



Port of Vancouver USA Petroleum by Rail Terminal

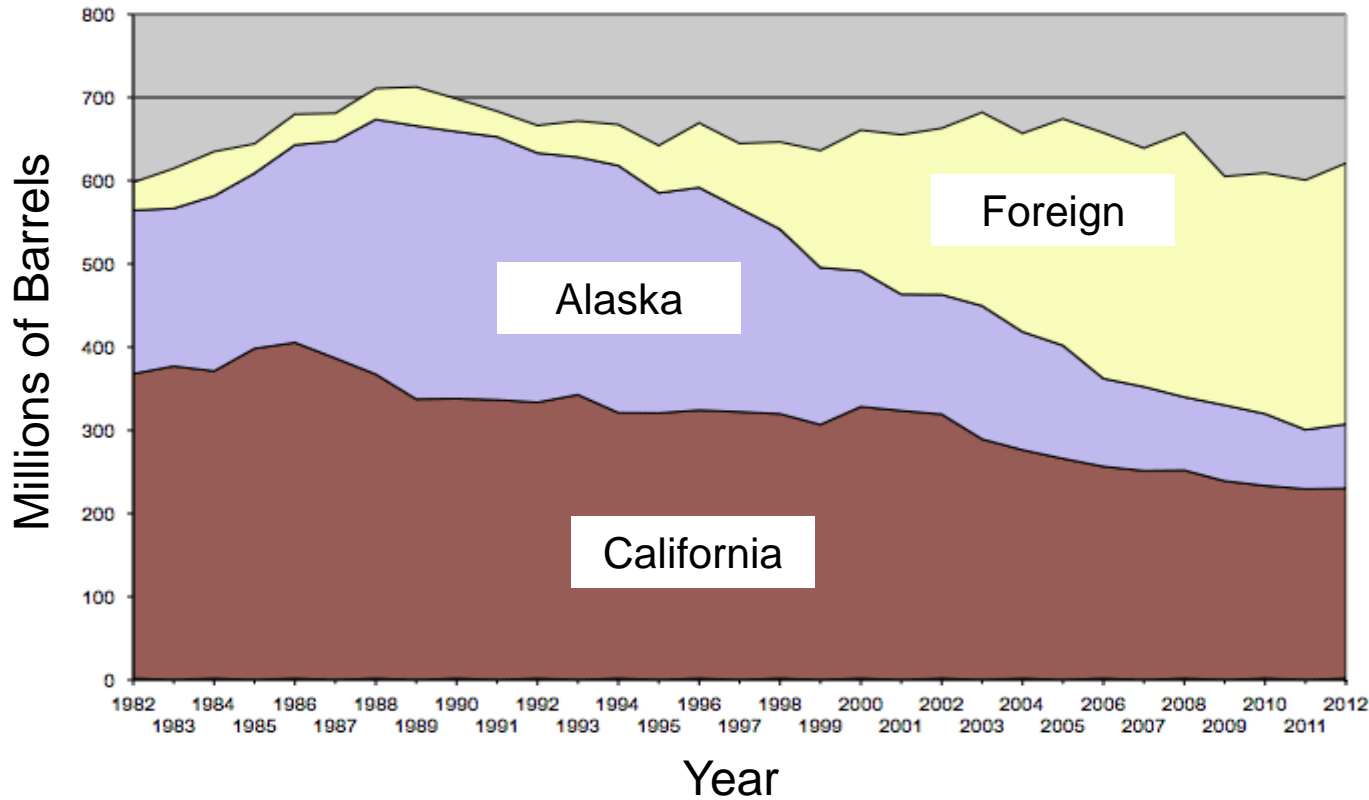
June 27, 2013

Overview

- Supplying the West Coast with North American Petroleum
- Partnership of Tesoro and Savage
- Safety and Environmental Stewardship
- Tesoro Savage Petroleum Terminal
- Benefit to Local Economy

