



# ENERGY ASSURANCE DAILY

Wednesday, December 20, 2006

## Major Developments

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**Update: 135,000 Customers Remain Without Power in Pacific Northwest December 20**

**[See Pacific Northwest Storms Situation Report](#)**

([http://www.oe.netl.doe.gov/hurricanes\\_emer/pnw\\_storm.aspx](http://www.oe.netl.doe.gov/hurricanes_emer/pnw_storm.aspx))

## Electricity

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**Florida Governor Approves FPL's Proposed 2,400 MW Natural Gas-fired Power Plant**

Governor Jeb Bush and his cabinet approved Florida Power & Light's proposed 2,400-megawatt natural-gas fired power plant in western Palm Beach County, allowing construction to begin as early as next month. The first 1,200 MW unit is expected to come online in 2009 and a second unit is slated for 2010. Fuel will be piped through the existing Gulfstream Pipeline, which would be extended 35 miles to the plant.

<http://ap.staugustine.com/pstories/state/fl/20061219/130749742.shtml>

<http://www.miami.com/mld/miamiherald/16274820.htm>

**SCE's 525 MW Mountainview 3 Gas-fired Unit in California Shut December 19**

Reuters 08:10 December 20, 2006

**SCE's 525 MW Mountainview 4 Gas-fired Unit in California Shut December 19**

Reuters 08:10 December 20, 2006

**OPG's 881 MW Darlington Nuke Unit 1 in Ontario Shut December 20**

Reuters, 8:10 December 20, 2006

**OPG's 494 MW Lambton Coal-fired Unit 4 in Ontario Shut December 20**

Reuters, 8:10 December 20, 2006

**OPG's 490 MW Nanticoke Coal-fired Unit 4 in Ontario Shut December 20**

Reuters, 8:10 December 20, 2006

## Petroleum

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**Gulf of Mexico Energy Security Act Opens Up 8.3 Million Acres to Oil and Gas Leasing**

Today President George Bush signed into law the Gulf of Mexico Energy Security Act of 2006 that opens about 8.3 million acres of the U.S. Outer Continental Shelf (OCS) in the eastern-central Gulf of Mexico to oil and gas leasing. Geologists believe the new area opened to drilling could hold 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas. The bill also extends a secondary 54-cent-per-gallon tariff on ethanol imports into the U.S. through January 1, 2009.

<http://www.platts.com/Oil/News/6332804.xml?p=Oil/News&sub=Oil>

<http://www.petroleumnews.com/pntruncate/501450772.shtml>

[http://www.bloomberg.com/apps/news?pid=20601086&sid=arH9Z9JeVQnk&refer=latin\\_america](http://www.bloomberg.com/apps/news?pid=20601086&sid=arH9Z9JeVQnk&refer=latin_america)

### **Rig Shortage Curbing Offshore Oil Drilling in Gulf of Mexico - Analysts**

According to several analysts, a rig shortage is forcing oil companies to postpone offshore wells in the Gulf of Mexico and elsewhere. In the past year and a half, daily rental fees for drilling vessels have doubled to as much as \$520,000 per day. Despite record lease rates, growth of the offshore drilling fleet will be gradual due to a backlog of orders at shipyards around the world. ConocoPhillips, Devon and Reliance Industries Ltd., all say they plan to curb drilling in 2007 because of rising costs and the scarcity of equipment. Several offshore Chevron projects, including the massive deepwater Jack field, are being delayed due to the shortage.  
Bloomberg News, 10:55 December 20, 2006

### **Hess Begins Production from Okume Field Off Equatorial Guinea Coast**

The company initiated production from the Okume B platform on December 14. Output from the field will rise during 2007 to a peak of 60,000 b/d in 2008.  
Bloomberg News, December 20, 2006

### **Coker Fractionation Unit Leaks at Exxon Mobil's 348,000 b/d Beaumont, Texas Refinery December 19**

According to a filing with Texas regulators, a leak occurred in the coker fractionation unit yesterday. The report did not say if production was affected.  
Bloomberg News, 15:11 December 19, 2006

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## **Natural Gas**

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### **Canadian Gas Exports to U.S. Seen 'Sharply' Declining By End of 2007**

According to Raymond James energy analysts, Canadian natural gas exports to the United States, which currently total about 9 Bcf/d, could decline by more than 1 Bcf/d by the end of 2007 because of the country's reduced drilling activity, rising field decline rates and higher Canadian gas demand.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8kowu%5D%5BkmmorusVTnkw11rbfel%5Dv>

### **Massachusetts Governor Approves Two Offshore LNG Terminals**

Massachusetts Governor Mitt Romney today approved two liquefied natural gas (LNG) delivery terminals for eventual construction in federal waters off the State's Atlantic coast. The two proposed LNG terminals, the Northeast Gateway and Neptune projects, would have the potential to provide on average an extra 1 Bcf/d of natural gas to New England, a 20 percent increase over current peak supply. Supply from the offshore LNG terminals will flow via undersea pipelines to the existing Hubline Natural Gas Pipeline that crosses Massachusetts Bay. Pending licenses from the U.S. Maritime Administration, Northeast Gateway could begin construction as early as the spring of 2007 with service beginning in December of that year. Neptune could begin construction in the spring of 2009 with operations following in December of that year.

[http://www.mass.gov/?pageID=pressreleases&agId=Agov2&prModName=gov2pressrelease&prFile=gov\\_pr\\_061219\\_LNG.xml](http://www.mass.gov/?pageID=pressreleases&agId=Agov2&prModName=gov2pressrelease&prFile=gov_pr_061219_LNG.xml)

### **Mexican Government Issues Permits for El Paso's Sonora LNG Project**

El Paso Corporation and DKRW Energy LLC announced today that they have received three key environmental permits for their proposed joint venture liquefied natural gas (LNG) terminal and pipeline facilities in Sonora, Mexico. The Sonora Terminal and Pipeline project will include an LNG receipt, storage, and regasification facility and a natural gas pipeline system that will provide natural gas to the State of Sonora as well as southwest United States. El Paso and DKRW are now working to identify potential suppliers.

<http://investor.elpaso.com/phoenix.zhtml?c=97166&p=irol-newsArticle&ID=943320&highlight=>

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## **Other News**

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Nothing to report.

## Energy Prices

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<b>U.S. Oil and Gas Prices</b> December 20, 2006			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	63.06	61.34	57.81
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	6.43	7.21	13.79

Source: Reuters

## Energy Notes

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**Connecticut Regulators Rule Against Natural Gas Pipeline Through Long Island Sound**  
[http://biz.yahoo.com/ap/061219/apfn\\_keyspan\\_duke\\_pipeline.html?v=1](http://biz.yahoo.com/ap/061219/apfn_keyspan_duke_pipeline.html?v=1)

**Two Energy Companies Project \$1 Billion on Natural Gas Explorations in Fayetteville Shale Play in Arkansas**  
<http://ap.thecabin.net/pstories/state/ar/20061219/130730010.shtml>

**FERC Approves Service on Expanded Stagecoach Natural Gas Storage Facilities in New York**  
<http://powermarketers.netcontentinc.net/newsreader.asp?ppa=8kowu%5D%5BkmmorusVTnkw11rbfel%5Dv>

**Dominion Transmission Files With FERC to Upgrade Natural Gas Pipeline, Storage Facilities on East Coast**  
<http://powermarketers.netcontentinc.net/newsreader.asp?ppa=8kowu%5D%5BkmmorusVTnkw11rbfel%5Dv>

## 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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*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/index.aspx>.

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