



ENERGY ASSURANCE DAILY

Tuesday Evening, February 21, 2012

Major Developments

BP's 225,000 b/d Cherry Point, Washington Refinery Remains Idle after Fire Shut CDU February 17; West Coast Gasoline Prices Surge

BP Plc reported its Cherry Point, Washington refinery remained idle for a third full day on Monday after a Friday fire shut the crude distillation unit (CDU). The fire broke out on the CDU at about 2:30 PM local time Friday and was extinguished an hour and a half later. BP said an investigation into the fire may last several days and regulatory approval from the state is required for the refinery to start, according to a spokesman yesterday. Wholesale gasoline prices surged as much as 23 cents per gallon in West Coast refined products markets on Tuesday, according to data compiled by Bloomberg. The company worked throughout the weekend to find alternate fuel supplies, fulfilling customer orders from refinery inventory, the spokesman said.

Reuters, 08:47 February 21, 2012

<http://finance.yahoo.com/news/Crews-extinguish-fire-BP-reuters-4024881213.html?x=0>

<http://www.businessweek.com/news/2012-02-21/portland-gasoline-surges-most-since-2008-on-bp-refinery-shutdown.html>

Electricity

Winter Storm Knocks Out Power to 147,000 Customers in Southern States February 19; Nearly 27,000 Customers Still without Power February 21

A storm brought heavy, wet snow to parts of the U.S. South on Sunday, causing power outages in parts of Kentucky, Mississippi, Virginia, and West Virginia as broken tree limbs knocked out power lines. Appalachian Power reported power outages in its Virginia and West Virginia service areas peaked late Sunday night at around 66,000 customers, according to a notice posted on the company's website. Restoration is expected to take several days, with some areas not having restored service until late Thursday, the company said. Kentucky Power reported as of 1:00 PM local time today that more than 15,000 customers remained without power in eastern Kentucky due to the storm. Officials there said it could take until Friday to get power fully restored in all affected counties.

U.S. South Customer Power Outages			
February 19–21, 2012			
Electric Utility	State	Peak	Latest Reported
Coast Electric Power Association	MS	7,000	0
Dominion Virginia Power	VA	40,000	88
Kentucky Power	KY	34,000	15,202
Appalachian Power	WV/VA	66,000	11,555
TOTAL*		147,000	26,845

*Total outages only represent electric utilities listed in this table.

Sources:

<http://www.coastepa.com/stormcenter.aspx>

<http://dom.com/storm-center/dominion-electric-outage-summary.jsp>

<https://www.kentuckypower.com/outages/>

<https://www.appalachianpower.com/outages/>

<http://www.wlox.com/story/16966676/7000-coast-electric-customers-without-power-in-pearl-river-county>

<http://www2.timesdispatch.com/news/2012/feb/20/1/more-9000-dominion-customers-without-power-area-ar-1702175/>

<http://www.roanoke.com/news/breaking/wb/305130>

<http://www.lex18.com/news/thousands-still-without-power-in-eastern-counties>

Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Enters Refueling Outage in Hot Shutdown after Reactor Vessel Water Loss February 19

Operators at the Grand Gulf power plant began reducing power to enter a scheduled refueling outage Saturday when the reactor had to be manually scrammed from approximately 23 percent power due to lowering reactor water levels, according to an unusual event filing with the U.S. Nuclear Regulatory Commission (NRC). Operators manually initiated the reactor core isolation cooling system to assist in level control, which was being maintained at normal levels at the time of the filing. The lowest reactor vessel water level observed was approximately 38 inches below normal. Operators restored water levels by placing the A reactor feed pump in service.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120221en.html>

<http://enformable.com/2012/02/grand-gulf-nuclear-station-enters-refueling-outage-in-hot-shutdown-after-reactor-vessel-water-loss/>

Constellation's 565 MW Nine Mile Point Nuclear Unit 1 in New York Shut by February 19 Due to Leaking Valve

Constellation Energy shut the plant down on Sunday due to a leaking valve, according to a spokeswoman, who said the plant will restart only after operators finish repair work and post-maintenance testing. Operators discovered increased water leakage inside the drywell late Saturday and traced it back to a cooling water system valve.

