



October 26, 2018

Mr. Wess Safford
AQ Engineer
Southwest Clean Air Agency
11815 NE 99th St., Suite 1294
Vancouver, WA 98682

RE: Request for Extension for MVCU Construction (ADP 17-3223)

Mr. Safford,

We have been working with a few different players in the ethanol market in regards to taking the logistics position in Vancouver. Much of the basis for the export project is dependent on demand in southeast Asian markets including Japan, South Korea, Philippines, India, and most significantly in China.

While we have agreed to terms on the project contractually with the potential customer, during this period of negotiation, the current geopolitics and associated trade challenges in the region have created uncertainty in the trading community on the timing of the market becoming more open, thus the delays in executing the contract. That said, there are alternative export markets that the Vancouver facility is well-positioned to reach. While we continue discussions with our previous potential customers, we are also evaluating South American trade opportunities that will take some time to finalize.

While both scenarios have significant promise, it will take some time to get the South American parties to agree to terms and to work out their supporting export logistics. Meanwhile, during this same time period, most believe that the current trade stalemate will begin to resolve itself due to an increase in ethanol demand in China and other nearby markets due to a combination of factors including upcoming regulatory changes, lack of local finished product production, and lack of feedstock for production, driving a more pointed need for rational negotiation.

All that said, NuStar would respectfully request an 18-month extension on the permitted construction window to allow for these market and geopolitical factors to be resolved, allowing for the final development of the ethanol export facility in Vancouver.

As for the capability of the MVCU to be used for other low vapor product (i.e. diesel or renewable diesel). Manufacturer's has confirmed via email that the MVCU previously permitted is capable to abate the marine vessel vapor which previously was used for gasoline transport (see attached email communication).

Please let me know if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Chan', written in a cursive style.

Chris Chan

Sr. HSE Manager – WR

(916) 296-3853

Chris.Chan@NuStarEnergy.com