



# ENERGY ASSURANCE DAILY

Tuesday Evening, July 06, 2010

## Major Developments

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### **Update: BP to Boost Collection Capacity to 53,000 b/d toward End of Week at Blown-Out Well in Gulf of Mexico**

BP expects its floating riser containment system to be ready for first operations toward the end of this week, the company said on July 5. Hurricane Alex hampered efforts to bring the process online earlier. The system is slated to connect to the Helix Producer vessel, and will increase collection capacity to an estimated 53,000 b/d, according to the Unified Command's Joint Information Center.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063432>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/740359/>

### **Update: Hurricane Alex Halts Oil Skimming Operations for About Three Days in Gulf of Mexico: BP**

Hurricane Alex halted oil skimming operations for about three days in the Gulf of Mexico, BP said on July 5, but normalized sea conditions allowed skimming to resume, according to the Unified Command's Joint Information Center.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063432>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/740359/>

### **Update: BP Recovers About 24,980 Barrels of Oil at Site of Blown-Out Well in Gulf of Mexico July 5**

BP collected 16,760 barrels of oil, flared an additional 8,220 barrels of oil, and flared about 57.1 million cubic feet of natural gas on July 1 via the dual recovery system at the blown-out MC252 well in the Gulf of Mexico, the company said on its website.

<http://www.bp.com/extendedsectiongenericarticle.do?categoryId=40&contentId=7061813>

### **Update: Cost of Response to Deepwater Horizon Incident Reaches about \$3.12 Billion by July 5: BP**

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063432>

### **Update: NOAA Expands Closed Fishing Area in Gulf of Mexico by July 5 – Closed Area Represents about 33.5 Percent of Gulf of Mexico Federal Waters**

<http://www.deepwaterhorizonresponse.com/go/doc/2931/740359/>

### **Update: Rough Seas Lead to Inconclusive Tests of Taiwanese “A Whale” Skimmer in Gulf of Mexico – Ship Can Skim Approximately 500,000 b/d of Oil**

<http://www.mb.com.ph/articles/265465/giant-oil-skimmer-not-ready-gulf-mexico-spill-site>

### **Update: U.S. Navy (Blimp) Airship to Direct Skimmers, Search for Oil, and Look for At-Risk Wildlife in Gulf of Mexico**

<http://content.usatoday.com/communities/greenhouse/post/2010/07/blimp-arrives-for-gulf-spill-cleanup-as-oil-reaches-texas/1>

### **Update: U.S. Coast Guard and EPA Send Directive to BP on Oil Spill Waste Management Plan July 1**

<http://yosemite.epa.gov/opa/admpress.nsf/0/C85667FE897AFC698525775300710D4D>

## **Update: With Most Skimmers Already Fighting Deepwater Horizon Fallout, United States Would Struggle to Contain New Oil Spill**

<http://www.usanewsweek.com/news/BP-Oil-Spill-Clean-up-leaves-U-S--vulnerable-to-another-spill-1278438349/>

## **Transmission Station Fire Cuts Power to 250,000 Hydro One Customers in Toronto, Ontario July 5**

A transmission station fire forced offline 900 MW of electricity from the Toronto, Ontario power grid on July 5, knocking out power to as many as 250,000 Hydro One customers, a company spokeswoman said. The company restored service to all affected customers within less than four hours.

<http://www.ottawacitizen.com/news/Tens+thousands+power+Toronto/3238439/story.html>

<http://www.google.com/hostednews/afp/article/ALeqM5g2eAXgfYB92yCGkmGjcxNfY7ElzA>

## ***Electricity***

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## **Update: "System Disturbance" Cuts Power to More than 100,000 Xcel Energy Customers in Colorado July 1**

Seven substations shut down and more than 100,000 Xcel Energy customers were briefly without power on July 1, the company said. Xcel restored power to all but 20,000 customers within 16 minutes, and returned service to the remaining 20,000 in more than an hour.

