



Port of Grays Harbor

On Washington's Pacific Coast

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CBR FACT SHEET

What is crude oil and CBR?

Crude oil, the liquid form of petroleum, is a naturally-occurring substance found in rock formations below the Earth's surface. Crude oil is typically classified as light, medium or heavy depending on how light or heavy it is compared to water, also referred to its API gravity. It is then identified as being one of five primary types of crude oil.

Crude oil is a mixture of mostly naturally occurring hydrocarbons that can be used for many different products by separating the many compounds during the refining process. Gasoline, propane, butane, methane, kerosene, diesel, and lubricating oil are just some of the products that come from crude oil processing.

CBR stands for crude by rail and refers to crude that is transported by rail car from its origin to a storage terminal or refinery. In the case of the Port of Grays Harbor, the projects being considered would construct storage terminals to receive and store crude oil that would then be transferred to barge or vessel for transport to a refining facility.

Where will the crude oil come from?

The crude oil would travel by rail to the Port of Grays Harbor from a variety of locations throughout the U.S. and Canada. Crude coming from the Bakken Shale, located in North Dakota, Montana and Saskatchewan, Canada, is the most likely source. The Niobrara Shale, which encompasses parts of Colorado, Wyoming, Kansas and Nebraska, is another possible point of origin.

Who is involved?

There are currently three separate CBR projects proposed at the Port of Grays Harbor.

Existing tenant Westway Terminals, LLC presently imports and stores liquid bulk commodities including methanol in four existing tanks on its 16 acre lease with the Port. Westway submitted permits to construct four additional tanks to store crude oil that will be received by rail and ultimately be loaded via pipeline onto barge or vessel to be transported to West Coast refineries from Terminal 1. The City of Hoquiam and the Department of Ecology, as co-lead agencies, issued a Mitigated Determination of Non-Significance (MDNS) as the threshold determination for Westway's SEPA checklist and a Shoreline Substantial Development Permit was issued by the City on April 26, 2013. Appeals of the Shoreline Substantial Development Permit will be heard before the Washington State Shorelines Hearing Board the week of September 30, 2013. Westway is working to obtain another 12 required permits prior to construction and 13 others will be required prior to beginning operations.

Imperium Terminal Services, LLC, also an existing tenant of the Port of Grays Harbor at Terminal 1, submitted permits and a completed SEPA checklist to construct up to nine tanks for CBR unloading and storage adjacent to its existing bulk liquid storage terminal. A Mitigated Determination of Non-Significance was issued May 2, 2013, by the City of Hoquiam and the Department of Ecology, as co-lead agencies for this project. The Shoreline Substantial Development Permit was issued by the City on June 17, 2013. Appeals of the permit are pending and are scheduled to be heard before the Washington State Shorelines Hearing Board the week of September 30, 2013. Imperium will be required to obtain an additional 12 permits prior to construction and another 13 prior to beginning operations.

Following a 7-month Access Agreement, Grays Harbor Rail Terminal (GHT), a subsidiary of US Development Group, LLC (USD) was granted an Option to Lease by the Port of Grays Harbor for property located at Marine Terminal 3 in Hoquiam, WA in April 2013. The Option allows GHT to continue its feasibility analysis and seek permits in an effort to bring the project to a shovel ready state. GHT is proposing to receive crude oil by rail via unit train and store it in on-site tanks before it is loaded to barge or vessel, all via pipeline. USD has constructed and operates 12 similar terminals throughout the U.S.

Each of the projects are independent of the others.

Why are they considering investing and developing at the Port of Grays Harbor?

Liquid bulk products are not new to the Port of Grays Harbor. For many years fuel bunkering occurred at Terminal 1 and over the past five years, recruitment of Imperium Grays Harbor and Westway Terminal Company have resulted in development of a first class liquid bulk shipping facilities at Terminals 1 and 2.

Grays Harbor's strategic location and infrastructure are attractive to companies whose products originate in the Midwest or further east, travel by rail and are able to transfer to deep-water vessels or barges. The combination of deep-water shipping terminals, rail service, experienced labor and available land for development of facilities is what first attracted Westway Terminal Company to the area in 2009 and these attributes continue to provide an attractive development option for companies looking to expand their West Coast shipping presence.

Is it safe to transport, store and ship crude oil?

All of the proposed projects must go through a rigorous planning and permitting process at the local, state, and federal level. In addition, each proposed site will be required to have site-specific spill prevention and response plans.

The Port of Grays Harbor will work with the many partners to ensure that all safety and environmental requirements are addressed. The Port also has a long standing relationship with the short-line Puget Sound and Pacific Railroad that will serve the community and the Port's tenants well as the need to address logistics and safety concerns develops.

The Port and the perspective tenants are dedicated to keeping the public up to date with accurate information. There will also be opportunities for the public to be involved and weigh in on the process.