



# ENERGY ASSURANCE DAILY

Friday Evening, September 10, 2010

## Major Developments

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### **Leak Forces Enbridge to Shut 670,000 b/d, 34-Inch, Wisconsin-to-Indiana Line 6A September 9**

Enbridge Energy Partners, L.P. shut its 670,000 b/d, 34-inch, 467-mile, Wisconsin-to-Indiana Line 6A after the line leaked an undetermined amount of oil in Romeoville, Illinois on September 9, the company said in a release. Oil spilled into a roadway and then into a retention pond, according to Enbridge. There was “still some oil” leaking from the line, as of September 10, a company spokeswoman said. Sources had not quantified the size of the leak, as of latest reports. One local news source, however, said it was leaking at a rate of 50 gallons/minute prior to its shutdown. The leak lasted for at least 41 minutes, based on a Bloomberg News story. Line 6A is part of the same system – Lakehead – as the 190,000 b/d, 30-inch, Indiana-to-Ontario Line 6B that ruptured and shut in late July. Line 6B’s shutdown had already led to disruptions at numerous U.S. Midwest refineries, and the incident along Line 6A threatened to worsen the problem, analysts and news sources said. Enbridge said previously that it was employing Line 6A – among other conduits – to transport some of the crude that would normally have traveled through Line 6B. One analyst said the latest incident would directly impact at least four regional refineries: Citgo’s 167,000 b/d Lemont, Illinois refinery, BP’s 410,000 b/d Whiting, Indiana refinery, ConocoPhillips’ 306,000 b/d Wood River, Illinois refinery, and ExxonMobil’s 238,600 b/d Joliet, Illinois refinery. There was a possibility, however, that oil inventories and planned seasonal maintenance at some of the refineries-in-question could dull the affects of the outage. Citgo was planning a turnaround at its Lemont facility, and BP was planning work at its Whiting, Indiana facility. ExxonMobil said its Joliet facility was online and meeting customer demand. It was not clear if Line 6A was operating at full capacity prior to the shutdown. Both it and Line 6B remained down, as of latest reports. The U.S. Environmental Protection Agency said it was responding to the incident.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2010&id=879>

<http://yosemite.epa.gov/opa/admpress.nsf/e77fdd4f5afd88a3852576b3005a604f/8bc3e5e9f620d6778525779a0003911d!OpenDocument>

<http://www.bloomberg.com/news/2010-09-09/enbridge-shuts-oil-pipeline-in-illinois-after-leak-update2-.html>

<http://www.wvmt.com/articles/newschannel-1381328-affect-residents.html>

<http://www.reuters.com/article/idUSN1022966520100910>

<http://www.reuters.com/article/idUSWEN961120100910>

DJN, 11:30 September 10, 2010

Reuters, 11:07 September 10, 2010

### **At Least Four Dead after Explosion along PG&E’s 30-Inch Natural Gas Pipeline in San Bruno, California September 9**

A 30-inch, Pacific Gas and Electric Company-owned (PG&E) steel natural gas transmission pipeline ruptured and exploded on September 9, killing at least four people, injuring at least 28 more, and destroying 38 homes, multiple news, company, and official sources reported. One news source, citing a local fire official, said six people had died. PG&E said it isolated the damaged segment of the line and halted flow to the affected area; the company also stopped flow to the area gas distribution pipes. Citing safety concerns, the company cut electric service to 5,800 customers; only 700 customers were still without power early this morning, and another 300 customers remained without gas service, PG&E said. Heavy winds, water supply issues, and the proximity of pipelines to homes were complicating firefighters’ efforts to extinguish the fire; the blaze was 75 percent contained, as of late this morning. The National Transportation Safety Board (NTSB) launched a team to investigate the incident.

