



# ENERGY ASSURANCE DAILY

Wednesday Evening, September 18, 2013

## Major Developments

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### Update: Colorado Oil & Gas Association Says Nearly 1,900 Wells Shut-in by Flooding

According to the Colorado Oil & Gas Association (COGA), oil and gas well operators began to shut-in the majority of their impacted locations when the flooding commenced on September 11. As of 2:00 PM MDT Tuesday, COGA said there were nearly 1,900 wells shut-in in the affected areas and more than 600 personnel and crew were inspecting operations, conducting aerial and ground surveillance, identifying and determining locations of possible impairments, and repairing any facilities to mitigate the effects from the storm. Company-specific updates are listed below:

- **Anadarko Petroleum Corp.** reported Wednesday that approximately 675 of its operated wells are shut-in (out of approximately 5,800 operated wells in the field) and approximately 20 miles (of a total of about 3,200 miles) of gathering lines are isolated and undergoing evaluation to ensure integrity. The company anticipates bringing some wells on line today, subject to access, inspection, and infrastructure. The company noted that gathering compression and processing is on line.
- **Encana Corp.** reported Wednesday that 150 wells shut due to the flooding had returned to service, but 245 remained shut-in. The company, which operates more than 1,200 wells in the Denver-Julesburg (DJ) Basin, had originally shut almost 400 wells due to the storm, with 99 returning to service yesterday.

According to COGA CEO Tisha Schuller, no major releases have been reported. However, Schuller confirmed reports that two empty storage tanks are floating, some broken oil pipelines have been shut remotely, and one small mixed oil and water spill was contained at a production site. The Colorado Oil and Gas Conservation Commission reported Wednesday that it is aggressively assessing the impacts of the flood to oil and gas locations by using GIS mapping to identify impacted locations and sending response teams to inspect locations north and south of the South Platte River.

<http://www.coga.org/index.php/ColoradoFloodsUpdate#sthash.s3wH27a0.dQY05mXW.dpuf>

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

<https://twitter.com/tishaschuller>

<https://twitter.com/ColoradoOilGas>

<http://in.reuters.com/article/2013/09/18/energy-encana-colorado-idINL2N0HE17Z20130918>

## Electricity

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### Luminant Plans to Mothball 1,880 MW of Coal-Fired Capacity at Three Texas Power Plants

Luminant applied in a recent filing with the Electric Reliability Council of Texas (ERCOT) to mothball its 750 MW Martin Lake 3 coal unit by mid-December, suspending operation over the winter. It is already scheduled to suspend operations at two 593 MW units at its Monticello plant in Rusk County October 1. Luminant cited increased challenges from low wholesale power prices for the suspensions. If approved by ERCOT, Luminant's request will result in 2,600 MW of mothballed capacity for the winter across the Texas grid. Another 2,000 MW in ERCOT is mothballed year round, according to ERCOT data. A mothballed plant can be restarted, but may require weeks or months of advance notice.

Reuters, 17:03 September 17, 2013

### **AEP to Retire Its 500 MW Tanners Creek Coal-fired Unit 4 in Indiana by Mid-2015**

American Electric Power Co. (AEP) said September 17, that it will retire its entire Tanners Creek coal-fired unit 4 in Lawrenceburg, Indiana, by mid-2015, along with the other generating units at the plant. The decision to retire Tanners Creek Units 1– 3 (495 MW) by mid-2015 was announced in June 2011. An agreement reached in February 2013 provided the option of refueling or retiring Tanners Creek 4. Extensive analysis determined that projections for limited electricity demand growth, combined with the amount of generation currently available to serve Indiana Michigan customers, make it financially unfeasible to refuel Tanners Creek 4. All four generating units at Tanners Creek will be retired by mid-2015.

<http://www.aep.com/newsroom/newsreleases/?ID=1834>

### **Update: Entergy's 653 MW Pilgrim Nuclear Unit 1 in Massachusetts Ramped Up to 98 Percent by September 18**

The unit restarted on September 15 after going offline on September 8 when the plant's feedwater system developed a small leak, according to the Nuclear Regulatory Commission.

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

### **PPL's 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania Reduced to 85 Percent by September 18**

On the morning of September 17 the unit was operating at full power, according to the Nuclear Regulatory Commission.

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

### **Entergy's 1,075 MW Waterford Nuke Unit 3 in Louisiana Reduced to 84 Percent by September 18**

On the morning of September 17 the unit was operating at full power, according to the Nuclear Regulatory Commission.

