

COUNTRY ANALYSIS BRIEFS

Current Monthly Energy Chronology

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January 2007

January 3 [Russia](#) halts crude oil exports to Belarus through the Druzhba pipeline after Belarus demands a \$6 per barrel tax to transit Russian oil. In December 2006, the Druzhba pipeline transported around 34 percent, or 1.4 million barrels per day (bbl/d), of Russia's total crude oil exports to Europe. On January 10, Belarus announces that it will no longer demand the transit tax, and by January 11 press reports indicate that normal oil flows resume through the Druzhba pipeline. (EIA, Reuters)

January 7 Commercial oil production begins at the Buzzard oil field in the [United Kingdom's](#) North Sea. The field was originally scheduled to begin operations in November 2006, but start-up was postponed due to weather problems. The Buzzard field holds estimated recoverable reserves of 550 million barrels of oil equivalent, and is one of the largest discoveries in the North Sea in the last decade. The addition of production from Buzzard will help offset declining oil output from the UK, where oil production has decreased significantly since 1999. Nexen Inc., operator of the Buzzard field, expects peak production from the field in mid-2007 to reach 200,000 bbl/d of oil and 60 million cubic feet per day of natural gas. (EIA, GI, IHS Energy)

January 23 During the annual State of the Union address to Congress, President Bush calls for a doubling of the capacity of the [U.S.](#) Strategic Petroleum Reserve (SPR) from 727 million to 1.5 billion barrels by 2027. As of late January 2007, the SPR holds 688.6 million barrels, or about 56 days of import protection. According to the White House, increasing the SPR to 1.5 billion barrels would provide about 97 days worth of import cover based on forecasts for 2027 oil demand. The move to increase the size of the SPR beyond the current capacity must first be approved by Congress. If the plan is approved, independent analysts estimate that doubling the SPR would increase U.S. oil demand by about 110,000 bbl/d through 2027. (DOE Office of Fossil Energy, Reuters)

February 2007

February 1 The Organization of the Petroleum Exporting Countries (OPEC) implements a 500,000-barrel per day (bbl/d) cut in the organization's oil production, following a larger 1.2 million-bbl/d cut that had taken effect in November 2006. As a result of the cut, OPEC-10 (excluding Iraq) target crude oil production now stands at 25.8 million bbl/d. EIA estimates later show that OPEC-10 crude oil production for February was 26.5 million bbl/d, exceeding the organization's production ceiling by 700,000 bbl/d. OPEC is scheduled to hold its next regular meeting on March 15, 2007 in Vienna, Austria. (EIA, GI)

February 6 The operators of Canada's Hibernia oil field, the largest offshore oil development in Canada, announce that the field will shut down for up to one month while the company conducts maintenance work that was originally planned for September 2007. The company elected to accelerate the maintenance schedule as a result of mechanical problems at Hibernia that had limited output since early January. The Hibernia field normally produces 180,000 bbl/d of crude oil, but had been held to 110,000 bbl/d since mechanical problems slowed production in early January. (Reuters)

February 6 Occidental Petroleum declares *force majeure* on oil and natural gas supplies from its Elk Hills field in California, after a natural gas line feeding the field ruptures and causes a fire. Elk Hills is one of the largest oil and natural gas fields in California, and normally produces 70,000 bbl/d of oil and 280 million cubic feet per day of natural gas. By the end of the month, Occidental reports that some of the field's production is restored, but the company does not give a timetable for when full production might return. (Occidental Petroleum, DJ)

February 16 An explosion rocks a residual oil unit at Valero Energy's McKee oil refinery in Sunray, Texas, causing operations to halt at the 170,000-bbl/d plant. After inspections, the company announces that it expects to restart partial operations in early April at a rate of 85,000 bbl/d, if repair work goes as planned. While the McKee facility represents only a small portion of U.S. refining capacity, a possible two-month outage will tighten domestic petroleum product supplies. (Reuters, GI)

February 17 BP unexpectedly shuts down production at its Northstar oil field in Alaska after a worker notices a leak in a pipeline associated with the field's natural gas plant. During follow-up inspections, BP discovers corrosion at one of the field's pipelines, which the company expects to delay the restart of the 47,000-bbl/d field until mid-March. Northstar is Alaska's newest oil field, and is located about 6 miles from the Prudhoe Bay oil field, where BP also experienced corrosion problems in the field's pipeline system during 2006. (Reuters, GI)

