

BUSINESS

HOUSTON CHRONICLE • FRIDAY, OCTOBER 8, 2021 • SECTION B

• **DOW:** 34,754.94, up 337.95 (1.0%) | • **S&P:** 4,399.76, up 36.21 (0.8%) | • **OIL:** \$78.30, up 87 cents (1.1%) | • **NATURAL GAS:** \$5.68, unchanged

Clean energy push is under threat

Stripped version of \$3.5 trillion budget might slash plans for fossil-fuel shift

By James Osborne
STAFF WRITER

WASHINGTON — President Joe Biden's ambitious plans to speed the U.S. economy's shift to clean energy are under threat, as Democratic leaders in the House and Senate try to piece together a

stripped-down version of a \$3.5 trillion spending package.

With a one-vote edge in the Senate, and no Republican support, Democrats can't afford any defections if they are to pass the budget bill, a cornerstone of President Joe Biden's agenda. But Sen. Joe Manchin of West Vir-

ginia continues to resist plans for a clean electricity program that would pay power companies to shift from fossil fuels, making it unclear whether the president's climate plans can move ahead as written.

"It's absolutely a point of tension and whether the Democrats can get (the necessary votes) remains to be seen," said Brad Townsend, vice president for policy and outreach at the Cen-

ter for Climate and Energy Solutions, a think tank advocating for climate action. "The way it's going, it does seem like (the Clean Electricity Payment Program) would likely include some credit for natural gas."

In recent television appearances, Manchin has questioned the need for the federal government to pay power companies billions of dollars a year to switch to clean energy when emissions

are already coming down.

"The transition is happening," he told CNN last month. "Now they're wanting to pay companies to do what they're already doing."

Natural gas is a booming business in Manchin's home state, and the thinking among some Democratic strategists is that adjusting the clean power program to include natural gas — which

Clean continues on B7

REAL ESTATE



MetroNational

MetroNational unveiled plans for an expansion of The Lawn at Memorial City. The 30,000-square-foot greenspace will serve as a gathering hub as it hosts events such as festivals, markets and concerts throughout the year.

Memorial City developer unveils its plans for expanded community park

By Katherine Feser
STAFF WRITER

MetroNational, the Houston developer and owner of Memorial City, aims to create a place for the community at its newly unveiled expansion of The Lawn at Memorial City.

Located near Interstate 10 and Bunker Hill, The Lawn will serve as a venue for festivals, markets, movies and concerts throughout the year and a place for nearby office workers and apartment dwellers to get some fresh air or have an impromptu meeting. The Lawn is adjacent to Hotel



KATHERINE FESER
Real Estate

ZaZa Memorial City and The McKinley, MetroNational's new 25-story apartment tower.

MetroNational is using space previously designated for a restaurant to expand The Lawn to 30,000 square feet. Plans call for a covered structure and performance space called The Arbor, seating areas, water features, play equipment, game tables and a restaurant. The space could accommodate 250 or so people at live performances and could potentially be rented for

private events such as weddings.

"With COVID happening and everything else, greenspace was something that just about everyone was clamoring for," said Jason Johnson, president of MetroNational. "We think it's going to be something that's going to last for a long time and going to be utilized by everybody."

The project will feature a series of shaded gathering areas and courtyards. Five live oak trees that were moved off-site to make way for The McKinley apartments nearly four years ago are being incorporated into The Lawn, along with smaller elm and oak

Feser continues on B7

Shell eyes a loss of \$400M from Ida

By Paul Takahashi
STAFF WRITER

Royal Dutch Shell expects to take a \$400 million hit from Hurricane Ida, which damaged a key offshore facility and disrupted the company's Gulf of Mexico production.

The European oil major said in a third-quarter financial outlook Thursday that the Category 4 storm knocked out 90,000 barrels of oil production per day from the company's Gulf operations. The company said third-quarter earnings from oil production will tumble by \$200 million to \$300 million as a result.

Shell also said it expects earnings in its refinery business to fall by \$50 million to \$100 million as a result of the storm. The company's refinery processing capacity during the third quarter is expected to range from 70 percent to 74 percent, down from an earlier forecast of 73 percent to 81 percent and second-quarter capacity of 76 percent.

