



ENERGY ASSURANCE DAILY

Wednesday Evening, May 25, 2016

Electricity

Update: Alberta Oil Sands Cogeneration Capacity Holds Steady at 447 MW May 25 – AESO

Cogeneration electric plants' output around Fort McMurray in Alberta, Canada held steady over the past 24 hours at 447 MW by early Wednesday, close to the 446 MW early on Tuesday, the Alberta Electric System Operator (AESO) said. 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, 7:55 May 25, 2016

Southern's 1,149 MW Vogtle Nuclear Unit 2 in Georgia Shut May 25

The unit shut from full power due to lowering steam generator water level.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2016/20160525en.html>

RRI Energy's 775 MW Ormond Beach Gas-fired Unit 2 in California Shut by May 24

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201605241515.html>

PSE&G, PSEG Long Island Prepared for 2016 Summer Electric Demand

Public Service Electric and Gas Co. (PSE&G) in New Jersey and PSEG Long Island in New York said they have made significant infrastructure investments to ensuring the utility is better prepared than ever to meet customer demand for safe, reliable electricity this summer. PSE&G said it has protected, raised or rebuilt four substations and switching stations that were damaged by water in recent storms; installed relays and remote terminal units at 34 substations; energized fifteen new 69,000-volt substations and associated lines; and invested \$35 million in tree trimming to prevent tree contacts with energized power lines. PSEG Long Island said upgrades included substation, transmission, and distribution improvements, as well as circuit and equipment inspections, including helicopter inspections across Long Island and the Rockaways have prepared the system to meet peak demand during extreme heat situations in the upcoming summer months.

https://www.pseg.com/info/media/newsreleases/2016/2016-05-24.jsp#.V0W1u_krK00

<https://www.psegliny.com/page.cfm/AboutUs/PressReleases/2016/052416-summer>

Petroleum

Update: Oil Sands Crude Production Remobilization Continues Wildfire Conditions in Fort McMurray, Alberta May 25

Alberta's Premier Rachel Notley on Wednesday said the Fort McMurray wildfire continued to burn and conditions remained "extreme" causing the mandatory evacuation order to remain in place for the town. On Tuesday several oil sands crude producers restarted operations as authorities lifted mandatory evacuation orders for work camps north of Fort McMurray, which were issued on May 16. A voluntary, phased re-entry for the return of Fort McMurray residents was scheduled to begin on June 1, and should be complete by June 15. The fire's estimated size remained unchanged from Monday, at just over 520,000 hectares (about 2,008 square miles). The fire, which began burning on May 1, cut Canadian oil output by approximately 1.07 million b/d, although some projects have now restarted at reduced rates. 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 Monday's EAD publication.

- **Syncrude Canada** on Wednesday, May 25 said it did not have a timeline yet for production restart but was making "significant progress" on its plan to safely restart operations. The company said it was sending several hundred more workers to its oil sand facilities. 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.
- **Suncor Energy** on Monday, May 23 said it began the remobilization process of its employees to support the staged restart of its operations. There has been no damage to Suncor's assets and enhanced fire mitigation work has been conducted at all sites. Construction activities at the Fort Hills Mine continued ramping up over the weekend. 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.
- **Shell Canada** said on Thursday, May 19 that its Albion Sands operation remains safe and secure, and that the mandatory evacuation order north of Fort McMurray has not been extended to include its Albion Sands sites. On Tuesday, May 17, the company said its Albion 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 Albion oil sands mining operation, which include the Muskeg River and Jackpine oil sands mines.
- **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 Tuesday, May 24, said the fire threat to its Surmont facility was now low. It has started a staged remobilization and expected to have 350 workers back at the site by the end of the week. The company said it did not have an estimate of when production will be back online. 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. 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** on Tuesday, May 24 said there has been no damage to its assets and was resuming operations at its Hangingstone project after it was shut and evacuated on May 5. The company expects the reservoir to re-pressurize to normal operating levels over the next several weeks with no anticipated long-term impacts. The project's production volumes reached in excess of 9,000 b/d prior to the shutdown.
- **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 Monday, May 23 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 and air quality remained at acceptable levels. 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.
- **MEG Energy and Japan Canada Oil Sands Ltd** said their operations near Fort McMurray were not affected.
- **Enbridge Inc.** on Tuesday, May 24 said it was continuing to work with the Regional Municipality of Wood Buffalo on a staged re-entry and resumption of full operations in the Fort McMurray region. Additional fire mitigation measures, including widened firebreaks, were expected to be completed in the coming days and industrial firefighters remain onsite at several facilities as a precaution. Enbridge said pipelines into and out of its terminals remain operational and the time required to return to full service will be dependent on a number of factors, including the safety of its people and the staged re-entry into the region. Access to facilities and its rights of way, as well as utility power supply, remains intermittent. On Sunday, May 22, said the Regional Municipality of Wood Buffalo announced a phased re-entry for camps near its Cheecham terminal. 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 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, which resumed operations on May 11, 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, 12:51 May 25, 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.nexencnooclt.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>

