



ENERGY ASSURANCE DAILY

Thursday Evening, August 23, 2007

Major Developments

Update: Two of Three Mexican Oil Export Terminals Reopen August 23

Pemex to Begin Restoring Oil and Gas Production August 24

Mexico's Dos Bocas and Coatzacoalcos oil export terminals reopened to shipping on August 23 after closing due to Hurricane Dean since August 21. The Cayo Arcas terminal remained shut on the morning of August 23 due to strong winds. According to Pemex, it is too early to say how quickly normal oil exports will resume. The company said in an August 22 press release that it had an inventory of 10.5 million barrels of crude oil that it would load onto tankers once ports reopen. The release also said that company has begun returning workers to offshore platforms in the Campeche Sound, and would begin restoring 2.65 million b/d of oil production and 2.23 Bcf/d of natural gas production on August 24. Barring major damage, Pemex hopes to restore 80 percent of production by early next week and reach to full production later in the week. Pemex began inspecting platforms in the afternoon on August 22 but has not yet reported any damage.

<http://www.pemex.com/files/content/Bulletin93%20070822.pdf>

<http://www.platts.com/Petrochemicals/News/8220951.xml?p=Petrochemicals/News&sub=Petrochemicals>

Reuters, 12:51 August 23, 2007

Update: Restoration of U.S. Gulf Oil and Gas Production Nearly Complete August 23

U.S. Gulf operators have restored most of the production shut as a precaution due to Hurricane Dean, which passed well south of U.S. offshore facilities. Based on data from offshore operator reports submitted as of 11:30 a.m. CST August 23, the U.S. Minerals and Management Service reports personnel have been evacuated from a total of 10 production platforms and 0 rigs in the Gulf of Mexico. From the operators' reports, MMS estimates that roughly 11,053 b/d of oil production is shut-in and 38 MMcf/d of natural gas production is shut-in. On August 21, MMS reported approximately 43,881 b/d of shut-in oil production and roughly 140 MMcf/d of shut-in natural gas production.

<http://www.mms.gov/ooc/press/2007/press0823.htm>

Mexican Crude Oil Disruption Having Minor Affects on U.S. Refineries

Shell Cuts Crude Runs at 340,000 b/d Deer Park, Texas Refinery August 22

Royal Dutch Shell PLC said on August 23 that it will return to normal operating rates over the weekend after cutting crude runs August 22 at its Deer Park refinery in anticipation of an interruption of crude oil exports from Mexico due to Hurricane Dean. Shell owns the refinery through a joint venture with Mexico's Pemex, and about 80 percent of the 340,000 barrels that the refinery processes each day comes from Mexico. Shell did not say how much it reduced crude runs. Citgo Petroleum, which also buys Mexican crude, said that it expects delays in Mexican crude deliveries. Valero Energy Corp. and Exxon Mobil Corp. say that they do not expect to experience supply problems.

<http://www.chron.com/disp/story.mpl/ap/fn/5075956.html>

http://investing.reuters.co.uk/news/articleinvesting.aspx?type=oilRpt&storyID=2007-08-22T213438Z_01_N22461921_RTRIDST_0_STORM-DEAN-ENERGY-US-UPDATE-2.XML

Bloomberg News, 16:01 August 23, 2007

Update: Chevron's 330,000 b/d Pascagoula, Mississippi Refinery Running at 50 Percent After Last Week's Fire

A Chevron spokesman said that the refinery is operating at about 50 percent of capacity after an August 16 fire damaged one of two crude-processing units. The company is still assessing damages.

Bloomberg News, 14:28 August 23, 2007

Substation Fire Shuts TVA's 1,000 MW Paradise Coal-fired Unit 3 in Kentucky August 22 TVA Asks Customers to Reduce Power Use Amid Shutdown, Heat Wave

An electrical device in the Montgomery substation near Clarksville, Tennessee, caught fire August 22, resulting in the shutdown of the 1,000 MW Unit 3 at TVA's Paradise Fossil Plant in Kentucky. The shutdown of the device, known as an instrument transformer, affected a 500 kV transmission line that feeds the substation from the power plant, causing the unit to trip offline. Extreme heat across the Tennessee Valley and heavy power loads on TVA transmission lines contributed to the device failure. TVA crews will make necessary repairs and Unit 3 will be returned to service as soon as possible. The loss of the unit and the high demand for power during the heat wave prompted TVA to ask its large industrial customers to voluntarily reduce power consumption. TVA also asked the 158 distributors of TVA power to reduce energy consumption in their facilities. TVA has been reducing energy consumption at all its facilities throughout the Valley since early last week. Power demand is expected to exceed 33,000 MW on August 22 and 23.

