



# ENERGY ASSURANCE DAILY

Thursday Evening, September 11, 2008

## Major Developments

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### Update: GOM Oil & Gas Companies Continue Preparations as Hurricane Ike Approaches September 11

#### MMS Reports 97 Percent of Oil, 93 Percent of Gas Production Shut in Gulf of Mexico

As of 5:00 PM EDT, Hurricane Ike is currently a Category 2 hurricane heading towards the Texas Gulf Coast with sustained maximum winds of 100 mph. Many companies have begun evacuation and shut-down procedures along the coast and in the Gulf of Mexico. According to the 12:30 PM EDT September 11 Minerals Management Service (MMS) activity status update report, offshore oil and gas operators in the Gulf of Mexico who were re-boarding platforms and rigs and restoring production following Hurricane Gustav are now preparing for Hurricane Ike. Data gathered from operator reports estimate that approximately 1.26 million b/d of oil production in the Gulf has been shut-in, which is equivalent to 96.9 percent of total Gulf of Mexico oil production. MMS also reports that approximately 6.9 Bcf/d of Gulf natural gas production is shut-in, which is equivalent to about 93.3 percent of total Gulf of Mexico natural gas production.

[http://www.nhc.noaa.gov/refresh/graphics\\_at4+shtml/151313.shtml?3day#contents](http://www.nhc.noaa.gov/refresh/graphics_at4+shtml/151313.shtml?3day#contents)

<http://www.mms.gov/oc/press/2008/press0911.htm>

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

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_15\\_Gustav\\_901108\\_12pm.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_15_Gustav_901108_12pm.pdf)

### Texas Gulf Coast Energy Companies Prepare for Hurricane Ike September 11

Refineries reporting operational situation:

- ExxonMobil is shutting its 567,000 b/d Baytown refinery, the company's 349,000 b/d Beaumont refinery is continuing at normal operations.
- Valero is shutting its 83,000 b/d Houston, Texas refinery and its 200,000 b/d Texas City, Texas refinery. Valero has reduced rates at its 289,000 Port Arthur, Texas refinery in anticipation of a possible shutdown.
- BP is shutting its 460,000 b/d Texas City refinery.
- Shell is shutting its 340,000 b/d Deer Park refinery.
- Lyondell is shutting its 270,600 b/d Houston refinery.
- Flint Hills is shutting its 288,000 b/d Corpus Christi refinery.
- ConocoPhillips shut its 247,000 b/d Sweeny refinery.
- Pasadena Refining is shutting its 100,000 b/d Pasadena refinery.
- Marathon is shutting its 76,000 b/d Texas City refinery.
- Motiva is reducing rates at its 285,000 b/d Port Arthur refinery.

Other energy company reports:

- TEPPCO is shutting pipelines carrying LPG and refined products serving the Baytown and Beaumont, Texas areas. Downstream terminals and pipelines remain operating.
- Colonial Pipeline is continuing operations, but expects mandatory evacuations and limited product supply to impact operations for a few days.
- STP Nuclear's 2,560 MW South Texas Project taking precautionary steps for its two units.

Bloomberg News, 21:07 September 10, 2008

Bloomberg News, 22:14 September 10, 2008

Reuters, 10:17 September 11, 2008

Reuters, 11:45 September 11, 2008

Reuters, 14:33 September 11, 2008

For additional information on earlier developments initially reported yesterday, see EAD 09-10-08

[http://www.plastemart.com/plasticnews\\_desc.asp?news\\_id=13039&P=P](http://www.plastemart.com/plasticnews_desc.asp?news_id=13039&P=P)

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=113783>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=113751>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=113769>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=113780>

<http://www.conocophillips.com/newsroom/stormcenter/index.htm>

Reuters, 08:32 September 11, 2008

Reuters, 09:33 September 11, 2008

Reuters, 10:08 September 11, 2008

Reuters, 10:58 September 11, 2008

Reuters, 12:03 September 11, 2008

Reuters, 12:44 September 11, 2008

Reuters, 12:56 September 11, 2008

Reuters, 14:25 September 11, 2008

### **LOOP Suspends Operations as a Precaution for Ike September 11**

As of 4:00 PM EDT, the Louisiana Offshore Oil Port (LOOP) has temporarily suspended its onshore operations. Maritime operations were temporarily suspended beginning yesterday about 2:30 PM EDT September 10.

