



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

# ENERGY ASSURANCE DAILY

October 8, 2004

## Highlights / Major Developments

### **Oil Breaks More Records, Tops \$53**

#### **Key Gulf Port Halts Unloading; Nigerian Oil Workers Strike**

Crude-oil futures closed above \$53 a barrel Friday as a confluence of factors sent prices higher, breaking another record in New York and logging a gain of more than 6 percent for the week.

<http://www.marketwatch.com/news/yhoo/story.asp?source=blq/yhoo&siteid=yhoo&dist=yhoo&guid=%7BF775989E%2DD896%2D4E9B%2DBD36%2DF48692DEA8E0%7D>

### **Henry Hub Cash Sheds Nearly \$1 Amid Conflicting Indicators**

Spot market volatility continued Friday as the Henry Hub cash market sank nearly \$1 amid heavy volumes during mid-morning trading to average in the mid-\$5.30s/MMBtu, leading the way for a decline across the US.

<http://www.platts.com/Natural%20Gas/News/2646701.xml?S=n>

## Electricity

### **Wolf Creek Nuclear Unit in Kansas Shuts After Lightning Strike**

The 1,235-megawatt Wolf Creek 1 nuclear reactor in Burlington, Kansas, shut down automatically on Thursday after a lightning strike in the switchyard. The operator of the Wolf Creek nuke expects to restart the unit over the weekend.

Bloomberg News, 0850 October 8, 2004

Reuters, 1325 October 8, 2004

### **AEP's Welsh 1 Shut on Thursday**

AEP's Welsh 1 528 MW coal-fired unit shut on Thursday. It is expected to be up and running by Monday October 11.

Reuters, 1433 October 8, 2004

## **Petroleum**

### **Shut-in Oil Production is Equivalent to 27.95% of Daily Production of Oil in Gulf**

The cumulative (9/11/04-10/8/04) shut-in oil production is 17,035,766 bbls which is equivalent to 2.816% of the yearly production of oil in the Gulf of Mexico which is approximately 605 million barrels. This oil has been shut in due to damage from Hurricane Ivan

<http://www.mms.gov/ooc/press/2004/press1008.htm>

### **Louisiana Offshore Oil Port (LOOP) Officials Suspend Offloading, Again**

LOOP officials told OPIS that offloading of crude oil tankers has been suspended as of 4 a.m. this morning due to weather conditions and will likely remain on hold until Sunday.

OPIS Price Watch Alert, 1037 October 8, 2004

Bloomberg News, 1350 October 8, 2004

### **Shell Suspends Operations for Bad Weather**

Shell said repairs to oil pipelines in the Gulf that were damaged by Hurricane Ivan were halted Friday because of inclement weather.

Bloomberg News, 1350 October 8, 2004

Reuters, 1142 October 8, 2004

### **Offshore Still in Catch-up Mode**

#### **Gulf Pipelines Had More Damage than Was Thought**

Nearly three weeks after the Gulf of Mexico churned under Hurricane Ivan, oil and gas production remains well below normal levels because of slow repairs and widespread pipeline problems. Rick Mercier, director of the Offshore Technology Research Center at Texas A&M University, notes that most offshore production facilities are coming back on line at a predictable pace, but there has been more damage to undersea pipelines than expected. "There was a fair amount of sea floor movement due to the storm that wasn't appreciated earlier," Mercier said. "So the production facilities are getting back on line, but the pipelines to get that production onshore experienced more leaks than expected."

<http://www.chron.com/cs/CDA/ssistory.mpl/business/2836341>

### **Strategic Petroleum Reserves Loan of Oil Summary**

[http://www.fe.doe.gov/programs/reserves/spr/spr\\_loansumm\\_100604.pdf](http://www.fe.doe.gov/programs/reserves/spr/spr_loansumm_100604.pdf)

### **U.S. Natgas Spike Spurs Fuel Oil Imports from Europe**

Fuel oil exports from northern Europe to the U.S. are on the rise as U.S. utilities eye a switch away from natural gas, which has seen prices jump by a third over the past month, traders said on Friday. The natgas spike in the U.S. has encouraged the country's power plants to stock up on cheap fuel oil, triggering higher prices for the oil product in New York and opening the spot arbitrage from Europe.

Reuters, 1146 October 8, 2004

### **Wider Norway Oil Rig Strike to Cut Daily Output by 55,000 Barrels**

Norway's oil rig strike is set to escalate Friday night, cutting total output by around 55,000 barrels of oil a day, the Norwegian Shipowners Association told Dow Jones Newswires Thursday.

[http://biz.yahoo.com/ap/041007/norway\\_oil\\_strike\\_1.html](http://biz.yahoo.com/ap/041007/norway_oil_strike_1.html)

### **Shell Says Nigeria Strike Still On, Exports Normal**

A two-day strike at Royal Dutch/Shell Group's Nigerian venture, the top oil producer in the West African nation, is scheduled to end today without affecting oil and gas production and exports, the company and union leaders said.

Bloomberg News 0732 October 8, 2004

## Nigerian Oil Workers to Strike Monday; Another Ends

Nigerian oil workers will join a general strike set for Monday to protest an increase in fuel prices, as another walkout was due to end today without disrupting supplies from Africa's biggest producer (Shell).  
Bloomberg News, 1320 October 8, 2004

## Natural Gas

### Shut-in Gas Production is Equivalent to 14.43% of Daily Production of Gas in Gulf

The cumulative (9/11/04-10/8/04) shut-in gas production is 74.055 BCF which is equivalent to 1.664% of the yearly production of gas in the Gulf of Mexico which is approximately 4.45 TCF. This gas has been shut-in due to damage from Hurricane Ivan.

<http://www.mms.gov/ooc/press/2004/press1008.htm>

### Gap in Supply, But Anadarko Builds Canadian LNG Terminal

Anadarko Petroleum will break ground on its recently acquired Bear Head liquefied natural gas (LNG) terminal in Nova Scotia next week even though supply arrangements are not yet in place, said Robert P. Daniels, Anadarko's senior vice president for exploration and production. The company is proceeding even though it does not have all the links in the LNG value chain connected. At some point, Anadarko intends to bring in a partner who will participate on an equity basis.

Oil Daily, October 8, 2004

## Other News

Nothing to report.

## Energy Prices

	<b>Latest (10/08/04)</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate US</b> \$/Barrel	53.40	50.16	29.60
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	5.59	5.38	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](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*