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Race is on to build Texas' first offshore oil export terminal

By **Jordan Blum** Updated 12:42 pm CDT, Monday, August 6, 2018



IMAGE 1 OF 14

The FPMC C Melody is the first Very Large Crude Carrier to dock and take on crude oil in Texas City.

The race is on to build Texas' first offshore oil-exporting terminal that could accommodate the world's largest crude-carrying vessels.

The global commodities trading firm Trafigura Group will announce Monday that it plans to build the Texas Gulf Terminals Project in the Gulf of Mexico, off the coast from Corpus Christi. An offshore terminal would avoid port traffic and float in waters deep enough to handle the largest ships. Trafigura is unveiling the project almost three weeks after the Houston energy company Enterprise Products Partners said it plans to build an even larger offshore oil exporting terminal south of Galveston.

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Corpus Christi and the Houston Ship Channel have led the nation in oil exports ever since Congress lifted the nation's decades-old crude export ban at the end of 2015. The timing coincided with a boom in U.S. oil production, especially in West Texas' Permian Basin, pushing

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consumption remains relatively flat.

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Just as there's a rush to build pipelines hundreds of miles from the Permian to port and refining hubs near Houston and Corpus Christi, there's also competition to construct oil exporting terminals to ship out the crude. The Port of Corpus Christi is expanding to handle the flood of oil, and several companies along the Houston Ship Channel are expanding terminals.

But the ports still aren't able to handle the largest oil tankers, known as very large crude carriers, or VLCCs. Despite ongoing dredging efforts, the channels at Texas ports aren't deep enough for the giant ships to leave the ports filled to capacity. Very large crude carriers can only fill up partially at Texas ports, and then receive the remaining oil volumes from another ship in deeper waters. It's a more time-consuming and expensive process.

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