



ENERGY ASSURANCE DAILY

Wednesday Evening, May 05, 2010

Major Developments

Update: BP Stops One of Three Leaks in Gulf of Mexico, but Company Executive Tells Congress that the Well Could Theoretically Leak as Much as 60,000 b/d of Oil

BP halted the flow of oil from one of three existing leak points on the MC252 oil well and riser in the Gulf of Mexico, but the company did not expect the stoppage to affect the rate of flow, it said on May 5. Instead, the company said the work had enabled it "to make progress, to winnow down the focus from three leaks to two." Responders used remotely operated vehicles (ROVs) to install a valve on the end of a broken drill pipe; the ROVs joined the valve to the broken drill pipe and closed it, effectively stopping the leak. Despite the progress, the leaking continued. A BP executive, in fact, told Congress that the well could theoretically leak up to 60,000 b/d of oil, or more than 10 times the approximated current rate. The worst fear, according to a Coast Guard Admiral, was that the well could spill 100,000 b/d. Citing favorable weather conditions, officials approved a controlled burn for May 5. The burn was intended to remove oil from the open water, according to the Deepwater Horizon Incident Joint Information Center. Secretary of Defense Gates approved the use of Title 32 status for up to 17,500 National Guard members in four states: 3,000 in Alabama, 2,500 in Florida, 6,000 in Louisiana, and 6,000 in Mississippi. About 7,500 personnel are responding to the incident, as of latest reports. Nearly 200 vessels are on-site, and about 367,000 feet of boom have been deployed. Responders have recovered more than 1 million gallons of an oil-water mix and deployed nearly 160,000 gallons of dispersant. The slick was not expected to reach the shore for another three days, a BP official said on May 4. The spill, however, could conceivably reach Miami Beach or the barrier islands of North Carolina, according to an oceanographer at the University of South Florida.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7061856>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/539675/>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/539371/>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/539303/>

<http://www.nytimes.com/2010/05/06/us/06spill.html?hp>

Reuters, 17:44 May 4, 2010

Reuters, 18:41 May 4, 2010

BP Re-Routes Oil Tanker en Route to Gulf of Mexico: Shipbroker

BP re-directed to Europe a ship that had been en route from West Africa to the Gulf of Mexico, a shipbroker said by May 5. A broker said the ongoing spill would cause some shipping delays, and lead to an increase in charter rates. The spill, according to a separate Reuters article, was causing a few delays for regional oil tankers. A shipping analyst referred to it as "just a minor inconvenience." The spill had not affected ship traffic to central U.S. Gulf ports, as of latest reports, and deliveries into New Orleans were expected to remain open into Friday, at the least, according to officials.

<http://www.businessweek.com/news/2010-05-05/bp-oil-tanker-said-to-be-diverted-from-gulf-of-mexico-update1-.html>

Reuters, 13:44 May 5, 2010

Reuters, 13:12 May 5, 2010

Lightering Company Stops Ship-to-Ship Oil Transfers Offshore Mississippi, Citing Oil Spill in Gulf of Mexico

A lightering company that serves Chevron's 330,000 b/d Pascagoula, Mississippi refinery has stopped ship-to-ship crude transfers offshore Mississippi, citing the ongoing oil spill offshore Louisiana, an official with the unspecified company said.

<http://www.reuters.com/article/idUSN0414356420100504?type=marketsNews>

Department of the Interior to Establish Outer Continental Shelf Safety Board

The Board will review offshore drilling safety and technology issues, and further tighten oversight of industry equipment testing, Secretary of the Interior Ken Salazar said on April 30.

<http://www.doi.gov/news/pressreleases/Salazar-Launches-Full-Review-of-Offshore-Drilling-Safety-Issues-during-Visit-to-Oil-Spill-Command-Centers-on-Gulf-Coast.cfm>

Tanker Rates for Oil and Oil-Product Tankers Have Risen by 50 Percent or More over Past Week in Caribbean and U.S. Gulf Coast

Reuters, 18:26 May 3, 2010

Electricity

Winds, Storm Knock Out Power to More than 75,000 Customers in U.S. Northeast May 4

Storms knocked out power to about 28,000 National Grid customers in New York, More than 25,000 Public Service of New Hampshire (PSNH) customers in New Hampshire, and 23,400 Western Massachusetts Electric (WMECO) customers in Massachusetts, company and news sources reported. The utilities had restored power to most affected customers, as of latest reports.

