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Louisiana's offshore oil port could become trading hub, report says

advocate staff report

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The Louisiana Offshore Oil Port could be transformed into a "crude blending and trading hub" if improvements are made to handle exports, a consulting group says in a report.

Turning LOOP into an export facility is only at the drawing board stage and making that a reality will require "significant" infrastructure investments, RBN Energy LLC said.

Those include making a 48-inch pipeline that connects LOOP's Clovelly storage facility to St. James flow in both directions or building a new parallel line.

In late November, LOOP began **shopping the idea** of shipping Gulf of Mexico crude to Texas refineries.

RBN said LOOP could draw the oil to be exported through two routes:

From the Bakken Shale in North Dakota through pipelines that are planned or under construction.

By reversing the Capline pipeline that runs from St. James to Pakota, Illinois. The pipeline mainly feeds refineries in the Midwest and is operating at a fraction of capacity. That's because shale formations in the Rockies, North Dakota or western Canada are supplying the refineries.

Converting LOOP into an export terminal would lower shipping costs, which could help open Asian markets for U.S. shale or Gulf of Mexico crudes, RBN said. LOOP can accommodate "ultra large crude carriers" at its deepwater port, which lies 17 miles offshore from Port Fourchon. The ULCCs hold up to 3 million barrels of oil, and the larger the ship the lower the freight cost per barrel.

The ability to export oil would also make LOOP's **Clovelly storage facilities** more valuable to traders, RBN said. The facility can store close to 70 million barrels of crude, and LOOP is already selling storage space to traders.

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