



ENERGY ASSURANCE DAILY

Thursday Evening, February 28, 2013

Major Developments

Update: Hess Shuttters Its 70,000 b/d Port Reading, New Jersey Refinery February 26; Complex Will Operate as Terminal, Included in Planned Sale of Terminal Network

Hess Corporation on Wednesday said it closed its Port Reading refinery on February 26 and that it had no plans to sell the refinery to another entity to operate it. The facility will continue to operate as a terminal and is included in the planned sale of the company's terminal network, a spokesman said. Hess announced in late January that it would pursue the sale of its terminal network in the United States and complete its exit from the refining business by closing its Port Reading refinery by the end of February. Operators on Wednesday reported emissions from the refinery in a filing with state pollution regulators, and said that the company was "shutting down refinery for good."

Reuters, 18:53 February 27, 2013

Reuters, 17:11 February 27, 2013

<http://www.businessweek.com/news/2013-02-27/gasoline-futures-fall-most-in-14-months-on-rising-production>

Electricity

Update: Utilities Continue to Work to Restore Power to More Than 15,000 Customers in Central U.S. and Midwest after Winter Storms February 28

A winter storm system that brought heavy snowfall to much of the Central United States and Midwest this week lingered in New Hampshire and Maine Thursday, prompting a winter storm warning that will be in effect until 5:00 p.m. EST today. From February 25–27, some 345,934 customers lost power from eastern New Mexico and Texas to Michigan. As of 1:30 p.m. EST today, 15,843 customers remained without power, mostly in Michigan and Missouri. DTE Energy said it hoped to restore the remainder of its affected customers by the end of the day today. In Missouri, the Association of Missouri Electric Coops reported as of 11:30 a.m. local time this morning that 10,780 of its members remained without power due to the storms, including 8,130 Co-Mo Electric Cooperative members. The utility has not estimated when it will fully restore power.

<http://www.detroitnews.com/article/20130228/METRO/302280409/1361/Snowy-February-to-be-topped-off-with-more-flakes-in-Metro-Detroit>

Central and Midwest United States Customer Power Outages			
February 25–28, 2013			
Electric Utility	State	Peak	Latest Reported
DTE Energy	MI	40,000	3,278
Ameren Missouri	MO	13,000	174
Association of Missouri Electric Coops	MO	54,837	10,780
Kansas City Power & Light	MO/KS	106,000	806
American Electric Power (Texas)	TX	5,537	318
CPS Energy	TX	22,000	175
Oncor Energy	TX	5,500	312
TOTAL*		246,874	15,843

*Total outages represent only electric utilities listed in this table.

Sources:

<http://www.dteenergy.com/map/outage.html>

<http://apps.ameren.com/outage/OutageMap.aspx?state=MO>

<http://www.amec.org/content/outage-reports>

http://www.kcpl.com/kcmaps/frameset_menus.htm

http://www.kcpl.com/storm/storm_update.html
<https://www.aeptexas.com/outages/>
http://outagemap.cpsenergy.com/CPSStaticMapsEXT/CPSStaticMapV2_EXT.html
<http://stormcenter.oncor.com/default.html>
<https://www.appalachianpower.com/outages/>

Heavy, Wet Snow Cuts Power to More Than 30,000 Hydro Quebec Customers Across Quebec February 27

<http://www.cbc.ca/news/canada/montreal/story/2013/02/28/quebec-snow-storm-hydro-outage.html>

Maryland Public Service Commission Orders Utilities to Improve Reliability, Communications after 2012 Derecho Storm Reveals Inadequacies

The Maryland Public Service Commission on Wednesday announced it has ordered utility companies to improve the resiliency and reliability of the electric utility distribution infrastructure in the state after reports regarding the 2012 derecho revealed utilities' performance failed to meet customer expectations. Maryland was among several Mid-Atlantic states affected by the June 29 Derecho storm, which knocked out power to a peak of approximately 992,000 customers across Maryland. The commission's order includes specific directives aimed at making the utilities more responsive to outages that occur after severe storms and more resilient to weather-related outage events, and it directs them to improve communications, review staffing levels, and develop strategies to address the needs of vulnerable populations.

