



# ENERGY ASSURANCE DAILY

Wednesday Evening, September 10, 2008

## Major Developments

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### **Update: Hurricane Gustav/Hurricane Ike Gulf of Mexico Activity Statistics, MMS**

According to the 12:30 PM EDT September 10 Minerals Management Service (MMS) activity statistics update report, offshore oil and gas operators in the Gulf of Mexico have stopped re-boarding platforms and rigs following Hurricane Gustav and are preparing for the arrival of Hurricane Ike. From the operators' reports, MMS estimates that approximately 95.9 % of the oil production in the Gulf has been shut-in, equaling to 1,246,595 b/d of oil production. MMS also reports it is estimated that approximately 73.1 % of the natural gas production in the Gulf has been shut-in, equaling to a total of 5,405 MMcf/d of natural gas production.

<http://www.mms.gov/ooc/press/2008/press0910.htm>

For more information, please view OE's most recent situation report:

[http://www.oe.netl.doe.gov/named\\_event.aspx?ID=18](http://www.oe.netl.doe.gov/named_event.aspx?ID=18)

### **Update: Oil and Gas Companies Continue Preparations as Hurricane Ike Approaches Gulf of Mexico September 10**

As of 4:30 PM EDT, Hurricane Ike is currently a Category 2 storm travelling west-northwestward in the Gulf of Mexico with sustained winds of 100 mph. Ike is projected to make landfall in Texas, west of main Gulf oil fields early morning September 13 as a major hurricane. Multiple companies have begun evacuation procedures of their operations within the Gulf. Additional company action reports:

- Enbridge Energy Partners declared force majeure and shutdown of all its offshore natural gas pipelines which move about 3 Bcf/d of natural gas, nearly half of deepwater Gulf output.
- ConocoPhillips's 247,000 b/d Sweeny, Texas Refinery in Texas is running at reduced rates as it prepares to shut down September 11 in preparation for the landfall of Ike.
- Seaway crude pipeline is scheduled to shut down its Freeport, Texas terminal at 7:00 PM EDT due to a local evacuation order. Company officials are reporting this does mean crude shipments to the Midwest will cease the morning of September 11.
- Stone Energy, already having evacuated non-essential personnel, will proceed to evacuate and shut down all of its Gulf facilities September 10.
- BP is reporting its Gulf of Mexico production is shut in and all workers have been evacuated from offshore platforms.
- Shell expects all of its Gulf of Mexico production to be shut by end of September 10, with the exception of the Fairway Field located near Mobile Bay, Alabama.
- Stingray Pipeline Company has declared force majeure and shut-in its natural gas pipelines for preparation for Hurricane Ike.
- Garden Banks Gas Pipeline Company has declared force majeure and shut-in its natural gas pipelines for preparation for Hurricane Ike.
- Manta Ray Gathering Company has declared force majeure and shut-in its natural gas pipelines for preparation for Hurricane Ike.

<http://www.nhc.noaa.gov/text/refresh/MIATCPAT4+shtml/101755.shtml?>

<http://www.reuters.com/article/marketsNews/idUSN1051488320080910>

<http://www.stoneenergy.com/pdf/press/2008/HurricaneGustavUpdate.pdf>

Bloomberg News, 14:38 September 9, 2008

Reuters, 11:27 September 10, 2008

Reuters, 11:51 September 10, 2008

<http://www.reuters.com/article/rbssEnergyNews/idUSN1051488320080910>

Reuters, 12:03 September 10, 2008

Reuters, 12:03 September 10, 2008

Reuters, 10:47 September 10, 2008

For more information, please view OE's most recent situation report:  
[http://www.oe.netl.doe.gov/named\\_event.aspx?ID=18](http://www.oe.netl.doe.gov/named_event.aspx?ID=18)

### **USCG Advisories: Houston-Galveston Zone Placed into Safety Zone, Port of Key West Closed, Safety Zone in Effect for Inner Harbor Navigation Canal near New Orleans, Louisiana, September 10**

