

Koch Industries spending \$15 million to expand fuel storage in Central Texas

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Central Texas cars, trucks and SUVs may bear bumper stickers proclaiming “Keep Austin Weird,” but there’s nothing weird about Austin’s demand for all things petroleum.

That need is propelling Koch Industries Inc. to expand its fuel storage and transportation capacity in Central Texas.

Koch subsidiary Flint Hills Resources LP, formerly known as Koch Petroleum Group, is planning several projects in the Bastrop and Austin areas to capitalize on Central Texans’ demand for more gas, diesel and jet fuel.

“These projects are the first of several anticipated investments in Texas — all positioned to improve our ability to serve customers in these important markets,” says Brad Razook, executive vice president of Flint Hills Resources.

“Flint Hills Resources has served this region for more than 20 years. These enhancements of our fuel delivery system will help us continue to meet our customers’ growing needs and improve their access to cleaner-burning fuels.”

The cost for the first phase of Flint Hills’ expansion projects in the Austin, Bastrop and Waco areas is \$15 million.

Razook says the Wichita, Kan., company is outgrowing its storage capacity due to its steady jet fuel business at Austin-Bergstrom International Airport.

“We supply a significant portion of the fuel to the airport,” he says.

In response, Flint Hills will build a jet fuel storage and distribution operation in Bastrop County that will serve ABIA.

Once the Bastrop setup is operating in 2006, the company says it will use its current jet fuel tanks at its East Austin terminal for additional gasoline and diesel storage, and might expand the terminal’s truck-loading rack capacity.

Flint Hills also is working on plans to add new fuel storage and truck-loading operations at its Waco site to meet demand in the Waco and Temple areas.

The company says it will increase the amount of gasoline and diesel it carries on its pipeline by 30,000 barrels a day to serve the Central Texas market.

Bill Ennis, vice president for member and media relations at the Austin-based Texas Oil and Gas Association, says Flint Hills’ expansion plans are in line with Central Texas’ population growth.

“I think Flint Hills and Koch are anticipating that growth, looking to the future, and trying to supply adequate fuel for our growing community,” Ennis says.

Flint Hills owns a crude-oil refining complex in Corpus Christi that sends its petroleum products to existing fuel terminals in San Antonio, Austin, Waco and Dallas through two main pipelines. Flint Hills’ Texas refining operation can process about 300,000 barrels of crude oil each day.

FLINT HILLS RESOURCES LP

WHAT IT DOES: Producer of fuels and other petrochemical products.

TEXAS OPERATIONS: Texas refining operation can process about 300,000 barrels per day of crude oil. Two main pipelines serve customers in San Antonio, Austin, Waco and the Dallas-Fort Worth area, including Dallas-Fort Worth International Airport.

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