



# ENERGY ASSURANCE DAILY

Tuesday Evening, April 09, 2013

## ***Electricity***

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### **Update: SCE Submits License Amendment to Support Restarting Its 1,070 MW San Onofre Nuclear Unit 2 in California by June 1**

Southern California Edison (SCE) on Friday voluntarily submitted a license amendment request to the U.S. Nuclear Regulatory Commission (NRC) to support safely restarting Unit 2 of the San Onofre Nuclear Generating Station. Both units at San Onofre have been shut since January 2012, when operators discovered premature tube wear in the steam generators. The amendment supports SCE's plan to initially operate Unit 2 at 70 percent power for 5 months. SCE asked the NRC to act on the amendment before the end of May to facilitate commencement of the restart process for Unit 2 by June 1 so that the unit will be available to assist in meeting peak summer electricity demand. Following the initial 5-month operating period, SCE would shut down Unit 2 for steam generator tube inspections. Based on inspection data, Unit 2 would resume operation at 70 percent power for an appropriate operating period during the remainder of the 18–24 month fuel cycle while SCE updates its analysis to determine the appropriate long-term power level.

<http://www.edison.com/pressroom/pr.asp?id=8113>

<http://www.songscommunity.com/docs/LicenseAmendmentForSanOnofreUnit2Restart.pdf>

### **Update: NRC Sends Augmented Inspection Team to Entergy's Arkansas Nuclear One Plant to Investigate Unit 1 Accident**

The U.S. Nuclear Regulatory Commission (NRC) will send an Augmented Inspection Team to Arkansas Nuclear One to review and document the circumstances surrounding an accident that occurred on March 31, when a heavy load fell onto the Unit 1 turbine deck, causing a loss of offsite power to Unit 1 and an automatic shutdown of Unit 2. Workers were moving a massive generator stator out of the plant's turbine building during maintenance activity when a lifting rig collapsed about 7:45 a.m. local time, killing one person and injuring eight others. Unit 1 was in a refueling outage at the time and lost offsite power when electrical equipment was damaged. Unit 2 was operating at full power and automatically shut down when the impact of the crash caused a loss of electrical power to one of four reactor coolant pumps, causing it to shut down. Both plants are in stable condition, and there was no radiological release or danger to the public.

<http://www.nrc.gov/reading-rm/doc-collections/news/2013/13-011.iv.pdf>

### **Entergy's 510 MW Vermont Yankee Nuclear Unit in Vermont Reduced to 55 Percent by April 9**

On the morning of April 8 the unit was operating at 98 percent.

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

### **Update: Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi at Full Power by April 9**

On the morning of April 8 the unit was operating at 91 percent.

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

### **Update: Cabrillo Power's 110 MW Encina Natural Gas-Fired Unit 3 in California Returns to Service by April 8**

The unit returned from an unplanned outage that began by April 7.

<http://content.caiso.com/unitstatus/data/unitstatus201304081515.html>

## **Update: GE Invests in Enel's 250 MW Buffalo Dunes Wind Farm Under Construction in Kansas**

General Electric Co. on Monday announced it is partnering with Enel Green Power to invest and supply turbines for the 250 MW Buffalo Dunes Wind Project in Kansas. Alabama Power Company will buy most of the electricity from the project under a 20-year agreement. Construction is expected to be completed by December.

<http://www.genewscenter.com/Press-Releases.aspx>

## **EDF and Enbridge Acquire 300 MW Blackspring Ridge Wind Project Under Construction in Alberta**

EDF EN Canada Inc., a subsidiary of EDF Energies Nouvelles, and Enbridge Inc. on Monday announced they have jointly signed a purchase agreement with Greengate Power Corporation to acquire the 300 MW Blackspring Ridge Wind Project. Located in Vulcan County, Alberta, Blackspring Ridge will be the largest wind project in Western Canada when operational. The project, currently in late stage development, will be comprised of 166 Vestas V100-1.8 MW wind turbines. Construction is expected to start in the second quarter of 2013 and reach commissioning in mid-summer 2014. Renewable Energy Credits generated from the project are contracted to Pacific Gas and Electric under 20-year purchase agreements. The electricity will be sold into the Alberta power pool with pricing substantially fixed through mid- and long-term contracts.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2013&id=1705914>

