



ENERGY ASSURANCE DAILY

Wednesday Evening, May 19, 2010

Major Developments

Citing Safety Concerns, Lawmakers to Recommend Shutdown of 200,000 b/d Atlantis O&G Platform in U.S. Gulf of Mexico

Several federal lawmakers planned to recommend that the Minerals Management Service (MMS) force shut BP's Atlantis oil and gas platform in the U.S. Gulf of Mexico, pending an investigation into safety concerns, according to the draft of a letter that the lawmakers expected to give to Secretary of Interior Ken Salazar on May 19. The lawmakers cited a former BP employee's concerns that the company was operating the platform without all appropriate engineering documents. The platform can generate as much as 200,000 b/d of oil and 180 MMcf/d of natural gas.

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

<http://www.reuters.com/article/idUSN1923115420100519?type=marketsNews>

Update: Tar Balls Found on Florida Keys Shoreline Not Connected to Deepwater Horizon/BP Oil Spill: Coast Guard

<http://www.deepwaterhorizonresponse.com/go/doc/2931/554455/>

Update: Obama Administration Seeks to Divide MMS into Three Parts

The administration had proposed to divide the Minerals Management Service into two parts, but now aims to split it into three, according to Interior Secretary Ken Salazar. One department would deal with oil rig inspections and safety regulations, a second would oversee drilling leases and royalty collections, and a third would preside over offshore drilling.

<http://abcnews.go.com/Business/wireStory?id=10690931>

Federal Regulation of Offshore Drilling Was Too Lenient, but Industry Was Still "Very Highly Regulated": Salazar

http://online.wsj.com/article/SB10001424052748703957904575252130658458208.html?mod=WSJ_US_News_6

Electricity

Duke's 756 MW Moss Landing Gas-Fired Unit 7 in California Shut by May 18

According to the California Independent System Operator, the unit reported an unplanned outage by May 18.

<http://www.caiso.com/unitstatus/data/unitstatus201005181515.html>

Apex Power's 400 MW Gas-Fired Panoche Energy Center Reduced by May 18

According to the California Independent System Operator, the unit reported an unplanned curtailment of 100 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201005181515.html>

Update: Dominion's 1,130 MW Millstone Nuclear Unit 3 in Connecticut Ramped Up to 30 Percent by May 19

The unit shut automatically on May 17 “due to low steam generator water level,” the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 18 the unit was not operating.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100518en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

Update: PPL's 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania Ramped Up to 62 Percent by May 19

Operators shut the unit on May 14 during “required tests on a new integrated digital control system for plant equipment and on pumps that provide water to the reactor vessel,” a plant manager said earlier. The Nuclear Regulatory Commission reported that on the morning of May 18 the unit was operating at 35 percent.

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/Unit+1+at+Susquehanna+nuclear+plant+returns+to+service+051710.htm>

Information also derived from the NRC Power Reactor Status Reports:

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

Update: FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Ramped Up to 17 Percent by May 19

Operators shut the unit on May 11 due to the “loss of control rod drive charging water header pumps,” the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 18 the unit was operating at 1 percent.

<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/>

Update: Constellation's 825 MW Calvert Cliffs Nuclear Unit 1 in Maryland Ramped Up to 15 Percent by May 19

The unit shut on May 12 due to “a complete load rejection,” the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 18 the unit was not operating.

<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/>

AEP to Shut, Restart 558 MW Welsh Coal-Fired Unit 2 in Texas May 19-23

American Electric Power (AEP) expects to shut and restart its 558 MW Welsh coal-fired Unit 2 in Texas from May 19-23 as it repairs “a Skinner valve on an intercept valve” and replaces “a breaker on a motor control center,” the company said in two filings with state regulators.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139900>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139898>

AMP to Retire 213 MW Richard H. Gorsuch Coal-Fired Power Plant in Ohio by December 31, 2012

American Municipal Power (AMP) will permanently shutter the facility by December 31, 2012 as part of a deal to resolve violations of the Clean Air Act, the Justice Department and the U.S. Environmental Protection Agency (EPA) said on May 19. In the interim, the company will implement sulfur dioxide and nitrogen oxide emission limits. AMP decided for business reasons to shut the facility, rather than bring it into compliance, according to the Justice Department’s release.

