



ENERGY ASSURANCE DAILY

Thursday, June 29, 2006

Major Developments

Update: Coast Guard to Reopen Rest of Calcasieu Ship Channel in Next 2 Days CORRECTION: Calcasieu Lake, Not Ship Channel Reopened June 28

Yesterday the Energy Assurance Daily reported that the Calcasieu Ship Channel had reopened to commercial traffic. This should be corrected to say that the Calcasieu *Lake* reopened to commercial traffic. As of yesterday, about 11 miles of the Calcasieu Ship Channel, which connects the Lake Charles refining hub with the Gulf of Mexico, remained closed; one week after the Coast Guard closed the waterway to clean up an oil spill caused by heavy rains. Today the U.S. Coast Guard said that it hopes to reopen the rest of the Calcasieu Ship Channel within the "next couple of days." The Coast Guard said the channel's full reopening will depend on how a vessel test-run through the channel affects the continuing clean-up efforts. The test was planned for early Thursday morning. A Coast Guard representative told Bloomberg News that the ship channel may reopen to "limited" tugboat and barge traffic today. The closure of the Calcasieu Ship Channel has forced reduced rates at three Lake Charles refineries, which make up about 4 percent of total U.S. refining capacity. Yesterday the U.S. Department of Energy announced that it had approved two loans from the Strategic Petroleum Reserve to Citgo's 440,000 b/d Lake Charles refinery and ConocoPhillips' 239,000 b/d Westlake refinery. Yesterday the DOE also said that the loans, which totaled 750,000 barrels of sour crude oil, would be delivered to the refineries within two to three days. For more information on the closure of the Calcasieu Ship Channel please see editions of the Energy Assurance Daily from the past week.

U.S. Coast Guard Map: <http://www.d8publicaffairs.com/go/doc/425/123584/>

http://today.reuters.com/stocks/QuoteCompanyNewsArticle.aspx?view=CN&storyID=2006-06-28T174140Z_01_N28363605_RTRIDST_0_ENERGY-USA-OIL-UPDATE-2.XML&rpc=66

http://today.reuters.com/stocks/QuoteCompanyNewsArticle.aspx?view=CN&storyID=2006-06-29T125007Z_01_N29146232_RTRIDST_0_TRANSPORT-CALCASIEU-UPDATE-1.XML&rpc=66

<http://www.platts.com/Oil/News/7565361.xml?p=Oil/News&sub=Oil>

Reuters, 08:37 June 29, 2006

Bloomberg News, 14:24 June 29, 2006

Heavy Rains and Flooding Shut Buckeye Pipeline Segment in New York

The Oil Price Information Service (OPIS) reported the Buckeye pipeline experienced a washout in the Vestal, NY area. This washout led to a shutdown of the line that moves refined petroleum products north and northwest of that area. According to I-Map, at the area of the washout, the pipeline is 14 inches wide and north of the area, in Cold Spring, NY, the pipeline splits into two 10 inch legs traveling east and west. The eastern leg supplies Syracuse, NY and Utica, NY and the western leg supplies Rochester, NY. OPIS also reports that there is concern that product may not be able to move into the Syracuse, Rochester, and Utica markets.

Opis Alert, 09:50 June 29, 2006

www.imapdata.com

PECO to Cut Electric and NatGas Service in Areas of Pennsylvania Due to Flooding

Taking safety precautions against problems caused by recent flooding across the region, PECO expects to intentionally cut service to its electric and natural gas customers located in flood-prone areas. If service is cut, it will not be restored until conditions have been evaluated and inspections are completed, which could take several days.

<http://biz.yahoo.com/prnews/060628/phw039.html?.v=51>

Update: Minnesota Pipe Line Partially Resumes Service on Leaking System Pine Bend Refinery Says No Impact on Production if Restart Stays on Track

On the night of June 27, a rupture on the Minnesota Pipe Line System halted operations, cutting off crude oil supply to two Minneapolis-St. Paul area refineries. The pipeline system is made up of two parallel pipes, only one of which ruptured. The unaffected line resumed operations today after approval from the U.S. Department of Transportation's Pipeline and Hazardous Materials Administration and the Minnesota Office of Pipeline Safety.

The pipeline company said yesterday that it hopes to resume service on the ruptured line this weekend once repairs are complete. However, according to DOT officials, the ruptured pipe will stay offline until the cause of the leak is determined – a process which can anywhere from one day to over a week. The Minnesota Pipeline has a capacity of 300,000 b/d and transports Alberta crude to Flint Hills/Koch Industries' 280,000 b/d Pine Bend refinery and Marathon Oil's 70,000 b/d St. Paul Park refinery. A spokesman from the Pine Bend refinery said that there should be no material impact to production, should the Minnesota Pipe Line's restart schedule be met.

http://today.reuters.com/investing/financeArticle.aspx?type=bondsNews&storyID=2006-06-28T222843Z_01_N28409676_RTRIDST_0_ENERGY-MINNESOTA-PIPELINE-UPDATE-2.XML

<http://www.twincities.com/mld/pioneerpress/news/local/14931381.htm>

http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20060629005580&newsLang=en

<http://www.mapllc.com/about/stpaulpark.html>

<http://www.fhr.com/Minnesota/default.aspx>

Bloomberg 13:45 June 29, 2006

Reuters: Reports of Problems at Sunoco Refineries in Philadelphia and New Jersey Persist but are Unconfirmed

According to Reuters, traders have reported that problems resulting from a fire have forced Sunoco to shut the 200,000 b/d main crude unit at its 340,000 b/d Philadelphia refinery. In addition, there were reports that mechanical problems at Sunoco's 130,000 b/d Westville refinery in New Jersey would result in the closure of the 55,000 b/d catalytic cracking unit for a long as two to three weeks. Reuters reported that it was unable to confirm the account of problems at the Philadelphia refinery with Sunoco and that Philadelphia fire department was unable to provide any information about problems at the site.

