

Enerfax Daily

NORTH AMERICA'S POWER & GAS INFORMATION SOURCE

<u>PHYSICAL GAS PRICES</u>		Friday, June 4, 2010		No. 2911	
<u>Gulf/Eastern Region</u>					
Agua Dulce	4.35	NNG Demarc.	4.38	Trunk E.La	4.43
ANR SE	4.44	FGT Zone 3	4.47	<u>Western Region</u>	
Carthage TG	4.34	PEPL Pool	4.28	California Border	4.20
Chicago Citygate	4.51	Sonata Tier 1	4.46	El Paso Permian	4.19
Columbia Gulf Onshore	4.43	TCO IPP Pool	4.58	El Paso San Juan	4.03
Dominion South Point	4.60	TETCO E.La	4.43	Waha Hub	4.29
Henry Hub	4.45	TETCO M-3	4.79	<u>Canadian/Rockies Region</u>	
Houston Ship Channel	4.43	TETCO S.TX	4.35	Nova/Aeco \$/MMBtu	3.67
Katy Hub	4.40	TGP Zone 0	4.40	Dawn Hub/Union	4.65
NGPL – LA Pool	N/A	TGP Zone 1 (500 Leg)	4.43	Northwest Stanfield	4.02
NGPL - Midcontinent	4.27	TGT Zone SL	4.42	Wyoming Pool	3.94
NGPL STX	4.35	New York Citygate	4.82	Opal	3.96
NGPL TX/OK	4.34	Transco Station 65	4.47	PGT-Malin	4.07
		Transco Zone 6 (NY)	4.83	Huningdon/Sumas	3.98

BP's Hayward Faces Downgrades, Investors as Spill May Cost Job

BP Chief Executive Officer Tony Hayward faces rising speculation that the worsening oil spill will cost him his job as he grapples with worried investors, rating downgrades, US politicians and public anger over the company's inability to control the crisis. Hayward will address London's investors and analysts today, spokesman Mark Salt said by phone. Moody's Investors Service and Fitch Ratings downgraded BP because the costs from the accident will hurt finances. Criticism of Hayward grew this week after BP's failure to stem the flow from the damaged well caused the biggest share price drop in 18 years and raised the risk the London-based company may become a takeover target. 'The pressure is on Hayward at the moment, primarily from politicians,' said David Paterson, head of corporate governance at the National Association of Pension Funds in London. 'Investors clearly will want some answers in order to understand what the long-term future for the company is.' More than 40 billion pounds (\$59 billion) has been wiped off the value of BP since the April explosion on the

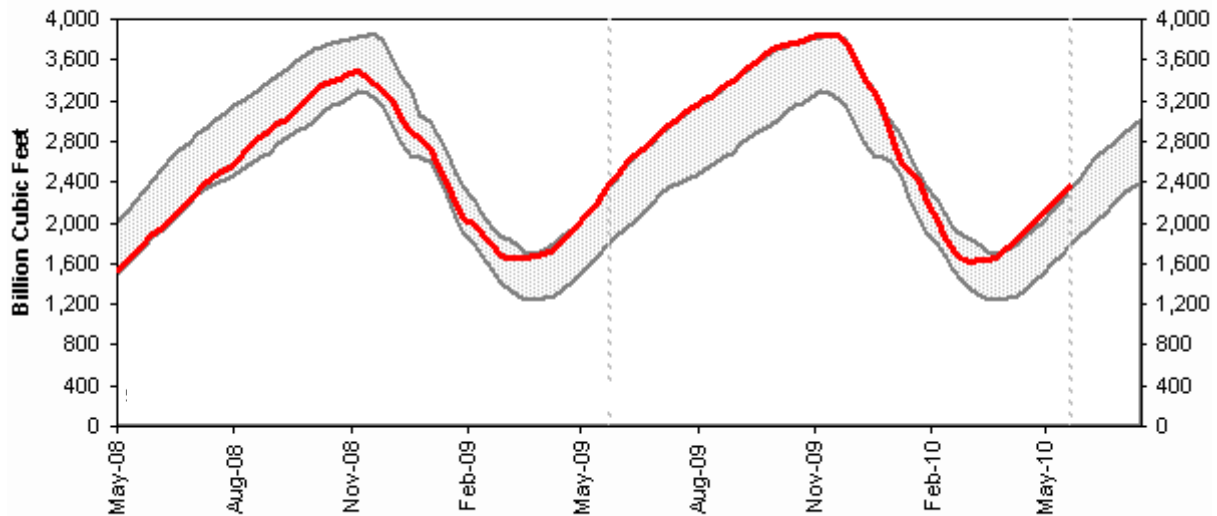
(Continued in Section 11)