<http://webapp.psc.state.md.us/Intranet/sitesearch/Press%20Releases/Maryland.pdf>

http://webapp.psc.state.md.us/Intranet/sitesearch/Whats_new/Derecho%20Order_Case%20No%20%209298.pdf

Update: Duke Energy's 1,100 MW McGuire Nuclear Unit 1 in North Carolina Ramped Up to 90 Percent by February 28

McGuire Unit 1 is returning from an outage that began February 21, when the reactor automatically tripped from 100 percent power due to a turbine trip caused by a loss of both main feedwater pumps. Operators restarted the unit by February 24.

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

Update: Southern's 856 MW Hatch Nuclear Unit 1 in Georgia Ramped Up to 70 Percent by February 28

Hatch 1 is returning from an outage that began February 10, when operators initiated a manual reactor scram due to elevated reactor water conductivity in accordance with station abnormal operating procedures. Operators restarted the unit by February 26.

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

CDWR's 933 MW Hyatt-Thermalito Hydro Unit in California Reduced by February 27

The unit entered a curtailment of 634 MW that was due to both planned and unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201302271515.html>

Update: Alta Wind's Wind-Powered Units 1-5 and 9 Return in California Return to Service by February 27

The following units returned from an unplanned outages at Alta Wind's wind farm: Units 1-3 (150 MW each), Unit 4 (102 MW), Unit 5 (168 MW), and Unit 9 (132 MW).

<http://content.caiso.com/unitstatus/data/unitstatus201302261515.html>

Update: California Governor Expedites State Review of McCoy Solar's Proposed 750 MW McCoy Solar Energy Project

California Governor Edmund Brown on Monday announced the McCoy Solar Energy Project has been certified for fast-tracked judicial and legislative review under the terms of the 2011 California Environmental Quality Act (CEQA). The proposed 750 MW photovoltaic solar power plant is under development by McCoy Solar, LLC, in Riverside County. The project would also include a 15.5-mile transmission line right-of-way and a 2-acre switchyard connecting with Southern California Edison's Colorado River Substation.

<http://gov.ca.gov/news.php?id=17930>

Update: Colonial ‘Essentially Completes’ 60,000 b/d Expansion of Its Line 3 Products Pipeline; 100,000 b/d Expansion of Line 1 Gasoline Pipeline on Track for Q2 2013

Colonial Pipeline Co. said this week that it has “essentially completed” a 60,000 b/d expansion of Line 3, which carries gasoline, diesel fuel, jet fuel, heating oil, and other refined petroleum products from Greensboro, North Carolina to Linden, New Jersey. The expansion brings the pipeline’s capacity to 885,000 b/d. The company on February 11 announced the large majority of the Line 3 capacity expansion would be phased in by mid-February. A spokesman said this week that one new pump station remains offline as the company waits to receive a permit to operate it. When that pump station starts up, it will add a small amount of capacity to the pipeline. The company said also that its project to add approximately 100,000 b/d of capacity to its main gasoline pipeline, Line 1, was on track to come online by the second quarter of 2013. Line 1 originates in Houston and terminates at Greensboro, North Carolina.

http://www.colpipe.com/press_release/pr_118.asp

<http://www.businessweek.com/news/2013-02-27/gasoline-futures-fall-most-in-14-months-on-rising-production>

Valero Applies to Build Rail Offloading Facility at Its 144,000 b/d Benicia, California Refinery to Bring in Up to 70,000 b/d of North American Crude Oil

Valero Energy Corp. in December 2012 filed a land use permit application with the City of Benicia for a proposed crude by rail project at its Benicia refinery in California. Valero seeks to bring in by rail up to 70,000 b/d of North American crude oil to the refinery. The project would involve constructing a rail offloading rack and installing a pump, piping, and crude storage tank. Pending necessary approvals, construction would begin in mid-2013 and operations at the rail offloading facility would begin in 2014.

