



ENERGY ASSURANCE DAILY

Thursday Evening, June 10, 2010

Major Developments

BP Plans Enhancements to LMRP Containment System at Blown-Out Well in Gulf of Mexico

BP collected approximately 15,000 barrels of oil and flared 29.4 million cubic feet of natural gas on June 8 via its recently-installed lower marine riser package (LMRP) containment cap system at the site of the blown-out MC252 well in the Gulf of Mexico, the company said on June 8. It collected about 7,920 barrels of oil and flared 15.7 million cubic feet of natural gas in the first 12 hours of June 9. It began transferring crude on June 9 – lightering – from the Discoverer Enterprise to the barge Massachusetts. The barge is expected to deliver the oil for discharge at an onshore terminal. BP is preparing at least two enhancements to the LMRP containment system. First, it plans to use the hoses and manifold that were deployed for the “top kill” operation to take oil and gas from the blow-out preventer (BOP) through a separate riser to the Q4000 vessel on the surface. The system is expected to be ready in mid-June, and could allow BP to capture more oil and gas. Second, the company plans to provide a more permanent LMRP containment system. It aims to direct the oil and gas to a new free-floating riser ending about 300 feet below sea level. It plans to then attach a flexible hose to a containment vessel. The system would be designed to allow more effective disconnection and reconnection of the riser, thus providing greater flexibility during a hurricane. BP expects to implement the plan in early July. BP said separately that it was preparing to use the rig from the “top kill” procedure to collect, and then burn off, another 5,000 to 10,000 barrels of oil.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062828>

Reuters, 10:40 June 10, 2010

Update: Cost of Response to Deepwater Horizon Incident Reaches about 1.43 Billion: BP

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062828>

Obama Administration Could Lift Moratorium on Offshore Deepwater Drilling Sooner than Six Months: Salazar

<http://www.journalgazette.net/article/20100610/NEWS03/306109992/1066/NEWS03>

Electricity

TVA's 1,118 MW Browns Ferry Nuclear Unit 2 in Alabama Shut June 9

The unit shut automatically on June 9 due to the "closure of main steam isolation valves," the company said in a filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of June 9 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100610en.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: Southern's 856 MW Hatch Nuclear Unit 1 in Georgia Ramped Up to 72 Percent by June 10

The unit slowed to 28 percent power by June 9 due to an issue with a condenser vacuum, a spokeswoman said previously. The Nuclear Regulatory Commission reported that on the morning of June 9 the unit was operating at 60 percent.

<http://af.reuters.com/article/energyOilNews/idAFN0915582920100609>

Information also 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 Returns to Service by June 9

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 308 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201006091515.html>

Elk Hills Power's 552 MW Elk Hills Gas-Fired Unit in California Reduced by June 9

According to the California Independent System Operator, the unit reported an unplanned curtailment of 327 MW by June 9.

<http://www.caiso.com/unitstatus/data/unitstatus201006091515.html>

PG&E Declares Unusual Event after Toxic Spill in Protected Area at 2,323 MW Diablo Canyon Nuclear Power Plant in California June 9

Pacific Gas & Electric (PG&E) declared an Unusual Event on June 9 after “a drain valve leak occurred in the condensate polisher buttress area” at its 2,323 MW Diablo Canyon nuclear power plant in California, the company said in a filing with the Nuclear Regulatory Commission (NRC). About 5 gallons of sodium hydroxide were contained. The company ended the Unusual Event in less than two hours. There were no injuries and no equipment damage. In a separate NRC filing, the company said the incident occurred in the “DCPP Unit 1 Turbine Building buttress area.” The unit remained online, according to that filing.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100610en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100610en.html>

Update: Xcel Energy Installing Temporary Transformers after June 7 Explosion at Substation in Colorado

Xcel asked some of its customers to conserve energy by June 9 after an early-week explosion damaged a substation in Colorado. The company was working to install temporary transformers, but said the temporary facility could deliver about one-third of the electricity as the damaged site.

<http://www.kdvr.com/news/kdvr-temporary-transformers-xcel-substation-outages-txt,0,2801346.story>

<http://cbs4denver.com/wireapnewsco/Xcel.Energy.installing.2.1742855.html>

Petroleum

Equipment Snag Triggers Flaring at ConocoPhillips 195,000 b/d Belle Chasse, Louisiana Refinery June 6

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

Reuters, 15:00 June 9, 2010

Valero Sees No Impact to Production after Leak at 144,000 b/d Benicia, California Refinery June 9

Valero quickly repaired a leaking pipe at a reformer unit, and the incident had no impact to production, a company spokesman said.

Reuters, 08:56 June 10, 2010

Global Oil Consumption to Increase by 1.7 Million b/d in 2010: IEA

The world will consume a record 86.4 million b/d of oil in 2010, or 2 percent more than in 2009, the International Energy Agency (IEA) said in its monthly oil-market report. The 86.4 million b/d figure marked a 60,000 b/d increase from IEA's previous forecast. OPEC, conversely, said on June 9 that it expected global oil demand to fall by 175,000 b/d in 2010, compared to 2009. That marked a 70,000 b/d decrease from the organization's prior projection.

