

Greater Houston Port Bureau

Port Bureau News

December 2021/January 2022



2021 Year in Review

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Ranked Number 1 in total tonnage in the U.S. by the Army Corps of Engineers again, the Houston Ship Channel handled more than 275 million shorts tons of cargo during 2021! The Port Bureau is committed to advancing progress and prosperity in the Houston Ship Channel community through facilitating collaborative networking, providing maritime information and data, and championing port advocacy. Read more on page 8. Photo courtesy of Danny Schnautz, Clark Freight Lines.

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection
PASSENGER LIST - CREW LIST

ONE APPROVAL BY: 18N0103
EXPIRES: 06/30/2021

Prior to arrival in the United States, complete a separate form for a) working crew; and b) passengers and supernumeraries. In addition to its initial completion, the crew list shall be updated to reflect crew changes and other relevant activity (or lack thereof) until the vessel departs the United States.

Vessel Name: _____ Nationality: _____ Official Number: _____

Last Foreign Port (Place and Country): _____ Date Sailed from Foreign Port: _____ Date of Arrival in U.S.: _____ Arrival Port: _____

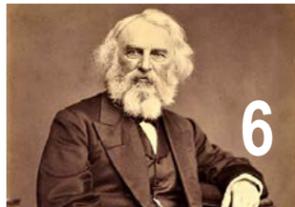
No. of Crew (including Master): _____ No. of Passengers: _____ Agent at Arrival (Name & Address): _____

Will crew perform longshore work while vessel is in the United States? NO YES (Provide applicable IMA Section 258 Exemption): _____

Next U.S. Port(s)	Arrival Date	Vessel Agent (Name and Address)

After 10 years of testing an automated system for vetting crews arriving on commercial ships, the U.S. is finally going paperless on February 28. It's estimated it will save \$53.3 million in processing costs between FY2021-25, including \$16.1 million for vessel operators and \$37.2 million for U.S. Customs and Border Protection. Read more on page 21.

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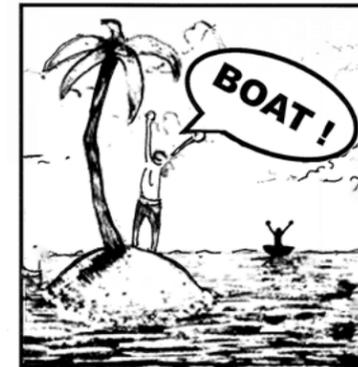
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Captain's Corner

Fresh Perspective



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I enjoy opening my new planner every January. Yes, I prefer writing over typing and turning pages over clicking. I start my day at 5:30 with a cup of coffee in my favorite chair with my planner. As I organize myself and jot things down, I find it both relaxes me and energizes me to face the day. However, last week I found myself asking, what just happened? As a result of the COVID outbreaks, we pivoted our January Commerce Club luncheon from in-person to virtual. That feels too much like being stuck in 2021.

On the end table next to my favorite chair is my sanctuary for after work hours. It contains books on my faith, great leaders, investing, golf, and a puzzle book. This morning I found myself wanting to pick up the puzzle book and disappear into a brain game puzzle. With any kind of puzzle, invariably I will reach a point where I cannot find the last answer. Although I don't want to pause, the final answer usually reveals itself after I have stepped away from the session. I never fail to be surprised at the fresh perspective that a short reprieve brings to me.

Driving in, I thought more about how a fresh perspective is one of the most valuable benefits that membership with the Port Bureau brings to you and your company. It offers you unique opportunities to step away from a business puzzle, interact with others, obtain new information, and return to your tasks ready to see new solutions to a business challenge.

Whether it's gaining new insights or making contacts at one of our Commerce Club luncheons, participating in one of our committees with colleagues, out on the greens with clients at our golf tournament, or honoring a leader at our Maritime Dinner, the Port Bureau is all about connecting you with others in industry intent on getting a fresh perspective. As a part of seeing business from a fresh perspective over the last year, the Port Bureau pursued the development of a five-year strategic plan.

We hired the management consulting firm of Lion & Stutz to guide us through the process and to obtain input from you, our membership, which we greatly appreciated. Making ourselves think ahead during a year of persistent COVID, an unbelievable winter freeze in Texas, and supply chain disruptions, was not easy – a brain game in and of itself. It did help us, however, to generate that prized fresh perspective as to how we can elevate the member experience and continue to grow in supporting the port region through ever changing obstacles.

The priorities of the strategic plan are what we seek to implement in 2022, with the aim of making membership with the Port Bureau an integral part of the business plan of Houston Ship Channel companies. If you'd like to know a little more about it, turn to page 4 to read what Port Bureau chairman, Bernt Netland, shares in his annual membership letter. Details aside, increasing your capacity to see new solutions and a fresh perspective for the future is our underlying commitment in every Port Bureau endeavor!

Looking back at 2021, I think we can all agree that re-strategizing to overcome unexpected obstacles was the name of the game. As we open 2022, are you wrestling with a puzzle-solving challenge? If that final piece just won't drop into place, then maybe it's the perfect time to check in with the Port Bureau. You are invited to be a part of everything we have to offer and urge you to join or renew today! We are looking forward to sharing in your fresh perspective in 2022.

Bill

CAPT Bill Diehl
USCG (Ret.), P.E.
GHPB President



Letter from the Chairman



As I enter my second year as chairman of the Greater Houston Port Bureau in 2022, I am honored to serve our great port region. Once again ranked Number 1 in total tonnage in the U.S. by the Army Corps of Engineers, the Houston Ship Channel handled more than 275 million shorts tons of cargo during 2021! As we have been since 1929, the Port Bureau is committed to advancing progress and prosperity in the Houston Ship Channel community through facilitating collaborative networking, providing maritime information and data, and championing port advocacy.

Port Bureau membership has grown significantly over the past several years to over 250+ company members today, representing 50 different industry segments in the region. To build our service to members and the Houston port region, in 2021, our Board of Directors sought to establish a 3-year strategic framework and plan based on a ten-year outlook to provide our membership with the information they need to do business better.

The strategic focus outlined in the plan incorporates these goals:

1. Develop outreach and influence programs to become the top source of information and thought leadership for the greater Houston port region by focusing advocacy efforts on governmental issues and developing deeper partnerships with other associations and organizations.
2. Create an outreach committee to market, promote, and provide public relations to build Port Bureau thought leadership and brand.
3. Invest in resources to become the major source of data, information, and operating knowledge in making the port more efficient. Currently we have launched *Synchronizer*, a digital software program for port efficiency, and *PilotTracker*.
4. Continue to build engagement through networking and working groups and to include more of our early to mid-career professionals.
5. Continue growing our membership base to increase the strength of our collective voice in advocacy.

This strategic focus will help the Port Bureau support the local maritime industry as it tackles such issues as implementing digitalization systems, integrating technology, and improving operating efficiency, while addressing infrastructure needs, workforce recruitment, sustainability goals, and more.

Even with COVID-19 as a continuing factor, the port region made remarkable accomplishments in 2021, beginning with the “new start” designation for Project 11 – deepening and widening the Ship Channel - last January and then awarding the first dredging contract for a major part of the Galveston Bay reach in October. Through the efforts of the Houston International Seafarers’ Center, our port become one of first ports to vaccinate mariners aboard vessels – a need that continues to be a global concern. Our maritime community keeps cargo flowing through just about every kind of disruption possible, from fog and a record-breaking freeze to supply chain challenges.

