

AT A GLANCE

- **DOW** 17,817.90, up 7.84 (0.0%)
- **S&P 500** 2,069.41, up 5.91 (0.3%)
- **CRUDE OIL** \$75.78, down 73¢ (-1.0%)
- **NATURAL GAS** \$4.15, down 11.5¢ (-2.7%)

★ BUSINESS



WHERE HOUSTON PLAYS!

Opening Soon!

goldennuggetlc.com

Federal sale will be a record for offshore wind power

More than 742,000 acres off coast of Massachusetts will be offered

By Ryan Holeywell

The federal government said Monday that it will hold its largest-ever competitive lease sale for offshore wind development early next year.

The Interior Department said it will allow a dozen developers to bid

on access to more than 742,000 acres off the coast of Massachusetts starting Jan. 29.

The sale would triple the amount of federal offshore acreage available for commercial-scale offshore wind development, the department said.

If fully developed, the

area could support as much as five gigawatts of commercial wind generation, enough to power more than 1.4 million homes, according to the U.S. Department of Energy's National Renewable Energy Laboratory.

"This offshore wind energy area not only has the capacity to generate enough electricity to power half the homes in Massachusetts, but it will create

local jobs and a renewable and home-grown source of power," Massachusetts Gov. Deval Patrick said in a statement.

Ten companies have expressed interest in the lease area, according to the federal Bureau of Ocean Energy Management.

The federal government has awarded seven commercial wind energy leases off the Atlantic coast to date.

Offshore wind projects were first developed in 1991. Since then, they've primarily operated in Europe. The federal government has been trying to promote them in the United States, since more than half the country's population lives in coastal areas, and winds tend to blow more forcefully and uniformly offshore than over land.

Globally, about 4.45

gigawatts of offshore wind capacity have been installed across more than 50 projects, according to the Bureau of Ocean Energy Management.

Texas leads the nation in wind power generation, according to the U.S. Energy Information Administration, but it is all land-based — mostly arrays of turbines in West Texas and

Texas continues on D2

KURDISTAN

Ship still at anchor as court weighs dispute

By Rhianon Meyers

As Iraq works to iron out some of its oil policy differences at home with the Kurdistan Regional Government, the two remain locked in a dispute in U.S. courts over a tanker of crude that arrived nearly four months ago off Galveston's coast carrying cargo that Iraq claims was stolen.

In court filings late Friday, lawyers for Kurdistan — a semiautonomous region within Iraq — argued that U.S. courts shouldn't wade into the fight because the conflict is rooted in Iraq and has no direct effect on the United States.

Deciding the case would require a judge to interpret the Iraqi constitution, and that's well beyond the scope of what U.S. courts typically do, Kurdistan's attorneys said in court filings.

Responding to Iraq's pleas last week to keep the matter in the U.S. judicial system, Kurdistan repeated its contention that its disagreement with Baghdad over oil exports should be resolved in Iraq, where the crude was pumped from the ground.

Iraq claims Kurdistan stole 1 million barrels of oil and smuggled the cargo out of the country through

Tanker continues on D2

REAL ESTATE

High rise to get high-end revamp



The River Oaks Luxury Apartments, a 1960s era 17-story high-rise, was sold to a New York City-based company earlier this year. The company plans to rehab the building and convert the units to 92 condos.

Karen Warren / Houston Chronicle

17-story River Oaks Luxury Apartments likely to become condominiums, new owner says

By Erin Mulvaney

A 1960s-era high-rise apartment building on Westheimer near River Oaks is the latest slated for renovation as developers court affluent empty-nesters and wealthy business people looking to downsize and live closer in.

The River Oaks Luxury Apartments, 3435 Westheimer, were sold to New York-based Arel Capital in September. The company

lists the project on its website, where it envisions the 17-story building as a 92-unit condominium building to be completed in two to three years.

The project is part of a trend in the River Oaks and Galleria areas to either tear down and replace or revamp residential developments.

