



ENERGY ASSURANCE DAILY

Thursday Evening, September 02, 2010

Major Developments

Coast Guard Reports Sheen after Fire at Mariner Energy Oil-and-Gas Production Platform Offshore Louisiana September 2 – Fire Contained but Still Burning

A Mariner Energy-owned oil-and-gas production platform caught fire in the U.S. Gulf of Mexico on September 2, but sources disagree as to whether an explosion had preceded the fire, and as to whether the incident had resulted in any oil spill. Mariner, for its part, denied that any blast had occurred and said an initial flyover had not revealed any spill. Multiple news sources and the U.S. Coast Guard, however, referred to the incident as an explosion, and at least one Coast Guard Petty Officer said an approximately 100-foot-wide, one-mile-long sheen was present in the water. The platform, located on Vermilion Block 380 – approximately 100 miles offshore Louisiana – produced about 9.2 MMcf/d of natural gas and 1,400 b/d of oil and condensate as of the last week of August, according to Mariner. The company also stated that the well was not in production at the time of the incident. There were, however, 13 workers on board. Those workers were forced into the water but eventually evacuated, multiple news sources said. Mariner said there had been no injuries, contrary to earlier news sources that said one person had been hurt. The fire was contained but still burning, as of latest reports.

<http://ir.mariner-energy.com/phoenix.zhtml?c=129671&p=irol-newsArticle&ID=1466493&highlight=>

<http://www.d8externalaffairs.com/go/doc/425/891163/>

<http://www.cnn.com/2010/US/09/02/louisiana.oil.platform.explosion/index.html?hpt=T1>

http://www.nytimes.com/2010/09/03/us/03rig.html?_r=1&hp

<http://www.washingtonpost.com/wp-dyn/content/article/2010/09/02/AR2010090202733.html?hpid=topnews>

Electricity

Update: After Hurricane Earl, WAPA Works to Restore Electricity across U.S. Virgin Islands August 31-September 1

The V.I. Water and Power Authority (WAPA) continued to restore power to customers across the U.S. Virgin Islands on August 31-September 1, but it was unclear how many customers remained in the dark, according to a local news source. A WAPA spokesman, however, said peak load was far below average on August 31: in the St. Thomas-St. John District, peak load was about 30 MW, compared to the average of approximately 82 MW. On St. Croix, peak load was about 32 MW, compared to an average of approximately 55 MW.

<http://virginislandsdailynews.com/news/wapa-continues-efforts-to-restore-power-1.986179>

Update: U.S. Coast Guard Seeks to Coordinate Data, Measure Oil Still Present in U.S. Gulf of Mexico

The U.S. Coast Guard is working to bring together thousands of samples taken from the U.S. Gulf of Mexico – data related to the Deepwater Horizon spill – in an effort to help scientists determine how much oil remains in the water, National Incident Commander and retired U.S. Coast Guard Admiral Thad Allen said by September 2.

<http://www.ogj.com/index/article-display/1867390661/articles/oil-gas-journal/general-interest-2/hse/2010/09/uscg-coordinating/QPI29867/cmpid=EnlDailySeptember22.010.html>

Secretary Chu Announces Two Million Smart Grid Meters Installed Nationwide by August 31

<http://www.energy.gov/news/9433.htm>

enXco Plans 201 MW Lakefield Wind Farm in Minnesota

enXco plans to build a 201 MW wind farm in Lakefield, Minnesota and Integrated Electrical Services (IES) expects to construct an associated substation and transmission line, the companies said separately. The 201 MW farm is expected to deliver electricity to Indianapolis Power & Light, according to IES.

