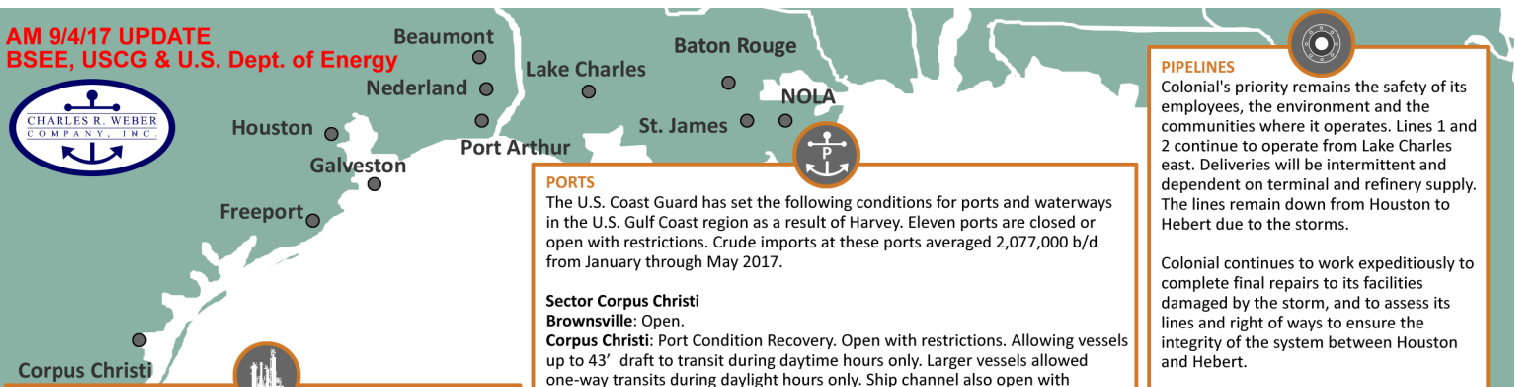


**AM 9/4/17 UPDATE
BSEE, USCG & U.S. Dept. of Energy**



REFINING

As of 02:30 PM EDT, September 3, nine refineries in the Gulf Coast region were shut down, according to public reports. No shut refineries have changed their status since the last report. These refineries have a combined refining capacity of 2,357,229 b/d, equal to 24.3% of total Gulf Coast (PADD 3) refining capacity and 12.7% of total U.S. refining capacity.

Seven refineries had begun the process of restarting after being shut down. This process may take several days or weeks to start producing product, depending whether any damage is found during restart. No refineries were identified as having begun restart operations since the last report. These refineries have a combined capacity of 1,528,720 b/d, equal to 15.8% of total Gulf Coast (PADD 3) refining capacity and 8.3% of total U.S. refining capacity.

At least four refineries in the Gulf Coast region were operating at reduced rates, according to public reports. No refineries had returned to normal rates since last report. The refineries operating at reduced rates have a combined total capacity of 1,338,776 b/d, equal to 13.8% of total Gulf Coast (PADD 3) refining capacity and 7.2% of total U.S. refining capacity. (NOTE: Actual crude throughput (production) reductions are lower than the total combined capacity).

The U.S. Secretary of Energy has authorized the SPR to negotiate and execute emergency exchange agreements with three refiners to provide 5.3 million barrels of crude oil:

- Phillips 66 Lake Charles Ref. (1st Request)-West Hackberry-200,000 bbls sweet crude; 300,000 bbls sour crude
- Phillips 66 Lake Charles Ref. (2nd Request)-West Hackberry-200,000 bbls sweet crude; 300,000 bbls sour crude
- Marathon Petroleum Co.-Bayou Choctaw-3,000,000 bbls sweet crude
- Valero Marketing and Supply Co. (1st Request)-Bayou Choctaw-500,000 bbls sweet crude
- Valero Marketing and Supply Co. (2nd Request)-Bayou Choctaw-500,000 bbls sweet crude
- Placid Refining Co. -Bayou Choctaw-300,000 bbls sweet crude

PORTS

The U.S. Coast Guard has set the following conditions for ports and waterways in the U.S. Gulf Coast region as a result of Harvey. Eleven ports are closed or open with restrictions. Crude imports at these ports averaged 2,077,000 b/d from January through May 2017.

