



ENERGY ASSURANCE DAILY

Wednesday Evening, May 18, 2016

Major Developments

Update: Fort McMurray Wildfire Grows to More Than 1 Million Acres, Moves Closer to Suncor and Syncrude Oil Sands Facilities May 18

Hot and dry weather and strong winds were expected to push a massive wildfire burning near Fort McMurray, Alberta eastward on Wednesday threatening facilities and work camps in Canada's oil sands region. According to a wildfire information officer, the fire has grown to more than 423,000 hectares (about 1.04 million acres) and is expected to expand in all directions on Wednesday, but mainly moving to the east and slightly north in the direction of the Suncor Energy and Syncrude Canada sites south of Fort McKay. None of the oil sands resources have caught fire, and industry has intensified efforts to ensure facilities are well-protected. Officials said facilities have been cleared of vegetation and have lots of gravel on site, reducing the fire risk. Alberta Premier Rachel Notley announced on Tuesday, May 17, that mandatory evacuations were issued late on Monday to all industry work camps north of Fort McMurray and south of Fort McKay, primarily affecting Suncor Energy and Syncrude Canada workforces. Reports on Tuesday indicated the fire was roughly 10 to 15 miles south of the two companies' production operations. Since May 4, Canadian oil sands companies shut approximately 1.07 million b/d of production. During the week ending Friday, May 13, some companies had restarted operations at significantly reduced capacity. The northern Alberta oil sands region normally produces roughly 2.2 million b/d and has more than 20 oil production operations clustered within a 60-mile radius of Fort McMurray, according to government data. The following list of companies details the most recent status update from impacted companies, which began on Wednesday, May 4. The red text indicates an update to the wildfire impacts reported in Tuesday's EAD publication.

- **Suncor Energy** said on Tuesday, May 17 that all personnel for its Base Plant and MacKay River operations will be relocated out of the region with the exception of a minimum number of emergency response and security workers required to close operations at Base Plant. Only the minimum number of essential personnel will staff the Firebag project, and personnel at the Fort Hills site have not been affected. On the evening of Monday, May 16 that the Province issued mandatory evacuations of its McKay River operation as well as the Borealis, Millennium, and Hudson lodges, which are located north of Fort McMurray and south of Fort McKay and provide lodging to industry workforces in the region. As a result, Suncor said it was moving its workers from those areas and that it had initiated a staged and orderly shutdown of its base plant operations. Suncor closed its 350,000 b/d Base Plant operations mining site, and its MacKay River and Firebag thermal oil sands operations on May 4. It cited the precautionary shut-in of takeaway pipelines and limited availability of diluent. Prior to the fire, Suncor said it was operating at reduced rates of approximately 300,000 b/d because of a maintenance turnaround.
- **Syncrude Canada** said early on Wednesday that its facilities north of the wildfire were intact. On Monday, May 16, the company said it was continuing to deploy employees to its Mildred Lake and Aurora oil sands sites to support restoration efforts. As of Sunday, May 15, several hundred employees were working to assess and ensure the safety of the sites; prepare for start-up by inspecting units and equipment; and commissioning the re-start of operations in a staged manner. Syncrude shut its 315,000 b/d Aurora bitumen mine by Saturday, May 7 while other projects were operating at minimal levels. A power generator was restarted at its Aurora bitumen mine by Tuesday, May 10. Syncrude is an oil sands project owned by a consortium of companies, including majority owner Suncor.
- **Shell Canada** said on Wednesday its Albian Sands operation remains safe and secure, and that the mandatory evacuation order north of Fort McMurray has not been extended to include its Albian Sands sites. On Tuesday, May 17, the company said its Albian Sands operations were not under an immediate threat from the wildfire, and that production continues at reduced rates. On Monday, May 9, the company restarted production at a reduced rate at its 255,000 b/d Albian oil sands mining operation, which include the Muskeg River and Jackpine oil sands mines. The company said it will fly staff in and out to help resume operations over the coming days and weeks.