Michigan Governor Issues State of Energy Emergency Due to Refinery, Pipeline Outages May 24

Michigan Governor Rick Snyder declared a state of energy emergency on Tuesday because of ongoing problems with a major petroleum products pipeline combined with an unexpected outage at Marathon Petroleum Corp's 120,000 b/d Detroit refinery. The order will allow those carrying gasoline and other transportation fuels to spend more hours on the road to ensure fuels are available. The order was in response to an "unplanned" outage at the Detroit refinery along with the extended outage of the West Shore Pipeline from Milwaukee to Green Bay, Wisconsin, which carries petroleum products to six Green Bay terminals where it is then loaded on tanker trucks to fueling stations in the Upper Peninsula of Michigan. The pipeline has been shut since March 10 for emergency repairs and has resulted in longer driving distances, wait times, and working hours for gasoline and other motor fuels transporters, causing drivers to reach maximum weekly driving and on-duty limits more quickly than normal; Energy industry intelligence service Genscape reported on Tuesday that Marathon's Detroit refinery had shut down a naphtha hydrotreater. Marathon is expected to resume normal operations at the refinery within 48 hours, a source told Reuters on Tuesday. On May 6, Wisconsin declared a State of Emergency and issued hours-of-service waivers. <http://www.michigan.gov/snyder/0,4668,7-277--385447--,00.html>
http://www.downstreamtoday.com/news/article.aspx?a_id=52293

Marathon to Resume Normal Operations at Its 120,000 b/d Detroit, Michigan Refinery within 48 Hours – Source

Marathon Petroleum was expected to resume normal operations at its Detroit, Michigan refinery within 48 hours following the reported shutdown of a naphtha hydrotreater, a source familiar with the plant's operations said on Tuesday. Energy industry intelligence service Genscape reported that a 34,000 b/d naphtha hydrotreater was shut on Tuesday morning.

Reuters, 4:29 May 24, 2016

Valero Reports Upset, Reduction in Production at Its 100,000 b/d Houston, Texas Refinery May 25

Valero Energy Corp reported an upset occurred within its Houston, Texas refinery resulting in excess emissions from the flare and sulfur unit, according to a filing with the Texas Commission on Environmental Quality. Valero said production was reduced and the sulfur unit was safely de-pressured to the flare during the upset to minimize emissions.

Reuters, 11:42 May 25, 2016

Alon Reports Emissions at Its 70,000 b/d Big Spring, Texas Refinery May 25

Alon USA Energy reported emissions from the North flare at its Big Spring, Texas refinery on Wednesday, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 11:50 May 25, 2016

Crude Oil Inventories Decrease May 25 – EIA

Crude inventories fell by 4.2 million barrels last week, compared with analyst expectations for a decrease of 2.5 million barrels. Crude stocks at the Cushing, Oklahoma delivery hub fell by 649,000 barrels, EIA said. Refinery utilization rates fell by 0.8 percentage points. U.S. crude imports fell last week by 362,000 b/d.

Reuters, 10:32 May 25, 2016

NEB Issues Board Order to TransCanada's Keystone Pipeline May 24

The National Energy Board (NEB) issued a Board Order to TransCanada's Keystone Pipeline to ensure that environmental protection and mitigation measures continue on the Keystone XL project despite the U.S. Department of State's decision on November 3, 2015 to not issue a Presidential Permit to construct and operate the U.S. section of the Keystone XL Pipeline. During NEB inspections on the Keystone XL Pipeline Project in Alberta, the NEB observed that reclamation had not been completed at two horizontal directional drill staging areas. These areas included a portion of the pipeline right-of-way and construction access roads at the Red Deer River and South Saskatchewan River crossings. At the time of the inspections, the NEB issued Notices of Non-Compliance related to erosion control and weed management, which required corrective actions. When the Keystone XL project was approved on April 27, 2010, the NEB required completion of conditions at various stages during construction of the approved Project. The NEB Order requires Keystone to take precautionary measures necessary for protection of the environment.

<http://news.gc.ca/web/article-en.do?mthd=tp&crtr.page=1&nid=1071609&crtr.tp1D=1>

Pipeline Oil Spill Exercise Planned for St. Clair River in Michigan May 25

U.S. and Canadian agencies on Wednesday were joining a mock oil spill exercise in the area where Enbridge's 540,000 b/d Line 5 underground pipeline runs beneath the St. Clair River near Marysville, Michigan. The drill includes steps that would be taken in the event of an actual spill, such as creating a command center, determining how to recover the oil, and communicating with the public. Among participating agencies are the Coast Guard, the U.S. Environmental Protection Agency, Michigan State Police, and St. Clair County Emergency Management. The 645-mile, 30-inch Line 5 carries light crude and liquid natural gas across much of Michigan's Upper Peninsula and beneath the Straits of Mackinac before heading southeast to refineries in Sarnia, Ontario.

