



# ENERGY ASSURANCE DAILY

Friday Evening, August 08, 2008

## Major Developments

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### **Update: Baku-Tbilisi-Ceyhan Pipeline Seen Back Sooner Than Previously Expected BP Has Cut Production by at Least 500,000 b/d from Azeri Oilfields**

A senior source at Turkey's Energy Ministry said that the fire at the Baku-Tbilisi-Ceyhan (BTC) crude oil pipeline may be extinguished on August 8 or 9 and repairs finished 10 days after that, an earlier date than previous estimates. Yesterday, a spokesman from Turkey's state-owned pipeline company, Botas, was reported as saying the line would be shut for a minimum of two weeks and could be closed for up to five weeks. The BTC pipeline was shutdown on Tuesday night, August 5, after an explosion ignited a fire at a pump station in eastern Turkey. The PKK, a Kurdish separatist group, claimed responsibility for the blast. Botas said it's too early to determine the cause of the blast but the signs point toward sabotage. The BTC pipeline carries crude oil from Azerbaijan's ACG oil fields in the Caspian Basin through Georgia and on to the Turkish Mediterranean port of Ceyhan. The pipeline had been pumping 850,000 – 950,000 b/d prior to the blast. Earlier this week, the BTC consortium, which owns the pipeline, declared force majeure on exports, and traders say that BP, which operates the pipeline, has issued a notice of a 21-day delay for crude tanker loadings at Ceyhan. According to an analyst at NCB Stockbrokers, BP has confirmed that at least 500,000 b/d of production from the ACG fields has been shut-in due to the BTC shutdown. Other trade sources have estimated a loss of at least 400,000 b/d. BP is rerouting some production via alternate pipelines to Black Sea ports in Georgia and Russia but these routes can transport no more than 200,000 b/d. According to a BP spokesman, crude shipments have not been affected by recent fighting between Russian and Georgian troops in Georgia's breakaway province of South Ossetia.

**EIA Map of Region:** <http://www.eia.doe.gov/emeu/cabs/Caspian/bosporus%20bypass%20map.pdf>  
<http://www.reuters.com/article/marketsNews/idUSL852639920080808?sp=true>  
<http://www.easybourse.com/bourse-actualite/bp/update-bp-confirms-500-000-b-d-azeri-cut-on-pipe-shut-analyst-GB0007980591-502897>  
<http://www.easybourse.com/bourse-actualite/bp/azeri-oil-lifting-delayed-21-days-after-btc-pipe-fire-GB0007980591-502853>  
<http://www.reuters.com/article/marketsNews/idUSL864046920080808>  
<http://www.energyintel.com/worldwatch.asp>  
[http://online.wsj.com/article/SB121813619011721461.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB121813619011721461.html?mod=googlenews_wsj)  
Bloomberg News, 15:08 August 8, 2008

## Electricity

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### **TVA's Browns Ferry Nuke Units 1, 2 and 3 in Alabama Reduced to 50 Percent August 8**

The three nuclear reactors, which each have a capacity of about 1,155 MW, were reduced to 50 percent of capacity after a transformer that supplies power to the plant's five cooling towers malfunctioned. The cooling towers cool water from the reactors before it is discharged into the Tennessee River. TVA cut output at the reactors in order to reduce the amount of heat added to river, which can harm aquatic life.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>  
Bloomberg News, 14:40 August 8, 2008

### **Luminant's 750 MW Martin Lake Coal-fired Unit 1 in Texas Shut August 8**

According to a filing with Texas regulators, the company shut the unit in order to repair a boiler tube leak. The unit was shut for most of last week due to a malfunction on the main generator before returning to service over the weekend.

Reuters, 20:19 August 8, 2008

### **AES's 495 MW Alamitos Gas-fired Unit 6 in California Returns to Service by August 7**

According to the California Independent System Operator, the unit returned from an unplanned curtailment of 115 MW by August 7.

<http://www.caiso.com/unitstatus/data/unitstatus200808071515.html>

### **La Paloma's 260 MW La Paloma Gas-fired Unit 2 in California Returns to Service by August 7**

According to the California Independent System Operator, the unit returned from an unplanned outage by August 7.

<http://www.caiso.com/unitstatus/data/unitstatus200808071515.html>

### **AES's 175 MW Redondo Gas-fired Unit 6 in California Shut by August 7**

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 125 MW by August 7.

<http://www.caiso.com/unitstatus/data/unitstatus200808071515.html>

## ***Petroleum***

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### **Steam Loss Shuts Several Units at Citgo's 165,000 b/d Corpus Christi, Texas Refinery**

A failure at Calpine's 505 MW natural gas-fired Corpus Christi Energy Center on August 7 cut steam supply to Citgo's 165,000 b/d refinery and Flint Hills Resources 305,000 b/d refinery, both in Corpus Christi, Texas.

