



And it begins...the government says (more deeply this time, and with feeling): 'CONSERVE!'

Posted by [Prof. Goose](#) on October 3, 2005 - 1:40am

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http://www.usatoday.com/money/industries/energy/2005-10-02-gas-prices-usat_x.htm

(entire article under the fold)

Gas prices may last six months

By James R. Healey, USA TODAY

The nation's energy chief says it will take six months for U.S. energy production and prices to return to pre-hurricane levels, and he hints at energy shortages in the interim.

That's the most blunt and pessimistic estimate yet of how long the energy disruptions caused by hurricanes Katrina and Rita will affect the USA. But it could help Energy Secretary Samuel Bodman sell Americans on a conservation campaign he plans to detail Monday.

"How long before we return to normal? It's hard to know, because we have not yet got an assessment" of damage from Rita, Bodman said in an interview with USA TODAY on Friday. He said it will be two to three weeks before the assessment is done.

"We're going to go through a very challenging time the next six months, is my guess," Bodman said. "Most of us have viewed energy availability as a kind of right of citizenship," he said, and might have to rethink that as refineries are restarted, pipelines repaired and natural gas processing resumed. "Both in terms of gasoline availability and (prices of) natural gas and heating oil, we're going to have some problems."

Hurricane Katrina swept the Gulf of Mexico and hit shore near New Orleans on Aug. 29. Rita followed Sept. 24, hitting the Texas coast west of Katrina's landfall. The two storms temporarily closed all Gulf oil operations and most natural gas operations, according to the U.S. Minerals Management Service.

Only 2% of Gulf oil production had resumed by the weekend, MMS reported, and 21% of natural gas production. The Gulf supplies 29% of U.S.-produced oil and 19% of U.S.-sourced natural gas.

The nationwide average for unleaded regular gasoline is \$2.92, AAA said Sunday. That's up about 30 cents from before Katrina hit.

Gasoline supplies are being supplemented by increased shipments from overseas. But natural gas, the heating fuel for most Americans, can't easily be shipped. Industry and government forecasts say that tight gas supplies could result in heating bills nearly doubling.

Keeping prices down "could be challenging if we get exceptionally cold weather," warns Paula Reynolds, CEO of big gas supplier AGL Resources. That could use up the cheaper gas that utilities have in storage and require them to replace it with today's high-price natural gas, passing the increase to users.

The government conservation plan will ask Americans to turn off lights, change thermostat settings, drive slower, insulate homes and take other steps.



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