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/a0150e1239171b608825779a00148d25?OpenDocument>

[http://www.pge.com/about/newsroom/newsreleases/20100910/pge\\_continues\\_response\\_efforts\\_at\\_scene\\_of\\_san\\_bruno\\_fire.shtml](http://www.pge.com/about/newsroom/newsreleases/20100910/pge_continues_response_efforts_at_scene_of_san_bruno_fire.shtml)

<http://www.nts.gov/Pressrel/2010/100910.html>

<http://www.cnn.com/2010/US/09/10/california.fire/index.html>

<http://latimesblogs.latimes.com/lanow/2010/09/san-bruno-fire-chief-puts-explosion-death-toll-at-6.html>

### **Entergy's 979 MW Indian Point Nuclear Unit 3 in New York Shut by September 10**

Operators shut the unit due to a "service water leak in the main generator exciter housing," the company said in a filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of September 9 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100910en.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 710 MW Robinson Nuclear Unit 2 in South Carolina Shut by September 10**

The unit shut automatically "due to Overtemperature Delta-T signal," the company said in a filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of September 9 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100910en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

### **Exelon's 1,134 MW Limerick Nuclear Unit 2 in Pennsylvania Reduced to 73 Percent by September 10**

The Nuclear Regulatory Commission reported that on the morning of September 9 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 966 MW River Bend Nuke Unit 1 in Louisiana Reduced to 75 Percent by September 10**

The Nuclear Regulatory Commission reported that on the morning of September 9 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/>

### **Luminant to Restart 591 MW Sandow Coal-Fired Unit 4 in Texas September 10-11**

Luminant expected to restart the unit after "boiler feed pump repairs," the company said in a filing with state regulators. The filing did not say when the unit went offline.

<http://www11.tceq.state.tx.us/oce/eei/index.cfm?fuseaction=main.getDetails&target=144464>

### **PG&E Starts Testing at Planned 660 MW Maxwell Gas-Fired Power Plant in California September 9**

Pacific Gas and Electric Company (PG&E) began testing yesterday on its proposed 660 MW Maxwell gas-fired power plant in California, a company spokesman said. PG&E hopes to open the plant in the fall of 2010, according to the spokesman.

<http://www.istockanalyst.com/article/viewiStockNews/articleid/4481980>

### **Hyperion Power, Savannah River National Laboratory Plan Small Modular Nuclear Reactor at Savannah River Site, South Carolina**

Hyperion Power and the Savannah River National Laboratory plan to open a small modular nuclear reactor by 2020 at Savannah River Site in South Carolina, officials said on September 9.

<http://chronicle.augusta.com/latest-news/2010-09-09/srs-lab-announces-partnership?v=1284077830>

### **Snag Leads to Flaring at ExxonMobil's 567,000 b/d Baytown, Texas Refinery September 9**

An "instrument failure" led to flaring at ExxonMobil's 567,000 b/d Baytown, Texas refinery on September 9, but the incident lasted just two hours and did not impact production, the company said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=144627>

<http://www.reuters.com/article/idUSWEN957720100910>

### **Brief Power Outage Forces Shut Units at Valero's 310,000 b/d Port Arthur, Texas Refinery September 9 – Company Restarting Units September 10**

A brief power failure forced offline a crude unit and a diesel hydrotreater at Valero's 310,000 b/d Port Arthur, Texas refinery on September 9, but the company was restarting the units on September 10 and the rest of the facility was operating normally, a company spokesman said. It was the second power outage to affect the plant in as many days. Reuters, 10:50 September 10, 2010

### **Murphy Oil Shuts FCC, Reduces Rates at 125,000 b/d Meraux, Louisiana Refinery September 9**

Murphy Oil shut a gasoline-making fluid catalytic cracking unit (FCC) on September 9 at its 125,000 b/d Meraux, Louisiana refinery, reducing rates at the facility to approximately 90,000 b/d, a spokeswoman said. The company expected to resume normal production by this evening, September 10.

<http://af.reuters.com/article/energyOilNews/idAFWEN951720100909>

### **Update: Fire to Keep PdVSA's Bonaire Oil Storage Terminal in Caribbean Offline until Weekend, at the Earliest: Facility Official**

PdVSA was not expected to resume shipping at its 12 million barrel Bonaire oil storage terminal in the Caribbean until the weekend, at the earliest, a facility official said on September 9. A fire forced shut the facility on September 8-9, traders and a witness said previously. The terminal exports oil and oil products to China and the United States. The blaze began when lightning struck a naphtha tank, according to PdVSA. The fire had been extinguished, as of latest reports.

