



# ENERGY ASSURANCE DAILY

Monday Evening, October 06, 2008

## Major Developments

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### **Less Than Half of Oil and Gas Production in Gulf of Mexico Still Down October 6**

An estimated 600,679 b/d of oil production and 3,001 MMcf/d of natural gas output remained shut in the Gulf of Mexico October 6, the Minerals Management Service (MMS) said. Those totals account for about 46.2 percent of the region's oil production, and approximately 40.6 percent of its natural gas output. Based on data from offshore operator reports submitted as of 12:30 EDT October 6, personnel were evacuated from a total of 94 production platforms, equivalent to 13.5 percent of the 694 manned platforms in the Gulf of Mexico. Offshore oil and gas operators continued to reboard platforms and rigs and restore production, according to the MMS.

<http://www.mms.gov/oc/press/2008/press1006.htm>

### **Majority of Oil and Gas Production in Louisiana Remains Down October 3**

On October 3, the Louisiana's Department of Natural Resources reported that 70,714 b/d, or 45 percent, of the normal Louisiana oil production had been restored. Operations in 17 parishes and in-State offshore, areas normally produce 155,767 b/d (the numbers are in addition to MMS reports of Federal offshore production). Shut-in oil production was 57,946 b/d and the status of remaining 27,107 b/d was unknown. The estimated amount of restored gas production was 749 MMcf/d, or 46 percent of the 1,642 MMcf/d daily gas production capacity. The estimated amount of shut-in gas production was 611 MMcf/d; the status of the remaining 282 MMcf/d had not been confirmed

<http://dnr.louisiana.gov/sec/execdiv/pubinfo/daily-onshore-prod.ssi>

### **DOE to Deliver 300,000 Barrels of Oil from SPR to Placid Oil's 56,000 b/d Port Allen, Louisiana Refinery**

On October 5, the U.S. Department of Energy announced it was delivering 300,000 barrels of emergency exchange crude oil from the Strategic Petroleum Reserve (SPR) to Placid Oil's refinery at Port Allen, Louisiana through the Shell pipeline system. Over 5 million barrels of emergency exchange oil from the SPR has now been released or delivered due to Hurricanes Gustav and Ike. The companies that have been receiving the oil are: Marathon (1.5 million barrels), Placid (1 million barrels), Citgo (1 million barrels), ConocoPhillips (1 million barrels), and Alon (550 thousand barrels).

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_23\\_Ike\\_100308\\_2PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_23_Ike_100308_2PM.pdf)

<http://www.energy.gov/news/6622.htm>

### **Two Refineries Remain Down in U.S. Gulf October 6**

Valero's 83,000 b/d Houston, Texas refinery and ExxonMobil's 348,500 b/d Beaumont, Texas refinery remained shut down October 6. Valero's Houston refinery shut down to perform more extensive turn around maintenance while the fluid catalytic cracker was being repaired.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_23\\_Ike\\_100308\\_2PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_23_Ike_100308_2PM.pdf)

### **Pasadena Refining Systems to Restart FCC at 100,000 b/d Pasadena, Texas Refinery September 6**

The company planned to restart a fluid catalytic cracking unit (FCC) this morning, September 6, according to a filing with state regulators. A company official said the unit was the last to restart "post-hurricane." He expected the refinery to reach full production by this week's end. The FCC restart was expected to take about 10 hours, and possibly trigger flaring, according to the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114644>

Bloomberg News, 12:33 October 6, 2008

Reuters, 09:18 October 6, 2008

### **Leak in Crude Unit Exchange at Total's 232,000 b/d Port Arthur, Texas Refinery**

A leak in a crude unit exchanger contaminated and forced repairs to a tank, the company said in a filing with state regulators. Total said it was in the process of restarting the facility from Hurricanes Gustav and Ike, performing repairs as required.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114987>

[http://www.downstreamtoday.com/News/Articles/200810/Total\\_Port\\_Arthur\\_Refinery\\_Restart\\_Effor\\_13170.aspx](http://www.downstreamtoday.com/News/Articles/200810/Total_Port_Arthur_Refinery_Restart_Effor_13170.aspx)

Reuters, 16:43 October 3, 2008

### **Motiva Reports FCC Flare During Restart at 285,000 b/d Port Arthur, Texas Refinery**

According to a filing with state regulators, an "acid runaway on the alkylation unit" triggered flaring from the fluid catalytic cracking unit (FCC). The facility is returning to service after Hurricane Ike.

