



# ENERGY ASSURANCE DAILY

Wednesday Evening, August 06, 2008

## Major Developments

### BP Declares Force Majeure on Oil Deliveries through Baku-Tbilisi-Ceyhan Pipeline Following Explosion and Subsequent Fire August 6

The Baku-Tbilisi-Ceyhan (BTC) pipeline is shut following an explosion and fire involving a section of the line in eastern Turkey. BTC pipeline throughput has averaged over 850,000 b/d in recent months. BP declared force majeure on all Azeri crude shipments from Ceyhan and reports it is also cutting production from its Azerbaijani Shah Deniz and Azeri-Chirag-Gunashli oil and condensate fields. At present, there are no estimates as to the extent of damage nor how long the line will be shut, officials estimate that the fire will be extinguished within the next 24 hours. Local officials reported the explosion in a pump early morning August 6, and ruled out sabotage saying that a fault in the system had been detected prior to the blast. However, later in the day, according to an unconfirmed report by the Jihan news agency the PKK terrorist organization claimed responsibility.

<http://afp.google.com/article/ALeqM5heckNDEd8Q3SmKt-9tCfVLmEPbow>

<http://money.cnn.com/news/newsfeeds/articles/djhighlights/200808061348DOWJONESDJSONLINE000680.htm>

<http://www.bp.com/genericarticle.do?categoryId=9006669&contentId=7014358>

<http://news.trendaz.com/index.shtml?show=news&newsid=1264131&lang=EN>

Reuters, 07:16 August 6, 2008

Reuters, 12:10 August 6, 2008

## Electricity

### Update: Over 77,000 Customers in Illinois and Indiana Remain without Power August 6 Due to Powerful Thunderstorms and Tornadoes of August 4

Midwest Customer Power Outages			
August 4-6 2008			
Electric Utility	State	Peak	Latest Reported
Commonwealth Edison	IL	546,000	52,000
Ameren	IL	32,004	3,696
NIPSCO	IN	63,000	22,000
Duke Energy	IN	9,385	160
<b>TOTAL*</b>		<b>650,389</b>	<b>77,856</b>

\*Total outages only represent electric utilities listed in this table.

Sources:

[http://www.pioneerlocal.com/oakpark/news/1093910\\_op-wpower-080608-s1.article](http://www.pioneerlocal.com/oakpark/news/1093910_op-wpower-080608-s1.article)

<http://www.reuters.com/article/marketsNews/idUSN0641662520080806>

<http://www.post-trib.com/news/1094017.power.article>

<http://www.duke-energy.com/indiana/outages/current.asp>

### Update: Power Restored to Majority of 39,000 Entergy Customers that Lost Power in Texas and Louisiana in Wake of Tropical Storm Edouard August 6

On August 5, Entergy Texas reported 37,000 customers without power while Entergy Louisiana reported 2,000 customers without power. As of most recent data available, 693 Entergy Texas customers remain without power, while 474 Entergy Louisiana customers remain without power.

<http://entergy-texas.com/outages/tx.aspx>

<http://entergy-louisiana.com/outages/la.aspx>

### **Dominion's 511 MW Kewaunee Nuke Unit in Wisconsin at Full Power August 6**

The unit was reduced over the weekend of August 2-3 to complete pump work and equipment testing. According to the Nuclear Regulatory Commission, the unit was operating at 57 percent on August 5.

Information also derived from NRC Power Reactor Status Reports:

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

<http://www.reuters.com/article/marketsNews/idUSN0641375220080806>

### **Entergy's 730 MW Palisades Nuke Unit in Michigan Shut August 6**

Operators were reducing the unit from full power for a planned shutdown to work on a leak related to a control rod drive mechanism when the unit experienced excessive unidentified leakage leading to an immediate shutdown. The initial problem was discovered during the weekend of August 2-3. According to the Nuclear Regulatory Commission, the unit was operating at 100 percent on August 5.

Information also derived from NRC Power Reactor Status Reports:

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

<http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSN0646320820080806>

### **Entergy's 966 MW River Bend Nuke Unit 1 in Louisiana Reduced to 75 Percent August 6**

According to the Nuclear Regulatory Commission, the unit was operating at 100 percent on August 5.

Information derived from NRC Power Reactor Status Reports:

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

### **Duke's 754 MW Moss Landing Gas-fired Unit 6 in California Shut August 5**

According to the California Independent System Operator, the unit experienced an unplanned outage on August 5.

<http://www.caiso.com/unitstatus/data/unitstatus200808051515.html>

### **AEP Texas's 721 MW Pirkey Coal-fired Unit in Texas Shut August 5**

According to a filing with state regulators, the Pirkey power plant experienced an unplanned maintenance outage to repair a boiler tube leak.