http://www.syracuse.com/news/index.ssf/2012/02/repairs_continue_on_leaking_va.html

RRI Energy's 741 MW Ormond Beach Gas-fired Unit 1 in California Shut by February 20

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201202201515.html>

Update: Sycamore Cogeneration's 360 MW Sycamore Natural Gas-Fired Unit in California Returns to Service by February 17

The unit returned from an unplanned curtailment of 200 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201202171515.html>

Petroleum

ExxonMobil Restores Normal Operations at Its 503,000 b/d Baton Rouge, Louisiana Refinery February 20 after Compressor Failure

ExxonMobil reported normal operations Monday after a compressor failed at the refinery on Saturday and was fixed the same day, according to a spokeswoman. She did not identify the unit on which the compressor was located. The compressor failure triggered flaring at the refinery, according to reports.

<http://www.reuters.com/article/2012/02/20/refinery-operations-exxon-batonrouge-idUSL2E8DK0YK20120220?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

ConocoPhillips Reports Plant Upset, Flaring at Its 239,400 b/d Westlake, Louisiana Refinery February 17

ConocoPhillips reported an unspecified plant upset caused a release of sulfur dioxide to the atmosphere Friday, according to a filing with the U.S. National Response Center. Operators had secured the release at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1003284

ExxonMobil Resumes Normal Operations at Its 344,500 b/d Beaumont, Texas Refinery February 19 after Compressor Trip Causes Emissions from Coker Flare

ExxonMobil reported a wet gas compressor trip Saturday that resulted in emissions from the coker flare on Saturday and Sunday, according to a filing with the Texas Commission on Environmental Quality. Operators placed the compressor back into service and the unit has resumed normal operation without any anticipated impacts to production, according to the filing. The refinery also reported a malfunction with the coking unit on Friday and Saturday, according to notices with state and federal regulators.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=165034>

<http://www.reuters.com/article/2012/02/20/refinery-operations-exxon-beaumont-idUSL2E8DK03N20120220?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

BP Reports Unplanned Flaring at Its 265,000 b/d Carson, California Refinery February 21

BP Plc reported unplanned flaring on Tuesday at its Carson refinery, according to a filing with the South Coast Air Quality Management District.

Reuters, 1:35 February 21, 2012

SemGroup, Gavlion, Chesapeake Energy to Build 180,000 b/d Pipeline and Storage Facility in Western and North Central Oklahoma

SemGroup Corp., Gavlion Midstream Energy, LLC, and an affiliate of Chesapeake Energy Corporation today announced plans to form a joint venture that will construct a 210-mile pipeline in western and north central Oklahoma that will deliver crude oil to a 1 million-barrel storage facility in Cushing, Oklahoma. The pipeline and storage facility will meet growing midstream requirements resulting from the burgeoning drilling activity in western Oklahoma and the Mississippi Lime play. The pipeline will have an initial capacity of 140,000 b/d, and following the addition of more horsepower, a maximum operating capacity of 180,000 b/d. The partners plan for construction to begin in July 2012 and expect the pipeline to be in service in the third quarter of 2013.

<http://ir.semgroupcorp.com/phoenix.zhtml?c=235216&p=irol-newsArticle&ID=1663138>

United States, Mexico Sign Transboundary Agreement to Explore, Develop O&G Resources in the U.S. Outer Continental Shelf in the Gulf of Mexico

U.S. Secretary of the Interior Ken Salazar on Monday joined U.S. Secretary of State Hillary Clinton, Mexican President Felipe Calderon, and other Mexican officials in Los Cabos, Mexico to sign an agreement on the exploration and development of oil and natural gas reservoirs along the United States' and Mexico's maritime boundary in the Gulf of Mexico. As a result of this "Transboundary Agreement," nearly 1.5 million acres of the U.S. outer continental shelf will now be made more accessible for exploration and production activities. Estimates by the Department of Interior's Bureau of Ocean Energy Management (BOEM) indicate this area contains as much as 172 million barrels of oil and 304 billion cubic feet of natural gas. The Transboundary Agreement establishes a framework for U.S. offshore oil and gas companies and Mexico's Petroleos Mexicanos (PEMEX) to jointly develop transboundary reservoirs. The agreement also opens up resources in the Western Gap that were off limits to both countries under a previous treaty that imposed a moratorium along the boundary through 2014.