<http://www.tva.gov/news/statements/paradise.htm>

TVA's 1,155 MW Browns Ferry Nuke Unit 1 in Alabama Again Reduced to Maintain River Temperatures August 23

TVA again reduced power production from Unit 1 in order to maintain temperatures on the Tennessee River, which the unit uses for cooling. Both Units 1 and 2 are operating at 75 percent.

Reuters, 12:30 August 23, 2007

Update: Entergy's 1,266 MW Grand Gulf Nuke Unit in Mississippi Restarts August 22

The unit restarted on August 22 and ramped up to 4 percent of capacity by early August 23. The unit shut on August 21 after a feed pump controller failure resulted in a low reactor water level.

Bloomberg News, 11:30 August 23, 2007

Update: Progress Energy's 937 MW Brunswick Nuke Unit 2 in North Carolina Returns to Full Power August 23

The unit returned to full power by early August 23, up from 81 percent of capacity on early August 21. The unit had been reduced after a turbine chiller tripped offline.

Reuters, 07:23 August 23, 2007

Entergy's 844 MW FitzPatrick Nuke Unit in New York Ramps Up to 20 Percent August 23

The unit exited an outage and ramped up to 20 percent by early August 23. Entergy shut the unit for to replace one of the unit's safety relief valve pilots.

Reuters, 07:08 August 23, 2007

Update: TXU's 575 MW Big Brown Coal-fired Unit 2 in Texas to Restart August 23

TXU expects the unit to restart August 23. The company shut the unit on August 20 to fix a boiler tube leak.

Reuters, 07:39 August 23, 2007

Update: AEP, Allegheny Formalize Plans to Build High-Voltage Transmission Line from West Virginia to Maryland

AEP has finalized its transmission joint venture with Allegheny Energy to build a 290-mile, high-voltage transmission line from West Virginia into Maryland. The Potomac-Appalachian Transmission Highline (PATH) project, which will run from a substation near St. Albans, West Virginia to a new substation near Fredrick, Maryland, includes approximately 244 miles of 765-kV extra-high voltage transmission and 46 miles of twin-circuit 500-kV transmission.

<http://www.aep.com/newsroom/newsreleases/default.asp?dbcommand=DisplayRelease&ID=1393>

Marathon Oil Restarting All its U.S. Pipelines After Flooding Shuts Operations Center in Findlay, Ohio August 22

Marathon Oil Corp. shut down all of its pipelines in the Midwest, Northeast and Southeast after the company's pipeline operations center in Findlay, Ohio was evacuated due to flooding on the morning of August 22. Pipeline operations staff relocated to a backup operations center in Enon, Ohio. According to company spokeswoman, the most critical pipelines were being restarted first.

Reuters, 16:51 August 23, 2007

Update: BP May Cancel Whiting, Indiana Refinery Expansion if Unable to Curb Ammonia Discharges with New Technology

BP announced August 23 that it will work over the next 18 months to seek technological solutions so that it can move ahead with an expansion of its Whiting refinery without increasing the amount of ammonia released in wastewater. On August 22, BP told a legislative hearing that it had not found an existing technological solution that would reduce the ammonia increase. BP's expansion plans include retrofitting the refinery to process mostly crude oil from Alberta's oil sands and produce 15 percent more gasoline in 2011. Originally, the plan involved increasing ammonia discharges into Lake Michigan by 54 percent, an amount that is only half the maximum limit allowed by regulatory standards set by the EPA. The Indiana Department of Environmental Management (IDEM) has approved a permit for the ammonia increase but the decision has met opposition from legislators and environmental activists. The U.S. House of Representatives passed a resolution in July calling for IDEM to reconsider the permit. BP said that if it is unable to develop new technology to limit ammonia releases, it may cancel the project.