It is truly a privilege to serve a port community so diverse and so persevering! Please consider getting more involved with us in making the port better for all. My sincere thanks go out to all of you who have supported the Port Bureau’s mission and drive for the Houston Ship Channel to stay Number 1 in the nation.

Thank you,

Bernt A. Netland
Chairman, Greater Houston Port Bureau

Rice Business Executive Professional Development Scholarships to be Awarded by Port Bureau

Apply by January 31, 2022



The Greater Houston Port Bureau will award two scholarships to our membership for professional leadership development at Rice Business Executive Education’s new Corporate Innovation program May 10-12, 2022. Each scholarship is valued at \$3,650 and includes full tuition, class materials, and daily breakfast, lunch, and refreshments.

Innovation has become a mandate to ensure competitive advantage and profitability in today’s complex business environment. The Corporate Innovation program equips participants with a comprehensive framework to successfully manage innovation at all levels. The highly interactive learning environment combines scientifically proven approaches to innovation with actionable tools to accelerate the application of corporate innovation practices for participants and their respective organizations. The program is led by Dr. Jing Zhou, the Mary Gibbs Jones Professor of Management at the Jones Graduate School of Business at Rice University.

Professionals employed by Port Bureau member companies can apply or nominate a candidate from their company. Program participants should be leaders in their companies who can leverage proven corporate innovation models, develop strategies for creating and sustaining an innovation culture, and create new or improve existing products and services. For more on the program visit, <https://business.rice.edu/executive-education/open-enrollment-programs/corporate-innovation>.

For more information, go to txgulf.org/ghpb-scholarship or call (713) 678-4300.

Executive professional scholarships have been generously underwritten by Rice Business Executive Education, Rice University.



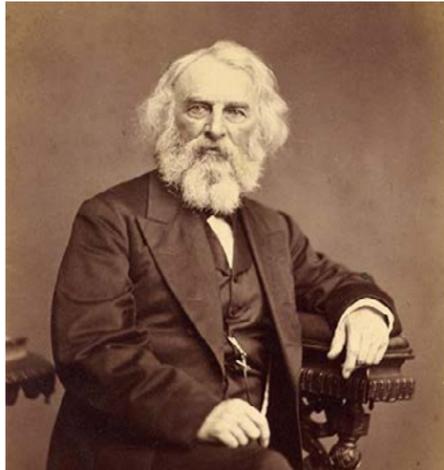
The premier provider of full-service stevedoring, terminal operations, container services and repair, truck brokerage, and logistics in the Texas markets.



www.c-pa.com

Port Watch

Hope Transcends All



The celebrated poet, Henry Wadsworth Longfellow, was in deep despair as he rushed to Washington DC to see his critically wounded son Charley in late November 1863. While Longfellow was a vocal Abolitionist, he had forbidden his son to fight. He had already buried his beloved wife Fanny, his “sweet Hesperus”, after she had succumbed from third-degree burns when her dress accidentally caught fire. A tragedy that struck four months after the commencement of the Civil War. Undeterred by his father, in March 1863, the 18-year-old Charley joined the Union Army. As the widowed father of six waited for word on his son’s prognosis, he knew he could not survive the pain of burying his firstborn. Yet, despite the carnage of war and ever-growing rolls of soldiers who had breathed their last, the melodies of the bells rang on as Christmas Day approached.

*Their old, familiar carols play,
and wild and sweet
The words repeat
Of peace on earth, good-will to men!*

Longfellow reflected on the irony of the moment; with so much pain and suffering experienced by the nation, those dulcet peals could not begin

to soothe the sorrow of a nation torn asunder.

*Then from each black, accursed mouth
The cannon thundered in the South,
And with the sound
The carols drowned
Of peace on earth, good-will to men!*

*And in despair I bowed my head;
"There is no peace on earth," I said;
"For hate is strong,
And mocks the song
Of peace on earth, good-will to men!"*

The bells chimed on and would not cease their tunes of hope no matter how dreary the news or forlorn the circumstance. After all, it was hope that undergird America’s freedom. It was hope that conquered Fanny’s heart and brought Charley into this world. It was hope that brought people together to celebrate the miracle of Christmas.

As the Texas maritime picture wrapped up another year, there was also much hope along the Lone Star State’s waterfronts. The final month of 2021 posted a respectable 5.7% rise for the state and ended the year 3% ahead of 2020. Brownwater activity was also up

nearly 1%, year-over-year, despite a small monthly decline. Undoubtedly, the end-of-year trade picture was buoyed by an expectation of economic growth locally, regionally, and internationally.

Just as the sun rises in the east, 2021’s good news begins in that same direction. The Port of Sabine took top honors. It was the Texas port with the most impressive percentage gain for the year. December’s arrival count jumped over 16% as the port greeted more arrivals in the final month of the year than any other month. Sabine outpaced 2020’s numbers by 14.8% thanks to a record number of tanker and LPG vessel calls in final quarter.

The Port of Galveston gave Sabine a run for its money. It chalked up its largest monthly gain for year at 35% and ended the year 14.5% ahead of the prior one after logging a record high arrival count in December. Galveston’s rebound was primarily due to cruise ship calls which remain undaunted by a nagging cold and flu season.

The final double-digit, year-over-year gainer should come as no surprise. Freeport has made a habit of back-to-back 10% ship arrival gains. The port’s

final month of the final quarter was roughly 6% higher than the previous month culminating in its tenth triple-digit arrival for the year – another record. Perhaps that should come as no surprise as newly-devoted waterfront acreage is filled with containers and cars as quickly as it is cleared and stabilized.

The Port of Corpus Christi’s final months of 2021 were not enough to push it into 2021’s double-digit gain club; however, it managed to outpace 2020 by 3% after a final monthly uptick of 8%. December was Corpus Christi’s strongest month for the year and signals that the trade trendline will continue a similar glide path into 2022.

Texas’ border port at Brownsville experienced the largest trade slump in the state – percentage-wise – at over 22%; in spite of a 19% monthly jump in December. Texas City, on the other hand, eked out its strongest quarter for the year. Nevertheless, it could not climb out of its trade deficit as the year-over-year arrival statistics remained off by 6%.

In the pre-COVID era, a couple of back-to-back months in the low 700s would have ensured Houston posted a

year-over-year gain. Alas, hope springs eternal given that Houston’s 2021 arrivals fell short vis-à-vis 2020 by 1.5% following the most recent monthly wane of 0.6%. There were a few positive notes on the vessel-category front. Bulkers ended the year a healthy 8% above that of the previous year and chemical tankers weathered the pandemic malaise as 2021’s arrival tally outpaced 2020’s by just shy 3%. LPG traffic nearly crept into positive territory for the year after an extraordinarily strong December. Tanker arrivals also had a respectable monthly rise in December but closed out 2021 4% behind that of 2020. Finally, container arrivals pale in comparison to 2020’s figures. Nevertheless, the port is poised to set another TEU record in 2021.

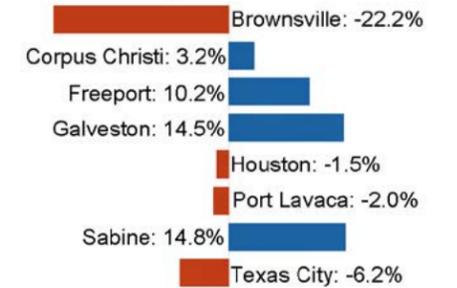
Closing the books on the year can always be bittersweet as one reflects upon unanticipated challenges, goals not accomplished and the dashing of best laid plans. In the world of maritime trade, hoping for the best and planning for the worst may temper one’s expectations; particularly, when forces well beyond the horizon conspire to create shortages or evaporate demand. That said, the joy and marvel of the Christmas season reinforces the importance of treasuring

what you possess rather than the desire for what may be empty.