March 2007

March 4 Shell shuts in 187,000 barrels per day (bbl/d) of crude oil production after discovering a major spill at a pipeline feeding the Bonny export terminal in [Nigeria](#). The spill brings Shell's total shut-in oil production in Nigeria to 664,000 bbl/d, according to industry sources. Oil supply disruptions from militant attacks and accidents have plagued companies operating in Nigeria since February 2006. Nigeria is the largest net exporter of oil in Africa, with EIA estimates showing net exports of about 2.2 million bbl/d during 2006. On March 26, Shell representatives announce that operations have resumed at the ruptured pipeline. (EIA, GI, Reuters)

March 8 Cyclones off the coast of northwest [Australia](#) cause companies to shut in about 175,000 bbl/d of offshore crude oil production, representing about two-fifths of the country's average crude oil production. Key offshore fields are closed for about eight days while two consecutive cyclones disrupt oil supplies. Later in the month, on March 27, another cyclone approaches the northwest Australian coast and forces companies to shut in 180,000 bbl/d of crude oil production in anticipation of the tropical storm. There is no indication how long oil supplies will be disrupted. Australia produced 433,000 bbl/d of crude oil in 2006, according to EIA estimates. (EIA, GI, Reuters)

March 14 Workers begin to strike at [France's](#) Fos-Lavera oil and natural gas import terminal in Marseille, the world's third largest port for receiving petroleum products. Fos-Lavera sends oil to four refineries near Marseille and exports oil via the South European pipeline to Karlsruhe, Germany. The strike is eventually resolved on March 31, at which point industry sources report that 63 ships, including 39 oil tankers, had been blocked from entering the port, and that several local refineries had been forced to cut output. (GI, Reuters)

March 15 During a meeting in Vienna, Austria, members of the [Organization of the Petroleum Exporting Countries \(OPEC\)](#) agree to keep the organization's oil production quotas unchanged. The current OPEC-10 (which excludes [Iraq](#) and [Angola](#)) crude oil production quota is 25.8 million bbl/d, although EIA estimates that the group produced an average of 26.7 million bbl/d in March 2007. OPEC will hold its next normally scheduled meeting on September 11, 2007 in Vienna. (EIA, GI)

March 23 Iranian naval vessels seize 15 British marines and sailors in the Persian Gulf near the maritime border of Iraq and [Iran](#), accusing the British military personnel of straying into Iranian waters. The incident occurs amid rising diplomatic tensions at the United Nations over Iran's nuclear program, and helps push up world oil prices. As of March 30, the front-month price of West Texas Intermediate (WTI) crude oil on the New York Mercantile Exchange (NYMEX) settles at \$65.87, up from an average of \$59 per barrel in February. Iran is a significant exporter of oil, with currently available trade statistics putting Iran's crude oil exports at 2.6 – 2.7 million bbl/d in 2006. (EIA, Reuters)

April 2007

April 4 [Iran](#) releases 15 British marines and sailors who were captured March 23 in the Persian Gulf near the maritime border of [Iraq](#) and Iran, helping to ease regional tensions that pushed up world oil prices during the 13-day standoff. The release of the British military personnel reduces the perceived risk of a possible oil supply disruption in the [Strait of Hormuz](#), which accounts for roughly two-fifths of all globally traded oil. Iran is a significant exporter of oil, with currently available trade statistics putting Iran's crude oil exports at 2.6 – 2.7 million barrels per day (bbl/d) in 2006. (EIA, GI)

April 15 A leak is detected on a crude oil pipeline operated by Enbridge that carries oil from Alberta province in [Canada](#) to refineries in the U.S. Midwest. Enbridge immediately shuts down the affected spur, which normally transports 490,000 bbl/d of medium and heavy crude oil. On April 18, Enbridge announces that it has restarted the affected line at 80 percent of normal operating pressure. The Enbridge pipeline system has the capacity to transport 2.2 million bbl/d of oil, accounting for the bulk of Canada's export capacity to the [United States](#). Canada is the single largest supplier of crude oil exports to the United States, sending an estimated 1.8 million bbl/d of crude oil during February 2007. (EIA, Reuters, Enbridge)