Physical Power Prices in \$/MWH				Power Delivered 6/4/10			
	<u>High</u>	<u>Low</u>	<u>Average</u>		<u>High</u>	<u>Low</u>	<u>Average</u>
AEP Dayton Hub	46.00	46.00	46.00	Mid C	20.50	13.00	17.05
Off Peak	28.00	27.50	27.75	Off Peak	12.25	6.00	8.75
Cinergy	43.50	42.25	42.85	COB	25.25	24.50	25.00
Off Peak	23.50	22.75	23.15	Off Peak	12.75	11.00	11.95
ERCOT	45.50	44.50	44.80	Mead	34.25	32.25	33.55
Off Peak	24.50	24.50	24.50	Off Peak	17.00	16.00	16.40
ERCOT(N)	45.50	45.00	46.05	NP-15	35.50	34.50	35.15
Entergy	42.00	42.00	42.00	Off Peak	16.00	15.50	15.85
N.Illinois Hub	49.00	48.00	48.50	SP 15	35.25	34.50	34.90
NYISO A	45.50	45.00	45.40	Off Peak	15.50	15.00	15.25
NEPOOL MH DA LMP	52.00	50.50	51.25	4 Corners	39.50	30.50	32.95
NEPOOL Mass. Hub	51.25	51.25	51.25	Off Peak	14.00	12.00	13.35
PJM West WH	60.25	57.50	59.40	Mona	31.00	31.00	31.00
PJM West	59.75	59.00	59.40	ERCOT-Houston	49.00	48.50	48.60
Palo Verde	40.00	32.00	34.05	ERCOT-South	47.50	46.75	46.90
Off Peak	17.00	14.75	15.70				

EIA Weekly Natural Gas Storage Report

Region	Week Ending 05/28/10	Prev Week	Diff	Prev Year	5 Year Avg	% Diff From 5 Year Avg
East	1095	1047	48	1014	990	10.6
West	394	377	17	376	306	28.8
Prod	868	845	23	929	754	15.1
Total	2357	2269	88	2319	2051	14.9

Working Gas in Underground Storage Compared with 5-Year Range



Today's Power Bulletins

Access the stories behind the bulletin
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- [Nokia Announces Bicycle Charger for Mobile Phones](#)
- [EPA Signs Rule to Cut Smokestack Sulfur Dioxide](#)
- [Euro, Glitches Cloud Suntech Outlook; Shares Fall](#)
- [Lack of State Leadership Kills TECO's Big Solar Plant Project](#)
- [CPUC Keeps Bilateral Deals, Rejects Central Capacity Market](#)
- [Next-Day Eastern Power Eases; Term Power Scores Second Day of Gains](#)
- [PG&E Receives Approval for 2 Renewable Projects](#)

NYMEX Natural Gas Futures for July

NYMEX Henry Hub natural gas futures for July settled higher on Thursday and above the upper boundary of the Apr-May trading range crossing at \$4.433. Thursday's high-range close sets the stage for a steady to firmer opening this morning. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The crossover and close above the 18-day moving average indicates the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. If July extends this week's rally, the 38% retracement level of the Nov-May decline crossing at \$4.872 is the next upside target. Multiple closes below the 10-day moving average crossing at \$4.264 would confirm that a short-term high has been posted. First resistance is Thursday's high crossing at \$4.703. Second resistance is the 38% retracement level of the Nov-May decline crossing at \$4.872. First support is Wednesday's low crossing at \$4.217. Second support is the reaction low crossing at \$3.971.

WELLHEAD TO BURNERTIP

Natural Gas Futures Higher After Storage Report

Natural gas futures for July delivery on the NYMEX ended \$0.266, or 6%, higher yesterday to settle at \$4.69 per MMBtu, driven by hot weather predictions, the weekly EIA storage report that showed a smaller-than-expected build, and expectations for hurricanes in the coming weeks. The August contract gained \$0.251 to settle at \$4.735 and September rose \$0.234 to \$4.765 yesterday. Prices received a lift after the EIA reported that storage inventories increased short less than expected. Natural gas futures have trended higher over the last week as traders, who had bet on falling prices bought back previously sold contracts on expectations for hot summer weather and for a busy hurricane season. Forecasters at Colorado State University said on that the

Physical Natural Gas Prices Continued

Flow Date 6/4/10

ANR SW	4.26
NNG Ventura	4.35
Consumers Citygate	4.55
Dracut	4.75
NGPL- Amarillo Leg	4.32
MichCon Citygate	4.61
Transco Zone 5 (WGL)	4.67
NGPL/ Nipsco	4.51
TGP Zone 1 800 Leg	4.42
CGT Mainline	4.43
TGT Zone 1	4.42
Alliance Delivered	4.52
TETCO W. LA	4.41
TETCO M-1 30"	4.47
Algonquin Citygates	4.85
Iroquois Zone 2	4.91
Transco St. 30	4.38
Transco St. 45	4.42
Transco St. 85	4.46
Transco Zone 6 Non NY	4.80
PG&E Citygate	4.44
Lebanon	4.56
CIG Mainline	3.97
CEGT Flex	4.35
Oneok Gas Transportation	4.34
Kingsgate	3.98
SoCal Citygate	4.20

Today's Gas Bulletins

Access the stories behind the bulletin
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- [Exxon Delays Well Due to Drilling Moratorium](#)
- [BP Credit Ratings Cut as Oil-Spill Costs Mount](#)
- [Anadarko Declares Force Majeure on Gulf of Mexico Rigs](#)
- [BP Lowers Containment Cap Onto Crippled Wellhead](#)
- [Equal Energy Now Trading Under Symbol 'EQU' on both TSX and NYSE](#)
- [US Lawmaker Wants BP to Pay Royalties on Oil Spilled into Gulf](#)
- [Northern Natural Receives Approval to Expand Storage Buffer Zone in Kansas](#)

