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Alaska Sen. Murkowski: Time To Lift Sanctions On US Oil Industry

By Darren Barbee, Hart Energy

Photo courtesy of Sen. Lisa Murkowski.

HOUSTON—Alaska Sen. Lisa Murkowski said April 20 she intends to actively pursue legislation that would lift the ban on domestic oil exports to help the oil industry, consumers and U.S. allies overseas.

Murkowski, speaking at IHS CeraWeek, said the ban on oil exports equates to a "sanctions regime against ourselves."

The ban hurts American producers, who have to sell oil at a significant discount to Brent, and it hurts American consumers, whose prices at the pump are higher than they would otherwise be, said Murkowski, chairman of the Senate Energy and Natural Resources Committee.

She noted that at a recent hearing Adam Sieminski, the administrator of the Energy Information Administration, testified a nuclear arms deal with Iran could bring as much as 1 million barrels per day of oil to the global market.

Alaska Sen. Lisa Murkowski

"We should not lift sanctions on Iranian oil while keeping sanctions on American oil," she said. "It makes no sense."

Murkowski acknowledged that getting support for the bill will be difficult but that studies conducted in 2014 show that lifting the export ban will not drive up prices.

"Fear that it's going to drive up my fuel prices, it becomes very personal to people," she said.

Murkowski also noted that current law allows the president to make exemptions from the ban for a range of reasons including the country of destination and the purpose of the export.

Such an exemption exists for Canada and efforts are underway to grant the same status to Mexico.

"Why stop there?" she asked. "Why not members of NATO, such as Italy, which relies on Libya?"

She noted that Poland relies on Russia, and the enormous refining complex in the Netherlands that serves the European continent and the world does not get U.S. oil.

Traditional energy partners in Asia, such as South Korea, Japan or India, also are cut off from U.S. production.

"America has entered an era of energy abundance. Imports are down, and so are prices," she said. "We are on the verge of being able to help our allies and trading partners with our energy—instead of competing with them for supply from others."

Alaska Pain

Murkowski also took aim at federal agencies and policies that are alarmingly deficient and outdated.

"The federal government now routinely fails to permit energy projects, mines and infrastructure in a timely manner," she said. "The Keystone XL Pipeline, at more than 2,400 days of delay, is the best example. But it is hardly the only one."

Alaska is perhaps more directly impacted by the oil and gas industry than any other state. The state government gets about 90% of its revenues from the industry. The state budget has a deficit of about $3.5 billion.

Murkowski said that despite its great land mass, about 61% of Alaska—the area of Texas and Utah combined—is controlled by the federal government.

Alaskan Lands Controlled By Feds	
Federal Agency	Percent
Bureau of land management	20%
Fish and wildlife service	19%
National park service	15%
Forest Service	6%
Department of Defense	1%
Source: Sen. Murkowski	

She said that President Barack Obama has rejected some of America's best opportunities for new development.

"This administration has chosen to lock down the 35 billion barrels of conventional oil in our federal areas, rather than recognizing the jobs, revenues, security and prosperity they would bring," she said.

She added that Alaskans have always prided themselves on doing the "big, tough stuff."

Now she's beginning to sense a discouragement.

"That's not good for our state," she said.

Seize The Day On LNG, Group Urges

By Joseph Markman, Hart Energy

Construction continues on Cheniere Energy Inc.'s Sabine Pass, La., LNG export facility. A U.S. trade group wants to streamline the process for gaining approval to export LNG. ***Source: Hart Energy***

A blanket decision from the U.S. Department of Energy (DOE) affirming that exports of LNG are in the national interest is the shot in the arm the industry needs to seize a golden opportunity, America's Natural Gas Alliance (ANGA) attests in a newly released white paper.

In "Carpe Diem: LNG Exports Are America's Once-in-a-Generation Opportunity," ANGA takes issue with the process that forces companies wishing to export to run the traps of the Federal Energy Regulatory Commission (FERC) guidelines before applying for approval from DOE. The trade group wishes to simplify and turn the process around.