Ida was the most disruptive storm to sweep the Gulf since Hurricanes Delta and Zeta barreled through last October. U.S. crude oil production fell by 1.5 million barrels per day from Aug. 27 to Sept. 3, according to the Energy Department. Ida shut down as much as 96 percent of crude oil production and 94 percent of natural gas production in the Gulf, according to the Interior Department.

Shell last month said the storm forced 40 percent of its Gulf oil production offline.

Shell this week said it restarted one of its oil production platforms in the Gulf, more than six weeks after the hurricane. The company said partial repairs to a key offshore facility allowed the company to restart its Olympus

Shell continues on B7

Musk: Tesla HQ move to Austin about growth

By Paul Takahashi
and Charlie Zong
STAFF WRITER

Tesla plans to move its headquarters to Austin, becoming the latest California technology giant to relocate to Texas.

Billionaire CEO Elon Musk announced the move from Palo Alto, Calif., during the company's annual shareholder meeting on Thursday evening in Austin.

"I'm excited to announce that we're moving our headquarters to Austin, Texas," Musk said, showing a slide of a cowboy belt buckle emblazoned with the Tesla "T" logo and a reference to the famous Texas slogan "Don't Mess with Texas." Musk pointed to California's high housing prices and tight real estate market as major reasons for the move. Other Silicon Valley stalwarts, including Oracle and Hewlett Packard Enterprise, have also moved to Austin and Spring, respectively, over the past year.

"If you go to our Fremont (California) factory, it is jammed. It's like whoa," Musk said. "When we were first in there, we were like a kid in his parents' shoes. ... Now it's like how do we fit more stuff? And it's tough for people to afford houses and a lot of people have to come in from far away. We've taken it as far as possible, but there's a

limit to how big we could scale in the Bay area."

Analysts have long speculated Tesla might move to Texas. Last May, Musk threatened to relocate the company out of California over disagreements about local pandemic measures that restricted Tesla and other businesses from reopening.

"Frankly, this is the final straw. Tesla will now move its HQ and future programs to Texas/Nevada immediately," Musk said in a series of tweets in May 2020 announcing Tesla's lawsuit against Alameda County, which includes the company's Fremont factory, over public health restrictions. The lawsuit was later dropped, and despite overtures from officials in Dallas County and elsewhere, the company stayed put.

Speculation about a headquarters move intensified after Musk became a Texas resident this year. He is the state's richest resident and the world's second wealthiest person with an estimated net worth of \$190.5 billion, according to Forbes.

Musk on Thursday said Tesla plans to continue its West Coast operations, increasing production of its electric vehicles and batteries at its Fremont, Calif., and Reno, Nev., factories to meet its 50 per-

Tesla continues on B7



Ringo H.W. Chiu / Associated Press

Workers clean the beach Thursday in Corona Del Mar in Newport Beach, Calif., after an oil pipeline ruptured earlier and sent crude washing up. A hairline fracture of a pipe is suspected.

Small pipeline crack is cited in spill

By Matthew Brown,
Brian Melley,
and Stefanie Dazio
ASSOCIATED PRESS

HUNTINGTON BEACH, Calif. — Video of the ruptured pipeline that spilled tens of thousands of gallons of crude oil off Southern California shows a thin crack along the top of the pipe that could indicate a slow leak that initially was difficult to detect, experts said Thursday.

The 13-inch-long narrow gash could explain why signs of an oil

slick were seen Friday night but the spill eluded detection by the pipeline operator until Saturday morning, they said.

"My experience suggests this would be a darned hard leak to remotely determine quickly," said Richard Kuprewicz, a private pipeline accident investigator and consultant. "An opening of this type, on a 17-mile-long underwater pipe is very hard to spot by remote indications. These crack-type releases are lower rate and can go for quite a while."

When pipes experience a catastrophic failure, the breach typically is much bigger, what's referred to in the industry as a "fish mouth" rupture because it gapes wide like the mouth of a fish, he said.

Amplify Energy, a Houston-based company that owns and operates three offshore oil platforms and the pipeline south of Los Angeles, said it didn't know there had been a spill until its workers detected an oil sheen on the water Saturday.

Pipeline continues on B7

BUSINESS

PIPELINE

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day at 8:09 a.m.

The cause of the spill is under investigation by numerous agencies as the cleanup continues along miles of shoreline on the Orange County coast south of the ports of Los Angeles and Long Beach.

