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NEW YORK — Oil prices soared to the highest level in more than two years as Libyan leader Moammar Gadhafi urged his supporters to attack protesters who are violently challenging his 42-year rule.

Only a small part of Libya's oil production appeared to be affected, though analysts fear that similar revolts will spread to OPEC heavyweights like Iran.

Benchmark West Texas Intermediate for April delivery jumped \$5.71, or 6.4 percent, to settle at \$95.42 per barrel on the New York Mercantile Exchange. Oil hasn't been that high since it settled at \$97.92 on Oct. 1, 2008.

Libya holds the most oil reserves in Africa and is the world's 15th-largest crude exporter at 1.2 million barrels per day, according to the Energy Information Administration. As the Libyan government cracked down on protesters, Western oil companies including Eni and Repsol-YPF temporarily suspended oil production in the country. BP has started evacuating workers.

Any production losses in Libya could be quickly absorbed by other countries like Saudi Arabia. The official Saudi Press Agency quoted Saudi Arabia's oil minister Ali Naimi as saying that Saudi's production capacity of 12.5 million barrels per day can help "compensate for any shortage in international supplies." Saudi Arabia currently produces around 8 million barrels per day.

The International Energy Agency said in a statement on its website that it is ready "to make oil available to the market in the event of a major supply disruption." The Wall Street Journal reports that the IEA plans to meet this week to discuss the possible release of strategic stockpiles, if necessary. The main concern stalking markets is that revolts in the Middle East and North Africa will spread to other members of the Organization of Petroleum Exporting Countries, particularly Iran, the group's second-largest producer.

Energy consultant Jim Ritterbusch said a "fear premium" has added about \$10 per barrel to the price of oil. That means prices could tumble once the region settles down. "But that doesn't look like it's going to happen anytime soon, he said."

Eni, Libya's biggest oil producer, idled operations that produce one-quarter of the country's output at 244,000 barrels of oil and gas per day. Spain's Repsol-YPF, which also suspended production Tuesday, produces about 34,777 barrels a day. Austrian oil company OMV, which produces about 33,000 barrels a day said it will reduce production because of the unrest.

BP evacuated 70 people from Libya, including 40 workers and their families. BP isn't producing oil in Libya, but it has been working on an exploration project. BP has 140 employees at its Libyan operation.

Other oil companies, including Royal Dutch Shell PLC, Marathon Oil Co. and Germany's Wintershall, also started pulling out employees. Meanwhile, key Libyan officials resigned and air force pilots defected amid a bloody crackdown on the protests.

At least 300 people have been killed in the uprising, according to New York-based Human Rights Watch. As units of Gadhafi's army defected, protesters said they were watching several oil fields and pipelines, hoping to protect them against damage or vandalism.

At least three ports that handle oil shipments have been closed, according to one resident, Ahmed al-Zawi.

In Iran, government opposition groups this week held their largest protests in more than a year, resulting in two deaths, though the demonstrations have failed to gain the momentum seen in North Africa.

Two Iranian naval vessels entered the Suez Canal on Tuesday en route to a training mission in Syria, officials said, the first time that Tehran has sent military ships through the strategic waterway since the 1979 Islamic Revolution.

Brent crude, which is delivered around the world and is seen as a better reflection of global demand than WTI, added 4 cents to settle at \$105.78 per barrel on the ICE Futures exchange. Brent is considered to be more susceptible to disruptions in Middle East oil supplies, while large U.S. stockpiles of crude have helped keep WTI prices lower.

Looking ahead, there are also knock-on effects from high oil prices. A jump in energy costs could hurt consumer spending and stymie a fragile recovery in developed countries.

The crisis in the Middle East and North Africa — which has brought down governments in Tunisia and Egypt and sparked protests in Yemen, Bahrain, Iran, Morocco and Jordan — will put added pressure on weaker economies, especially those in Europe, according to Capital Economics.

In the U.S., a run-up in fuel costs could force businesses and consumers to spend less on other things, slowing both the economy and the pace of hiring. The U.S. economy picked up momentum at the end of 2010 and is probably growing at about a 3.2 percent annual rate or more in the first three months of the year. A \$10 increase in the price of oil shaves off roughly 0.4 percentage point from economic growth, according to economist Brian Bethune at IHS Global Insight. The economy could be pushed into a recession if oil prices were to skyrocket to \$150 or \$160 a barrel, Bethune and other economists say.

In other Nymex trading in March contracts, heating oil rose 7.75 cents to settle at \$2.8035 a gallon and gasoline gained 5.63 cents to settle at \$2.7464 a gallon. Natural gas futures lost about a penny to settle at \$3.867 per 1,000 cubic feet.