"By some estimates, a company going through that process can plan spending probably upward of 18 months to two years and up to $100 million," Marty Durbin, president and CEO of ANGA, told journalists during a conference call to discuss the paper's release. "On one level you can say, if you're going to go through that process, you've made a pretty good commitment that you're serious about moving this forward.

"The process itself gets into the engineering of the project of the facility itself. It gets into environmental issues," he said. "It's a comprehensive process and while it's extensive and expensive, it is a predictable process—and the industry has generally been comfortable with how that process works. The more unpredictable piece has been the DOE approval."

In fact, approval is automatic if an exporter wants to ship to a nation engaged in a free-trade agreement (FTA) with the U.S. The issue concerns facilities wishing to ship LNG to non-FTA countries. That's where

ANGA is looking to add certainty and speed to the process, turning the order around and allowing a facility to move through the FERC process knowing that DOE's approval is already a sure thing.

How much would that kind of change help LNG exporters? Some.

"If there was a blanket rule that said DOE would approve all exports, would that help? Yeah, a little bit," Patrick Nevins, Washington-based partner with the Hogan Lovells law firm, said. "There is the lingering uncertainty, the sort of nightmare that you go through the FERC process and you spend two years and it costs you $50 million or $100 million and what if DOE doesn't approve things?

"There's no current reason to think that's going to happen, but things could change. The political environment could change," he said. "If you could avoid that uncertainty, that would be helpful. I think most of the political decisions about whether LNG exports are in the public interest seem to have pretty much been made, so that the political dynamic is less of a worry."

What is not uncertain is the vast quantity of the country's recoverable gas reserves, estimated by the Potential Gas Committee as 2,853 Tcf.

"From what is realistically expected to be built here in export facilities, I don't think there is any question that we have the ability to produce enough natural gas to feed those facilities," Durbin said.

"We do have plenty of gas," said Erica Bowman, ANGA's vice president of research and policy analysis. "In a lot of ways, the real questions are: What will the global market absorb? And how quickly can we get in there to build these facilities to participate in that world market?"

Capital Surge Helps E&Ps Hang On To Midstream Assets

By Darren Barbee, Hart Energy

In January, a financial firm pronounced equity "well and truly out of love" with the oil sector.

Not quite. Since then, money has poured into E&Ps through equity raises and banks and has become the Swiss Army knife of the industry: financial lifeline, debt consolidation tool, cash for potential acquisitions—and a hindrance for some deals.

Richard Kinder, Kinder Morgan Inc. (NYSE: KMI) chairman and CEO, said during an earnings call April 15 that his company will remain active in acquisitions in the coming months.

Kinder noted that the company closed a $3.1 billion acquisition of Hiland Partners on Feb. 13.

"We've not been sitting on the sidelines," Kinder said.

But Kinder acknowledged that $8 billion in financing E&P raised since the beginning of 2015 is making deals more challenging.

"There's a lot of cheap money out there chasing deals right now," Kinder said. "That's pretty common knowledge how much money has been injected into the energy patch in the past few weeks."

Tudor, Pickering and Holt said Kinder's comments confirm that a recent wave of E&P equity issuances has taken pressure off of upstream operators to divest their midstream assets.

E&Ps have come to the equity market and to a lesser extent the debt market at an unprecedented rate, Daniel P. Katzenberg, analyst, Baird Equity Research, wrote in an April 10 report. Some companies have

Selected E&P Equity Issuances		
Company	Date	Proceeds ($MM)
FANG	1/21/2015	122
BCEI	2/3/2015	209
EOX	2/5/2015	28
JONE	2/10/2015	77
NBL	2/25/2015	998
NFX	2/26/2015	840
CXO	2/26/2015	748
LPI	3/2/2015	663
GDP	3/2/2015	50
OAS	3/4/2015	410
ECA	3/4/2015	1,000
AR	3/5/2015	485
CPE	3/9/2015	59
ROSE	3/9/2015	206
PQ	3/11/2015	23
BTE2	3/11/2015	433
CRZO	3/16/2015	205
RSPP	3/16/2015	129
HK3	3/18/2015	150
PDCE	3/18/2015	204
WLL	3/28/2015	1,031
Source: Baird		

shored up liquidity and balance sheets ahead of a potentially prolonged retrenchment in hydrocarbon pricing, Katzenberg said. Along with equity, debt issuances have tallied about $5.9 billion.

