



# ENERGY ASSURANCE DAILY

Friday Evening, May 28, 2010

## Major Developments

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### **Update: BP Continues "Top Kill" Procedure in Bid to Halt Oil Leak in Gulf of Mexico Unconfirmed Report Cites Suspension of Effort by Mid-Afternoon May 28**

BP continued pursuing the "top kill" procedure in its bid to stop an oil leak from the blown-out MC252 oil well in the Gulf of Mexico, the company said on May 28. The process involved pumping heavy drilling fluids into the blowout preventer (BOP); BP expected to continue the process for another 24 to 48 hours, as of the May 28 release. An unconfirmed report in *The New York Times*, citing a technician, said the company had halted its "junk shot" operation for the second time in two days on May 28. The effort, according to the report, remained stalled. The "junk shot" technique involved pouring various materials into the blowout preventer (BOP) in a bid to clog the failed device. It was expected to work in parallel with the "top kill" procedure. BP plans to eventually seal the clogged well with cement. Earlier, a Coast Guard official said on May 28 that responders had "been able to push the hydrocarbons and the oil down with the mud."

<http://www.nytimes.com/2010/05/29/us/29spill.html?hp>

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062470>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/569207/>

<http://www.nytimes.com/2010/05/29/us/29spill.html?hp>

### **Update: Obama's Plan to Suspend Deepwater Exploratory Rigs in Gulf of Mexico Could Reduce U.S. Oil Output by 160,000 b/d in 2011: Deutsche Bank Energy Analyst**

To read more about the administration's plans, click on the first link below.

<http://www.doi.gov/news/pressreleases/Salazar-Calls-for-New-Safety-Measures-for-Offshore-Oil-and-Gas-Operations-Orders-Six-Month-Moratorium-on-Deepwater-Drilling.cfm>

DJN, 12:11 May 28, 2010

### **Update: Cost of Response to Deepwater Horizon Explosion and Subsequent Spill Rises to about \$930 Million by May 28: BP**

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062470>

### **Update: BP Reduces Dispersant Use from 70,000 Gallons/Day to 12,000 Gallons/Day: EPA Administrator**

[http://www.rigzone.com/news/article.asp?a\\_id=93883](http://www.rigzone.com/news/article.asp?a_id=93883)

### **Update: Alyeska Seeks to Restart Trans-Alaska Oil Pipeline System May 28**

Alyeska Pipeline Service Co. was prepared to restart its Trans-Alaska Pipeline System (TAPS) at 12 PM local time on May 28, but the company was waiting on approval from the Pipeline and Hazardous Materials Safety Administration, a company spokeswoman said. The line was offline for planned reasons on May 25 when a power failure led to an oil spill at a pump station, news and company sources said. Workers had been performing fire command and valve leak testing, according to Alyeska. The power failure caused the tank's relief valves to open, and triggered a "contained spill" from one of the pump station's crude oil storage tanks. Up to several thousand barrels of oil spilled into a containment area, the company estimated, but the containment area has a capacity of 104,500 barrels. The company asked North Slope oil producers to reduce their deliveries to the line to just 8 percent of capacity late on May 26. The request was meant to prevent the filling of storage tanks. The line pumps approximately 667,168 b/d of crude oil from the North Slope to Valdez, Alaska.

[http://www.google.com/hostednews/ap/article/ALeqM5iAPgkBxnvaKLKCIc2rcnvRzvso\\_AD9G00VTO2](http://www.google.com/hostednews/ap/article/ALeqM5iAPgkBxnvaKLKCIc2rcnvRzvso_AD9G00VTO2)

[http://www.alyeska-pipe.com/Inthenews/LatestNews/2010/PS9Tank190/PressRelease3\\_PS9\\_TK190.html](http://www.alyeska-pipe.com/Inthenews/LatestNews/2010/PS9Tank190/PressRelease3_PS9_TK190.html)

DJN, 11:42 May 28, 2010

### **Update: After Mid-Week Storms, Utilities Restore Power to Most Customers across New England by May 28**

Fewer than 11,000 customers remained without power across Massachusetts, Vermont, Connecticut, and New Hampshire on May 28, two days after nearly 90,000 customers lost power, according to company and news sources. Storms cut electricity to more than 31,000 Western Massachusetts Electric Co. (WMECO) customers in Massachusetts, about 24,000 Central Vermont Public Service (CVPS) customers and approximately 9,000 Green Mountain Power customers in Vermont, more than 17,000 Connecticut Light & Power (CL&P) customers in Connecticut, and about 7,500 Public Service Co. of New Hampshire (PSNH) customers, sources reported. Some 7,656 WMECO customers, 1,012 CVPS customers, 1,024 Green Mountain Power customers, 183 CL&P customers, and 854 PSNH customers remained without power, as of latest reports.

