



ENERGY ASSURANCE DAILY

Tuesday, December 05, 2006

Major Developments

Update: Ameren Says it Will Be ‘Several More Days’ Before Power Restoration is Completed in Missouri and Illinois

According to Ameren UE’s website, 164,109 customers in Missouri and Illinois remained without power at 2:51 p.m. CST today, down from a peak of 517,200 customers without power on Friday. Crews from 14 states have been helping Ameren workers clear broken tree limbs and repair power lines. An Ameren official stated that while most customers would have power by Wednesday, it would be “several more days” before the restoration effort would be completed. The same storm system that knocked out power in Ameren’s service territory caused at least 1.6 million power outages in 15 U.S. states and 2 Canadian provinces from Texas to Quebec. Most of these outages were restored over the weekend.

Outage Page: http://www.ameren.com/Outage/ADC_RS_StormCenter.asp
http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7496534
<http://biz.yahoo.com/prnews/061204/cgm076.html?v=7>
<http://www.cnn.com/2006/WEATHER/12/05/wintry.weather.ap/index.html>
<http://www.pantagraph.com/articles/2006/12/05/news/doc457441de15f1e560812978.txt>

Electricity

OPG’s 515 MW Pickering Nuke Unit 5 in Ontario Shut December 4

Reuters, 08:16 December 5, 2006

OPG’s 494 MW Lambton Coal-fired Unit 1 in Ontario Shut December 4

Reuters, 08:16 December 5, 2006

AES’s 495 MW Alamosa Gas-fired Unit 6 in California Shut December 4

Reuters, 08:16 December 5, 2006

Luz Solar’s 320 MW Solar Power Plant in California Shut December 4

Reuters, 08:16 December 5, 2006

Wisconsin’s Point Beach Nuclear Plant to Return to Routine NRC Oversight

According to the U.S. Nuclear Regulatory Commission (NRC), the two-unit 1,012 MW Point Beach nuclear power plant in Wisconsin will return to routine NRC review due to design problems in the auxiliary feedwater system.

Starting January 4, the Point Beach plant will be receiving the highest level of NRC oversight short of shutdown.

The plant is operated by Nuclear Management Co.

<http://www.platts.com/Nuclear/News/7919099.xml?p=Nuclear/News&sub=Nuclear>

Petroleum

Jet Production System Malfunctions at BP’s Los Angeles, California Refinery Over Weekend

According to a filing with California regulators, the jet production system suffered malfunctions at BP’s 260,000 b/d refinery in Los Angeles, California on Saturday and Sunday. The malfunctions have pushed jet fuel prices up by 10 percent in California.

Reuters, 21:10 December 4, 2006

Flint Hill Reports Leak in Octane Unit at Corpus Christi, Texas Refinery December 4

According to filing with Texas regulators, Flint Hills said that it had detected and was repairing an off-gas line from the benzene, toluene and xylene (BTX) extraction unit. The event began at 11:00 a.m. CST December 4 and ended at 7:00 a.m. December 5.

Reuters, 13:00 December 5, 2006

Update: Shell to Restart CCU at Deer Park, Texas Refinery by End of Week

Deer Park Refining LP, a joint venture between Shell Oil Co. and Pemex, has said that it plans to restart the 67,000 b/d gasoline-producing catalytic cracking unit (CCU) at its 340,000 b/d refinery in Deer Park, Texas by the end of the week. The company says that the alkylation unit connected to the CCU is up and running. Both units were shut on November 4 when Shell began repairs to the regeneration system on the CCU.

Reuters, 19:15 December 4, 2006

BP Submits New Contingency Plan for Prudhoe Bay Spills

On December 1, BP submitted a newly revised plan to the Alaska Department of Environmental Conservation detailing how pipeline corrosion, oil spills and other problems would be addressed. The current plan expires in six months and the new plan is part of an on-going renewal process affecting all operators and transporters of oil in the state.

http://news.yahoo.com/s/nm/20061205/bs_nm/bp_alaska_dc_1

EIA Raises 2010 Crude Price Estimate by 20 Percent on Oil Field Delays

The U.S. Energy Information Administration (EIA) has raised its estimate for global crude oil prices in 2010 to \$57.47 per barrel, up 20 percent from their year-ago estimate, due to slower than initially projected production increases from new fields in African and Latin American countries. However, EIA estimates that Saudi Arabia, the world's largest oil exporter, is on track to meet its goal of expanding oil production capacity to 12.5 million b/d by 2009.

Reuters, 12:07 December 5, 2006

Nexen's Buzzard Oilfield in North Sea to Come Online This Month After Delays

The new oilfield will come online later this month after being delayed for weeks due to severe weather conditions. Nexen said that the field was in the final stages of the hook up and commissioning of the production facilities. The Buzzard field is expected to reach 200,000 barrels of oil equivalent per day by mid 2007.