<http://www.reuters.com/article/idUSN0914450320100909>

Reuters, 12:29 September 9, 2010

Reuters, 14:40 September 9, 2010

DJN, 08:35 September 10, 2010

### **Tank Fire Breaks Out at PdVSA-Owned Terminal in Curacao, Netherlands Antilles September 8-9**

An oil storage tank caught fire overnight at a PdVSA-owned fuel terminal in Curacao, Netherlands Antilles overnight September 8-9, but the fire had been controlled by early on September 9, an official and a trader said. The tank had the capacity to store 750,000 barrels of oil. It was not clear if the incident impacted operations at the terminal.

Reuters, 15:29 September 9, 2010

## ***Natural Gas***

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### **Update: EPA Formally Requests Information from Companies about Chemicals Used in Natural Gas Extraction**

The U.S. Environmental Protection Agency (EPA) issued voluntary information requests to nine natural gas service companies regarding the process known as hydraulic fracturing, the agency said on September 9. Specifically, the EPA is seeking information on the chemical composition of fluids used the process, data on the impacts of the chemicals on human health and the environment, standard operating procedures at hydraulic fracturing sites, and the locations of sites where fracturing has been conducted. The EPA is conducting a study to determine whether hydraulic fracturing has an impact on drinking water and the public health of Americans living in the vicinity of hydraulic fracturing wells.

<http://yosemite.epa.gov/opa/admpress.nsf/e77fdd4f5afd88a3852576b3005a604f/ec57125b66353b7e85257799005c1d64!OpenDocument>

## **Companies Produced about 500 MMcf/d of Natural Gas in Marcellus Shale, Pennsylvania over One-Year Stretch to June 30, 2010: State Data**

Some 632 wells in the Marcellus Shale, Pennsylvania yielded about 180 Bcf of natural gas over the twelve months ended on June 30, 2010, the state's Department of Environmental Protection (DEP) said on its website. The 180 Bcf figure – or about 500 MMcf/d – outpaced industry projections.

<http://thetimes-tribune.com/news/marcellus-shale-production-data-exceeds-expectations-1.1000300>

## **Update: DOE Okays Cheniere Energy's Plan to Export LNG from Proposed Sabine Pass LNG Terminal in Louisiana September 7**

The U.S. Department of Energy (DOE) authorized Cheniere Energy to export domestic LNG from its Sabine Pass terminal in Louisiana, DOE said on September 7. The facility would export as much as 16 million tonnes/year of LNG, Reuters said.

Reuters, 11:27 September 10, 2010

[http://www.cheniere.com/LNG\\_terminals/sabine\\_pass\\_lng.shtml](http://www.cheniere.com/LNG_terminals/sabine_pass_lng.shtml)

## **Other News**

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### **Equipment Failure Causes Multiple Explosions at Osage Bio Energy's 65 MMGal/Yr. Barley-Based Ethanol Plant in Hopewell, Virginia September 8**

An equipment failure caused a fire in an air emissions control device, leading to multiple explosions at Osage Bio Energy's newly-opened, 65 MMGal/Yr., barley-based Appomattox Bio Energy plant in Hopewell, Virginia on September 8, authorities and the company said. There were no injuries and the incident did not cause major damage. The facility was still in start-up mode – and therefore operating at reduced rates – at the time of the incident. A company spokeswoman said the affected unit would “be returned to service as quickly as possible while we continue to perform testing and start-up in other areas of the plant.”

<http://progress-index.com/news/explosions-and-fires-at-ethanol-plant-1.1003271>

<http://www2.timesdispatch.com/news/2010/sep/09/2/no-injuries-reported-hopewell-ethanol-plant-fires-ar-496818/>

### **After Late-June Fire, Arch Coal Resumes Longwall Production at Dugout Canyon Coal Mine in Carbon County, Utah by September 9**

An Arch Coal subsidiary evacuated the mine after a fire on June 22, the St. Louis Business Journal reported. The mine sold 3.2 million tons of coal in 2009, according to Arch Coal's website.