The building has gone through several owners since it was built in 1962. The latest was Boston-based Metropolitan Properties of

Arel. Arel has two existing projects in the Houston area, one near the West Oaks Mall off Texas 6 and another in Timbergrove Manor.

An Arel representative declined comment Monday.

Christopher Curry, a director with Houston-based brokerage firm HFF, which marketed the property, said the project seeks to renew instead of tear down. He said 3,500 multifamily units across Houston have been knocked down during the real estate boom.

"We have seen this market ex-

plode," he said. "The remaining structures in the area are very popular because they are still somewhat affordable and allow people to remain close to their jobs and the action, but they can't afford the new rents."

Curry said he believes Arel will spend money to turn the older building into a top-notch facility.

"It's obviously a fantastic area," Curry said. "Imagine they will be expensive and look like an almost-brand-new project."

Curry cited demand for condominium projects, including two

Condo continues on D2

MARKETING

Budweiser will keep Clydesdales in the stables over the holidays



Budweiser Clydesdales are prepared for local appearances earlier this year at the Houston Polo Club.

James Nielsen / Houston Chronicle

ASSOCIATED PRESS

NEW YORK — Budweiser is putting its Clydesdales out to pasture for the holidays.

The country's No. 3 beer brand said the horses will not play a role in its traditional advertising for the season, although the company added later Monday that they will be featured in spots promoting responsible drinking.

Anheuser-Busch InBev also said the Clydesdales will return to

be part of its upcoming Super Bowl ads.

"The Clydesdales play a strong role for the brand, representing Budweiser quality and care for more than 80 years. As icons of the brand — and relevant symbols of integrity, perfection and team spirit for all generations — they are important to the brand and our campaigns," Anheuser-Busch said in a statement Monday.

The change comes as Budweiser's share of the

U.S. beer market has declined since hitting its peak in 1988.

According to Beer Marketer's Insights, Budweiser had 7.6 percent of the market last year, down from 14.4 percent a decade ago.

The erosion has been the result of the growing popularity of light and craft beers, said Eric Shepard, executive editor of the industry tracker.

"You look around, and we have this huge group

Market continues on D2

FROM THE COVER



Associated Press / Vestas Wind Systems

Most offshore wind generation is in Europe, including this site near Wales, but the U.S. government will offer 742,000 acres off the Atlantic for development.

Texas leads U.S. in wind generation

Texas from page D1

the Panhandle. Austin-based Baryonyx Corp. had been pursuing a 300-turbine wind farm off the coast of South Padre Island, but its status today is unclear. Emails to its chief financial officer bounced back as undeliverable

Monday, and the voicemail box for its Austin office was full.

Federal documents indicate Baryonyx withdrew its applications to the Army Corps of Engineers in May. At the time, the developer said it would re-evaluate the project and re-submit an application.

Earlier this year, it failed to win selection from the U.S. Department of Energy as an offshore wind demonstration project, which would have entitled it to millions of dollars in federal assistance.

ryan.holeywell@chron.com
twitter.com/RyanHoleywell

AIR BAGS

Honda had lapses in reports

By Tom Krisher
ASSOCIATED PRESS

DETROIT — Honda is admitting that it failed to report more than 1,700 injury and death claims about its vehicles to U.S. safety regulators, a violation of federal law.

The Japanese automaker, in statements issued Monday, also said it became aware of the omissions in 2011, yet it took about three years to take action.

The company said it filed documents detailing the lapses on Monday with the National Highway Traffic Safety Administration, which had demanded an explanation on Nov. 3. The agency said at the time that Honda may have failed to report incidents related to air bags made by Takata Corp. as well as other defective parts. Honda has recalled more than 5 million vehicles in the U.S. since 2008 to fix a potentially fatal defect in air bags made by Japanese auto supplier Takata. The air bag inflators can rupture after a crash and injure occupants with shards of metal.

Honda blamed the lapses on inadvertent data entry and computer programming errors, as well as a misinterpretation of the federal TREAD act, a law passed in 2000 requiring faster reporting of deaths, injuries and safety defects by automakers. Under the law, automakers must report each quarter any claims they receive alleging that defective vehicles or parts caused a death or injury.

