



ENERGY ASSURANCE DAILY

Tuesday Evening, July 29, 2008

Electricity

Update: 22,887 AEP Texas Customers Still Without Power after Hurricane Dolly

American Electric Power (AEP) Texas said previously it did not expect to restore all affected customers until Saturday, August 2, as workers coped with a damaged substation, downed power lines and flooding.

<http://www.aeptexas.com/news/outages/viewstorm.asp?stormID=839>

As of 4:00 PM EDT: <http://www.aeptexas.com/news/outages/default.asp>

http://www.themonitor.com/articles/power_15178_article.html/sunday_customers.html

Update: Luminant Delays Restart of 793 MW Martin Lake Coal-fired Unit 1 in Texas

The unit stalled July 28-29 after an error on the grounds of the main generator. It had been scheduled to restart today, but Luminant delayed the restoration. The company is working to identify the cause of the problem.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=111675>

Bloomberg News, 15:56 July 29, 2008

Reuters, 08:14 July 29, 2008

Update: AES's 226 MW Huntington Beach Gas-fired Unit 2 in California Returns to Service by July 28

According to the California Independent System Operator, the unit experienced an unplanned reduction by July 26.

<http://www.caiso.com/unitstatus/data/unitstatus200807281515.html>

Duke Energy's 510 MW Moss Landing Gas-fired Unit 2 in California Curtailed by July 28

According to the California Independent System Operator, the unit experienced a reduction of 260 MW by July 28.

<http://www.caiso.com/unitstatus/data/unitstatus200807281515.html>

OPG's 490 MW Nanticoke Coal-fired Unit 3 in Ontario Shuts by July 29

Reuters, 08:16 July 29, 2008

OPG's 215 MW Atikokan Coal-fired Unit in Ontario Shut July 29

Reuters, 8:53 July 29, 2008

Companies Form Partnership to Explore Possible 5,000 MW Wind-Hydrokinetic Ocean Current Power Project in Gulf of Mexico

Hydro Green Energy and the Wind Energy Systems Technology Group agreed to explore the potential for the project, which would be the world's first hybrid offshore wind-hydrokinetic ocean current power facility. If built, it would generate energy from moving water in the Gulf of Mexico, and produce nearly 5,000 MW of power. Hydro Green Energy filed ten preliminary permit applications last week with FERC, seeking three-year exclusive rights to develop the hydrokinetic portion of the projects.

<http://www.hgenergy.com/hydro%20green%20energy%20and%20west%20group%20sign%20agreement.pdf>

Oregon Siting Council Approves Caithness Shepherd Flats' Plans for 909 MW Wind Farm

If built, it would be the largest wind farm in the U.S. Northwest, generating 909 MW of power and stretching across some 32,100 acres of Oregonian land. The project would link to the Bonneville Power Administration (BPA) grid through a 230-kV transmission line, which has yet to be built. BPA would upgrade an existing substation, and Caithness Shepherd's Flat would construct an additional two to three collector substations. BPA has not yet determined if its system can handle the project's full capacity, and is conducting an environmental review.

Caithness Shepherd's Flat would construct the project in phases of 250 MW a year, according to the company.

<http://www.platts.com/Electric%20Power/News/6928121.xml?p=Electric%20Power/News&sub=Electric%20Power>

Update: Shell Declares Force Majeure on Nigerian Bonny Light Crude

Monday's Pipeline Attacks Shut in about 120,000 b/d Output, Nigeria's NNPC Says

Shell declared force majeure on its July, August and September, 2008 offtake program for Nigerian Bonny Light crude, according to a Shell spokeswoman. The Movement for the Emancipation of the Niger Delta (MEND) said yesterday it assaulted two Shell pipelines—one at Kula, and another at Rumuekpe. Shell confirmed damage to its 130,000 b/d Nembe Creek trunk line, and said previously it was investigating MEND's allegations of a second attack. Nigeria's state oil company, NNPC, said the incident slashed production by 120,000 b/d. Shell did not confirm that figure, but did say it curtailed some crude output. Media reports were unclear as to the nature of the attacks. One source suggested that the assaults affected two smaller lines feeding crude to the Nembe Creek trunk line. Shell, as a result, shut Nembe Creek, according to that account. Another source said the attacks affected both the Nembe Creek Pipeline and the Rumuekpe Pipeline.

<http://www.platts.com/Oil/News/8913939.xml?p=Oil/News&sub=Oil>

<http://www.guardian.co.uk/business/feedarticle/7685857>

<http://www.iht.com/articles/ap/2008/07/29/news/Nigeria-Oil-Unrest.php>

<http://www.marketwatch.com/news/story/shell-declares-force-majeure-nigeria/story.aspx?guid=%7BBFB9A9F4-AA8B-413A-926B-C6105085E383%7D&dist=hplatest#comments>

Valero to Slow Refineries on Weak Profit Margins

Valero will run its refineries an average 330,000 b/d under capacity in the third quarter, 2008, as high oil prices and lagging gasoline demand stunt refining profits. The company will also postpone certain revamp projects, it said.

