



ENERGY ASSURANCE DAILY

Tuesday, August 29, 2006

Major Developments

Tropical Storm Ernesto:

Ernesto May Hit Florida at Hurricane Strength, then Move on to the Carolinas

Tropical Storm Ernesto began intensifying today as it left Cuba and reached open water. Forecasters now say there is a chance that the storm could hit south Florida at hurricane strength. Forecasters also say that the Ernesto could reemerge over the Atlantic, off northeast Florida and make a second landfall in the Carolinas in 60 to 72 hours at near hurricane strength.

Reuters, 09:57 August 29, 2006

Coast Guard Closes Four Florida Ports, Limited Oil Tanker Traffic Allowed

According to the U.S. Coast Guard, the Florida ports of Miami, Fort Lauderdale, Canaveral and Jacksonville have been shut to all inbound vessel traffic because of Tropical Storm Ernesto, which is expected to hit South Florida late Tuesday. Miami and Fort Lauderdale ports were closed last night and Canaveral and Jacksonville ports were closed this morning. Coast Guard protocol is to shut ports 24 hours prior to a storm. All incoming vessels have been halted except for essential cargoes, which include oil tankers. However, tankers are only allowed to enter based on the amount of oil in storage at the port.

Reuters, 17:07 August 28, 2006

http://www.uscg.mil/d7/sectorjacksonville/msib/MSIB%202006/MSIB_30-06.pdf

South Florida Motorists Form Long Lines at Gas Stations Despite Assurances of High Levels of Fuel Supplies

In preparation for Ernesto, South Florida residents are forming long lines at gas stations, with reports of motorists waiting a half hour, on average. The crush at gasoline stations prompted Governor Bush, on August 28, to warn residents "not to overdo it," as they stock up on fuel. Bush said that ports have 295 million gallons of fuel, which is the largest reserve the State has ever had.

<http://www.sun-sentinel.com/news/local/southflorida/sfl-gaslines082806.0.3684077.story>

http://www.sun-sentinel.com/news/nationworld/ats-ap_us11aug28.0.4119832.story

Florida Utilities Prepare for Ernesto's Landfall

FPL: As Floridians prepare for the landfall of Tropical Storm Ernesto, Florida Power & Light (FPL) has already positioned staff and resources to respond to the damage that may result from the storm. The company wants to make sure that any inconvenience is as short lived as possible.

Florida City Gas: Florida City Gas is closely monitoring Ernesto and has crews on standby to handle any emergencies created by the storm. The company is advising customers to leave their natural gas service on, even in the event of an evacuation and urging them not to attempt to turn gas off at their meters.

<http://biz.yahoo.com/bw/060829/20060829005338.html?.v=1>

<http://biz.yahoo.com/bw/060828/20060828005806.html?.v=1>

Electricity

Update: PPL's 1,140 Susquehanna Nuke Unit 2 in Pennsylvania Returns to Full Power Aug. 29

The unit was reduced to about 75 percent of capacity over the weekend so PPL could test the control rods.

Reuters, 07:13 August 29, 2006

Progress Energy's 938 MW Brunswick Nuke Unit 1 in N. Carolina Ramps Up to 94 Percent

The unit exited an outage last week.

Reuters, 15:21 August 28, 2006

Southern Co.'s 1,149 MW Vogtle Unit 2 in Georgia Shut Aug. 27

The unit shut due to the loss of a reactor coolant pump.

Reuters, 08:32 August 29, 2006

Reuters, 15:21 August 28, 2006

OPG's 515 MW Pickering Nuke Unit 7 in Ontario Shut on Aug. 28

OPG plans to have the plant back on-line on September 4, 2006.

Reuters, 07:58 August 29, 2006

Xcel's 346 MW Harrington Coal-fired Unit 1 in Texas Shut Aug. 29

Reuters, 07:58 August 29, 2006

TXU's 545 Sandow Coal-fired Unit 4 in Texas to Restart Aug. 28

The unit shut on August 24 due to an oil pressure problem on a boiler feed pump.

Reuters, 07:58 August 29, 2006

AES' 496 MW Redondo Gas-fired Unit 8 in California Shut Aug. 28

Reuters, 07:58 August 29, 2006

Petroleum

Prudhoe Bay Shutdown:

Update: Prudhoe Bay Output Back Above 200,000 b/d

On Monday BP Plc said that output from its Prudhoe Bay oilfield had risen above 200,000 b/d following repairs to a damaged natural gas compressor. BP shut the Gathering Center 2 in the Western Operating Area last Wednesday when a fault was discovered in a natural gas compressor. The shutdown cut production to 110,000 b/d. Prudhoe Bay is the United States biggest oilfield. Half the field's production (about 200,000 b/d) has been shut since earlier this month when the company found extensive corrosion in its pipelines.

