

Gas Markets
Briefly Noted

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Natural Gas Week's Gas Market Reconnaissance

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The New York Department of Environmental Conservation has denied Northern Access Pipeline a key permit it needed to continue with development. National Fuel Gas is developing the 97-mile natural gas pipeline that would run through Cattaraugus, Allegany and Erie Counties. While it received federal approval, in a letter to National Fuel, the DEC wrote, "After an in-depth review of the proposed Northern Access Pipeline project and following three public hearings and the consideration of over 5,700 comments, DEC has denied the permit due to the project's failure to avoid adverse impacts to wetlands, streams, and fish and other wildlife habitat. We are confident that this decision supports our state's strict water quality standards that all New Yorkers depend on." National Fuel Gas CEO Ronald J. Tanski said the company is still studying the DEC's order, but are disappointed.

As proposed, the \$455 million Northern Access 2016 Project is a 480 million cubic feet per day expansion of the Supply and Empire systems that, when completed would deliver about 140 MMcf/d to the Tennessee Gas Pipeline 200 Line, serving markets in New York state and New England, and the remaining 340 MMcf/d will be delivered to Empire's pipeline system, providing direct access to markets in New York state and Canada.

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Texas state Rep. Drew Darby (R-Midland) was scheduled to introduce House Bill 2819 today, which would approve \$3.4 million in funding for TexNet, a network of 55 earthquake sensors across the Lone Star State, for two years. Two years ago, the state Legislature OK'd \$4.5 million for the Bureau of Economic Geology at the University of Houston at Austin to start the program as part of a project to monitor rising quake activity in the state. Like nearby Oklahoma, some researchers have said the quakes are linked to wastewater injection wells. Now that sensor network is installed, funding is needed for it to be activated and have enough personnel to monitor it and collect the necessary data. Bureau officials said without the funding, it will be almost impossible to activate the network or conduct any research. Some legislators have opposed funding the project, as state energy revenue has fallen and spending must be prioritized. Coming out in support of the measure is Ed Longanecker, president of the Texas Independent Producers & Royalty Owners Association.

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Pipeline problems for Hilcorp Alaska continue to mount after the company said it is having problems with a third line in Cook Inlet, after earlier reporting leaks in a natural gas and then an oil pipeline in Cook Inlet. The company said it has shut down a second natural gas pipeline when volumes of gas moved from a production platform did not match what was received at an onshore processing facility. A spokeswoman said overflights of the area have not detected natural gas bubbling at the surface. The line has been temporarily plugged with "filtered seawater," she said. Cook Inlet stretches 180 miles from the Gulf of Alaska to Anchorage and is home to an endangered population of beluga whales, humpback whales, the western population of Steller sea lions, northern sea otters and important salmon populations. Hilcorp's problems began Feb. 7 when a natural gas line was discovered leaking. Then on Apr. 1, a possible leak from an oil line was discovered; however, Hilcorp now says it does not believe the oil came from the line. The pipelines involved connect to four Hilcorp offshore platforms, two of which are still active and produce small amounts of oil and natural gas. State regulators and Hilcorp officials have said there is too much ice in the area to safely put divers into the water -- conditions that will not change until late this month at the earliest.

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In March, BC Ferries received the Salish Eagle, its second purpose-built LNG-fueled ferry from Remontowa Shipbuilding in Gdansk, Poland. The vessel can carry 145 vehicles and 600 passengers and cost \$200 million. The ship will begin commercial service by the summer. This now brings to four, the number of LNG-powered ferries that will soon be operating in British Columbia with two belonging to BC Ferries and two owned by Seaspans Ferries. One more purpose-built intermediate class LNG ferry is under construction in Poland with BC Ferries saying it plans to retrofit two Spirit-class vessels to run on LNG.

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