



ENERGY ASSURANCE DAILY

Thursday Evening, November 03, 2016

Major Developments

Update: Colonial Begins Excavation on Impacted Segment of Its 1.37 Million b/d Line 1 in Alabama November 2 after Explosion, Fire October 31

Colonial on Wednesday night began excavation and other work to facilitate removal of product from the impacted segment of Line 1—its main gasoline pipeline—after a large explosion and fire occurred on Monday in Shelby County, Alabama. The explosion and fire occurred when a crew working on Line 1 struck the pipeline with a trackhoe used for excavating. Colonial said once preparations for product removal are complete, the remaining small fire will be extinguished and “drain-up” operations will commence. Upon completion of product removal, the damaged segment will be removed and the new segment will be tested and installed as a permanent repair. Colonial’s 1.16 million b/d Line 2, which runs parallel to Line 1, was excavated for visual inspection on Wednesday and it was determined that Line 2 was not impacted by the Line 1 event. Colonial said it anticipated Line 1 to remain shut for the remainder of this week while Line 2 was restarted at approximately 12:00 a.m. EDT on Tuesday. The explosion and fire occurred near the same location where Line 1 leaked 6,000–8,000 barrels of gasoline in September. The Colonial pipeline system connects Gulf Coast refineries with markets across the southern and eastern United States through more than 5,500 miles of pipeline, delivering gasoline, diesel, jet fuel, and other refined products. Lines 1 and 2 run from Houston, Texas to Greensboro, North Carolina, supplying markets in Mississippi, Alabama, Tennessee, South Carolina, and North Carolina.

<https://helena.colonialresponse.com/>

Electricity

Update: FPL’s 693 MW Turkey Point Nuclear Unit 3 in Florida at Full Power by November 3

On the morning of November 2 the unit was operating at 85 percent, reduced from full power on November 1.

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

AES’s 336 MW Alamosa Gas-fired Unit 4 in California Shut by November 2

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201611021515.html>

NextEra Energy Resources Completes Sale of Pennsylvania Generating Assets to Starwood Energy November 2

NextEra Energy Resources, LLC on Wednesday announced that one of its subsidiaries completed the sale of its ownership interest in its Marcus Hook generating assets to an investment affiliate of Starwood Energy Group Global, LLC. The transaction includes the 790 MW combined-cycle Marcus Hook Energy Center and the 50 MW simple-cycle Marcus Hook 50 Energy Center. Both of these facilities are natural gas-fired power plants located primarily in Marcus Hook, Pennsylvania.

<http://www.nexteraenergyresources.com/news/contents/2016/110216.shtml>

Valero Reports Excess Emissions at Its 86,000 b/d Ardmore, Oklahoma Refinery October 27, 28

Valero Energy Corp reported excess emissions at its Ardmore refinery on October 27 and 28. Reuters, 19:15 November 2, 2016

HollyFrontier Reports Flaring at Its 85,000 b/d Tulsa West, Oklahoma Refinery October 28

HollyFrontier Corp reported excess hydrogen sulfide from the alkylation flare at its Tulsa West refinery on October 28, according to a filing with the Oklahoma Department of Environmental Quality. Reuters, 18:23 November 2, 2016

CVR Reports Emissions at Its 70,000 b/d Wynnewood, Oklahoma Refinery October 31

CVR Energy reported excess emissions at its Wynnewood refinery on October 31, according to a filing with the Oklahoma Department of Environmental Quality. Reuters, 19:04 November 2, 2016

Marathon Reports Compressor Restart at Its 451,000 b/d Galveston Bay, Texas Refinery November 1

Marathon Petroleum Corp's reported the coker wet gas compressor tripped, resulted in flaring at its Galveston Bay refinery on November 1, according to a filing with the Texas Commission on Environmental Quality. Reuters, 17:16 November 2, 2016

Petrobras Reports Unit Startup after Unplanned Shutdowns at Its 112,229 b/d Pasadena, Texas Refinery November 3

Petrobras reported a unit startup after an unplanned shutdown at its Pasadena refinery on November 3, according to a filing with the Texas Commission on Environmental Quality. Petrobras also reported emissions from the crude unit, distillate hydrotreater, electrostatic precipitator stack, fluid catalytic cracking unit, and reformer. Reuters, 13:18 November 3, 2016

Tesoro Restarting Units after Malfunction at Its 96,860 b/d Wilmington, California Refinery November 3

Tesoro Corp on Thursday said it was in the process of restarting units at its Wilmington refinery after a temporary, unplanned disruption in hydrogen supply. The company had reported unplanned flaring, according to a filing with state pollution regulators. Reuters, 13:01 November 3, 2016

