



ENERGY ASSURANCE DAILY

Wednesday Evening, March 28, 2012

Electricity

NRC Issues Confirmatory Action Letter for Restart Preparations at SCE's 2,150 MW San Onofre Nuclear Power Plant in California

The U.S. Nuclear Regulatory Commission (NRC) on Tuesday issued a Confirmatory Action Letter documenting actions that Southern California Edison Co. (SCE) officials have agreed to take related to unusual wear on steam generator tubes prior to restarting both units of the San Onofre Nuclear Generating Station. SCE has kept both units offline since January to test and inspect the steam generators. The NRC letter formalizes commitments that SCE has made to ensure that the cause of the tube wear in both steam generators is understood and appropriately addressed to ensure safe operation, according to a regional NRC administrator. Until the NRC is satisfied that has been done, the plant will not be permitted to restart, he said.

<http://finance.yahoo.com/news/southern-california-edison-welcomes-nuclear-233000071.html>

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-011.iv.pdf>

Entergy Says Spent Fuel Handling Machine at Its 993 MW Arkansas Nuclear One Unit 2 in Arkansas Not Fully Qualified for Seismic Event

Entergy Arkansas on Tuesday notified the U.S. Nuclear Regulatory Commission (NRC) that engineering analysis has shown the spent fuel handling machine for Unit 2 is not qualified in a design basis for an earthquake event, according to an NRC filing. Current seismic analysis is indicating a lack of margin for several structural parts of the machine, the filing said. Operators say the machine is currently parked and de-energized in a safe position and will remain in its current position until further engineering evaluation or modifications can occur.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120328en.html>

Update: PSE&G's 1,092 MW Salem Nuclear Unit 2 in New Jersey Restarts March 27 after Turbine Trip; Ramps Up to Full Power by March 28

Public Service Electric and Gas Company (PSEG&E) restarted Salem Unit 2 Tuesday morning, officials said. An electrical problem caused a turbine trip, and subsequently, an automatic reactor trip last Friday. Operators stabilized the plant but the unit remained shut until Tuesday.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

<http://finance.yahoo.com/news/pseg-exelon-nuclear-plant-goes-190818422.html>

Progress Energy's 900 MW Harris Nuclear Unit 1 in North Carolina Reduced to 85 Percent by March 28

On the morning of March 27 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Entergy's 730 MW Palisades Nuclear Unit in Michigan Reduced to 74 Percent by March 28

On the morning of March 27 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Update: Wolf Creek's 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas Ramped Up to 48 Percent by March 28

On the morning of March 27 the unit was operating at 9 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Update: Kinder Morgan Delays Decision on Proposed Expansion of Trans Mountain Pipeline from Alberta to Vancouver as It Seeks Additional Shipper Commitments

Kinder Morgan Energy Partners, LP will delay making a final decision on whether to double the size of its 300,000 b/d Trans Mountain oil pipeline until the end of an open season, which it has extended for two additional weeks until April 10. Kinder Morgan announced in October 2011 the start of an open season to seek shipper support for the expansion of the 715-mile Trans Mountain pipeline, which transports crude oil and refined petroleum products from Alberta to the Westridge Marine Terminal at the Port of Vancouver. On Tuesday the company announced it will extend the open season an additional two weeks commencing March 27, to enable interested parties to provide additional binding volume commitments as a result of project scoping changes. The company intends to expand market access for Canadian crude by expanding the pipeline, and it will proceed with extensive and thorough consultation once final commitments are known.

<http://www.reuters.com/article/2012/03/27/transmountain-idUSL2E8QR5BV20120327?feedType=RSS&feedName=utilitiesSector&rpc=43>
<http://phx.corporate-ir.net/phoenix.zhtml?c=93621&p=irol-newsArticle&ID=1677244>

Update: ConocoPhillips Extends Sales Deadline for Its Shuttered Trainer, Pennsylvania Refinery Due to Interest from Potential Buyers

ConocoPhillips said on Wednesday it had extended the sale deadline for its 185,000 b/d refinery in Trainer, Pennsylvania to the end of May because of recent interest from potential buyers, according to a spokesman. ConocoPhillips shut the refinery late last September and announced it was for sale, with an original sales deadline of March 31.

