



ENERGY ASSURANCE DAILY

Wednesday Evening, May 12, 2010

Major Developments

Responders Lowering Second Containment Dome Over Blown-Out Oil Well in Gulf of Mexico

Responders began lowering a second, smaller containment dome over the blown-out MC252 oil well in the U.S. Gulf of Mexico on May 11, the Associated Press said. BP expected to position the dome over one of two leaks on May 13, according to a spokesman. The news came after a build-up of hydrates prevented officials from deploying the original dome over the weekend. A Congressional investigation, separately, found that the blowout preventer - the equipment that was designed to seal the well - might have malfunctioned due to a hydraulic leak. The investigation revealed that the blowout preventer had been altered, complicating responders' efforts to deploy it after the explosion. The explosion also disabled communications; that, in turn, could have led to a failure of the blowout preventers' emergency backup controls. The device's designer said it was "far too early" to determine any cause. There were about 13,000 personnel and more than 517 vessels responding to the incident, as of latest reports. Responders had deployed more than 1.5 million feet of boom, recovered about 4 million gallons of oil water, and used about 436,246 gallons of dispersant, according to the website of the Deepwater Horizon Unified Command.

<http://www.deepwaterhorizonresponse.com/go/doc/2931/543103/>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/547683/>

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7061942>

<http://www.nytimes.com/2010/05/13/us/13spill.html?hp>

http://www.rigzone.com/news/article.asp?a_id=93193

Reuters, 11:28 May 12, 2010

Secretary of Interior Announces Reforms to Bolster Oversight of Offshore O&G Operations

Secretary of the Interior Ken Salazar announced four actions:

- He plans to restructure the Minerals Management Service (MMS) to separate the agency's leasing, revenue collection, and permitting functions from its inspection, investigation, and enforcement operations.
- The Administration will propose an additional \$29 million for inspections, enforcement, studies, and other activities.
- The National Academy of Engineering will investigate the Deepwater Horizon incident.
- The Administration is proposing to eliminate a 30-day, congressionally-mandated deadline for the MMS to act on exploration plans that oil and gas companies submit. Instead, the Administration aims to institute a 90-day timeline, allowing for more time to conduct additional environmental analysis.

<http://www.doi.gov/news/pressreleases/Salazar-Launches-Safety-and-Environmental-Protection-Reforms-to-Toughen-Oversight-of-Offshore-Oil-and-Gas-Operations.cfm>

Electricity

Cat Knocks Out Power to about 27,000 El Paso Electric Customers in Texas May 9

A cat crawled into an electrical transformer and knocked out power to about 27,000 El Paso Electric customers in Texas, a spokeswoman said. The company restored service in a little over an hour.

http://www.elpasotimes.com/ci_15052216?source=most_viewed

FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Shut by May 12

The company shut the unit due to the "loss of control rod drive charging water header pumps," it said in a filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 11 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100512en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

Luminant to Restart 793 MW Martin Lake Coal-Fired Unit 2 in Texas May 12

The company expected to start the unit after "an extended outage," it said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=137514>

Update: Calpine's 337 MW Inland Empire Energy Center Gas-Fired Unit 2 in California Ramped up by May 12

According to the California Independent System Operator, the unit returned from an unplanned curtailment of 127 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201005111515.html>

Iberdrola Renewables Opens 300 MW Cayuga Ridge Wind Farm in Illinois by May 11

The farm will serve customers of the Tennessee Valley Authority (TVA).

http://www.tva.com/news/releases/aprjun10/activate_wind.html

ERCOT Expects New Power Capacity to Increase Electric Reserves in Summer 2010

The Electric Reliability Council of Texas (ERCOT) expects new generation capacity to increase the state's power reserve margin above 21 percent in the summer of 2010, or more than 4 percentage points higher than in 2009, the grid operator said on May 12. The state will have 2,736 MW more power capacity than in the summer of 2009.

ERCOT forecasts summer demand to peak at 64,052 MW; the state, however, will have 66,228 MW of generation capacity.

