



# ENERGY ASSURANCE DAILY

Thursday Evening, November 20, 2008

## **Electricity**

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### **Transmission Equipment Failure Cuts Power to 27,000 HECO Customers in Hawaii November 19**

The outage occurred due to transmission equipment issues at the Waiau power plant, according to the Hawaiian Electric Company (HECO). The outage lasted less than an hour.

<http://kgmb9.com/main/content/view/11630/40/>

<http://www.kitv.com/news/18021968/detail.html>

### **Southern's 830 MW Farley Nuke Unit 1 in Alabama Shut November 19**

The unit shut automatically on November 19 after a low voltage indication in the switchyard. A spokeswoman said the company expected the unit back online today, November 20. The Nuclear Regulatory Commission reported that on the morning of November 19 the unit was operating at full power.

<http://www.tradingmarkets.com/site/news/Stock%20News/2039126/>

Information also derived from the NRC Power Reactor Status Reports:

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

### **Update: Entergy's 1,207 MW Grand Gulf Nuke Unit 1 in Mississippi at Full Power by November 20**

The unit curtailed due to a fire in the feed pump B turbine room on November 17, a spokeswoman said earlier. The Nuclear Regulatory Commission reported that on the morning of November 19 the unit was operating at 87 percent. Bloomberg News, 08:12 November 19, 2008

Information also derived from the NRC Power Reactor Status Reports:

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

### **Update: Energy Northwest's 1,107 MW Columbia Generating Station Nuke Unit in Washington Ramped Up to 9 Percent by November 20**

The company took the unit offline by November 15 to repair steam line valves. It called the work "largely preventive to ensure small leaks don't become larger and for the plant off-line for extended periods." The Nuclear Regulatory Commission reported that on the morning of November 19 the unit was not operating.

Reuters, 08:04 November 20, 2008

Information also derived from the NRC Power Reactor Status Reports:

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

### **Bruce Power's 750 MW Bruce Nuke Unit 3 in Ontario Shuts November 19**

The shutdown was unplanned, but the company said the unit should be back "within the next few days."

Bloomberg News, 09:36 November 20, 2008

### **Update: NRC Team Fails to Locate Cooling Tower Support Columns during Special Inspection at 563 MW Entergy's Vermont Yankee Nuclear Power Plant in Vermont**

The Nuclear Regulatory Commission (NRC) sent a special inspection team to the plant in July after a second significant leak formed in the facility's cooling towers. The team-members, however, were unable to locate five degraded support columns in the safety-associated cooling tower, because other materials obstructed their view. Entergy and federal officials have said the issue was not of safety concern.

<http://www.rutlandherald.com/apps/pbcs.dll/article?AID=/20081118/NEWS02/811180329/0/BUSINESS>

## **NRC Considering Virginia Request to Assume Partial Regulatory Authority**

The Nuclear Regulatory Commission (NRC) is considering a request from Virginia Governor Timothy M. Kaine to assume part of the NRC's regulatory authority over certain nuclear materials in-state. Under the proposal, Virginia would be responsible for licensing, rulemaking, inspection, and enforcement activities for some radioactive materials, byproducts, source material, and special nuclear material. Virginia would be the 36th state to sign such an agreement.

<http://www.nrc.gov/reading-rm/doc-collections/news/2008/08-211.html>

## **Update: PG&E Breaks Ground on 660 MW Gas-fired Colusa Generating Station in California November 19**

Pacific Gas and Electric Company (PG&E) expects the facility to begin operation in 2010. It will employ dry-cooling technology to limit water use, and cleaner burning turbines to cut fuel consumption and emissions.

[http://www.pge.com/about/news/mediarelations/newsreleases/q4\\_2008/081119.shtml](http://www.pge.com/about/news/mediarelations/newsreleases/q4_2008/081119.shtml)

## **New Nuclear Facilities Would Likely Take 15 Years, Expert Says**

Given issues with financing, licensing, and building, a new nuclear power plant would likely take 15 years to complete, according to the director of international and regional partnerships at the Idaho National Laboratory.

