



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and
Energy Reliability

ENERGY ASSURANCE DAILY

Tuesday, April 04, 2006

Major Developments

Update: Venezuela's Seizure of Oil Fields to have Negative Impacts in Future Investments

Venezuela remains in control of the oil fields seized from France's Total SA and Italy's ENI SPA, which together produce 115,000 b/d. Excluding Total and ENI, a total of 30 oil fields have signed agreements for their operations in Venezuela to become joint ventures with Petroleos de Venezuela SA as required by new rules. By the latest estimate, the region holds 236 billion barrels of extra-heavy oil which if certified would mean that Venezuela has the largest amount of oil reserves in the world. However, the newly implemented rule will have a critical impact in seeking foreign investments. For example, Exxon Mobil Corp. sold off its stake in the 15,000 b/d Quiamare-La Ceiba field, rather than submitting to a state-controlled joint venture. Notably, Exxon Mobil, Total, and Statoil are among those with investments upgrading about 330,000 barrels a day of heavy oil in the Orinoco region to lighter, marketable crudes

<http://www.washingtonpost.com/wp-dyn/content/article/2006/04/04/AR2006040400673.html>

Electricity

Update: 3,600 Still Without Power Monday Afternoon in Indiana

Over 16,000 customers lost power in Indiana over the weekend due to severe storms.

http://www.tribstar.com/local/local_story_093220900.html

FPL's 10 Year Plan: Will Expand Capacity by 27 Percent to Meet Demand Projection

Florida Power & Light's latest resource plan submitted to the Florida Public Service Commission calls for a 27 percent increase in generation capacity to meet projected growth in demand over the period. In a separate filing, FPL notified the Nuclear Regulatory Commission that it intends to file an application in 2009 for a license to construct a new nuclear plant in the state.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6523227

<http://southflorida.bizjournals.com/southflorida/stories/2006/04/03/daily13.html>

SCS Astoria Energy's 500 MW Gas-fired Plant in New York City to Enter Service Soon

The plant has been synchronized with the electric grid in test mode over the past few days and will enter service by the end of April. The plant is one of the most efficient in the city with an estimated heat rate of 7,200 BTUs per kilowatt hour.

Reuters, 17:17 April 3, 2006.

Reliant's 320 MW Etiwanta 3 Gas-fired Unit in California Shut April 3

Reuters, 19:35 April 3, 2006.

Dominion's 882 MW Millstone 2 Nuke Unit in Connecticut Shut April 2

Reuters, 17:23 April 3, 2006.

AES' 495 MW Alamitos 6 Gas-fired Unit in California Shut April 2

Reuters, 17:23 April 3, 2006.

Calpine's 601 MW Delta Gas-fired Unit in California Shut April 2

Reuters, 17:23 April 3, 2006.

SCE's 525 MW Mountainview 4 Gas-fired Unit in California Shut April 2

Reuters, 17:23 April 3, 2006.

Calpine's 250 Sutter Gas-fired Unit in California Shut April 2

Reuters, 17:23 April 3, 2006.

Petroleum

Chevron and Partners Halt Offshore Hebron Heavy Oil Project

On April 3, Chevron Corp. as the lead partner in the Hebron offshore development, announced that it was suspending further talks with the provincial governments of Labrador and Newfoundland regarding the financial terms of the project because of significant differences between the parties involved. This is the second time within five years that the project has been put on hold.

http://www.energyintel.com/DocumentDetail.asp?document_id=172661

<http://www.canada.com/nationalpost/news/story.html?id=4adac476-09da-47d9-8b39-0435e6a7dc15&k=17165>

Reuters, 14:00 April 3, 2006

Administration Not Planning to Act on MTBE Phase Out

According to the coordinator on environmental issues, the White House does not plan any action to relax or postpone the implementation of the repeal of the federal oxygenate requirement for reformulated gasoline. Concern has been expressed that some areas of the country could experience supply problems as the phase out of MTBE from gasoline gets underway this summer.

Reuters, 13:20 April 4, 2006.

Update: Traders Say Restart of ConocoPhillips Belle Chasse Refinery Fails

According traders in the area, the restart of the ConocoPhillips 274,000 b/d Alliance refinery in Belle Chasse, Louisiana failed. The company had announced that the restart was expected to be completed soon. The Reuters story indicated that the company declined to comment.

Reuters, 14:12 April 4, 2006.

Reuters, 09:01 April 4, 2006.

Update: Cat Cracker at 495,000 b/d Hovensa Refinery in Virgin Islands Back in Service

According to a representative of Hovensa LLC, the catalytic cracking unit taken out of service on March 11 for emergency repairs, returned to service on April 2, one week later than originally planned.