- **Nexen (CNOOC Ltd)** said on Saturday, May 14 that its emergency response team had responded to a possible hydrogen sulfide gas leak at the company's Long Lake facility, which was reported by the Alberta Energy Regulator on Friday, May 13. All tests for hazardous gas have come back negative. The company performed an aerial site assessment on Thursday, May 12, which revealed main facility and surrounding well pads were intact, however the camp site had been destroyed. The Long Lake operation, which was shut on Wednesday, May 4, can produce approximately 50,000 b/d of synthetic crude but had been operating at reduced rates since late January due to an explosion at the plant.
- **ConocoPhillips** said on Friday, May 13 that the fire was 7.5 miles from its 30,000 b/d Surmont oil sands site, which is 39 miles southeast of Fort McMurray. The fire had not advanced since the morning of Thursday, May 12, but a webcam at the site revealed extremely smoky conditions. A spokesman said operations at the Surmont site will remain shut until the Alberta government allows workers to stay overnight at Surmont's camp. The Surmont site was shut and evacuated on Thursday, May 5.
- **Husky Energy** on Sunday, May 8 shut production at its 30,000 b/d Sunrise Energy Project. Husky had previously reduced operations to 10,000 b/d.
- **Connacher Oil and Gas Ltd** said on Thursday, May 5 it was restoring production at its Great Divide operation back up to 8,000 b/d, after cutting output to 4,000 b/d on Wednesday, May 4. The Great Divide operation, which is located 50 miles south of Fort McMurray, produced 14,000 b/d during the fourth quarter of 2015.
- **Canadian Natural Resources Ltd** said the wildfire continues to be a safe distance from its Horizon project with no threat to the health and safety of its staff or infrastructure. On Tuesday, May 17 that it was closely monitoring the forest fires and changing wind conditions in the Fort McMurray area with the health and safety of its teams as its first priority. The company said the fire continues to be a safe distance from its Horizon oils sands site and that operations were returning to stable conditions following minor upgrader repairs over the past weekend, which were unrelated to the fire. The company cut output by an unspecified amount at its Horizon project by Sunday, May 8. The Horizon project produced approximately 129,000 b/d of synthetic crude oil during the fourth quarter of 2015.
- **Statoil ASA** said on Friday, May 13 that it had initiated start-up of its Lesimer Project. The company hopes to increase manpower and restore production to typical levels during the week ending Friday, May 20. Stat Oil said on Sunday, May 8 that it was suspending all production at its 20,000 b/d Leismer facility located south of Fort McMurray.
- **Athabasca Oil Corp** said on Thursday, May 5 that it evacuated and shut its Hangingstone project. The project was expected to produce 12,000 b/d by the fourth quarter 2016.
- **Imperial Oil Ltd** said on Sunday, May 8 that it completed a controlled shutdown of its Kearl oil sands mining project. The project was expected to produce 12,000 b/d by the fourth quarter 2016.
- **Cenovus** said on Tuesday, May 17 that its operations in northern Alberta were not affected by the wildfire activity that led to the precautionary evacuation of several oil facilities north of Fort McMurray. The company said its Christina Lake facility continues to operate with normal production and staffing levels, and that the southern edge of the wildfire was more than 40 miles north of the site. On Friday, May 6 the company said that essential staff were maintaining full production at its Christina Lake oil sands site. The company said it would return non-essential site staff beginning on Thursday, May 12.
- **MEG Energy and Japan Canada Oil Sands Ltd** said their operations near Fort McMurray were not affected.
- **Enbridge Inc** said on Monday, May 16 it was working with provincial firefighting crews to contain a fire near its Cheecham terminal. The existing firebreak around the terminal was being widened and its crew were assessing next steps in fire suppression tactics. Enbridge said some pipelines into and out of the terminal were operating, and it continues to monitor the situation very closely. On Friday, May 13 the company was working to restore operations to its Alberta pipeline network after fires halted the movement of an estimated 900,000 b/d of oil sands crude. The company resumed operations at its Cheecham terminal by the evening of Wednesday, May 11, which is located about 47 miles southeast of Fort McMurray and receives crude from production sites to be shipped on the Enbridge pipeline network. By the evening of Thursday, May 12, reports confirmed that the company was injecting volumes into its 550,000 b/d Waupisoo pipeline (Line 18) and its 570,000 b/d Athabasca pipeline (Line 19), which transport crude south from the Cheecham terminal to the Edmonton and Hardisty markets, respectively.
- **Inter Pipeline** confirmed on Tuesday, May 17 that operations on Polaris and Corridor pipeline systems were partially shut down as a proactive measure due to the on-going fires around Fort McMurray. On Wednesday, May 4, the company shut its 346,000 b/d Corridor pipeline system and a section of its 540,000 b/d Polaris diluent pipeline system near Fort McMurray. The company resumed operations on the Polaris pipeline system on Thursday, May 5, and said that the Corridor system was ready to restart as soon as Shell's oil sands site restore production.