Henry Longfellow, with his visage cloaked in whiskers in order to hide the scars from his attempt to save his wife, would carry the pain of her tragic passing until his dying days. Regardless of that maudlin memory, what mattered most in late 1863 was the well being of his son Charley. As he prayed and hoped with all his might for his recovery, the tolling of the Christmas bells offered solace and reassurance – for Charley would be well.

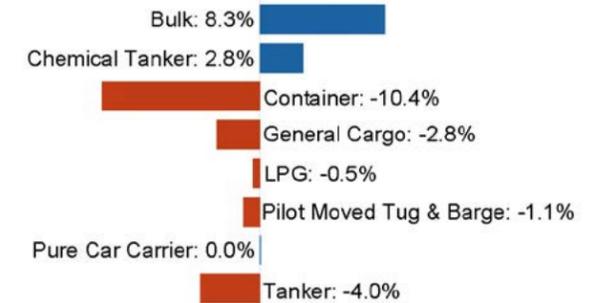
*Then pealed the bells more loud and deep:
"God is not dead, nor doth He sleep;
The Wrong shall fail,
The Right prevail,
With peace on earth, good-will to men."*

Deepdraft Vessel Arrivals by Port
December 2021 Year-to-Date Percent Change



Source: Greater Houston Port Bureau Marine Exchange of Texas

Houston Deepdraft Arrivals by Type
December 2021 Year-to-Date Percent Change



Source: Greater Houston Port Bureau Marine Exchange of Texas

Tom Marian
Buffalo Marine Service
buffalomarine.com



2021 Year in Review

A Year of Forging Ahead.



Photo courtesy of Odjell

2021 was a year we looked for the big rebound: a time when COVID-19 would be more a thing of the past and not so much a present concern. Vaccines were introduced, in-person events gradually resumed, and business seemed to be picking up everywhere, but the big rebound that was to put COVID-19 firmly in the rearview mirror behind us proved elusive.

Like the rest of the world, the port region – and the Port Bureau – kept forging ahead, albeit sometimes a little slower than anticipated. January may have been quiet, but 2021 saw us welcoming new members and seeing membership rise to over 250 companies and organizations.

The Port Bureau staff returned full time to office in May, and we kicked off our first in-person Commerce Club luncheon on May 10. The hybrid event featured Karrie Trauth from Shell, and it had the quality of a reunion in its atmosphere. It was good to be out, connecting with colleagues, and sharing information in the time-honored format of a business luncheon.

Progressing carefully but steadily, the Port Bureau hosted luncheons each month and moved to fully in-person events in July. It looked like a full rebound for

Port Bureau events but a COVID uptick in August led our Board of Directors to move our Annual Maritime Dinner from Aug. 18 to Nov. 5. Another slowdown, but not in the enthusiasm and support for continuing to move forward.

We hosted various events in the fall, including a beautiful day on the greens with the 13th Annual Captain's Cup Golf Tournament, and the 92nd Annual Maritime Dinner honoring Jim Teague from Enterprise Products Partners became our capstone event in November.

Membership growth motivated us to look at how we could strengthen member services and identify new methodologies to effectively serve the port region. We worked the management consulting firm of Lion & Stulz to develop a five-year Strategic Plan for our organization. Pressing forward with the first part of the plan, we upgraded our website and launched its superior services to members in December.

Despite setbacks, it's been a year of accomplishment and achievement that we believe reflects the extraordinary maritime community the Port Bureau serves.



Advocacy & Outreach

Outreach



Whether it was virtual or in-person, Port Bureau president Captain Bill Diehl served as a guest speaker on numerous occasions in 2021. He gave presentations to the Breakfast Association of Houston, the University of Houston's 'Port of the Future' conference, San Jacinto College's National Summer Transportation Program, the Gulf Coast Industry Forum, the Houston Chemical Association luncheon and to several member companies. He also served as panelist for the American Waterways Operators' quarterly meeting and assisted with the planning for the Texas-Panama Business Summit in Austin last July.

Captain Diehl also serves on the boards of the Houston International Seafarers' Center and the Maritime Information Service of North America ("MISNA"), is a part of the Economic Alliance Public Policy Task Force and the Lone Star Harbor Safety Committee. He also participated in the International Association of Maritime & Port Executives Board of Advisors quarterly meeting in 2021.

2021 brought media inquiries from time to time, and Captain Diehl discussed topics such as the impact of Winter Storm Uri in the port region, supply chain disruptions, and containership backlogs on the West Coast.

Advocacy

Promoting and advocating for the port region is a significant part of the Port Bureau's mission. In 2021, efforts focused on pressing forward in support of the Locally Preferred Plan ("LPP") for Project 11, the deepening and widening of the Houston Ship Channel. Last January, a "new start" designation was given to the expansion project by the U.S. Army Corps of Engineers. The Port Bureau's Advocacy Committee published a Houston Ship Channel Expansion-Project 11 brochure, which was used by the Economic Alliance Houston Port Region for their annual trip to Washington D.C. Zoom meetings with Congressman Colin Allred, Port Bureau Chairman Bernt Netland and board members Kirk Jackson, Vincent DiCosimo, and Bob Sanders to discuss the port of Houston and Project 11 in March. The brochure was also sent to Port Bureau members, distributed at Commerce Club luncheons, and can be downloaded at our website.

Flood mitigation was another area of interest to the port region in 2021. Port Bureau Chairman Netland and board member Marcia Faschingbauer represented the Port Bureau at the Houston Stronger meeting on their drainage project



Networking & Business Development

92nd Annual Maritime Dinner

November 5 ushered in a crisp, cool evening for the Port Bureau's 92nd Annual Maritime Dinner at the Bayou City Event Center. More than 600 guests from Houston's maritime community came out to honor A.J. "Jim" Teague, CEO of the general partner of Enterprise Products Partners L.P., as the 2021 Maritime Leader of the Year. Teague was named the 2021 honoree for his outspoken advocacy and financial investment to improve the Houston Ship Channel, and rallying industry to achieve that goal.



An event forged through two years of disappointing delays, it became a truly unique time of fellowship, celebration, and recognition in the Houston Ship Channel community. Title sponsor Enterprise Products Partners and Queen of the Fleet sponsors Accutrans, Callan Marine, Enterprise Products, Kinder Morgan, Port Houston, and S&B Engineers and Constructors helped make the celebration event superb.

Captain's Cup Golf Tournament



Golfers arriving on the beautiful fairways of Sugar Creek Country Club for the 13th Annual Captain's Cup Golf Tournament were welcomed by sunny skies and temperatures in the 60s. The day was filled with excellent sport, camaraderie, and networking.

The Captain's Cup featured several contests as part of the day's sport, including three closet-to-the-pin, hole-in-one, and the longest drive. Golfers stopped in for refreshments and received some fun-to-get giveaways at hospitality tents during the day. A raffle of popular prizes included a hotel & dining package at the Marriott Courtyard Houston, a golf foursome at Sugar Creek Country Club, a Piretti putter, Sure-Set Swing Trainer by Dan Frost, and more. All players went home with the gift of a FootJoy Windshirt.

