MIDSTREAM Monitor

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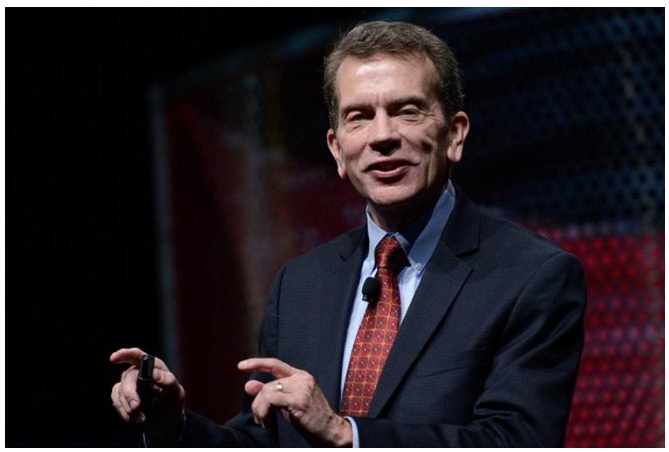
FEATURES

Dominion's Raikes: 'Hang On, Help Is On The Way'

By **LEN VERMILLION**, Hart Energy



Dominion's Donald Raikes gives the opening keynote address at the Marcellus-Utica Midstream Conference & Exhibition in Pittsburgh. (Source: Hart Energy)

PITTSBURGH--Donald Raikes, senior vice president for customer service and business development at Virginia-based Dominion Energy, has some simple advice for anyone pondering the state of today's oil and gas market as it treads what is increasingly being recognized as an unprecedented downturn. "If you think you've figured it out, you haven't," he told the more than 1,200 attendees at the Marcellus-Utica Midstream Conference & Exhibition, which kicked off Jan. 27.

But one thing he did emphatically state during the opening keynote at the David L. Lawrence Convention Center in Pittsburgh was that the industry "is in tough times, but there will be a turnaround." And what a place to be when it happens, he said.

The Marcellus-Utica region is one of the largest gas reserves in the world and it sits a stone's throw away from large East Coast markets. As the conference's introduction video pointed out, "the beast of the east grows larger every year."

And that's good news for midstream companies operating in the northeast U.S., Raikes added. "The East Coast has a new thirst for natural gas," he said, using the lyrics of a hit song from the '70s rockers Little River Band to illustrate his point: "hang on, help is on the way."

That help is largely in the form of new pipelines and LNG exports, with the Marcellus-Utica at the forefront of both movements. "We need new markets to satisfy the oversupply," Raikes said.

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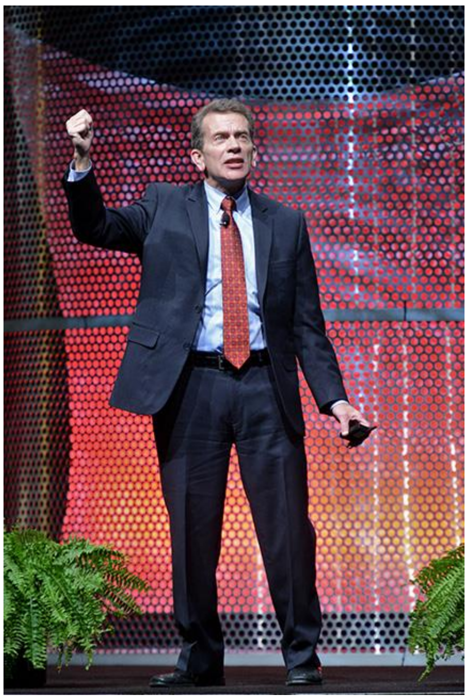
"Producers in this area have cracked the code," he continued, citing predictions from the Energy Information Administration of 37 billion cubic feet per day (Bcf/d) of gas from the Marcellus by 2025 and 14Bcf/d from the Utica by then. "The productivity of these wells is absolutely amazing."

Markets are starting to show signs of catching up despite the backlog of production. From 2014 to 2016 the northeast U.S. will grow 2.5Bcf/d of gas demand, most of it for power generation. And Raikes pointed out that there is a "dramatic effort to unburden the gas bubble in the northeast."

