



ENERGY ASSURANCE DAILY

Tuesday Evening, February 18, 2014

Major Developments

Vandalism Suspected in Unplanned Natural Gas Release at Southern California Gas Company's Playa del Rey Storage Facility February 17

At about 12:30 a.m. PST, February 17, a commercial truck, operated by an unknown driver, hit a small ½-inch diameter valve - the size of residential gas line - located at Southern California Gas Company's (SoCal's) Playa del Rey storage facility. This caused an unplanned release of natural gas and a very loud noise. The truck, which is believed to belong to a contractor, was found running on top of the valve but the driver was not located. The area has been made safe and the flow of gas stopped. SoCal is working alongside Los Angeles City Police and Fire officials to investigate the cause of the isolated incident. A bomb squad was brought in to determine if any other wells were tampered with, while gas to the affected well remains shut off. SoCal operates 54 active wells at the site in order to inject and withdraw gas from the Playa del Rey underground reservoir formation. According to the Energy Information Administration, the storage field has a working as capacity of 2.4 Bcf, a total field capacity of 6.9 Bcf, and a maximum daily delivery capacity of 480 MMcf/d.

<http://www.socalgas.com/news-room/playa-del-rey-incident.shtml>

https://www.socalgas.com/documents/safety/pdr_storage.pdf

<https://twitter.com/socalgas>

<http://www.dailynews.com/general-news/20140217/vandalism-suspected-in-natural-gas-storage-facility-leak-in-playa-del-rey>

<http://www.nbclongbeach.com/news/local/Natural-Gas-Leak-Storage-Investigation-Firefighters-Playa-Del-Rey-245824601.html>

http://www.eia.gov/cfapps/ngqs/ngqs.cfm?f_report=RP7

Electricity

Update: Utilities in Southeast Wrapping Up Restoration After Last Week's Winter Storm

Utilities in the Southeast had restored power to nearly all customers affected by the severe winter storm that brought snow, ice, and high winds to the region last week. Duke Energy reported that it restored more than 907,981 customer outages in North Carolina and South Carolina since the multi-day storm began affecting the states on February 12. As of 3:30 p.m. EST today, 51 Duke Energy customers remained without power. Georgia Power said Sunday it had restored service to 700,000 customers since the beginning of the storm. As of 3:30 p.m. EST today, 607 Georgia Power customers remained without power. SCE&G said its crews were working to wrap up any remaining weather related outages and as of 3:30 p.m. EST today, 854 customers remained without power.

<http://www.duke-energy.com/news/releases/2014021701.asp>

<http://outagemap.georgiapower.com/external/default.html>

http://www.sceg.com/en/storm-center/outage-map/?WT.mc_id=Mktwl_ViewOutages

Exelon's 802 MW Three Mile Island Nuclear Unit 1 in Pennsylvania Reduced to 58 Percent by February 18

On the morning of February 17 the unit was operating at full power.

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

Update: Delta Energy Center, LLC's 880 MW Delta Gas-fired Unit in California Returns to Service by February 15

The unit returned from an unplanned outage that began by February 14.

<http://content.caiso.com/unitstatus/data/unitstatus201402151515.html>

Update: Dynegy, LLC's 510 MW Moss Landing Gas-fired Unit 2 in California Returns to Service by February 17

The unit returned from an unplanned outage that began by February 16.

<http://content.aiso.com/unitstatus/data/unitstatus201402171515.html>

Construction to Begin This Year on TVA's New 1,000 MW Natural Gas-fired Power Plant at Paradise Fossil Power Plant Site in Kentucky by 2017

The Tennessee Valley Authority (TVA) board of directors on February 13 discussed the addition of a combined-cycle gas power plant to provide power to the Tennessee Valley that will begin construction later this year. In November, the board approved plans to build a gas plant to replace two coal-fired units at the Paradise Fossil Plant site in Kentucky. The gas plant will be a high-efficiency, combined-cycle design and will be targeted for completion in summer 2017 at a cost of about \$1 billion.

http://www.tva.com/news/releases/janmar14/board_discusses.html

<http://world.einnews.com/article/190825415/tQtmjfUh3tdmJ5LQ>

Petroleum

President Obama Orders New Fuel Standards for U.S. Trucks February 18

Obama announced on Tuesday that his administration will begin developing the next phase of tighter fuel efficiency standards for medium and heavy-duty vehicles. He directed the Environmental Protection Agency and Transportation Department's National Highway Traffic Safety Administration to develop and issue new fuel-efficiency and greenhouse gas standards by March 31, 2016.

