



# ENERGY ASSURANCE DAILY

Friday Evening, July 23, 2010

## Major Developments

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### **Tropical Storm Bonnie Forces Offline More than 450,000 b/d of Oil Production, 667 MMcf/d of Natural Gas Output in Gulf of Mexico by July 23**

Companies evacuated workers from platforms and rigs in the path of Tropical Storm Bonnie and shut in some 452,302 b/d of oil production and 667 MMcf/d of natural gas output in the Gulf of Mexico by 11:30 CST on July 23, the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEM) said in a release. Workers had been evacuated from 11 production platforms, or 1.74 percent of the 634 manned platforms in the Gulf of Mexico, according to BOEM. Personnel had also been evacuated from two rigs, or 5.13 percent of the 39 currently operating. The center of Tropical Storm Bonnie was located inland over the southern Florida Peninsula as of this afternoon, and the National Hurricane Center (NHC) expected the storm to move over the Eastern Gulf of Mexico tonight and Saturday. The storm was forecasted to approach the Northern Gulf Coast late on Saturday. The National Hurricane Center (NHC) issued a tropical storm warning for Florida's west coast from East Cape Sable, northward to Englewood, and for Destin, Florida to Morgan City, Louisiana, it said on July 23. Multiple companies reported more specific impacts:

- Enbridge declared force majeure, effective on July 24, along its 600 MMcf/d, 101-Mile Nautilus natural gas pipeline in the Gulf of Mexico. The company also said it planned to evacuate 20 to 30 non-essential workers on July 23 from offshore natural gas facilities connected to its pipelines.
- Marathon Oil Corp said it was readying to evacuate 15 non-essential workers from its Ewing Bank 873 platform in the Gulf of Mexico. The platform remained online as of July 22, according to a spokesman.
- Shell began evacuating non-essential workers from the Gulf of Mexico on July 21, citing forecasted weather conditions.
- BP started evacuating workers from its eight Gulf facilities, Reuters reported on July 22.
- Chevron said it was evacuating non-essential workers from its Gulf of Mexico operations, and had begun to shut in some production.
- ExxonMobil said it was evacuating non-essential workers from facilities expected to be in the storm's path. The storm had not impacted production, as of July 23.
- ConocoPhillips was evacuating non-essential workers from the Magnolia Platform in the Gulf of Mexico, but said production had not been impacted, as of late-morning on July 23.
- Enterprise Products Partners planned to shut in 100 MMcf/d of natural gas production and 4,000 b/d of oil output across three platforms in the Gulf of Mexico, a spokesman said on July 23. The company was evacuating 30 workers from six platforms.
- Apache evacuated about 25 offshore workers and shut in approximately 2,350 b/d of oil production and 6.7 MMcf/d of natural gas output, the company said on July 23.
- Anadarko began to evacuate workers from its facilities in the Gulf of Mexico, but said on July 23 that production had not been affected.
- Murphy Oil planned to take offline 20,000 b/d of oil production and about 60 MMcf/d of natural gas production ahead of the storm.

NHC: <http://www.nhc.noaa.gov/index.shtml#BONNIE>

BOEM: <http://www.boemre.gov/ooc/press/2010/press0723.htm>

Enbridge: <http://www.xe.com/news/2010-07-22%2014:33:00.0/1291173.htm?c=1&t=> ,

Reuters, 13:16 July 23, 2010

Marathon: <http://www.reuters.com/article/idUSWEN758420100722>

Shell:

[http://www.shell.us/home/content/usa/aboutshell/media\\_center/storm\\_center/storm\\_updates/2010/td\\_22/td22\\_update1\\_072110.html](http://www.shell.us/home/content/usa/aboutshell/media_center/storm_center/storm_updates/2010/td_22/td22_update1_072110.html)

BP: <http://af.reuters.com/article/energyOilNews/idAFN2216044120100723>

Chevron: <http://www.chevron.com/news/mediaresources/stormupdates/>

ExxonMobil: [http://www.exxonmobil.com/corporate/community\\_safety\\_er\\_storm.aspx](http://www.exxonmobil.com/corporate/community_safety_er_storm.aspx)  
ConocoPhillips: <http://www.conocophillips.com/EN/newsroom/stormcenter/Pages/index.aspx>  
Enterprise Products Partners: Reuters, 13:25 July 23, 2010  
Apache: Reuters, 11:37 July 23, 2010  
Anadarko: <http://www.anadarko.com/Media/Pages/MediaUpdates.aspx>  
Murphy Oil: Reuters, 11:00 July 23, 2010

### **Update: Tropical Storm Bonnie Forces Evacuations from Site of Blown-Out Well in Gulf of Mexico, but Officials Expect to Keep Cap in Place**

