



ENERGY ASSURANCE DAILY

Tuesday Evening, September 11, 2012

Electricity

Tropical Storm Leslie Makes Landfall in Newfoundland September 11; Cuts Power to 45,000 Newfoundland Power Customers

Tropical Storm Leslie made landfall on Newfoundland's Burin peninsula around 9:00 a.m. NT Tuesday, bringing heavy rains and strong winds that knocked out power to 45,000 Newfoundland Power customers, mostly in the St. John's area and parts of the Avalon Peninsula. The utility expected to fully restore power by about midnight tonight, the spokeswoman said. Korea National Oil Corp. reported that its 115,000 b/d Come By Chance, Newfoundland refinery was monitoring the storm but working through it, according to a spokeswoman. Leslie passed through Cape Bonavista in northeastern Newfoundland around 12:30 p.m. NT, and headed out to the Atlantic as a post-tropical storm.

<http://www.bloomberg.com/news/2012-09-11/leslie-damages-buildings-cuts-power-in-newfoundland.html>

<http://www.cbc.ca/news/canada/newfoundland-labrador/story/2012/09/11/newfoundland-storm-leslie.html?cmp=googleeditorspick>

New Jersey Board of Public Utilities, Governor Take Action to Improve Utilities' Preparedness and Response to Major Storms

The New Jersey Board of Public Utilities on September 5 released a report on the state's regulated utilities' preparedness and response to major storms in 2011, including Hurricane Irene and the October Snowstorm. The four utilities regulated by the state are Public Service Electric and Gas Company (PSE&G), Jersey City Power & Light (JCP&L), Atlantic City Electric (ACE), and Rockland Electric. New Jersey Governor Chris Christie on September 5 suggested legislation mirroring the board's recommendations in the report. The proposed legislation would impose financial penalties of up to \$25,000 per day, compared with \$100 per day now, for slow post-storm responses by utilities. It would also require additional storm planning and set standards for service reliability and restoration.

<http://www.nj.gov/bpu/pdf/announcements/2012/stormreport2011.pdf>

<http://nj.gov/bpu/pdf/announcements/2012/20120905a.pdf>

<http://finance.yahoo.com/news/christie-utilities-step-post-storm-164454375.html>

NRC Issues Draft Guidance for Examining Plant Response to Updated Seismic Hazards

The U.S. Nuclear Regulatory Commission (NRC) has issued draft interim staff guidance to U.S. nuclear power plants for evaluating how re-analyzed earthquake hazards could affect plant performance. The NRC is requiring all U.S. plants to re-analyze potential earthquake hazards at their sites using the latest available information. Plants in the eastern and central United States will complete these site-specific analyses by late 2013 and plants west of the Rocky Mountains by early 2015, based on the availability of information from the U.S. Geological Survey. The re-analyses and evaluations stem from lessons learned from the Fukushima Dai-ichi nuclear accident and information from companies applying for new reactor licenses.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-100.pdf>

Dominion's 871 MW Millstone Nuclear Unit 2 in Connecticut Reduced to 85 Percent by September 11

On the morning of September 10 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Update: Four Percent of Daily Oil Production and Nearly 5 Percent of Daily Natural Gas Production in the Gulf of Mexico Remains Shut-In September 11 after Hurricane Isaac

Offshore oil and gas operators in the Gulf of Mexico continue to restore production following Hurricane Isaac. The U.S. Bureau of Safety and Environmental Enforcement (BSEE) reported as of 11:30 a.m. CDT today, approximately 57, 439 b/d (4.16 percent) of the current daily oil production in the Gulf of Mexico has been shut-in. BSEE also estimates that approximately 213 MMcf/d (4.73 percent) of the current daily natural gas production in the Gulf of Mexico has been shut-in. The remaining shut-in oil and gas production has been slow to return due to damage at onshore processing facilities.