That help is coming via pipeline projects and LNG exports. Pipeline projects and LNG exports yielded about 3Bcf from projects put online last year. This year, there is another 4.7Bcf, and between now and 2018, there could be about 21Bcf.



"There is an effort to bring pipelines online and take gas out of this region," Raikes said.

The Atlantic Coast Pipeline Project, born about a year and a half ago, aims to better supply the East Coast with natural gas. Dominion joined Duke Energy and Piedmont Natural Gas and began work on a 550-mile pipeline project out of the Marcellus-Utica's heart. It is mostly 42-inch pipeline, according to Raikes.

It already has 20-year agreements and has secured between $4 billion and $5 billion of investments. "The driver of the project is the need for diverse and low-cost natural gas in the northeast," Raikes said.

Raikes said the design is near completion and procurement is 60% completed. "We hope to begin construction at the end of the year." he added.

He admitted that the project does face some environmental opposition. "They want to kill natural gas like they killed coal," Raikes said. But, he pointed out that the pipeline means a $500 million-a-year benefit to the area.
Raikes said the second driver of the help for the future is LNG, specifically U.S. exports. Dominion's Cove Point LNG facility in Lusby, Md., is one of the facilities at the forefront of the movement and offers a significant piece of infrastructure for the East Coast, particularly the Marcellus-Utica.

The project costs $3.4 billion to $3.8 billion and is expected to be in service in late2017. LNG exports help open up new markets for Marcellus-Utica gas, Raikes said. The project is 56% completed.

"A lot of people ask, 'Is it worth it to export LNG?' the answer is 'yes,'" Raikes said. "Our customers told us that when they heard they could have LNG sourced from 'Saudi America' as they call us, it immediately helped their overall portfolios and gave them leverage in negotiating with other countries for contracts and renewals.

"LNG exports are very important for the long haul," he continued.

Between pipelines and LNG exports, help is indeed on the way, so as the song also asks, "is it really worth the worry?"

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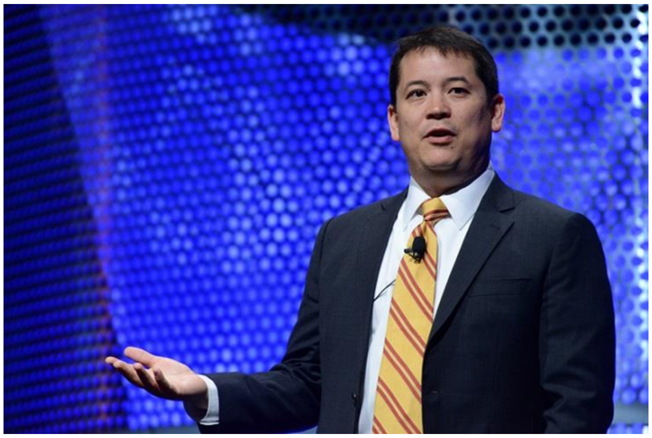
Where Does Midstream Go From Here?

By **LEN VERMILLION,** Hart Energy



Robin Rorick, group director of midstream and industry operations at the API discussed the essential need for infrastructure investment at Hart Energy's Marcellus-Utica Midstream Conference & Exhibition (Source: Hart Energy)

PITTSBURGH—If you live in New England, you're probably fretting about seeing your electric or gas bills in the mail a little more than the rest of us are. New Englanders pay about 65% more than the rest of the country for their electricity and about 40% more for natural gas, a fact that Robin Rorick, the group director of midstream and industry operations at the American Petroleum Institute (API), lamented during his second-day opening keynote at Hart Energy's Marcellus-Utica Midstream Conference & Exhibition held Jan. 28 at the David L. Lawrence Convention Center.

What's the fix? More infrastructure investment, particularly from the gas-rich reserves of the nearby Marcellus and Utica, he said.

"It's shocking to me that there is all of this gas here in the Utica and Marcellus that can be used in the New England area where they need it —and they are using a lot more as gas is replacing heating oil—but because of a lack of infrastructure, New Englanders pay significantly more for their energy."

New England isn't alone when it comes to being put at a disadvantage due to a lack of energy infrastructure. Rorick said that there is an essential need for the development of broad infrastructure nationwide.

