



ENERGY ASSURANCE DAILY

Tuesday Evening, September 28, 2010

Electricity

Utilities Urge Customers to Conserve Electricity as Heat Wave Knocks Out Power to More than 70,000 across California September 25-28

High temperatures led to a substation error that knocked out power on Saturday to as many as 33,680 Pacific Gas and Electric Company (PG&E) customers in California, and even hotter temperatures were to blame as more than 30,000 Southern California Edison (SCE) customers, at least 15,000 Los Angeles Department of Water and Power (LADWP) customers, and between 4,300 and 4,700 San Diego Gas and Electric (SDG&E) customers, lost electricity on Monday and Tuesday, multiple news and company sources reported. More than 27,000 SCE customers and 11,775 LADWP customers remained without power, as of latest reports. Two companies – SDG&E and LADWP – set all-time records for electric demand on Monday, and SCE established a yearly high. PG&E, SCE, and LADWP were encouraging customers to conserve electricity, and SDG&E said it had activated demand response programs by September 28. The California Independent System Operator (CAISO), citing the heat, asked utilities to restrict maintenance activity throughout northern California on September 28. CAISO, however, expected the state to be able to satisfy electric demand.

<http://www.caiso.com/outlook/SystemStatus.html>

<http://www.caiso.com/awe/systemstatus.html#201001872>

http://www.insidebayarea.com/oaklandtribune/localnews/ci_16180235?source=rss

<http://www.ladwpnews.com/go/doc/1475/907811/>

<http://www.ladwpnews.com/go/doc/1475/907083/>

<http://www.sdge.com/events/drp/>

<http://ahharsfnews.com/2010/09/28/some-rancho-santa-fe-fairbanks-ranch-homes-lose-power-due-to-high-heat-sdge-says>

http://www.presstelegram.com/breakingnews/ci_16185148

http://www.pe.com/localnews/stories/PE_News_Local_D_weather28.2c150ae.html

<http://www.ocregister.com/news/power-268412-customers-southern.html>

<http://latimesblogs.latimes.com/lanow/2010/09/tens-of-thousands-still-without-power-after-record-heat.html>

Winds Cut Power to about 25,000 Matanuska Electric Association Customers in Alaska September 23-26 – Company Restores Power to Nearly all by September 27

http://www.ktva.com/ci_16189892?source=most_viewed

Reliant's 741 MW Ormond Beach Gas-Fired Unit 1 in California Shut by September 27

According to the California Independent System Operator, the unit reported an unplanned outage by September 27.

<http://www.caiso.com/unitstatus/data/unitstatus201009271515.html>

Update: Enbridge Begins Gradual Restart along 190,000 b/d, 30-Inch, Indiana-to-Ontario Lakehead System Line 6B September 27

Enbridge began gradually restarting its 190,000 b/d, 30-inch, Indiana-to-Ontario Lakehead System Line 6B on September 27, it said in a release. The company had planned to resume service at 20 percent reduced pressure, its CEO said previously. Operators 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 U.S. Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) authorized Enbridge on September 22 to gradually restart the line. Enbridge, under its "integrity validation and remedial action plan," said it planned to replace about 3,800 feet of the pipe under the St. Clair River by mid-year 2011.

<http://response.enbridgeus.com/response/main.aspx?id=13297>

<http://response.enbridgeus.com/response/main.aspx?id=13296>

<http://www.phmsa.dot.gov/staticfiles/PHMSA/DownloadableFiles/Files/Press%20Release%20Files/dot17710.pdf>

http://www.enbridgepartners.com/Reports/reportif_partners.aspx?pl=0&rptSite=5&rpt=/phoenix.zhtml%3fc%3d63707%26p%3dirol-newsArticle%26ID%3d1474089%26nyo%3d0&tmi=2094&tmt=5

<http://www.google.com/hostednews/ap/article/ALeqM5hbazNv8HPBELUpCXxcRQmCxaO3DgD9IDVI500>

<http://www.google.com/hostednews/ap/article/ALeqM5hbazNv8HPBELUpCXxcRQmCxaO3DgD9IGIPPG0?docId=D9IGIPPG0>

Leighton Offshore Private Ltd. to Construct 1.8 Million b/d Oil Export Terminal in Basra, Iraq

<http://online.wsj.com/article/BT-CO-20100928-706644.html>

Russia, China Complete 300,000 b/d Russia-to-China Oil Pipeline September 27

The pipeline runs from Skovorodino, Russia to the Daqing oilfield in China.

