



# ENERGY ASSURANCE DAILY

Tuesday Evening, October 08, 2013

## Major Developments

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### Update: Gulf of Mexico Oil & Gas Companies Continue to Restore Operations After Tropical Storm Karen

Oil & gas companies in Gulf of Mexico continued restoring operations on Tuesday, after Tropical Storm Karen weakened and dissipated over the weekend. Significant updates include:

- **Offshore Oil & Gas Production.** As of 12:30 p.m. EDT October 8, the Bureau of Safety and Environmental Enforcement (BSEE) reports 90,953 barrels per day (b/d) of the Gulf of Mexico (GOM) crude oil production is shut-in, equivalent to 6.5 percent of GOM crude oil production. This is a decrease of 400,209 b/d from October 7. BSEE reports 81 million cubic feet per day (MMcf/d) of GOM natural gas production is shut-in, equivalent to 2.1 percent of the GOM natural gas production. This is a decrease of 1,317 MMcf/d from October 7. Personnel have been evacuated from a total of 17 production platforms, or 3.01 percent of the 565 manned platforms in the GOM. This is a decrease of 121 from October 7. Personnel have returned to all of the 48 drilling rigs currently operating in the GOM. This is a decrease of 7 from October 7.
- **Garden Banks Gas Pipeline** (capacity: 1.0 Bcf/d) reported October 7 that the Force Majeure issued October 5 is no longer in effect.
- **Marathon Oil** reported October 7 that it has safely resumed normal operations and restarted production from its operated properties in the Gulf of Mexico. Marathon had shut-in its Ewing Bank platform prior to the storm, shutting-in 9,000 barrels of oil equivalent per day (boe/d) in gross production.
- **Shell** reported October 7 that it has begun to restore refining rates at Motiva Norco, Louisiana, (233,500 b/d) and Shell Mobile, Alabama, (80,000 b/d) refineries, which were temporarily reduced as a result of delays in crude oil shipments.

<http://www.doi.gov/shutdown/index.cfm>

<http://www.marathonoilupdate.com/go/doc/3231/1924505/>

<http://www.shell.us/aboutshell/us-media-center/storm-center/storm-updates.html>

## Electricity

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### Attack on Substation Power Lines Leaves 10,000 First Electric Cooperative Customers Without Power in Arkansas October 6

More than 10,000 First Electric Cooperative customers in Arkansas were without power on Sunday following the third attack in recent weeks on the state's electric grid, the FBI said on Monday. The power lines targeted in the Sunday attack appear to link a high-voltage transmission line with a substation in Jacksonville, Arkansas. The person or persons responsible for this incident took a tractor, drove it through a locked cattle gate, and then used the tractor to pull down one of the utility poles after the poles were cut, according to the FBI's press release. The tractor used in the incident is used by utilities for vegetation management. The implication appears to be that the culprit not only knew where to find the equipment he needed to cause a power outage, but he also knew how to use that equipment well enough to pull down two utility poles. The FBI and Bureau of Alcohol, Tobacco and Firearms (ATF) have announced a reward up to \$25,000 for information leading to the arrest of the person(s) responsible for Sunday's attack or the September 29 attack on the Keo substation.

<http://www.firstelectric.coop/announcements#item122>

<http://www.firstelectric.coop/pdfs/10-06-13%20-->

[%20FBI%20and%20ATF%20announce%20up%20to%20\\$25000%20reward%20for%20information%20regarding%20power%20grid%20attacks.pdf](http://www.firstelectric.coop/pdfs/10-06-13%20--%20FBI%20and%20ATF%20announce%20up%20to%20$25000%20reward%20for%20information%20regarding%20power%20grid%20attacks.pdf)

<http://www.forbes.com/sites/williampentland/2013/10/07/weekend-attacks-on-arkansas-electric-grid-leave-10000-without-power-you-should-have-expected-u-s/>