PSNH: <http://www.psnh.com/outage/mobile.aspx> ,

http://sentinelsource.com/articles/2010/05/05/news/local/free/id_399750.txt ,

<http://www.wmur.com/weather/23461134/detail.html>

WMECO: http://www.masslive.com/news/index.ssf/2010/05/utility_crews_scramble_to_rest.html ,

<http://www.wmeco.com/Community/StormCenter/RestorationStatus.aspx> , <http://www.wvlp.com/dpp/news/local/it-almost-seemed-like-a-tornado>

National Grid: <http://www1.nationalgridus.com/niagaramohawk/stormcenter/> ,

<http://www.troyrecord.com/articles/2010/05/05/news/doc4be0e79aa5756916846701.txt> ,

<http://wnyt.com/article/stories/S1543787.shtml?cat=300>

Winds Knock Out Power to 50,000 Fortis Alberta Customers in Alberta, Canada May 4

The company had restored power to most affected customers, as of latest reports.

<http://www.calgaryherald.com/Chilly+weather+continue/2987429/story.html>

Update: NRG Restarting 836 MW Limestone Coal-Fired Unit 1 in Texas May 5-6

NRG planned to restart the unit “after tube leak repair and transformer oil change,” the company said in a filing with state regulators. It had expected to shut the unit from April 28 into May 4, according to a previous filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139274>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139043>

Update: Dynegy's 335 MW El Segundo Gas-Fired Unit 3 in California Returns to Service by May 4

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201005041515.html>

Update: PPL's 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania Ramped Up to 75 Percent by May 5

The unit shut automatically “during equipment testing” on April 22, the company said in a previous press release. Operators returned the unit from a refueling outage on April 21. The testing was part of that restart. The Nuclear Regulatory Commission reported that on the morning of May 4 the unit was operating at 65 percent.

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/Unit+1+at+Susquehanna+nuclear+plant+shuts+down+safely+042210.htm>

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/Unit+1+at+Susquehanna+nuclear+plant+returns+to+service+042510.htm>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: Entergy's 836 MW Arkansas Nuclear Unit 1 in Arkansas at Full Power by May 5

The Nuclear Regulatory Commission reported that on the morning of May 4 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/2010/>

Northwest Utilities to Employ Energy Efficiency Measures and Save 200 Average Megawatts of Power by 2014

Thirteen northwest electricity organizations have invested \$192 million, combined, in the Northwest Energy Efficiency Alliance (NEEA), and expect to employ energy efficiency measures to save the region 200 average megawatts (aMW) of power by 2014. The organizations are based in Idaho, Montana, Oregon, and Washington, and represent about 130 regional public utilities. To read more about the organizations and their investments, click on the link below.

http://www.nwalliance.org/news_media/pressreleasedetail.aspx?ID=732

PJM Sees Adequate Resources to Meet Peak Summer Electric Demand

PJM forecasts electric demand to peak at 135,750 MW across its 13-state, Eastern-and-Midwest U.S. service territory, but the grid operator expects to have adequate resources to meet that total. PJM will have 162,903 MW of generation available. It expects demand response – customers' voluntary reductions – to reduce peak electricity use by 8,525 MW.

<http://www.pjm.com/~media/about-pjm/newsroom/2010-releases/20100505-summer-2010-outlook.ashx>

SCE Completes 700 MW Portion of Proposed 4,500 MW Tehachapi Renewable Transmission Project in California by May 4

Southern California Edison (SCE) completed the first three parts - a combined 700 MW - of the proposed 11-part, 4,500 MW Tehachapi Renewable Transmission Project in California. The project is intended to deliver electricity from wind farms, solar-power facilities, and other generation resources in California. The company expects to break ground on segments 4-11 later in 2010, and open those portions in 2015.

