

38 Corpus Christi Caller-Times, Sun., Oct. 14, 1979

Crews laboring to transform green field into an oil refinery

BY JAY ROSSER

Construction crews are toiling along the ex-
tremities of Up River Road to complete what
company officials call a "grass-roots refinery."
"What that means," said Gulf States Oil Refin-
ing Co. refinery manager Mark Anderson, "is
that we are starting with a green field and will
end up with an operating facility" — as opposed
to adding onto an existing plant.

When completed, the plant will manufacture
such crude-oil by-products as naphtha; kero-
sene; diesel fuel; No. 2 fuel oil (home heating
oil); atmospheric gas oil, and residual fuel oil,
which is used primarily as an industrial fuel.

About seven months from now, if all goes as
planned, the new 30,000-barrel-per-day refining
unit will take the place of what once was a barren
tract of land near the end of the Nueces County
Navigation District's inner-harbor turning ba-
sin. With the addition of another crude refining
unit about three months after the basic plant is
completed, the facility will have a total daily
capacity of nearly 45,000 barrels.

Construction began about three months ago.
The refinery is expected to bring about 50 new
jobs to the area.

"We've already got drawers full of appli-
cations, and that's without advertising," Ander-
son said. "We're going to slowly build up the
work force, but the big increase will probably be
through March and May of next year."

The projects estimated to cost \$20-25 million.
The hard part, he said, Anderson said, "is
getting permits, and that's what we're trying to
do right now. We want to keep environ-
mental impact of the plant to a minimum, have
been granted by the Department of Energy, the
Environmental Protection Agency, the Texas
Water Quality Board and the Texas Air Control

Board. Now that the long, tedious permit appli-
cation process is over, all that remains to be
completed is the construction.

Anderson likens building of the plant to putting
a man on the moon. The task was relatively
simple, he said, once engineers got the go-ahead
and the funding to do it.

Already, four of the scheduled 15 refining
tanks have been built at the site just west of
Suntide refining plant on Up River Road. Con-
struction crews now are laying foundations for
the other tanks on the 81-acre site. Only 35 acres
of the land are being used for the new refinery.
The rest, Anderson said, is for future expansion.

The new refinery signals an expansion effort
by the Houston-based company.

"Up to now, our refining capacity consisted of
about 12,500 barrels per day we were getting un-
der a contract with Quintana-Howell Refining
Co.," Anderson said. "We're becoming more
self-sufficient. We bought a unit from them in
April, 1978, with the intent to relocate it here
when our construction is completed."

The refining unit was slated to be moved from
Quintana-Howell property to a 19.2-acre site at
7501 Up River Rd. owned by Gulf States Oil Re-
fining Co. But those plans were changed when
the Environmental Protection Agency said it
couldn't go there because it would disturb wild-
life in the area, Anderson said.

That refining unit now will be moved to the 81-
acre site.

The company has operated under a two-tier
structure, he said. The Houston end of the com-
pany has been marketing the petroleum prod-
ucts while the Corpus Christi plant has been re-
fining those products.

The construction of the new plant and its even-



Manager Mark Anderson surveys construction at new Gulf States refinery

elsewhere, but it's not from a lack of effort to
develop a market here.

"We plan to be here until this place sinks into
the ground," he said.

A peak labor force of about 200 under about a
dozen contractors is working on the project.

cc - Bus. v. ind. - Koch Refining 4-

Wednesday, November 13, 1985

Port-Koch deal in land bid draws complaint

By Jim Barlow
Staff Writer

Commissioners of the Port of Corpus Christi Authority yesterday called for bids on a 40-acre plot of port land despite objections that they may be violating bidding procedure.

An attorney said accepted bidding practices may be violated because the proposed sale is linked to a deal with Koch Refining Co. for the port's purchase of 280 acres of adjacent land.

The Port Authority and Koch have been negotiating for more than a year on a possible swap of the two properties, if Koch is the highest bidder for the port land.

The 40-acre plot, which the commissioners declared surplus, has been appraised at \$118,000 and the 280-acre tract at \$420,000, said port attorney M. Harvey Weil.

Commissioners yesterday approved a contract to purchase Koch's 280-acre site. The purchase price will be the same as Koch's bid on the port land, if Koch is the highest bidder. Koch still will sell the land to the port at its appraised value if the company is outbid on the port land, according to the agreement.

