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September 20, 2019

Mr. Robert Jones
U.S. Army Corps of Engineers
Galveston District, Regulatory Branch
5151 Flynn Parkway, Suite 306
Corpus Christi, TX 78411-4318

Ms. Leslie Savage
Environmental Services Section
Texas Railroad Commission
P.O. Box 12967
Austin, TX 78711-2967401

RE: Permit Application Number SWG-2019-00245
Port of Corpus Christi Authority (PCCA)

Dear Mr. Jones and Ms. Savage:

Texas Parks and Wildlife Department (TPWD) has reviewed the Public Notice (PN) dated August 21, 2019 for permit application number SWG-2019-00245. The applicant requests authorization to construct a 64.8-acre crude oil export terminal with vessel berths on Harbor Island that would accommodate up to two very large crude carrier (VLCC) size deep-draft water borne vessels. The project site is located at the confluence of the Aransas Pass, Aransas Channel, Lydia Ann Channel, and the Corpus Christi Ship Channel (CCSC) just north of State Highway (SH) 361 and abutting the Texas Department of Transportation (TxDOT) Ferry Landing at Harbor Island in Port Aransas, Nueces County, Texas.

According to the PN, the applicant proposes to dredge two deep draft vessel berths at a slope of 3:1 to the authorized depth of the CCSC at -54 feet mean lower low water (MLLW), plus 4 feet advanced maintenance dredging, plus 2 feet of allowable over depth, totaling -60 feet MLLW. The project would also include the construction of 725 linear feet of bulkhead, 1,275 feet of cellular wall, breasting structures, jetty platforms, access structures, and associated terrestrial structures. Approximately 6.5 million cubic yards (MCY) of dredged material would be dredged and placed in a dredged material placement area (DMPA).

The proposed project is located at Harbor Island which is the historic flood tidal shoal, or delta, of the Aransas Pass inlet complex that was formed and maintained by natural coastal processes. These coastal processes also play a role in maintaining the shallow water habitats of Redfish Bay, including seagrass beds, emergent marshes, mangroves, oysters, and tidal flats. Redfish Bay supports the most extensive area of pristine seagrass beds outside the Laguna Madre and represents the northern range limit for large beds of turtle grass (*Thalassia testudinum*) and manatee grass (*Syringodium filiforme*; Pulich and Calnan, 1999). In 2000, the Texas Parks and Wildlife Commission established the Redfish Bay State Scientific Area (RBSSA) for the purpose of education, scientific research, and preservation of flora and fauna of scientific or educational value.

The importance of the shallow water resources of this tidal inlet complex to recreational fisheries in Redfish Bay is evidenced by angler survey data collected from 2013 to 2017 in southern Redfish Bay, which lies between SH 361 and the CCSC. Southern Redfish Bay represents only 7% of the areal extent of the Corpus Christi Bay Ecosystem, yet survey data indicates that this small area accounted for 18% of the angling trips taken by boat and 32% of the angler hours (time anglers spent fishing) throughout the Corpus Christi Bay Ecosystem. This survey data also indicates that southern Redfish Bay accounted for 37% of spotted seatrout, 31% of red drum, 23% of southern flounder, and 12% of black drum landed throughout the Corpus Christi Bay Ecosystem.

The tidal inlet complex also supports tidal flats which are irregularly inundated shallow water habitats that, with the exception of algal mats, are generally unvegetated and colonized by annelid worms, dipteran larvae, small crustaceans and mollusks, and other macrobenthic infauna. When inundated, tidal flats provide escape and forage habitat to small fish as well as loafing and forage habitat to wading birds and longer-legged shorebirds. When exposed, tidal flats provide unique feeding opportunities to shorebirds in general but play a more critical role for smaller shorebirds, such as the state- and federally-listed threatened piping plover (*Charadrius melodus*) and red knot (*Calidris canutus*).

Since the formation of the Aransas Pass tidal inlet complex, improved navigation channels in the area have since been serially deepened and widened and the tidal inlet has been stabilized by a pair of rock jetties. Dredged material associated with construction and maintenance of the improved inlet and navigation channels has been deposited on parts of Harbor Island, including the proposed project site and other adjacent placement areas (PAs). The site of the proposed terminal historically housed an Exxon and Fina bulk fluids export facilities. Although these facilities have since been removed, there is still concern for contaminants in the soils at the project site. There is also concern for the cumulative effects of this and other projects on the sediment budget of the tidal inlet complex which supports the shallow water habitats of Redfish Bay.

