



ENERGY ASSURANCE DAILY

Tuesday Evening, October 05, 2010

Electricity

Storms Knock Out Power to about 32,000 LADWP Customers in California October 4

Rain and winds cut power to approximately 32,000 Los Angeles Department of Water and Power (LADWP) customers in California on October 4, the company said. Fewer than 10,000 customers remained without power, as of latest reports.

<http://www.ladwpnews.com/go/doc/1475/419031/>

<http://www.ladwpnews.com/go/doc/1475/914623/>

<http://www.ladwpnews.com/go/doc/1475/915075/>

Indiana-Michigan Power's 1,060 MW D.C. Cook Nuclear Unit 2 in Michigan Reduced to 70 Percent by October 5

The Nuclear Regulatory Commission reported that on the morning of October 4 the unit was operating at 80 percent. Information derived from the NRC Power Reactor Status Reports:

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

Wolf Creek's 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas Reduced to 40 Percent by October 5

The Nuclear Regulatory Commission reported that on the morning of October 4 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/>

Update: AES's 332 MW Alamos Gas-Fired Unit 3 in California Returns to Service by October 4

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201010041515.html>

Update: NRC Inspector General Says Agency Could Improve its Plant Access Authorization Programs

The Nuclear Regulatory Commission (NRC) could take several steps to enhance its nuclear power plant access authorization programs, the NRC's Office of the Inspector General (OIG) said in a recent audit. Specifically, the OIG issued recommendations regarding Behavior Observation Program training requirements, PADS database access, and the NRC's procedures for screening individuals granted unescorted access. The review came just months after a suspected Al Qaeda member – and former laborer at six U.S. nuclear power plants – was arrested in Yemen. To read a redacted version of the report, click on the first link below.

<http://www.nrc.gov/reading-rm/doc-collections/insp-gen/2010/oig-10-a-21-redacted.pdf>

http://www.ydr.com/ci_16252444

enXco Plans Up-to-100 MW Shiloh III Wind Farm in Solano County, California

http://www.enxco.com/about/press/enxco_signs_power_purchase_agreement_for/

Companies to Shut 75 GW of Coal-Fired Power Plants in United States by 2030: ICF International

New environmental regulations will lead U.S. power providers to shut 75 GW of domestic coal-fired power plants by 2030, according to ICF International. ICF expects most of those shutdowns to occur by 2020.

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/HeadlineNews/Coal/3032281/>

Update: Refiners Report No Impact after Weekend Shutdown of Houston Ship Channel, but Extended Closure Could Force Offline Some Production

The Houston Ship Channel remained offline on October 5, but the shipping lane was expected to reopen later in the day and multiple companies – Shell, ExxonMobil, LyondellBassell, and Valero – said the closure had not affected operations at their nearby refineries. Should the shutdown continue into Wednesday, at least two facilities – Shell’s 327,000 b/d Deer Park, Texas refinery and Valero’s 83,000 b/d Houston, refinery – said they would be forced to reduce production, according to a U.S. Coast Guard official. The channel shut on October 3 after a barge knocked over a power line. Eleven tankers were waiting to offload, as of latest reports.

<http://online.wsj.com/article/BT-CO-20101005-708047.html>

Reuters, 12:02 October 5, 2010

Update: Citgo Restarts Units, Resumes Normal Operations at 156,000 b/d Corpus Christi, Texas Refinery by October 4

Citgo restarted a crude unit and a fluid catalytic cracking unit (FCC) last week at its 156,000 b/d Corpus Christi, Texas refinery, and the company returned the units – and the facility – to planned rates by October 4, a company official said. The FCC shut due to a compressor fault on September 19, and the crude unit shut after a brief fire on September 16, according to previous sources.

<http://online.wsj.com/article/BT-CO-20101005-708047.html>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145019>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144917>

Reuters, 12:26 September 20, 2010

Reuters, 19:51 September 16, 2010

Line Rupture Forces Offline Multiple Units at Flint Hills’ 288,468 b/d Corpus Christi, Texas Refinery October 1

A steam line rupture led to the shutdown of a crude distillation unit (CDU) and other, unspecified units on October 1 at Flint Hills Resources’ 288,468 b/d Corpus Christi, Texas refinery, the company said.