Imperial Reports Coker Unit Restart at Its 121,000 b/d Sarnia, Ontario Facility November 3

Imperial Oil reported the restart of a coker unit at its Sarnia facility following unplanned maintenance. Imperial operates a 121,000 b/d refinery and a chemical plant in Sarnia. Reuters, 20:37 November 2, 2016

PHMSA Investigation Results in Notice of Probable Violation, Proposed Civil Penalty for Sunoco November 2

The Pipeline and Hazardous Materials Safety Administration (PHMSA) on Wednesday issued a Notice of Probable Violation (NOPV), Proposed Compliance Order, and Proposed Civil Penalty of \$251,800 to Sunoco Logistics Partners, L.P. after concluding its investigation of a November 2015 accident at the Sunoco-owned West Texas Gulf Pipeline Company's Wortham, Texas, facility that injured several workers. The NOPV identified two probable violations of federal pipeline safety regulations, including failing to have a formal written procedure for the operation and maintenance of the 10-inch flow control valve involved in the accident, and failing to follow a written plan to ensure isolation of all energy sources prior to the start of work on the day the incident occurred.

<http://www.phmsa.dot.gov/pipeline/phmsa-failure-investigation-results-in-notice-of-probable-violation-and-proposed-civil-penalty-for-sunoco-pipeline>

CNRL Restarts Its Deferred 40,000 b/d Kirby North Oil Sands Project in Alberta

November 3

Canadian Natural Resources Ltd (CNRL) on Thursday said it was reinitiating its Kirby North thermal project. The Kirby North project in northern Alberta was paused in 2015 as crude prices tumbled, along with nearly 20 other high-cost oil sands projects belonging to other producers. Since 2014, prices of labor and materials have fallen, helping producers cut costs by around 30 percent, and making new projects viable at lower oil prices.

Reuters, 13:40 November 3, 2016

Natural Gas

City of Houston Reports Major Natural Gas Pipeline Leak in Texas November 3

The City of Houston on Thursday reported it was responding to a leak in a major natural gas pipe in northeast Montrose, Texas, according to its Emergency Notification System. The Houston Fire Department evacuated residents in the immediate area as a safety precaution. Odorant in the leaking gas was producing an unpleasant smell, but the gas is not concentrated enough to pose a threat to public health outside of the immediate area, according to City of Houston.

<http://www.houstonemergency.org/go/doc/2263/2897686/>

Reuters, 16:01 November 3, 2016

Enbridge Reports Power Outage Due to Inclement Weather at Its Tilden Gas Plant in Texas November 1

Enbridge reported a power outage due to inclement weather conditions caused its Tilden gas plant to go offline. All gas was routed to the flare to curtail emissions and flow and process were adjusted to minimize downtime. When weather conditions calmed the plant was brought back online

<http://www2.tceq.texas.gov/oce/eer/index.cfm?fuseaction=main.getDetails&target=246461>

PHMSA Inspection Results in Notice of Probable Violation, Proposed Civil Penalties, Proposed Compliance Order for Kinder Morgan November 2

PHMSA on Wednesday issued a Notice of Probable Violation (NOPV), Proposed Compliance Order, and Proposed Civil Penalty of \$131,000 to Kinder Morgan (KM) Natural Gas Pipeline Company of America (NGPL) after concluding its inspection of the 4,312-mile KM Gas NGPL East System which runs from south Texas to northern Illinois. The NOPV identifies five probable violations of federal pipeline safety regulations, including failing to adhere to a procedural manual for operations and maintenance activities by omitting valve and component conditions from 553 valves records, and a failure to document that valves were partially operated during NGPL's inspections of emergency valves.

<http://www.phmsa.dot.gov/pipeline/phmsa-failure-investigation-results-in-notice-of-probable-violation-and-proposed-civil-penalty-for-sunoco-pipeline>

U.S. Natural Gas Stocks Hit Record High of 3.963 Tcf October 28 – EIA

U.S. natural gas stockpiles hit a record high for the end of the injection season after exiting last winter's warmer-than-normal heating season with the most gas in storage ever and remaining at those levels all summer. The U.S. Energy Information Administration (EIA) on Thursday said there was 3.963 trillion cubic feet (Tcf) of gas in storage as of October 28. That topped last year's record high of 3.931 Tcf at the end of October. Utilities put gas into storage during the April-October injection season when demand for the fuel is low and withdraw it when demand is much higher during the winter heating season from November-March. Analysts forecast inventories would continue to rise in coming weeks to an all-time high around 4.1 Tcf as temperatures remain at above-normal levels, keeping heating demand light. Stockpiles hit an all-time high of 4.009 Tcf in November 2015. The nation's storage caverns can hold about 4.3 Tcf.

