



ENERGY ASSURANCE DAILY

Tuesday, July 11, 2006

Major Developments

Update: Sunoco to Restart 200,000 b/d Crude Unit at Philadelphia Refinery – Traders

According to traders, Sunoco will restart the unit at its 335,000 b/d Philadelphia refinery this week after completing unplanned repairs. Though previous media reports had not been confirmed, sources told Reuters that the unit was brought down at the end of June following a fire. Sunoco has not commented about the reported incident.

Reuters, 12:10 July 11, 2006

Electricity

Update: TXU's 575 MW Big Brown 2 Coal-fired Unit in Texas Restarted Over Weekend

Reuters, 17:59 July 10, 2006

Update: AES' 496 MW Redondo Beach 8 Gas-fired Unit in California Back in Service July 10

Reuters, 19:39 July 11, 2006

Basin Electric's 95 MW Auxiliary Power Plant in South Dakota Ready for Grid

Basin Electric Power Cooperative's recently completed 95 megawatt natural gas-fired power plant, the Groton Generation Station, is now ready for operation. The plant will be used to generate extra electricity as needed and as determined by Basin Electric and the Western Area Power Administration.

<http://www.grandforks.com/mld/grandforks/15006888.htm>

Sunflower Cancels Plans for Wind Energy Facility; Announces Plans for Fourth Coal-Fired Plant in Kansas

Sunflower Electric Power Corporation cancelled plans to begin construction of a wind energy facility in Kansas due to prohibitive costs. The utility still plans to pursue renewable energy plants for the future. At the same time, Sunflower has announced plans for new coal-fired plant to be built in Kansas. Construction of the 700 megawatt plant is expected to begin in 2007, with completion scheduled for 2011. The company currently operates one plant in Kansas and has two other 700 megawatt plants in the planning stages. All three of its planned facilities should be running by 2013.

<http://www.dfw.com/mld/dfw/business/15006437.htm>

PPM Proposes Wind Facility in Oregon

PPM Energy is proposing the installation of up to 125 wind turbines near Medicine Bow, Oregon. Construction is expected to begin in 2007.

<http://www.billingsgazette.net/articles/2006/07/11/news/wyoming/65-wind.txt>

Petroleum

European Imports Won't Be Able to Offset a U.S. Gasoline Disruption This Summer – EIA

According to the Energy Information Administration, a tight European gasoline market this summer means that the U.S. may not be able to rely on gasoline imports from Europe to offset any unexpected disruptions in domestic gasoline production that may occur. EIA said that a repeat in the surge in imports similar to that which followed Hurricanes Katrina and Rita may not be possible this year.

Reuters, 13:01 July 11, 2006

Shipments Being Curtailed on Colonial Pipeline

According to Energy News Today, Colonial Pipeline Co. is rationing space on a line carrying gasoline from Collins, Mississippi to Greensboro, North Carolina. ENT said that Colonial's customers "will be held to a pre-determined portion of their historical shipping patterns as a result of the allocation." This is the second cycle in a row that Colonial has curtailed shipments due to high demand.

Bloomberg News, 11:15 July 11, 2006

Reuters, 10:15 July 11, 2006

Valero Restarts 48,000 b/d Hydrotreater at St. Charles, Louisiana Refinery July 11

The distillate hydrotreater at the company's 185,000 b/d refinery had been shut since a fire on the unit on May 20.

Reuters, 13:41 July 11, 2006

Tesoro Cancelling 25,000 b/d Coker Project at Anacortes, Washington Refinery

The company cancelled the project, which aimed at processing heavier crude oil, because costs had soared well above original estimates. Tesoro said that it would continue to work on units to increase the 115,000 b/d refinery's ability to handle sulfur.

Reuters, 19:54 July 10, 2006

Reuters, 20:27 July 10, 2006

International Tanker Rates Double Since April as Crude Stored at Sea Increases

According to an assessment from the Baltic Exchange, since April, the price of hiring a 2-million barrel tanker from the Middle East to deliver oil to Japan has more than doubled. The major factor for this jump is a dramatic increase in the amount of oil that producers are storing in tankers despite already high stocks. Part of the reason for high tanker storage levels is that some countries are having difficulty selling heavy crude oil on the world market.

Another reason is that price of oil for future delivery is higher than the current price of oil.

Reuters, 11:48 July 11, 2006

Greenland May Have Up to 110 Billion Barrels of Oil - USGS

According to the U.S. Geological Survey and Greenland's Directorate of Commodities, the sea off Greenland's east coast may cover as much as 110 million barrels of oil with further reserves off the western shore of the island. "In the normal-case" scenario, there are 51 million barrels off the east coast. Logistically, accessing the oil is difficult due to icebergs but big oil companies are becoming more technically adept at finding ways to tap new reserves.

USGS figures are based on statistics and factors in satellite images in the area that are generally associated with oil fields.

Bloomberg News, 03:14 July 11, 2006

http://denmark.dk/portal/page?_pageid=374,502337&_dad=portal&_schema=PORTAL&ic_itemid=926733

Natural Gas

Nothing to report.

Other News

Altra Breaks Ground on 60 Million Gallon-Per-Year Ethanol Plant in Ohio

The plant in Coshocton will begin production by October 2007.

Reuters, 12:04 July 11, 2006

DOE Releases Research Roadmap for Developing Alternative to Gasoline

The U.S. Department of Energy (DOE) recently released a 200-page report on the research of cellulosic ethanol, a cleaner-burning, carbon-neutral alternative to gasoline as a transportation fuel. Under Secretary for Science Raymond L. Orbach said, "Low production cost and high efficiency require transformational changes in processing cellulose to ethanol. DOE's Genomics: GTL program is poised to help do just that."

<http://newsblaze.com/story/20060707082616tsop.nb/newsblaze/TOPSTORY/Top-Stories.html>

Energy Prices

U.S. Oil and Gas Prices			
July 11, 2006			
	Today	Week Ago*	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	74.45	73.85	59.23
NATURAL GAS Henry Hub \$/Million Btu	5.51	5.84	7.35

Source: Reuters

*This price reported is from July 3. Markets were closed on July 4.

Energy Notes

Gasoline Price Average at \$2.97, Second-Highest Ever - EIA

Reuters, 19:23 July 10, 2006

OPEC Says It Has 2 Million b/d of Idle Capacity is Heavy Oil That No Refiners Want

Bloomberg News, 08:30 July 11, 2006

Equatorial Guinea's Oil Output to Increase 11 Percent Next Year

Bloomberg News, 11:40 July 11, 2006

Algeria to Raise Taxes on Foreign Oil Companies

Bloomberg News, 09:06 July 11, 2006

Corn is Cheaper Feedstock Than Sugar for Ethanol Production – USDA

Reuters, 18:52 July 10, 2006

Husky's White Rose Oil Field Off Newfoundland to Boost Output to 110,000 b/d

Reuters, 17:01 July 10, 2006

Riverstone Holdings Studying Possible Expansion or Redevelopment at Several South Texas Gas Plants

Reuters, 17:14 July 10, 2006

MMS Proposes Amending its Regulations for reporting Production and Royalties

<http://intelligencepress.com/>

Marathon Oil Enters Ethanol Business

<http://www.energyintel.com/>

EPA Expected to Release Important Air-Quality Study Related to Smog Standard

<http://www.platts.com/Electric%20Power/News/7587426.xml?p=Electric%20Power/News&sub=Electric%20Power>

University Medical Center in Texas Loses Power for Second Time in Three Weeks

http://www.kcbd.com/Global/story.asp?S=5133691&nav=menu69_3

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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