



ENERGY ASSURANCE DAILY

Wednesday Evening, September 03, 2008

Major Developments

Nearly 1.2 Million Remain Without Power in Gulf Coast as Gustav Passes September 3

Bad weather continues to hamper Entergy's restoration efforts, and the company said it could be several weeks before electricity is restored to the most heavily-damaged areas. Kevin Kolevar, Assistant Secretary for the Office of Electricity Delivery and Energy Reliability at DOE, said yesterday that 191 transmission lines and 210 electric substations remained down. The following table lists peak and most recent outage figures, based on multiple reports. For more detailed information, visit the OE's most recent situation report at:

http://www.oe.netl.doe.gov/docs/2008_SitRep_3_Gustav_90208_3pm.pdf

U.S. Gulf Coast Power Outages			
September 1-3, 2008			
Electric Utility	State	Peak	Latest Reported
Entergy	AR	90,616	90,616
First Electric Cooperative	AR	18,000	18,000
Entergy	LA	787,180	706,219
Cleco Power	LA	246,092	167,071
SLEMCO	LA	85,258	51,640
Beauregard Electric	LA	38,000	6,564
Lafayette Utilities System	LA	28,000	5,500
DEMCO	LA	94,000	88,487
SLECA	LA	20,402	2,580
AEP-SWEPCO	LA/AR	12,000	0
Entergy	MS	62,820	17,291
Electric Power Associations	MS	300,000	26,896
Mississippi Power	MS	22,000	0
TOTAL*		1,804,368	1,180,864

*Total outages only represent electric utilities listed in this table.

Sources:

<http://www.cleco.com/site.php>

<http://www.slemco.com/emergency-Gustav.html>

<http://www.lus.org/site.php?pageID=108&newsID=526>

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

<http://www.swepco.com/news/outages/>

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

<http://www.clarionledger.com/apps/pbcs.dll/article?AID=/20080903/NEWS0110/80903011>

<http://www.hattiesburgamerican.com/apps/pbcs.dll/article?AID=/20080903/NEWS01/809030302>

<http://www.katv.com/news/stories/0908/550177.html>

<http://www.thetowntalk.com/apps/pbcs.dll/article?AID=/20080903/NEWS01/309030024>

<http://www.shreveporttimes.com/apps/pbcs.dll/article?AID=/20080903/NEWS01/809030375/1060>

[http://www.dailycomet.com/article/20080902/HURBLOG/809020216/1223&title=Still no answer on power s ret](http://www.dailycomet.com/article/20080902/HURBLOG/809020216/1223&title=Still%20no%20answer%20on%20power%20s%20ret)

[http://www.dailycomet.com/article/20080901/HURBLOG/809019954/1223&title=Electricity out for most of Terrebonne Lafourche](http://www.dailycomet.com/article/20080901/HURBLOG/809019954/1223&title=Electricity%20out%20for%20most%20of%20Terrebonne%20Lafourche)

<http://www.platts.com/Oil/News/6945792.xml?p=Oil/News&sub=Oil>

Five Refineries Still Without Power in Louisiana—Entergy Some Companies Plan Restarts as Damage Appears Limited

Five of twelve Louisiana refineries had no power yesterday, Entergy officials said. The company did not say which refineries were without electricity. Shell, however, confirmed its 235,000 Motiva refinery in Convent, Louisiana remained without power September 2. The storm did not appear to cause significant damage to energy infrastructure, based on multiple sources. ConocoPhillips said today it was restarting its 280,000 b/d Lake Charles Louisiana refinery; it expected the restoration to stretch 10 to 14 days. Shell said it hoped to restore some processing units soon at its 220,000 b/d Norco, Louisiana refinery, and at its 290,000 b/d Motiva refinery in Port Arthur, Texas. ExxonMobil said it resumed normal rates at its 567,000 b/d Baytown, Texas refinery and its 348,500 b/d Beaumont, Texas refinery; Gustav forced reductions at both those facilities. The company did not say when its 503,000 b/d Baton Rouge, Louisiana refinery and 192,670 b/d Chalmette, Louisiana facility—both shut by Gustav—would return to service. Valero said today its 250,000 St. Charles, Louisiana refinery endured “no significant structural damage,” and Murphy Oil said its 125,000 b/d Meraux, Louisiana refinery had been similarly unharmed.

