



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and Energy Reliability
Infrastructure Security and Energy Restoration

ENERGY ASSURANCE DAILY

Friday Evening, July 02, 2010

Major Developments

Update: Companies Restoring Oil and Gas Production in Gulf of Mexico after Hurricane Alex July 2

Companies were re-boarding platforms and rigs and restoring production in the Gulf of Mexico after Hurricane Alex, the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) said on July 2. Some 205,077 b/d of oil production and 694 MMcf/d of natural gas output remained offline as of 11:30 AM CDT on July 2, according to BOEMRE. That represented about 12.82 percent of the Gulf's oil production and approximately 10.84 percent of its natural gas output, but marked a decline from the 421,350 b/d of oil production and 919 MMcf/d of natural gas output that had been shut in by June 30. Personnel remained evacuated from 50 production platforms and four rigs. The 50-platform total represented just 7.89 percent of the 634 manned platforms in the Gulf of Mexico, according to BOEMRE. Individual companies and officials reported numerous other developments:

- The Louisiana Offshore Oil Port (LOOP) restarted marine operations early on July 2.
- Outbound traffic resumed at the port of Houston on July 1, Reuters said, citing the U.S. Coast Guard. Rough seas, however, were expected to prevent inbound traffic on July 1. There were 17 ships awaiting entry to the Houston Ship Channel and 15 waiting to leave as of the afternoon of July 1, according to the U.S. Coast Guard spokesman. Pilots had resumed outbound traffic by July 2, Reuters reported.
- Multiple other ports – Corpus Christi, Texas, Beaumont, Texas, Port Arthur, Texas, and Lake Charles, Louisiana – restored inbound and outbound traffic on July 1, Reuters said, citing officials.
- ExxonMobil was returning crews to evacuated facilities, and had resumed normal operations at some facilities, as of late on July 1. The company had begun to restore production in some of those areas.
- Chevron remobilized workers to its evacuated fields in the Gulf of Mexico and restored all production in its central and western Gulf of Mexico operations, as of July 1.
- Apache Corp said approximately 6,000 b/d of oil production and 106 MMcf/d of natural gas output remained shut on July 2, but the company expected to restart output soon.
- BP was restoring throughput along its 500 MMcf/d, 20-inch, 115-mile natural gas pipeline in the Gulf of Mexico, Reuters reported late on July 1. The company had reduced rates along the line, Reuters said previously.
- Valero returned its 315,000 b/d Corpus Christi, Texas refinery to planned rates by July 2, it said. The company said previously that "inclement weather conditions" led to flaring at the facility on June 30 – July 1, but a company spokesman said the weather had not caused any "material impact on production."
- Citgo returned its 156,000 b/d Corpus Christi, Texas refinery to normal rates by July 2, about two days after a storm-related power disruption forced offline multiple units, the company said.

BOEMRE: <http://www.mms.gov/ooc/press/2010/press0702.htm>

LOOP: http://www.oe.netl.doe.gov/docs/2010_SitRep_2_Alex_070210_1100AM.pdf

Channels, Ports: <http://af.reuters.com/article/energyOilNews/idAFN0117444320100701>

Reuters, 11:08 July 2, 2010

ExxonMobil: http://www.exxonmobil.com/corporate/community_safety_er_storm.aspx

Chevron: <http://www.chevron.com/news/mediaresources/stormupdates/>

Apache: DJN, 09:48 July 2, 2010

BP: <http://af.reuters.com/article/energyOilNews/idAFN29TORMFA20100702>

Valero: Reuters, 09:49 July 2, 2010

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141833>

DJN, 12:13 July 1, 2010

Citgo: Reuters, 10:26 July 2, 2010

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141808>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141817>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141811>

Update: Responders Aim to Bring Online Third Containment Vessel on July 7 at Site of Blown-Out Well in Gulf of Mexico

Responders should bring online a third containment vessel on July 7 at the site of the blown-out MC252 well in the Gulf of Mexico, U.S. Coast Guard's Retired Admiral Thad Allen said. The vessel should boost oil recoveries by 20,000-25,000 b/d. Hurricane Alex pushed back the system's expected start-date by about six days, according to Dow Jones.

