

Analysis

Facing up to the coming energy crisis

By Larry Chin

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October 1, 2005—US officials, energy industry analysts, and the corporate media continue to issue conflicting and contradictory reports on the damage wrought by Hurricanes Rita and Katrina.

An Associated Press story from Wednesday, September 28, "[Hurricane Rita's Wrath Hurting Rigs](#)," offers the following:

"Oil and gas executives say Hurricane Rita may have caused more damage to rigs and platforms than any Gulf of Mexico storm, even its formidable predecessor Hurricane Katrina.

"The double whammy of those hurricanes has already cost the gulf almost 7 percent of its annual oil production and 5 percent of its yearly natural gas output, a report Wednesday from the U.S. Minerals Management Service showed.

"The impact on the rigs is something that's never been seen by this country before," said Daniel Naatz, director of federal resources for the Independent Petroleum Association of America.

"ODS-Petrodata, which provides data and information to the industry, reported 13 rigs seriously damaged or destroyed by Rita. Platform damage is still being assessed, analyst Tom Marsh said. 'You may think that 13 is not a significant amount, but this is 10 percent of the contracted fleet out of service for various lengths of time---or in some cases permanently,' Marsh said.

"Meanwhile, nine of 12 pipelines that move gas and oil onshore remain shut down or operate at less than 100 percent capacity, according to the latest report by the Association of Oil Pipelines.

"I hate to say with absolute certainty that this is the worst storm damage we've seen, but we have had more rigs reported with severe damage than any other storm I can recall in the last 15 years," said Marsh of ODS-Petrodata."

This account of unprecedented severe and extensive rig damage is in direct contrast to the majority of media stories that trumpeted "dodged bullets," "sighs of relief," "Rita damage better than thought," "catastrophe avoided," etc. from the moment of Rita's landfall to the present.

For example, here is an item from a September 25 Reuters account, [US oil sees less damage than feared from Rita](#): "We dodged a bullet with this storm," said Chuck Dunlap of Pasadena Refining, which was restarting its Houston refinery on Sunday. "It could've been a lot worse." In the same piece, another industry official is quoted declaring that Hurricane Rita's impact on the oil industry was "much less severe than what Hurricane Katrina brought."

Here is an Associated Press story from September 24, and note the title:

[Refineries see some damage, dodge bullet](#)

In fact, while the full assessment of the damage to oil infrastructure from both hurricanes is pending, many are doing their utmost to keep unpleasant information off the front pages. The spin and cover-up of the larger Peak Oil reality continues. The grudging acknowledgment and disclosure of some of this reality in recent months (which has included massive public relations campaign on the part of [Chevron](#) and others to gradually condition the public's reaction to Peak) does not make up for the denial, which has, and continues to, cost the world dearly in terms of wasted resources, wasted and lost lives (war), lost time, and lost opportunities for real solutions and worldwide preparation.

What is the ugly truth? As [Mike Ruppert](#) wrote in a recent news analysis:

As one astute observer noted, "A couple of months ago if there was one small refinery fire, crude oil futures went up \$2 a barrel. We have two major hurricanes taking all refineries offline and oil prices fall. What's up with that?"

Market manipulation is up. That's what's up. And I suspect the move is now on around the world to suck as much last minute "sucker" cash into play as possible before pulling the plug this winter. My guess is that we will not have a clear picture of actual damage to oil and gas infrastructure for at least ten days to two weeks. And even then what we get might not be honestly reported. Rita was either a Cat 4 or a Cat 5 when it went through the offshore facilities in the gulf. We're all still waiting to hear what happened there. Are the platforms there? Are they damaged? Are the pipelines damaged? The list of questions that need answering is a long one.

Make no mistake, the long term issue is about supply. There are many reasons for this but the main one is that, even assuming all the infrastructure gets repaired and once all the undamaged refineries get started up again—a process which may take as long as two weeks for each refinery—every drop of production that has been lost so far is going to have to be made up. With Bush opening the Strategic Petroleum Reserve conveniently for a second time yesterday, all that oil is going to have to be replaced on top of normal (growing) demand.

All the while, now-documented decline is taking about a million barrels per day out of the global pipeline. So where is all the "make-up" oil going to come from?

The answer may come in the form of more criminal warfare, the modus operandi of the Bush administration.

Venezuela has the [world's largest reserves](#), and is the key supplier to the US. Given the Gulf Coast hurricane devastation that threatens a US economy already on the brink, and given the US failure to secure supplies from its illegal wars (Afghanistan, Iraq), the Venezuelan supplies become all the more crucial—as does (in the eyes of the Bush administration, Wall Street, etc.) the toppling of the Hugo Chavez government. Following the Bush administration's previous botched coup, a more careful inside-out [destabilization of Venezuela](#) has been in process, in earnest, for well over one year. There is also [Colombia](#), and its oil, nearby.

The poisonous and venal Condoleezza Rice [paid a visit to Haiti](#), to set up another fake election, which will result in the creation of a US puppet government in Port-au-Prince. Haiti, which already fell in a [US coup](#), its streets crawling with [death squads](#), and the scene of massively covered-up atrocities and [UN massacres](#), is essential geography for any US invasion or attack on the South American continent.

Ron Gold, vice president of the Petroleum Industry Research Foundation, [half-joked](#), 'This would be a good time to have a warm winter.' [Kenneth Deffeyes](#) predicts that the world oil peak will be Thanksgiving 2005, give or take a few weeks.

Those who [scoff](#) at Peak Oil, and argue that Peak is not real, are missing the only important point. The criminal acts of this Empire—from 9/11 to the sequential oil war under the "war on terrorism" rubric, to the USA PATRIOT Act and militarization of New Orleans and the Gulf Coast (a rehearsal for the military control of the United States under post-Peak conditions), and unfolding economic crises—are continuing,

as if Peak *is* real. The entire argument has been rendered academic by actual events. It is time to stop wasting time.

If even a single aspect of the worst case scenarios comes about, the people of America, and the world, are in for plenty of hurt. The real bullets are coming.

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