



# ENERGY ASSURANCE DAILY

Tuesday Evening, May 25, 2010

## Major Developments

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### **Update: BP to Employ “Top Kill” Operation within Days in Bid to Stop Leak at Blown-Out Oil Well in Gulf of Mexico**

BP expects to employ a series of interventions in its bid to stop the flow of oil from the blown-out MC252 oil well in the Gulf of Mexico, the company said on May 25. It plans to deploy the “top-kill” operation - injecting drilling fluids into the well, and then cement to seal it – within a few days. It also expects to pursue the “lower marine riser package” (LMRP) cap containment option. The LMRP option would involve removing the damaged riser from the top of the blow out preventer (BOP) and leaving a cleanly-cut pipe at the top of the BOP’s LMRP. The LMRP cap would be connected to a riser from an above-water drillship, and then placed over the LMRP. The aim would be to capture most of the oil and gas flowing from the well, and transfer it to a drillship on the surface. That option will be ready by the end of May. BP used its riser insertion tube tool (RITT) to collect between 1,360 b/d and 3,000 b/d of leaking oil from May 17 to May 23.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062375>

### **Update: Cost of Response to Gulf Oil Leak Reaches \$760 Million by May 24: BP**

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062283>

### **BP Investigators Brief Government on Internal Deepwater Horizon Investigation**

BP’s internal investigation team began sharing its initial perspectives on the incident’s causes with the Department of the Interior, the company said on May 24. There were multiple control mechanisms that should have prevented the accident or reduced its impact, according to BP. The company’s investigators are focused on seven mechanisms:

1. The cement that seals the reservoir from the well;
2. The casing system, which seals the well bore;
3. The pressure tests to confirm the well is sealed;
4. The execution of procedures to detect and control hydrocarbons in the well, including the use of the BOP;
5. The BOP Emergency Disconnect System, which can be activated by pushing a button at multiple locations on the rig;
6. The automatic closure of the BOP after its connection is lost with the rig; and
7. Features in the BOP to allow Remotely Operated Vehicles (ROV) to close the BOP and thereby seal the well at the seabed after a blow out.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062374>

### **Update: EPA Directs BP to Reduce Chemical Dispersant Use**

The U.S. Environmental Protection Agency (EPA) directed BP to “use dispersants in the most effective and efficient way possible, thereby minimizing the total amount used,” the agency said in a May 24 release. The directive came four days after the EPA ordered BP to identify a less toxic alternative within 24 hours, and begin using that less-toxic dispersant within 72 hours after that. In its response to the initial order, however, BP said “none of the other dispersants that meet the acute toxicity and effectiveness criteria in Addendum 2 are available in sufficient quantities at this time.”

<http://yosemite.epa.gov/opa/admpress.nsf/e77fdd4f5afd88a3852576b3005a604f/0657789df08a1aba8525772e004d7a7e!OpenDocument>

<http://yosemite.epa.gov/opa/admpress.nsf/e77fdd4f5afd88a3852576b3005a604f/0897f55bc6d9a3ba852577290067f67f!OpenDocument>

<http://www.epa.gov/bpspill/dispersants/5-21bp-response.pdf>

[http://www.rigzone.com/news/article.asp?a\\_id=93713](http://www.rigzone.com/news/article.asp?a_id=93713)

<http://latimesblogs.latimes.com/greenspace/2010/05/gulf-oil-spill--1.html>

## **BP Pledges \$500 Million for Independent Research into Impact of Oil Spill on Marine Environment**

BP announced on May 24 a commitment of up to \$500 million to an open research program studying the impact of the Deepwater Horizon incident, and its associated response, on the marine and shoreline environment of the Gulf of Mexico.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062370>

## **President Obama Establishes Bipartisan National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling May 22**

<http://www.whitehouse.gov/the-press-office/weekly-address-president-obama-establishes-bipartisan-national-commission-bp-deepwa>

## **Update: White House Says it Issued Only Two Offshore Drilling Permits After Deepwater Horizon Explosion, but Later Revoked Both Permits**

<http://media.bulletinnews.com/playclip.aspx?clipid=8ccc9a6d5bb17a0&pub=energy>

## **Secretary Locke Announces Fishery Failure Determination in the Gulf of Mexico - Affected Area Includes Louisiana, Mississippi, and Alabama**

