



ENERGY ASSURANCE DAILY

Thursday Evening, August 14, 2008

Major Developments

Update: Repairs Begin on BTC Pipeline in Turkey August 14

Turkish Official Says Explosion Was Due to Terrorist Attack – Platts

According to Turkish state-owned pipeline company Botas, repairs have begun on the portion of the 1 million b/d Baku-Tbilisi-Ceyhan (BTC) oil pipeline that was shut last week after an explosion and fire at a pump station. Platts reported on August 14 that an official at Turkey's energy ministry said that the explosion was caused by a terrorist attack, most likely by the PKK, a Kurdish separatist group that previously claimed responsibility for the explosion. The Botas representative said that the company is working to determine the extent of the damage on the line but had no estimate for when repairs would be complete. A senior Turkish energy ministry source told Reuters that an initial assessment indicated that the damage to the pipeline was not great and that repairs may take less than an earlier forecast of two weeks. BP said that it had resumed Azeri natural gas exports via the South Caucasus pipeline, which runs to Turkey via Georgia, but crude oil exports via the 90,000 b/d Baku-Supsa pipeline remain closed due to the conflict between Russia and Georgia ([click here](#) for a map of Azeri oil and gas export pipelines). According to the Georgian government, the Baku-Supsa pipeline was struck by two Russian Iskander missiles yesterday. Russia has denied bombing the pipeline and BP said that it was unaware of the attack, saying it stopped shipments after pressure on the pipeline fell. The Georgian government also said that rail shipments of Azeri oil across Georgia to Black Sea terminals were halted after Russian forces seized the central Georgian transport city of Gori. The BTC, Baku-Supsa, and rail shutdowns mean that the only outlet for Azeri crude oil is via a pipeline running from Baku to the Russian Black Sea port of Novorossiysk. BP has been forced to cut back production at its ACG oilfields in Azerbaijan since last week. According to EIA data, Azeri crude oil production averaged 924,000 b/d in the first five months of 2008.

Pipeline Map: <http://socar.az/btc.html>

Bloomberg News, 16:31 August 14, 2008

<http://www.platts.com/Oil/News/8954777.xml?p=Oil/News&sub=Oil>

<http://uk.reuters.com/article/oilRpt/idUKLE4652420080814>

<http://in.reuters.com/article/oilRpt/idINLE08481320080814?sp=true>

<http://www.eia.doe.gov/emeu/ipsr/t11a.xls>

Electricity

Massive Power Outage Less Likely Five Years after August 2003 Blackout – NERC Investment, Cyber Security and Critical Infrastructure Security Challenges Ahead

On the fifth anniversary of the largest blackout in the history of the North American electric grid, NERC issued a statement saying that the events that led to the August 2003 blackout “are now much less likely to occur” due to system reliability enhancements including mandatory and enforceable reliability standards, vegetation management, transmission line controls, system operator training and certification, and grid monitoring technology. Despite this progress, NERC and other industry analysts worry that the electric system will not be able to meet consumer demand without significant investment in new power plants and transmission lines. A recent NERC survey of industry professionals put aging infrastructure and limited new construction as “the number one challenge to reliability both in likelihood of occurrence and potential severity.” In addition, NERC says two of the most important issues for the grid are cyber security and critical infrastructure protection.

http://www.nerc.com/news_pr.php?npr=142

<http://www.abnnews.go.com/Blotter/story?id=5574775&page=1>

<http://www.wsbt.com/news/consumer/26940109.html>

Severe Weather Knocks Out Power to 41,000 JEA Customers in Florida August 13

As of 4:30 PM August 14, less than 2,000 customers remained without power.

<http://www.firstcoastnews.com/news/mostpopular/news-article.aspx?storyid=116291&provider=top>

Powerful Storms Knock out Power to 35,000 Tucson Electric Power Customers August 13

By 7:00 AM local time, August 14, about 12,000 customers remained without power.

http://www.kswt.com/Global/story.asp?S=8840979&nav=menu613_2_6

NPPD's 764 MW Cooper Nuke Unit in Nebraska Ramps Up to 90 Percent by August 14

The Nuclear Regulatory Commission reported that on the morning of August 13 the unit was operating at 72 percent. The plant was shut August 9 to fix a valve.