## **25,000 Customers Left Without Power After Strong Storms Sweep Through New Hampshire October 7**

A series of strong thunderstorms moved across New Hampshire on Monday, bringing heavy rainfall and gusty winds to much of the state. At its peak yesterday evening, the storm caused about 22,900 Public Service of New Hampshire (PSNH) customer outages, primarily in the western central part of the state, western Grafton County, Coos County, and along the Vermont/New Hampshire border. Outages caused by the storm were almost exclusively tree debris due to gusty winds, including over 50-mile per hour gusts in some areas. A team of about 80 PSNH and local contractor line crews worked overnight to restore power to more than 20,000 customers across the state. PSNH and local contractor crews were continuing restoration work this morning and were joined by crews from PSNH's sister company, NSTAR. As of 2 p.m. EDT, fewer than 300 PSNH customers remained without power. In addition, Unitil Corp. reported fewer than 2,000 customers without power, most in the Concord area. As of 2 p.m. EDT all Unitil customers had power restored.

<http://www.psnhnews.com/content/storm-update-october-8-2013>

<http://www.psnh.com/outage/outagemap.aspx>

<http://www.unitil.com/outage-center/electric-outage-map>

## **Update: Black Hills Power Reports 8,000 Customers Remain Without Service October 8 as Restoration Continues in South Dakota Following Friday's Winter Storm**

Black Hills Power reported approximately 8,200 customers remained without power as of 8 a.m. EDT today after a winter storm on Friday knocked out power to 28,000 customers. Officials said 3,800 poles were knocked down during the storm, causing the widespread power outages.

<http://www.blackhillspower.com/report-outage-or-problem/current-outages>

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

<http://www.keloland.com/newsdetail.cfm/more-than-8000-remain-without-power/?id=154273>

## **APS Reports Leak at Its 1,243 MW Palo Verde Nuclear Unit in Arizona October 7**

Arizona Public Service Co. (APS) reported a leak of a white substance was found while performing a routine inspection. Following review, it was determined the white residue is most likely dry boric acid resulting from reactor coolant system pressure boundary leakage. An activity to sample and analyze the white residue is being planned and will be performed as soon as possible.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20131008en.html>

## **Update: Exelon's 619 MW Oyster Creek Nuclear Unit in New Jersey Begins to Exit Outage October 8**

Exelon Corp.'s Oyster Creek nuclear power plant in New Jersey started to exit an outage and ramped up to 8 percent power by early Tuesday, the U.S. Nuclear Regulatory Commission said in a report. The unit shut on Sunday due to a problem with the condenser vacuum.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20131008en.html>

## ***Petroleum***

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### **Update: Noble Energy Reports Production Impacts of Colorado Flooding; Output Expected Down by Up to 7,000 boe/d in Fourth Quarter**

Noble Energy, Inc. on Monday announced impacts of the mid-September flooding in Northern Colorado on its DJ Basin operations. Total net production loss on average for the third quarter of 2013 was approximately 2,000 barrels of oil equivalent per day (boe/d), of which 70 percent represented crude oil, condensate, and natural gas liquids.

Noble Energy continues to return wells to production that were proactively shut-in prior to the floods. Only four percent of Noble Energy's operated wells remain offline. Drilling activities have returned to normal levels, with all rigs currently operating. The combined impact of remaining well shut-ins and delayed completion operations is anticipated to impact Noble Energy's fourth quarter 2013 average volumes by approximately 5,000 to 7,000 boe/d, of which 80 percent is projected to be liquid volumes. Acceleration of completion activities is underway and will contribute to the elimination of the backlog by the end of the first quarter of 2014.