DJN, 11:23 July 2, 2010

Update: BP Recovers About 25,150 Barrels of Oil at Site of Blown-Out Well in Gulf of Mexico July 1

BP collected 16,915 barrels of oil, flared an additional 8,235 barrels of oil, and flared about 57.0 million cubic feet of natural gas on July 1 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>

<http://www.cnn.com/2010/US/07/02/gulf.oil.disaster/index.html?hpt=T2>

Electricity

Exelon's 1,134 MW Limerick Nuclear Unit 1 in Pennsylvania Reduced to 68 Percent by July 2

The Nuclear Regulatory Commission reported that on the morning of July 1 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/>

Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Reduced to 72 Percent by July 2

The Nuclear Regulatory Commission reported that on the morning of July 1 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/>

Update: FirstEnergy's 882 MW Davis-Besse Nuclear Unit in Ohio Ramped Up to 98 Percent by July 2

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 July 1 the unit was operating at 86 percent.

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

<http://www.firstenergycorp.com/NewsReleases/2010-06-04%20DavisBesse%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/>

GE Hitachi Says Safety-Related Equipment it Sold to Multiple U.S. Nuclear Power Plants Could Be Defective

GE Hitachi (GEH) sold a potentially-defective diaphragm to multiple U.S. nuclear power plants, and the failure of the equipment could lead to safety issues at the affected plants, according to a filing with the Nuclear Regulatory Commission (NRC). After the breakdown of a diaphragm at a domestic boiling water reactor, GEH inspected six diaphragms: three manufactured in 2006 and three manufactured in 2008. The company found that each of the six had areas without fabric reinforcement, and said it was reasonable to think that a similar issue existed in other diaphragms it sold. The failure of the diaphragm could cause a facility's High Pressure Coolant Injection (HPCI) system to malfunction. That, according to the filing, would be "considered a major degradation of essential safety related equipment." The filing listed the affected nuclear power plants as: DTE's 1,089 MW Fermi Unit 2 in Michigan, Exelon's 2,276 MW Limerick plant in Pennsylvania, Exelon's 2,304 MW Peach Bottom plant in Pennsylvania, PPL's 2,596 MW Susquehanna plant in Pennsylvania, FPL's 565 MW Duane Arnold plant in Iowa, NPPD's 764 MW Cooper plant in Nebraska, Progress Energy's 1,875 MW Brunswick plant in North Carolina, Southern's 1,722 MW Hatch plant in Georgia, and TVA's 3,494 MW Browns Ferry plant in Alabama.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100702en.html>

Study Evaluates Transmission Alternatives that Could Support the Integration of 56.8 Gigawatts of Wind Power in Upper Midwest

Electric Transmission America (ETA), a joint venture of subsidiaries of American Electric Power (AEP) and MidAmerican Energy Holdings Company, released Phase One of a study of the transmission needed in the Upper Midwest to support renewable energy development and to transport that energy to population and electricity load centers. The study, or Strategic Midwest Area Transmission Study (SMAR Transmission Study), retained Quanta Technology LLC to evaluate extra-high voltage (EHV) transmission alternatives. In Phase One, Quanta evaluated eight transmission alternatives designed to support the integration of 56.8 gigawatts of nameplate wind generation within the study area, including North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Missouri, Wisconsin, Illinois, Indiana, Michigan, and Ohio. The results recommended three alternatives for further study. One is primarily 765-kV EHV transmission, another includes 765-kV combined with limited use of high-voltage direct current transmission line, and the third is a combination of both 345-kV and 765-kV transmission lines.

<http://www.aep.com/newsroom/newsreleases/?id=1622>

Regulations and Economics to Force Offline Smaller Coal-Fired Power Plants: Analyst

Environmental regulations will likely force companies to shut smaller coal-fired power plants – those 200 MW or smaller – because it is not cost effective to install pollution controls on smaller units, according to an analyst at Bernstein Research. Such plants make up 22 percent of U.S. coal-fired capacity. Numerous coal-based power plants are already slated for shutdown, including two 155 MW Edison International units near Chicago, Illinois.

http://www.forbes.com/free_forbes/2010/0719/outfront-obama-coal-energy-electricity-clearing-air.html?partner=yahoomag

Petroleum

Update: LyondellBasell Restarts Fire-Downed CDU at 268,000 b/d Houston, Texas Refinery July 1

LyondellBasell restarted a crude distillation unit (CDU) at its 268,000 b/d Houston, Texas refinery on July 1. The unit shut on May 17 due to a fire. It is one of two heavy CDUs at the refinery.

<http://lyondellbasell.mediaroom.com/index.php?s=43&item=813>

Compressor Malfunction Triggers Flaring at BP's 234,000 b/d Cherry Point, Washington Refinery June 30

BP evacuated workers after a compressor motor malfunction led to flaring at its 234,000 b/d Cherry Point, Washington refinery on June 30, the company said in a regulatory filing. The compressor was related to the reformer, and the incident might have had some impact to production, according to a source familiar with the facility's operations.

