



ENERGY ASSURANCE DAILY

Thursday Evening, July 28, 2011

Major Developments

BOEMRE Reports Companies Shut In 94,962 b/d of Oil and 148 MMcf/d of Natural Gas Production in the U.S. Gulf of Mexico in Advance of Tropical Storm Don July 28

The Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) said in a press release that offshore oil and gas operators in the Gulf of Mexico are evacuating platforms and rigs in the path of Tropical Storm Don, with a total of 11 production platforms evacuated. News reports indicate much higher figures of the amount of production shut in -- 618,000 b/d of Oil and 1.35 Bcf/d of Natural Gas. According to news reports, companies have reported the following shutdowns:

- Shell performed a “full shut-in of production” at its Perdido platform in the far western U.S. Gulf of Mexico. The platform has a capacity of 100,000 b/d of oil and 20 MMcf/d of natural gas. Shell expects to evacuate 195 workers by the end of the day.
- BP is shutting its Atlantis platform, which has a capacity of 200,000 b/d of oil and 180 MMcf/d of gas.
- Anadarko is shutting in all production from the following six production facilities in the western Gulf: Nansen, Boomvang, Gunnison, Red Hawk, Constitution, and Marco Polo. The six facilities have a combined capacity of 310,000 b/d of oil and 1.1 Bcf/d of natural gas. All 185 workers have been evacuated.
- ExxonMobil reported it is shutting in 8,000 b/d of oil and 50 MMcf/d of natural gas production. It is also evacuating some facilities in the storm’s path.
- Apache, BHP Billiton, and Chevron are also evacuating their facilities in the Gulf.
- Williams’ Transco gas pipeline unit announced that about 75 million cubic feet of gas production scheduled to flow to Transco has been shut in. However, Transco does not anticipate any supply allocation will be required as a result of supply interruptions from the storm.

Reuters, 09:39 July 28, 2011

Reuters, 09:44 July 28, 2011

Reuters, 10:01 July 28, 2011

<http://www.boemre.gov/ooc/press/2011/press0728.htm>

<http://www.bloomberg.com/news/2011-07-28/u-s-gulf-oil-premiums-surge-after-bp-halts-atlantis-production.html>

<http://www.upstreamonline.com/live/article269816.ece>

<http://www.1line.williams.com/1Line/wgp/download?delvid=3877542&hfNoticeFlag=Y&hfDownloadFlag=false&hfFileName=download.html>

Electricity

New Storm Leaves 91,000 ComEd Customers in Illinois without Power July 27-28

A severe storm, accompanied by strong winds and lightning, left 91,000 Commonwealth Edison (ComEd) customers without power across its northern Illinois service territory. As of latest reports, 45,000 customers are still in the dark.

<http://twitter.com/#!/ComEd/status/96476202897911809>

<http://twitter.com/#!/ComEd/status/96650820275286016>

<https://www.comed.com/sites/newsroom/Pages/stormcenter.aspx>

<https://www.comed.com/sites/customerservice/Pages/outagemap.aspx>

http://www.myfoxdfw.com/dpps/news/heavy-rain.-storms-pummel-midwest-dpgonc-km-20110728_14333128

TVA’s 1,155 MW Browns Ferry Nuclear Unit 1 in Alabama Reduced to 58 Percent by July 28

The Nuclear Regulatory Commission reported that on the morning of July 27 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/2011/>

U.S. Power Generating's 376 MW Astoria Oil- and Gas-Fired Unit 4 Trips Offline Due to Boiler Tube Rupture in Queens, New York July 20

New York City has enough power despite the unit shutdown. An explosion was reported at the plant, but no fire or injuries were reported.

Reuters, 22:03 July 27, 2011

Reuters, 09:58 July 28, 2011

OPG's 881 MW Darlington Nuclear Unit 3 Shuts in Ontario July 28

Reuters, 06:38 July 28, 2011

MidAmerican Energy Building 444 MW Rolling Hills Wind Project in Southwest Iowa

The company plans to complete the wind farm, located in Adair, Adams, and Cass Counties, by the end of the year.

<http://www.midamericanenergy.com/wind/news.aspx>

Update: Operators Retract June 1 NRC Notification Regarding Cooling Water System Trains at Wolf Creek's 1,236 MW Wolf Creek Nuclear Plant in Kansas July 26

On June 1, operators of the plant filed a report with the Nuclear Regulatory Commission (NRC) reporting cooling water system trains were inoperable. On July 26, operators retracted the notification, indicating that the pump was not actually degraded.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2011/20110727en.html>

Update: TVA Announces Plans to Replace Emergency Sirens for its Browns Ferry Nuclear Plant in Alabama July 27

The Tennessee Valley Authority (TVA) said that 88 of the plant's required 100 emergency sirens failed due to a power outage after tornadoes caused widespread damage on April 27. TVA now plans to procure and install emergency sirens which have battery backup capability.

