



ENERGY ASSURANCE DAILY

Thursday Evening, May 21, 2015

Electricity

First Energy Substation Problem Knocks Out Power to 23,000 Customers in Ohio May 21

First Energy said about 23,000 customers in Cleveland lost power around 8 a.m. EDT Thursday and remained without power for nearly two hours until restoration was complete. The company said the outages were due to a problem at a substation in Northfield which feeds other substations on the east side of the city.

<http://fox8.com/2015/05/21/more-than-18k-without-power-on-clevelands-east-side/>
<http://outages.firstenergycorp.com/oh.html>

SunEdison Awarded 33 MW Solar Project to Modernize Grid in Southern California

SunEdison, Inc. today announced it received contract awards to build 33 MW of rooftop solar generation with Southern California Edison (SCE) in the utility company's latest round of solar procurement. The solar systems will be built on rooftops throughout the Orange County and Inland Empire industrial corridors as part of SCE's plan to upgrade and modernize the grid for customers in densely populated metro areas, and reduce power interruptions during periods of peak demand. The agreements were awarded to SunEdison during SCE's fourth request for offers under the utility company's Solar Photovoltaic Program. Scheduled to be operational in 2016, the 17 solar power plants will generate 33 MW of clean, cost effective solar energy.

<http://investors.sunedison.com/phoenix.zhtml?c=106680&p=irol-newsArticle&ID=2052268>

Petroleum

Update: California Governor Declares State of Emergency, Around-the-Clock Cleanup Underway after 2,500 Barrel Oil Spill

California Governor Brown on Wednesday issued an emergency proclamation for Santa Barbara County due to the effects of Plains All American's (PAA) pipeline rupture near Refugio State Beach on Tuesday. The 24-inch pipeline, which runs underground parallel to a coastal highway west of Santa Barbara, inexplicably burst on Tuesday morning, discharging crude oil down a canyon, under a culvert and onto Refugio State Beach before it flowed into the Pacific Ocean, Coast Guard officials said. PAA said the rupture released as much as 2,500 barrels of crude oil, five times more than the initial estimate, and up to a fifth of the spill had reached the ocean. Cleanup teams were working around-the-clock, according to the Coast Guard, including nine vessels, six to corral the slick with booms and three others skimming oil from the surface. Refugio State Beach and El Capitan State Beach were to remain closed to the public through the weekend. In regards to market impacts, company and county officials said the pipeline typically carries about 1,200 barrels per hour from an Exxon Mobil Corp processing facility to a distribution hub in Bakersfield. Phillips 66 said its 44,000 b/d Santa Maria, California refinery continues to operate although it was too early to know how the refinery's supply would be impacted by the pipeline spill.

<http://gov.ca.gov/news.php?id=18967>

<https://twitter.com/USCGLosAngeles>

Reuters, 10:18 May 21, 2015

Reuters, 9:08 May 21, 2015

Gasoline Unit Shut after Malfunction at Marathon's 522,000 b/d Garyville, Louisiana Refinery May 21

Reuters, 14:45 May 21, 2015

ExxonMobil Reports Minor Spill, No Environmental Impacts at Its 238,000 b/d Joliet, Illinois Refinery May 21

ExxonMobil Corp reported about 5 gallons of gasoline reformat was released from a loading arm pipe connected to a barge at its Joliet, Illinois refinery, according to a filing with the Illinois Emergency Management Agency. The company said the minor spill was contained to the barge deck, and no hazardous liquids entered the waterway.

