

Exporting change

Business Editor Adam Wilmoth explores how increased U.S. exports of oil are changing global shipping routes.

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When a raise isn't enough

Some longtime Amazon workers say they are losing out despite the company's announcement that it would raise its hourly minimum wage to \$15.

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BUSINESS



Friday, October 5, 2018

NEWSOK.COM | OKLAHOMAN.COM

Fire takes Mustang Energy Center offline

BY JACK MONEY AND ROBERT MEDLEY
Staff Writers

A fire that started in the morning involving equipment associated with a line that supplies natural gas to an Oklahoma Gas & Electric Co. power plant in west Oklahoma City burned most of Thursday before finally flaming out.

Firefighters allowed businesses that had been evacuated for most of the day to return to normal

SEE THE VIDEO



Visit Oklahoman.com to see a video of the fire that prompted evacuations in west Oklahoma City on Thursday.

operations about 3 p.m., and the fire ended about 4:35 p.m. after exhausting its supply of fuel.

Emergency responders were called out shortly after 7 a.m. to the Mustang Energy Center, at 701 N Mustang Plant

Road, near NW 10 and N County Line.

They found an insulated tank containing heating oil, glycerol and possibly natural gas in flames when they arrived.

The tank, which holds about 7,000 gallons, sup-

plied fuel to a heater on a ONEOK-owned line that supplies the energy center with natural gas its seven, quick-start turbines run on as they supply the region's electric grid with power.

When the center is fully operational, it can generate a maximum of 462 megawatts of electricity in just 10 minutes' time.

The gas the turbines use is required to be preheated to ensure the turbines' efficient operations.



This photograph shows the fire burning at a tank associated with a line supplying natural gas to an Oklahoma Gas & Electric Co. power plant in west Oklahoma City. (PHOTO PROVIDED BY THE OKLAHOMA CITY FIRE DEPARTMENT)

Firefighters found that the fire was contained to the tank, but opted to keep a safe distance from the fire while police shut down traffic in the area and authorities evacu-

ated nearby businesses, including those south of the fire on Cooley Drive and the Lopez Foods on NW 4.

SEE FIRE, 4C

BRAIN GAIN

Company seeks students' interest during show

BY JACK MONEY
Business Writer
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Weatherford International plc aimed this week to interest some smart minds in the equipment and services it offers to operators in the oil and natural gas industry.

The company put its equipment and technology on display Wednesday and Thursday in Oklahoma City for potential customers. It also invited students from area high schools, colleges and universities to check it out.

Thursday, students from the University of Oklahoma, Oklahoma State University and other schools were given a chance to tour static equipment and technology displays set up both inside and outside of the firm's Oklahoma City offices.

They also were given an opportunity to visit with Weatherford professionals to learn more about the company and its steerable drilling bits, automated rig floor apparatuses and other various types of drilling, completion and produc-



Weatherford's Matt Cassell speaks to students about the company's equipment and the operational technologies it uses during a show it staged for its Midcontinent customers in Oklahoma City on Thursday.

(PHOTO BY CHRIS LANDSBERGER, THE OKLAHOMAN)

tion equipment.

Plus, they were able to learn more about associated, cloud-based technologies Weatherford uses to operate those and other systems.

Throughout, Weatherford technicians and executives visited with them not only about the company, but also about the oil and gas industry.

Officials said the opportunity was provided through Weatherford's WISE (Worldwide Initiative

SEE BRAIN, 2C

Marijuana dispensary to go into Donnay Building



A medical marijuana dispensary is planned for the Donnay Building at 5100 Classen Circle. A building permit application filed with the City of Oklahoma City show plans for a \$200,000 renovation of a 1,500-square-foot space formerly occupied by the Drunken Fry.

(PHOTO BY CHRIS LANDSBERGER, THE OKLAHOMAN ARCHIVES)

BY DAVID DISHMAN
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The former home of the Drunken Fry is set to become the new home of a medical marijuana dispensary.

A building permit application filed with the City of Oklahoma City shows plans to turn the property at 5100 Classen Circle into a medical marijuana dispensary

under the project name "Classen Dispensary." The work is part of an overall renovation effort to the building, according to Dan Govin, associate at Allford Hall Monaghan Morris Architects.

"There's no plans to change the existing tenancies, except for the Drunken Fry, which is moving to a new location," Govin said. "The Classen Dispensary will be in the Drunken Fry

space. It is a medical marijuana dispensary."

