



Government says storm may shut some US refineries for months

Posted by [Prof. Goose](#) on September 1, 2005 - 4:01pm

Topic: [Supply/Production](#)

Yes, it says months. [A Reuters piece on refinery potential and timetable.](#) (article after the fold). (Note: I read this as a "we have no idea what the hell is going on and we have to say something.")

By Tom Doggett

WASHINGTON, Sept 1 (Reuters) - The government warned on Thursday that some U.S. refineries shut by Hurricane Katrina may not resume processing oil for several months and a consumer group said such market conditions justified gasoline at \$3 a gallon.

"Some refineries likely (will be) able to restart their operations within the next 1 to 2 weeks, while others will likely be down for a more extended period, possibly several months," the Energy Information Administration said.

The Energy Department's analytical arm said nine major oil refineries in Louisiana and Mississippi remained shut from the hurricane. Those refineries account for about 11 percent of total U.S. refining capacity.

"Unlike 2004's Hurricane Ivan, which affected oil production facilities and had a lasting impact on crude oil production in the Gulf of Mexico, it appears that Hurricane Katrina may have a more lasting impact on refinery production and the distribution system," the EIA said in its most recent update on the effects of the hurricane on the energy sector.

With less production of gasoline, motor fuel prices have jumped around the country to near or above \$3 a gallon, with pump prices in Atlanta topping \$5.

President George W. Bush earlier Thursday urged Americans to conserve gasoline while supplies are disrupted, and promised the government would go after oil companies that gouged consumers at the pump with high prices.

The Consumer Federation of America, which is normally a critic of Big Oil, said on Thursday that \$3 gasoline was justified, given current market conditions.

The group pointed out that with many refineries shut, major pipelines not working and gasoline demand up as drivers top off their tanks due to fears of supply shortages, higher prices should be expected.

However, Mark Cooper, the group's research director, said the U.S. oil industry is

controlled by a few big companies and the supply-and-demand forces that set fuel prices "are not very consumer-friendly."

He said some retailers were likely using the hurricane to gouge consumers at the pump, but such cases would be difficult to prove.

Two congressional committees will hold separate hearings next week on the jump in gasoline prices and the impact on oil refining capacity after the hurricane.

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