



ENERGY ASSURANCE DAILY

Tuesday Evening, February 19, 2008

Major Developments

Explosion Shuts ALON USA's 67,000 b/d Big Spring, Texas Refinery February 18 Full Extent of Damage Unknown

On the morning of February 18, a massive explosion and subsequent fire shut all units at ALON USA's 67,000 b/d Big Spring, Texas refinery. The company and local law enforcement have ruled out sabotage, and are still investigating the cause of the explosion but investigators have not been able to enter the affected area. According to a report filed with the Texas Commission on Environmental Quality (TCEQ), the explosion started in the propylene unit and ignited fires in the asphalt and slop oil storage tanks. The fires were allowed to burn out and by late Monday the fire was completely extinguished. An ALON USA spokesperson said the refinery is completely offline but the racks and terminals were operating and product was still leaving the plant. ALON USA says it has enough product available that it does not need to ration or control supply. The refinery supplies petroleum products primarily to customers in West Texas, New Mexico and Arizona. The refinery also supplies jet fuel to Dyess Air Force Base in Abilene, Texas, and Sheppard Air Force base in Wichita Falls, Texas. The full extent of the damage is not yet known. Alon hopes for a partial restart in two months. News reports indicate five people were injured by the explosion, none life-threatening.

<http://www.reuters.com/article/companyNews/idUSN1925146920080219>

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103837>

<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aqv4O4TqNurg>

<http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=104&STORY=/www/story/02-18-2008/0004757798&EDATE>

http://www.mywesttexas.com/site/news.cfm?newsid=19308690&BRD=2288&PAG=461&dept_id=475626&rfi=6

<http://sec.edgar-online.com/2005/05/11/0000950134-05-009769/Section16.asp>

Reuters, 12:34 February 19, 2008

Electricity

Luminant's 793 MW Martin Lake Coal-fired Unit 1 Shut in Texas February 15

According to a filing with state regulators, the unit is shut and will be placed in start-up mode following repairs to a leaking boiler tube.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103670>

OPG's 490 MW Nanticoke Coal-fired Unit 4 in Ontario Shut February 19

According to a company representative, the unit was shut for short work.

Reuters, 12:53 February 19, 2008

Update: Exelon's 1,043 MW Clinton Nuke Unit in Illinois Ramped Up to 96 Percent February 19

The unit had been shut earlier this month after a malfunctioning electronic card caused a reactor recirculation pump to trip offline.

Reuters, 07:25 February 19, 2008

PPL's 1,105 MW Susquehanna Nuke Unit 1 in Pennsylvania at Full Power by February 17

The Nuclear Regulatory Commission reported that on the morning of February 16 the unit was operating at 91 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

Update: PPL's 1,111 MW Susquehanna Nuke Unit 2 in Pennsylvania at Full Power by February 18

The Nuclear Regulatory Commission reported that on the morning of February 17 the unit was operating at 88 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

Mirant's 206 MW Potrero Unit 3 Gas-fired Unit in California Returns to Service February 18

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 159 MW.

<http://www.caiso.com/unitstatus/data/unitstatus200802181515.html>

Watson Cogeneration's 423 MW Watson Gas-fired Unit in California Returns to Service February 15

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 163 MW.

<http://www.caiso.com/unitstatus/data/unitstatus200802151515.html>

Delta Energy's 861 MW Delta Energy Center Aggregate Gas-fired Unit in California Returns to Service February 15

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 281 MW on February 15.

<http://www.caiso.com/unitstatus/data/unitstatus200802151515.html>

PPM Energy's 150 MW Shiloh I Wind-powered Unit in California Returns to Service February 15

According to the California Independent System Operator, the unit experienced an unplanned outage on February 14.

<http://www.caiso.com/unitstatus/data/unitstatus200802151515.html>

OPG's 494 MW Lambton Coal-fired Unit 2 in Ontario Returns to Service February 19

The unit returned to service after a month-long outage.