But Honda said it did not report 1,729 death and injury claims from July 1, 2003, through June 30, 2014. During that 11-year period, the company only reported 1,144 claims, it said in statements. The numbers are the result of an audit conducted by the law firm of Bowman and Brooke that began on Sept. 23. The unreported claims included one death and seven injuries attributed to faulty Takata air bag inflators, but Honda's statement said those were reported to NHTSA in other unspecified ways from 2008 to 2013. The unreported death happened on May 27, 2009. Ashley Parham, 18, of Oklahoma City, was driving a 2001 Honda Accord across a high school parking lot in Midwest City, Okla., when it hit another car. The air bag inflated and sent shards of metal into her neck. Her family sued Honda the following month. Honda acknowledged in its statements that one of its employees recognized the data entry errors in 2011, and the company was made aware of under-reporting by NHTSA in January 2012. NHTSA on Monday would not answer questions about what ac-



Associated Press / Insurance Institute for Highway

This photo shows a crash test of a 2002 Honda CR-V, a model subject to a recall on faulty air bags.

tion it took, if any, in 2012. The agency said it is reviewing Honda's documents.

"Honda began looking into the issue at that time, but did not take conclusive action," Executive Vice President Rick Schostek said during a teleconference with reporters. He would not take questions. A spokesman said that was because the matter was legally sensitive and the documents had just been submitted to NHTSA.

The company says it is taking corrective action to make sure the lapses don't happen again.

Honda should get the maximum fine for "massively" violating the law, said Clarence Ditlow, head of the Center for Auto Safety, a nonprofit watchdog group. Honda hid more claims than it reported, so NHTSA should refer the case to the Justice Department for a criminal investigation, he said. Ditlow said it "strains credulity" that a sophisticated company like Honda could make so many errors.

NHTSA has the authority to fine automakers up to \$35 million for failing to report defects in a timely manner.

Market share for Bud shrinks

Market from page D1

of young drinkers, almost half of them have never tried the brand," Shepard said.

Light beers like its sister, Bud Light, have chipped away at Bud's share of the market for decades.

Bud Light overtook it as the No. 1 selling beer in 2001, and Coors Light displaced it as No. 2 in 2011, according to the Wall Street Journal.

Ahead of Thanksgiving, Budweiser has been running ads for its "Holiday Crates" that include 18-packs of Budweiser bottles. The company says the crates are replicas of those that were used to deliver the beer to retailers after Prohibition. The ads feature younger people dedicating beers to their loved ones.

The Clydesdales have been associated with Budweiser since 1933, when the company introduced them to celebrate the repeal of Prohibition for beer.

Tanker in Gulf of Mexico since late July

Tanker from page D1

a pipeline to a Turkish port that bypasses the state oil company, which claims the right to broker all deals for Iraqi crude. The tanker United Kalavryta, carrying the oil, arrived in the Gulf of Mexico in late July and has remained anchored since in international waters 60 miles from Galveston as Iraq and the Kurdistan Regional Government bicker in court over who owns the cargo.

A federal magistrate initially authorized seizure of the oil on Iraq's behalf if any of it reached U.S. waters, but U.S. District Judge Gray Miller later dismissed that order, arguing that the U.S. lacked authority to hear the case. He left the matter open for



Lauren Victoria Burke / Associated Press file

further litigation, however, allowing Iraq to amend its complaint. In the weeks since, attorneys representing Iraq's oil ministry and the Kurdistan government have

trotted out the same arguments.

Iraq says U.S. courts should weigh in because the Kurdistan government refuses to appear before the Iraqi Federal Supreme Court, where a case is pending.

Kurdistan's attorneys say that because the dispute involves two foreign governments, any U.S. involvement should happen through the political branches, not the judiciary. Pointing to State Department communications, the Kurds' lawyers said the U.S. has made it clear that it has no plans to take sides in the matter.