[http://www.localnews8.com/Global/story.asp?S=9378335&nav=menu554\\_2](http://www.localnews8.com/Global/story.asp?S=9378335&nav=menu554_2)

## ***Petroleum***

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### **Update: Offshore Oil Output Continues to Climb in Gulf of Mexico after Hurricanes Gustav and Ike, MMS Reports November 19**

An estimated 212,216 b/d of oil production remained shut in the Gulf of Mexico November 19, according to the Minerals Management Service (MMS). That total accounts for about 16.3 percent of the region's output. Based on data from offshore operator reports submitted as of 11:30 a.m. CDT November 19, personnel remain evacuated from a total of 58 production platforms, equivalent to 8.4 percent of the 694 manned platforms in the Gulf of Mexico. Offshore oil and gas operators continued to reboard platforms and restore production.

<http://www.mms.gov/ooc/press/2008/press1119.htm>

### **Update: Estimated 29,172 b/d of Oil Production Remains Shut in Louisiana November 17 after Hurricanes Ike and Gustav**

Operators have restored 114,591 b/d of oil output among 17 Louisiana parishes and in-State offshore areas, the Louisiana Department of Natural Resources reported November 17. The restored figure accounted for 73.6 percent of the region's estimated 155,767 b/d capacity (the numbers are in addition to MMS reports of Federal offshore production). An estimated 29,172 b/d, or 18.7 percent of capacity, remained shut. The status of the remaining 12,004 b/d, or 7.7 percent, was unconfirmed.

<http://dnr.louisiana.gov/sec/execdiv/pubinfo/weekly-onshore-prod.ssi>

### **Oil Sinks Below \$49 Barrel for First Time Since May 2005**

Oil for December delivery closed at \$48.85 a barrel today, down 8.6 percent, as economic and demand concerns triggered a continued downward trend. Spot and future prices fell to their lowest totals since May 2005.

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aSYuBNtJcO3U&refer=home>

<http://tonto.eia.doe.gov/dnav/pet/hist/rwtcD.htm>

### **ConocoPhillips Restarting Units after "Minor Upset" at 247,000 b/d Alliance Refinery in Belle Chasse, Louisiana**

ConocoPhillips "had a minor upset" yesterday, but the company planned to restart the affected, unspecified units today. It was not clear if the incident impacted production.

Reuters, 11:19 November 20, 2008

### **Update: Big West's 29,400 b/d North Salt Lake City, Utah Refinery Returns to Normal Service after Propane Line Rupture**

Process rates slowed on the gasoline octane-boosting unit after a propane line rupture November 19. The affected line was associated with an alkylation unit. The company restored those rates, and a refinery official confirmed the facility was operating normally.

Bloomberg News, 18:30 November 19, 2008

## **Turkey Hopes to Begin Black Sea Oil Production by 2015**

### **State Oil Company Estimates 10 Billion Barrels of Oil Reserves**

ExxonMobil and Turkey's state oil company, TPAO, signed a deal to jointly explore and develop oil-and-natural gas reserves in the Black Sea, offshore Turkey.

<http://www.dallasnews.com/sharedcontent/dws/bus/industries/energy/stories/112008dnbusexxonturkey.fl d66f.html>

## **Oil Companies Reserve 10 Million Barrels Worth of Floating Oil Storage Space on Lagging Demand and Prices**

Oil companies have reserved ships to store up to 10 million barrels of oil, as declining oil prices and flagging demand discourage immediate sales. Brokers said that under current vessel rates, companies could store oil until demand recovers, and then sell for a profit. Koch and Royal Dutch Shell said on November 20 that they had booked very large crude carriers (VLCC) for storage. Others are considering similar moves.

Reuters, 10:43 November 20, 2008

## **With Increased Exploration, Mexico Expects Oil-and-Gas Reserves to Account for Full Replacement of Annual Production by 2012**

Mexico booked new oil and natural gas reserves totaling 34 percent of its production during the first half of 2008, and the country expects to register more large discoveries by year's end, the Energy Ministry said. The nation has boosted funding for exploration, and expects discoveries to account for its entire annual output by 2012. State-oil company Pemex's replacement rate was 50.3 percent in 2007, and the ministry expects it to be 61 percent by the end of 2008. Included in its new locations is the Ayatsil oil field, which Pemex said holds as much as 553 million barrels of potential reserves. The company said the field should produce 100,000 b/d of oil by 2011, and 150,000 b/d by 2012.

