



## It may not be that easy

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Topic: [Supply/Production](#)

Watching Nightline tonight and the aerial fly-over of outer New Orleans, the real size of the disaster is just becoming apparent. One of the levees did apparently fail, and now there are regions where only the roofs of the houses are visible. The problem is that New Orleans is below sea level, and thus this water will not go away until the levee is repaired and the pumps can remove the water. With the area of devastation already large (and perhaps still growing) and no power in the city, this will take a serious amount of time. And by that time, as Ted Koppel pointed out, the houses will be destroyed.

The refineries are on the other side of the river from downtown, and so I am not sure how rapidly they will be drained, but as the [NYT](#) reports

Valero, the nation's largest independent refiner, indicated that it might be two weeks before it could restart its St. Charles refinery in Louisiana. The refinery was under three feet of water and sustained "minor damage" to its cooling tower, the company said.

Hurricane Katrina is the most severe storm to affect the oil industry since Hurricane Ivan tore through the gulf last September. That storm destroyed seven offshore platforms and cut 7 percent of the region's yearly oil production and 4 percent of its total gas output. It also caused huge damage to the underwater pipeline network, requiring as much as six months to repair. "The crunch is on refineries," said Roger Diwan, a managing director at PFC Energy, an oil consultancy in Washington. "Restarting a refinery is a very delicate operation. These things can blow up. They are complicated, old and cranky.

"If refineries don't start by Wednesday or Thursday, the stock draw is going to be dramatic," he said. "Already, gasoline stocks are low. This will further tighten the market."

Depending on how much water is in the refineries, and how it got there (levee failure or just rain) will determine whether, what might otherwise be a relatively undamaged refinery, can be brought back on line for quite a time.

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