Deals remain in focus for lenders and operators. "In early 2015, the focus was which E&Ps would go out of business," Katzenberg said. "However, similar to past cycles, financial markets and partner banks have willingly bailed out E&Ps in a flurry of deal activity. Given the emphasis on balance sheets of late, recent equity deals have been given a pass, despite the significant dilution."

Katzenberg said that Royal Dutch Shell Plc's (NYSE: RDS.A) deal to buy BG Group for $70 billion has "rekindled M&A animal spirits."

"U.S. energy investors' hopes for consolidation in the energy sector have been set alight," he said, especially in light of billions in financing.

The financing window remains open and more deals are likely from highly levered and opportunistic producers, though the pace should slow after the "the deluge" in the first quarter of 2015, he said.

David Tameron, senior analyst, Wells Fargo, said the bid-ask spread remains too wide and, by and large, mid- and small-cap producers have to endure more pain before they would look to sell.

"However, based on client conversations, the Royal Dutch Shell-BG transaction has changed some perception, with Anadarko Petroleum (NYSE: APC) being brought up frequently," Tameron said. "More than just a few believe that is real."

Money Up, Down

The increase in capital is a mirror image of the oil and gas sectors' ability to find money when oil prices were riding high.

Oil and gas globally became a magnet for new capital from 2009-13, raising about $850 billion and accounting for 27% of all new capital at that time, said John England, vice chairman and U.S. Oil & Gas leader for Deloitte LLP in an April report.

The massive influx of capital, supported by high oil prices, transformed the O&G sector at its core, making it one of the fastest-growing sectors across all industries.

“The O&G sector has not only distinguished itself in raising capital but also in how it has deployed the money raised,” England said.

While other industries earmarked much of its capital outflows for share buybacks, dividends, conversion of liabilities and debt retirement, oil and gas increased its capital spending significantly. Spending rose by 50% during the past five years to $890 billion.

However, E&P companies worldwide actively outspent its operating cash flow by about $150 billion, England said.

Now, since oil prices have degraded, U.S. E&Ps, which have been the principal spenders, have lost more than $550 billion in market capitalization.

Oil and gas companies are now adjusting to a new reality.

“Navigating this new environment might be painful for many O&G companies, but they understand from past experience that adapting will only make them more efficient, dynamic, and innovative,” England said.

Companies That ‘Weave Technology Into Operations’ Boost Profit Margins

By Caryn Livingston, Hart Energy

When profits are squeezed, it might be time to look at a new way of operating. Energy companies are cutting the more obvious costs where they can, but according to technology experts inefficiencies seemingly built in to systems can be eliminated by integrating data-sharing.

Oil and gas companies “must avoid the temptation just to cut costs in hopes of surviving today’s price crunch,” Cisco Consulting Services said in a recent report on digital transformation of the energy industry. “Instead, they must view the current scenario as an opportunity to make technological and business process innovations that will drive competitive advantage now and in the future.”

“Oil prices are decreasing with no indication they will pass $100 per barrel in the near future,” Franco Castaldini, Bit Stew Systems’ vice president of marketing, told Hart Energy. “It’s time for companies to weave technology innovation into their operations to maximize profits in a demand-constrained and oversupplied environment,” he said.

Operational savings can be found within the Internet of Things (IoT), in which data is shared over a network without any human interaction required. Bit Stew Systems facilitates the IoT with its “pipeline integrity solution,” Castaldini said.