<http://www.loopllc.com/fl.cfm?n=1>

### **Update: Coast Guard Closes Ports and Shipping Channels in Texas and Louisiana due to Hurricane Ike September 11**

The ports of Houston, Galveston, and Texas will be closed to shipping as of 11:00 PM CDT today. Calcasieu River pilots have also stopped vessel traffic into and out of Lake Charles, Louisiana and Beaumont and Port Arthur, Texas. Reuters, 13:50 September 11, 2008

### **Three of Four Gulf Coast SPR Sites Shut Down**

As of 11:00 AM EDT September 11, the Strategic Petroleum Reserve (SPR) sites at Bryan Mound, Texas, Big Hill, Texas, and West Hackberry, Louisiana, have been shut down. The Bayou Choctaw SPR site is operational.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_15\\_Gustav\\_901108\\_12pm.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_15_Gustav_901108_12pm.pdf)

### **Seven Gas Processing Plants Shut in Advance of Hurricane Ike September 11**

These seven processing plants have a total operating capacity of 2.290 billion cubic feet per day. Six of the plants are located in Cameron, Louisiana and one is located in Matagorda, Texas.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_15\\_Gustav\\_901108\\_12pm.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_15_Gustav_901108_12pm.pdf)

### **Sabine Pipeline Issues Critical Operational Flow Order from the Sea Robin Interconnect in Louisiana September 10**

#### **Pipeline Remains Under Force Majeure after Gustav**

The operational flow order became effective 7:00 AM CDT September 10 due to “the presence of liquid hydrocarbons being delivered at levels that threaten the operational integrity of the pipeline system and the BTU content of the gas stream being at a level that exceeds the maximum allowable level of interconnected downstream pipeline”. A portion of the Sabine pipeline system remains under force majeure due to Hurricane Gustav to complete work on its Port Neches compressor.

<http://www.reuters.com/article/rbssEnergyNews/idUSN1039402820080910>

Bloomberg News, 17:45 September 10, 2008

Reuters, 11:54 September 11, 2008

### **EPA Waives Summer Fuel Regulations for Five Tennessee Counties September 11 Federal Agency Has Not Acted on Request to Extend Texas Waiver**

Due to fuel supply problems caused by Hurricane Gustav, the U.S. Environmental Protection Agency (EPA) on September 11 granted five Tennessee counties an emergency waiver allowing them to sell conventional gasoline instead of low-RVP gasoline that is required to reduce emissions during the summer months. EPA initially turned down the September 5 request. The summer season for low-RVP gasoline ends Monday, September 14. The EPA also said it has not acted on a Texas request to extend to October 1 a Gustav-related emergency waiver on reformulated and low-RVP gasoline that expired September 10.

**Recent EPA Fuel Waivers:** <http://www.epa.gov/compliance/civil/caa/fuelwaivers/>

OPI Price Watch Alert, 01:29 September 11, 2008

Reuters, 14:21 September 11, 2008

<http://www.reuters.com/article/bondsNews/idUSN0128339920080901>

## Shell Gasoline Stations in Texas Well-Supplied

As residents are evacuating Texas, supply levels at Shell gasoline stations remain strong. In Houston, approximately 10 percent of Shell stations were out of fuel as of 10 AM CDT.

[http://www.shell.us/home/content/usa/aboutshell/media\\_center/hurricane\\_center/storm\\_updates/2008/ike/ike\\_6\\_091108.html](http://www.shell.us/home/content/usa/aboutshell/media_center/hurricane_center/storm_updates/2008/ike/ike_6_091108.html)

## Update: Approximately 70,000 Customers Remain Without Power in Louisiana after Gustav

As of 4:00 PM EDT September 11, Entergy Louisiana is reporting a total of 68,007 customers currently without power, down from a peak of 787,180 customers in Louisiana without power following the landfall of Hurricane Gustav on September 1. DEMCO (Dixie Electric Membership Corporation) is reporting 2,374 customers without power.

<http://www.entergy.com/>

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

## Entergy Says Power Restored to All 12 Refineries Impacted by Hurricane Gustav

Entergy said on September 11 that it has restored power to all 12 refineries that lost power due to Hurricane Gustav.