April 23 Ruling party candidate Umaru Yar'Adua is declared the winner of the presidential election in [Nigeria](#), while opposition candidates dispute the results and cite irregularities in the elections. Uncertainty surrounding possible unrest and violence in Nigeria's oil-producing regions following the election results helps push up world oil prices, with the price of front-month West Texas Intermediate (WTI) on the New York Mercantile Exchange (NYMEX) settling at \$65.89, up \$2.51 from the previous closing price on Friday April 20. Oil supply disruptions from attacks against Nigeria's oil infrastructure since February 2006 have led to the shut-in of 587,000 bbl/d of production capacity. (EIA, Reuters)

April 26 [Norway's](#) Statoil announces a temporary production shut-down at the Kvitebjørn condensate field in the North Sea to conduct unplanned maintenance. The field has a production capacity of 190,000 bbl/d, but has been producing at about half this since December 2006 because of a drilling program to enhance production rates. Statoil expects that the field could be completely shut-down for up to five months, and the company plans to release a revised production target in early May. Norway is an important exporter of oil, and the country produced an estimated 2.8 million bbl/d in February 2007. (EIA, Rigzone)

May 2007

A series of oil supply disruptions affect [Nigeria](#) during the month of May. EIA estimates show that an average of 750,000 barrels per day (bbl/d) of oil production is shut-in during May, up from about 587,000 bbl/d during the previous month. Nigeria is the largest net exporter of oil in Africa, with estimated net exports of 2.2 million bbl/d during 2006. However, the country has been affected by numerous oil supply disruptions as the result of militant attacks and accidents during the last one and a half years. (EIA, DJ, GI, Platts, Reuters)

- **May 1** Chevron shuts in 15,000 bbl/d of crude oil production at the offshore Funiwa oil field in Nigeria following the kidnapping of six oil workers.
- **May 4** Saipem, the company operating Nigeria's 50,000-bbl/d Okono/Okpoho oil fields, declares *force majeure* after several oil workers are abducted from the site.
- **May 7** Protests cause Chevron to shut down the 42,000-bbl/d Abiteye flow station that feeds the Escravos export terminal in Nigeria.
- **May 8** Italian oil company Agip shuts in 98,000 bbl/d of production at the Brass River oil export terminal following militant attacks on pipelines feeding the system.
- **May 10** Protesters occupy the Bomu pipeline system that feeds the Bonny Light export terminal in Nigeria, forcing Shell to cut output by 170,000 bbl/d. On May 15, Shell declares *force majeure* on Bonny Light crude oil exports. Shell restores normal production at the Bomu system on May 21.
- **May 28** Protests resume at the Bomu pipeline system, which causes Shell to shut in 150,000 bbl/d of oil production feeding the Bonny Light export terminal after protesters damage some of the metering equipment. Protesters continue to occupy the site through the end of the month.
- **May 28** Shell shuts in 77,000 bbl/d of crude oil production through its Nembe Creek trunk pipeline in Nigeria after discovering a leak.

May 10 French oil company Total declares *force majeure* on oil shipments from its Nkossa field in [Congo \(Brazzaville\)](#) after a fire halts output at the 60,000-bbl/d oil platform. Officials from the Congolese oil ministry announce that production will be restored to normal levels in about three weeks. EIA estimates that in 2006 Congo produced 240,000 bbl/d of crude oil, making it the fifth-largest producer of crude in Africa. (EIA, Reuters)

May 22 Workers at the Prudhoe Bay oil field in Alaska notice a water leak on a pipeline, forcing field operator BP to shut in 100,000 bbl/d of crude oil production for five days. The water leak is on a gathering system that brings oil from the field to the Trans-Alaska Pipeline System (TAPS). The Prudhoe Bay field normally produces 400,000 bbl/d of crude oil, making it the largest oil field in the United States in terms of production. The disruption occurs amid a Congressional investigation into a March 2006 oil spill at Prudhoe Bay that was the result of corrosion in the TAPS. (Reuters)

June 2007

June 1 The Dubai Mercantile Exchange (DME) launches its [Oman](#) Crude Oil Futures Contract, the first physically-traded crude oil contract available in the Middle East. DME Oman crude oil for August delivery settles at \$64.09 on its first day of trading. Prior to the introduction of the DME Oman contract, Middle Eastern crude oil prices were linked to other world crude oil contracts, such as the IntercontinentalExchange (ICE) Brent contract. (Reuters)