Increasing Dependence on Foreign Supply

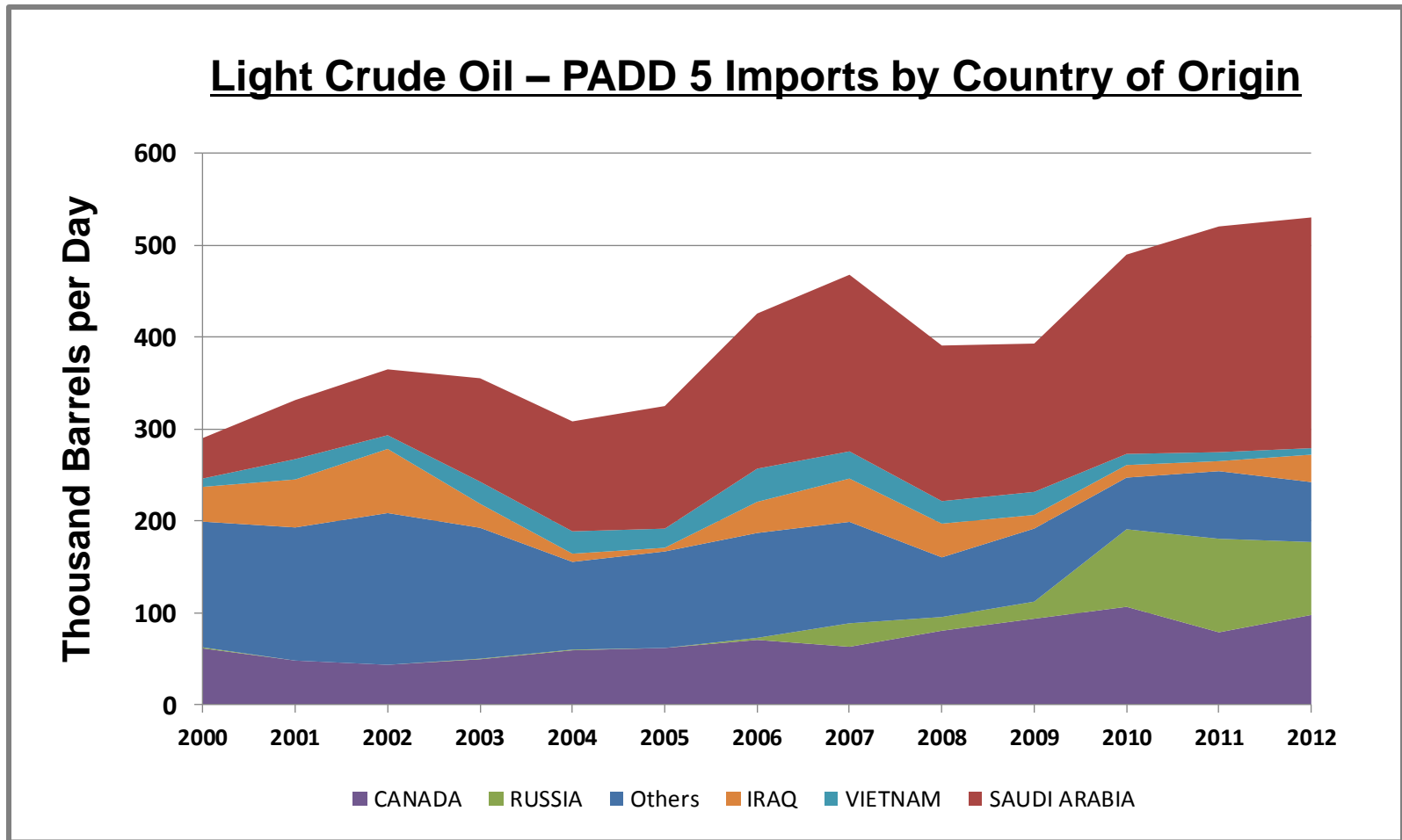
Petroleum Supply Sources to California Refineries



Foreign Sources

- Saudi Arabia 27%
- Ecuador 19%
- Iraq 18%
- Colombia 12%
- Angola 5%
- Others 19%

