



Some very important maps and things to think about...

Posted by [Prof. Goose](#) on September 24, 2005 - 12:25am

Topic: [Supply/Production](#)

Just so I can make this point as clearly as possible...

The worst tracks are those which put landfall between Freeport and Sabine Pass Texas. [...] Another bad spot is right up through Port Arthur and Beaumont - another big refining center.

Well, Rita chose option number 2. (list of resources and links for people new to the idea of peak oil under the fold)

The KAC/UCF damage estimates at this hour are pretty interesting: http://hurricane.methaz.org/hurapak/AA182005_gomex_oil.html. See that grey? Those are rigs.

However, I think from what I am hearing about the pressure of this hurricane (930-932mb at landfall, which is a Cat 4 by definition), I think the damage may actually turn out a little worse, especially because of the geography of the area, there is nowhere for the storm surge that was out front to go, so it may end up looking like a Cat 5 hit around Beaumont. I hope I'm wrong.

Why does all of this matter? Well, for the newbies: even before Katrina, we were in a supply crunch due to what we call peak oil. Simply put, the world is on a knife's edge when it comes to the supply and demand balance when it comes to oil...we use 84 mb/d, we extract 84 mb/d. There is no more spare capacity it seems, and what may come on line will be more expensive oil to extract. The world will continue to grow, but our ability to extract oil is not growing with it. That means higher prices and more conflict over scarce resources. Why is this? Because, we hypothesize, we have already extracted around half of the oil from the ground...and that means that the rate of extraction doesn't go up from here. (For more on peak oil, click [here](#) or look at the primers in the right hand sidebar.)

Then throw in Katrina and Rita, both of which have done quite a number on domestic production, and I believe you will see the US in a world of pain for a while...but it will manifest itself in a few different ways, and perhaps not with higher oil prices. It all depends on the damage, which we'll know more about over the next couple of days.

Why did Rita hurt so hard? Well, depending on the refinery damage, that might hurt gasoline prices in the short term...we'll find out more about that in the coming days. However, what we can assess is the number of rigs in the area of the storm. This is the best graphic I could find that demonstrates the density of the rigs (both oil and ng) in the area: <http://www.theoil Drum.com/uploads/rigs2.JPG>. Pretty amazing, isn't it?

Natural gas production was already tight, and prices were already going to be sky high this winter. I can only imagine what the impact of that is going to be at the point when people actually have to start heating their homes.

Other resources: Here is the most detailed MMS map I can find...<http://www.gomr.mms.gov/homepg/lseale/Visual2.pdf> (WARNING big .pdf)

If this thing nails Beaumont, the refining damage will be severe...as reflected here...http://hurricane.methaz.org/hurapak/AAL182005_ref_root.html (anything over 6% at an industrial site is bad news...)

here's the total refinery listings for the area...the %s are the total of refining capacity for the US.
<http://www.theoil drum.com/story/2005/9/22/11010/0013>

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