2010 Atlantic hurricane season will be extremely active, featuring 5 intense hurricanes. A private forecaster is predicting above-normal temperatures across the eastern half of the country from June 13th – June 17th. NYMEX heating oil futures for July delivery gained \$0.0332 to \$2.0391 per gallon, and July crude oil futures rose \$1.75 to settle at \$74.61 per barrel yesterday. Yesterday, the EIA reported a storage injection of 88 Bcf, somewhat less than expected, compared to a build of 121 Bcf a year ago, and a 5-year average injection of 100 Bcf. The report showed that total storage levels of 2.357 Tcf are 38 Bcf more than a year ago. Overall, levels are now 306 Bcf, or 14.9%, above the 5-year average. For next week, look for an injection of about 90 Bcf to 100 Bcf. Natural gas for next day delivery across Canada and the US was generally \$0.10 to \$0.15 higher yesterday. Natural gas for next day delivery at the Henry Hub gained \$0.12 to \$4.45 per MMBtu.

Natural Gas NYMEX Volume

Month/Yr	Volume	Open	Int	Chg
Jul '10	98911	220222	-311	
Aug '10	18063	72476	+3274	
Sep '10	18870	80608	+1357	
Oct '10	18686	83190	+873	
Nov '10	4152	23732	+118	
Dec '10	9235	36680	+2495	
Jan '11	8037	53635	-473	
Feb '11	640	17353	-36	
Mar '11	4343	44527	-1168	
Apr '11	3102	37723	-560	
May '11	1005	22325	-483	
Jun '11	747	8021	+279	
Jul '11	395	4948	+24	
Aug '11	460	5351	+82	

NYMEX NATURAL GAS FUTURES

Traded 6/4/10

NYMEX Natural Gas Futures

03 Month Strip	\$4.7300	+0.2503
06 Month Strip	\$4.9360	+0.2110
12 Month Strip	\$5.1893	+0.1660
18 Month Strip	\$5.3350	+0.1448

Month	Open	High	Low	Last	Change
JUL	4.437	4.703	4.379	4.690	+0.266
AUG	4.499	4.750	4.440	4.735	+0.251
SEP	4.555	4.780	4.491	4.765	+0.234
OCT	4.659	4.850	4.592	4.841	+0.210
NOV	4.969	5.148	4.926	5.138	+0.170
DEC	5.310	5.458	5.270	5.447	+0.135
JAN	5.503	5.647	5.460	5.639	+0.133
FEB	5.483	5.605	5.428	5.604	+0.133
MAR	5.363	5.490	5.322	5.489	+0.123
APR	5.147	5.281	5.134	5.281	+0.113
MAY	5.185	5.296	5.185	5.296	+0.112
JUN	5.235	5.350	5.225	5.346	+0.111

Section 9 – June 4, 2010

NYMEX/PJM West Power Futures

Month/Yr	Last	Change
Jun '10	55.05	+1.05
Jul '10	62.13	+1.26
Aug '10	63.92	+1.19
Sep '10	50.95	+0.98
Oct '10	47.62	+0.79
Nov '10	48.07	+1.07
Dec '10	50.43	+0.92
Jan '11	55.01	+0.58
Feb '11	55.01	+0.58
Mar '11	53.00	+1.00
Apr '11	50.00	+1.00
May '11	49.60	+0.44

NYISO Zone A L Futures

Month/Yr	Last	Change
Jun '10	45.14	+1.31
Jul '10	44.00	+0.00
Aug '10	44.00	+0.00
Sep '10	42.08	+0.51
Oct '10	38.90	-0.09
Nov '10	38.90	-0.09
Dec '10	38.90	-0.09
Jan '11	45.92	+0.17
Feb '11	45.92	+0.17
Mar '11	41.95	+0.12
Apr '11	41.95	+0.12
May '11	41.65	+0.13

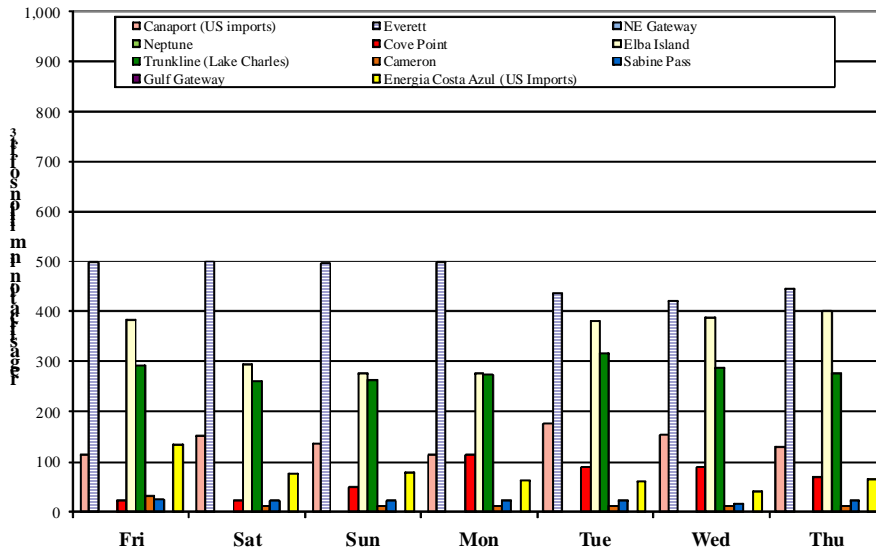
NYMEX Natural Gas Options Volatility

Month	NG Futures Settlement	Days left to Opt.Exp.	Implied Volatility
July	\$4.690	22	44.7%
Aug.	\$4.735	54	44.8%
Sept.	\$4.765	84	50.9%
Oct.	\$4.841	116	52.8%
Nov.	\$5.138	145	46.3%