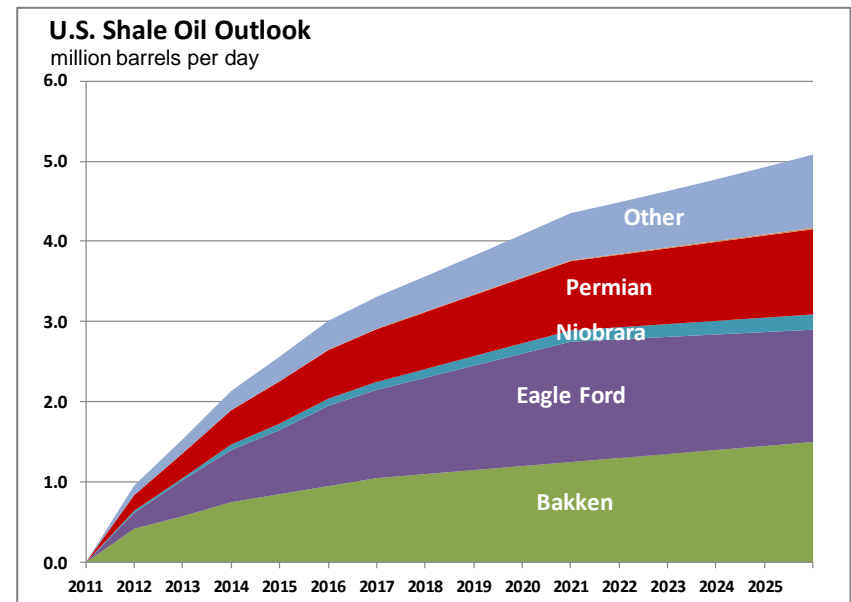
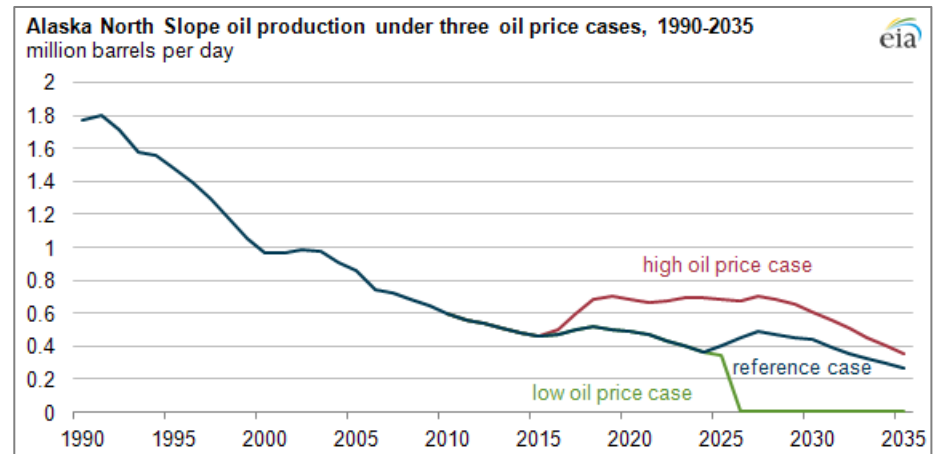
West Coast Light Imports



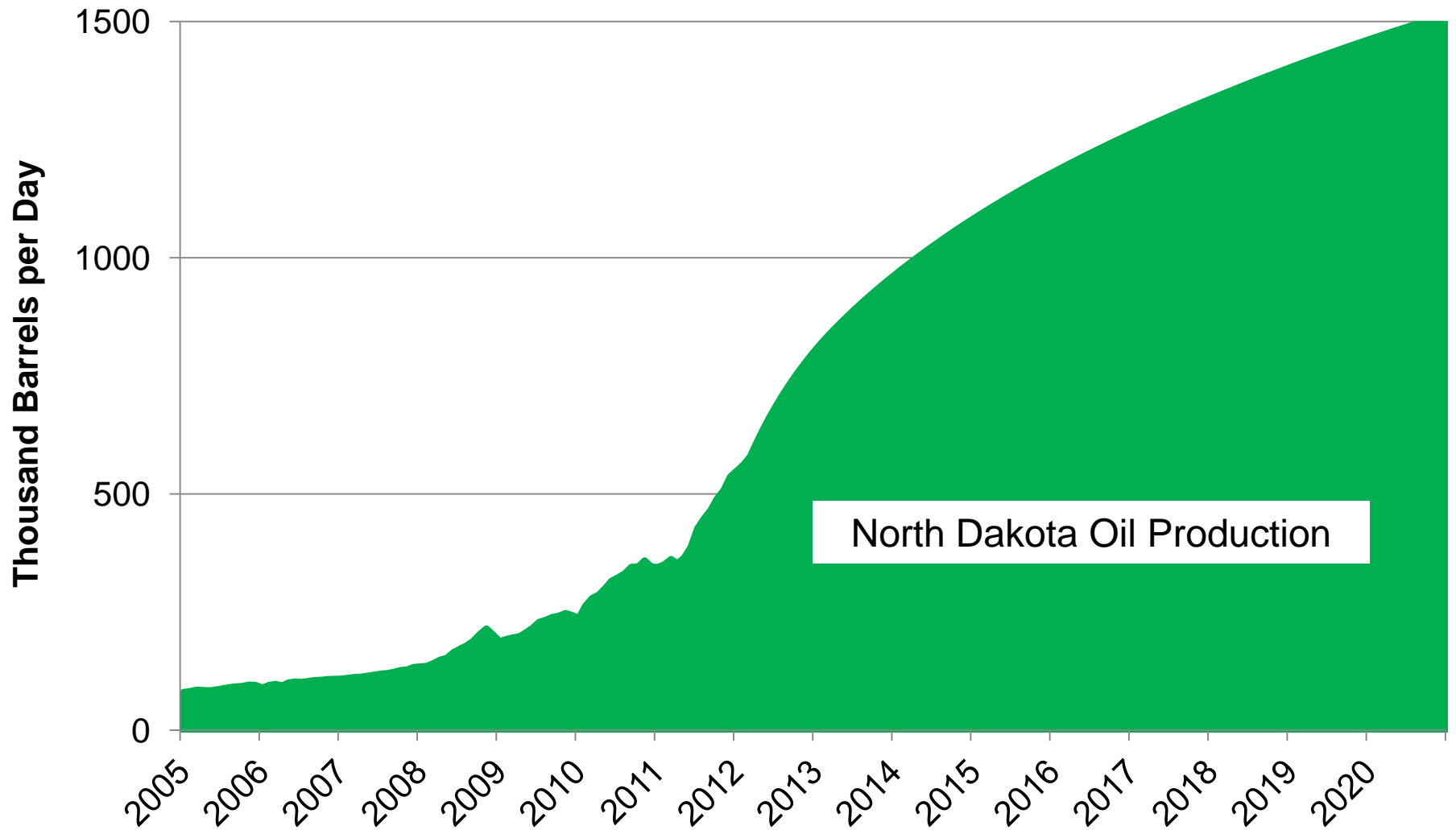
Domestic shale oil production can displace 400-500K barrels per day of current light crude oil imports

