



U.S. DEPARTMENT OF ENERGY  
**Office of Energy Assurance**

# **ENERGY ASSURANCE DAILY**

**October 5, 2004**

## **Electricity**

### **PG&E's Calif. Diablo Canyon 2 Nuke Back At Full Power**

The 1,100 MW Unit 2 at the PG&E Corp.'s Diablo Canyon nuclear generating station in California returned to full power early Tuesday. On Monday, PG&E reduced the unit to about 50 percent to clean the cooling water intake. Meanwhile, the adjacent 1,100 MW unit 1 continued to operate at full power.  
Reuters, October 5, 2004, 07:16

### **Nine Mile Unit Increases Output Up to 96% of Capacity**

The 1,148MW Unit 2 of Constellation Energy's Nine Mile nuclear generating station in New York increased capacity to 96 percent of capacity after reducing power to about 65 percent for work on the reactor feed water pump. Meanwhile the adjacent 609MW Unit 1 continued to operate at full power.  
Reuters October 5, 2004, 12:16

### **FPL's St Lucie Unit 2 Exits Outage Output Up to 85% of Capacity**

The 839 MW Unit 2 at FPL's St. Lucie nuclear generating station exited an outage and ramped up to 85 percent of capacity. FPL shut both St. Lucie units on Sept. 25 as Hurricane Jeanne approached. Unit 1 exited its outage over the weekend and was operating at 99 percent of capacity.  
Reuters October 5, 2004, 12:05

### **Unit 5 Shut Down At Four Corners**

The 750 MW Unit 5 at the Four Corners coal-fired plant in New Mexico was shut on Monday for minor maintenance but was expected to return to service soon, according to a plant spokeswoman.  
Reuters October 5, 2004, 14:01

### **Alamitos Unit 5 Production Curtailed**

An unplanned 415 MW curtailment at the 485 MW Unit 5 at the Alamitos gas-fired plant occurred on Monday. It is not known when the facility will return to full power.  
Reuters October 5, 2004, 14:01

## **Petroleum**

### **Oil Surges to Record, Breaching \$51 a Barrel, on Supply Concern**

Crude oil prices surged above \$51 a barrel in New York for the first time amid concern that hurricane damage to production platforms in the Gulf of Mexico will keep supplies from rising enough to meet winter needs. Crude oil for November delivery rose \$1.18, or 2.4 percent, to close at a record \$51.09 a barrel on the New York Mercantile Exchange. Oil reached \$51.29, the highest intraday price since futures began trading in 1983. Futures were up 68 percent from a year earlier. Natural gas prices have also surged because of the rally in crude oil. Natural gas for November delivery rose 43.9 cents, or 6.5 percent, to close at \$7.164 per million British thermal units in New York. Prices have surged 53 percent in the past month. Bloomberg October 5, 2004, 16:10

### **U.S. Gulf Oil, Natural Gas Output Still Below Normal**

Crude-oil and natural-gas production in the Gulf of Mexico is slowly rising toward normal levels almost three weeks after Hurricane Ivan damaged platforms and pipelines. According to a report based on replies from 22 companies issued by the Minerals Management Service details include:

- Daily oil output was down 453,092 barrels from normal, or 27 percent, as of 12:30 p.m. New York time, an improvement from the 480,285 barrels reported on Monday
- Cuts in daily gas output totaled 1.7 billion cubic feet, or 14 percent down from 1.9 billion cubic feet in Monday's report.
- First weather delays, and now a shortage of manpower have made it difficult to assess damage in the region, MMS spokeswoman Caryl Fagot said. "The demand is higher than the supply of workers who can do the underwater assessments," she said.
- Gas production has been rising since Oct. 1 (the last of 11 straight days in which production stayed 2.3 billion cubic feet a day below normal).
- Oil and gas companies sent workers back to seven platforms, reducing the number of evacuated production facilities to nine. Two drilling rigs still were without staff.
- The storm has pared a total of 15.3 million barrels of oil since Sept. 13, the agency said. The loss equals 2.5 percent of the 605 million barrels produced annually in the Gulf.
- Gas output is down by a total of 67.9 billion cubic feet, or 1.5 percent of annual Gulf production of 4.45 trillion cubic feet, the agency said.

Bloomberg October 5, 2004, 16:23

### **Dominion Estimates Restart of Production from Devils Tower By Late October or Mid November**

Dominion expects production from its Devils Tower field in the Gulf of Mexico to resume sometime between late October and mid-November. Production prior to the hurricane was approximately 20,000 barrels of oil and 16 million cubic feet of natural gas a day, according to a report by Credit Suisse First Boston .

<http://www.dom.com/news/ep2004/pr1004.jsp>

### **Valero-Texas City Power Outage Hits Production**

Valero has confirmed that its 226,000 b/d Texas City refinery experienced a plant-wide power outage Monday when an electrical line, which the refinery and Texas-New Mexico Power were working on jointly, tripped prematurely. According to a Valero spokeswoman the refinery conducted emergency shutdown procedures without incident. Although power was restored Monday, the refinery will spend much of Tuesday returning to normal operational status. Valero expects the loss of approximately a day-and-a-half of production as a result of the outage.

OPIS October 5, 2004, 13:19

Bloomberg, October 5, 2004, 12:17

Reuters, October 5, 2004, 12:04

## **Iraq Starts October With Full Schedule Of Oil Loading**

Although Iraq's security situation remains extremely grave, the schedule for tanker loadings has been unaffected while the country's crude exports have actually climbed during the past two months. Preliminary data compiled by *Oil Daily* show Iraq has already scheduled 14 vessels to lift a total of 26.7 million barrels of crude in October, with the figure expected to increase in the next couple of weeks as additional fixtures become available. Barring any major interruptions, total crude exports for October could surpass the 60 million bbl exported in September, industry observers said.  
Oil Daily October 5, 2004

## **Calm Returns to Nigeria**

The peace agreement reached on Friday (October 1) between rebel militias and President Olusegun Obasanjo lasted through the weekend and oil companies now hope to return to more normal business conditions after a week of high tension and threats of war. A Royal Dutch/Shell spokesperson confirmed that "relative calm has been observed...." Nonetheless, over 300 Shell staff remain evacuated — and 30,000 barrels per day of oil production and 27 million cubic feet per day of gas shut in. The deal reached on Friday to stop hostilities resulted from three days of talks. The next round is scheduled for October 8.

## **Natural Gas**

**For information on the lingering impact of Hurricane Ivan on gas production in the Gulf of Mexico see articles above in the Petroleum section.**

## **BP to Supply Marathon With Liquid Natural Gas in 2005)**

BP Plc, will supply Marathon Oil Corp. with up to 58 billion cubic feet of natural gas a year for at least five years beginning in 2005. The LNG will be delivered at Elba Island, Georgia, according to statements released by both companies. Marathon acquired rights in 2002 to deliver and sell LNG from the Elba Island terminal for up to 22 years. Pricing of the gas, to be delivered starting in mid-2005, will be linked to the spot price at the benchmark Henry Hub in Louisiana, the delivery point for natural gas futures traded on the New York Mercantile Exchange.  
Bloomberg October 5, 2004, 12:11

## **Other News**

Nothing to report.

## **Energy Prices**

	<b>Latest (10/05/04)</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate US</b> \$/Barrel	51.08	49.90	30.48
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	6.07	5.24	4.66

Source: Reuters

**This Week in Petroleum** from the Energy Information Administration (EIA)

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

*Updated on Wednesdays*

**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 1:00pm (Eastern time) on Wednesdays*

**Natural Gas Weekly Update** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

*Updated after 2:00 pm (Eastern time) on Thursdays*