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Energy industry reprises actions taken for Gustav

■ As Ike nears,
Port of Houston,
refineries prepare

By LYNN COOK
and KRISTEN HAYS
HOUSTON CHRONICLE

The Port of Houston is closing tonight as Hurricane Ike approaches, most coastal refineries will make storm decisions today, and offshore energy facilities are extending precautions they took just a week ago for Hurricane Gustav.

The Barbours Cut and Bayport terminals will shut down at noon today, and the port will close to all vessel traffic at midnight, spokeswoman Argentina James said.

The Port's 25-mile-long complex is a hub in the nation's energy network.

Forecasts Wednesday evening projected Ike would come ashore Saturday between Corpus Christi and Galveston.

Port Freeport, about 65 miles south of Houston in a mandatory evacuation zone for Brazoria County, shut down early Wednesday afternoon and expects to reopen Monday, Chief Executive Pete Reixach said.

As vessel traffic declined,
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IKE: Most refineries have yet to make final decisions

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gasoline retailers were gearing up for a possible surge of evacuating motorists.

Motiva, a refining and retail gasoline joint venture between Shell Oil Co. and Saudi Arabia's state-owned Aramco, said in a prepared statement that its coastal service stations and refueling terminals were being stocked up in anticipation of higher demand.

Shell-branded stations also were setting up generators to keep pumps running in the case of a power outage.

Even so, Motiva urged drivers to fill up early and not wait until the last minute.

Valero was working with the State of Texas to make sure its stations get special deliveries along evacuation routes so they can stay open as long as possible, spokesman Bill Day said.

Cutbacks at ConocoPhillips

Most refiners and chemical plants said Wednesday they would wait for this morning's hurricane tracking models before making final decisions about their operations.

ConocoPhillips' refinery in Sweeny, which can process up to 249,000 barrels of oil per day, already has reduced production of gasoline and other products, although spokesman Rich Johnson said he could not give specific figures.

BP's Texas City refinery, the nation's third-largest, has several units down for maintenance, which will simplify further shutdown if that becomes necessary, company spokesman Scott Dean said.

At Exxon Mobil Corp.'s, Baytown refinery, the nation's largest, workers were tying down scaffolding and securing the plant in anticipation of high winds, spokesman Russ Roberts said Wednesday. The company was studying whether to take additional measures.

"Tomorrow morning we should have a much better idea," he said.

Texas' top rank

Texas is the largest petroleum refining state in the country, with nine of the top 20 refineries ranked by capacity, according to the U.S. Department of Energy's Energy Information Administration.

South Texas plant prepares

BLOOMBERG NEWS

The South Texas Project nuclear plant is taking precautionary steps at its two reactors as Hurricane Ike moves toward the Texas coast.

Operating procedures "require it to take both its reactors off line before the storm's landfall, if hurricane-force winds are predicted to affect the plant site," according to a company statement.

The reactors have a combined capacity of about 2,700 megawatts and are near Bay City, about 80 miles southwest of Houston.

Refineries and chemical plants operate across a swath of Texas' Gulf coastline, stretching from the Louisiana border to Corpus Christi.

LyondellBasell runs 14 refineries and chemical plants between Corpus Christi and Lake Charles, La., including one refinery in Houston, and could shut them all down by Friday night if necessary, spokesman David Harpole said.

Each of the company's facilities is monitoring its own situation to determine whether to close based on the storm's track, Harpole said.

Valero watching, waiting

Valero, the nation's largest refiner, has several facilities in hurricane hot spots, including Corpus Christi, Texas City, Houston and Port Arthur.

Day said it's likely some of them would take a hit from Ike.

He said Valero and many other refiners typically wait until 48 hours before projected landfall to make final decisions about storm-related shutdowns.

"A good rule of thumb is that we want to have all our procedures done before winds hit 50 miles per hour," Day says.

"The refinery units themselves are constructed to withstand very high winds. That's not the problem."

Of more concern is the safety of plant employees and the possibility of power loss, he said.

Dow Chemical said it would decide late Wednesday whether to shut down its operations in Freeport, although nonessential workers have already been sent home.

Reversing operations

Offshore, Ike's arrival prompted oil and gas operators in the Gulf to reverse the trickle of production that had been restarted in the aftermath of Gustav, which roared through the Gulf last week.

By Wednesday, companies had shut in nearly 96 percent of oil and more than 73 percent of natural gas output in the Gulf, according to the federal Minerals Management Service, which regulates offshore energy operations.

A day earlier, 77 percent of oil and 65 percent of gas remained shut in post-Gustav.

Pipelines also shut down, and Gulf workers who were redeployed after Gustav were whisked back to shore.

Evacuating fewer people because all workers hadn't yet been redeployed isn't necessarily easier than starting an evacuation from scratch, Chevron spokesman Mickey Driver said, because companies have to deal with a new threat while still assessing previous damage and restoring production.

Gasoline futures on the New York Mercantile Exchange ticked up in trading Wednesday to settle at \$2.66 per gallon because of market jitters about the storm and a government report that gasoline supplies in storage were down 6.5 million barrels because of Gustav.

lynn.cook@chron.com

kristen.hays@chron.com