



ENERGY ASSURANCE DAILY

Wednesday, August 23, 2006

Electricity

NRC Sees No Safety Issues to Preclude License Renewal for Oyster Creek, Requires Resolution of Corrosion Problem

A staff report of the Nuclear Regulatory Commission has found no safety issues that would preclude the renewal of the license of AmerGen's Oyster Creek nuclear generating station in New Jersey. Nonetheless, the report requests additional information on a number of "open items" dealing with corrosion in the drywell system. The NRC indicated that a revised safety report will be issued by December 1.

<http://www.platts.com/Nuclear/News/7661595.xml?p=Nuclear/News&sub=Nuclear>

<http://www.platts.com/Nuclear/News/7661105.xml?p=Nuclear/News&sub=Nuclear>

Update: Duke Energy's 846 MW Oconee Unit 3 Nuke in South Carolina Ramps Up to Full Power Aug. 23

The unit is now at operating 100 percent capacity, up from 84 percent yesterday. Duke reduced the unit to about 18 percent August 17-18 to fix an electrical problem with a control rod that slipped into the reactor core.

Reuters, 07:27 August 23, 2006

Petroleum

Bush Administration to Open Up 8 Million Acres for Oil and Gas Exploration in Alaska

The Bush Administration has announced that on September 27, the Interior Department's Bureau of Land Management will begin conducting a lease sale of 8 million acres in Alaska for energy companies to search for crude oil and natural gas. The acres will be on 696 tracts in the northeast and northwest areas of the National Petroleum Reserve in the western Arctic region of Alaska. Between 5.9 billion and 13.2 billion barrels of recoverable oil and 39 trillion to 83 trillion cubic feet of natural gas are estimated to exist on the reserve. About 183,200 acres relinquished since a 2002 lease sale will also be reoffered to energy companies.

Reuters, 12:39 August 23, 2006

Shipping Congestion Increases at Panama Canal

Shipping congestion at the Panama Canal has increased to 90 vessels, up from 33 in mid-August, due to a temporary decrease in transit slots while the Panama Canal Authority (ACP) conducts maintenance work on the canal's locks. Completion of maintenance work is expected on August 24, allowing the buildup of vessel traffic in the canal to clear within the next seven to 10 days.

Reuters, 11:39 August 23, 2006

Canadian Oil Production Fell in June

According to the latest figures available, oil production in Canada fell by 163,000 b/d from May and by 100,000 b/d compared to June 2005. Although planned maintenance played a role, about half of the decline resulted from unanticipated outages.

The Oil Daily, August 23, 2006

Suncor Evacuates 70,000 b/d Sarnia Refinery in Ontario Aug. 22

Vapor laden with hydrogen sulfide was released during routine maintenance at the refinery, According to the company, there was no impact on the operating units.

The Oil Daily, August 23, 2006

BP Puts Plans for Pelican Island LNG Terminal on Hold in Texas

On August 22, BP announced that it is stopping all work on plans for its Pelican Island LNG import terminal near Galveston, Texas. BP indicated that the decision was based on its economic assessment of the project. Nonetheless, BP renewed its lease on the property and said that it would continue to evaluate the situation.

The Oil Daily, August 23, 2006

<http://www.chron.com/disp/story.mpl/front/4133963.html>

FERC Okays Compression Reduction for Entrega Portion of Rockies Express Line

On August 22, the U.S. Federal Energy Regulatory Commission authorized Rockies Express Pipeline LLC to reduce the compression rate on its Entrega Pipeline, which will make up the western end of the 1,661-mile Rockies Express system.

<http://intelligencepress.com/>

Break-In Captured on Camera at KeySpan's LNG Facility in Massachusetts

Following the discovery that a fence had been cut at the KeySpan LNG terminal in Lynn, Massachusetts, KeySpan reviewed footage from security cameras and saw two people cutting the fence and climbing onto the top of the storage tank. According to KeySpan, the incident took place on August 16, but was not discovered until five days later. Massachusetts officials are notifying cities, towns and companies with similar facilities to take precautions. Terrorism does not appear to be involved.

http://cbs4boston.com/topstories/local_story_234193727.html

http://www.boston.com/news/local/massachusetts/articles/2006/08/23/security_breach_reported_at_lynn_lng_facility/

Ruptured Gas Line Forces Evacuations in Cape Cod

At about 9:40 a.m. a backhoe hit and ruptured a gas distribution line forcing the evacuation of approximately 15 homes in Cape Cod, Massachusetts. The line was quickly capped by KeySpan, and residents were allowed to return to their homes after about 45 minutes.

