ROBERT BUNCH/STAFF PHOTOGRAPHER

Corpus Christi officials and business leaders attended last week's dedication of a $5-million, 45,000-square-foot administrative office, computer center and cafeteria at the Koch refinery on Suntide Road.

Koch wants to keep expanding

Refinery's growth over decade has included 500 new jobs

By Grady Phelps
BUSINESS WRITER

Koch Refining Co., which has invested $800 million at its Corpus Christi refinery in the past decade while adding 500 new jobs, still has lots of room and hopefully opportunities for more industrial growth.

Hanna

W.W. Hanna, president and chief executive officer of Koch Industries Inc., the Kansas-based conglomerate parent company, said Koch is utilizing only about 40 percent of its nearly 2,000 acres here.

"We have ample room for future expansion," Hanna said in an interview. "We foresee the downstream need to add more and more projects."

Hanna, in Corpus Christi last week to dedicate a new $5-million, 45,000-square-foot administrative office, computer center and cafeteria at the Koch refinery on Suntide Road, said the company currently has $350 million worth of expansion under construction in several separate projects.

Current projects, due for completion in late 1993, will generate a peak construction work force of 700 people by late 1992.

These include a $150-million crude unit that will boost the refinery's crude processing capacity from its existing 160,000 barrels a day to 250,000 barrels daily, or the largest production capability among Corpus Christi's five petroleum refineries.

Other work includes a $103-million paraxylene expansion, a $43-million wastewater treatment facility, a new diesel fuel hydrotreater to meet new environmental regulations and improvements to its pipeline system and Ingleside crude storage terminal.

Koch is rapidly building itself into Nueces County's largest industrial manufacturer and taxpayer.

"The new crude unit will provide us with the increased reliability and feedstocks needed to meet current requirements as well as open opportunities for future growth to meet the need of our fuels and petrochemical customers," Hanna said.

As Koch's local projects expand, so will its permanent staff employment force, although future personnel projections are too difficult to make at this time, Hanna said.

When Koch acquired its local plant and 500 acres from Sun Oil Co. for $265 million in 1981 it had a process limit of 60,000 barrels a day.

Less than a year after it purchased Sun's property, Koch bought the 30,000-barrel-a-day Gulf States Oil and Refining plant on 81 acres adjoining it. In 1983,

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Koch

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Koch expanded its production of paraxylene, a petrochemical used in the manufacture of polyester fiber and film, by 20 percent, then added a $20-million sulfur recovery plant and improved environmental emissions systems.

Koch invested $100 million in plant remodeling and expansion in 1985 and in 1987-1988 added a $25-million cogeneration power plant and a $50-million catalytic reforming unit to convert naphtha into high-octane gasoline.

In 1990 Koch enlarged its pipeline gathering system to 2,264 miles that brings crude to the refinery from wells in West and South Texas, including the horizontal drilling hotbed in the Pearsall Field southwest of San Antonio.

The company also began a multi-million-dollar, 18-month expansion of its speciality chemicals facility that doubled Koch's capacity to manufacture chemicals used in the production of end products such as plastics, carbonless paper, fragrances, missile fuels and textile dyes.

Last year Koch started supplying diesel and gasoline fuels along a 465-mile pipeline from the Corpus Christi refinery to Dallas-Fort Worth Airport and facilities in San Antonio, Austin and Waco.

The company also purchased the former Sun Ingleside Marine Terminal with ship crude unloading facilities, tank storage and pipelines.

Koch's Corpus Christi refinery has the capability to make more than 100 different products and has several units that produce 200 million gallons per year of petrochemical lines.

"Corpus Christi and South Texas are extremely important to the continued growth of Koch Industries," Hanna said. "We've invested heavily in Corpus Christi because we're confident of its economic future – and of the future of KII.

"We have been working to continuously improve for 10 years and still have much to accomplish," Hanna said. "We believe that the continuous improvement business philosophy is the reason for our past success and is the key to future growth and success."

Hanna said Koch's Corpus Christi area and Texas operations are "one of the best" in its system. He credits Corpus Christi port and government officials at all levels with helping the company to expand with a favorable attitude to manufacturing industries.

"The work ethic of the people is extremely good. They understand and want to do their jobs and be a part of the company and its success," Hanna said.

Koch has 10,000 employees systemwide. The second largest privately-held company in America after Cargill Inc. of Minneapolis, Koch is a big oil pipeline operator with more than 20,000 miles of gathering and transportation lines and a major refiner with plants here and a 170,000-barrel-a-day refinery in Minnesota.

Koch, involved in all phases of the oil industry with exploration rights covering 800,000 acres in 13 states and offshore, is also engaged in chemicals, coal mining and other minerals, chemical technology products and agriculture. Koch's agriculture, fertilizer and cattle operations include 60 elevators, 400,000 acres of land and 20,000 head of steers.

Although Koch does not release its earnings figures for publication, the *Wall Street Journal* estimates its annual revenues exceed $16 billion.