<http://www.reuters.com/article/idUSWEN067120101003>

Chevron Restarts SRU after Trip at 45,000 b/d Salt Lake City, Utah Refinery by October 5

A sulfur recovery unit (SRU) shutdown triggered flaring at Chevron’s 45,000 b/d Salt Lake City, Utah refinery by October 5, the company said in a filing with the National Response Center. Operators restarted the unit, according to the filing.

<http://www.bloomberg.com/news/2010-10-05/chevron-says-sulfur-unit-restarted-at-utah-oil-refinery.html>

Enbridge Mulling 150,000 b/d, Oklahoma-to-Texas Monarch Oil Pipeline

Enbridge is studying whether to construct a 150,000 b/d crude oil pipeline from Cushing, Oklahoma to Houston, Texas, the company’s president of liquids pipelines said by October 5. The company could expand the line to deliver up to 350,000 b/d.

<http://www.reuters.com/article/idUSN0511028120101005>

Reuters, 11:14 October 5, 2010

Update: DOI Establishes Office of Natural Resources Revenue October 1

The Department of the Interior (DOI) established on October 1 the Office of Natural Resources Revenue (ONRR) within the Office of the Assistant Secretary for Policy, Management and Budget (PMB). The action came as part of Interior Secretary Ken Salazar’s May 19 Secretarial Order separating the responsibilities previously performed by the Minerals Management Service (MMS). Salazar reassigned those responsibilities to three separate organizations: the ONRR, the Bureau of Ocean Energy Management, and the Bureau of Safety and Environmental Enforcement (BSEE).

<http://www.doi.gov/news/pressreleases/Interior-Establishes-Office-of-Natural-Resources-Revenue.cfm>

SilverBirch Likely to Begin Production in 2020 at Frontier and Equinox Oil Sands Projects in Alberta, Canada

SilverBirch Energy plans to file regulatory applications in 2011 for its Frontier and Equinox oil sands projects in Alberta, Canada, but the company probably will not begin production until 2020, according to multiple news sources. The projects, combined, contain 891 million barrels of mineable reserves.

<http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/silverbirch-new-kid-on-the-oil-sands-block/article1742361/>

http://www.tradingmarkets.com/news/stock-alert/ueycf_silverbirch-energy-begins-operations-1209145.html

Despite Reduced Investments, Global Oil-and-Gas Production and Reserves Increased in 2009: IHS Herold

The worldwide upstream investment of 224 oil-and-gas companies decreased 23 percent to \$378 billion in 2009, but total hydrocarbon reserves increased three percent and production rose by one percent, IHS Herold said in its 2010 Global Upstream Performance Review. Oil reserves rose three percent – reversing a two-year decline – and natural gas reserves increased 3.7 percent. IHS Herold attributed the growth in natural gas reserves to the development of unconventional plays in North America and LNG resources in Asia.

http://press.ihs.com/article_display.cfm?article_id=4306

Faults Force Shut 104,000 b/d Cat Cracker at PdVSA's 645,000 b/d Amuay Refinery in Venezuela by October 5

Faults forced shut a 104,000 b/d catalytic cracking unit at PdVSA's 645,000 b/d Amuay refinery in Venezuela by October 5, but the company expected to restart the unit in two weeks, a PdVSA source said.

Reuters, 09:54 October 5, 2010

Update: Strikes Lead Total to Cut Rates at Two French Refineries October 5

Total reduced rates at its 157,000 b/d La Mede refinery and its 115,000 b/d Feyzin refinery in southern France by October 5, the company said, as a workers' strike continued at the associated Fos Lavera port. Some 30 crude oil-and-oil product-carrying vessels were waiting to offload at the port, as of October 5. The workers had extended the strike until October 6, as of latest reports.