<http://www.justice.gov/opa/pr/2010/May/10-enrd-585.html>

<http://amppartners.org/generation-assets/gorsuch/>

Update: PSE to Break Ground on 343 MW Phase I of Lower Snake River Wind Project in Washington

Puget Sound Energy (PSE) expects to install 149 2.3 MW turbines. PSE announced in a release "the start of construction," though it was not clear from the text when the company might actually break ground.

http://newsroom.pse.com/article_display.cfm?article_id=427

<http://www.prnewswire.com/news-releases/siemens-secures-order-for-its-single-largest-onshore-wind-project-in-the-united-states-94144119.html>

Energy Composites Corporation Plans Wind Blade Manufacturing Plant in Wisconsin

The company expects to produce up to 1,500 wind blades/year. It plans to start commercial production by the end of the first quarter of 2011.

http://www.energycompositescorp.com/pdf/5-18-10_Press_Release.pdf

Petroleum

Valero Sees no Impact to Production after Exchanger Leak at 315,000 b/d Corpus Christi, Texas Refinery May 18-19

Valero isolated and repaired a heat exchanger due to a suspected leak, the company said in a filing with state regulators. The incident did not have any impact to production, according to a spokesman.

<http://www.reuters.com/article/idUSWNA158920100519?type=marketsNews>

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=139880>

Unit Shutdown Triggers Flaring at BP's 265,000 b/d Carson, California Refinery May 18

It was not clear which unit went offline or whether the incident had any impact to production.

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/59a830e39985b1d588257727007cd42e?OpenDocument>

Delek Restarts FCC-Associated Boiler at 60,000 b/d Tyler, Texas Refinery May 17

Delek restarted a CO boiler associated with a gasoline-producing fluid catalytic cracker unit (FCC) on May 17, the company said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=139865>

Reuters, 16:29 May 18, 2010

BP Resumes Normal Operations after Power Blip at 400,000 b/d Rotterdam, Netherlands Refinery May 17-19

A power failure shut production on May 17. The company resumed full operations by May 19, according to European traders.

DJN, 12:41 May 19, 2010

Enbridge Using Nearly All of Its Oil Storage Capacity at Cushing, Oklahoma Hub

Enbridge has filled almost all of its 14.8 million barrel oil storage capacity at the Cushing, Oklahoma hub, a company spokesman said on May 19.

Reuters, 10:07 May 19, 2010

O&G Drilling Would Interfere With Military Offshore Virginia: Defense Department

Exploratory drilling would significantly interfere with military operations across most of the area that the government expects to lease offshore Virginia, according to the Department of Defense (DOD). Companies could not drill for oil and gas across about 75 percent of the government's planned lease area, DOD said, because the drilling would affect numerous military activities.

<http://www.chicagotribune.com/business/sns-ap-us-virginia-drilling.0.3476117.story>

Shell to Produce More than 700,000 b/d of Oil at Gbaran-Ubie Integrated Oil and Gas Project in Nigeria

Shell expects the site to yield more than 700,000 b/d of oil and 1 Bcf/d of natural gas. It plans to complete the project between 2010 and 2011.

http://www.rigzone.com/news/article.asp?a_id=93492

Update: Iraq Approves Deal to Restart Oil Exports from Kurdistan Region

Kurdistan halted 40,000-60,000 b/d of oil exports in October 2009 amid a financial dispute between it and the central government.

http://www.rigzone.com/news/article.asp?a_id=93470

Natural Gas

Storms Suspected as 10,500 Customers Lose Natural Gas Service in Florida May 17-19

Officials were not sure exactly what caused the outage, but suspected early-week storms could have been to blame. The customers could remain without service until the weekend.

<http://www.cbs12.com/news/gas-4726275-customers-natural.html>

<http://www.sun-sentinel.com/news/palm-beach/fl-north-palm-gas-outage-20100519.0.7634514.full.story>

Cardinal Gas Subsidiary Plans 15 Bcf PerryvilleSM Gas Storage Facility in Louisiana

PerryvilleSM Gas Storage LLC, a subsidiary of Cardinal Gas Storage Partners, expects to construct two 7.5 Bcf natural gas storage caverns in Louisiana. The company plans to open the first cavern in the third quarter of 2012. It expects the two caverns to provide a combined 1,200 MMcf/d of peak deliverability and 600 MMcf/d of peak injection capability.

<http://www.perryvillegasstorage.com/>

<http://www.bizjournals.com/houston/stories/2010/05/17/daily20.html>

Merchant Energy Partners, LLC Plans 9.7 Bcf East Cheyenne Natural Gas Storage Project in Colorado

The company expects to break ground in June 2010 and complete work by September 2011, according to a project affiliate.

<http://www.b2i.us/profiles/investor/ResLibraryView.asp?BzID=702&ResLibraryID=38141&Category=64>

Williston Basin to Boost Capacity by up to 30 MMcf/d along Existing 90 MMcf/d Natural Gas Pipeline in North Dakota and Montana

Williston Basin Interstate Pipeline Company plans to add up to 30 MMcf/d of capacity along its existing 90 MMcf/d, North Dakota-to-Montana natural gas pipeline, it said on May 19. The expansion would involve new facilities at an existing compressor station, and would serve producers in the Bakken production area of Northwestern North Dakota. The company plans to hold an open season from today, May 19, 2010 through June 2, 2010; it aims to open the project in November 2011.