[http://www.rigzone.com/news/article.asp?a\\_id=69733](http://www.rigzone.com/news/article.asp?a_id=69733)

Reuters, 10:10 November 20, 2008

## ***Natural Gas***

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### **Update: Restoration to Offshore Natural Gas Production in Gulf of Mexico Continues Following Hurricanes Gustav and Ike, MMS Reports November 19**

An estimated 1,805 MMcf/d of natural gas output remained shut in the Gulf of Mexico November 19, according to the Minerals Management Service (MMS). That total accounts for about 24.4 percent of the Federal offshore gas production in the Gulf. Offshore oil and gas operators continued to reboard platforms and restore production.

<http://www.mms.gov/oc/press/2008/press1119.htm>

### **Update: Estimated 380 MMcf/d of Natural Gas Production Remains Shut in Louisiana November 17 after Hurricanes Ike and Gustav**

Operators have restored 1104 MMcf/d of natural gas output among 17 Louisiana parishes and in-State offshore areas, the Louisiana Department of Natural Resources reported October 14. The restored figure accounted for 67.3 percent of the region's estimated 1,642 MMcf/d capacity (the numbers are in addition to MMS reports of Federal offshore production). An estimated 380 MMcf/d, or 23.1 percent of capacity, remained shut. The status of the remaining 158 MMcf/d, or 9.6 percent, was unconfirmed.

<http://dnr.louisiana.gov/sec/execdiv/pubinfo/weekly-onshore-prod.ssi>

### **U.S. Natural Gas Inventories Jump 16 Bcf in Weekly EIA Report Futures Prices Drop 8 Percent on Larger-than-Expected Gain**

U.S. natural gas inventories jumped 16 Bcf, to a total 3.488 Tcf, in the week ended November 14, Energy Information Administration (EIA) data showed. The spike far outpaced Reuters forecast of a 1 Bcf decline, and contributed to an early 8 percent decrease in natural gas futures prices. Futures prices had dipped prior to the report on worries that economic conditions would slow fuel demand.

Reuters, 10:51 November 20, 2008

DJN, 10:54 November 20, 2008

Bloomberg News, 13:29 November 20, 2008

## **Cheyenne Plains Gas Pipeline Company Declares Force Majeure along Natural Gas Pipeline System in High Plains**

Cheyenne Plains declared a force majeure due to an unplanned outage at a compressor station. Inspectors found a bent compressor shaft, and the company said the outage would stretch through December 12, 2008. Capacity through Red Cloud, as a consequence, would be reduced from 225 MMcf/d to 100 MMcf/d.

<http://ebb.cigco.com/ebbCIG/Notices/NoticeView.asp?sPipelineCode=CP&sSubCategory=Critical&sNoticeId=648>

## **Waha Gas Plant in Texas Shuts November 19**

The plant shut due to a communications error; upon its restart, a crack formed on an acid gas compressor saddle weld. The incident resulted in flaring.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=116886>

## **Citing Economy, Chevron to Slow Pace of Natural Gas Project in Colorado's Piceace Basin**

Chevron said it is continuing work on the project, "but at a slower pace." Chevron plans to drill 2,000 wells over 15 to 20 years.

DJN, 11:46 November 20, 2008

## **BP Shelves Natural Gas Processing Project in Alaska's Prudhoe Bay Field**

The project would have allowed BP to produce more conventional and heavy crude. BP cited lagging oil prices and increasing costs in the decision. The project would have come online by 2012.

<http://www.platts.com/Natural%20Gas/News/6022084.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

## **Unconventional Resources to Account for 69 Percent of U.S. Natural Gas Production by 2020—Report**

Unconventional natural gas plays will account for 69 percent of U.S. production and 43 percent of Canadian output by 2020, according to a report by ICF International. The report attributed the rise to elevated gas prices and technological progress. A company analyst referred to it as "good news for customers and policy makers," as it demonstrated "how well the natural gas industry in the US and Canada has done in recent years stemming the decline," of conventional output.