<http://www.reuters.com/article/OILINT/idUSN2933207220080729>

ConocoPhillips Shuts FCC at 247,000 b/d Alliance Refinery in Belle Chasse, Louisiana

ConocoPhillips shut a gasoline-producing fluid catalytic cracking unit (FCC) for maintenance, according to a company spokesman. The company is unsure how long the unit will be down, but is assessing the potential time frame, the spokesman said. A state environmental regulatory spokesman, separately, said the unit shut due to a leak in a pump yesterday, July 28.

Reuters, 11:50 July 29, 2008

Bloomberg, 17:05 July 29, 2008

Citgo Idles FCC at 167,000 b/d Lemont, Illinois Refinery

Citgo halted the gasoline-producing fluid catalytic cracking unit (FCC) for one-to-two weeks of unplanned repairs, trade sources said. Sources were in disagreement as to when the unit shut: some said it shut already, and others said it will not go offline until Thursday.

Reuters, 09:54 July 29, 2008

Update: U.S. Stops Crude Deliveries to Strategic Petroleum Reserve July 28

The U.S. accepted the last crude delivery to the Strategic Petroleum Reserve (SPR) yesterday, July 28, two months after President Bush agreed to "defer" such inputs for the rest of 2008. The final, 1.2 million barrel tanker—yet to be unloaded—will leave the SPR 97 percent full, at about 707 million barrels of oil.

<http://www.platts.com/Oil/News/6928657.xml?p=Oil/News&sub=Oil>

Update: BP Expects Full Output at 468,000 b/d Texas City, Texas Refinery by Early 2009—Company Shut Facility after 2005 Explosion and Prior to Hurricane Rita

BP started the first of three residue hydrotreater units on July 10, and said today it expected to start the second within a few days. That restart will boost Texas City's active capacity to 80 percent, according to a BP official. A third, spare residue hydrotreater will enter service early next year, the official said. A deadly explosion forced the facility offline in March, 2005; BP stalled it again in September, 2005, prior to Hurricane Rita.

Bloomberg News, 16:46 July 29, 2008

Reuters, 10:31 July 29, 2008

Update: BP to Complete Expansion at 410,000 b/d Whiting, Indiana Refinery by Start of 2012, Company Says

The expansion will boost Whiting's gasoline production by just over 40,000 b/d. It will also increase the refinery's capacity to process heavy Canadian crude oil—the heavier grade will account for 80 percent of Whiting's input, upon the project's completion. BP will add a new coker, crude distillation unit, and gasoil hydrotreater. Four-hundred contractors are already working at the facility, and BP received air and water permits for the refinery conversion.

Bloomberg News, 16:46 July 29, 2008
Reuters, 09:59 July 29, 2008

Update: BP's Thunder Horse Field in U.S. Gulf of Mexico to Reach 250,000 b/d Output by 2009's End—Company

The offshore field is currently producing more than 40,000 b/d of crude from one well, according to a company official. BP expects to open a total of six to eight wells by the end of 2009, and ramp the facility up to 250,000 b/d output. At its peak, Thunder Horse will also generate up to 200 MMcf/d of natural gas.

Reuters, 11:30 July 29, 2008

AltaGas Income Trust Restarts 490 MMcf/d Harmattan NGLs Extraction Plant in Alberta

AltaGas Income Trust restarted the Harmattan natural gas liquids (NGLs) extraction plant yesterday afternoon, July 28, and expected it to return to full service by mid-to-late August. The company idled the plant after an oil heater fire last Thursday, July 24, it said previously. The facility had been operating below capacity, or about 135 MMcf/d, at the time of the shutdown.

Reuters, 17:37 July 25, 2008
Bloomberg News 17:18 July 29, 2008

Interline Resources Corporation Completes Construction of 5,000 b/d NorthCut Topping Refinery in Wyoming

The refinery will produce 5,000 b/d of off-road diesel and virgin gasoline (naphtha) for use in local markets. It will also generate a gasoline stock for ethanol blending. It is the first new refining facility with a capacity of at least 5,000 b/d built in Wyoming in the past 30 years, according to the company's website.

http://www.interlineresources.com/index.php?option=com_content&view=article&id=66:Interline%20Announces%20Completion%20of%20NorthCut%20Refinery%202007-28-08&catid=34:news&Itemid=57
<http://www.interlineresources.com/index.php?start=2>

Natural Gas

Midcontinent Express to Expand Planned Natural Gas Pipeline in Southern U.S. by 300,000 Dth/d

Citing a successful binding open season, MidContinent Express Pipeline expanded its planned capacity by 300,000 dekatherms per day (Dth/d), from 1.5 Bcf/d to 1.8 Bcf/d. The pipeline's main segment stretches from an interconnect near Paris, Texas to another interconnect near Waverly, Louisiana. Should demand warrant further space, the pipeline would be expandable to 2.0 Bcf/d, according to the company. MidContinent Express Pipeline is a joint venture of Kinder Morgan Energy Partners and Energy Transfer Partners.