The Coast Guard on Thursday slightly revised spill estimates to at least about 25,000 gallons and no more than 132,000 gallons.

The Coast Guard on Thursday said it is investigating the incident with other agencies as a "major marine casualty" due to the potential involvement of a vessel and damages exceeding \$500,000. It said they will determine if criminal charges, civil penalties or new laws or regulations are needed.

Investigators are looking into whether a ship waiting to offload its cargo snagged and bent the pipeline with its anchor.

Coast Guard investigators boarded the massive German-flagged container ship Rotterdam Express on Wednesday to determine if it was involved in the spill. The Rotterdam was the ship anchored closest to the pipeline last week.



U.S. Coast Guard / Associated Press

This pipeline owned by a Houston-based company spilled tens of thousands of gallons of oil off Orange County, Calif.

Hapag-Lloyd, the shipping company that operates the vessel, confirmed Thursday that investigators boarded the ship while it was docked at the Port of Oakland in San Francisco Bay. The Coast Guard interviewed the captain and crew and was provided access to the logbook showing the ship's locations, according to Nils Haupt, a spokesman at Hapag-Lloyd's headquarters in Hamburg, Germany.

Afterward, the Coast Guard called the company to say the Rotterdam no longer was under scrutiny for the spill, Haupt said. The ship was cleared to depart Oak-

land was headed to Mexico.

The leak occurred about five miles offshore at a depth of about 98 feet, investigators said. A 4,000-foot section of the pipeline was dislodged 105 feet, bent back like the string on a bow, Amplify's CEO Martyn Willsher has said.

Jonathan Stewart, a professor of civil and environmental engineering at the University of California, Los Angeles, said he was surprised the damage wasn't more severe given how far the pipe was moved.

"My first reaction when I heard that it is displaced so far was that it's remarkable that it's even intact at all," Stewart said.

Questions remain about when the oil company knew it had a problem and delays in reporting the spill.

A foreign ship anchored in the waters off Huntington Beach reported to the Coast Guard that it saw a sheen longer than two miles just after 6 p.m. A satellite image shot by the European Space Agency indicated a likely oil slick in the area around 7 p.m., which was reported to the Coast Guard at 2:06 a.m. Saturday after being reviewed by a National Oceanic and Atmospheric Administration analyst.

Federal pipeline safety regulators have put the time of the incident at 2:30 a.m. Saturday but say the company didn't shut down the pipeline until 6:01 a.m. and didn't report the leak to the Coast Guard until 9:07 a.m. Federal and state rules require immediate notification of spills.

Willsher, who took questions alongside Coast Guard and other officials over four days, did not show up at Thursday's news conference. Other officials declined to explain his absence.

The type of crack seen in the Coast Guard video is big enough to allow some oil to escape to potentially trigger the low pressure alarm, Kuprewicz said. But be-

cause the pipeline was operating under relatively low pressure, the control room operator may have simply dismissed the alarm because the pressure was not very high to begin, he said.

Ramanan Krishnamoorti, a petroleum engineering professor at the University of Houston, said the pipeline might have leaked for days before being discovered.

"If you have a massive crack or massive hole, you get a huge pressure drop and therefore you know you have a massive leak," he said. "When you have a hairline crack like that, perhaps this could have been going on for two, three, four days."

The fact that the San Pedro Bay line was still encased in concrete in the video is another indication that oil was likely leaking at a low rate. A major breach on a highly pressurized line would blow the concrete off, Kuprewicz said.

Because the line is encased in concrete — a means of keeping it weighted down on the sea floor — the Coast Guard video doesn't reveal the condition of the half-inch-thick steel pipe underneath.

Once 1 safety investigators cut out the damaged section of pipe and remove it, they will be able to conduct a closer examination.

FESER

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trees.

The work will more than double the size of The Lawn, which opened in 2017. Construction is underway with completion planned in December.

MatroNational's Memorial City development spans 300 acres, with almost 10 million square feet of buildings including hotels, medical buildings, retail, office and apartments.

While MetroNational is still developing a master plan for the Sears site at Memorial City Mall, greenspace will definitely factor in, Johnson said. The mall is being redeveloped following the closure of Sears, which was torn down last year.

The Lawn is near 1.5 million square feet of newer office buildings in Memorial City, Johnson said. The space, which includes tenants such as Air Liquide, Murphy Exploration and Nexen, is 95 percent leased.