Reuters, 18:09 April 3, 2006.

Pacific Energy to Build Crude Oil Pipeline in Wyoming

On April 4, Pacific Energy Partners announced that its subsidiary, Rocky Mountain Pipeline System (RMPS), signed a deal with Frontier Oil Corp. to build a crude oil pipeline system connecting Guemsey, Wyoming with Frontier's refinery in Cheyenne, Wyoming. The pipeline will help relieve bottlenecks and allow expansions at the refinery. The new pipeline will have initial capacity of 55,000 b/d that can be increased to 90,000 b/d.

http://www.businessweek.com/ap/financialnews/D8GP9G5GA.htm?campaign_id=apn_home_down&chan=db

Reuters, 09:53 April 4, 2006.

Pacific Energy to Expand Crude Oil Pipeline to Salt Lake City

On April 3, Pacific Energy announced that its subsidiary, RMPS, will construct a new 91-mile pipeline to connect Salt Lake City, Utah with the Frontier Pipeline near Evanston, Wyoming. The pipeline will be constructed in two phases. First phase is expected to begin in the fourth quarter of 2006, which will add 12,000 b/d. The second phase is to be completed in October 2007, which will raise the capacity to approximately 95,000 b/d.

http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20060403006432&newsLang=en

Natural Gas

ISO New England Calls for New LNG Terminals and Increased Pipeline Capacity

On April 3, ISO New England called for building additional liquefied natural gas (LNG) import terminals and increasing natural gas pipeline capacity to meet the consumers' fuel demand.

<http://intelligencepress.com/subscribers/daily/news/d20060404f.html>

Enterprise's Wyoming Gas Processing Plant Purchase to Double Capacity

Enterprise Products Partners LP's affiliate, Enterprise Gas Processing LLC, is expanding a natural gas processing plant it recently acquired near Opal, Wyoming. Construction is underway that will double the plant's processing capacity to 600 MMcf/d when completed later this year.

<http://intelligencepress.com/subscribers/daily/news/d20060404k.html>

Other News

Update: Continuing Coal Transportation Problems Impacting TVA

The transportation problems plaguing rail shipments of coal from the Powder River Basin in Wyoming has reduced the ability of the Tennessee Valley Authority to acquire low sulfur coal and last year increased fuel costs by an estimated \$80 million.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6523800

American Railcar Production Plant Damaged by Storm

American Railcar Industries announced on April 3, that its production facility in Marmaduke, Arkansas was damaged by hail and tornadoes and has been shut down. The company expects that production will be delayed for some time but stated that production was unaffected at its other facilities.

Reuters, 14:04 April 3, 2006.

Energy Prices

U.S. Oil and Gas Prices			
April 4, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	65.78	65.65	55.83
\$/Barrel			
NATURAL GAS			
Henry Hub	7.04	7.15	7.44
\$/Million Btu			

Source: Reuters

Energy Notes

Russia Cuts Back Exports by 146,000 b/d to Meet Increase in Domestic Demand

http://www.energyintel.com/DocumentDetail.asp?document_id=172458

Esperanza Energy to Evaluate Southern California Offshore for LNG Terminal

<http://biz.yahoo.com/pmnews/060404/latu031.html?.v=46>

Alaska Intervenes Backing Department of Interior in Case Seeking to Block Development of National Petroleum Reserve in Alaska

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6523834

Sinopec Discovers Largest Natural Gas Field in China

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6520507

A Proposal by the Natural Resource Defense Council Underway to Increased Emission

<http://www.platts.com/Oil/News/7363678.xml?p=Oil/News&sub=Oil&src=null>

Energy Policy Act Boosting Advanced Coal Industry Technology Projects

<http://www.platts.com/Coal/News/7363220.xml?sub=Coal&p=Coal/News&?undefined&undefined>

FCC Unit at ExxonMobil's 563,000 b/d Baytown Refinery had an Instability Problem on April 1

Reuters, 20:27 April 3, 2006

California State Assembly to Consider Bill to Limit Greenhouse Gas Emissions

Reuters, 19:11 April 3, 2006.

Update: Offshore Australian Production Returning to Normal Following Cyclone Glenda

Reuters, 03:37 April 4, 2006.

Update: Labor Strike in France Again Idles Some Refinery Production: Only Small Amount Said to be Affected

Reuters, 13:15 April 4, 2006.

Reuters, 04:19 April 4, 2006.

Links

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

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

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

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

Updated after 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM EST every Thursday.

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