



ENERGY ASSURANCE DAILY

Friday Evening, May 2, 2014

Major Developments

Energy Department Announces First Regional Gasoline Reserve to Strengthen Fuel Resiliency May 2

Energy Secretary Ernest Moniz today announced the creation of the first federal regional refined petroleum product reserve containing gasoline. Based on the Department of Energy's (DOE's) lessons learned from the major fuel supply disruption in the aftermath of Superstorm Sandy, the DOE will establish two Northeast reserve locations near New York Harbor and in New England. Each location will store 500,000 barrels of gasoline, enough to provide some short-term relief in the event of significant disruptions. The new reserve complements the Northeast Home Heating Oil Reserve (NEHHOR), a one million barrel supply of diesel for the Northeast. Emergency withdrawals from NEHHOR were used for the first time in response to Superstorm Sandy to supply first responders and emergency generators in the region. At present, the Energy Department's Strategic Petroleum Reserve (SPR) contains crude oil but does not contain refined petroleum products. The DOE anticipates awarding contracts for commercial storage, service, and product acquisition in order to launch the reserve by late summer of 2014.

<http://energy.gov/articles/energy-department-announces-first-regional-gasoline-reserve-strengthen-fuel-resiliency>

Electricity

Constellation's 825 MW Calvert Cliffs Nuclear Unit 1 in Maryland Shut May 2

Unit 1 automatically tripped from full power due to an RPS actuation. The steam generator atmospheric dump valves momentarily opened and then closed. There was no known steam generator tube leakage.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2014/20140502en.html>

Update: Exelon's 1,134 MW Limerick Nuclear Unit 2 in Pennsylvania Ramps Up to 85 Percent by May 2

On the morning of May 1 the unit was operating at 51 percent after restarting by April 30. Unit 2 was removed from service April 24 to perform planned inspections of the main turbine.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

<http://www.exeloncorp.com/newsroom/LimerickUnit2OfflineforPlannedTurbineInspections.aspx>

Update: FPL's 510 MW Point Beach Nuclear Unit 1 in Wisconsin Restarts, Ramps Up to 83 Percent by May 2

Unit 1 restarted by May 2 after being shut by April 29 from 56 percent power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

Update: AES's 175 MW Redondo Gas-fired Unit 6 in California Returns to Service by May 1

The unit returned from an unplanned outage that began by April 12.

<http://content.caiso.com/unitstatus/data/unitstatus201405011515.html>

SCE's 200 MW Eastwood Pump-Gen Hydro Unit in California Shut by May 1

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201405011515.html>

AES's 179 MW Redondo Gas-fired Unit 5 in California Shut by May 1

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201405011515.html>

Petroleum

Update: 831 Barrels of Crude Oil Spills into James River after CSX Train Derailment in Lynchburg, Virginia

CSX continued efforts overnight and through the day on Friday, May 2, to restore the site affected by a freight-train derailment that occurred April 30 in Lynchburg, Virginia. All but two of the derailed cars have been positioned for removal from the site. Preparations continue for the safe removal of the remaining two cars, in coordination with onsite safety, investigative, and first-responder organizations. Preparations include extensive efforts to minimize any environmental impact. CSX also is in the process of rebuilding the road bed and railway, with debris removal, excavation of the road bed and preliminary work to re-lay the track underway. State emergency managers estimated 831 barrels of crude oil leaked into the river, creating a sheen up to 9 miles long. Most of the slick was contained by booms and some of the oil burned off, a public information officer with the Virginia Department of Environmental Quality said. According to preliminary information gathered by the National Transportation Safety Board (NTSB), the train passing through Lynchburg was moving at 24 miles-per-hour when it left the tracks and was engulfed in flames. An NSTB spokesman said some of the train's cars were classified as DOT-111 tank cars, a widely used type of tanker that has been subject to earlier NTSB safety examinations.

<http://www.csx.com/index.cfm/media/press-releases/csx-continues-site-restoration-efforts-at-lynchburg-5214/>

<http://www.washingtonpost.com/blogs/dr-gridlock/wp/2014/05/01/oil-sheen-from-derailed-train-stretches-9-miles-down-james-river/>

<http://www.jamestownsun.com/content/derailed-csx-train-carried-bakken-oil>

BP Cleaning up Prudhoe Bay Oil Spill on Alaska's North Slope May 2

Work crews for BP Plc were clearing contaminated snow on Thursday on Alaska's North Slope after a well line in Prudhoe Bay ruptured, spraying a 34-acre area with crude oil and natural gas. BP discovered the leak during a routine investigation on Monday afternoon, according to an Alaska Department of Environmental Conservation (DEC) report. A few hours after discovery, the line was depressurized to stop the leak, the state report said. BP and Alaska's DEC were investigating how much liquid leaked. It remains unclear whether the leak is connected to a decline in North Slope oil production. Since the spill occurred, daily North Slope production has dropped about 10,000 b/d, from 533,000 b/d to 521,000 b/d, according to state tracking data.

http://www.rigzone.com/news/oil_gas/a/132880/BP_Cleaning_Up_Oil_Spill_on_Alaskas_North_Slope#sthash.pj9L4bwV.dpuf

Phillips 66 Reports Flaring at Its 44,500 b/d Santa Maria, California Upgrading Facility May 1

Phillips 66 said its Santa Maria upgrading facility experienced a process upset at the site's steam power plant, resulting in an unscheduled shutdown of the unit. As a result, fuel gas was directed to the facility's flare, resulting in visible flaring.

