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Corpus Christi Bay

South Texas' Crude Window on the World



- Six major pipeline systems with a combined capacity of more than 1.5 MMb/d can now deliver crude and condensate from the Eagle Ford and Permian basins to the Corpus Christi area
- Extensive hydrocarbon related infrastructure, including storage and marine docks capable of handling large vessels has been developed in and near Corpus to handle this flood of crude
- The Port of Corpus Christi shipped an average 680 Mb/d of outbound crude and condensate between January and November 2015 to close-by Gulf Coast refineries as well as the East Coast, Canada, and other overseas destinations
- Corpus-area refineries are being upgraded to handle larger volumes of lighter crude, and several midstream companies have developed plans to build new condensate splitters
- A new interpretation of U.S. crude export regulations in 2014 opened up an export market opportunity for processed condensate
- Falling Eagle Ford production in the wake of low prices and surplus crude supplies worldwide narrowed crude price differentials – removing economic incentives to export condensate
- Longer term, the December 2015 lifting of U.S. restrictions on crude oil exports will create increased opportunities to ship Eagle Ford/ Permian crude and condensate out of Corpus Christi – if and when trade economics justify such exports

The outlook for shipping increasing volumes of crude oil, lease condensate and natural gas liquids (NGLs) from marine docks in and around Corpus Christi, TX, remains uncertain in the current low crude price environment. After all, oil and condensate production in the nearby Eagle Ford shale region is off from its highs, production growth in the Permian Basin in West Texas has slowed, and the economics of exporting processed condensate, NGLs and LNG have been thrown into doubt by lower price differentials between the U.S. and international markets. Still, because of its location, existing infrastructure and potential for expansion, Corpus over time is certain to play an outsize role as a global hydrocarbon hub, particularly now that the U.S. is lifting restrictions on the export of crude oil.

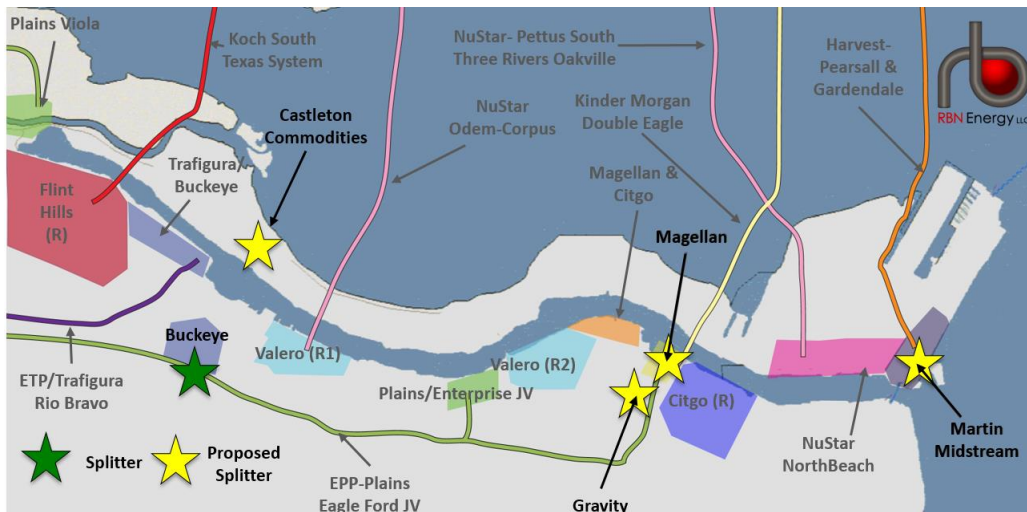


Figure 1 – Port of Corpus Christi Facilities; Source: RBN Energy

This Drill Down report--the final one in our 2015 series, comes at the end of a tumultuous year in the energy sector. In this report, we examine the status of crude/condensate production in the Eagle Ford and Permian basins connected by pipeline to Corpus Christi, as well as the six major pipeline systems themselves. The report also details regional facilities that refine crude and stabilize or split condensate, as well as the storage and marine dock facilities in Corpus that load these hydrocarbons onto vessels large and small for shipment up and down the Gulf Coast, to Canada, and to other overseas markets.

This Drill Down report concludes with an analysis of how the market forces currently in play—low crude prices, stagnating production growth, and potential infrastructure over-building among them—are likely to affect how quickly Corpus’s role is enhanced, and provides insight into the likely short and long term impact of lifting crude and condensate export restrictions.

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