



ENERGY ASSURANCE DAILY

Tuesday, March 13, 2007

Electricity

Gas Pipeline Accident Causes Evacuations, Cuts Power to Thousands in Texas March 12

Workers laying a new natural gas pipeline punctured an existing line in rural Parker County, Texas causing an explosion and fire. Initial reports indicated that the accident damaged or destroyed a number of power poles that resulted in a loss of electricity to as many as 30,000 customers. Other reports confirmed outages for some 2,000 TXU customers and 5,000 customers of the Tri-County Electric Cooperative. The initial blast occurred at approximately 2:00 p.m. local time and there were reports of a second explosion some 50 minutes later. The cut off point in the line was about five miles from the site of the accident and once the line had been shut down, officials waited for the fire to burn out.

<http://www.myfoxdfw.com/myfox/pages/News/Detail?contentId=2648203&version=5&locale=EN-US&layoutCode=TSTY&pageId=3.2.1>

http://www.weatherforddemocrat.com/homepage/local_story_071194610.html?keyword=leadpicturestory

<http://www.newsday.com/news/nationworld/wire/sns-ap-gas-line-fire.0.7349692..story?coll=sns-ap-nationworld-headlines>

Bloomberg News, 19:18 March 12, 2007

Update: Ameren's 1,190 MW Callaway Nuke Unit in Missouri Ramps Up March 13

The unit today is ramping up after shutting Friday due to a chemistry problem in the water system used to produce steam.

Bloomberg News, 11:31 March 13, 2007

Update: Xcel's 522 MW Prairie Island Nuke Unit 2 in Minnesota Ramps Up to 97 Percent March 13

The unit ramped up to 97 percent of capacity by early Tuesday. Last week the unit was at 55 percent after exiting an outage. The company shut the unit on March 1 to repair a valve on a non-radioactive steam system.

Reuters, 06:41 March 13, 2007

AmerGen's 636 MW Oyster Creek Nuke Unit 1 in New Jersey Reduces Output to 82 Percent March 13

A leaking pump seal was discovered at the Oyster Creek nuclear power plant during the morning of March 13 that led operators to reduce the output to 82 percent of capacity. The plant will continue to operate at the reduced rate until it is shut down for a planned maintenance that will take place in a few weeks.

<http://www.app.com/apps/pbcs.dll/article?AID=/20070313/NEWS/70313004>

New Capacity Additions in 2006 Drop 37 Percent from 2005 Level; But Increases on the Way – Platts

According to information gathered by Platts, the amount of new generating capacity added in the U.S. during 2006, fell by 37 percent from the amount added during 2005. The data from Platts Energy Advantage indicate that 13,321 MW were added during 2006 compared to 21,194 MW added during 2005. However, Platts also indicated that assuming all the planned capacity additions for the next several years are actually built as intended, then a multi-year increase will be the result, with 22,539 MW planned for 2007, 19,097 MW in 2008, 24,864 MW in 2009 and 29,258 MW in 2010.

<http://www.platts.com/Electric%20Power/News/6365475.xml?p=Electric%20Power/News&sub=Electric%20Power>

SDG&E Planning 500 MW New Plant Plus 200 MW of Peaking Capacity

San Diego Gas & Electric Co. (SDG&E) announced that it is seeking bids for a new 500 MW power plant and an additional 200 MW of peaking units. The proposed capacity additions would augment and would not be in place of the 1,000 MW to be made available under the Sunrise Powerlink plans which call for a transmission line to bring in power from the desert region of the state.

<http://www.intellisearchnow.com/branding/188/contentreader.html?http://c.moreover.com/click/here.pl?z841356653&z=750238055>

Petroleum

100,000 b/d FCCU Shut at Valero's St. Charles Refinery in Louisiana March 13

According to traders, Valero shut the fluidic catalytic cracking unit (FCCU) at its 190,000 b/d St. Charles refinery for about two weeks of unplanned maintenance.

