

San Antonio's Andeavor announces two Permian-to-Corpus deals

By Rye Druzin | April 25, 2018



Photo: NuStar Energy LP /NuStar Energy LP

IMAGE 1 OF 3

A crude oil tanker is seen in Corpus Christi. San Antonio-based refiner Andeavor says it will participate in two joint ventures that will connect Permian Basin crude oil with Corpus Christi storage terminals.

San Antonio-based refiner Andeavor is going to be a minority owner in two joint ventures connecting West Texas' Permian Basin oil field with the Gulf Coast.

Andeavor said in a statement that it will own 25 percent of the Gray Oak Pipeline that will be built and operated by Houston-based Phillips 66, which will own the remaining 75 percent. The pipeline will transport up to 700,000 barrels a day from the Permian Basin oil field to Corpus Christi, and could expand to a capacity of 1 million barrels a day.

The second joint venture is the South Texas Gateway Terminal, a 3.4 million barrels oil terminal that is being constructed by Houston-based Buckeye Partners LP and which will connect with the Gray Oak

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Pipeline. Buckeye will have a 50 percent stake in the project while Andeavor and Phillips 66 will have a 25 percent stake each.

The terminal will be able to dock what's known as very very large crude carriers, or VLCCs — which can carry 2 million barrels when fully loaded — and could be expanded to 10 million barrels of storage capacity.

Both the pipeline and the terminal are expected to be in service by the end of 2019.

No dollar amount for either project has been released by the companies involved.

In a statement Andeavor said “the combined system allows Andeavor to supply crude oil from its Delaware Basin gathering systems which further strengthens Andeavor's platform and enhances its commercial capability in the region, allowing Andeavor and its customers to access multiple markets on the U.S. Gulf Coast as well as other markets through the marine terminal.”

Buckeye's Executive Vice President Khalid Muslih said in a statement that the terminal will connect growing crude oil volumes to global markets.

“This project expands our presence in the important Corpus Christi market, which we believe offers strong competitive advantages for waterborne shipments of crude oil and other petroleum products from the fast growing Permian and Eagle Ford shale plays,” Muslih said.

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Port Corpus Christi has been working for **more than a decade** to deepen and widen the Corpus Christi Ship Channel, allowing for fully loaded very large crude carriers to transit out of the port. Initial funding has been approved but **work has been slow**.

Despite the slow movement in the ship channel project, other companies are planning projects for the export market, including San Antonio-based Howard Energy's \$150 million refined fuels terminal, **announced in July**, .

Occidental Petroleum, which operates an export terminal in nearby Ingleside, has been working to upgrade its facility to allow for the loading of very large crude carriers.

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