



ENERGY ASSURANCE DAILY

Thursday Evening, May 05, 2016

Major Developments

Update: At Least 690,000 b/d of Oil Sands Production Estimated Offline in Alberta as Fort McMurray Wildfire Forces Additional Curtailments May 5

A large wildfire that broke out on Sunday continued to disrupt oil company operations near Fort McMurray, Alberta, on Thursday. The fire grew to 85,000 hectares Thursday and fire conditions remained extreme with low humidity and gusting winds. Although the oil sands facilities in the region aren't directly threatened by the wildfire, mandatory evacuations of workers have brought some operations to a halt. Some producers have also cited curtailments due the shutdown of pipelines supplying diluent, which is added to the viscous oil sands bitumen so that it can flow through pipelines. According to Reuters' calculations, at least 690,000 b/d of crude output was offline on Thursday. This estimate, which does not include unspecific output reductions at some facilities, is expected to climb as oil companies cut additional production in the region. The following companies have reported impacts as of Thursday:

- **Suncor Energy**, whose oil sands operations are closest to the city, has closed its main mining site, which can produce up to 350,000 b/d. Before the shutdown, the site was operating at reduced levels due to a turnaround. Due to the reduced availability of diluent in the region, the company said its thermal oil sands operations, including the Syncrude facilities, which Suncor owns as part of a consortium, are all working at reduced rates. It said its main plant 16 miles to the north was safe.
- **Royal Dutch Shell Plc** said it had closed its Muskeg River and Jackpine oil sands mines, whose combined capacity is 255,000 b/d.
- **Nexen Energy** said late on Wednesday that it was shutting its Long Lake oil sands facility. Long Lake can produce around 50,000 b/d of synthetic crude but has been operating at reduced rates since late January due to an explosion at the plant.
- **ConocoPhillips** said on Thursday it had shut its 30,000 b/d Surmont operations, south of Fort McMurray, as a precaution because of potential highway closures.
- **Husky Energy** said it had cut production at its Sunrise oil sands project to 10,000 b/d from 30,000 b/d after a pipeline that supplies the project with diluent was shut down.
- **Connacher Oil and Gas Ltd** said it had cut production at its Great Divide operation, which is 50 miles south of the city, to about 4,000 b/d of bitumen. The operation produced 14,000 b/d in the fourth quarter.
- **Canadian Natural Resources Ltd** said it has seen some Alberta oil sands operations outages, but current operations at Horizon project remain stable at this time.
- **Statoil ASA** said production at its Leismer oil sands project has been cut by 50 percent to 10,000 b/d to preserve supplies of diluent.
- **Cenovus, Imperial, MEG Energy, and Athabasca Oil Corp** said their operations near Fort McMurray were not affected.
- **Enbridge Inc.** said all pipelines in and out of its Cheecham terminal have been isolated and shut down. The terminal was shut down to allow employees to evacuate. Enbridge said operations at its Athabasca terminal had been reduced.
- **Inter Pipeline** has shut down its 346,000 b/d Corridor pipeline system that serves Shell's oil sands facilities and partially shut down its 540,000 b/d Polaris diluent pipeline.
- **Pembina's** Algar to Cheecham Lateral remains fully operational but is not delivering due to the shutdown of downstream facilities. All other Pembina facilities in the Fort McMurray area remain fully operational.
- **TransCanada Corp** said it does not expect the wildfire to affect deliveries of natural gas. The nearest pipeline is about 12 miles west of the current wildfire.

Reuters, 11:51 May 5, 2016

<http://uk.reuters.com/article/canada-wildfire-fortmcmurray-factbox-fac-idUKL2N1810QB>

<http://www.reuters.com/article/us-canada-wildfire-fortmcmurray-idUSKCN0XU2D8>

<http://www.pembina.com/media-centre/news-releases/news-details/?nid=135329>

<http://edmonton.ctvnews.ca/fort-mcmurray-wildfire-grows-to-85-000-hectares-1.2889352>

Electricity

Progress Energy's 872 MW Brunswick Nuclear Unit 1 in North Carolina Reduced to 36 Percent by May 5

On the morning of May 4 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

Update: Solar Partners' 123 MW Ivanpah Solar Unit 1 in California Returns to Service by May 4

The unit returned from an unplanned outage that began on April 20.

<http://content.caiso.com/unitstatus/data/unitstatus201605041515.html>

PG&E's 144 MW Haas Hydro Units 1 & 2 in California Shut by May 4

The units entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201605041515.html>

Petroleum

Update: ExxonMobil to Begin Restart of Production Operations at Its 149,500 b/d Torrance, California Refinery May 7–8

ExxonMobil Corp reported it will begin to restart production operations at its Torrance, California refinery over the weekend. The refinery has been largely out of operation since February 18, 2015, when an explosion caused extensive damage to the facility, injured four people and led to spiking Southern California gas prices.

