



# ENERGY ASSURANCE DAILY

Tuesday Evening, October 07, 2008

## Major Developments

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### **Less than Half of Oil and Gas Production in Gulf of Mexico Still Down October 7**

An estimated 581,874 b/d of oil production and 2,860 MMcf/d of natural gas output remained shut in the Gulf of Mexico October 6, the Minerals Management Service (MMS) said. Those totals account for about 44.8 percent of the region's oil production, and approximately 38.7 percent of its natural gas output. Based on data from offshore operator reports submitted as of 12:30 EDT October 6, personnel remain evacuated from a total of 90 production platforms, equivalent to 13 percent of the 694 manned platforms in the Gulf of Mexico. Offshore oil and gas operators continued to reboard platforms and rigs and restore production, according to the MMS.

<http://www.mms.gov/ooc/press/2008/press1007.htm>

### **Majority of Oil and Gas Production in Louisiana Restored Following Hurricanes Ike and Gustav October 6**

On October 6, the Louisiana's Department of Natural Resources reported that 82,230 b/d, or 52.8 percent, of the normal Louisiana oil production had been restored. Operations in 17 parishes and in-State offshore, areas normally produce 155,767 b/d (the numbers are in addition to MMS reports of Federal offshore production). Shut-in oil production was 46,430 b/d and the status of remaining 27,107 b/d was unknown. The estimated amount of restored gas production was 833 MMcf/d, or 50.8 percent of the 1,642 MMcf/d daily gas production capacity. The estimated amount of shut-in gas production was 527 MMcf/d; the status of the remaining 282 MMcf/d had not been confirmed

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

### **Update: Repairs Continue at ExxonMobil's 348,000 b/d Beaumont, Texas Refinery October 7**

ExxonMobil said it has no estimate for restarting process units at its Beaumont, Texas refinery. A company representative said the restart is still progressing as mechanical repairs are being completed.

Bloomberg News, 05:49 October 7, 2008

### **Devon Energy Restores 30,000 boe/d Offshore Production in Gulf of Mexico**

The company announced October 6 it has restored approximately 30,000 boe/d of offshore oil and natural gas production in the Gulf of Mexico. Devon Energy was producing approximately 50,000 boe/d per day from its Gulf of Mexico properties prior to suspending production in preparation for Hurricanes Gustav and Ike. Devon expects to restore approximately 5,000 Boe/d more of offshore production during the fourth quarter of 2008 as repairs are made to production facilities and transportation systems.

<http://investor.dvn.com/phoenix.zhtml?c=67097&p=irol-newsArticle&ID=1205780&highlight=>

## Electricity

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### **AES's 226 MW Huntington Beach Gas-fired Unit 2 in California Shut by October 6**

According to the California Independent System Operator, the unit experienced an unplanned outage on October 6.

<http://www.caiso.com/unitstatus/data/unitstatus200810061515.html>

### **Update: Exelon's 1,111 MW La Salle Nuke Unit 1 in Illinois Reduced to 84 Percent October 7**

According to the Nuclear Regulatory Commission, the unit was operating at 100 percent on October 6.

Information derived from NRC Power Reactor Status Reports:

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

## **NCPA's 247 MW Collierville Aggregate Hydro Unit 1 & 2 in California Returns to Service October 6**

The California Independent System Operator reported the units returned from an unplanned curtailment of 120 MW.  
<http://www.caiso.com/unitstatus/data/unitstatus200810061515.html>

## **Delta Energy's 861 MW Delta Gas-fired Unit in California Returns to Service October 6**

The California Independent System Operator reported the unit returned from an unplanned curtailment of 281 MW.  
<http://www.caiso.com/unitstatus/data/unitstatus200810061515.html>

## **Update: Cabrillo Power's 300 MW Encina Unit 4 Gas-fired Unit in California Returns to Service by October 6**

<http://www.caiso.com/unitstatus/data/unitstatus200810061515.html>

## **Copper Wire Theft on the Rise in West Virginia and Wire Theft Led to Outages in Ohio**

Police departments across West Virginia are reporting an "epidemic" within their state in which thieves are taking metal theft to new extremes; recycling centers and coal mines. Officials of the Charleston Police Department in West Virginia report that copper is now an item of choice for thieves, and is stolen from power lines and telephone wires. Additionally, AEP Ohio reports that approximately 4,900 customers in the Columbus lost power during the evening of October 6 when copper wire was stolen leading to an equipment failure and outage.