Bit Stew’s technology “provides a holistic and contextual view of pipeline performance by aggregating data from sensors, SCADA (Supervisory Control and Data Acquisition) systems and core operational systems like geographic information systems (GIS). This is incredibly valuable for businesses, as asset failure can come from pipeline leaks or from damage attributed to events like fires or earthquakes.”

Most energy companies have already begun collecting operations data of some sort as SCADA and GIS become more widely utilized. Complex gathering and processing systems generate an extraordinary amount of data, leaving midstream companies to face a new challenge: how to get the right data to the right place at the right moment to allow employees to act. That is where what Cisco called the “Internet of Everything” comes in.

“Most O&G firms already have extensive experience with the ‘things’ component of IoE, given the large number of sensors and other devices already deployed throughout their operations,” Cisco’s report said. “Now, O&G firms need to focus on the other three areas of IoE—data, people, and process—to maximize business and operational benefits—and position themselves for growth.”

One way companies can connect their already digitized “things” as part of a larger process that lets employees act on all that data is through technology like that offered by Bit Stew Systems, Castaldini said.

“These environments have diverse layers of software and hardware complexity with multiple vendors and legacy systems,” he said. “Our technology is able to translate those protocols, and adapt the data to a common model. That gives companies a great platform and foundation to deploy insightful analytics that maximize uptime and production.”

Insight into the data that hardware is detecting is crucial to preventing data fatigue, which can overwhelm human operators trying to make sense of the massive amount of information instruments pick up every day. Cisco ranked data integration as one of the biggest technology issues facing energy companies today.

“Oftentimes, there’s alarm fatigue. There’s difficulty in diagnosing between a communications or a process failure, and oftentimes pipeline operators have to rely on the equipment manufacturers to help them diagnose that,” Castaldini said. “By leveraging Software Defined Operations that simplifies complex data environments, oil and gas personnel now have a single ‘pane of glass’ with all of the relevant information needed to avoid asset failure and optimize the response to any potential failure.

“That, at the end of the day, rolls up into the ultimate value proposition of having a pipeline that continues to run, continues to flow, and enabling greater uptime and productivity,” he added.

Companies across the energy value chain stand to boost profits significantly by adopting practices consistent with the IoT, according to the Cisco report. A company with $50 billion in annual revenue could potentially increase annual profits before interest and tax by 11%, the report indicated. Most of those savings, equal to about 72%, result from reduced costs through asset monitoring, better risk management and data management.

Operators aren’t yet at what Castaldini called “the Utopian state of software-defined operations.” As with most newer technologies, energy industry leaders like to see proof that it can deliver on its promises, and as big players like General Electric Co. (NYSE: GE) implement software-defined operations, management from other companies is starting to take notice.

"The industry is strategically evaluating these types of solutions to derive the short- and long-term business value in real-world applications," he said. As that value becomes more apparent, it is likely that technology adoption will "accelerate exponentially in the coming years."

"Soon you'll start to see greater efficiency in the traditional oil and gas operating model associated with maintaining its pipeline, infrastructure and assets. There's quite a bit of operating costs associated with keeping the infrastructure running and flowing reliably."

Frac Spread: Crude Provides Uplift To NGL Prices

By Frank Nieto, Hart Energy

A strong increase in West Texas Intermediate (WTI) crude oil prices to $57 per barrel (bbl) resulted in a similar uptick in NGL prices. Crude storage levels remain high while demand fundamentals are still challenged, but the good news overcame these headwinds to put together a bit of a comeback this week.

"Crude oil rallied to a three-month high on the back of slowing stock builds, forecasts for a decline in U.S. production, and technical buying as WTI broke above a key resistance level," Barclays Capital said in an April 20 research note. There are also concerns over Middle East supplies security, which are helping support prices.

Storage levels could be worked off this summer when U.S. refinery runs peak if production continues to level off, but there are fears that if stock levels remain high that WTI prices could face another stiff challenge.