<http://www.commerce.gov/blog/2010/05/24/secretary-locke-announces-fishery-failure-determination-gulf-mexico>

## **MMS Officials Disregarded Scientists' Warnings of Environmental Dangers during Reviews of Energy Projects: Washington Post**

<http://www.washingtonpost.com/wp-dyn/content/article/2010/05/24/AR2010052401974.html?hpid=topnews>

<http://www.nytimes.com/2010/05/25/us/25mms.html?hp>

## **Oil Stain Delays Petroleum Products Tanker as it Seeks to Enter Mississippi River May 25**

<http://uk.reuters.com/article/idUKTRE64O52H20100525>

## ***Electricity***

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### **Delmarva Power Reports almost 90,000 Customers Briefly Without Power in Delaware May 24**

Delmarva Power reported 89,143 customers without electricity during the afternoon of May 24, but the company restored power to most within hours. Fewer than 10,000 customers were without power by mid-afternoon, and only scattered outages remained, as of latest reports.

<http://www.delmarva.com/home/emergency/maps/outage/default.aspx>

### **Update: Southern's 839 MW Farley Nuclear Unit 2 in Alabama Ramped Up to 86 Percent by May 25**

Operators shut the unit on May 22 due to the "loss of steam generator water level control," the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 24 the unit was operating at 50 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100524en.html>

Information also derived from the NRC Power Reactor Status Reports: 302

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

### **Update: Dominion's 871 MW Millstone Nuclear Unit 2 in Connecticut Ramped Up to 20 Percent by May 25**

Operators shut the unit on May 22 due to the "loss of steam generator water level control," the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 24 the unit was not operating.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100524en.html>

Information also derived from the NRC Power Reactor Status Reports: 174

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

### **Update: TVA's 1,125 MW Watts Bar Nuclear Unit 1 in Tennessee Ramped Up to 14 Percent by May 25**

The unit shut on May 21 due to a turbine trip, the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 24 the unit was not operating.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100524en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

### **Update: Cabrillo's 110 MW Encina Gas-Fired Unit 3 in California Returns to Service by May 24**

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

<http://www.caiso.com/unitstatus/data/unitstatus201005241515.html>

### **Update: Michigan DNR Rejects Wolverine Power's Bid to Construct 600 MW Coal-Fired Power Plant in Rogers City, Michigan**

The Michigan Department of Natural Resources and Environment (DNR) denied Wolverine Power's permit request for a proposed 600 MW coal-fired power plant in Rogers City, Michigan, saying the state could better and more cheaply satisfy its electricity demand.

[http://www.wpsci.com/wolverine\\_clean\\_energy/pages/powerplant.htm](http://www.wpsci.com/wolverine_clean_energy/pages/powerplant.htm)

<http://ipr.interlochen.org/ipr-news-features/episode/8342>

### **Iberdrola Opens 201.6 MW Wind Farm in Texas, Plans Facilities in New York and Minnesota**

Iberdrola Renewables opened its 201.6 MW Peñascal II wind farm near Sarita, Texas in April 2010, according to a project affiliate. Iberdrola is expected to open two other wind farms – the 148.8 MW Elm Creek II project in Minnesota and the 74 MW Hardscrabble wind project in New York – by December 2010.

[http://www.mortenson.com/NewsArticle\\_2010\\_052410\\_REG\\_Wind\\_9\\_New\\_Projects.aspx](http://www.mortenson.com/NewsArticle_2010_052410_REG_Wind_9_New_Projects.aspx)

### **Smart Grid Projects Face Security Challenges, Multiple Other Issues: PricewaterhouseCoopers LLP**

Smart grid projects are underway in 33 states, but utilities face numerous challenges as they seek to deploy their meters, according to a PricewaterhouseCoopers LLP report, "Smart Grid Growing Pains." Among the concerns are cost controls, customer satisfaction, cyber-security, and others.