<http://www.forbes.com/feeds/ap/2007/08/23/ap4048548.html>

<http://www.canada.com/edmontonjournal/news/business/story.html?id=23b91b6a-2a3f-4238-b133-f3d135f2c71e>

Reuters, 12:06 August 23, 2007

SRU Absorber Shut at Western Refining's 116,000 b/d El Paso, Texas Refinery August 22

According to a filing with Texas regulators, the company shut a plugged absorber on a sulfur recovery unit (SRU). According to a company spokesman, no process units other than the absorber were shut as a result of the event.

Bloomberg News, 17:35 August 22, 2007

Malfunction Reported at Valero's 260,000 b/d Port Arthur, Texas Refinery August 22

The malfunction, reported in a filing with Texas regulators, had no impact on production.

Bloomberg News, 11:03 August 23, 2007

Mexico's Pemex Expecting Output of 470,000 b/d from Chicontepec Oilfield in 2014

Pemex is hoping the field, which produced 23,000 b/d during the first half of 2007, will offset the natural decline of the Cantarell field, which produces roughly half Pemex's crude output.

http://www.rigzone.com/news/article.asp?a_id=49291

Hebron-Ben Nevis Oil Field to be Developed Off Newfoundland Coast

Newfoundland and Labrador Premier announced August 22 that the province has reached an agreement with oil industry partners to develop the field, estimated to hold 700 million barrels of crude oil reserves. The Hebron project could start producing oil by 2015.

http://www.energyintel.com/PublicationHomePage.asp?publication_id=5

http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20070822/hebron_070822/20070822?hub=TopStories

Natural Gas

US Natural Gas Inventories Above Five-Year Average - EIA

According to EIA data, current inventories are 137 Bcf above the five-year average of 1.476 Tcf in the East, 51 Bcf above the average of 358 Bcf in the West, and 146 Bcf above the average of 758 Bcf in the Producing Region.

<http://www.platts.com/Natural%20Gas/News/8220956.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Kern River Gas Transmission Co. Considering Expansion of Wyoming-to-California Natural Gas Pipeline

The Kern River system currently carries more than 1.76 Bcf/d. If expanded, the system would carry an additional 28 percent or more, with service beginning by November 2010.

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=8777893

<http://www.casperstartribune.net/articles/2007/08/22/news/wyoming/be9b682027513d028725733e00836ea7.txt>

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
August 23, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	69.57	70.99	71.15
NATURAL GAS Henry Hub \$/Million Btu	5.73	6.96	7.19

Source: Reuters

Energy Notes

14,000 LIPA and National Grid Customers Without Power in New York August 23

16:51 August 23, 2007 <https://www1.nationalgridus.com/niagaramohawk/storm/OutagesByCounty.aspx>

17:00 August 23, 2007 <http://www.lipower.org/stormcenter/outages/servicearea.html>

Overnight Thunderstorms Leave 9,000 Com Ed Customers Without Power in Illinois August 23

<http://www.suntimes.com/news/metro/523330.storms23.article>

Pepco Holdings Inc.'s (PHI) Proposal to Build 230-Mile 500-kV Interstate Power Line Backed by Key PJM Support

<http://www.pepcoholdings.com/about/news/archives/2007/article.aspx?cid=851>

Total Renewable Energy Consumption Increased 7 Percent between 2005 And 2006; Consumption Of Fossil Fuels Decreased – EIA

<http://www.daytondailynews.com/search/content/oh/story/news/business/2007/08/22/ddn082207energyweb.html>

For the full text of the EIA report see: *Renewable Energy Consumption and Electricity Preliminary 2006 Statistics*

http://www.eia.doe.gov/cneaf/solar.renewables/page/prelim_trends/rea_prereport.html

Update: The Rhode Island Environmental Agency Rejects Dredging Plan for Weaver's Cove LNG Site in Massachusetts

<http://www.jamestownpress.com/news/2007/0823/News/042.html>

Haz Mat Crews Work to Clean Up Crude Oil Leaked from Mothballed BP Pipeline in Indiana August 21

<http://www.suntimes.com/news/metro/520330.CST-NWS-bp22.article>

Links

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

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

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>.

Please direct comments and questions to: ead@oe.netl.doe.gov