The NGL with the biggest price gain was C_{5+} due to its close relationship with crude oil. The Mont Belvieu price rose 12% to $1.34 per gallon (gal), its highest price in three weeks, while the Conway price improved 7% to $1.24/gal, its highest level since it was $1.29/gal the week of Dec. 3, 2014.

Light NGL prices also rallied this week despite mixed signals in both markets. Though propane stock levels continue to grow, a steady increase in LPG exports is providing an uplift to prices at both Mont Belvieu and Conway.

The Mont Belvieu price rose 7% to 57 cents/gal, its highest level since it was 61 cents/gal the week of Feb. 25. The Conway price improved 4% to 50 cents/gal, the highest it has been since it was 54 cents/gal the week of March 4. Given the recent price improvements in the propane market it is possible that prices hold steady if exports can do the same.

Ethane prices are on the lower end of the 2015 price spectrum, but continue to make progress in overcoming their slump of the past few years. Now that cracking capacity has been operating at near capacity this year and rejection continues to take place throughout the country, ethane storage is slowly but surely being worked off. This resulted in a 4% improvement to 17 cents/gal at Mont Belvieu and a 1% gain to 15 cents/gal at Conway.

Natural gas prices were a mixed bag as they rose 2% to $2.37 per million Btu (MMBtu) at Conway, but fell 2% to $2.50/MMBtu as prices appear to have hit their floor during this shoulder season. As long as prices stay competitive with coal, then it is likely that gas demand will increase this summer during the cooling season.

The theoretical NGL bbl price rose 5% to $21.66/bbl at Conway with a 7% improvement in margin to $13/bbl. The Mont Belvieu price increased 8% to $23.76/bbl with a 15% jump in margin to $14.62/bbl.

The most profitable NGL to make at both hubs was C_{5+} at 97 cents/gal at Conway and $1.07/gal at Mont Belvieu. This was followed, in order, by isobutane at 41 cents/gal at Conway and 43 cents/gal at Mont Belvieu; butane at 36 cents/gal at Conway and 40 cents/gal at Mont Belvieu; propane at 28 cents/gal at Conway and 34 cents/gal at Mont Belvieu; and ethane at negative 1 cent/gal at Conway and 1 cent/gal at Mont Belvieu.

The natural gas storage injection season is fully underway as the U.S. Energy Information Administration reported a build of 90 billion cubic feet (Bcf) to 1.629 trillion cubic feet (Tcf) the week of April 17. This was 83% greater than the 892 Bcf reported last year at the same time and 6% lower than the five-year average of 1.73 Tcf.

Storage injection levels may be tempered slightly as the National Weather Service is forecasting colder-than-normal temperatures along the East Coast into parts of the Midwest down into the Gulf Coast.

Cooling demand should increase along the West Coast as the forecast is for warmer-than-normal temperatures the week of April 29.

NGL PRICES						
Mont Belvieu	**Eth**	**Pro**	**Norm**	**Iso**	**Pen+**	**NGL Bbl**
April 15 - 21, '15	17.03	56.70	65.66	68.16	134.28	**$23.76**
April 8 - 14, '15	16.40	53.08	62.42	64.60	119.88	**$21.98**
April 1 - 7, '15	16.65	52.95	63.33	64.58	122.73	**$22.25**
March 25 - 31, '15	17.52	54.04	63.22	64.16	137.54	**$23.50**
March '15	18.15	54.72	64.30	65.48	119.85	**$22.57**
February '15	18.19	57.06	68.02	69.98	116.61	**$22.95**
4th Qtr '14	20.22	76.90	96.73	98.28	149.25	**$30.10**
3rd Qtr '14	23.19	103.92	123.69	128.39	212.20	**$40.27**
2nd Qtr '14	29.26	106.55	124.12	130.23	222.81	**$42.31**
1st Qtr '14	34.50	129.51	137.62	141.49	212.60	**$46.16**
April 16 - 22, '14	29.93	112.25	127.30	131.50	228.88	**$43.70**
Conway, Group 140	**Eth**	**Pro**	**Norm**	**Iso**	**Pen+**	**NGL Bbl**
April 15 - 21, '15	15.15	49.56	60.26	64.42	123.60	**$21.66**
April 8 - 14, '15	14.98	47.54	58.52	63.48	115.00	**$20.69**
April 1 - 7, '15	16.55	47.28	59.60	66.10	114.55	**$21.01**
March 25 - 31, '15	17.45	48.46	60.42	65.42	114.84	**$21.35**
March '15	17.81	49.99	61.09	72.97	110.31	**$21.52**
February '15	17.56	53.62	67.06	82.14	113.63	**$22.69**
4th Qtr '14	18.69	78.64	102.72	113.19	146.37	**$30.77**
3rd Qtr '14	20.38	104.99	123.51	140.07	207.90	**$40.18**
2nd Qtr '14	26.26	105.44	121.26	163.00	221.62	**$42.62**
1st Qtr '14	25.46	169.48	132.08	147.10	216.86	**$49.93**
April 16 - 22, '14	25.50	111.93	124.48	179.75	230.40	**$44.49**