According to filings with Texas regulators, the loss of steam supply caused several units to trip offline, including the crude vacuum unit, the fluidic catalytic cracking unit (FCCU) no. 1, the alkylation unit, and the sulfur recover unit (SRU) no. 1. Citgo is restarting the affected units from August 7 to August 13.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=112189>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=112207>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=112209>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=112217>

Bloomberg News, 15:35 August 8, 2008

### **Update: Valero's Texas Refineries Back at Planned Rates after Tropical Storm Edouard**

The company said that its 325,000 b/d Port Arthur refinery, 199,500 b/d Texas City refinery, and 83,000 b/d Houston refinery were operating at planned rates on August 7. Rates at the refineries were cut on August 5 due to shipping interruptions caused by Tropical Storm Edouard. Valero's Port Arthur refinery also reported "some minor power disruptions" due to the storm.

Bloomberg News, 19:54 August 7, 2008

### **Tesoro Restarts Alkylation Unit at 100,000 b/d Wilmington, California Refinery August 7**

The company was restarting the unit August 7, one day after shutting the unit for unplanned repairs on August 6.

<http://www.reuters.com/article/rbssEnergyNews/idUSN0736199520080807>

### **TEPPCO Begins Service at New 500,000 Bbl Boligee, Alabama Refined Products Terminal**

TEPPCO Partners, L.P. announced August 7 that its TEPPCO Terminal and Marketing Company subsidiary has commenced operations at the partnership's new 500,000 barrel Boligee refined products terminal in Greene County, Alabama. Located along the Tennessee Tombigbee waterway, the facility has storage for gasoline, diesel and ethanol, and features direct access to most of the Gulf Coast refining centers through an interconnect with the Colonial pipeline system. Additionally, the intermodal terminal offers truck and marine transportation options and future rail capabilities.

<http://phx.corporate-ir.net/phoenix.zhtml?c=67274&p=irol-newsArticle&ID=1184971&highlight=>

### **Iraq to Start Production Soon at Nassiriya Oilfield**

Iraq's oil minister said that the country hopes to begin production soon its Nassiriya oilfield, which will initially produce 30,000 b/d and will ramp up to 100,000 b/d in just over a year.

Reuters, 11:14 August 8, 2008

## Natural Gas

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### Update: Enterprise's 1 Bcf/d Independence Hub in the U.S. Gulf Restarts August 8

The natural gas platform was ramping up production early August 8 after planned maintenance work was completed on the associated Independence Trail Pipeline. The system was originally expected to return late last week but was delayed due to Tropical Storm Edouardo. The platform was shut on July 29 to evaluate repairs made to the pipeline in June.

Reuters, 10:20 August 8, 2008

### Inergy Announces Successful MARC I Hub Line Open Season

Inergy, L.P announced August 6 that it's wholly owned subsidiary, Inergy Midstream, LLC, has received indications of interest exceeding 200% of the planned capacity for the previously announced 43-mile Marc I Hub Line, a 24" bi-directional gas pipeline extending between Inergy's Stagecoach South Lateral pipeline interconnect at Tennessee Gas Pipeline Company's 300 Line and Transcontinental Gas Pipeline Corporation's Leidy Line both located in Bradford County, Pennsylvania.

<http://investor.inergypropane.com/phoenix.zhtml?c=132026&p=irol-newsArticle&ID=1184555&highlight>

## Other News

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### Update: Texas Ship Channels Resume Normal Operations August 7

According to ship pilots and the U.S. Coast Guard, the Houston and Sabine ship channels were operating normally with no restrictions on August 7. The ship channels were shut on August 4 due to Tropical Storm Edouard but reopened on August 6 with restrictions for deep draft vessels.

Reuters, 19:24 August 7, 2008

## Energy Prices

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U.S. Oil and Gas Prices			
August 8, 2008			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b> \$/Barrel	115.20	125.77	72.39
<b>NATURAL GAS</b>			
<b>Henry Hub</b> \$/Million Btu	8.77	9.26	6.34

Source: Reuters

## Energy Notes

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### Massachusetts Governor Signs Law that Would Ban Weaver's Cove LNG Terminal

<http://www.southcoasttoday.com/apps/pbcs.dll/article?AID=/20080808/NEWS/808080358>

### BLM Sued for Approving Utah Gas Wells

<http://intelligencepress.com/>

### TransCanada Starts Preliminary Work on Keystone Pipeline in South Dakota

<http://money.cnn.com/news/newsfeeds/articles/apwire/2159d72ab62091a8469ff19a3d1891b4.htm>

### Iraq Resumes Oil Exploration After 20-Year Break due to UN Sanctions

[http://www.rigzone.com/news/article\\_pf.asp?a\\_id=65266](http://www.rigzone.com/news/article_pf.asp?a_id=65266)

## Petrobras Announces New Deepwater Light Crude Discovery Offshore Brazil

<http://www.oilweek.com/news.asp?ID=17939>

## Nigeria's Oil Production Down to 1.8 Million b/d Due to Militant Attacks – Oil Minister

Reuters 12:57 August 8, 2008

### 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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*Energy Assurance Daily* provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

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