



## An expanded version of what I meant to say on the Beeb

Posted by [Heading Out](#) on August 29, 2005 - 8:38pm

Topic: [Supply/Production](#)

Let me preface this remark by thanking BBC5 for the chance to be on their program, and ProfG, Ianqui and SuperG for letting me draw the short straw and represent them. And, because it is true, I will exempt the Beeb from the tenor of the next paragraph.

I was struck, coming back to watch the news tonight, how quickly Katrina was disappearing from the riveted attention of the MSM. And this, as one of the reporters commented, at a time when they could not drive out of downtown New Orleans to assess damage, because their car got a flat from driving over debris hidden by the water on the road. I bring this up because the time of allowed public attention differs from that over which the extent of this disaster will unfold. As ProfG just noted, it will not be until tomorrow that the helicopters can go out to examine the rigs and platforms and to see how much they were damaged. Testing the LOOP, the pipelines and support infrastructure to begin oil flowing back to the refineries around New Orleans will take time, and bringing them back on stream will also be something that cannot occur immediately.

Beyond that there is some question as to the sandbars outside the port, and whether they have moved, and so this will have to be surveyed. And if there is too much sediment in the channels, then they must be dredged. None of this necessarily assumes great amounts of damage, but all of it requires time. To take a different segment from the story on the Florida situation in [Rigzone](#) article

``It's not going to be pretty," said Jim Smith, president of the Florida Petroleum Marketers and Convenience Store Association. ``We're totally dependent on that water-borne route."

Thus, despite the current perception that damage was not as great as anticipated, it is going to be later in the week, and perhaps through next weekend, before we begin to understand the full impact of this storm.

And, because I suspect not all our readers in Europe were willing to get up at 2:30 am to hear me on the Beeb a few minutes ago, let me make the point I made there again. The shortage that we will face, due to the refinery and GOM platform outage is relatively immediate. Shipping additional oil from Saudi Arabia (avoiding the question we keep asking as to which field it will come from) will not get here in less than about 6 weeks. Any shortages that will develop will likely occur before then, and if they do, then the oil can be withdrawn temporarily from the Strategic Petroleum Reserve, since some of the caverns are right there in the Louisiana parishes. The likely problem is going to remain not with the crude but with the refined product. And that will be resolved only as all the refineries come back on line.

And with respect to the ongoing discussion with Halfin in the comments, I am glad we got our new

The Oil Drum | An expanded version of what I meant to say <http://www.theoil Drum.com/story/2005/8/29/192617/792> site back, because in last Saturday's techie talk, I hopefully finally explained the scientific background to the decay in production from oilwells. Thus, if you have a certain number producing, all will be in some stage of depletion, and the only way to increase production is to drill more wells. And if you only have 37 rigs in operation then you can only drill that many wells at a time. So no matter who asks you for more oil there is only so much you can do!

UPDATE: Just checking around I see that Michael Lynch is quoted in [Bloomberg](#)

``There is a big surplus of crude oil and the loss of a few million barrels will not be a big deal," said Michael Lynch, president of Strategic Energy and Economic Research in Winchester, Massachusetts.

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



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