Reuters, 16:02 September 2, 2008

Reuters, 11:55 September 3, 2008

Reuters, 11:30 September 3, 2008

Reuters, 09:51 September 3, 2008

Reuters, 16:28 September 2, 2008

http://www.downstreamtoday.com/News/Articles/200809/Oil_Industry_Tallies_Up_Damage_from_Gust_12591.aspx

<http://www.reuters.com/article/rbssEnergyNews/idUSN0328424320080903>

Most U.S. Gulf O&G Production Remains Shut-in September 3

Interior Secretary Expects Full Restoration in Two Weeks

About 1,245,708 b/d of crude output and 6,777 MMcf/d of natural gas production remains shut in September 3, according to the Minerals Management Service. The totals represent 95.8 percent of Gulf offshore oil production and 91.6 percent of Gulf offshore natural gas output. It will probably be two weeks until regional production returns to normal, Interior Secretary Dirk Kempthorne said. Secretary Kempthorne hoped employees would return to platforms today, assess damage, and begin to restore output next week. Multiple companies reported that the storm had not caused significant infrastructural damage. ExxonMobil began returning “operations crews” to offshore facilities that had not been directly struck by the storm. It also sent teams to assess damages at facilities along Gustav’s path. Pride International also said it began returning evacuated workers to offshore rigs. Anadarko said it would resume operations “as quickly and safely as possible pending successful inspections and availability of pipelines,” but said that aerial surveys had revealed no damage. Enterprise Products Partners said the 438-mile Acadian natural gas pipeline system resumed normal service.

Reuters, 08:22 September 3, 2008

Reuters, 10:56 September 3, 2008

Reuters, 19:19 September 2, 2008

Reuters, 09:06 September 3, 2008

Reuters, 14:48 September 2, 2008

<http://phx.corporate-ir.net/phoenix.zhtml?c=98046&p=irol-newsArticle&ID=1192902&highlight>

<http://www.mms.gov/oc/press/2008/press0903.htm>

<http://www.platts.com/Oil/News/6945792.xml?p=Oil/News&sub=Oil>

Update: Colonial Pipeline’s Texas-North Carolina Line Remains at Reduced Rates September 3

Colonial’s main gasoline line continued to operate at reduced rates, along with stub lines on the Colonial system, as of latest reports. Colonial said supply improvements have allowed it to begin product injections from Lake Charles. Three pumping stations without power in central Louisiana—Krotz Springs, Baton Rouge and Felixville—were found to be in good condition.

Reuters, 08:26 September 3, 2008

http://www.oe.netl.doe.gov/docs/2008_SitRep_5_Gustav_90308_3pm_v_3.pdf

Sabine to Lift Force Majeure on Some Points along Natural Gas Pipeline in Texas, Louisiana and Offshore

Operators completed a partial inspection of the Sabine mainline September 3, and planned to lift a force majeure at certain points late this afternoon. Compression was still unavailable at the Henry Hub complex, but the complex did not appear to have been significantly damaged by Hurricane Gustav, according to the operator. A force majeure will remain in effect for certain points along the Sabine system.

Reuters, 11:57 September 3, 2008

Reuters, 15:51 September 2, 2008

Mississippi River Segment Remains Closed as Some Ports Report Partial Restarts

Over 200 miles of the Mississippi River from Harvey Canal Lock in New Orleans to Baton Rouge and the Gulf Inter-coastal Waterway from New Orleans to Pensacola remained closed, as of an afternoon report. Conditions improved at Mobile, Alabama, Gulfport, Mississippi and Pascagoula, Mississippi ports, allowing ships to leave the port with maximum drafts of 15 feet, 28 feet, and 12 feet, respectively. The Lake Charles/Calcasieu Channel opened, but with restrictions to 33 foot draft, as of this morning. A Port of New Orleans spokesman said that damage to the port did not seem significant.

http://biz.yahoo.com/ap/080902/la_gustav_louisiana_business.html?.v=1

http://www.oe.netl.doe.gov/docs/2008_SitRep_5_Gustav_90308_3pm_v_3.pdf

Electricity

AES's 496 MW Redondo Gas-fired Unit 8 in California Shut by September 2

According to the California Independent System Operator, the unit experienced an unplanned outage by September 2.

<http://www.caiso.com/unitstatus/data/unitstatus200809021515.html>

Calpine's 135 MW Gilroy Gas-fired Unit in California Shut by September 2

According to the California Independent System Operator, the unit experienced an unplanned outage by September 2.

