



ENERGY ASSURANCE DAILY

Wednesday, June 06, 2007

Major Developments

Update: Cyclone Gonu Continues to Disrupt Persian Gulf Oil and Gas Shipping June 6

As of 15:00 GMT June 6, Cyclone Gonu was located about 50 nautical miles northeast of Muscat, Oman and is moving in a northwesterly direction towards Iran as it passes over the Gulf of Oman, according to the U.S. military's Joint Typhoon Warning Center. Impacts to oil and gas movements:

- **Strait of Hormuz:** Cyclone Gonu is currently moving over the Gulf of Oman, at the mouth of the Strait of Hormuz. Most tanker traffic in the Strait, through which 15 -17 million barrels of crude oil exports pass daily, has been halted. However, according to one shipping firm, a few ships were still sailing through the Strait, despite 4 to 6 foot swells and strong winds. Oil market analysts say that the impact to global markets will not be major because shipping will speed up after the storm passes.
- **Oman:** Cyclone Gonu made landfall in Oman around midnight local time. According to a government spokesman, rough seas are preventing tankers from sailing from Omani ports, effectively suspending all oil and gas exports for the second straight day, but oil production in Oman has continued everywhere except in one small field. Mina al Fahal, the country's only oil export terminal, which exports 650,000 b/d, has been closed. Oman's Sur LNG export terminal, which exports 10 million tons of liquefied natural gas per year, is expected to be closed for 48 hours. Oman's oil refinery and petrochemical plant in Sohar remain running at low levels, although authorities are considering a total shutdown.
- **UAE:** In the United Arab Emirates, officials said that the port of Fujairah, a major refueling center for Gulf tankers, has suspended all refueling and ship-to-ship supply operations, thereby delaying the movement of tankers. The state news agency reported that the port is closed to all ships. Abu Dhabi National Oil Co. (ADNOC) said on June 6 that it was "business as usual" at its ports, production facilities and offshore platforms.
- **Other Gulf States:** Cyclone Gonu is expected to make landfall along Iran's southern coast late June 7 but according to a senior Iranian oil official, the cyclone is not expected to disrupt oil exports since the main terminals are inside the Persian Gulf. Saudi Arabia and Kuwait have said that the storm is too far away to affect their oil installations.

Maps: TC Warning Graphic: <https://metocph.nmci.navy.mil/jtwc/warnings/io0207.gif>

Satellite Imagery: https://metocph.nmci.navy.mil/jtwc/satshots/02A_061130sams.jpg

Middle East Map: http://www.theodora.com/maps/new8/middle_east.jpg

Sources: <https://metocph.nmci.navy.mil/jtwc/warnings/io0207web.txt>

[http://www.nydailynews.com/news/wn_report/2007/06/06/2007-06-](http://www.nydailynews.com/news/wn_report/2007/06/06/2007-06-06_cyclone_gonu_threatens_gulf_oil_shipment.html)

[06_cyclone_gonu_threatens_gulf_oil_shipment.html](http://www.nydailynews.com/news/wn_report/2007/06/06/2007-06-06_cyclone_gonu_threatens_gulf_oil_shipment.html)

<http://www.swissinfo.org/eng/swissinfo.html?siteSect=105&sid=7898340>

Reuters, 09:06 June 6, 2007

Electricity

Human Error Triggers Rolling Blackouts Across Idaho Power Service Territory June 5

Human error during a drill at Idaho Power June 5 caused a series of rolling power outages across the state, affecting 75,000 to 80,000 customers. According to a company spokeswoman, the error occurred just before 11:00 a.m. local time and caused more than 240 megawatts of electricity to leave the power grid, about 10 percent of Idaho Power's overall power output. The sudden decrease in capacity triggered rolling blackouts in pockets across the company's territory in eastern and central Idaho. Power was fully restored to all customers by around noon.

<http://www.ktvb.com/news/localnews/stories/ktvbn-jun0507-blackouts.1a92ab20.html>

Vermont Regulators Concerned About Cracks at Vermont Yankee Nuclear Plant

Vermont's Department of Public Service (DPS) wants to know whether a recent power capacity boost is the cause of new cracking in a steam dryer at the Vermont Yankee nuclear power plant. The DPS is now seeking more information from the NRC and Entergy Nuclear on five of the 24 cracks that were found in the unit. The DPS is particularly interested in steam dryer cracks because the unit has led to costly problems and lengthy shutdowns in nuclear plants of a similar design after power output was boosted. Entergy officials say the cracks don't compromise safety and are not an indication of anything wrong.

http://www.boston.com/news/local/vermont/articles/2007/06/06/state_raises_concern_about_cracks_discovered_in_yankee_component/

Constellation's 585 MW Ginna Nuke Unit in New York Reduced to 64 Percent June 6

The unit was reduced to 64 percent of capacity at the request of a local utility, Rochester Gas & Electric, which is performing work. The company has not said when the unit will return to full power.

Bloomberg News, 11:19 June 6, 2007

Wisconsin Energy's 512 MW Point Beach Nuke Unit 1 in Wisconsin Shut June 5

The unit was taken offline due to a valve malfunction in a non-nuclear area of the plant.

<http://www.postcrescent.com/apps/pbcs.dll/article?AID=/20070606/APC0101/306060042/1888>

Reuters, 07:18 June 6, 2007

Petroleum

FCC Unit Slowed at Valero's 340,000 b/d Corpus Christi Refinery in Texas June 6

The 20,000 b/d fluidic catalytic cracking (FCC) unit was slowed so that repairs could be made to a soot blower.