<http://www.usatoday.com/story/news/politics/2014/02/18/obama-fuel-standards-heavy-duty-trucks/5561151/>

Reuters, 6:00 February 18, 2014

Tracks at Site of Norfolk Southern Oil Train Derailment in Pennsylvania Cleared February 14, Spill Estimate Higher Than Previously Reported

Norfolk Southern on Friday cleared the tracks of tank cars carrying Canadian crude oil that derailed in Pennsylvania and said the spill that resulted from the accident was slightly larger than it first estimated. The company said in a statement that 3,500–4,500 gallons had spilled, up from its initial estimate of 3,000–4,000 gallons. Most of the oil had leaked onto a parking lot and some had sunk into nearby soil, the transportation company said, adding it had cleared up 75 percent of the spill. Shipment along its Conemaugh Line, which runs from Pittsburgh to a stop near New Florence, Pennsylvania, was set to resume on the morning of February 15. The 120-car train was carrying crude oil, liquefied petroleum gas and other products when 21 tank cars went off the tracks and crashed into an industrial building at a bend by the Kiskiminetas River in the town of Vandergrift.

Reuters, 17:39 February 14, 2014

Transport Canada Report Urges More Safety for Crude by Rail

A Canadian government-backed review of the type of rail car involved in last year's deadly Lac-Mégantic crash found that industry, regulators, and shippers could do more to ensure the safety of the cars that carry crude across North America. The report, made public by Transport Canada late on Friday, also said that older model DOT-111 cars should be retrofitted or retired over the longer-term, and recommended a feasibility study on how those retrofits could be performed. The oil that exploded in the Lac-Mégantic derailment was carried in DOT-111 tanker cars that pre-dated new, tougher safety standards introduced in October 2011. Canadian Pacific Railway Ltd and Canadian National Railway Co. both said this week that they will charge extra for customers that transport crude in the older-model tank cars.

Reuters, 21:17 February 14, 2014

Irving Oil Will Convert Fleet of Crude Oil Railcars to Meet U.S. Standards by April 30

Irving Oil said it will convert its fleet of crude oil railcars to comply with U.S. recommendations for DOT-111 tank cars built after October 1, 2011. The company said it will complete the conversion by April 30 and it will require the removal of older-model railcars from service. Specifications out by the Association of American Railroads call for railcars built after October 2011 to be constructed with reinforcements that have been reported to reduce the risk of product loss if the railcars derail. Irving Oil said it will also ask its suppliers to adhere to the U.S. standards by December 31.

<http://world.einnews.com/article/191018276/4VyaexcusPTcSFxD>

Enbridge Says Permit for 120,000 b/d Expansion of Clipper Pipeline Delayed

Enbridge Inc. said February 14 that plans to expand its Clipper Pipeline by 120,000 b/d have been delayed because it is taking longer than expected to get a presidential permit from the United States. The pipeline has a current capacity of 450,000 b/d and runs from Hardisty, Alberta, to Superior, Wisconsin. The company had expected to start pumping more oil midyear, but said during an earnings call on Friday that it doesn't expect to get the permit in time for that and will make some temporary system modifications to mitigate any impact.

http://www.rigzone.com/news/oil_gas/a/131643/Enbridge_Pipeline_Expansion_Delayed_By_Wait_For_US_Permit

Targa Reports 400 Barrel Crude Oil Leak from Pipeline in North Dakota February 13

Targa Resources Corp. reported a release of oil from a pipeline in western North Dakota on February 13. According to a report filed with the North Dakota Department of Health, the underground pipeline was struck and damaged, causing approximately 400 barrels of crude oil to leak. The company said only five to 10 barrels of oil overflowed from a trench dug at the site, but the majority was contained. The oil was removed from the site, and the company is in the process of removing the contaminated soil under the supervision of the state Department of Health.

<http://www.ndhan.gov/data/mrNews/Targa%20Pipeline%20Spill-%20NR-2014-02-14-vFINAL.pdf>

Whiting Petroleum Says 50–70 b/d of Fracking Fluid Leaking After Blowout from Oil Well in North Dakota February 14

A Whiting Petroleum oil well in North Dakota was leaking 50–70 b/d of drilling fluid on Friday after a well blowout on Thursday afternoon, the company said. The leak, which contained fluids used in fracking, was contained and was not flowing into any nearby waterways, a spokesman said.