CURRENT FRAC SPREAD (CENTS/GAL)				
April 24, 2015	**Conway**	**Change from Start of Week**	**Mont Belvieu**	**Last Week**
Ethane	15.15		17.03	
Shrink	15.71		16.58	
Margin	-0.56	20.35%	0.46	189.83%
Propane	49.56		56.70	
Shrink	21.71		22.90	
Margin	27.85	6.31%	33.80	13.72%
Normal Butane	60.26		65.66	
Shrink	24.58		25.93	
Margin	35.68	3.86%	39.74	10.45%
Isobutane	64.42		68.16	
Shrink	23.61		24.90	
Margin	40.81	1.34%	43.26	10.35%
Pentane+	123.60		134.28	
Shrink	26.28		27.73	
Margin	97.32	9.15%	106.56	16.33%
NGL $/Bbl	21.66	4.68%	23.76	8.06%
Shrink	8.66		9.13	
Margin	13.00	6.76%	14.62	15.43%
Gas ($/mmBtu)	2.37	1.72%	2.50	-1.96%
Gross Bbl Margin (in cents/gal)	29.09	6.75%	33.28	15.47%
NGL Value in $/mmBtu (Basket Value)				
Ethane	0.83	1.13%	0.94	3.84%
Propane	1.72	4.25%	1.97	6.82%
Normal Butane	0.65	2.97%	0.71	5.19%
Isobutane	0.40	1.48%	0.42	5.51%
Pentane+	1.59	7.48%	1.73	12.01%
Total Barrel Value in $/mmbtu	5.20	4.31%	5.77	7.51%
Margin	2.83	6.59%	3.27	16.08%

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.

RESIN PRICES – MARKET UPDATE – APRIL 24, 2015					
TOTAL OFFERS: 5,576,280 lbs		SPOT		CONTRACT	
Resin	Total lbs	Low	High	Bid	Offer
PP Homopolymer - Inj	1,543,220	0.635	0.73	0.66	0.7
LLDPE - Film	1,156,828	0.565	0.66	0.59	0.63
LDPE - Film	820,920	0.61	0.7	0.61	0.65
HDPE - Inj	528,828	0.625	0.69	0.59	0.63
HDPE - Blow Mold	520,736	0.595	0.625	0.58	0.62
LDPE - Inj	485,012	0.575	0.66	0.64	0.68
HMWPE - Film	352,736	0.59	0.59	0.61	0.65
LLDPE - Inj	168,000	0.59	0.59	0.62	0.66
PP Copolymer - Inj	483,552	0.73	0.77	0.68	0.72

Source: Plastics Exchange – www.theplasticsexchange.com

Niska Gas Storage Partners Explores Sale

Bloomberg

Niska Gas Storage Partners LLC, the natural gas-storage company whose value has collapsed from over $1 billion to just $80 million as energy prices slumped, is exploring a sale, people with knowledge of the matter said.