June 5 Tropical Cyclone Gonu reaches Oman, forcing the closure of the Mina al-Fahal terminal for three days. The 650,000-barrels per day (bbl/d) Mina al-Fahalfacility is Oman's only crude oil export terminal, although it has sufficient oil storage capacity to allow the country's oil fields to continue pumping during the storm. The cyclone also causes the closure of the Sur liquefied natural gas (LNG) export terminal for five days. The Sur facility has a sendout capacity of 10 million metric tons per year of LNG. (DJ, Argus Media)

June 14 Gunmen storm the Ogbainbiri flow station in [Nigeria](#) and take 24 oil workers hostage, forcing Italian company Eni to shut in 40,000 bbl/d of crude oil production. In a separate incident, on June 18, militants overrun the Chevron-operated Abiteye flow station, forcing the company to shut in 42,000 bbl/d of crude oil production. Oil production at the Abiteye facility is restored on June 19, although Eni declares *force majeure* on exports from the Ogbainbiri oil field. EIA estimates that 735,000 bbl/d of Nigeria's crude oil production was shut-in during June 2007. (EIA, Reuters)

June 26 Several riots break out in [Iran](#) in response to the government's new gasoline rationing program. The Iranian government has sought to introduce a fuel rationing program for some time to help reduce the country's dependence on gasoline imports. Although Iran is a significant oil producer, it does not have the refining capacity to meet domestic demand for refined petroleum products. EIA estimates that Iran is the third-largest gasoline importer in the world, importing about 190,000 bbl/d in 2006. (EIA, Reuters)

June 28 Chevron officials announce a delay in the installation of the company's planned \$3.5-billion Tahiti oil and natural gas production platform in the U.S. Gulf of Mexico, citing defects in the mooring shackles that hold the platform in place. The Tahiti project, located 140 miles offshore in the deepwater Gulf of Mexico, was expected to begin producing 125,000

bbl/d of crude oil by mid-2008. It is not clear if this planned start-date will be postponed. (Chevron, Houston Chronicle)

July 2007

July 1 A section of the Central Area Transmission System (CATS) pipeline in the [North Sea](#) is damaged by a ship's anchor, leading CATS operator BP to close the pipeline for repair. The 250-mile CATS delivers associated natural gas production from North Sea oil fields to the mainland [United Kingdom](#). Independent analysts estimate that oil fields affected by the CATS closure will shut in about 100,000 barrels per day (bbl/d) of oil production until the pipeline is repaired. BP expects to repair and return the CATS pipeline to normal service in September. In 2006, the UK produced an estimated 1.7 million bbl/d of oil, making it one of Europe's largest oil producers. (EIA, BP, Energy Intelligence, Reuters)

July 13 [Russian](#) natural gas monopoly Gazprom and Total sign a deal in which Total will receive a 25-percent stake in the project to develop Russia's giant Shtokman natural gas field in the Barents Sea. The Shtokman field holds estimated natural gas reserves of 130 trillion cubic feet (Tcf), making it one of the world's largest undeveloped natural gas fields. Phase 1 of the Shtokman project is expected to come online in 2013, supplying 835 billion cubic feet of natural gas per year. Gazprom officials have suggested that Shtokman supplies will be exported as liquefied natural gas to North America and also piped to European markets. Russia holds the world's largest proven natural gas reserves, with 1,680 Tcf as of January 2007. (Energy Intelligence, OGJ, Reuters)

July 16 [Japan's](#) Tokyo Electric Power Company (TEPCO) shuts down reactors 3, 4, and 7 at the Kashiwazaki-Kariwa nuclear power plant after a 6.8 magnitude earthquake strikes in Niigata prefecture. The remaining four reactors at the Kashiwazaki-Kariwa plant were already idle for maintenance, leaving the entire facility shut down. The Kashiwazaki-Kariwa plant has a capacity of 8.2 gigawatts, making it Japan's largest nuclear power station. EIA expects that problems at the Kashiwazaki-Kariwa nuclear power will increase oil consumption in Japan by an estimated 150,000 barrels per day (bbl/d) through mid-2008. As of month's end, TEPCO has not stated when the company expects the Kashiwazaki-Kariwa plant to resume operations. (EIA, FACTS Global Energy, Reuters)

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