PETROLEUM PRICES

W.Tx Cush	\$74.61
Alaska(NS)	\$74.11
La. St. Jas.	\$79.31
Diesel (L-S)	\$2.0591
No.2 Fuel	\$2.0261
<u>Euro/US \$ Equivalent</u>	<u>1.2158</u>
OPEC Basket	\$70.98 -\$0.90
<u>ICE Gas-Oil</u>	<u>Jun '10 \$638.50 +\$1.50</u>
<u>ICE Brent Crude</u>	<u>Jul '10 \$75.41 +\$1.66</u>

The Week in US LNG - May 28 - June 3



Key Data

LNG sendout:

May:

2010: 42.3 Bcf
 2009: 47.6 Bcf
 2008: 30.4 Bcf

June to Date:

2010: 4.3 Bcf
 2009: 5.0 Bcf
 2008: 3.3 Bcf

Years to Date:

2010: 258.0 Bcf
 2009: 187.5 Bcf
 2008: 143.6 Bcf

Estimate for 2010:
 564 Bcf

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(Continued from Section 2)

Deepwater Horizon rig. Credit Suisse said the disaster may cost BP as much as \$37 billion, almost double this year's likely profit, risking a cut in dividends. 'There is a question mark over the chief executive officer,' said Colin McLean, of SVM Asset Management in Edinburgh, which holds BP shares. 'The dividend will continue but be cut. A quarter or a third is quite possible.' BP paid a dividend of 56 cents a share last year. If it maintains it, the ratio of dividend to the current share price would be 9.3%, more than any of the company's 18 global peers. Irish bookmaker Paddy Power offered even odds that Hayward will leave his post by the end of year. The New York Daily News yesterday called him 'the most hated -- and clueless -- man in America' for his handling of the crisis. Hayward, whose call will be relayed on BP's website, has come under fire from lawmakers after BP initially underestimated the size of the leak, starting with 1,000 bpd and then raising it to 5,000 bpd. US Geological Survey and science adviser Marcia McNutt said May 27th the well may have been gushing up to 19,000 bpd. BP sheared away the riser from its leaking Gulf of Mexico well, a precursor to the company's attempt to lower a cap onto the leak and divert oil to ships on the surface. An attempt to plug the well with mud and debris failed last weekend. Hayward spent much of his first three years as CEO working to improve BP's safety record after a series of accidents, including the deadly March 2005 Texas City refinery explosion that helped bring down his predecessor, John Browne. Unlike Browne, Hayward didn't attend Oxford or Cambridge, Britain's most elite universities. The 53-year-old was born in Slough, England, 25 miles west of London and studied in Birmingham and then in Edinburgh, where he earned a PhD in geology in 1982. He joined BP the same year to work in the North Sea and worked in Asia, South America and the US before becoming CEO in 2007. Hayward lowered BP's operating costs and bolstered production, last year overtaking the output of Exxon Mobil. In March, he said the company would raise production by as much as 2% a year through 2015.

Anadarko May Shift Spending Elsewhere on Gulf Rig Ban

Anadarko Petroleum, the company that owns a stake in BP's leaking Gulf of Mexico well, said it may shift spending on capital projects to other regions after the US extended a ban on deep-water drilling. Capital spending this year will still total between \$5.3 billion and \$5.6 billion, as forecast before the rig explosion that triggered the oil spill, Anadarko said in a statement. The company said it will consider reallocating money that would have been spent in the Gulf this year to other projects around the world, including US onshore developments. 'We want to assure our stakeholders that we expect to meet our 2010 production targets and have already taken a number of actions to protect the value of our portfolio during the moratorium in the Gulf,' Anadarko Chief Executive Officer Jim Hackett said. Anadarko halted all Gulf drilling under a moratorium that President Obama ordered in the wake of the oil spill and extended by 6 months last week. The ban precludes issuance of new deep-water drilling permits, and companies were ordered to stop work on 33 wells that the government previously approved. Anadarko, which has offshore projects in West Africa and Brazil, gets about 25% of its output from the Gulf of Mexico. Contracts were canceled on 3 rigs Anadarko had leased in the Gulf, using a force-majeure clause that can be triggered when events occur beyond the company's control. The cancellations allow Anadarko to stop paying rent on rigs it will no longer be able to use. Anadarko, which still has one Gulf rig under contract that it plans to use to complete a well, said it will incur costs of \$30 million to \$40 million related to the cancellations. Anadarko's Callisto prospect in the Gulf is scheduled to start production later this year at a rate of about 40 MMcf of natural gas per day, according to the statement. Anadarko, since the spill began, has lost 40% of its market value. US onshore projects that could be accelerated include developments in Texas, Colorado and Utah that are rich in gas liquids and oil, a spokesman said.

