

ExxonMobil expects Baytown, Texas, steam cracker to start up in Q2

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ExxonMobil said Tuesday its new 1.5 million mt/year steam cracker in Baytown, Texas, is mechanically complete and expected to start up in the second quarter of 2018.

The company also said commissioning, which involves testing systems and running initial feedstocks through the cracker, was "progressing well."

The cracker's startup was pushed from the fourth quarter of 2017 to 2018 after Hurricane Harvey swamped the Houston area with more than 50 inches of rain in late August.

ExxonMobil's refining and chemical complex in Baytown east of Houston, where the cracker was under construction, was among the hardest hit by flooding.

Major capacity additions stand to again play a prominent role in key petrochemicals markets in the Americas in 2018 as the US industry rebounds from Hurricane Harvey-related disruptions and project delays. In fact, if 2017 is to be defined by Harvey and the havoc it wreaked on the industry, the New Year has shaken things up from the outset.

Strength in global crude prices and expectations of strong demand stemming from rebuilding efforts in North America are lifting some markets, while projections of ballooning surpluses are depressing others.

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Chevron Phillips Chemical's nearby Cedar Bayou site, where its own new 1.5 million mt/year cracker was under construction, took on up to eight feet of water, according to company officials.

Both companies also had polyethylene plants associated with the new crackers under construction or undergoing commissioning when Harvey hit, but they were in areas less affected by the storm.

Chevron Phillips Chemical's pair of 500,000 mt/year PE plants 86 miles southwest of Baytown in Sweeny, Texas, started up in September. ExxonMobil's 650,000 mt/year PE plants 11 miles north of Baytown in Mont Belvieu, Texas, started up in October.

Phillips 66 CEO Greg Garland said last week that the Chevron Phillips Chemical cracker would start up during the first quarter of this year and ramp up to full production in the second quarter.

Both companies' new crackers will feed ethylene to the new PE plants.

ExxonMobil's new cracker and PE plants are part of the company's plan to spend \$20 billion from 2013 through 2022 to build and expand 11 major chemical, refining, lubricant and LNG facilities along the US Gulf Coast.

That plan also includes a proposed \$10 billion joint-venture petrochemical complex near Corpus Christi, Texas, with SABIC that would include a 1.8 million mt/year cracker.

The companies have yet to make a final investment decision on that project, but in December they inked a lease agreement with the Port of Corpus Christi for a new cargo dock and marine terminal near the project site.

Overall, eight crackers and 14 PE plants are starting up along the US Gulf Coast from 2017 through 2019, with more to come later, as the US petrochemical industry capitalizes on cheap and plentiful ethane from the boom in natural gas supplies from shale plays.

Of those units, two crackers and six PE plants started up in 2017.

Shell Chemical is building the first petrochemical complex of this type in the US Northeast in western Pennsylvania, with a 1.6 million mt/year cracker and three PE plants with a combined capacity of 1.6 million mt/year that is scheduled to start up early in the next decade.

PTTGC America, the US arm of Thailand's PTT Global Chemical, is planning another complex with a 1.5 million mt/year cracker in southeast Ohio, but has pushed its FID to late 2018 from early this year after teaming up with South Korean engineering and construction firm Daelim Industrial to conduct a feasibility study and obtain funding for the project.