



# ENERGY ASSURANCE DAILY

Tuesday Evening, August 21, 2007

## Major Developments

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### **Update: Hurricane Dean Downgraded to Category 1 August 21 But Could Regain Strength Mexico Says Oil and Gas Production to Remain Shut Until August 24**

Mexico's state-owned oil company Pemex said August 21 that oil and gas production from offshore facilities in the Campeche Sound in the southern Gulf of Mexico will remain shut until August 24 but said it must evaluate damage after the hurricane passes before deciding whether to declare force majeure. As of August 20, Pemex reported that 147 platforms and 439 offshore wells had been evacuated, and that 2.66 million b/d of oil and 2.76 Bcf/d of natural gas production had been shut-in. According to Reuters, Mexico's three main oil export ports – Dos Bocas, Cayo Arcas and Coatzacoalcos – have been closed. This morning, Dean made landfall on Mexico's Yucatan Peninsula as a category 5 hurricane but has since been downgraded to a category 1 hurricane. At 1:00 p.m. CDT, the National Hurricane Center reported that Dean was emerging into the southern portion of the Campeche Sound, where experts warn the storm could regain strength.

3-Day Cone Forecast: [http://www.nhc.noaa.gov/refresh/graphics\\_at4+shtml/144527.shtml?3day#contents](http://www.nhc.noaa.gov/refresh/graphics_at4+shtml/144527.shtml?3day#contents)

Mexico's Oilfields: [http://online.wsj.com/public/resources/images/NA-AH703\\_MEXOIL\\_20060208202012.gif](http://online.wsj.com/public/resources/images/NA-AH703_MEXOIL_20060208202012.gif)

<http://www.pemex.com/index.cfm?action=content&sectionid=8&catid=40&contentid=16121>

<http://www.bloomberg.com/apps/news?pid=20601087&sid=apJrMbb7cihg&refer=home>

<http://www.kxmc.com/News/155005.asp>

Reuters, 13:08 August 21, 2007

### **Update: U.S. Gulf Oil and Gas Shut-in Production Increases Slightly August 21 - MMS Some Operators Returning Workers, Restarting Production as Hurricane Threat Passes**

The U.S. Minerals Management Service (MMS) reported this morning that U.S. Gulf shut-in production of oil and gas has increased slightly since yesterday. Based on reports submitted by offshore operators as of 11:30 a.m. CST August 21, MMS estimates that personnel have been evacuated from a total of 34 production platforms and 21 rigs in the Gulf of Mexico. From the operators' reports, it is estimated that approximately 3.4 percent of the oil production in the Gulf has been shut-in, roughly 43,881 b/d. It is also estimated that approximately 1.83 percent of the natural gas production in the Gulf has been shut-in, roughly 140 MMcf/d. U.S. Gulf operators Shell, ExxonMobil, and Total said that they were returning workers and restarting production on news that Hurricane Dean is expected to pass well south of their facilities.

<http://www.mms.gov/oc/press/2007/press0821a.htm>

Reuters, 13:07 August 21, 2007

### **DOE Ready to Make Crude Oil Loans to Refineries to Offset Mexican Supply Loss**

A U.S. Department of Energy (DOE) spokesperson told Reuters that the DOE is ready to make emergency loans of crude oil to refineries from the Strategic Petroleum Reserves, if necessary to offset the loss of oil supplies from Mexico due to Hurricane Dean. According to the U.S. Energy Information Administration (EIA), the U.S. imported an average of 1.6 million b/d of crude oil from Mexico during the first five months of 2007. Thirteen U.S. refineries receive Mexican crude oil.

Reuters, 15:00 August 21, 2007

## Electricity

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### **Update: TVA's 1,155 MW Browns Ferry Nuke Unit 2 in Alabama Ramps Up to 92 Percent August 21**

TVA ramped the unit up to 92 percent of capacity by early August 21. TVA shut the unit last week in order limit a rise in temperature on the Tennessee River, which is used to cool the unit.

Bloomberg News, 10:21 August 21, 2007

## **Energy Northwest's 1,157 MW Columbia Nuke Unit in Washington State Reduced to 62 Percent August 21**

Output was decreased due to a hydraulic valve leak. A company spokesman did not say when the reactor might return to full power.

Bloomberg News, 11:59 August 21, 2007

## ***Petroleum***

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### **Update: FCCU to Reach Full Capacity Soon at ConocoPhillips's 230,000 b/d Linden, New Jersey Refinery**

According to a company spokesman, a recently restarted fluidic catalytic cracking unit (FCCU) will reach full capacity of 120,000 b/d in the next day or two. The unit, which was shut on August 7, is currently running at 100,000 b/d.

Reuters, 16:02 August 21, 2007

### **Crude Unit Down for Unknown Work at Valero's 325,000 b/d Port Arthur, Texas Refinery**

Trade sources have informed Reuters that Valero Energy Corp. will be working on a 175,000 b/d crude distillation unit (CDU) at the refinery until late October or early November. The reason for the work is unknown. Last week, Valero reduced rates after shutting the coking unit, curtailing gasoline production by 70,000 b/d and distillate production by 50,000 b/d.

Reuters, 09:35 August 21, 2007

### **FCCU Restarts at Valero's 170,000 b/d Mckee Refinery in Texas August 19**

Bloomberg News, 12:00 August 21, 2007

### **FCCU Work Delayed at ExxonMobil's 188,160 b/d Chalmette, Louisiana Refinery**

Trade sources have informed Reuters that ExxonMobil has delayed work on the 71,600 b/d fluidic catalytic cracking unit (FCCU) until the first week of September. The work was originally scheduled to begin August 20.

Reuters, 12:41 August 21, 2007

### **Tesoro Evacuates 95,000 b/d Kapolei, Hawaii Refinery After Pipeline Rupture August 20**

The refinery was evacuated following a jet fuel spill from a ruptured pipeline carrying jet fuel to Honolulu's airport.

Bloomberg News, 09:09 August 21, 2007

## ***Natural Gas***

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### **Federal Judge Rules Against Construction of 50-mile Long Island Sound Pipeline**

U.S. District Judge Stefan R. Underhill said that the Islander East pipeline project, which would supply natural gas to Connecticut, New York City and Long Island, failed to consider the environmental impact on Long Island Sound. Underhill ordered the Commerce Department to reconsider its decision to allow the project to proceed despite adverse coastal effects. Underhill said Islander East supporters could seek permission to run the pipeline adjacent to an Iroquois Gas Transmission pipeline.

[http://biz.yahoo.com/ap/070820/ct\\_islander\\_east.html?v=1](http://biz.yahoo.com/ap/070820/ct_islander_east.html?v=1)

## ***Other News***

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Nothing to report.

## Energy Prices

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<b>U.S. Oil and Gas Prices</b> August 21, 2007			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	69.36	72.40	72.12
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	5.92	6.86	6.72

Source: Reuters

## Energy Notes

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### **Small Spill Reported at Flying J's 68,000 b/d Bakersfield, California Refinery August 20**

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/7ba98837c715b64d8825733d0078846a?OpenDocument>

### **Yankee Rowe Nuke in Massachusetts Officially Decommissioned**

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=8766262](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=8766262)

## 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>.

Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)