Shallow-Water Drilling Halted Until Plans Resubmitted

The US suspended shallow-water drilling in the Gulf of Mexico until oil and natural gas producers resubmit plans to meet revised safety and environmental rules. The Obama administration is pulling back the exploration applications and requiring updated information for waters less than 500 feet deep to ensure that new safety standards and risk considerations are incorporated, said Bob Abbey, acting director of the Minerals Management Service. Exploration in shallow waters can proceed once new permits are approved and won't be subject to the 6-month moratorium imposed by President Obama on deepwater operations after a BP well exploded in the Gulf of Mexico, administration officials said. 'Shallow-water drilling may continue as long as oil and gas operations satisfy the environmental and

safety requirements Secretary Salazar outlined in his report to the president and have exploration plans that meet those requirements,' Interior Department spokeswoman Kendra Barkoff said. 'There is no moratorium on shallow-water drilling.' Obama and Interior Secretary Ken Salazar announced the deep-water moratorium on May 27th. The administration also delayed planned exploration in the Arctic Ocean near Alaska and canceled plans to search for oil and gas off the Virginia coast. Oil and gas exploration companies fell in New York trading after the Washington Post reported that the moratorium had in effect been extended to shallow-water drilling. Houston-based Rowan, a drilling contractor, fell as much as 12% on the New York Stock Exchange, and Ensco, a London-based driller, fell as much as 7%. The shares erased most of the declines by the end of regular trading. Regulators had approved Wednesday a permit letting Hercules Offshore drill a well in 65 feet of water near the mouth of the Mississippi River. It was rescinded yesterday, Jim Noe, the company's senior vice president and general counsel, said. 'The information we are receiving right now from MMS is a little confusing,' Noe said. 'At this point, we don't fully understand what additional information will be required. We expect guidance shortly.' The Interior Department statement from Abbey received little attention when it was released. When offshore drilling companies began seeking clarification about the new procedures, MMS Regional Supervisor Michael Saucier said in to an oil industry representative that drilling permits were on hold at all depths, according to a person who received a copy of the comments and asked not be identified. 'Until further notice we have been informed not to approve or allow any drilling not matter the water depth,' Saucier said, responding to a question about an already approved permit. 'Hopefully more information to come.' Companies with leases will be receiving notices spelling out the new safety requirements within the next few days, the MMS said.

Obama Says Hurricane May Actually Help With Oil Spill

President Obama said on Thursday a powerful hurricane could help to break up the huge Gulf of Mexico oil slick, despite fears that the approaching storm season could complicate the clean-up. Forecasters have warned that the 2010 Atlantic hurricane season will be more active than feared, and one group of scientists has predicted 10 hurricanes, 5 of them major. There are worries that the storms will disrupt efforts to control and clean up oil spewing from a ruptured Gulf of Mexico well owned by BP. More than 1,700 ships have been deployed to help contain the oil slick. Obama said he had raised those concerns in a recent meeting at the White House on the oil spill. 'It turns out that -- now these are all estimations and probabilities -- it turns out that a big, powerful hurricane, ironically is probably less damaging with respect to the oil spill because it just disperses everything and the oil breaks up and degrades more quickly,' Obama said. A bigger concern, he said, were less powerful tropical storms that would not break up the oil but wash it ashore and into ecologically fragile marshlands along the Gulf coast.

<p>Company Memberships (Up to 100 employees) Sign Up Entire Company for Only \$2495 Per Year</p>	<p>Individual Membership Sign Up For One Year For \$895</p>
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	<u>Month/Yr</u>	<u>Last</u>	<u>Change</u>		<u>Month/Yr</u>	<u>Last</u>	<u>Change</u>
<u>TCO</u> <u>Basis Swap</u>	Jul '10	0.1300	-0.0025	<u>Transco</u> <u>Zone 6</u> <u>Basis Swap</u>	Jul '10	0.4625	-0.0025
	Aug '10	0.1200	-0.0050		Aug '10	0.4600	-0.0025
	Sep '10	0.1250	+0.0000		Sep '10	0.2850	-0.0025
	Oct '10	0.0650	+0.0000		Oct '10	0.3275	-0.0025
	Nov '10	0.1625	+0.0000		Nov '10	0.5850	-0.0125
	Dec '10	0.1625	+0.0000		Dec '10	1.3575	+0.0975
	Jan '11	0.1625	+0.0000		Jan '11	2.3850	+0.0225
	Feb '11	0.1625	+0.0000		Feb '11	2.2525	+0.0125
	Mar '11	0.1625	+0.0000		Mar '11	0.7325	-0.0175
	Apr '11	0.1250	+0.0000		Apr '11	0.3800	-0.0025
	May '11	0.1250	+0.0000		May '11	0.3800	-0.0025
	Jun '11	0.1250	+0.0000		Jun '11	0.3800	-0.0025

Financial Summary

The TSX 300 Index rose 31.20 to 11,811.87
The CRB Index gained 2.02 to 254.96
The US Dollar slipped 0.017 to 87.119
The Dow advanced 5.74 points to 10,255.28

The S&P 500 climbed 4.45 points to 1102.83
The Nasdaq increased 22.61 points to 2303.68
July NYMEX crude oil added 1.96 to 74.82
Canadian-US Exchange up 0.0012 to 1.0416

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Exxon Delays Well Due to Drilling Moratorium

Exxon Mobil is delaying plans to drill a development well in a long-producing oilfield in the Gulf of Mexico in response to a US moratorium on deepwater drilling, a spokeswoman said on Thursday. The company planned to start the well last month in the Hoover Diana field about 200 miles south of Houston, a field discovered in the late 1990s and producing since 2000. It is in water about 4,800 feet deep. The move comes after the US government halted issuance of drilling permits and then on May 27th imposed a 6-month moratorium on deepwater drilling after the April 20th well explosion.

