

Woodlands company seeks to revive dormant refinery

By KYLE PEVETO Beaumont Enterprise

May 21, 2009, 8:32AM



A company based in The Woodlands is looking to revive the old Independent Refining Corp. facility in Hamshire, which has been closed since 1983.

Rising from the coastal plains and ranchland of western Jefferson County, the spires of the former Independent Refining Corp. refinery have become rusty from standing idle for two decades.

When it closed in 1983, about 100 residents in Jefferson and Chambers counties lost their jobs, and the property's diminishing value meant less tax money for the rural Hamshire-Fannett Independent School District.

Now, a \$330 million proposal by The Woodlands-based Jefferson Refinery LLC to revive the facility could bring hundreds of jobs during its construction and create 100 to 150 permanent jobs after its completion, according to a proposal the company turned in to Jefferson County commissioners.

"It's a project we are definitely interested in," said Precinct 2 Commissioner Mark Domingue, who represents western Jefferson County. "We are interested in any project that provides jobs and diversifies the economy."

More jobs will be welcome. Between Jefferson and Chambers counties, from where the refinery would draw employees, more than 11,300 eligible workers were unemployed in March, according to the Texas Workforce Commission.

“We can take something that has been sitting there a period of time, (and) see if we can turn it into a plus for the community,” Mark Viator, a spokesman for the company, said by phone.

After Independent Refining applied for bankruptcy in July 1982, the company attempted to scale down the operation until the market improved. But that attempt failed and the refinery was forced to close in 1983, according to an article in The Beaumont Enterprise in September of that year.

Former workers have fond memories of their time at the facility.

Don Hodges, now 76, moved to Winnie from the New Orleans area to work at the refinery in 1964 when Allied Chemical owned it.

He “was the last man out of the refinery,” he said. “I put the lock on the gate.”

After the refinery closed, Hodges stayed in the area and retired. He wants to see his former workplace up and running.

“It would give Jefferson County a little more tax base, and give some of these boys around here a good place to work,” he said, adding it would be a difficult job to rebuild. “It’s been through three or four hurricanes. It’s going to be a good job to put it back together.”

Jefferson Refinery, formed in 2007 with the sole purpose of buying and rebuilding the shuttered facility, plans to sell \$330 million in bonds through the Jefferson County Economic Development Corp., the sole members of which are the county’s four commissioners and the county judge, Guy Goodson, county special counsel, said in a telephone interview.

He said using the county industrial corporation as a conduit will allow Jefferson Refinery to sell tax-free bonds. The county will not under any circumstances lose money on the bonds, Goodson said.

Legislation after Hurricane Ike enabled the county industrial development corporation to approve the project. Previously, the county could act as a conduit for a maximum of \$10 million. However, the IRS amended the tax code last year to allow five hurricane-stricken Texas counties to increase their tax-free bond issuance to industrial projects, Jeff Branick, assistant to Jefferson County Judge Ron Walker, said in a February interview.

Viator said Jefferson Refinery LLC plans to sell its bonds by the end of June and then begin phase one of reconstruction — rebuilding a tank farm on the 124-acre property to hold 2 million barrels of oil, a project pegged for completion by next summer.

Oil storage tank capacity will be leased while the company completes its other phases of reconstruction to restore the refinery to process 30,000 barrels of crude oil a day.

In contrast, Motiva's proposed Port Arthur expansion will increase the refinery's output to 600,000 barrels a day, the company says, making it the largest refinery in the nation.

Engineers who planned to bid on the tank farm project toured the facility last month, Viator said, but bids are not in.

Opening the Hamshire refinery depends on Jefferson Refinery LLC selling all its bonds — with a minimum price of \$25,000 for each bond — by 2013, when the tax code amendment expires, said Goodson, who is confident the corporation can market the bonds.

“They are not trying to build anything that is cutting-edge,” Goodson said. “They’re relying on technology that is longstanding. There will be a market for gasoline for a long time.”