



# ENERGY ASSURANCE DAILY

Thursday, February 08, 2007

## Major Developments

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### **Update: Fire Dies Out at Elk Hills Oil and Gas Field in California Late February 7 Occidental Declares Force Majeure on Elk Hills Production**

The massive fire at the Elk Hills oil and gas field in Kern County, California finally died out by 9 p.m. PST on Wednesday. The fire began around 2:30 p.m. on Tuesday when a leaking natural gas gathering pipeline exploded among a rack of gas lines. Fire officials said that there were seven pipelines in the area. Occidental has declared force majeure on production from the field after shutting down 95 percent of Elk Hills production facilities, including wells, compressors and a gas processing plant that fed gas into the lines. Occidental is still assessing damage and has not announced a timetable for restarting production. Media reports say the field normally produces 120,000 barrels of oil equivalent per day. According to data from the U.S. Energy Information Administration (EIA), Elk Hills produced about 375,000 MMcf/d of natural gas and about 50,000 b/d of crude oil in 2005.

<http://www.bakersfield.com/102/story/98622.html>

[http://today.reuters.com/news/articleinvesting.aspx?view=CN&storyID=2007-02-08T202111Z\\_01\\_N08259646\\_RTRIDST\\_0\\_OILFIELD-OPERATIONS-ELKHILLS-UPDATE-1.XML&rpc=66&type=qcna](http://today.reuters.com/news/articleinvesting.aspx?view=CN&storyID=2007-02-08T202111Z_01_N08259646_RTRIDST_0_OILFIELD-OPERATIONS-ELKHILLS-UPDATE-1.XML&rpc=66&type=qcna)

[http://www.eia.doe.gov/pub/oil\\_gas/natural\\_gas/data\\_publications/crude\\_oil\\_natural\\_gas\\_reserves/current/xls/appb.xls](http://www.eia.doe.gov/pub/oil_gas/natural_gas/data_publications/crude_oil_natural_gas_reserves/current/xls/appb.xls)

### **Sempra's Elk Hills 552 MW Gas-fired Power Plant in California Shut Down February 6**

The plant, located in Kern County, California was shut down on Tuesday after the explosion at the Elk Hills oil and gas field. The plant was not damaged in the fire, but could not operate because the natural gas pipeline that supplies the plant from the Elk Hills field was inoperable.

[http://today.reuters.com/news/articleinvesting.aspx?view=CN&storyID=2007-02-08T003628Z\\_01\\_N07495732\\_RTRIDST\\_0\\_UTILITIES-OPERATIONS-SEMPRA.XML&rpc=66&type=qcna](http://today.reuters.com/news/articleinvesting.aspx?view=CN&storyID=2007-02-08T003628Z_01_N07495732_RTRIDST_0_UTILITIES-OPERATIONS-SEMPRA.XML&rpc=66&type=qcna)

## Electricity

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### **Update: MISO Terminates Maximum Generation Emergency Warning February 7**

Effective 10:30 p.m. EST February 7, the Midwest Independent System Operator (MISO) resumed normal operations as it ended the "Maximum Generation Emergency Warning" and the state of "Conservative Operations" that had been in effect since earlier in the week. On February 5 and February 6, MISO declared "Maximum Generation Events" and instructed utilities in the region to institute a number of procedures designed to maintain system integrity, including curtailing interruptible customers, and other load conservation measures. According to an Xcel spokesman, the utility briefly shut down power to about 250 industrial and commercial customers in the states it serves.

<http://www.midwestmarket.org/page/Real-Time%20Info>

[http://wcco.com/local/local\\_story\\_038072315.html](http://wcco.com/local/local_story_038072315.html)

### **Utilities Set Demand Records in Ohio, Pennsylvania and Virginia February 5-6**

First Energy established a winter record in Ohio on Monday with 11,197 megawatts for territories served by its Toledo Edison, Ohio Edison, and Cleveland Electric Illuminating operations. PPL established a winter record in Pennsylvania on Monday with 7,569 megawatts. Dominion established winter record in Virginia and northeastern North Carolina on Tuesday with 18,079 megawatts.

<http://toledoblade.com/apps/pbcs.dll/article?AID=/20070208/BUSINESS01/702080401/-1/BUSINESS>

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=7773428](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7773428)

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=7776457](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7776457)

## **Update: TXU's 575 MW Coal-fired Unit 1 in Texas to Restart February 8**

The company plans to restart the unit on February 8-9 after fixing a tube leak. The unit shut on February 6. Reuters, 07:30 February 8, 2007

## **Petroleum**

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### **Shell to Introduce Ethanol-Blended Gasoline in Southeast**

Shell plans to convert its two Atlanta-area terminals to ethanol-blended gasoline next month. A spokeswoman said that the company's product will meet all environmental and regulatory specifications for Atlanta fuel. The conversion will involve tank cleaning, monitoring for water contamination, and adding decals to dispensers that declare the ethanol content.