<http://cbs4denver.com/news/xcel.energy.power.2.1785836.html>

## **EPA Proposes Regulations to Cut Air Pollution from Power Plants in 31 States and D.C.**

The U.S. Environmental Protection Agency (EPA) is proposing regulations to cut air pollution from power plants in 31 states and Washington, D.C., it said on July 6. The transport rule would reduce power plant emissions of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) to meet state-by-state emission reductions. By 2014, the rule and other state and EPA actions would reduce SO<sub>2</sub> emissions by 71 percent over 2005 levels. NO<sub>x</sub> emissions would drop by 52 percent.

<http://yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/c045295ced7dcf6885257758005b74bb!OpenDocument>

## **Update: Entergy's 730 MW Palisades Nuclear Unit in Michigan at Full Power by July 4**

The unit went offline by June 25 due to issues with a control rod valve seal, according to Reuters. The Nuclear Regulatory Commission reported that on the morning of July 3 the unit was operating at 2 percent.

Reuters, 09:04 July 6, 2010

Information also derived from the NRC Power Reactor Status Reports:

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

## **Exelon's 1,134 MW Limerick Nuclear Unit 1 in Pennsylvania at Full Power by July 4**

The Nuclear Regulatory Commission reported that on the morning of July 3 the unit was operating at 90 percent. Information derived from the NRC Power Reactor Status Reports:

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

## **Southern's 830 MW Farley Nuclear Unit 1 in Alabama Reduced to 77 Percent by July 6**

The Nuclear Regulatory Commission reported that on the morning of July 5 the unit was operating at 90 percent. Information derived from the NRC Power Reactor Status Reports:

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

## **Update: Calpine's 561 MW Los Medanos Energy Center Gas-Fired Unit in California Ramps up by July 2**

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 297 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201007021515.html>

## **Update: Duke's 325 MW Morro Bay Gas-Fired Unit 4 in California Returns to Service by July 2**

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201007021515.html>

### **Update: SMUD's 102 MW Solano Wind Farm in California Returns to Service by July 2**

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201007021515.html>

### **After Brief Outage, NRG to Restart 813 MW Limestone Coal-Fired Unit 2 in Texas July 3-4**

NRG planned to shut the unit on July 2-4 to fix a boiler tube leak, but the company expected to restart the unit on July 3-4, it said in separate filings with state regulators.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141896>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141908>

### **Update: San Miguel Electric Coop Restarting 410 MW San Miguel Coal-Fired Power Plant in Texas July 2**

San Miguel Electric Coop began restarting its 410 MW San Miguel coal-fired power plant in Texas by July 2, according to a filing with state regulators. The company shut the unit on June 30 to fix a tube leak, it said in a previous regulatory filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141902>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141838>

### **Xcel to Shut 347 MW Harrington Coal-Fired Unit 2 in Texas July 5-12**

Xcel planned to shut the unit “to work on ductwork and coal delivery system,” it said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141815>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141809>

## ***Petroleum***

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### **Update: After Hurricane Alex, Companies Restore Most Oil and Gas Production in Gulf of Mexico by July 3**

Companies continued to re-board platforms and restore production in the Gulf of Mexico on July 3, the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) said. Just 18,125 b/d of oil production and 133 MMcf/d of natural gas output remained offline as of 11:30 AM CDT on July 3, according to BOEMRE. That represented about 1.13 percent of the Gulf's oil production and approximately 2.08 percent of its natural gas output, but marked a significant decline from the 421,350 b/d of oil production and 919 MMcf/d of natural gas output that had been shut in by June 30. Personnel remained evacuated from 15 production platforms and two rigs. The 15-platform total represented just 2.37 percent of the 634 manned platforms in the Gulf of Mexico, according to BOEMRE. BOEMRE said the July 3 release would be its last update on Alex-related shutdown statistics.

