

Eagle Ford Shale's developing resources bring terminal, pipeline projects to the Coastal Bend

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CORPUS CHRISTI — The promise of Eagle Ford Shale's developing resources have attracted two more major industry investments to the shores of Corpus Christi Bay.

The separate terminal and pipeline projects cement the Coastal Bend's importance as an export hub for producers drilling for the 400-mile-long, 50-mile-wide underground oil and gas deposits.

Houston-based Cheniere Energy Inc., through subsidiary Corpus Christi Liquefaction, will build a liquefied natural gas export terminal along the La Quinta Channel in San Patricio County, the company has announced.

Liquefied natural gas is natural gas that has been supercooled and condensed to liquid form for transport.

At full operation, the facility would process about 1.8 billion cubic feet of gas per day, Cheniere spokesman Andrew Ware said.

The project site is the same location where Cheniere once proposed a facility for importing LNG. The old project was fully vetted by regulatory agencies.

Since the new project requires different equipment and basically works in reverse of the original plans, Cheniere must redo the regulatory process.

The main goals are an environmental review by the Federal Energy Regulatory Commission and an export license from the Department of Energy, Ware said.

"It does help that the site itself has been reviewed from an environmental standpoint," Ware said of the regulatory process.

The formal application process would begin next summer. The facility is scheduled to open in late 2017, the company estimates in a Dec. 13 letter filed with the commission.

Cheniere has 664 acres available for development, including 212 acres it owns and 52 acres under lease from the Port of Corpus Christi.

The company will build three units, each with the capacity to chill 4.5 million tons of natural gas into liquid form to load tankers for export.

The facility will be Cheniere's second. The company's Sabine Pass Project is adding four cooling units to import facilities in Cameron Parish, La., with almost all of the gas capacity sold out through agreements with global companies.

It is too early to determine construction and permanent job numbers for the Coastal Bend, but the slightly larger Sabine Pass site employed 3,000 construction workers at its peak, Ware said.

"You're expanding markets, and that's going to support more activity," Ware said.

PIPELINE EXPANSION

Magellan Midstream Partners and Copano Energy announced Tuesday they are joining forces to build 140 miles of pipeline through South Texas.

Their joint venture, Double Eagle Pipeline, will connect the new pipe with 50 miles of Copano-owned pipeline to ferry 100,000 barrels per day of condensate, or the mixture of compounds drawn from wells, from Karnes, LaSalle, Live Oak and McMullen counties to Magellan's terminal in Corpus Christi.

The companies will split the \$150 million tab for the pipeline and a new truck terminal near Three Rivers, which should be finished by late 2012.

Under the partnership, Copano will convert the 50-mile pipeline from natural gas to condensate use. Magellan will add 500,000 barrels of storage to its Corpus Christi terminal.

"Combined, we are able to provide an attractive option for shippers to deliver petrochemical-quality Eagle Ford condensate for use in Corpus Christi or higher-valued Texas markets via Magellan's marine capabilities," Magellan president and CEO Michael Mears said.

The partnership will continue to look for ways to expand and capture other Eagle Ford growth opportunities, Copano president and CEO R. Bruce Northcutt said.

Companies have been adding oil carrying and processing capacity to South Texas within the past year. Miles of new, planned and reactivated pipelines will add hundreds of thousands of barrels of capacity for Eagle Ford crude.

Flint Hills Resources converting part of the former Naval Station Ingleside to export oil and Martin Midstream Partners building storage tanks are examples of direct opportunities for the Port of Corpus Christi.

"We obviously can't take it all — a lot will be going to Houston — but people see this as a viable export facility both for the crude and now with the gas," port Executive Director John LaRue said.

A glut of natural gas in the U.S. has depressed prices and made gas extraction less profitable.

Export facilities like the Cheniere terminal open outlets to areas around the world with high gas demand and give producers more incentive to move gas to market instead of flaring it off, Ware said.

The terminal also positions Cheniere to take advantage of the estimated 180 trillion cubic feet of gas locked in the Eagle Ford formation, and additional deposits beyond.

"There are also some shale plays that are pretty significant in West Texas," Ware said. "Eventually we could, by pipeline, have access to that gas as well."



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