



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS, GALVESTON DISTRICT
P. O. BOX 1229
GALVESTON, TEXAS 77553-1229

COPY

February 14, 2019

Policy Analysis Branch

SUBJECT: Department of the Army Permit Application SWG-2019-00067

Port of Corpus Christi Authority
Attn: Sarah Garza
222 Power Street
Corpus Christi, Texas 78401

Dear Ms. Garza:

This is in reference to your permit application submitted on January 7, 2019 requesting authorization to dredge 12.8 miles of the Corpus Christi Ship Channel (CCSC) to -78 to -80 MLLW between Station 54+00 at Harbor Island and Station - 620+00 in the Gulf of Mexico. The proposed project also involves the placement of 38.9 million cubic yards of dredged material in waters of the United States.

The Corps considers several statutes when determining the project's purpose and need and scope of analysis. The Council on Environmental Quality's implementing regulations for National Environmental Policy Act (NEPA) state, "The purpose statement shall *briefly* (emphasis added) specify the underlying purpose and need to which the agency is responding in proposing the alternatives including the proposed action" (40 CFR 1502.13.) The Corps' NEPA Implementation Procedures for the Regulatory Program state, "If the scope of analysis covers a more extensive project...then the underlying purpose and need for the *entire* (emphasis added) project should be stated (33 CFR, Part 325, Appendix B, 9b(4).) The Section 404(b)(1) Guidelines For Specification Of Disposal Sites For Dredged Or Fill Material and The Criteria for the Evaluation of Permit Applications for Ocean Dumping of Materials both guide the level of scrutiny required during analysis of a project and its alternatives. Those projects with greater adverse environmental effects need to be more detailed and explore a wider range of alternatives.

PCCA stated in the permit application that the purpose for this project is to allow for more efficient movement of U.S. produced crude oil to meet current and forecasted demand in support of national energy security and national trade objectives, enhance the Port of Corpus Christi's ability to accommodate future growth in crude oil movement, and construct a channel project that the PCCA can operate and maintain to serve industry needs. The depths of the proposed channel project are designed to accommodate a fully laden very large crude carrier or VLCC which will also accommodate Suezmax crude carriers. Currently, crude oil is exported using Aframax

and Suezmax vessels. The Suezmax vessels are sometimes light loaded (lightered) due to the depth restrictions in the existing CCSC, and would continue to be light loaded when the current federally-authorized -54-foot MLLW project is completed. While the Corps does not dispute the stated need to more efficiently move current and forecasted crude, the Corps does have concern with the defined purpose of the project and the scope of analysis for the single and complete project.

As currently proposed, the deepening project will not provide access for large fully laden VLCCs to other crude export facilities such as the existing Occidental Petroleum Corporation or the proposed Buckeye Partners facility, both located in Ingleside, Texas. Instead, the proposed deepening project provides access to a single location on Harbor Island that has not been constructed and is not included in the project plans. There are no other facilities or potential locations along the proposed 12.8-mile deepened channel that a facility could be constructed other than Harbor Island.

Based on this conclusion, it is clear that the deepening of the CCSC and the construction of the Harbor Island Terminal Facility are interdependent and should be considered a single and complete project. In addition to the Harbor Island Terminal Facility, the Corps has received a permit application from Axis Midstream Holdings to construct a series of pipelines and facilities to transport crude oil for loading onto marine transport vessels at the proposed Harbor Island Terminal Facility. Considering that Axis' proposed project is designed to serve a single customer, the Harbor Island Terminal Facility, the Corps has concluded that the proposed pipelines and facilities are also interdependent with the Harbor Island Terminal Facility and the deepened channel.

Considering the interdependent nature of these activities in the context of the Corps' federal control and responsibility, and the fact that the location and configuration of all three of these projects require a Department of the Army permit, the Corps has concluded that the permit application does not represent a single and complete project. The single and complete project shall include the deepening of the channel, construction of the Harbor Island Terminal Facility and the pipelines and facilities from Midway Tank Farm Facility in Taft, Texas to the Harbor Island Terminal Facility.

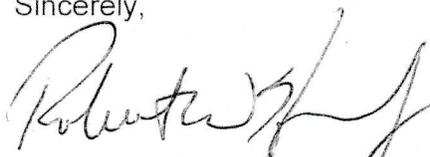
Based on this information, the Corps has determined that the correct purpose and need for the single and complete project is, "to construct a crude export facility on Harbor Island, including supply pipelines and tank farms, and deepen the existing CCSC to accommodate transit of fully laden VLCCs from the Harbor Island Terminal

Facility into the Gulf of Mexico to more efficiently move current and forecasted crude.” Based on this revised scope of analysis and purpose and need, revision to the alternatives and the screening criteria used to analyze them must be made.

In addition to the requested modification to your permit application, you were notified by electronic mail dated January 23, 2019, that the proposed project will require Section 408 coordination and review. This is a requirement for activities that require permission from the Corps pursuant to 33 USC 408 because it will alter or temporarily or permanently occupy or use a US Army Corps of Engineers federally authorized civil works project. Please note that if the proposed activity requires a review under Section 408, the Regulatory Permit decision cannot be made until after the District Engineer issues the Section 408 decision. Please contact Mr. Karl Brown (409) 766-3069 and/or Mr. Frank Garcia (409) 766-3111 for further information regarding the Section 408 process.

Please reference our file number in any future correspondence pertaining to this project. If you do not submit the required information to determine the project Federally complete within 30 days from the date of this letter, we will assume that you no longer wish to pursue this permit and your application will be withdrawn. We are ready to assist you in whatever way possible. We can arrange a meeting to discuss the requested information if that is your desire. If you have any questions, please call me at 409-766-3108. You may also email me at jayson.m.hudson@usace.army.mil if you prefer.

Sincerely,



Robert W. Heinly
Chief, Policy Analysis Branch

Cc

AECOM
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