



ENERGY ASSURANCE DAILY

Tuesday Evening, September 30, 2008

Major Developments

Offshore Oil and Gas Operators Continue to Restore Production in Gulf of Mexico September 30

An estimated 742,226 b/d of oil production and 3,384 MMcf/d of natural gas output remained shut in the Gulf of Mexico September 30, the Minerals Management Service (MMS) said. Those totals account for about 57.1 percent of the region's oil production, and approximately 45.7 percent of its natural gas output. MMS notes that the increase in the amount of shut oil production from the report published on September 29 resulted from operators' errors in reporting to MMS. MMS has recalculated the number of manned platforms in the Gulf of Mexico since 23 manned platforms have been confirmed destroyed from Hurricane Ike. The new figure of 694 manned platforms was used to calculate the percentage of manned platforms evacuated. Based on data from offshore operator reports submitted as of 12:30 EDT September 30, personnel are evacuated from a total of 111 production platforms, equivalent to 16.0 % of the 694 manned platforms in the Gulf of Mexico. The total number of rigs currently operating in the Gulf of Mexico has been recalculated to allow for the number of rigs destroyed or severely damaged as a result of Hurricane Ike. The recalculated figure is 116 rigs. Offshore oil and gas operators continue to reboard platforms and rigs and restore production, according to the MMS.

<http://www.mms.gov/ooc/press/2008/press0930.htm>

Estimated 38 Percent of Louisiana's Oil and Gas Production Remains Shut-in After Hurricanes Gustav and Ike September 30

On September 30, Louisiana's Department of Natural Resources reported that 60,050 b/d, or 38.5 percent of the normal Louisiana oil production, had been restored. Operators in 17 parishes and in-State offshore areas normally produce 155,767 barrels/day (the numbers are in addition to MMS reports of Federal offshore production). Shut-in oil production totaled 67,793 b/d and the status of the remaining 27,925 b/d was unknown. The estimated amount of restored gas production was 619 MMcf/d, or 37.7 percent of the daily 1,642 MMcf/d gas production capacity. An estimated 721 MMcf/d of gas production remained shut-in; the status of the remaining 301 MMcf/d had not been confirmed.

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

DOE Delivering 150,000 Barrels from Strategic Petroleum Reserve to Alon USA's 80,000 b/d Krotz Springs, Louisiana Refinery

The U.S. Department of Energy is delivering 150,000 barrels of emergency exchange oil from the Strategic Petroleum Reserve to Alon USA's Krotz Springs, Louisiana refinery. The oil was requested by Alon because of disruptions in supply caused by Hurricanes Gustav and Ike.

<http://www.energy.gov/news/6614.htm>

Anadarko Petroleum Corp Announces Nearly All Deepwater Gulf of Mexico Platforms Operational September 30

Anadarko Petroleum Corporation announced September 30 that nearly all of its operated deepwater Gulf of Mexico platforms and Gulf Coast properties are operational, including Independence Hub, which restored production to pre-storm levels of approximately 900 MMcf/d of natural gas following Hurricane Ike. An Anadarko company representative said while all of its facilities will be capable of producing by October 3, the timely repairs to third-party downstream infrastructure could significantly affect fourth-quarter sales volumes, as some of that production remains shut in or curtailed.

http://www.rigzone.com/news/article.asp?a_id=67262

Retail Gasoline Supplies Steadily Return to Normal in Houston, Texas Area DOE Reports Fuel Constraints in Southeast to Ease Within Two Weeks

According to an emailed statement to the press from a Department of Energy spokeswoman, fuel constraints in Southeastern states from refinery outages following hurricanes Gustav and Ike will ease in a week or two as only one refinery in the Gulf region remains completely shut-in and as the Colonial Pipeline resumes normal flow rates. One analyst added that although shortages persist in Tennessee, the Carolinas, Georgia and Virginia, the gasoline market could end up being over supplied once normal operations are achieved across the Gulf region, leaving a dramatic increase in supply come November and into December.