Reuters, 12:49 February 14, 2014

Tesoro Says Power Restored at Its 57,500 b/d Salt Lake City Refinery February 18

Tesoro Corp. said power was restored at its refinery in Salt Lake City, Utah, which suffered an outage February 14. The refinery was undergoing unspecified maintenance, a company spokeswoman said on Tuesday. Tesoro said on Friday it was working to restore power and reduce flaring at the refinery after a minor fire that did not involve a unit.

Reuters, 12:11 February 18, 2014

Update: Tesoro Says Unplanned Maintenance Still Ongoing at Its 166,000 b/d Martinez, California Refinery February 14

Tesoro Corp. said on Friday that unplanned maintenance was still ongoing at its refinery in Martinez, California. Sources had told Reuters on February 12 that the alkylation unit was halted at the refinery following a chemical release that splashed workers. The company confirmed that workers who had sustained minor injuries from a chemical release at the refinery were treated and released.

Reuters, 13:25 February 14, 2014

ExxonMobil Says No Impact on Output from Unit Work at Its 149,000 b/d Torrance, California Refinery February 18

ExxonMobil Corp. on Tuesday said there was no impact to production due to maintenance performed on a unit at its refinery in Torrance, California. Exxon reported unplanned flaring at the refinery on Saturday, according to a filing with state pollution regulators. The work led to flaring but the refinery continues to operate, the company said in an email.

Reuters, 11:58 February 18, 2014

ExxonMobil Says Pressure Valve Malfunction Has No Output Impact at Its 238,600 b/d Joliet, Illinois Refinery February 17

ExxonMobil Corp. said the malfunction of a pressure valve at its Joliet refinery in Channahon, Illinois had no impact on production. The company reported a valve malfunction on Monday that led to the release of sulfur dioxide, nitric oxide and nitrogen dioxide, according to a filing with the Illinois Emergency Management Agency.

Reuters, 6:54 February 18, 2014

Citgo Says Minor Upset at Its 174,500 b/d Lemont Refinery Had No Production Impact February 13

Citgo Petroleum Corp. said there was no impact to production from a minor upset at its Lemont, Illinois refinery, on Thursday. The company had reported a unit malfunction in a filing with the Illinois Emergency Management Agency.

Reuters, 15:26 February 14, 2014

Marathon Reports Iso stripper Furnace Leak at Its 451,000 b/d Galveston Bay, Texas Refinery February 17

Marathon Petroleum Corp. reported a pinhole leak off the outlet header of the iso stripper furnace at Galveston Bay refinery in Texas City, Texas, according to a filing with the Texas Commission on Environmental Quality on Monday. The company depressurized the system and isolated the leak, the filing said. The filing did not specify if the snag impacted production.

Reuters, 00:00 February 18, 2014

Natural Gas

Update: Fire Out at Chevron Appalachia's Lanco 7H Well Pad in Pennsylvania February 18

At approximately 6:45 a.m. EST on February 11, a fire was reported on Chevron Appalachia's Lanco 7H well pad in Dunkard Township, Pennsylvania. An adjacent well on the pad, 6H, began burning on February 14, after sustaining damage from the heat of the fire from the initial well. The two wells were no longer burning as of 3:00 p.m. EST February 15. Due to the flames going out, Wild Well Control was able to access the well pad to perform an assessment of the wellhead equipment on February 16. Wild Well Control mobilized blowout prevention equipment, such as capping stacks, to seal the wells, which is standard equipment for these types of situations.

<http://www.chevron.com/news/mediaresources/updates.news>

Natural Gas Pipeline Company Announces Force Majeure at Compressor Station in Hot Spring, Arkansas February 17

Kinder Morgan announced effective immediately a force majeure on Compressor Station 306, in Hot Spring County, Arkansas, in a notice to shippers February 17. Two of the compressor units at the station experienced mechanical failures, leading to unexpected outages. This will cause a reduction in the throughput capacity northbound out of Segment 27 of the Gulf Coast Mainline Zone. The force majeure is anticipated to last at least through February 26.

<http://pipeline.kindermorgan.com/infoposting/notices.aspx?type=CRIT>

Natural Gas Pipeline Company Lifts Force Majeure on Gulf Coast Mainline Compressor Station 309 in Missouri February 17

Kinder Morgan, on Monday, lifted the force majeure on Compressor Station 309, at Segment 27 of Natural's Gulf Coast Mainline Zone in Bollinger County, Missouri. The unit, which experienced an unexpected outage due to a mechanical failure on February 5, has been repaired and operations have returned to normal according to a notice to shippers. The force majeure was originally anticipated to last through February 28.