Reuters, 12:22 March 13, 2007

OPIS Price Alert, 03:06 March 13, 2007

Small Fire Hits 118,000 b/d Chalmette Refinery in Louisiana March 13

The fire occurred in a coking unit and was quickly extinguished. According to Chalmette Refining, the incident did not affect production.

Reuters, 08:19 March 13, 2007

Fire Extends Outage by 6 Weeks at Chevron's 243,000 b/d Richmond Refinery in California

Chevron said that its Richmond refinery will stay shut for an extra six weeks to mid-April because of a fire in a crude distillation unit that occurred when the company began an overhaul on January 15.

Reuters, 09:35 March 13, 2007

Update: PdVSA Needs 2 Weeks to Repair Alkylation Unit at 200,000 b/d Puerta La Cruz Refinery in Venezuela

The company said today that it expected repairs to the alkylation unit to last two weeks after a fire damaged the unit over the weekend. PdVSA said that it can continue to supply its customers using its inventories.

Reuters, 10:18 March 13, 2007

Update: Imperial Oil's 118,000 b/d Nanticoke Refinery in Ontario Set to Return to Full Output

According to a company spokesman, the refinery is currently running at between 75 and 100 percent of capacity while repairs are wrapping up. The company expects to be at full capacity later this week. The refinery has not been operating at full capacity since a fire on February 15.

Reuters, 12:18 March 13, 2007

Possible Operational Problems at Citgo's 165,000 b/d Corpus Christi Refinery in Texas – Traders

According to traders, Citgo is offering a “distressed” 200,000 barrel heavy naphtha cargo in the U.S. Gulf, possibly due to operational problems at its Corpus Christi refinery. Citgo typically buys naphthenic and aromatic naphtha as reformer feeds at its refineries.

Reuters, 15:54 March 12, 2007

Chevron Seeks Expansion Permits for Pascagoula Refinery in Mississippi

Chevron has applied for permits to expand the 330,000 b/d refinery by adding a 200,000 b/d crude distillation unit and adding a reformer to increase gasoline production as much as 18,000 b/d.

Reuters, 13:51 March 13, 2007

BP Says 50,000 b/d Mad Dog Oil Field in Gulf of Mexico Still Shut

The company said that it had no restart date for production at the field, which shut February 28 due to an equipment malfunction.

Reuters, 08:52 March 13, 2007

Update: Nigerian Youths Seize Shell Equipment at Site of Ruptured Crude Oil Pipeline

According to a company spokesman, Royal Dutch Shell gained access to the ruptured portion of one of its pipelines in Nigeria but had equipment seized by youths. The pipeline ruptured on March 6, causing an oil spill and forcing the company to shut in 187,000 b/d. Community groups had been blocking access to the spill area until recently. Shell is currently negotiating with the youths to return the seized equipment so that workers can carry out inspections and repairs to the trunk line, which feeds the Bonny export terminal.
Reuters, 09:44 March 13, 2007

Update: Woodside, Santos to Resume Offshore Australian Production Tomorrow

Woodside Petroleum and Santos Ltd. expect to restart production at their offshore oilfields on Wednesday after tropical cyclones shut down 172,600 b/d in Australia, almost half the country's daily output. Western Australia's offshore oilfields have been shut since Thursday due to the approach of tropical cyclones George and Jacob.
Reuters, 22:49 March 12, 2007

Natural Gas

Cost Estimates for Proposed Mackenzie Gas Pipeline in Canada Double

Imperial Oil Ltd. released new cost estimates for the proposed natural gas pipeline to run from the Mackenzie Valley in northern Canada to Alberta. The projected costs have soared to \$13.7 billion from earlier estimates of approximately \$6.4 billion in 2004. Imperial also now anticipates that the project would not be completed until 2014, three years later than originally planned. The company and its partners are seeking additional concessions from the Canadian government before proceeding with the project.