<http://www.phillips66.com/EN/about/our-businesses/refining-marketing/refining/santamaria/Pages/index.aspx>

Natural Gas

Canada's NEB Approves Aurora and Oregon LNG Export Licenses in British Columbia

The National Energy Board (NEB) on Thursday approved applications for 25-year natural gas export licenses for Aurora Liquefied Natural Gas Ltd. and Oregon LNG Marketing Company, LLC. Aurora will export liquefied natural gas (LNG), at a maximum quantity of 849.82 billion cubic meters. The export point would be in the vicinity of Prince Rupert, British Columbia at the outlet of the loading arm of a proposed liquefaction terminal. Oregon LNG Marketing Company, LLC (Oregon LNG) will export natural gas at a maximum quantity of 375.17 billion cubic meters. The export point would be in the vicinity of Kingsgate and Huntingdon, British Columbia via existing natural gas pipelines.

<http://www.neb-one.gc.ca/clf-nsi/rthnb/nws/nwsrls/2014/nwsrls17-eng.html>

Atlas Pipeline Announces Start-up of 120 MMcf/d Stonewall Processing Plant in Oklahoma

Atlas Pipeline Partners, L.P. (APL) on Thursday announced it brought into service its new, cryogenic processing Stonewall facility on the SouthOK system, in the Arkoma section of the Woodford Shale. The plant was processing liquids Thursday in start-up mode and will be fully operational in the coming days. Due to the increase in activity in Southern Oklahoma, APL said it expected to accelerate the timeframe of the planned 80 MMcf/d expansion at the new Stonewall plant, bringing its total processing capacity to 200 MMcf/d.

<http://phx.corporate-ir.net/phoenix.zhtml?c=113240&p=irol-newsArticle&ID=1925348&highlight=>

Southern Union Reports SRU Shut at Its Keystone Gas Plant in Texas April 30

Southern Union reported the sulfur recovery unit (SRU) shut due to high A bed temperature. Once A bed cooled down below the shutdown set point, the motor in the thermal heater was replaced.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=197690>

Heyco LNG to Build 150,000 Gallon per Day LNG Plant in Texas

Heyco LNG will build a new plant east of San Antonio, Texas that will produce liquefied natural gas (LNG), for use by operators in the Eagle Ford Shale oil-and-gas play, officials said. The plant will convert natural gas extracted from the shale into LNG that can fuel drilling rigs and hydraulic fracturing equipment used there. Initially the facility will process 150,000 gallons of LNG daily, but that capacity could be doubled with eventual upgrades, according to the company's president. The company expects to break ground in May or June on the facility and expects it to be complete in 8–11 months. It will sell to fuel distributors, not directly to the public or LNG users.

<http://www.bizjournals.com/sanantonio/blog/eagle-ford-shale-insight/2014/05/heyco-will-build-91-million-plant-to-convert-eagle.html?page=all>

Other News

Nothing to report.

International News

Update: Colombia to Repair 220,000 b/d Cano Limon-Covenas Pipeline after Deal with Indigenous Group

Colombia's 485-mile Cano Limon-Covenas oil pipeline owned by state-run Ecopetrol will be repaired after the government reached a deal with the U'wa indigenous community who blocked access to a damaged section for more than a month, the Energy Ministry said on Thursday. The pipeline has been offline since a bomb attack by leftist guerrillas on March 25. Engineers have been unable to access the site due to a blockade by the U'wa who demand the pipeline be re-routed away from their area and that a nearby hydrocarbons project be scrapped. Ecopetrol was forced to declare force majeure on at least 25 delivery contracts due to the stoppage.

<http://www.reuters.com/article/2014/05/02/colombia-ecopetrol-pipeline-idUSL2N0NO02V20140502>

Russia Could Cut Gas to Ukraine in June if Prepayment is Not Received

Russia's energy minister on Friday said Gazprom could cut natural gas supplies to Ukraine in June if it receives no prepayment in an escalating disagreement between Moscow, Ukraine, and the European Union over energy supplies. Gazprom says Kiev owes it \$3.5 billion for gas already delivered. The energy minister also warned that Ukraine might not be able to store enough gas during the summer for transit to European countries in the winter.

<http://www.reuters.com/article/2014/05/02/europe-energy-oettinger-idUSL6N0NO1JZ20140502>

Energy Prices

U.S. Oil and Gas Prices			
May 2, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	99.61	100.76	92.42
NATURAL GAS Henry Hub \$/Million Btu	4.70	4.81	4.31

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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