



ENERGY ASSURANCE DAILY

Thursday Evening, June 19, 2008

Major Developments

MIDWEST FLOODS UPDATE:

Parts of Mississippi River Open to Barge Traffic Still 216 Miles of Upper Mississippi River Closed

The U.S. Army Corps of Engineers (USACE) re-opened Lock 13 in Clinton, Iowa, and Lock 14 in LeClaire, Iowa, for river traffic on June 18. This means that Locks 14 and above are open. Locks 15 to 25, covering about 216 miles from Illinois City, Illinois to Winfield, Missouri, remain closed, and all barge traffic, including barges carrying coal, petroleum products, and ethanol, remains suspended.

<http://www.cnn.com/2008/US/weather/06/19/midwest.flooding/?iref=mpstoryview>

<http://www2.mvr.usace.army.mil/NewsReleases/default.cfm?SEQNO=5591>

Union Pacific Lifts Embargo on East-West Mainline in Iowa Expects Midwest Rail Delays for Weeks Until Repairs are Complete

Effective June 19, Union Pacific is canceling the embargoes it had in place for traffic moving across parts of its east-west main line in Iowa. The line has been embargoed since last week due to flood impacts, particularly in the Cedar Rapids area where flood waters made UP's double-tracked main line impassable. The embargo applied to all commodities, excluding coal, which was channeled on alternate routes. With the recent drop in water levels, UP's crews made enough repairs to re-open the first main track on June 18 and the second main track on the morning of June 19. Although the embargoes are no longer necessary, operations remain limited. Flood conditions have damaged many parts of UP's Midwest rail network and the company estimates that it will be a while before operations are fully restored to normal. The railroad anticipates continued slow orders throughout the area over the coming weeks to allow for repairs to track, yards and signal systems. About 20 percent of the UP's rail traffic is energy-related products, including coal and petroleum products.

<http://www.uprr.com/customers/updates/2008/0619.shtml>

<http://money.cnn.com/news/newsfeeds/articles/apwire/fe37548e16aaa68b57e28fda621f06a3.htm>

Many Rail Lines Still Shut, Downed Rail Bridges May Take Six Months to Rebuild

Repairs have been made to many rail lines in Northern Iowa, but downed bridges owned by shortline railroads could take up to six months or longer to rebuild. Rail lines in southern Iowa, Illinois, Missouri, and Tennessee are now closed due to new flooding in these areas as the Mississippi River crests further south.

http://www.grainnet.com/articles/Repairs_on_Northern_Iowa_Flooded_Rail_Lines_Nearly_Complete_Lines_Farther_South_Remain_Flooded-59026.html

Association of American Railroads Lists 15 Active Rail Embargoes Due to Midwest Floods

<https://aarembargo.railinc.com/epdb/searchEmbargoAction.do?step=searchEmbargo>

U.S. Rail Shipments Fall 4.4 Percent Last Week as Midwest Tracks Flooded –AAR

According to the Association of American Railroads, shipments on U.S. rails fell to 324,337 carloads last week, down 4.4 percent compared with a year earlier as flooding in the Midwest forced railroads to close main lines.

<http://www.forbes.com/feeds/ap/2008/06/19/ap5134205.html>

Powder River Basin Coal Impacted by Mississippi River Floods – Market Sources

According to market sources interviewed by Reuters, floods on the upper Mississippi River have impacted mainly Powder River Basin coal deliveries, some of which cross the river by rail headed east. Segments of the rail lines near the river are underwater, and coal barges on the upper river have been stranded by closure of locks that raise and lower them, traders said. Some Illinois Basin and Appalachian coal deliveries also could be affected as the flood crest moves downstream, experts have said.

<http://in.reuters.com/article/oilRpt/idINN1867325920080618>
<http://uk.reuters.com/article/oilRpt/idUKN1755630920080617>

Closure of Port of St. Louis Not Now Expected

As late as June 18, floodwater projections by the USACE showed that floodwaters would reach over 39 feet, levels requiring consideration of a closure of the Port of St. Louis on the Mississippi River. Today those projections showed water peaking at St. Louis on June 20 at a bit above 37 feet.

