



ENERGY ASSURANCE DAILY

Thursday Evening, April 05, 2012

Electricity

Duke Energy's 1,129 MW Catawba Nuclear Unit 1 in South Carolina Shuts Due to Offsite Power Loss April 4

Duke Energy declared an unusual event Wednesday evening after Catawba Unit 1 automatically tripped due to a loss of offsite power, according to a filing with the U.S. Nuclear Regulatory Commission. Power was still available from onsite sources, and all four emergency diesel generators started and powered their respective safety buses, the filing said. The station exited the unusual event about five hours later, early Thursday morning, after restoring offsite power. Unit 2 has been shut for a planned refueling outage since March 10.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120405en.html>

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

<http://www.reuters.com/article/2012/04/05/utilities-operations-duke-catawba-idUSL3E8F53L620120405>

Independent Assessment Concludes SCE Could Have Reduced Outage Period after November 2011 Windstorm in California

Southern California Edison (SCE) said in a media release yesterday it will need to modify many of its practices in the future to enhance its response to major storms like the severe windstorm of November 30, 2011, which resulted in nearly 225,000 customers being without power at the peak of the event, and more than 400,000 customers experiencing at least some power loss over a period of seven-and-a-half days. SCE commissioned Davies Consulting LLC to conduct an independent assessment of the utility's preparedness for and the effectiveness of its response to the storm. Davies Consulting concluded that SCE could have shortened the restoration period by at least one day, and possibly two days, had the utility demonstrated better situational awareness and employed a fully functioning Incident Command System, an improved damage assessment process, a refined planning process, and a more thoughtful implementation of its wire-down policy.

<http://www.sce.com/windstorm>

<http://www.edison.com/pressroom/pr.asp?id=7921>

<http://www.businessweek.com/ap/2012-04/D9TUC3280.htm>

New York State Task Force, Industry Specialists Convene to Discuss Ways to Strengthen State's Power Grid

http://www.nytimes.com/2012/04/05/business/energy-environment/engineers-seek-ways-to-fortify-new-yorks-power-grid.html?_r=1&partner=yahooofinance

Petroleum

Delta Air Lines Bids on ConocoPhillips's Shuttered Trainer, Pennsylvania Refinery – Source

Delta Air Lines has emerged as a possible buyer of ConocoPhillips's 185,000 b/d Trainer refinery, which closed in September due to poor margins. Delta and ConocoPhillips declined to comment, but the bid was confirmed by a person familiar with the situation, according to reports. Delta's interest in the refinery may have a basis in rising fuel costs: jet fuel now makes up a third of the average airline's operating costs, and Delta reported its fuel bill last year was \$3 billion higher than in 2010. Some analysts have questioned the rationale for hedging fuel prices by entering the oil refining business.

<http://www.nytimes.com/2012/04/05/business/deltas-puzzling-interest-in-buying-an-oil-refinery.html>

Pasadena Refining System Restarts FCCU at Its 100,000 b/d Pasadena, Texas Refinery April 4 after Power Blip April 3

Pasadena Refining System Inc. restarted a fluid catalytic cracking unit (FCCU) at its Pasadena refinery after it was shut due to a power failure Tuesday afternoon, according to a filing with the Texas Commission on Environmental Quality. The company resumed normal operations on the unit as quickly as possible, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=166814>

Compressor Failure Leads to Emissions at PBF's 190,000 b/d Delaware City, Delaware Refinery April 4

PBF Energy reported a compressor failed at its Delaware City refinery Wednesday morning, resulting in emissions of sulfur dioxide, according to a filing with state regulators. The filing did not specify the unit involved in the upset. Reuters, 06:35 April 5, 2012

Natural Gas

Williams Partners Announce Virginia Southside Expansion Project, Open Season for Capacity on Transco Natural Gas Pipeline

Williams Partners L.P. announced in a media release yesterday that it is initiating a binding open season for an expansion of its Transco interstate pipeline to provide incremental firm natural gas transportation capacity to markets in southern Virginia and northern North Carolina by September 2015. The Virginia Southside Expansion Project would provide service on the Transco pipeline from its existing Zone 6 Station 210 pooling point in Mercer County, New Jersey, to delivery points along Transco's South Virginia Lateral. The company has executed a precedent agreement to provide Dominion Virginia Power with 250 MMcf/d of the capacity and will solicit bids in the open season from shippers for additional deliveries along the project path. Dominion Virginia Power would use its capacity for a 1,300 MW, combined-cycle, natural gas-fired power station that it plans to build in Brunswick County, Virginia.

<http://www.williamslp.com/profiles/investor/ResLibraryView.asp?ResLibraryID=53027&BzID=1296&g=345&Nav=0&LangID=1&s=0>

NiSource to Develop 425 MMcf/d Big Pine Natural Gas Gathering System in Western Pennsylvania's Shale Region

NiSource Gas Transmission & Storage's (NGT&S) Midstream Services today confirmed additional details on its Western Pennsylvania natural gas pipeline project. The Big Pine Gathering System project includes the installation, refurbishment, and operation of approximately 70 miles of pipeline facilities in the Western Pennsylvania shale production region. Anchored by a long-term gathering agreement with XTO Energy Inc., the system will provide an initial capacity of approximately 425 MMcf/d with interconnects to NGT&S's own Columbia Gas Transmission pipeline system, as well as Texas Eastern Transmission and Dominion Transmission systems. Construction is expected to begin in late summer, with an in-service date of December 2012.

