

U.S.

# U.S.'s Largest Refinery Shuts Due to Harvey Flooding

Shutdowns leading gas and other fuel prices higher, and to some bouts of panic-buying



Workers gather in a parking lot near the Motiva Plant in Convent, La., on Aug. 11 after a fire broke out at the refinery along the Mississippi River between New Orleans and Baton Rouge. Motiva on Wednesday shut its Port Arthur, Texas, refinery “in response to increasing local flood conditions.” PHOTO: BILL FEIG/ASSOCIATED PRESS

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Tropical storm Harvey shut down a third Gulf Coast refining center Wednesday, and is knocking on the door of a fourth, cutting even more deeply into the U.S. refining capacity.

The storm dropped about a foot of rain Tuesday night on the Beaumont-Port Arthur area, about 90 miles east of Houston, leading to refiners to shutdown facilities that account for more than 3 million barrels a day, or about a fifth of total U.S. capacity.

The nation’s largest refiner, Motiva, which is in Port Arthur, said Wednesday morning that has initiated a full shutdown as tropical storm Harvey pushed east of Houston, dumping another foot or more of rain.

In an emailed statement, Motiva, owned by Saudi Arabia’s state oil company Saudi Arabian Oil Co., said the controlled shutdown of its 603,000-barrel-a-day facility began at 5 a.m. central time “in response to increasing local flood conditions.” It said the refinery would stay shut until floodwaters recede in the area.

The Motiva Port Arthur refinery had already begun reducing production rates Tuesday as Harvey’s rains poured down, and analysts warned then it was only a matter of time before the plant would have to do a full closure. Otherwise, the refinery might have been forced to do a riskier, emergency shutdown.

Nearly half of the refining capacity in the U.S. is concentrated along the Gulf Coast. Harvey has already barreled through Corpus Christi and Houston, taking down several major refiners along the way. Now analysts say the storm could also threaten plants in Louisiana as it continues to track eastward.

Exxon Mobil Corp. said Wednesday that it was shutting down major units at its 362,300 barrel-a-day refiner in Beaumont, Texas, after operating at reduced rates since Monday.

The nation’s second-largest refinery, Exxon Mobil Corp.’s Houston-area Baytown plant, already shut down Sunday, while more than a half-dozen smaller refineries along the Texas coast have also stopped operating.

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The halting of refinery operations is leading gasoline and other fuel prices to rise sharply, especially in the Gulf Coast region. Some gas stations around Texas are already reporting shortages and some bouts of panic-buying.

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Colonial Pipeline Co., which owns a 5,500 mile pipeline that stretches from Houston to New Jersey, reported Tuesday that less fuel is flowing through its line due to reduced supplies from Houston as well as damage to some of its pumping and loading stations. That has raised concerns that fuel shortfalls could spread.

But some refineries that shut last week in Corpus Christi, which is west of Houston, have announced plans to restart in the coming days now that the storm is east of them and they are out of harm’s way. Valero Energy Corp. and Flint Hills Resources have said they are planning to restart plants in the Corpus Christi area.

How long other plants remain offline will depend how much damage they sustained. Flooding can ruin the electrical pumps that help move crude and products through refineries’ dense network of

pipings. Repairs can take weeks or even months in some cases, which happened after Hurricane Katrina.

So far, there are few reports of damage on that scale.

Exxon and Royal Dutch Shell have reported that some of the floating roofs that cap storage tanks at their Houston area plants were damaged. Valero reported that heavy rains partially sank one such tank top, which caused some crude to leak into a containment area.

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