



ENERGY ASSURANCE DAILY

Friday Evening, February 24, 2012

Electricity

Update: Progress Energy Working to Restore Normal Power Supply to Its 872 MW Brunswick Nuclear Unit 1 in North Carolina

Progress Energy experienced an electrical fault Wednesday evening that led to a loss of power to the emergency core cooling system for both units, a spokesman said. Operators restored temporary power to the emergency cooling system, but the loss of power for Unit 1's circulating water intake pumps required operators to manually shut the unit Thursday. The spokesman said the shutdown went safely and workers are currently replacing the electrical bus to restore the normal power supply, the spokesman said. He also said Unit 1 will be brought online as soon as the repairs are made and operate until its planned refueling next month. Unit 2 was operating at full power this morning, according to the U.S. Nuclear Regulatory Commission.

Reuters, 13:04 February 23, 2012

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120223en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/20120224ps.html>

Update: Wolf Creek Reports Reactor Repairs Advancing Slowly at Its 1,160 MW Wolf Creek Nuclear Plant in Kansas; No Return Date Set

Wolf Creek Nuclear Operating Corp. has replaced electrical equipment that forced the unit to shut in mid-January, but no return date has been set, a spokeswoman said. On January 13, officials at plant declared an unusual event after a failure of a main generator electrical breaker was followed by an unexplained loss of power to a startup transformer. This caused the switchyard to be de-energized, which removed the plant's connection to the electrical power grid. The Wolf Creek spokeswoman said operators are taking time to understand what happened, implementing corrective actions, and performing other maintenance tasks while the unit is shut.

<http://pbadupws.nrc.gov/docs/ML1205/ML120540221.pdf>

<http://www.reuters.com/article/2012/02/23/utilities-operations-wolfcreek-idUSL2E8DNC6C20120223?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Update: Entergy's 653 MW Pilgrim Nuclear Unit 1 in Massachusetts Ramped Up to 98 Percent by February 24

On the morning of February 23 the unit was operating at 80 percent.

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

Update: First Solar Receives Construction Permit for Its 230 MW Antelope Valley Solar Ranch 1 Project in California

First Solar said changes to a construction permit had been approved, potentially clearing the way for initial funding from a U.S. Department of Energy (DOE) loan. DOE approved the loan guarantee in September to support the Antelope Valley project, but earlier this month, First Solar said that DOE had not released loan funds because of a delay in receiving a construction permit.

[http://www.reuters.com/article/2012/02/24/firstsolarinc-](http://www.reuters.com/article/2012/02/24/firstsolarinc-idUSL4E8DN8XK20120224?feedType=RSS&feedName=utilitiesSector&rpc=43)

[idUSL4E8DN8XK20120224?feedType=RSS&feedName=utilitiesSector&rpc=43](http://www.reuters.com/article/2012/02/24/firstsolarinc-idUSL4E8DN8XK20120224?feedType=RSS&feedName=utilitiesSector&rpc=43)

BPA Outlines Upgrade Plans at Its 3,100 MW Pacific Direct Current Intertie Transmission Line; Upgrade Would Increase Its Capacity to 3,220 MW by 2016

The Bonneville Power Administration (BPA) reported details on its upgrade plans for the Pacific Direct Current Intertie, a transmission line moving electricity between the Pacific Northwest and Southern California, in a release on Wednesday. The upgrades could increase the line's capacity by 4 percent, to approximately 3,220 MW, by early 2016. Pending an environmental review, BPA will decide whether to proceed with the work, which could begin in 2015 and be finished in early 2016. During construction periods, output on the line will be reduced to 2,000 MW. <http://www.ktvz.com/news/30521551/detail.html>

Alberta Government Approves Construction of Two 500 kV Lines from Edmonton to Southern Alberta

Alberta will proceed with the construction of two major north-south electricity transmission lines, the provincial government announced on Thursday. The two 500 kV direct-current lines will carry power from coal-fired generating stations near Edmonton to Alberta's southern region, which includes the city of Calgary. A government panel concluded last week that the lines were needed to support economic growth in the southern part of the province and to strengthen the transmission grid. The government did not say when it expected construction of the lines to be complete.

Reuters, 17:49 February 23, 2012

Petroleum

Tesoro to Shut Unidentified Process Units at Its 120,000 b/d Anacortes, Washington Refinery for Unplanned Repairs

Tesoro Corp reported plans to shut unidentified process units at its Anacortes refinery beginning Friday for unplanned repairs, according to a filing with state pollution regulators. The refinery restarted a process unit Wednesday after a computer malfunction shut it down the day before, but a spokeswoman said operators did not expect the malfunction to impact supply commitments.