Industry Educational Seminars

The Port Bureau hosted numerous educational seminars in 2021 in our training facility. Five Port 101 sessions – informative sessions on the port of Houston region and ways to become more involved in the maritime business community – were led by Captain Diehl. In April and June, Captain Diehl led two sessions on the Panama Canal, discussing the 20,000 TEU containership *EverGiven* incident on the Suez Canal and the differences between it and the Panama Canal, both in structure and operations. Early in the year seminars were hosted virtually via Zoom, then progressing on to hybrid sessions by midsummer.



In May we launched "Pave Your Way for Port Call Optimization: A Port Authority's Journey", an on-demand webinar through PortXchange about the "why, what and how" of port call optimization based on the experience of three ports. In November, the Port Bureau hosted member Haugen Consulting to present "Demurrage Mitigation, Profit, & Loss".

Commerce Club



The Port Bureau hosted a series of ten Commerce Club events on the second Thursday of most months throughout 2022. January through April events were virtual via Zoom, with our first hybrid event as a luncheon at the Houston Marriott South in May with Karrie Trauth from Shell. With the exception of the 2020 Captain's Cup Golf Tournament, it was our first in-person in over a year. It also happened to be Karrie Trauth's final event with the Port Bureau as she was transitioned to her new position with Shell in London. The Commerce Club events transitioned back to fully in-person attendance by July.

2022 speakers were Mike Emerson, U.S. Coast Guard HQ; Dr. H. Dirk Sostman, Methodist Houston Vaccine Scientific Advisory Committee; Vincent DiCosimo, Targa Resources; Reginald McKamie, Houston Pilots Board; Karrie Trauth, Shell; Maxie McGuire, Callan Marine; Alan Robb, South Atlantic & Gulf Coast District-ILA; David Tauber, The Tauber Companies; Captain Jason Smith, U.S. Coast Guard, Sector Houston-Galveston; and, Roger Guenther, Port Houston,

Port Information

Publications, Reports & Analysis Projects



Port Bureau News Magazine

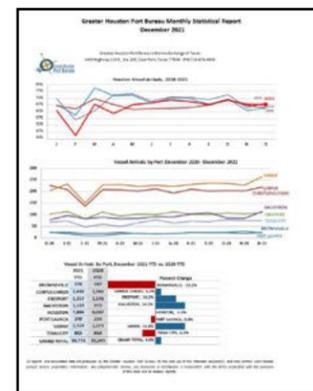
The Port Bureau kept constituents comprised of industry trends and significant events through digital and print publications and reporting. The *Port Bureau News* magazine reaches over 5,000 readers and included a variety of informative articles in 2022. “Port Watch” by board member Tom Marian of Buffalo Marine Services., provides an in-depth vessel movement analysis each month. Guest articles in 2022 included topics that range from maritime cybersecurity to business continuity and risk manage to cargo emissions.



Weekly Update

Our members-only Weekly Update, published digitally each Wednesday, spotlights relevant news from government agencies, such as the U.S. Coast Guard, the Maritime Administration (“MARAD”), Texas Homeland Security, the U.S. Department of Transportation, and local port region information. It also features a Vessel Arrival Report that reflects a breakdown of Houston vessel arrivals by vessel type and arrivals for other deepdraft ports of Texas for the preceding three weeks.

When heavy weather impacts the port region, the Port Bureau presses in to digitally publish timely updates for each weather event. In 2021, we distributed updates concerning fog impacts on the Houston Ship Channel and for Winter Storm Uri, Tropical Storm Ida, and Tropical Storm Nicholas. The Port Bureau also hosted a Winer Weather Roundtable last February for members to discuss industry response needs for the Houston port region from Winter Storm Uri.



Custom Vessel Movement Reporting

As the Port Bureau serves as the Marine Exchange of Texas, members subscribed to our premium reporting services receive Daily Vessel Arrival reports for Texas deepdraft ports and bi-weekly ETA reports. For our subscribers utilizing our real-time vessel tracking systems, the Port Bureau was pleased to forge ahead with PilotTracker, the next generation in vessel tracking on the Houston Ship Channel, introduced in December. PilotTracker, an application produced in partnership with PortXchange, provides subscribers with real-time pilot scheduling and vessel movement information.

The Port Bureau has historical vessel movement dating back to 2011 for all the deepdraft ports of Texas and is able to provide members with bespoke historical information, research support, cost justifications and planning.

Committee Work

Advocacy Committee

The Advocacy Committee continues to educate on the value of the port. In 2021, they produced a Project 11 brochure: “Houston Ship Channel Expansion-Project 11: Expediting expansion of one of the world’s most strategic waterways economic powerhouses.” It was mailed with our Sept. *Port Bureau News*, distributed at our Commerce Club luncheons and via our website. A marketing article – “The Houston Ship Channel and the Port of Houston: Providing Global Access, Creating Local Economic Prosperity” – was completed in 2021 and will be submitted in 2022 to a trade publication to promote awareness and thought leadership for the port of Houston.



When the state approved legislation concerning coastal barrier protection for the upper Texas coast, media attention focused on Coastal Texas Study plans. Concerns regarding the limitations proposed gates near Bolivar Peninsula might impose on Houston Ship Channel expansion plans and vessel traffic prompted the Advocacy Committee to reach out to the Army Corps of Engineers for information and a presentation to members. The committee plans to stay engaged, provide input for the Coastal Texas Study project, and encourages members to join in the effort. The Coastal Texas Study project is expected to be authorized in WRDA 2022 and is estimated to cost \$25 to \$48 billion.

Efficiency Committee

For the last several years, the Port Bureau’s Efficiency Committee has worked with PortXchange, a vessel and terminal data sharing platform, to collaborate with interested member companies to optimally plan, execute and monitor all activities during a port call based on standardized data exchange. The initial trial began in 2020 and was extended through July of 2021.



The project has truly been one of “forging ahead” as unexpected events continued to take place, but the goal of creating a tool to help the port operate at maximum efficiency continues to be a top priority. The data-sharing platform was originally known as “Pronto” but was renamed to “Synchronizer” by PortXchange in 2021. The current goal is to establish a multi-generational plan for Synchronizer in Houston and develop a long-term vision and value of the tool.

As a result of the ongoing project, the Port Bureau has partnered with PortXchange to offer the real-time pilot scheduling and vessel information movement application, PilotTracker. It is available on an annual subscription basis to Port Bureau members.

Membership Committee

The Port Bureau’s Membership Committee pressed forward this year, developing video and written testimonials about the Port Bureau member experience. The testimonials featured members from across a variety of industry sectors in the port region, including terminals, stevedores, shipping lines, financial, and trucking. Their dedicated efforts helped Port Bureau membership grow to over 250 members in 2021, representing many industry segments of the port region.



Port Region Industry Support



As a part of our mission to promote cooperation and efficiency within the port region, the Greater Houston Port Bureau offers support services to several local industry organizations. In 2021, this included providing administrative and meeting support to the Houston Ship Channel Security District and the Greater Houston Coffee Association, assisting the Coffee Association with a series of webinars on the coffee industry. The Port Bureau also participates with and maintains the website for the Lone Star Harbor Safety Committee.

Looking at 2022



As we forge ahead in 2022, the Greater Houston Port Bureau brings a rich legacy of effectively serving our membership and community partners with the best data and supporting collaboration for solutions to industry challenges. For 93 years, the Port Bureau has remained committed to advancing Houston's maritime community through advocacy, networking, port information, and utilizing a robust repository of vessel movement data. Press forward with us by maximizing your engagement for steady progress and prosperity in the port region through continued membership or new membership with Port Bureau.