- **Pembina's** Algar to Cheecham Lateral remains fully operational as of Thursday, May 5, but was 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 did not expect the wildfire to affect deliveries of natural gas. The nearest pipeline was about 12 miles west of the current wildfire.

Reuters, 12:15 May 18, 2016

Reuters, 11:16 May 18, 2016

<http://www.alberta.ca/premier.cfm>

<http://fingfx.thomsonreuters.com/gfx/rngs/1/1706/2971/index.html>

<http://www.suncor.com/fort-mcmurray-fires>

<http://www.syncrude.ca/our-news/syncrude-insights/2016/syncrude-continues-to-implement-safe-restart-plan/>

<http://www.shell.ca/en/aboutshell/employee-help-site.html>

<http://www.nexencnooltd.com/en/AboutUs/MediaCentre/FortMcForestFires.aspx>

<http://www.conocophillips.ca/newsroom/Pages/Fort-McMurray-Fire.aspx>

http://www.cnrl.com/upload/media_element/1011/07/may-18-2016-public-statement-fort-mcmurray-forest-fires.pdf

<https://twitter.com/StatoilASA/status/731200671542706176>

<https://www.atha.com/news/releases.html>

http://www.imperialoil.ca/Canada-English/about_media_releases.aspx

<http://www.cenovus.com/news/news-releases/2016/20160504-Fort-McMurray-fire-response.html>

<http://www.enbridge.com/wildfires-in-fort-mcmurray>

<http://www.interpipeline.com/ourresponsibility/communityinvestment/fort-mcmurray-fires.cfm>

<http://www.pembina.com/media-centre/news-releases/>

Update: Alberta Oil Sands Cogeneration Capacity Ramps Up to 433 MW May 18 as Suncor's Firebag Unit Returns – AESO

Cogeneration electric plants around Fort McMurray increased output overnight Tuesday into Wednesday with the restart of a unit at Suncor Energy's 473 MW Firebag plant, the Alberta Electric System Operator (AESO) said. Since the fires started on May 1, Firebag shut by May 8, returned by May 13, and shut again by May 17. With the Firebag return, total cogeneration production around Fort McMurray rose to 433 MW on Wednesday morning from 342 MW Tuesday afternoon. Additional shutdowns have included Suncor Energy's 197 MW MacKay River on May 4, the 510 MW Syncrude plant on May 7, Imperial's 84 MW Kearl by May 8, and Suncor's 50 MW Base and TransAlta Corp's 376 MW Poplar Creek by May 17, according to the AESO. The Syncrude plant returned to service on May 10 and Kearl on May 13. There is about 3,200 MW of power cogeneration capacity serving the oil sands industry in Alberta, with about two-thirds located in the Fort McMurray area. Before the wildfires started, the Fort McMurray units were producing about 1,300 MW, according to local media reports.

Reuters, 7:51 May 18, 2016

Electricity

SMUD Reports Car Crash Knocks Out Power to 17,000 Customers in California May 17

SMUD reported 17,000 customers were without power on Tuesday afternoon in Elk Grove, California after a car crashed into a utility pole. By 8:30 p.m. PDT Tuesday, all power was restored.