<http://www.dailymail.com/News/Kanawha/200810070260>

[http://www.nbc4i.com/midwest/cmh/crime\\_watch\\_apx\\_content-articles-CMH-2008-10-07-0003.html](http://www.nbc4i.com/midwest/cmh/crime_watch_apx_content-articles-CMH-2008-10-07-0003.html)

## **NRC Rejects Petition Filed by Environmental Watchdog Groups Calling for an Overhaul of License Renewal Processes**

The Nuclear Regulatory Commission (NRC) October 6 has rejected calls by environmental groups to overhaul its license renewal review process before processing applications for license extensions of five reactors in Vermont, Massachusetts, New York and New Jersey. A total of nine environmental groups filed the petition with the NRC, citing the doubts raised in a September 2007 report by the agency's Inspector General. The report raised questions about the deficiencies with the NRC's license renewal process. On October 6, the Commission voted to reject the petition, saying the staff was implementing many of the improvements and recommendations called for by the Inspector General report.

<http://www.rutlandherald.com/apps/pbcs.dll/article?AID=/20081007/NEWS03/810070322/1004/NEWS03>

<http://www.platts.com/Nuclear/News/8077001.xml?p=Nuclear/News&sub=Nuclear>

## **Calpine's 517 MW Greenfield Gas-fired Unit 4 in Ontario Shut by October 7**

Reuters, 9:00 October 7, 2008

## **Bruce's 822 MW Bruce Nuke-fired Unit 6 in Ontario Shut by October 7**

Reuters, 9:00 October 7, 2008

## **Enmax's 250 MW Calgary Gas-fired Unit in Alberta Shut by October 6**

Reuters, 9:00 October 7, 2008

## **OPG's 494 MW Lambton Coal-fired Unit 6 in Ontario Shut by October 6**

Reuters, 11:54 October 6, 2008

## **OPG's 494 MW Lambton Coal-fired Unit 3 in Ontario Shut by October 6**

Reuters, 11:54 October 6, 2008

## ***Petroleum***

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## **Unit Upset Reported at ConocoPhillips's 260,000 b/d Sweeny, Texas Refinery October 6**

According to a filing with state regulators, the company reported an upset with an unspecified unit at its Sweeny, Texas refinery which caused a brief flare due.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=115072>

### **Update: Valero Restarts Saturated Gas Recovery Unit at 289,000 b/d Port Arthur, Texas Refinery October 7**

According to a filing with state regulators, the company restarted the saturated gas recovery unit after it was shut prior to Hurricane Ike.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=115095>

Bloomberg News, 11:40 October 7, 2008

Reuters, 10:45 October 7, 2008

### **Update: Husky Energy's 140,000 b/d Lima, Ohio Refinery Continues to Restore Output Following Pipeline Breach**

Husky Energy officials said its Lima refinery increased its throughput to 135,000 b/d during the evening of October 6 and expects to reach full production rates sometime on October 7. The refinery had operated at reduced rates since a 238,000 b/d crude oil pipeline that supplies refineries in Ohio and Michigan was breached on October 3.

Bloomberg News, 12:23 October 7, 2008

Reuters, 12:21 October 7, 2008

### **EIA Lowers 2009 World Oil Demand Forecast by 140,000 b/d**

On October 6, citing the current economic slowdown, the Energy Information Administration (EIA) reduced its forecast for global oil demand in 2009 by 140,000 b/d.

Reuters, 09:05 October 7, 2008

### **Update: Construction Resumes on Alberta Clipper Oil Pipeline as Enbridge and First Nation Chiefs Sign Agreement Ending Dispute October 3**

<http://www.canada.com/reginaleaderpost/news/story.html?id=004cc263-1a98-4184-b75b-c890cd5f3971>

### **Update: BP Says Azeri Fields may Resume Normal Production in December 2008**

On October 7, BP reported that normal crude flows through its Baku-Tbilisi-Ceyhan (BTC) pipeline may resume in December. Production was reduced following a September 17 gas leak which cut crude production by 60 percent from two fields at its Azeri project in the Caspian Sea.

Bloomberg News, 11:02 October 7, 2008

## ***Natural Gas***

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Nothing to report.

## ***Other News***

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### **Update: Tropical Storm Marco Leads Pemex to Shut Some Off-shore Production**

Pemex shut four offshore production platforms and six wells in a natural gas field due to the storm. Although flooding occurred along Mexico's Gulf coast, Pemex's major production fields were unaffected.