The estimated cost of the renovation is \$200,000 for the 1,500-square-foot space. It occupies a corner of the Donnay Building, which was purchased in January for \$1.3 million by Josh Thomas and Scott Mueller.

Other tenants include the Hi Lo Club and the Classen Grill. Thomas told *The Oklahoman* in

January the property was being evaluated for development options.

"We're keeping the Hi Lo and everything as is," Thomas said in January. "We're meeting with architects to see what can be done. We want to clean it up at first and get a good thorough evaluation of the property."

Thomas did not return phone calls seeking comment about the plans for a dispensary.

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MARKETS

Coverage, 5C
▼ DOW JONES \$200.91, 26,627.48
▼ NASDAQ 145.58, 7,879.51
▼ OIL \$2.08, \$74.33
▼ NATURAL GAS \$0.065, \$3.165

▲ CATTLE \$0.475, \$113.675
▲ WHEAT \$0.03 1/2, \$5.22 1/4

GAS PRICES

AAA's average for regular unleaded:

	Nation	State	Year ago	Nation	State
Thursday	\$2.911	\$2.732		\$2.534	\$2.262
Week ago	\$2.873	\$2.716	Record	\$4.114	\$3.955
Month ago	\$2.834	\$2.619	Set	7/17/08	7/16/08

ENERGY

US oil exports continue to change global shipping routes

Oil companies continue to increase U.S. oil exports in a move that is rewriting global energy and shipping maps.

The latest evidence came this week when the U.S. Energy Information Administration said the United States imported no Kuwaiti crude for four weeks through late September, marking the first such stretch since 1993, following Saddam Hussein's invasion of Kuwait and the first Gulf War.

This time, the drop in U.S. demand for Kuwaiti oil is led by both growing U.S. exports and increasing demand for Kuwaiti oil in Asia as renewed U.S. sanctions on Iran has limited exports from that country and boosted demand for other countries in the area.

In 2017, about 80



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percent of Kuwait's oil exports were sent to Asia, with about 10 percent reaching the United States, according to the U.S. Energy Information Administration.

U.S. producers exported more than 1.9 million barrels of oil per day in September, up from about 733,000 barrels per day one year ago, according to the most recent EIA report. President Barack Obama in late 2015 lifted the country's oil export ban that had been in place for nearly four decades.

Increasing domestic production and new and expanded export termi-

nals promise to continue growing U.S. exports.

Expanding U.S. oil production and exports partially are offsetting production declines in much of the rest of the world, led by steep drops in Venezuela and Iran.

But not everything has changed.

While U.S. oil production has more than doubled over the past eight years and domestic producers increasingly are turning to global markets, U.S. refineries still are importing millions of barrels of foreign crude every day. That is unlikely to change anytime soon.

As U.S. production declined for decades, refiners turned to the heavier, sulfur-rich oil blends common in the Middle East, Venezuela, Canada and other parts of the world. They spent bil-

ions of dollars retooling their refineries to handle large amounts of that oil.

U.S. shale oil, however, generally is lighter and lower in sulfur content. It's cleaner and easier to deal with, but the country's refinery infrastructure is no longer built to take full advantage of it. The U.S. oil must be blended with heavier oil for the refineries to run at capacity.

Also, more than a quarter of the U.S. refinery capacity is owned by foreign oil companies, providing an incentive for them to continue importing foreign oil.

Still, U.S. net petroleum imports fell to about 19 percent of U.S. consumption last year, the lowest percentage since 1967, according to the Energy Information Administration.



Weatherford's Ed Pryor speaks to area college and university students about equipment and technologies on Thursday. The company invites students to get an up-close look as part of its WISE (Worldwide Initiative Supporting Education) program. [PHOTOS BY CHRIS LANDSBERGER, THE OKLAHOMAN]

BRAIN

CONTINUED FROM 1C

Supporting Education) program, which provides science, technology, engineering and math students with educational, hands-on opportunities.

"We like doing these events for several reasons," said Allen Sinor, a sales vice president with Weatherford's U.S. Geozone division.

