



ENERGY ASSURANCE DAILY

Tuesday Evening, June 29, 2010

Major Developments

Update: Tropical Storm Alex to Push Back New Oil Capture System at Blown-Out Well in Gulf of Mexico: BP

Waves from Tropical Storm Alex will prevent BP from deploying a third oil capture system until next week at the blown-out MC252 well in the Gulf of Mexico, a company executive said on June 28. The system is expected to provide additional oil containment capacity of approximately 20,000-25,000 b/d, according to BP. Harsh weather also forced responders to stop oil cleanup work offshore Louisiana on June 29, the U.S. Coast Guard said. The National Hurricane Center expected Tropical Storm Alex to strengthen to hurricane status. The storm, however, was projected to turn away from major oil production locations.

<http://www.reuters.com/article/idUSN2915285720100629>

<http://www.reuters.com/article/idUSN2825716420100628>

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063171>

Update: BP Recovers About 23,395 Barrels of Oil at Site of Blown-Out Well in Gulf of Mexico June 27

BP collected 15,310 barrels of oil, flared an additional 8,085 barrels of oil, and flared about 54.1 million cubic feet of natural gas on June 27 via the dual recovery system at the blown-out MC252 well in the Gulf of Mexico, the company said on its website.

<http://www.bp.com/extendedsectiongenericarticle.do?categoryId=40&contentId=7061813>

Update: Cost of Response to Deepwater Horizon Incident Reaches about \$2.65 Billion by June 28: BP

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063171>

Update: BP and Government Mulling Long-Term Plans, Should Relief Wells Fail

BP and government officials are discussing long-term containment plans at the blown-out MC252 well in the Gulf of Mexico, the New York Times said, in the highly unlikely event that the relief wells fail to stem the flow of oil.

<http://www.nytimes.com/2010/06/29/us/29wells.html?src=my>

Electricity

Storms Cut Power to More than 45,000 Customers in D.C., Maryland, and Virginia June 28

Storms knocked out electricity to almost 20,000 Pepco customers in Maryland and Washington, D.C., 19,000 Dominion Virginia Power customers in Virginia, and 8,906 Baltimore Gas and Electric customers in Maryland, multiple sources reported. Fewer than 5,000 outages remained among the affected utilities, as of latest reports.

<http://www.hometownannapolis.com/news/nbh/2010/06/28-55/Storm-knocks-out-power.html>

<http://www.news8.net/news/stories/0610/750299.html>

<http://www.dom.com/storm-center/dominion-electric-outage-summary.jsp>

<http://www.bge.com/portal/site/bge/menuitem.42d31413f80c584606370f10d66166a0/>

<http://www.pepco.com/home/emergency/maps/stormcenter/default.aspx>

Storm Knocks Out Power to about 40,000 FirstEnergy Customers in Ohio June 27

The company had restored power to all but 6,000 customers by early on June 28.

http://blog.cleveland.com/parmasunpost/2010/06/parma_and_firstenergy_respond.html

http://blog.cleveland.com/metro/2010/06/storms_cause_damage_power_outa.html

ConEdison Urges Customers to Conserve Energy in Brooklyn, New York June 28-29

ConEdison asked customers in multiple Brooklyn, New York neighborhoods to refrain from using non-essential electrical appliances and equipment until problems on local electrical cables were resolved. The affected areas included about 123,000 customers. Approximately 1,100 customers in the area were without power, as of this morning.

<http://www.coned.com/newsroom/news/pr20100629.asp>

http://www.coned.com/newsroom/news/pr20100628_5.asp

http://www.coned.com/newsroom/news/pr20100628_3.asp

http://www.coned.com/newsroom/news/pr20100628_2.asp

Update: Exelon's 1,134 MW Limerick Nuclear Unit 1 in Pennsylvania Ramped Up to 86 Percent by June 29

Operators shut the unit on June 23 due to the "loss of both reactor recirculation pumps," the company said in a filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of June 28 the unit was operating at 68 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100624en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

Progress Energy's 872 MW Brunswick Nuclear Unit 1 in North Carolina Reduced to 74 Percent by June 29

The Nuclear Regulatory Commission reported that on the morning of June 28 the unit was operating at full power. Information derived from the NRC Power Reactor Status Reports:

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

FirstEnergy's 882 MW Davis-Besse Nuclear Unit in Ohio Ramped Up to 18 Percent by June 29

The company shut the unit for refueling in late February. During the outage, it identified small cracks in 24 of 69 reactor head control rod drive mechanism nozzles. It completed modifications to those nozzles earlier this month. The Nuclear Regulatory Commission reported that on the morning of June 28 the unit was not operating.