<http://www1.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=112055>

### **Update: Calpine's 188 MW Los Esteros Gas-fired Unit in California Returns to Service August 5**

According to the California Independent System Operator, the unit returned from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus200808051515.html>

## ***Petroleum***

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### **Update: Gulf Area Petroleum Infrastructure Begins Restart Procedures Following Interruptions Brought by Tropical Storm Edouard August 6**

- Shell/Motiva's 340,000 b/d Deer Park, Texas refinery returned to full power late August 5 with all units operating after experiencing temporary power issues as Edouard approached.
- Motiva's 285,000 b/d Port Arthur, Texas refinery is restoring full production to some units August 6 following a power interruption August 5.
- Valero's 130,000 b/d in Houston, Texas, its 245,000 b/d Texas City, Texas refinery, and its 295,000 b/d Port Arthur, Texas refinery are all moving to planned rates following the temporary reduction August 5 due to the shipping interruptions brought on by Tropical Storm Edouard.
- Marathon's 72,000 b/d Texas City, Texas refinery is in the process of restarting after it had shut ahead of Edouard, with company representatives reporting start-up procedures will take a couple of days to return to normal operating rates.
- Citgo reports refining operations at its 156,000 b/d Corpus Christi, Texas refinery, its 429,500 b/d Lake Charles, Louisiana refinery, its 192,760 b/d Chalmette, Louisiana refinery as well as its 270,000 b/d Houston, Refinery were not affected by Tropical Storm Edouard.
- Louisiana Offshore Oil Port (LOOP) reports it was offloading the first tanker in the Gulf of Mexico late August 5, one day after being shut-in by Tropical Storm Edouard. The LOOP receives up to 1 million b/d in crude deliveries.

- Apache Corp is reporting 7,000 b/d of gross oil production remains shut-in in the Gulf of Mexico August 6, down from 8,600 b/d idled August 4.
- ExxonMobil reports its offshore facilities are undamaged by Edouard and that the company is currently restoring offshore production following inspections. All workers have returned to the offshore facilities.

<http://www.mms.gov/ooc/press/2008/press0806.htm>

<http://uk.reuters.com/article/oilRpt/idUKN0533213720080805>

Reuters, 13:15 August 5, 2008

Reuters, 15:43 August 5, 2008

Reuters, 17:10 August 5, 2008

Bloomberg News, 23:33 August 5, 2008

Reuters, 09:24 August 6, 2008

Reuters, 10:28 August 6, 2008

Reuters, 12:50 August 6, 2008

### **Flint Hills' 288,000 b/d Corpus Christi, Texas Refinery Announces Plans to Add SRU, Diesel Sulfur Unit**

Flint Hills announced their plans August 5 to add a sulfur recovery unit (SRU) and a diesel desulfurization unit at its refinery in Corpus Christi, Texas.

Reuters, 15:15 August 5, 2008

## **Natural Gas**

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### **Update: 9.5 Percent of Gulf of Mexico Natural Gas Production Remains Shut-in Due to Tropical Storm Edouard August 6 – MMS**

According to the August 6 Tropical Storm Edouard Activity Statistics Update provided by the Minerals Management Service (MMS), 9.5 percent or approximately 734 MMcf/d of the Gulf of Mexico natural gas production remains shut in the wake of Tropical Storm Edouard. On August 5, MMS reported that 12.3 percent of gas production was shut-in.

<http://www.mms.gov/ooc/press/2008/press0806.htm>

<http://in.reuters.com/article/oilRpt/idINEIA00106220080806>

### **Update: Kinder Morgan Lifts Force Majeure Event at Compressor Station 343 in Texas along Natural's Louisiana Natural Gas Line August 6**

Repairs have been completed at Compressor Station 343 in Texas and effective August 7 Firm Secondary in-path transports will become available.

<http://pipeline.kindermorgan.com/infoposting/notices.aspx?type=CRIT>

### **Update: Energy Transfer Partners Announces Completion of Two North Texas Pipeline Projects, Boosting Transportation Capacity by More than 3.5 Bcf/d**

Energy Transfer Partners announced August 5 the completion of two North Texas natural gas pipeline projects, the 135-mile, 36-inch Paris Loop pipeline and the 25-mile, 36-inch Maypearl to Malone pipeline. The 135-mile Paris Loop pipeline immediately provides customers with more than 400 Mcf/d capacity from the Barnett Shale area and is expected to accommodate 900 Mcf/d day by the end of the first quarter 2009. The 25-mile Maypearl to Malone pipeline expansion links an additional 600 Mcf/d of capacity out of the Barnett Shale.

[http://www.downstreamtoday.com/News/Articles/200808/ETP\\_Completes\\_Pipeline\\_Projects\\_In\\_North\\_12237.aspx](http://www.downstreamtoday.com/News/Articles/200808/ETP_Completes_Pipeline_Projects_In_North_12237.aspx)

### **Colorado Interstate Gas Company Reports Outage at its Niobrara Compressor Station in Colorado**

According to a critical notice posting on Colorado Interstate Gas (CIG) Company's website, its Niobrara Compressor Station has experienced an unexpected outage which will require significant repair work. The Niobrara Compressor Station capacity will be reduced from 44,200 Mcf/d to zero effective August 7. Repairs are currently estimated to be completed on or about the end of the week of August 18, 2008.

