Refinery Problems, Spill Drive Up Great Lakes Gas

TODD RICHMOND,Associated Press

MADISON, Wis. (AP) — A rare combination of pipeline and refinery problems has exacerbated already rising gas prices in the Great Lakes region, leading to surges of around 35 cents per gallon in just one week, officials said Friday.

Michigan's statewide average price for a gallon of regular unleaded rose 34 cents during the past week to $3.95, making for the highest per-gallon price in the continental U.S, according to auto club AAA. The week's average per-gallon increase in surrounding states ranged from 26 cents in Wisconsin to 33 cents in Illinois and Indiana.

The national average price for a gallon of unleaded, by comparison, moved up just 8 cents over the week to $3.56.

"The rest of the country has seen an increase, but nothing like here in the Midwest," said Pam Moen, a spokeswoman for AAA Wisconsin. "I don't think I've ever seen

prices move this much in a couple of days."

The Midwest has seen a confluence of freak problems during the past few weeks that have tightened supplies and pushed prices. An Enbridge Energy Partners pipeline that transports crude from Superior, Wis., to Chicago-area refineries ruptured July 27, spraying about 50,400 gallons of crude into a southern Wisconsin field.

It was Enbridge's second break in the region in just more than two years — an Enbridge pipeline broke in Marshall, Mich., in July 2010, spilling 840,000 gallons — and federal officials have barred the company from re-opening the Wisconsin line until it submits a re-start plan. A company spokeswoman didn't immediately respond to an email seeking an update on the plan Friday.

Meanwhile, equipment problems have closed parts of refineries in Whiting, Ind., Lemont, Ill., and Wood River, Ill., said Patrick DeHaan, a petroleum analyst at GasBuddy.com.

"The reaction we're seeing in gas prices, you'd think Iran just tried to close the Strait of Hormuz," said DeHaan, referring to the Persian Gulf route for one-fifth of the world's oil. "Just the possibility of a shortage spooks the market."

Gas prices usually increase in the summer months as demand rises and refineries switch to more expensive, cleaner-burning blends. Plus crude oil prices have risen about $15 per barrel during the last few weeks after bottoming in June at just shy of

$78 per barrel, driven largely by positive economic and job forecasts, said Tom Kloza, chief oil analyst for Oil Price Information Service. Wholesale prices have risen as a result, which translates to higher prices on the street, he said.

"It's the normal nonsense that moves crude," Kloza said. "What it reminds everyone is these prices are tremendously volatile."

Illinois' 33-cent jump in the last seven days brought its statewide average to $3.93 per gallon of unleaded. The average price in Chicago on Friday was $4.26, up 35 cents from a week ago. Indiana was up 33 cents to $3.84, Ohio has seen a 30-cent jump to $3.80 and Wisconsin's 26-cent increase brought its average price to $3.76.

Drivers should expect gas prices to climb for at least the next few days as retail prices catch up with this week's 20-cent wholesale increase, Moen said. Pump prices should at least stabilize by next week, she said.

Motorists greeted the news with a mixture of resent and resignation.

"Ridiculous," Tim Meinke of Central Lake, Mich., said as he pumped $73 worth of gas into his SUV at a station in northern Michigan's Traverse City on Friday. Unleaded regular there was going for $3.94.

Jack Rarick, a 57-year-old high school football coach from Holt, Mich., shrugged off spending $65 to fill his SUV at the same station.

"I'm not going to be upset. I'm going to pay it and move on," he said. "Gas is probably too cheap. Gas probably needs to be $6 a gallon if we're ever going to change the way we do things."

Mike Biehl, a 54-year-old University of Illinois veterinary medicine professor, dropped $78 to fill up his SUV in Savoy, Ill., a Champaign suburb where gas was $3.95 a gallon. He was skeptical about the reasons for the price spikes, but said consumers like himself could force prices down if they wanted.

"At some point we have to say we are all going to embrace conservation methods and cut back," Biehl said before climbing into his vehicle for a 170-mile trek to a St. Louis Cardinals baseball game.

In Milwaukee, gas prices shot above $4 a gallon at many stations, up from $3.75 Thursday.

Tony SanFelippo, who manages a downtown Milwaukee Citgo station, said drivers like to blame gas station owners when prices rise but they're at the mercy of suppliers. He said that, like a lot of people, he's changed his driving habits.

"My wife says to me, 'We sit on the patio a lot lately.'" Then he smiled and offered this advice: "Learn to walk again. Exercise the legs."

___

Associated Press writers John Flesher in Traverse City, Mich., David Mercer in Savoy, Ill., and Roger Schneider in Milwaukee contributed to this report.

Source URL (retrieved on *07/25/2014 - 10:04pm*):
http://www.chem.info/news/2012/08/refinery-problems-spill-drive-great-lakes-gas