<http://www.firstenergycorp.com/NewsReleases/2010-06-29%20Davis-Besse%20Returning%20To%20Service.pdf>

<http://www.firstenergycorp.com/NewsReleases/2010-06-04%20Davis-Besse%20Reactor%20Head%20Nozzle%20Modifications%20Com.pdf>

Information also derived from the NRC Power Reactor Status Reports:

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

Luminant to Restart 765 MW Monticello Coal-Fired Unit 3 in Texas June 29

Luminant planned to restart its 765 MW Monticello coal-fired Unit 3 in Texas on June 29, the company said in a filing with state regulators. The unit went offline due to a boiler tube leak by June 27, according to Reuters,

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141648>

Reuters, 09:21 June 29, 2010

Dynegy's 335 MW El Segundo Gas-Fired Unit 4 in California Shut by June 28

According to the California Independent System Operator, the unit reported an unplanned outage by June 28.

<http://www.caiso.com/unitstatus/data/unitstatus201006281515.html>

Cabrillo Power's 300 MW Encina Gas-Fired Unit 4 in California Shut by June 28

According to the California Independent System Operator, the unit reported an unplanned outage by June 28.

<http://www.caiso.com/unitstatus/data/unitstatus201006281515.html>

Update: Multiple Companies' 316 MW Vincent Qfs Wind Farm in California Returns to Service by June 28

According to the California Independent System Operator, the unit reported a return from an unplanned outage.
<http://www.caiso.com/unitstatus/data/unitstatus201006281515.html>

Update: State DEQ Issues Three Draft Closure Options for PGE's 601 MW Boardman Coal-Fired Power Plant in Oregon

The Oregon Department of Environmental Quality (DEQ) began public discussions of three draft closure options for Portland General Electric's (PGE) 601 MW Boardman coal-fired power plant in Oregon, the DEQ said on June 28. The options outline the pollution controls necessary for plant closure in 2015-16, 2018, or 2020. The proposal follows the Environmental Quality Commission's recent decision to deny PGE's plan to shut the facility in 2020. PGE, for its part, said it was disappointed by the draft options. It said the DEQ's 2020 alternative would cost almost \$300 million more to implement than the company's plan. The other options would, according to PGE, increase costs substantially and/or threaten system reliability.

<http://www.deq.state.or.us/news/prDisplay.asp?docID=3340>

http://www.portlandgeneral.com/our_company/news_issues/news/06_28_2010_pge_responds_to_deq_emissions.aspx

Update: Citing Economy, Great River Energy Postpones Launch of 99 MW Coal-Fired Power Plant in North Dakota

Great River Energy's 99 MW Spiritwood coal-fired power plant near Jamestown, North Dakota is slated to be completed by October 1, 2010, but the company does not plan to open the facility until the start of 2012, according to Finance & Commerce. A company spokeswoman blamed the delay on "the ongoing economic downturn." Newman Group, separately, had expected to construct a 100 MMGal/Yr. ethanol facility at the site, but those plans stalled amid weak economic conditions, lower oil prices and an over-supply of ethanol plants. Instead, Great River Energy and DONG Energy now aim to construct a biorefinery at Spiritwood between 2012 and 2014.

<http://www.finance-commerce.com/article.cfm/2010/06/29/Economy-delays-startup-of-Spiritwood-coal-plant>

Update: After Fatal February Explosion at Kleen Energy Power Plant in Connecticut, CSB Recommends OSHA Ban Use of Natural Gas for Pipe Cleaning

The U.S. Chemical Safety Board (CSB) urged the Occupational Safety and Health Administration (OSHA) to prohibit the use of natural gas for pipe cleaning, and the venting or purging of fuel gas indoors. The recommendations came after CSB investigations into a fatal February 7, 2010 explosion at the Kleen Energy power plant in Middletown, Connecticut, and the fatal June 9, 2009 explosion at the ConAgra Foods Slim Jim plant in Garner, North Carolina.