Market Environment

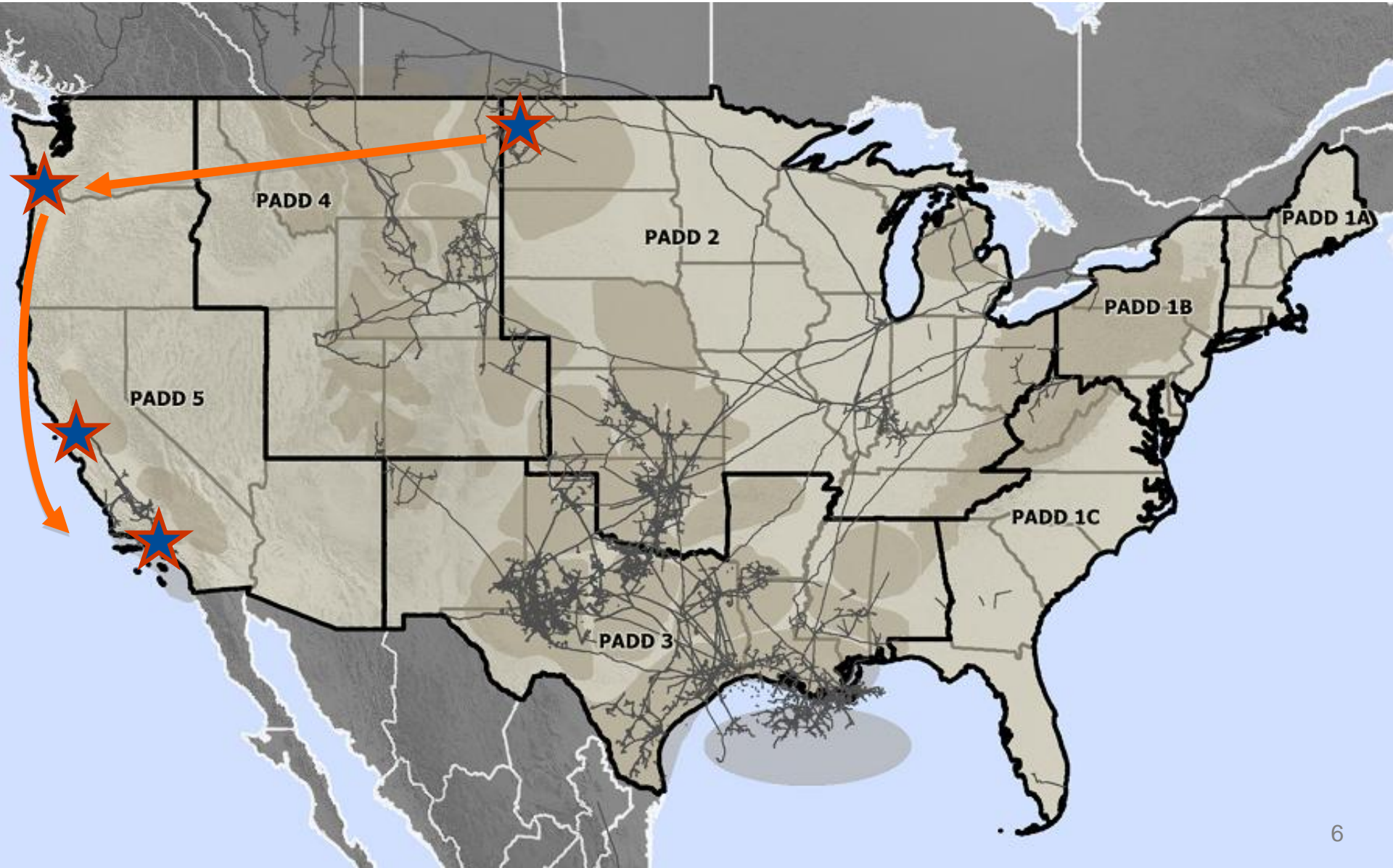
- Alaska North Slope production continues to decline
- U.S. shale oil production continues to increase -- projected to be over 4 million barrels per day by 2020
- Shale oil provides both price and quality advantages versus current sources of supply
- U.S. West Coast has favorable transportation economics versus alternative destinations



