



ENERGY ASSURANCE DAILY

Tuesday Evening, June 08, 2010

Major Developments

Update: BP Aims to Capture 20,000 b/d of Oil from Blown-Out Well in Gulf of Mexico

BP said it had captured 14,800 barrels of leaking oil on June 7, and the U.S. Coast Guard said the company aimed to collect 20,000 b/d. The site's existing processing ship can only handle 15,000 b/d of oil; the U.S. Coast Guard said it expected a separate, 5,000-10,000 b/d ship to arrive in two to three days. BP installed the lower marine riser package (LMRP) containment cap on June 3. It collected 16,600 barrels of oil and 32.7 million cubic feet of natural gas from June 3 through June 5. The LMRP installation process involved cutting a leaking riser pipe so that responders could place the cap over it. Government officials warned, prior to the procedure, that the move could lead to a 20 percent increase in the size of the leak. At least one expert, however – a scientist on the government-assigned team tasked with measuring the size of the spill - said after the operation that, in fact, the procedure had perhaps widened the size of the leak by far more than 20 percent.

<http://www.vancouversun.com/news/spill+cleanup+take+years/3120129/story.html>

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062670>

<http://www.nytimes.com/2010/06/08/us/08flow.html?hp>

DJN, 11:19 June 8, 2010

Update: Deepwater Moratorium to Reduce U.S. Oil Production by 70,000 b/d in 2011: EIA

The Obama Administration's six-month moratorium on deepwater drilling in the Gulf of Mexico should slash U.S. oil production by about 26,000 b/d in the fourth quarter of 2010, and by 70,000 b/d in 2011, the U.S. Energy Information Administration (EIA) said in its Short-Term Energy Outlook on June 8. A ConocoPhillips official, separately, said he expected reduced drilling activity to cut about 100,000-150,000 b/d of oil and gas production.

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

Reuters, 12:25 June 8, 2010

DJN, 10:34 June 8, 2010

DOE Makes Public Detailed Information on the BP Oil Spill June 8

U.S. Energy Secretary Steven Chu announced today that Department is providing online access to schematics, pressure tests, diagnostic results and other data about the malfunctioning blowout preventer. The information is posted at <http://www.energy.gov/oilspilldata>.

<http://www.energy.gov/news/9053.htm>

Update: Amid Job Loss Concerns, Obama Administration to Move Quickly in Bid to Restart Shallow Offshore Drilling

http://online.wsj.com/article/SB10001424052748703303904575292210472764880.html?mod=WSJ_hps_MIDDLE_FifthNews

Update: Oil Rig and Pipeline Spills More than Quadrupled Offshore U.S. during Past Decade

http://www.usatoday.com/news/nation/2010-06-07-oil-spill-mess_N.htm

Update: Cost of Response to Gulf Explosion and Spill Reaches about 1.25 Billion by June 7: BP

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062670>

Update: USF Researchers Find Second Deepwater Oil Plume in Gulf of Mexico

<http://www.cnn.com/2010/US/06/07/gulf.oil.plume/index.html?hpt=TI>

Explosion Forces Offline 250 MMcf/d of Capacity along Enterprise Products Partners' 800 MMcf/d, 36-Inch, 395-Mile North Texas Natural Gas Pipeline June 7

An explosion and fire killed one person and injured eight others on June 7, forcing Enterprise Products Partners to shut a section of its 800 MMcf/d, 36-inch, 395-mile North Texas natural gas pipeline, company and news sources reported. Workers from a power company struck the pipeline as they drilled holes to install poles, according to a local sheriff. The fire was extinguished by yesterday afternoon, a separate sheriff's office said. Enterprise said the shutdown had forced offline about 250 MMcf/d of capacity.

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&id=1435841&highlight=>

<http://www.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=140722>

<http://www.businessweek.com/news/2010-06-07/enterprise-products-shuts-texas-pipeline-after-blast-kills-one.html>

Electricity

Storms Knock Out Power to More than 60,000 CenterPoint Energy Customers in Texas June 8

Some 7,524 customers remained without power, as of latest reports.

<http://www.myfoxboston.com/dpp/weather/100608-without-power-after-storms-move-through-houston>

<http://gis.centerpointenergy.com/OutageTracker/Default.aspx>

Substation Explosion Cuts Power to More than 38,000 Xcel Energy Customers in Colorado June 7

The explosion injured one worker. Xcel re-routed electricity and restored power to the affected customers overnight. The company, however, asked its customers to conserve power on June 8, citing the explosion.