Reuters, 19:06 February 23, 2012

HCU Resumes Planned Rates at Valero's 144,000 b/d Benicia, California Refinery February 24 after Brief Upset

Valero Energy Corp. reported Friday a hydrocracking unit (HCU) at its Benicia refinery was back at planned rates following a brief upset that led to emissions the night before, according to a company spokesman, who added the event had no impact on production. The company had reported a planned unit startup and an unexpected unit trip that resulted in a 24-hour flaring event at the refinery beginning late Wednesday.

Reuters, 10:57 February 24, 2012

BP Reports Unplanned Flaring Due to an Unspecified Breakdown at Its 265,000 b/d Carson, California Refinery February 23

BP Plc. reported unplanned flaring due to a breakdown on Thursday at its Carson refinery near Los Angeles, according to a filing with the South Coast Air Quality Management District. The flaring will last until early Wednesday, the filing states. The refinery had reported unplanned flaring earlier in the week, as well.

Reuters, 01:56 February 24, 2012

BP Restarts Ultracracker at Its 455,790 b/d Texas City, Texas Refinery February 24

BP Plc reported it was restarting an ultracracker at its Texas City refinery and expected related flaring to occur over the weekend, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=165303>

Citgo Reports No Disruptions after a Brief Fire at Its 163,000 b/d Corpus Christi, Texas Refinery February 24

Citgo Petroleum Corp. said a Friday morning fire was extinguished at the east plant of its Corpus Christi refinery without any disruption to the unit or damage to any equipment.

Reuters, 11:45 February 24, 2012

Crude Oil Tank Explodes, Burns at Biodiesel Plant in Galveston, Texas February 23

A tank containing light crude oil exploded and burned at a biodiesel plant on the waterfront docks in Galveston, Texas Thursday night. A city spokeswoman said the explosion occurred around 8:30 PM ET, causing one tank to burn. Firefighters worked to keep neighboring tanks cool.

<http://usnews.msnbc.msn.com/news/2012/02/24/10493807-oil-tank-blast-shakes-galveston-texas>

PBF Reports Crude Oil Storage Tank Leak at Its 180,000 b/d Paulsboro, New Jersey Refinery February 24

Paulsboro refinery operators discovered a crude oil leak in the base of a storage tank Thursday and reported that as of 4:30 PM that day, approximately 157,000 barrels of oil had leaked into the emergency containment area, according to a release from the New Jersey Department of Environmental Protection. According to a refinery spokeswoman, workers were applying foam on top of the oil outside the tank, placing equipment to pump the oil into tanks, and transferring the oil remaining in the leaking tank to another tank.

http://www.nj.com/gloucester-county/index.ssf/2012/02/paulsboro_refinery_pipe_breaks.html

http://www.state.nj.us/dep/newsrel/2012/12_0016.htm

Transport Canada Approves the Harbor at Kitimat, British Columbia for Supertankers; Supports Enbridge's Plans to Deliver Crude from Proposed Northern Gateway Pipeline

Canada's transport department said on Thursday that supertankers can safely operate in Pacific Coast waters leading to a port proposed as the end point for Enbridge Inc.'s Northern Gateway pipeline project from the Alberta oil sands. Transport Canada said the harbor at Kitimat, British Columbia can safely handle the 250 supertankers a year that would carry oil sands crude from the pipeline to markets in Asia and on the U.S. West Coast, as long as Enbridge complies with 15 recommendations dealing with navigation and safety.

<http://www.reuters.com/article/2012/02/23/northerngateway-idUSL2E8DNEAG20120223?feedType=RSS&feedName=marketsNews&rpc=43>

Natural Gas

Carrizo Energy, SM Energy Each Report Cuts in 2012 Natural Gas Drilling Programs Due to Low Prices

Carrizo Energy and SM Energy each reported this week plans to cut 2012 natural gas drilling programs because of low prices. Carrizo said the pace of its development drilling activity in the Marcellus Shale is planned to slow to a level sufficient to hold the company's leases, according to an operations report it published Tuesday. SM Energy also reported this week on its operations, saying it would scale back its program in the Haynesville Shale by removing four of the wells it had previously planned to drill in 2012. After the completion of its currently planned drilling, SM Energy will have approximately 80 percent of its operated Haynesville shale acreage held by production.

<http://www.easyir.com/easyir/prssrel.do?easyirid=5973FCB26450FFF1&version=live&prid=853825>

<http://phx.corporate-ir.net/phoenix.zhtml?c=90687&p=irol-newsArticle&ID=1664156>

AGI Unit Shuts at Enbridge's Tilden Gas Plant in Texas February 22

Enbridge reported acid gas injector (AGI) Unit 2 shut down due to high third-stage scrubber level on Wednesday, according to a filing with the Texas Commission on Environmental Quality. Operations immediately responded to correct the situation.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=165284>

Other News

USDA Says Ethanol Producers Will Reach 'Blend Wall' in 2013 Due to Slowing Motor Fuel Use; Will be Forced to Hold or Export Excess Production

The U.S. Agriculture Department said on Thursday that ethanol produced in excess of 13.5 billion gallons must be held or exported in the new marketing year because forecasts of motor fuel use are down amid sluggish economic growth. Ethanol is usually added as a 10 percent blend with gasoline. The industry produced a record 13.9 billion gallons of ethanol in 2011.