> **Recommendations:** Soils should be tested for contaminants to determine appropriate disposal methods and locations. The direct, indirect and cumulative effects of this action, as well as similar and connected actions described below, on the sediment budget and sedimentary processes which sustain this productive ecosystem should be fully evaluated. The beneficial use of appropriate dredged materials should be evaluated using a watershed or landscape level approach that considers the status and trends of local aquatic resources and the predicted effects of relative sea level rise.

Based on the information provided in PNs issued by the U.S. Army Corps of Engineers (USACE) and the information released to the public by the applicant and

its project partners, TPWD is concerned that the proposed project is but one component of a larger action (i.e., SWG-2019-00067), is an interdependent part of a foreseeable future action (as described by Lone Star Ports, LLC), and is a similar action with similar timing and geography to another recently proposed action (i.e., SWG-2018-00789).

> **Recommendation:** For the reasons described, the USACE should fully evaluate all of these actions in one or more Environmental Impact Statements (EISs) in accordance with 40 CFR 1508.25.

The PN for this permit application (SWG-2019-00245) describes the purpose of the project as a crude oil export terminal. The PN describes approximately 0.33 acre of permanent fill impacts to palustrine emergent wetlands as a result of the project. No compensatory mitigation has been proposed to offset permanent impacts and multiple best management practices have been identified to minimize secondary impacts. Sheet 15 of 16 of the project plans identifies one 36-inch incoming pipeline, two storage tanks surrounded by a containment berm, a pump facility, access roads, vapor combustion units, pipe racks, firewater pumps, and an operations building/warehouse. A note on Sheet 15 of 16 states "Typical upland facility to be designed and built by others, is included for informational purposes only." Consequently, the impacts associated with those aspects of the project were not described by the applicant.

> **Recommendation:** The direct, secondary and cumulative effects of the proposed action, along with those of connected and similar actions, should be fully described and evaluated. Adverse impacts should be avoided and minimized to the extent practicable and unavoidable impacts should be fully compensated.

Information released by the applicant on March 28, 2019 (Attachment A) further describes this facility as a joint venture between the Carlyle Group and the Berry Group for a 200-acre state-of-the-art petroleum export terminal on Harbor Island known as Lone Star Ports, LLC. Because the stated purpose of the project cannot be achieved without a source of crude oil or all the associated infrastructure required to transport, store and pump that crude oil, these components of the crude oil terminal should be considered an interdependent action of the proposed project.

> **Recommendation:** The scope of the proposed action should be expanded to include these interdependent or connected actions.

As shown in Attachment B, the Lone Star Ports, LLC website states (boldface type is added for emphasis):

> *...Through a partnership with the Port of Corpus Christi, Lone Star Ports will lead the development and operations of the first U.S. onshore export terminal servicing* ***fully-laden*** *Very Large Crude Carriers (VLCC) with the ability to export 2 million barrels of crude oil per vessel.... Martin Midstream is also working with Lone Star Ports to establish an exclusive VLCC solution on Harbor Island....*

Based on this description, the proposed action is not only an interdependent part of other foreseeable actions described above, but also part of a larger action recently proposed by the applicant (SWG-2019-00067) that would further deepen and lengthen the authorized CCSC to accommodate fully-laden VLCCs at multiple points on Harbor Island.

As recently described in the PN for application number SWG-2018-00789, Axis Midstream Holdings, LLC. similarly proposes to construct a series of facilities and pipelines to store, transport, and load crude oil at a deep-water terminal at Harbor Island. Considering the timing, location, and similarity of these proposed actions, the scope of the proposed actions should be expanded to evaluate their environmental consequences together in order to adequately assess the combined impacts and reasonable alternatives.

Overall, TPWD has concern for the significant individual effects of the proposed project, as well as the cumulative effects of past and reasonably foreseeable future projects, may have on:

- the physical, chemical, and biological characteristics of the aquatic ecosystem (including suspended particulates and turbidity, water quality, normal water fluctuations, threatened and endangered species and their habitats, aquatic organisms in the food web, and other wildlife associated with aquatic ecosystems),
- the significant permanent and unmitigated impacts to special aquatic sites that would result from the project as proposed, and
- the adverse effects on the human use characteristics of these special aquatic sites (including recreational and commercial fisheries, water-related recreation, aesthetics, and preserves such as research sites that are managed for their aesthetic, educational, historical, recreational, or scientific value).