Reuters, 12:56 February 19, 2008

Progress Energy to File Nuclear Plant Application with NRC for Proposed Reactors at Harris Nuke Plant in North Carolina

Progress Energy intends to file an application with the Nuclear Regulatory Commission (NRC) to describe its intent to build two nuclear reactors at its existing Harris nuclear plant located in North Carolina. The company notified the NRC that if it moves forward with its nuclear plans, the new plant would be on line in 2018 or beyond.

Reuters, 09:44 February 19, 2008

LADWP Plans to Build and Operate 150 MW Pine Canyon Wind Project in California

According to mayor of Los Angeles, the Los Angeles Department of Water and Power (LADWP) intends to develop, build, and operate the 150-MW Pine Canyon Wind project in California's Tehachapi Mountains north of Los Angeles.

<http://www.ladwpnews.com/go/doc/1475/190621/>

Maine Wind Power Task Force Issues Report, Suggestions Include 2,000 MW of Wind Power by 2015

In its final report, a wind power task force created by Governor Baldacci recommended that Maine should have at least 2,000 megawatts of installed wind power capacity by 2015 and at least 3,000 megawatts by 2020. In addition, the task force recommended that at least 300 megawatts of the 2020 goal should come from offshore projects.

http://www.sunjournal.com/story/252031-3/Franklin/Task_force_issues_wind_power_report/

United States on Verge of Electricity Crisis if Construction of Coal-fired Power Plants Continue to be Curtailed – AEP

The chief executive of American Electric Power (AEP) speaking at a CERA conference expressed concerns that the United States faces an electricity crisis if it continues to shun the construction of coal-fired power plants on its way to a low-carbon economy. AEP operates 73 percent of its power plants on coal.

Reuters, 13:13 February 15, 2008

Petroleum

WTI Closes Over \$100 per Barrel February 19

The closing price for the near month WTI futures contract on the New York Mercantile Exchange (NYMEX) set a new record when the price surged \$4.51 to settle at \$100.01. Recent U.S. refinery problems and Venezuela's embargo to ExxonMobil were credited for the price increase. The contract price for WTI has increased over 7 percent since early last week.

<http://www.thestreet.com/s/oil-surges-to-100-a-barrel/newsanalysis/energy/10403988.html?puc=googlefi>

http://www.nymex.com/lsc/fut_condet.aspx?product=CL&month=Mar&cmonth=H&year=8&currPrev=C

Power Failure Causes Fire at Tesoro's 95,000 b/d Kalaeloa Refinery in Hawaii February 16

According to a Tesoro representative, at approximately 10 PM HST on February 16, a fire, caused by an electrical failure, broke out in one of the processing units at the Kalaeloa refinery and shutdown the refinery. The blaze was extinguished within one hour and the refinery shutdown is not expected to affect Hawaii's fuel supply. Tesoro is still investigating the cause of the power failure. With power restored to the refinery by the afternoon on February 17, workers are gradually restarting the processing units.

<http://www.honoluluadvertiser.com/apps/pbcs.dll/article?AID=/20080218/NEWS13/802180327/1001/NEWS13>

Update: Crude Oil Output Resumes from Shell's Forcados Export Terminal in Southern Nigeria February 19

According to a Shell Vice President, crude output from the Forcados terminal is back up to between 150,000 to 200,000 b/d after pipeline repairs were completed in southern Nigeria. Shell declared force majeure on exports from Forcados after the pipeline was sabotaged in an attack in January. A force majeure declaration remains in effect for the Bonny terminal where the pipeline has not yet been repaired.

http://afp.google.com/article/ALeqM5hShu0Zze_ea3zhOnSb5vPMKRL5zg

Reuters, 06:57 February 19, 2008

Equipment Malfunctions Reported at ExxonMobil's 348,500 b/d Beaumont Refinery in Texas February 16-17, Units at Normal Rates February 19

According to filings with state regulators, on February 16, the wet gas compressor and coker shut down after an operational snag. A 1.5 inch hole was reported in the 24-inch inlet piping to a blowout drum, causing all steam to be rerouted. The wet gas compressor and coker were then restarted and both units have returned to normal rates of operation on February 19.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103813>

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103833>

Reuters, 11:13 February 19, 2008

Oil Leak Reported at ExxonMobil's 562,500 b/d Baytown Refinery in Texas February 18