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

## ***Petroleum***

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### **Sunoco Launches Open Season for 200,000 b/d Permian Express 2 Pipeline in Texas**

Sunoco Logistics Partners L.P. (SXL) announced September 17 that Sunoco Pipeline L.P. will commence a binding Open Season for its Permian Express 2 pipeline. The pipeline will provide additional crude oil takeaway capacity for the growing production in the Permian Basin. The pipeline will originate at multiple locations in West Texas: Midland, Garden City, and Colorado City. Permian Express 2 will have access to multiple SXL and third-party pipelines to provide producers the ability to reach various markets and refineries on the Gulf Coast and in the Midcontinent. The Partnership will construct approximately 300 to 400 miles of new pipeline pending customer interest for various locations. The Permian Express 2 pipeline is anticipated to have an initial capacity of approximately 200,000 b/d and is expected to be operational in the second quarter of 2015.

[http://www.sunocologistics.com/SiteData/docs/SXLSeptemb/3e8e54a56339eae/SXL%20September%202013%20Permian%20Express%20Open%20Season%20Final%20\\_2\\_.pdf](http://www.sunocologistics.com/SiteData/docs/SXLSeptemb/3e8e54a56339eae/SXL%20September%202013%20Permian%20Express%20Open%20Season%20Final%20_2_.pdf)

## ***Natural Gas***

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### **Alaska Asks ConocoPhillips to Reopen Kenai Peninsula LNG Export Terminal**

The Alaska Department of Natural Resources (DNR) asked ConocoPhillips to reopen its 30 MW Kenai Peninsula liquefied natural gas (LNG) plant in Nikiski, Alaska, September 5. In a letter from acting DNR Commissioner, the state asked the company to apply for a three-year federal LNG export license. In 2011 ConocoPhillips announced that it would be ceasing LNG exports from Kenai and preserving the plant for potential future use after the export license for the plant expired March 31, 2013. The company said at the time that it was "maintaining the flexibility to resume operations and apply for a new export authorization if sufficient gas becomes available." The DNR also asked the company to install equipment that could be used to truck LNG throughout Alaska. After receiving the letter, ConocoPhillips said it would evaluate the feasibility of reopening the plant and resuming operations, including truck-rack facilities.

<http://www.seattlepi.com/business/energy/article/Alaska-asks-ConocoPhillips-to-reopen-LNG-plant-4821896.php>  
<http://alaska.conocophillips.com/EN/news/media/Documents/FactSheet-KenaiLNGNorthCookInlet.pdf> ]

## Other News

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Nothing to report.

## International News

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### Update: Libya's Output Rises to 620,000 b/d as El Sharara and El Feel Oil Fields Ramp Up September 18

Libya's total oil output has risen to 620,000 b/d as the country's National Oil Corp. increased production from its El Sharara oil field to 300,000 b/d and El Feel oil field to 70,000 b/d. Both fields had been closed since August 27 due to strikes by security guards that have caused the shutdown of Libya's main export ports. Before the strikes, Libya's output was 1.6 million b/d. El Sharara is expected to reach its full capacity of 330,000 b/d by Thursday, and El Feel is expected to reach 90,000 b/d over the next few days as workers were still trying to get the water injection units going.

Reuters, 11:25 September 18, 2013

### Update: Iraq Completes Rumaila Pipeline Repairs; Production Expected to Resume September 19

Iraq's Southern Oil Co. completed repairs on a pipeline leak at its Rumaila oil field Wednesday and began tests in anticipation of resuming production on Thursday. The leak was discovered last week and forced Iraq to reduce output, cutting production from 1.47 million b/d to 870,000 b/d.

Reuters, 8:52 September 18, 2013

### Kazakhstan Expects Kashagan Oil Field to Produce About 8 Million Tons of Oil in 2014

The Kazakhstan government said September 18 that it expects its Kashagan oil field to produce approximately 8 million tons of oil (approximately 160,000 b/d) in 2014, following the startup of output last week. According to Oil & Gas Minister Uzakbai Karabalin, the field is already outputting around 40,000 b/d, with a target of commercial output of 75,000 b/d by early October. This estimate is likely to cause the government to revise its forecast for the country's 2014 oil production up from 83 million tons. Kazakhstan expects oil output to rise to 82 million ton this year, up from 79.2 million in 2012.

[http://www.rigzone.com/news/oil\\_gas/a/129112/Kazakhstan\\_Sees\\_Kashagan\\_2014\\_Oil\\_Output\\_at\\_Around\\_8\\_Mln\\_Tons](http://www.rigzone.com/news/oil_gas/a/129112/Kazakhstan_Sees_Kashagan_2014_Oil_Output_at_Around_8_Mln_Tons)

## Energy Prices

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U.S. Oil and Gas Prices			
September 18, 2013			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	107.30	107.77	95.29
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	3.72	3.53	2.74

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>

Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)