

To: Hupp, Millan[hupp.millan@epa.gov]
From: Jared Craighead
Sent: Thur 9/14/2017 1:53:31 PM
Subject: Port of Corpus Christi Update
Commissioner Sitton General Semonite Letter.pdf
James Dalton Response to Sitton Letter.pdf

Millan,

I hope you are well!

When Administrator Pruitt was at the Port of Corpus Christi, this project was discussed extensively and he seemed very interested in helping. The Army Corps of Engineers just sent a reply to correspondence Ryan sent them and I wanted to make sure you had copies of both letters. The Ports Ship Channel Improvement project would be a HUGE help to that area that was impacted by Hurricane Harvey. I'm hopeful you all can put in a good word for this project.

Please let me know if you have any questions or need anything.

Thanks so much!

Jared

Jared Craighead

Chief of Staff and General Counsel

Commissioner Ryan Sitton

Texas Railroad Commission

1701 North Congress – 12th Floor

Austin, TX 78711

512-463-7144



RYAN SITTON
TEXAS RAILROAD COMMISSIONER

August 8, 2017

Lieutenant General Todd T. Semonite
Commanding General and Chief of Engineers
U.S. Army Corps of Engineers Headquarters
441 G Street NW
Washington, DC 20314-1000

Dear General Semonite,

As a statewide elected official tasked with overseeing the energy industry in the largest energy producing state in the nation, I am writing to ask for your assistance in prioritizing the Corpus Christi Ship Channel Improvement Project that is fully authorized and permitted. As fully described below, this project is critically important to the people of Texas, America's energy industry and the nation's economic and national security interests. I appreciate your consideration of the following information and look forward to your thoughts on what the U.S. Army Corps of Engineers can do to advance this important work.

By way of background, as you may not be intimately familiar with the specifics of this project, the port of Corpus Christi has more than \$100 million in goods value move through it every day. Just a few months ago, the largest tanker to ever enter a U.S. Gulf port docked at the port of Corpus Christi. The 1,093-foot vessel is capable of loading more than 2 million barrels of American crude oil to transport overseas. The importance of this milestone cannot be overstated. If the United States does not enhance its energy transportation infrastructure given the new global energy paradigm thousands of potential U.S. jobs will not be created nor economic gain realized. Now that the crude oil export ban has been lifted and production levels are near historic highs, we must act to ensure that our country is prepared to take advantage of the enormous energy opportunities in front of us.

These statistics demonstrate the incredible economic impact the port of Corpus Christi has not only for Texas, but for the nation:

- The Port of Corpus Christi is the 4th largest Sea Port in the U.S. (by tonnage)
- It is the largest U.S. produced crude export port
- The Ship Channel Improvement Project will add nearly \$35 billion annually in goods value exports
- The Ship Channel Improvement Project will provide \$100 million in annual transportation cost savings
- There are currently \$50 billion in private industrial projects underway in the South Texas Coastal Bend and Corpus Christi Ship Channel, creating tens of thousands of jobs and billions in economic output
- The Port of Corpus Christi is expected to become one of the largest, if not the largest, export ports for Liquefied Natural Gas (by 2020)

Texas economists have predicted that expanded crude oil exports could result in 30,000 additional jobs in Corpus Christi alone. Nationally the number of jobs created related to crude exports is even stunningly larger.

Given all of this, it is disappointing that U.S. Army Corps of Engineers FY17 Work Plan and Administration's FY18 Budget funded four NEW START deepening projects (Boston, Charleston, Jacksonville, Tampa), all of which were authorized AFTER the Corpus Christi Project. The majority of those projects have Benefit-Cost Ratios (BCRs) below the Corpus Christi Project and higher costs. Furthermore, the NEW START ports are primarily for containers filled with Chinese made goods, which exacerbate the U.S. trade deficit.

The Corpus Christi Ship Channel Improvement Project has been authorized by Congress three times (WRDA 2007, WRRDA 2014, WIIN 2016) to deepen the 36-mile ship channel to 54 feet MLLW (Mean Lower Low Water) or 52' (MLT) Mean Low Tide from the current 45' (MLT). Rather than embrace this necessary project and the tremendous opportunities it holds for our country, the port has described the many roadblocks it has faced in the following way:

- Although authorized by Congress three times (WRDA 2007, reauthorized WRRDA 2014, reaffirmed WIIN 2016) USACE and Office of Management and Budget continue to throw up unnecessary bureaucratic hurdles (many examples such as three Limited Review Reports (LRRs), and delays in review processes, arguing the Corpus Christi Project was a "New Start" rather than a continuing project, thereby keeping the project from being funded (resolved in special language in Section 146 of WIIN Act as a continuing project)).
- Office of Management & Budget also appears to be stripping the Corpus Christi Project from the USACE budget each year, claiming \$200 million is too large a sum, which will "break" their 10-year plan.