The purchase price, according to the contract, cannot exceed the appraised value of the 280 acres, even if Koch's bid on the port land is above it.

The Port Authority needs the acreage for a spoil disposal site when the current port-deepening project reaches the area in about a year, said Harry Plomarity, executive director of the port.

Corpus Christi attorney Curtis B. Dyer said negotiations between the port and Koch undermine accepted bidding practices because of an "assumption that Koch

County Commissioner J.P. Luby urges port commissioners to pass a resolution against proposed Coast Guard funding cuts/2B

will be the highest bidder."

The negotiation, he charged, effectively has driven bid prices up and excluded "fair and practical bidding."

Dyer said he was acting for an undisclosed party interested in the port land.

"To me, what you are considering doing is jeopardizing the whole idea behind precise bidding requirements," Dyer told the commissioners.

"It is apparent from the bidding that is about to be done that it must start somewhere between \$300,000 and \$400,000 above the appraised value," Dyer said.

"You would be discouraging bidders from bidding because they must start somewhere between \$300,000 and \$400,000 above the appraised value," Dyer said.

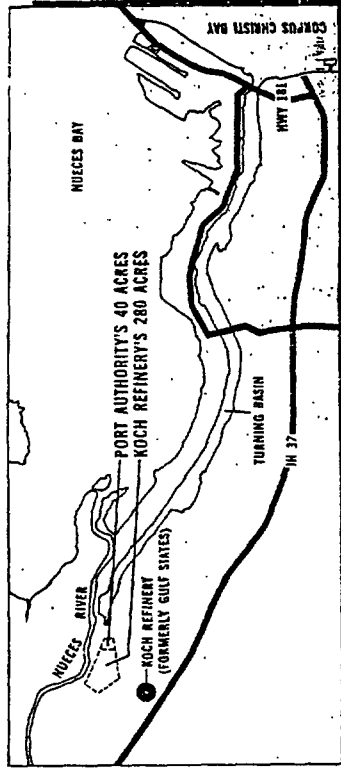
Bids will be opened Nov. 25.

Lebert D. Shultz, assistant general counsel for Koch Industries Inc. of Wichita, Kan., said Koch Refining plans to develop the 40-acre plot for its use. Included will be a bulk materials dock, he said.

Plomarity said port regulations would prohibit Koch from using its bulk materials dock for materials that would put it in competition with port-operated docks for nine years.

"Up until now, there's been only one customer," said commission chairman Jimmy Storm about the 40-acre site. "We're looking for people all the time."

He said talks have been going on for "a long



Map shows parcels of land in proposed swap by Koch Refining and Port of Corpus Christi

time... but I don't think there's been an assumption that Koch would be the highest bidder. "They have something we want, we have something they can use."

Storm noted that the commissioners would have the option to reject any or all bids and that there would be a close scrutiny of any deal.

Both Storm and Plomarity maintained the negotiations with Koch have not violated legal bidding procedure or statutes.

Weil said the 40-acre site has been advertised as

required by law. "This is not the first time it has come up," he said.

According to the resolution approved by the commissioners last 6-0 vote, the purchaser must develop the land within eight years or the port can buy the land back at the purchase price.

Commissioner Richard Valls abstained from voting on both the resolution and approval of the contract for the port to buy the Koch site, which also was approved in a 6-0 vote.

Still more to come

Gulf States refinery formally christened

BY GRADY PHELPS

Business Writer

The new local \$40 million Gulf States Oil & Refining Co. plant was christened here yesterday with the promise of more expansion and additional jobs yet to come.

This is a very special moment for us who have watched this refinery grow from a little patch of weeds," remarked Gulf States President Thomas C. Thompson, who, at 31 is one of the youngest chief executives in the oil industry.

"We believe it will be an important addition to the petroleum industry in general and Corpus Christi in particular," Thompson added, with the total cooperation of the Corpus Christi community, our dream has become a reality.

The new refinery, on 81 acres off the 9200 block of Upflavor Road, has a capacity to produce more than 40,000 barrels of day of assorted products including jet fuels, naphtha, diesel fuel, atmospheric gas oil and No. 8 oil.

The facility actually began production in July. Construction began in October 1979. The plant

marked the first grass-roots refinery designed by the locally based Goldston Corp., a veteran engineering firm previously known for its marine engineering and construction.