## ***Petroleum***

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### **Update: Shell Raises Estimate, Says 940 Barrels Spilled from Its 16-Inch West Columbia, Texas Crude Oil Pipeline**

Shell Pipeline Co. on Monday raised its estimate of how much crude oil was released by a leak from its 16-inch West Columbia, Texas pipeline near Vince Bayou to 940 barrels. Shell had previously estimated a release of 700 barrels of crude. Shell and its contractors were cleaning up an estimated 50 to 60 barrels of crude that leaked into Vince Bayou. Workers are preparing to excavate around a section of pipeline to identify where the leak originated, Shell said. Shell shut the 15-mile pipeline on March 29 after alarms indicated a possible breach. The pipeline transports crude from an Enterprise Products terminal in Genoa to Magellan Midstream Partners' East Houston Tank Farm.

Reuters, 19:51 April 8, 2013

### **Update: ExxonMobil Begins Excavating Affected Portion of Its 96,000 b/d Pegasus Crude Oil Pipeline in Arkansas April 7**

ExxonMobil Corp. said work began on Sunday to excavate and cut out the section of the affected crude oil pipeline that ruptured on March 29 in Mayflower, Arkansas. Operators shut the 96,000 b/d Pegasus pipeline, which transports Canadian crude oil to Texas from Illinois, on March 29 when it ruptured. The company has submitted an excavation and removal plan for the affected portion of the pipeline for review by the U.S. Department of Transportation.

Reuters, 19:15 April 8, 2013

### **Update: Chevron to Begin Restarting CDU at Its 245,271 b/d Richmond, California Refinery This Week – Source**

Chevron Corp. was preparing to begin restarting the No. 4 crude distillation unit (CDU) at its Richmond refinery this week after California regulators on Friday gave it permission to restart the unit, according to a person familiar with operations. The equipment will take several days to restart. The CDU had been shut since an August 6, 2012 fire, and the refinery has been operating at about 50 percent of capacity during repairs. A spokeswoman said Monday that the company expects to restart the crude unit this quarter.

<http://www.bloomberg.com/news/2013-04-08/san-francisco-gasoline-weakens-as-chevron-seen-starting-unit.html?cmpid=yhoo>

### **Update: Valero Returns 36,000 b/d HCU to Planned Rates at Its 144,000 b/d Benicia, California Refinery by April 8**

Valero Energy Corp. on Monday said a hydrocracking unit (HCU) was at planned rates at its Benicia refinery. Operators shut the 36,000 b/d HCU on March 11 due to an unspecified upset in the facility's hydrogen plant. Operators restarted the unit March 21.

Reuters, 10:39 April 8, 2013

### **Update: ExxonMobil Cuts FCCU Rates after Hydrotreater Malfunction at Its 149,500 b/d Torrance, California Refinery April 8 – Sources**

ExxonMobil Corp. on Monday cut production on a 87,800 b/d fluid catalytic cracking unit (FCCU) at its Torrance refinery after a hydrotreater malfunction, according to sources familiar with refinery operations. Workers at the refinery were attempting to restart the hydrotreater, the sources said. Operators had reported unplanned flaring at the refinery early Monday was due to an unspecified breakdown. A spokeswoman confirmed a breakdown in a unit Monday, but said the upset didn't affect fuel production.

Reuters, 17:05 April 8, 2013

<http://www.bloomberg.com/news/2013-04-08/san-francisco-gasoline-weakens-as-chevron-seen-starting-unit.html?cmpid=yhoo>

### **Shell Isolates Equipment after a Release of Flushing Oil and Gas at Its 156,400 b/d Martinez, California Refinery April 5**

Royal Dutch Shell Plc isolated equipment at its Martinez refinery on Saturday after a release of "flushing oil and gas" late Friday evening, according to statements posted on the refinery's Facebook page and blog. The material was contained onsite. Two workers received medical treatment as a result of the incident, the cause of which was under investigation.

