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Update regarding Pier 400 Berth 408 Marine Terminal Project --
Comments Regarding Crude Oil Import Infrastructure

California Energy Commission
Transportation Energy Analysis Workshop
Sacramento, California
April 15, 2009

Background for Comments

- I am Dominic Ferrari a Vice President of Plains All American Pipeline
- I am speaking on behalf of Plains All American Pipeline LP – headquartered in Houston, TX
- I work in the Plains' Long Beach office and have responsibility for Plains' West Coast Pipelines
- I am here to provide an update regarding the Pier 400 oil import terminal being developed in the Port of Los Angeles
- I also plan to speak about our concern about the serious lack of petroleum import infrastructure in California in general and Southern California in particular, and the extraordinary delays in permitting new petroleum infrastructure facilities
- In addition I plan to comment on the general condition and limited capacity of many of the existing petroleum import facilities in California in general

Discussion Points

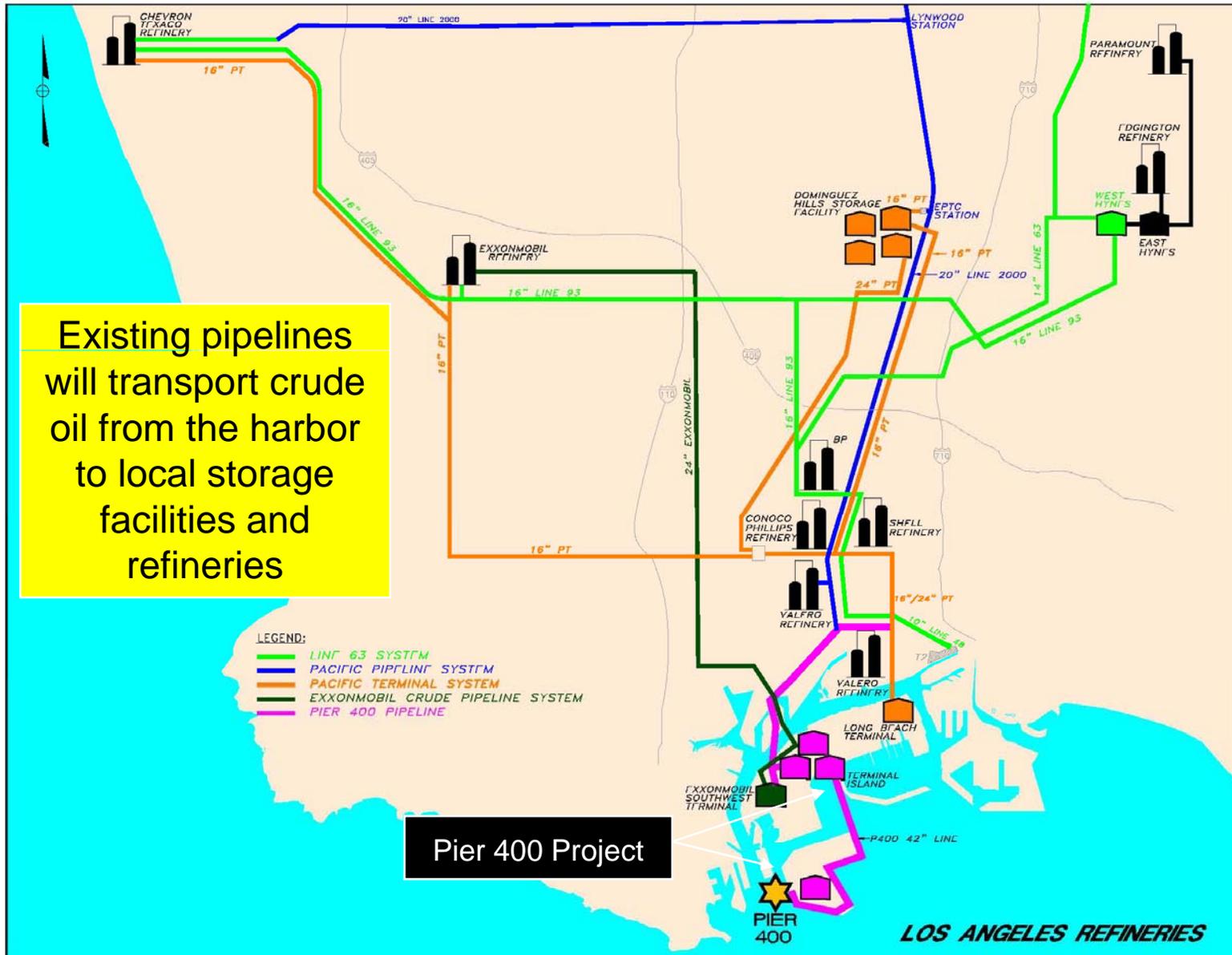
- California's domestic crude continues to declining rapidly
- California's population and related demand for petroleum continues to increase
- California's crude oil import facilities are nearly at capacity
- California's crude oil import facilities are, for the most part, old and not designed to meet today's import needs
- Permitting new import facility infrastructure is a complex and time consuming process
- The shortage of petroleum infrastructure is rapidly becoming a critical issue in the state and will likely have significant negative impacts on the State's economy and growing population
- Plains' Pier 400, Berth 408 project description and status