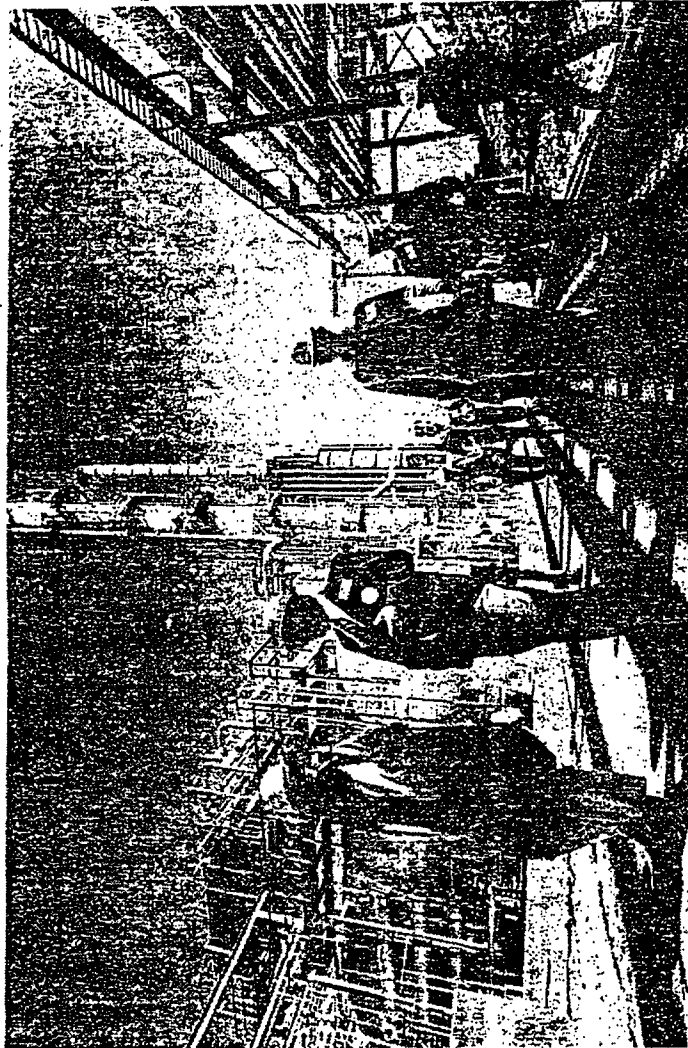
Plant manager Mark Anderson said 25 product storage tanks eventually will be built on the site with an aggregate capacity to hold almost two million barrels of products.

He said the permanent refinery staff, now numbering 86, probably will increase to 200 over the next five years. The temporary construction force will also peak at times to about 200 workers over that period.

Houston-based Gulf States Oil & Refining was founded by Thompson six years ago. Today, the operation markets crude oil, refined products and liquefied petroleum products that total 300,000 barrels a day in sales.

Gulf States has operated a 12,500-barrel-a-day crude topping unit here since 1977 which it leased from Quintana-Howell at another location.

About 250 invited guests attended yesterday's official refinery christening event.



Gulf States executives guide press on tour of new \$40 million refinery (Photo by Lee Dodds)

CC - Condover - Gulf States - 1 February 1978

Capacity to more than double

Gulf States asking to relocate plant

By PAUL SCOTT MALONE
A Houston-based oil refining company has filed an application with the Texas Air Control Board and other agencies for permits to relocate here and enlarge its Corpus Christi crude oil refinery.
Gulf States Oil & Refining Co. now has a 12,500-barrel-a-day plant at the Quintana-Howell facility here. Gulf States has leased a site since October, 1977, from Quintana-Howell, which also operates the facility for the Houston company.
The Gulf States refinery would be relocated to a 30,000-barrel-a-day capacity and moved to its own tract of land within the city's industrial complex north of Interstate 37, a company spokesman said.
Gulf States has requested permits from

the Texas Water Quality Board and the Environmental Protection Agency as well as the air control board, said G.T. Mercier, the company's manager of refinery engineering. The company filed its application with the air control board in August.
Gulf States had planned to move the refinery to a 19.2-acre site at 7501 Up River Rd., but Mercier is now negotiating for a different site to satisfy a request by the water quality board, he said. He would not disclose the location of the new piece of land.
The water quality board said the area on Up River Road is already too congested with industry and told Mercier a different location would be more acceptable, he said. The new site would be in the same area.