Bloomberg News, 10:56 August 14, 2008

Information derived from the NRC Power Reactor Status Reports:

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

Update: TVA's 1,155 MW Browns Ferry Nuke Unit 3 in Alabama Restarts August 14

The unit shut on August 8 to repair a steam leak.

Bloomberg News, 11:14 August 14, 2008

Petroleum

CDU Shut at Valero's 340,000 b/d Corpus Christi, Texas Refinery August 13

Valero said that it shut a 110,000 b/d crude distillation unit (CDU) due to a snag. The unit is expected to remain shut for several days while the unit is repaired.

Reuters, 9:09 August 14, 2008

Coker Repairs Could Take Months at ExxonMobil's 149,500 b/d Torrance, California Refinery August 14

OPIS reports that sources close to the refinery reported that ExxonMobil is in the process of making unplanned repairs to two coker drums which could take one to two months to complete.

OPIS Alert, 10:11 August 14, 2008

ConocoPhillips Leak on Heat Exchangers in HDS Unit at 146,000 b/d Borger, Texas Refinery

ConocoPhillips began repairing a leak on the heat exchangers in the Unit 19.3 hydrodesulphurization unit (HDS) on the morning of August 13. Flaring due to the repairs is scheduled to last unit August 24.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=112514>

TNK-BP Chief Executive Robert Dudley Banned from Russia for Two Years

Reuters, 13:54 August 14, 2008

Natural Gas

Columbia Gas Transmission and MarkWest Energy Announce Plans to Move More Appalachian Gas to Market

Columbia Gas Transmission Corp. and MarkWest Energy Partners, LP announced August 13 their intention to jointly develop several natural gas gathering and processing projects to support increased production volumes in the Appalachian Basin. Several existing Columbia Gas pipelines in Washington and Greene counties in Pennsylvania and Marshall and Wetzel counties in West Virginia would serve as the backbone of the gathering system connecting with a proposed MarkWest processing plant in Majorsville, West Virginia. MarkWest could offer processing at Majorsville as early as January 2009 and could ramp up the capacity to approximately 100 MMcf/d by mid 2009 and to over 200 MMcf/d by mid 2010.

<http://www.markwest.com/files/MWE/Majorsville%20Press%20Release.pdf>

Freeport LNG Terminal in Texas Applies for Permit to Re-Export LNG

Freeport LNG filed an application August 1 to the Department of Energy's Office of Fossil Energy seeking "blanket authorization for Freeport LNG to engage in short-term exports ... of liquefied natural gas that has been imported into the United States from foreign sources." The Freeport LNG terminal has a capacity of 1.5 Bcf/d.

http://www.platts.com/Natural%20Gas/highlights/2008/ngp_lng_081408.xml

Other News

FTC Seeks Comments on Proposed Rule Prohibiting Petroleum Market Manipulation

The FTC's proposed rule would make it unlawful for any person, directly or indirectly, in connection with the purchase or sale of crude oil, gasoline, or petroleum distillates at wholesale: 1) To use or employ any device, scheme, or artifice to defraud; 2) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or 3) To engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person. Thus, fraudulent or deceptive acts, including false reporting to private reporting services or misleading announcements by refineries, pipelines, or investment banks, may be covered by the proposed rule.

Similarly, trading practices in physical or futures markets may also be covered.

<http://www.ftc.gov/opa/2008/08/nprm.shtm>

<http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=12353>

Energy Prices

U.S. Oil and Gas Prices			
August 14, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	115.05	119.66	72.40
\$/Barrel			
NATURAL GAS			
Henry Hub	8.15	8.70	6.86
\$/Million Btu			

Source: Reuters

Energy Notes

The U.S. Extended Continental Shelf Task Force to Undertake Two Scientific Cruises to Map Arctic Seafloor

<http://www.state.gov/r/pa/prs/ps/2008/aug/108119.htm>

Alberta EUB Grants Permit to Montana Alberta Tie Ltd. (MATL) to Build and Operate 230 kV International Power Line

<http://www.marketwire.com/press-release/Tonbridge-Power-Inc-TSX-VENTURE-TBZ-889067.html>

Harvest Energy Trust Considering Expansion at Newfoundland Refinery

<http://www.reuters.com/articlePrint?articleId=USN1247897920080812>

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/ead.aspx>

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