in the meantime.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162717>

Ignition System Failure Shuts Compressor at Regency Energy Partners’ 70 MMcf/d Eustace Gas Plant in Texas December 12

Regency Energy Partners reported that a faulty Altronic Magneto in the ignition system shut Compressor K201B. Operators re-routed gas flow to a cold plant bypass to stop flared emissions. They replaced the faulty Altronic Magneto in the ignition system, restarted the compressor, and then re-routed the gas back to normal.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162756>

Power Failure Shuts Unit at Enterprise’s Dimmit County Compressor Station in Texas December 13

Enterprise Products Operating LLC reported that a purchase power failure due to inclement weather caused Unit 733 to shut down, engaging the pipeline over-pressure protection system to reduce line pressure. No operator response was necessary, as the system performed as designed to ensure safe operating parameters during upset conditions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162719>

Other News

U.S. Congress Passes Pipeline Safety Bill to Extend Federal Safety Oversight through 2015

Congress has passed a pipeline safety bill that extends federal safety oversight through 2015; doubles the maximum fine for safety violations; authorizes the U.S. Pipeline and Hazardous Materials Safety Administration to hire 10 more safety inspectors; and allows the U.S. Transportation Secretary to require newly constructed pipelines to include automatic shutoff valves. The bill cleared the House on Monday, the Senate on Tuesday, and now goes to the White House for President Obama's signature.

http://www.washingtonpost.com/business/senate-passes-pipeline-safety-bill-in-response-to-deadly-california-gas-explosion-oil-spills/2011/12/13/gIQA8HjnsO_story.html

http://www.yorkdispatch.com/penn/ci_19532977

Energy Prices

U.S. Oil and Gas Prices			
December 14, 2011			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	95.84	100.61	88.73
NATURAL GAS Henry Hub \$/Million Btu	3.12	3.43	4.55

Source: Reuters

Energy Notes

U.S. Bureau of Ocean Energy Management to Open Western Gulf of Mexico Lease Sale 218 in New Orleans December 14

<http://www.boem.gov/BOEM-Newsroom/Press-Releases/2011/press12132011.aspx>

Update: Ministry Official Says Iraq to Uphold Accord with ExxonMobil 'For Now,' after Signing Contract with Kurdish Regional Government

<http://www.bloomberg.com/news/2011-12-14/iraq-to-uphold-accord-with-exxon-mobil-for-now-al-ameedi-says.html?cmpid=yhoo>

Colorado Requires Public Disclosure of the Concentrations of Chemicals Used in Hydraulic Fracturing

<http://finance.yahoo.com/news/Colorado-requires-disclosure-apf-3497108895.html?x=0>

Low Lubrication Pressure Shuts Acid Gas Compressor, Leads to Flaring at West Texas Gas's 12 MMcf/d Big Lake Gas Plant in Texas December 13

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162758>

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 EST every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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

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