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Project Firewater

Largest methanol plant in U.S. coming to Beaumont

BY JAMES SHANNON
BUSINESS JOURNAL

In a packed conference room at the Greater Beaumont Chamber of Commerce, Netherlands-based fertilizer giant OCI N.V. unveiled plans to build a massive new facility in Beaumont, a project previously shrouded in secrecy under the name Project Firewater. With Mayor Becky Ames, Jefferson County Judge Jeff Branick and Chamber President Jim Rich looking on, the company detailed plans for Natgasoline LLC, a wholly owned OCI subsidiary, to build a new greenfield world scale methanol plant in Beaumont.

The plant will be located on a portion of a 514-acre plot of land recently acquired by OCI near the intersection of Highway 69 and Texas 347 and is expect-

ed to have a capacity of up to 5,000 metric tons per day (tpd), equivalent to approximately 1.75 million metric tons per annum (mtpa), and is expected to start production in late 2016. It will be the first methanol facility of this scale in the United States and will be the country's largest methanol production facility based on nameplate capacity.

The plant will utilize state-of-the-art methanol technology and will incorporate the best available environmental control technology. Natgasoline LLC submitted applications for environmental approvals at both state and federal levels in February 2013.

The project has been awarded a grant of \$2.1 million from the Texas Enterprise Fund, as well as incentive commitments from local entities, including the



city of Beaumont, Jefferson County, the Beaumont Independent School District, the Port of Beaumont and the Sabine-Neches Navigation District. The Texas Enterprise Fund is a cash grant used as a financial incentive tool for projects that offer significant projected job creation and capital investment

and where a single Texas site is competing with another viable out-of-state option. OCI estimates that the project will create approximately 3,000 construction jobs over the next three years and has committed to create 240 permanent jobs.

One remarkable aspect of the yearlong effort to bring

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OCI | FROM PAGE 1

this project to Beaumont was the level of secrecy the parties involved were able to bring to the long, complex negotiations to secure the tax abatements from so many diverse entities. Although the Business Journal heard rumblings over the past year that something big was in the works, neither this publication or any other local print or broadcast media outlet learned enough to spill the beans.

This was critical as there was an active competition among other communities vying for the project, said Carl Griffith. The former Jefferson County judge operates Carl Griffith & Associates, which advises businesses on a variety of issues. John Johnson and Pat Avery of CGA worked on this project, with KMPG providing site selection services in evaluating multiple locations.

Natgasoline president Frank Chaufoer, who attended the press conference Thursday, Nov. 21, at the Greater Beaumont Chamber of Commerce, noted that his company could have built this facility anywhere in the world but chose Beaumont for a variety of reasons including infrastructure, a viable employee base and the welcome they received from local business and government officials.

This is OCI N.V.'s third natural gas monetization project in the U.S. following the refurbishment of OCI Beaumont's integrated methanol and ammonia facility in Beaumont (the operating subsidiary of OCI Partners LP) and the construction of a \$1.8 billion nitrogen fertilizer complex in Wever, Iowa by the Iowa Fertilizer Company, a wholly-owned subsidiary of OCI N.V.

OCI is a leading global nitrogen fertilizer producer and engineer- ing and construction



Natgasoline president Frank Chaufoer

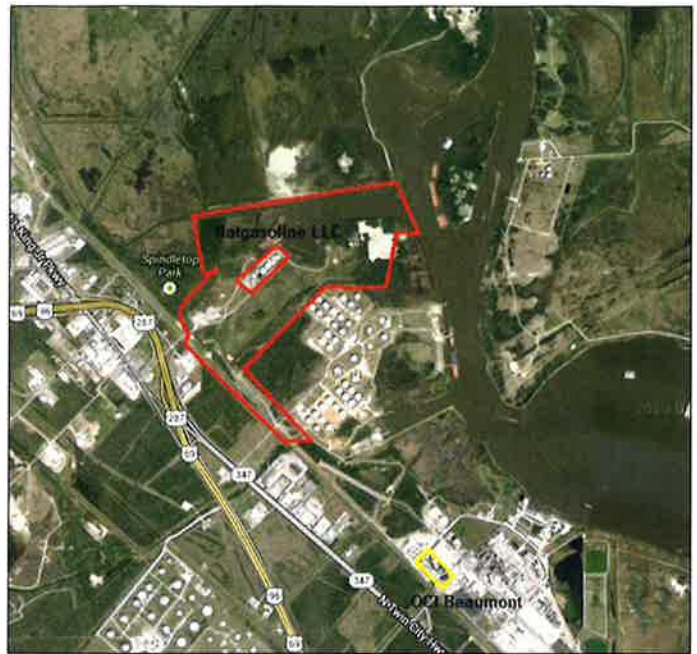
contractor based in the Netherlands that employs more than 75,000 people in 35 countries around the globe. OCI N.V. is currently engaged in a transaction to fully acquire its former parent company, Orascom Construction Industries S.A.E. OCI N.V. currently owns 98.88 percent of OCI S.A.E.

The Fertilizer Group owns and operates nitrogen fertilizer plants in the Netherlands, the United States, Egypt and Algeria and has an international distribution platform spanning from the Americas to Asia. The Fertilizer Group ranks among the world's top fertilizer producers with a fertilizer production capacity of nearly 7 million metric tons.

Gov. Rick Perry commented, "Texas has created a job-friendly economic environment through our low taxes, smart regulations, fair courts and skilled workforce that welcomes world-class companies looking to expand or relocate their operations. Natgasoline's commitment to expanding and creating jobs in Texas further strengthens our energy industry and continues the Lone Star State's longstanding role in fueling the nation."

The participation of state government was critical to the project and marked the first time TEF funds have been awarded to an undertaking in Beaumont.

"I greatly appreciate the cooperative assis-



tance the governor's office has given us through the TEF in bringing this project to Texas," Jefferson County Judge Jeff Branick said. "This continues the 10-year legacy of numerous industries choosing to locate in Jefferson County's business friendly environment."

The Legislature created the TEF in 2003 and re-appropriated funding in 2005, 2007, 2009, 2011 and 2013 to help ensure the growth of Texas businesses and create more jobs throughout the state. TEF projects must be approved by the governor, lieutenant governor and speaker of the House. The fund has since become one of the state's most competitive tools to recruit and bolster business. To date, the TEF has invested more than \$508 million and closed the deal on projects generating 69,873 new jobs and more than \$23.6 billion in capital investment in the state.

Did it make a difference? Just ask OCI N.V.'s Chief Executive Officer Nassef Sawiris.

"Following the success of OCI Beaumont's facility, OCI is pleased to have selected the state of Texas once again to



Judge Jeff Branick and Texas Secretary of State John Steen

expand its North American methanol activities," said Sawiris. "We believe that the prospects for the US methanol industry will remain positive for the foreseeable future because of growing U.S. and global demand, continued access to attractively priced natural gas feedstock and the United States' current position as a net importer. Natgasoline LLC is well-positioned to supply methanol, an essential building block for numerous end-use products, to the domestic market and help reduce a substantial reliance on annual methanol imports into the coun-

try. OCI's Construction Group will be involved in the construction of the plant, creating job opportunities in Texas and facilitating the completion of the project on schedule.

"The effort shown by Gov. Perry, Judge Branick and the commissioners' court, Mayor Ames, city manager Kyle Hayes and the Beaumont City Council, Dr. Chargois and the Beaumont school board, the Port of Beaumont and the Sabine Neches Navigation District reaffirms our commitment to Beaumont and the surrounding communities." ■