<http://investors.nobleenergyinc.com/releasedetail.cfm?ReleaseID=795170>

## **Kinder Morgan Begins Service at Phase 1 of 7.1 Million Barrel BOSTCO Oil Terminal on Houston Ship Channel in Texas**

Kinder Morgan Energy Partners, L.P. on Monday announced commercial operations are underway for phase one at the 185-acre Battleground Oil Specialty Terminal Company, LLC (BOSTCO) project on the Houston Ship Channel in Texas. Approximately 20 of the 51 storage tanks built during phase one construction are being placed into service this month, and the remaining tanks will come online during the next six months. A two-berth ship dock and 12 barge berths are also scheduled to be in service this month. A joint venture of KMP and TransMontaigne Partners L.P., the almost \$500 million BOSTCO terminal is fully subscribed for a total capacity of 7.1 million barrels (including the project's phase two expansion) and is able to handle ultra low sulfur diesel, residual fuels, and other black oil terminal services. Phase two of construction at BOSTCO is underway and involves the construction of an additional six, 150,000 barrel, ultra low sulfur diesel tanks, additional pipeline connectivity, and high-speed loading at a rate of 25,000 barrels per hour. BOSTCO expects phase two to begin service in the fourth quarter of 2014.

<http://phx.corporate-ir.net/phoenix.zhtml?c=93621&p=irol-newsArticle&ID=1862177&highlight=>

## **Blueknight Energy Announces Startup of 65-Mile Oklahoma Arbuckle Pipeline**

Blueknight Energy Partners, L.P. on Monday announced the operational startup of the 65-mile southern Oklahoma Arbuckle pipeline. It runs from southern Oklahoma to Wynnewood, Oklahoma where it intersects Blueknight's existing Oklahoma mainline system. The pipeline was constructed as part of a long-term transportation agreement with XTO Energy Inc., a subsidiary of Exxon Mobil Corporation. The pipeline transports committed XTO crude oil production from the Woodford Shale area in Southern Oklahoma to BKEP's crude oil terminal in Cushing, Oklahoma.

<http://investor.bkep.com/profiles/investor/ResLibraryView.asp?ResLibraryID=65551&BzID=1505&g=386&Nav=0&LangID=1&s=0>

## **Motiva Shuts FCCU for Planned Maintenance at Its 233,500 b/d Norco, Louisiana Refinery**

Motiva Enterprises' refinery in Norco, Louisiana, is conducting planned repairs on a fluid catalytic cracker unit (FCCU), a person familiar with operations said. The unit was shut in the third week of September for 50 days of scheduled maintenance. A community notice on September 19 from St. Charles Parish, where the refinery is located, said that Motiva would begin planned maintenance on several units the week of September 28.

<http://www.hydrocarbonprocessing.com/Article/3264053/Latest-News/Motiva-shuts-FCC-at-Norco-refinery-in-Louisiana-for-maintenance-repairs.html>

## **ExxonMobil Says Minimal Impact From HCU Startup Malfunction at Its 572,500 b/d Baytown, Texas Refinery**

ExxonMobil Corp. said there was minimal impact to production from a malfunction during a hydrocracking unit (HCU) startup at its refinery in Baytown, Texas.

Reuters, 4:15 October 7, 2013

## **Valero Reports Wet Gas Compressor Outage at Its 290,000 b/d Port Arthur, Texas Refinery October 7**

Valero Energy Corp. confirmed on Monday that a wet gas compressor outage led to flaring at its Port Arthur refinery in Texas. No material impact to production was expected, according to a spokesperson. The company had reported hydrogen sulfide and sulfur dioxide emissions at the refinery, a filing with the Texas Commission on Environmental Quality said.

Reuters, 14:02 October 7, 2013

## **Phillips 66 Reports Incinerator Shut at Its 247,000 b/d Sweeny, Texas Refinery October 7**

Phillips 66 shut an incinerator at its refinery in Sweeny, Texas, according to a filing with the Texas Commission on Environmental Quality. The company reported emissions from its sulfur recovery unit, the filing said.

Reuters, 17:36 October 7, 2013

## **Citgo Reports Emissions at Its 167,000 b/d Lemont, Illinois Refinery October 7**

Citgo Petroleum Corp. reported emissions due to unknown reasons at its Lemont, Illinois, refinery, according to a filing with the Illinois Emergency Management Agency.