<http://www.edison.com/pressroom/pr.asp?id=7390>

Update: Mississippi Power to Re-File Plans for 582 MW Coal-Fired Power Plant in Kemper County, Mississippi

Mississippi Power might still build a 582 MW coal-fired power plant in Kemper County, Mississippi, a spokeswoman suggested by May 5, even after the company said recently that it would abandon the project. The state Public Service Commission (PSC) approved the proposal last week, but attached conditions to its approval that Mississippi Power said had made the project unfeasible. The company canceled its plans, citing those conditions. Now, however, the company expects to file with the PSC a motion to rehear and reconsider the PSC's decision. The company plans to provide alternatives to its original proposal, and explain why the PSC's conditions made the original plans unworkable.

<http://www.mississippipower.com/kemper/Facts.asp>

<http://www.clarionledger.com/article/20100505/BIZ/5050343/1005/biz>

Petroleum

Update: Flooding Forces Shut Five Terminals in Nashville, Tennessee by May 4

Marathon shut two fuel terminals and an asphalt terminal, high waters and power issues forced shut an ExxonMobil-owned fuel terminal, and flooding led to the closure of Citgo's terminal, according to company sources and Bloomberg Businessweek.

<http://www.businessweek.com/news/2010-05-04/marathon-exxon-citgo-shut-nashville-fuel-terminals-update4-.html>

Oil Inventories Rise to Record High at Cushing, Oklahoma Hub in Week Ended April 30: API

Oil inventories rose 1.7 million barrels to a record 36.3 million barrels in the week ended April 30, the American Petroleum Institute (API) said.

Reuters, 16:45 May 4, 2010

Fire Injures One Person at AGE Refining's 14,021 b/d San Antonio, Texas Refinery May 5

A truck exploded at the facility's loading dock, injuring an unspecified number of workers, local news sources said.

<http://www.wfaa.com/news/Heavy-smoke-seen-coming-from-San-Antonio-power-plant-92877254.html>

Reuters, 13:236 May 5, 2010

BP to Start Unspecified Unit at 467,720 b/d Texas City, Texas Refinery

BP planned to start up an unspecified unit at its 467,720 b/d Texas City, Texas refinery from May 5-6, it said in a filing with state regulators. The filing did not say if or when the unit went offline, or whether the start-up would have any impact to production.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=139295>

Malfunction Triggers Flaring at Chevron's 279,000 b/d El Segundo, California Refinery May 4

It was not clear which units were affected or whether the incident had any impact to production.

Reuters, 19:21 May 4, 2010

Update: PdVSA Eyes Mid-May Restart for 320,000 b/d Isla Refinery in Curacao, Netherlands Antilles

The company expects to open the refinery between May 10-15, according to Nynas, a jointly-owned company of PdVSA and Neste Oil. The facility is offline due to power supply issues.

http://www.downstreamtoday.com/news/article.aspx?a_id=22540

Update: PdVSA Plans to Start Fire-Downed Cat Cracker over Weekend at 300,000 b/d Cardon, Venezuela Refinery

A fire forced shut the 104,000 b/d unit in March. The company expects to restart the unit on Saturday, May 8.

Reuters, 10:01 May 5, 2010

Somali Pirates Hijack China-Bound, Russian-Owned Oil Tanker Offshore Yemen May 5

Somali pirates hijacked a 106,474-tonne Russian-owned oil tanker as it traveled from Sudan to China, shipping sources said. The tanker was carrying about 631,000 barrels of oil, and was en route to the port of Ningbo, China.

<http://www.reuters.com/article/idUSTRE6441NF20100505>

Update: Petrobras Still Sees 2010 Start-Date for Planned 80,000 b/d Cascade-Chinook Oil Platform in Gulf of Mexico

The company expects to start the platform during the second half of 2010, despite the recent explosion onboard Transocean's BP-operated Deep Horizon oil rig offshore Louisiana, company executives said on May 4. The company expects to produce 80,000 within three years.