According to a filing with state regulators, a leaky storm water roof drain resulted in a spill of Arab Light crude oil on Tank 1095. The material was completely contained. The incident did not affect production.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103838>

Bloomberg, 22:42 February 18, 2008

Unit Failure Reported at Chevron's 270,000 El Segundo Refinery in California February 17

Chevron reported a problem with an unspecified unit at its El Segundo refinery.
Bloomberg, 05:50 February 17, 2008
Reuters, 18:17 February 19, 2008

Coker Unit Upset Reported at Valero's 260,000 b/d Port Arthur Refinery in Texas February 17

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103826>

SRU Upset Reported at Shell's 333,700 b/d Deer Park Refinery in Texas February 15

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103783>

Update: Citgo's 430,000 b/d Lake Charles Refinery in Louisiana Restarted February 18

Following a February 10 power outage, all units at the Lake Charles refinery were restarted by February 18 and are in the process of ramping up to full production.
Reuters, 17:13 February 18, 2008

Update: Coker Unit Spills on Start-up at Valero's 190,200 b/d Delaware City, Delaware Refinery February 17

A coker unit at Valero's Delaware City refinery faulted on start-up, spilling sulfur dioxide. The flaring from the incident is ongoing.
Bloomberg, 06:05 February 17, 2008

Update: Output Increasing at Shell's 98,000 b/d Scotford Refinery in Alberta February 19 Company Expects to Soon be Able to Meet Customer Demand

According to a Shell representative, output at the Scotford refinery is rising after running at reduced rates for more than a week due to unspecified problems. The outage led to supply disruptions of gasoline and diesel fuel affecting customers in Western Canada. Shell anticipates that the refinery should be running at normal rates within a few days..
Reuters, 10:36 February 19, 2008

U.S. Fuel Demand Flat for January 2008 – American Petroleum Institute

Noting higher prices and slowing economic growth are continuing to affect demand, the American Petroleum Institute's (API) monthly statistical report shows gasoline and distillate deliveries for the month of January 2008 rose but the increases, as compared to one year ago, were offset by declines in both residual fuel oil and jet fuel deliveries. The report also highlighted the trend that petroleum demand has been relatively stagnant for three years.
http://www.downstreamtoday.com/News/Articles/200802/U_S_Fuel_Demand_Flat_for_January_API_8766.aspx

Update: Iran Begins Pumping Oil from Azadegan Oil Field

According to the director of Iran's southern oil operations, Azadegan is currently producing 20,000 barrels of light and heavy crude daily and is expected to add an additional 25,000 b/d of output in this early production phase in June 2008. The principal development project is divided into two stages, with production estimated to reach 150,000 b/d in the first phase and 260,000 b/d in the second phase.
http://www.rigzone.com/news/article.asp?a_id=56952
<http://www.platts.com/Oil/News/9462652.xml?p=Oil/News&sub=Oil>

Natural Gas

Enterprise Products Files FERC Application to Expand Petal Gas Storage Project in Mississippi February 19

Enterprise Products filed an application with FERC to increase working gas capacity by 10 Bcf at its Petal Storage Project located in Mississippi. The expansion also includes the construction of two new underground storage salt caverns.
<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&ID=1109670&highlight=>

Update: Enbridge Energy Partners Completes Modifications to Weatherford Natural Gas Processing Plant in Texas, Capacity to Increase 75 MMcf/d

Enbridge Energy Partners announced February 19 that it has completed inlet line modifications to bring the new Weatherford natural gas processing plant up to expected operating capacity. Constructed last year, the facility adds about 75 MMcf/d of gas processing capacity to the Enbridge Energy Partner's system.

http://www.enbridgeus.com/Reports/reportif_partners.aspx?pl=0&rptSite=5&rpt=%2fphoenix.zhtml%3f%3d63707%26p%3dirol-news%26nyo%3d0&tmi=475&tmt=5

Equipment Failure Reported at 290 MMcf/d Waha Gas Plant in Texas February 18

According to a filing with state regulators, the motor to an oil cooling fan failed. It was subsequently replaced.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103831>