Reuters, 10:09 March 28, 2012

Boiler Problem Leads to FCCU Emissions at Delek's 60,000 b/d Tyler, Texas Refinery March 26

Delek reported excess emissions from the fluid catalytic cracking unit (FCCU) and Boiler No. 9 due to a malfunction affecting boiler operations, according to a filing with the Texas Commission on Environmental Quality. Workers were implementing mitigation measures, including upstream operational adjustments.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=166479>

Boiler Trip Results in Pressure Drop, Causes Flaring at Total's 232,000 b/d Port Arthur, Texas Refinery March 26

Total Petrochemicals reported a boiler trip from a neighboring facility resulted in a significant drop in 600 pounds-per-square-inch steam header pressure throughout the refinery, according to a filing with the Texas Commission on Environmental Quality. This caused flaring to occur from the East and South Flares for approximately 15 minutes. Operators made adjustments to restore normal operations.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=166488>

Imperial Oil Reports No Impact to Operations after Small, Brief Fire at Its 121,000 b/d Sarnia, Ontario Refinery March 27

Imperial Oil Ltd reported workers quickly extinguished a small fire at its Sarnia refinery on Tuesday afternoon, about 30 minutes after the fire began, according to a spokesman. There was no interruption to operations, the spokesman said.

Reuters, 15:48 March 27, 2012

Update: Interior Department to Approve Shell's Spill-Response Plan for Wells in Beaufort Sea Offshore Alaska March 28

U.S. Interior Secretary Ken Salazar said at a press conference Wednesday the department would approve Royal Dutch Shell's oil-spill response plan for exploratory oil wells in the Beaufort Sea this summer, according to reports. Shell has acknowledged the approval will mark another milestone in its efforts to begin drilling there in July, but it still needs several more permits before it can begin.

DJN, 10:51 March 28, 2012

Natural Gas

Cardinal Midstream Launches Operations at New 120 MMcf/d Tupelo Natural Gas Processing Plant in Oklahoma's Arkoma Woodford Shale

Cardinal Midstream, LLC today announced that it has launched operations at a third cryogenic processing plant in Oklahoma's Arkoma Woodford shale: the 120 MMcf/d Tupelo Plant, located in Coal County. The Tupelo Plant complements the two additional cryogenic processing plants Cardinal operates in the play, which include the 80 MMcf/d Coalgate Plant, also in Coal County, and the 20 MMcf/d Atoka Plant in Atoka County. A natural gas liquids (NGL) pipeline connects the Atoka Plant with the Coalgate and Tupelo facilities, where NGLs are delivered to the ONEOK NGL Pipeline system.

<http://www.cardinalmidstream.com/news-03-28-12.html>

Operators Reduce Rates for Unplanned Maintenance at 130 MMcf/d Midkiff Gas Plant in Texas March 28

Operators reported unplanned maintenance was needed to backflush the consolidator gas/gas exchanger after mole sieve blockage was catching in screens, causing high DP. Operators were reducing output from the Cryogen1 plant to maximum 60 MMcf/d to reduce emissions.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=166445>

Cheniere Energy to Apply to Build 1.8 Bcf/d LNG Export Terminal at Corpus Christi, Texas on U.S. Gulf Coast; Site Originally Planned for Import Terminal – Executive

Reuters, 15:56 March 27, 2012

Other News

Department of Interior Announces Next Steps for Potential Energy Development in the Mid- and South Atlantic

U.S. Interior Secretary Ken Salazar and Bureau of Ocean Energy Management Director Tommy P. Beaudreau today announced that Interior is taking steps to assess the conventional and renewable energy resource potential in the Mid- and South Atlantic. The draft Programmatic Environmental Impact Statement (PEIS), released today for public comment, will help inform future decisions about whether, and if so where, leasing would be appropriate in these areas. The draft PEIS assesses proposed geological and geophysical activities, including seismic and other offshore surveys, in the Mid- and South-Atlantic planning areas.