Niska, controlled by private equity funds Riverstone Holdings and Carlyle Group LP, is working with Evercore Partners Inc. to find a buyer, said the people, who asked not to be identified because the matter isn't public.

The sale is part of a broader restructuring effort that's come as Niska struggles to revive its prospects amid a natural gas glut. In February, the company ceased distributions to shareholders to preserve cash.

Niska is one of many small companies in the energy industry, from explorers to oil-services providers, that have struggled as oil prices halved since June. Companies are slashing spending, suspending projects, and laying off workers to preserve cash -- while they look for investors still willing to bet on a recovery.

Niska stores gas for energy producers, investors, and power companies that want to hold onto it until cold weather or other factors push up demand -- and prices. The problem for Niska: a surge in gas production on the East Coast of the U.S. and elsewhere means customers aren't stockpiling as much gas as they used to.

Amid the energy-price slump, Niska's share price has fallen from a closing high of $16.32 last May to below $2 more recently. The shares rose 6.6% to $2.11 as of 12:15 p.m. in New York, giving it a market value of $80.2 million. Any buyer would also have to absorb nearly $827 million in debt, data compiled by Bloomberg show.

Riverstone and Carlyle control about 54% of Niska's outstanding shares, according to data compiled by Bloomberg. They acquired the business from Canadian oil and gas company Encana Corp. for about $1.5 billion in 2006, data compiled by Bloomberg show. The company raised $413 million in a 2010 initial public offering, pricing its shares at $20.50.

A spokeswoman for Niska declined to comment. Representatives for Evercore and Riverstone did not return phone calls seeking comment. A spokesman for Carlyle Group referred questions to Riverstone.

Niska, which describes itself as the largest independent provider of natural gas storage in North America, reported a loss of $260 million in the quarter ended Dec. 31, compared with $13.3 million a year earlier.

Boardwalk Pipeline Partners LP and Crestwood Midstream Partners LP, which also provide gas-storage services, have also struggled, but they are less vulnerable than Niska because they are more diversified.

BP Could Sell $2 Billion In US Midstream Infrastructure

Bloomberg

BP Plc is seeking buyers for as much as $2 billion of U.S. pipelines and storage terminals, according to people familiar with the matter, making the U.K. energy giant the latest looking to offload some of its non-drilling infrastructure.

In the last two weeks, BP sent offering materials to potential buyers of two batches of assets: Its interest in four pipelines and a gas plant along the Gulf of Mexico, and 15 storage terminals in the Midwest and on the East Coast, said the people, who asked not to be identified because the matter is not public.

BP is following Chevron Corp., and Royal Dutch Shell Plc in selling infrastructure that helps move and store oil and gas, in order to raise money that can fund drilling. These types of assets are relatively easy to sell because their fee-based business models insulate them from swings in commodity prices.

“BP successfully serves two-thirds of its customers’ fuel demand needs via third-party terminals throughout our marketing area,” Scott Dean, a spokesman for the company wrote in an e-mail. “Given the success of this model, we’re exploring the divestment of additional terminal assets in the U.S.”

News of the terminal sales was first reported by Oil Price Information Service, a trade news service. BP’s shares have gained 16.8 percent in London this year, leaving it with a market value of 87.6 billion pounds ($131 billion).

BP North America Inc., the company’s Naperville, Illinois-based subsidiary, operates more than 4,000 miles of pipelines and 21 terminals, according to its website.

The Gulf of Mexico assets it is looking to sell include stakes in three entities BP co-owns with Enterprise Products Partners LP: the Wilprise and Tri-States Pipelines and the Pascagoula Gas Processing Plant, the people said.

It is also seeking to sell its stakes in the Destin and Okeanos Gas pipelines, which it co-owns with Enbridge Inc., the people said.