Reuters, 12:27 July 29, 2008

Update: Tres Palacios Gas Storage Announces Open Season for 1 Bcf of Firm Storage Service at Planned Salt Dome Natural Gas Storage Facility in Texas

The facility, set to open next month, is authorized to inject up to 1 Bcf/d and withdrawal up to 2.5 Bcf/d of natural gas. It will include three caverns, 36 Bcf of gas storage capacity, and interconnections with multiple interstate and intrastate pipelines. The storage open season will stretch from Monday, July 28 through Thursday, September 4, 2008.

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

Energy Companies, Experts Say U.S. South's Haynesville Shale Could Hold 250 Trillion Cubic Feet of Natural Gas

Energy companies are flocking to the Haynesville Shale, from Texas up to Arkansas, paying \$30,000 an acre for land on the potentially-massive natural gas deposit. If accurate, a 250 trillion cubic feet supply would be enough to satisfy U.S. gas demand for several years; last year's national consumption totaled 23 trillion cubic feet.

http://www.nytimes.com/2008/07/29/us/29boom.html?_r=1&th=&emc=th&pagewanted=print

Other News

Update: Mississippi River Remains Closed Along 98-Mile Stretch, But Deep Draft Traffic Approaches Normal amid Steady Clean-up Progress

Just 58 vessels and barge tows remained stalled today, July 29, down from 182 yesterday, according to the U.S. Coast Guard. Of those 58, 41 were southbound and 17 northbound. "Deep draft movement is approaching normal flow," a spokesman said, even as the river-segment remained officially shut. The Coast Guard closed the 98-mile span last week after a barge crashed into a tanker, spilling almost 420,000 gallons of fuel oil. Crews have recovered 72,000 gallons of the spilled oil, and cleaned 90 of the affected ships.

Reuters, 13:28 July 29, 2008

Reuters, 16:40 July 28, 2008

CONSOL Energy, Synthesis Energy Systems Plan Coal Gasification and Liquefaction Plant in West Virginia

The plant would be a "mine mouth" facility, supplied directly from CONSOL's nearby Shoemaker complex. It would employ syngas to produce about 720,000 metric tons per year of methanol, and would also have the capacity to convert methanol to 87 octane gasoline, at a rate of approximately 100 million gallons/year. A river terminal facility would provide for product storage and off-loading.

<http://phx.corporate-ir.net/phoenix.zhtml?c=66439&p=irol-newsArticle&ID=1179932&highlight=>

Energy Prices

U.S. Oil and Gas Prices			
July 29, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	121.76	126.75	76.84
\$/Barrel			
NATURAL GAS			
Henry Hub	9.17	10.58	5.77
\$/Million Btu			

Source: Reuters

Energy Notes

Magnitude 5.8 Earthquake Strikes East of Los Angeles, California July 29 No Immediate Accounts of Damage or Injuries

<http://www.cnn.com/2008/US/07/29/earthquake.ca/>

ConocoPhillips Reports System Shutdown after Compressor Trip at 250,000 b/d Linden, New Jersey Refinery

Bloomberg News, 13:10 July 29, 2008

Sulfuric Acid Spill, But no Affect to Production at Chevron’s 243,000 b/d Richmond, California Refinery July 28, Company Says

Reuters, 13:52 July 28, 2008

Ecuador, Venezuela Form Partnership to Boost Production at 480 Million Barrel Sacha Ecuadorian Oilfield Output—Plan Would Boost Production from Current 40,000 b/d to 70,000 b/d

http://www.rigzone.com/news/article.asp?a_id=64737

Diver Dies in Construction Incident in Association with Planned Neptune LNG Terminal Offshore Massachusetts

http://www.downstreamtoday.com/News/Articles/200807/Diver_Dies_After_Mishap_On_LNG_Project_12099.aspx

ExxonMobil Affiliate Begins Operations at Projected 50,000 b/d Natural Gas Liquids Project in Nigeria

Reuters, 10:58 July 29, 2008

Experts Say Geothermal Energy Not Properly Regulated in Maine, as Demanded by Both Federal and State Law

http://www.sunjournal.com/story/276152-3/MaineNews/Maine_regulation_of_geothermal_energy_questioned/

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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