

BUSINESS

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• **DOW:** 35,213.12, down 192.38 (-0.5%) | • **S&P:** 4,470.00, down 26.19 (-0.6%) | • **OIL:** \$67.42, down 94 cents (-1.4%) | • **NATURAL GAS:** \$4.18, down 29 cents (-7.4%)

Cyberattack risks rise for offshore rigs

Tech firm's report at OTC finds guidelines, regulations and techniques are out of step

By Paul Takahashi
STAFF WRITER

Deep-water drilling rigs face “shortfalls and real challenges” against cyberattacks and hacking, according to a two-year cybersecurity study.

Naval Dome, a cybersecurity firm based in Israel and Cambridge, Mass., partnered with the

offshore division of Royal Dutch Shell to identify and reduce cybersecurity risks to offshore deep-water drilling rigs. Their report, published last week at the Offshore Technology Conference in Houston, found that minimum guidelines, regulations and security techniques are out of step with the oil industry as it relies more on automation and remote

technology to efficiently and safely drill for crude.

“Where systems installed on offshore platforms had traditionally been isolated and unconnected, limiting cyber-hack success, the increase in remote monitoring and autonomous control, (Internet of Things) and digitalisation has made rigs much more susceptible to attack,” Adam Rizika, Naval Dome’s head of strategy, said in a statement.

The oil and gas industry is contending with the growing threat of

cyberattacks in the wake of the Colonial Pipeline hack, which disrupted gasoline supplies across the northeastern U.S. this summer. The Georgia-based pipeline company paid hackers, which used a compromised password, a \$4.4 million ransom to regain access to the pipeline. The cyberattack underscored how vulnerable the oil and gas industry is to hackers.

Naval Dome worked with Shell over the past two years to install and test its Endpoint cyber-de-

fense system on drilling rigs in the Gulf of Mexico. During a simulated cybersecurity attack to test the system, a service technician unwittingly used a USB stick with malicious software to infiltrate internal systems and networks.

“The modified file was packaged in a way that looked and acted like the original one and passed anti-virus scanning without being identified as a cyberattack or picked up by the installed cyber network traffic monitoring

Risks continues on B7



Photos by Michael Wyke / Contributor

Dignitaries line up Thursday to turn sand during a groundbreaking ceremony on the East River site of a mixed-use development along the southern edge of Fifth Ward. The \$2.5 billion, 150-acre project’s first phase is expected to be completed by 2023.

East River project breaks ground

Ambitious mixed-use development expected to transform Fifth Ward

By R.A. Schuetz
STAFF WRITER

East River – a \$2.5 billion, 150-acre mixed-use development just east of downtown – broke ground Thursday morning.

Joined by Mayor Sylvester Turner, developers and others involved with the project donned hard hats and gray masks as they scooped up shovels full of sand in front of the downtown skyline. Cameras whirred.

Midway took the opportunity to announce Method Architecture and hot water system company TEAL as office tenants for the project’s first phase, and said the owners of the Astorian event venue would open a new event space and rooftop bar there.

The development is Midway’s most ambitious yet, and is planned to eventually stretch along a mile of waterfront on the north shore of Buffalo Bayou on



Bo Sanford, standing, chief risk officer of Midway, speaks during the groundbreaking of the East River development.

the southern edge of Fifth Ward. The plan spans the equivalent of 60 city blocks and includes 1 million square feet of new construction – including apartments, office space, restaurants, retail shops, and medical and enter-

tainment buildings. The large swath of land located in the heart of the city was an industrial site for nearly a century. Midway, the Houston-based developer best known for developing the mixed-use shopping

destination CityCentre in west Houston, has partnered with the Houston-based investment company Cathexis RE Holdings to redevelop the site. The first phase is projected to be complete in 2023, while the entire project could take 15 to 20 years.

East River is expected to have a transformative impact on the historically black neighborhood of Fifth Ward, a prospect that has raised both hopes of benefits for the community and fears of displacement.

“Today, we’re launching the beginning of the most important revitalization project in a generation,” Turner said. “We often say a rising tide lifts all boats,” he continued, calling East River “an opportunity... that could uplift Fifth Ward, Second Ward... and the (Houston) region.”

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Hines starts first mass timber office in Texas

Houston-based Hines is jumping into Austin commercial real estate with its first mass timber office project in Texas.



KATHERINE FESER
Real Estate

T3 Eastside will have 92,000 square feet of office space and 9,200 square feet of residential space.

The project, a Hines eco-minded initiative named for timber, transit and technology, will be developed at 1200 E. 4th St. and include 15 loft-style units with a historical industrial design. Mass timber projects use wood, generally in compressed layers, as structur-

al elements and are seen as more sustainable forms of building.

The Austin project is among 16 T3 office projects for Hines and is the first to be designed with a residential component, according to John Mooz, senior managing director at Hines. The construction method incorporates wood products generated from fast-growing trees.

T3 Eastside, which is accessible to downtown by rail and close to living, dining and entertainment options, is the first project in Austin for Hines in more than 40 years. Several additional projects across various sectors will be

Hines continues on B7



Hines

Hines is developing its first timber project in Texas – T3 Eastside in Austin – with a residential component.

Chronicle publisher McKeon to retire

By Paul Takahashi
STAFF WRITER

Houston Chronicle Publisher John McKeon said Thursday that he will be retiring, capping a more than 40-year career in the newspaper business.

McKeon, who has been the Chronicle’s publisher since 2015, will stay on with the company while a search is conducted for his successor. The search is expected to take several months.

“After over 40 years in the newspaper business, I have much to be thankful for,” he said in a letter sent to staff Thursday. “Most notably the sacrifices of my wife Deb and our family in service to my career. It is now my turn to try and make up to her for what she has done for me. A task I fear that I will not be the equal of, but I will try my best.”

Jeff Johnson, president of Hearst Newspapers, lauded McKeon’s leadership of the Chronicle.

“During his time at Hearst, he has been a strong champion of investment in our content and the evolution of our business model,” Johnson wrote in a note to staff. “John displayed incredible leadership during Hurricane Harvey, as we sustained our operation under extremely difficult

McKeon continues on B7

U.S. flight attendants working at ‘wit’s end’

By Tacey Rychter
NEW YORK TIMES

As stranded Spirit Airlines travelers grew desperate at San Juan Airport in Puerto Rico during a chaotic night of cancellations on Aug. 1, banging on a gate door and yelling at staff, police officers rounded up the airline’s cabin crews to hide them.

A 28-year-old flight attendant recounted being rushed to a jet bridge, behind a secure metal door, and then later to an office on the tarmac.

There, about 35 Spirit employees were told by a manager to change out of their uniforms for their safety.

“We were scared,” said the attendant, who asked not to be identified by name because of the airline’s media policy. “I’ve seen some crazy stuff, but this moved into No. 1.”

Air travelers have faced an unusually high number of disruptions this summer because of widespread labor shortages, bad weather and technical problems. Nearly a quarter of U.S. passenger planes between June and mid-August were delayed, while almost 4 percent of flights were canceled in the first half of August, according to data from Flight Aware, a flight track-

Flights continues on B7