Domestic Production Increasing



Rail and Marine Connection to California



US Jobs Safely Fueling America

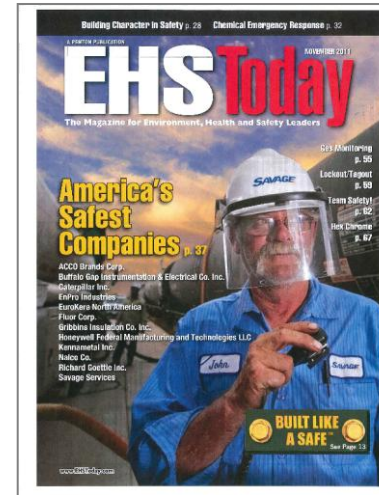


Partnership of Tesoro and Savage

- Combine operational and safety strengths of each
 - Savage: Rail unloading and storage tanks
 - Tesoro: Dock and vessel loading, marine operations
- Facility Overview
 - North American Petroleum
 - 2 to 4 unit trains per day (120 to 360K barrels per day)
 - Storage tanks load into Handymax-class vessels
- Market
 - 19 refineries on the West Coast (CA, WA, BC, and AK)
 - Tesoro will provide baseload volume subscription, supplying its 5 West Coast refineries

Savage Spotlight

- America's Safest Companies
- S⁷ Delivery System
- 2012 Terminal of the Year
- United Way of Salt Lake Corporate Partner of the Year





Why Freight Rail? Safe & Getting Safer

RR Safety Trends: 1980-2012

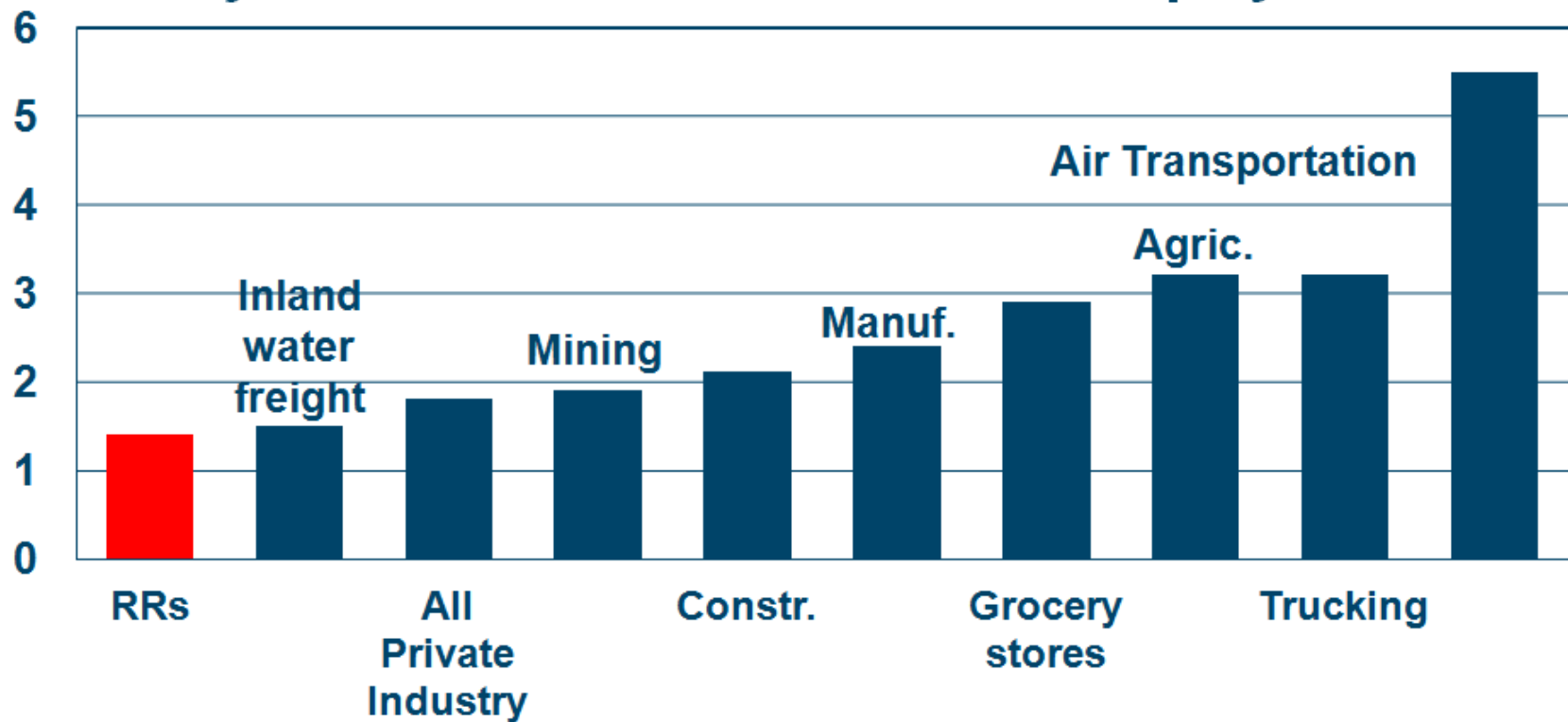
Train accident rate	↓ 80%
Employee injury rate	↓ 85%
Grade crossing collision rate	↓ 82%
Hazmat accident rate*	↓ 91%
**through 2010 Source: FRA, AAR	





