



ENERGY ASSURANCE DAILY

Monday Evening, May 23, 2016

Major Developments

Update: Authorities Reopen Oil Facility Work Camps as Wildfire Conditions Improve in Fort McMurray, Alberta May 22

Authorities in Alberta on Sunday evening announced the reopening of eight shuttered work camps south of Fort McMurray as rain and cold weather helped firefighters fight the wildfire, which has burned approximately 505,000 hectares (about 1.25 million acres). The wildfire, which began on May 1, forced the evacuation of oil facilities and work camps around the city and caused a prolonged shutdown that has cut Canadian oil output by approximately 1.07 million b/d. The Regional Municipality of Wood Buffalo announced a phased re-entry for camps near Nexen's Long Lake and ConocoPhillips's Surmont facilities, both of which have stopped production due to the fire. The Municipality was also reopening camps near Enbridge's Cheecham terminal, which the company has said was returning to full service. It is not immediately clear when any of the oil facilities themselves will be fully operational. 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 Friday's EAD publication.

- **Suncor Energy on Sunday said it was continuing to progress plans for a staged approach to remobilization efforts and continued to monitor the status of the fire and air quality in the region. A small crew was going into the region on Monday, May 23 to further assess on-site conditions. Authorities late Friday, May 20, lifted evacuation orders on its Base Plant as well as nearby camps that house oil workers after rain and cold weather helped dampen the flames.** On Tuesday, May 17 all personnel at the Base Plant and MacKay River operations were relocated 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 were staffing the Firebag project. On the evening of Monday, May 16 mandatory evacuations were issued for the McKay River operation as well as the Borealis, Millennium, and Hudson lodges. Suncor closed its 350,000 b/d Base Plant, 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 on Saturday, May 21 said it was still monitoring the situation and did not yet have a timeline for restarting production, although it did have skeleton crews at its sites. Authorities lifted evacuation orders late Friday, May 20, on its Mildred Lake facility as well as nearby camps that house oil workers.** On Thursday, May 19 the force majeure on crude production was extended, according to traders familiar with the matter. The company's customers were told to expect no further shipments for May. 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 Thursday, May 19 that 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) on Sunday, May 22 said the Regional Municipality of Wood Buffalo announced a phased re-entry for camps near its Long Lake facility.** 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** on Sunday, May 22 said the Regional Municipality of Wood Buffalo announced a phased re-entry for camps near its Surmont facility. On Friday afternoon, May 20, the company said the wildfire threat to its Surmont site was moderate and it was continuing to closely monitor the situation. ConocoPhillips said it has limited access to its facilities but fire suppression crews were on site as a precautionary measure. 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 on Wednesday, May 18 that 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** on Friday, May 20 said its Leismer oil sands project was producing 13,000 b/d and remains on wildfire alert. On Wednesday, May 18 Leismer was producing 9,000 b/d after initiated start-up on Friday, May 13. Statoil 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** on Thursday confirmed it restarted limited operations at its Kearl oil sands site, but indicated full restoration would depend on a number of factors, including safety and air quality. 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 affect by the wildfire activity that led to the precautionary evacuation of several oil facilities north of Fort McMurray. The company said its Christina Lak 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.** on Sunday, May 22, said the Regional Municipality of Wood Buffalo announced a phased re-entry for camps near its Cheecham terminal, which the company has said was returning to full service. On Monday, May 16 Enbridge said some pipelines into and out of the terminal were operating. 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. On Wednesday, May 11, the company resumed operations at its Cheecham terminal, 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** said late on Wednesday, May 18 that it had safely resumed operations on the Polaris and Corridor pipeline systems, and that it continues to monitor the situation while working with its customers. The company confirmed on Tuesday, May 17 that operations on Polaris and Corridor pipeline systems were partially shut down as a proactive measure due to the ongoing 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, 12:37 May 21, 2016

Reuters, 22:41 May 22, 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.nexencoold.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/>

<http://finance.yahoo.com/news/imperial-provides-kearl-operations-224800438.html>

Update: Alberta Oil Sands Cogeneration Capacity Increases to 477 MW May 23 – AESO

Cogeneration electric plants' output around Fort McMurray in Alberta, Canada, increased to 477 MW from 455 MW Friday afternoon, the Alberta Electric System Operator (AESO) said in a report Monday morning. There are 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, 7:44 May 23, 2016

Electricity

Southern's 870 MW Hatch Nuclear Unit 2 in Georgia Shut by May 21

On the morning of May 20 the unit was operating at full power. No further information was available on the cause of the shutdown.

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

Update: Russell City Energy's 620 MW Gas-fired Unit in California Returns to Service by May 22

The unit returned from an unplanned curtailment of 220 MW that began on May 17.

<http://content.caiso.com/unitstatus/data/unitstatus201605221515.html>

High Desert Power's 830 MW Gas-fired Unit in California Shut by May 22

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201605221515.html>

Update: BHE Renewables' 276 MW Solar Star Unit 2 in California Returns to Service by May 21

The unit returned from an unplanned outage that began on May 19.

<http://content.caiso.com/unitstatus/data/unitstatus201605211515.html>

AES's 332 MW Alamos Gas-fired Unit 3 in California Shut by May 21

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201605211515.html>

Watson Cogeneration Company's 417 MW Gas-fired Unit in California Reduced by May 20

The unit entered an unplanned curtailment of 207 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201605201515.html>

Otay Mesa Energy's 604 MW Gas-fired Unit in California Reduced by May 20

The unit entered an unplanned curtailment of 304 MW.