There are currently 510,000 miles of underground natural gas and petroleum transmission in the U.S., but that's not nearly enough, Rorick said. In the case of transporting gas from the Marcellus-Utica to New England, a study by Boston-based La Capra found that about $9 billion of infrastructure investment would be needed to bring the region back in line with the national average cost. So the question becomes, can and will that happen?

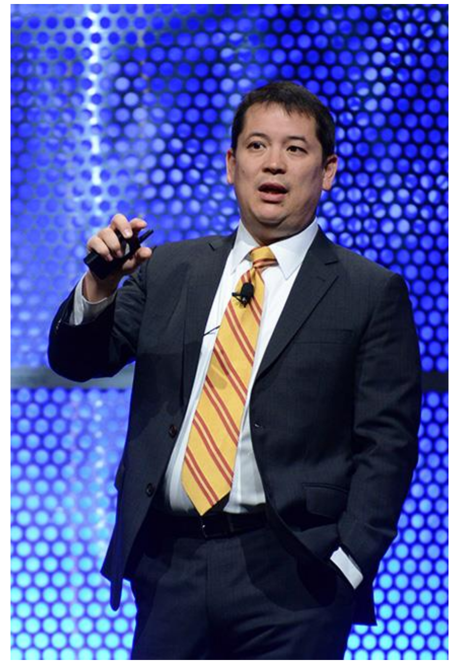
"There's still going to be a continuance of the energy renaissance in this country," Rorick said. "[API] supports broad infrastructure development."

He said that there is government support for broad infrastructure; however, policies don't always back up any verbal shows of support.

The industry, Rorick said, is on board but faces challenges to developing that infrastructure. "Pipelines are being built, but very slowly," he said. "There is significant investment, particularly in pipelines, that still has yet to happen."

And then there are the challenges.

“One of the biggest challenges is that there is largely a lack of knowledge in the general public that there is a network of transmission underground. People don’t care about pipelines when they do what they are supposed to do. It’s when there is an incident that they notice.”



And that perception leads to difficulties in getting permitting and investment.

“There are projects held up by counties or even individuals in a state that affect permits,” he said. ‘Often, they are people who don’t understand pipelines. So the industry needs to engage with communities.”

There’s no doubt, Rorick said, that there is a changing landscape in the midstream space, but there is ample gas in areas such as the Marcellus-Utica and getting it to the places it is needed most is still proving to be a challenge.

SandRidge Gives Away Production, Midstream Assets To Break Contract

By **DARREN BARBEE**, Hart Energy

Troubled SandRidge Energy Inc., leaching money and stock market credibility, found an escape clause in a contract it no longer wanted: give away midstream and producing assets.

The company also converted its entire borrowing base to cash on Jan. 22.

The company delisted from the New York Stock Exchange on Jan. 7. Some observers had speculated that the company’s hiring of a financial adviser might mean bankruptcy, though it is unclear if that path is one the company is willing to take. The company now has a cash balance of $885 million.
SandRidge did not return a request for comment.

On Jan. 21, SandRidge essentially abandoned its E&P and midstream assets to Occidental Petroleum Corp. (NYSE: OXY) to settle claims from a 30-year agreement for removal of CO_2 produced in West Texas.

The company also borrowed $488.9 million, including $11 million in outstanding letters of credit, on the advice of financial adviser Houlihan Lokey Inc. and legal adviser Kirkland & Ellis LLP. The funds will be used for general corporate purposes, SandRidge said.

SandRidge settled all claims arising out of an agreement to transport CO2 from natural gas volumes produced by the company in the Piñon Field.

The E&P assets, which were 99% gas, represented about 6% of the company's total production and 17% of its total lease operating expense in the third quarter of 2015.

SandRidge's Piñon Sacrifice	
Proved reserves (Mboe):	24,598
Present value ($MM):	13.3
Midstream gathering lines (miles):	370
CO2 pipelines (miles):	100
Seismic data (square miles):	1,300
Source: SandRidge Energy, as of Dec. 31	

The transaction is expected to lower the company's operating expenses by about $39 million in 2016.
James Bennett, president and CEO, commented, "After many months of focused effort, I am pleased to announce the closing of an agreement that brings an end to our West Texas CO2 delivery obligations and associated deficiency payments. In this transaction we are eliminating a significant liability while also improving our annual cash flows, both of which are consistent with our stated business objectives. With significantly lower operating expenses, we can move forward with renewed attention to the development of our Midcontinent and Niobrara assets."