http://ca.today.reuters.com/news/newsArticle.aspx?type=businessNews&storyID=2007-03-12T204030Z_01_N12329718_RTRIDST_0_BUSINESS-IMPERIAL-MACKENZIE-COL.XML

http://biz.yahoo.com/cnw/070312/imperial_oil_mackenzi.html?v=1

Oil Daily, March 13, 2007

Coast Guard Issues Final EIS/EIR for Billiton's Cabrillo Port LNG Project in California

The U.S. Coast Guard has issued the final environmental impact report for the proposed Cabrillo Port offshore LNG terminal. The terminal has been proposed by BHP Billiton and would be located near Oxnard, California. The report concludes that the terminal would impact air quality, ocean views and marine life. According to the Los Angeles Times, among the findings in the 3,000 page report, is the conclusion "that the company, working with the California Air Resources Board and the U.S. Environmental Protection Agency, has failed to show it can reduce emissions to an insignificant level".

<http://www.thedesertsun.com/apps/pbcs.dll/article?AID=/20070311/NEWS10/703110321/1024/news10>

<http://www.latimes.com/news/local/la-me-lng10mar10,0,4417236.story?coll=la-home-headlines>

<http://intelligencepress.com/>

Other News

February Coal Shipments from Powder River Basin Up 4 Percent from Year Ago Level

According to Platts, Union Pacific and BNSF Railway moved nearly 35 million tons of coal from the Powder River Basin in Wyoming during February this year an increase of some 4 percent in comparison to the volume moved during February in 2006. The railroads indicated that the volume could have been even higher had the weather been less severe. Nearly all of the gain was accounted for by an increase of about 6 percent in volume shipped on the BNSF line. The Union Pacific system was hard hit by a winter storm that was especially severe in Nebraska and Iowa in late February.

<http://www.platts.com/Coal/News/6365894.xml?p=Coal/News&sub=Coal>

Chevron Holds Security Analyst Meeting in New York on March 13

Chevron executives provided briefings on the performance of the company in 2006 and plans for the future in exploration, upstream, downstream, and finance. Some of the highlights for 2006 include:

- Increase in refinery utilization from a loss of 8% to a loss of less than 2%
- Reduction of unplanned refinery unit outages
- Completion of the Pascagoula FCC expansion project
- Reserves replacement of over 100% again in 2006

In the future Chevron expects to complete the Pascagoula Expansion FID in 2008. Chevron also expects that reserve replacement will continue to be over 100% through at least 2011. At over 1 billion barrels of crude oil equivalent per year production, that is a significant amount of new reserves to be added each year.

For all of the presentations see:

<http://phx.corporate-ir.net/phoenix.zhtml?p=iro1-eventDetails&c=130102&eventID=1412800>

http://www.chevron.com/news/press/2007/2007-03-05_1.asp

Energy Prices

U.S. Oil and Gas Prices March 13, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	58.03	60.66	61.81
NATURAL GAS Henry Hub \$/Million Btu	6.78	7.55	6.77

Source: Reuters

Energy Notes

About 10,000 Customers Lose Power for 1 ½ Hours in Pennsylvania March 12

<http://www.sungazette.com/News/articles.asp?articleID=15890>

Power Outage Affects 10,000 Customers in Williamsport Area of Pennsylvania March 12

<http://www.sungazette.com/news/articles.asp?articleID=15890>

Faulty Underground Cable Causes Small Fire and Intermittent Power Outages at Sacramento Airport March 11

<http://www.sacbee.com/101/story/136484.html>

State of Illinois Suing Buckeye Pipeline for Oil Spills that Happened in 2005 and 2006

<http://www.pantagraph.com/articles/2007/03/12/news/doc45f5dc24cd624158295212.txt>

NRC and Nuclear Power Industry Agree to Criteria for Inspection of Welds at Power Plants

<http://www.platts.com/Nuclear/News/8929349.xml?p=Nuclear/News&sub=Nuclear>

Chevron CEO Says New Investment in Venezuela Depends on How it is Treated in Talk's with Government on Orinoco Heavy Oil Project

Reuters, 11:04 March 13, 2007

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/index.aspx>.

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