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Ship terminal proposed

Tank farm also could be located on Harbor Island | April 18, 2018

Dan Parker News editor



















A dredge, at right, is seen working the Corpus Christi Ship Channel as three offshore production platforms sit in cold storage on Harbor Island and a ferry crosses nearby on Monday, April 16. The Port of Corpus Christi is considering plans to build a petroleum exporting dock on a parcel of Harbor Island across State Highway 361 from where the rigs are being stored. The dock would host extra-large tanker ships. Staff photo by Murray Judson

Construction of a tank farm and an oil-export terminal for extra-big tanker ships is being discussed as a possibility on a portion of Harbor Island within the Port Aransas city limits, according to port officials.

A 2015 aerial photo shows where the Port of Corpus Christi Authority is considering installation of a facility where ships known as very large crude carriers could dock and where a supporting tank farm could be built on Harbor Island, within the Port Aransas city limits. The ferry landings on Harbor Island can be seen at far right. Staff photo by Dan Parker

The facility, estimated to cost \$200 to \$400 million, would be built on a 256-acre parcel of land owned by the Port of Corpus Christi Authority. The property lies on the Corpus Christi Ship Channel between the ferry landings and a Martin Midstream facility.

The terminal could host a kind of ship known as a VLCC - very large crude carrier, a kind of super tanker.

The facility also would involve construction of a pipeline that would carry crude oil from inland locations to tanks on Harbor Island, said Charlie Zahn Jr., chairman of the Port of Corpus Christi Commission and a resident of Port Aransas.

The port closed on a \$6 million deal late last year to buy Harbor Island property where the pipeline could be built, Zahn said.

The Port of Corpus Christi is trying to find ways to continue expansion of its exports of petroleum pumped from the Permian Basin and Eagle Ford Shale play, he said.

"We've got large quantities in Texas, and we at the port are trying to take advantage of that," Zahn said.

Asked whether he considers such a facility good or bad for Port Aransas, Zahn said the facility will be a benefit because it will increase the size of the town's tax base.

The city and school district cannot benefit from increased property tax revenue from the land because it's owned by the Port of Corpus Christi, which is tax-exempt. But if a third-party builds its own tanks on the property, it would have to pay property tax on those, Zahn said.

Construction of the facility would create "hundreds" of jobs, said Sean Strawbridge, chief executive officer at the port.

Before docking at the terminal, ships approaching from the Gulf of Mexico likely would have to be turned 180 degrees in a turning basin between the terminal and the Gulf, Strawbridge said. The turning basin would be in a widened part of the channel, he said.

The port is in the midst of a years-long effort to widen and deepen the Corpus Christi Ship Channel from Corpus Christi to Port Aransas .

Strawbridge said port commissioners will talk soon about whether to conduct a study on the feasibility of building the facility and have a design drawn up. He said he expects the matters to be on a commissioners' meeting agenda in May.

Strawbridge said it's hard to say exactly when a terminal facility might begin operating, but he said he is hoping it will be in the next five years. The timing depends on when pipelines from the Permian basin to the Corpus Christi area are completed, he said.

The property that's being eyed for a shipping terminal has been used for the same kind of thing in the past. A tank farm and shipping terminal was located there for decades in the 20th Century. The terminal eventually stopped operating, and the tank farm was dismantled in the 1990s. Later, the Texas Treasure casino ship docked at the location for several years before leaving the area.

The property was at the center of a storm of controversy in 2013 and early 2014.

In fall 2013, the port tried to sell the parcel for \$34 million to the Martin Midstream company.

The port rescinded its offer to sell after The Berry Company filed a lawsuit alleging that the sale process wasn't fair to other potential buyers. The port said the attempted sale was conducted properly but pulled out anyway.

Around the same time, numerous Port Aransans and people with second homes in

town began worrying that Martin Midstream's plans could have resulted in an industrial presence that would have produced air, water, noise and light pollution.

It eventually came to light that the company planned to build a plant that would process Eagle Ford condensate and light crude oil in two 50,000 barrels per day "splitters," producing naptha, jet fuel, diesel fuel and fuel oil. The company also wanted to install a natural gas liquids fractionator to produce propane, butane and natural gasoline.

Port Aransans called on the city council to do something to prevent such a development from ever occurring on Harbor Island.

The council, city staff and city-hired consultants began a weeks-long rezoning effort to prevent the most obnoxious kinds of industry from ever locating on Harbor Island. Martin Midstream and the port authority opposed the city's efforts to rezone the property.

The city's work culminated with the council voting 7-0 in February 2014 to give final approval to an ordinance to rezone portions of Harbor Island within the city limits so no refineries or similar plants can be built there. The new zoning allows for a variety of uses, many of them industrial.

Strawbridge said the facility now under consideration by the port would be a "whole different operation" from the splitter proposal. It will be "environmentally sustainable," he said.

Zahn said, "It won't be a refinery or some smoke-generating facility."

City Manager Dave Parsons said the Port of Corpus Christi hasn't submitted any plans to the city, "so a city staff review is still to come if and when the port decides to move forward."

Mayor Charles Bujan said it's hard to know what stance to take on the issue right now because nothing official has been proposed.

But Parsons noted that the Harbor Island zoning ordinance adopted in 2014 allows construction of facilities for oil storage and transfer.

Zahn said the facility would be "low-profile."

"We're very sensitive to the surrounding community and want to make sure that

whatever we do, it will be as aesthetically pleasing and unobtrusive as possible," Strawbridge said.

If the port decides to pursue building the facility, port officials will meet with the city council and hold town hall meetings to talk to Port Aransas residents and hear from them, he said.

It was a channel project proposal involving Harbor Island that inspired the founding of the South Jetty newspaper in 1971.

Through the newspaper, co-founder Steve Frishman crusaded against the proposal known at the time as Deeport, which would have meant a drastic deepening of the Corpus Christi Ship Channel in Port Aransas.

The would- be project, advocated by the Port of Corpus Christi, would have meant dumping immense amounts of spoil in the Gulf of Mexico and Harbor Island, moving the north jetty 1,000 feet north and construction of storage tanks, pumping stations, utilities and buildings – all for the purpose of bringing in much bigger oil tanker ships. The wetlands area now known as the Lighthouse Lakes kayak paddling trails would have been buried in spoil mud if Deeport had been built.

The Deeport idea was dropped after a massive show of public opposition, much of it informed by Frishman and the South Jetty.

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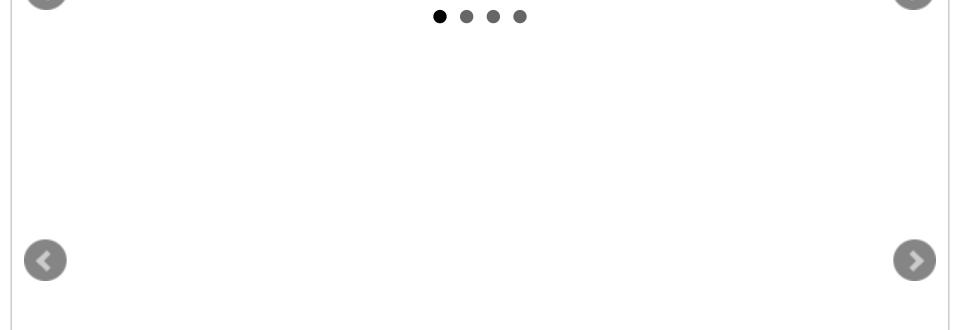
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