BP Credit Ratings Cut as Oil-Spill Costs Mount

Fitch Ratings downgraded BP, reversing its view that the Gulf of Mexico oil spill would have a limited financial impact on the company, and was joined by Moody's as fears grow over clean-up and legal costs. "The downgrade of BP's ratings reflects Fitch's opinion that risks to both BP's business and financial profile continue to increase following the Deepwater Horizon accident," Fitch said on Thursday. The BP oil spill, which began in April, is causing an ecological and economic catastrophe along the Gulf coast. Estimates for the total cost to BP range from \$5.3 billion from Dutch bank ING to \$37 billion from Credit Suisse. Fitch in May admitted to a mistake when it assumed that the impact of the spill on BP's finances would be mitigated by insurance. However, Fitch said at the time the impact of the spill on BP's credit rating remained limited. BP insures its own operations in the United States, rather than using commercial insurers, which means it is responsible for funding the clean-up. But on Thursday the agency downgraded its rating on BP debt to 'AA' from 'AA+' and attached a negative outlook, citing substantial additional risks including clean-up and legal costs. Other factors that could lead to further downgrades include the oil well flow rate permanently increasing, the relief well being drilled by BP failing to completely arrest the oil flow and clean-up costs exceeding Fitch's worst-case scenario of around \$5 billion in any one year, the agency added. Moody's also on Thursday cut the group's ratings by one notch to 'Aa2' from 'Aa1,' also citing the clean-up and legal costs, and placed the group on review for further possible downgrades. "Moody's expects these costs to weigh significantly on BP's free cash flow generating capacity and to constrain its ability to focus on other key areas of the company's business in the near to intermediate term," it said. Reuters reported on Tuesday that a \$23 billion slide in BP's market value and a surge in the cost of protecting its debt were due to fears oil could continue spewing into the sea for another two months at least and that BP's latest bid to stem the flow could make matters worse. Five-year credit default swaps on BP were about 30 basis points tighter on Thursday at around 230 basis points, according to data from Markit. On Wednesday, the cost of insuring BP's debt via CDS had soared, with BP's 5-year CDS widening at one stage by 100 basis points to a record 270 basis points. The other main rating agency, Standard & Poor's, which on May 7th revised its outlook for BP to negative from stable, has said it is reviewing ratings on around 35 companies as a result of a temporary ban on deepwater drilling in the Gulf of Mexico.

Anadarko Declares Force Majeure on Gulf Rigs

Anadarko Petroleum, part owner of the crippled well that has been gushing oil into the Gulf of Mexico since April, said on Thursday it had declared force majeure on three rigs in the region. Anadarko did not say which rigs were affected, but UBS analyst Angie Sedita said they were owned by Transocean, Diamond Offshore Drilling and Noble Corp. BP owns 65% of the Gulf of Mexico oil well that ruptured and Anadarko owns 25%. Transocean is owner of the rig. "We believe operators have invoked the force majeure clause on a total of four rigs so far, with more expected to come," Sedita wrote in a note to investors on Thursday. Force majeure relieves a company from liability when it cannot fulfill contractual obligations because of natural and unavoidable catastrophes. Anadarko said it still had one rig under contract in the Gulf, which it planned to use to continue completion, workover and other non-drilling activities on existing wells during the drilling moratorium issued by the federal government. The rig kept at work is owned by Ensco, Sedita said. On June 1, Cobalt International Energy declared force majeure on another Diamond-owned rig in the Gulf of Mexico. Anadarko said it would stick to its full-year and second-quarter sales forecasts and said its spending plans for the year were unchanged.

BP Lowers Containment Cap Onto Crippled Wellhead

BP managed on Thursday to lower a containment cap onto its ruptured deep-sea wellhead in the Gulf of Mexico in a high-stakes bid to siphon off some of oil billowing from its 45-day-old gusher. The US Coast Guard in a statement confirmed that British-based BP had successfully attached the cylindrical well cap onto the jagged top of the crippled wellhead assembly using underwater robots, CNN reported. "The placement of the containment cap is another positive development in BP's most recent attempt to contain the leak," Coast Guard Admiral Thad Allen said in the statement while adding that it would take "some time" to gauge the cap's ability to stem the oil, CNN said. "Even if successful, this is only a temporary and partial fix and we must continue our aggressive response, operations at the source, on the surface and along the Gulf's precious coastline," Allen added, according to CNN. Earlier, a live video feed of the blowout site, located on the ocean floor about a mile down, showed the device being placed as oil and gas continued to billow up. The latest attempt to collect at least some of the escaping crude oil and siphon it safely to collection ships on the surface offers the most immediate hope of gaining control over the worst oil spill in US history.