<http://www.enxco.com/projects/detail/lakefield/>

<http://www.prnewswire.com/news-releases/integrated-electrical-services-announces-contract-to-build-substation-and-transmission-line-at-new-wind-farm-in-minnesota-102003303.html>

Petroleum

Update: Enbridge Awaits Regulatory Okay to Restart of 190,000 b/d, 30-inch, Indiana-to-Ontario Lakehead System Line 6B August 31

Enbridge has finished all required testing along its 190,000 b/d, 30-inch, Indiana-to-Ontario Lakehead System Line 6B, and is waiting for the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA) to approve plans to restart the line, company executives said on September 1. Enbridge shut the line in late July after it ruptured and spilled about 19,000 barrels of oil into a creek near the company's Marshall, Michigan pump station. The company conducted a pressure test along a 13-mile section of the pipeline – including the section of pipe it replaced after the spill – for eight hours on August 30. No leaks occurred during the test, Enbridge said. PHMSA said it was reviewing data, test results, and reports, but had not yet decided whether to approve or reject Enbridge's restart plan. The company, separately, said it had finished cleanup efforts at Site A – the site of the leak – by September 1. Cleanup work continued elsewhere.

<http://www.reuters.com/article/idUSN0115618220100901>

<http://response.enbridgeus.com/response/main.aspx?id=13219>

Citing Hurricane Earl, Encana Evacuates Workers and Halts Drilling at Deep Panuke Field Offshore Nova Scotia, Canada by September 2

Reuters, 11:03 September 2, 2010

After Weather-Induced Delay, BP Resumes Bid to Remove and Replace BOP on Blown-Out Well in Gulf of Mexico September 2

BP resumed work to remove the capping stack and replace the failed blow out preventer (BOP) on the Macondo well in the Gulf of Mexico, the company said on September 2. Rough seas had delayed the effort for several days.

<http://www.bp.com/extendedsectiongenericarticle.do?categoryId=9034427&contentId=7063885>

<http://app.restorethegulf.gov/go/doc/2931/890819/>

Marathon Reports Small Fire at 74,000 b/d Refinery in St. Paul, Minnesota September 1

The incident did not affect “the surrounding area,” a spokesman said. It was not clear if there was any impact to production.

Reuters, 17:30 September 1, 2010

Husky Sees No Impact to Production after FCC Compressor Shutdown at 160,000 b/d Lima, Ohio Refinery by September 2

Husky Energy Corp. shut a fluid catalytic cracker (FCC) compressor unit for repairs at its 160,000 b/d Lima, Ohio refinery, but the incident did not impact production, a company spokesman said on September 2. The work was slated to take several days, he said.

Reuters, 12:12 September 2, 2010

State DEP Enacts Rules to Reduce Sulfur Content in Home Heating Oil and Other Types of Fuel in New Jersey August 31

The New Jersey Department of Environmental Protection (DEP) enacted new rules to reduce the sulfur content of home heating oil and other types of fuel, the DEP's Commissioner said on August 31. The state plans to phase in the restrictions. A new maximum sulfur content standard of 500 parts per million for home heating oil and lighter grade fuel oil will take effect on July 1, 2014, and a second phase of more stringent standards to reduce sulfur to 15 parts per million will take effect on July 1, 2016. That is down from current maximums of 2,000 to 3,000 parts per million.

http://www.state.nj.us/dep/newsrel/2010/10_0086.htm

Enbridge Plans Expansion along Athabasca Oil Pipeline in Alberta, Canada

Enbridge plans to expand its existing Athabasca oil pipeline in Alberta, Canada to deliver up to 430,000 b/d of crude, the company said on September 2. The line delivers oil from numerous oil sands projects to the mainline hub at Hardisty, Alberta. Enbridge expects to open the expansion in the third quarter of 2013. The company could expand the line to 570,000 b/d in 2014, depending on customer interest.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2010&id=1313374>

Enbridge Seeks to Reinforce Pipelines under Straits of Mackinac in Michigan

Enbridge plans to construct a minimum of 10 bolted anchors along twin oil pipelines under the Straits of Mackinac in Michigan, the company said by September 2.

