



Pacific Energy Partners, L. P.

# California Energy Commission Workshop On Proposed Transportation Of Petroleum Fuels

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November 29, 2004



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# Pacific Energy Partners

- Publicly traded master limited partnership (PPX: NYSE)
- Operate crude oil pipelines and terminals in California, Rocky Mountains and Canada
- Currently provides crude oil marine import infrastructure for Los Angeles Refineries through
  - Access to the Shell Dock in the Port of Long Beach
  - Tankage for receipt and storage of imports
  - Pipelines for distribution to the refineries
- Developing a new deep water liquid bulk terminal in the Port of Los Angeles – “Pier 400”



## Pier 400 Project Update

- Pacific presented the Pier 400 Project to the CEC on June 28, 2004
- Would like to provide a status update today
- Pier 400 addresses one of the key issues currently being analyzed by the CEC:
  - The Inadequacy of Supply Infrastructure for importing crude oil into the Southern California Refining Markets



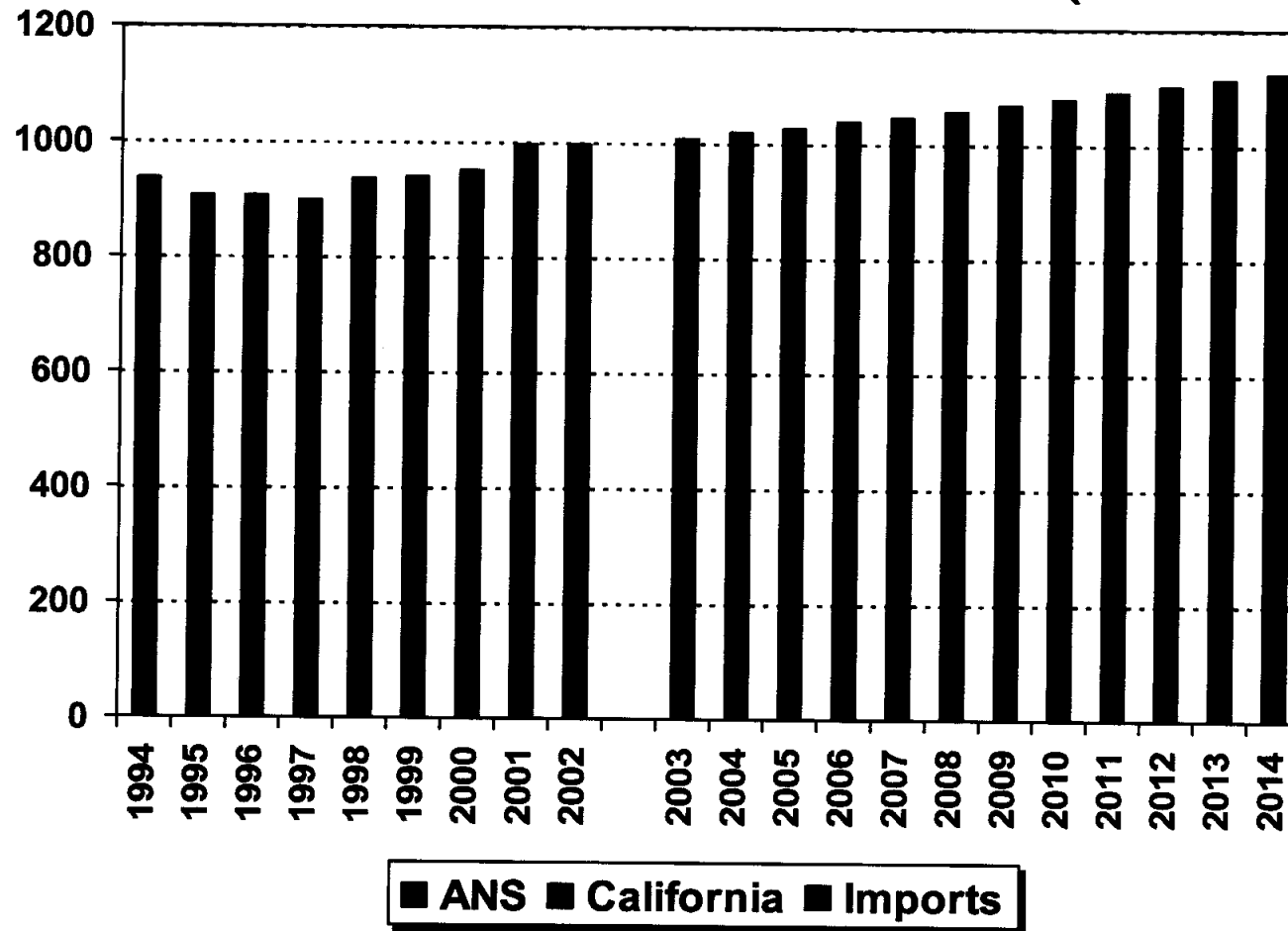
## Supply Infrastructure Inadequacy

- As described in the background information distributed for this workshop, In – state petroleum extraction continues to decline
- In order to keep our refineries adequately supplied, crude oil imports must increase
- Existing crude oil import facilities in the Ports of Los Angeles and Long Beach are not adequate to handle increased imports and are currently operating at capacity
  - There are a limited number of berths
  - There is a limited amount of tankage
  - Existing berths are older with shallow water depths