The United States Coast Guard (USCG) halted inbound traffic entering the Houston Ship Channel in Texas effective 12 noon EDT today due to the threat posed by Hurricane Ike. The Coast Guard is urging its industry teams to monitor Ike as it is approaching as an "extremely dangerous" storm. Outbound traffic in the Houston Ship Channel, along with the Texas ports of Galveston, Freeport, Texas City, Beaumont, Port Arthur, and Orange and Lake Charles, Louisiana are currently placed under condition X-Ray which means a safety zone is in place and all marine vessels are urged to follow the applicable restrictions. In addition, the Freeport Pilots Association will suspend boardings as of 6:00 PM EDT tonight due to the mandatory evacuation orders near the port. The USCG reports the Port of Key West in Florida is closed as well. Additionally, the USCG reports that in the New Orleans area, a safety zone remains in place from the locks of the Inner Harbor Navigation Canal to mile marker 11 East of Harvey Locks. The Lower Mississippi River is open with regular draft restrictions to mile marker 303 except for a safety zone restricting vessels with drafts greater than 30 feet above Mile Marker 191 to mile marker 303 for daylight transit only.

<http://www.d8externalaffairs.com/go/page/425/22589/>

<http://www.uscgstormwatch.com/go/doc/425/224838/>

<http://www.nhc.noaa.gov/text/refresh/MIATCPAT4%2Bshtml/030858.shtml>

Reuters, 13:07 September 10, 2008

### **Update: Restoration Efforts Proving Effective, Approximately 91,000 Customers Remain Without Power in Louisiana after Gustav**

From a peak of 787,180 customers in Louisiana without power following the landfall of Hurricane Gustav on September 1, Entergy Louisiana has restored power to over 700,000 customers and as of 5:30 PM EDT September 10, 87,383 customers remain without power in Louisiana. DEMCO, the Dixie Electric Membership Corporation is reporting a total of 4,380 customers without power in Louisiana.

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

<http://demco.maps.sienatech.com/>

### **Update: Entergy's 1,075 MW Waterford Nuke Unit 3 in Louisiana Ramped Up to 18 Percent by September 10**

#### **Entergy's 1,034 MW River Bend Nuke Plant in Louisiana Remains Shut**

According to the Nuclear Regulatory Commission, the Waterford unit was not operating on September 9 following the shut-down due to Hurricane Gustav. River Bend nuclear plant, shut September 1, remains shut down.

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

For more information, please view OE's most recent situation report:

[http://www.oe.netl.doe.gov/named\\_event.aspx?ID=18](http://www.oe.netl.doe.gov/named_event.aspx?ID=18)

### **Update: Colonial Pipeline at Full Rates Following Hurricane Gustav September 10**

According to a company representative, the Colonial Pipeline was at full rates on Wednesday for the first time following Hurricane Gustav. The pipeline carries an average 2.3 million b/d in refined products from Pasadena, Texas, to New York Harbor.

Reuters, 11:07 September 10, 2008

### **Update: ConocoPhillips' 247,000 b/d Belle Chasse, Louisiana Refinery Remains Down September 10 Due to Hurricane Gustav, Power Likely to be Restored September 15**

ConocoPhillips' 247,000 b/d Belle Chasse, Louisiana refinery remains shut September 10, due to lack of power, but the company reports power is expected to be restored to the refinery no later than Monday, September 15, two weeks after Hurricane Gustav made landfall in Louisiana.

<http://www.reuters.com/article/marketsNews/idUSN1038988520080910?sp=true>

## **Four Natural Gas Processing Plants Remain Shut in U.S. Gulf September 10 Due to Hurricane Gustav**

As of this morning, three additional processing plants were ready to operate, pending power restoration or a resumption of gas flow from upstream. Four plants remain shut, though one is out due to scheduled maintenance. Fourteen plants have resumed operations at reduced levels, and ten plants have returned to normal levels.  
[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_14\\_Gustav\\_901008\\_12pm.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_14_Gustav_901008_12pm.pdf)

## ***Electricity***

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### **Update: AES's 225 MW Huntington Beach Gas-fired Unit 3 in California Returns to Service by September 9**

According to the California Independent System Operator, the unit returned from an unplanned outage.  
<http://www.caiso.com/unitstatus/data/unitstatus200809091515.html>

### **Update: Exelon's 850 MW Dresden Nuke Unit 2 in Illinois Reduced to 82 Percent by September 10**

According to the Nuclear Regulatory Commission, the unit was operating at 98 percent on September 9. Information derived from NRC Power Reactor Status Reports:  
<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Update: Luminant's 545 MW Sandow Coal-fired Unit 4 in Texas Returns to Service September 9**