TERP Accepting Applications for Seaport and Rail Yard Areas Emissions Reduction Program



The Texas Commission on Environmental Quality ("TCEQ") is currently accepting applications for the Seaport and Rail Yard Areas Emissions Reduction ("SPRY") Program. An estimated \$20 Million in grant funding is available to replace or repower drayage trucks and cargo or container handling equipment at eligible seaports and Class I rail yards in Texas. The vehicles and equipment should still be in routine use and in good operating condition.

SPRY grants will be awarded on a first-come, first-served basis. Applicants must have:

- owned or leased the vehicle or equipment for the previous two years;
- operated the vehicle or equipment at one or more of the designated seaports or Class I rail yards for a minimum of 200 days per year; and
- on road vehicles must have been continuously registered for the previous two years.

Eligible applicants may receive up to the maximum amount listed on the SPRY website or 80% of the eligible costs, whichever is less. Vehicles and equipment that are eligible to be replaced or repowered under SPRY include:

- heavy-duty vehicles with gross vehicle weight ratings ("GVWR") over 26,000 pounds;
- yard trucks or terminal tractors; or
- other cargo handling equipment

Detailed eligibility requirements and instructions for how to apply for a SPRY grant can be found at: <https://www.tceq.texas.gov/airquality/terp/spry>. Applications will be accepted until November 22, 2022 or until enough applications have been received to award all available funding, whichever comes first. In 2020, sufficient applications to award all available funding were submitted before the close date, so applicants are encouraged to apply early.

You can find more information about SPRY and instructions for how to apply at: <https://www.tceq.texas.gov/airquality/terp/spry>

How can you benefit from PilotTracker?

PilotTracker is designed to provide you with timely information and updates about planned and actual vessel movements at the port and help you optimize your operations and vessel turnaround time.

It gives you access to the movement type, scheduled and actual times, destinations, vessel particulars, pilot status, towage requirements, and booking agent information – all in one place.



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For more information contact the Port Bureau at info@txgulf.org or call (713) 678-4300

Port Bureau Updates

MOL, Vopak Reach Agreement to Jointly Own and Operate FSRU for New LNG Terminal in Hong Kong



Photo courtesy of Mitsui O.K.S. Lines Ltd.

Mitsui O.S.K. Lines Ltd. (“MOL”) and Royal Vopak (“Vopak”) announced an agreement has been reached, whereby Vopak will acquire 49.99% of the shares in the vessel owning company of MOL FSRU Challenger, whose name will be changed to Bauhinia

Spirit. This new joint venture company between MOL and Vopak in Hong Kong will own the world’s largest floating storage and regasification unit (“FSRU”) and have a long-term contract with Hong Kong LNG Terminal Limited 1. The FSRU has a storage and regasification capacity of 263,000 cbm and 800 mmscf, respectively. Under the contract, the joint venture will provide the FSRU as well as jetty operations & maintenance and port services.

The offshore jetty platform for the mooring of the FSRU and LNG carriers are owned by Hong Kong LNG Terminal Limited. The terminal is currently under construction and is expected to be operational around mid-2022. The terminal will be located offshore about 25 km southwest of Hong Kong Island. The terminal will provide natural gas feedstock to the customer’s dedicated power plants. It is being developed to support the Hong Kong Special Administrative Region (“HKSAR”) government’s target to improve air quality and environmental conditions by increasing the percentage of power generation by natural gas.

Both MOL and Vopak are excited to contribute to the success of Hong Kong’s first ever LNG import terminal based on the companies’ complementary strengths, combining their experiences related to the LNG industry including FSRU, and offshore jetty platform operations and maintenance respectively. Being the global market leaders in their respective fields, MOL is involved in over 100 LNG carrier and FSRU projects with Vopak having a portfolio of 4 LNG terminals in operation and more than 300 jetties across its global terminal network.

Based on these joint initiatives, MOL and Vopak also aim to explore further downstream opportunities for bunkering of LNG as a cleaner marine fuel in Hong Kong, which is one of the major bunkering ports of fuel oils for marine transportation. MOL has a plan to operate approximately 90 LNG-fueled vessels by 2030, which is a part of MOL Group Environmental Vision 2.1, aiming for Net Zero GHG emission by 2050.

Enterprise Products Completes Expansion of Acadian Natural Gas Pipeline System in Louisiana



Enterprise Products Partners L.P. announced in mid-December it started commercial service on its new Gillis Lateral pipeline and the associated expansion of its existing Acadian Haynesville Extension system to serve the growing liquefied natural gas (“LNG”) market on the Gulf Coast. The approximately 80-mile Gillis Lateral originates near Alexandria, Louisiana on Enterprise’s Acadian Haynesville Extension system and extends to third party pipeline interconnects near Gillis, Louisiana, including multiple pipelines serving LNG export facilities. The recently completed Gillis Lateral pipeline has the capability to transport approximately 1 billion cubic feet per day (“Bcf/d”) of natural gas.

“By leveraging the flexibility of our Acadian system, Enterprise is providing natural gas producers in the growing Haynesville shale, one of the most lucrative natural gas plays in the U.S., with access to the higher valued global LNG market,” said Natalie Gayden, senior vice president, Natural Gas Assets for Enterprise’s general partner. “This environmentally responsible project will facilitate delivery of affordable, clean-burning U.S. natural gas to developing nations living in energy poverty that may otherwise rely on highly polluting solids, such as wood, coal and animal waste for heating and cooking. The Gillis Lateral is fully subscribed with long-term, firm commitments from shippers.”

To accommodate the additional volumes, Enterprise increased capacity on its Acadian Haynesville Extension pipeline from 1.8 Bcf/d to 2.1 Bcf/d by increasing horsepower at its Mansfield compressor station in DeSoto Parish. The Legacy Acadian and Haynesville Extension pipelines are part of the Acadian Gas Pipeline system, which is comprised of approximately 1,300 miles of natural gas pipelines and leased underground storage. It links natural gas supplies in Louisiana and offshore Gulf of Mexico to distribution companies, electric utility plants and industrial customers located primarily in the Baton Rouge/New Orleans/Mississippi River corridor area. Enterprise’s 378-mile Haynesville Gathering system has a capacity of approximately 1.3 Bcf/d, can treat up to 810 million cubic feet per day of natural gas and provides a significant and reliable source of supply for the Acadian system.

Vopak Moda Houston Commissions its Fully Operational Marine Terminal in the Port of Houston

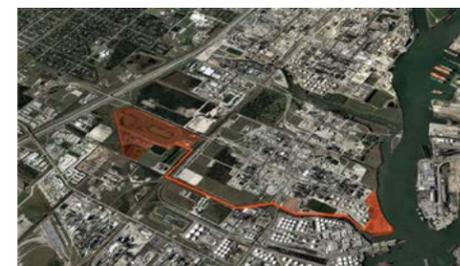


Photo courtesy of Vopak Moda

Vopak Moda Houston marine terminal in the port of Houston is fully operational. Formed in 2016, Vopak Moda Houston is a joint venture between Royal Vopak and Moda Midstream. Strategically

located in Houston’s refining and petrochemical corridor and in close proximity to multiple ammonia, hydrogen and nitrogen pipelines, Vopak Moda Houston is the first greenfield terminal development in the port of Houston in more than a decade.

Designed to handle very large gas carriers (“VLGCs”), as well as smaller vessels and barges, Vopak Moda Houston is the only waterborne ammonia terminal in the port of Houston with deepwater capabilities. The terminal has existing permits for additional berthing positions. Vopak Moda Houston is directly connected via pipeline to the port of Houston petrochemical complex, the nation’s largest and world’s second-largest petrochemical complex.