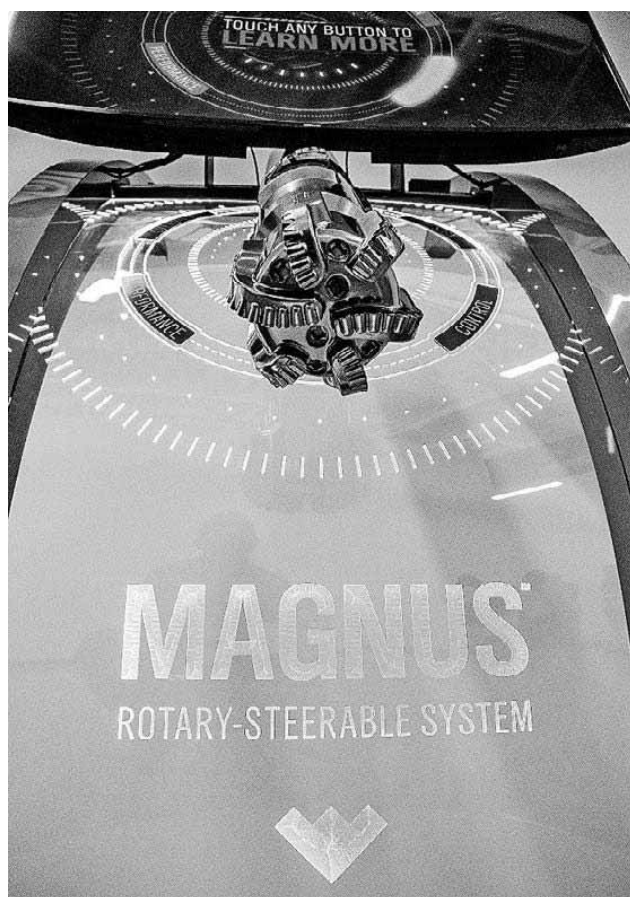
"First, we want to be sure we keep all of our personnel abreast of the technology. More importantly, it is for our customers. It takes events like this for us to demonstrate to them where the technology is and where it is going."

Richard Vaclavik, also a vice president in Weatherford's U.S. Geozone division, said customers attending the Oklahoma City event were surprised by many of the technologies they were able to learn about and see.

Both said they also were excited Weatherford invited students to such events because the company always is recruiting.

"We are trying to attract great talent to come in, both experienced and the next generation of future employees, who hopefully will be working with us," Sinor said.

Kelly Lawrence, Weatherford's corporate communications manager, said the firm did something similar for its cus-



This display shows off drilling technology Weatherford offers its Midcontinent customers. On Thursday, area university and college students were given a chance to learn about the firm's equipment and technologies it has helped develop.

tomers and area students this year at its Permian Basin offices.

The goal, she said, is to bring students out to learn a little bit about Weatherford and the oil and gas industry, plus see some of Weatherford's technology "up close and personal."

"The events are a good opportunity for us to make some strong connections with area schools and universities," she said.

Lawrence said Weatherford also has a NextGen

program where it recruits recent university graduates who have studied engineering or other sciences and technology and would be a good fit for the industry.

NextGen is a rotational program for college graduate engineers. The program is designed to give the students a chance to learn not only about the technical side of the industry, but also to get a strong exposure to what it takes to run a business.

"We are in growth mode all over the U.S. and in Oklahoma, especially with the emergence of the STACK and SCOOP" fields, Ross Powell, a technical sales manager for Weatherford's Midcontinent division, said when explaining why NextGen is important to the firm.

He said the program is a worthwhile investment for students even though it takes them about five years to complete, because it helps them become well-rounded leaders.

Sinor agreed, saying the program isn't unlike journeyman programs electricians and other skilled workers pursue.

"It is the only way to get the true expertise and leadership skills that we need," Sinor said.

Drew Fazzino, a senior at OU who is majoring in mechanical engineering, said Thursday he appreciated the opportunity Weatherford gave him and other students with its invitation.

He said during the summer he worked with a company that makes fracking plugs, and he finds the oil and gas industry interesting.

"So far, the steerable bit is the most interesting thing I've seen, but I am really looking forward to the plugs when I get to them," Fazzino said.

"I love it, because it gives you exposure to what companies produce, and that helps you so that you aren't blindly applying for a job where you don't really know what they do."

PLUGGING IN

Annual oil and gas expo is Thursday

The Oklahoma Energy Resources Board and its Sustaining Oklahoma's Energy Resources committee will hold the 22nd annual Oklahoma Oil and Gas Expo on Thursday.

