



ENERGY ASSURANCE DAILY

Thursday Evening, May 13, 2010

Major Developments

Update: BP Could Employ “Top Kill” Method Next Week in Bid to Halt Leak at Blown-Out Oil Well in Gulf of Mexico

BP is developing plans to employ a “top kill” intervention at the blown-out MC252 oil well in the Gulf of Mexico, and could apply the plan next week, the company said on May 13. The “top kill” method involves injecting various materials into the internal spaces of the blowout preventer, and then pumping heavy fluids into the well to prevent further upward flow. Responders placed a small containment dome, or “top hat,” on the seabed by May 13, and BP expected to attempt to deploy the system within a few days. Workers continued to drill a first relief well, and a drilling rig was en route to begin drilling a second relief well, as of latest reports. Meanwhile, the Louisiana Department of Natural Resources told oil-and-gas well operators in coastal parishes to be ready to halt operations, should the Coast Guard order them offline due to the approaching oil slick. The Coast Guard, however, had not issued such an order. A Congressional hearing, separately, found that BP and Transocean decided to remove mud from the rig’s drill pipe prior to the April 20 blast even though well tests revealed imbalanced pressure conditions. After the explosion, workers were unable to activate the blowout preventer because modifications had rendered the device inoperable. The manufacturer of the blowout preventer, Cameron International Corp, said the device’s hydraulic system had been disabled, and an important component had been replaced.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062086>

http://www.rigzone.com/news/article.asp?a_id=93242

<http://www.hattiesburgamerican.com/article/20100512/NEWS01/100512009/Rig+operators+told+to+prepare+to+shut+down>

Reuters, 13:42 May 13, 2010

Obama Unveils Oil Spill Legislative Package

President Barack Obama sent to Congress a bill that would, by his Administration’s account, “enable the Deepwater Horizon Oil Spill response to continue expeditiously, speed assistance to people affected by this spill, and strengthen and update the oil spill liability system to better address catastrophic events.” Included in its provisions, according to a press release on the White House’s website:

- The bill would permit the Coast Guard to obtain one or more advances – up to \$100 million each – from the Principal Fund within the Oil Spill Liability Trust Fund
- The bill would provide \$29 million for the Secretary of the Interior for additional inspections, enforcement, studies and other activities that are outside of those recoverable from the responsible parties or the Oil Spill Liability Trust Fund.
- The bill would, for any single incident, raise the statutory expenditure limitation for the Oil Spill Liability Trust Fund from \$1 billion to \$1.5 billion and the cap on natural resource damage assessments and claims from \$500 million to \$750 million.
- The bill would increase the tax that oil companies pay to finance the Oil Spill Liability Trust Fund from 8 cents per barrel to 9 cents per barrel starting this year.

To read about the bill’s numerous other provisions, click on the link below.

<http://www.whitehouse.gov/the-press-office/fact-sheet-deepwater-horizon-oil-spill-legislative-package>

Storms Knock Out Power to More than 55,000 Customers in Oklahoma, Missouri and Kansas May 12-13

Storms cut power to about 36,000 Public Service Company of Oklahoma (PSO) customers in Oklahoma, about 10,200 Ameren UE customers in Missouri, and 9,451 Kansas City Power & Light (KCP&L) customers in Kansas and Missouri, multiple sources reported. As of 2:30 PM central time, 16,500 PSO customers, 120 Ameren customers, and 450 KCP&L customers remained without power.

PSO: <http://www.aepcustomer.com/outagemap/main.aspx?region=ps0> ,
<http://www.kswo.com/Global/story.asp?S=12475070>

Ameren UE: <https://www2.ameren.com/Outage/OutageTrend.aspx?state=MO> , <http://www.globe-democrat.com/news/2010/may/12/some-without-power-storm-flood-threat-persists/>

KCP&L: http://www.kcpl.com/kcmaps/frameset_menus.htm ,

http://www.kansascity.com/2010/05/13/1943139_strong-overnight-thunderstorms.html?storylink=omni_popular

Storms Knock Out Power to 42,500 Dominion Customers in Virginia and North Carolina May 12

Storms cut power to 36,000 customers in Virginia and 6,500 customers in North Carolina, according to company and news sources. Dominion had restored service to all but 3,000 customers, as of latest reports.

<http://progress-index.com/news/strong-winds-and-falling-trees-cause-power-outages-and-damage-1.785169>

<http://www.dom.com/storm-center/dominion-electric-outage-summary.jsp>

Constellation's 825 MW Calvert Cliffs Nuclear Unit 1 in Maryland Shut May 12

The unit tripped due to "a complete load rejection," the company said in a filing with the Nuclear Regulatory Commission. The incident occurred "when a main generator output breaker opened while its redundant breaker was opened for planned maintenance." The NRC reported that on the morning of May 12 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100513en.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 Shut 593 MW Monticello Coal-Fired Unit 2 in Texas May 13-14

The company expected to shut the unit "to repair a condensate booster pump," it said in a filing with state regulators. The filing did not say when the unit would return to service.

<http://www.11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139666>

Southern's 870 MW Hatch Nuclear Unit 2 in Georgia Reduced to 71 Percent by May 13

The Nuclear Regulatory Commission reported that on the morning of May 12 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/>

Watson Cogeneration's 417 MW Watson Cogeneration Gas-Fired Unit in California Reduced by May 12

According to the California Independent System Operator, the unit reported an unplanned curtailment of 227 MW by May 12.

<http://www.caiso.com/unitstatus/data/unitstatus201005121515.html>

Update: State Supreme Court Overturns PSC Approval of SWEPCO's Proposed 600 MW John W. Turk Jr. Coal-Fired Power Plant in Arkansas

The Arkansas Public Service Commission (PSC) should have considered the need for new power supply when it assessed whether to issue Southwest Electric Power (SWEPCO) a permit, the Arkansas Supreme Court said in its ruling. Instead, the PSC opened two dockets: one for the permit request, and another on the need for new electricity. The ruling returned the request to the PSC.