SandRidge's agreement with Occidental required it to deliver a total of about 3,200 billion cubic feet (Bcf) of CO2 over the entire 30-year agreement period.

However, SandRidge was coming up far short of its agreement. Through December 2014, SandRidge had delivered 54.7 Bcf of CO2 about 300 Bcf less than the minimum annual requirements.

The company was obligated to pay Occidental $0.25 per Mcf to the extent minimum annual CO2 volume requirements were not met. As a result of its shortfall, it owed penalties of about $75 million.
For 2015, SandRidge projected that natural gas production levels would mean accruing up to $38 million related for volume shortfalls.

If such under delivered volumes are not made up with commensurate over deliveries in the future, the company will be obligated to pay Occidental $0.70 per Mcf—or about $210.1 million total in 2041, SandRidge said. The amount had not been accrued by the company as a liability because SandRidge did not expect it could make such a payment.

Despite its financial concerns, the company has continued to make deals in the downturn. In December, SandRidge purchased Niobrara Shale oil assets in the North Park Basin in Colorado for about $190 million cash.

Managing Stress In The Midstream Space

By **JOSEPH MARKMAN**, Hart Energy

Toronto-based BMO Capital Markets draws a parallel between NASA's white-knuckled Gemini 8 mission in 1966 and the current turmoil experienced by the energy industry.

The Agena Target Vehicle is seen from the Gemini 8 spacecraft in a photo taken by astronaut David Scott during rendezvous on March 16, 1966. This was the first time two spacecraft successfully docked, which was a critical milestone if a mission to the Moon was to become a reality. (Source: NASA)

The mission of astronauts Neil Armstrong and David Scott was to rendezvous and dock with the Agena spacecraft, which had been launched earlier. Much like the meteoric ascent of the oil and gas industry during the shale revolution, the complicated mission proceeded relatively smoothly. But 27 minutes after Gemini 8 docked with Agena, the two connected spacecraft "began to go into a violent yaw and tumble," according to NASA's mission report.

Armstrong disengaged the capsule from the Agena target vehicle, but that only made it worse. One of the thrusters had short-circuited during docking and continued to fire, propelling the capsule into a tumble that may have exceeded one revolution per second. Armstrong remained calm, regained control of the capsule by firing all thrusters and the two astronauts ultimately returned safely to Earth, surviving the first true emergency in space. Armstrong, of course, returned to space as commander of Apollo 11 and became the first human to walk on the moon.

BMO's point: The OPEC commitment to market share and China's slower growth are creating a feeling of Gemini's "death roll" for the industry. By remaining calm and making difficult decisions like the crew in the capsule and the team at Mission Control, energy executives can find their way through this tough period as well.

BMO lists these challenges for the midstream:

- Slower growth means a higher yield, which makes it harder for MLPs to grow;
- Continuing trend of consolidation of large MLPs burdened with high incentive distribution rights payments; and
- The dangers posed for certain highly leveraged MLPs with higher interest rates. BMO notes the market struggles encountered by the entire sector already and warns of greater risks the longer this environment persists.
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So what's a midstream player to do? BMO analyzed the 76% dividend cut announced by Kinder Morgan Inc. near the end of last year for answers.

The reduction from 51 cents per share to 12.5 cents per share saves the company $3.4 billion a year in distributable cash flow that can be used to fund projects. It also raised Kinder's stock price by 6.8% immediately following the announcement.

What triggered the move was the cost of capital, BMO said. A prolonged stock price decline meant that Kinder no longer had the resources to efficiently fund its backlog of projects. The company elected to protect its investment-grade rating, making the return of capital to shareholders a lower priority. While the decision may have been painful, it relieves the company of the need to tap equity or debt markets in the foreseeable future.

And here's the upshot, in BMO's view: the dividend cut opens the door for dividend/distribution cuts at other midstream companies wondering how to fund their own project backlogs.

"Time will tell how investors feel about this transaction," said BMO in its analysis, "but with current equity yields at multiyear highs, few MLPs can accretively fund their growth projects."