Reuters, 9:38 May 21, 2015

Reuters, 4:08 May 21, 2015

HollyFrontier Reports SRU Shutdown at Its 155,300 b/d Tulsa, Oklahoma Refinery May 9

Reuters, 17:15 May 20, 2015

Valero Reports FCCU Emissions at Its 86,000 b/d Ardmore, Oklahoma Refinery May 14

Reuters, 17:18 May 20, 2015

CVR Reports Startup, Emissions at Its 70,000 b/d Wynnewood, Oklahoma Refinery May 15

Reuters, 17:13 May 20, 2015

Phillips 66 Reports Unplanned Unit Shutdown at Its 120,200 b/d Rodeo, California Refinery May 18

Reuters, 15:41 May 21, 2015

AAR Says Oil-by-Rail Volumes Dropped Nearly 12 Percent in First Quarter

Crude oil shipments on U.S. Class I railroads fell nearly 12 percent in the first quarter of this year from the previous three months, the American Association of Railroads (AAR) said on Wednesday, a drop likely tied to refinery work on coastal plants. The AAR said about 897,172 b/d—or 113,089 carloads—originated on U.S. Class I railroads in the first three months of the year, down from more than 1 million b/d in the fourth quarter of 2014. The decline came during heavy seasonal refinery maintenance, which reduces demand for crude to process into fuels.

Reuters, 15:51 May 20, 2015

BP Settles Macondo Blowout Claims with Halliburton, Transocean

BP Plc settled claims with oilfield services provider Halliburton Co and contract driller Transocean Ltd related to the 2010 Gulf of Mexico oil spill. BP still faces a potential fine of up to \$13.7 billion under the U.S. Clean Water Act. Transocean, which owned the Deepwater Horizon rig, had settled its Clean Water Act liability for \$1 billion. The U.S. government never sued Halliburton under the Act, one person familiar with the case said. Transocean said BP would pay the company \$125 million in compensation for legal fees it incurred, adding the companies will mutually release all claims against each other.

Reuters, 21:46 May 20, 2015

KNOC's 115,000 b/d Come By Chance, Newfoundland Refinery Receives First White Rose Crude Oil Deliveries

KNOC's Come By Chance refinery, located on the eastern island of Newfoundland, recently began taking deliveries of White Rose crude oil, a refinery spokeswoman confirmed. The first cargo was shipped in December, according to Husky Energy, which operates the fields that make up the roughly 45,000 b/d White Rose stream. At least four other vessels followed in April and May, passing briefly through the Whiffen Head terminal to a refinery dock about a mile away, according to vessel tracking data. The field has been pumping oil for a decade with most of the crude oil being shipped to refiners on the East coast, with Phillips 66's 238,000 b/d Bayway refinery in New Jersey being the largest buyer, according to U.S. Energy Information Administration data. Some also goes elsewhere in Canada and to Europe.

http://www.downstreamtoday.com/news/article.aspx?a_id=47764

Pembina Pipeline to Provide Terminal Services for North West's Planned Sturgeon Refinery; Signs Deal for New 30,000 b/d Karr Pipeline Lateral

Pembina Pipeline Corporation announced that it will provide terminal services for the North West Redwater Partnership with respect to North West's planned Sturgeon Refinery. Separately, the company also announced that it has entered into agreements to construct a new pipeline lateral in the Karr area of Alberta (the Karr Lateral) to service growing production from the Montney resource play. Terminal services will be provided by Pembina to North West under a 30-year fixed return agreement, a 10-year natural gas liquids (NGL) mix purchase, and a sale agreement related to the third fractionator Pembina is constructing at its Redwater site. The terminal facilities include truck and rail loading, storage, as well as handling and processing equipment for a variety of products delivered from North West. Subject to regulatory and environmental approvals, the facilities are expected to be in service mid-2017. The Karr Lateral is underpinned by long-term, fee-for-service agreements, which include substantial take-or-pay commitments from several of Pembina's customers. A portion of the volume under contract on the Karr Lateral will be incremental to Pembina's previously disclosed committed volumes. The Karr Lateral will flow from west of the 6th meridian to Pembina's terminal in the Lator area of northwest Alberta where several companies are developing significant Montney acreage. Subject to regulatory and environmental approvals, Pembina expects the Karr Lateral to be in-service in early-2016.

