



U.S. DEPARTMENT OF ENERGY
Office of Energy Assurance

ENERGY ASSURANCE DAILY

October 6, 2004

Electricity

Unit 4 Shut Down At Four Corners

The 740 MW Unit 4 at the Four Corners coal-fired plant in New Mexico was taken off-line on Tuesday. The 740 MW Unit 5 had been taken down on Monday for minor maintenance. A company spokeswoman said both units were expected to be back up in a couple of days.
Reuters October 6, 2004, 13:50

Alamitos Unit 5 Production Curtailed

The 485 MW Unit 5 at the Alamitos gas-fired generating facility in California was removed from the outage list on Wednesday. The unit had been curtailed by 415 MW early Tuesday.
Reuters October 6, 2004, 13:50

Unit 1 At the Big Brown Shut For Repairs

The 575 MW Unit 1 at the Big Brown coal-fired plant in Texas was expected to return to service on either Wednesday or Thursday. The unit was shut to repair a boiler tube leak.
Reuters October 6, 2004, 13:50

Petroleum

U.S. DOE loans Premcor 500,000 barrels of SPR oil

The U.S. Energy Department said on Wednesday it will loan Premcor Inc. 500,000 barrels of crude oil from the Strategic Petroleum Reserve to help make up for oil supplies disrupted by Hurricane Ivan. The oil will be delivered in October to the company's 190,000 barrels a day refinery in Memphis, Tennessee.
Reuters, October 6, 2004, 14:10

Power outage hit La Gloria, Texas refinery Monday

La Gloria Oil and Gas Co.'s 60,000 barrels per day oil refinery in Tyler, Texas, restarted units on Monday soon after a power outage shut the entire plant, according to a filing with Texas regulators. La Gloria officials could not be immediately reached on the status of the restart.
Reuters October 6, 2004, 09:06

Louisiana Offshore Oil Port Says Backlog to Last Through Month

The Louisiana Offshore Oil Port (LOOP), the biggest U.S. oil import terminal, says that it will take until the end of October to unload all the tankers backed up by Hurricane Ivan. The port shut down from September 13 to September 18 as the hurricane swept through the Gulf of Mexico and it was shut down again by the remnants of the storm on September 22 and 23 because of strong winds and high seas. LOOP is located about 20 miles off the Louisiana coast, and handles about 1 million barrels of crude oil imports a day.

Bloomberg October 6, 2004, 12:30

Oil Surges on Hurricane Pushes Heating Costs to Record

Damage to Gulf of Mexico oil platforms and pipelines from Hurricane Ivan was the most destructive and expensive for energy companies operating in the Gulf of Mexico since Hurricane Andrew in 1992.

- The hurricane on Sept. 16 wrecked at least 40 derricks and undersea pumps operated in the Gulf of Mexico.
- Oil output in the Gulf of Mexico remains 27 percent below normal three weeks later, making total U.S. production the lowest since 1950.
- At least a dozen refineries closed or scaled back operations as Ivan dumped sheets of rain and seawater flooded coastal towns.
- Daily heating-oil output along the Gulf Coast, the most-prolific U.S. refining region, fell 30 percent in two weeks to a 17-month low of 378,000 barrels on September 24. Diesel production in the region dropped 11 percent in that time to a six-month low of 1.226 million barrels a day.
- BP says its daily Gulf of Mexico oil and gas production has been reduced by the equivalent of 200,000 barrels, and it won't be restored until the end of next week at the earliest.
- Royal Dutch/Shell Group says its daily output in the region is equivalent to 135,000 barrels less than normal. A Shell spokesman indicated that some Shell platforms might not return to service until the end of the year.
- Marathon, says production cuts related to Ivan lowered its third-quarter worldwide output to the equivalent of 304,000 barrels a day, 9.8 percent less than the company forecast on July 27.
- Enscos International Inc.'s Enscos-64 rig ripped from its moorings by Ivan was found floating about 40 miles away from where it had been anchored. The rig has been taken to a shipyard so the company can decide whether the equipment is salvageable.
- Repair work on some damaged platforms and pipelines has been delayed by 5 feet of mud that the hurricane swept into the mouth of Port Fourchon, Louisiana, the largest base for companies that service oil and gas facilities in the Gulf of Mexico. According to a spokesman for one service-boat operator at the port, vessels can't exit the port fully loaded, consequently, two or three vessels are needed to haul a load of pipes, welding equipment or tools that would normally sail on one boat.

Bloomberg October 6, 2004, 11:27

Venezuela Increases Crude, Product Exports

Officials at Venezuela's state-owned oil company Petroleos de Venezuela (PDVSA) say the country is exporting an average 2.7 million barrels per day of crude and products, up 500,000 b/d from the first half of the year. According to Asdrubal Chavez, PDVSA's executive director for commerce and supply, Venezuela is exporting 2.7 million bbl of the country's total output of 3.1 million b/d.