Railroads Are Safer Than Most Other Industries

Injuries and Illnesses Per 200,000 Employee Hours



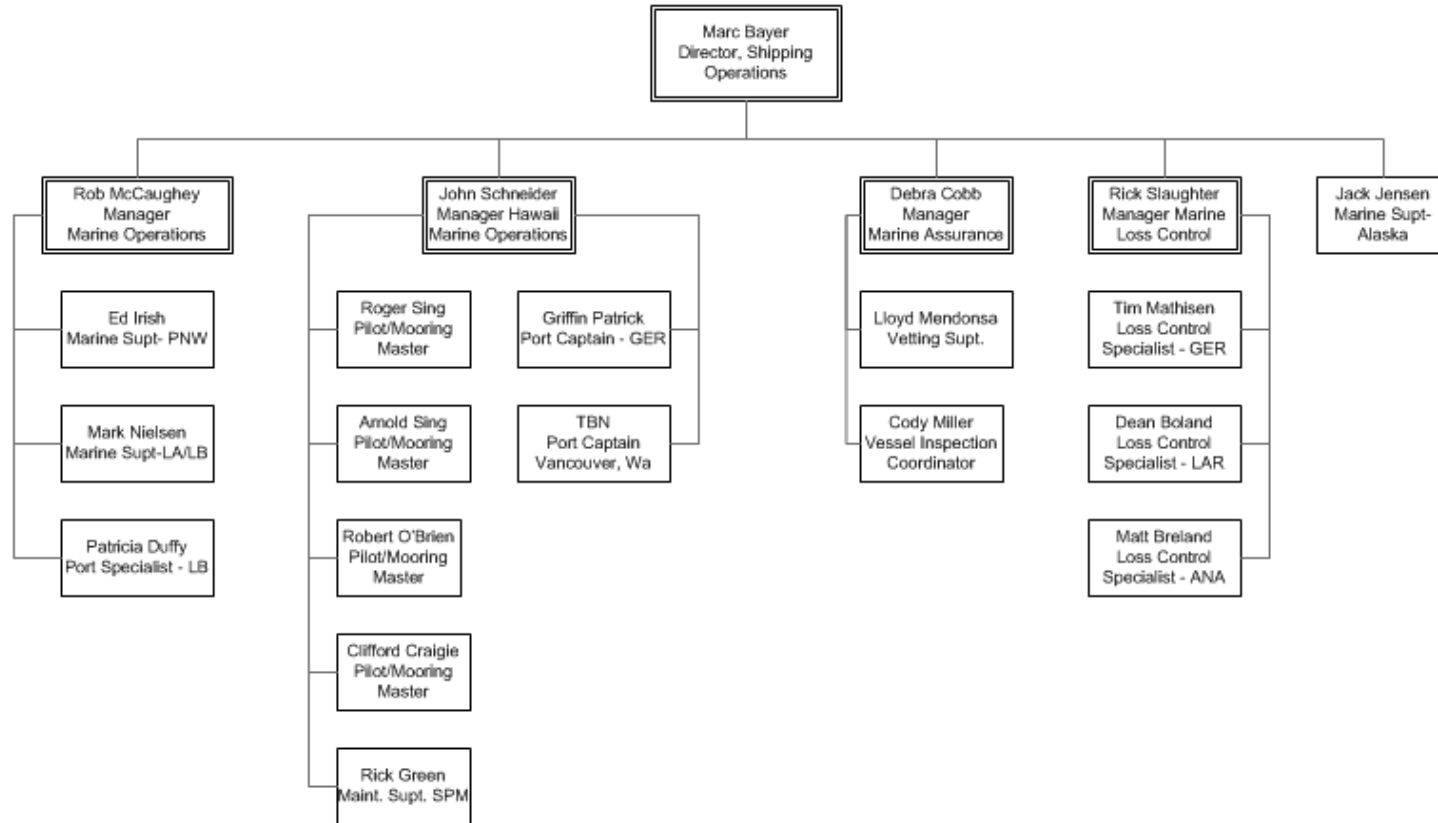
Data are for 2011. Source: Bureau of Labor Statistics

