



ENERGY ASSURANCE DAILY

Friday, June 01, 2007

Major Developments

BP's 420,000 b/d Whiting Refinery in Indiana Declares Force Majeure June 1

Two Heavy Crude Units Down Longer Than Expected

Sources familiar with the refinery told OPIS and Reuters that BP has told its Canadian heavy crude oil suppliers that it has stopped buying barrels for its Whiting refinery because of two damaged 75,000 b/d heavy sour crude distillation units (CDUs) that will take longer than expected to repair. The two units, which were damaged in a fire last April, account for 20 – 30 percent of the refinery's crude distillation capacity. The refinery's 252,000 b/d main crude distillation unit, which processes light crude oil, is reported as running at full capacity. According to the OPIS source, BP has optimized gasoline production at the refinery despite the shutdowns, and gasoline output is running at 80 percent of normal production. According to a Reuters news story, BP expects one of the shut CDU's to restart by the end of June and the other to restart much later in the summer, possibly in September. The 420,000 b/d Whiting refinery is the largest refinery in the Midwest.

OPIS Alert, 01:43 June 1, 2007

http://ca.today.reuters.com/news/newsArticle.aspx?type=businessNews&storyID=2007-06-01T172321Z_01_N01338751_RTRIDST_0_BUSINESS-REFINERY-OPERATIONS-BP-COL.XML&archived=False

Update: Colonial Delays Restart of Main Gasoline Pipeline

Colonial Pipeline has delayed the restart of its main gasoline pipeline, Line 1, between Atlanta, Georgia and Greensboro, North Carolina because of the slow pace of repairs. The company had previously announced that Line 1 would restart today. Line 1 was shut May 29, after a landowner complained of a gasoline smell. Colonial Pipeline is replacing the affected section of the pipeline. Colonial Pipeline delivers a daily average of 100 million gallons (2.4 million barrels) of gasoline, home heating oil, aviation fuel and other refined petroleum products to communities and businesses throughout the South and Eastern United States.

Reuters, 11:29 June 1, 2007

<http://www.colpipe.com/home.asp>

Electricity

Update: Entergy's 836 MW Arkansas One Nuke Unit 1 Returns to Service June 1

The unit returned to service today and ramped up to 84 percent of capacity, up from 10 percent yesterday. Entergy took the unit offline on May 25 to replace a bushing on one of the three main transformers.

Reuters, 07:36 June 1, 2007

FPL's 580 MW Duane Arnold Nuke Unit in Iowa Reduced to 57 Percent June 1

The unit was reduced to 57 percent of capacity, down from 98 percent of capacity yesterday.

Reuters, 07:27 June 1, 2007

Update: PSEG's 1,050 MW Hope Creek Nuke Unit 1 in New Jersey Ramps Up June 1

The unit, which exited an outage yesterday, ramped up to 25 percent capacity by early June 1. The company shut the unit on May 29 after an electrical problem caused the reactor feed pumps to trip, resulting in the lowering of the water level in the reactor.

Reuters, 07:24 June 1, 2007

NERC Mandatory Electric Reliability Standards to Go Into Effect June 18 Violators Can Be Fined Up to \$1 Million Per Day

<http://www.nerc.com/~filez/pressreleases.html>

http://www.earthtimes.org/articles/show/news_press_release.115123.shtml

Petroleum

Update: FCC Unit Glitch Fixed at Houston Refining Co.'s 270,000 b/d Houston Refinery in Texas June 1

Sources told OPIS that a problem with a riser in the fluidic catalytic cracking (FCC) unit has been resolved and that the unit is now operating at full rates. The riser problem was reported to Texas regulators on May 28.

OPIS Alert, 10:25 June 1, 2007

Update: Protesters Expelled From Key Shell Pipeline Hub in Nigeria June 1

Community members have expelled protesters from the Bomu manifold, a key pipeline hub for crude oil exports to the Bonny export terminal. The protesters have been occupying the hub since May 29, forcing Royal Dutch Shell to curtail 150,000 b/d of light oil production. According to community leaders, valves at Bomu have been reopened but some were damaged during the protest.

<http://news.bbc.co.uk/2/hi/business/6711525.stm>

Reuters, 05:02 June 1, 2007

Natural Gas

Falcon Gas Storage Begins Construction on New North Texas Pipeline

Falcon Gas Storage Company, Inc. today announced that its subsidiary NorTex Gas Storage Company, LLC, has commenced construction of its Worsham-Steed Pipeline, a 63-mile, 24-inch natural gas pipeline located in the western portion of the Barnett Shale gas play in North Texas. The Worsham-Steed Pipeline will have an initial capacity of 450 MMcf/d, expandable to 650 MMcf/d, and will interconnect with the Worsham-Steed Gas Storage Facility. Construction, begun the week of May 21, is scheduled to be completed in August with service to start in September. The pipeline initially will connect with three others that serve the North Texas market area.

http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20070531005844&newsLang=en

Canadian Natural Gas Production Projected to Drop Over Next Two Years - NEB

Canadian natural gas production will shrink by as much as 500 MMcf/d this year and keep on dropping next year, the National Energy Board (NEB) said in a downward revision of supply forecasts.

NGI's Daily Gas Price Index June 01, 2007

<http://intelligencepress.com/>

Other News

Hurricane Season Begins June 1

The Atlantic hurricane season began today. Forecasters at Colorado State University are predicting 17 named storms this season, including 5 major hurricanes (category 3-4-5). However, CSU's forecast last year was far off. Forecasters had expected 13 to 17 named storms and eight to ten major hurricanes in 2006. But the season produced only ten storms – five of them hurricanes and none above a Category three.

http://www.postchronicle.com/news/original/article_21283997.shtml

Energy Prices

U.S. Oil and Gas Prices			
June 1, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	64.88	64.11	71.35
NATURAL GAS Henry Hub \$/Million Btu	7.80	7.47	5.97

Source: Reuters

Energy Notes

Arizona Regulators Reject SCE's Plan to Build New 500 kV Power Line From Arizona to Southern California

<http://www.azstarnet.com/business/185464.php>

ExxonMobil Says Proposed Mackenzie Natural Gas Pipeline from Canadian Arctic 'Not Viable' After Projected Costs More Than Double

<http://www.bloomberg.com/apps/news?pid=20601082&sid=a0zKaLoAAmEs&refer=Canada>

Maritimes & Northeast Pipeline Holding Open Season for Phase V Expansion

NGI's Daily Gas Price Index June 01, 2007

<http://intelligencepress.com/>

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.

ENERGY ASSURANCE DAILY

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

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