

NEIGHBORHOOD MEETING AGENDA

Sulfur Loading Test Information – October 22, 2009

Welcome and Introductions – Bob Hyde

Presentation- Bob Hyde

Sulfur Technical Info - Jay Willenberg , P.E.

Test Logistics- John Hachey

Questions



LEASE OPPORTUNITY AT MARINE TERMINAL PRILLED SULFUR EXPORT



PRILLED SULFUR 101

- ✘ 16th most plentiful element in earth's crust
- ✘ Used for fertilizer, chemical processes
- ✘ China is world's largest importer
- ✘ Canada is world's largest exporter
- ✘ Most sulfur is obtained as by-product from oil and gas production (refineries)
- ✘ Not a marine pollutant, insoluble in water

PRILLED SULFUR EXPORT

- ✘ Why the Port may become Involved
 - + By-product of the refining process
 - + Major issue for refineries to handle
 - + Pacific coast terminal will no longer handle sulfur after 2010
 - ✘ Canadian sulfur is required to be de-gassed
 - + Shell and other refiners can:
 - ✘ Build a de-gasser at \$12 million plus at each refinery
 - ✘ Landfill the sulfur
 - ✘ Export over our dock or others (Grays Harbor, etc.)

PARTICIPANTS

- ✘ Shell Oil
- ✘ Tesoro
- ✘ BP- Cherry point
- ✘ Conoco Phillips
- ✘ Chevron
- ✘ US Oil
- ✘ Montana refineries

STAKEHOLDERS

- ✘ Community members
- ✘ Neighbors of Pier 2 marine terminal
- ✘ Regulatory agencies
- ✘ Metropolitan Stevedore & longshoremen
- ✘ Port of Anacortes
- ✘ City of Anacortes
- ✘ Shell Oil

STAKEHOLDERS

- × Other Refineries
- × Marsulex
- × Dakota Creek Industries
- × Randy's Pier 61 Restaurant
- × Crowley Tugs