<http://www.capitalvue.com/home/CE-news/inset/@10063/post/1219251>

Natural Gas

Update: NTSB Investigating whether Failure of Power Supply System Played Role in Fatal September 9 Explosion along PG&E Natural Gas Pipeline in San Bruno, California

Pacific Gas and Electric Company (PG&E) was working to restart an uninterruptable power supply system prior to the fatal September 9 explosion along its 30-inch natural gas pipeline line in San Bruno, California, and federal investigators are trying determine if the system's failure played any role in the explosion, a spokesman for the National Transportation Safety Board (NTSB) said by September 28. The system-in-question was located at the Milpitas control center; Milpitas is the origination point of the exploded pipeline.

http://www.downstreamtoday.com/news/article.aspx?a_id=24159

NiSource Midstream Services and Markwest Liberty Midstream & Resources Launch Majorsville Natural Gas Processing Complex in West Virginia and Pennsylvania

NiSource Midstream Services (NMS) and MarkWest Liberty Midstream & Resources, L.L.C. have begun operations along several jointly-developed natural gas gathering, processing, and transmission projects in Majorsville, West Virginia, the companies said on September 27. In early August, NMS completed numerous assets that allow it to gather and deliver 338,000 Dth/d of natural gas production from the Marcellus Shale in Pennsylvania and West Virginia to MarkWest Liberty's Majorsville processing plant in West Virginia. MarkWest Liberty, subsequently, began operations on September 7 at the 120 MMcf/d Majorsville gas processing plant, and along a 35-mile natural gas liquids (NGL) pipeline connecting the complex to the company's midstream complex in Houston, Pennsylvania. In 2011, MarkWest Liberty plans to expand its cryogenic processing capacity at the Majorsville complex to 270 MMcf/d, and at the Houston facility from 155 MMcf/d to 355 MMcf/d. The company is also constructing fractionation capacity of 60,000 b/d.

<http://ir.nisource.com/releasedetail.cfm?ReleaseID=511185>

Seasonal Demand and Abundant Supplies to Blame as 12-Month Natural Gas Futures Dip to Near-Eight-Year Low on NYMEX September 27

The 12-month natural gas futures strip dropped to \$4.227/million Btu yesterday on the New York Mercantile Exchange (NYMEX), the lowest figure in almost eight years.
Reuters, 15:22 September 27, 2010

Other News

Peabody Energy to Boost Production by about 40 Percent at Existing 3.4 Million Ton/Year Gateway Coal Mine in Illinois

Peabody Energy plans to increase production to 4.5 million tons/year within several years at its existing 3.4 million ton/year Gateway coal mine in Illinois, the company said on September 27.

<http://phx.corporate-ir.net/phoenix.zhtml?c=129849&p=irol-newsArticle&ID=1474995&highlight=>

MSHA Announces New Screening Criteria for Pattern of Violations Enforcement Program at U.S. Mines

The Department of Labor's Mine Safety and Health Administration (MSHA) announced new screening criteria for the pattern of violations enforcement program, giving the agency additional enforcement tools to use at mines with a history of violating safety standards, the MSHA said on September 28. The MSHA will implement new screening criteria and a new review process for determining whether a mine has exhibited a potential pattern of violations for its 2010 review of mine safety records.

<http://www.msha.gov/MEDIA/PRESS/2010/NR100928.asp>

DOE Funding Projects in Bid to Boost Unconventional Oil and Gas Resources

The projects include four that would develop advanced computer simulation and visualization capabilities to enhance understanding of ways to improve production and minimize environmental impacts associated with unconventional energy development; and six seeking to further next generation CO2 enhanced oil recovery (EOR) to the point where it is ready for pilot (small) scale testing. The total value of the projects is approximately \$12.2 million, with \$9 million of DOE funding and \$3.2 million of non-Federal cost sharing. The research will be managed by the Office of Fossil Energy's National Energy Technology Laboratory.

http://www.fossil.energy.gov/news/techlines/2010/10047-Projects_Selected_to_Boost_Unconve.html

Energy Prices

U.S. Oil and Gas Prices			
September 28, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	76.66	72.94	66.73
NATURAL GAS Henry Hub \$/Million Btu	3.80	4.01	3.61

Source: Reuters

Energy Notes

Cause Unknown as More than 20,000 PPL Customers Lose Power in Pennsylvania September 27

<http://www.pocononews.net/news/2010/September/28/28Sep10-3.html>

**Transmission Line Failure Cuts Power to about 14,000 Duke Energy Customers in Ohio
September 27 – Company Restores Power to Affected Customers within Hours**