<http://news.archcoal.com/phoenix.zhtml?c=107109&p=irol-newsArticle&ID=1469298&highlight=>

<http://www.archcoal.com/aboutus/dugoutcanyon.aspx>

<http://stlouis.bizjournals.com/stlouis/stories/2010/09/06/daily35.html>

### **Murphy Oil Purchases Unfinished 115 MMGal/Yr. Ethanol Plant in Hereford, Texas – Company to Complete Construction and Launch Production**

Murphy Oil purchased an unfinished, planned 115 MMGal/Yr. ethanol plant in Hereford, Texas by September 9, and said it expected to complete the facility and begin full operations in the first quarter of 2011. Panda Ethanol dropped the project in 2010, according to the Associated Press. Murphy Oil said the facility was about 90 percent finished.

<http://www.chron.com/disp/story.mpl/ap/business/7194601.html>

<http://amarillo.com/news/local-news/2010-09-10/murphy-oil-buys-former-panda-ethanol-plant>

### **Methanex Corporation to Restart 470,000 Tonne/Year Methanol Plant in Medicine Hat, Alberta in April 2011**

The plant has been offline since 2001. At capacity, it consumes about 50,000 MMBtu/day of natural gas.

<http://cnrp.marketwire.com/client/methanex/release.jsp?actionFor=1315818&releaseSeq=1>

### **DOE Awards \$37 Million for Marine and Hydrokinetic Energy Technology Development**

U.S. Energy Secretary Steven Chu yesterday announced selections for more than \$37 million in funding to accelerate the technological and commercial readiness of emerging marine and hydrokinetic (MHK) technologies, which seek to generate renewable electricity from the oceans and free-flowing rivers and streams. The 27 projects range from concept studies and component design research to prototype development and in-water device testing.

<http://www.energy.gov/news/9470.htm>

## **DOE Announces Nearly \$30 Million in Competitive Awards for State Energy Efficiency Projects September 9**

U.S. Department of Energy Secretary Steven Chu yesterday announced the investment of \$28.5 million to 12 states and territories to support energy efficiency projects. The competitively selected states will receive awards through DOE's State Energy Program to help create a sustainable transformation in the market for energy-saving, whole-building improvements in residential and commercial buildings.

<http://www.energy.gov/news/9467.htm>

## **Energy Prices**

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<b>U.S. Oil and Gas Prices</b> September 10, 2010			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	76.18	73.78	71.56
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	3.79	3.74	2.72

Source: Reuters

## **Energy Notes**

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### **Xcel Energy Reports 12,255 Customers without Power in Minnesota September 9 – Power Restored to Most, as of Latest Reports**

<http://www.xcelenergy.com/OutageMap/OutageMap.html?juris=NSPM>

### **Update: Parts Start Arriving for Potential New Reactors at Southern Company's Existing Vogtle Nuclear Power Plant in Georgia September 7**

<http://www.businessweek.com/ap/financialnews/D9I4KM700.htm>

### **Citing Economic Conditions, Black Hills Corp. to Suspend Operations at 34.5 MW Coal-Fired Osage Power Plant in Osage, Wyoming October 1**

<http://www.blackhillscorp.com/news10/091010.pdf>

### **Iberdrola to Launch 30 MW Deerfield Wind Project in Vermont in 2012**

<http://finance.yahoo.com/news/Vt-utility-plans-to-buy-power-apf-2132121010.html?x=0&.v=1>

[http://www.iberdrolarenewables.us/deerfield\\_project\\_profile.html](http://www.iberdrolarenewables.us/deerfield_project_profile.html)

### **AEP Agrees to Achieve Average Outage Length of 169 Minutes by 2011 for Ohio Electric Customers**

<http://columbus.bizjournals.com/columbus/stories/2010/09/06/daily23.html?ana=yfcpc>

### **Electrical Problem Causes Explosion, Forces Evacuations from Apartment Building in South Carolina September 9**

<http://www.wistv.com/Global/story.asp?S=13124971>

### **Suspected Transformer Explosion Triggers Partial Evacuations, Cuts Power to at Least 100 Mississippi Power Customers in Gulfport, Mississippi September 9**