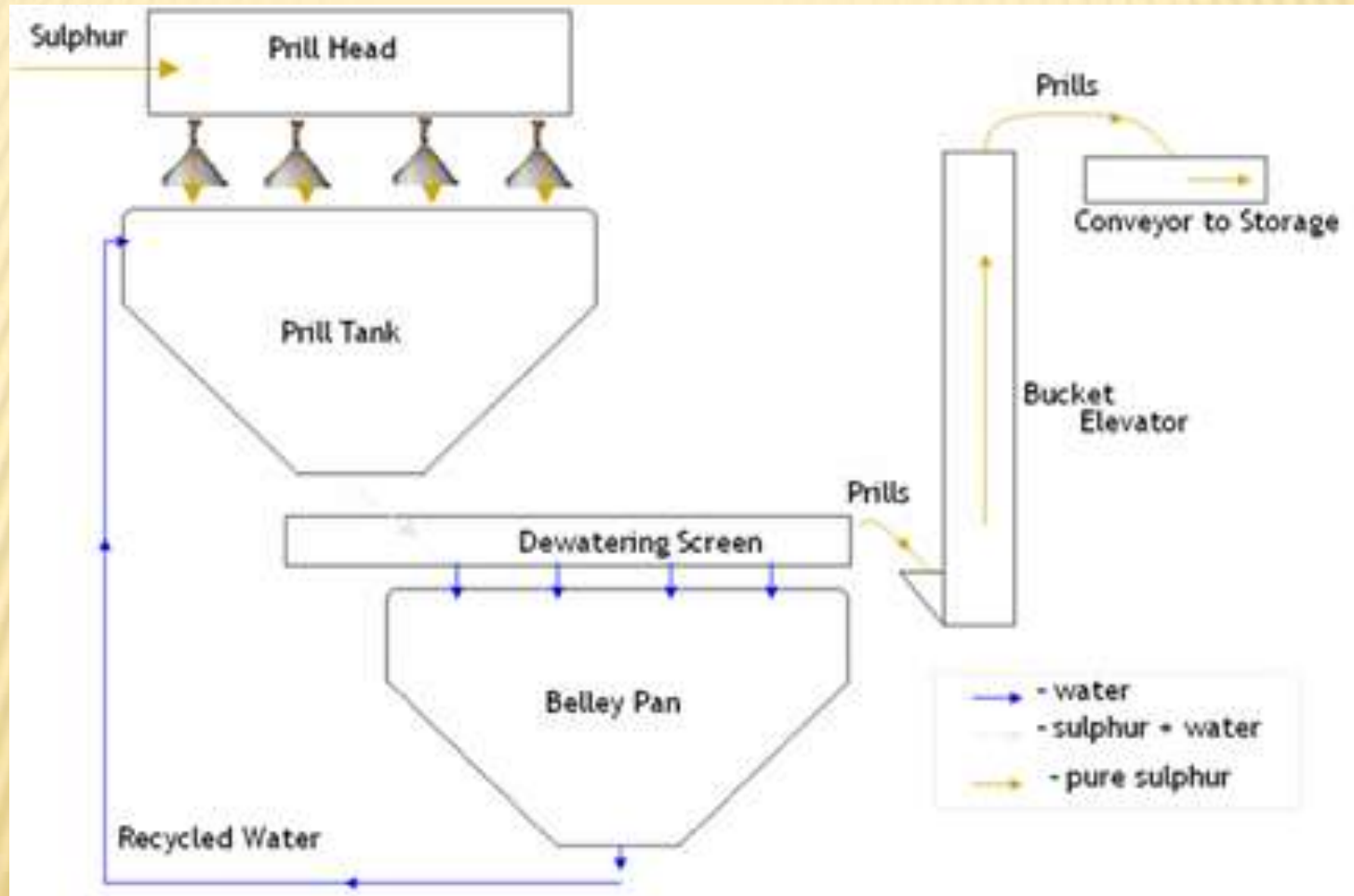
TRUCKS BRING LIQUID SULFUR FROM REFINERIES TO MARSULEX PLANT



Small plant in industrial zone off Ovenell Road

WET PRILLER

Converts liquid sulfur to solid prills



Wet priller operation leaves some moisture in prill which helps to minimize dust

MARSULEX



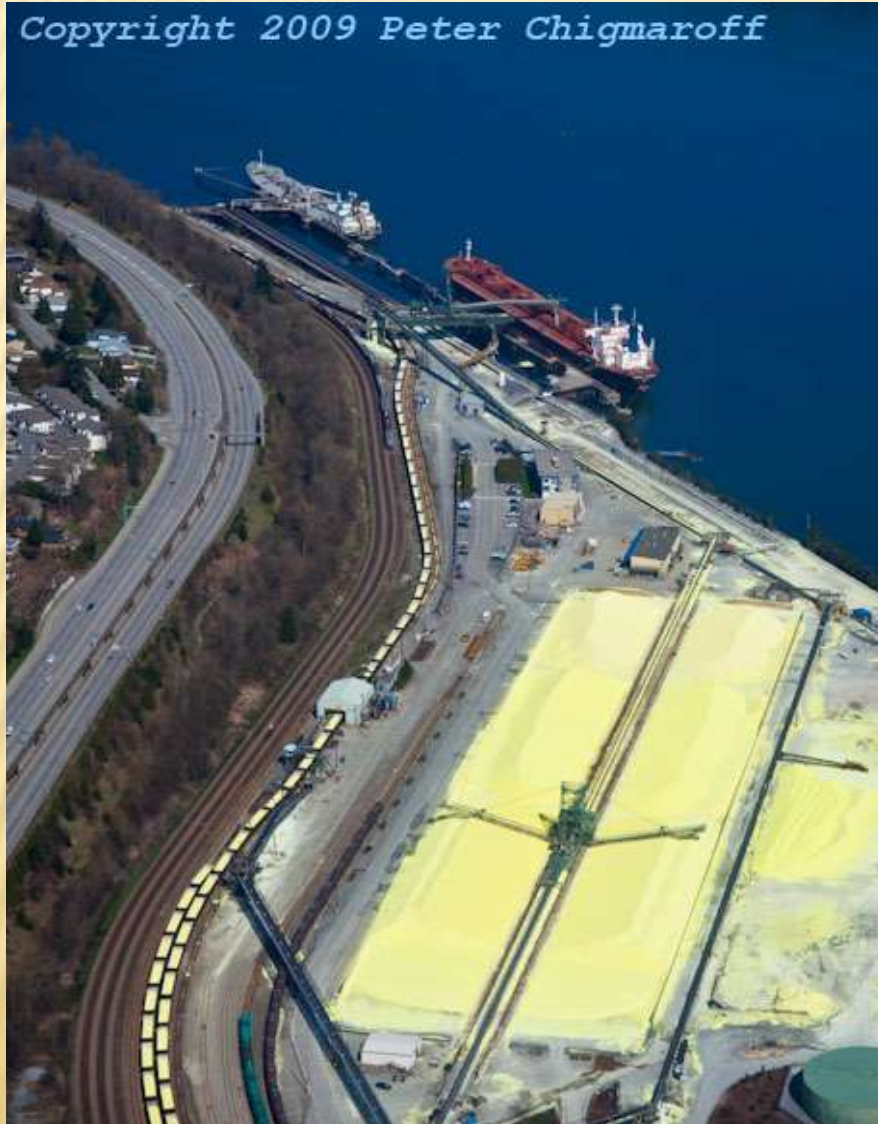
- ✘ Trucks are loaded for shipment to Port for export