<http://www.mms.gov/ooc/press/2010/press0703.htm>

### **Update: BOEMRE Slow to Approve Shallow Drilling Projects in Gulf of Mexico**

The newly-named Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) issued 11 shallow drilling permits from June 8 through June 30, compared to its usual rate of 10 to 15 permits per week, according to Bloomberg News and an official with Seahawk Drilling Inc. The slower pace had led to a “de facto moratorium,” with approximately one out of every three shallow Gulf rigs offline, a general counsel at Hercules Offshore said by July 2. That is twice the typical rate, he said. Separately, an Interior Department official said recently that the government was expected to soon issue more shallow-Gulf permits.

<http://www.businessweek.com/news/2010-07-02/shallow-gulf-drilling-grinds-toward-halt-as-permits-trickle-out.html>

<http://www.google.com/hostednews/ap/article/ALeqM5gTKjTMgMpgMTGMz7N8B4ahjYX8GAD9GLNIV80>

### **FCC Snag Triggers Flaring at Total's 232,000 b/d Port Arthur, Texas Refinery July 4**

An upset on a gasoline-making fluidic catalytic cracking unit (FCC) led to flaring at Total's 232,000 b/d Port Arthur, Texas refinery on July 4, the company said in a filing with state regulators. It was not clear if the incident had any impact to production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141912>

<http://af.reuters.com/article/energyOilNews/idAFWEN667120100704>

## **Hydrogen Unit Shutdown Leads to Flaring at ExxonMobil's 149,000 b/d Torrance, California Refinery July 5**

ExxonMobil shut the unit "due to a mechanical issue," a refinery spokeswoman said. It was not clear if the incident had any impact to production

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/46f5f5aa5906a363882577580019823a?OpenDocument>

DJN, 10:21 July 6, 2010

## **One Dead after Explosion along Propane Pipeline in Georgia July 5**

A man and his son drove a tractor over a propane pipeline owned by Dixie Pipeline in Thomson, Georgia on July 5, triggering an explosion that injured the man and killed his son, multiple sources reported. The local fire chief expected the fire to keep burning for at least another day, as of late morning on July 5. The pipeline runs from Texas to North Carolina. A company spokesman said the incident would not impact customers.

<http://www.11alive.com/news/local/story.aspx?storyid=145999&catid=3>

<http://www2.wjbf.com/news/2010/jul/06/pipeline-explosion-claims-life-mcduffie-county-man-ar-493817/>

## **Separatist Rebels Seen to Blame for Explosion along Iraq-to-Turkey Oil Pipeline over Weekend**

The Kurdistan Workers Party (PKK) was suspected to blame for an explosion along the Turkish side of the Kirkuk, Iraq-to-Ceyhan, Turkey oil pipeline on July 3, officials said. A technical issue on the Iraqi segment had forced shut the line late last week, but Iraq fixed that problem and restarted deliveries on July 4, according to a source with the nation's North Oil Co. It was not clear if the bomb-related damage had been repaired, as of latest reports. The line delivers an average 500,000 b/d of oil, according to Reuters.

<http://af.reuters.com/article/worldNews/idAFTRE6630OV20100704>

<http://af.reuters.com/article/energyOilNews/idAFLDE6630GA20100704>

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## **Natural Gas**

### **Eagle Ford Gathering LLC Plans about 85 Miles of 24-Inch and 30-Inch Natural Gas Pipeline in Texas**

Kinder Morgan and Copano Energy's jointly-owned Eagle Ford Gathering LLC plans to construct approximately 85 miles of 24-inch and 30-inch natural gas pipeline from the western Eagle Ford Shale to a compressor station in Duval County, Texas. The line is expected to enter service during the summer of 2011. It would serve up to 200,000 MMBtu/d of production from a third-party's – SM Energy Company's – Eagle Ford acreage.