<http://www.platts.com/Natural%20Gas/News/8178095.xml?sub=Natural%20Gas&p=Natural%20Gas/News/?undefined&undefined>

## **Other News**

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Nothing to report.

## **Energy Prices**

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<b>U.S. Oil and Gas Prices</b>			
November 20, 2008			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	48.86	55.79	98.69
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	6.76	6.65	6.81

Source: Reuters

**Substation Fault Cuts Power Briefly to 15,000 Volunteer Energy Cooperative Customers in Tennessee November 18**

<http://www.clevelandbanner.com/index.cfm?event=news.view&id=B5BBC15F-19B9-E2E2-6714F88C352D03AF>

**Update: NRC Investigation Find Four Errors of “Very Low Safety Significance” at Consumers Energy’s 812 MW Palisades Nuclear Power Plant in Michigan—Employees Were Stuck in High Temperature Room on August 6**

[http://www.mlive.com/kzgazette/news/index.ssf/2008/11/report\\_on\\_trapped\\_palisades\\_nu.html](http://www.mlive.com/kzgazette/news/index.ssf/2008/11/report_on_trapped_palisades_nu.html)

**Update: NRC Issues Safety Evaluation for Early Site Permit and Limited Work Authorization for Proposed Vogtle Nuclear Plant Expansion Site in Georgia**

<http://www.nrc.gov/reading-rm/doc-collections/news/2008/08-210.html>

**Valero Removes Liquid from Floating Roof at 142,000 b/d Corpus Christi, Texas Refinery November 19—Incident Triggers Flaring**

Bloomberg News, 02:54 November 20, 2008

**Closed Valve Cuts Natural Gas Service to 400 Washington Gas Customers in Washington, D.C. November 18**

BSW, 13:59 November 19, 2008

**Compressor Shutdown at Salt Creek Gas Plant in Texas November 19**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=116882>

**U.S. Oil Imports Dip by 1.88 Million b/d in September on Hurricanes**

<http://www.energyintel.com/#latest>

**Nigerian Military Wards Off Assailants Near Chevron’s Escravos Oil Terminal in Nigeria November 20**

<http://www.africasia.com/services/news/newsitem.php?area=africa&item=081120125109.jclzm3yp.php>

**Update: A.P. Moeller Maersk A/S to Circumvent Egypt’s Suez Canal, Reroute Ships around South Africa—Others May Follow Suit as Piracy Risk Rises Offshore Africa**

<http://www.bloomberg.com/apps/news?pid=20601109&sid=aCcpe4oAFFwg&refer=home>

**Pipeline Disruption Stalls Some Oil Output at TNK-BP’s 660,000 b/d Samotlor Field in West Siberia—Spokeswoman Says no Affect to Overall Output, Expects Production to Resume by End of Day**

<http://www.platts.com/Oil/News/8186598.xml?p=Oil/News&sub=Oil>

Reuters, 04:17 November 20, 2008

**Saudi Aramco Cancels Saipem Contract to Develop 900,000 b/d Manifa Oilfield in Saudi Arabia**

[http://www.ogj.com/display\\_article/345898/7/ARTCL/none/none/Saudi-Aramco-cancels-Manifa-contract/?dcmp=OGJ.Weekly.ED](http://www.ogj.com/display_article/345898/7/ARTCL/none/none/Saudi-Aramco-cancels-Manifa-contract/?dcmp=OGJ.Weekly.ED)

**PetroEcuador to Produce up to 35,000 b/d at Nenke and Apaika Fields in Block 31**

Bloomberg News, 11:05 November 20, 2008

**Angola to Install as Many as 9 Floating Production, Storage and Offloading Vessels Over Next Three Years—Nation Eyes 2 Million b/d Production**

Bloomberg News, 12:13 November 20, 2008

## Continued Decline in Oil Prices Would Slow Project Investments, Particularly Outside of Major Oil Producing Areas—IEA Official

Reuters, 06:49 November 20, 2008

## OPEC Crude Exports, not Including Angola and Ecuador, to Drop by 200,000 b/d in Four Weeks to December 6, from 24.30 Million b/d in Prior Period to 24.10 Million b/d—Oil Movements

Reuters, 11:30 November 20, 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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