



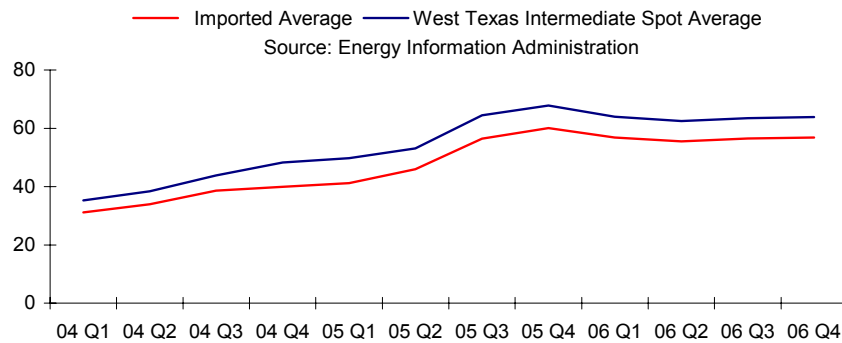
# JOINT ECONOMIC COMMITTEE

ROBERT F. BENNETT, VICE CHAIRMAN SEPT. 8, 2005

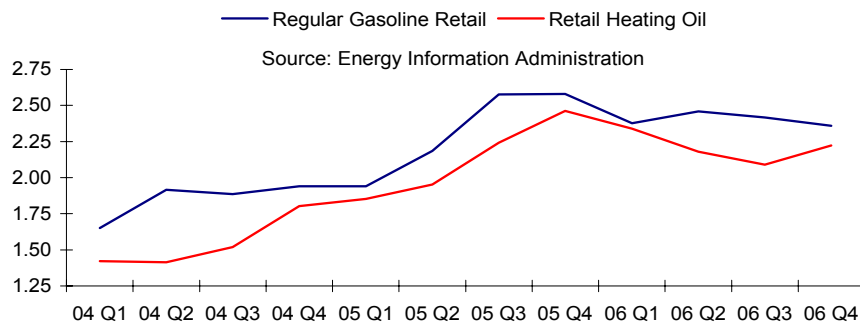
## Update on Effects of Hurricane Katrina; September 8, 2005

**Short-Term Energy Outlook:** Medium Recovery Case, based on assumptions of a set of circumstances between very favorable (Fast Recovery) and very unfavorable (Slow Recovery) for getting supplies back to normal. In all cases, return to normal oil and natural gas production and distribution operations is achieved or nearly achieved by December 2005.

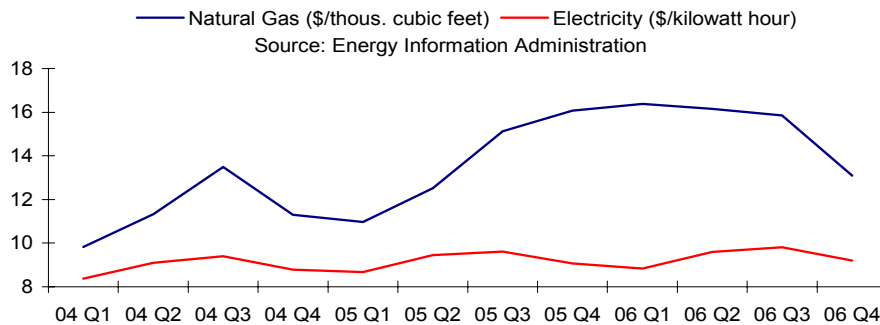
### Crude Oil Prices (\$/barrel)



### Petroleum Products (\$/gallon)



### Residential Energy



Data are from the Energy Information Administration's September 7, 2005 *Short-Term Energy Outlook* (available at: <http://www.eia.doe.gov/emeu/steo/pub/contents.html>).

**Gulf of Mexico Energy Information:** Based on information from the Minerals Management Service (MMS, website at <http://www.mms.gov/>):

In the Gulf coast region:

- Federal offshore crude oil production accounts for 1.5 million barrels per day (29% of total U.S. production).
- Crude oil refining capacity accounts for about 8.0 million barrels per day (47% of total U.S. production).
- Offshore natural gas production accounts for about 10 billion cubic feet per day (19% of total U.S. production).

Production losses due to Hurricane Katrina:

- Oil Production: Initial loss = 95%; Today\* = 60%; cumulative for period 8/26-9/7 = 2.660% of yearly production in the Gulf of Mexico.
- Natural Gas Production: Initial loss = 88%; Today = 40%; cumulative for period 8/26-9/7 = 2.076% of yearly production in the Gulf of Mexico.

\*Today represents figures reported by the Minerals Management Service (MMS) based on information received by 11:30 a.m. CDT. The MMS shut-in report for September 8 is available at <http://www.mms.gov/ooc/press/2005/press0908.htm> ). According to the MMS: “Shut-ins for oil and gas production are standard procedures conducted by industry for safety reasons. Once facilities have been inspected and all standard checks have been completed the production for these facilities will be brought back on line.” The MMS will continue to update production shut-in statistics at around 1:00 p.m. CDT each day until the statistics are no longer significant.

**Actions taken by the U.S. Government include:**

- Congress has already appropriated \$10.5 billion in emergency assistance. Yesterday, President Bush submitted to Congress a \$51.8 billion emergency supplemental appropriations request to support ongoing disaster relief efforts.
- Crude oil loans from the Strategic Petroleum Reserve (SPR).
- Offer of SPR oil for sale.
- Waiver of the Jones Act (to allow foreign-owned tankers to transport gasoline between U.S. ports after Hurricane Katrina disrupted pipeline supplies).
- Nationwide waiver on the requirements for summer gasoline and low-sulfur diesel.
- Tax relief from Treasury and the IRS.

**International Energy Agency (IEA) action:**

- IEA directed its member nations to make an extra 2 million barrels of oil per day available to the market for the next 30 days (half to come from the U.S. SPR). A large portion of the oil from outside of the U.S. will be released in the form of refined products.