“We are thrilled to bring the Vopak Moda Houston terminal into full service together with our partner Royal Vopak, our customers and other stakeholders,” Moda Midstream CEO and founder Jonathan Z. Ackerman said. “In today’s world, supply chains must be resilient and sustainable. With the ability to safely and reliably transport ammonia and other pressurized gases for our current and future customers, Vopak Moda Houston is a vital link in the new energy transition supply chain. We are in active discussions with customers to provide logistics solutions for low-carbon products, including storage and handling of green and blue ammonia, hydrogen and low-carbon bunkering. Thanks to the determination, hard work and collaboration amongst the teams since its formation, Vopak Moda Houston is well positioned to become the premier low-carbon ammonia and hydrogen terminal hub on the U.S. Gulf Coast.”

Vopak Americas president Chris Robblee added, “We are excited with this successful cooperation with Moda. This very well fits Vopak’s strategy of developing new infrastructure solutions for products like ammonia. Our expertise and our presence in the main industrial clusters makes us well-equipped to actively contribute to the development of new supply chains for the energy and feedstocks of the future.”

Ammonia already serves an important role in society by supplying vital components to chemical manufacturing and in fertilizers as a nutrient for the foods we grow. Ammonia is expected to become even more important in the future as it will be used as the preferred carrier for storing and transporting low-carbon hydrogen. In addition, ammonia has growing applications in power cells, power generation and ship bunkering.

Vopak Moda Houston also operates a unit train rail loop served by all three main rail lines.

Join us for our February 10, 2022 Commerce Club

Manolo Sánchez

Adjunct Professor in Management Operations Management

Rice University’s Jones Graduate School of Business



The Greater Houston Port Bureau will hold our February 10th Commerce Club luncheon with guest speaker Manolo Sánchez. He teaches crypto currencies and blockchain at Rice University’s Jones School of Business. Sánchez will present: “How cryptocurrencies revolutionize money and re-architect trust systems in our society.”

Network with 180+ professionals from maritime, transportation, energy companies, and organizations in the port region. We hope you’ll join us!

Location

Houston Marriott South at Hobby Airport

9100 Gulf Freeway
Houston, TX 77017
11:15 AM - 1:00 PM

Information and RSVP

txgulf.org/events
P (713) 678-4300

March 10-Guest Speaker: Gen. Christopher Beck, commander and division engineer of the Southwestern Division, USACE.

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Shell Acquires Solar and Energy Storage Developer Savion



Shell New Energies US LLC, a subsidiary of Royal Dutch Shell plc ("Shell"), has completed the acquisition to buy 100% of Savion LLC ("Savion"), a large utility-scale solar and energy storage developer in the United States, from Macquarie's Green Investment Group. With this acquisition, Shell expects to significantly expand its global solar portfolio.

"Savion's significant asset pipeline, highly experienced team, and proven success as a renewable energy project developer make it a compelling fit for Shell's growing integrated power business," said Wael Sawan, integrated gas and renewables & energy solutions director. "As one of the fastest-growing, lowest-cost renewable energy sources, solar power is a critical element of our renewables portfolio as we accelerate our drive to net zero."

Savion specializes in developing solar power and energy storage projects and currently has more than 18 gigawatts of solar power and battery storage under development for a variety of customers, including utilities and major commercial and industrial organizations.

The Savion acquisition complements Shell's existing investments in the United States in a range of zero- and lower-carbon assets and technologies and continues Shell's strategy to develop an integrated power business as it moves to become a net-zero emissions energy business by 2050, in step with society.

Tennessee Gas Pipeline Announces New Responsibly Sourced Natural Gas Supply Aggregation Pooling Service

First to offer service and further demonstrates commitment to lower-carbon future Tennessee Gas Pipeline ("TGP"), a subsidiary of Kinder Morgan, Inc., has filed with the Federal Energy Regulatory Commission ("FERC") a proposal to implement a responsibly sourced natural gas ("RSG") supply aggregation pooling service at select locations across the TGP system. RSG is third-party certified natural gas that meets certain environmental, social and governance standards, particularly related to methane emission reductions. The proposed service is designed to enable suppliers and customers on TGP to purchase and sell RSG supply at non-physical trading locations, ultimately serving end-users, utilities, power plants and LNG facilities connected to the TGP system. Producers who have already obtained RSG certifications from qualified third-party organizations are anticipated to supply the RSG needed for the proposed pooling service, and the supply is expected to grow as RSG becomes the fuel of choice among customers. Pending regulatory approval from the FERC, this service is expected to be available in the first quarter of 2022.

"We are pleased that TGP is the first pipeline system to offer this RSG supply aggregation pooling service," said TGP's Vice President of Commercial Ernesto Ochoa. "We believe this lower methane intensity fuel is an essential component of the energy transition, and TGP is uniquely positioned to be the transporter of choice because of its connectivity to key basins and end-users. We are excited to continue to work with current and future customers to encourage the delivery of RSG supply into our systems and pursue new ways to facilitate the availability of these molecules to the market."

Port Freeport Receives First Container Vessel In New All-Water Express Service From Asia



Photo courtesy of Port Freeport

On December 10th, the *M/V ZHONG GU FU JIAN* berthed at Port Freeport's Velasco Container Terminal. The arrival of the 902-foot long 4,963 TEU vessel marks another milestone for Port Freeport as the first container vessel to offer all-water service from Asia into Port Freeport.

"Port Freeport's recent announcement of completing the first portion of the Freeport Harbor Channel Improvement Project and the ongoing expansion of the Velasco Container Terminal has garnered the attention of the steamship lines," said Phyllis Saathoff, executive director/CEO of Port Freeport. "The current disruptions in the supply chain have encouraged carriers and shippers to consider alternate ports of entry and with these additions, Port Freeport an enticing alternative."

Transfar Shipping PTE. LTD., an ocean carrier originating from Singapore, is committed to establishing a supply chain for business-to-business, cross-border, e-commerce. In a bid to improve the fulfillment efficiency of the logistic service under the current critical market situation, Transfar Shipping recently launched express service between China and the U.S. Gulf Coast by offering one to two direct sailings per month, importing a mix of cargo for many globally known companies including, Alibaba.

Over \$450 million of infrastructure projects are currently underway at Port Freeport. Those projects include the Freeport Harbor Channel Improvement Project, that will deepen and partially widen the harbor channel to accommodate the modern vessels operating around the world today; and the Velasco Terminal dock extension which will add 927 feet of berth and an 85-foot RoRo Platform to Velasco Container Terminal. Port Freeport will soon embark on the Velasco Terminal Modernization Project that will improve gate infrastructure and access to the terminal enhancing efficiency.

"Port Freeport has been, and continues to be, a rapidly growing deep-water port. The port commissioners of the past two decades believed that it was imperative to invest in the expansion to accommodate that growth, as does the current commissioners. That investment in expansion correlates to the creation of positive economic impacts for the community, Brazoria County, the state of Texas and our great nation," said Port Commission Chairman John Hoss. "We welcome the Transfar Shipping express service as the first direct, all-water service from Asia into Port Freeport."

Port Freeport is a leading port in the export of crude oil and natural gas liquids and ranked 6th in chemicals, 11th in foreign waterborne tonnage, and 26th in containers.