<http://www.kdvr.com/news/sns-ap-co--denver-poweroutage.0.117487.story>

<http://www.thedenverdailynews.com/article.php?aID=8767>

<http://english.peopledaily.com.cn/90001/90777/90852/7017196.html>

<http://www.thedenverchannel.com/news/23827717/detail.html>

Update: Utilities Restore Power to Nearly all Affected Customers across Mid-Atlantic and U.S. Northeast by June 8 – Storms Cut Power to More than 275,000 over Weekend

Storms knocked out power to more than 275,000 customers across 10 states, according to company and news sources. For a full list of affected utilities, see yesterday's Energy Assurance Daily.

<http://www.delmarva.com/home/emergency/maps/stormcenter/>

Update: Duke Energy's 1,100 MW McGuire Nuclear Unit 2 in North Carolina at Full Power by June 8

The Nuclear Regulatory Commission reported that on the morning of June 7 the unit was operating at 50 percent. Information derived from the NRC Power Reactor Status Reports:

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

Update: Exelon's 1,134 MW Limerick Nuclear Unit 1 in Pennsylvania at Full Power by June 8

The Nuclear Regulatory Commission reported that on the morning of June 7 the unit was operating at 60 percent. Information 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 94 Percent by June 8

The Nuclear Regulatory Commission reported that on the morning of June 7 the unit was operating at 60 percent. Information derived from the NRC Power Reactor Status Reports:

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

Update: Luminant's 1,150 MW Comanche Peak Nuclear Unit 2 in Texas at Full Power by June 8

The Nuclear Regulatory Commission reported that on the morning of June 7 the unit was operating at 86 percent. Information derived from the NRC Power Reactor Status Reports:
<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Calpine's 593 MW Metcalf Energy Center Gas-fired Unit in California Reduced by June 7

According to the California Independent System Operator, the unit reported an unplanned curtailment of 308 MW by June 7.
<http://www.caiso.com/unitstatus/data/unitstatus201006071515.html>

Update: Sempra's 558 MW Mesquite Gas-Fired Unit in Arizona Returns to Service by June 7

According to the California Independent System Operator, the unit reported an unplanned outage. Reuters, 11:48 June 7, 2010
<http://www.caiso.com/unitstatus/data/unitstatus201006071515.html>

Update: AES's 226 MW Huntington Beach Gas-Fired Unit 1 in California Returns to Service by June 7

According to the California Independent System Operator, the unit reported a return from an unplanned outage.
<http://www.caiso.com/unitstatus/data/unitstatus201006071515.html>

Duke Energy's 510 MW Moss Landing Gas-Fired Unit 1 in California Ramps up by June 7

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 260 MW.
<http://www.caiso.com/unitstatus/data/unitstatus201006071515.html>

TransAlta Declares Force Majeure at 353 MW Sundance Coal-Fired Unit 3 in Alberta, Canada

TransAlta Corporation declared force majeure, citing "the mechanical failure of critical generator components" at the 353 MW Sundance coal-fired Unit 3 in Wabamun, Alberta, it said on June 7. The company expects to return the unit to service by June 20, but at a reduced capacity of about 330 MW. It plans to return the unit to full capacity after a maintenance outage in 2012.
<http://www.transalta.com/newsroom/news-releases/2010-06-07/transalta-declares-force-majeure-its-sundance-3-thermal-power-plan>

Update: FirstEnergy Completes Nozzle Modifications at 908 MW Davis-Besse Nuclear Power Plant in Ohio by June 3

FirstEnergy completed modifications to 24 of the 69 reactor head control rod drive mechanism nozzles at its 908 MW Davis-Besse nuclear power plant in Ohio, it said on June 3. The company identified small cracks in the nozzles during an inspection. It plans to restart the unit in July 2010.
<http://www.firstenergycorp.com/NewsReleases/2010-06-04%20Davis-Besse%20Reactor%20Head%20Nozzle%20Modifications%20Com.pdf>

Constellation Energy Begins "Commercial Dispatch" of 740 MW Hillabee Gas-Fired Power Plant in Alabama

The company purchased the partly-completed facility from Calpine Corporation in 2008.
<http://ir.constellation.com/releasedetail.cfm?ReleaseID=477403>