<http://www.prnewswire.com/news-releases/smart-grid-experiences-growing-pains-according-to-pricewaterhousecoopers-report-94809279.html>

## ***Petroleum***

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### **Power Blip Triggers Unit Upsets at 467,720 b/d Texas City, Texas Refinery May 25**

A switchgear failure led to a power disruption, "resulting in upset conditions on several operating units" at BP's 467,720 b/d Texas City, Texas refinery on May 25, the company said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=140115>

### **Update: Citgo Resuming Normal Operations after Power Failure at 167,000 b/d Lemont, Illinois Refinery May 23-24**

A power failure "affected a number of feed pumps and processing units" at Citgo's 167,000 b/d Lemont, Illinois refinery on May 23, but production was "quickly returning to normal," the company said on May 24. The outage lasted for several hours.

[http://online.wsj.com/article/BT-CO-20100524-711597.html?mod=WSJ\\_latestheadlines](http://online.wsj.com/article/BT-CO-20100524-711597.html?mod=WSJ_latestheadlines)

### **Update: Connacher Aims to Produce 44,000 b/d of Bitumen at Great Divide Oil Sands Project in Alberta, Canada**

The Great Divide oil sands lease block consists of two projects: Great Divide Pod One and Algar. Pod One began commercial operations in March 2008, and is ramping up to its 10,000 b/d design capacity. Algar is slated to begin production in the third quarter of 2010, and should also yield 10,000 b/d of bitumen. Connacher plans to expand Algar's central processing facility to eventually process 34,000 b/d of bitumen. The company could break ground on that expansion in early 2012.

<http://www.connacheroil.com/en/investor/cil-2010-05-17.pdf>  
[http://www.rigzone.com/news/article.asp?a\\_id=93718](http://www.rigzone.com/news/article.asp?a_id=93718)

### **Enterprise Products Partners Plans 140-Mile Crude Oil Pipeline in Texas**

The line would run from Karnes County, Texas to Enterprise's existing crude oil system in Austin County, Texas. The company expects to complete the build in the fourth quarter of 2011.

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&iid=1430486&highlight=>

### **Canadian Oil Sands Could Become Top Oil Provider to United States in 2010: IHS CERA**

The United States is poised to import more crude oil from the Canadian oil sands than from any other single source in 2010, according to an IHS CERA Report, "The Role of Canadian Oil Sands in U.S. Oil Supply." Canadian oil sands could account for 20 percent to 36 percent of U.S. oil and refined product imports by 2030, compared to eight percent in 2009. To read more, click on the link below.

[http://press.ihs.com/article\\_display.cfm?article\\_id=4242](http://press.ihs.com/article_display.cfm?article_id=4242)

### **ExxonMobil to Bring Online 110,000 b/d of New Production by 2014 at Far East Sakhalin-1 Oil Project in Russia**

ExxonMobil is slated to bring online two oilfields – Odoptu and Arkutan-Dagi – by 2014 at the existing Far East Sakhalin-1 oil project in Russia, according to project partner Japan Petroleum Exploration. The Far East Sakhalin-1 oil project consists of three fields: Odoptu, Chayvo, and Arkutan-Dagi. Odoptu is expected to begin production in the second half of 2010 and reach its peak – 30,000 b/d – in 2011. Arkutan-Dagi is slated to open by 2014 and eventually yield about 80,000 b/d. Chayvo, already online, produced 165,000 b/d in 2009. Output, however, is expected to slide to about 150,000 b/d in 2010.

<http://www.reuters.com/article/idUSTRE64O2N120100525>

## **Natural Gas**

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### **Update: GDF Suez Opens Planned 750 MMcf/d Neptune LNG Port Offshore Massachusetts by May 21**

The company expects to receive its first tankers in August 2010.

<http://www.gloucestertimes.com/local/x2023216134/LNG-port-off-Gloucester-coast-now-open-for-business>

<http://www.suezenergy.com/ourcompanies/lngna-neptune.shtml>

## **Other News**

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### **Global Energy Consumption to Rise 49 Percent from 2007 to 2035: EIA**

Global energy consumption will rise by 49 percent from 2007 to 2035, as China and India's share of total energy use surges from 20 percent to 30 percent, the U.S. Energy Information Administration (EIA) said in its International Energy Outlook.