Reuters, 15:51 August 28, 2006

<http://www.adn.com/money/industries/oil/story/8132085p-8024546c.html>

Alaska Says Prudhoe Bay Shutdown Won't Permanently Damage Reservoir

The Alaska Oil & Gas Conservation Commission has said that it does not believe that the current shutdown of the Eastern Operating Area will damage the Prudhoe Bay oil reservoir. However, the group cautioned that problems could arise if shutdowns became repetitious.

<http://www.adn.com/money/industries/oil/prudhoe/story/8135395p-8027772c.html>

Crude Oil Falls to Near Five-Month Low As Fears of Ernesto Impacting Gulf Subside

With fears subsiding that Tropical Storm Ernesto will seriously impact U.S. oil and natural gas operations in the Gulf of Mexico, crude oil futures fell to below \$70 a barrel on August 29. This price marks the lowest price in nearly five months.

<http://www.marketwatch.com/News/Story/Story.aspx?guid=%7BEAE21802%2DD382%2D4A4E%2D8A20%2D1B91708D937C%7D&source=blq%2Fyhoo&dist=yhoo&siteid=yhoo>

Update: Iraq Restarts Northern Export Pipeline Aug. 29 – Shippers

Shipping sources said that Iraq had started pumping crude through the vital Iraq-Turkey crude export line, which had been shut for almost two months due to sabotage. Iraqi officials had hoped to export 300,000 b/d through the line in August before sabotage halted flows on July 9.

Reuters, 05:14 August 29, 2006

Chad Orders Chevron and Petronas to Discontinue Operations

Chad President Idriss Deby has ordered that U.S.-based Chevron and Malaysia's Petronas be expelled from the African nation because of unpaid taxes. The two companies own a 60 percent stake in a production consortium in the African nation. Deby said yesterday that he wants Chad to own 60 percent of the consortium. Chevron produces an estimated 37,000 b/d of Chad's 160,000-170,000 b/d output. Deby said that Chad would continue to work with Exxon Mobil, which leads the Doba pipeline consortium with a 40 percent stake.

Reuters, 10:34 August 29, 2006

http://www.energyintel.com/PublicationHomePage.asp?publication_id=31

http://biz.yahoo.com/ap/060829/chad_oil.html?.v=2

Nigerian Oil Minister Calls on Companies to Maintain Operations in Niger Delta

Speaking to reporters on Monday, August 28, Nigerian Oil Minister Edmund Daukoru characterized the militant attacks and resulting disruptions to crude oil production in the Niger Delta as temporary and appealed to oil companies to maintain operations in that region. Nigerian troops, acting on the directive of President Olusegun Obasanjo, have begun hunting down militants who have been kidnapping oil workers.

<http://www.platts.com/Oil/News/7673332.xml?p=Oil/News&sub=Oil&src=energybulletin>

Husky Energy Completes Alberta Oil Sands Project, Will Expand Pipeline

The company has completed construction of its 30,000 b/d Tucker oil sands project near Cold Lake, Alberta and will expand a pipeline to accommodate the new output. The pipeline project involves two phases that will be completed in the second quarter of 2007 and the fourth quarter of 2007.

Reuters, 18:26 August 28, 2006

Natural Gas

Nothing to report.

Other News

Thefts of Copper Wire On the Increase: Tactics Evolving Adding to Potential Problems

Driven by rapidly escalating prices for copper, thefts and attempted thefts of copper wire from utilities and now buildings are increasing. Not only are the occurrences on the rise but some of the latest incidents portend added dangers, both for the perpetrators and the victims. One would be thief is in critical condition following an attempt to cut live wires that failed. Instead, the current passed through him and caused an outage to some 150 commercial and industrial customers. In another instance, the second in less than a year there, more knowledgeable thieves succeeded in cutting lines in a commercial building. Their action left the remaining live lines overloaded carrying double their design load. The result: melted surge protectors and outlets, scorch marks outlining wiring inside walls, and a near miss of a major fire.

http://www.princegeorgecitizen.com/news/current/n_empty.php?sid=1271878

<http://www.hutchnews.com/news/local/stories/theft082906.shtml>

Energy Prices

U.S. Oil and Gas Prices			
August 29, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	69.70	72.55	67.41
\$/Barrel			
NATURAL GAS			
Henry Hub	6.24	6.86	9.86
\$/Million Btu			

Source: Reuters

Energy Notes

U.S. Policy Makers Discuss Energy Crisis at World Energy Engineering Congress

Reuters, 17:22 August 28, 2006

Shell Hopes to Lift Nigerian Bonny Light Force Majeure in 'Near Future'

Reuters, 07:27 August 29, 2006

Australia's Oil Search Ltd. Says Temporary Oil Field Production Suspension in New Guinea Caused Deferral of 800,000 Barrels Earlier in Month

Reuters, 03:30 August 29, 2006

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

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

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