Petroleum

Motiva Fixing DCU Jet Pump at 285,000 b/d Port Arthur, Texas Refinery

Motiva is fixing a delayed coking unit (DCU) jet pump at its 285,000 b/d Port Arthur, Texas refinery on June 8-13, due to "a bearing and seal failure," according to a filing with state regulators.
<http://www.businessweek.com/news/2010-06-08/motiva-to-emit-gases-from-port-arthur-refinery-coker-update1-.html>
<http://www11.tceq.state.tx.us/oce/eei/index.cfm?fuseaction=main.getDetails&target=140682>

Update: BP Restarts FCC at 265,000 b/d Carson, California Refinery over Weekend

The gasoline-making fluidic catalytic cracking unit (FCC) shut for unplanned reasons on May 26, according to Reuters.

<http://af.reuters.com/article/energyOilNews/idAFN0722100820100607>

Valero Sees No Impact to Production after SCOT Unit Snag at 170,000 b/d McKee, Texas Refinery

A mechanical error forced offline a feed pump "and initiated the loss of sour water feed to the SRU #2 SCOT unit," the company said in a filing with state regulators. The incident did not have any "material impact to production," according to a spokesman.

<http://www.reuters.com/article/idUSN0823704020100608>

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=140726>

HCU Trips at Tesoro's 100,000 b/d Wilmington, California Refinery June 5

A hydrocracking unit (HCU) tripped, triggering flaring at Tesoro's 100,000 b/d Wilmington, California refinery on June 5, the company said in a filing with state regulators.

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/cbdf765b2cf9ea038825773a001abca5?OpenDocument>

<http://www.reuters.com/article/idUSN0616897120100606?type=marketsNews>

Unit Shutdown Leads to Flaring at ConocoPhillips' 76,000 b/d Rodeo, California Refinery June 7

It was not clear if the incident had any impact to production.

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/b9edab9d4ca74e9f8825773b0063b31e?OpenDocument>

Update: After Late-May Shutdown, Trans-Alaska Pipeline System Delivering about 606,000 b/d of Oil

The trans-Alaska Pipeline System is transporting about 606,000 b/d of oil, a spokesman said on June 7, just days after the line shut due to a power failure and contained oil spill.

<http://www.ktuu.com/Global/story.asp?S=12610295>

Enterprise Products Partners Opens 5.4 Million Barrel Refined Products Storage Facility in Port Arthur, Texas by June 7

The company built the facility to support the expansion of a nearby refinery. The site's 20 storage tanks can hold 5.4 million barrels of gasoline, diesel and jet fuel. It includes five, one-half-mile pipelines that receive products from the refinery.

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&id=1435035&highlight=>

Alberta to Produce 3.2 Million b/d of Bitumen by 2019, from 1.49 Million b/d in 2009: ERCB

Alberta has 171.3 billion barrels of remaining, established bitumen and conventional oil reserves, according to the Energy Resources Conservation Board's (ERCB) annual report, "Alberta's Reserves 2009 and Supply/Demand Outlook 2010-2019." The 171.3 billion figure includes 169.9 billion barrels of bitumen and 1.4 billion barrels of conventional oil. The ERCB forecasts the province to produce 3.2 million b/d of bitumen by 2019, compared to 1.49 million b/d in 2009.

http://www.ercb.ca/portal/server.pt/gateway/PTARGS_0_0_303_263_0_43/http%3BercbContent/publishedcontent/publish/ercb_home/news/news_releases/2010/nr2010_06.aspx

Oil-and-Gas Inventories Should Prevent Hurricane-Related Price Spikes in 2010: Analysts

Forecasters expect the United States to face a very active hurricane season, but analysts predict that larger-than-normal inventories of oil and natural gas should prevent storms from causing spikes in energy prices, according to energy analysts.

Reuters, 15:34 June 7, 2010

Reuters, 07:35 June 8, 2010

Sabotage to Blame for Rupture and Shutdown of Iraq-to-Turkey Oil Pipeline June 6

Sabotage was to blame for a rupture that forced shut the Iraq-to-Turkey oil pipeline on June 6, a source at the Iraqi North Oil Company said on June 8. The source said it could take several days to repair the line. The line delivers about 500,000 b/d, according to Reuters.