<http://www.bloomberg.com/news/2010-10-05/total-slows-output-at-two-refineries-on-strike-by-marseille-port-workers.html>

Reuters, 11:15 October 5, 2010

Reuters, 12:48 October 5, 2010

Natural Gas

Update: Denali Concludes U.S. and Canadian Open Seasons for Proposed 4.5 Bcf/d Pipeline System from Alaska to Lower-48 October 4

Denali – The Alaska Gas Pipeline concluded open seasons on October 4 for the U.S. and Canadian portions of a proposed pipeline system that could deliver about 4.5 Bcf/d of natural gas from Alaska to the lower-48 states. The project “received bids for significant capacity,” but those bids included some “conditions” beyond Denali’s control, the company’s president said. He said the next steps would “be determined by the commitments our customers are willing to make.” The Denali project would consist of a gas treatment plant on the North Slope, Alaska, a 1,700-plus-mile pipeline from Alaska to Alberta, Canada, and if necessary, a 1,500-mile pipeline from Alberta to Chicago, Illinois.

<http://www.denalipipeline.com/images/pdf/Press%20Release%20-%20Open%20Season%20Concludes.pdf>

<http://www.denalipipeline.com/overview.php>

Update: Gill Ranch Storage Opens 20 Bcf Natural Gas Storage Facility in California

Gill Ranch Storage, LLC, a subsidiary of NW Natural, began service by October 4 at a natural gas storage facility near, Fresno, California, the company said in a release. The facility, located at Gill Ranch, is expected to provide 20 Bcf of storage capacity.

http://www.marketwatch.com/story/gill-ranch-storage-llc-goes-into-service-with-20-bcf-natural-gas-storage-facility-for-california-customers-2010-10-04?reflink=MW_news_stmp

Update: Sempra Opens 5 Bcf Expansion at Existing 11.4 Bcf Bay Gas Storage Natural Gas Storage Facility in Alabama by October 5

Sempra Pipelines & Storage, a Sempra Energy subsidiary, opened a 5 Bcf expansion at its existing Bay Gas Storage natural gas storage facility in Alabama, the company said on October 5. The expansion, or Cavern 4, will boost the facility's capacity to 16.4 Bcf. The company has broken ground on another 5 Bcf cavern – Cavern 5 – and expects to open that project in 2012.

http://public.sempra.com/newsreleases/viewpr.cfm?PR_ID=2533&Co_Short_Nm=SE
<http://www.semrapipelinesandstorage.com/bgs.html>

Peregrine Midstream Partners Launches Open Season for 15 Bcf of Capacity at Planned 35 Bcf Natural Gas Storage Facility in Uinta County, Wyoming October 6

Ryckman Creek Resources, LLC, a Peregrine Midstream Partners LLC subsidiary, launched an Open Season on October 6 for 15 Bcf of natural gas storage capacity at a planned 35 Bcf storage facility near the Opal Hub in Uinta County, Wyoming, the company said in a release. Ryckman Creek is converting an existing, partially-depleted, oil-and-gas field – the Ryckman Creek Nugget Unit – into a gas storage site. It plans to begin service on April 1, 2012. The facility would have a maximum daily withdrawal rate of 360 MMcf.

http://www.peregrinempllc.com/news/press_releases/peregrine_midstream_partners_announces_open_season_for_rookies_gas_storage_project

ONEOK Partners Plans 100 MMcf/d Natural Gas Processing Facility, Numerous Other Investments in Bakken Shale, North Dakota

ONEOK Partners, L.P. plans to invest \$300 million to \$355 million between now and the end of 2012 on natural gas projects in the Bakken Shale of the Williston Basin, North Dakota, the company said on October 4. The investments include a 100 MMcf/d natural gas processing facility – the Stateline I plant – in western Williams County, North Dakota, and related natural gas liquids (NGL) infrastructure. The company also plans to expand and upgrade its existing gathering and compression infrastructure and install new well connections adjacent to the Stateline I facility. ONEOK expects to open the Stateline I plant during the third quarter of 2012. It is evaluating whether to construct another 100 MMcf/d natural gas processing plant, known as Stateline II.