<http://www.freep.com/article/20100902/NEWS05/9020450/1322/Old-oil-pipelines-are-set-to-be-reinforced>

Update: Builders Expect to Finish Chinese Segment of Russia-to-China Crude Pipeline by End of October

Workers are slated to finish the Chinese segment of a Russia-to-China crude pipeline by the end of October, construction officials said on September 2. Russia opened its portion of the line over the weekend. The line is expected to deliver about 120,000 b/d in November and approximately twice that in December.

http://news.xinhuanet.com/english2010/china/2010-09/02/c_13475455.htm

Natural Gas

Update: State Regulators Say Enterprise Products Partly to Blame for Fatal June Explosion along Natural Gas Pipeline in Texas

Enterprise Products Partners LP failed to properly mark the natural gas pipeline in Johnson County, Texas that electrical workers accidentally struck and exploded on June 7, even though the electrical company had requested information about possible pipelines in the area, the Texas Railroad Commission said by September 1. The electrical company, however, was partly at fault because it did not follow up on its initial inquiries, according to the commission. The electrical crews were excavating land, preparing to install power poles. The blast left one worker dead and injured another eight.

<http://online.wsj.com/article/SB10001424052748704791004575465980616879108.html>

Update: Perryville Gas Storage to Launch Open Season for 7.5 Bcf of Capacity at Planned 15 Bcf Natural Gas Storage Facility near Delhi, Louisiana September 7

Perryville Gas Storage LLC, a subsidiary of Cardinal Gas Storage Partners LLC, plans to launch a non-binding open season on September 7 for 7.5 Bcf of firm storage capacity at the planned 15 Bcf natural gas storage facility near Delhi, Louisiana. The company has already contracted the first 7.5 Bcf of capacity. The open season will end on October 6, 2010.

[http://www.cardinalgs.com/docs/100902_Perryville_Gas_Storage_Open_Season_Announcement%20\(2\).pdf](http://www.cardinalgs.com/docs/100902_Perryville_Gas_Storage_Open_Season_Announcement%20(2).pdf)

Summit Midstream Subsidiary Commissions Natural Gas Gathering Station in Arlington, Texas

DFW Midstream Services LLC (DFW), a subsidiary of Summit Midstream Partners, LLC, has commissioned the Arlington #1 natural gas gathering station, Summit said on September 1. Together with a smaller gathering station in Dalworthington Gardens, Texas, DFW's gathering system will have the capacity to transport about 500 MMcf/d of natural gas by the end of this year.

<http://www.prnewswire.com/news-releases/summit-midstream-announces-start-up-of-arlington-1-gathering-station-and-acquisition-of-additional-pipeline-assets-from-chesapeake-energy-corporation-102000668.html>

Other News

North Carolina Governor Declares State of Emergency, Suspends Transport Rules ahead of Hurricane Earl September 1

North Carolina Governor Bev Perdue declared a state of emergency and temporarily suspended some motor vehicle regulations ahead of Hurricane Earl, according to two releases from the Governor's website. Virginia Governor Bob McDonnell also declared a state emergency on September 1.

<http://www.governor.state.nc.us/NewsItems/PressReleaseDetail.aspx?newsItemID=1327>

<http://www.governor.state.nc.us/NewsItems/PressReleaseDetail.aspx?newsItemID=1329>

<http://www.governor.virginia.gov/News/viewRelease.cfm?id=345>

USDA and DOE Partnership Seeks to Develop Better Plants for Bioenergy

Energy Secretary Steven Chu and Agriculture Secretary Tom Vilsack today announced research awards under a joint DOE-USDA program aimed at improving and accelerating genetic breeding programs to create plants better suited for bioenergy production. The investment totals \$8.9 million.

