The Oil Drum
DISCUSSIONS ABOUT ENERGY AND OUR FUTURE

Newest (and very informative and very scary) report from an anonymous insider

Posted by Prof. Goose on August 31, 2005 - 5:12pm
Topic: Supply/Production

Original post [2005-8-31 10:30:32 by Prof. Goose]This is from an oil industry insider I consider quite credible. She was definitely right about everything in her last post. If she's right about this one, we may finally start to get a true picture of what's going on. All below the fold.

Update [2005-8-31 16:02:53 by Prof. Goose]: This story has been confirmed by the Coast Guard, at least 20 rigs gone.

There are MANY production platforms missing (as in not visible from the air). This means they have been totally lost. I am talking about 10's of platforms, not single digit numbers. Each platform can have from 4 to 100+ wells on it. Most larger ones have 20-30 wells in this area, with numerous caisson wells. They are on their sides, on the bottom of the gulf - they will likely be left as reef material, provided we can get permission. MMS regulations require us to plug each of the wells that were on these platforms - HUGE cost now, as the platforms are gone... Hopefully, MMS will grant `abandon in place' status for these wiped out structures.

We also set individual wells as satellites and pipe them back to existing platforms. These stand-alone wells are called caisson wells. 90% of those in the storm path are bent over, rendering them a total loss, We would have to remove the existing bent structure and drill a new well, as bent pipe is basically unusable.

We utilize platforms as gathering hubs. We pipe the raw oil/water to them and then send it on for separation, or separate it there and send finished oil on. Damage to a hub means everything going to the hub is offline indefinitely. There are +/- 15 HUBS missing. MISSING!! As in we cannot find them from the air.

Thus even if the wells feeding the hub are ok, we have nowhere to pump the oil to...

The jackup drilling rigs appear to be in various stages of damage, but most rode the storm out with minimal problems. However, each of them has shifted position.

When we jack the rig up, it is carefully positioned directly over the well slot where we are working. The derrick has rails that allow us to slide it in 4 directions to get the derrick directly over the well or slot. If the rig moves (right/left, or from level to uneven), it has to be jacked back down to the waterline and repositioned with tugboats, then jacked back up. After it is back up and level, the derrick is slid on the 2 sets of rails, and bolted into position over the well or slot again.

Thus we have to reset each of the drilling rigs, which requires getting OUT of the well, tugboats and a move, then getting back into the well. The open hole we have drilled (what is not enclosed in cemented casing) is likely to be lost, and if the wellhead or the casing is bent, then the well will

have to be redrilled. This is an exploration setback of at least a month, but we don't yet know the boat situation.

Boats are usually brought into harbor to weather storms. We do not have a boat count yet, but from the initial reports, we may have lost or grounded 30% of the Gulf of Mexico fleet. This means everything will cost more, take longer - repairs, repositioning, everything.

In short, the Gulf area hit by the storm is basically in about the same shape as Biloxi. The damage numbers you have gotten from the government and analysts are, in my opinion, much too low. We are looking at YEARS to return to the production levels we had prior to the storm. The eastern Gulf of Mexico is primarily oil production...

Loss of the MARS platform alone cost us 95,000 barrels a day for a year or maybe more.

YEARS, people. I know what this means - hope everyone else gets it too...

Click here to go to an image of a destroyed rig.

The front page of the Houston Chronicle has a rig beached on Dauphin Island. The legs have been sheared off and derrick is missing – thus it is a total loss. This rig was operating in Main Pass (adjacent to Plaquemines Parish), and thus was blown to Alabama and beached.

Update [2005-8-31 10:6:22 by Prof. Goose]: The insider asked me to attach this article to her post.

Technorati Tags: peak oil, oil, Katrina, Hurricane Katrina, gas prices.