<http://mynews1a.com/business/2016/05/05/regulators-to-monitor-weekend-re-start-of-exxonmobil-refinery-in-torrance/>

Reuters, 9:22 May 4, 2016

Update: ExxonMobil Cuts Back Gasoline Production Due to Equipment Problems at Its 560,500 b/d Baytown, Texas Refinery May 4 – Sources

ExxonMobil Corp on Wednesday cut back gasoline production at its Baytown, Texas, refinery because of equipment problems, sources familiar with plant operations said on Wednesday. The refinery's 90,000 b/d fluidic catalytic cracking unit (FCCU) 2 and 125,000 b/d FCCU 3 have reduced production because of a malfunction on the light ends unit, the sources said. An ExxonMobil spokesman said on Wednesday that unplanned maintenance was continuing at the Baytown refinery but declined to discuss specific units undergoing work. On Monday, Pipe Still 7, the refinery's second largest crude distillation unit, with a capacity of 135,000 b/d, was taken out of production, according to sources. The refinery was planning to restart Pipe Still 7 this week.

Reuters, 8:54 May 4, 2016

Marathon Shuts Reformer, Hydrotreater Due to Exchanger Issues at Its 106,000 b/d Detroit, Michigan Refinery May 3 – IIR

Marathon Petroleum on Tuesday shut a 20,000 b/d reformer and a 15,000 b/d naptha hydrotreater at its Detroit, Michigan refinery due to exchanger issues, according to a report by Industrial Info Resources (IIR).

Reuters, 12:50 May 4, 2016

MDU, Calumet's Jointly Owned 20,000 b/d Dakota Prairie Refinery in North Dakota to Operate at 75 Percent Capacity Due to Continued Losses

MDU Resources Group Inc. and Calumet Specialty Product Partners LP said on Wednesday its jointly owned Dakota Prairie refinery is running at 75 percent capacity due to high operating costs and slipping demand for diesel, its main product. MDU said it lost \$7.2 million on the refinery, which opened a year ago, during the first quarter.

<http://www.mdu.com/news/2016/05/03/22-percent-earnings-increase-at-utility-group-drives-mdu-resources-first-quarter-earnings>

Reuters, 11:10 May 5, 2016

Tesoro Expects Permits for Its Los Angeles-Area Refinery Integration Project by End of 2016

Tesoro Corp expects to have permits by year-end for its \$460 million project to integrate two Los Angeles-area refineries and construction will begin shortly thereafter, the company's Chief Executive said on Thursday. The project to combine the 257,300 b/d Carson and 104,500 b/d Wilmington, California, refineries will cut emissions and add flexibility to how much gasoline and diesel fuel produced per barrel of crude.

Reuters, 8:55 May 5, 2016

Natural Gas

FERC Approves Commercial Operations at Cheniere Energy's 0.65 Bcf/d Liquefaction Train 1 at Sabine Pass LNG Export Terminal in Louisiana May 3

The Federal Energy Regulatory Commission (FERC) on May 3 approved Cheniere Energy's April 29 request to begin commercial operations at the first liquefaction train at the Sabine Pass liquefied natural gas (LNG) export project in Louisiana. After months of testing the first 0.65 Bcf/d train at Sabine Pass, the FERC approval allows Train 1 to begin commercial operations. Liquefaction Trains 2 to 5 at Sabine Pass are under construction and expected to enter service between 2016 and 2019. Train 2 is undergoing commissioning activities. Cheniere has said Trains 2, 3, and 4 are expected to enter service about six to nine months after the prior train enters service.

Reuters, 10:59 May 5, 2016

TransCanada Receives All Remaining Construction Permits for Its Coastal GasLink Pipeline Project in British Columbia May 5

TransCanada Corporation on Thursday announced it received the last two of 10 pipeline and facilities permits required from the British Columbia Oil and Gas Commission for its Coastal GasLink Pipeline Project. The project now has approval for construction and operation of the proposed pipeline and related facilities. Eight of the permits are related to pipeline construction, while two are for pipeline-related facilities—a natural gas compressor station and meter station in Groundbirch, and a natural gas metering station in Kitimat. The pipeline will connect to the proposed LNG Canada natural gas liquefaction and export facility near Kitimat. A Final Investment Decision by pipeline customers, the joint venture partners of LNG Canada, is expected in late 2016. If the LNG Canada partners elect to proceed with their project at that time, pipeline construction would begin in 2017.

<http://www.transcanada.com/announcements-article.html?id=2050254&t>

Other News

Nothing to report.

International News

Iraq's Kurdistan Oil Exports Rise to 511,888 b/d in April

Oil exports from Iraq's Kurdistan region through Turkey rose in April to an average of 511,888 b/d despite the ongoing suspension of flows from the disputed Kirkuk fields. The figure is up from 327,371 b/d in March, when exports were hit by a lengthy outage of the pipeline to Turkey, but still below a peak of around 600,000 b/d earlier this year.

Reuters, 10:16 May 5, 2016

Energy Prices

U.S. Oil and Gas Prices			
May 5, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	44.28	45.98	60.33
NATURAL GAS Henry Hub \$/Million Btu	2.00	1.88	2.72

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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