

## **Deeper channel converts into millions for area**

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TEXAS CITY — It's not often five feet would translate into millions, but the recent announcement that the ship channel that enters the Port of Texas City will be deepened from 40 to 45 feet will save crude oil importers millions of dollars in shipping costs.

Last week, the U.S. Army Corps of Engineers announced it had been given Congressional approval for \$47.5 million to dredge the Texas City Federal Channel that links the Houston Ship Channel and the Port of Texas City. The funding comes from the federal stimulus bill passed by Congress earlier this year.

"It's a pretty big deal for all the crude users," Port of Texas City president Bill Mathis said. "A ship that could only bring in 40 feet of product before can now bring in more."

The concept is simple, the deeper channel means larger ships can enter the port. It also means ships already coming into the port can carry more crude oil or other petrochemical product.

The ship channel handles about 600,000 barrels a day of crude oil. The deeper channel is expected to increase that capacity by 100,000 barrels a day, Texas City economic officials said.

When ships can carry more product, a company will need to make fewer trips to deliver oil to its refineries in Texas City.

Valero, for example, brings in between 30 and 35 ships of crude oil annually to the Port of Texas City. Company spokesman Bill Day said the deeper channel would allow the company to reduce the number of ships by five to 10 ships.

It also will give oil shipper Teppco a competitive advantage as well, Mathis said.

The pipeline company ships oil to storage tanks in Texas City and Galena Park. It also ships by pipeline oil through its Seaway Crude Pipeline to the Midwest.

Because of the deeper channel, Teppco will be able to bring in more crude oil into Texas City instead of sending ships through the Houston Ship Channel, which is already at the 45-foot depth, Mathis said.

“When those ships can come here instead of going to Houston, that saves a lot of money,” Mathis aid.

Texas City Mayor Matt Doyle said the deepening of the channel also will help make the proposed Shoal Point cargo terminal more attractive. That project has languished for years with little activity on a patch of land near the Texas City Dike called Shoal Point.

The megaport was supposed to have been operating by now, but the company contracted with the city to build it — SSA Marine — has yet to begin major construction.

Attempts to reach an SSA spokesman at its Seattle headquarters for comment were unsuccessful.

The \$47.5 million from the federal government won't be all the money needed to fund the channel deepening. The Port of Texas City and its customers — including Valero, TEPPCO and BP — will pitch in about \$16 million for the dredging.

Mathis said the port started collecting a 3-cent per barrel surcharge on deliveries eight months ago and will continue collecting the funds until the project is paid for.

Mathis said he expects the channel deepening project will be completed within two years.

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#### Port Funds

The \$47.5 million from Congress for the deepening of the Texas City Federal Channel aren't the only stimulus funds for local shipping lanes.

#### Port Of Galveston

- \$25.1 million for Phase II of the contract to dredge Galveston Channel to 40 feet;
- \$14 million to dredge Inner-Harbor to 40-foot project depth and width; and
- \$500,000 to complete Dredge Material Management Plan for Galveston Ship Channel.

#### Intracoastal Canal

- \$5 million for repair of mooring buoys at all 14 mooring basins; and
- \$30 million to rehabilitate dredged material placement area levees on the reach of Intracoastal Canal from High Island to the Brazos River.

#### Other Area

- \$1.5 million to conduct surveys and develop existing condition model based on impacts from Hurricane Ike from Sabine Pass to Galveston Bay. Study will focus on enhancements to the public safety.