<http://content.aiso.com/unitstatus/data/unitstatus201605201515.html>

TVA Starts Operating Its 1,150 MW Watts Bar Nuclear Unit 2 in Tennessee May 23

Tennessee Valley Authority (TVA) on Monday began operating the 1,150 MW Unit 2 at its Watts Bar nuclear power station in Tennessee. Unit 2 is now generating heat under its own power and will soon be producing electricity, according to TVA. Unit 2 is operating in a stable condition at low power levels and during the coming weeks, power levels will be slowly increased as part of scheduled power ascension testing.

<https://www.tva.gov/Newsroom/Press-Releases/Watts-Bar-Unit-2-Operates-Under-Own-Power-for-First-Time>

Petroleum

Update: PES Likely to Extend Shutdown of Reformer at Its 335,000 b/d Philadelphia, Pennsylvania Refinery May 22 after Fire May 20 – Source

Philadelphia Energy Solutions (PES) is likely to extend the shutdown of the 30,000 b/d reformer at its Philadelphia, Pennsylvania refinery beyond the initially scheduled 17 days after a fire on Friday caused damage to a related furnace, a source familiar with the plant's operations said. Friday's furnace fire was sparked as workers were shutting down the reformer for up to 17 days of planned work. The furnace suffered instrument damage that will likely take longer than 17 days to repair, though it was unclear as to how much longer it would take, the source said. The shutdown of the reformer will result in the loss of production of 35,000 b/d of gasoline and diesel, respectively, a separate source told Reuters Friday.

Reuters, 18:51 May 22, 2016

Two Hydrotreaters Offline at Valero's 335,000 b/d Port Arthur, Texas Refinery May 20 – Sources

Two hydrotreating units at Valero Energy's Port Arthur, Texas, refinery were out of production on Friday for repairs, sources familiar with plant operations said. The compressors on the 47,000 b/d diesel gulfiner hydrotreater and the 30,000 b/d jet fuel hydrotreater were being repaired and expected to take the weekend, the sources said.

Reuters, 18:46 May 20, 2016

Phillips 66 Reports Power Failure Shuts Multiple Units at Its 247,000 b/d Sweeny, Texas Refinery May 22

Phillips 66 reported multiple units were shut after a third party power outage at its Sweeny, Texas refinery over the weekend, according to a filing with the Texas Commission on Environmental Quality. Work was ongoing to restore the process units to steady rates after power was restored at the refinery, the filing said. A fluid catalytic cracking unit, a gas oil hydrotreater, and two crude units were listed among sources of emissions.

Reuters, 22:47 May 22, 2016

Alon Reports Emissions at Its 70,000 b/d Big Spring, Texas Refinery May 22

Alon reported emissions at its Big Spring, Texas refinery on Monday, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 10:51 May 23, 2016

Chevron Says No Impact to Operations at Its 269,000 b/d El Segundo, California Refinery after Fire May 21

Chevron Corp said operations at its El Segundo, California, refinery were unaffected by a fire in a metal storage bin on Saturday morning. No injuries were reported due to the blaze, which was quickly extinguished, a Chevron spokesman said. Firefighters from the Los Angeles County Fire Department were called out to provide assistance if needed, according to a message from the fire department.

Reuters, 16:34 May 21, 2016

Oil Rig Count Steady for First Time in 2016 – Baker Hughes

U.S. energy firms this week kept the number of rigs drilling for oil unchanged for the first time in 2016, Baker Hughes said on Friday. Drillers kept the number of rigs at 318 in the week to May 20, holding at the lowest level since October 2009, Baker Hughes said. Prior to this week, drillers added only one rig so far this year during the week of March 18. On average, they cut 11 oil rigs per week for a total of 218 so far this year. The number of U.S. oil rigs currently operating compares with the 659 rigs operating in the same week a year ago.

http://www.rigzone.com/news/oil_gas/a/144652/Baker_Hughes_US_Oil_Rig_Count_Steady_for_First_Time_This_Year#sthash.t33PkKY6.dpuf

Natural Gas

Southern Union Reports Heater Gas Leak at Its 140 MMcf/d Keystone Gas Plant in Texas May 21

Southern Union reported a regenerator heater gas leak caused residue gas to go sour. The discharge pipelines were shut in on high hydrogen sulfide content. The beds were manually quick stepped to get the sour bed to cycle through the regeneration heater faster.

<http://www2.tceq.texas.gov/oce/eer/index.cfm?fuseaction=main.getDetails&target=233579>

Other News

Nothing to report.

International News

Eni's Agip Oil Pipeline in Nigeria Attacked by Militants May 22 – NSDC

Eni's Agip crude oil pipeline in Nigeria's southern state of Bayelsa was attacked on Sunday, the Nigeria Security and Civil Defence Corps (NSDC) said. The attack comes just days after Nigeria's President said he had heightened the military presence in the oil-rich Niger Delta region, where attacks in the last few weeks have driven the country's oil output to a more than 20-year low.

<http://www.reuters.com/article/us-nigeria-oil-delta-idUSKCN0YD0NP>

Iraq's Southern Oil Exports Fall over 200,000 b/d in May

Iraq's southern exports in the first 23 days of May averaged 3.15 million b/d, according to an industry source and loading data tracked by Reuters. In April, exports hit 3.36 million b/d, close to the record reached in November. Northern shipments of crude from fields in the semi-autonomous Kurdistan region have fallen to 430,000 b/d so far in May from 512,000 b/d in April, according to loading data.

Reuters, 9:34 May 23, 2016

Energy Prices

U.S. Oil and Gas Prices			
May 23, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	48.02	47.71	59.23
\$/Barrel			
NATURAL GAS			
Henry Hub	1.81	1.96	2.93
\$/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>

Please direct comments and questions to: ead@oe.netl.doe.gov