Rep. Dana Rohrabacher, R-Calif., introduced a

bill in September officially recognizing Kurdistan ownership of oil produced from the region. The bill was referred to the House Committee on Foreign Affairs. The fight over the United Kalavryta's cargo persists even as Iraq and the Kurdistan Regional Government have started to negotiate their long-standing disagreements over oil exports. In an agreement struck earlier this month, Kurdistan agreed to exchange oil produced in the region for payments from the central government.

Rep. Dana Rohrabacher, R-Calif., wants the U.S. to recognize Kurdistan's ownership of oil produced in that semi-autonomous region of Iraq.

rihannonmeyers@chron.com
twitter.com/ChronRhiannon



A July photo taken from a U.S. Coast Guard plane shows the United Kalavryta in the Gulf of Mexico.

Condo demand in area growing

Condo from page D1

promising ones in the Galleria area. One, a 26-story development called Belfiore, is being built on a 2-acre site at the southeast corner of Post Oak Lane and South Wynden Drive, between San Felipe and Woodway.

It will include 46 residences, including two penthouses. Avid developer Randall Davis plans to build a 28-story condominium tower, called Astoria, on Post Oak Boulevard.

The 8-story Memorial Towers, a 1960s-era apartment building on Memorial and Detering, also is on the market, Curry said. He said one option under consideration is converting it into a condominium project.

"Anywhere between the Galleria and downtown, there is a need," Curry said. "We have already seen the demand."

erin.mulvaney@chron.com
twitter.com/erinmulvaney

FATAL CRASH

Former executive pleads guilty in copter fraud case

By Jeff Barnard
ASSOCIATED PRESS

GRANTS PASS, Ore. — A former executive of a southern Oregon company whose helicopter crashed, killing nine people fighting a 2008 wildfire, has pleaded guilty to providing false aircraft weights to the U.S. Forest Service to win a firefighting contract.

Steven Metheny, of Medford, pleaded guilty Monday in federal court in Medford to fraud and conspiracy, two of the 22 counts of the indictment against him. Metheny was vice presi-

dent of Carson Helicopters outside Grants Pass when one of the company's helicopters crashed on takeoff while carrying a firefighting crew fighting the Iron 44 fire on the Shasta-Trinity National Forest near Weaverville, Calif. It was the deadliest helicopter crash involving working firefighters in U.S. history. Sentencing was set for March 2. Metheny faces up to 25 years in prison and \$250,000 in fines on the two charges.

Defense lawyer Steve Myers noted that prosecutors never alleged that the false helicopter weights in

any way contributed to the crash, and the plea agreement contained no reference to responsibility for the crash.

Nina Charlson, of Eugene, whose 25-year-old son was killed in the crash, told The Mail Tribune that she had expected Metheny to admit responsibility for the crash.

U.S. Attorney Amanda Marshall said the false information created a "reckless risk of harm to those who used the information in firefighting operations," including those involved with the helicopter that crashed.

The National Transportation Safety Board investigation showed the helicopter weighed more than 19,000 pounds when pilots tried to take off, while Forest Service guidelines called for a limit of 15,340 pounds.

A Portland jury found that an engine problem was responsible for the crash.

In the plea agreement, Metheny admitted that he conspired with Levi Phillips, former director of maintenance for Carson, to submit false weights for their empty Sikorsky S-61N helicopters in their

bid to the Forest Service for firefighting contracts in 2008. Phillips had created a formula to estimate the weight of empty helicopters, rather than actually weighing them, and Metheny knew the weights in the bids were based on estimates. The estimates were used to meet minimum contract specifications.

Phillips pleaded guilty to fraud in 2013 and had agreed to testify against Metheny. His sentencing was scheduled for Feb. 2, but Myers said he expected the two men to be sentenced together.

Report grim for Greece

ASSOCIATED PRESS

ATHENS, Greece — Greece may be exiting a recession, but it will take at least 20 years for employment to regain pre-crisis levels without concerted action, the United Nations' labor organization says. Greece nearly went bankrupt in 2010 after years of profligate public spending, and took harsh austerity measures to secure international bailouts. Unemployment is 26 percent