FRAC SPREAD

Frac Spread: Minor Movements

By **FRANK NIETO**, Hart Energy

Perhaps the best way to describe the current commodities market would be deceptively improving, especially when it comes to frac spread margins. Though margins were largely up at both Conway and Mont Belvieu, these were based on incremental NGL price improvements and natural gas prices that are struggling even as heating demand has been increasing.

Despite a blizzard that impacted such high demand centers like New York City, Philadelphia and Washington, DC, gas prices traded at just above $2.00 per million Btu (/MMBtu). Of course, low gas prices are nothing new as Henry Hub prices averaged $2.62/MMBtu in 2015, the lowest average price since 1999. The U.S. Energy Information Administration (EIA) reported that storage levels reached a record 4.009 trillion cubic feet (Tcf) in November.

CURRENT FRAC SPREAD (CENTS/GAL)				
JANUARY 29, 2016	**Conway**	**Change from Start of Week**	**Mont Belvieu**	**Last Week**
Ethane	13.30		14.64	
Shrink	13.33		13.79	
Margin	-0.03	-103.90%	0.85	34.62%
Propane	28.96		31.26	
Shrink	18.41		19.05	
Margin	10.55	5.87%	12.21	-6.85%
Normal Butane	43.38		46.30	
Shrink	20.84		21.57	
Margin	22.54	9.69%	24.73	6.01%
Isobutane	49.40		46.16	
Shrink	20.02		20.72	
Margin	29.38	4.25%	25.44	4.57%
Pentane+	65.76		66.94	
Shrink	22.29		23.07	
Margin	43.47	-4.73%	43.87	-5.62%
NGL $/Bbl	13.69	-1.21%	14.18	0.25%
Shrink	7.34		7.60	
Margin	6.35	-0.92%	6.58	-2.19%
Gas ($/mmBtu)	2.01	-1.47%	2.08	2.46%
Gross Bbl Margin (in cents/gal)	13.91	-0.58%	14.81	-2.33%
NGL Value in $/mmBtu (Basket Value)				
Ethane	0.73	-6.34%	0.81	3.90%
Propane	1.01	1.08%	1.09	-1.39%
Normal Butane	0.47	4.03%	0.50	4.33%
Isobutane	0.31	1.86%	0.29	3.61%
Pentane+	0.85	-3.65%	0.86	-2.99%
Total Barrel Value in $/mmbtu	3.36	-1.38%	3.54	0.55%
Margin	1.35	-1.25%	1.46	-2.06%

Price, Shrink of 42-gal NGL barrel based on following: Ethane, 36.5%; Propane, 31.8%; Normal Butane, 11.2%; Isobutane, 6.2%; Pentane+, 14.3%, Fuel, frac, transport costs not included. Conway gas based on NGPL Midcontinent zone, Mont Belvieu based on Houston Ship Channel.

Though the news for gas markets has not been upbeat, improvements could be coming to the market in the second-half, according to Barclays Capital.

“[A]lthough high storage levels are set to remain an albatross around the neck of the bulls, we still think slowing production and incremental demand will give natural gas prices some room to run in the second-half of 2016 relative to the current curve,” the investment firm said in its Jan. 21 *Gas and Power Kaleidoscope*.

Barclays Capital anticipates the average gas price in 2016 to further dip to $2.56/MMBtu, but average $2.87/MMBtu in the second-half as more gas-fired power generation comes online in the summer with increased coal plant retirements. The investment firm estimates that power generation in 2015 was a record 26.4 billion cubic feet per day (Bcf/d) and forecasts a similar total of 26.2 Bcf/d with normal summer temperatures, but if temperatures are similar to this past summer it could set another record with an additional 400 million cubic feet per day (MMcf/d) to 500 MMcf/d in demand. This would place the storage level at under 3.7 Tcf, according to the report.

While lower gas prices are improving margins for ethane, these margins are still very thin and the NGL has been pushed aside as the most preferred ethylene feedstock by propane. Though propane is trading at twice the price of ethane, its higher Btu content makes up for this price disparity and encourages ethylene producers to make the feedstock switch.

Heavy NGL prices have taken an obvious hit with the drop in crude values, but butane and isobutane experienced upticks this week as West Texas Intermediate crude rebounded from just over $26 per barrel (/bbl) to more than $30/bbl. However, refiners will begin to manufacture summer-grade gasoline, which will reduce the demand for butane.