Bloomberg News, 12:02 June 6, 2007

FCC Unit Briefly Shut at Citgo's 156,000 b/d Corpus Christi Refinery in Texas June 5

The company restarted the fluidic catalytic cracking (FCC) unit June 5 after the unit auto tripped offline earlier in the day during a storm. The FCC unit had been operating a "minimum rate" before it tripped offline.

Bloomberg News, 12:08 June 6, 2007

Contractor Dies From Electrocutation at BP's Texas City Refinery June 5

A contract worker was electrocuted yesterday while working on a an idled unit that was being reconditioned prior to restart.

Bloomberg News, 12:09 June 6, 2007

Iran Increasing Fleet of Small Attack Boats Capable of Disrupting Oil Traffic in Strait of Hormuz – U.S. Navy

According to a spokesman for the U.S. Office of Naval Intelligence, Iran has more than 1,000 small attack boats and continues to add boats armed with anti-cruise missiles. These ships are capable of challenging U.S. warships and disrupting oil tanker traffic in the Strait of Hormuz if employed using "swarming" tactics.

Bloomberg News, 12:09 June 6, 2007

Iraq's Oil Exports Unaffected by Two-Day Oil Ministry Workers Strike June 6

Bloomberg News, 12:01 June 6, 2007

Natural Gas

Training Standards Agreement Signed for Training U.S. LNG Mariners

On June 5, the U.S. Maritime Administration (MARAD), presidents of the major seafaring unions, and the heads of major maritime academies signed an agreement to implement a set of universal standards in training crews for tankers carrying liquefied natural gas (LNG). The standards were developed by an industry working group facilitated by the MARAD. The agreement will help expand the pool of U.S. mariners qualified to sail the ships in the growing worldwide LNG fleet.

<http://www.marad.dot.gov/LNG%20Signing/LNG%20training%20page.html>

Other News

Canadian Pacific Railroad, Maintenance Workers Union Reach Tentative Agreement to End 3-Week Strike June 6

On June 6, Canadian Pacific (CP) and the Teamsters Canada Rail Conference – Maintenance of Way Employees Division (TCRC-MWED), which represents 3,200 maintenance workers at CP, reached a tentative contract settlement that would end a strike that began May 15. Workers could be back in their positions over the next few days. CP says the strike caused some issues for railroad operations but overall the railroad had no major issues that would keep it from meeting its commitments to customers, which include coal customers and oil sands operators.

CP Operations: <http://www8.cpr.ca/cms/English/TCRCMWED/Status/Operations.htm>
<http://www8.cpr.ca/cms/English/Media/News/General/2007/TCRCMWED+Agreement.htm>
<http://www.platts.com/Coal/News/6390811.xml?p=Coal/News&sub=Coal>

DOE Study of Toxic Gas at Uranium Enrichment Plant in Kentucky Flawed, But Worker Safety and Facility Not Threatened – GAO

According to members of GAO's expert panel, although DOE adequately demonstrated that the public would not be harmed if small amounts of phosgene escaped from the storage cylinders at the Paducah uranium enrichment plant, it neglected to explicitly document its analysis of worker safety in its investigation of possible phosgene contamination.

<http://www.gao.gov/new.items/d07712.pdf>

Energy Prices

U.S. Oil and Gas Prices			
June 6, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S. \$/Barrel	66.10	63.49	72.35
NATURAL GAS			
Henry Hub \$/Million Btu	7.83	7.51	6.35

Source: Reuters

Energy Notes

U.S. Consumers Want National Energy Self-sufficiency, But Oppose Traditional Energy Plants in Their Back Yards - RBC Capital Markets Survey

<http://www.rbc.com/newsroom/20070605cm.html>

Florida PUC Rejects FP&L Co.'s Proposed Clean Coal Plant Over Environmental Concerns June 5

<http://biz.yahoo.com/bizj/070606/1472755.html?.v=1>

National Park Service Opposes LS Power's Planned 1,590 MW White Pine Coal-fired Power Plant in Nevada

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BmqnmnmUSig%7DGL%7Dbfem%5Ev>

TVA's Newly Restarted Browns Ferry Nuke Unit 1 Faces Two More Shutdowns for Testing Within 30 Days

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BmqppqtZSig%7DGL%7Dbfem%5Ev>

Downed Live Electric Wire Ignites Natural Gas Leak on Long Island After Delayed LIPA Response

<http://www.newsday.com/news/printedition/longisland/ny-lifire055243290jun05.0.1598324.story?coll=ny-linews-print>

Terasen Gas Files With Regulators to Build 1.5 Bcf Natural Gas Storage Facility in British Columbia

<http://www.terasengas.com/AboutUs/News/TGVILNGApplication.htm>

Consol Energy Inc. Postpones Major Mine Expansion Plans Until Coal Prices Increase

<http://www.philly.com/philly/wires/ap/news/state/pennsylvania/7845727.html>

Ohio Commission Revokes Amended Permit for U.S. Coking Group's Proposed 1.44 Million Short Tons per Year FDS Coke Plant in Northern Ohio; Company Plans to Go Ahead Under Original Plan

<http://www.platts.com/Coal/News/6390808.xml?p=Coal/News&sub=Coal>

ExxonMobil's Cepu Oil Field in Indonesia to Come Online at 10,000 b/d by Late 2008

International Oil Daily, June 6, 2007

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/index.aspx>.

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