



ENERGY ASSURANCE DAILY

Thursday, February 01, 2007

Electricity

High Winds Knock out Power to 30,000 Hawaiian Electric Customers on Oahu January 31

Most customers regained power within two hours.

<http://the.honoluluadvertiser.com/article/2007/Feb/01/In/FP702010342.html>

Update: AEP's 690 MW Oklaunion Coal-fired Unit in Texas Shut January 31

The unit was shut due to the main fuel trip. Earlier this week, on January 29, the unit shut due to an overheating problem in the generator. AEP did not say if the unit had exited that outage prior to the recent shut down.

Reuters, 08:00 February 1, 2007

Update: OPG's 494 MW Lambton Coal-fired Unit 1 Returns to Service February 1

Reuters, 08:19 February 1, 2007

U.S. Utilities to Focus on Building New Coal-fired Power Plants – Industry Experts

Industry experts say that U.S. utilities are turning to coal-fired power plants for new generation capacity, a trend they expect to continue through 2010 if natural gas prices stay within their current range. Power companies have shifted away from building cleaner burning natural gas-fired power plants due to high natural gas prices.

Reuters, 18:39 January 31, 2007

Xcel Energy Plans 100 MW Wind Project in Minnesota

The plant is expected to be in service by 2009. Xcel Energy Inc. announced plans to build a \$210 million wind power facility in Minnesota Wednesday, according to a report in the Star Tribune.

<http://biz.yahoo.com/bizj/070131/1410882.html?.v=1>

NRC Inspectors Call for More Thorough Inspection of Safety Barrier at Pilgrim Nuclear Power Plant in Massachusetts

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7741268

Petroleum

Update: Valero Texas City Refinery Fire Due to Piping System Failure

According to a Valero official, the fire that erupted Sunday at its 245,000 b/d refinery was due to a failure in the piping system. Earlier, Valero said that the fire affected the refinery's fluidic catalytic cracking (FCC) unit and the alkylation unit, reducing the refinery's production by 56 percent.

Reuters, 10:24 February 1, 2007

Bloomberg News, 20:13 January 31, 2007

Coker Shut Briefly at ExxonMobil's 563,000 b/d Baytown Refinery in Texas January 31

According to a filing with Texas regulators, ExxonMobil quickly restored a delayed coking unit to normal operations after a compressor tripped offline yesterday.

Reuters, 07:42 February 1, 2007

Federal Regulators to Analyze BP's Damaged Prudhoe Bay Pipeline Prudhoe Bay Operators Planning Entirely New Transit-Line System for Field

The Pipeline and Hazardous Materials Safety Administration (PHMSA) has requested that BP to provide more samples of the corroded pipeline that triggered a partial shutdown of the 400,000 b/d Prudhoe Bay oil field last August. BP said that it will slice off a section of damaged the pipeline this week to comply with request, but there will be no impact to production because the transit line has been shut since the leak was discovered back in August. BP and its Prudhoe Bay partners are planning to replace the entire transit-line system at the field. The new pipes will be smaller in diameter to ensure faster oil flow and will be constructed under a completely new design, with new leak-detection systems, new vertical supports and new stations for injecting corrosion inhibitors. According to BP, half of the construction is expected to be completed by the end of this winter, and the rest is set to be done by next winter.

Reuters, 16:01 January 31, 2007

Venezuela Vows to Take Control of Orinoco Heavy Oil Projects on May 1

The Venezuelan government vows to take the controlling stake in heavy oil projects in the country's Orinoco Belt on May 1. Foreign firms affected include Chevron, ExxonMobil, ConocoPhillips, Statoil and BP. The projects refine about 600,000 b/d of heavy crude oil into synthetic crude oil. President Hugo Chavez set the May 1 deadline after receiving power to rule by decree for 18 months so that he can nationalize many of the country's key industries.

Reuters, 13:30 February 1, 2007

Shell's Nigerian Oil Production to Recover More Slowly Than Expected Militants Vow Imminent Attacks on Oil and Gas Facilities

According to Royal Dutch Shell, recovery of production lost due to militant attacks in Nigeria will be slower than expected. Shell said it expects "substantial" volumes to remain shut in 2007. Shell's 2006 fourth quarter production in Nigeria was 191,000 barrels of oil equivalent per day lower than the same period in 2005. In February 2006, militant groups shut Shell's Forcados and EA oil production facilities, shutting in 477,000 boe/d. The group primarily responsible for the disruption, the Movement for the Emancipation of the Niger Delta (MEND), recently vowed new attacks against oil and gas facilities in Nigeria within the next 72 hours "if the government doesn't listen to us."