<https://twitter.com/SMUDUpdates>

<http://www.abc10.com/news/local/elk-grove-car-crash-disrupts-power-to-17000-smud-customers/199865552>

Strong Storms Knock Out Power to Over 10,000 CPS Energy Customers in Texas May 17

Strong storms producing high winds and hail knocked out power to over 10,000 CPS Energy customers on Tuesday evening in South Texas. Wind gusts of up to 60 mph were reported. As of 3:30 p.m. EDT Wednesday, 1,355 customers remained without power.

http://outagemap.cpsenergy.com/CPSSStaticMapsEXT/CPSSStaticMapV2_EXT.html

<http://www.ksat.com/weather/storms-slam-south-texas-again-overnight>

Manitoba Hydro Reports Copper Wire Theft from Substation Leaves 1,200 Customers without Power in Manitoba May 17

Manitoba Hydro reported 1,200 customers in southeast Manitoba were temporarily without power on Tuesday afternoon due to the theft of copper wire. Thieves cut the copper wires overnight at the Richer North substation, and to power had to be shut off to make repairs, a spokesperson said. By 12:45 p.m. CDT Tuesday, power was fully restored.

<https://www.facebook.com/ManitobaHydro/>

<http://www.cbc.ca/news/canada/manitoba/hydro-power-outage-copper-wire-theft-1.3585685>

Update: Talen Energy's 1,111 MW Susquehanna Nuclear Unit 2 in Pennsylvania Ramps Up to 84 Percent by May 18

On the morning of May 17 the unit had restarted and was operating at 17 percent. The unit was shut from full power on Friday, May 13, due to a fault in one of the unit's 480-volt electrical distribution centers. An investigation determined the reason for the shutdown was a short in a breaker that supplies power to a ventilation fan, the company said

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

<http://finance.yahoo.com/news/susquehanna-unit-2-reconnected-power-113400263.html>

Update: DTE's 1,089 MW Fermi Nuclear Unit 2 in Michigan at Full Power by May 18

On the morning of May 17 the unit was operating at 73 percent, reduced from 86 percent on May 16.

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

Update: Solar Partners II's 123 MW Ivanpah Solar Unit 1 in California Returns to Service by May 17

The unit returned from an unplanned outage that began on May 16.

<http://content.caiso.com/unitstatus/data/unitstatus201605171515.html>

Update: Solar Partners VIII's 133 MW Ivanpah Solar Unit 3 in California Returns to Service by May 17

The unit returned from an unplanned outage that began on May 16.

<http://content.caiso.com/unitstatus/data/unitstatus201605171515.html>

AES's 496 MW Redondo Gas-fired Unit 8 in California Shut by May 17

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201605171515.html>

TVA Considering Small 80–200 MW Modular Reactors in Tennessee

The Tennessee Valley Authority (TVA) has started taking steps toward possible future construction of small modular reactors and has several designs to be certified by the Nuclear Regulatory Commission (NRC), a TVA spokesman said on Monday. TVA is asking the NRC to approve a site plan that could accommodate any one of its proposed designs at its 1,200-acre Clinch River site near Oak Ridge, Tennessee. The small reactors, which produce around 80–200 MW of power, can be operated at different power levels and are designed to be used in combination. They are cheaper to build than large nuclear reactors and can be brought online in phases, so the utility could start recouping its investment as soon as the first unit was online, rather than waiting until an entire plant was finished, the spokesman said. TVA is exploring the siting of up to 800 MW at Clinch River although any construction decision is still several years away, according to the spokesman.

Reuters, 17:16 May 17, 2016

Petroleum

Valero Reports Emissions at Its 86,000 b/d Ardmore, Oklahoma Refinery May 10

Valero Energy Corp reported excess opacity at its Ardmore, Oklahoma refinery on May 10, according to a filing with the Oklahoma Department of Environmental Quality.

Reuters, 13:42 May 18, 2016

HollyFrontier Reports Emissions at Its 70,300 b/d Tulsa East, Oklahoma Refinery May 13

HollyFrontier Corporation reports excess hydrogen sulfide from flares no. 1 and 2 at its Tulsa East, Oklahoma refinery on May 13, according to a filing with the Oklahoma Department of Environmental Quality.
Reuters, 13:34 May 18, 2016

CVR Reports Emissions at Its 70,000 b/d Wynnewood, Oklahoma Refinery May 10

CVR Energy reported excess nitrogen dioxide emissions at its Wynnewood, Oklahoma refinery on May 10.
Reuters, 13:46 May 18, 2016

Update: ExxonMobil Says FCCU Restart Complete at Its 149,500 b/d Torrance, California Refinery May 17

