



ENERGY ASSURANCE DAILY

Thursday, March 29, 2007

Electricity

Update: Power Restored to Nearly All Customers in Southern California by Late March 28 Following Strong March 27 Storm that Cut Power to Some 230,000 Customers

By late evening on March 28 only about 1,000 customers of Southern California Edison remained without power following a strong storm that passed through the region on March 27. At the peak, approximately 230,000 customers lost power at least briefly. Late on Wednesday, the Los Angeles Department of Water and Power reported that power had been restored to all but 359 of its customers.

<http://www.signonsandiego.com/news/state/20070328-2343-ca-socialstorm.html>

http://www.cbs47.tv/news/state/story.aspx?content_id=611a0315-975e-491a-8dd9-3dbd5f22f81b

<http://www.latimes.com/news/local/la-me-power29mar29.0.1913208.story?coll=la-home-local>

FERC Approves AMP-Ohio License Transfers for Two Proposed Ohio River Hydroelectric Facilities Totaling 156 MW

The two proposed facilities include the Smithland hydroelectric facility, which is projected to be a 72-megawatt plant, and the Cannelton plant, projected to be 84 megawatts. Both projects will likely be completed with ten years.

<http://www.ohio.com/mld/ohio/business/16986676.htm>

TXU's 750 MW Monticello Coal-fired Unit 3 in Texas Shut March 29

Reuters, 08:04 March 29, 2007

Mirant's 206 MW Potero Gas-fired Unit 3 in California Shut March 28

Reuters, 19:37 March 28, 2007

Petroleum

Update: Full Production at Valero's 170,000 B/d McKee Refinery in Texas Not Due Until End of 2007

The McKee refinery in Texas was shut down February 16 after being damaged by an explosion and fire, which was likely caused by a release of liquid propane. Although full production at the facility won't be restored until at least the end of 2007, the plant is expected to run at about 50 percent of capacity (85,000 barrels per day) by mid-April, according to plant officials.

<http://www.chron.com/disp/story.mpl/business/4670276.html>

Two Units Shut at Valero's 295,000 b/d Port Arthur Refinery in Texas March 28

In a report to state regulators, Valero reported two separate problems at its Port Arthur refinery in Texas on March 28. The problems were with a regenerative thermal oxidizer and a wet gas compressor. Although both units were forced to shut, the company maintains that there was no material impact on production.

Bloomberg News, 18:21 March 28, 2007

Third Incident in 10 Days at ConocoPhillips Sweeny Refinery in Texas Reported March 28

An unspecified malfunction involving a sulfur recovery unit at the 216,000 b/d refinery resulted in a very small amount of hydrogen sulfide and a somewhat larger volume of sulfur dioxide being flared. The incident was the third instance of a malfunction leading to flaring in ten days at the site. According to a company representative, there was no impact on production.

Bloomberg News, 11:09 March 29, 2007

Murphy Seeks Permit to Upgrade Meraux Refinery in Louisiana to Produce ULSD

Murphy Oil is seeking a modification for its state environmental permit to enable the refinery to produce distillate fuel with a sulfur content of less than 10 parts per million. Murphy does not envision changing the capacity of the refinery but is planning to increase storage capacity.

OPIS, 10:49 March 29, 2007

Update: Shell in Nigeria Defends Operations

Royal Dutch Shell in Nigeria, known as Shell Petroleum Development Co. of Nigeria Ltd. (SPDC), defended itself March 28 against allegations that it illegally transported and dumped radioactive material in the Niger Delta. In a statement sent to United Press International (UPI), the company said it had not been involved or charged in connection with the dumping of toxic waste in Nigeria. The company did, however, admit that some equipment for drilling using radioactive material that was transported through the region was missing and that the company was making a concerted effort to find it.

<http://www.upi.com/Energy/view.php?StoryID=20070328-043340-6195r>

Natural Gas

Shell Terminates Plan to Build LNG Facility in Gulf of Mexico

On March 28, Shell Oil Co. announced it was dropping its plans to build a liquefied natural gas (LNG) terminal in the Gulf of Mexico based on market considerations. The company says it will rely on other companies' onshore and offshore facilities to transport LNG into the Gulf and may opt to buy capacity rights at other facilities.

<http://www.katc.com/Global/story.asp?S=6294912>

Natural Gas Finding & Development Costs Reached Record Highs in 2006

After analyzing data from exploration and production companies, Calyon Securities found that finding and development (F&D) costs increased nearly 75 percent to \$3.30 Mcf equivalent (\$19.80 per barrel) in 2006. Part of the reason for the steep rise was the increase in unproved property acquisition spending, or acreage purchased with no proven reserves, the rise of drill bit costs by 35% in 2006, and acquisition costs that were 25% higher year-over-year.

Oil Daily, March 29, 2007

Other News

Ethanol Output to Fall Short of Bush's Target for Renewable Fuels - USDA

U.S. Department of Agriculture (USDA) forecasts show that U.S. biofuels production will total 13 billion gallons in 2016, 22 billion gallons less than President George W. Bush's target for renewable fuels in ten years. Ethanol production in 2007 is expected to be slightly below 9 billion gallons, an increase of 3 billion gallons from 2006.

http://www.energyintel.com/PublicationHomePage.asp?publication_id=5

Oil Daily, March 29, 2007

Energy Prices

U.S. Oil and Gas Prices			
March 29, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	66.04	60.21	66.00
NATURAL GAS Henry Hub \$/Million Btu	7.34	7.07	7.16

Source: Reuters

Energy Notes

DOE Applauds NRC for Approval of Entergy's Site Permit for Nuke Station in Mississippi

http://news.morningstar.com/news/ViewNews.asp?article=/DJ/200703271653DOWJONESDJONLINE000659_univ.xml&Cat=Utilities

Update: Exxon Granted Extension to Appeal Decision to Terminate Leases at Point Thomson Oil and Gas Field in Alaska

Oil Daily, March 29, 2007

Strong Winter Storm Leads to Multi-Vehicle Pileup – Tanker Truck Spills 1,000 Gallons of Fuel in Wyoming

<http://www.thetandd.com/articles/2007/03/29/ap/headlines/d8o609vo0.txt>

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.

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

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