



## MARITIME SKILLS ACADEMY



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Hurricane Harvey: Corpus Christi drying out, Houston underwater, Port Arthur preparing for deluge

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Valero, Port Arthur

Four days after the center, or “The Eye” in weather-speak, of Hurricane Harvey slammed into the Texas coast, torrential rains were continuing to fall. Some parts of the Houston area were getting upwards of 50 inches of rainfall, putting this disaster squarely into the record books for “most” and “worst”.

As forecasters are now calling for “Partly Cloudy” days later in the week, energy markets are beginning to see

their way through. Unlike the super-cyclical backdrop of those evil sisters- Hurricane Katrina/ Rita which double punched the Gulf Coast, in August/ September 2005, commodity and shipping markets in 2017 have ample slack. Thus, energy markets have so far remained calm, this time around.

In the immediate case, many refineries in the region remain shuttered and ports are still not operational- with the implication that coastwise shipments of refined products and some petrochemicals will be curtailed.

Product tanker markets - notably inbound to the US East Coast, from North Europe and from the Caribbean - have spiked upwards as shortages in the States have caused “arms” to open up. Vespa movements on AIG revealed that the Northeastern US may also see imports of products from Canadian refineries. Rumbblings of



Jones Act waivers proved to be unfounded as there are many surplus Jones Act units, which was not the case in 2005.

Short term, tankers will continue to wait in the Gulf of Mexico until ports can re-open. To the South, towards Corpus Christi- the situation was less dire. The Port at Corpus Christi has “transitioned to post-storm recovery,” and noting that a drillship had briefly grounded in its main channel, was conducting surveys with the Army Corps of Engineers and the US Coast Guard (USCG). Buckeye Products LLP said that it was expecting to open a terminal / processing facility on Tuesday of next week (5 September).

In Houston, facing rain and flooding, the timetable for reopening closed facilities, including port operated general cargo facilities, was more uncertain with the director of the Port, Roger Guenther, explaining that the opening would be dependent on the “all clear” from the USCG, where the orders for no shipping movements “Condition Zulu” would be lifted.

Many of the large refineries - including ExxonMobil’s at Baytown and Shell’s at Deer Park - remained closed and analysts were estimating variously that 15% - 20% of US refining capacity had been put offline. Valero, which had shut down a Corpus Christi refinery, did not shutter its plants at Houston, Port Arthur and Texas City.

As Tropical Storm “Harvey” went out over the Gulf, and regrouped, the eastern coast of Texas was squarely in its sights, along with Lake Charles, just over the state line. In this refining cluster- at Beaumont and Port Arthur, near the Louisiana border, the nation’s largest refinery, Motiva’s 600,000 barrels per day behemoth was partially shut. Valero, Total and ExxonMobil had all closed, or turned down production levels in this area.

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