WMECO: <http://www.wmeco.com/community/stormcenter/RestorationStatus.aspx> ,

[http://www.boston.com/news/local/massachusetts/articles/2010/05/27/storms\\_knock\\_out\\_power\\_to\\_thousands\\_in\\_wmass/](http://www.boston.com/news/local/massachusetts/articles/2010/05/27/storms_knock_out_power_to_thousands_in_wmass/) , <http://www.iberkshires.com/blog/?bid=309>

CVPS: <http://www.cvps.com/Customerservice/outages/default.aspx> ,

[http://www.cvps.com/AboutUs/news/viewStory.aspx?story\\_id=275](http://www.cvps.com/AboutUs/news/viewStory.aspx?story_id=275)

<http://www.wptz.com/news/23694806/detail.html>

Green Mountain Power: <http://www.vtoutages.com/> , [http://www.reformer.com/localnews/ci\\_15179307](http://www.reformer.com/localnews/ci_15179307)

CL&P: <http://www.cl-p.com/outage/default.aspx> , <http://www.courant.com/news/weather/hc-ct-weather-incidents-0527-20100527.0.414999.story>

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

<http://wbztv.com/wireapnewsnh/Violent.thunderstorms.leave.2.1718682.html>

### **PPL's 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania Reduced to 66 Percent by May 28**

The Nuclear Regulatory Commission reported that on the morning of May 27 the unit was operating at 94 percent. Information derived from the NRC Power Reactor Status Reports:

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

### **Dominion's 917 MW North Anna Nuclear Unit 2 in Virginia Shut May 28**

The unit shut automatically on May 28 due to the "loss of reactor coolant pump," the company said in a filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 27 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100528en.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: NMC's 522 MW Prairie Island Nuclear Unit 2 in Minnesota Ramped Up to 73 Percent by May 28**

The unit shut on May 25 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 27 the unit was operating at 52 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100526en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

### **NCPA's 247 MW Collierville Hydro Units 1 & 2 in California Reduced by May 27**

According to the California Independent System Operator, the unit reported an unplanned curtailment of 241 MW by May 27.

<http://www.caiso.com/unitstatus/data/unitstatus201005271515.html>

## **Update: Following PSC Decision on Rate Cap, Mississippi Power Says it Will Pursue 582 MW Coal-Fired Power Plant in Kemper County, Mississippi**

Southern Co.'s Mississippi Power will push forward with plans to construct a 582 MW coal-fired power plant in Kemper County, Mississippi, the company said on May 27, after the state's Public Service Commission (PSC) increased the cap on what the utility could charge its ratepayers for the project. The PSC approved the planned facility in late April, but – among other restrictions – limited what the company could charge ratepayers to \$2.4 billion. Mississippi Power had projected that the facility to cost \$2.4 billion, but cost overruns are typical, and the company said it could not pursue construction with a \$2.4 billion cap. On May 26, however, the PSC amended its earlier approval, increased the allowable cap by 20 percent.

<http://www.reuters.com/article/idUSN2726108120100528?type=marketsNews>

<http://www.clarionledger.com/article/20100527/NEWS/5270341/PSC+reverses+coal-plant+ruling>

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

## **Petroleum**

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### **Update: Valero to Restart 100,000 b/d Crude Unit at 315,000 b/d Corpus Christi, Texas Refinery May 28-29**

Valero expected to restart a crude unit and a vacuum unit at its 315,000 b/d Corpus Christi, Texas refinery on May 28-29, the company said in a filing with state regulators. The company shut the units by May 27 to fix a leak, a company spokesman said previously. The company did not expect the incident to have any material impact on production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140200>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140266>

<http://www.businessweek.com/news/2010-05-27/top-oil-market-news-oil-rises-fuel-oil-shipments-to-singapore.html>

Reuters, 09:48 May 27, 2010

### **Scrubber Problem Triggers Flaring at 567,000 b/d Baytown, Texas Refinery May 27**

A problem with a wet gas scrubber associated with a gasoline-producing fluid catalytic cracking unit (FCC) led to flaring at ExxonMobil's 567,000 b/d Baytown, Texas refinery, the company said in a filing with state regulators. The unit remained online, a source familiar with the facility's operations said.