Bloomberg News, 10:35 September 30, 2008

<http://www.chron.com/disp/story.mpl/business/6031252.html>

Colonial Pipeline Returns to Pre-Hurricane Delivery Rates September 29

Colonial Pipeline announced September 29 it has achieved the same flow-rates for gasoline deliveries as the pipeline managed before Hurricanes Gustav and Ike hit the Gulf Coast refining region earlier this month. Colonial noted however, that supply shortages occurred as a result of damage and shutdowns suffered by Louisiana and Texas oil refineries impacted by the hurricanes, where Colonial is making every effort to support its shippers as they try to restore market stability. The Colonial Pipeline system begins in Houston, Texas and crosses the South and East before terminating at the New York harbor.

<http://www.marketwatch.com/news/story/colonial-pipeline-returns-pre-hurricane-delivery/story.aspx?guid=%7BA502B7E0-9047-41D6-BE26-BAD5B6070844%7D&dist=hppr>

One of Two Remaining Refineries in Gulf Coast Region Halted Following Hurricanes Now in Start-up Process

Marathon's 76,000 b/d Texas City refinery which sustained some equipment damage as a result of Hurricane Ike has begun the start-up process, with full operational output expected later this week, according to the company. ExxonMobil's 348,500 b/d Beaumont, Louisiana refinery remains shut as of latest reports, with company representatives reporting a restart plan has been initiated with some units scheduled to come on-line in the next few days. Repairs are ongoing in many areas of the Beaumont refinery.

<http://www.marathonresponds.com/go/doc/1799/230130/>

<http://www.reuters.com/article/marketsNews/idUSN2522745320080926>

Electricity

Nearly 88,000 CenterPoint Energy Customers Remain Without Power in Texas from Hurricane Ike September 30

With virtually all Houston area local electric cooperatives and utilities at the end of their restoration processes, CenterPoint Energy reported at 2:00 PM EDT 87,990 customers remain without electricity in Texas following damages sustained from Hurricane Ike. This is down from a peak of 2,100,000 CenterPoint Energy customers who were without power due to Ike.

<http://www.puc.state.tx.us/webapp/public/apps/emr/ByCountyCompany.aspx>

http://www.beaumontenterprise.com/news/local/local_utilities_near_end_of_restoration_a_fifth_of_houston_still_out_09-25-2008.html

Reliant's 215 MW Mandalay Gas-fired Unit 2 in California Shut September 29

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

<http://www.caiso.com/unitstatus/data/unitstatus200809291515.html>

Update: Duke's 846 MW Oconee Nuke Unit 2 in South Carolina at Full Power September 30

The unit was shut the week of September 22 to repair an oil leak. The Nuclear Regulatory Commission reported the unit was operating at 87 percent on September 29.

Bloomberg News, 10:19 September 29, 2008

Information also derived from NRC Power Reactor Status Reports:

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

Update: NMC's 578 MW Monticello Nuke Unit in Minnesota Ramped Up to 97 Percent September 30

An on-site contractor was killed September 17 as workers repaired an underground cable that caused an automatic shutdown at the site September 11. The Nuclear Regulatory Commission reported the unit was operating at 78 percent on September 29.

Bloomberg News, 08:10 September 30, 2008

Information also derived from NRC Power Reactor Status Reports:

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

Update: APS's 1,247 MW Palo Verde Nuke Unit 3 in Arizona Ramped Up to 12 Percent September 30

The plant switched off automatically September 27 because of high levels of sulfates in the steam generators. The Nuclear Regulatory Commission reported the unit was not operating on September 29.

Bloomberg News, 10:35 September 30, 2008

Information derived from NRC Power Reactor Status Reports:

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

Detroit Edison Ups Rewards for Information as Copper Thefts Increase within Service Territory

On September 29, in an effort to put a stop to copper thefts within Detroit Edison's (DTE) service territory, company officials announced DTE will increase the amount it will pay for information leading to the arrest of copper thieves. The company also urged customers to report any illegal activity. DTE representatives said approximately 4,000 feet of power lines were stolen during the week of September 22 from one location alone, with the number of copper theft incidents dramatically increasing in comparison to 2007.