Reuters, 12:20 June 29, 2006

Electricity

Hundreds of Thousands Ordered to Evacuate in Northeast; at Least 36,000 Customers Without Electricity June 28

Hundreds of thousands of people were ordered to evacuate in areas of the Northeast due to flooding from streams and rivers. Especially vulnerable areas included Wilkes-Barre, Pennsylvania, Trenton, New Jersey, and Montgomery County, Maryland. New York State Electric and Gas Corporation is working to restore service to 16,000 electric and 1,500 gas customers. About 20,000 PEPCO residents in Anne Arundel, Maryland, were without power as of June 28.

<http://www.twincities.com/mld/pioneerpress/news/local/14925987.htm>

<http://www.pressconnects.com/apps/pbcs.dll/article?AID=/20060629/NEWS01/606290364/1006>

TXU's 750 MW Martin Lake 3 Coal-fired Unit in Texas to Restart June 29

TXU Corporation plans to restart its 750-megawatt Unit 3 at the Martin Lake coal-fired power station in Texas on June 29 after repairing a boiler tube leak. The unit has been shut since June 27.

Reuters, 08:10 June 29, 2006

Petroleum

NYMEX Gasoline Futures at Nine-Month High on June 29

A number of factors combined to push gasoline futures rose to a nine-month high on NYMEX today. Reports of problems at Sunoco's Philadelphia refinery, leading to the closure of the 200,000 b/d main crude unit, coupled with the closure of the Calcasieu Shipping Channel in Louisiana, which limited output at three refineries, as well as anticipated gasoline demand of the upcoming Independence Day holiday were cited as the major factors in the increase.

Reuters, 12:50 June 29, 2006

Natural Gas

Lynx Pipeline in Alberta Ramps Up to 40 MMcf/d

Talisman Energy's 45-mile long Lynx natural gas pipeline has ramped up to 40 MMcf/d, providing natural gas to Grande Cache area in Northern Alberta Foothills. The Lynx pipeline potentially has a nominal capacity of 130 MMcf/d of raw gas. Talisman is also currently installing additional pipeline facilities in the Palliser area, which are expected to be complete in September. Talisman, with an additional 20 MMcf/d of shut-in gas from Lynx and Palliser, expects its North American natural gas production to average about 880 MMcf/d in the second quarter and increasing to over 940 MMcf/d in the fourth quarter.

<http://intelligencepress.com/subscribers/daily/news/story.emb?REF=47535>

<http://biz.yahoo.com/iw/060628/0140250.html>

FERC Approves El Paso's Cypress Natural Gas Pipeline

FERC has approved Cypress Pipeline expansion project which Southern Natural Gas, El Paso's subsidiary, has proposed. The project will add a new 176-mile pipeline from Savannah, Georgia to Jacksonville, Florida. The pipeline is scheduled begin service in mid-2007.

<http://investor.elpaso.com/phoenix.zhtml?c=97166&p=irol-newsArticle&ID=876682&highlight=>

Other News

DEP Orders Two Coal Mines to Close in West Virginia

The West Virginia Department of Environmental Protection ordered two mines in the state to stop operations due to heavy rains and flooding. Delbarton Mining Operations in Mingo County is shut down indefinitely and International Coal Group in Nicholas County also has stopped its operations.

<http://www.platts.com/Coal/News/7563894.xml?p=Coal/News&sub=Coal>

US Senate Appropriations Approves Energy Spending \$24.7 Billion for FY 2007

The U.S. Senate Appropriations Committee approved \$24.7 billion in spending for the Department of Energy for FY 2007, a \$658 million increase from President Bush's budget request. A bill passed by the House approved a slightly smaller amount, \$24.4 billion. However, the specifics of the two spending packages vary substantially which could result in difficult negotiations between the two versions.

<http://www.platts.com/Nuclear/News/7565465.xml?sub=Nuclear&p=Nuclear/News&?undefined&undefined>

Millennium Ethanol Breaks Ground on New Ethanol Biorefinery in South Dakota

On June 23, Millennium Ethanol, LLC, broke ground on its new ethanol biorefinery in Marion, South Dakota. Once in operation, the facility will generate 100 million gallons of ethanol per year.

Alternative Transportation Fuels Today, June 29, 2006

http://www.yankton.net/stories/062406/community_20060624019.shtml

Energy Prices

U.S. Oil and Gas Prices			
June 29, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	73.55	70.41	57.26
NATURAL GAS Henry Hub \$/Million Btu	6.04	6.51	7.04

Source: Reuters

Energy Notes

FirstEnergy Spends \$22 Million on Control Center to Improve Electric Reliability

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6848285

Update: Sierra Club Files Lawsuit Against DOD Over Wind Project Delays

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6848408

144 of 156 Emergency Sirens Function Properly at Indian Point Nuke Plant in New York

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6847584

U.S. Automakers to Double Flexible-Fuel Vehicle Production by 2010

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=

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