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NEW YORK—Hurricane Ivan held its grip on oil markets yesterday, as shutdowns of production platforms in the Gulf of Mexico and fears of storm damage drove crude and gasoline prices up.

Crude oil futures for October delivery rose 52 cents to settle at \$44.39 (U.S.) yesterday on the New York Mercantile Exchange. Crude has been trading in the \$40–\$45 range since hitting an all-time high of \$48.70 on Aug. 19.

Ivan was a category 4 hurricane late yesterday afternoon as it headed into the gulf, down from category 5 strength. A hurricane watch was posted for a 675-kilometre swath from the Florida panhandle to New Orleans.

Jan Stuart, head of energy research at Fimat USA, a brokerage unit of Société Générale, said Ivan's approach has affected producers, noting that Royal Dutch/Shell Group began pulling workers off its platforms on Sunday. BP PLC and others began to follow suit on Monday.

"Today, we started to shut down refineries. We now know that there is going to be a crude-oil production shutdown and a product output shutdown," he said. "And then you have to check the damage."

There have been close to 10 precautionary shutdowns as of yesterday, said Tom Bentz, an analyst at BNP Paribas Commodity Futures in New York, and refining is at somewhat of a standstill until Ivan passes.

Furthermore, the shutdown of the Louisiana Offshore Oil Port — the primary import facility in the United States, which handles about 1 million barrels of oil a day — will reduce supply temporarily, Bentz said.

"There's likely to be more shutdowns as time goes on," he added. "Certainly, with more shutdowns, you might see continued ratcheting of prices."

Damage to low-lying refineries, rather than short-term shutdowns, is the big concern, said Ed Silliere, vice-president of risk management at Energy Merchant LLC in New York.

"Unless you damage those facilities, you're back up (to normal production levels) by the end of the week," Silliere said.

October gasoline settled up 3.9 cents at \$1.2401 a gallon, while October heating oil climbed 2.2 cents to settle at \$1.2276 a gallon. Natural gas closed up 7.8 cents at \$4.928 per 1,000 cubic feet.

On London's International Petroleum Exchange, Brent crude futures closed up 67 cents at \$41.73, off its intraday high of \$42.02.

The Organization of Petroleum Exporting Countries meets today to discuss production quotas and the range of prices the cartel wants to see oil selling for.

"The OPEC meeting at this point is really a non-event," Silliere said, noting that most of the discussion will decide whether to formalize current production levels, about 3 million barrels above the current quota, as the new quota. "I expect it to have no effect on the markets."

Another factor weighing on the market yesterday was sabotage to a junction where multiple oil pipelines cross the Tigris River in northern Iraq. The 3 a.m. blast came soon after engineers had completed a two-month project to install two critical valves that had been damaged in an earlier blast.

The explosion was the latest in multiple attacks aiming to disrupt the violence-racked country's oil production and exports. Oil Minister Thamer al-Ghadhban assured reporters yesterday the country would try to keep up its production of more than 2.5 million barrels of oil a day, 2 million of which is exported daily, but he didn't say how.

Stuart said yesterday's attack just added to the overall tightness of the oil market.

"It is a risk that is evidently there. Quite simply, a refiner cannot count on getting that crude and needs to bid up prices to secure crude from somewhere else," Stuart said. "The risk of interruption is in the

sci.geo.meteorology: Hurricane Ivan continues to drive up oil prices, Crude producers shut down refineries price and that risk is borne out time and again."