



# ENERGY ASSURANCE DAILY

Tuesday, May 15, 2007

## ***Electricity***

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### **NRC Wants More Information on Corrosion Problem at Davis-Besse Nuke Plant**

The Nuclear Regulatory Commission (NRC) has sent a “demand for Information” requiring a response under oath from First Energy Nuclear Operating Co., regarding what the NRC regards as contradictory information on a severe vessel head degradation problem that was discovered five years ago at the plant. The NRC sees contradictory information in a report prepared by a consulting firm for First Energy in conjunction with an insurance claim and the root cause report on the incident previously submitted by First Energy to the NRC.

<http://www.platts.com/Nuclear/News/7340112.xml?p=Nuclear/News&sub=Nuclear>

### **Constellation Energy’s 497 MW Ginna Nuke Unit in New York Down to 67 Percent Power May 15**

The unit was operating at 95 percent capacity on May 14 and dipped to 67 percent capacity on May 15.

Reuters, 07:23 May 15, 2007

### **First Energy’s 1,235 MW Perry Nuke Unit in Ohio Shut May 15**

Reuters, 08:32 May 15, 2007

### **Xcel’s 360 MW Harrington Coal-Fired Unit 2 in Texas Shut May 14**

Reuters, 08:32 May 15, 2007

### **Constellation’s 830 MW High Desert Gas-Fired Unit in California Shut May 14**

Reuters, 08:32 May 15, 2007

### **Mirant’s 206 MW Potrero Gas-Fired Unit 3 in California Shut May 15**

Reuters, 08:32 May 15, 2007

### **US Coal Supplies at Power Plants Rise 1.02 Million Tons in Week Ending May 14**

According to an industry watcher, Genscape, coal supplies at U.S. power plants rose 1.02 million tons in the week ending May 14 or 28 percent above the same week last year.

Reuters, 12:00 May 15, 2007

## ***Petroleum***

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### **U.S. Gasoline Prices May Ease as Refineries Return – EIA**

Energy Information Administration head Guy Caruso told the Senate Energy and Natural Resources Committee that gasoline prices would recede from their currently high levels as refinery production is expected to improve during the rest of May and import volumes have increased over the last few weekends. However, Caruso also warned that gasoline markets would remain “fairly tight” this summer. The U.S. average national gasoline price reached \$3.10 this week.

Reuters, 11:22 May 15, 2007

### **Update: FCCU Restarts at BP’s 165,000 b/d Toledo Refinery in Ohio May 14**

The 55,000 b/d fluidic catalytic cracking unit (FCCU) was shut on the weekend of April 20 after it lost power.

Reuters, 15:34 May 15, 2007

## **Regenerator Restarts at Valero's 130,000 b/d Houston Refinery in Texas May 14**

The restart is expected to continue through most of Tuesday.

Reuters, 17:01 May 14, 2007

## **CDU Failure Cuts Crude Rates at Valero's 295,000 b/d Port Arthur Refinery in Texas May 15**

According to traders, Valero Energy Corp. has cut crude rates at the refinery by about one-third after a crude distillation unit failed over the weekend. The traders expect the unit to return by the end of the week. Valero said that company policy precludes them from commenting on operations that do not have a material impact on production.

Reuters, 11:20 May 15, 2007

## **Compressor Shut at Chevron's 260,000 b/d El Segundo Refinery in California May 15**

The shutdown caused flaring at the refinery.

Reuters, 12:03 May 15, 2007

## **Villagers Attack Major Pipeline Hub in Nigeria, Cut Production by 170,000 b/d May 15 Shell Declares Force Majeure on Bonny Light Crude Oil Exports**

Protesting villagers have occupied the Bamu manifold (major crude oil pipeline hub) in Nigeria, forcing Royal Dutch Shell Plc to reduce production flows on the company's Trans-Niger pipeline by 170,000 b/d and declare force majeure on shipments from the company's Bonny oil export terminal, which normally exports about 400,000 b/d. The force majeure will affect May and June loadings. Currently, oil companies are reporting that a total of 880,000 b/d of crude oil production is shutdown in Nigeria due to violence.