Houston-based Briggs & Veselka joins Crowe



team joins



Crowe LLP has signed an agreement to welcome personnel from Houston-based Briggs & Veselka, the third largest locally owned accounting firm in Texas. Crowe is a public accounting, consulting and technology firm in the U.S. with offices

around the world, including Dallas and Houston. Following the completion of the transaction, the Texas presence of Crowe will include more than 550 professionals. Financial terms of the transaction were not disclosed.

Briggs & Veselka was founded in 1973 in Houston and today has more than 330 professionals and four offices in Houston, Austin, The Woodlands and El Campo, Texas. It is the largest locally owned accounting firm in Houston and ranked nationally as a top 100 accounting firm by Accounting Today and Inside Public Accounting. It has also been recognized by several organizations as a best place to work.

"Briggs & Veselka has grown to become a leading accounting and consulting firm that's well respected in the Texas market while staying true to their values of compassion, excellence and dedication," said Mark Baer, Crowe CEO. "At Crowe, we have ambitious growth plans, including expanding in key growth markets such as Texas, and our decisions are always grounded by our core values of care, trust, courage and stewardship. We're very excited to welcome the Briggs & Veselka team to the Crowe family."

Briggs & Veselka provides audit, tax and a variety of consulting services across Texas and nationally. The firm works with clients across numerous industries, including agriculture, banks & financial institutions, construction, energy, healthcare, life sciences & pharmaceuticals, manufacturing & distribution, nonprofit, professional services, real estate, restaurants & hospitality, retail, technology & media, and transportation & logistics.

As part of the transaction, Sheila Enriquez, CEO and managing partner at Briggs & Veselka, will join Crowe as a partner, a member of the Crowe management committee and the Texas market leader. Thirty-three partners from Briggs & Veselka will join Crowe as partners, and the Briggs & Veselka offices will become Crowe offices.

"We've worked hard to create a culture where our people thrive and where our clients have the utmost trust in us to help them succeed and grow," Enriquez said.

"I've been part of the Briggs & Veselka family for 39 years and am excited about what joining Crowe will mean for our two firms, our people and the Texas market," said Flatowicz. "We'll be able to offer our clients new and exciting solutions that provide lasting value. In Texas, relationships are everything. In joining with Crowe, our loyalty to our clients and commitment to quality remain steadfast."



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ITC Commemorates Houston Pilots' 100th Anniversary with 800 lb Bollard



Photo: Kevin Oditt/CCO, Bernt Netland/vice chairman, Capt. Thompson/presiding officer, Houston Pilots, Mark Jeansonne/CFO, Brent Weber/president & CEO, and Robert Pennacchi/SVP

Intercontinental Terminals Company ("ITC") presented an 800 lb. bollard to the Houston Pilots in December in honor of their 100th anniversary. The bollard can now be seen resting beside an anchor in front of the Houston Pilots' office in Deer Park.

ITC selected the bollard to commemorate the Pilots' anniversary because a bollard is a vital component of any vessels' mooring system. It is the anchor point for mooring lines to be fixed to secure a vessel. Likewise, the Houston Pilots have been a vital component of every ship's navigation through the Houston Ship Channel for the past ten decades.

The bollard was originally from the Union Equity Grain Elevator ship docks. These docks were acquired by ITC/Mitsui back in the mid-1990s, later becoming ITC's ship docks 7/8. The bollard was positioned into place by a truck mounted crane.

Marking their one-hundred-year anniversary in 2021, the state licensed pilots are responsible for protecting the people and environment on the narrowest, busiest commercial waterway in the world and number 1 port by tonnage in the U.S.

Headquartered in Deer Park, Texas, ITC is a growth oriented terminal services company, wholly owned by Mitsui & Co., Ltd. ITC develops, operates, and owns bulk liquid storage and infrastructure assets.

To read more about the Houston Pilots anniversary read the article in our September issue: <https://www.txgulf.org/news/-bigger-ships-deeper-channel-safety-stays-supreme>.

LyondellBasell Appoints Peter Vanacker as Chief Executive Officer



LyondellBasell has announced that the board of directors has appointed Peter Vanacker, president and CEO of Neste Corporation, as its new chief executive officer. Vanacker succeeds Bhavesh V. "Bob" Patel, who will retire from the company on December 31, 2021, as previously announced.

Vanacker will assume his role no later than June 2022, upon satisfaction of the notice period under his current employment agreement, at which time he will also join the LyondellBasell's board of directors.

"Peter's outstanding leadership and industry experience made him the Board's choice in an exceptional field of candidates who were considered as part of the comprehensive search process," said Jacques Aigrain, the company's board chair. "The board is confident that his success in delivering value to shareholders, along with his strategic and forward-thinking mindset, will serve the company well as we continue to drive growth and advance our climate and circularity goals."

"I am thrilled to join LyondellBasell at such an exciting time for the company," said Vanacker. "I have long admired it as an industry leader in technology, product innovation and, more recently, circularity. I look forward to joining this strong leadership team, engaging with its devoted employees, and moving the company forward, together."

GAC Appoints New Group Vice President for Asia Pacific & Indian Subcontinent Region



Daniel Nordberg has been named GAC's group vice president for the Asia Pacific & Indian subcontinent region, following the retirement of Lars Bergstrom.

He has served in a variety of roles which gain him valuable experience in the organization's three core business areas: shipping, logistics and marine services, most recently as general manager of GAC Qatar since 2016. During his time in Qatar, the company experienced robust growth, with new yards and warehouses, and the opening of its Ras Laffan office to further support the country's flourishing offshore sector. GAC Qatar was also one of the pioneers in the Qatar Free Zone.

GAC group president Bengt Ekstrand says: "Our strategy of management rotation broadens competence and outlook to ensure the best leadership and service to our customers worldwide. Daniel brings fresh energy and a wealth of experience from three regions of the GAC world to his new role."



Congratulations to Jacob Perez!

Congratulations to Jacob Perez, the Port Bureau's development assistant. Perez graduated with a certificate of Global Logistics and Supply Management from our member, San Jacinto College in December 2021. He is continuing his education by pursuing a bachelor's degree in International Business and Political Science.

Department of Homeland Security Will Go Paperless to Automate Crew Inspections for US-Bound Ships Effective February 28, 2022.



After 10 years of testing an automated system for vetting crews arriving on commercial ships, the U.S. is finally ready to go fully paperless.

In an interim final rule published in the Federal Register in December, U.S. Customs and Border Protection is amending its regulations to require that vessel operators submit Form I-418, known as the passenger/crew list, in electronic form instead of the current paper requirement.

The new process is aimed at streamlining vessel arrivals and departures by eliminating redundant data submitted by vessel masters and agents and simplifying vessel inspections, "and thus generally establish a fully paperless passenger and crew list process for all commercial vessel arrivals and departures," according to the rule, which is scheduled to go into effect 60 days after being published.

CBP officers currently spend "considerable time" vetting pre-arrival data, traveling to and from vessels, and conducting admissibility inspections and processing for vessel crews, according to CBP. This doesn't include roughly two hours performing post-inspection processing for each vessel's paper Form I-418 submission from arrival to departure.