NGL PRICES						
Mont Belvieu	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Jan. 20 - 26, '16	14.64	31.26	46.30	46.16	66.94	**$14.18**
Jan. 13 - 19, '16	14.09	31.70	44.38	44.55	69.00	**$14.14**
Jan. 6 - 12, '16	15.64	34.88	50.98	50.88	79.02	**$15.96**
Dec. 30, '15 - Jan. 5, '16	15.24	38.68	57.15	57.08	90.73	**$17.63**
December '15	14.83	38.66	56.87	57.47	92.65	**$17.69**
November '15	17.42	42.69	62.15	62.99	99.61	**$19.47**
4th Qtr '15	17.50	42.15	60.09	60.57	97.59	**$19.11**
3rd Qtr '15	18.26	40.99	54.16	55.19	100.10	**$18.80**
2nd Qtr '15	17.93	46.30	58.11	59.66	126.14	**$21.48**
1st Qtr '15	18.38	53.01	66.35	67.81	110.53	**$21.94**
Jan. 21 - 27, '15	18.63	50.58	70.28	71.68	95.06	**$20.94**
Conway, Group 140	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Jan. 20 - 26, '16	13.30	28.96	43.38	49.40	65.76	**$13.69**
Jan. 13 - 19, '16	14.20	28.65	41.70	48.50	68.25	**$13.86**
Jan. 6 - 12, '16	14.68	30.42	48.26	55.46	76.96	**$15.27**
Dec. 30, '15 - Jan. 5, '16	14.45	34.23	54.40	62.13	89.45	**$17.03**
December '15	13.32	33.23	54.07	60.36	91.32	**$16.79**
November '15	14.46	39.04	59.60	67.26	96.71	**$18.51**
4th Qtr '15	14.90	38.06	57.31	64.04	95.84	**$18.20**
3rd Qtr '15	15.47	36.28	48.59	54.34	99.10	**$17.59**
2nd Qtr '15	15.50	40.55	52.40	56.80	121.50	**$19.89**
1st Qtr '15	17.81	49.00	66.13	76.84	106.32	**$21.49**
Jan. 21 - 27, '15	18.00	47.12	72.36	77.10	94.70	**$20.84**

RESIN PRICES – MARKET UPDATE – JANUARY 29, 2016					
TOTAL OFFERS: 25,192,220 lbs		SPOT		CONTRACT	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	6,569,708	0.45	0.59	0.47	0.51
HDPE - Inj	4,580,200	0.495	0.605	0.47	0.51
LDPE - Film	4,255,912	0.5	0.62	0.49	0.53
HDPE - Blow Mold	4,127,820	0.48	0.57	0.45	0.49
LLDPE - Inj	1,534,852	0.53	0.58	0.48	0.52
HMWPE - Film	1,366,852	0.5	0.58	0.475	0.515
PP Homopolymer - Inj	1,093,932	0.53	0.665	0.59	0.63
PP Copolymer - Inj	1,007,840	0.585	0.675	0.605	0.645
LDPE - Inj	655,104	0.5	0.59	0.5	0.54

Source: Plastics Exchange – www.theplasticsexchange.com

Overall the theoretical NGL bbl price fell 1% to $13.69/bbl with a 1% decline in margin to $6.35/bbl at Conway while holding firm at $14.18/bbl with a 2% decline in margin to $6.58/bbl at Mont Belvieu. It goes without saying that these figures are the lowest in more than a decade and will take a combination of decreased production in 2016 and increased demand to restore balance to the market.

The most profitable NGL to make at both hubs was C5+ at 44 cents per gallon (/gal) at both hubs. This was followed, in order, by isobutane at 29 cents/gal at Conway and 25 cents/gal at Mont Belvieu; butane at 23 cents/gal at Conway and 25 cents/gal at Mont Belvieu; propane at 11 cents/gal at Conway and 12 cents/gal at Mont Belvieu; and ethane at nil at Conway and 1 cent/gal at Mont Belvieu.

The EIA reported that natural gas storage levels fell by 211 Bcf to 3.086 Tcf the week of Jan. 22 from 3.297 Tcf the previous week. This was 21% greater than the 2.556 Tcf posted last year at the same time and 16% greater than the five-year average of 2. 654 Tcf.