The unit was shut September 8.  
Reuters 10:24 September 10, 2008

### **Update: OPG's 490 MW Lambton Coal-fired Unit 7 in Ontario Returns to Service September 10**

Reuters, 08:49 September 10, 2008

### **OPG's 494 MW Lambton Coal-fired Unit 1 in Ontario Shut September 10**

Reuters, 9:10 September 10, 2008

### **OPG's 490 MW Nanticoke Coal-fired Unit 5 in Ontario Shut September 10**

Reuters, 9:10 September 10, 2008

### **Enmax's 250 MW Calgary Gas-fired Unit in Alberta Shut September 9**

Reuters, 9:10 September 10, 2008

## ***Petroleum***

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### **SCOT Unit Temporarily Shut at Delek's 60,000 b/d Tyler, Texas Refinery September 9**

According to a filing with state regulators, the company temporarily shut a SCOT (Shell Claus off-gas treating) unit at its Tyler, Texas refinery due to an equipment malfunction, specifically due to problems associated with the equipment controller failure.

Bloomberg News, 12:01 September 10, 2008

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=113752>

### **U.S. Refinery Utilization Rate at Lowest Level Since October 2005, EIA Reports**

According to recent reports published by the U.S. Energy Information Administration (EIA), refinery utilization rates in the U.S. are at their lowest levels since October 2005, due to the many refinery shutdowns and reduced runs due to Hurricane Gustav. During the week ending September 5, the utilization rate was at 78.3% of capacity.

Reuters, 10:41 September 10, 2008

**OPEC Moves to Cut Oil Production by 520,000 b/d Aimed to Keep Prices from Decreasing**  
 Members of the Organization of Petroleum Exporting Counties (OPEC) on September 10 voted to strictly adhere to a decrease in production, specifically quotas set in September 2007 which will effectively cut production by 520,000 b/d. The move, which has members beginning to reduce production immediately, contradicts the desires of Department of Energy Secretary Bodman, who had asked the group to keep oil markets “well supplied.”  
[http://www.rigzone.com/news/article.asp?a\\_id=66457](http://www.rigzone.com/news/article.asp?a_id=66457)  
[http://news.yahoo.com/s/afp/20080910/bs\\_afp/opecoilenergy\\_080910041859](http://news.yahoo.com/s/afp/20080910/bs_afp/opecoilenergy_080910041859)

## Natural Gas

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Nothing to report.

## Other News

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### Update: Poet to Begin Ethanol Production at 65 Million Gal/yr Refinery in Indiana September 15

A Poet representative reports the company will begin ethanol production at its North Manchester, Indiana ethanol refinery starting on September 15, even as rivals are delaying or cancelling their ethanol plants.  
 Bloomberg News, 12:20 September 10, 2008

## Energy Prices

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| U.S. Oil and Gas Prices             |        |          |          |
|-------------------------------------|--------|----------|----------|
| September 10, 2008                  |        |          |          |
|                                     | Today  | Week Ago | Year Ago |
| <b>CRUDE OIL</b>                    |        |          |          |
| <b>West Texas Intermediate U.S.</b> | 102.20 | 108.83   | 76.29    |
| \$/Barrel                           |        |          |          |
| <b>NATURAL GAS</b>                  |        |          |          |
| <b>Henry Hub</b>                    | 7.28   | 8.24     | 5.53     |
| \$/Million Btu                      |        |          |          |

Source: Reuters

## Energy Notes

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**IEA: World Oil Production Falls to 86.8 Million b/d in August, Forecast for 2008 Cut 100,000 b/d, Forecast for 2009 Cut 140,000 b/d Upon Downturn in U.S. Oil Demand**  
<http://www.platts.com/Oil/News/8017689.xml?p=Oil/News&sub=Oil>

**Russia Invites OPEC Representatives to Moscow – Seeks to Hold ‘Regular Dialogue’ with OPEC, Russia’s Energy Minister Reports**  
[http://www.rigzone.com/news/article.asp?a\\_id=66459](http://www.rigzone.com/news/article.asp?a_id=66459)

## 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/ead.aspx>

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