The federal government directed ships to evacuate the site of the blown-out MC252 well in the Gulf of Mexico as Tropical Storm Bonnie approached on July 22, but the government's top spill official, U.S. Coast Guard retired Admiral Thad Allen, expected the sealing cap to remain over the well throughout the storm. Admiral Allen said he "directed BP to take measures to ensure the vessels operating the ROVs are the last to leave, and the first to return in order to maximize monitoring of the well." BP said on July 23 that it expected to temporarily suspend relief well activities at the well site, citing the storm. Crews were also removing protecting booms in certain at-risk areas; an emergency management official in Florida said that, if left in place, the booms "could become projectiles." The storm was expected to reach the spill site as soon as tomorrow, July 24, according to the National Hurricane Center (NHC). It threatened to disrupt operations for 10 to 14 days, as of latest reports. Admiral Allen, however said the site would likely only be abandoned for approximately 48 hours.

<http://www.deepwaterhorizonresponse.com/go/doc/2931/818767/>

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063926>

<http://www.nhc.noaa.gov/index.shtml#BONNIE>

<http://www.cnn.com/2010/US/07/23/gulf.oil.disaster/index.html?hpt=T1>

<http://www.cnn.com/2010/US/07/23/tropical.weather/index.html?video=true?video=true&hpt=T1>

Reuters, 11:05 July 23, 2010

Reuters, 10:54 July 23, 2010

### **Update: Deepwater Horizon Fire Alarm System Was Partly Disabled Prior to Fatal April Explosion: Electrician**

DJN, 12:45 July 23, 2010

<http://www.washingtonpost.com/wp-dyn/content/article/2010/07/23/AR2010072302515.html>

### **Update: NOAA Re-Opens 26,388 Square Miles of Gulf Water to Commercial and Recreational Fishing July 22 – Closed Area Now Represents About 24 Percent of Federal Gulf of Mexico Waters**

<http://www.deepwaterhorizonresponse.com/go/doc/2931/818767/>

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## ***Electricity***

### **Storms Cut Power to More than 50,000 Customers in U.S. Midwest July 22**

Storms cut electricity to 32,000 We Energies customers in Wisconsin, about 10,800 ComEd customers in Illinois, and 8,800 Consumers Energy customers in Michigan on July 22-23, multiple news sources reported.

<http://www.jsonline.com/news/wisconsin/99052519.html>

<http://www.wgntv.com/weather/wgntv-kenosha-storms-knock-down-trees-barns-july23,0,6184987.story>

[http://www.mlive.com/news/kalamazoo/index.ssf/2010/07/more\\_than\\_6600\\_residents\\_in\\_so.html](http://www.mlive.com/news/kalamazoo/index.ssf/2010/07/more_than_6600_residents_in_so.html)

### **TVA's 1,118 MW Browns Ferry Nuke Unit 2 in Alabama Reduced to 50 Percent by July 23**

The Nuclear Regulatory Commission reported that on the morning of July 22 the unit was operating at full power. Information derived from the NRC Power Reactor Status Reports:

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

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## ***Petroleum***

See Major Developments.

## Natural Gas

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### Two Dead after Explosion at Natural Gas Well in Pennsylvania July 23

The Huntley & Huntley-owned well is located in Allegheny County, Pennsylvania. It was not immediately clear if the blast had impacted any natural gas production.

DJN, 12:14 July 23, 2010

## Other News

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### Secretary Chu Announces Six Projects to Convert Captured CO2 Emissions from Industrial Sources into Useful Products

U.S. Energy Secretary Steven Chu announced on July 22, the selection of six projects that aim to find ways of converting captured carbon dioxide (CO2) emissions from industrial sources into useful products such as fuel, plastics, cement, and fertilizers. Funded with \$106 million from the American Recovery and Reinvestment Act - matched with \$156 million in private cost-share the selections demonstrate the potential opportunity to use CO2 as an inexpensive raw material that can help reduce carbon dioxide emissions while producing useful by-products.

<http://www.energy.gov/news/9247.htm>

### California Team to Receive up to \$122 Million for Energy Innovation Hub to Develop Method to Produce Fuels from Sunlight

U.S. Deputy Secretary of Energy Daniel Poneman yesterday announced an award of up to \$122 million over five years to a team of scientists to establish an Energy Innovation Hub aimed at developing revolutionary methods to generate fuels directly from sunlight. The Joint Center for Artificial Photosynthesis (JCAP), to be led by the California Institute of Technology (Cal Tech) in partnership with the U.S. Department of Energy's Lawrence Berkeley National Laboratory (Berkeley Lab), will bring together leading researchers in an effort to simulate nature's photosynthetic apparatus for practical energy production. The goal of the Hub is to develop an integrated solar energy-to-chemical fuel conversion system and move this system from the bench-top discovery phase to a scale where it can be commercialized.

