



ENERGY ASSURANCE DAILY

Monday Evening, May 03, 2010

Major Developments

Update: Two Platforms Halt Production as Oil Spill Response Continues in the Gulf BP and NOAA Evaluating Results of New Sub-Surface Dispersant Technique

Two platforms have stopped production and one has been evacuated as a safety measure due to the spreading oil spill in the Gulf of Mexico, according to the Minerals Management Service (MMS). Approximately 6.2 MMcf/d of gas production has been shut in, or less than one-tenth of a percent of daily gas production in the Gulf of Mexico. The oil slick could ignite a fire or emit dangerous fumes, putting offshore workers at risk, according to a Bloomberg News story citing Steve Rinehart, a spokesman for BP and the multiagency Joint Information Center coordinating the federal response. Bloomberg News also contacted several Gulf oil and gas producers and refiners, including Exxon Mobil, Shell, Chevron, Valero, Marathon, and Koch Industries, but none has reported any impact on production or crude supplies. So far, shipping fairways and ports in the Gulf have not been affected, including the Southwest Pass, the main waterway connecting the Mississippi River with the Gulf. The USCG has set up two clean-up stations near the entrance of the Mississippi River but no commercial vessels have used them.

Oil spill response efforts continued over the weekend but were limited by inclement weather on Sunday. The New York Times reports that roughly 80 percent of the boom protecting Alabama's coast was damaged over the weekend by heavy wind and rough seas. The Department of Defense has begun assisting responders, including the use of aircraft to aerially dispense dispersant and the mobilization of the Louisiana National Guard to help cleanup and removal of oil and protect critical habitats from contamination. To date, there have been no confirmed reports of oil making landfall. In addition to ongoing booming, skimming, and dispersant operations, response crews are testing a new technique to break up the oil before it reaches the surface—a remotely operated underwater vehicle dispensing sub-surface dispersant at a rate of nine gallons per minute. BP and NOAA are evaluating the results of the test procedure to determine its feasibility for continued use.

On Monday, BP said it hoped to install a shut-off valve in the next 24 hours on one of the well's three leaks to stop some of the flow. However, the largest leak, at the end of the well's riser pipe, cannot be shut off this way. According to NOAA, oil continues to leak from the blown-out well at a rate of approximately 5,000 b/d, although BP says that it is unable to get an accurate estimate. BP also said Monday that it completed a subsea oil collection system that could capture up to 85% of well's leaking oil and send it to a tanker on the surface where the oil would be processed and stored before being shipped to the shore. Deployment of the system, which will be placed on the largest of the well's leaks, is planned within the next 6-8 days and two additional domes will follow for the other two leaks. The system has never been deployed in deepwater. According to NOAA, BP began drilling a relief well on Sunday but it is expected to take about three months to complete. The relief well is to be filled with heavy liquid that would permanently stop the leak.

Spill Location and Forecasts: <http://gohsep.la.gov/oilspill.aspx>

USCG: <http://www.deepwaterhorizonresponse.com/go/site/2931/>

White House: <http://www.whitehouse.gov/blog/2010/05/02/a-massive-and-potentially-unprecedented-environmental-disaster>

NOAA: http://response.restoration.noaa.gov/topic_subtopic_entry.php?RECORD_KEY%28entry_subtopic_topic%29=entry_id.subtopic_id.topic_id&entry_id%28entry_subtopic_topic%29=809&subtopic_id%28entry_subtopic_topi_c%29=2&topic_id%28entry_subtopic_topic%29=1

BP: <http://www.bp.com/sectiongenericarticle.do?categoryId=9033573&contentId=7061702>

LA: <http://emergency.louisiana.gov/>

<http://www.businessweek.com/news/2010-05-03/bp-spill-threatens-gulf-of-mexico-oil-gas-operations-update2-.html>

<http://www.nytimes.com/2010/05/04/us/04spill.html>

<http://www.nytimes.com/2010/05/03/us/03spill.html>

<http://www.bloomberg.com/apps/news?pid=20601087&sid=alz2ApW6g.M4&pos=9>

Heavy Rains and Tornadoes Knock out Power to about 70,000 Customers in Tennessee over Weekend

The Tennessee Valley Authority (TVA) estimates about 70,000 customers lost power in Tennessee Sunday, including 38,689 customers of the Nashville Electric Service. The Cumberland River has risen more than 11 feet above flood stage around Nashville, causing severe flooding throughout the area. The flooding also closed a 62-mile stretch of Interstate 40, and the Tennessee Emergency Management Agency has asked the National Guard for assistance in rescue operations.

<http://www.wrcbtv.com/Global/story.asp?S=12414200>

<http://www.presstv.ir/detail.aspx?id=125252§ionid=3510203>

<http://www.thedenverdailynews.com/article.php?aID=8291>

<http://www.examiner.com/x-12837-US-Headlines-Examiner~y2010m5d2-Slideshow-Nashville-flooding-kills-8-death-toll-climbing-live-video>

<http://www.newschannel5.com/Global/story.asp?S=12412081>

<http://www.tnema.org/news/tema/?p=237#more-237>

<http://www.tnema.org/news/tema/?p=222#more-222>

Construction of SCE's 845 MW Shepherds Flat Wind Farm in Oregon to Begin

SCE plans to begin construction of the wind farm this month after the Air Force said it will no longer block the project over radar interference concerns. The wind farm, which will be the largest in the world, is expected to commence operations in 2011.

<http://www.kgw.com/home/Wyden-Air-Force-OKs-2B-Oregon-wind-farm-92556144.html>

Xcel Plans 168 MW Gas-Fired Unit at 486 MW Jones Power Plant in Texas

Xcel expects to commence construction of the new unit in 2012.