Officials said the event will bring together companies and personnel to showcase the industry's latest innovations.

They said it is the largest event of its kind in Oklahoma (there will be more than 300 exhibitors featuring equipment and technologies related to the drilling and production of wells and associated manufacturing activities).

The event will be held at the Bennett Event Center at Oklahoma State Fair Park. Additional information is available at OKOilExpo.com.

New sand quarry begins operation

A state senator presented an Oklahoma flag to the manager and employees of the new Preferred Sands quarry between Watonga and Woodward this week.

Company officials said they also provided a tour to Republican Sen. Casey Murdock, R-Felt, giving him a look at the operation as they prepare to begin moving sand from a quarry to customers later this month.

Preferred Sands delivers sand and other proppants to well operators from various locations, including the new quarry in Oklahoma. The Oklahoma plant is managed by Brent Quillen, a former U.S. Army officer. The northwest Oklahoma operation is expected to employ about 300 people.

Atlantic Sunrise project gets FERC's OK

TULSA — Williams Cos. Inc. reported Thursday the Federal Energy Regulatory Commission has approved its request to place its Atlantic Sunrise project into full service.

Backed by long-term shipper commitments, the project increases the design capacity of the Transco pipeline, the largest-volume natural gas pipeline system in the United States, to 15.8 billion cubic feet per day. It also strengthens and extends the system, directly connecting Marcellus gas supplies in the Pennsylvania area with markets as far south as Alabama, officials said.

"This project makes the largest-volume pipeline system in the country even larger, further executing on our strategy to connect premier natural gas supply areas with the best markets in the country," Williams CEO Alan Armstrong said.

"The project is significant for Pennsylvania and natural gas-consuming markets all along the East Coast, alleviating infrastructure bottlenecks and providing millions of consumers direct access to one of the most abundant, cost-effective natural gas supply sources in the country."

Winright Resources gets cash backing

Winright Resources Holdings has closed on a deal with a Houston-based private equity firm to get \$67 million as it works to acquire oil and gas development opportunities in Oklahoma and Texas, company officials said this week.

The Woodlands, Texas-based company was formed in late 2017 by CEO Jason Cribbs and Clayton Mykytiw, who are both petroleum engineers with decades of industry experience. Officials said the company will buy properties that have fallen out of favor with publicly traded operators.

"We are excited to continue our relationship with the North Hudson investment team that we've built over the past two years," Cribbs said.

Pension fund buys into BridgeTex Pipeline

TULSA — Plains All American Pipeline and Magellan Midstream Partners have agreed to sell a piece of the BridgeTex Pipeline to a pension fund for about 470,000 active and retired municipal employees that is based in Ontario, Canada, they've announced.

As a result, officials said the pension fund, known as OMERS, owns a 50 percent interest in BridgeTex, while Plains retains a 20 percent ownership. Magellan Midstream, meanwhile, continues to own 30 percent and will continue to operate the line.

BridgeTex carries crude oil from the Midland and Colorado City, Texas communities to the Gulf Coast, near Houston.

Plains and Magellan said late last year the 400,000-barrel-per-day line would be expanded to 440,000 barrels per day, and that they expected the expansion to be complete early next year.

Oil's march toward \$100 is what electric cars need

BY JEREMY HODGES, OLIVER SACHGAU AND ANIA NUSSBAUM
Bloomberg

Oil's march toward \$100 a barrel is coming at just the right time for automakers investing billions in the switch to electric cars.

Fuel prices reached a four-year high last month, concentrating consumers' minds on the relative costs of internal combustion versus electric motors. For companies preparing to bring a record number of electric and hybrid models to market in 2019, oil's rally could turbocharge demand.

"The higher the price of oil, the more tail wind we're going to have

behind electric cars," Carlos Ghosn, chairman of Renault SA and Nissan Motor Co., said at the Paris Motor Show on Wednesday.

As production of Tesla Inc.'s Model 3 grabs attention, carmakers in Asia, Europe and the United States plan new models across all market segments in 2019, from cheap city runabouts to high-performance roadsters.

Germany's car giants all are readying new models. Audi is to start selling the e-tron sport-utility vehicle later this year, while Mercedes will follow with the EQC in 2019. BMW's Mini unit also plans to release the much-anticipated Mini Electric hatchback.