



ENERGY ASSURANCE DAILY

Friday Evening, May 14, 2010

Major Developments

Update: BP Employing Smaller Pipe in Bid to Siphon Oil from Leaking, Larger Pipe at Blown-Out Oil Well in Gulf of Mexico

BP was attempting to insert a smaller pipe – a riser insertion tube - into the larger, leaking pipe at the blown-out MC252 oil well in the U.S. Gulf of Mexico, in a bid to siphon the leaking oil up to the ocean's surface, the company said on May 14. Should that effort fail, the company expected to employ the "top hat," or containment dome, to try to capture the leaking oil. The company did not yet know how long the pipe effort would take. The spill had forced offline five oil-and-gas platforms in the Gulf of Mexico, the U.S. Minerals Management Service said on May 13. The shutdowns accounted for 2,300 b/d of oil output and 1.2 MMcf/d of natural gas production, representing just 0.14 percent of total Gulf oil production, and approximately 0.02 percent of total Gulf natural gas production.

Separately, scientists began questioning the reported size – 5,000 b/d - of the oil leak. The leak was actually about 70,000 b/d, or far higher than the typically-cited, 5,000 b/d estimate, according to a Purdue University Professor who analyzed video of the spill. The spill could "easily be four or five times" 5,000 b/d, an oceanographer at Florida State University said separately. Government scientists appeared to have determined the spill's size "using a method that is specifically not recommended for major oil spills" instead of an undersea technique "that is almost tailor-made for the problem," according to The New York Times.

http://www.rigzone.com/news/article.asp?a_id=93308

http://www.rigzone.com/news/article.asp?a_id=93279

<http://www.nytimes.com/2010/05/14/us/14oil.html?hp>

<http://www.cnn.com/2010/US/05/14/gulf.oil.spill/index.html?hpt=T1>

Reuters, 17:50 May 13, 2010

Electricity

Update: Southern's 870 MW Hatch Nuclear Unit 2 in Georgia Ramped Up to 99 Percent by May 14

The Nuclear Regulatory Commission reported that on the morning of May 13 the unit was operating at 71 percent.

Information derived from the NRC Power Reactor Status Reports:

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

Petroleum

Update: Valero to Restart Fire-Downed 20,000 b/d Coker at 315,000 b/d Corpus Christi, Texas Refinery May 14-17

The unit shut by May 12 due to a flange fire, the company said in a previous filing with state regulators.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139689>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139524>

http://online.wsj.com/article/BT-CO-20100514-708589.html?mod=WSJ_latestheadlines

<http://www.reuters.com/article/idUSN1126920320100511?type=marketsNews>

Reuters, 09:45 May 14, 2010

Update: PdVSA Restarting 320,000 b/d Isla Refinery in Curacao, Netherlands Antilles May 13

After two failed attempts, PdVSA successfully began restarting its 320,000 b/d Isla refinery in Curacao, Netherlands Antilles, a refinery official said on May 13. The catalytic cracker was starting to operate, and the official expected the facility to resume normal production in three weeks. A fire forced shut the refinery in March.

Reuters, 20:13 May 13, 2010

OGX Estimates 1.4-2.6 Billion Barrels of Recoverable Oil at Pipeline and Etna Prospects, Offshore Brazil

OGX estimated that “the accumulation composed of the Pipeline and Etna prospects” contained between 1.4 billion and 2.6 billion barrels of recoverable oil, the company said on May 13. A separate, potential structure – composed of the Waimea and Fuji prospects – held an estimated 600 million to 1.1 billion barrels of recoverable oil, according to OGX.

http://online.wsj.com/article/BT-CO-20100514-706193.html?mod=WSJ_World_MIDDLEHeadlinesAmericas

Natural Gas

Kinder Morgan, Copano Energy to Deliver and Process Natural Gas for Producers in Eagle Ford Shale, South Texas