Bloomberg News, 09:37 October 6, 2008

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=115025>

### **Discovery Gas Transmission to Complete Repairs to 30-inch Natural Gas Mainline Within 60 Days**

As of October 3, Discovery Gas Transmission (DGT) informed customers that repairs to its 30-inch diameter mainline were on track to meet the original completion date of 60 days. DGT also reported that the 18-inch diameter tie-in gathering line to the mainline that was severed and displaced due to Hurricane Ike was undergoing additional damage assessments. The company expected repairs to be completed 30 days after work on the 30-inch diameter mainline was completed. DGT continues to accept gas flow from receipt and delivery points onshore.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_23\\_Ike\\_100308\\_2PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_23_Ike_100308_2PM.pdf)

### **Tennessee Gas Pipeline Eyes Mid-to-Late October to Complete Repairs along Parts of Bluewater Segment**

As of 6:15 PM EDT October 3, Tennessee Gas Pipeline (TGP) reported that portions of the Bluewater segment and associated facilities of the pipeline system were expected to be repaired and operational by mid to late-October.

That segment of pipeline experienced significant damage, including leaks, damage to platform interconnects, and damage to the separation and dehydration facility. TGP also reported that Yscloskey processing plant in St. Bernard Parish, Louisiana was anticipated to be operational by mid-October. In addition, the Sabine processing plant in Cameron Parish, Louisiana notified TGP that the plant would be shut down until at least the first week of December.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_23\\_Ike\\_100308\\_2PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_23_Ike_100308_2PM.pdf)

### **Five Natural Gas Processing Plants Remain Down in Gulf October 6**

Five natural gas processing plants, with a total operating capacity of 3.18 Bcf/d, remained down this morning, the Energy Information Administration (EIA) confirmed. Those plants include facilities impacted by Hurricane Gustav. Thirty plants, with a total operating capacity of 12.22 Bcf/d, have resumed operations at reduced or normal levels.

Three plants reported that they were capable of restarting, once power was restored and/or upstream gas flow became sufficient. Those plants combined for 2.06 Bcf/d of operating capacity.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_21\\_Ike\\_100108\\_12PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_21_Ike_100108_12PM.pdf)

### **Hurricane Ike Causes 11,905 Barrels of Oil Spills in Gulf, Texas and Louisiana—AP Spills, Releases at Nearly 1,500 Sites, but No Major Events**

<http://www.statesman.com/news/content/news/stories/local/10/06/1006ikeenvironment.html>

### **Gasoline Supply Situation Continues to Improve in U.S. Southeast**

Citing increased gasoline receipts, the president of the Georgia Association of Convenience Stores said his members were not reporting long lines at Georgian gas stations. Some gas stations were still without supplies, but the situation appeared to have improved. AAA said fuel supplies had strengthened in Atlanta, Nashville, and western North and South Carolina

[http://www.downstreamtoday.com/News/Articles/200810/Gasoline\\_Supply\\_Consumer\\_Habits\\_In\\_Ga\\_13168.aspx](http://www.downstreamtoday.com/News/Articles/200810/Gasoline_Supply_Consumer_Habits_In_Ga_13168.aspx)

[http://www.wjbf.com/jbf/news/consumer/article/southeast\\_fuel\\_supplies\\_improve\\_while\\_retail\\_gasoline\\_prices\\_likely\\_to\\_cont/7298/](http://www.wjbf.com/jbf/news/consumer/article/southeast_fuel_supplies_improve_while_retail_gasoline_prices_likely_to_cont/7298/)

### **TVA's 1,118 MW Browns Ferry Nuke Unit 2 in Alabama Shut by October 5**

The Tennessee Valley Authority (TVA) stalled the unit after a "turbine generator reverse power signal on the main generator," according to a Nuclear Regulatory Commission (NRC) report. A spokesman did not know when the unit would resume service. The NRC reported that on the morning of October 4 the unit was operating at full power.