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## Southern California Crude Oil Supply by Region 1994 to 2014 (MBPD)



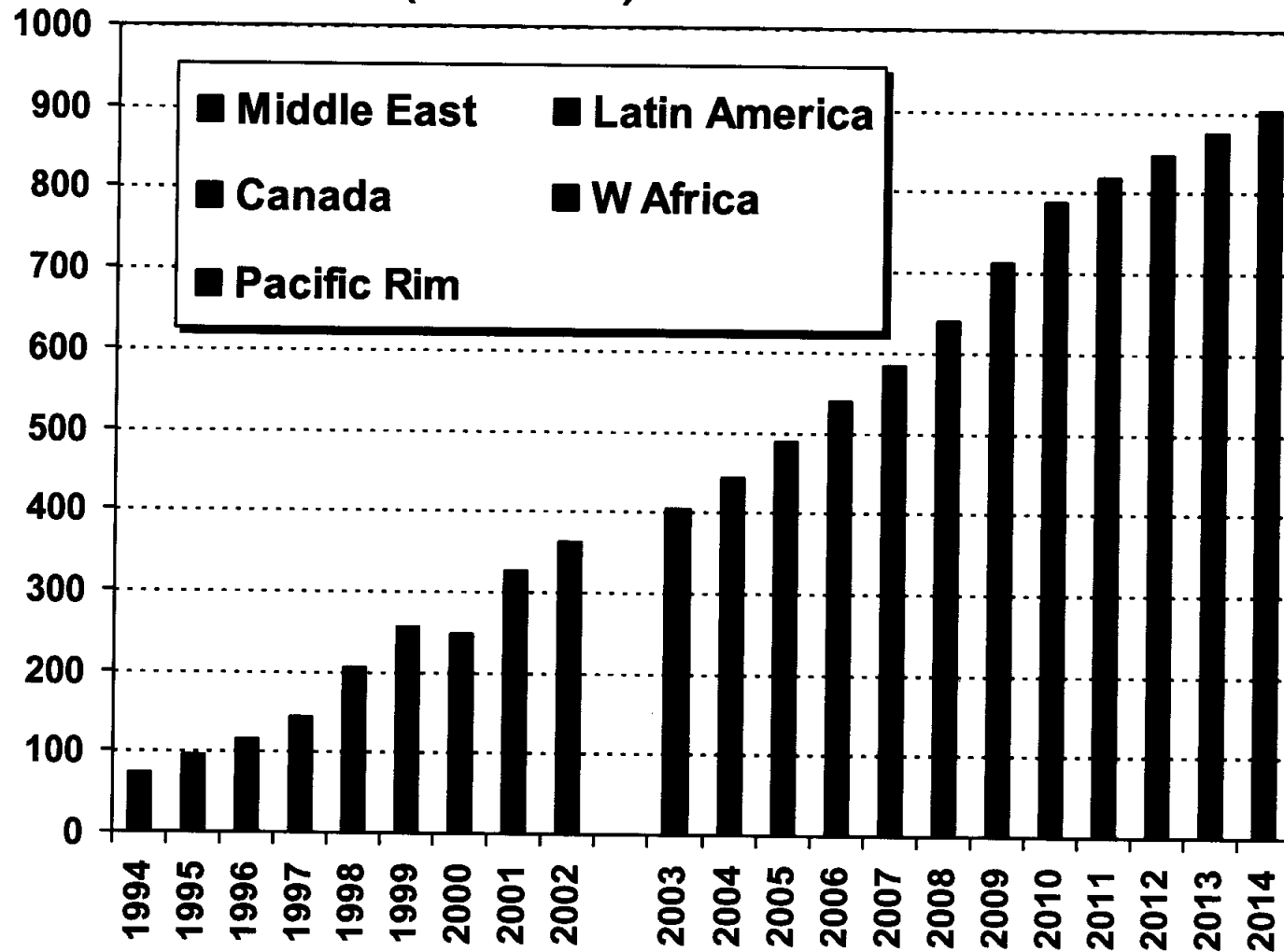
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## Southern California Imported Crude Oil Supply 1994 to 2014 (MBPD)