MORE TOP STORIES

Report: Low Oil Prices Stress The Texas State Budget

Persistent low oil prices are starting to stress the Texas state budget, which relies on oil and gas taxes to help fill its rainy day fund, Moody's said in a report released on Jan. 28.

Texas, the nation's largest crude oil producing state, does not rely on oil and gas revenues as a major general fund revenue source, which has helped it avoid having to make budget cuts so far during the price collapse.

Instead, most of the money goes into a state savings account, called the Economic Stabilization Fund (ESF), used to fill budget gaps.

That account was dutifully built up during years when oil was trading in the neighborhood of $100 a barrel, but is now shrinking amid the dramatic decline in prices. Crude was trading at around $33.83 a barrel on Jan. 28.

"While Texas set aside several billion dollars of unappropriated funds in its 2016-2017 biennium to act as a cushion for ESF, that cushion has eroded by more than half since the budget was enacted last June," said Nicolas Samuels, a Moody's vice president.

Sales tax receipts, Texas' largest revenue source, were forecast to grow 1.2 percent in fiscal 2016 but instead fell by 2 percent, Samuels said.

Despite the warning in the report, Moody's did not change the state's rating, which is Aaa stable.

"Considering the state's conservative approach to its finances, we also expect Texas will make spending cuts at some point during the biennium," Samuels said.

Low oil prices and production levels are also taking a toll on local governments in Texas, especially in many of its energy-reliant local governments in the Eagle Ford and Permian basins, Moody's said in a separate report also released on Jan. 28.

"Weaker consumer spending due to layoffs and ongoing employment uncertainty will also pressure sales tax revenues throughout the year," said Nathan Phelps, an analyst at Moody's.

Property tax values in those regions have dropped by approximately 6 percent in fiscal 2016, he said.

"Texas local governments that built large reserves by retaining operating surpluses hold an advantage and can react better to falling sales and property tax revenues," said Julie Meyer, an associate analyst at Moody's.

"However, those that exclusively draw on reserves while remaining unwilling to adjust revenues or expenses will face greater challenges," she said.

State Data: California CBR Shipments Declined 69% In 2015

Oil-by-rail shipments to California plunged 69 percent last year compared with 2014, according to state data released on Jan. 28.

The California Energy Commission said California received 1,762,369 barrels of crude via train last year, or 4,828 barrels per day. That is down from 5,737,081 barrels in 2014, or 15,718 bpd.

The tally fell throughout the year, starting at a high of 11,061 bpd in January to 949 bpd in December, the data showed.

Total amounts for both years are less than 1 percent of the average 1.7 million bpd of crude processed by California refineries. The highest amount moved by rail to the state in any month remains 1.18 million barrels, or 38,085 bpd, in December 2013, CEC data show.

In late 2014, oil-by-rail volumes began declining as oil prices fell and discounts of U.S. crudes to global crudes narrowed, siphoning profitability of moving crude via train.

The CEC data shows that most 2015 crude shipments to California came from New Mexico, Utah and Wyoming, and Utah shipments stopped in July. The state has not received rail shipments of North Dakota Bakken crude since October 2014, and none from Canada since August 2014.

Opposition to crude-by-rail terminals in California has been strong after a string of fiery crude train crashes since mid-2013, and proposed projects have faced long delays for comprehensive environmental reviews.

Next week the San Luis Obispo County planning commission will consider a permit for a rail offloading project at Phillips 66's Santa Maria refinery in Arroyo Grande, California, but the commission's staff recommended it be rejected.

The Benicia Planning Commission will hold a similar hearing on Feb. 8 for a similar project at Valero Energy Corp's refinery there.

Both companies originally proposed those projects in 2013.

The drop in oil prices - down 69 percent since mid-2014 - led WesPac Energy last month to scrap plans for a San Francisco-are oil terminal because too few customers were willing to commit to volumes. WesPac had already cut the project's rail component to the project because of hefty opposition.

Senate Begins Debating Major Energy Bill

The U.S. Senate on Jan. 27 began debate on the country's first major energy bill in over eight years, featuring measures aimed at protecting the electric power grid against cyber attacks and speeding exports of liquefied natural gas.