<http://www.caiso.com/unitstatus/data/unitstatus200809021515.html>

TVA's 1,126 MW Sequoyah Nuke Unit 2 in Tennessee at Full Power by September 3

Tennessee Valley Authority (TVA) fixed reactor pump leaks and restored the unit up to full power by this morning. The Nuclear Regulatory Commission reported that on the morning of September 2 the unit was operating at 18 percent.

Bloomberg News, 07:24 September 3, 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: Progress Energy's 937 MW Brunswick Nuke Unit 2 in North Carolina Initiates Restart by September 3

The unit shut automatically August 3 due to "a mismatch of power between the main generator and the turbine steam pressure line," according to a news source.

Reuters, 08:33 September 3, 2008

City of Vernon's 134 MW Malburg Generating Station Gas-fired Unit in California Returns to Service September 2

According to the California Independent System Operator, the unit returned from an unplanned outage by September 2.

<http://www.caiso.com/unitstatus/data/unitstatus200809021515.html>

Epcor's 384 MW Genesee Coal-fired Unit 2 in Alberta Shut September 3

Reuters, 9:15 September 3, 2008

Atco's 378 MW Sheerness Coal-fired Unit 2 in Alberta Shut September 3

Reuters, 9:15 September 3, 2008

ATCO's 368 MW Battle River Coal-fired Unit 5 in Alberta Shut September 2

Reuters, 20:01 September 2, 2008

Multiple Companies Plan 180-mile High-Voltage Kansas V-Plan Transmission Line

Mid-Kansas Electric Company and Sunflower Electric Power Corporation's V-Plan project would consist of 765-kV transmission lines, pending approval from the Southwest Power Pool. The lines would stretch 180 miles, from Spearville, Kansas to Sedgwick County, near Wichita.

http://www.sunflower.net/News/2008/ITC_MKEC_SEPC.pdf

Exelon to Submit Proposal for Two 1,520 MW Nuclear Reactors in Texas

Exelon expected to file today with the U.S. Nuclear Regulatory Commission for a combined construction-permit operating license for two nuclear reactors in Texas. The units, named Victoria County Station-1 and -2, would each produce 1,520 MW of power. Exelon has not yet decided if it will construct the facility; the company plans to make that decision in the second half of 2009.

<http://www.platts.com/Nuclear/News/6945787.xml?p=Nuclear/News&sub=Nuclear>

Petroleum

U.S. Government to Grant Citgo's Request for 250,000 b/d of Crude from Strategic Petroleum Reserve

Citgo Petroleum Corp. asked the federal government for crude oil from the Strategic Petroleum Reserve, and the government said it would grant the request. Citgo will use the crude at its 429,500 b/d Lake Charles, Louisiana refinery.

Reuters, 21:37 September 2, 2008

LOOP Plans to Restart in "Next Couple of Days"

The Louisiana Offshore Oil Port planned to resume operations in the "next couple of days," following inspections. A U.S. Coast Guard flyover revealed no observable damage to the facility September 2.

http://www.downstreamtoday.com/News/Articles/200809/Coast_Guard_Flyover_Shows_No_Visible_Da_12598.aspx

Reuters, 08:17 September 3, 2008

TEPPCO Says Gustav Did Not Damage Facilities 30-inch Texas-Oklahoma Seaway Pipeline Restarts as Port Workers Return

TEPPCO's refined products pipeline system remained reduced, but in service throughout Gustav. Its 14-inch products pipeline shut during the storm, but resumed yesterday morning. TEPPCO's port facilities were evacuated prior to Gustav, forcing closed the 30-inch, Texas-Oklahoma Seaway pipeline. Seaway also restored normal operations yesterday morning.

BSW, 08:00 September 3, 2008

Hurricane Gustav Could Disturb Drilling as Much as Katrina—Baker Hughes

Though Hurricane Katrina inflicted far greater damage than Hurricane Gustav, Gustav could still significantly impact oil drilling in the Gulf of Mexico, according to a Baker Hughes official. Baker Hughes has been unable to contact 20 of 43 evacuated facilities in the Gulf, the official said, due to downed power lines, flooding and blocked roads. "Although Gustav appears not to have been as destructive to offshore rigs as Katrina, as far as getting back to work this is just as bad," he said. The official expressed worry that the delays could affect oilfield projects this quarter.

Bloomberg News, 11:55 September 3, 2008

Mechanical Fault Shuts 54,000 b/d FCC at Valero's 135,000 b/d Wilmington, California Refinery September 2

A "mechanical problem" forced closed a 54,000 b/d fluid catalytic cracker (FCC) at the refinery on September 2, according to a Valero spokesman. The company is performing repairs, but did not provide a timetable for the unit's restart.