<http://www.wlox.com/Global/story.asp?S=13126812>



**Pollution from Coal-Fired Power Plants to Cause 13,200 Early Deaths in United States during 2010: Clean Air Task Force**

[http://www.dispatch.com/live/content/local\\_news/stories/2010/09/10/cleaner-coal-power-still-deadly.html?sid=101](http://www.dispatch.com/live/content/local_news/stories/2010/09/10/cleaner-coal-power-still-deadly.html?sid=101)

**Tampa Electric to Construct Pilot Project to Capture and Sequester CO2 at 250 MW IGCC Polk Power Station in Florida**

<http://www.tampaelectric.com/news/article/index.cfm?article=547>

**EPA Directs Kansas to Change Air-Quality Permit Program to Account for Greenhouse Gas Emissions – Agency Warns it Will Step in, Should the State Fail to Make Revisions**

<http://www.google.com/hostednews/ap/article/ALeqM5gde8nRGma8wPehJTvsUALYON66hgD9I4MG580>

**Citing Slight Jump in Seismic Activity, NRC to Study Whether 30 Nuclear Power Plants Need to Make Adjustments to Deal with Risks**

[http://www.ydr.com/ci\\_16024221?source=most\\_email](http://www.ydr.com/ci_16024221?source=most_email)

**NRC Issues Final Safety Evaluation Report in NextEra's Bid to Renew License at Duane Arnold Nuclear Power Plant in Iowa – Agency Sees no Open Items to Preclude 20-Year License Renewal**

[http://adamswebsearch2.nrc.gov/idmws/doccontent.dll?library=PU\\_ADAMS^PBNTAD01&ID=102510220](http://adamswebsearch2.nrc.gov/idmws/doccontent.dll?library=PU_ADAMS^PBNTAD01&ID=102510220)

**Aux Sable Liquids Products Tells 12 Eastern U.S. States That They Might Have Received Some Propane Shipments without an Appropriate Quantity of the Chemical that Gives Propane Its Distinct Odor September 8**

[http://www.boston.com/news/local/massachusetts/articles/2010/09/10/mass\\_among\\_12\\_states\\_issued\\_propane\\_alert/?p1=Well\\_MostPop\\_Blue4\\_HP](http://www.boston.com/news/local/massachusetts/articles/2010/09/10/mass_among_12_states_issued_propane_alert/?p1=Well_MostPop_Blue4_HP)

**Alaska Files Lawsuit against Federal Government to Overturn Federal Moratorium on Offshore Drilling in Alaska's Outer Continental Shelf September 9**

<http://gov.state.ak.us/parnell/press-room/full-press-release.html?pr=5498>

**Citgo Launches Ultralow-Sulfur Diesel Unit at Lemont, Illinois Refinery by September 7**

<http://www.nasdaq.com/aspx/stock-market-news-story.aspx?storyid=201009100828dowjonesdjonline000420&title=refinery-statusflint-hills-shuts-gasoline-unit-at-corpus-refinery>

**Drug War Impacting Pemex Energy Operations in Burgos Basin, Mexico**

<http://articles.latimes.com/2010/sep/06/world/la-fg-mexico-pemex-20100906>

**Norwegian Oil Output Drops to 2.3 Million b/d in 2009, Compared to 3.1 Million b/d in 1999: BP Statistical Review of World Energy 2010**

[http://www.rigzone.com/news/article.asp?a\\_id=98635](http://www.rigzone.com/news/article.asp?a_id=98635)

**China Breaks Ground on its Section of Proposed 440,000 b/d Myanmar-to-China Oil Pipeline September 10**

[http://www.china.org.cn/business/2010-09/10/content\\_20907800.htm](http://www.china.org.cn/business/2010-09/10/content_20907800.htm)

**Sid Richardson Energy Services Blows Down 20-Inch Natural Gas Pipe in Texas to “Install a Weld Cap” and “Isolate Pipeline from System” September 9**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144615>

**Operators Restart Tilden Gas Plant in Texas after Brief Weather-Induced Shutdown September 9**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144611>

## Corrosion to Blame for Leaks along Southern Union's 4-Inch Natural Gas Gathering Pipeline in Texas September 8-9

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144612>

### Links

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***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](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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