<http://www.bsee.gov/BSEE-Newsroom/Press-Releases/2012/Press09112012.aspx>

Update: Carlyle, Sunoco Finalize Joint Venture to Operate the 330,000 b/d Philadelphia, Pennsylvania Refinery

Sunoco, Inc. and the Carlyle Group, L.P. on Saturday announced they have completed the formation of Philadelphia Energy Solutions, a joint venture that will operate the 330,000 b/d Philadelphia refinery. Under the terms of the joint venture agreement, the Carlyle Group will hold the controlling interest and will oversee day-to-day operations of the joint venture and the refinery. In exchange for contributing its refinery assets to the joint venture, Sunoco retained a 33 percent non-operating minority interest. The companies in July first announced plans to form the joint venture, and said Philadelphia Energy Solutions would invest in several projects to support the long-term economic viability of the facility, including upgrading the catalytic cracker; building a high-speed train unloading facility to provide access to greater quantities of crude oil from North America, particularly Bakken crude from North Dakota; and building a mild hydrocracker and hydrogen plant.

<http://www.carlyle.com/news-room/news-release-archive/sunoco-and-carlyle-group-complete-formation-philadelphia-refinery-joi>

Update: Marathon Says Chemical Release at Its 102,000 b/d Detroit, Michigan Refinery September 8 Due to Ongoing Turnaround Work

Marathon Petroleum Corp. said a release of unknown chemicals at its Detroit refinery on Saturday was due to maintenance work associated with an ongoing turnaround at the facility, according to a spokesman. The company had reported the release was causing nausea, eye irritation, and breathing difficulty among local residents in a filing with national regulators. Marathon on Monday said it has investigated concerns about the chemical release and is closely monitoring its maintenance equipment to minimize the potential for odors, according to the spokesman. The company recently began shutting the entire refinery for a 70-day planned turnaround related to a heavy oil upgrade project.

Reuters, 13:02 September 10, 2012

Update: Chevron Reports a Smaller Fire Occurred Shortly before the Massive Blaze at Its 245,271 b/d Richmond, California Refinery August 6

Chevron Corp. on September 5 reported to Contra Costa County officials that a small fire was extinguished about 10 minutes before a large fire ignited at its Richmond refinery on August 6. Investigators have been trying to determine the composition of a white cloud that formed minutes before a large fire ignited at a crude distillation unit due to the failure of a corroded 8-inch pipe. The U.S. Chemical Safety Board has said that the large white cloud rising from the refinery could have been a flammable hydrocarbon vapor, but Chevron has said the cloud could have been a by-product of firefighting efforts. Last Wednesday's report suggests the cloud was mostly steam from firefighters knocking down the smaller fire.

<http://finance.yahoo.com/news/smaller-fire-occurred-calif-refinery-140127872.html>

Hydrogen Plant Upset Triggers Flaring at Phillips 66's 120,000 b/d Rodeo, California Refinery September 10

Phillips 66 reported that flaring at its Rodeo refinery Monday was due to an unspecified upset in a hydrogen plant, according to a filing with the Contra Costa County Health Department Hazardous Materials Program. The upset did not involve any unit shutdowns, the filing said.

Reuters, 14:49 September 10, 2012

Tesoro Reports Sulfuric Acid Leak from an Alkylation Unit at Its 166,000 b/d Martinez, California Refinery September 10

Tesoro Corp. reported a sulfuric acid leak from a packing gland in the alkylation unit at its Martinez refinery on Monday, according to a filing with the Contra Costa County Health Department Hazardous Materials Program. Reuters, 14:54 September 10, 2012

Flint Hills Reports Unplanned Flaring Event at Its 288,468 b/d Corpus Christi, Texas Refinery September 10

Flint Hills Resources reported an unplanned flaring event occurred at its Corpus Christi refinery overnight Monday during a scheduled coker unit outage at its West Plant, according to a filing with the Texas Commission on Environmental Quality. Operators were investigating the cause, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173316>

Imperial to Develop Oil Sands Project in Kentucky

Imperial Petroleum, Inc. on Monday announced that its wholly-owned subsidiary, Arrakis Oil Recovery, LLC, executed agreements to complete development of another oil sands project in Kentucky. Under the terms of the agreements, the project will complete the installation of facilities in Kentucky to recover bitumen or heavy oil from oil sands. Imperial has broken ground on the installation of its process facility in Kentucky and the completion of location work to begin mining and processing, which it expects now to begin in October 2012.