<http://www.doi.gov/news/pressreleases/Sec-Salazar-Joins-Mexican-President-Calderon-Sec-Clinton-Mexican-Officials-to-Announce-Agreement-Providing-Access-to-Nearly-1-point-5-Million-Acres-of-the-US-Outer-Continental-Shelf.cfm>

Update: BSEE Approves Shell's Oil Spill Response Plan for Chukchi Sea Drilling Offshore Alaska; Shell Hopes to Begin Drilling this Summer

Reuters, 15:33 February 17, 2012

<http://www.doi.gov/news/pressreleases/Obama-Administration-Announces-Major-Steps-toward-Science-Based-Energy-Exploration-in-the-Arctic.cfm>

Natural Gas

Williams Partners, Cabot Announce Plans to Build 500 MMcf/d Constitution Natural Gas Pipeline Connecting U.S. Northeast Gathering Systems to Transport Marcellus Production

Williams Partners L.P. today announced plans to build a new interstate gas pipeline joint venture with Cabot Oil & Gas Corporation. The new 120-mile Constitution Pipeline will connect Williams Partners' gathering system in Susquehanna County, Pennsylvania to the Iroquois Gas Transmission and Tennessee Gas Pipeline systems in Schoharie County, New York. The new pipeline will initially be designed to transport at least 500 MMcf/d of Cabot's Marcellus production, but it will be expandable to meet growing demand for takeaway capacity in northeast Pennsylvania. The partners will apply for regulatory approval from the U.S. Federal Energy Regulatory Commission.

<http://www.williamspl.com/profiles/investor/NewsPrint.asp?b=1296&ID=51066&m=rl&g=345>

<http://phx.corporate-ir.net/phoenix.zhtml?c=116492&p=irol-newsArticle&ID=1663099>

Regency Reports AGI Compressor Shutdown at Its 290 MMcf/d Waha Gas Plant in Texas February 18

Regency Energy Partners reported an acid gas injector (AGI) compressor shut down on low lube oil pressure and flow on Saturday, according to a filing with state regulators. Operators made adjustments, reset, and restarted the unit.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=165025>

Other News

Nothing to report

International News

Iran Halts Oil Sales to U.K., France February 19; Struggles to Find New Buyers – Reports

An Iraqi oil ministry official announced Sunday that Iran has ordered a halt to its oil sales to Britain and France amid tensions surrounding an impending European Union (EU) embargo on Iranian oil. An International Energy Agency (IEA) official said on Monday, however, that the announcement wasn't likely to have a real impact on the market because Britain and France have already stopped buying crude oil from Iran, just as other EU members are making adjustments in anticipation of the forthcoming ban. Meanwhile, Iran is struggling to find new buyers for crude oil, according to a *Financial Times* report on Monday. The country is offering to sell an extra 500,000 b/d of oil to Chinese and Indian refiners without discounts. If it doesn't find buyers by mid-March, the report said, it will be forced to put unsold barrels into floating storage in tankers or reduce output.

Reuters, 17:08 February 19, 2012

Reuters, 01:22 February 20, 2012

Reuters, 08:42 February 20, 2012

Nigerian Crime Syndicates Are Stealing 150,000 b/d of Oil, Operating Illegal Refineries – Shell Executive

Organized crime syndicates in Nigeria are stealing about 150,000 b/d of oil from pipelines in the country and selling it on international markets, an executive with Royal Dutch Shell Plc said at a conference Tuesday. On a single pipeline, the executive said, Shell has observed 50 illegally installed valves where thieves tapped oil, and it has also seen "industrial-scale illegal refineries."

DJN, 07:29 February 21, 2012

Update: Total to Start Nigerian Usan Offshore Crude Oil Project Next Month; Traders Estimate Usan Will Export 130,000–160,000 b/d

Reuters, 13:02 February 20, 2012

Energy Prices

U.S. Oil and Gas Prices			
February 21, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	105.72	101.36	85.77
NATURAL GAS Henry Hub \$/Million Btu	2.67	2.42	3.90

Source: Reuters

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EDT every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EDT every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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