Reuters, 17:17 May 4, 2010

Shell Says Thieves, Militants to Blame for Nearly 14,000 Tons of Oil Spills in Niger Delta, Nigeria during 2009

Shell's Nigerian subsidiary reported 14,000 tons of oil spills in the Niger Delta during 2009, more than doubling the total from 2008 and quadrupling the amount from 2007. The company blamed militants and thieves for the spills.

<http://www.guardian.co.uk/environment/2010/may/05/shell-oil-spill-niger-delta>

Natural Gas

Nothing to report.

Other News

EPA Proposes to Regulate Coal Ash from Coal-Fired Power Plants The U.S. Environmental Protection Agency (EPA) proposed rules to ensure the safe disposal and management of coal ash from coal-fired power plants. The EPA proposed two options: one would create a comprehensive program of federally enforceable requirements for waste management and disposal. The other would give EPA the authority to set performance standards for waste management facilities, and would be enforced primarily through citizen suits.
<http://yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/4eca022f6f5c501185257719005dfb1b!OpenDocument>

Update: Fire to Blame for Elevated Carbon Monoxide Levels inside Arch Coal's Dugout Canyon Coal Mine in Utah: MSHA

The Mine Safety and Health Administration (MSHA) ordered Arch Coal to shut the mine after a fire led to higher-than-normal levels of carbon monoxide. Crews were unable to "extinguish the fire" over the weekend, an MSHA spokeswoman said. The company referred to the incident as a "heating event" or "hot spot," and said it planned to flood the affected area with water. There were no injuries.
http://www.sltrib.com/entretenimiento/ci_15009661
<http://news.archcoal.com/phoenix.zhtml?c=107109&p=irol-newsArticle&ID=1421520&highlight=>

County Withdraws Application for Grant in Support of Verenum's Proposed 36 MMGal/Yr. Cellulosic Ethanol Plant in Florida

The county of Highlands, Florida voted to delay a \$750,000 grant for the plant, citing a lack of funding. The County Administrator referred to the vote as "just a timing issue." The company, he said, is "waiting on their guarantee of funding from the Department of Energy."
<http://www.newsun.com/news/0505-eb-ethanol>

Atco Midstream, Grow-Gen Energy Plan 10.6 MMGal/Yr., 2.5 MW Integrated Biorefinery in Alberta, Canada

The company's plan to expand an existing biogas-to-electricity facility in Alberta, Canada to produce 10.6 MMGal/Yr. of ethanol, 2.5 MW/year of electricity, and 10,000 tonnes/year of biofertilizer. The facility will derive ethanol from locally-grown, high-starch wheat. The companies expect to begin operations in mid-2012.
http://cnrp.marketwire.com/cnrp_files/20100504-504atco2.pdf

Energy Prices

U.S. Oil and Gas Prices			
May 5, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	80.07	82.67	54.15
NATURAL GAS Henry Hub \$/Million Btu	3.96	4.18	3.47

Source: Reuters

Energy Notes

Mayor Considers Outside Investigation into Multiple Underground Electric Fires in Morristown, New Jersey

<http://www.dailyrecord.com/article/20100504/COMMUNITIES/305040001/1005/NEWS01/Mayor---JCP&L-is-really-rolling-the-dice--with-underground-explosions>

Update: South Dakota PUC Okays Modifications to Permit for TransCanada's Proposed 900,000 b/d, Alberta-to-Gulf Coast Keystone XL Oil Pipeline

<http://www.businessweek.com/ap/financialnews/D9FGMGFG0.htm>

Federal Judge Upholds Authorization of Natural Gas Wells in San Juan National Forest, Colorado, Rejecting Environmentalist Opposition

<http://cbs4denver.com/wireapnewsco/Federal.judge.upholds.2.1672669.html>

NRC Cites Three Minor Procedural Violations at DOE's Mixed Oxide Fuel Facility in South Carolina

<http://chronicle.augusta.com/news/metro/2010-05-04/mox-plant-inspection-results-3-notice?v=1272932230>

Fan Failure Causes Flaring at Dollarhide Gas Plant in Texas May 4-10

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139283>

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/ead.aspx>

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