ExxonMobil Corp said the restart process of the fluid catalytic cracking unit (FCCU) at its Torrance, California refinery was complete and flaring related to the restart has concluded, according to the Torrance Alerts System. The FCCU had been offline since a February 18, 2015 explosion damaged the unit's electrostatic precipitator.
Reuters, 23:46 May 17, 2016

Shell Reports Unit Restarts at Its Scotford, Alberta Facility May 18

Royal Dutch Shell Plc reported restarting units at its Scotford, Alberta facility, according to a community information line. The Scotford facility houses a 100,000 b/d refinery and a 255,000 b/d oil sands upgrader.
Reuters, 13:10 May 18, 2016

U.S. Crude Oil Inventories Rise by 1.3 Million Barrels May 13 – EIA

U.S. crude stocks rose last week even as gasoline and distillate inventories fell more than expected, data from the Energy Information Administration (EIA) showed on Wednesday. Crude inventories rose by 1.3 million barrels in the week to May 13, compared with analysts' expectations for a decrease of 2.8 million barrels. Crude stocks at the Cushing, Oklahoma, delivery hub rose by 461,000 barrels, hitting a new record high, the data showed. Refinery crude runs rose by 192,000 b/d, EIA data showed. Refinery utilization rates rose by 1.4 percentage points. U.S. crude imports rose last week by 22,000 b/d.
Reuters, 10:34 May 18, 2016

Natural Gas

Nothing to report.

Other News

North Carolina DEQ Releases Deadlines for Coal Ash Pond Closures May 18

The North Carolina Department of Environmental Quality (DEQ) today released proposed classifications for all coal ash ponds in the state, while at the same time asking the General Assembly to allow the reconsideration of those classifications 18 months from now. The classifications are based on the current risk of each pond's impact on public health and the environment. However, work that is either planned or underway could significantly change the risk posed by the ponds. The proposed classifications include eight sites mandated as high priority under the law, and 25 sites classified as intermediate. High risk ponds must be dug up and closed by 2019, while intermediate ponds must be dug up and closed by 2024. The main risk factors driving today's classifications were dam deficiencies that are currently being repaired, and potential impacts to nearby groundwater. Although no dams present an imminent risk to life or property, a number of ponds were rated intermediate because of unfinished repairs. State regulators will use their existing legal authority to ensure those repairs are completed by the end of this year. These proposed classifications will become final 60 days from today.

<http://deq.nc.gov/press-release/state-releases-deadlines-coal-ash-pond-closures-will-request-changes-coal-ash-law>

International News

ENI Gas Pipeline Attacked in Nigeria's Niger Delta May 17

ENI reported unknown attackers on Tuesday blew up a gas pipeline in Nigeria's Niger Delta, affecting 1,000 barrels of oil equivalent per day, according to a company spokesman. A wave of attacks in the Delta has cut oil output to 1.4 million b/d from 2.2 million b/d. A group calling itself the Niger Delta Avengers, which says it wants a greater share of oil profits and independence for the region, has claimed several attacks.

http://www.rigzone.com/news/oil_gas/a/144581/ENI_Gas_Pipeline_In_Nigerias_Delta_Attacked#sthash.W3PycZ93.dpuf

Update: ExxonMobil Ramps Up Output of Nigeria's Qua Iboe Crude Oil after Pipeline Damage – Traders

ExxonMobil ramped up production of Nigeria's Qua Iboe crude oil just over a week after pipeline damage forced it to slow output, traders said on Wednesday. The company cut production, and declared force majeure on exports, after a drilling rig, experiencing mechanical difficulties, damaged the pipeline it jointly owns with the state-owned Nigerian National Petroleum Corporation (NNPC). Traders said the company began increasing output earlier this week, with flows by Tuesday reaching 213,000 b/d, with a target of 250,000 b/d by Wednesday. May exports were intended to reach 306,000 b/d after one cargo was deferred from the initial loading program. Traders said the force majeure was still in place.

Reuters, 10:55 May 18, 2016

Energy Prices

U.S. Oil and Gas Prices			
May 18, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	48.07	46.16	59.69
\$/Barrel			
NATURAL GAS			
Henry Hub	1.97	2.04	2.96
\$/Million Btu			

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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