and the Up River Road site, purchased by Gulf States in March, would be used for warehouses and offices, he said.
Gulf States also is negotiating with local construction firms to build the added facilities, but Mercier said he did not know the anticipated cost of the expansion or which local company might get the contract.
Mercier said tentative plans call for construction to begin Jan. 1, and he said they hope to be operating by June. He said the facility would employ between 25 and 30 local full-time workers.
At its new facility, Gulf States would produce liquid propane gas, light and heavy naphtha, kerosene, No. 2 fuel oil, gas oil and residuum, according to its TACB application.

The company has had a refinery at Quilman in East Texas for five years, Mercier said.
The Houston company has been negotiating with the Nueces County Navigation District for a link with one of the port's oil docks, a port spokesman said. But a firm agreement has not been established.
Tom Palmer, a local official with the air control board, said he is waiting on comments from the Austin office before he starts his evaluation of the proposed expansion. He said the application is under review, and he will be working with the local health department.
Mercier said the company also is waiting on final approval by the EPA and the water quality board.

cc - Business & Industry - Koch '85

100 million Koch refinery expansion set

Charles Branning

WRITER
Officials of Koch Industries Inc. plan a million remodeling and expansion project at the company's Corpus Christi refinery this year.

Additional to the refinery's 500 employees, 300 contract workers, executives said, will be hired for the expansion project. Additional maintenance workers also will be hired on contract from time to time as the expansion has been completed. The plant expansion also will be a significant factor for local taxing authorities. The Koch refinery presently is valued at \$731,885 on the rolls of the Tuloosway school district.

"It confirms our commitment to the refinery industry, the Corpus Christi area and our confidence in our employees. The quality of the employees was one of the reasons we originally purchased the Sunside Refinery. We have not been disappointed."

-Koch President Bernard Paulson

That valuation, coupled with the district's 82-cent tax rate for each \$100 of property valuation, means the refinery's tax bill this year was \$1,539,400.

An increase of \$90 million in the refinery's assessed value next Jan. 1 would mean Koch would pay Tuloos-Midway an additional \$738,000 in taxes at the current tax rate. The school district has a budget of

\$12.88 million budget this year. Other taxing entities that would be affected by the increased valuation include Nueces County and the City of Corpus Christi. The city does not tax Koch since the refinery is located in an industrial district that is exempt from taxation, but Koch pays a fee in lieu of taxes.

Oscar R. Martinez of the city budget office said the fee paid by Koch for the current year will be about \$282,000. Adding \$90 million to Koch's valuation, he said, would increase next year's total by about \$25,000.

Mike Bowers of the county tax office said Koch's tax bill from Nueces County this

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FROM PAGE 1A

year is about \$700,000.

The Texas Air Control Board must issue a permit to Koch before the company can begin work on the project, but agency officials say that the phased expansion facility would meet state and federal emissions standards.

"The percentage by which the present emissions would be increased would be 5 to 10 percent at most," said Air Control Board engineer Ed Kasprzyk. "The emissions levels would be insignificant for the types of air pollutants that would be produced."

The advertisement announcing a 30-day period for public comment states that the emissions from the

expanded refinery would include nitrogen oxides, carbon monoxide, sulfur oxides, particulate matter, benzene, toluene and other common petroleum hydrocarbons.

Koch was a newcomer to Coastal Bend refining when it purchased the Sunside Refinery in November 1981 for \$265 million.

Just a year later in December of 1982, the capacity of the Corpus Christi refinery was increased to 110,000 barrels per day with the acquisition of the Gulf States refinery for an undisclosed purchase price.

Koch also recently completed the addition of a sulfur recovery plant at the refinery. This plant was

constructed with funds from a \$20 million industrial bond issue approved by the Port of Corpus Christi.

In announcing the company's decision to expand and remodel its Corpus Christi facility, Koch Refining Co. President Bernard A. Paulson said it "confirms our commitment to the refinery industry, the Corpus Christi area and our confidence in our employees. The quality of the employees was one of the reasons we originally purchased the Sunside Refinery. We have not been disappointed."

Kimberly Curaway, a public relations representative in Koch's home office in Wichita, Kan., said the remodeling portion of the project will result in better energy efficiency.