Equal Energy Now Trading Under Symbol 'EQU' on both TSX and NYSE

Equal Energy says that its common shares are now trading under the symbol "EQU" on both the Toronto Stock Exchange ("TSX") and New York Stock Exchange ("NYSE") on a post-consolidation basis. As noted in the information circular and proxy statement sent to all unitholders of Enterra Energy Trust (the "Trust") in April, as part of the conversion from the Trust to Equal Energy each trust unit of the Trust was exchanged for one-third of one common share of Equal Energy. Equal Energy common shares began trading on a post-consolidation basis on the NYSE immediately following the completion of the conversion under the symbol "EQU" on June 1, 2010. The trust units were delisted at the same time. Following the completion of the conversion on May 31, 2010, the trust units continued to trade on the TSX under the symbol "ENT.UN" until the close of markets yesterday on an entitlement basis with each trust unit entitling the holder to one-third of one common share of Equal Energy. Equal Energy's convertible debentures also commenced trading on the TSX this morning under the new symbols "EQU.DB" and "EQU.DB.A".

US Lawmaker Wants BP to Pay Royalties on Oil Spilled into Gulf

A key lawmaker wants BP to pay the federal government the millions of dollars in lost royalties from oil and natural gas that has leaked into the Gulf of Mexico from the company's damaged underwater well. BP should have to pay the royalties, which are based on 18.75% of value of each barrel of oil and 1,000 cubic feet of gas, because US taxpayers are being cheated out of money that belongs to them, said Representative Nick Rahall, the chairman of the House Natural Resources Committee. "I urge you to ensure that the Department of Justice also takes legal action to recover damages owed to the United States for lost royalties as a result of this disaster," Rahall said in a letter to US Attorney General Eric Holder. Holder announced earlier this week that the Justice Department had begun a criminal and civil investigation into the oil spill. The lost royalties would be in addition to the cleanup costs that the government is charging BP, with the bill so far at \$69 million and expected to grow. Citing government estimates, Rahall said at least 500,000 barrels of oil and hundreds of millions of cubic feet of gas had spewed into the Gulf since the Deepwater Horizon drilling rig leased by BP exploded and sank last month. Based on the current price of oil at \$74 a barrel, the royalty fee would about \$13.88 a barrel or about \$6.94 million on the 500,000 barrels of crude that have leaked. Rahall pointed out that under the Oil Pollution Act of 1990, the United States can recover damages equal to the loss of royalties. "We'll review the letter and respond to the congressman," said Justice Department spokesman Andrew Ames.

Northern Natural Receives Approval to Expand Storage Buffer Zone in Kansas

Northern Natural contends producers siphoning natural gas from storage field in Kansas.

Nokia Announces Bicycle Charger for Mobile Phones

There is one obvious challenge to offering mobile phones in emerging markets: the availability of electricity to charge a mobile phone. You can't expect people to be driving around cars with chargers when most in the market might be riding bicycles. That's one reason that Nokia has announced the Nokia Bicycle Charger Kit. The kit not only allows a bicycle to charge a phone while they ride it also could create a micro-business for individuals who could offer mobile phone charging services for a fee using a bicycle. For those in non-emerging markets, the solution also introduces a green way to keep your mobile phone charged without having to plug it into the electrical grid. The kit includes a holder, charger and a small electrical generator which utilizes the movement of the bicycle's wheels to charge the phone through a 2mm charging jack used on most Nokia phones. The Nokia Bicycle Charger Kit is expected to be available before the end of the year and will be available through select retail locations and online.

EPA Signs Rule to Cut Smokestack Sulfur Dioxide

The Environmental Protection Agency said on Thursday it had finalized a rule that would protect millions of people from smokestack emissions of sulfur dioxide, which can lead to asthma and other lung problems. The rule, signed Wednesday night, is designed to protect people for the first time against short-term exposures to SO₂ emissions from coal-burning power plants and other industrial sources. The National Ambient Air Quality Standards first set rules for SO₂ emissions in 1971. It sets a one-hour standard at 75 parts per billion of SO₂ in the air. The agency is revoking the current 24-hour and annual SO₂ health standards. Big coal-burning utilities like Southern Co and American Electric Power may need to take steps to reduce emissions under the new rule. In recent years, EPA scientists have found that most damage to human health from SO₂ is done in short bursts of the pollutant near industrial areas. "Moving to a one-hour standard and monitoring in the areas with the highest SO₂ levels is the most efficient and effective way to protect against sulfur dioxide pollution in the air we breathe," EPA Administrator Lisa Jackson said in a release. The EPA estimated the rule would cost industry about \$1.5 billion over the next 10 years, but that it would save between \$13 billion to \$33 billion a year in public health costs. The rule will require monitors to be placed in cities and other populated areas where the emissions, which also cause acid rain, are high. EPA scientists had recommended cutting the short-term standard in a range of 50 to 150 ppb. One environmentalist applauded the measure. "Fewer people will go to the hospital," said Frank O'Donnell, the president of Clean Air Watch. "And fewer people will die prematurely from air pollution."

