



I wish I didn't have to be the wet blanket

Posted by [Heading Out](#) on September 24, 2005 - 10:50pm

Topic: [Demand/Consumption](#)

Normally today I would be doing a technical talk, and it is just rarin' to go (it's about directional drilling, down-hole-motors and diamond bits - see I knew you'd be thrilled) but I am going to put this off until tomorrow, because I would like to finish the thought of my last post.

And for this post I need to recognize David Williams who first pointed this out to us. South Texas and Western Louisiana have an immediate problem, and the rest of us have a relatively intermediate term problem. And it has to do with the immediate availability of gasoline. As Rita came close to shore, gas stations all over the Gulf Coast began to run out of gas. It was not really a long-term worry since the refineries were right there and could resupply. But now they are no longer on-stream. The folks that run them have followed instructions and are [gone for about a week](#). It is going to take some time to do the safety checks and repairs needed to get the facilities back to order, and then gas can, to a limited degree, begin to flow again.

But we have lost the stock reserve that has been eaten up in matching the lost production from Katrina, and so now it will be more difficult to bring up the refineries. Not (and this is the good news) because of the sustained damage, (because the word running around is that this has been much less than anticipated) but because they are going to start running out of crude.

In New Orleans the refineries that are still down are bedeviled by the flooding and the lack of power, Port Arthur and the adjacent refineries have acquired the same problem. The [latest reports](#) suggest that it is going to take perhaps a month to get things back to "normal." But normal assumes that the category 5 Hurricane that Rita was as it came into the oil production zone did little damage. There is no realistic viewpoint that can justify that assumption.

There were significant concerns about being able to repair the Katrina damage, since it was worse than that imposed by Ivan, last year. But to pretend, as some of the MSM are already doing, that we are home free for the rest of the year, is more than irresponsible. The fact that Georgia is closing schools for a couple of days to recognize the short term fuel problem is to minimize the concerns that should be going up as red flags all over the Eastern half of the country.

Right now the production from the Gulf is completely shut down. It is going to be that way for a while, as companies go back and bring the platforms back to life, and test the pipelines that will bring the oil to shore. Even with little damage the experience from Katrina suggests that this is going to take at least a month. In the interim the pipelines supplied by the Texas and Louisiana refineries may begin to see a supply problem. Luckily they are near the major storage of the SPR, though even that has a limit to the amount that can be easily made available. Remember also that we are in a world where the foundation ground is disappearing due to flooding and storm activity. The response of the MSM so far is still a "we dodged a bullet" but unfortunately we haven't taken our shirt off yet.

But then, on the other hand, maybe global warming will make this a really mild winter. If you live in somewhere such as Maine, perhaps you'd better start hoping that that will be the case,



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