Reuters, 05:30 February 1, 2007

Reuters, 05:08 February 1, 2007

Mexico Wants Alliances With Foreign Firms to Develop New Oil Reserves Pemex Aims to Hold Production Above 3 Million b/d Despite Cantarell Decline

Mexico's energy minister said the government seeks technology partnerships with foreign firms to help in exploration and production of new oil reserves, particularly in deepwater areas of the Gulf of Mexico. The minister said that these partnerships are possible without changing the constitution, which prevents privatization of the oil sector. Separately, state-owned oil company Pemex said that it aims to maintain crude oil output above 3 million barrels per day until 2015 despite declining production from Mexico's giant Cantarell offshore oil field.

Reuters, 21:08 January 31, 2007

Reuters, 20:07 January 31, 2007

Natural Gas

Fort Union Gas Gathering Announces Plan to Add 148 Miles of New Lines in Wyoming

The plan announced on January 30 will double its existing gathering pipeline capacity and add 649 million cubic feet per day (MMcfd) of additional capacity. The Fort Union Gas Gathering System is located in the Powder River Basin and gathers coal bed methane gas from wells in northeastern Wyoming, including the Big George coals. The project will be completed in two phases. Phase 1 to add 240 MMcfd of capacity is expected to be completed by October 1, 2007, and Phase 2 to add 409 MMcfd of capacity is expected to be completed by January 1, 2008. The pipeline delivers into multiple interstate pipelines including the Wyoming Interstate Medicine Bow, Colorado Interstate Gas and Kinder Morgan Interstate pipelines.

<http://www.fortuniongg.com/pdf/FortUnionPressRelease013007.pdf>

Update: Arizona Fears More Natural Gas Outages, Utilities to Present Readiness Plans at February 14 Meeting

The Arizona Corporation Commission wants utilities to explain why more than 6,000 customers were left without natural gas in Mid-January and what utilities have done prevent this from occurring again.

<http://www.azstarnet.com/sn/business/166971.php>

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
February 1, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	58.45	53.93	66.56
NATURAL GAS Henry Hub \$/Million Btu	7.93	7.18	8.68

Source: Reuters

Energy Notes

New Labor Contract Will Push Up Price of Mining, Some Coal Fields Could Go Out of Business – Study

Reuters, 16:50 January 31, 2007

Analyst Predicts U.S. Coal Mines Will Cut Production by Midyear as Stockpiles Rise

Reuters, 11:55 February 1, 2007

Power Use in Maryland Outpaces Supply

<http://www.mddailyrecord.com/>

Snowpack is Below Average, May Mean Less Hydroelectric Production on Columbia River - Northwest Electricity Trader

Reuters, 20:13 January 31, 2007

Talisman Drills Two Prolific Natural Gas Wells in New York

Reuters, 13:29 February 1, 2007

Alaska Agency to Study Smaller Pipeline to Deliver North Slope Gas to Southern Alaska

<http://www.platts.com/Natural%20Gas/News/6343589.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Valero CEO Says Bush's Renewable Fuel Goal Impossible Under Current Technology

Reuters, 13:04 February 1, 2007

OPEC Begins Making Second Round of Cuts, February 1

http://www.energyintel.com/PublicationHomePage.asp?publication_id=5

Analysts Say OPEC Exports to Drop 40,000 b/d in February But Well Short of Total Cut
Reuters, 11:30 February 1, 2007

Update: Brazil Ethanol Exports Up 111 Percent From January Last Year
Reuters, 13:37 February 1, 2007

**Output Falls 13 Percent at Occidental Fields Seized by Ecuador in May
Decline Attributed to Lack of Investment and Operational Difficulties**
Reuters, 14:09 January 31, 2007

Chavez Says Orinoco Heavy Crude Projects in Venezuela Can No Longer Export Coke and Sulfur Byproducts
Reuters, 13:19 February 1, 2007

**Agreement Signed to Export Kazak Crude Oil Through Baku-Tbilisi-Ceyhan Pipeline,
Plant to Bypass Russian Pipelines**
http://www.energyintel.com/PublicationHomePage.asp?publication_id=3

CalSTEP Unveils Action Plan to Boost California's Leadership in New Transportation Fuels and Technology
http://calstep.weststart.net/CalSTEP_Unveils_California_Action.pdf
The action plan: http://calstep.weststart.net/CalSTEP_Action_Plan.pdf

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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