<http://finance.yahoo.com/news/Xcel-Energy-Seeks-Approval-bw-2047281266.html?x=0&.v=1>

SCE's 1,070 MW San Onofre Nuclear Unit 2 in California Reduced to 85 Percent by May 1

The Nuclear Regulatory Commission reported that on the morning of April 30 the unit was operating at 98 percent. Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Indiana-Michigan Power's 1,000 MW D.C. Cook Nuclear Unit 1 in Michigan Reduced to 54 Percent by May 3

The Nuclear Regulatory Commission reported that on the morning of May 2 the unit was operating at full power. Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Entergy's 836 MW Arkansas Nuclear Unit 1 in Arkansas Reduced to 40 Percent by May 2

The Nuclear Regulatory Commission reported that on the morning of May 1 the unit was operating at 99 percent. Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

AEP's 690 MW Oklaunion Coal-Fired Unit 1 in Texas Shut by May 3

The unit was shut to repair a steam leak.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139153>

Calpine's 561 MW Los Medanos Gas-Fired Unit in California Reduced by April 30

According to the California Independent System Operator, the unit reported an unplanned curtailment of 297 MW by April 30.

<http://www.caiso.com/unitstatus/data/unitstatus201004301515.html>

Xcel's 347 MW Harrington Coal-Fired Unit 1 in Texas Shut April 25

Reuters, 12:12 May 3, 2010

Update: PPL's 1,111 MW Susquehanna Nuclear Unit 2 in Pennsylvania Ramped Up to 89 Percent by May 1

The Nuclear Regulatory Commission reported that on the morning of April 30 the unit was operating at 76 percent. The unit was shut for repairs on April 23.
Bloomberg News, 07:28 May 3, 2010

Information also derived from the NRC Power Reactor Status Reports:
<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: FPL's 565 MW Duane Arnold Nuclear Unit in Iowa Ramped Up to 20 Percent by May 3

The Nuclear Regulatory Commission reported that on the morning of May 2 the unit was operating at 1 percent. The unit shut by April 26 due to high turbine vibrations.

<http://www.reuters.com/article/idUSN038272320100503?type=marketsNews>
Information derived from the NRC Power Reactor Status Reports:
<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: PG&E's 154 MW Kerkhoff Hydro Unit 1 in California Returns to Service by April 30

According to the California Independent System Operator, the unit reported a return from a planned curtailment of 114 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201004301515.html>

GE and University of Wyoming Plan Coal-to-Gas Conversion Plant in Wyoming

GE and the University of Wyoming plans on building a plant that will convert coal from the Powder River Basin in Wyoming into a gas similar to natural gas. Construction on the High Plains Gasification-Advanced Technology Center is expected to begin construction in 2011 and be in service in 2012.

<http://www.businessweek.com/ap/financialnews/D9FDENCG0.htm>

Petroleum

Lukoil Begins Production of Yu. Korchagin Oil and Gas Field in the Caspian Sea, Offshore Russia

The field, which holds an estimated 270 MMboe in reserves, is expected to produce 2.5 million tons of crude and 1 Bcm of natural gas per year.

http://www.rigzone.com/news/article.asp?a_id=92047

Natural Gas

Hess Corp. Plans 150 MMcf/d Expansion at 100 MMcf/d Tioga Gas Plant in North Dakota

The expansion is expected to be complete in 2012.

<http://www.inforum.com/event/article/id/277179/group/homepage/>

Other News

Nothing to Report.

Energy Prices

U.S. Oil and Gas Prices			
May 3, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	86.93	84.34	52.34
NATURAL GAS Henry Hub \$/Million Btu	3.94	4.07	3.25

Source: Reuters

Energy Notes

Windstorm Knocks out Power to 13,000 BC Hydro Customers in Ontario May 3

<http://www.news1130.com/news/local/article/50891--morning-windstorm-causes-power-outages-in-lower-mainland>

Update: Three Employees Found Responsible for Triggering Rotating Blackouts on April 1 that Affected about 1 Million Customers in Southern California: California ISO

<http://www.signonsandiego.com/news/2010/apr/29/1-fired-2-suspended-for-roles-in-blackouts/>

Storm Knocks out Power to 8,000 Customers in Illinois and 5,000 Customers in Missouri April 30

<http://www.stltoday.com/stltoday/news/stories.nsf/stlouiscitycounty/story/2D7AFD0C215D3C02862577170007A290?OpenDocument>

Flaring Reported at BP's 455,790 b/d Texas City, Texas Refinery May 2

Bloomberg News, 10:22 May 2, 2010

Equipment Malfunction Causes Flaring at ExxonMobil's 238,600 b/d Joliet, Illinois Refinery May 3

Reuters, 11:24 May 3, 2010

Flaring Reported at Sunoco's 335,000 b/d Philadelphia, Pennsylvania Refinery May 2

Bloomberg News, 11:42 May 2, 2010

Compressor Failure Leads to Flaring at Valero's 83,000 b/d Houston, Texas Refinery May 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139151>

Equipment Failure Causes Flaring at Alon's 67,000 b/d Big Spring, Texas Refinery May 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139155>

Acid Gas Compressor Shuts, Leads to Flaring at 290 MMcf/d Waha Gas Plant in Texas May 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139163>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139160>

Flaring Reported at Tilden Gas Plant in Texas May 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139156>

Update: FBI Investigation of April 5 Explosion at Massey Energy's Upper Big Branch Mine in West Virginia to Focus on Possible Bribery

Bloomberg News, 13:56 May 2, 2010

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 10:30 AM & 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.

ENERGY ASSURANCE DAILY

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

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