



More stormy weather

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Topic: [Supply/Production](#)

[Bloomberg](#) has a more comprehensive article than usual on the rising prices of oil, and their effects. To give some of the quotes of interest:

Tropical Storm Katrina, the 11th named storm of the year, is forecast to reach hurricane strength before crossing Florida August 26 and moving into the Gulf, the Miami-based National Hurricane Center said. The Gulf of Mexico accounts for 24 percent of U.S. gas production and 30 percent of oil output.

Hot weather pushed U.S. cooling demand to 14 percent above normal last week, according to the National Oceanic and Atmospheric Administration. Oil followed natural gas higher because some factories and power plants can switch between petroleum-based fuels and gas depending on cost.

“When crude oil goes higher there's upward pressure on natural gas,” said Jason Schenker, an economist at Wachovia Corp. in Charlotte. “We could easily see \$11-plus natural gas this winter if the weather is cool and injections don't increase.”

Gasoline supplies plunged 3.2 million barrels to 194.9 million last week, the eighth-straight decline, the Energy Department said. Stockpiles are at the lowest since November 2003. A fall of 1.5 million barrels was expected, according to the median of responses in a Bloomberg survey.

U.S. consumption of the fuel rises between late-May's Memorial Day holiday and the Labor Day holiday in early September, when motorists take to the highways for summer vacations.

Crude-oil supplies jumped 1.9 million barrels, the fourth-straight increase, to 322.9 million in the week ended Aug. 18, according to the report. Stockpiles are more than 10 percent higher than a year ago.

A year ago it was similar concerns about weather, unrest in Nigeria (to which we can now add Colombia, [Ecuador](#) and others) and projected downturns in production from Iraq that led to increased prices up through the end of the year. One wonders if there are any rays of hope to suggest that the situation has done anything but get worse in the interim? It is interesting to note in the story on Ecuador that:

In a bid to alleviate that situation, Ecuadorian officials were in Caracas Tuesday negotiating with their oil-rich Andean neighbor about "borrowing" some crude to make good on Quito's international commitments. Their trip came after Venezuelan President Hugo Chavez acceded to Ecuador's request for help in this matter.

Hmm! I wonder where they are going to get it from, if the OGJ figures are more accurate than the EIA ones (there is a difference of about 500,000 bd last time I looked).

Technorati Tags: [peak oil](#), [oil](#), [Katrina](#)



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