Bloomberg News, 08:06 October 6, 2008

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Cabrillo Power I, LLC's 300 MW Encina Gas-fired Unit 4 in California Shut by October 5**

According to the California Independent System Operator, the unit experienced an unplanned outage by October 5.

<http://www.caiso.com/unitstatus/data/unitstatus200810051515.html>

### **NCPA's 247 MW Collierville Hydroelectric Unit in California Reduced by October 5**

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 120 MW by October 5.

<http://www.caiso.com/unitstatus/data/unitstatus200810051515.html>

### **Update: Exelon's 1,111 MW La Salle Nuke Unit 1 in Illinois at Full Power by October 5**

The company shut the unit by September 29 to conduct maintenance on the main generator. The Nuclear Regulatory Commission reported that on the morning of October 4 the unit was operating at 85 percent.

Reuters, 08:00 October 6, 2008

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Southern's 856 MW Hatch Nuke Unit 1 in Georgia Ramped Up to 99 Percent by October 5**

The Nuclear Regulatory Commission reported that on the morning of October 4 the unit was operating at 78 percent. Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **LCRA to Restart 460 MW Fayette Unit 3 in Texas October 6**

The Lower Colorado River Authority (LCRA) shut the unit October 4 to "repair the submerged scraper drive (SSC), a chain drive apparatus that removes bottom ash from the bottom of the boiler." Operators planned to restart the unit this morning, and complete the restoration in about 12 hours.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=115015>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=115017>

### **DOE Announces Loan Guarantee Applications for Construction of New Nuclear Power Plants**

The U.S. Department of Energy (DOE) announced it has received 19 Part I applications from 17 electric power companies for federal loan guarantees to support the construction of 14 nuclear power plants in response to its June 30, 2008 solicitation. The applications reflect the intentions of those companies to build 21 new reactors, with some applications covering two reactors at the same site.

<http://www.doe.gov/news/6620.htm>

### **Riverbank Power Corp. Plans 1,000 MW Aquabank Underground Hydroelectric Power Station at Maine Yankee Nuclear Power Plant Site in Maine**

The plant would run "in six-to-eight-hour bursts," a news source said. During periods of peak demand, water from the Back River would flow through turbines, into underground caverns. In times of less demand, the water would be pumped back to the surface.

[http://www.istockanalyst.com/article/viewiStockNews+articleid\\_2683221.html](http://www.istockanalyst.com/article/viewiStockNews+articleid_2683221.html)

### **Westar Energy, Horizon Wind Energy and Empire District Electric Company to Dedicate 201 MW Meridian Way Wind Farm in Kansas October 7**

Horizon Wind Energy owns and operates the facility; Westar Energy and Empire District Electric Company plan to purchase the plant's output.

[http://www.westarenergy.com/corp\\_contentmgt.nsf/resources/2008-10-03/\\$File/2008-10-03.pdf?openelement](http://www.westarenergy.com/corp_contentmgt.nsf/resources/2008-10-03/$File/2008-10-03.pdf?openelement)

## **SDG&E Unveils Fire Prevention Plan in California—Utility Would Cut Power to Some Customers in Cases of Extreme Fire Danger**

San Diego Gas & Electric (SDG&E) announced that it will cut power to fire-prone areas during time of extreme fire danger. When there are strong Santa Ana winds and low humidity the action is expected to reduce the danger of fires. Under the fire prevention plan, SDG&E would also enhance line inspection, employ helicopters to inspect lines, substitute steel power poles for wooden ones, and use heavier wire in some places.

<http://www.signonsandiego.com/news/metro/20081003-9999-1n3sdge.html>

## **Petroleum**

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### **Valero Restarts SRU at 289,000 b/d Port Arthur Texas Refinery October 2**

The company restarted the sulfur recovery unit (SRU) after a brief, unplanned shutdown. The incident did not affect production, a spokesman said.

Reuters, 15:03 October 3, 2008

### **Flint Hills Reports Unplanned Work at 288,126 b/d Corpus Christi, Texas October 3**

Flint Hills said it would “bypass the Tail Gas Unit of the Sulfur Recovery Unit No. 2” for unplanned work. The work, according to a filing with state regulators, was expected to last about four hours.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114924>

### **Breakdown, Possible Flaring at Chevron’s 260,000 b/d El Segundo, California Refinery October 2**

The company said the incident might trigger flaring.

