



The global nature of oil is becoming apparent

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Topic: [Supply/Production](#)

In good news, it appears they are getting some refineries on line faster than earlier anticipated. From [Reuters](#)

Marathon Oil Corp. on Saturday said it expected all seven of its oil refineries to be operating at capacity on Monday, after Hurricane Katrina closed one refinery and interfered with supplies to two others. The 245,000 barrel-per-day refinery at Garyville, Louisiana, the company's largest, was being reopened over the weekend, officials said. Of the eight refineries, belonging to various oil companies, knocked out by Katrina, the Garyville plant was the third largest.

In bad news: concerns that the US need for European supplies will drag on for more than a month, are already being [expressed](#)

The head of the West's energy watchdog said in an interview on Saturday that Hurricane Katrina could spark a worldwide energy crisis if damage to U.S. refineries led to a big increase in U.S. purchases of European petrol.

"If the crisis affects oil products then it's a worldwide crisis. No one should think this will be limited to the United States," Claude Mandil, head of the Paris-based International Energy Agency (IEA) told German daily Die Welt.

"They are already buying gasoline in Europe. If the refineries are damaged, that will only increase. Then this will become a worldwide crisis very quickly."

Mandil told the paper that high oil prices represented a risk for global economic growth and urged consumers to alter their behavior to save more energy and limit the fallout.

Poor countries were bound to suffer most from a recent surge in energy prices, which has been aggravated by Katrina and the shortages it has caused, he said.

And \$100 a barrel oil is no longer an [unmentionable](#).

This concern is also appearing in Asia as reported in [the Asia Times](#)

Since the beginning of the year, crude oil prices have increased a whopping 60%. So far we have seen US consumers bear \$40, \$50, \$60 and now even \$70 oil with little impact on consumer spending. Yet it remains to be seen whether they will be able to withstand \$80 or \$100 oil. . . . the average consumer will have a much more difficult time dealing

with a price of \$3 for a gallon of gasoline. . . .

Unfortunately not every part of the country is graced with an efficient mass transit system such as NYC - many Americans have no alternative other than driving to work. According to the 2000 US census, 87.9% of Americans commute by car, van or truck. In fact, a Wall Street Journal poll of 4,000 people conducted on August 15 reported that 31% of respondents said they have already cut driving activities, 21% said they would cut driving when gas reaches \$3-\$4 a gallon while another 18% said that they wouldn't cut driving until gasoline prices hit \$4-\$5 a gallon.

The rule of thumb is that every \$10 rise in oil will shave 0.4% off of GDP. . .

Meanwhile down in Argentina the [Daily Times](#) reports that

Argentina will not allow domestic gasoline prices to rise, President Nestor Kirchner said after oil companies in the country suggested it was time to end a price freeze due to soaring global oil prices.

Kirchner said late on Friday that the government "will not accept under any circumstance" a hike in gasoline prices, according to the state news agency Telam.

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



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