Reuters, 06:12 December 5, 2006

Kazakhstan's Kashagan Oilfield to Produce 25 Percent More Than Previously Expected

International oil companies developing the Kashagan oilfield in the Caspian Sea say that the expect peak production from the field to reach 1.5 million b/d, up 25 percent from previously published estimates. Kashagan's operator, Eni, expects to begin production from the field in 2009.

<http://www.ft.com/cms/s/f860ff6a-7d7d-11db-9fa2-0000779e2340.html>

Natural Gas

Colorado Interstate Gas Pipeline Has Major Mechanical Failure at Cheyenne, Wyoming Compressor Station

A "major mechanical failure" on one of the four units at the Cheyenne, Wyoming compressor station has cut transportation capacity on a section of the Colorado Interstate Gas pipeline by 80 MMcf/d. However, according to a company spokesperson the transportation problem will not have a service impact on the pipeline, which flows 4,000 miles from Rocky Mountain production areas to consumption markets in the Midwest.

Reuters, 14:54 December 4, 2006

Questar Files for Second Phase of its Southern System Expansion in Rocky Mountains

Questar is seeking approval from the U.S. Federal Energy Regulatory Commission (FERC) to construct the second phase of its Southern System Expansion. The project would increase delivery capacity of Rocky Mountain natural gas westward into Utah.

<http://intelligencepress.com/>

BLM Gives Tentative Approval for Drilling Up to 2,000 Gas Wells in Wyoming

The Bureau of Land Management (BLM) has given Anadarko Petroleum Corp. and its partners, Warren Resources Inc. and Double Eagle Petroleum and Mining Co., tentative approval to drill up to 2,000 natural gas wells in the eastern Washaki Basin, located in Carbon County, WY.

NGI's Daily Gas Price Index December 05, 2006

<http://intelligencepress.com/>

FERC Approves Texas Gas Transmission Storage Expansion Plans in Kentucky

The U.S. Federal Energy Commission on Monday (FERC) approved plans by Texas Gas Transmission to expand natural gas storage facilities in Kentucky. The plans boost capacity at the Midland storage facility by 2 Bcf.

<http://www.platts.com/Natural%20Gas/News/6327833.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Other News

Train Facilities Inadequate to Serve Growing Ethanol Output – Industry Expert

According to Steve Bleyl, CEO of the Renewable Products Marketing Group, unit train facilities will prove woefully inadequate to meet demand from ethanol shipped in single rail cars as production booms. The majority of U.S. ethanol is shipped via single rail cars. Currently, there are only four existing unit-train receiving facilities to handle ethanol, two on each coast, and 10 to 12 currently proposed, including facilities in Dallas and Atlanta. In comparison, there are over 1,000 such facilities for gasoline. The majority of ethanol producing plants are located in the Midwest. A recent EIA report estimates U.S. ethanol production doubling to 11.2 billion gallons per year by 2012

Reuters, 15:31 December 4, 2006

DOD Seeks Partnerships Aiming to Stimulate Synthetic Jet Fuel Development

Speaking at a fuel conference last week, a representative from the U.S. Department of Defense indicated the Defense Energy Support Center is examining the possibility of establishing partnerships with commercial companies aimed at stimulating development of synthetic fuels derived from coal or natural gas. The plans call for the fuel to be developed using the Fischer-Tropsch process.

http://www.energyintel.com/PublicationHomePage.asp?publication_id=7

Energy Prices

U.S. Oil and Gas Prices			
December 5, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	62.84	60.87	59.91
\$/Barrel			
NATURAL GAS			
Henry Hub	7.32	7.58	14.27
\$/Million Btu			

Source: Reuters

Energy Notes

PSE to Develop Largest Solar Facility in Pacific Northwest

<http://biz.yahoo.com/bw/061204/20061204005953.html?v=1>

U.S. Ethanol Use to Double to 11.2 Billion Gallons Per Year by 2012 - EIA

Reuters, 12:37 December 5, 2006

Brazil Hunting for New Markets as Ethanol Production Due to Triple by 2012
<http://www.platts.com/Petrochemicals/News/8770732.xml?p=Petrochemicals/News&sub=Petrochemicals>

Strike Ends at Valero's 275,000 b/d Aruba Refinery, No Impact on Production
http://biz.yahoo.com/ap/061205/aruba_refinery_strike.html?v=2

China Imported About 8.2 Million Barrels for its Strategic Reserve in November
Reuters, 06:09 December 5, 2006

Turcas Petrolculuk AS to Build Refinery at Ceyhan to Process Crude Oil Arriving from Azerbaijan
Bloomberg News, 08:40 December 5, 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>.

Please direct comments and questions to: ead@oe.netl.doe.gov