Reuters, 13:17 February 23, 2012

Millennium Proposes 44 Million Tonne per Year Coal Export Terminal in Longview, Washington, to Ship Coal from the Western United States to Pacific Rim Markets

Millennium Bulk Terminals-Longview, LLC (Millennium) yesterday submitted numerous applications for permits needed to develop a coal export terminal in Longview, Washington, on the Columbia River, according to a press release. Millennium plans to build the terminal in two stages, both subject to review by state and local agencies. At the completion of the first stage, the facility will have an export capacity of 25 million metric tonnes of coal per year. At the completion of the second stage, export capacity will increase to 44 million metric tonnes per year. The proposed terminal's location in Longview provides easy access to water, rail, and highway systems.

<http://millenniumbulk.com/2012/02/23/millennium-bulk-terminals-longview-submits-permits-to-revitalize-brownfield-port-facility-in-longview/>

USGS Releases Shale-Oil and Shale-Gas Resource Potential Assessment for the Alaska North Slope

The U.S. Geological Survey has estimated the potential of undiscovered, technically recoverable onshore shale oil and gas resources in Alaska's North Slope could reach 2 billion barrels of oil and 80 trillion cubic feet of gas, according to a release today from the U.S. Interior Department (DOI). Primarily due to economic and infrastructure considerations, production has never been attempted from these Alaska North Slope shales, which span most of the North Slope but are largely absent from the environmentally sensitive Arctic National Wildlife Refuge. The DOI release notes the recent success of shale oil and gas development in the lower-48 states demonstrates the technical viability of such resources.

<http://www.doi.gov/news/pressreleases/USGS-Releases-First-Shale-Oil-and-Shale-Gas-Resource-Potential-Assessment-for-the-Alaska-North-Slope.cfm>

International News

Update: Total, Nexen Announce Production Start at 180,000 b/d Usan Floating Production Platform offshore Nigeria February 24

Total SA and Nexen Inc. both announced today that the first oil has been produced from the Usan field, which is located about 62 miles southeast of the Nigerian coast on Block OML138. The Usan floating production, storage, and offloading (FPSO) vessel has a production capacity of 180,000 b/d and storage capacity of up to two million barrels of oil. Total reported that development plans for Usan include 42 wells connected to the floating production vessel by a subsea network. Chevron Corp, ExxonMobil Corp., Total SA, and Nexen Petroleum Nigeria Ltd. all hold stakes in the platform.

http://www.nexeninc.com/en/AboutUs/MediaCentre/NewsReleases.aspx?year=2012&release_id=1575195

<http://www.marketwatch.com/story/total-starts-production-at-usan-field-in-nigeria-2012-02-24?siteid=yoof2>

Statoil, ExxonMobil Discover an Estimated 5 Tcf of Natural Gas in Zafarani Exploration Well offshore Tanzania

Statoil announced on February 17 that it, in partnership with ExxonMobil, had encountered indications of natural gas in the Zafarani exploration well offshore Tanzania. Logging results now show that the discovery so far has proven up to 5 Tcf of gas in place.

<http://finance.yahoo.com/news/Statoil-partner-Exxon-Mobil-theflyonthewall-1294087184.html?x=0>

Tanker Carrying 600,000 Barrels of Disputed Sudanese Crude Oil Permitted to Unload Cargo in Japan after Waiting 10 Days; Legal Ownership of Cargo Remains Unclear

A tanker carrying 600,000 barrels of disputed Sudanese crude oil arrived in a Japanese port today after waiting, anchored offshore, since February 14 for permission to dock, according to port and industry sources. South Sudan says the oil was seized by neighboring Sudan last month and sold at deep discount to a North Asian trader. A London court has ruled that all proceeds from the shipment, which oil trader Trafigura Beheer BV bought from Sudan and sold to Tokyo-based JX Nippon Oil & Energy Corp., should remain with the court until ownership of the cargo is legally established.

<http://uk.reuters.com/article/2012/02/21/sudan-crude-exports-idUKL4E8DL01M20120221>

<http://www.businessweek.com/news/2012-02-21/south-sudan-welcomes-london-court-ruling-on-disputed-oil-cargo.html>

<http://www.reuters.com/article/2012/02/24/oil-sudan-tanker-idUSL4E8DO0PX20120224>

Energy Prices

U.S. Oil and Gas Prices			
February 24, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	108.52	102.96	98.03
NATURAL GAS Henry Hub \$/Million Btu	2.68	2.47	3.83

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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