<http://www.arkansasbusiness.com/article.aspx?aid=0.0.134147>

<https://www.swepco.com/info/projects/TurkPlant/>

Entergy to Uprate Capacity by 178 MW at Existing 1,207 MW Grand Gulf Nuclear Power Plant in Mississippi

The Shaw Group received a contract to construct the uprate in the spring of 2012.

<http://ir.shawgrp.com/phoenix.zhtml?c=61066&p=irol-newsArticle&ID=1426444&highlight=>

Duke Energy Asks State Regulators to Dismiss Local Tribe's Bid to Halt Proposed 166-kV Substation in Swain County, North Carolina

Duke Energy asked the North Carolina Utilities Commission to dismiss a local tribe's bid to halt the company's proposed 166-kV transmission line and electric substation in Swain County, North Carolina. The local tribe claims the facility would be close to a sacred burial location, but Duke claims the project is necessary. Duke says the substation would be more than half a mile from the burial site in question.

<http://charlotte.bizjournals.com/charlotte/stories/2010/05/10/daily27.html?ana=yfcpc>

Petroleum

Magellan Plans 2 Million Barrels of Oil Storage at Cushing Hub in Oklahoma

Magellan Midstream Partners LP and a private investor group plan to construct eight 250,000 barrel oil storage tanks at the Cushing hub in Oklahoma, the company said on May 11. The partners expect to break ground within 30 days of the announcement, and plan to complete construction by June 2011.

http://www.downstreamtoday.com/news/article.aspx?a_id=22635

Update: TransCanada to Construct Keystone Pipeline Extension's Southern Segment Prior to Northern Portion

TransCanada plans to construct the Cushing, Oklahoma-to-Port Arthur, Texas segment of its Phase II Keystone crude oil pipeline extension before it builds the Alberta-to-Nebraska portion, the company said last week. The company expects the Keystone system to eventually deliver 1.1 million b/d from Alberta to the Gulf Coast, according to a project website. Phase I of the Keystone project is expected to begin service in mid-2010. The Phase II extensions are set for 2011.

<http://www.transcanada.com/keystone/>

http://www.tulsaworld.com/business/article.aspx?subjectid=49&articleid=20100513_49_E1_Oklaho845662

Update: PdVSA Fails Again to Restart 320,000 b/d Isla Refinery in Curacao, Netherlands Antilles May 13

Local media blamed continuing issues with electricity, steam, and water. It was the second failed restart attempt in two days. The facility shut in March.

Reuters, 15:42 May 12, 2010

Natural Gas

Canadian Natural Gas Reserves Could Account for More Than 100 Years of Current Production: CSUG

Canada has between 700 trillion and 1,300 trillion cubic feet of marketable gas, or enough to account for its entire domestic production and export capacity for more than 100 years, the Canadian Society for Unconventional Gas (CSUG) said on May 12. The estimate includes both conventional and unconventional sources.

<http://www.csug.ca/images/news/2010/Canada%27s%20Resource%20Base%20Overview%20April%2023.pdf>

<http://www.montrealgazette.com/business/money/Natural+total+balloons/3018772/story.html>

Reuters, 15:37 May 12, 2010

Other News

Massey Energy Eyes September Restart at Fire-Downed Bandmill Coal Preparation Plant in West Virginia

A fire destroyed the plant in late-August 2009. The company expects to fully restart the facility under a new name – Zigmund Processing – in September 2010. It will have processing capacity of 1,200 tons/hour.

<http://phx.corporate-ir.net/preview/phoenix.zhtml?c=102864&p=irol-newsArticle&ID=1426045&highlight=>

Energy Prices

U.S. Oil and Gas Prices			
May 13, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	75.57	79.20	59.04
NATURAL GAS Henry Hub \$/Million Btu	4.18	4.00	4.41

Source: Reuters

Energy Notes

Storms Knock Out Power to about 10,000 DTE Energy Customers in Michigan May 14

<http://www.wxyz.com/mostpopular/story/Morning-Storms-Cause-Power-Outages/oXBNI6oJiUi2aEnCPySBMQ.csp>

Synergics Eyes December 2010 Completion Date for Proposed 50 MW Wind Farm in Garrett County, Maryland

GNW, 00:01 May 11, 2010

Schneider Power to Break Ground on Proposed 10 MW Arthur Wind Farm in Ontario, Canada May 24

MKW, 13:55 May 10, 2010

Solar Could Account for up to 25 Percent of Global Electricity Production by 2050: IEA

http://www.iea.org/press/pressdetail.asp?PRESS_REL_ID=301

Raytheon, Accelergy, and A2BE Carbon Capture Plan 8,000 b/d Waste Coal-to-Fuel Plant in Pennsylvania

<http://readingeagle.com/article.aspx?id=219636>

Poor Weather Blamed for 130,000 b/d Drop in Iraq's April Oil Exports

http://www.rigzone.com/news/article.asp?a_id=93237

Iraqi Basrah Light Exports Likely to Drop More than 100,000 b/d in May 2010 on Declining Oilfields

http://www.energyintel.com/DocumentDetail.asp?Try=Yes&document_id=669955&publication_id=31

Citizens Gas Shuts 48 MMcf/d Natural Gas Pipeline in Indiana as a Precaution after Lightning Strike Ignites Fire along Connected Pipeline by May 12

<http://www.wthr.com/Global/story.asp?S=12468220>

High Second-Stage Temperature Triggers Compressor Shutdown at Amerada Hess Seminole Gas Processing Plant in Texas May 12-13

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=139614>

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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