OPIS Price Watch Alert, 12:47 February 5, 2007

### **Enbridge Holding Open Season for 60,000 b/d Deepwater Pipeline in Gulf of Mexico**

The company will conduct a non-binding Open Season for firm capacity on a new 26-mile, 20-inch diameter deepwater crude oil pipeline in the Gulf of Mexico. The pipeline will transport oil in the Green Canyon area to a sub-sea connection with the Caesar Oil Pipeline system. The new Enbridge pipeline is anticipated to be in service by September 2007.

<http://cnrp.ccnmatthews.com/client/enbridge/releaseen.jsp?actionFor=634572>

### **'Complications' Delay Initial Production at Corocoro Oil Field in Venezuela**

According to Oil Daily, initial production at ConocoPhillips's offshore Corocoro oil field in Venezuela will be delayed until June or July of this year. When the project began in mid-2006, Venezuelan officials said initial production would begin at the start of 2007. Oil Daily's unnamed source said that "complications" and finance problems were slowing the progress of the project. The Corocoro project is subject to Venezuelan President Hugo Chavez's ongoing nationalization agenda, in which state-run PdVSA is demanding majority control of all upstream oil projects. The field is estimated to hold 500 million barrels of recoverable oil.

Oil Daily, February 8, 2007

## **Natural Gas**

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### **TransCanada May Restrict Flows on Natural Gas Pipeline System from Alberta**

The company warned natural gas shippers that it may restrict interruptible transport service on two of its mainline pipelines at the Alberta-Saskatchewan border due to required maintenance. Together, the two lines have a capacity to transport 9 Bcf/d. One of the affected lines is the 2.2 Bcf/d Foothills system, which feeds the Northern Border pipeline to Chicago.

Reuters, 13:54 February 8, 2007

## **Other News**

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### **Bodman Says Bush's Renewable Fuel Goal is Achievable**

U.S. Energy Secretary Samuel Bodman said that President Bush's goal of using 35 billion gallons/year of renewable alternative fuels by 2017 could be achieved, though it would be difficult to meet. Bodman called the initiative a "stretch goal." Bodman said he agreed with projections that corn- and cellulose-based ethanol could account for 21 billion gallons in 2017. He added that biodiesel, biobutanol and hybrid battery technology could possibly make up the anticipated shortfall of 16 billion gallons in the President's goal.

<http://www.platts.com/Oil/News/6352318.xml?p=Oil/News&sub=Oil>

## Energy Prices

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<b>U.S. Oil and Gas Prices</b> February 8, 2007			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	58.77	58.45	62.55
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	8.06	7.93	7.72

Source: Reuters

## Energy Notes

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### **ERCOT Issues Advisory as Electricity Reserves Fall Below 3,000 MW February 8**

[http://mospublic.ercot.com/ercot/jsp/emergency\\_notifications.jsp](http://mospublic.ercot.com/ercot/jsp/emergency_notifications.jsp)

### **Power Outage Causes Delays at San Francisco International Airport**

[http://cbs5.com/local/local\\_story\\_038234609.html](http://cbs5.com/local/local_story_038234609.html)

### **Bodman Tells Congress That Adding Crude Oil to SPR Will Have ‘Trivial’ Effect on Oil Price**

Reuters, 11:56 February 8, 2007

### **California PUC Gives Initial Approval for 500 kV Antelope-Pardee Transmission Line to Access Tehachapi Wind Power**

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=7776544](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7776544)

### **Texas Issues First Lease for Geothermal Energy Exploration along Gulf**

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=7772232](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7772232)

### **Mexico’s Pemex Needs \$15 Billion in E&P Annually to Maintain Crude Output Levels Through 2012 – Reyes-Heroles**

<http://www.platts.com/Oil/News/6352344.xml?p=Oil/News&sub=Oil>

### **Hacker Posts Explosion Pictures on Canada Nuclear Safety Commission’s External Website**

Reuters, 09:55 February 8, 2007

### **Gunmen Kidnap Filipina Woman, French Oil Worker in Nigeria**

Reuters, 06:44 February 8, 2007

## 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/index.aspx>.

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