Sector Corpus Christi
Brownsville: Open.
Corpus Christi: Port Condition Recovery. Open with restrictions. Allowing vessels up to 43' draft to transit during daytime hours only. Larger vessels allowed one-way transits during daylight hours only. Ship channel also open with restrictions. Working to reopen completely 09/04.

Sector Houston-Galveston:
Freeport: Open.
Galveston: Port Condition Recovery. Open with restrictions. Ship channel also open with restrictions. Limited to daylight hours for vessels with < 33' draft. Galveston Bay Entrance Channel, Outer Bar Channel, Bolivar Roads Anchorages, Bolivar Roads Channel, and Galveston Harbor open.
Houston: Port Condition Recovery. Open with restrictions. Houston Ship Channel above LB18 to Mitchell's Point open.
Texas City: Port Condition Recovery. Open with restrictions. Texas City Channel, Texas City Turning Basin, and Industrial Canal open.

Sector Port Arthur & Lake Charles:
Beaumont: Port Condition Recovery. Open with restrictions. 30' draft restriction for all waters of the Sabine-Neches Waterway.
Lake Charles: Port Condition Recovery. Open with restrictions. 37 feet draft restrictions of the Calcasieu Ship Channel.
Nederland: Port Condition Recovery. Open with restrictions. 30' draft restriction for all waters of the Sabine-Neches Waterway.
Orange: Port Condition Recovery. Open with restrictions. 30' draft restriction for all waters of the Sabine-Neches Waterway.
Port Arthur: Port Condition Recovery. Open with restrictions. 30' draft restriction for all waters of the Sabine-Neches Waterway.
Port Neches: Port Condition Recovery. Open with restrictions. 30' draft restriction for all waters of the Sabine-Neches Waterway.
Sabine Pass: Port Condition Recovery. Open with restrictions. 30' draft restriction for all waters of the Sabine-Neches Waterway.

PIPELINES

Colonial's priority remains the safety of its employees, the environment and the communities where it operates. Lines 1 and 2 continue to operate from Lake Charles east. Deliveries will be intermittent and dependent on terminal and refinery supply. The lines remain down from Houston to Hebert due to the storms.

Colonial continues to work expeditiously to complete final repairs to its facilities damaged by the storm, and to assess its lines and right of ways to ensure the integrity of the system between Houston and Hebert.

Colonial Pipeline assessments are ongoing, and as such, the current estimated restart between Houston and Hebert has been updated to Monday, September 4 for Line 2 (distillates), and Tuesday, September 5 for Line 1 (gasoline).

Colonial continues to ship as much gasoline and other refined products as available from Louisiana-based refineries and other refineries on the Colonial system east of Lake Charles, and will continue to do so as markets return to normal.

Of the 26 refineries that connect to the Colonial system, 13 are located between Houston and Lake Charles. Colonial is one part of the fuel delivery system, and there are multiple means of supplying the market to mitigate concerns with supply, including other pipelines, trucks, and barges.

Colonial's top priorities remain the safety of its personnel and integrity of its system will remain the top priorities. For more updates: <https://harvey.colonialresponse.com/>

INCIDENT OVERVIEW

As of 11:50 AM EDT Sunday, parts of Southeast Texas are under an extended Flood Warning until further notice. In the region, partly cloudy skies are expected today with highs in the upper 80s and lower 90s. Scattered thunderstorms are expected in the Port Arthur area early this week. According to the National Weather Service, the Neches River (not to be confused with the Nueces River) will slowly fall to a stage near 18.4 feet by Monday morning. Flooding is also occurring along the river in Beaumont and Northwest Orange County. The Flood Warning for the Buffalo Bayou near Piney Point Village in Harris County is also in effect until further notice. The Buffalo Bayou is expected to remain near 60.4 feet into early this week.

Statistics