Reuters, 12:32 May 15, 2007

Reuters, 13:20 May 15, 2007

Reuters, 10:28 May 15, 2007

Bloomberg News, 10:12 May 15, 2007

## **Shell Will Not Lift Force Majeure from Nigeria's Forcados Oil Export Terminal in June**

Royal Dutch Shell Plc expects its Forcados terminal in Nigeria to begin shipping crude oil again in June but said that it does not expect to lift force majeure on Forcados exports. Oil shipments from the Forcados terminal and the nearby EA offshore oilfield, which together normally export 477,000 b/d, have been suspended for more than a year due to violence.

Bloomberg News, 11:08 May 15, 2007

Reuters, 10:28 May 15, 2007

## **Update: Operations Resume at Chevron's 42,000 b/d Abiteye Oilfield in Nigeria May 15**

The company said that operations have been restarted at the field and that full production will be reached within the next few days. The field was shut down last week when it was occupied by local community members.

[http://money.cnn.com/2007/05/15/markets/oil.reut/index.htm?source=yahoo\\_quote](http://money.cnn.com/2007/05/15/markets/oil.reut/index.htm?source=yahoo_quote)

## **Chevron Evacuates Some Nonessential Personnel in Nigeria**

On May 11 Chevron announced that it was temporarily suspending some nonessential staff from its offshore operations due to security concerns. Most of the affected personnel are contractors involved in drilling and construction operations. The move will not impact Chevron's oil and gas production in Nigeria.

Oil Daily, May 15, 2007

## **Hercules Offshore, Inc. Evacuates All Nonessential Personnel From Nigeria May 14**

Jackup drilling rig and liftboat operator Hercules Offshore, Inc. today announced that it is taking precautionary measures with its liftboat operations in Nigeria because of the current unrest and the resulting decision of its customer, Chevron Nigeria Ltd., to temporarily cease certain operations to protect the safety of personnel. In response to the unrest, Hercules has developed a security plan with Chevron. Under the plan, Hercules Offshore will evacuate all nonessential expatriate personnel from Nigeria. The company cannot predict when conditions will improve and normal operations can resume.

<http://phx.corporate-ir.net/phoenix.zhtml?c=192573&p=irol-newsArticle&ID=999991&highlight>

### **Captured Al Qaeda Suspects Were Planning Oil Attacks in Saudi Arabia, Gulf States**

Four Al Qaeda suspects arrested last year in Saudi Arabia have admitted to planning attacks on the oil facilities in the Kingdom and other Gulf Arab oil producers. One suspect said that targets included Saudi Arabia's Ras Tanura and Jubail oil export terminals. Ras Tanura is Saudi Arabia's largest oil export terminal. The suspects were arrested last year in connection with an attack on Saudi Arabia's Abqaiq oil processing plant.  
Reuters, 04:14 May 15, 2007

### **Iraq Pumps 120,000 bbls of Crude Oil to Turkey Via Northern Pipeline May 13 Before Halting May 14**

Reuters, 03:06 May 15, 2007

### **Project Delays Trim Norway's Expected 2007 Oil Output by 200,000 b/d**

Reuters, 11:00 May 15, 2007

### **U.S. Interior Department Halts Planning Work for Potential Lease Sales in National Petroleum Reserve in Alaska**

The Department announced that planning for the potential lease sales had been stopped as the result of local opposition related to the possible impact on subsistence resources, particularly on the caribou calving grounds that fall within the area.

Oil Daily, May 15, 2007

## **Natural Gas**

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### **Fire Shuts Penn West's 50 MMcf/d Wildboy Gas Plant in British Columbia May 14**

Penn West Energy Trust said that the fire began Sunday afternoon and was allowed to burn in a controlled fashion until it was extinguished on Monday. The fire was limited to the product storage tank area and adjacent facilities. Penn West said that it ordered the shut-in of natural gas production to minimize potential health, safety and environmental risks, and limit further damage to the production facilities.