<http://pipeline.kindermorgan.com/infoposting/notices.aspx?type=CRIT>

Natural Gas Pipeline Company Extends Operational Flow Order for Market Delivery Zone February 17

Kinder Morgan declared a Critical Time in its Market Delivery Zone February 17, to remain in effect until further notice. This was in response to the current forecast of continued cold weather, the high demand for gas, and the need to maintain system pressures in its Market Delivery Zone. During this time, shippers must follow the ongoing operational flow order dated January 24 and the applicable timing requirements for daily and hourly takes. The company anticipates Critical Time applying through the end of the gas day, February 19.

<http://pipeline.kindermorgan.com/infoposting/notices.aspx?type=CRIT>

DCP Midstream Reports Flaring Due to Sour Treater at Its 160 MMcf/d Goldsmith Gas Plant in Texas February 14

DCP Midstream Reported that while putting the raw gas trim cooler back in service, a large amount of scale migrated through the gas stream and plugging to coalescer filters before the amine contactor. In doing so, the amine became contaminated causing treater to go sour causing the flaring event. Operators immediately took corrective action necessary to sweeten the treater which included changing coalescer filters and amine solids filters. Upon completion of necessary maintenance, the treater was sweet again and back in service ending the flaring event.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=194263>

ExxonMobil Reports Cat-3 Unit Shut at Its 65 MMcf/d Dollarhide Gas Plant in Texas February 14

ExxonMobil reported the Cat-3 unit shut due to loss of amine still. Maintenance crews were onsite and repairs are underway. Multiple wells were shut in to reduce and mitigate flaring.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=194289>

Tennessee Gas Pipeline Launches Open Season for 2.2 Bcf/d Northeast Pipeline Expansion Project February 14

Tennessee Gas Pipeline has launched an open season through March 28 for an expansion bringing up to 2.2 Bcf/d of gas into the New England area. The Northeast Expansion Project would address long-term energy needs of New England and Atlantic Canada by providing access to "abundant" new supplies from the Marcellus and Utica shales, Tennessee Gas said in a Thursday notice. The expansion is currently planned to be in service in November 2018 and would involve building 179 miles of pipeline from Wright, New York, to Dracut, Massachusetts, as well as sufficient horsepower of new compression to efficiently transport between 600 MMcf/d and 2.2 Bcf/d.

http://www.kindermorgan.com/business/gas_pipelines/east/neupopenseason/Open_Season_Notice.pdf

<http://www.platts.com/latest-news/natural-gas/houston/tennessee-gas-launches-open-season-for-new-england-21222515?sf1850946=1>

Other News

Dominion Plans to Join Auction for Wind Leases Off the Coast of Maryland

Dominion on Tuesday filed with the Bureau of Ocean Energy Management to be among the bidders seeking to develop wind turbines to generate electricity on nearly 80,000 acres off the coast of Maryland. The area will be auctioned in two separate leases. The North Lease area totals 32,737 acres and the South Lease Area consists of 46,970 acres. Dominion's filing and those of other interested bidders will be reviewed by the Bureau of Ocean Energy Management to determine which are financially qualified to participate in the auction. The auction was announced in a proposed sale notice that the bureau issued in December and the deadline for filing is February 18. A date for the auction has not been set, but is expected in 2014.

<http://dom.mediaroom.com/2014-02-18-Dominion-Plans-to-Join-Auction-for-Maryland-Offshore-Wind-Leases>

International News

Update: Libya Oil Output Continues to Fall, Down to 375,000 b/d Following Protests at Sharara Field

Libya's oil production fell to 375,000 b/d on Tuesday, down from 450,000 b/d last Thursday, after further pipeline sabotage. According to the National Oil Corporation (NOC), protesters continued to block a pipeline carrying oil from the El Sharara field, while protests at the Al Wafa field had stopped.

http://www.rigzone.com/news/oil_gas/a/131686/Libya_Oil_Output_Falls_to_375000_Bpd_Protest_Affects_El_Sharara_Pipeline#sthash.pO6Rwneb.dpuf

Energy Prices

U.S. Oil and Gas Prices			
February 18, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	101.77	99.98	95.53
NATURAL GAS Henry Hub \$/Million Btu	5.54	7.63	3.19

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>

Please direct comments and questions to: ead@oe.netl.doe.gov