Reuters, 9:31 May 24, 2016

<http://www.enbridge.com/projects-and-infrastructure/public-awareness/line-5-michigan/about-line-5>

BP Starts Water Injection Project at Its Thunder Horse Platform in Gulf of Mexico May 25

BP Plc on Wednesday started up a major water injection project at its Thunder Horse platform, extending production recovery of one of the biggest deepwater fields in the U.S. Gulf of Mexico. The project will boost recovery of oil and natural gas from one of the Thunder Horse field's three main reservoirs. Over the past three years, BP refurbished the platform's existing topsides and subsea equipment while also drilling two water-injection wells at the site. From those wells, water will be injected into the reservoir to increase pressure and enhance production. The improvements are expected to allow the Thunder Horse facility to recover an additional 65 million barrels of oil equivalent over time. The Thunder Horse platform, which sits in more than 6,000 feet of water and began production in June 2008, has the capacity to handle 250,000 b/d of oil and 200 MMcf/d of natural gas. The facility continued to operate while work on the water injection project was underway.

<http://www.bp.com/en/global/corporate/press/press-releases/bp-starts-up-major-project-at-its-largest-gulf-of-mexico-platform.html>

Natural Gas

Southern Union Reports Unit Shut at Its Keystone Gas Plant in Texas May 24

Southern Union reported compressor C-24 shut due to several control panel error codes. The unit was repaired and returned to service.

<http://www2.tceq.texas.gov/oce/eer/index.cfm?fuseaction=main.getDetails&target=233811>

Rio Bravo Pipeline Company Announces Open Season for Its 4.5 Bcf/d Rio Bravo Pipeline in Texas May 24

Rio Bravo Pipeline Company, LLC on Tuesday announced a binding open season to solicit commitments for firm natural gas pipeline transportation for new pipeline facilities that it proposes to construct. The pipeline system will include two parallel, 42-inch, 137.5-mile feed gas pipelines sharing a right of way, three compressor stations, six mainline valve sites with two valves per location (one for each pipeline), four metering sites housing a total of six meter stations along the pipeline system's approximately 2.4-mile-long header system, as well as additional ancillary facilities. The pipeline system will commence in Kleberg and Jim Wells Counties, Texas and will terminate at the delivery point, which will be located adjacent to the proposed Rio Grande Terminal. The first pipeline is estimated to start service at 1.5 Bcf/d in the fourth quarter of 2020, ramping up to 2.25 Bcf/d by the third quarter of 2021 and the second pipeline is estimated to start service at 1.5 Bcf/d in the fourth quarter of 2022, ramping up to 2.25 Bcf/d by the first quarter of 2024.

<http://www.riograndelng.com/2016/05/notice-open-season-rio-bravo-pipeline/>

Qatar Expects to Begin Exports from Its Golden Pass LNG Venture by 2021 – Government Advisor

Qatar expects exports from its Golden Pass joint venture in Texas to begin in 2021, an advisor to the government said on Wednesday. State run Qatar Petroleum (QP) owns a 70 percent stake in an LNG receiving terminal in Texas that is backed by ExxonMobil and ConocoPhillips. Golden Pass is seeking U.S. government approval to repurpose the facility so that it can export 15.6 million tons of U.S. gas per year.

<http://finance.yahoo.com/news/qatars-texas-lng-venture-expects-125627436.html>

Other News

Nothing to report.

International News

Update: France Uses Strategic Oil Reserves to Counter Refinery Strike May 25 – French Oil Industry Federation

France has started using its strategic oil reserves for the first time since 2010 to counter union blockades of its refineries, the French oil industry federation said on Wednesday. Unions protesting against a planned labor reform are picketing refineries around the country leading to fuel shortages over the past week. France has strategic oil reserves worth several months of consumption on which it can draw in emergencies. Experts say French strategic oil reserves do not physically rise or fall, but that operators allocate volumes blocked in strike-hit refineries to strategic reserve obligations, freeing up other volumes in accessible locations.

<http://uk.reuters.com/article/uk-france-politics-oil-reserves-idUKKCN0YG1H9>

Update: Algeria's In Amenas Gas Plant Due Back at Full Capacity in June – Source

Algeria's In Amenas gas plant started test production at its third train a week ago and will soon back at full capacity, more than three years after a militant attack, a source at state energy firm Sonatrach said on Wednesday. The plant's second train is in scheduled maintenance, but In Amenas should be back to its full 9 billion cubic meters a year capacity by late June for the first time since the 2013 attack that killed 40 oil workers and hit output. In Amenas is operated by BP, Statoil, and Sonatrach.

Reuters, 10:43 May 25, 2016

Energy Prices

U.S. Oil and Gas Prices			
May 25, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	49.07	48.07	59.23
NATURAL GAS Henry Hub \$/Million Btu	1.90	1.97	2.93

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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