<http://www.mdu.com/News/Pages/NewsArticle.aspx?article=254>

<http://www.wbip.com/Profile/Pages/OperatingStatistics.aspx>

Update: Hess LNG to Scale Back and Relocate Sections of Proposed Crown Landing LNG Terminal in New Jersey

Hess LNG plans to reduce by roughly half the previously-planned distribution capacity of its newly-purchased Crown Landing LNG terminal project in New Jersey, according to a letter to the Federal Energy Regulatory Commission (FERC). The company might also move some of the project's activities away from Delaware waters, it said in the letter, as it seeks to satisfy legal concerns. BP, the project's previous owner, had expected to construct the terminal in Logan Township, New Jersey, but had also planned to build a pier into Delaware territory. The pier, however, violated Delaware state law, and led to a legal battle between the two states. Hess says it has identified "a number of project design modifications which, if implemented, Crown Landing believes will allow the project to comply" with all applicable regulations.

<http://www.delawareonline.com/article/20100518/NEWS/100518015/Energy+company+downsizes+N.J.+project+to+avert+Del.+conflict>

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices May 19, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	68.76	75.66	59.73
NATURAL GAS Henry Hub \$/Million Btu	4.42	4.15	4.02

Source: Reuters

Energy Notes

Update: Oregon DEQ Says it Supports Early Shutdown of PGE's Boardman Coal-Fired Power Plant, but Needs More Time to Assess Pollution Standards during Remaining Years of Operation

<http://finance.yahoo.com/news/Ore-needs-time-to-evaluate-apf-2653722129.html?x=0&.v=1>

TVA to Permanently Store Onsite All Ash Removed during Next Recovery Phase at Kingston Coal-Fired Power Plant in Tennessee - Facility Was Site of Coal Ash Spill in Late 2008

http://www.tva.gov/news/releases/aprjun10/ash_storage.html

Hyperion Power Generation to Seek U.S. License "Within a Year" to Develop Miniature (25 MW) Nuclear Power Plants

<http://www.bloomberg.com/apps/news?pid=20601109&sid=aNWxvJD2xhZ8&pos=14>

Three-Hundred Pounds of Cable Stolen from Dominion Virginia Power Substation on May 12 or May 13

http://www.wavy.com/dpp/news/local_news/suffolk/cable-stolen-from-dominion-power-

Update: Nevada Files with NRC to Okay DOE's Bid to Abandon Proposed Yucca Mountain Nuclear Waste Repository

<http://www.lasvegassun.com/news/2010/may/17/nevada-files-motion-yucca-mountain-withdrawal/>

North Dakota Nearly Finished with 2,000 b/d ULSD Expansion at Mandan, North Dakota Refinery

<http://www.latimes.com/business/nationworld/wire/sns-ap-nd-refinery-startup.0.3561385.story>

Occidental Petroleum Corp. Says Site near Bakersfield, California Contains up to 500 Million Barrels of Oil

<http://www.businessweek.com/news/2010-05-19/occidental-leads-onshore-rush-amid-offshore-crackdown-update2-.html>

Shell to Employ Nine Extra Safety Measures as it Drills in Arctic Ocean over Summer 2010: Company President

<http://www.wcnc.com/news/business/94204459.html>

To Meet June 1 Federal Mandate for Ultra Low Sulfur Diesel for On-highway Use, Colonial Pipeline to Halt Deliveries of Low Sulfur Diesel Within Next Two Weeks

Reuters, 16:16 May 18, 2010

Update: County Commission Selects Magellan Midstream Partners to Construct 1.68 Million Barrel Oil Terminal at Port Everglades, Florida May 18

http://www.tankterminals.com/news_detail.php?id=778

Reliance Industries Shuts 32,000-33,000 b/d MA Fields in Bay of Bengal, India due to Cyclone May 18

<http://beta.profit.ndtv.com/news/show/ril-shuts-oil-gas-at-ma-fields-due-to-cyclone-laila-49002>

Citing Changed Standards, FERC Rejects Yukon Pacific Co.'s Request for More Time to Construct LNG Terminal in Alaska

<http://www.kplr11.com/business/sns-ap-ak-alaska-pipeline-lng.0.7319640.story?track=rss>

Update: El Paso's Tennessee Gas Pipeline Company Receives FERC Okay for 300 Line Project in Pennsylvania and New Jersey - Project Would Involve Looping of Approximately 127 Miles of 30-Inch Natural Gas Pipeline and Compressor Upgrades/Installations

<http://investor.elpaso.com/phoenix.zhtml?c=97166&p=irol-newsArticle&ID=1428868&highlight=>

U.S. Corn Ethanol Exports Rise to Record 45 Million Gallons in March 2010: U.S. Department of Commerce Data

<http://ethanol-news.newslib.com/story/6938-35462/>

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.

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

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