



ENERGY ASSURANCE DAILY

Friday Evening, October 31, 2008

Electricity

AEP's 528 MW Welsh Coal-fired Unit 1 in Texas Shut by October 30

Reuters, 14:29 October 30, 2008

Luminant's 575 MW Big Brown Coal-fired Unit 1 in Texas Shut October 30

The unit was shut due to the loss of an air pre-heater.

Bloomberg News, 07:52 October 31, 2008

Reuters, 20:18 October 30, 2008

Update: AES's 227 MW Huntington Beach Gas-fired Unit 4 Unit in California Returns to Service October 30

The California Independent System Operator reported the unit returned from an unplanned curtailment of 107 MW.

<http://www.caiso.com/unitstatus/data/unitstatus200810301515.html>

Update: AEP's 1,033 MW Cook Nuke Unit 1 in Michigan may be Shutdown for Months Due to September 20 Fire

The company said although its Cook nuclear unit 1 could be back in operation during the first or second quarter of 2009, that there is a possibility that it may be out of service through the second half of 2009 due to the damage from a sudden vibration and a fire on September 20.

Bloomberg News, 10:59 October 31, 2008

Update: Xcel's 538 MW Prairie Island Nuke Unit 2 in Minnesota Ramping Up October 31

The unit is ramping up following a shutdown after repairing a control-rod system that failed during testing for the restart.

Bloomberg News, 10:31 October 31, 2008

Xcel Energy Announces Plans to Develop 351 MW of Wind Power in Minnesota and North Dakota by 2011

Xcel Energy announced October 31 plans to develop 351 megawatts of wind power in Minnesota and North Dakota by the end of 2011. Xcel Energy will seek regulatory approvals to develop a 201 MW project in southwestern Minnesota's Nobles County, called the Nobles Wind Project, and a 150 MW project in Dickey and McIntosh counties in Southeastern North Dakota, called the Merricourt Wind Project. The projects are expected to be operational by the end of 2010 and 2011, respectively.

Reuters, 12:05 October 31, 2008

Bruce Power to Conduct Environmental Assessment for New Nuclear Generating Station in Southern Ontario

The company announced plans October 31 to conduct an environmental assessment as it considers plans to build two reactors to generate between 2,000 – 3,000 MW of nuclear electricity.

Reuters, 10:10 October 31, 2008

<http://www.brucepower.com/pagecontent.aspx?navuid=1211&dtuid=83836>

OPG's 580 MW Brighton Beach Gas-fired Unit in Ontario Shut October 31

Reuters, 8:33 October 31, 2008

Update: San Diego Gas & Electric to Delay Fire-Prevention Program Until 2009

San Diego Gas & Electric (SDG&E) announced it will suspend until 2009 its plan to shut off power proactively during extreme weather conditions in some backcountry communities in order to prevent the rapid growth of wildfires. The utility made the decision in response from a request from the California Public Utilities Commission. http://public.sempra.com/newsreleases/viewpr.cfm?PR_ID=2312&Co_Short_Nm=SE

Petroleum

U.S. Oil Demand for August 2008 Down 1.75 million b/d, EIA Reports

According to the monthly petroleum report published by the Energy Information Administration (EIA), oil demand in the U.S. for the month of August was down 1.758 million b/d from one year ago. The EIA said petroleum consumption is at the lowest level for any month since December 2001.

http://www.rigzone.com/news/article.asp?a_id=68635

EIA's *Petroleum Supply Monthly* available here:

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

Average Price of Regular Gasoline Drops below Levels of One-Year Ago, EIA Reports

According to the weekly petroleum report published by the Energy Information Administration (EIA), the average price for a gallon of regular gasoline in all regions of the U.S. has dropped below the levels of a year ago. The U.S. average price is 21.6 cents lower than it was one year ago, the lowest level since early April 2007, the report said.

EIA's *This Week in Petroleum* available here: <http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Iran Announces 199,000 b/d Oil Output Cuts to Begin November 1

Iran's National Oil Company announced it will begin to cut 199,000 b/d of its oil production to begin November 1 following OPEC's recent decision to reduce supply.

Bloomberg News, 06:13 October 31, 2008

Mexico National Oil Company Pemex to Double Oil Exploration Spending within Three Years

Following a reform plan set forth and approved by Congress in Mexico, Pemex will double spending on exploration within the next three years as well as being construction of new oil refinery before the end of 2008.

Reuters, 18:39 October 31, 2008

Kinder Morgan Shuts Jet Fuel Pipeline to Travis Air Force Base in California October 31

The company said the pipeline that carries jet fuel to Travis Air Force Base was shut as a precautionary measure when a discrepancy in barrels delivered was reported.

Bloomberg News, 13:13 October 31, 2008

Leak Reported at Western Refining's 128,000 b/d El Paso, Texas Refinery October 31

The company reported a leaking exchanger in a cooling tower at its El Paso refinery.

Bloomberg News, 12:57 October 31, 2008

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=116061>

Petrofac Shuts North Sea Oil Platform after Leak October 31

Fifty-seven non-essential workers were evacuated via helicopter from the Heather Alpha North Sea oil platform after the leak was discovered, prompting the company to shutdown the platform. The Heather Alpha North Sea platform exports about 20,000 boe/d from two fields, the Heather and Broom fields located in the North Sea. The oil leak occurred in the control system of a well at the Heather field and a Petrofac company representative said no signs of oil were visible around the platform.