<https://www.facebook.com/pages/Shell-Refinery-in-Martinez/177039505666832>

<http://blogs.shell.com/martinez/2013/04/small-release-contained-on-site/>

### **Flint Hills Shuts Coker Unit Due to a Leak at Its 288,468 b/d Corpus Christi, Texas Refinery April 7**

Flint Hills Resources reported that operators discovered a leak in the piping at the West Refinery coker unit at its Corpus Christi refinery on Sunday, causing emissions from the coker unit and two coker fugitives, according to a filing with the Texas Commission on Environmental Quality. Operators shut the coker unit and ceased the charge rate where the leak occurred.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=181367>

### **Power Interruption Shuts SRU at Valero's 120,000 b/d Meraux, Louisiana Refinery April 5**

Valero Energy Corp. reported that a power interruption caused a sulfur recovery unit (SRU) to shut down at its Meraux refinery on Friday, without affecting other units, according to a spokesman.

Reuters, 10:39 April 8, 2013

### **Chevron Reports Sulfur Transfer Line Leak at Its 330,000 b/d Pascagoula, Mississippi Refinery April 6**

Chevron reported a sulfur transfer line at its Pascagoula refinery was leaking at a flange Saturday, and that material was leaking into the Bayou Cassotte waterway, according to a filing with the U.S. National Response Center. Operators had not secured the release at the time of the filing.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1043157](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1043157)

### **Power Failure Causes Sulfur Dioxide Emissions at PBF's 190,000 b/d Delaware City, Delaware Refinery April 8**

PBF Energy reported flaring and sulfur dioxide emissions at its Delaware City refinery late Monday were due to a power failure, according to a filing with the Delaware Department of Natural Resources and Environmental Control. Reuters, 21:52 April 8, 2013

### **Alon Says Upgrades Necessary at Its Krotz Springs, Louisiana and Big Spring, Texas Refineries to Comply with EPA's Proposed Tier III Fuel Standards**

Alon USA Energy, Inc. on Monday announced it would have to make upgrades at its Krotz Springs, Louisiana refinery and Big Spring, Texas refinery to meet the requirements under the U.S. Environmental Protection Agency's (EPA) recently proposed pollution standards for fuels, referred to as the Tier III fuel standards. On March 29, the EPA published its proposed Tier III fuel standards which require, among other things, a reduction in the sulfur content of gasoline to a level of no more than 10 parts per million on an annual average basis. Alon believes the Krotz Springs and Big Spring refineries will be required to comply with the proposed Tier III fuel standards no later than 2020.

<http://phx.corporate-ir.net/phoenix.zhtml?c=190387&p=RssLanding&cat=news&id=1803980>

## **CenterPoint to Build a 19,500 b/d Crude Oil Gathering and Transportation Pipeline System in North Dakota's Bakken Shale**

CenterPoint Energy Bakken Crude Services, LLC (CEBCS), an indirect, wholly-owned subsidiary of CenterPoint Energy, Inc., today announced it has entered into a long-term agreement with XTO Energy Inc., a subsidiary of ExxonMobil Corporation, to gather XTO's crude oil production through a new crude oil gathering and transportation pipeline system in North Dakota's liquids-rich Bakken Shale. The agreement with XTO is the first agreement entered into pursuant to the open season announced by CEBCS on February 19. CEBCS will provide service to XTO over a gathering system to be constructed in Dunn and McKenzie counties, North Dakota. The gathering system will have a capacity of up to 19,500 b/d.

<http://investors.centerpointenergy.com/releasedetail.cfm?ReleaseID=755186>

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## **Natural Gas**

### **Equipment Failure Causes Emissions at Atlas Pipeline's 195 MMcf/d Midkiff Gas Plant in Texas April 7**

Atlas Pipeline reported the No. 6 Left Head piston and liner on Engine B16 at its Midkiff plant failed on Sunday, causing emissions, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=181315>

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## **Other News**

### **Federal Court Says BLM Cannot Allow Hydraulic Fracturing on Oil Leases in California without Thorough Environmental Impact Study**