Bloomberg News, 15:37 October 3, 2008

### **Delek Reports SRU, Scot Unit Shutdown at 55,000 b/d Tyler, Texas Refinery September 3**

According to a filing with state regulators, a decreased acid gas flow, due to maintenance, temporarily halted the #2 Sulfur Recovery Unit (SRU) and the Scot Unit. The incident resulted in flaring.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=115021>

### **Colonial Restarts 30-inch Texas-New Jersey Product Pipeline after Weekend Repairs**

The pipeline was shut on Friday, October 3 when road workers accidentally drilled into the line. The company restarted it by yesterday evening, October 5. Colonial Pipeline said it had planned to shut the line over the weekend for other, scheduled work. It conducted the unscheduled repairs within that time space. The petroleum product pipeline stretches from Houston, Texas to Linden, New Jersey.

Reuters, 09:16 October 16, 2008

Bloomberg News, 09:07 October 6, 2008

<http://www.nj.com/news/times/regional/index.ssf?/base/news-14/1223265922219190.xml&coll=5>

### **Breach Shuts Sunoco Logistics’ 238,000 b/d Mid-Valley Pipeline Over Weekend Husky Restoring Output at Associated 140,000 b/d Lima, Ohio Refinery**

A third-party excavation project breached the 238,000 b/d Mid-Valley crude pipeline in Kentucky, forcing the shutdown October 3. Workers repaired and restarted the pipeline by yesterday, October 5. Sunoco said it had recovered 4,500 barrels of oil and was continuing the clean-up process. The pipeline delivers crude oil to refiners in the Ohio and Michigan, including to Husky Energy’s 140,000 b/d Lima, Ohio refinery. Husky said the Lima facility was operating at about 125,000 b/d, but might return to normal production today.

Bloomberg News, 11:11 October 6, 2008

Bloomberg News, 19:43 October 5, 2008

### **Update: Output at BP-led Azeri Oilfields to Remain Sharply Curtailed Until End of October**

The BP-led group is working to connect an offshore platform to alternative electricity supplies, but that work will take about three weeks, an industry source said October 3. That reconnection will boost the fields’ crude output to 600,000 b/d, from the current 300,000 b/d. The fields normally produce around 900,000 b/d; it is unclear when the group will restore the final one-third of production.

[http://www.rigzone.com/news/article.asp?a\\_id=67427](http://www.rigzone.com/news/article.asp?a_id=67427)

## **Nexen, OPTI Canada to Produce 72,000 b/d of Bitumen, 60,000 b/d of Premium Sweet Crude in Early 2010 at Long Lake Oilsands Project in Canada**

In pre-operational testing, Long Lake yielded 13,200 b/d of bitumen in September, and should begin premium sweet crude production in October. Nexen expects the project to reach full capacity in early 2010.

[http://www.nexeninc.com/Newsroom/News\\_Releases/release.asp?ReleaseId=906449](http://www.nexeninc.com/Newsroom/News_Releases/release.asp?ReleaseId=906449)

## **Connacher Drops Expansion Plans at 9,500 b/d Great Falls, Montana Refinery**

Citing less-favorable economic conditions, Connacher Oil & Gas canceled plans to boost Great Falls' capacity from 9,500 b/d to 35,000 b/d. The company said it would instead focus on increasing production at its Canadian oil sands properties.

Reuters, 11:08 October 6, 2008

[http://www.theenergynews.com/news/cp\\_article.php?storyid=3712](http://www.theenergynews.com/news/cp_article.php?storyid=3712)

## **Natural Gas**

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### **Uruguay May Have Fields with up to 3 Trillion Cubic Feet of Natural Gas, Government Says**

Uruguay's offshore fields could each hold up to 3 trillion cubic feet of natural gas, a government official said.

