



ENERGY ASSURANCE DAILY

Friday, July 20, 2007

Major Developments

First Gas Flows from 1 Bcf/d Ultra-Deepwater Independence Hub in the Eastern Gulf of Mexico July 19

The Atwater Valley Producers Group, along with the owners of the Independence Hub, have announced that first production was achieved July 19 from the first of 15 subsea wells at the Independence Hub project located offshore in the Gulf of Mexico. Most of the additional 14 wells have been completed and flow-tested – the majority of which demonstrated flow rates above 50 MMcf/d – and will be brought on stream one at a time during 2007. The producers expect to ramp up production toward the Hub's capacity of 1 Bcf/d by late 2007. Located in 8,000 feet of water on Mississippi Canyon block 920, approximately 123 miles southeast of Biloxi, Mississippi, the Independence Hub is the deepest production platform ever installed and also is the world's largest offshore natural gas processing facility. The Independence Hub is a 105-foot, deep-draft, semi-submersible platform with a two-level production deck. The natural gas processed through the Hub when operating at full capacity represents an increase of more than 10 percent in supplies from the Gulf of Mexico. The Independence Trail pipeline connects the Hub platform to onshore markets via an interconnect with the Tennessee Gas Pipeline at Enterprise's West Delta block 68 shallow-water manifold platform. The pipeline is approximately 134 miles long, 24 inches in diameter and has the capacity to transport up to 1 Bcf/d.

http://www.anadarko.com/investor_relations/news_release_detail.asp?id=1028609

Electricity

Update: ConEdison Continues Clean Up Efforts in Manhattan Following Steam Blast

ConEdison crews continue to work with other agencies in the clean-up in midtown following Wednesday's steam-main rupture. All but five of 19 steam power service customers in the vicinity have had service restored. Work is continuing in order to restore the remaining customers. The company also has been repairing damaged electrical cables, enabling it to end yesterday's calls for customers in the vicinity to reduce electrical usage.

<http://www.coned.com/newsroom/news/pr20070720.asp>

Update: ComEd Restoring Power Customers After Series of Explosions in Aurora, Illinois July 20

ComEd is expecting to fully restore power to all affected customers by this morning despite a torrential downpour. The events began Monday morning when an underground utility vault exploded for unknown reasons and knocked out power to some customers. A second explosion occurred Tuesday night.

http://www.suburbanchicagonews.com/beaconnews/news/475398,AU19_COMED_WEB.article

26,000 DTE Customers Still Without Power in Detroit Area July 20

Thursday's thunderstorm knocked out power to 60,000 Detroit Edison customers at its peak. A total of about 2,400 customers of Lansing Board of Water & Light and Consumers Energy also lost power due to the storm.

<http://www.detnews.com/apps/pbcs.dll/article?AID=/20070720/UPDATE/707200411/1003>

<http://www.stateneews.com/article.phtml?pk=41673>

Update: About 10,000 Dominion Customers Remain Without Power in Virginia July 20

According to Dominion's website, as of 17:31 July 20, 10,336 customers were still without electricity after thunderstorms on Thursday knocked out power to over 97,000 customers.

http://www.dom.com/news/outage_sos.jsp

APS's 1,314 MW Palo Verde Nuke Unit 1 in Arizona Up to 20 Percent Power July 20

The nuclear power plant was scheduled to restart July 7-8, but was stalled due to work on a valve in the safety injection system. The company anticipates the unit to be at full power by the weekend.

Reuters, 07:29 July 20, 2007

Complete's 260 MW La Paloma Gas-fired Unit 1 in California Idled July 20

The unit shut again after being restarted on July 18. No cause was reported.

Bloomberg News, 19:47 July 19, 2007

Mirant's 682 MW Pittsburg Gas-fired Unit 7 in California Restarted July 19

Bloomberg News, 19:30 July 19, 2007

FERC Proposes Adoption of New Reliability Standards for Cyber Security in the Bulk Power System July 19

The Federal Energy Regulatory Commission (FERC) has proposed to approve a set of reliability standards developed by the North American Electric Reliability Corporation (NERC) to help safeguard the nation's bulk electric power supply system against potential disruptions from cyber attacks. The proposed standards require certain users, owners and operators of the grid to establish plans, protocols and controls to safeguard physical and electronic access to systems, to train personnel on security matters, to report security incidents, and to be prepared to recover information.

Press Release:

http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20070720-3001

Proposed Standards CIP 002 - 009:

http://www.nerc.com/~filez/standards/Reliability_Standards.html

Petroleum

Coker Feed Reduced at Shell's 334,000 b/d Deer Park, Texas Refinery July 19

According to a filing with Texas regulators, Shell reduced feed to the coker after a compressor on the unit tripped offline due to the failure of a constant voltage transformer.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=94297>

Exchanger Unit Leaks at Citgo's 156,000 b/d Corpus Christi, Texas Refinery July 19

According to a filing with Texas regulators, Citgo reported a leaking exchanger ADP/BTX unit at the refinery. Citgo took immediate action to repair the leak having released an estimated 25 pounds of benzene.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=94303>

Bloomberg News, 10:13 July 20, 2007

Kerosene Hydrotreater Incident Causes Valero to Flare at 325,000 b/d Port Arthur Refinery in Texas July 19

Bloomberg News, 11:02 July 20, 2007

Placid Begins Upgrade to Increase Fuel Production, Reduce Emissions at 55,000 b/d Port Allen, Louisiana Refinery

Placid Refining Company LLC has started an upgrade project to increase gasoline production by 30 percent and reduce emission by 50 percent at its Port Allen refinery. The refinery currently produces about 1 million gallons of gasoline per day and supplies 35 to 40 percent of the gasoline consumed in the Baton Rouge area. When the upgrades are complete, gasoline production capacity will increase to 1.3 million gallons per day. The refinery's total crude oil throughput of 55,000 b/d will not change. The first phase of the project began in June of this year and involves construction of a new process unit that will reduce the level of sulfur in gasoline, modifications to the facility's Fluid Catalytic Cracker to reduce emissions of sulfur to the atmosphere, and necessary infrastructure improvements. This work is scheduled for completion in the second quarter of 2008. The second phase begins this fall and will upgrade and expand the refinery units that process heavier oils and convert them to gasoline and diesel. The majority of the construction for the second phase is scheduled for the third quarter of 2008.