<http://ebb.cigco.com/ebbCIG/Notices/NoticeView.asp?sPipelineCode=CIG&sSubCategory=Critical&sNoticeId=7240>

## National Fuel Gas Supply Corporation Announces Open Season – Plans for Appalachian Pipeline Project August 5

National Fuel Gas Supply Corporation has announced an Open Season for capacity in the Appalachian corridor of Pennsylvania that will provide transportation and storage services to key northeast market. .

<http://www.nationalfuelgas.com/news/OPEN%20SEASON%20WEB%20VERSION852008-161641.pdf>

## DCP Midstream Partners Announce 30-Mile, 175 MMcf/d Pipeline Extension Project in East Texas

<http://www.dcppartners.com>

<http://www.snl.com/irweblinkx/file.aspx?IID=4105307&FID=6486289>

## DCP Midstream Partners and M2 Midstream Announce Joint Development Agreement for Planned 1.5 Bcf/d Haynesville Shale Intrastate Pipeline

DCP Midstream Partners and M2 Midstream announced August 6 they have signed an agreement to pursue development of a new large diameter natural gas pipeline to move gas from the emerging Haynesville Shale play in North Louisiana. If built, the Haynesville Connector is expected to commence initial deliveries in the third quarter of 2009 and would offer an estimated 1.5 billion cubic feet per day of takeaway capacity by early 2010.

<http://www.snl.com/irweblinkx/file.aspx?IID=4105307&FID=6485875>

## Other News

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### Update: Various Ship Channels in Texas Reopen August 6 with Ship Size Restrictions Following Closure due to Tropical Storm Edouard

The U.S. Coast Guard (USCG) completed assessments of the Houston Ship Channel, Port Freeport, Port of Galveston, Port of Texas City and Gulf Intracoastal Waterway late August 5. In a recent press release, the USCG announced the Houston Ship Channel as well as the Port of Galveston is open to inbound and outbound traffic for all ships with a draft less than 38 feet. The Port of Texas City is open to inbound and outbound traffic for all ships with a draft less than 35 feet. Port Freeport is open to unrestricted ship movement whereas the Gulf Intracoastal Waterway is open to barge traffic. The Ship Pilots Association estimates it could be Friday August 8 before the restrictions are lifted at the Sabine Pass channel, where bulk crude carriers remain prevented from moving through Sabine Pass channel.

<http://www.uscgstormwatch.com/go/doc/425/219804/>

<http://in.reuters.com/article/oilRpt/idINN0643210220080806>

## Energy Prices

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U.S. Oil and Gas Prices			
August 6, 2008			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>	118.57	126.65	72.56
\$/Barrel			
<b>NATURAL GAS</b>			
<b>Henry Hub</b>	8.70	9.17	6.10
\$/Million Btu			

Source: Reuters

## Energy Notes

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### Colonial Pipeline Operating Normally through Texas Following Tropical Storm Edouard

<http://www.reuters.com/article/rbssEnergyNews/idUSN0533017420080805>

**Fallen Tree Causes Power Line Fire and Cuts Power to 10,800 Indiana Michigan Power Customers in Indiana and Michigan August 6**

<http://www.wsbt.com/news/local/26333069.html>

**Planned Nuclear Waste Disposal Site at Yucca Mountain, Nevada to Cost \$96.2 Billion, a 67 Percent Increase over Original Estimate, Department of Energy Says**

Reuters, 17:01 August 5, 2008

**BP Plans to Invest \$90 Million in New Venture with Verenium Co. to Expand Cellulosic Research and Development**

<http://www.platts.com/Oil/News/8933633.xml?p=Oil/News&sub=Oil>

**Update: Tennessee Gas Pipeline Plans to File Application with FERC Upon Announcement of Successful Open Season for its 300 Line Expansion Project – 125-Miles, 300,000 Dth/d to be Added**

[www.elpaso.com/tgp300lineexpansion/default.shtm](http://www.elpaso.com/tgp300lineexpansion/default.shtm)

**Department of Energy Launches Zero-Net Energy Commercial Buildings Initiative – Aims to Make New Commercial Buildings Capable of Generating as Much Energy as they Consume by 2025**

<http://www.doe.gov/news/6454.htm>

**Former Hagerstown Power Plant Manager Pleads Guilty to Running Copper Wire Theft Scheme in Maryland**

[http://www.abc2news.com/news/local/story.aspx?content\\_id=b74b6768-7fdd-4378-9f7a-fe3053ffe36a](http://www.abc2news.com/news/local/story.aspx?content_id=b74b6768-7fdd-4378-9f7a-fe3053ffe36a)

## **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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