Also in the Memorial area, Levcor is redesigning its MarqE retail complex near Interstate 10 at Silber with outdoor gathering areas and shade structures.

Woodlands firm joins SVN

The J. Beard Real Estate Co., a



MetroNational

The Lawn at Memorial City, located next to Hotel ZaZa Memorial City and The McKinley apartment high-rise, will more than double in size to 30,000 square feet.

full-service commercial real estate company best known in north Houston, announced an alliance with SVN International Corp., a global real estate organization with 200 offices in six countries.

The new alliance puts The Woodlands-based boutique real estate firm on a fast track for growth across the Houston area, according to company founder Jeff Beard. The deal also gives Boston-based SVN, which has a large presence on the West and East

coasts, a sizable Houston office with approximately 50 employees, including 20 brokers.

The company will be known as SVN | J. Beard Real Estate — Greater Houston. Beard, who founded the company in October 2003, serves as managing director.

The alliance gives J. Beard access to SVN's global property research, data, training, teaching and networking resources. J. Beard will remain independently owned and operated.

Beard said that his company is in the process of opening a second Houston office and that aligning with SVN will assist with employee recruiting and retention efforts. It will also help the company expand into multifamily and increase its business in the industrial sector in east and northwest Houston, Beard said.

SVN is one of the nation's largest commercial real estate firms, handling \$12.5 billion in U.S. transactions in 2020. It was founded in

1987 as Sperry Van Ness and adopted its current name in 2015.

Hotel management changes

Denver-based Sage Hospitality Group has put a new management team in place at the C. Baldwin Hotel, Curio Collection by Hilton in downtown Houston. Sage was tapped by owner Brookfield to manage the hotel in May.

Brookfield opened the 354-room hotel in October 2019 after completing a transformation of the Hilton DoubleTree in its Allen Center complex. The hotel, at 400 Dallas, is named for Charlotte Baldwin Allen, wife of Houston co-founder Augustus Chapman Allen. It has 14,000 square feet of meeting space and is home to the recently reopened Rosalie Italian Soul restaurant.

The new team includes Chris Niederschulte as general manager, Stephanie Summerall as area director of sales and marketing, and David Tinsley as general manager of food and beverage operations.

Niederschulte previously served as the general manager of Ojo Santa Fe Spa Resort in New Mexico, the Westin Houston Medical Center and JW Marriott Houston Downtown.

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CLEAN

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produces close to half the carbon emissions of coal — could win Manchin over.

In a memo to Senate Majority Leader Chuck Schumer this summer, Manchin said his support would require not only that he control the writing of the clean power program through his chairmanship of the Senate Energy and Natural Resources Committee, but also that any extension of clean en-

ergy tax credits would mean extending credits that support oil and gas drilling.

Democratic leaders in the House and Senate are fighting to keep progressives on board as they whittle the spending package between \$1.8 and \$2.2 trillion to satisfy moderates like Manchin and Sen. Kyrsten Sinema of Arizona. Progressives like Sen. Bernie Sanders of Vermont, meanwhile, are fighting to retain funding for expensive provisions like an expanded child tax credit and subsidized daycare.

"There will be a certain number of accommodations that will be necessary to secure Senate votes so (Democratic) leaders will not have complete freedom with regard to what can be thrown overboard," Tim Urban, a Washington tax attorney, said in an e-mail.

Schumer has set a target date of Oct. 31 to pass a budget bill, along with a \$1 trillion bipartisan infrastructure bill agreed to this summer by Republicans and Democrats.

In comparison to high-price items like health care and education, clean energy is a relatively cheap portion of Democrats' budget, adding up to \$273 billion under the version released by the House Ways and Means committee in September.

But tax credits in the budget package supporting electric vehicles and nuclear power plants, technologies that are set to receive funding under the infrastructure bill, could be reduced to get the budget below \$2.2 trillion, according to a memo Tuesday from the consulting firm Clearview Energy Partners.

"For clean energy," the

consultants said, "downsizing seems more likely than deletion."

With scientists' warning that drastic emissions reductions are necessary to avoid the worst consequences of climate change, any effort to delay or reduce clean energy funding poses the risk of environmental catastrophe decades from now.

And with Biden promising to get the nation on the path to net zero emissions by mid-century, environmentalists are showing little inclination to accept a watered-down policy.