Reuters, 05:38 June 8, 2010

Natural Gas

Update: State DEP Orders EOG Resources to Halt Natural Gas Drilling Activities in Pennsylvania, Citing June 3 Blowout at Company Well

The Pennsylvania Department of Environmental Protection (DEP) ordered EOG Resources Inc. to halt its natural gas well drilling activities in Pennsylvania, citing a June 3 blowout at a company-controlled well that led to the release of at least 35,000 gallons of drilling wastewater. In a separate statement on June 7, the company said it had voluntarily halted all operations in the state. It said that containment trenches and sump pumps had captured most of the fluids that flowed from the well. As of early June 6, about 35,000 gallons of the fluids had been recovered and contained on location. The DEP order bans EOG Resources from drilling activities for up to seven days, fracking operations for up to 14 days, and from completing or initiating post-fracking operations for 30 days. The DEP must agree that the investigation has been fully completed before the company can resume activities.

<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/14287?id=11925&typeid=1>

<http://investor.shareholder.com/eogresources/releaseDetail.cfm?ReleaseID=477175>

Questar Holding Open Season for Proposed 50,000 Dth/d Expansion along Mainline 68 in Colorado June 7 – July 15

The company would install compression along the line in Garfield County, Colorado.

<http://www.questarpipeline.com/html/shared/qpc/2FrameSHQPC2010ML68OS.html>

U.S. Natural Gas Production to Increase 3.8 Percent in 2010: EIA

The United States will consume an average 64.9 Bcf/d in 2010, or 3.8 percent more than in 2009, the U.S. Energy Information Administration (EIA) said in its Short-Term Energy Outlook on June 8. That figure will slide to 64.6 Bcf/d in 2011. U.S. gas production, the EIA forecast, should rise by 2.1 percent in 2010. The EIA expects hurricanes to slash about 166 Bcf of natural gas production.

DJN, 12:47 June 8, 2010

U.S. LNG Imports to Jump 22 Percent in 2010: EIA

The United States is forecast to import about 1.47 Bcf/d of liquefied natural gas (LNG) in 2010, or 22 percent higher than in 2009, the U.S. Energy Information Administration (EIA) said in its Short-Term Energy Outlook.

Reuters, 12:29 June 8, 2010

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
June 8, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	71.62	74.10	68.39
NATURAL GAS Henry Hub \$/Million Btu	4.67	4.31	3.51

Source: Reuters

Energy Notes

Storms Knock Out Power to about 20,000 AEP Customers in Texas June 7

<http://www.themonitor.com/articles/strike-39586-continue-today.html>

Storms Cut Electricity to 12,000 Connecticut Light & Power Customers in Connecticut June 6

<http://www.wbz.com/topnews/Tornado-watch-in-effect-for-much-of-New-England/7401579>

Trespassers Burned at Progress Energy Substation in North Carolina June 7 – Incident Knocks Out Power to about 12,000 Customers

<http://www.wbtv.com/Global/story.asp?S=12608631>

Accident Downs Transmission Line, Cuts Power to about 10,500 Black Hills Energy Customers in Colorado June 7

http://www.chieftain.com/news/local/article_7ea71d8c-72b4-11df-b00f-001cc4c002e0.html

Diver Dies While Performing Underwater Maintenance at Entergy's Indian Point Nuclear Power Plant in New York June 7

<http://finance.yahoo.com/news/Man-working-underwater-dies-apf-1464563850.html?x=0&.v=1>

Suncor Energy Subsidiary Receives Approval from Alberta Utilities Commission for Proposed 88 MW Wintering Hills Wind Power Facility in Alberta, Canada

http://www.canadianbusiness.com/markets/headline_news/article.jsp?content=b3580850

BP Reports Brief Flare Shutdown at 160,000 b/d Toledo, Ohio Refinery during Weekend Storms

<http://af.reuters.com/article/energyOilNews/idAFN0825119520100608>

CNOOC Returns 27,000 b/d BZ25-1/BZ25-1 South Oilfields to Service in China – Winds Damaged Facility, Forced Offline Production in November 2009

<http://www.prnewswire.com/news-releases/cnooc-ltds-bz25-1bz25-1south-oilfields-back-to-full-production-95841049.html>

Update: FERC Okays Denali's Plans to Hold Open Season in July for Proposed Natural Gas Pipeline in Alaska

<http://www.google.com/hostednews/ap/article/ALeqM5gNqGgCpTG6sJgIn1GH5n1Q3T1TxAD9G6OH3G0>

Archer Daniels Midland Asks EPA to Approve 12 Percent Ethanol Blends

<http://uk.reuters.com/article/idUKN0722036520100607>

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>

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