<http://mvs-wc.mvs.usace.army.mil/dresriv.html>

Electricity

Reliant's 320 MW Etiwanda Gas-fired Unit 4 in California Shut by June 18

According to the California Independent System Operator, the unit experienced an unplanned outage by June 18.

<http://www.caiso.com/unitstatus/data/unitstatus200806181515.html>

AES's 227 MW Huntington Beach Gas-fired Unit 4 in California Shut by June 18

According to the California Independent System Operator, the unit experienced an unplanned outage by June 18.

<http://www.caiso.com/unitstatus/data/unitstatus200806181515.html>

AES's 179 MW Redondo Gas-fired Unit 5 in California Shut by June 18

According to the California Independent System Operator, the unit experienced an unplanned outage by June 18.

<http://www.caiso.com/unitstatus/data/unitstatus200806181515.html>

TransAlta's 353 MW Sundance Coal-fired Unit 5 in Alberta Shut June 19

Reuters, 18:57 June 18, 2008

ComEd Service Territory in Illinois Experiences Congestion Caused by Tornado Damaged Power Lines

The Mid-Atlantic/Midwest power grid operator, PJM, said in a June 17 report that crews at Exelon's ComEd subsidiary continue to repair power lines south of Chicago damaged by a tornado on June 7. Heavy West-East power transfers along with the damaged lines are resulting in increased congestion within ComEd's Illinois territory. Reuters, 14:01 June 18, 2008

ERCOT Cancels June 18 Electric Conservation Emergency Order in Texas

The Electric Reliability Council of Texas (ERCOT) issued the first stage of its emergency electric plan at 5:25 PM EDT June 18 as available power reserves dropped below 2,300 MW. Urging consumers to conserve electric use as the state's power resources were strained due to high temperatures, ERCOT canceled the emergency order later in the evening June 18 as power use began to fall and the region's power reserve began to improve.

Reuters, 19:38 June 18, 2008

Reuters, 17:50 June 18, 2008

New York Public Service Commission Approves Construction and Operation for Planned 229 MW Marble River Wind Farm in New York June 18

The New York State Public Service Commission June 18 authorized the construction and operation of the Marble River wind energy project capable of generating up to 229 MW from 109 wind turbines and connecting with an existing New York Power Authority transmission line. Marble River is a joint venture of Horizon Wind Energy and AESAcciona Energy NY. The companies intend to commence construction as soon as possible and anticipate the project will begin commercial operation near the end of 2009.

[http://www3.dps.state.ny.us/pscweb/WebFileRoom.nsf/ArticlesByCategory/4D67422F45327C428525746C005D6366/\\$File/pr08071.pdf?OpenElement](http://www3.dps.state.ny.us/pscweb/WebFileRoom.nsf/ArticlesByCategory/4D67422F45327C428525746C005D6366/$File/pr08071.pdf?OpenElement)

Pasadena Refining Company's 100,000 b/d Pasadena, Texas Refinery Reports Multiple Processing Units Shut on Steam Snag June 18

According to a report first filed with state regulators, Pasadena Refining reported it was forced to shut multiple process units at its refinery in Pasadena, Texas after experiencing a loss of steam.
Reuters, 11:05 June 19, 2008

Shell's 340,000 b/d Deer Park, Texas Refinery Reports Catalytic Cracker Unit Snag June 18

According to a report first filed with state regulators, Shell reports the wet gas compressor at the gasoline-producing catalytic cracker unit at its Deer Park, Texas, refinery was in "alarm condition, and the wet gas compressor was restarted as soon as possible."