www.boem.gov/oil-and-gas-energy-program/GOMR/GandG.aspx

<http://www.doi.gov/news/pressreleases/Secretary-Salazar-Director-Beaudreau-Announce-Next-Steps-for-Potential-Energy-Development-in-the-Mid-and-South-Atlantic.cfm>

International News

Update: Total Warns It Could Take Six Months to Halt Gas Leak from Elgin Platform in North Sea

Total S.A. warned it could take six months to halt the flow of gas leaking from its Elgin production platform in the North Sea, according to reports. A company manager told Reuters that Total is now looking at two main options for intervening: drilling a relief well nearby, which could take six months, or implementing a platform intervention with Total and specialist engineers to kill the well. A third "dream scenario" is that the well itself could die on its own. Before the shutdown, Elgin's output was 9 million cubic meters of gas per day (mcm/d) and about 60,000 b/d of light crude oil, exported via the BP-operated Forties pipeline system. Shell U.K. announced Tuesday it was shutting as a precautionary measure its nearby Shearwater platform, whose output was 11 mcm/d of gas and about 90,000 b/d of oil, according to reports.

Reuters, 14:16 March 27, 2012

French Ministers Say France, U.S., and Britain in Talks with IEA about Possible Release of Strategic Oil Reserves to Ease Fuel Prices

French ministers said on Wednesday the country was in talks with the United States and Britain about the possible release of strategic oil stocks to ease fuel prices, which have risen in recent months. The French media has cited presidential sources in reporting that such a release could happen “in a matter of weeks.” Earlier this month, British sources said London was in discussions with Washington on a release of strategic oil stocks and that a release was expected within months. The countries were awaiting conclusions from the International Energy Agency, which coordinates emergency stock releases in case of severe oil supply disruption, reports said.

<http://www.chicagotribune.com/business/sns-rt-us-france-strategic-stocksbre82r09i-20120328.0.6221225.story>

South Sudan Claims Sudan Bombed Oilfields amid Escalating Conflict over Oil Transport Fees

South Sudan claims that Sudan launched airstrikes on major oilfields in its Unity state on Tuesday, and Asian oil group GNPOC—the Greater Nile Petroleum Operating Company—confirmed its facilities in that area had been hit. Sudan denied it had launched air strikes but did admit its ground forces had attacked southern artillery positions that had fired at the disputed oil-producing area of Heglig. Sudan claims its troops were fighting southern soldiers on the Sudanese side of the border. The two countries have been involved in an ongoing, escalating dispute about how much the landlocked South Sudan should pay to transport its oil through Sudan.

Reuters, 14:49 March 27, 2012

Mexico Opens New LNG Import Terminal on Pacific Coast to Supply Power Plants in Manzanillo and around Guadalajara

Mexico on Tuesday opened a new liquefied natural gas (LNG) terminal on its Pacific Coast that will receive LNG from Peru and supply energy plants in the port city of Manzanillo and around Guadalajara, according to a statement from Mexico’s Federal Electricity Commission. The terminal is part of a plan to increase the use of gas to generate electricity in the country.

Reuters, 20:59 March 27, 2012

Update: Iraq Says It Will Pay nearly \$560 Million for Kurdish Oil after KRG Curtails Exports

Iraq’s central government has allocated close to \$560 million in its 2012 budget to pay oil producers in the autonomous Kurdish region, its finance minister said Tuesday. On Monday a spokesman for the Kurdistan Regional Government (KRG) said it would reduce exports and could cease them altogether unless Baghdad was forthcoming with payment for the oil. A long-standing dispute over the control of oil in the north has throttled payments, sources said. Iraq’s finance minister said the central government will release the allocated funds after it receives audit results from the board of supreme audit, an independent body that audits all Iraq’s ministries and government offices.

Reuters, 12:04 March 27, 2012

Energy Prices

U.S. Oil and Gas Prices			
March 28, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	105.01	106.90	104.01
NATURAL GAS Henry Hub \$/Million Btu	2.09	2.19	4.13

Source: Reuters

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM and 1:00 PM Eastern Time every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM Eastern Time every Thursday.

ENERGY ASSURANCE DAILY

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

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