<http://benicia.patch.com/articles/valero-applies-to-build-crude-by-rail-project-up-to-70k-barrels-to-benicia-by-train-daily>

Bridger Logistics, Eddystone Rail Company to Supply 80,000 b/d of Bakken Crude Oil to Eastern Markets on the Delaware River

Bridger Logistics, LLC, through its subsidiary Bridger Transfer Services, LLC, on February 14 announced that it has executed a long-term agreement with Eddystone Rail Company, LLC to through-put seven unit trains per week (approximately 80,000 b/d) of crude oil into barges for delivery to East Coast refineries. Bridger will bring crude oil to the Philadelphia area from unit trains that will primarily originate out of the Enbridge Rail L.P. unit train-loading facility in Berthold, North Dakota.

<http://www.marketwire.com/press-release/bridger-logistics-announces-long-term-rail-contract-with-eddystone-rail-company-supplying-1757196.htm>

Update: MDU Resources and Calumet Approved to Begin Construction on 20,000 b/d Dakota Prairie Refining Diesel Refinery in North Dakota

MDU Resources Group, Inc. and Calumet Specialty Products Partners, L.P. on Monday announced that the North Dakota Department of Health has issued an Air Quality Permit to Construct for Dakota Prairie Refining, a diesel refinery the two companies are developing in southwestern North Dakota. The approval will allow the companies to begin construction next month, and the facility could be operational by late 2014. The facility will process 20,000 b/d of Bakken crude oil.

<http://www.mdu.com/News/Pages/NewsArticle.aspx?article=330>

Western Refining Planning 25,000 b/d Expansion at Its 122,000 b/d El Paso, Texas Refinery

Western Refining Inc. is planning a 25,000 b/d capacity expansion at its El Paso refinery, the company’s CEO told investors and analysts on Thursday. The project is in its early stages, and the company intends to share more on the timing and costs later in 2013.

Reuters, 11:22 February 28, 2013

Phillips 66 Reports Unplanned Unit Shutdown at Its 362,000 b/d Wood River, Illinois Refinery February 27

Phillips 66 on Wednesday reported an unplanned, unspecified unit shutdown at its Wood River refinery, according to a filing with state pollution regulators. The incident led to elevated emissions of sulfur dioxide, nitrous oxide, nitrous dioxide, and hydrogen sulfide.

Reuters, 04:00 February 28, 2013

Unspecified Process Glitch Leads to Flaring at ExxonMobil's 238,600 b/d Joliet, Illinois Refinery by February 28

ExxonMobil Corp. on Thursday reported an unspecified process glitch led to flaring at its Joliet refinery, according to a filing with the Illinois Emergency Management Agency. The incident led to elevated nitrous oxide and sulfur dioxide emissions.

Reuters, 04:01 February 28, 2013

Power Outage Causes Nitrogen Dioxide Emissions at United Refining's 65,000 b/d Warren, Pennsylvania Refinery February 23

United Refining reported a release of nitrogen dioxide from a flare stack due to a plant-wide power outage on February 23, according to a filing with the U.S. National Response Center. Operators were working to determine what caused the power outage. Emissions related to the incident continued for 1.5 hours.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1039199

Shell Suspends Drilling Program in Alaska's Beaufort and Chukchi Seas to Prepare Equipment, Plans to Resume Activity at a Later Stage

Royal Dutch Shell Plc on Wednesday announced it will pause its exploration drilling activity for 2013 in Alaska's Beaufort and Chukchi Seas to prepare equipment and plans for a resumption of activity at a later stage. Shell completed top-hole drilling on two wells in 2012 in the Beaufort and Chukchi Seas. After the drilling season ended, one of Shell's drilling rigs, the *Kulluk*, was damaged in a maritime incident related to strong weather conditions. The *Kulluk* and the second drilling rig, the *Noble Discoverer*, will be towed to locations in Asia for maintenance and repairs. The U.S. Coast Guard on February 22 said an investigation of Shell's *Noble Discoverer* after the drilling season had uncovered 16 safety violations, including fire hazards and problems with the propulsion system that didn't allow the ship to operate at a sufficient speed at sea to safely maneuver in all expected conditions. The Coast Guard has referred the case to the U.S. Department of Justice. Coast Guard officials are also investigating the *Kulluk* grounding.