<http://www.fox19.com/Global/story.asp?S=13225211>

**Cops Nab Suspected Copper Wire Thief in Waterville, Maine by September 21 - Man
Thought to Have Taken Wire from Utility Poles**

<http://www.securityinfowatch.com/node/1317706>

**Starwood Energy Plans 20 MW SSM1 and 30 MW SSM2 Solar Power Projects in Ontario,
Canada – Company Expects to Complete SSM1 Soon and SSM2 in Third Quarter of 2011**

<http://www.prnewswire.com/news-releases/starwood-energy-announces-close-of-financing-for-a-30-megawatt-solar-project-in-sault-ste-marie-103919628.html>

**Southeast Renewable Energy (SERE) to Open Three 15 MW Biomass-Based Power Plants
in South Carolina by End of 2012**

http://www.bioenergy-news.com/index.php?/Industry-News?item_id=2640

**PSEG, JEA Dedicate 15 MW PSEG Jacksonville Solar Power Project in Florida
September 28**

<http://www.prnewswire.com/news-releases/pseg-and-jea-dedicate-jacksonville-solar-103923163.html>

**Management Culture and Poor Practices Led to Coal Ash Spill in December 2008 at TVA's
Kingston Coal-Fired Power Plant in Tennessee: TVA Inspector General**

<http://www.ajc.com/business/tva-inspector-poor-management-641819.html>

**Update: Citing New Regulations, BOEMRE Chief Expects Deepwater Drilling to Resume
Slowly when Government-Imposed Moratorium Expires**

http://www.rigzone.com/news/article.asp?a_id=99371

**Valero Reports Compressor Snag, Flaring at 245,000 b/d Texas City, Texas Refinery
September 27**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145360>

Reuters, 18:00 September 27, 2010

**In Deal with EPA, Murphy Oil to Spend up to \$142 Million Over Next Nine Years to
Improve Operations and Reduce Emissions at 120,000 b/d Meraux, Louisiana and 34,300
b/d Superior, Wisconsin Refineries**

<http://www.murphyoilcorp.com/ir/modal.aspx?ID=843>

<http://online.wsj.com/article/BT-CO-20100927-714301.html>

**Nexen Says Appomattox Discovery in Deepwater Gulf of Mexico Contains Recoverable
Contingent Resources of More than 250 Million Barrels of Oil Equivalent**

http://www.nexeninc.com/en/MediaCentre/NewsReleases.aspx?release_id=1325781

**Nexen to Launch Fourth Platform in October 2010 at Buzzard Field in North Sea –
Company Expects to Produce Between 230,000 and 280,000 boe/d for 2010 from Field**

http://www.nexeninc.com/en/MediaCentre/NewsReleases.aspx?release_id=1324904

**Greenpeace Protestors Block Chevron Corp Drillship from Sailing to Exploratory Well in
U.K. North Sea by September 27**

<http://www.nasdaq.com/aspx/stock-market-news->

[story.aspx?storyid=201009270543dowjonesdjonline000117&title=chevrongreenpeace-protesters-still-holding-up-uk-drilling](http://www.nasdaq.com/aspx/stock-market-news-story.aspx?storyid=201009270543dowjonesdjonline000117&title=chevrongreenpeace-protesters-still-holding-up-uk-drilling)

Power Failure Halts Drilling and Forces Evacuations from Rowan Gorilla Oil Rig in North Sea September 26 – Power Restored, Workers Expected to Return on September 27

<http://www.pennenergy.com/index/articles/newsdisplay/1271142068.html>

Iraq Aims to Construct Three Single-Buoy, Offshore Moorings with Capacity to Load 900,000 b/d of Crude Oil into Tankers

<http://www.bloomberg.com/news/2010-09-27/eni-mitsubishi-to-bid-for-iraqi-gas-field-rights-oil-production-climbs.html>

ConocoPhillips Shuts in “Small Amount” of Natural Gas Production in North America, Citing Low Prices: CEO

http://www.calgaryherald.com/business/producers+consider+cutting+production/3587723/story.html?cid=megadrop_story

Engine Shuts at Sealy Smith Compressor Station in Texas September 27

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145338>

AGI Compressor Shuts, Restarts at Waha Gas Plant in Texas September 27

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145363>

Compressor Shuts and Restarts at Belvan Midway Lane Gas Plant in Texas September 27

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145364>

Ethanol-Carrying Truck Overturms in Illinois September 24, Forcing Road Closures and Spilling Small Amount of Ethanol

<http://www.journalstandard.com/features/x802538271/Truck-carrying-ethanol-rolls-over-on-U-S-20>

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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