Reuters, 13:01 July 2, 2010

Interior Delays Public Meetings Related to 2012-2017 OCS Oil and Gas Leasing Program

The Department of Interior delayed public scoping meetings for the Environmental Impact Statement (EIA) for the 2012-2017 Outer Continental Shelf (OCS) Oil and Gas Leasing Program until later in 2010, citing the need to proceed cautiously on the OCS and to review safety and environmental issues associated with offshore drilling.

<http://www.doi.gov/news/pressreleases/Interior-Extends-Opportunity-for-Public-Input-on-Environmental-Analysis-of-2012-2017-Oil-and-Gas-Leasing-Program.cfm>

Gasoline Consumption Increases across U.S. Northwest in 2009: Sightline Institute

Idaho, Oregon, and Washington consumed more gasoline in 2009 than in 2008, reversing a decade-long trend of declining personal gas consumption, according to a study from the Sightline Institute. Total consumption rose by 2 percent. Sightline attributed the rise to lower fuel prices.

http://www.sightline.org/research/energy/res_pubs/shifting-gears

Technical Snag Forces Shut Iraq-to-Turkey Oil Pipeline July 1

A technical issue forced shut the Kirkuk, Iraq-to-Ceyhan, Turkey oil pipeline late on July 1, according to a source at Iraq's North Oil Co. The pipeline was transporting an average 400,000-450,000 b/d prior to the shutdown, the source said.

Reuters, 05:00 July 2, 2010

Natural Gas

Nothing to report.

Other News

Seventeen Coal-Carrying Train Cars Derail in Minnesota June 30

Seventeen coal-carrying train cars derailed near downtown Wayzata, Minnesota on June 30, spilling an unspecified quantity of coal and damaging a nearby office building, the Associated Press and local police reported. The 123-car train was en route from Wyoming to Wisconsin, according to a spokeswoman from its operator, Burlington Northern Santa Fe. She said the company aimed to clear the cars by the evening of June 30 and fix the tracks by early on July 1.

<http://www.wqow.com/Global/story.asp?S=12735028>

Energy Prices

U.S. Oil and Gas Prices			
July 2, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	71.91	76.97	66.87
NATURAL GAS Henry Hub \$/Million Btu	4.54	4.88	3.63

Source: Reuters

Energy Notes

Substation Problem Knocks Out Power Briefly to 17,000 Xcel Energy Customers in Colorado July 1

<http://www.9news.com/news/local/article.aspx?storyid=142226&catid=346>

Michigan PSC Authorized We Energies to Collect Money from Customers for New Coal-Fired Power Plant in Oak Creek, Michigan – Facility’s First Phase Opened Earlier in 2010, and Second Unit Slated to Begin Operations in August or September of 2010

<http://www.jsonline.com/business/97637214.html>

Update: Oklahoma Corporation Commission Okays OG&E to Invest up to \$366 Million in Smart Grid Deployment over Next Three Years

<http://phx.corporate-ir.net/phoenix.zhtml?c=106374&p=irol-newsArticle&ID=1443678&highlight=>

Exelon Reports Localized Tritium Contamination at 2,222 MW La Salle Nuclear Power Plant in Illinois July 1

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100702en.html>

Magellan Midstream Repairs Leak along Underground Gasoline Pipeline in Nebraska by July 2

<http://www.ketv.com/news/24117030/detail.html>

Russian Oil Production Rises to Record 10.13 Million b/d in June 2010 – Nation Has Produced More than 10 Million b/d for 10 Consecutive Months: Energy Ministry Data

Reuters, 10:18 July 2, 2010

Compressor Shutdown at Waha Gas Plant in Texas July 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141864>

DCP Midstream Shuts Pipeline for Unspecified Repairs in Texas July 1 – July 3

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141850>

Turbine Shutdown at Goldsmith Gas Plant in Texas July 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141870>

Update: Russia and Belarus Ink Transit Fee Deal for Deliveries of Russian Natural Gas to Europe July 2

Reuters, 09:37 July 2, 2010

Ukrainian President Proposes Russia and European Union Construct Russia-to-Europe Natural Gas Pipeline through Ukraine

DJN, 11:57 July 2, 2010

Massachusetts Postpones Rule that Would Have Required Sellers to Mix Biofuel into Diesel and Home Heating Oil – Officials Cite Complications in Writing the Regulations

http://www.boston.com/business/articles/2010/07/02/mass_suspends_mandate_for_biofuel_use/

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.

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

Please direct comments and questions to: ead@oe.netl.doe.gov