

# Corpus port preps for oil surge with new financing

By Rye Druzin | June 20, 2018

---



Photo: JERRY LARA / San Antonio Express-News

---

#### IMAGE 1 OF 3

The USS Lexington dominates the view by the Harbor Bridge and the Texas State Aquarium in Corpus Christi, Texas, Tuesday, Aug. 8, 2017.

---

The Port of Corpus Christi on Tuesday approved borrowing \$217 million to finance major improvements, including deepening the port's ship channel, as it prepares to become a major hub for crude oil exports.

The port commission said it will sell bonds to raise \$102 million for its channel expansion project and another \$115 million for other upgrades, particularly a terminal that can handle the largest oil tankers, known as very large crude carriers or VLCCs. Port officials are counting on the federal government to fund about two-thirds of cost of the channel expansion, estimated at \$327 million.

---

### Express Newsletters

Get the latest news, sports and food features sent directly to your inbox.

**Sign up**

---

The expansion project would make the channel 530 feet wide and 54 feet deep, big enough to fully load larger crude oil tankers. Today, the largest tankers, including the 1 million barrel Suezmax and 2 million barrel VLCCs, are only able to partially load in the port, finishing the loading in the Gulf of Mexico.

The federal government so far has committed \$36 million of the \$225 million the port is seeking for the channel project,.

Sean Strawbridge, the Port of Corpus Christi's CEO, said he wants to complete the channel project by 2021, when the old bridge that crosses the mouth of the port is scheduled to be demolished to make way for a taller bridge that would allow larger ships to pass underneath it. The new bridge is estimated to cost \$1 billion, with funding coming from state and federal governments.

Strawbridge said the port exports 800,000 barrels of crude oil a day, about half of all Gulf Coast exports. Those exports are expected to grow once pipelines are completed in the next few years to carry millions of barrels of oil from the Permian Basin in West Texas.

For Gulf Coast ports, including Beaumont, Corpus Christi and Houston, the question is whether they can be ready when the crude starts flowing through those pipes, said John Coleman, a senior research analyst for North American crude markets at the consultancy Wood Mackenzie.

**Print subscribers get a password for your existing account [here](#)**

---

## BUSINESS

---



**Gas prices continue to fall in San Antonio, U.S.**



**In coal fight, Perry switches his focus to pipeline cybersecurity**



**Managing partner oversees 1,000 lawyers from San Antonio office**

**Troubled tech startup Vysk seems to have gone stealth**



“The key consideration for all of these export hubs now is trying to stay ahead of those volumes that are coming in their direction in coming years and make sure that the infrastructure is in place to make sure there’s not bottlenecks as you’re trying to export all this crude,” Coleman said.

Coleman said the ability to load VLCCs in Corpus Christi will give the port a “substantial advantage” over Beaumont and Houston to attract export volume. Two other VLCC-capable projects in the port’s region are the Ingleside Energy Center Terminal, undertaken by the Houston independent oil company Occidental Petroleum, and the South Texas Gateway Terminal, developed by the Houston pipeline and storage company Buckeye Partners.

Occidental’s Ingleside terminal has already hosted a VLCC to test which improvements would need to be made.

Jesse Thompson, senior business economist at the Federal Reserve Bank of Dallas, said the nation is producing so much oil — recently hitting 10.9 million a day — that U.S. refineries can’t handle it all, leaving few other options but to export it.

“The refinery petrochemical complexes down here can only absorb so much of that flow,” said Thompson, “so the rest of it has got to go on boats.”

---

## RELATED

---



**Zillow: Houston homebuyers with lower credit scores pay \$18K more in financing**



**Project to boost Texas oil exports to get more money**



**Corpus Christi port approves \$217 million for improvements**

---

*Rye Druzin is a San Antonio Express-News energy reporter. Read more of his stories [here](#). | [rdruzin@express-news.net](mailto:rdruzin@express-news.net) | Twitter: [@druz\\_journo](#)*



**Rye Druzin**

Business Reporter

6/25/2018

Corpus port preps for oil surge with new financing - San Antonio Express-News