Euro, Glitches Cloud Suntech Outlook; Shares Fall

Top Chinese solar panel maker Suntech Power Holdings warned of slow progress on a new product and a bigger-than-expected hit from a weak euro, pushing its shares down nearly 4%. Executives said on a conference call that the ramp up of the company's high-efficiency Pluto technology was going slower than previously expected because of glitches in production. The company has said the new product would make up a significant percentage of Suntech's sales by 2012. "The fact they're having issues with that suggests that that competitive advantage is not going to come to fruition, and thus they're not going to be able to really differentiate themselves," said Hapoalim Securities analyst Gordon Johnson. Shares of Suntech fell 3.9% to close at \$9.35 on Thursday. The stock has dropped some 45% since January. Stocks of other US-traded solar companies rose after government sources told Reuters that Germany's upper house of parliament could block cuts to solar subsidies, raising questions about the timing of cuts, currently set for July. Germany is the world's largest solar market. Uncertainty about the subsidies there, combined with a relatively weak euro and worries about the health of European markets, has dragged down most solar stocks this year despite a recovery in demand. Suntech executives said the company could have a foreign exchange loss as high as \$30 million in the second quarter -- a number larger than what Raymond James analyst Pavel Molchanov said the market was expecting. Suntech, which made 68 percent of its first-quarter sales in Europe, said the decline in the euro versus the U.S. dollar cost it \$24.5 million in the first quarter. Net income in the first quarter rose to \$20.7 million, or 11 cents per share, matching the consensus estimate. A year earlier, net income was \$1.8 million, or 1 cent per share. First-quarter revenue rose 86 percent to \$588 million. But Suntech may be better-positioned than some of its rivals, said Molchanov. "Suntech's level of exposure to Europe is not especially high compared to some of its competitors," he said. "It's not just Suntech." China-based Trina Solar and US-based First Solar, the industry heavyweight, also have the majority of their sales in Europe. Their shares, respectively, rose 2.8 percent and 1.8% on Thursday. Suntech's production capacity reached 1.2 gigawatts of modules by the end of the first quarter, and it is on target to reach 1.4 GW later this year, Chairman and Chief Executive Zhengrong Shi said on the conference call. However, Suntech said it would delay expansion of its thin-film manufacturing capacity in Shanghai, even as it increased its full-year shipment target to more than 1.3 GW from the 1.25 GW it had previously expected. Second-quarter shipments would see single digit percentage growth, and gross margins would be in the high teens, the company said. Suntech's first-quarter profit was in line with Wall Street expectations, while its margins fell within the range the company had previously forecast. Currency fluctuations narrowed gross margins in the first quarter to 19.5% from 23.8% in the 4th quarter. After the call with analysts, Janney Capital cut its fair value estimate for Suntech to \$12.50 from \$15 a share and kept its neutral rating on the stock. Wedbush also cut its target price to \$7 from \$8 and maintained its underperform rating on the company's shares.

Lack of State Leadership Kills TECO's Big Solar Plant Project

It seemed a marriage made in renewable heaven. In an energy deal cut last year that promised to inject larger-scale solar power into the Tampa Bay area for the first time, TECO Energy agreed to buy electricity from a proposed Polk County plant for the next 25 years. TECO's partner, Energy 5.0 of West Palm Beach, would build and run the plant, a 25 MW solar photovoltaic generating station. Now the much-anticipated deal is dead, a significant blow to renewable energy in the, *ahem*, Sunshine State. The solar deal fell victim to a void in state leadership. The Florida Legislature in 2009, and again in a 2010 session that at best can be called chaotic, failed to deliver on renewable energy legislation. The measure would have required (and, yes, subsidized) major electric utilities to diversify their sources of electricity by using such renewable energy sources as solar. And where was Crist, who entered the governor's office so gung-ho over a broad alternative energy future? Solar and other renewable power somehow fell out of his vocabulary now that he is preoccupied with his independent run for the US Senate. Energy 5.0 CEO Bud Cherry says that lack of any energy policy in Florida killed the solar project. "It is a loss for Florida and Floridians and sends a pretty negative message to the rest of the renewable community what you can expect in Florida," Cherry says. TECO, Tampa Electric's parent, agrees and offers another reason: The project was dropped because of the recession and an economic climate in which customers were especially eager not to pay higher rates, says utility spokesman Rick Morera. There's much more at stake here than losing one solar deal. A successful TECO-Energy 5.0 project would have yielded valuable solar experience and the chance to work on ways to reduce the cost of solar power as a source for electricity. It also could have helped jump-start a very modest solar industry in the state in an era of leaner energy choices. As oil gushes out of control from the BP gulf oil spill, electric utilities find themselves squeezed in their choice of energy to generate electricity. If renewables lack state support, new coal plants are dead on arrival because of air-quality concerns. Oil is out. Even nuclear power, a comeback industry, suffers cost and safety setbacks. That leaves essentially one source of fuel to handle the bulk of electricity-generation growth in Florida: natural gas. But relying on just one fuel, with its potential for volatile prices, is economically dangerous and just bad policy. TECO and Energy 5.0 pitched their solar project multiple times to the Florida Public Service Commission. The PSC at first approved the deal in December, then rejected it earlier this year. Why? The PSC claims it could not okay any deal that cost more than another conventional power plant. Lobbying firm Gray Robinson also pushed the solar project, urging Tallahassee lawmakers to adopt an energy policy to make the deal work. Nothing happened. "It looked like we were heading toward an unhappy ending," Cherry says. The two companies agreed to pull the plug on the deal, he says, "sooner than later." For now, Energy 5.0 will pursue solar projects in other states, where energy policies are better defined. Without clear rules to help electric utilities tap renewable sources for electricity, companies like TECO have no incentive to commit to what remains a more expensive source of generation. If utilities do not expand into renewable energy sources to gain experience and efficiencies, we'll be in deeper trouble later when natural gas, coal or oil become prohibitively expensive.

CPUC Keeps Bilateral Deals, Rejects Central Capacity Market

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Next-Day Eastern Power Eases; Term Power Scores Second Day of Gains

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PG&E Receives Approval for 2 Renewable Projects

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