Agreement Reached For Emission Controls On DJ Basin Storage Tanks

Noble Energy Inc. (NYSE: NBL), the U.S. Environmental Protection Agency (EPA), the U.S. Department of Justice (DOJ) and the state of Colorado reached an agreement to improve emission control systems on oil storage tanks in the Denver-Julesberg (DJ) Basin, Noble said April 22.

The tanks might not be in compliance with air regulations, the company added.

A notice of the agreement between all involved parties was filed with the U.S. District Court in Denver. The consent decree will be published in the Federal Register and subject to public comment for 30 days.

Based on the EPA and Colorado's initial review of a relatively small number of older tank batteries, Noble will expand the consent decree to identify additional opportunities to reduce emissions in the basin.

Noble will evaluate, monitor, verify and report on storage tanks' design, operation and maintenance. This process will go into 2019, and the tanks will be upgraded. Expenditures for the upgrades are not yet quantified, and are not expected to affect basin operations, the company added.

The company will pay $4.95 million in civil penalties and provide $4 million in funding for supplemental environmental projects.

Mitigation projects include retrofitting engines to run on natural gas, upgrading control systems for transferring oil and other liquids from tanks to trucks, and supporting scientific research on sampling and analytical methods for managing pressurized liquids. These measures will cost $4.5 million, Noble added.

Funding for Front Range air quality programs, including incentives to change woodburning stoves and gasoline-powered lawn mowers, will also be provided, the company said.

"By working together with the federal government and the state of Colorado to reduce emissions we are doing the right thing," said Gary Willingham, Noble's executive vice president of operations. "We're implementing a serious action plan through which we will evaluate tank batteries throughout our DJ Basin operations, remove the tank batteries that should be removed, improve others and implement enhanced environmental strategies."

Magellan Midstream, TransCanada Pursue Houston Pipeline Connection

Magellan Midstream Partners LP (NYSE: MMP) and TransCanada Corp. (NYSE: TRP, TO: TRP) entered into a joint development agreement for a pipeline connecting Magellan's East Houston terminal to TransCanada's Houston tank terminal, the companies said April 14.

The project is estimated to cost US$50 million.

A 9-mile, 24-inch pipeline would connect the terminals, giving TransCanada's Keystone and Marketlink shippers access to Magellan's Houston and Texas City crude oil distribution system, they said. Magellan will likely develop additional infrastructure at the East Houston terminal to accommodate movements from the new pipeline.

The companies would each hold 50% ownership interest.

Subject to agreements, rights-of-way, permits and regulatory approvals, the pipeline is scheduled to be operational by late 2016.

Magellan will be construction manager and the pipeline's operator.

"Magellan is excited about the prospect of further enhancing our crude oil connectivity in the Houston market. This connection would provide our customers with additional supply options for the Houston Gulf Coast refining region, with access to crude oil from the Cushing storage hub," said Michael Mears, Magellan's president and CEO.

"TransCanada is committed to developing energy infrastructure solutions for our customers in Canada and the U.S., and this project would allow us to directly connect to key refineries in the Houston and Texas City area," said Russ Girling, TransCanada's president and CEO. "This is another great example of a project that would help to bolster North American energy security and independence."

Magellan Midstream Partners LP is based in Tulsa, Okla.

TransCanada Corp. is based in Calgary, Alberta.

Huntington Ingalls, Kinder Morgan Inc. Will Not Pursue Avondale JV

In an April 20 statement, Huntington Ingalls Industries (NYSE:HII) announced it completed discussions with Kinder Morgan Inc. (NYSE:KMI) regarding redevelopment of HII's Avondale shipyard in Louisiana. HII and Kinder Morgan mutually decided not to move forward with a joint venture.

HII will continue assessing alternatives for future use of the facility, including the possibility of selling the property, and will continue to work closely with the state of Louisiana and Louisiana Economic Development.

Newport News, Va.-based Huntington Ingalls Industries is the largest military shipbuilding company in the U.S. It provides manufacturing, engineering and management services to the commercial and non-commercial energy, oil and gas markets.

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