http://www.csb.gov/newsroom/detail.aspx?nid=330&SID=0&pg=1&F_All=y

Update: Shell Shuts Some Oil and Gas Production Ahead of Tropical Storm Alex

Shell halted subsea production at its Auger and Brutus oil and gas platforms ahead of Tropical Storm Alex in the Gulf of Mexico by June 27. On June 29 Shell said it had shut in production from its "Central and Western Gulf of Mexico assets." The company did not provide specific output figures. Auger can produce 101,000 b/d of oil and 415 MMcf/d of natural gas, and Brutus can produce 110,000 b/d of oil and 150 MMcf/d of natural gas, according to Shell's website. Shell had evacuated approximately 900 workers, as of late this morning. The National Hurricane Center expected Tropical Storm Alex to strengthen to hurricane status. The storm, however, was projected to turn away from major oil production locations. Other companies reported numerous impacts:

- Apache took offline approximately 16,000 b/d of oil and 14 MMcf/d of natural gas production by early June 29, a spokesman said. The company had evacuated seven nonessential employees from the eastern Gulf of Mexico, according to Reuters.
- Marathon shut its 9,700 b/d Ewing Bank platform by June 28, Reuters reported.
- BP evacuated non-essential workers from its Atlantis, Mad Dog, and Holstein platforms in the Gulf of Mexico, according to a recorded message. The evacuations did not impact production.
- Anadarko was evacuating nonessential employees from the western Gulf of Mexico, Reuters said. There was no impact to production.
- ExxonMobil evacuated nonessential workers from its offshore platforms in the Gulf of Mexico, according to Reuters.
- Pemex shuts its 1 million b/d Cayo Argos port and its 113,000 b/d Dos Bocas port, Reuters reported.

http://www.shell.us/home/content/usa/aboutshell/media_center/storm_center/storm_updates/2010/alex/alex_update5_062910.html

http://www.shell.us/home/content/usa/aboutshell/media_center/storm_center/storm_updates/2010/alex/alex_update2_062710.html

<http://af.reuters.com/article/energyOilNews/idAFN2762258120100627>

<http://www.reuters.com/article/idUSN2826835320100629>

<http://www.reuters.com/article/idUSN2915285720100629>

DJN, 09:08 June 29, 2010

Chevron Declares Force Majeure on Shallow Rig in Gulf of Mexico, Citing New Regulations June 23

The move came only one day after Apache Corp declared force majeure on a separate shallow-water rig, citing similar issues.

<http://af.reuters.com/article/energyOilNews/idAFN2815454520100628>

Compressor Trip Triggers Unit Upset at BP's 467,720 b/d Texas City, Texas Refinery June 29

A "compressor trip" led to a unit upset at BP's 467,720 b/d Texas City, Texas refinery on June 29, the company said in a filing with state regulators. Operators "stabilized the unit and resumed normal operations," according to the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141747>

ConocoPhillips Reports FCC Snag at 146,000 b/d Borger, Texas Refinery June 28

ConocoPhillips de-energized electrostatic precipitators after a fluid catalytic cracker unit (FCC) snag at its 146,000 b/d Borger, Texas refinery on June 28, the company said in a filing with state regulators. It was not clear if the incident had any impact to production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141715>

ExxonMobil Says Operations Continue after Flaring at 149,000 b/d Torrance, California Refinery June 29

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/ac8c3339f9acd08d882577510058d0f2?OpenDocument>

Reuters, 12:22 June 29, 2010

Fire Injures Two People and Forces Shut CDU at Total SA's 223,000 b/d Lindsey Refinery in England June 29

A fire and small explosion injured two people and forced offline a crude distillation unit (CDU) at Total SA's Lindsey refinery in England on June 29, the company said. The incident temporarily stalled rail shipments from the refinery, but deliveries restarted by mid-afternoon.

<http://www.forexyard.com/en/news/Fire-explosion-at-Totals-UK-Lindsey-oil-refinery-2010-06-29T164104Z-UPDATE-3>

EnCore Oil Says Catcher and Catcher East Sites in U.K. North Sea Could Contain up to 300 Million Barrels of Oil in Place

<http://www.encoreoil.co.uk/pages/news/index.asp?NewsID=235>

Natural Gas

Update: Mexican Appellate Court Revokes Order to Suspend Operating Permits for Sempra's 1 Bcf/d Costa Azul LNG Terminal in Mexico