A U.S. District Court in San Jose, California has ruled that the U.S. Interior Department's Bureau of Land Management (BLM) erred, and violated U.S. environmental law, when it issued oil leases in central California without fully weighing the environmental impact of hydraulic fracturing, or fracking. The decision, made public on Monday, effectively bars for the time being any drilling on two tracts of land comprising 2,500 acres leased by BLM for oil and gas development in 2011. The tracts lie atop the Monterey Shale Formation, estimated by the U.S. Energy Department to contain more than 15 billion barrels of oil, equal to 64 percent of the total U.S. shale oil reserves. Most of that oil is not economically retrievable except by hydraulic fracturing, a technique in which large amounts of water, sand, and chemicals are injected into shale formations to force hydrocarbon fuels to the surface. Opponents of the practice have raised concerns about its impact on the environment, and particularly on groundwater. The Court said BLM cannot allow drilling on the leases until and unless it completes a more thorough environmental review. The outcome could have implications for a more recent and much larger lease sale of 18,000 acres for oil and gas development in the same general region, which the BLM approved under the same "flawed analysis."

Reuters, 01:01 April 9, 2013

<http://www.reuters.com/article/2013/04/09/us-usa-fracking-california-idUSBRE93803720130409>

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## **International News**

### **Saboteurs Blow Up 110,000 b/d Maarib Crude Oil Pipeline and Portion of Electric Grid in Yemen April 8**

Yemeni tribesmen on Monday blew up the country's main crude oil pipeline and electricity grid in Maarib province, an interior ministry official said. Armed tribesmen bombed the 110,000 b/d Maarib crude oil pipeline in Serwah city and the country's main electricity grid, causing a mass blackout in other provinces, including the capital Sanaa. The explosion "partially" interrupted flows on the Maarib pipeline, which transports crude to the Ras Isa export terminal on the Red Sea Coast.

<http://www.middle-east-online.com/english/?id=57980>

[http://news.xinhuanet.com/english/world/2013-04/09/c\\_132293527.htm](http://news.xinhuanet.com/english/world/2013-04/09/c_132293527.htm)

## S. Sudan Restarts Production at Thar Jath Field April 6, Expects to Reach Initial Output of 150,000–200,000 b/d by April 15 – Oil Official

South Sudan expects to reach an initial output of 150,000–200,000 b/d by April 15 after having restarted production at the Thar Jath field in Unity State on April 6, an oil official said on Sunday, adding that fields in Upper Nile state, which are among the biggest in the country, would go online in the next days. The first cargo from South Sudan should reach Port Sudan at the end of May, Sudan's state news agency SUNA said on Saturday, about two weeks later than initially expected.

Reuters, 13:25 April 7, 2013

## Update: Brazil Authorizes Chevron to Restart Production at Its Frade Offshore Oil Field

Brazil's oil regulator, the ANP, on Monday announced it has authorized Chevron Corp. to restart production from an offshore oil field more than a year after a November 2011 spill forced the company to stop Brazilian production. Chevron's developing the Frade and Papa-Terra deepwater fields offshore Brazil. During 2011, total daily production averaged 71,000 barrels of crude oil and 28 million cubic feet of natural gas. In November 2011 an incident at the Chevron-operated Frade offshore oilfield caused 3,700 barrels of crude to seep from cracks in the seabed. A similar spill in the Frade field occurred again in March 2012, and Chevron has voluntarily suspended operations there since then as a precaution. Late in August 2012, a Brazilian court suspended all the companies' petroleum drilling and transportation operations in the country. After the ANP's decision Monday, output at the field could begin within days, according to a source with direct knowledge of the situation. Chevron was granted permission to restart output from four wells at the Frade field for 1 year and conditional approval for up to 2 months to produce from two other wells if they are needed to balance oil and natural gas pressure in the reservoir, the ANP said in a statement. The ANP also imposed additional, unspecified limits on the flaring of natural gas from the field.

<http://www.reuters.com/article/2013/04/09/chevron-brazil-restart-idUSL2N0CV1WW20130409?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

## Energy Prices

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U.S. Oil and Gas Prices			
April 9, 2013			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	94.19	96.53	100.96
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	4.18	3.97	1.98

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>

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