Alaska Senator Lisa Murkowski, Republican chair of the Senate energy committee and Washington Senator Maria Cantwell, its ranking Democrat, urged lawmakers not to thwart passage of the bipartisan bill, which cleared their panel in an 18-4 vote.

A handful of senators planned to file amendments to the bill to spur legislative action on the water crisis in Flint, Michigan and to address other more contentious energy issues.

Aides said Democratic Senators Gary Peters and Debbie Stabenow of Michigan plan to offer amendments laying out a legislative response to the Flint emergency. They would not provide details on the amendments.

Republican Senator Orrin Hatch of Utah and other western lawmakers are expected to offer an amendment that would make it harder for the U.S. Interior Department to move forward with a moratorium on coal development on federal land introduced this month.

"Let's show the Senate can work. Let's not go crazy with a bunch of ancillary things," Cantwell said on the Senate floor.

Murkowski said the bill is the result of more than a year of working with committee members to find common ground on a handful of key priorities.

"We found common ground in many areas, more, perhaps, than any of us expected," Murkowski said. The bill focuses on energy efficiency, infrastructure, supply, accountability, and conservation.

Measures include expediting the permitting of LNG projects, natural gas pipeline permits, boosting hydropower production and improving defenses against cyber attacks on the electric grid.

Murkowski and Cantwell tried to craft a bill that could pass with bipartisan support in an election year.

In December, Congress voted to repeal a 40-year-old ban on exporting crude oil, a Republican policy priority. The deal also included the Democratic goal of extending tax breaks to boost renewable energy for five years.

Eagle LNG Partners Applies For DOE Export Authorization

Eagle LNG Partners submitted an application to the Department of Energy (DOE) requesting long-term multicontract authorization to export LNG under Section 3 of the Natural Gas Act, the company said Jan. 27.

About 49.8 billion cubic feet per day, or about 1 million tonnes per annum of LNG, would be exported yearly to Free Trade Agreement (FTA) and non-FTA countries from the proposed export facility in Jacksonville, Fla.

Sean Lalani, president, said the company will export LNG to the Caribbean as part of its intended market.

Eagle is applying to the Federal Energy Regulatory Commission to construct, cite and operate this facility, and the company also requested DOE authorization to export LNG on its own behalf and for other organizations.

The Houston-based company uses modular small-scale liquefaction technology.

"Not only will this bipartisan legislation help bring our energy policies in line with the demands of today, it will also help position us to benefit from the opportunities of tomorrow," said Senate Majority Leader Mitch McConnell. He told reporters he expected to complete debate on the bill next week.

The Obama administration said in a statement it "supports some provisions of the legislation" but has concerns with a few elements.

Several States Ask Supreme Court To Block Federal Carbon Emission Plan

A group of U.S. states led by coal producer West Virginia and oil producer Texas on Jan. 26 asked the U.S. Supreme Court to put a hold on President Barack Obama's plan to curb carbon dioxide emissions from power plants to combat climate change.

The 26 states filed a stay application with U.S. Chief Justice John Roberts after an appeals court in Washington declined last week to block Obama's Clean Power Plan while litigation over its lawfulness goes ahead.

"If this court does not enter a stay, the plan will continue to unlawfully impose massive and irreparable harms upon the sovereign states, as well as irreversible changes in the energy markets," lawyers for the states said in the latest filing.

There is no immediate deadline by which Roberts must act on the request. He is likely to ask the Obama administration to file a response. He can then act on the application by himself or circulate it among the eight other Supreme Court justices.

The states and several major business groups in October launched legal challenges seeking to block the Obama administration's proposal to curb carbon dioxide emissions from power plants. Carbon dioxide is considered a so-called greenhouse gas that contributes to global climate change.

The White House said the Clean Power Plan establishes the first-ever national standards to limit carbon pollution from power plants. The plan also mandates a shift to renewable energy from coal-fired electricity.

More than a dozen other states and the National League of Cities, which represents more than 19,000 U.S. cities, back the Environmental Protection Agency's rule.

The rule aims to lower carbon emissions from the country's power plants by 2030 to 32 percent below 2005 levels. It is the main tool for the United States to meet the emissions reduction target it pledged at U.N. climate talks in Paris in December.

The U.S. Court of Appeals for the District of Columbia Circuit is due to hear oral arguments in the case on June 2.

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