OTHER OPTIONS FOR EXPORT

- ✘ Send to landfill
- ✘ Send to Ports of:
 - + Stockton
 - + Grays Harbor
 - + Los Angeles

PACIFIC COAST TERMINAL

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- ✘ Largest sulfur export terminal in the world
- ✘ Open piles, open rail cars

PORT OF ANACORTES PIER 2



- ✘ No storage, direct transfer
- ✘ No open trucks, sealed trucks
- ✘ Small annual volume

THE CONCEPT

- ✘ Shell and other refineries contract with Marsulex to turn their liquid sulfur into solid prills
- ✘ Marsulex contracts with Port (5-10 year contract with 2 year termination notice)
- ✘ Port establishes Interlocal Agreement with City
 - + City receives per ton payment for street repair and maintenance (truck routes)

THE CONCEPT

- ✘ Delivery would be in sealed bottom dump trucks with pups – similar to coke trucks
- ✘ Operation very similar to coke loading –
7:00 am-10:00 pm when a ship is in port

THE CONCEPT

- ✘ No storage at Pier 2 – direct transfer from truck to ship
- ✘ Ships same or a bit larger than average coke ship – 50,000 tons to 66,000 tons
- ✘ Sulfur is heavier and less dusty than coke

THE CONCEPT

- ✘ Water mist will be used to keep down dust
- ✘ Ship hatches will be closed when full - only 1 open hatch at a time
- ✘ Structure to be built over the loader's hopper

FACTORS TO CONSIDER

- ✘ Increased truck traffic approx 4-5 ships/year
- ✘ Odor may or may not be noticeable to Cap Sante neighbors
- ✘ Capital cost - need to build tent or building over loader for approx \$100k
- ✘ Bright yellow color – in the unlikely event of a spill, it can be identified for cleanup

STRENGTHS

- ✘ New Jobs – approx. 11.5 FTE at marine terminal
- ✘ Keeps Jobs – maintains 6 associated jobs at Marsulex Plant in Mount Vernon
- ✘ Expansion – Marsulex Plant in County – proposed expansion of storage capacity
- ✘ No dust complaints in years for coke operation

PRILLED SULFUR EXPORT

The numbers:

- Shell produces 30,000 tons/year
- Other refiners produce 90,000 tons/yr
- **Total = 120,000 tons per year**
- Compare to current coke loading at 300,000 tons per year

PROPOSED SEQUENCE OF EVENTS

- ✓ Commission approval to pursue
- ✓ Shell to visit Stockton to ensure feasibility here
- ✓ City leaders approval to pursue
- ✗ Meeting with neighbors
- ✗ Coordination with regulatory agencies
- ✗ Test ship loading

PROPOSED SEQUENCE OF EVENTS

- ✘ SEPA Checklist and public comment period
- ✘ Obtain required permits, including air quality permit
- ✘ Sign agreement with Marsulex
- ✘ Begin in mid to late 2010

POTENTIAL ADDITIONAL MEASURES

- ✘ Establish a Marine Terminal Advisory Committee
- ✘ Re-engineer the loader tube