Plains Pier 400 Berth 408 Project

- Deep water berth with 81 feet of water depth
- 350,000 BPD of initial capacity (approximately 35% of today's Southern California demand)
- Ability to expand up to 667,000 BPD over time
- Will accommodate up to 325 MDWT VLCCs with over 2.0 million barrels of cargo
- 4 million barrels of drain-dry storage for crude and gas oils
- Up to 100,000 barrels per hour off loading rates
- Most environmentally friendly petroleum terminal in the world
- Safety and security are key project features

Pier 400 Marine Terminal Project





Berth 408 --Remaining Milestones to Entitlement

Steps to final approval

- Obtain final approval of EIR and EIS
Obtain US Army Corps of Engineers approval
- Obtain Harbor Commission approval (Land lease agreement & Coastal Permit)
- Obtain City Hall approval of Harbor Department Permit
- Obtain City Council approval of Harbor Department Permit
- Obtain AQMD “Permit to Construct”

Berth 408 – Since 2007

- CEQA Process has continued to be delayed
- Estimate that the project has been delayed at least two years
- Project EIR is still under appeal
- Capital Costs have increased significantly
- Many good paying jobs have been held up for minor environmental issues that have not changed the project
- Plains recommends that the CEQA process be reviewed and modified to minimize ability for minor issues to be allowed to delay important projects



Plains – Pier 400 – Berth 408 Project Timeline

Application and Entitlement Process

- Project application to POLA – April 2003
- Application accepted – December 2003
- Project Scoping notice -- June 2004
- Project Scoping meeting – July 8, 2004

Current Status and Construction Period

- EIR Approved November 2008 and appealed in late December 2008
- Expect positive City Council vote on April 15, 2009 – followed by 30 day waiting period
- Estimate 9 to 10 months to receive entitlement (if no problems)
- Estimate 18 to 22 months to construct
- Hope for operational facility by early 2012 (2 year delay from last presentation to CEC)

Petroleum Supply & Demand

- Data from Baker and O'Brien Study updated in April 2009 (separate presentation)
- High prices and economic slow down has slowed crude decline and crude oil demand
- It is projected that the Los Angeles basin alone will need 75% more imported oil by 2018 as it does today
- The current Southern California petroleum import infrastructure is near capacity
 - BP/COP/VLO - Berth 121 POLB - maxed out on vessel calls
 - Tesoro (Shell) - Berth 84a/86 POLB – nearly out of capacity
 - ExxonMobil – POLA – 0 BPD – effectively out of service
 - Chevron – El Segundo – 225 MBPD – varies with domestic supply

Crude Oil Supply & Demand Baker & O'Brien Update

- Today's discussion is primarily on Southern California
- More detailed report will be on the Plains www.Pier400berth408.info website in the near future
- Continued decline in ANS for next decade before Alaskan projects influence production decline
- Expect ANS to be diverted from Los Angeles in favor of the Alaskan, Puget Sound and Bay Refineries
- Estimate a 3.5 % overall decline in California crude oil production over the next decade
- After central California demand is satisfied, estimate a 40%/60% split in for central valley production between Los Angeles and the Bay area
- Refinery creep will vary in the overall LA Basin refinery demand – will depend upon demand and other supply factors
- More detailed slides will be presented by Baker and O'Brien in a separate presentation at this workshop



Existing Petroleum Import Facilities

- Berth 121 in Long Beach is newest – nearly 30 years old
- State Lands Facilities Division – MOTEMS review
- Recently conducted statewide review of all the petroleum facilities in the state
 - Average age is over 50 years old
 - Many wharfs and piers have wooden piles and decks
 - Facilities are under designed for types of vessels in use today
 - Facilities were not designed to meet today's seismic requirements
 - Facilities not designed to meet tsunami and/or passing vessel conditions
- Instead of delay and roadblocks, Public Policy should encourage and support replacements, modernizations and upgrades of the State's petroleum import facilities

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