<http://www.timesdaily.com/article/20110728/NEWS/110729822/1141/sports?Title=After-tornadoes-TVA-will-replace-emergency-sirens>

NextEra to Spend About \$5.4 Billion Over Three Years to Build Wind and Solar Projects

The company's CEO announced on July 27 that the company plans to spend between \$2.3 and 2.7 billion on solar projects and \$2.7 to 3.1 billion on wind farms through 2014. NextEra has signed contracts for 632 MW of wind farm projects since the first quarter of this year, including 469 MW for Ontario Power Authority projects which will open in Canada between 2013 and 2014.

<http://www.bloomberg.com/news/2011-07-27/nextera-to-spend-up-to-5-8-billion-on-wind-solar-power-by-2014.html?cmpid=yahoo>

Petroleum

Houston Refining Reports Gasoline-Making FCC 732 Upset at its 280,700 b/d Houston, Texas Refinery July 28

According to operators, the upset at fluid catalytic cracking (FCC) unit 732 caused flaring.

Reuters, 10:37 July 28, 2011

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=157348>

Increased Quantities of Crude Oil Being Stored Offshore in Tankers Due to Lack of Onshore Storage Capacity as SPR Oil Hits Market

Onshore storage has become strained due to the ongoing release of 30 million barrels of crude from the U.S. Strategic Petroleum Reserve (SPR). According to the shipbroker ICAP, six tankers are currently being used for offshore storage in the U.S. Gulf Coast, including three 2 million barrel very large crude carriers (VLCCs) and three 1 million barrel Suezmax tankers.

http://www.marketwatch.com/story/oil-goes-offshore-to-make-way-for-us-spr-barrels-2011-07-25?reflink=MW_news_stmp

OPEC Crude Production Nears Three-Year High; Expected to Rise from 29.81 Million b/d in June to 30.07 Million b/d in July: Reuters

A Reuters survey on July 28 found that crude production from the Organization of the Petroleum Exporting Countries (OPEC) should rise to its highest level in nearly three years. The increase is primarily due to higher production levels from Saudi Arabia and Angola.

Reuters, 12:10 July 28, 2011

Oil Production from Eagle Ford Shale in Texas Has Doubled in Two Months: Bentek

Bentek reported on July 27 that the Eagle Ford shale prospect in southern Texas has grown from 71,000 b/d two months ago to 160,000 b/d now, as more than 30 companies drill in the 22-county region. The U.S. Department of Energy has estimated that Eagle Ford contains about 3.34 billion barrels of technically recoverable crude.

Reuters, 17:54 July 27, 2011

<http://www.commodities-now.com/news/power-and-energy/7192-eagle-ford-shale-oil-production-doubles.html>

Natural Gas

Dominion Cove Point LNG Requests FERC Approve Agreement to Maintain Cool Temperatures at its 1.8 Million Dekatherms/d LNG Terminal in Maryland July 22

The company is struggling to keep the terminal's cryogenic facilities cool enough to remain operational amid a lack of liquefied natural gas (LNG) imports. The company has requested that the U.S. Federal Energy Regulatory Commission (FERC) quickly approve its plan to make a one-time purchase of LNG from Shell in mid-August, then sell the LNG to Statoil. Statoil would only be permitted to withdraw 22,000 Dth/d in order to maintain enough LNG to keep the facility cool through at least the third quarter of 2011. FERC had previously rejected the company's request to order shippers to import LNG in June, saying it must buy LNG instead.

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/NaturalGas/6311667>

El Paso Corporation Places 680-Mile, 42-Inch, 1.5 Bcf/d Ruby Natural Gas Pipeline into Service from Wyoming to Oregon by July 28

The pipeline originates at the Opal Hub in Wyoming, travels through Utah and Nevada, and ends at Malin, Oregon.

<http://investor.elpaso.com/phoenix.zhtml?c=97166&p=irol-newsArticle&ID=1590279>

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

Update: TransCanada Completes Repairs on 302-Mile, 30-Inch, 477 MMcf/d, Wyoming-to-North Dakota Bison Natural Gas Pipeline July 28

It is not clear when the pipeline will restart. The pipeline ruptured in Wyoming on July 20, prompting a force majeure declaration. According to the company, a preliminary assessment shows that mechanical damage caused the rupture, likely after something hit the pipe.