Reuters, 08:54 September 3, 2008

<http://uk.reuters.com/article/oilRpt/idUKN0350411920080903>

Brief Power Failure at ConocoPhillips 306,000 b/d Wood River, Illinois Refinery September 3

A spokeswoman said the outage was limited, but did not say which units it impacted. "Power was immediately restored," she said.

Reuters, 12:30 September 3, 2008

Saudi Arabia Begins Production at 500,000 b/d Khursaniyah Field

The Khursaniyah field had been scheduled to open in December 2007, but construction delays in an associated gas processing facility pushed back those plans. A Saudi Aramco source confirmed the field's opening, but was unable to provide specific production figures.

Reuters, 11:37 September 3, 2008

Russia Eyes Mid-2009 Start Date for 550,000 b/d Vankor Oilfield in East Siberia

Russia had previously expected to open the field by the end of 2008, but said today it would not begin production before mid-2009. A company official cited new production plans for the delay—the field is forecasted to produce more than twice its initial estimates. Vankor holds an estimated 4.1 billion barrels of oil, and is scheduled to reach peak production of about 550,000 b/d by 2012-2013.

Reuters, 11:46 September 3, 2008

Update: Kulevi Oil Terminal along Georgia's Black Sea Reopens by September 2

The terminal shut in August after an associated railway bridge exploded. The Press Secretary at Azerbaijan State Railways Company confirmed the terminal's restart.

<http://www.today.az/news/business/47331.html>

Power Outage Halts 600,000 b/d of Crude Output—Offshore United Arab Emirates Production Back Online After August 30-31 Shutdown

A power failure stalled gas processing facilities at Das Island offshore the United Arab Emirates (UAE) August 30-31, forcing the nation to shut in about 600,000 b/d of crude production. The UAE forbids gas flaring, so operators must shut gas-producing fields when associated gas processing facilities go down. The outage was “short-term,” and production is back online, according to a source at Abu Dhabi National Oil Company.

Reuters, 11:05 September 3, 2008

Natural Gas

Multiple Vessels Grounded Atop Underground Natural Gas Pipeline in Louisiana

Two ships and two barges grounded atop a 16-inch natural gas pipeline underneath a New Orleans canal, a U.S. Army Corps of Engineers official said.

http://www.downstreamtoday.com/News/Articles/200809/Ships_Stranded_Above_New_Orleans_Gas_Pip_12599.aspx

Florida Gas Transmission Initiates 25 Percent Overage Alert Along 2.3 Bcf/d, 5,000-mile, Texas-Florida Natural Gas Pipeline

Citing Hurricane Gustav, the company initiated a 25 percent overage alert on the system.

<http://www.platts.com/Natural%20Gas/News/6945789.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Other News

BNSF Reopens Beaumont, Texas Rail Yard September 2

BNSF's Lafayette, Louisiana yard remains closed, and the company has not begun service to New Orleans, a spokesman said. BNSF was assessing Gustav's damage along its Louisiana lines.

<http://www.platts.com/Coal/News/6945844.xml?p=Coal/News&sub=Coal>

Northern Ethanol Plans 106 Million Gallon/Year Ethanol Facilities in Ontario and New York

Northern Ethanol plans to build three 106 million gallon/year ethanol plants. The facilities would be located in Niagara Falls, New York, Barrie, Ontario, and Sarnia, Ontario.

<http://www.northern-ethanol.com/news-ne-forges.shtml>

Energy Prices

U.S. Oil and Gas Prices			
September 3, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	108.83	117.65	74.16
NATURAL GAS Henry Hub \$/Million Btu	8.24	8.54	5.49

Source: Reuters

Energy Notes

Controlled Emergency Shutdown at Goldsmith Gas Plant in Texas September 2 Plant Restarted Within Five Hours

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=113388>

Lube Oil Fire at Compressor Power Turbine Forces Emergency Shutdown at Amerada Hess Seminole Gas Processing Plant in Texas September 2-3

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=113365>

Programming Error Affects Transmitter at Tilden Gas Plant in Texas—High Discharge Temperature Shuts Solar Turbines

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=113390>

Lagging Demand to Keep U.S. Refineries at Low Utilization Rates Over Next Few Years, Says ConocoPhillips Executive

Reuters, 11:05 September 3, 2008

Iran Asks Brazil to Join OPEC—Latin America News Digest

http://www.rigzone.com/news/article.asp?a_id=66186

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.

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

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