<http://www.pembina.com/media-centre/news-releases/news-details/?nid=135282>

Enable Midstream Announces Phase I Completion of Its 30,000 b/d Nesson Crude Oil, Produced Water Gathering System in North Dakota

Enable Midstream Partners, LP announced today that the first phase of its Nesson Crude and Produced Water Gathering System was operational. The pipeline serves wells located in Williams and Mountrail Counties of North Dakota, in the prolific Bakken shale play. Construction of the first segment of the Nesson system began in July 2014. It provides services to producer XTO Energy Inc. and has a maximum throughput of 1,800 b/d. As of May 7, crude oil has been flowing into the downstream delivery pipeline system. Phase two construction began in April 2015 and is expected to be complete in the fourth quarter of 2015. Maximum throughput for the entire Nesson system is expected to be 30,000 b/d with more than 160 miles of pipeline and 69 origin points to gather crude oil and produced water.

<http://enablemidstream.investorhq.businesswire.com/press-release/financial-news/enable-midstream-announces-completion-initial-phase-nesson-crude-oil-an>

Natural Gas

Targa Reports Emergency Shutdown Due to Power Loss, Flaring at Its 150 MMcf/d Sand Hills Gas Plant in Texas May 20

Targa reported overloaded breakers tripped, causing an emergency shutdown from power loss. The shutdown routed inlet gas to the emergency inlet flare, F-1, dry sweet gas to the emergency flare, F-2, and acid gas to the emergency acid gas flare, F-4. As soon as the plant was back to normal operating conditions, the flaring at all three flares ceased.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=214513>

Other News

Nothing to report.

Mexican Onshore Oil Holds Most Potential in Latin America – IHS Energy Study

The 14.1 billion barrels in incremental oil potential from Mexico's lower-quality, overwhelmingly onshore fields, is bigger than any nation except Russia and Iran, according to the director of upstream energy research at consultancy IHS Energy. Last year, Mexico finalized a historic energy overhaul that ended state-owned oil company Pemex's longstanding oil and gas monopoly and aims to lure billions of dollars in private investment via new contracts to boost output. Spread across 158 fields, the IHS estimate for Mexico comes from an analysis of areas with a recovery factor of less than 20 percent, as well as rock formations that are less porous and less permeable. About 80 percent of Mexico's current oil production comes from shallow water deposits clustered around the southern rim of the Gulf of Mexico. The potential could be unlocked with technologies such as horizontal drilling, fracking, geosteering and new sensors placed directly on drilling columns. Last week, Mexico's Energy Ministry invited bids for a package of onshore contracts covering 26 areas, part of the so-called Round One tender launched late last year along with an initial allotment of areas to Pemex. The 26 areas to be tendered are believed to contain 2.5 billion barrels of oil equivalent in remaining resources with average production costs of between \$10 and \$20 per barrel.

Reuters, 19:56 May 20, 2015

South Sudan's Oil Production Down to 165,000 b/d – Petroleum and Mining Minister

South Sudan's oil production has dropped to 165,000 b/d from between 168,000 and 169,000 b/d in January, the Petroleum and Mining Minister said, citing technical reasons as opposed to fighting in oil producing areas. There has been heavy fighting in recent days in oil producing areas in Upper Nile state, and the latest incidents were witnessed in Melut and near the country's main Paloch oilfield. Early this week rebels asked oil company workers in Paloch to leave, warning of an impending attack. They had also said they had taken control of the site of a refinery under construction, which the government has denied. The Minister said plans were underway to assess the status of oilfields and facilities in block 5A, Tharjath, in Unity state with the aim of resuming oil production.

Reuters, 11:56 May 21, 2015

Energy Prices

U.S. Oil and Gas Prices			
May 21, 2015			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	60.15	59.84	104.38
NATURAL GAS Henry Hub \$/Million Btu	2.98	2.86	4.51

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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