



ENERGY ASSURANCE DAILY

Tuesday, September 19, 2006

Electricity

TransAlta Corp.'s 702 MW Centralia Coal-fired Unit 2 in Washington State Resumes Power to Grid Sept. 19

The unit resumed contributing power to the grid after a six-week unplanned outage which began Aug. 6. TransAlta shut the unit last month when a blade failed in the last row of blades in a low-pressure turbine, causing an imbalance that created vibrations and forced the shutdown.

Reuters, 12:38 September 19, 2006

NPPD's 756 MW Cooper Nuke Unit in Nebraska Returns to Full Power Sept. 19

The company reduced the unit for a rod adjustment over the weekend. Yesterday the unit was operating at 75 percent of capacity.

Reuters, 07:10 September 19, 2006

SCE's 398 MW Big Creek Hydro Unit in California Shut Sept. 18

Reuters, 10:53 September 19, 2006

AES' 493 MW Redondo Gas-fired Unit 7 in California Shut Sept. 18

Reuters, 10:53 September 19, 2006

Study Finds Nuke Reactors Prone to Costly, Extended Shut-Downs

The Union of Concerned Scientists found in a study that nuclear reactors are prone to costly, extended shutdowns regardless of their age or the experience of power plant managers. An engineer from the Union said that the Nuclear Regulatory Commission does not perform an adequate assessment of a reactor staff's ability to perform their duties at a plant, letting serious problems to accumulate, and eventually forcing a shutdown. He added that shutdowns became more frequent after plants were 10 years old, and that it is common to discover design problems during shutdowns in those plants.

http://www.ucsusa.org/news/press_release/new-report-long-shutdowns.html

Petroleum

Power Failure Shuts Units at Delek's 55,000 b/d Tyler, Texas Refinery Sept. 18

According to a filing with Texas regulators, a power failure outside the refinery led to the plant-wide outage.

According to traders, several refinery units are in the process of restarting and are expected to be back on line in the next 24 to 48 hours.

Reuters, 11:24 September 19, 2006

BP to Restart Hydrotreater at 460,000 b/d Texas City, Texas Refinery in Late Sept.

According to source familiar with refinery operations, BP is planning to restart the 60,000 b/d hydrotreater in late September. BP has been slowly restarting the Texas City refinery, which was the site of an explosion in March 2005 and was shut ahead of Hurricane Rita in September 2005.

Reuters, 14:59 September 19, 2006

Saudi Oil Minister Ali Naimi Says Additional 900,000 b/d Will Come from Manifa Oilfield by 2011

<http://www.platts.com/Oil/News/8641773.xml?p=Oil/News&sub=Oil>

Arizona Refinery Has Been Reissued Air Quality Permit

The Arizona Department of Environmental Quality reissued the state air quality permit to Arizona Clean Fuels Yuma, which will be the first refinery to be built in the U.S. in 30 years. The original permit was issued in April 2005. The reissued permit provides an additional 18 months for the company to begin construction of its 150,000 b/d heavy crude refinery.

<http://www.platts.com/Oil/News/7725572.xml?p=Oil/News&sub=Oil>

Study Reveals Global Downstream Constraints in Next 20 Years

A new in-depth study revealed that more than \$300 billion will be needed to meet growth in products demand, particularly in transportation fuels, in the next 20 years. Transportation fuels account for about 70% of the total demand worldwide, and downstream constraints are not expected to ease.

http://www.energyintel.com/DocumentDetail.asp?document_id=184535

Finance Minister Says Nigeria to Restore Oil Production Soon

On September 19, Nenadi E. Usman, Finance Minister of Nigeria, said Nigeria is working to restore oil production that has been lost due to militant attacks on pipelines. Over the last eight months, Nigeria's production dropped by 600,000 b/d from 2.5 million b/d to 1.9 million b/d. The repair to damaged pipelines is estimated to take weeks to months.

http://biz.yahoo.com/ap/060919/singapore_nigeria_oil.html?.v=3

Natural Gas

Limited Storage Space Can Cause 10% Production Shut-Ins in Next 2 Months

Analysts at Raymond James & Associates predicted that due to limited storage space, U.S. natural gas producers may need to shut in about 10% of their production in the next two months if last week's storage report of a 108 Bcf injection is accurate and represents a trend.

<http://intelligencepress.com/subscribers/daily/news/d20060919c.html>

Other News

Nothing to report.

Energy Prices

| U.S. Oil and Gas Prices | | | |
|-------------------------------------|-------|----------|----------|
| September 19, 2006 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL | | | |
| West Texas Intermediate U.S. | 62.57 | 64.82 | 67.21 |
| \$/Barrel | | | |
| NATURAL GAS | | | |
| Henry Hub | 5.02 | 5.29 | 11.99 |
| \$/Million Btu | | | |

Source: Reuters

Energy Notes

Russia May Cancel Shell's Sakhalin-2 Oil and Gas Project Tomorrow

Bloomberg News, 11:50 September 19, 2006

IEA Chief Concerned by Russia's Political Moves Over Sakhalin Project

Reuters, 07:59 September 19, 2006

EU Taking Russia's Sakhalin Move 'Very Seriously'

Reuters, 04:42 September 19, 2006

BP's Thunder Horse Delay to Up 2007 Demand for OPEC Oil – IEA

Reuters, 09:27 September 19, 2006

U.S. Navy Strengthening Presence in Gulf of Guinea in West Africa to Protect Vital Oil Routes

Reuters, 13:17 September 19, 2006

Chevron Hopes to Increase Production Using Steamflood Technology in Saudi Arabia's Neutral Zone

<http://www.platts.com/Oil/News/8641773.xml?p=Oil/News&sub=Oil>

Saudi Arabia Worried that Iraq's Sectarian Tensions Could Spill Over to Neighboring Countries

Reuters, 14:20 September 18, 2006

World Needs to Spend \$1 Trillion per Year 20 Years Before Peak Oil to Mitigate Fuel Shortages – U.S. DOE Study

Bloomberg News, 12:49 September 19, 2006

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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