<http://in.reuters.com/article/worldNews/idINIndia-35845720081007>

### **Dynamic Fuels Announces Groundbreaking at Renewable Fuels Plant in Louisiana October 6**

The joint venture between Tyson Foods and Syntroleum Corporation, plans to produce biodiesel from non-food grade animal fats and grease attained by Tyson Foods. According to a company press release, the facility is scheduled to begin production in 2010 with a total capacity of 75 million gallons per year.

<http://www.tyson.com/Corporate/PressRoom/ViewArticle.aspx?id=3050>

## 2008/2009 Winter Fuels Outlook Conference Held October 7

The National Association of State Energy Officials (NASEO) hosted the conference sponsored by the U.S. Department of Energy's Office of Electricity Delivery and Energy Reliability (OE) and the Energy Information Administration (EIA). NASEO Chair of Energy Data and Security Committee Jeff Pillon gave welcoming remarks, and introduced Pat Hoffman the Principal Deputy Assistant Secretary of DOE/OE who spoke about hurricanes Gustav and Ike, and their impact on oil and gas production, refineries and pipelines. Hoffman also highlighted DOE's response to the storms, monitoring efforts, the preparation of emergency situation reports, helping in the execution of fuel waivers and assisting with loans from the strategic petroleum reserve. Michael Halpert from NOAA presented forecast indicating that this winter is expected to have warmer than average temperatures, other than in coastal California and the Northeast. Frank Verrastro, of the Center for Strategic & International Studies, reported on risks and issues associated with the instability of the global oil market and called for policy changes, saying that a situation where demand continues to outpace supply over the long term is unsustainable. Howard Gruenspecht of EIA presented findings of the latest Short-Term Energy Outlook (STEO) in which the EIA forecasts households can expect heating bills to increase by 15 percent this year due to high crude oil prices and a winter projected to be 2 percent cooler than last year. (The recent economic downturn was not factored into EIA's STEO report.) Lee Van Alta of the Black & Veatch Corporation stated that the natural gas market is well prepared for typical winter seasonal demand, whereas a significantly colder than normal winter could stress storage even though U.S. natural gas storage has been significantly expanded over the past year, and domestic production has grown 8 percent. NASEO's Jeff Pillon spoke again during the luncheon and discussed the energy assurance guidelines developed by NASEO for state governments. Dr. Walter Hart, a principal with Purvin & Gertsz, cited the fact that the U.S. primary stocks of propane are at decade-low levels, particularly in New England and Eastern Canada, but should be adequate in case of an average winter. John Felmy, a chief economist at the American Petroleum Institute (API), explained that volatile oil prices this year can best be explained by supply and demand fundamentals. He expressed concern that distillate stocks in New England are 36 percent lower than the five-year average. Sloan Coleman with the Small Business Administration discussed the seasonal finance program for home heating oil distributors. Mark Wolfe, of the National Energy Assistance Directors' Association talked about the Low Income Home Energy Assistance Program (LIHEAP), which provides funding for low income households to pay a portion of their energy bills. Robert Adams of the National Association for State Community Service Programs presented their weatherization assistance program, which works with low income households to improve energy efficiency and reduce energy usage. Lastly, Alice Lippert of OE thanked all participants. Presentations will be posted on: <https://www.naseo.org/events/winterfuels/index.html>  
NOAA Forecasts: <http://www.cpc.ncep.noaa.gov>  
EIA Forecasts (STEO): <http://www.eia.doe.gov/emeu/steo/pub/contents.html>

## Energy Prices

U.S. Oil and Gas Prices			
October 7, 2008			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	87.81	98.88	81.20
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	6.88	7.10	6.77

Source: Bloomberg News

## Energy Notes

### 13,807 Entergy Customers in Mississippi Without Power October 7

<http://entergy-mississippi.com/outages/ms.aspx>

### OPEC Keeping Oil Market Well Supplied in Responsible Manner, Energy Secretary Bodman Says

Reuters, 12:21 October 7, 2008

## **Strong Winds Knock out Power to 15,000 BC Hydro Customers on Vancouver Island October 7**

<http://www.cbc.ca/canada/british-columbia/story/2008/10/07/bc-vancouver-island-power-outage.html?ref=rss>

## **Southwestern Energy Gas Well Catches Fire in Arkansas, One Worker Injured**

<http://ap.thecabin.net/pstories/state/ar/20081006/340938092.shtml>

## **Colorado State University Hurricane Forecasting Team Predicts Above-Average Hurricane Activity This Month**

<http://www.caribbeanpressreleases.com/articles/4029/1/Colorado-State-University-Hurricane-Forecast-Team-Calls-for-Active-October/Heightened-activity-expected.html>

## **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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