<http://www.entergy.com/>

## Update: ConocoPhillips to Restart 247,000 b/d Belle Chasse, Louisiana Refinery Company Continues to Restart 240,000 b/d Lakes Charles, Louisiana Refinery

Power has been restored to ConocoPhillips's Alliance refinery in Belle Chasse, Louisiana, and the refinery is preparing for restart operations. The company's Lake Charles, Louisiana, refinery is operating at reduced rates while it continues the restart process after being shut down in advance of Hurricane Gustav.

<http://www.conocophillips.com/newsroom/stormcenter/index.htm>

## ***Electricity***

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### Allegheny Energy Files to Defer Decision on Proposed 500 kV Trans-Allegheny Interstate Line

Allegheny Energy filed a motion with the Pennsylvania Public Utility Commission to defer any decision on its proposed transmission line. The request allows Allegheny Energy to explore alternatives to a 36-mile section of the proposed line. In addition, the company also requesting that the Commission approve a 1.2 mile section of 500 kV line from the West Virginia boarder, citing critical reliability concerns.

[http://www.businesswire.com/portal/site/alleghenyenergy/template/MAXIMIZE/menuitem.1f5c5ce642d4edbd55a5288e6908a0c/?javax.portlet.tpst=b7b61e671a78bb18b4cd61510c28d56f\\_ws\\_MX&javax.portlet.prp\\_b7b61e671a78bb18b4cd61510c28d56f\\_viewID=news\\_view&javax.portlet.prp\\_b7b61e671a78bb18b4cd61510c28d56f\\_newsLang=en&javax.portlet.prp\\_b7b61e671a78bb18b4cd61510c28d56f\\_ndmHsc=v2\\*A1199192400000\\*B1221165002000\\*C4102491599000\\*DgroupByDate\\*J2\\*N1002131&javax.portlet.prp\\_b7b61e671a78bb18b4cd61510c28d56f\\_newsId=20080910006519&beanID=1989900650&viewID=news\\_view&javax.portlet.begCacheTok=com.vignette.cachetoken&javax.portlet.endCacheTok=com.vignette.cachetoken](http://www.businesswire.com/portal/site/alleghenyenergy/template/MAXIMIZE/menuitem.1f5c5ce642d4edbd55a5288e6908a0c/?javax.portlet.tpst=b7b61e671a78bb18b4cd61510c28d56f_ws_MX&javax.portlet.prp_b7b61e671a78bb18b4cd61510c28d56f_viewID=news_view&javax.portlet.prp_b7b61e671a78bb18b4cd61510c28d56f_newsLang=en&javax.portlet.prp_b7b61e671a78bb18b4cd61510c28d56f_ndmHsc=v2*A1199192400000*B1221165002000*C4102491599000*DgroupByDate*J2*N1002131&javax.portlet.prp_b7b61e671a78bb18b4cd61510c28d56f_newsId=20080910006519&beanID=1989900650&viewID=news_view&javax.portlet.begCacheTok=com.vignette.cachetoken&javax.portlet.endCacheTok=com.vignette.cachetoken)

### TransAlta's 280 MW Sundance Coal-fired Unit 1 in Alberta Shut September 11

Reuters, 8:53 September 11, 2008

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

Reuters, 18:55 September 10, 2008

### Update: Exelon's 850 MW Dresden Nuke Unit 2 in Illinois Ramped Up to 98 Percent by September 11

The Nuclear Regulatory Commission reported that on the morning of September 10 the unit was operating at 82 percent.

Information derived from the NRC Power Reactor Status Reports:

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

## **Update: Entergy's 1,075 MW Waterford Nuke Unit 3 in Louisiana Ramped Up to 64 Percent by September 11**

The Nuclear Regulatory Commission reported that on the morning of September 10 the unit was operating at 18 percent.