Bloomberg News, 09:21 October 6, 2008

## **Other News**

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### **Poet to Start Production at 65 Million Gallon/Year Fostoria, Ohio Ethanol Plant**

Bloomberg News, 13:44 October 3, 2008

## **Energy Prices**

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<b>U.S. Oil and Gas Prices</b>			
October 6, 2008			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>	88.90	96.37	81.20
\$/Barrel			
<b>NATURAL GAS</b>			
<b>Henry Hub</b>	7.16	7.42	6.77
\$/Million Btu			

Source: Reuters

## **Energy Notes**

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### **Storm Cuts Power to 11,000 Snohomish County PUD Customers, 10,000 Seattle City Light Customers in Washington October 4**

<http://www.heraldnet.com/article/20081005/NEWS01/710059868&news01ad=1>

[http://seattlepi.nwsource.com/local/381838\\_Outage05.html](http://seattlepi.nwsource.com/local/381838_Outage05.html)

<http://www.komonews.com/news/30469289.html>

### **Entergy Plans Steam Generator, Reactor Vessel Replacements at 1,200 MW Waterford Nuke Unit 3 in Louisiana**

<http://www.platts.com/Nuclear/News/7359427.xml?p=Nuclear/News&sub=Nuclear>



## **Tropical Depression Forms in Gulf of Mexico Near Mexican Oil Production Hubs**

**October 6**

Reuters, 12:09 October 6, 2008

### **Update: BP Denies EPA Claims that it Started Upgrade at 410,000 b/d Whiting, Indiana Refinery Prior to Regulatory Approval**

<http://www.platts.com/Oil/News/6972862.xml?p=Oil/News&sub=Oil>

### **Update: Valero Says Dredging Project Will not Cut Production at 182,200 b/d Delaware City, Delaware Refinery**

Bloomberg News, 13:15 October 3, 2008

### **Study to Explore Risks of Alaska's Dated O&G Infrastructure—Study to be Complete in Early 2010**

<http://www.adn.com/money/story/547006.html>

### **Seattle Steam Co. Plans Groundbreaking Ceremony for Renewable Energy Storage Facility in Washington**

BSW, 11:30 October 6, 2008

### **Update: In Preliminary Investigation of September Explosion, Federal Inspectors Note Metal Loss, Corrosion-Control System Problems Along Williams Gas Co.'s Natural Gas Pipeline in Virginia**

[http://www.newsadvance.com/lna/news/local/article/problems\\_found\\_near\\_appomattox\\_blast\\_site/9032/](http://www.newsadvance.com/lna/news/local/article/problems_found_near_appomattox_blast_site/9032/)

### **Lightning Strike Hits Substation, Forces Shutdown of Cedar Lake Booster Station in Texas October 5**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=115029>

### **SRU Shutdown at Keystone Gas Plant in Texas October 3, 2008**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114980>

### **Planned Shut-in Test, Force Majeure Event at Southern Natural Gas Company's Muldon Storage Field in Mississippi October 7-13**

<http://ixsnp.sonetpremier.com/ebbSNG/Notices/NoticeView.asp?sPipelineCode=SNG&sSubCategory=C&sNoticeId=26981&sIdentifier=10/03/2008#3>

### **Update: MEND Says it Rescued, Released Pirate-Captured Oil Workers in Nigeria**

Bloomberg News, 10:43 October 6, 2008

### **Update: Nigerian Military Sees Progress Reducing Oil Theft—Some Estimates Suggest Criminals Steal 100,000 b/d of Oil from Niger Delta**

Reuters, 11:26 October 6, 2008

### **President Rafael Correa Threatens to Oust Foreign Oil Companies from Ecuador if they Cannot Boost Lagging National Output**

Reuters, 10:19 October 6, 2008

### **Egyptian Crude Production Jumps 55,000 b/d, to a Total 700,000 b/d—Official News**

[http://www.rigzone.com/news/article.asp?a\\_id=67463](http://www.rigzone.com/news/article.asp?a_id=67463)

### **Update: OPEC Production Dips in September on Saudi Cuts, Violence in Nigeria—Output Totals 32.39 Million b/d, Down from 32.70 Million b/d in August, Reuters Survey Says**

[http://www.rigzone.com/news/article.asp?a\\_id=67426](http://www.rigzone.com/news/article.asp?a_id=67426)

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

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