<http://www.copanoenergy.com/RSS/News.asp?releaseID=1444446>

### **Update: Environmental Impact Report Sees "Significant and Unavoidable" Risk of Leak from Sacramento Natural Gas Storage's Proposed 7.5 Bcf Storage Facility in California**

Sacramento Natural Gas Storage LLC's proposed 7.5 Bcf natural gas storage facility in south Sacramento, California holds a "significant and unavoidable" risk of leakage that "could result in groundwater impacts, health effects, and potentially flash fires or explosions," according to the project's recently-issued final environmental impact report. The prospect of a leak is seen as unlikely, but because the risk is significant, California law would only allow the state Public Utilities Commission to approve the project if it issued a "statement of overriding considerations."

<http://www.sacbee.com/2010/07/05/2869271/south-sacramento-gas-storage-plan.html>

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## **Other News**

### **Obama Announces \$1.45 Billion Conditional Commitment Offer for Abengoa Solar Inc.'s 250 MW Solar Power Generating Facility in Arizona**

President Obama announced on July 3 the offer of a conditional commitment to Abengoa Solar Inc. for a \$1.45 billion loan guarantee to finance the construction and start-up of a concentrating solar power generating facility. The Solana, Arizona plant will add 250 megawatts (MW) of capacity to the electrical grid using parabolic trough solar collectors and an innovative six-hour thermal energy storage system – the first of its kind in the country.

<http://www.energy.gov/news/9177.htm>

## **Obama Announces \$400 Million Conditional Commitment Offer to Abound Solar Manufacturing, LLC**

President Obama announced on July 3 the offer of a conditional commitment for a loan guarantee of \$400 million to Abound Solar Manufacturing, LLC to manufacture state-of-the-art thin-film solar panels. The project includes two facilities: one in Longmont, Colorado and the other in Tipton, Indiana. Abound will produce photovoltaic panels through a process in which thin films of Cadmium-Telluride are deposited onto the glass panels. The panels can be produced at a lower cost than crystalline silicon modules. Upon completion, the project will be able to manufacture enough panels each year to support up to 840 megawatts (MW) of new solar power annually. It is expected to reach full capacity by 2013.

<http://www.energy.gov/news/9179.htm>

## **Update: Sunoco Restarts 100 MMGal/Yr. Volney, New York Ethanol Plant by July 1**

Sunoco bought the plant in June 2009, according to a previous news source. The site had initially been expected to produce 100 MMGal/Yr. of ethanol but, due to design issues, it never reached full capacity. Sunoco hired a firm last year to correct the problem.

<http://www.9wsyr.com/news/local/story/Ethanol-plant-hopes-start-producing-in-2010/r-tncyPUOAcIblewVSQ.csp>

<http://ethanol-news.newslib.com/story/6938-35714/>

<http://ethanol-news.newslib.com/story/6938-35805/>

## **United States Exports 40.8 Million Gallons of Ethanol in April 2010: Government Data**

The United States exported 40.8 million gallons of ethanol in April 2010, the Renewable Fuels Association (RFA) said, citing data from the Department of Commerce, Census Bureau, and the Department of Agriculture Foreign Ag Service. U.S. ethanol production slid to 832,000 b/d in April 2010, from 847,000 b/d in March, according to the Energy Information Administration (EIA). Ethanol demand, however, rose to an all time high of 834,000 b/d in April 2010, compared to 673,000 b/d one year ago, the RFA said.

<http://www.ethanolrfa.org/news/entry/april-2010-daily-ethanol-production-demand/>

## **Energy Prices**

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<b>U.S. Oil and Gas Prices</b>			
July 6, 2010			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	71.96	75.61	64.23
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	4.85	4.85	3.49

Source: Reuters

## **Energy Notes**

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### **Update: Hurricane Alex Remains Knock Out Power to 20,000 CenterPoint Energy Customers in Texas July 2 – Company Restores Power by July 3**

[http://www.thaindian.com/newsportal/world/houston-lashed-by-rainfall-caused-by-alex\\_100390158.html](http://www.thaindian.com/newsportal/world/houston-lashed-by-rainfall-caused-by-alex_100390158.html)

