ExxonMobil and SABIC Pick Texas for Cracker

US petrochemicals giant ExxonMobil Chemical and Saudi Arabia’s national champion SABIC have chosen a site in San Patricio County, in the US state of Texas, for a proposed petrochemical production joint venture on the US Gulf Coast due to go on stream in 2024.

The site chosen is near the city of Portland, north of Corpus Christi. Earlier reports said the petchems giants were looking at sites in Victoria, Texas, as well as Corpus Christi, along with St. James and Ascension parishes in the state of Louisiana.

Texas and the Louisiana had competed fiercely for the project the two multinational groups said would be located near shale gas-derived ethane supplies. Plans for production include a steam cracker with a capacity of 1.8 million t/y of ethylene, which is being billed as one of the world’s largest such units. Directly downstream, the partners plan to build a monoethylene glycol (MEG) plant and two polyethylene plants with undisclosed capacity.

The investors will be able to draw on state and local tax incentives, including a $1.2 billion package approved by the local school district board in March. Altogether, Texas Governor Greg Abbott said, incentives worth $6 billion will be made available.

For ExxonMobil, the proposed project is one of 11 announced earlier as part of its 10-year, $20 billion “Growing the Gulf” initiative. The company said the JV will create 600 new full-time jobs and 3,500 indirect jobs during operation as well as generating more than $50 billion during the first six years of operations.

The US and Saudi players are already joint venture partners in Saudi Arabia, at Kemya and Yanpet. SABIC has said for some time it was looking for a US site to take advantage of the region’s abundant shale gas reserves. As oil prices began to come off their high peaks nearly two years ago, many would-be investors, including BASF, began backing away from plans. The tide meanwhile appears to have turned, with several new projects recently announced.
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