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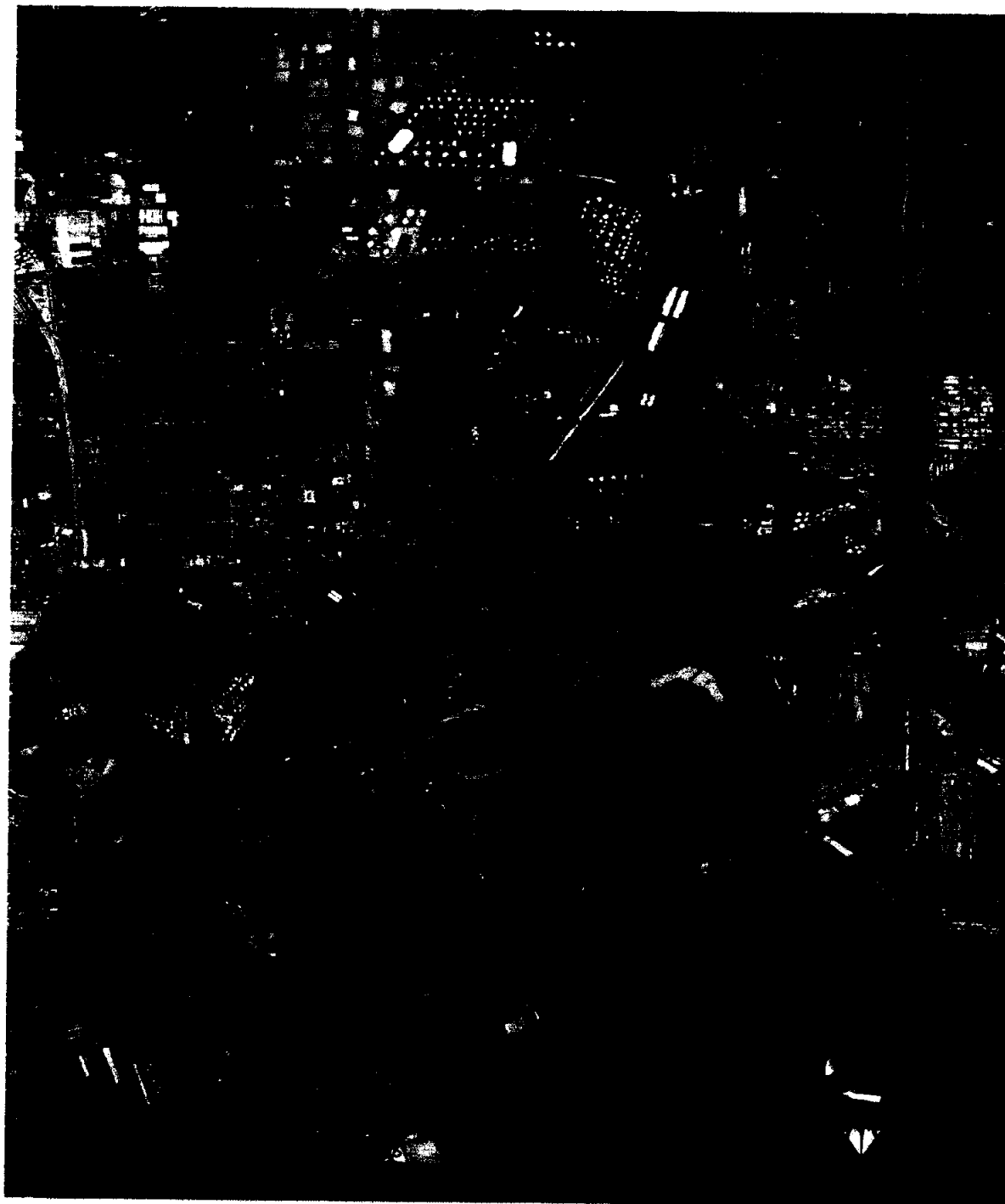


## Pier 400 Project Design Features

- Can handle up to 250,000 barrels per day of imports
- Will have 81 feet of water depth for VLCC's
- Up to 4.0 million barrels of tankage
- Connected to all major refineries
- Designed for easy and safe navigation of marine vessels
- Avoids inner harbor traffic and congestion
- Marine vessel emissions will be offset and mitigated
- World class facility with adherence to the highest standards of safety and security
- Estimated cost expected to be \$130 to \$160 million



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## Pier 400 Project – Strategic Advantages

- The deep water depth of 81 feet will allow the refineries to bring in large tankers in the VLCC class.
  - This allows the refineries to access crudes from around the world and to be independent of problems in one particular region of the world
  - Refiners can also take advantage of world crude oil market opportunities as they develop
- The above features will allow refiners to manage the cost of crude oil feed to their plants



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## Pier 400 Project – Strong Commercial Support

- Valero committed to 50,000 barrels per day for 30 years
- Discussions are underway with several other major integrated oil companies for long term contracts
- Expected initial volume at start-up of the facility is in the range of 150,000 to 180,000 barrels per day



## Current Activities - Permitting

- NEPA/CEQA process began on July 8, 2004 with the 1<sup>ST</sup> public scoping meeting
- NEPA/CEQA expected to take 15 months
- Pacific has and will continue to purchase emission reduction credits for the project - \$9 million of credits have been purchased to date
- Air quality is a key issue with the POLA area communities
- The local communities are involved in the permitting process



## **Estimated Schedule**

- **Issue Notice of Preparation** **June 14, 2004**
- **Issue Final EIR** **July 22, 2005**
- **Approve Final EIR** **September 16, 2005**
- **Finish On-shore Construction** **February 6, 2007**
- **Finish Off-shore Construction** **February 16, 2007**
- **Project acceptance & start up** **March 16, 2007**



## CEC Considerations

- Major energy issue for California and Southwest U.S.
- Focus on barriers to projects
- Recognition of the great need for this project with sensitivity to local community concerns