Reuters, 12:10 May 12, 2010

Petroleum

Power Outage Shuts Units, Triggers Flaring at Motiva's 285,000 b/d Port Arthur, Texas Refinery May 12, 2010

A "plant-wide power failure" forced shut an unspecified number of units and led to flaring at Motiva's 285,000 b/d Port Arthur, Texas refinery on May 12, the company said in a recorded message. The incident was brief, according to a source familiar with the facility's operations. The facility was operating by late morning, and the source referred to the disruption as "a non-event." Separately at Port Arthur, Motiva expected to restart the delayed coking unit (DCU) on May 12 "after a two week period of planned, unscheduled maintenance," it said in a filing with state regulators.

Reuters, 11:32 May 12, 2010

Reuters, 07:34 May 12, 2010

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=138968>

Update: PdVSA Fails to Restart 320,000 b/d Isla Refinery in Curacao, Netherlands Antilles May 11

PdVSA attempted to restart its 320,000 b/d Isla refinery in Curacao, Netherlands Antilles on May 11, but the effort failed due to electricity, steam, and water supply issues, according to an official. The facility shut in March.

Reuters, 19:34 May 11, 2010

Update: PdVSA Restarting Fire-Downed Cat Cracker at 300,000 b/d Cardon, Venezuela Refinery May 11

The unit shut due to a fire in April.

Reuters, 15:05 May 11, 2010

ExxonMobil Declares Force Majeure on Qua Iboe Oil Deliveries in Nigeria, Citing Pipeline Damage

Traders said the disruption would postpone exports between two and 10 days. ExxonMobil did not say when the pipeline might resume normal service.

Reuters, 12:22 May 12, 2010

Reuters, 12:42 May 12, 2010

Colombian Oil Production Should Rise to 1.2 Million b/d by End of 2012: Ecopetrol Official

The nation produced an average 672,000 b/d in 2009 and 763,000 b/d in March 2010.

<http://www.latimes.com/business/la-fi-colombia-oil-20100512,0,231012.story>

Natural Gas

Peregrine Midstream Partners Plans 25 Bcf Natural Gas Storage Project in Wyoming

Ryckman Creek Resources, LLC, a Peregrine Midstream Partners LLC subsidiary, plans to construct a 25 Bcf natural gas storage facility in Uinta County, Wyoming. The Ryckman Creek Gas Storage Project would include maximum injections of more than 200 MMcf/d and maximum withdrawals of about 360 MMcf/d. The company expects to hold a non-binding Open Season during the fall of 2010, break ground in the spring of 2011, and open the project by April 2012.

http://www.peregrinempllc.com/news/press_releases/peregrine_midstream_partners_announces_rocky_mountains_gas_storage_project_near_the_opal_hub

Enterprise, Duncan Energy Plan 10,000 b/d NGL Fractionation Expansion in South Texas – Enterprise

Enterprise Products Partners L.P. and Duncan Energy Partners L.P. plan to expand two, jointly-owned natural gas liquid (NGL) fractionation facilities – Shoup and Armstrong – to serve producers in the Eagle Ford Shale, South Texas. The companies expect to boost Shoup's capacity to 77,000 b/d by the second quarter of 2010; they plan to increase Armstrong's capacity to more than 20,000 b/d by the fourth quarter of 2010. The facilities current combined capacity is 87,000 b/d, according to Enterprise's website. Separately, Enterprise expects to open two natural gas pipelines in Texas, representing more than 200 MMcf/d of capacity. It plans to open its 62-mile White Kitchen Lateral in mid-July 2010, and a 34-mile, 24-inch segment along its planned Eagle Ford Shale Mainline by June 1, 2010.