<http://dteenergy.mediaroom.com/index.php?s=43&item=345>

Nebraska Public Power District Submits License Renewal Application for 828 MW Cooper Nuclear Station in Nebraska

The Nebraska Public Power District (NPPD) filed a license renewal application September 29 with the Nuclear Regulatory Commission (NRC) to renew the Cooper plant's operating license for an additional 20 years. The current operating license is set to expire January 19, 2014.

<http://www.nppd.com/Newsroom/NewsRelease.asp?NewsReleaseID=339>

Duke Energy Submits Federal Loan Guarantee Application to DOE for Proposed William States Lee III Nuclear Station

Duke Energy submitted the first part of an application for a federal energy loan guarantee to the U.S. Department of Energy (DOE) for its proposed William States Lee III Nuclear Station to be located in South Carolina. The federal loan guarantee program provides financing for support of critical U.S. infrastructure.

<http://www.duke-energy.com/news/releases/2008092901.asp>

NRC Issues Component Design Bases Inspection Report on 563 MW Vermont Yankee Nuclear Power Plant Located in Vermont

According to a Nuclear Regulatory Commission (NRC) official, Component Design Bases Inspections (CDBI) are critical in judging where a nuclear plant is operating in a consistent manner with the way it was designed to operate. The inspection findings for the Vermont Yankee plant found only minor issues, none of which would result in safety equipment being unable to perform their intended functions. Separately, the NRC is continuing to review a license renewal application for Vermont Yankee. That application seeks a 20-year license extension for the plant, whose current 40-year operating license is set to expire on March 21, 2012.

<http://www.nrc.gov/reading-rm/doc-collections/news/2008/08-054i.html>

Petroleum

Gasoline Prices Drop 8.6 Cents a Gallon on Lower Demand, Gulf Coast O&G Recovery, DOE Reports

In a Los Angeles Times article citing recent Department of Energy statistics, the U.S. average cost of a gallon of gasoline fell 8.6 cents to \$3.63 on September 29 upon slow but steady recovery of gulf area refineries and an overall decrease in gasoline demand. Prices dropped the most in the Midwest region of the U.S., where the average gasoline price fell 14.5 cents over last week to \$3.61 per gallon.

<http://www.latimes.com/business/la-fi-gas30-2008sep30.1.6961576.story>

<http://tonto.eia.doe.gov/oog/info/gdu/gasdiesel.asp>

Natural Gas

Nothing to report.

Other News

Patriot Coal to Idle its 1.5 Million Ton/Year Jupiter Coal Mining Complex in West Virginia by Year's End 2008

According to a Patriot Coal official, a number of issues lead to the decision to close the Jupiter complex by the end of this year. Among the issues cited were: higher costs, increased regulations and MSHA inspections, labor shortages, and increasingly difficult geological conditions.

<http://www.tradingmarkets.com/.site/news/Stock%20News/1909499/>

U.S. Ethanol Production Rises to Record 614,000 b/d in July 2008

According to a report released September 30 by the Energy Information Administration (EIA), average U.S. ethanol production is 46 percent higher than one year ago with inventories rising, 33 percent, to 13.2 million barrels.

To view the report:

http://www.eia.doe.gov/pub/oil_gas/petroleum/data_publications/petroleum_supply_monthly/current/pdf/psmall.pdf

Energy Prices

U.S. Oil and Gas Prices			
September 30, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	98.88	107.85	83.32
NATURAL GAS Henry Hub \$/Million Btu	7.10	7.84	6.38

Source: Bloomberg

Energy Notes

Flaring, Reported on Restart at Mont Belvieu Terminal in Texas September 29

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114764>

Update: Consol Energy Resumes Coal Production at Buchannan Mine in Virginia Following Completion of Repairs

Bloomberg News, 10:51 September 30, 2008

Clogged Inlet Screen Lead to Wet Gas Compressor Venting at Alon USA's 67,000 b/d Big Spring, Texas Refinery September 28

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114778>

IEA Recommends 'Urgent Action' to Meet 50% Reduction in Global Emissions by 2050 Set Forth by G8 Countries

<http://www.platts.com/Electric%20Power/News/8058064.xml?p=Electric%20Power/News&sub=Electric%20Power>

Nuclear Terrorism is World's Number One Security Threat, Director of IAEA Warns

Bloomberg News, 06:36 September 30, 2008

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

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

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