<http://www.placidrefining.com/Press/Expansionrel.pdf>

Update: Total Lifts Force Majeure on Exports from 240,000 b/d Dalia Oilfield in Angola July 19

The company lifted the force majeure Thursday night and began ramping up production at the field. The force majeure was put in place on Wednesday after a technical problem reduced production levels to around 127,000 b/d on Tuesday.

http://www.rigzone.com/news/article.asp?a_id=47956

Fire Strikes Ras Tanura Terminal in Saudi Arabia, Oil Loadings Not Affected July 19

A fire Thursday at Saudi Aramco's Ras Tanura North Product Terminal occurred at approximately 9:30 a.m. and was brought under control by 10:30 a.m. The area was undergoing maintenance activities at the time of the incident. There is no interruption of Saudi Aramco crude oil or product production or loading activities

<http://www.saudiaramco.com/irj/portal/anonymous>

Petroleos de Venezuela Oil Production Decreases to 2.37 Million b/d Due to Lack of Rigs

The company missed their target of 191 operational rigs for this year by 71 rigs, leading to declining production rates. Venezuelan oil output has decreased from 2.60 million b/d to 2.37 million b/d.

http://www.rigzone.com/news/article.asp?a_id=47924

Natural Gas

Compressor Shut at 135 MMcf/d Salt Creek Gas Processing Plant in Texas July 19

According to a filing with Texas regulators, a low pressure inlet compressor was taken down for unscheduled maintenance to replace hot valves on the compressor first stage throw #3 valves.

<http://www2.tceq.state.tx.us/ee/main/index.cfm?fuseaction=getDetails&target=94283>

Northwest Pipeline Proposes 33-mile Colorado Hub Connection Project

The proposed pipeline will connect hubs from Rio Blanco County, Colorado to Sand Springs, Colorado.

<http://intelligencepress.com/>

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
July 20, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	75.30	73.89	73.30
\$/Barrel			
NATURAL GAS			
Henry Hub	6.50	6.27	6.14
\$/Million Btu			

Source: Reuters

Energy Notes

13,000 Tucson Electric Power Customers Lost Power Due to Thunderstorms July 19

<http://www.kold.com/Global/story.asp?S=6816128&nav=14RT>

Alternate Energy Holdings Begins Permit Process for 1,600 MW Nuclear Power Plant and an Ethanol Plant in Idaho

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BnqigmtqSTnk%7DGI%7Bbfem%5Ev>

Tampa Port Authority Approves Underwater LNG Pipeline from Port Manatee to St. Petersburg, Florida July 18

<http://www.heraldtribune.com/article/20070718/NEWS/707180332/1006/SPORTS>

Nexen and OPTI Intends on Using Products Drilled from Canada's Oil Sands as Energy Source for Drilling Process Instead of More Expensive Natural Gas

http://www.rigzone.com/news/article.asp?a_id=47922

Pemex and Oil Union in Mexico Consent to New Contracts, Avoiding Potential Strike

http://www.rigzone.com/news/article.asp?a_id=47927

Delays for Russia's Easter Siberia-Pacific Ocean Pipeline for Crude Oil Reserve Explorations

Kyodo News, July 19, 2007

Baltic Pipeline System-2 Construction Delayed Pending Decision on Pipeline Endpoint

http://www.energyintel.com/PublicationHomePage.asp?publication_id=3

Kuwait Studying Options for a 400,000 to 600,000 b/d Refinery in Louisiana

http://www.downstreamtoday.com/News/Articles/200707/Kuwait_Still_Considering_Louisiana_Refin_4887.aspx

Team to Study Olympic Pipeline and Determine Whether Its Limited Capacity Leads to High Fuel Prices

<http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=4896>

Port Arthur Council Designates 206 Acres of Vacant and Submerged Lands for ExxonMobil LNG Facility near Sabine Pass, Texas

<http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=4893>

Imperial Gains Oil and Gas Exploration Rights in Beaufort Sea in the Arctic

<http://www.theglobeandmail.com/servlet/story/LAC.20070720.RBEAUFORT20/TPStory/Business>

Exelon Files for Air Permit for New 640 MW Natural Gas Plant at Mountain Creek, Texas July 19

<http://www.exeloncorp.com/>

Reuters, 18:32 July 19, 2007

Federal Officials Pull Out Oil and Gas Leases from Auction in Montana Citing Threat to Wildlife Populations

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=8618718

KinderMorgan Approved for 248-mile Fuel Pipeline Expansion to Las Vegas from 143,200 b/d to 186,000 b/d

<http://www.forbes.com/feeds/ap/2007/07/19/ap3932554.html>

Nearby Sagebrush Fire Closes Nuclear Fuel Facility at DOE's Idaho National Laboratory July 19

Reuters, 18:36 July 19, 2007

Constellation Energy and EDF Form Joint Venture on Developing New Nuclear Power Plants in the United States and Canada

<http://ir.constellation.com/phoenix.zhtml?c=112182&p=irol-newsArticle&ID=1028724&highlight>

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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