caller.com
CORPUS CHRISTI, TEXAS

Eagle Ford terminal reenergizes failed steel plant site

By Mike D. Smith

Friday, January 13, 2012

CORPUS CHRISTI — Eagle Ford Shale production has brought the site of a failed steel plant back to life.

Trafigura AG, a global oil, metals and minerals trader, is completing a terminal for exporting South Texas crude to other Gulf Coast markets atop the 85-acre site it picked up by acquiring Texas Docks and Rail Inc.

The land, along the inner harbor of the Corpus Christi Ship Channel, was home to the 20-story Qualitech steel plant that Texas Docks and Rail acquired when the company collapsed.

The steel plant was built in 1998 for $125 million, closed in 1999 and was demolished in 2006.

Construction on Trafigura's terminal began about eight months ago said Jeff Kopp, company oil director for North America.

Kopp did not disclose what Trafigura paid for the site.

Trucks began loading crude this month into two of the company's four 80,000-barrel tanks.

A third tank is scheduled for completion in February and the fourth in March, Kopp said.

The site's deepwater access makes it possible to load any size vessel and its proximity to other refiners and direct connections to the heart of the Eagle Ford play made the site an attractive find, Kopp said.

"Location is everything and that's a great location to do this business," Kopp said.

Trafigura has contracted with Energy Transfer Partners LP to build a pipeline in coming months.

The pipelines eventually will connect to Trafigura's waterfront birth to load ships with crude, Kopp said.

Energy Transfer owns and operates 18,000 miles of natural gas pipelines across the U.S. with an extensive network in South Texas.

The company has plans to expand its terminal facilities.

The company plans to make use of 20 undeveloped waterfront acres fronting a 1,200-foot dock, which may be lengthened, Kopp said.

The new development also will generate revenue for the Port of Corpus Christi.

With a privately built, owned and maintained dock facility, Trafigura would be subject to half of the port's tariff of 8.83 cents per barrel of oil handled, Deputy Port Director Frank Brogan said. That revenue, which Brogan said would depend on activity at the terminal, goes into the port's operating budget.