Kinder Morgan Energy Partners, L.P. and Copano Energy, L.L.C. agreed to form a 50/50 joint venture - Eagle Ford Gathering LLC - to provide gathering, transportation, and processing services to natural gas producers in the Eagle Ford Shale, South Texas, the two said on May 14. The companies said previously that they planned to construct a 350 MMcf/d, 24-inch, 22-mile natural gas pipeline in Texas. Now, the partners have each increased their committed capacity from 150,000 MMBtu/d to 375,000 MMBtu/d, and expect to deliver the gas for transportation along Kinder Morgan’s Laredo-to-Katy pipeline, and for processing at Copano’s Houston Central processing plant. The companies also expect the project’s first construction phase to extend significantly beyond 22 miles.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1427150&highlight=>

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1356406&highlight=>

Other News

Update: EPA Announces Final Rule Addressing GHG Emissions from Largest Stationary Sources May 13

The U.S. Environmental Protection Agency (EPA) announced a final rule to address greenhouse gas (GHG) emissions from the largest stationary sources. The rules would exclude millions of small GHG sources, but address facilities that account for 70 percent of the GHGs from stationary sources. The phased-in approach will start in January 2011, when Clean Air Act permitting requirements for GHGs will kick in for large facilities that are already obtaining Clean Air Act permits for other pollutants. Those facilities will be required to include GHGs in their permit if they increase these emissions by at least 75,000 tons per year. In July 2011, Clean Air Act permitting requirements will expand to cover all new facilities with GHG emissions of at least 100,000 tons per year and modifications at existing facilities that would increase GHG emissions by at least 75,000 tons per year. Under the new emissions thresholds for GHGs that begin in July 2011, EPA estimates approximately 900 additional permitting actions covering new sources and modifications to existing sources would be subject to review each year. In addition, 550 sources will need to obtain operating permits for the first time because of their GHG emissions.

<http://yosemite.epa.gov/opa/admpress.nsf/e77fdd4f5afd88a3852576b3005a604f/ea1bf25579e541b1852577220055c20c!OpenDocument>

Energy Prices

U.S. Oil and Gas Prices			
May 14, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	71.53	75.27	57.61
NATURAL GAS Henry Hub \$/Million Btu	4.26	3.91	4.42

Source: Reuters

Energy Notes

Update: Duke Energy and DOE Finalize Agreement for \$204 Million in Stimulus Funds to Support Company's Smart Grid Projects

<http://www.duke-energy.com/news/releases/2010051301.asp>

Update: Grasslands Renewable Energy Executes Letters of Intent with Ten Wind Energy Developers, Representing More than 3,000 MW of Wind-Based Power, to Join Proposed Wind Spirit Transmission Project across Montana and Northern Plains

<http://www.prnewswire.com/news-releases/grasslands-moves-innovative-wind-spirit-project-forward-93704029.html>

Update: New Jersey DEP Says NRC "Did Not Compel a Clean up" After Receiving Notification of Irradiated Water Leak from Oyster Creek Nuclear Power Plant

http://www.nj.com/news/index.ssf/2010/05/federal_agency_responds_to_nj.html

DOE Tests Tornado, Plane Crash Response at Fort St. Vrain Spent Nuclear Fuel Facility in Colorado

<http://www.greeleytribune.com/article/20100513/NEWS/100519878/1051&ParentProfile=1001>

Washington Department of Ecology, TransAlta Finalizing Deal to Slash Pollution at Company's 1,376 MW Centralia Coal-Fired Power Plant – National Park Service, U.S. Forest Service Say Deal Would Not Cut Haze at Nearby National Parks

<http://www.thenewstribune.com/2010/05/13/1185716/feds-say-wa-plant-deal-not-enough.html?source=rss>

ConocoPhillips to Complete Coker Upgrade in Early 2011 at 58,000 b/d Billings, Montana Refinery

http://billingsgazette.com/news/local/article_6b0f656c-5f14-11df-8c72-001cc4c002e0.html

Dominion East Ohio Searches for Natural Gas Leaks after Explosion Destroys Three Homes, Injures at Least 11 People in Cleveland, Ohio May 12

http://www.google.com/hostednews/ap/article/ALeqM5i_i0DDBawZB-SOnGfb1_oI-DV7WwD9FLL1001

Update: DOE Tells Yucca Mountain Contractor to Halt "Work on Contract Tasks Other Than That Needed for an Orderly Shutdown of the Contract"

<http://www.lvrj.com/news/doe-tells-yucca-contractors-to-stop-work--prepare-further-job-reductions-93662894.html>

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

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

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