Reuters, 16:55 May 27, 2010

### **Valero Sees No Impact to Production after Butane Release at 170,000 b/d McKee, Texas Refinery May 27**

<http://www.reuters.com/article/idUSWNA232020100528?type=marketsNews>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140273>

### **Update: PdVSA's 320,000 b/d Isla Refinery in Curacao, Netherlands Antilles Remains Sharply Reduced**

PdVSA is "not refining much at all" at its 320,000 b/d Isla refinery in Curacao, Netherlands Antilles, a company official said on May 28. The facility shut about three months ago. Problems have hampered attempts to restart, according to the official.

DJN, 10:19 May 28, 2010

### **U.S. Oil and Oil Product Imports Decline in March 2010, Compared to Same Month in 2009: EIA**

The United States imported 9.25 million b/d of crude oil in March 2010, 688,000 b/d higher than in February of 2010, but 174,000 b/d lower than in March of 2009, the Energy Information Administration (EIA) reported. Product imports slid by 649,000 b/d, compared to March of 2009, and 129,000 b/d compared to February of 2010.

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/petroleum\\_supply\\_monthly/psm.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/petroleum_supply_monthly/psm.html)

<http://www.energyintel.com/#latest>

## **Update: Enbridge Files Regulatory Application for Proposed 728-Mile, Alberta-to-British Columbia, Canada Northern Gateway Oil Pipeline**

Enbridge Inc. filed an application with the National Energy Board to construct and operate the Northern Gateway Pipeline between Edmonton, Alberta and a new marine terminal in Kitimat, British Columbia, the company said on May 27. The project consists of two lines: a 525,000 b/d, 36-inch line to deliver crude oil for export from Edmonton to Kitimat, and a 193,000 b/d, 20-inch line to carry imported condensate. The company expects to open the lines in 2016.

<http://cnrp.ccnmatthews.com/client/enbridge/releaseen.jsp?actionFor=1267676>

## **Floating Oil Storage Declines amid Narrowing Contango: Maersk Tankers**

There are just 25 very large crude carriers (VLCCs) storing oil across the globe, and 20 of those contain Iranian oil, according to Maersk Tankers. VLCCs can hold as much as 2 million barrels of oil. Oil storage reached as high as 200 million barrels in 2009, according to a Mercuria Energy Trading official.

<http://www.forexyard.com/en/news/Reuters-Summit-Floating-oil-storage-ending-Maersk-2010-05-27T185802Z-UPDATE-1>

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## **Natural Gas**

### **Cadeville Gas Storage Eyes 2012 Start-Date for Proposed 16.5 Bcf Natural Gas Storage Facility in Ouachita Parish, Louisiana**

The facility would include interconnects with multiple pipelines, peak deliverability of 420 MMcf/d, and peak injection of 420 MMcf/d. The company expects to launch a 30-day non-binding open season, beginning June 1, for approximately 11.5 Bcf of storage capacity at the planned 16.5 Bcf facility.

<http://www.prnewswire.com/news-releases/cadeville-gas-storage-llc-announces-a-non-binding-open-season-95104889.html>

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## **Other News**

### **Update: Massey Energy and Federal and State Officials to Reenter Upper Big Branch Coal Mine in West Virginia June 2**

Massey Energy, the Mine Safety and Health Administration (MSHA), and the West Virginia Office of Miners Health Safety and Training expect to reenter the Upper Big Branch coal mine in West Virginia on June 2. That would be almost two months after an explosion killed 29 workers at the mine. The initial reentry will focus on monitoring the quantity and quality of the air in various locations underground, according to Massey.

<http://www.msha.gov/PerformanceCoal/PerformanceCoal.asp>

<http://phx.corporate-ir.net/preview/phoenix.zhtml?c=102864&p=irol-newsArticle&ID=1432068&highlight=>

### **Update: GRE Postpones Plans for 99 MW Coal-Fired Power Plant and Associated 20 MMGal/Yr. Cellulosic Ethanol Plant in North Dakota, Citing Economic Conditions and Demand Concerns**

Great River Energy (GRE) expects to open the facility at the start of 2012, or 15 months later than previously-announced, according to a company official. The ethanol plant would process wheat straw and/or corn stover, according to a previous company and news source.