Form I-418 is an alphabetical listing of all crew on board that includes, among other information, each crew member's date of

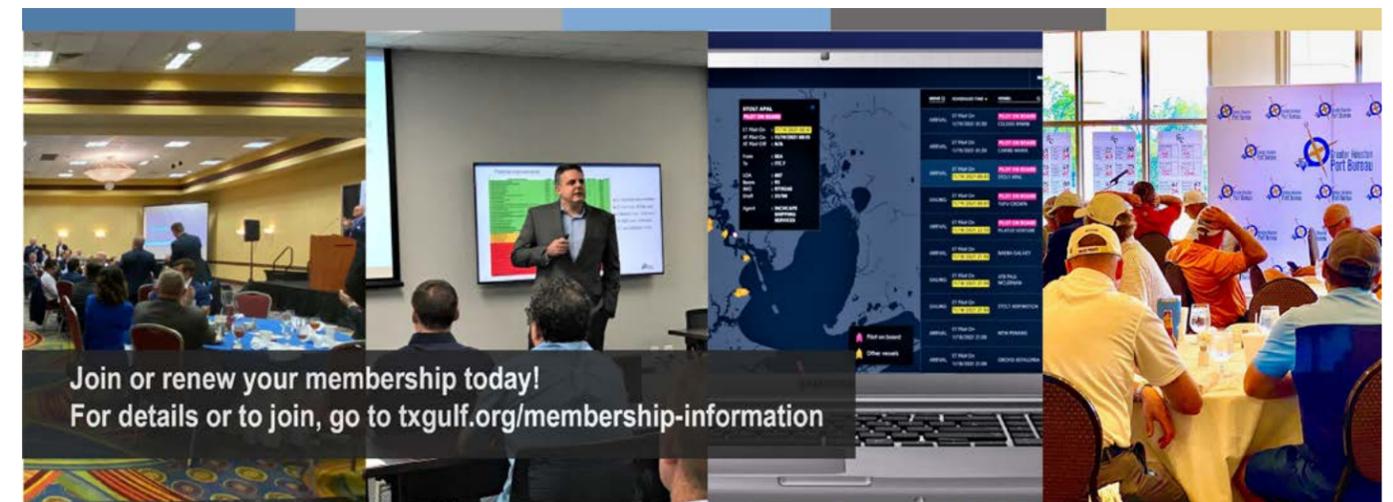
birth, nationality, position on board and travel document number. To cut down on processing time, CBP launched an automation test program in 2011. Vessel operators participating in the program were allowed to submit crew-list data electronically to the U.S. Coast Guard's National Vessel Movement Center through its electronic Notice of Arrival/Departure system.

With the new automated system requirement, CBP will be able to pre-vet a vessel's electronic passenger and crew list from every commercial vessel arrival from a foreign port. Officers can travel to and from and board/disembark the vessel, conduct inspections, and record inspection results in real time using a mobile device.

"CBP will also use the mobile devices to verify the electronically submitted data during the inspection process. The inspecting CBP officer will no longer collect the vessel operator's signature for the [vessel] master's certification, as now the act of submitting the data electronically will constitute certification."

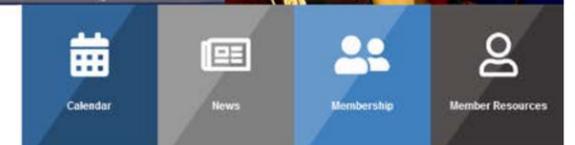
CBP estimated the new rule will save \$53.3 million in processing costs between FY2021-25, including \$16.1 million for vessel operators and \$37.2 million for CBP.

CBP stated that despite providing for a more streamlined system for processing crew manifests, it does not see the rule directly affecting future volume of commercial vessel arrivals and departures.



Founded in 1929, the Greater Houston Port Bureau is a nonprofit trade organization on the Houston Ship Channel, with over 250 members. The Port Bureau promotes cooperation and efficiency through port information, vessel information, networking, and advocacy to advance the prosperity of the port region.

The Port Bureau members represent every sector of the maritime industry, from agents to admiralty lawyers, shippers to stevedores, and terminals to truckers. With three membership levels available, members can select the level best suited to their involvement in the maritime industry.



January 2022 Commerce Club Featuring Tony Chovanec, Senior Vice President, Enterprise Products Partners, L.P.



Photo courtesy of Enterprise Products

Petrochemical Exports Promise Positive Future for Port Region



Tony Chovanec
Senior Vice President
Enterprise Products

The Greater Houston Port Bureau hosted a virtual Commerce Club webinar event on January 13, featuring Anthony Chovanec, senior vice president of fundamentals and commodity risk assessment for Enterprise Products Partners, as speaker. Presented in a predominantly Q & A discussion-style format, Chovanec focused his thoughts on the factors impacting the future for Houston's port region.

Scenarios presented a high case of \$55 and a low case of \$45.

Looking at the rate of return for oil drilling in the U.S., Chovanec explained that the repercussions of the pandemic prompted "soul-searching for all oil-producing nations" and brought a "retooling" to the industry. "We're not after growth anymore," explained Chovanec. "We're after positive cash flows."

The \$45 low case in the forecast showed a completion return to 67% of pre-COVID levels in the Permian and Eagle Ford plays, with other plays returning to approximately 50%. "Growth is always going to be in the Permian Basin," Chovanec said. "It doesn't mean others won't produce ... but the world class basin in the United States is the Permian Basin."

Less Aggressive Drilling

"We've had a sea change in the sentiment of producers and, more importantly, we've had a sea change in the capital markets that support them, whether that be equity markets, debt markets, and even private markets," stated Chovanec as he discussed the less aggressive approach to drilling.

Chovanec said that formerly leases were purchased but never drilled, a type of growth that didn't necessarily produce profit in bottom-lines for cash. "Investors want profit and cash-flow positive," he said.

Currently, motor gasoline is at 9 million barrels a day, within approximately 500,000 barrels a day of 2019 averages. Diesel

is currently about 4 million barrels a day, within a "couple hundred thousand" a day of 2019 levels. The flagging commodity is jet fuel. Chovanec attributes this to shorter flights, with domestic-only flights keeping airports busy, but slow international travel. The same trends are seen globally.

Impact of New Energy Products to the Port Region

"Using data from EIA's 2020 World Energy Outlook, Chovanec discussed global energy consumption by fuel. GDP per person in non-OECD ("Organisation [sic] for Economic Co-operation & Development") countries is expected to triple by 2050, with a projected 88% of the next one billion entrants to the middle class to come from Asia. Energy-intensive manufacturing is expected to continue to shift to non-OECD Asia, increasingly to India. In the last decade, 60% of oil demand growth was driven by transportation, but 60% of future growth is projected to be driven by petrochemicals.

"When I think of the United States, and Houston being the 'energy capital of world' – there is no doubt that is how the world sees us and that is what we are – and that is going to be the case for renewables," said Chovanec. "... We've proven the Gulf Coast is energy capital of the world for petrochemicals. There's not a replacement for these molecules, and there's tremendous demand for them."

Discussing exports, Chovanec explained the U.S. has taken the market. As demand slows domestically, demand will accelerate globally, benefiting exports. For example, data shows that Mexico is substantially dependent on the U.S. for gasoline. "Gulf Coast refiners will continue to be more and more gasoline exporters to the world, largely to the Atlantic Basin," he emphasized.

Energy Evolution

Enterprise looks at energy transition as "energy evolution". Approximately a year ago, the company initiated an evolutionary technology team. The group examines technologies and evaluates "what and how" the technologies apply to them. Chovanec believes the company will be in the businesses of hydrogen, carbon capture, and plastic recycling.

"Our view is that the world needs them all," stressed Chovanec as he discussed current and future energy products. "If you follow what is going on in Europe, it is proving the world needs them all. If you don't have them all, it causes significant economic and personal distress for people. With the emerging middle class [in other countries], we are going to need them all."



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