Compressor Failures Reported at Lehman Compressor Station in Texas February 16, February 17

According to filings with state regulators, on February 16, the #1 compressor was lost due to high 3rd stage discharge pressure. The compressor was quickly returned to service. Following this event, on February 17, the #1 compressor was again shut on low suction pressure, causing a valve to shut. The faulty compressor has been replaced.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103823>

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103811>

Equipment Failure Reported at the Sand Hills Gas Plant in Texas February 17

According to a filing with state representatives, the Acid Gas Compressor shut down, resulting in flaring.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103825>

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
February 19, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S. \$/Barrel	98.65	93.12	59.14
NATURAL GAS			
Henry Hub \$/Million Btu	8.73	8.38	8.91

Source: Reuters

Energy Notes

Strong Storms Knock Out Power to 12,000 Georgia Power Customers in Georgia February 18

<http://www.wtvm.com/Global/story.asp?S=7888208&nav=8fap>

Rain Storms Leave 12,000 Oncor Customers Without Power in Texas February 16

<http://www.nbc5i.com/news/15322163/detail.html>

Tornado Cuts Power to at Least 11,000 Customers in Alabama February 17

<http://ap.google.com/article/ALeqM5jW-BndswWuhgPAPXOK4Q6TCQsANQD8UT3VUG2>

Tenaska Plans Coal-fired Power Plant in Texas, Able to Capture up to 90 Percent of Released CO₂—Company Would Sell CO₂ to Oil Producers in Permian Basin

<http://www.tenaska.com/newsItem.aspx?id=30>

Compressor Briefly Shut at Valero's 218,500 b/d Texas City Refinery in Texas February 17

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103822>

Process Upsets Reported at ConocoPhillips's 146,000 b/d Borger Refinery in Texas February 17, February 18

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103836>

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=103818>

Natural Gas Pipeline Explodes in Pennsylvania February 18

Local Homes Briefly Evacuated, no Injuries Reported

http://www.philly.com/philly/wires/ap/news/state/pennsylvania/20080218_ap_homesevacuatedafterpipelineexplosionluzernecounty.html

Update: Spectra Energy to Request Permits for Proposal to Expand Rockies Express Natural Gas Pipeline into Pennsylvania—Pipeline Will Deliver 1.8 Bcf/d of Wyoming, Colorado Natural Gas to Eastern Customers by End of 2009

http://www.downstreamtoday.com/News/Articles/200802/Spectra_To_Seek_Permits_To_Extend_Rockie_8778.aspx

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Update: El Paso Inks Deals with Two More Shippers for Proposed 680-mile, 42-inch, Wyoming-to-Oregon Ruby Natural Gas Pipeline—Agreements Boost Long-Term Capacity Commitments to 650,000 dth/d, Company Says

<http://investor.elpaso.com/phoenix.zhtml?c=97166&p=irol-newsArticle&ID=1109532&highlight=>

Magellan Midstream and Buckeye Partners Plan Feasibility Study for Ethanol Pipeline from Midwest to Northeast United States

<http://biz.yahoo.com/prnews/080219/latu068.html?v=101>

Cyclone Halts 220,000 b/d of Oil Production Offshore Australia—Total Amounts to 40 Percent of Continent's Daily Output—Chevron to Restart its Fields, but More than 200,000 b/d Still Shut in February 19

Reuters, 02:20 February 19, 2008

ExxonMobil to Begin Production at Nigerian NGL Facility in About a Month Project Will Increase Output by 45,000 b/d, Company Official Says

<http://www.reuters.com/article/companyNewsAndPR/idUSL182424920080218>

Update: Nigeria Says On Track to Boost 2010 Oil Capacity to 4 Million b/d

<http://www.platts.com/Oil/News/8540489.xml?p=Oil/News&sub=Oil>

British Prime Minister Urges Gulf Cooperation Council Countries to Boost Oil Output to Lower Prices

http://www.rigzone.com/news/article.asp?a_id=56947

Saudi Arabian and Norwegian Energy Ministers See Oil Supply Adequate for the Global Market

http://www.rigzone.com/news/article.asp?a_id=56975

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