



ENERGY ASSURANCE DAILY

Tuesday, June 06, 2006

Electricity

California Energy Commission Reports State Has 6 New Power Plants

The six plants, totaling over 2,000 megawatts, will help California meet electricity demand this summer. One 96 MW gas-fired power plant in Riverside will begin commercial operation on June 9, and one 95 MW gas-fired plant in Ripon will begin commercial operation on June 15. Four other new plants, in Turlock, Redlands, Sacramento and Palomar, have been in operation since January.

http://eastbay.bizjournals.com/eastbay/stories/2006/05/29/daily27.html?jst=b_in_hl

Allegheny Power Restoring Transmission Line Damaged by Mini Tornado in West Virginia

Allegheny Power's subsidiary, Allegheny Energy Inc., has been working to restore to service the Harrison-Belmont 500-kilovolt transmission line, which had four towers damaged by a mini tornado in West Virginia on May 26. The outage could impact service on the west-to-east lines.

Reuters, 10:36 June 06, 2006

AEP's 690 MW Coal-fired Oklaunion Station in Texas Shut June 5

The unit was shut in order to fix another boiler tube failure. A recent tube failure shut the unit on May 26. AEP expects the unit to return to service by June 26.

Reuters, 08:17 June 06, 2006

TXU's 575 MW Coal-fired Big Brown Unit 2 in Texas Tripped Off Line on June 5

An electrical ground on the flame scanners caused the unit to trip.

Reuters, 08:26 June 06, 2006

Petroleum

U.S. Could Release Oil from SPR if Iran Cuts Exports – Bodman

Energy Secretary Samuel Bodman said June 6 that the United States could absorb an oil supply disruption from Iran by releasing oil from the Strategic Petroleum Reserve. While the U.S. does not import any oil from Iran, a sudden cutoff of Iran's 2.7 million b/d exports (mostly to Japan, China, South Korea, Taiwan and Europe) would tighten world oil supplies, resulting in reduced U.S. imports of crude from other countries. Oil prices jumped June 5 when Iran's Ayatollah Khamenei told the United States "If you make a single mistake about Iran, the supply of energy will definitely be put in serious risk."

<http://www.platts.com/Oil/News/7507589.xml?sub=Oil&p=Oil/News>

<http://www.platts.com/Oil/News/7506382.xml?p=Oil/News&sub=Oil>

<http://www.eia.doe.gov/emeu/cabs/Iran/Oil.html>

TransCanada Wants to Covert Gas Lines to Carry Crude from Alberta to U.S.

The company has filed an application with Canada's National Energy Board for approval to transfer part of its natural gas transmission facilities to its Keystone crude oil pipeline project. The Keystone project proposal calls for a 1,830-mile, 435,000 b/d pipeline to carry crude produce from oil sands in Alberta to U.S. Midwest markets at Wood River and Patoka, Illinois. The pipeline can be expanded to 590,000 b/d with additional pumping stations. Commercial operations are scheduled to begin by the fourth quarter of 2009.

<http://www.platts.com/Oil/News/7507587.xml?p=Oil/News&sub=Oil>

Reuters, 09:00 June 06, 2006

New Output From Offshore Gulf of Mexico to Increase U.S. Crude Production, Says EIA

The Energy Information Administration (EIA) announced on June 6 that new output, primarily from the offshore Gulf of Mexico, will increase U.S. crude oil production over the next two years. In its monthly outlook, EIA said, "average domestic crude oil production is expected to increase by 157,000 bpd, or 3.1 percent, in 2006, to a level of almost 5.3 million bpd" and "For 2007, a 6.6-percent increase is expected, resulting in an average production rate of 5.6 million bpd for the year. Most of the production increase will likely occur in the offshore Gulf of Mexico, including new production from the Mars, Thunder Horse, and Atlantis platforms." Reuters, 12:28 June 6, 2006

Update: Militants Release 8 Oil Workers Taken Hostage in Nigeria

On June 4, Nigerian militants released eight expatriate workers who were kidnapped June 2 from an offshore oil platform 40 miles off Nigeria's coast. The workers—six Britons, one American and one Canadian—worked for a subsidiary of Fred Olsen Energy ASA, which operated the rig for Peak Petroleum. Oil prices jumped nearly \$2 after news of the kidnappings on June 2, although no production was affected. Nigeria supplied 8 percent of U.S. oil imports in 2005.