<http://www.epplp.com/operations/nglFractionation.htm>

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=iro1-newsArticle&id=1425813&highlight=>

Other News

Propane Train Derails in North Dakota May 8

Five train cars carrying liquid propane derailed in North Dakota on May 8, but there were no spills or injuries and the cars were returned to the tracks.

http://www.sidneyherald.com/articles/2010/05/10/news/breaking_news/doc4be85f9d7e10a049138998.txt

EIA Releases Annual Energy Outlook

<http://www.eia.doe.gov/oiaf/aeo/pdf/execsummary.pdf>

U.S. Energy Consumption to Rise amid Economic Growth in 2010, 2011: EIA Short-Term Energy Outlook

<http://www.eia.doe.gov/emeu/steo/pub/contents.html>

Energy Prices

U.S. Oil and Gas Prices			
May 12, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	75.66	80.07	58.65
NATURAL GAS Henry Hub \$/Million Btu	4.15	3.96	4.24

Source: Reuters

Energy Notes

Update: Fewer than 25,000 Remain Without Power in Oklahoma May 11-12 – Storms, Tornadoes Knocked Out Electricity to More than 65,000 on May 10

<http://public.oge.com/systemwatch/SystemWatch.swf?startMapID=1>

http://www.ok.gov/OEM/Emergencies_&_Disasters/2010/Severe_Weather_Event_20100510_-_Master/Severe_Weather_Event_20100510-4.html

U.S. Electricity Consumption Falls for Second Straight Year in 2009: EIA

<http://www.eia.doe.gov/oiaf/aeo/pdf/execsummary.pdf>

Liberty Green Renewables Plans 32 MW Biomass-Based Power Plant in Missouri

<http://www.stltoday.com/stltoday/news/stories.nsf/science/medicine/story/2D894009440712C18625772000151EF3?OpenDocument>

Companies Plan 12.5 MW of Solar Power Projects in Pennsylvania

<http://www.newpa.com/newsroom/news-detail/index.aspx?nid=480>

Fire Extinguished at Evergreen Oil's Oil Recycling Refinery in Newark, California May 12

<http://www.nbcbayarea.com/news/local-beat/Firefighters-Battle-Flames-at-Newark-Oil-Recycling-Refinery-93563929.html>

Tanker Truck Overturns in Beaver Springs, Pennsylvania, Leaking Unspecified Quantity of Fuel and Causing Fire May 10

http://dailyitem.com/0100_news/x433566292/Fuel-truck-flips-sparks-fire

Update: Investigators Say Multiple Human and Technical Errors Led to Late-October Fuel Spill from Dubai Star Tanker in California

http://www.insidebayarea.com/news/ci_15064964

Iran May Have up to 38 Million Barrels of Oil in Floating Storage: IEA

<http://www.businessweek.com/news/2010-05-12/iran-may-be-storing-38-million-barrels-of-oil-at-sea-ia-says.html>

Update: Turkey, Russia Ink Agreement to Construct Samsun-Ceyhan Oil Pipeline

<http://abcnews.go.com/Business/wireStory?id=10625502>

Anadarko Petroleum Leases 32,896 Acres of State Forest Lands for Natural Gas Drilling in Pennsylvania

http://www.portal.state.pa.us/portal/server.pt/community/news_and_media/2999/news_releases/665417

Empire Energy Says Bellevue and Thunderbolt Domes in Tasmania Basin, Australia Contain Undiscovered Potential Petroleum Resources of 447 Million Barrels of Oil

<http://www.prnewswire.com/news-releases/empire-subsiary-receives-and-signs-new-petroleum-exploration-license-el142009-in-tasmania-basin-australia-93419399.html>

GM and The Gas Company Plan to Supply Hydrogen to Fueling Stations, Spur Fuel Cell Vehicles in Hawaii

<http://www.prnewswire.com/news-releases/gm-looks-to-hawaii-for-hydrogen-infrastructure-pilot-93433964.html>

Worker Dies in Accident at Cabot Oil and Gas Drill Rig Site in Pennsylvania May 10

<http://thedailyreview.com/news/accident-claims-life-of-gas-worker-1.781702>

Operators Plan Restart after Maintenance at Tilden Gas Plant in Texas May 12

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=139420>

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>

Please direct comments and questions to: ead@oe.netl.doe.gov