As shown in public notices and news reports, TPWD is aware of several other development projects proposed in this area that should be considered as part of an analysis of cumulative effects.

> Recommendation: Prior to the issuance of permits, the applicant should incorporate the above requested modifications and then submit revised project plans for resource agency review. In addition, an Environmental Impact Statement should be undertaken to fully evaluate:

- the alternatives that were considered when selecting the preferred alternative,
- the direct, indirect and cumulative impacts of the proposed project on the environment including the significant aquatic resources of Redfish Bay and RBSSA, and
- a compensatory mitigation plan that fully offsets all unavoidable impacts.

TPWD appreciates the opportunity to provide comments and recommendations for this project. Questions can be directed to Ms. Jackie Robinson (361-825-3241) or Ms. Leslie Koza (361-825-2329) in Corpus Christi.

Sincerely,

Robin Riechers

Robin Riechers
Director of Coastal Fisheries

RR:LK:JR:lam

Attachments – 2

Literature Cited:

Pulich, W.M, Jr. and T. Calnan (eds.). 1999. Seagrass Conservation Plan for Texas. Resource Protection Division. Austin, Texas: Texas Parks and Wildlife Department. 79 pp.

Port of Corpus Christi Commission Approves 50-Year Lease Agreement with Carlyle Group Joint Venture

Harbor Island Terminal Complex Will Have Deepest Channel Depth of Any Onshore Crude Oil Export Facility in the United States

Corpus Christi, TX, USA – The Port of Corpus Christi Commission approved today a long-term (50-year) lease agreement with Lone Star Ports, LLC ("Lone Star Ports"), a joint venture between the Carlyle Group and the Berry Group, for approximately 200 acres on Harbor Island to develop a state-of-the-art petroleum export terminal. Featuring the latest in safety, security and environmental technologies, the facility will connect U.S. crude producers with all major international markets.

The lease agreement between the Port of Corpus Christi Authority and Lone Star Ports will provide significant accretive value in the Port's annual operating revenues, and the project is expected to create more high-wage jobs and more economic prosperity for Port Aransas, Nueces County, and throughout Texas.

Lone Star Ports' facility on Harbor Island is designed to be the deepest-draft safe harbor crude export facility in the nation when commissioned. Immediately upon completion, the facility's two docks will have access to the improved 56' ship channel depth, making it the United States' first and only onshore terminal capable of fully loading Suezmax vessels and nearly full loading Very Large Crude Carriers (VLCCs).

Last month, the U.S. Army Corps of Engineers (USACE) awarded the first dredging contract for the Corpus Christi Ship Channel Improvement Project to the largest U.S. dredging company, Great Lakes Dredge and Dock Company (GLDD), to deepen the channel to a depth of 56' from the Channel entrance to Harbor Island, and a planned depth of 54' throughout the rest of the harbor.

"This long-term commitment is testament to the significance of the Corpus Christi gateway for American energy exports, which are expected to triple in the next decade," said **Sean Strawbridge, Chief Executive Officer for the Port of Corpus Christi**. "A 50-year lease agreement with the Carlyle Group and the Berry Group joint-venture company, Lone Star Ports, is not only complementary to our existing marine terminal infrastructure but also positions the Port of Corpus Christi to be the preferred outlet for US-produced crude exports serving all major global demand centers for generations to come."

"The Carlyle Group is enthusiastic about our shared vision with the Port of Corpus Christi Commission to develop an environmentally safe, world-class facility that will position Corpus Christi as a vital economic engine in Texas and around the globe," said **Ferris Hussein, Managing Director of The Carlyle Group**. "The Harbor Island project would not be possible without the leadership shown by the Port's commission and staff in their ongoing commitment to communities throughout the Coastal Bend region. This partnership is a great vote of confidence in Carlyle and our abilities to deliver generation changing infrastructure projects, and we take that responsibility seriously."

Civil works for this facility repurposing project have been underway for the past year ahead of finalizing a definitive lease agreement, including the demolition of existing dock structures from a previous decades old Exxon crude import terminal on Harbor Island. The execution of this new lease enables the parties to commence major equipment and materials procurements and other construction efforts.