<http://www.heraldonline.com/2012/09/10/4250748/imperial-provides-update-on-oil.html>

Update: Shell Halts Drilling in Chukchi Sea Offshore Alaska Due to Ice; Hopes to Resume Drilling within 1–2 Days

Royal Dutch Shell on Monday was temporarily moving its drill ship *Noble Discoverer* off a prospect in the Chukchi Sea, a day after drilling began 70 miles offshore Alaska, because sea ice was moving toward the vessel. Drilling had begun at 4:30 a.m. local time Sunday. Once the ice moves past the site, the drill ship will reconnect to anchors and continue drilling, a Shell Alaska spokesman said. Drilling may be delayed by two days or more, he said. Shell has had to scale back its 2012 Arctic drill plan due to permitting delays and persistent sea ice. Late last month, however, the U.S. Bureau of Safety and Environmental Enforcement (BSEE) and the U.S. Environmental Protection Agency (EPA) issued temporary authorizations for Shell to move forward with certain exploratory drilling activities in the Chukchi Sea.

<http://finance.yahoo.com/news/apnewsbreak-shell-halts-chukchi-sea-203750839.html>

Statoil Delays Drill Schedule in the Chukchi Sea Offshore Alaska until at Least 2015

Statoil on Friday said it will wait until at least 2015 to start drilling exploration wells in the Chukchi Sea off northwestern Alaska, according to a spokesman. The company had previously hoped to begin drilling as early as 2014. In a phone interview on Friday, a company official said that the company has not made a decision to drill and will not be drilling in 2014, without specifying the reason for the delays.

<http://www.reuters.com/article/2012/09/07/alaska-statoil-idUSL2E8K7HOY20120907?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Natural Gas

Crestwood to Resume Operations at Its 125 MMcf/d Corvette Gas Plant in Texas September 10 Following a Fire at an Adjacent Compressor Building September 6

Crestwood Midstream Partners LP announced today that it has initiated start-up procedures at its Corvette natural gas processing facility in Hood County, Texas following a fire that occurred on Thursday, September 6. The fire damaged one of nine compressors and a portion of the building housing the compressors adjacent to the processing facility. Natural gas that was flowing through the Corvette facility prior to the compressor incident was re-routed to Crestwood's other nearby processing facilities or was temporarily shut-in by producers while operations at the Corvette facility were suspended. Crestwood expects the Corvette facility to be back to full service capability in the next few days.

<http://www.crestwoodlp.com/corporate/news/press/2012/CMLP%20-%20Corvette%20Restart%209-11-12.pdf>

Equipment Malfunctions Shut AGI Unit at Regency's 290 MMcf/d Waha Gas Plant in Texas September 6

Regency Energy Partners reported operators at its Waha plant shut an acid gas injector (AGI) unit Thursday night to repair/replace faulty third-stage cylinder suction valves, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Emissions related to the repairs continued until Friday morning. Later that night, an amine system upset caused the AGI compressor to shut down, according to another TCEQ filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173266>
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173224>

Unspecified Unit Upset Leads to Emissions at Exterran's 50 MMcf/d Reinecke Gas Plant in Texas September 6

Exterran reported that an unspecified unit at its Reinecke gas plant was not carrying load Thursday morning, which caused it to vent, according to a filing with the Texas Commission on Environmental Quality. Operators shut the unit and changed out two transformers.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173221>

Calumet to Expand Its Specialty Products Facility in Pennsylvania to Include 1,000 b/d Gas-to-Liquids Plant

Calumet Specialty Products on Thursday announced plans to expand its Karns City specialty products facility in Pennsylvania to include a nominal 1,000 b/d gas-to-liquids plant. The plant will convert natural gas into synthesis gas, which will then be processed for conversion into "long chain hydrocarbons." Calumet expects to complete the plant's design by late 2012, followed by site-specific engineering and a decision to commence fabrication in the first half of 2013. Production is currently expected to begin in the second half of 2014.