Reuters, 4:15 October 8, 2013

### **Alaska LNG Export Terminal Project Selects Lead Terminal Location**

ExxonMobil, BP, ConocoPhillips, and TransCanada have selected a site in the Nikiski area on the Kenai Peninsula as the lead site for the proposed Alaska liquefied natural gas (LNG) project's natural gas liquefaction plant and terminal. A number of engineering, technical, regulatory, fiscal, commercial and permitting issues still need to be resolved as work on the potential \$45–65 billion project progresses. While Nikiski is the lead site, the project team continues to consider other secondary locations. Pipeline routing definition work also continues based on the project summer field work activities, which will be extended south of Livengood. The companies are continuing to refine the agreed project concept that includes a gas treatment plant located on the North Slope, an 800-mile, 42-inch pipeline with up to eight compression stations and at least five off-take points for in-state gas delivery, and a liquefaction plant and terminal. The teams are currently preparing for more detailed engineering and design work, consistent with previously released plan phases.

<http://news.exxonmobil.com/press-release/alaska-lng-project-selects-lead-terminal-location>

### **Malaysia's Petronas to Develop Canadian Shale Gas Assets, LNG Export Terminal in British Columbia**

Malaysia's state oil firm Petronas plans to spend \$35 billion to develop shale gas assets in Canada and build a liquefied natural gas (LNG) export terminal linking the country to Asian markets, company officials said. The cost includes drilling wells in British Columbia and taking over Canadian explorer Progress Energy Resources for \$5 billion. Petronas had previously said it would spend \$20 billion to build two LNG trains, which super chill gas into liquid form, on the West Coast. This includes a pipeline to be built by TransCanada Corp. from the fields in the shale-rich Montney region. The trains are expected to be ready by the end of 2018 or 2019. A final investment decision on the entire project will be taken by the end of 2014, Petronas has said.

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=40956](http://www.downstreamtoday.com/news/article.aspx?a_id=40956)

### **Millennium Pipeline Receives FERC Approval to Construct Hancock Compressor Project in New York**

Millennium Pipeline Company, L.L.C. announced on Monday that it has received approval from the Federal Energy Regulatory Commission (FERC) to construct the proposed Hancock Compressor project in the town of Hancock, Delaware County, New York. In its Notice to Proceed with Construction Activities issued October 4, FERC confirmed that Millennium has received all necessary federal authorizations needed for this project. Millennium received its notice to begin all construction activities on October 4, based upon the implementation plan it filed with the FERC on October 3, 2013. The Hancock Compressor project will be driven by one 15,700 horsepower natural gas turbine, which will increase the pressure and output capacity by 107.5 MMcf/d. Anchor shippers on this project are Southwestern Energy Services Company and WPX Energy. Construction activities will commence immediately with a target in-service date of April 1, 2014.

[http://www.millenniumpipeline.com/documents/FERC%20Approves%20Hancock%20Compressor%20Station\\_10\\_7\\_13.pdf](http://www.millenniumpipeline.com/documents/FERC%20Approves%20Hancock%20Compressor%20Station_10_7_13.pdf)

## **Other News**

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Nothing to report.

## **International News**

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### **Update: Kazakhstan's Kashagan Oilfield Ramps Up Output to 61,000 b/d**

Kazakhstan's Kashagan oilfield is pumping 61,000 b/d after resuming production on Monday following a shutdown caused by a gas leak on September 25. Output is forecasted to increase as an international consortium developing the reservoir has to achieve commercial output of 75,000 b/d this month in order to meet contractual obligations. Prior to the accident, Kashagan was producing between 48,000 and 50,000 b/d, according to senior Kazakh officials. Reuters, 3:41 October 8, 2013

## Energy Prices

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U.S. Oil and Gas Prices			
October 8, 2013			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	103.80	101.42	89.26
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	3.62	3.66	3.23

Source: Reuters

## Links

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***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](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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