"This project on Harbor Island is the next pivotal step in directing the growing crude oil production in the United States to global markets via our Port of Corpus Christi," said **Charles W. Zahn, Jr., Port of Corpus Christi Commission Chairman**.

"The Berry Group looks forward to working with the Port of Corpus Christi and our partners at The Carlyle Group to continue to bring jobs and prosperity to Corpus Christi and the Gulf Coast community as we have for the last 65 years," said **Marty Berry, of The Berry Group**.

About Port Corpus Christi

As a leader in U.S. Crude Oil export ports and a major economic engine of Texas and the nation, Port Corpus Christi is the 4th largest port in the United States in total tonnage. Strategically located on the western Gulf of Mexico with a 36-mile, 47 foot (MLLW) deep channel, Port Corpus Christi is a major gateway to international and domestic maritime commerce. The Port has excellent railroad and highway network connectivity via three North American Class-1 railroads and two major interstate highways. With an outstanding staff overseen by its seven-member commission, Port Corpus Christi is "Moving America's Energy." http://www.portcorpuschristi.com/

About The Carlyle Group

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with $210 billion of assets under management across 335 investment vehicles as of June 30, 2018. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Credit and Investment Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,625 people in 31 offices across six continents. www.carlyle.com

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Project Overview

Headquartered in Corpus Christi, TX, Lone Star Ports, LLC (a Carlyle company) is developing a first-of-its-kind crude oil export terminal on Harbor Island. Through a partnership with the Port of Corpus Christi, Lone Star Ports will lead the development and operations of the first U.S. onshore export terminal servicing fully-laden Very Large Crude Carriers (VLCC) with the ability to export 2 million barrels of crude oil per vessel. Based on current market conditions, net U.S. exports associated with the project could exceed $30 billion per year, connecting American produced energy to the world reducing the U.S. trade deficit and furthering Corpus Christi's position as a global energy leader.

The project is a joint venture between The Carlyle Group and The Berry Group, the largest private employer in the Corpus Christi area.

Martin Midstream is also working with Lone Star Ports to establish an exclusive VLCC solution on Harbor Island.

Lone Star Ports is led by an experienced management team, including Jerry Ashcroft, former CEO of EQT Midstream – Ashcroft has held leadership positions at two of the largest marine terminals in the world.

Community

Environmental Responsibility

Environment

Lone Star Ports is committed to the safe and responsible development of the Harbor Island Export Terminal. We are committed to developing a best-in-class facility that will have a limited footprint, reducing or avoiding environmental impacts throughout all stages of development and

Community

“After Harvey, the port and a lot of other bigger entities came together for everybody in the community and they really came together and helped everybody out who needed it. It’s kind of was surreal how much everybody pitched in to help...It wasn’t about business anymore; it was about just

Economic Benefits

Lone Star Ports is a Texas-Sized project that will help build a better economy and a brighter future for the Coastal Bend region of Texas through tax revenue, creation of high-paying jobs and other economic factors.

According to an economic impact

Harbor Island

Harbor Island will be the first U.S. onshore export terminal servicing full-laden Very Large Crude Carriers (VLCC) with the ability to export 2 million barrels of crude oil per vessel.

Lone Star Ports has signed indicative agreements with Harvest Midstream and EPIC crude

operation. Harbor Island Terminal will beneficially re-use a former industrial site (avoiding impacts to undeveloped land) and due to its location, it can significantly reduce ship traffic associated with oil exports from other locations within the port region. The Harbor Island location also protects the facility from extreme weather conditions and ocean currents will not create dangerous situations during loading.

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helping the residents here."

– Amanda Davis, Resident of Corpus Christi

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study conducted by the Perryman Group, the construction and operation of the Harbor Island Export Terminal will lead to more than 300 permanent jobs in the Corpus Christi region and thousands of indirect jobs across Texas and around the world.

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pipeline. Once online, these two pipelines will provide connectivity to more than one million barrels per day (mmbbls/d) of crude oil from the Permian and Eagle Ford basins. Additionally, Lone Star Ports is excited about an indicative agreement with Martin Midstream Partners L.P. to provide a single, integrated VLCC solution on Harbor Island.

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What They're Saying