Bloomberg News, 18:34 June 18, 2008

Reuters, 16:58 June 18, 2008

Shell Shuts in 225,000 b/d Bonga Oil Field in Nigeria Following Militant Attack June 19

A Shell representative reports the company has shut in the Bonga oil field located offshore Nigeria after the Bonga Floating Production Vessel was attacked overnight by militants. The deepwater Bonga oil field as an oil production capacity of 225,000 b/d and also produces around 150,000 Mcf/d of natural gas.

<http://www.platts.com/Oil/News/8819122.xml?p=Oil/News&sub=Oil>

Iraqi Government to Contract with Western Oil Majors ExxonMobil, BP, Shell and Total

The four Western oil companies are close to signing oil contracts with the Iraqi government, with the deals to be announced on June 30 and to be awarded on a no-bid contract. ExxonMobil, BP, Shell and Total are returning to the country for the first time in 36 years.

http://biz.yahoo.com/rb/080619/iraq_oil.html?v=2

Petro-Canada Signs Exploration and Production Deals with Libya State Oil Company to Redevelop Oil Fields in Libya

Petro-Canada has signed six 30-year exploration and production sharing agreements in Libya, confirming partnership plans the Canadian oil giant originally announced in December. Petro-Canada said it believes the oilfields in Libya hold resources of almost two billion barrels of oil, with a redevelopment program expected to double current production levels to about 200,000 b/d over the next five to seven years.

09:44 Reuters, June 19, 2008

<http://canadianpress.google.com/article/ALeqM5gh4FTvps-EWn7hiB7bZMCfLMOB6A>

Update: Nigeria Oil Ministry Intervenes to Prevent Chevron Workers Union Strike in Nigeria June 18

The looming strike by Chevron union oil workers in Nigeria was averted after the intervention of Nigeria's oil minister. Chevron agreed to remove 70 expatriates in order to avert the strike.

Reuters, 17:11 June 18, 2008

Natural Gas

Midcontinent Express Pipeline Announces Binding Open Season for 300,000 Dth/d Expansion on its Texas to Louisiana Planned Pipeline System

Midcontinent Express Pipeline LLC (MEP), a natural gas pipeline jointly owned by Kinder Morgan and Energy Transfer Partners announced a binding open season for the expansion of a portion of MEP's planned pipeline system. The expansion will increase the capacity by 300,000 Dth/d and will take the main segment of MEP's Zone 1 capacity to 1.8 billion cubic feet per day. The expansion will originate at the planned interconnect locations with in Paris, Texas and terminate at the planned interconnect location with Columbia Gulf Transmission near Waverly, Louisiana. The open season is to run through July 9, 2008.

http://www.midcontinentexpress.com/News_release_internal.asp?code=22

Shell Reports Bonga Deepwater Field Gas Supply Halted due to Militant Attacks

A Shell representative reports production of natural gas designated for its LNG venture Nigeria LNG Ltd. Has been halted following the militant attack on the Bonga deepwater field. The Shell representative was unable to specify the amount of LNG affected

Bloomberg News, 06:50 June 19, 2008

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
June 19, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S. \$/Barrel	132.94	135.81	69.28
NATURAL GAS			
Henry Hub \$/Million Btu	12.93	12.49	7.46

Source: Reuters

Energy Notes

Severe Weather Knocks out Power to 14,000 FPL Customers in Florida June 18

<http://www.wpbfl.com/news/16648995/detail.html>

States Weigh Options in Offshore Drilling Fight – Florida Governor Supports Offshore Drilling; California, Oregon, New Jersey Officials Voice Concerns Against Offshore Drilling

<http://www.forbes.com/feeds/ap/2008/06/18/ap5131138.html>

<http://www.katu.com/news/local/20498609.html>

<http://www.msnbc.msn.com/id/25252119/>

<http://news.moneycentral.msn.com/provider/providerarticle.aspx?feed=AP&date=20080618&id=8798249>

French Port Workers Return to Work Following End of Strike June 19

<http://www.platts.com/Oil/News/8819114.xml?p=Oil/News&sub=Oil>

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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