Oil Daily October 6, 2004

Terasen gets Canada OK for new Trans Mountain crude line capacity

Pipeline operator Terasen has received Canadian government approval to use new capacity it recently installed on its Trans Mountain crude pipeline, a company spokesman said Tuesday. Terasen completed work at the end of August increasing heavy crude capacity on the line to 227,000 b/d from a prior 200,000 b/d. Trans Mountain runs from Edmonton, Alberta, to Vancouver and across the US border to the Puget Sound region of Washington.

<http://www.platts.com/Oil/headlines.jsp>

Nigerian Oil Union Plans to Strike Over Fuel Prices

As talks broke down Wednesday, Nigeria's blue-collar oil workers' union said it will strike from Sunday unless President Olusegun Obasanjo's administration cuts fuel prices. The National Union of Petroleum and Natural Gas Workers of Nigeria, or Nupeng, plans to join a nationwide strike over fuel prices called by Nigeria Labour Congress due to start on Monday. Oil workers joined a strike in June that didn't affect oil exports. Although one source based in Lagos cited Nupeng's president as saying the strike could shut down oil production in Nigeria, analysts believe that it won't disrupt crude exports since Nupeng represents workers whose responsibilities do not include loading crude oil exports. Pengassan, which represents white-collar oil workers in Nigeria, went on strike for three days in June over fuel prices, but Pengassan Secretary-General said last week the union won't participate in the Monday walkout. A strike by Pengassan would have greater impact on Nigeria's oil production since its members handle most of the loading of crude.

Bloomberg October 6, 2004, 12:54

Reuters October 6, 2004, 10:16

Shell Workers Return To Evacuated Nigeria Oilfield

According to a spokesman for Royal Dutch Shell conditions in areas of the Niger Delta from which Shell evacuated 300 staff last month have improved, consequently, the company is returning the workers to the region. With the workers back in place, Shell expects production to return to the 30,000 barrels per day of output closed by the evacuation.

Reuters October 6, 2004, 12:50.

Natural Gas

El Paso's Tennessee Natural Gas Pipeline Back After Ivan

El Paso Corp. unit Tennessee Gas Pipeline Co. said Monday it returned its 26-inch line to service following damage from Hurricane Ivan that led to a declaration of force majeure. The company said it was accepting nominations and gas flow at meters located between Ship Shoal 198 and Station 523. However, Ship Shoal 198H and 146A, remained shut in. The company did not provide details on how much volume would be restricted. The company also indicated that it was limiting some storage injections at all storage fields until levels were reduced.

Reuters October 6, 2004, 11:55

U.S. East Spot Power Slides With Low Demand

Natural gas in the spot market fell at the Transco-Z6 in New York fell to the \$6.30s for Thursday. Nonetheless, traders said the prices were still too high to run most gas-fired plants in the Northeast. One trader noted, "At these prices, almost none of the natural gas-fired (power) plants are operating. It is just too expensive. Oil is pricey, but it is still cheaper to burn than gas."

Reuters October 6, 2004, 13:30.

BLM Puts Indefinite Hold on Rocky Mountain Front Drilling Project

Responding to strong local opposition, The Bureau of Land Management (BLM) imposed an "indefinite" moratorium on an environmental review of a potential natural gas drilling site on the Rocky Mountain Front in Montana. In addition, a spokesman for BLM's Montana State Office said the BLM plans to re-direct federal funds that were allotted for review of that project to another drilling prospect outside of the Front area where there is "more drilling [activity] and less controversy."

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8kowu%5DZkjhoujTSig%23%3A%40%24bfej%5B%21>

Kinder Morgan to expand Colorado Natural Gas Pipeline

Kinder Morgan Inc. announced on Wednesday it plans to raise capacity by 300,000 dekatherms on its 300-mile TransColorado natural gas pipeline. The estimated cost of the project will be less than \$20 million. The pipeline runs from western Colorado to northwest New Mexico.

Reuters, October 6, 2004, 16:09

Other News

Groups say dual Wackenhut security role an insurance risk

The firm that underwrites nuclear liability insurance was warned by several advocacy groups that there is a financial interest at stake in having the industry use a company other than Wackenhut Corp. to play the adversaries in mock attack exercises. In a letter sent today to American Nuclear Insurers, four groups led by the Union of Concerned Scientists asserted that the risk of catastrophic damage "could significantly and unnecessarily increase" because of a potential conflict of interest that exists with Wackenhut's dual role of providing the attacking team at sites where it has security guard contracts. The groups said the situation sets up a scenario where Wackenhut could try to influence the results of drills. NRC said in a Sept. 30 letter released yesterday that the agency would ensure there were administrative controls and separation of functions in place and that NRC is in charge of designing and evaluating the exercises. Moreover, NRC will take prompt action if Wackenhut adversary contractors "are not performing rigorously in their role," said NRC Executive Director for Operations Luis Reyes.

<http://www.platts.com/Nuclear/headlines.jsp>

Energy Prices

	Latest (10/06/04)	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate US \$/Barrel	51.98	49.51	29.60
NATURAL GAS Henry Hub \$/Million Btu	6.00	5.44	4.84

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

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