Bloomberg News, 12:49 October 31, 2008

Update: Shell Delays Investments in Canada Oil Sands Projects on Signs of Decrease in Global Price of Oil and Slow World Economy

The company has put a 100,000 b/d expansion project at its Athabasca oil sands project on indefinite hold, a company executive told the press. Construction of the first phase of Shell's Athabasca expansion is already under way, and will go ahead as planned, adding 100,000 barrels per day of additional capacity, of which Shell has 60 per cent. In recent weeks, several companies operating there, including Suncor, PetroCanada, Nexen and Opti Canada, have delayed investment plans through the oil sands region as well.

http://www.ft.com/cms/s/0/a95dccba-a65a-11dd-95be-000077b07658.html?nclink_check=1

Sour Water Tank Explodes at Calumet's 42,000 b/d Shreveport, Louisiana Petrochemical Plant October 30, Fire to Burn itself Out

Reuters, 12:15 October 30, 2008

<http://www.iht.com/articles/ap/2008/10/30/america/Plant-Fire.php>

Venezuela's PdVSA Books 10.3 Billion Barrels to its National Reserves

As part of an ongoing review of its crude resources, Venezuela's national oil company is adding 10.251 billion barrels of crude to its national reserves. The Venezuelan oil ministry said this addition brings the country's oil reserves to 152.561 billion barrels.

http://www.rigzone.com/news/article.asp?a_id=68576

Natural Gas

U.S. Geological Survey Estimates 2.4 Tcf of Natural Gas Lies beneath Eastern Oregon and Washington

Survey results recently released by the U.S. Geological Survey estimate 2.4 Tcf of natural gas and 9.8 MMbbls of natural gas liquids lay beneath eastern Oregon and Washington State. The estimates are from work done in 2006 and are a mean value of undiscovered gas resources beneath approximately 60,000 square miles.

http://www.ogj.com/display_article/344081/132/ARTCL/none/none/USGS-estimates-24-Tcf-of-gas-lies-beneath-eastern-Oregon,-Washington/?dcmp=OGJ.monthly.pulse

Alliance Pipeline Receives Waiver Approval from FERC

The Federal Energy Regulatory Commission (FERC) approved a revision to the Alliance Pipeline tariff which will enable the Alliance's Pecan Pipeline located in North Dakota to flow dense phase rich gas outside the liquefiable hydrocarbon specification currently contained in Alliance's FERC Gas Tariff. The Pecan North Dakota natural gas receipts will not have an operational impact on the Alliance system as this natural gas will be blended with much larger quantities entering from Canada, and the combined gas stream delivered to the Chicago market will remain within Alliance's FERC Tariff gas quality specifications.

http://www.alliance-pipeline.com/contentfiles/194_FERC%20Decision_final.pdf

Update: LNG Projects in Qatar on Schedule, ExxonMobil Reports

According to a VP of Investor Relations with ExxonMobil, current projects in Qatar are on schedule with company forecasts. The company said significant growth is expected in 2009 related to the start-up of large LNG trains in Qatar, one liquefied natural gas project is expected to start production at the end of 2008 and the other in 2009.

http://www.downstreamtoday.com/News/Articles/200810/ExxonMobil_All_Qatar_LNG_Projects_On_Sc_13552.aspx

Compressor Malfunction Causes Shutdown at Welch Natural Gas Processing Plant in Texas October 30

The plant was placed back on line when the operations crew at the plant repaired the malfunction.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=116034>

Other News

Plans for Future Oil and Gas Development in Utah to be Approved October 31, Bureau of Land Management Utah Announces

The Bureau of Land Management in Utah announced October 31 that the agency will receive final approval of five plans aimed at governing 9 million acres of public land in Utah. The plans are to be signed by a Department of Interior Assistant Secretary for Land and Minerals Management by the end of business October 31. Under the new plans, oil and gas development will continue across Utah as the agency stressed more than half of the acres open for oil and gas leasing will be under stricter environmental rules.

http://www.blm.gov/ut/st/en/info/newsroom/2008/october/blm_new_resource.html

http://www.rgj.com/article/20081031/NEWS18/81031006&OAS_sitepage=news.rgj.com%2Fbreakingnews

Construction Begins at Cellulosic Ethanol Demonstration Plant in Tennessee

Construction began the week of October 27 at the biofuel refinery pilot project, which is a partnership of the University of Tennessee (UT), DuPont Danisco Cellulosic Ethanol LLC and Genera Energy. The refinery will use switchgrass to produce cellulosic ethanol at a rate of 250,000 gallons per year by the end of 2009. The refinery is located in the Niles Ferry Industrial Park in Vonore, southeast of Knoxville, Tennessee.

http://www.downstreamtoday.com/News/Articles/200810/Construction_Begins_On_Tenn_Cellulosic_13544.aspx

Energy Prices

| U.S. Oil and Gas Prices | | | |
|-------------------------------------|-------|----------|----------|
| October 31, 2008 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL | | | |
| West Texas Intermediate U.S. | 64.30 | 64.05 | 94.16 |
| \$/Barrel | | | |
| NATURAL GAS | | | |
| Henry Hub | 6.75 | 6.77 | 7.28 |
| \$/Million Btu | | | |

Source: Reuters

Energy Notes

Williams Company's Echo Springs Natural Gas Processing Plant in Wyoming Receives Approval for Expansion Project to Double Current Capacity

<http://www.kulr8.com/news/wyoming/33613464.html>

Brazil National Oil Company Petrobras Signs 32-Year Oil Exploration Deal with Cuba

Dow Jones New Wire, 11:48 October 31, 2008

Brazil National Oil Company Petrobras Discovers Additional Gas in Santos Basin, Development to Begin in 2010

<http://www.platts.com/Natural%20Gas/News/6002364.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Armed Rebel Group Seizes Crewmembers aboard French Oil Service Tugboat at Cameroonian Offshore Oil Rig October 31

Bloomberg News, 08:12 October 31, 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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