<http://www.jamestownsun.com/event/article/id/107158/>

<http://www.jamestownsun.com/event/article/id/112108/group/Business/>

### **Update: Alstom Breaks Ground on Proposed Wind Turbine Nacelle Assembly Facility in Amarillo, Texas**

The company expects to open the facility in 2011.

<http://www.alstom.com>

<http://www.prnewswire.com/news-releases/alstom-breaks-ground-with-wind-turbine-nacelle-assembly-facility-in-amarillo-texas-95024609.html>

## Facilities Using Less Energy to Produce Ethanol: University of Illinois Study

The bulk of the nation's ethanol-producing facilities are using significantly less energy – about 30 percent, on average - than they were a decade ago to produce the same amount of ethanol, according to a study from the University of Illinois at Chicago. Researchers surveyed 150 "dry mill" ethanol plants; the surveyed plants account for approximately 85 percent of the nation's energy-related ethanol.

<http://www.physorg.com/news/194200948.html>

## Energy Prices

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U.S. Oil and Gas Prices			
May 28, 2010			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	74.37	68.06	64.54
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	4.22	4.12	3.49

Source: Reuters

## Energy Notes

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### Substation Fire Knocks Out Power to about 18,000 Dominion Power Customers in Virginia May 28

[http://www.northernnecknews.com/news/view\\_sections.asp?idcategory=47&idarticle=3441](http://www.northernnecknews.com/news/view_sections.asp?idcategory=47&idarticle=3441)

### Relay Malfunction Cuts Electricity Briefly to 10,000 PSNM Customers in New Mexico by May 27

<http://www.newswest9.com/Global/story.asp?S=12555217>

### Worker Falls to Death at Duke Energy Construction Site in Knox County, Indiana

<http://www.14wfi.com/Global/story.asp?S=12549104>

### State PSC Okays Gainesville Regional Utilities' Proposed 100 MW Wood-Fired Power Plant in Florida May 27

<http://www.abc-7.com/Global/story.asp?S=12556510>

### Tanker Truck Overturms, Spilling 2,600 Gallons of Diesel Fuel and Shutting Interstate 80 in California

<http://www.sierrasun.com/article/20100526/NEWS/100529935/1066&ParentProfile=1051>

### Truck Accident Spills Unspecified Quantity of Oil and Diesel, Forcing Shut Interstate 74 in Ohio May 28

<http://www.chicagotribune.com/news/chi-ap-oh-i-74closure.0,4304650.story>

### Kurdistan, Iraq Could Boost Oil Production to 200,000 b/d by End of 2010: Regional Energy Minister

DJN, 12:10 May 28, 2010

## **Tribesman Bomb Oil Pipeline in Yemen for Second Time in One Week May 27 - Yemen Repairs and Restarts Line, Official Says**

DJN, 11:45 May 28, 2010

<http://www.google.com/hostednews/afp/article/ALeqM5jqSsI5-o2uhsbEc-wjbhiYR9BorA>

## **Units Offline at Andrews Booster Station in Texas May 28**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140290>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140286>

## **Operators Shut Compressor at Welch CO2 Gas Processing Facility in Texas May 27**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140288>

## **Update: Erie Coke to Operate Coke Facility until June 18, at Least, Pending Environmental Hearing Board Decision**

<http://www.goerie.com/apps/pbcs.dll/article?AID=/20100528/NEWS02/305279872/-1/news>

## **NOAA Forecasts "Active to Extremely Active" Hurricane Season in Atlantic Basin**

[http://www.noaanews.noaa.gov/stories2010/20100527\\_hurricaneoutlook.html](http://www.noaanews.noaa.gov/stories2010/20100527_hurricaneoutlook.html)

## **Cops Catch Two Men Who Allegedly Stole Copper from AEP Site in West Virginia**

<http://www.statejournal.com/story.cfm?func=viewstory&storyid=80518>

## **Copper Theft Breaks Off Natural Gas Line in Mansfield, Ohio May 25**

<http://www.mansfieldnewsjournal.com/article/20100527/NEWS01/5270301>

## **Copper Stolen from Delmarva Power Substation in Maryland by May 25**

<http://www.wboc.com/Global/story.asp?S=12554443>

## **Puget Sound Energy Plans to Put Brakes on Construction Plans in Washington: Company President**

<http://www.thenewstribune.com/2010/05/27/1202521/puget-sound-energy-to-curb-growth.html>

## **Iowa Enacts Rules to Ease Integration to Grid of Customer-Owned Electric Generation Capacity**

<http://www.istockanalyst.com/article/viewiStockNews/articleid/4158178>

## **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>

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