"A lot of promises have been made," said Townsend. "There's concern if you cut too much of the climate piece of the budget, you're never going to hit the (emissions reduction targets)."

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TESLA

From page B1

cent annual sales growth target. The automaker delivered nearly 250,000 electric vehicles during the third quarter.

Musk has steadily expanded his empire into Texas in recent years. SpaceX, another Musk venture, op-

erates a commercial rocket launchpad called Starbase in Boca Chica near Brownsville in South Texas.

Tesla is under construction on its fifth and largest factory called Giga Texas in Austin, which will manufacture Cybertrucks and other EVs. The factory is expected to hire 5,000 workers paying an average salary of \$47,000, and will feature a

public park that Musk has called an "ecological paradise" along the Colorado River.

"It's not a matter of Tesla leaving California," Musk added. "We'll continue to expand in California significantly, but even more so here in Texas."

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SHELL

From page B1

oil production platform in the Mars oil field, about 130 miles southeast of New Orleans. A transfer station, which facilitates the company's offshore production to onshore crude and natural gas terminals, sustained

"significant structural damage" during the storm.

Shell said its remaining oil platforms in the Mars oil field remain shut down, pending repairs to the transfer station.

The majority of U.S. oil and gas production has recovered from Ida, but the Energy Department estimated that Gulf oil output

fell by a half-million barrels per day to 1.2 million barrels per day last month as a result of the storm.

Shell last month said it expects that full repairs to the transfer station will take until the end of the year and that its Gulf oil production won't return to normal until early next year.

LIFE TRIBUTES

GRACE LEE STREETMAN

1936-2021

Gracie Lee Streetman, 85, passed away on Sunday, September 26, 2021, in Willis, Texas. She was born in Wallis, Texas on August 20, 1936, the second of eleven children born to Chester Thomas and Annie Dolejsi Janczak. She and her siblings were raised on or around Kansas Street in the Cottage Grove community in Houston, Texas.

Gracie married Floyd Dee Streetman on October 1, 1951, and enjoyed a 45-year marriage until Floyd predeceased her on August 24, 1996. Their four children, Ronnie, Douglas, Sandy, and Patty, were the pride of Gracie's life, together with her eight grandchildren, fifteen great-grandchildren, and two great-great-grandchildren.

Gracie enjoyed gardening, canning, cooking, travel (including trips to Alaska, Seattle, Washington, DC, Boston, New York City, Venice, Turkey, Greece, Santorini, the Caribbean, Las Vegas, and Lake Charles), sewing, jigsaw puzzles, Sudoku, talking in person and on the phone, and, most importantly in recent years, her beloved cat "Jax."

Gracie was preceded in death by her parents, Chester and Annie Janczak; three sisters, Dorothy Dockens Canady and husbands James Dockens and Bert Canady, Donnie Lueckemeyer and husband Calvin, and Laverne Rosniak; two brothers, Jimmy Janczak and wife Sherri, and Thomas Janczak and wife Nadine; and brother-in-law Marvin Smith.

She is survived by her two sons, Ronald Howard Streetman of Splendora, Texas and Douglas Gene Streetman and



wife Debbie of Cypress, Texas; her two daughters, Sandra Kay Eiland and husband Gary of Montgomery, Texas and Patricia Ann Geraci and husband Jim of Willis, Texas; numerous natural and step grandchildren, great-grandchildren, and great-great-grandchildren; three sisters, Joy Woods, Carolyn Wright, and Judy Smith; two brothers, Willard Janczak and wife Miriam, and Harold "Bob" Janczak; one brother-in-law, Albert Rosniak; and numerous nieces, nephews, other relatives, and friends.

A visitation for Gracie will be held Saturday, October 9, 2021 at 10:00 AM at Earthman Funeral Directors, 8303 Katy Fwy, Houston, TX 77024. A funeral service will occur Saturday, October 9, 2021 at 11:00 AM, 8303 Katy Fwy, Houston, TX 77024. A graveside service will occur Saturday, October 9, 2021 at 1:00 PM at Woodlawn Cemetery, 1101 Antoine, Houston, TX 77055.

Gracie will be dearly missed by her family, many friends, and all who knew and loved her.

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Condolences may be offered at:
www.EarthmanHuntersCreek.com

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