A Mexican federal appeals court revoked a recent district court order that had directed Mexican regulatory agencies to suspend authorizations for the operations of Sempra LNG's liquefied natural gas (LNG) terminal near Ensenada, Mexico, the company said on June 28. A Baja California court had ruled in favor of a local rancher who said he was the rightful owner of a 250-acre block of land near the terminal; the court ordered Mexican regulators to temporarily suspend the terminal's permits. Sempra Energy, however, said it would not halt operations unless the government directed it. The company purchased the 250-acre parcel in 2006 and has argued that it can operate the terminal without the land.

http://public.sempra.com/newsreleases/viewPR.cfm?PR_ID=2497&Co_Short_Nm=SE

<http://www.reuters.com/article/idUSLDE65K1LM20100621>

<http://www.prnewswire.com/news-releases/sempra-energy-says-it-will-continue-its-operations-at-energia-costaazul-despite-mexican-court-order-telling-sempra-to-shut-down-plant-96846389.html>

http://public.sempra.com/newsreleases/viewPR.cfm?PR_ID=2495&Co_Short_Nm=SE

<http://www.automatedtrader.net/real-time-dow-jones/443/update-mexican-court-rules-to-suspend-sempra-lngpermits>

Turtle Bayou Plans 12 Bcf Natural Gas Storage Facility in Texas

Turtle Bayou Gas Storage Company, LLC plans to construct a 12 Bcf natural gas storage facility in Chambers and Liberty counties, Texas. The company expects to break ground in the winter of 2010 and open the project in the spring of 2013. The Federal Energy Regulatory Commission (FERC) posted a Draft Environmental Assessment on June 28.

http://elibrary.ferc.gov/idmws/doc_info.asp?document_id=13828169

<http://www.turtlebayougasstorage.com/Default.aspx>

Other News

DOE Announces up to \$24 Million for Algal Biofuels Research June 28

The U.S. Department of Energy (DOE) announced on June 28 the investment of up to \$24 million for three research groups to tackle key hurdles in the commercialization of algae-based biofuels.

<http://www.energy.gov/news/9167.htm>

Energy Prices

U.S. Oil and Gas Prices			
June 29, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	75.61	77.99	71.73
NATURAL GAS Henry Hub \$/Million Btu	4.85	5.15	3.88

Source: Reuters

Energy Notes

Storm Cuts Power to about 18,000 Idaho Power Customers in Idaho June 28

<http://www.ktvb.com/home/Descriptive-storm-damage-reports-pouring-in-from-viewers-97393759.html>

Chemical Spill and Fire Lead to Evacuation at University of Illinois Power Plant June 28

<http://www.news-gazette.com/news/courts-police-and-fire/2010-06-28/small-fire-spill-temporarily-evacuate-abbott-power-plant-caus>

Pacific West Plans 20 MW Biomass-Based Power Plant in Hawaii

http://www.staradvertiser.com/business/businessnews/20100627_Isle_ethanol_efforts_stall.html

Entergy to Deliver Radioactive Soil in Tractor Trailer Containers from Vermont Yankee Nuclear Power Plant to Clive, Utah

<http://www.rutlandherald.com/article/20100628/NEWS02/706289931/1003/NEWS02>

Tanker Truck Rolls Over, Spills 11,000 Gallons of Jet Fuel along I-95 in Massachusetts June 27

http://www.boston.com/news/local/massachusetts/articles/2010/06/28/11000_gallons_of_jet_fuel_spills_in_foxborough/

Tanker Truck Overturns, Leaking Unknown Amount of Diesel Fuel in South Carolina June 28 – Tanker Believed to Have Been Carrying Approximately 1,000 Gallons of Diesel Fuel

<http://www.wmbfnews.com/Global/story.asp?S=12718747>

Update: BP and Husky to Decide Before End of 2010 Whether to Pursue Oil Sands Refining Project at Toledo, Ohio Refinery

<http://www.toledoblade.com/article/20100627/BUSINESS03/6260316>

Operators Shut Compressor Due to Vibration at Welch CO2 Gas Processing Facility in Texas June 28

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141734>

Enbridge Isolates Leaking Segment along Natural Gas Pipeline in Texas June 28-29

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141719>

Oahu Ethanol Corp Plans 15 MMGal/Yr. Ethanol Plant in Hawaii

http://www.staradvertiser.com/business/businessnews/20100627_Isle_ethanol_efforts_stall.html

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/ead.aspx>

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