<http://www.eia.gov/oiaf/ieo/index.html>

<http://i.marketnews.com/node/13948>

### **Update: Citing Financing Delays, Mascoma Expects Later Start-Date for Proposed 20 MMGal/Yr. Cellulosic Ethanol Plant in Michigan**

Mascoma expects to open the plant in 2013, instead of by 2012, due to financing delays, according to the company's CEO.

[http://www.mascoma.com/pages/sub\\_business03.php](http://www.mascoma.com/pages/sub_business03.php)

[http://www.xconomy.com/boston/2010/05/24/mascomas-plan-for-ethanol-plant-in-michigan-likely-delayed-ceo-says/?single\\_page=true](http://www.xconomy.com/boston/2010/05/24/mascomas-plan-for-ethanol-plant-in-michigan-likely-delayed-ceo-says/?single_page=true)

### **SunEdison and First Reserve Announce Joint Venture to Fund up to \$1.5 Billion of Solar Energy Projects May 25**

[http://www.sunedison.com/press\\_releases.php?id=101](http://www.sunedison.com/press_releases.php?id=101)

## Energy Prices

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<b>U.S. Oil and Gas Prices</b> May 25, 2010			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	64.48	71.34	60.35
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	4.08	4.34	3.77

Source: Reuters

## Energy Notes

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### **enXco Opens 50 MW Linden Wind Farm in Washington by May 24**

[http://www.mortenson.com/NewsArticle\\_2010\\_052410\\_REG\\_Wind\\_9\\_New\\_Projects.aspx](http://www.mortenson.com/NewsArticle_2010_052410_REG_Wind_9_New_Projects.aspx)

### **Synergics Begins Work at Proposed 50 MW Wind Farm in Maryland**

<http://times-news.com/local/x1174306564/Work-at-Roth-Rock-project-site-under-way>

### **Lake Erie Energy Development Corporation Plans Late 2012 Completion for 20 MW Wind Farm in Lake Erie, Offshore Ohio**

<http://www.genewscenter.com/Press-Releases/GE-and-Lake-Erie-Energy-Development-Corporation-Announce-Great-Lakes-Offshore-Wind-Partnership-at-AWEA-2872.aspx>

### **Remy International Receives Final DOE Okay for \$60 Million Grant to Support Electric Motor Technology**

<http://remyinc.mediaroom.com/index.php?s=43&item=215>

### **Alabama Power Holding Hurricane Preparation Drill through May 26**

<http://annistonstar.com/bookmark/7600343-Alabama-Power-prepares-for-hurricane-season>

### **Update: TVA Issues Final Supplemental Environmental Impact Statement on Generation Options Associated with Bellefonte Nuclear Power Plant in Alabama – Company Yet to Decide on Future of Unfinished Facility**

<http://www.tva.com/news/releases/aprjun10/bellefonte.html>

[http://www.thedailysentinel.com/story.lasso?e\\_wcd=03162787b390c050](http://www.thedailysentinel.com/story.lasso?e_wcd=03162787b390c050)

### **Cops Nab Alleged Copper Thief at PPL Station in Pennsylvania May 21**

[http://www.mcall.com/news/local/all-a21\\_mc-schuykill-theft.7282317may23,0,2781361.story](http://www.mcall.com/news/local/all-a21_mc-schuykill-theft.7282317may23,0,2781361.story)

### **Tesoro Depressures and Isolates 4-Inch Line after Small Release at 100,000 b/d Wilmington, California Refinery May 24**

<http://www.reuters.com/article/idUSN2510812120100525?type=marketsNews>

### **Oil Tanker and Merchant Ship Collide, Spilling 18,000 Barrels of Oil into Singapore Strait Offshore Singapore May 25**

<http://www.nytimes.com/2010/05/26/world/asia/26sing.html>

### **Tribesmen Blow up Oil Export Pipeline in Yemen May 25**

Reuters, 2:52 May 25, 2010

**Compressor Shutdown at Wasson CO2 Removal Plant in Texas May 24**  
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140098>

**Lignol, Pacific Ethanol Sign MOU to Assess Possibility of Integrating Lignol's Cellulosic Ethanol Technology at Pacific Ethanol's Existing Corn-Based Facilities**  
<http://www.lignol.ca/news/2010-may25.html>

## **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/ead.aspx>

Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)