



## And oil rigs become more attractive . . . .

Posted by [Heading Out](#) on October 31, 2005 - 10:57pm

Topic: [Miscellaneous](#)

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When the secretaries of Energy and Interior went up to Capitol Hill last week, they were asked about [energy reliability](#) particularly as it relates to keeping the power supplied to refineries. Senator Domenici began

I would think there should be some possibilities for us to prevent the shutdown of the oil and gas industry. The problem seems not to be physical impacts from the storms, but making sure there's still electricity to keep these facilities running."

Earlier, Sen. Mary L. Landrieu (D-La.) asked the two secretaries if they knew of any changes that would be made in electricity transmission systems along the Gulf Coast as a result of the two storms.

"I don't have specific recommendations," Bodman replied. "I'm assuming that when the transmission lines are reconstructed in western Louisiana, they will be built to higher codes."

Landrieu wasn't satisfied. "This is a very integrated energy system. You can have the most sophisticated production platforms, pipeline systems, and refineries," she observed. "But if we haven't spent two minutes considering how we get electricity to them during and following an emergency, we can't expect them to continue functioning reliably."

One thing that was apparent down there was that in cases where the power lines started to fall, the weight of one collapse brought down the rest, like a row of dominoes. There was one place we saw where the burn scar ran for probably two or three blocks.

There are two possible thoughts here, and the more obvious one of them is to bury the cables. After all cables can be submerged, and in certain circumstances, such as in [Connecticut](#)

While underground technology is usually more expensive than overhead, we have determined that the costs between the two are comparable for this project as an all-overhead route would require the expansion of the right of way and the purchase of homes and businesses.

Burying them not only protects them from the weather, but also protects the roads and vicinity from falling lines, and the destruction that they bring. (Although talking to one of the water folk in NOLA his big hope was that they would reduce the size of the trees along the roads).

Alternatively, I suppose they could provide a more robust support system, with some mechanism for stopping the cascading collapse problem. The problem with that is the saturation of the soil reduces the anchorage, and so they would probably need a more complex installation, of more cost and time to put in.

Which is a bit of a distraction from the secretarial visit, which has some insights.

Companies are telling Interior's Minerals Management Service division that repairs to damaged facilities could take several more months to a year, she continued. "For example, we estimate, based on industry reports, that 30% of pipelines have not been leak-tested, and approximately 60% of underwater riser inspections have not been completed," Norton said.

The storms demonstrated that domestic energy supply geographic diversification must remain a top priority, she maintained. Some committee members agreed, suggesting that a key step would be to move Outer Continental Shelf production beyond the central and western Gulf of Mexico.

"We're hearing from states like Virginia, where there hasn't been production in the past, who are interested in possible development if more revenue is shared," Thomas said.

More details on the Virginia idea can be found at [Rigzone](#). And of course, one must not forget the needs for revenue.

During the hearing, Landrieu said she was encouraged to hear that other coastal states beyond Texas, Louisiana, and Alabama might be interested in seeing oil and gas resources off their coasts developed.

But she added that it isn't fair for such states to get large shares of federal revenues from new production without increasing royalty and revenue shares for states with current adjacent OCS production.

And to put this in context of the continuing state of the shut-ins in the GOMEX, the latest [MMS report](#) has

These evacuations are equivalent to 27.23% of 819 manned platforms and 4.48% of 134 rigs currently operating in the Gulf of Mexico (GOM).

Today's shut-in oil production is 1,015,859 BOPD. This shut-in oil production is equivalent to 67.72% of the daily oil production in the GOM, which is currently approximately 1.5 million BOPD.

Today's shut-in gas production is 5.427 BCFPD. This shut-in gas production is equivalent to 54.27% of the daily gas production in the GOM, which is currently approximately 10 BCFPD.

The cumulative shut-in oil production for the period 8/26/05-10/31/05 is 74,664,422 bbls, which is equivalent to 13.637% of the yearly production of oil in the GOM

(approximately 547.5 million barrels).

The cumulative shut-in gas production 8/26/05-10/31/05 is 381.128 BCF, which is equivalent to 10.442 % of the yearly production of gas in the GOM (approximately 3.65 TCF).

In reply to questions about the need for more refining capacity, the response was that it would most likely come from expanding existing refineries, rather than permitting and building totally new ones. And [Marathon](#) has announced that they will increase the size of one of theirs from 245,000 bd to 425,000 bd. Cost is \$2.2 billion, and starting in 2007 it should be done by the end of 2009.



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