<http://www.forbes.com/entrepreneurs/feeds/ap/2006/06/04/ap2792006.html>

Update: Flint Hills' 288,000 b/d Corpus Christi Refinery in Texas Shut June 6

A cogeneration unit shut down early June 6 during startup following the previous day's shutdown, which was due to a boiler associated with a gasoline-making fluid catalytic cracking. Several units were shut last week due to loss of steam after severe storms hit the area.

Reuters, 12:56 June 06, 2006

Natural Gas

U.S. Gas Storage to Reach 95 Percent Capacity in October – CERA

Cambridge Energy Research Associates has said that barring a warmer-than-normal summer or significant gas supply disruptions due to hurricanes, it expects the October 31 gas storage inventory level for North America to reach 4.2 Tcf, which is equal to greater than 95 percent of working gas storage capacity. CERA also said that it expects some storage fields, particularly in the eastern United States, to be unable to accommodate additional injections given end-of-cycle physical limitations on injections, and expected average September and October storage injections.

<http://www.platts.com/Natural%20Gas/News/7505034.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Other News

Cline Resource Developing 3 Coal Mines in Illinois, Doubling Illinois Coal Production

Cline Resource & Development Company plans to develop three coal mines in Illinois. If developed as planned, the combined output will equal about 28 million tons per year, which would nearly double the current state production. Reuters, 05:04 June 06, 2006

Energy Prices

U.S. Oil and Gas Prices			
June 6, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	72.35	72.15	54.60
NATURAL GAS Henry Hub \$/Million Btu	6.35	6.20	6.63

Source: Reuters

Energy Notes

Circuit Breaker Kicks Off, Cutting Power to 24,000 Platte River Power Authority Customers in Longmont, Colorado

<http://www.longmontfyi.com/Local-Story.asp?id=8074>

Update: Two Men Charged with Shooting Holes in Otter Tail Transformer in South Dakota

http://www.aberdeennews.com/mld/aberdeennews/news/14738427.htm?source=rss&channel=aberdeennews_news

FERC to Discuss Coal Delivery Problems That Could Hamper Power Supply with Utility and Railroads

<http://www.platts.com/Coal/News/7504805.xml?p=Coal/News&sub=Coal>

MSHA Orders 3 Eastern Kentucky Mines Evacuated After Seal Breach Discovered

http://www.lex18.com/Global/story.asp?S=4979618&nav=menu203_1_3

Dominion Stages Nuclear Disaster Drill at Kewaunee Power Station

<http://www.greenbaypressgazette.com/apps/pbcs.dll/article?AID=/20060603/GPG03/606030471/1247/GPGbusiness>

Colorado Governor Vetoes Law Mandating Ethanol Use

<http://www.platts.com/Oil/News/7505947.xml?p=Oil/News&sub=Oil>

Oil Falls \$1 After Iran's Conciliatory Remarks

http://biz.yahoo.com/rb/060606/markets_oil.html?.v=7

Global Refining Industry Must Invest \$20 Billion Annually to Meet Capacity Targets – IEA

<http://www.upi.com/Energy/view.php?StoryID=20060605-033333-6994r>

OPEC President Calls for Concerted Effort to Stabilize Oil Markets

<http://www.platts.com/Oil/News/7504341.xml?p=Oil/News&sub=Oil>

Oil Industry Attacks in Iraq Being Used to Aid Smuggling Network

<http://www.iht.com/articles/2006/06/04/africa/web.0604smuggle.php>

Two Berths at Iraq's Khor al-Amaya Offshore Oil Terminal Still Shut After May 26 Fire Reuters, 12:44 June 06, 2006

Royal Dutch Shell to Expand Nigerian LNG Facilities; Will Supply LNG to North America Bloomberg, 07:43 June 06, 2006

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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