<http://www.shell.com/global/aboutshell/media/news-and-media-releases/2013/shell-announces-pause-in-alaska-drilling-programme.html>

<http://www.startribune.com/nation/192605321.html?refer=y>

<http://finance.yahoo.com/news/shell-suspends-drilling-arctic-ocean-185721444.html>

Update: Alberta Regulator Issues Enforcement Actions Against Plains Midstream Canada for 2011 Spill from Rainbow Crude Oil Pipeline

Alberta's Energy Resources Conservation Board (ERCB) on Tuesday announced it has issued four high-risk enforcement actions against Plains Midstream Canada in relation to a 2011 oil spill on the NPS20 Rainbow Pipeline in Northern Sunrise County. The April 28, 2011 pipeline failure resulted in a release of approximately 28,000 barrels of crude oil. Operators restarted the pipeline August 30, 2011. ERCB has issued the high-risk enforcement action against Midstream for inadequate backfill and compaction procedures, inadequate operations and maintenance procedures, inadequate leak detection and response, and failure to test its emergency response plan. Plains has also been directed to engage a third party to conduct an audit of the company's ability to manage communications during a crisis, with the results submitted to the ERCB no later than April 30, 2013.

<http://www.ercb.ca/about-us/media-centre/news-releases/2013/nr2013-02>

http://www.ercb.ca/reports/IR_20130226-PlainsMidstream.pdf

Coast Guard Responding to Oil Spill after Crew Boat Strikes Inactive Wellhead in Lake Grande Ecaille Bay in Louisiana February 26

The U.S. Coast Guard reported it was responding to an oil spill in Lake Grande Ecaille Bay, nine miles southwest of Port Sulphur, where a 42-foot crewboat *Sea Raider* had allided with a wellhead owned by Swift Energy at around 8:00 p.m. local time Tuesday. The platform has been discharging an oil-water mixture at a rate of less than 840 gallons per day. Swift Energy shut and deactivated the wellhead in December 2007. The company reported Wednesday that it had contracted a barge to secure the wellhead. Response crews have deployed 1,800-feet of boom to contain the discharged oily-water mixture from the wellhead. The Coast Guard is investigating the cause of the accident.

<http://www.uscgnews.com/go/doc/4007/1712479/UPDATE-Coast-Guard-responds-to-oil-spill-southwest-of-Port-Sulphur>

Update: Dominion Transmission Applies to Lease Additional 2 Bcf of Natural Gas Storage Capacity in Ohio to Complete Its Allegheny Storage Project

The U.S. Federal Energy Regulatory Commission (FERC) on February 14 filed notice of an abbreviated application from the East Ohio Gas Company d/b/a Dominion East Ohio (DEO) and Dominion Transmission, Inc. (DTI) requesting approval for DTI to lease storage capacity from DEO (the "Phase II Lease"). FERC had in December 2012 approved DTI to lease 3 Bcf of storage capacity as part of its Allegheny Storage Project, which will serve natural gas producers operating in the Marcellus Shale by building compression, pipeline, and storage facilities located in Frederick County, Maryland; Monroe County, Ohio; Lewis County, West Virginia; and Tioga County, Pennsylvania. The project will enable DTI to provide an additional 115 MMcf/d of firm transportation services, an additional 7.5 Bcf of firm storage capacity, and an additional 115 MMcf/d of storage withdrawal service. If FERC approves the Phase II Lease, DTI will lease an additional 2 Bcf from DEO's Ohio storage capacity. DEO and DTI asked for commission approval by August 1, to enable the commencement of storage injections in April 2014.