<http://www.ngts.com/en/about-us/news-room/2012-04-05-big-pine-gathering-system.aspx>

ONEOK Partners to Construct 270-mile Natural Gas Gathering System in the Bakken Shale in North Dakota

ONEOK Partners, L.P. yesterday announced plans to construct a 270-mile natural gas gathering system and related infrastructure in Divide County, North Dakota. The new system, which is expected to be completed in the second half of 2013, will gather and deliver natural gas from producers in the Bakken Shale in the Williston Basin to the partnership's previously announced 100 MMcf/d Stateline II natural gas processing facility in western Williams County, North Dakota. The Stateline II plant is expected to be in service in the first half of 2013.

http://ir.oneokpartners.com/phoenix.zhtml?c=104562&p=irol-newsArticle_Print&ID=1680285

Power Failure Shuts AGI Units at Enbridge's Tilden Gas Plant in Texas April 3

Enbridge reported acid gas injector (AGI) units 1 and 2 shut down due to a power failure Tuesday afternoon, according to a filing with the Texas Commission on Environmental Quality (TCEQ). A power failure shut the units early Monday morning, as well, a previous TCEQ filing reported.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=166811>

Alpha Natural Resources to Permanently Close Upper Big Branch Mine in West Virginia

Alpha Natural Resources, Inc. announced in a news release yesterday that it plans to permanently close the Upper Big Branch mine near Whitesville, West Virginia by this summer. An explosion at the mine two years ago occurred when a methane ignition set off flammable coal dust, killing 29 miners. Alpha acquired the idle mine on June 1, 2011, with its purchase of Massey Energy Company.

<http://alnr.client.shareholder.com/releasedetail.cfm?ReleaseID=661985>

http://edition.cnn.com/2012/04/05/us/west-virginia-mine-disaster/index.html?hpt=hp_t3

Shell Considering Building GTL Plant in Louisiana to Convert Natural Gas into Diesel Fuel – Source

Royal Dutch Shell is considering a project to build a plant in Louisiana to convert natural gas into diesel fuel, the *Wall Street Journal* (WSJ) reported on Wednesday, citing several people familiar with the matter. The plant would be similar in size to the company's Pearl gas-to-liquids (GTL) facility in Qatar, according to the WSJ report. It could take up to two years for Shell to develop construction and engineering plans, and to determine whether the project is economically viable.

Reuters, 20:53 April 4, 2012

http://www.myfoxa.com/dpps/money/shell-mulls-gas-to-diesel-plant-in-louisiana-dpgonc-20120404-kh_19031557

International News

Unknown Attackers Set off Explosions on Crude Oil Pipeline near Iraq-Turkey border April 5; Temporarily Halt Iraq Oil Flow to Turkish Ceyhan Port

Turkish officials reported unknown attackers on Thursday set off at least one explosion along a crude oil pipeline about 70 kilometers north of the Iraq-Turkey border, according to reports. The blast temporarily cut off the flow of crude from the Kirkuk oil fields in Iraq to Turkey's Mediterranean port of Ceyhan, but a spokesman from Iraq's Oil Ministry reported crude flow on the line had resumed later that day. Turkish officials said the flow on one pipeline was stopped after a blast led to a large fire, and the flow on a second pipeline was also stopped several hours later for security reasons. Turkish authorities were able to extinguish the fire and divert the flow to a parallel line, reports said. Exports from Ceyhan were not expected to be affected as there were reserves already at the port. Iraq usually ships between 400,000 and 500,000 b/d of oil via the pipeline, according to reports.

Reuters, 08:37 April 5, 2012

<http://www.reuters.com/article/2012/04/05/us-turkey-pipeline-blast-idUSBRE8340EC20120405>

Sudan Denies Bombing Oil Pipeline in South Sudan April 4

South Sudan's Information Minister said Wednesday South Sudanese forces shot down a Sudanese fighter jet sent to bomb the oil-rich Pan Akuac region in the Unity state, according to reports, and a witness said an oil pipeline in the region was bombed. Sudan has denied these claims, saying its forces have responded to attacks on its military positions with only artillery, not fighter jets. The two countries have been involved in an escalating dispute about oil transport fees. In early February, South Sudan shut down its production of 350,000 b/d of oil, to stop Sudan from seizing it.

http://www.upi.com/Business_News/Energy-Resources/2012/04/05/Sudan-accused-of-bombing-oil-pipeline/UPI-50681333628113/

http://edition.cnn.com/2012/04/05/world/africa/sudan-violence/?hpt=wo_c2

Chinese Ship Insurer to Halt Indemnity Coverage of Tankers from Iran by July – Sources

A major Chinese ship insurer has said it will halt indemnity coverage of tankers carrying Iranian oil from July, as Western sanctions on Tehran increase, according to reports. Sources at China P&I Club, which provides coverage to more than 1,000 vessels, told Reuters on Thursday that the company does not want to stand alone in the market or incur the increasing risk to cover tankers operating in Iran. Iran sells most of its 2.2 million b/d of oil exports in Asia, and China, India, Japan, and South Korea are its four biggest buyers. Chinese imports from Iran were down more than 21 percent in the first two months of 2012, at around 395,000 b/d, compared to the same period last year.

<http://www.reuters.com/article/2012/04/05/us-iran-oil-china-idUSBRE8340R720120405>

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|--------|----------|----------|
| April 5, 2012 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 102.73 | 103.46 | 107.35 |
| NATURAL GAS Henry Hub \$/Million Btu | 2.06 | 2.05 | 4.21 |

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 and 1:00 PM Eastern Time every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM Eastern Time every Thursday.

ENERGY ASSURANCE DAILY

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

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