Information derived from the NRC Power Reactor Status Reports:

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

## **Rocky Mountain Power Considers Curtailing Services after Utah Public Service Commission Issues Rate Decision**

Utah Public Service Commission has allowed a rate increase of 2.6 percent to Rocky Mountain Power customers in Utah, lower than Rocky Mountain had pursued. Rocky Mountain has responded to the decision by announcing a hiring freeze directed at positions service customers in Utah effective September 15. Rocky Mountain also indicated that it planned to limit overtime to the restoration of power, eliminate discretionary maintenance, discontinue funding for research of renewable energy and clean coal, discontinue support for economic development activities, and could ultimately consider curtailing electric service when the cost of purchasing electricity is prohibitive. The company has filed for a petition for reconsideration of the decision.

[http://www.sltrib.com/business/ci\\_10423132](http://www.sltrib.com/business/ci_10423132)

[http://www.rockymtnpower.net/Press\\_Release/Press\\_Release84095.html](http://www.rockymtnpower.net/Press_Release/Press_Release84095.html)

## ***Petroleum***

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### **Petrobras Discovers 3-4 Billion Barrels of Oil Equivalent of Oil and Gas Offshore Brazil**

The discovery, known as Iara, is the second large find of recoverable oil and natural gas in the same area within the past two weeks.

<http://www.platts.com/Oil/News/8020744.xml?p=Oil/News&sub=Oil>

## ***Natural Gas***

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### **Southeast Supply Header's 270-Mile 36-Inch and 42-Inch Gas Pipeline in Service September 10**

The company received approval from the Federal Energy Regulatory Commission to place approximately 217 miles or 78 percent of the line into service. . The entire pipeline extends from the Perryville Hub in Louisiana to Coden, Alabama.

[http://www.energy-business-review.com/article\\_news.asp?guid=EFB1C046-F3EA-425F-8A84-991903F3CA58](http://www.energy-business-review.com/article_news.asp?guid=EFB1C046-F3EA-425F-8A84-991903F3CA58)

### **Gulf South Pipeline Holds Binding Open Season for 42-Inch 500,000 MMBtu/d Pipeline Expansion from East Texas to Mississippi**

The expansion will provided needed export capacity for producers to the Midwest and Northeast markets through interconnections.

<http://phx.corporate-ir.net/phoenix.zhtml?c=193443&p=irol-newsArticle&ID=1196010>

### **Regency Energy Partners Plans 1.45 Bcf/d Haynesville Pipeline Expansion in Louisiana**

The expansion will bring natural gas from the Haynesville Shale to the market. The expansion project includes looping the existing pipeline and extending the system and adding new compression facilities. The project is expected to be complete by the end of 2009.

<http://phx.corporate-ir.net/phoenix.zhtml?c=194063&p=irol-newsArticle&ID=1195582&highlight=>

### **Energy Transfer Partners Completes Two Gas Pipelines Totaling 875 MMcf/d**

The Carthage Loop pipeline services 500 MMcf/d through Texas. The 26-mile San Juan Loop in New Mexico provides 375 MMcf/d of gas to Transwestern's existing San Juan Lateral.

<http://www.bizjournals.com/albuquerque/stories/2008/09/08/daily21.html>

## Update: Oregon's DEQ Requests Additional Information on NorthernStar's Bradwood Landing LNG Terminal

Oregon Department of Environmental Quality has requested additional information on the project to complete the water-quality review before approving the terminal. NorthStar has indicated that it plans to submit the necessary information by Monday September 15.

<http://www.registerguard.com/web/news/story.csp?cid=129789&sid=105&fid=35>

## Other News

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Nothing to report

## Energy Prices

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U.S. Oil and Gas Prices			
September 11, 2008			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> West Texas Intermediate U.S. \$/Barrel	100.95	107.58	77.92
<b>NATURAL GAS</b> Henry Hub \$/Million Btu	7.83	7.26	5.98

Source: Reuters

## Energy Notes

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### Valero's 180,000 b/d Delaware City, Delaware Refinery Reports Possible Small Leak September 9

Bloomberg News, 21:50 September 10, 2008

### Worker Deaths at Oil and Gas Drilling Facilities Increase, Inexperience and Drugs Blamed

<http://www.latimes.com/news/nationworld/nation/wire/sns-ap-oilfield-deaths.1.397183.story>

### October Loading for North Sea Crude to Total 1.42 MMb/d, Compared with 1.43 MMb/d in September – Traders

Reuters, 04:52 September 11, 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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<http://www.oe.netl.doe.gov/ead.aspx>

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