<http://ir.oneok.com/ReleaseDetail.cfm?ReleaseID=514287&ReleaseType=OKS%20Pipeline%20Projects>

In Bid to Prevent Corrosion, Dominion East Ohio Replacing Approximately 4,000 Miles of Natural Gas Pipelines across 21,000-Mile System

<http://www.newsandsentinel.com/page/content.detail/id/539766/Dominion-replacing-gas-lines-for--2-5B.html?nav=5061>

Update: Cheniere Energy Sees no Impact to Operations after Compressor Shutdown at Sabine Pass LNG Terminal in Louisiana

Cheniere Energy shut a boil-off gas compressor at its Sabine Pass LNG import terminal in Louisiana, but the outage did not impact operations at the facility, a company spokeswoman said on October 4. There are conflicting reports making it unclear whether the shutdown was unanticipated or planned.

Reuters, 15:30 October 4, 2010

Reuters, 11:42 October 4, 2010

U.S. Spot Natural Gas Prices Dip to Near Year-Long Lows at Henry Hub and NYMEX October 4

U.S. spot natural gas prices fell to their lowest levels in more than 10 months on October 4 at the Henry Hub in Louisiana and the New York Mercantile Exchange (NYMEX) in New York. Reuters attributed the dips to weather conditions, high inventories, futures markets, “and a lack of storm-related production disruptions.”

Reuters, 15:19 October 4, 2010

Other News

Natural Resources Partners to Produce 8-10 Million Tons/Year of Coal at Deer Run Mine in Illinois

Natural Resources Partners L.P. plans to begin initial production in 2010 and longwall production in early 2012 at the Deer Run Mine near Hillsboro, Illinois, the company said on October 4. The mine is slated to produce about eight-to-ten million tons/year of coal.

<http://phx.corporate-ir.net/phoenix.zhtml?c=135162&p=irol-newsArticle&ID=1478797&highlight=>

Energy Prices

U.S. Oil and Gas Prices October 5, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	82.87	76.66	70.26
NATURAL GAS Henry Hub \$/Million Btu	3.56	3.80	2.89

Source: Reuters

Energy Notes

Man Electrocuted, Killed, in Suspected Attempt to Steal Copper Wire at Ameren Substation in Illinois October 2

<http://www.myjournalcourier.com/news/copper-29308-prices-wire.html>

BPL Global to Deploy Smart Grid Technology across Met-Ed Service Territory in Pennsylvania - Met-Ed Expects Program to Deliver More than 30 MW of Peak Load Reduction

<http://www.bplglobal.net/eng/news/bplg-wins-metropolitan-edison-direct-load-control-project--/index.aspx>

Flare System Repairs Trigger Flaring at Shell's 156,400 b/d Martinez, California Refinery October 4

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/5f62c52bbe8d1df8882577b200664da9?OpenDocument>

State Regulators Fine Tesoro \$2.38 Million for Fatal April Explosion at Anacortes, Washington Refinery – Department of Labor & Industries Says Blast Could Have Been Prevented

<http://www.lni.wa.gov/News/2010/pr101004b.asp>

Quebec Bans Oil-and-Gas Exploration for Two Years in Gulf of St. Lawrence and Estuary of St. Lawrence River

<http://www.pennenergy.com/index/petroleum/display/5541190942/articles/pennenergy/petroleum/offshore/2010/10/quebec-formalizes.html>

Empty Oil Tanker Runs Aground in Labrador, Canada October 4 – Vessel Freed Later in Day

<http://www.kelowna.com/2010/10/04/grounded-oil-tanker-freed-in-labrador-harbour/>

Ruptured Natural Gas Pipeline Thought to Blame for Explosion in Lake Harmony, Pennsylvania October 1 – One Injured

<http://www.poonorecord.com/apps/pbcs.dll/article?AID=/20101002/NEWS/10020327/-1/NEWSMAP>

Update: PG&E Making More Information about Company's Natural Gas Pipelines Available Online October 4

http://www.pge.com/about/newsroom/newsreleases/20101004/pge_makes_additional_pipeline_information_available_for_customer.shtml

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

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

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