Tesoro Spotlight

- Community
- Safety, Reliability, and Environment
- Cost Leadership in our Markets



Tesoro Marine Operations Team



Tesoro Marine Operations

- Vetting
- Tankers
- Tanker Operators
- Marine Services
- Agents
- Pilots
- Tugs



Tesoro Marine Operations (continued)

- Wharf Management
 - Marine Superintendents
 - TPIC (Terminal Person in Charge)
 - USCG Operations Manual
- Green Flag / Green Ship
- 50 Miles Offshore
 - Marine Sanctuaries
 - Santa Barbara Channel
 - Straits of Magellan



Tesoro Response Equipment

- NOFI Harbor Buster Oil Containment Boom effective in currents up to 5 knots. Can contain up to 95 barrels of oil in the separator bag.
- The skimmer is an Oleophillic C-DISC 13/30. It is made of 13 coated discs that are 30 inches in diameter. This skimmer has a rated capacity of 197 barrels of oil per hour.
- State of the art oil spill recovery equipment that can be used by vessels of opportunities, such as fishing boats and commercial harbor craft.



Alaskan Cook Inlet



San Francisco Bay



Hawaiian Islands



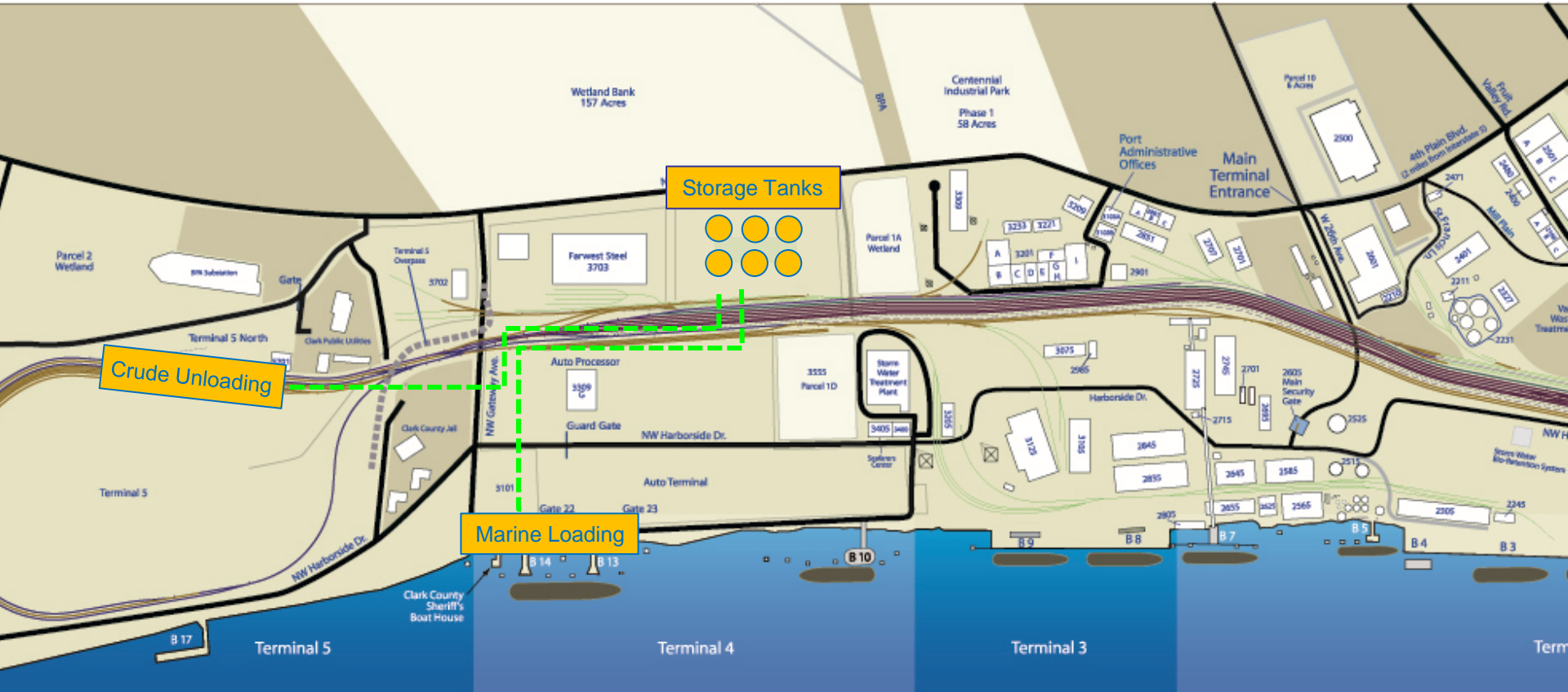
Port of Vancouver USA – Premier Gateway



Historic Industrial Use of the Terminal Site



Terminal Layout and Design

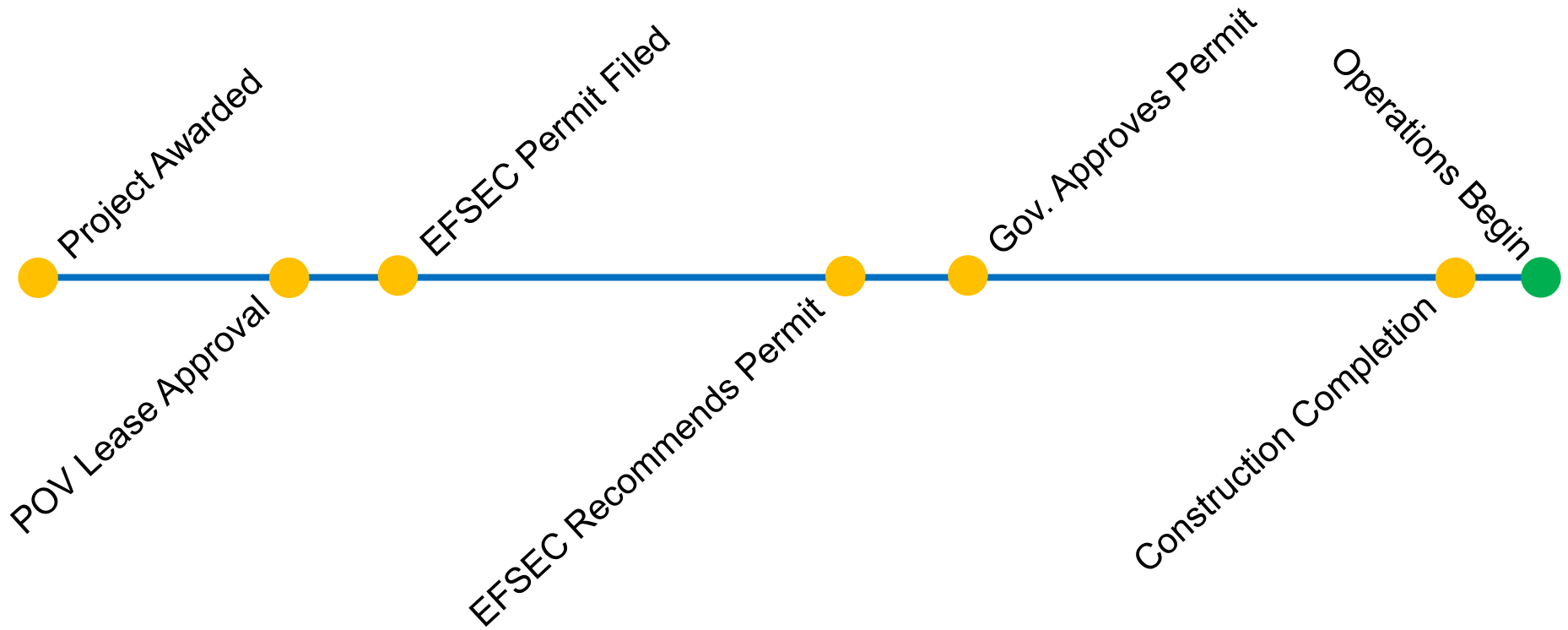


Local Jobs for Vancouver, WA

- Construction
- Initial Operation
- Full Build Out



Terminal and Construction Key Milestones





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