



Oil Storm - the good and bad news

Posted by [Heading Out](#) on June 5, 2005 - 10:37pm

A quick note after watching the movie, and for those who are curious a couple of references. The movie begins with a hurricane taking out [Port Fourchon](#), a major entry point for oil into the United States. That is feasible, as is the short term result of losing the supplies that flow through there from the deep waters of the Gulf, as well as the connection to the deep water mooring points of the Louisiana Offshore Oil Port (Loop),

"the first and only offshore terminal in the United States."

Note however that the Port merely facilitates the transfer of the crude from there to a distribution network that carries it to refineries elsewhere. There is also a comment on the website.

Analysts predict that losing access to Port Fourchon could choke our national energy supply, sending gas prices to over \$3 per gallon. Since that is what happens.

Now after this the movie goes into a bit of fantasy, necessary of course to make it exciting but in error otherwise. I did think it interesting to hear "the nation can only be calmed by the Government" and then watch it remain in a state of close to panic. There is, of course, also a hero, who has to save the supply twice in nine months.

And this is where the movie breaks down. It is never clear what it is that causes the total of the initial shortage – if it is the loss of the LOOP that does not affect the importing of oil – this 1 mbd is still coming it just has to be landed elsewhere, the only other loss would be the loss of the deep water oil, but most of that comes from elsewhere in the Gulf though some of the 300,000 bd could be lost. That would be recovered by the imposition of the 50 mph driving speed limit.

One must then assume that the crisis gets worse with the loss of the Saudi refinery. Well so far you have heard the good news, now the not so good. While the US only gets 1.6 mbd from Saudi Arabia there is relatively little that they can do to increase the supply short term and certainly not by 1 mbd. Ras Tanura has been discussed as a terror target in [The Economist](#), which also has a Saudi map, and [The Guardian](#) and a description of the port facilities can be found [here](#) and it should be noted that the oil loading platforms are offshore. Yes they have a 1 mbd reserve but it is from the Manifa oilfield and that is not currently refinable. As a result it is almost impossible for initial rescue to come from Saudi Arabia, though the loss of 2 mbd on top of some of the Gulf oil would definitely have a serious impact on the economy. And in the same vein is the likelihood of the final Russian rescue, which I dealt with (unknowingly) in the last post.

All in all, it would have been a lot more interesting if some of the Government decisions could have been explained and the actual shortages reported, rather than just seeing the price of gas

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going up. And there is a lot more resilience in parts of the economy than they showed.

Sadly we will see oil at \$75 a barrel soon, and probably \$4 gas, but without the easy solution they ultimately found, which is just not going to happen.

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