[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=8284460](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=8284460)

Reuters, 12:14 May 15, 2007

### **Update: Initial Shipment of Pipe for Millennium Pipeline Arrives in Albany, NY**

The initial shipment of pipe for the 186-mile line arrived in Albany. Construction will begin later this year with operational status expected by late in 2008.

[http://www.fox23news.com/news/local/story.aspx?content\\_id=3a6b1049-1ede-4c4c-a7be-b44f5b8d474c](http://www.fox23news.com/news/local/story.aspx?content_id=3a6b1049-1ede-4c4c-a7be-b44f5b8d474c)

### **Update: Northeast Gateway LNG Project Receives License**

The project received the deepwater port license that will allow construction of the offshore docking facility making it the first new LNG facility along the East Coast in more than 25 years. The facility will be located 18 miles off shore from Boston.

<http://intelligencepress.com/>

### **Columbia Gulf Begins Open Season for Sabine/Henry Hub Project**

Columbia Gulf Transmission began an open season for bids on new capacity and for capacity turnback on its project to expand Columbia Gulf's connection at the Henry Hub with the Sabine Pipeline system. Columbia Gulf is planning for an expansion of 200 MMcf/d with the ultimate size to be determined from the results of the open season. If the response is favorable, the expansion could be in service as early as March 1, 2009.

[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=8283960](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=8283960)

## **Other News**

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### **Update: NS Declares Force Majeure in Midwest Floods and Southeast Forest Fires**

Norfolk Southern railroad declared force majeure May 10, on its Midwest traffic following extensive flooding that occurred in Missouri when a levy failed. The railroad also declared force majeure May 11 on traffic passing through areas of Georgia and Florida affected by forest fires.

<http://www.platts.com/Request%20More%20Information/index.xml?src=story>

## Energy Prices

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<b>U.S. Oil and Gas Prices</b> May 15, 2007			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	62.92	62.22	69.25
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	7.85	7.50	5.92

Source: Reuters

## Energy Notes

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### **As Korean Exports of Jet Fuel Tighten, U.S. West Coast Markets Could be Deprived of Imports**

[http://www.energyintel.com/PublicationHomePage.asp?publication\\_id=7](http://www.energyintel.com/PublicationHomePage.asp?publication_id=7)

### **Brazil's President Says Country Needs Ethanol Stockpile to Become Reliable World Supplier**

Reuters, 11:01 May 15, 2007

### **Pressure Problems Shut 70,000 b/d of Production at Petrobras's Golfinho Oilfield in Brazil**

Reuters, 11:47 May 15, 2007

### **Colombia Woos Foreign Investors for Offshore Oil Licensing Round**

Reuters, 06:19 May 15, 2007

### **Oil Refinery Workers Kidnapped in Iraq**

<http://www.cnn.com/2007/WORLD/europe/05/15/tuesday/index.html>

### **Kuwait Could Reach 4 Million b/d Oil Production by 2012**

Reuters, 06:00 May 15, 2007

### **Saudi Arabia Discovers Two New Oilfields**

Reuters, 09:50 May 15, 2007

### **OPEC Lowers 2007 Forecast of Non-OPEC Supply Increase by 70,000 b/d**

<http://www.platts.com/Oil/News/8047362.xml?p=Oil/News&sub=Oil>

### **Oil Tanker Runs Aground Off Denmark**

Reuters, 09:47 May 15, 2007

### **IEA Downplays Concerns Over Caspian Gas Pipeline Deal**

09:09 May 15, 2007

### **China: Crude Oil Imports Up by 11.8 Percent January – April 2007 Compared to 2006**

<http://www.platts.com/Oil/News/8047404.xml?p=Oil/News&sub=Oil>

## Links

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***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](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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