<http://www.hydrocarbonprocessing.com/Article/3085805/Latest-News/Calumet-to-expand-Pennsylvania-specialty-site-with-modular-gas-to-liquids-plant.html>

Other News

Update: EPA Approves JSDC's 75 MMGal/Yr Hybrid Ethanol Plant in North Dakota

The Jamestown/Stutsman Development Corp. (JSDC) on Monday reported the U.S. Environmental Protection Agency (EPA) has approved the renewable fuel standards for JSDC's Dakota Spirit AgEnergy plant in Spiritwood, North Dakota. The proposed 75 million gallon per year (MMgy) hybrid ethanol plant will now officially be posted to the EPA's federal registry for a mandatory 30-day public comment period prior to being approved for groundbreaking. Barring no impediments stemming from the comment period, the JSDC will move forward with plans for groundbreaking in December and completion by 2014.

<http://www.jamestownsun.com/event/article/id/168955/group/Agriculture/>

Copper Thieves Strike Three Marlboro Electric Substations in Dillon County, South Carolina in August

<http://www.carolinalive.com/news/story.aspx?id=798197#.UE4Sxq5ozg2>

International News

Update: Yemen's Maarib Oil Pipeline Repaired after Explosion September 9, Oil Expected to Flow Soon – Official

A Yemeni oil ministry official on Tuesday said the country's main oil pipeline has been repaired after being attacked for a second time in less than a week. The pipeline transports approximately 110,000 b/d of light crude from the Safir oilfields in Maarib province to the Ras Isa export terminal on the Red Sea. An explosion on Sunday occurred as repairs were underway to fix damage from an attack by a tribesman last Wednesday, September 5.

Reuters, 12:22 September 11, 2012

<http://www.reuters.com/article/2012/09/09/us-yemen-pipeline-explosion-idUSBRE8880B920120909>

Kurdistan Shuts Flow of Crude from Its Khurmala Oil Field in Northern Iraq September 10; Halts Approximately 75,000 b/d of Output – Iraqi Oil Ministry Official

Iraqi oil ministry officials on Tuesday reported Kurdistan has shut the flow of crude from its Khurmala oil field since Monday, halting about 75,000–80,000 b/d of output, which amounts to roughly two-thirds of Kurdistan's 120,000 b/d oil exports. Officials gave no reason for the stoppage, but the Kurdistan Regional Government has made similar moves during its long-running dispute over control of oil in the region. Baghdad maintains it alone has the right to export Iraqi crude. Kurdistan has nevertheless signed exploration deals with oil majors such as ExxonMobil and Chevron. In April the KRG curtailed exports from its northern oilfields, claiming Baghdad has not paid its producers for the oil. It restarted exports again in early August, but warned it would stop them again by September 15 if there was no progress on payments.

<http://www.reuters.com/article/2012/09/11/energy-kurdistan-exports-idUSL5E8KB5Q720120911?feedType=RSS&feedName=industrialsSector&rpc=43>

Suspected Oil Thieves Kill Three Workers Repairing a Pipeline near Lagos Last Weekend

The Nigerian National Petroleum Corporation said in a statement Monday that suspected oil thieves shot at a team of engineers and technicians repairing an oil pipeline in a town just north of Lagos this weekend, killing three of its employees and wounding others. The pipeline was under repair after being vandalized, a spokesman said.

http://www.washingtonpost.com/business/suspected-oil-thieves-kill-3-nigeria-oil-firm-staffers-repairing-pipeline-near-major-city/2012/09/10/536776a4-fb5a-11e1-98c6-ec0a0a93f8eb_story.html

Energy Prices

U.S. Oil and Gas Prices			
September 11, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	96.93	95.46	89.05
NATURAL GAS Henry Hub \$/Million Btu	2.66	2.72	3.99

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 and 1:00 PM Eastern Time every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM Eastern Time every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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