<http://www.energy.gov/news/9441.htm>

Energy Prices

U.S. Oil and Gas Prices			
September 2, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	74.31	73.57	68.19
NATURAL GAS Henry Hub \$/Million Btu	3.73	3.99	2.36

Source: Reuters

Energy Notes

Pinal Power Eyes Late-2012 Start Date for Planned 30 MW Waste-Based Power plant in Maricopa, Arizona

<http://www.inmaricopa.com/NEWS/NewsArticleDetails.aspx?mid1=430&&ArticleID=8977>

Update: Following Court Order, State Environmental Protection Division Revising Water Permits for Power4Georgians' Proposed 850 MW Coal-Fired Power Plant in Washington County, Georgia

<http://www.macon.com/2010/09/02/1249534/state-to-revise-permits-for-plant.html>

Illinois Commerce Commission Questions Cost and Benefits of Tenaska's Proposed Coal-Fired Taylorville Energy Center in Illinois

<http://www.icc.illinois.gov/electricity/tenaska.aspx>

<http://www.wbez.org/Content.aspx?audioID=44174>

Pennsylvania Governor Announces \$20.5 Million of State and Federal Investments into Clean Energy Industry – Funding to Support 40 Projects that are Expected to Generate or Save the Equivalent of More than 10 Billion Kilowatt Hours of Electricity

<http://www.portal.state.pa.us/portal/server.pt?open=18&objID=913004&mode=2>

Cop Foils Attempted Copper Thieves at IPL Substation in Indiana August 31

<http://www.wishtv.com/dpp/news/crime/cops-search-for-lawrence-copper-thieves>

Tanker Overturns in Fairfax City, Virginia over Weekend, Spilling Approximately 4,000 Gallons of Gasoline – Some Gasoline Seeps into Storm Drains and Creek

<http://voices.washingtonpost.com/crime-scene/fairfax/tanker-spills-4000-gallons-of.html>

Compressor Shutdown Triggers Flaring at Waha Gas Plant in Texas September 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144326>

Georgia Utilities Offer \$500 for Information on Copper and Other Metal Thefts

<http://www.americanrecycler.com/0910/427utilities.shtm>

Engine Shutdown Leads to Flaring at Keystone Gas Plant in Texas September 1 – Power Loss Triggers Separate Shutdown of SRU September 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144330>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144331>

Lightning Storm Forces Offline Compressor, Causes Flaring at West Credo Booster Station in Texas September 1-2

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144332>

Citing Presence of Hydrocarbons in Numerous Tested Wells, Federal Regulators Warn People to Avoid Drinking Water from 40 Wells in and around Pavillion, Wyoming – Oil and Gas Drilling Could be to Blame

<http://www.sanluisobispo.com/2010/09/01/1272302/feds-dont-drink-contaminated-water.html>

Update: Cairn Energy Restarts Protest-Downed Stena Don Rig Offshore Greenland – Greenpeace Activists Forced Shut Facility August 31

Reuters, 10:30 September 2, 2010

Update: Tres Palacios Receives Approval to Open Third Cavern at Existing 27 Bcf Natural Gas Storage Facility in Texas – Company Plans to Eventually Open Fourth Cavern, Boost Working Gas Capacity to 47.9 Bcf

<http://intelligencepress.com/>

<http://www.ngsenergy.com/trespalacios/>

Update: Appeals Court Rejects Environmentalist Group's Bid to Stop Construction of El Paso Corporation's Proposed Wyoming-to-Oregon Ruby Natural Gas Pipeline

<http://news.opb.org/article/12275-court-denies-request-halt-pipeline-construction/>

Propel Fuels Receives \$10.9 Million Grant from DOE, CEC to Build and Operate 75 Retail Renewable Fuel Stations throughout California over Next Two Years

<http://propelfuels.com/content/newsreleases/rls - Propel Bay Area Launch - 8 30 10.pdf>

Federal Judge Directs Patriot Coal to Reduce Selenium Pollution at Two Surface Coal Mines in West Virginia

<http://www.kansascity.com/2010/09/01/2193481/judge-orders-pricey-selenium-cleanup.html>

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/ead.aspx>

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