



ENERGY ASSURANCE DAILY

Friday Evening, October 05, 2012

Major Development

California Fueling Station Operators Request Winter Fuel Waiver Amid Gasoline Supply Shortages

According to the California Energy Commission, state gasoline station operators asked the California Air Resources Board on Thursday for a waiver allowing them to sell winter-blend gasoline amid refinery outages that have reduced supply and driven wholesale prices up more than \$1 per gallon since Monday. Without a waiver, California gasoline stations must wait until November 1 before sales of winter-blend gasoline can begin. Valero Energy Corp. halted spot sales of gasoline in Southern California and is allocating the rest of deliveries to customers. Exxon Mobil Corp. is also rationing fuel to customers at West Coast terminals. As a result, some Los Angeles-area gasoline stations have shut pumps. The supply issues are a result of a series of refinery outages. Exxon is restoring operations at its 149,500 b/d Torrance refinery this week after a plant-wide power outage on Monday morning knocked all of its units out of production. Phillips 66 is scheduled to perform work this month on gasoline-making units at its 120,200 b/d Rodeo and 139,000 b/d Wilmington, California refineries. Chevron's 245,271 b/d Richmond refinery continues to operate at reduced rates following a fire in a crude distillation unit August 6. Additionally, Chevron Corp. has shut its 85,000 b/d Kettleman-Los Medanos crude oil pipeline that delivers crude to Northern California refineries because of elevated levels of chloride in the oil.

<http://www.moneynews.com/US/california-gas-prices-rations/2012/10/04/id/458777>

<http://www.bizjournals.com/sanantonio/news/2012/10/05/refinery-outages-leave-california.html>

Reuters, 21:10 October 4, 2012

Electricity

PPL to Shut Its 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania for Additional Turbine Inspections

PPL Electric Utilities said it has reduced electricity output on both generating units at its Susquehanna nuclear power plant and is planning to shut down the Unit 1 reactor to conduct additional turbine inspections. The company is trying to resolve the issue of turbine blade cracking that it identified in 2011. Based on the results of the Unit 1 inspection, PPL will determine whether it needs to do a similar inspection of Unit 2.

<http://finance.yahoo.com/news/ppl-susquehanna-nuclear-plant-plans-121500843.html>

Duke Energy's 900 MW Harris Nuclear Plant in North Carolina Faces Increased Oversight from NRC

The U.S. Nuclear Regulatory Commission (NRC) will increase its oversight of Duke Energy's Harris nuclear plant for failing to maintain the Emergency Operations Facility ventilation system, which was out of service for more than two years. It also cited the company for failing to notify the NRC during times the ventilation system was degraded or out of service. The NRC's findings will subject the plant to additional NRC inspections beyond the baseline inspections that are conducted at all nuclear plants.

<http://pbadupws.nrc.gov/docs/ML1227/ML12278A051.pdf>

Update: Dominion's 511 MW Kewaunee Nuclear Unit in Wisconsin at Full Power by October 5

The Nuclear Regulatory Commission reported that on the morning of October 4 the unit was operating at 58 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Petroleum

Update: Colonial Begins Repairs on Damaged Stubline after Spill in Tennessee

Colonial Pipeline sent a note to shippers late Thursday saying that repairs to Line 19 had started, but external damage to the pipe may cause a delay in restarting it. On Wednesday, Colonial shut the Line 19 stubline, which carries gasoline from Atlanta to Nashville after a release of 500 gallons of gasoline near its Moccasin Bend Delivery facility in Chattanooga, Tennessee. The adjacent Line 20, which carries distillates, was also shut as a precaution. Reuters, 21:09 October 4, 2012

Update: Fire at ExxonMobil's 572,000 b/d Baytown, Texas Refinery Impacts Production

ExxonMobil Corp. said Thursday that a fire at its 572,000 b/d Baytown, Texas refinery will impact production, although the loss was contained to the hydrotreater unit. According to a filing with the U.S. National Response Center, the fire on Wednesday was caused by a hole in the reactor. The company is depressurizing the unit but has made no estimate on when operations would be restored. The U.S. Occupational Safety and Health Administration is investigating the fire.

Reuters, 16:14 October 4, 2012

ExxonMobil Reports Flaring at Its 149,500 b/d Torrance, California Refinery October 4

According to a filing with the California Emergency Management Agency, ExxonMobil Corp.'s 149,500 b/d Torrance, California refinery experienced flaring on Thursday, causing emissions of sulfur dioxide. The company did not specify which unit was involved, but said the refinery continued to operate normally. Exxon is in the process of restoring operations at the refinery following a plant-wide power outage on Monday.

Reuters, 22:57 October 4, 2012

Natural Gas

Joint Venture Estimates \$65 Billion Cost for Alaska Gas Pipeline and LNG Export Project

ExxonMobil Corp., ConocoPhillips, BP Plc, and TransCanada Corp. announced that a project to construct an 800-mile natural gas pipeline from the Alaska North Slope and a liquefied natural gas (LNG) export terminal on the southern coast will cost as much as \$65 billion and take 10 years to construct. In a letter to Alaskan Governor Sean Parnell on October 1, they estimated that the North Slope may hold 35 trillion cubic feet of reserves and more than 200 trillion cubic feet of undiscovered technically recoverable gas.

<http://www.businessweek.com/news/2012-10-04/exxon-bp-estimate-alaska-lng-export-project-at-65-billion>

U.S. Geological Survey Finds Utica Shale has 38 Trillion Cubic Feet of Undiscovered Natural Gas

According to a report by the U.S. Geological Survey, the Utica Shale in Ohio contains 38 trillion cubic feet of undiscovered recoverable natural gas, 940 million barrels of unconventional oil resources, and 9 million barrels of natural gas liquids. The report claims that these potentially technically recoverable resources can be exploited by using horizontal drilling combined with hydraulic fracturing techniques.

<http://www.ohio.com/blogs/drilling/ohio-utica-shale-1.291290/usgs-offers-first-report-on-utica-shale-1.339535>

<http://pubs.usgs.gov/fs/2012/3116/>

Other News

Nothing to report.

International News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
October 5, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	89.26	91.88	82.02
NATURAL GAS Henry Hub \$/Million Btu	3.23	3.01	3.49

Source: Reuters

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 and 1:00 PM Eastern Time every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM Eastern Time every Thursday.

ENERGY ASSURANCE DAILY

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

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