<http://www.capecodonline.com/cctimes/homesevacuated22.htm>

PG&E Completes Repairs on Ruptured Natural Gas Pipeline in California

PG&E has completed repairs on a 22-foot section of its Line 177 in northern California. The break was discovered on August 19 when a sudden drop in pressure was detected. The line serves approximately 50,000 residents in Humboldt County. However, PG&E was able to operate the line at reduced pressure while repairs were undertaken; consequently, only a small number of customers lost service. Although corrosion has been eliminated as the cause of the break, the investigation is continuing and experts are examining the possibility that seismic activity played a role.

<http://www.eurekareporter.com/ArticleDisplay.aspx?ArticleID=14138>

Other News

Damage from 2005 Hurricanes to Oil and Gas Industry is \$17 Billion and Still Counting

The total damage to both onshore and offshore oil and gas infrastructure now totals approximately \$17 billion. This figure is expected to grow because of demolition work that is anticipated to continue through at least 2010.

Companies are still in the process of determining whether it is economically viable to restart fields, reactivate pipelines, or salvage platforms.

<http://www.bloomberg.com/apps/news?pid=20601109&sid=aZjqvrTSgrs&refer=exclusive>

Entergy Louisiana Reports Damages from Hurricane Katrina

Customers affected: 788,000

Cost of Damages:

New Orleans: \$626 million

Louisiana: \$1,300 million

Equipment

Electric power:

Utility poles destroyed: 20,000

Transformers damaged: 13,000

Spans of wire replaced: 34,000

Transmission structures damaged: 1,000

Transmission line miles put out of service: 3,000

Generation units damaged: 11

Natural gas:

Pipeline miles flooded: 1,400

Meters damaged: 110,000

Salt water removed from natural gas pipelines: 4 million gallons

Source: Entergy Corp.

http://www.katc.com/Global/story.asp?S=5312134&nav=menu209_2

FERC Requiring Immediate Reporting of Nat Gas Facility Damage Caused by Hurricanes and Terrorism

Interstate natural gas pipeline and storage companies will be required to report the physical condition, in addition to information on service disruptions, of facilities affected by hurricanes or terrorism. The U.S. Federal Energy Regulatory Commission (FERC) said that during the 2005 hurricane season, staff members called companies and industry groups to record the damage to pipelines and storage. This process did not provide timely and accurate monitoring of the gas infrastructure. FERC says the new procedure will help it "identify any gas supply delivery problems and possible paths to reroute gas supplies around facilities damaged by a hurricane." The reports, which can be sent via e-mail or fax, will be due as soon as possible after an interruption.

Bloomberg News, 12:07 August 23, 2006

Energy Prices

| U.S. Oil and Gas Prices | | | |
|-------------------------------------|-------|----------|----------|
| August 23, 2006 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL | | | |
| West Texas Intermediate U.S. | 71.15 | 71.75 | 65.72 |
| \$/Barrel | | | |
| NATURAL GAS | | | |
| Henry Hub | 7.19 | 7.01 | 9.96 |
| \$/Million Btu | | | |

Source: Reuters

Energy Notes

Two Nigerian Oil Workers' Unions to Meet Aug. 30 to Decide Whether to Pull Out All Members From the Niger Delta

Reuters, 06:22 August 23, 2006

Vandals Shoot Insulator on High Voltage Line, Cause Power Outage at Mall in Maine August 20

<http://www.wlbz2.com/news/article.aspx?storyid=40362>

Attempted Theft of Copper Wire Foiled at PG&E Facility in Benicia, California

http://timesheraldonline.com/cj_4218723

New Niagara Falls Tunnel to Increase Canadian Hydroelectric Generation Capacity, Completion Set for 2009

<http://www.cbsnews.com/stories/2006/08/21/tech/main1916244.shtml>

Fewer Natural Gas Pipeline Disruptions Expected in 2006 – OPS

<http://intelligencepress.com/>

Experts Predicting Localized Outages Unless Aging Power Cables are Replaced

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7061966

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

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

<http://www.oe.netl.doe.gov/index.aspx>.

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