### **Equipment Snag Cuts Power to Approximately 17,000 Jersey Central Power and Light Customers in New Jersey July 5 – Company Restores Service in Less than Five Hours**

[http://www.northjersey.com/news/070510\\_Power\\_out\\_to\\_17000\\_customers\\_in\\_northern\\_NJ.html](http://www.northjersey.com/news/070510_Power_out_to_17000_customers_in_northern_NJ.html)



**Equipment Failure Cuts Power to 10,700 Mid American Energy Customers in Iowa July 6 – Company Restores Power to Most in Less Than Two Hours**

<http://www.ketv.com/news/24156136/detail.html>

**Tree Falls on Wire, Knocking Out Electricity Briefly to 10,000 Georgia Power Customers in Georgia July 4**

<http://www.11alive.com/news/local/story.aspx?storyid=145962&catid=3>

**Citing “Growing Problem” of Copper Theft, Georgia Electric Utilities Offer \$500 Reward for Identification of Copper Thieves July 6**

[http://www.georgiapower.com/news/iframe\\_pressroom.asp](http://www.georgiapower.com/news/iframe_pressroom.asp)

**State Regulators Renew Air Permit for Duke Energy Carolina's Cliffside Coal-Fired Power Plant in North Carolina - Renewal Covers Existing Units 1-5 and Under-Construction Unit 6, but Unit 6 Will Face Further Requirements upon Completion**

[http://daq.state.nc.us/news/pr/2010/cliffside\\_07012010.shtml](http://daq.state.nc.us/news/pr/2010/cliffside_07012010.shtml)

<http://charlotte.bizjournals.com/charlotte/stories/2010/06/28/daily43.html?ana=yfcpc>

**Steel Used in Construction of TransCanada's Alberta-to-Illinois Keystone Oil Pipeline Came from Foreign Producer That Provided Defective Steel to Numerous Other Pipeline Companies: Plains Justice**

[http://www.stltoday.com/business/article\\_ca8cc681-0846-5cd8-ac11-c7457d291f14.html](http://www.stltoday.com/business/article_ca8cc681-0846-5cd8-ac11-c7457d291f14.html)

**Update: Citing Gulf of Mexico Oil Spill, Bulgarian President Says Nation Plans to Drop Out of Plans for Oil Pipeline from Bulgaria-to-Greece, Burgas-to-Alexandroupolis Oil Pipeline**

<http://www.ft.com/cms/s/0/75564a9e-88e6-11df-8925-00144feab49a.html>

**Update: U.S. West Coast Refineries Importing about 100,000 b/d of Oil from Russia – News Source Credits Newly-Opened Eastern Siberia-Pacific Ocean Oil Pipeline**

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=23262](http://www.downstreamtoday.com/news/article.aspx?a_id=23262)

**Update: Enterprise Products Attempted to Mark Natural Gas Pipeline Prior to June 7 Explosion in Texas: Spokesman**

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=23247](http://www.downstreamtoday.com/news/article.aspx?a_id=23247)

**SRU Shutdown at Belvan Midway Lane Gas Plant in Texas July 5-8**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141950>

**Fire Damages Dehy Unit at Rocksprings Compressor Station in Texas July 2**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141903>

**Electrical Failure Leads to Brief Shutdown of All Compressors at Dollarhide Gas Plant in Texas July 2**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141906>

**Com-6 and Com-2 Shutdowns Cause Flaring at Andrews Booster Station in Texas July 2**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141904>

**Breaker Trip Leads to SRU Shutdown at Keystone Gas Plant in Texas July 3**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141907>

**West Waddell Compressor Station in Texas Shuts and Restarts July 4**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141922>

## Operators Restart Weir Booster Station in Texas after Discharge Line Repairs July 3

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141909>

## Enterprise Products Isolates and Blocks In Ruptured 8-Inch Natural Gas Gathering Line in Texas - Company Also Shuts In Three Natural Gas Producers July 2

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141901>

## Links

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### ***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](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>

Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)