The Oil Drum
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Hurricane damage revisited

Posted by Heading Out on June 9, 2005 - 12:30am

The Amazon site says that Matt Simmons' book is on a truck heading for our house, so I suspect that entries may be a bit sparse for a couple of days. Since we may disagree a little about drilling rig numbers, I thought I would add a little of that to the segment that appears in the EIA coverage of the damage from the hurricanes last season to the rigs in the Gulf. It was written last November, but gives a sense of the damage, and if you remember, we coped with the problem fairly well. But then I have to remind you that - along the lines of Oil Storm - this season is supposed to be worse. Any way, here is the EIA entry section

> The United States contains over 500,000 producing oil wells, the vast majority of which are considered "marginal" or "stripper" wells, generally producing only a few barrels per day of oil. During 2003, top oil producing areas included the Gulf of Mexico (1.6 million bbl/d), Texas onshore (1.1 million bbl/d), Alaska's North Slope (949,000 bbl/d), California (683,000 bbl/d), Louisiana onshore (244,000 bbl/d), Oklahoma (178,000 bbl/d), and Wyoming (143,000 bbl/d).
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> Lower-48 States oil production in 2004 is estimated to have decreased by 130,000 bbl/d, to 4.58 million barrels per day, in 2004, with an increase of 190,000 bbl/d expected in 2005. Generally speaking, Lower-48 onshore production, particularly in Texas, has fallen in recent years, while offshore (mainly Gulf of Mexico) production is rising. For 2004, prior to Hurricane Ivan in mid-September, Gulf of Mexico oil production had been expected to increase both from new fields that came online in late 2003 as well as from start-ups at the southern Green Canyon deepwater area in late 2004. By late 2005, the Mars, Mad Dog, Ursa, Thunder Horse and Nakika Federal Offshore fields are expected to account for about 12% of Lower-48 oil production.
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> However, in late September 2004, Hurricane Ivan caused significant disruptions to Gulf of Mexico operations, resulting in a loss of over 29 million barrels of oil through November 9, with a continuing disruption of more than 200,000 bbl/d (down from over 1 million bbl/d on September 14 and around 450,000 bbl/d in October) due to damage at platforms and other oil infrastructure in the Gulf. According to an assessment by the U.S Department of Interior's Minerals Management Service (MMS), seven platforms were destroyed and six had major storm damage. According to the MMS states, "Of the 4,000 structures and 33,000 miles of pipelines in the gulf....150 platforms and 10,000 miles of pipelines were in the direct path of Hurricane Ivan. A substantial amount of the deferred production is directly attributable to damage that has occurred along pipeline routes rather than actual structural damage to the producing platforms. Pipelines in mud slide areas off the mouth of the Mississippi River experienced failures and will take a significant effort to locate and repair because the pipelines are buried by as much as 20 to 30 feet of mud. Overall, twelve large diameter pipelines (10" or larger) were damaged in Federal waters." The MMS expects that oil production will return to near-

normal by the end of 2004, with output reaching 96% of normal within six months.

Meanwhile, Alaskan oil production is expected to decrease by 5% in 2004 and by 1% in 2005, continuing a steady decline since the state's peak output in 1988, at 2.017 million bbl/d. For the period January-August 2004, Alaska averaged production of about 902,000 bbl/d of oil, or about 16% of total U.S. crude oil production. Most of Alaska's oil output comes from the giant Prudhoe Bay Field, and is transported via the Alyeska pipeline.

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