<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13181581>

<http://www.ferc.gov/whats-new/comm-meet/2012/122012/C-3.pdf>

http://www.downstreamtoday.com/news/article.aspx?a_id=38718

Regency Reports Emissions at Its 290 MMcf/d Waha Gas Plant in Texas February 25

Regency Energy Partners reported emissions at its Waha plant Monday morning were due to high fifth-stage suction scrubber liquid level, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179759>

Engine Failure Causes Emissions at Atlas Pipeline's 195 MMcf/d Midkiff Gas Plant in Texas February 26

Atlas Pipeline reported a mechanical failure on Engine B16 broke several rocker arms at its Midkiff plant Tuesday, causing a valve failure and damaging engine plugs, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179840>

DCP Midstream Restarts SRU after Replacing Faulty Parts at Its 160 MMcf/d Goldsmith Gas Plant in Texas by February 27

DCP Midstream reported emissions from a tail gas incinerator (TGI) at its Goldsmith plant Wednesday were due to restart procedures following a shutdown of the sulfur recovery unit (SRU) the day before, according to a filing with the Texas Commission on Environmental Quality. Operators shut the SRU Tuesday to replace the associated tail gas analyzer sample probe and spectrometer in response to the ongoing TGI intermittent sulfur dioxide exceedances and the SRU's recovery efficiency exceedances. Operators expected emissions related to the repairs to continue for 11 hours Tuesday.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179570>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179834>

Southern Reports Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas February 27

Southern Union Gas Services reported it was flaring low-pressure gas at its Keystone plant Wednesday after Unit 23 went down on hot valves, according to a filing with the Texas Commission on Environmental Quality. In addition, pigging operations knocked a field compressor offline, causing emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179863>

Oil Cooler Rupture Shuts Unit at Exterran's 65 MMcf/d Dollarhide Gas Plant in Texas February 26

Exterran reported a Cat-13 unit shut down on lube no flow after an oil cooler ruptured at its Dollarhide plant Tuesday, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179798>

Other News

Inspector General Says EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector

The U.S. Environmental Protection Agency's (EPA) Office of Inspector General on February 20 issued a report that calls for the EPA to improve its air emissions data for the oil and natural gas production sector. The report finds that EPA has limited directly-measured air emissions data for air toxics and criteria pollutants for several important oil and gas production processes and sources, including well completions and evaporative ponds. It found also that EPA does not have a comprehensive strategy for improving air emissions data for the oil and gas production sector.

http://www.epa.gov/oig/reports/2013/20130220-13-P-0161_glance.pdf

<http://www.epa.gov/oig/reports/2013/20130220-13-P-0161.pdf>

International News

Nexen Says It's Making Valve Repairs at Its 200,000 b/d Buzzard Oilfield in the U.K. North Sea after Traders Report Low Volumes

Nexen Inc. on Thursday reported it was "taking advantage" of output restrictions in the Forties Pipeline System to change a defective valve in the gas system at its 200,000 b/d Buzzard oilfield in the U.K. North Sea. Restrictions on the Forties Pipeline System are related to operational issues at BP Plc's Kinneil terminal. Traders said Thursday that Buzzard is producing below capacity, at around 80,000 b/d, but Nexen hasn't confirmed any production changes.

<http://www.foxbusiness.com/news/2013/02/28/nexen-says-carrying-out-repairs-at-north-sea-buzzard-oil-field/>

Iraq Begins Design, Technical Work on Planned 1 MMb/d Oil-Export Pipeline to Jordan

Iraq has started technical work on a planned oil-export pipeline from Basra in southern Iraq to the Jordanian port of Aqaba on the Red Sea, bypassing the Strait of Hormuz, senior Iraqi oil officials said Thursday. The first phase of the 1,680-kilometer oil pipeline will export some 1 million barrels a day (MMb/d) from Basra, which pumps around 2.3 MMb/d, or about 70 percent of Iraq's total oil production. The second phase will export a further 1.25 MMb/d to the Syrian Baniyas port in the Mediterranean. The project will also build storage facilities near Basra and Haditha with a total capacity of 28 million barrels.

DJN, 11:50 February 28, 2013

Energy Prices

U.S. Oil and Gas Prices			
February 28, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	92.44	92.79	108.00
NATURAL GAS Henry Hub \$/Million Btu	3.49	3.34	2.55

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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