Reuters, 12:59 November 3, 2016

Chesapeake Utilities Finalizes Agreements for Its 2017 Natural Gas Pipeline Expansion Project in Pennsylvania, Maryland, Delaware

Chesapeake Utilities Corporation announced that Eastern Shore Natural Gas Company (ESNG), Chesapeake Utilities' interstate natural gas transmission subsidiary, finalized precedent agreements with customers for its 2017 Expansion Project that will add significant firm transportation pipeline capacity in the region. The 2017 Expansion Project consists of approximately 23 miles of pipeline looping in Pennsylvania, Maryland, and Delaware and will provide more than 60,000 Dth/d of additional firm natural gas transportation deliverability on the pipeline. The project will also involve upgrades to existing metering facilities; installation of an additional 3,550-horsepower compressor unit at the existing Daleville Compressor Station in Chester County, Pennsylvania; and approximately 17 miles of new mainline extension and the addition of two pressure control stations in Sussex County, Delaware. ESNG intends to file its formal certificate application for the 2017 Expansion Project with the Federal Energy Regulatory Commission (FERC) in the fourth quarter of 2016, pending the completion of its ongoing pre-filing regulatory process at FERC. Subject to the timing of FERC approval, ESNG intends to commence construction of the expansion project in the second quarter of 2017 and place the facilities in service during the latter part of the fourth quarter of 2017.

<http://www.esng.com/project/2017-system-expansion/>

Reuters, 7:05 November 3, 2016

Union Gas Announces Commercial Service of Its 360 MMcf/d Dawn-Parkway Expansion in Ontario November 3

Union Gas on Thursday announced the commercial service of the expansion of natural gas pipeline and compression facilities that will move an incremental 360 MMcf/d of natural gas supplies through its Dawn-Parkway System, which links markets in eastern Canada and the northeast U.S. with the Dawn Hub. The facilities placed into commercial service on time and on budget, comprise approximately 12.4 miles of 48-inch diameter pipeline between Hamilton and Milton, Ontario, and an additional compressor facility at the existing Lobo Compressor Station near London. These facilities represent the second phase of a planned investment in the Union Gas Dawn-Parkway System between 2015 and 2017. When all three phases of the expansion initiative are complete in 2017, Dawn-Parkway System capacity will have increased by 1.2 Bcf/d for a total capacity of 7.6 Bcf/d. The Union Gas Dawn-Parkway System provides for the movement of natural gas from the Dawn Hub to the Greater Toronto Area, where it interconnects with other pipelines serving eastern Canadian and U.S. markets.

<https://www.uniongas.com/newsroom/2016/nov-3-2016>

Other News

Nothing to report.

International News

Venezuela's PDVSA Fails to Restart Units at Its 645,000 b/d Amuay Refinery – Union Leader

State oil company PDVSA on Wednesday failed to restart the flexicoker at its Amuay refinery, and it remains down along with the catalytic cracker, a union leader said. A compressor was damaged during an attempt to restart the Amuay flexicoker and repairs were estimated to be finished by February, while a long-running problem with the catalytic cracker continued, the union leader said. Output at the refinery was at 340,000 b/d.

Reuters, 11:03 November 3, 2016

Nigeria's Oil Output Down by Over 200,000 b/d after Militant Attack on Trans Forcados Pipeline – Industry Sources

Nigeria's oil production has fell by at least 200,000 b/d since a militant attack forced the closure of the major Trans Forcados Pipeline (TFP) on Wednesday, industry sources said. The attack pushed the country's output back below 2 million b/d. Nigeria's oil minister on Tuesday said overall production had recovered to around 2.1 million b/d following months of attacks, mainly by the Niger Delta Avengers, on various oil installations that had cut output by over 600,000 b/d. Local oil company Shoreline said its 35,000 b/d of output was shut as a result of the pipeline closure and exports of Forcados, which only just resumed in October, are expected to continue at a reduced rate. The TFP is the main contributor to the Forcados stream and an additional 100,000 b/d of production by oil major Shell's local arm SPDC was still flowing to the terminal through other pipelines, one of the sources familiar with the matter said.

Reuters, 11:14 November 3, 2016

Energy Prices

U.S. Oil and Gas Prices			
November 3, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	44.61	49.66	47.83
NATURAL GAS Henry Hub \$/Million Btu	2.27	2.68	1.92

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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