<http://omrpublic.iaea.org/>

<http://www.businessweek.com/news/2010-06-10/iea-raises-2010-world-oil-demand-estimate-on-recovery-update2-.html>

http://online.wsj.com/article/SB10001424052748704312104575298031260397708.html?mod=WSJ_latestheadlines

<http://online.wsj.com/article/SB10001424052748704575304575296342953833882.html>

Extended Moratorium on Offshore Drilling Could Reduce Gulf of Mexico Oil Production by 100,000 b/d to 300,000 b/d by 2015: IEA

The six-month moratorium on deepwater offshore drilling has not affected current oil production rates, but an extended moratorium could cut forecasted oil output in the Gulf of Mexico by 100,000 b/d to 300,000 b/d by 2015, the International Energy Agency (IEA) said in its monthly oil-market report,

<http://omrpublic.iaea.org/>

http://online.wsj.com/article/SB10001424052748704312104575298031260397708.html?mod=WSJ_latestheadlines

U.S. Oil Production Rose by 460,000 b/d in 2009: BP

U.S. oil output jumped by 460,000 b/d in 2009 as production in the Gulf of Mexico increased by 390,000 b/d, BP said in its BP Statistical Review of World Energy. The 390,000 b/d figure was triple the Gulf's previous growth record, according to BP.

Reuters, 13:23 June 9, 2010

Canadian Oil Production to Surge by 1.5 Million b/d over Next 15 Years: CAPP

Canada will produce 4.3 million b/d of oil in 2025, compared to 2.8 million b/d in 2010, the Canadian Association of Petroleum Producers (CAPP) forecast on June 9. The 4.3 million b/d figure includes 3.5 million b/d of oil sands production; the 2.8 million b/d figure includes 1.5 million b/d of oil sands output.

<http://www.capp.ca/aboutUs/mediaCentre/NewsReleases/Pages/2010-Oil-Forecast.aspx#aQZKGEXD96t7>

Production Problems to Postpone Nigerian Escravos Oil Loadings in June and July

Production problems will delay loadings of Nigerian Escravos oil by eight to 10 days in June and July, according to trade sources. The nation had been expected to export, on average, 158,000 b/d of Escravos crude in June and 215,000 b/d in July.

Reuters, 11:50 June 10, 2010

Natural Gas

Spectra Plans 200 MMcf/d Dawson Natural Gas Processing Plant in British Columbia, Canada

The plant would serve customers in the Montney play of northeast British Columbia, Canada, Spectra Energy said on June 10. The company plans to complete the project in two phases; it expects to open 100 MMcf/d in late 2011 and another 100 Mmcf/d in early 2013.

<http://investors.spectraenergy.com/phoenix.zhtml?c=204494&p=irol-newsArticle&ID=1436726&highlight=>

Other News

Pacific Ethanol Aims to Reopen 100 MMGal/Yr. of Ethanol Plants in California as Subsidiaries Emerge from Bankruptcy

Pacific Ethanol, Inc confirmed a reorganization plan for its wholly-owned subsidiary, Pacific Ethanol Holding Co. LLC (PEH), along with PEH's four wholly-owned ethanol production facility subsidiaries. The plan is expected to be effective by the end of June 2010. The company seeks to reopen two ethanol plants in California: a 60 MMGal/Yr. facility in Stockton and a 40 MMGal/Yr. facility in Madera.

<http://www.pacificethanol.net/site/documents/news/FinalPORConfirmationrelease060910.pdf>

<http://www.pacificethanol.net/site/index.php/about/facilities/>

<http://www.brighterenergy.org/11862/news/bioenergy/pacific-ethanol-restructures-with-hope-of-reopening-idled-plants/>

Highlands EnviroFuels LLC Plans 30 MMGal/Yr. Ethanol Plant and Associated 25 MW Electric Power Facility in Highlands County, Florida

The plant would process sorghum and sugar cane.

http://ethanolproducer.com/article.jsp?article_id=6689

Virent Energy Systems Seeks to Construct up to 100 MMGal/Yr. Biofuel Plant by End of 2015

Virent Energy Systems hopes to open a commercial-scale biofuel facility by the end of 2015, according to its chief executive. He did not say where the company expected to build. The plant would process sugars from beets, corn, and sugar cane.

http://lacrossetribune.com/news/local/state-and-regional/article_621ccd00-73d7-11df-8217-001cc4c002e0.html

Energy Prices

U.S. Oil and Gas Prices			
June 10, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	75.52	72.68	71.17
NATURAL GAS Henry Hub \$/Million Btu	4.75	4.58	3.53

Source: Reuters

Energy Notes

Update: North Carolina Utilities Commission Okays Progress Energy's Plan for 620 MW Gas-Fired Power Plant at Existing Sutton Plant in North Carolina – Company to Retire Sutton's Existing Three Coal-Fired Power Units after Gas-Fired Plant Enters Service

<http://www.progress-energy.com/aboutus/news/article.asp?id=24342>

Citing Response Problems, NRC Orders Local Fire Department to Retry Nuclear Emergency Drill in West Virginia

<http://www.news-register.net/page/content.detail/id/538580.html?nav=510>

DOE Offers U.S. Geothermal \$102.2 Million Loan Guarantee for Planned 22 MW Geothermal Power Plant at Neal Hot Springs in Oregon

<http://finance.yahoo.com/news/US-Geothermal-Inc-Offered-iw-2444435824.html?x=0&v=1>

Flaring at ExxonMobil's 238,600 b/d Joliet, Illinois Refinery June 6

Reuters, 14:17 June 9, 2010

Update: U.S. Department of State Postpones by Two Weeks Approval of Draft Environmental Impact Statement for TransCanada's Proposed Canada-to-U.S. Midwest Keystone Oil Pipeline

http://www.canadianbusiness.com/markets/market_news/article.jsp?content=D9G8FFB01

Qatar to Boost LNG Production Capacity to 77 Million Tons by End of 2010

http://www.downstreamtoday.com/news/article.aspx?a_id=22941

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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