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/NaturalGas/6324582>

Other News

Denbury Resources to Build 232-Mile, 20-Inch Pipeline to Deliver CO2 to Oil Fields in Wyoming and Montana

The company plans to begin construction on the pipeline next month, which will run from the Lost Cabin natural gas plant in Fremont County, Wyoming to an Anadarko pipeline in Natrona County, then terminate at the Bell Creek oil field in Montana. It will deliver carbon dioxide, which will be used for enhanced oil recovery. The pipeline is due to be completed in early November.

http://www.usatoday.com/money/industries/energy/2011-07-28-co2-pipeline-oil-recovery_n.htm

Alberta to Invest \$285 Million in Swan Hill Synfuels's Coal Gasification Project July 27

The facility will eventually fuel 300 MW of power generation using so-called "stranded coal" from a seam northwest of Edmonton, Alberta. Developers say that the plant will generate 2 million tonnes of carbon dioxide each year, 1.3 million tonnes of which will be captured and used by oil companies to help with enhanced oil recovery (EOR). The project is the province's third confirmed carbon capture and storage project. The plant is due to be completed in 2015.

<http://www.edmontonjournal.com/business/Province+invests+285M+clean+coal+project/5170959/story.html>

Energy Prices

U.S. Oil and Gas Prices July 28, 2011			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	97.52	99.50	76.73
NATURAL GAS Henry Hub \$/Million Btu	4.46	4.64	4.72

Source: Reuters

Energy Notes

Thunderstorm Kills Power for 19,000 DTE Energy Customers in Michigan July 28

<http://www.detnews.com/article/20110728/METRO05/107280426/1409/metro/Downpours-flood-Metro-Detroit-freeways>

Vermont Electric Cooperative Members Approve \$12 Million Transmission Line Upgrade for Green Mountain Power's Proposed 63 MW Kingdom Community Wind Project in Lowell, Vermont July 26

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

<http://www.wcax.com/story/15152902/vermont-electric-votes-on-transmission-upgrade>

Gas Compressor Overloads, Causing Flaring at PBF Energy's 182,200 b/d Delaware City, Delaware Refinery July 25

<http://www.mysanantonio.com/news/article/Del-probing-2-toxic-chemical-releases-1599862.php>

BP Reports Flaring During Normal Coker Operations at 265,000 b/d Carson, California Refinery July 27

<http://af.reuters.com/article/commoditiesNews/idAFN1E76Q1UZ20110727>

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/f6f1a9fe0fd4e787882578da0068210d?OpenDocument>

Update: Somali Pirates Release Jubba General Trading Company's UAE-Flagged Tanker MV Jubba XX for \$200,000 Ransom July 27 – The Tanker Was Hijacked in the Indian Ocean While Carrying 3,500 Metric Tons of Products on July 16

Reuters, 10:32 July 28, 2011

<http://english.cri.cn/6966/2011/07/28/2021s650803.htm>

Update: Imperial Oil to Submit New Delivery Schedule for Oil Refinery "Megaloads" to Idaho DOT Later This Week – Company Delayed Delivery Due to Technical Issue

<http://www.istockanalyst.com/business/news/5319022/revised-megaload-date-expected-this-week#>

Road Closed for Hours after 15 CSX Rail Cars Fully Loaded with Coal for AEP's Muskingum River Power Plant Derail in Waterford, Ohio July 26 – No Cars Overturned

<http://www.mariettatimes.com/page/content.detail/id/537524/15-cars-of-coal-train-jump-CSX-track-at-Waterford.html?nav=5002>

Update: Workers at GNF's Nuclear Fuel Manufacturing Facility in Castle Hayne, North Carolina to Return to Work July 29 – Production Was Shut after the Company Discovered a Warning Horn Malfunction July 13

<http://www.wect.com/story/15151504/workers-to-return-friday-to-global-nuclear-fuels>

<http://www.starnewsonline.com/article/20110727/ARTICLES/110729665/1004/sitemaps05>

Southern California Gas Worker Strikes 2-Inch Natural Gas Mainline, Causing Gas Leak in Los Angeles, California July 27

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/cea7356b3e6a27f4882578db00032f50?OpenDocument>

Leak Shuts No. 6 Compressor for Six Hours at Driver Compressor Station in Texas July 27

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=157335>

High Pressure Vapor Recovery Unit Shuts for Unknown Reason at Anton CO2 Re-Injection Facility in Texas July 27

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=157357>

Power Problem Causes #3 Compressor to Shut for Three Hours at Cedar Lake Booster Station in Texas July 27

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=157336>

Unit #20 Shuts For Unknown Reasons at Keystone Gas Plant in Texas July 27

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=157337>

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EDT every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EDT every Thursday.

ENERGY ASSURANCE DAILY

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

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