President Trump, Energy Secretary Rick Perry, Interior Secretary Ryan Zinke, and numerous other administration officials have made clear that they want the United States to be energy dominant. I interpret energy dominance as producing more energy than anyone else in the world, and using that energy to advance our economic and national security interests. Make no mistake, the Corpus Christi Ship Channel Improvement Project will help the United States become energy dominant.

Please let me know at your earliest convenience the U.S. Army Corps' thoughts on what can be done to bring this project to fruition. I stand ready to assist you in any way necessary to move this project forward. I appreciate your consideration of my thoughts and I thank you for your service to our country.

If I can answer any questions for you related to this correspondence, please do not hesitate to contact my office at 512-463-7144.

Respectfully,



Ryan Sitton
Railroad Commissioner
State of Texas

Cc: Justin R. Clark, Deputy Assistant to the President and Director of Intergovernmental Affairs (via electronic mail)
The Honorable Mick Mulvaney, Director of the Office of Management and Budget (via electronic mail)
The Honorable Rick Perry, Secretary of the Department of Energy

- The Honorable Doug Lamont, Acting Assistant Secretary of the Army-Civil Works (via electronic mail)
- Col. Lars Zetterstrom, District Commander, USACE Galveston District (via electronic mail)
- Col. Calvin C. Hudson II, District Commander, USACE Ft. Worth District (via electronic mail)
- The Honorable John Cornyn, United States Senator (via electronic mail)
- The Honorable Ted Cruz, United States Senator (via electronic mail)
- The Honorable Thad Cochran, Chairman Senate Appropriations (via electronic mail)
- The Honorable Lamar Alexander, Chairman Senate Appropriations Subcommittee Energy and Water Development (via electronic mail)
- The Honorable Rodney Frelinghuysen, Chairman House Appropriations (via electronic mail)
- The Honorable Mike Simpson, Chairman House Appropriations Subcommittee Energy and Water Development and Related Agencies (via electronic mail)
- The Honorable Greg Abbott, Governor of Texas (via electronic mail)
- The Honorable George P. Bush, Land Commissioner (via electronic mail)
- The Honorable Craig Estes, Chairman Texas Senate Natural Resources (via electronic mail)
- The Honorable Drew Darby, Chairman Texas House Energy Committee (via electronic mail)
- Texas Congressional Delegation (via electronic mail)



DEPARTMENT OF THE ARMY
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441 G STREET, NW
WASHINGTON, D.C. 20314-1000

AUG 31 2017

Ryan Sitton
Texas Railroad Commissioner
1701 North Congress Avenue
Austin, Texas 78701

Dear Mr. Sitton:

I am writing in response to your letter dated August 8, 2017, requesting prioritization of the Corpus Christi Ship Channel Improvement Project (CCSC). The letter expressed strong support for the CCSC and requested that the U.S. Army Corps of Engineers (Corps) provide thoughts about how to bring the CCSC project to fruition.

I realize that this project would be a tremendous benefit to the Port of Corpus Christi, local businesses, the State of Texas and our Nation; and I appreciate your support on this project. The Office of Management and Budget determined CCSC to be a continuing construction project, which was documented in a December 2016 Question For the Record and through the inclusion of Section 1146 of the Water Resources Development Act of 2016. Additionally, the Administration and House and Senate Appropriations Subcommittees have cleared the Port of Corpus Christi Authority's request to provide funds on an accelerated basis to cover the costs of certain work, up to the amount of the non-Federal cash contribution for the project. This will allow the Port to negotiate a Project Partnership Agreement with the Department of the Army to begin work on the remaining two separable elements whether or not Federal funding is available.

If funds are provided by Congress for a Work Plan in Fiscal Year (FY) 2018 this project will be considered for eligibility, along with other similar programs, projects and activities across the Nation that are competing for limited Federal resources in accordance with the directions from Congress provided with the Appropriations Act. The project will be similarly considered for inclusion in the FY 2019 President's Budget. However, the Administration cannot commit to including the project in either the FY 2018 Work Plan or the FY 2019 Budget at this time.

Thank you for your interest in the Corps Civil Works program. If you have additional questions or concerns, please feel free to contact me or your staff may contact Ms. Kathleen Williams, Deputy Chief, Southwestern Division Regional Integration Team, at (202) 761-0315.

Sincerely,

James C. Dalton, P.E.
Director of Civil Works