<http://www.energy.gov/news/9243.htm>

### Arizona Officials Report More Instances of Elevated Ethanol Levels in Gasoline Supplies at In-State Pumping Stations

The Arizona Department of Weights and Measures ordered six in-state pumping stations to shut down their 91 octane premium and 89 octane midgrade fuel supplies in late-June and July of 2010, because the products contained more ethanol than permitted by federal law.

<http://ethanol-news.newslib.com/story/6938-35975/>

## Energy Prices

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U.S. Oil and Gas Prices			
July 23, 2010			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	78.65	75.54	65.76
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	4.67	4.43	3.49

Source: Reuters

**Black Hills Corp Receives Air Permit, Breaks Ground on Two Power Generation Projects in Colorado July 22**

<http://www.blackhillscorp.com/news10/072210.pdf>

**Cleveland Hopkins International Airport to Install New Generators and Additional Power Line in Bid to Prevent Outage-Induced Disruptions**

<http://www.fox8.com/news/sns-ap-oh--clevelandairport-electrcity,0,4588028.story>

**Westar Energy Seeks Renewable Energy Proposals for up to 200 MW of Power - Company Aims to Bring Additional Power Online by Late 2012**

[http://www.westarenergy.com/corp\\_com/contentmgt.nsf/resources/2010-7-23/\\$File/2010-7-23.pdf?openelement](http://www.westarenergy.com/corp_com/contentmgt.nsf/resources/2010-7-23/$File/2010-7-23.pdf?openelement)

**Fuel Truck Overturms in Hawaii July 21 – Truck Was Carrying 8,000 Gallons of Fuel**

[http://www.staradvertiser.com/news/hawaiinews/20100722\\_Fuel\\_spill\\_vapors\\_force\\_closure\\_of\\_Big\\_Island\\_highway.html](http://www.staradvertiser.com/news/hawaiinews/20100722_Fuel_spill_vapors_force_closure_of_Big_Island_highway.html)

**Equipment Snag Causes Flaring at Motiva's 235,000 b/d Convent, Louisiana Refinery July 22**

Reuters, 07:07 July 23, 2010

**Update: After Pipeline Explosion, Chinese Oil Spill Spans at Least 165 Square Miles – Officials Order Ports to Alter Operations, Improve Spill-Prevention**

<http://www.google.com/hostednews/ap/article/ALeqM5hnRc-COAnkwXl4pq3IR3420c9jQOD9H4QII00>

<http://www.nytimes.com/2010/07/24/world/asia/24china.html>

**Gathering Line Blockage Triggers Flaring at West Credo Booster Station in Texas July 23-24**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=142656>

**Colorado Interstate Gas Declares Force Majeure, Reduces Capacity by 90 MMcf/d at 770 MMcf/d Laramie East Compressor Station, Effective July 24**

<http://ebb.cigco.com/ebbCIG/Notices/NoticeView.asp?sPipelineCode=CIG&sSubCategory=Critical&sNoticeId=8082>

**Turbine Shuts, Restarts at Goldsmith Gas Plant in Texas July 22**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=142655>

**Update: Mexican Landowner Files Suit in California Court against Sempra Energy, Claiming Various Charges Related to Ongoing Dispute over Sempra's LNG Facility in Mexico**

[http://www.nctimes.com/business/article\\_79ec8820-ac3b-57dc-aa39-b0e02fba80d0.html](http://www.nctimes.com/business/article_79ec8820-ac3b-57dc-aa39-b0e02fba80d0.html)

**Update: Calais LNG Seeks New Financial Backer for Proposed LNG Terminal in Calais Maine – Company Says it Will Withdraw Application if it Cannot Locate New Backer within Three Weeks**

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=23445](http://www.downstreamtoday.com/news/article.aspx?a_id=23445)

**LINN Produces 27.0 MMcf/d of Natural Gas and 3,190 b/d of Condensate during 24-Hour Testing at Well in Texas Panhandle by July 22**

[http://www.rigzone.com/news/article.asp?a\\_id=96454](http://www.rigzone.com/news/article.asp?a_id=96454)

## Update: Massey Says High Levels of Methane Gases Were Present in Upper Big Branch Coal Mine in West Virginia Prior to Fatal April Explosion

<http://www.latimes.com/business/nationworld/wire/sns-ap-us-mine-explosion-methane.0,683422.story>

### 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>

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