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Mr Charlie Mason
Chairman, The Environmental Network for Pembrokeshire
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26th October 2012

Re: 'Tar sands coming to town?' 30th October 2012 meeting

Dear Charlie,

Whilst we have declined your invitation to attend the launch of the 'Tar sands coming to town' article, we would like to take this opportunity to correct many inaccuracies contained within the article. We should like to make it clear that at no time have we been asked to contribute to this article.

We were happy to host a meeting with Pembrokeshire Friends of the Earth (PFoE) in July on the subject of Canadian crude oil bitumen, and to answer their questions put to us.

Valero and Canadian crude oil

It is important to make it clear that **Valero has no involvement in the extraction of Canadian crude oil bitumen**. As a solely downstream company Valero is not involved in the exploration or extraction of oil from any source. As we have already made clear in our discussions with PFoE, all crude oil processed in Valero's refineries is bought on the open market, with the majority being sourced from countries other than Canada, for example Mexico, South America and Russia. If you have any concerns with the impact of extraction, then those concerns should be addressed directly to those involved in the extraction process.

Valero's US Gulf Coast refineries are already set up to process heavy grades of crude, and there is more than enough refining capacity in North America to process the anticipated amounts of crude from Canada. No new refineries will need to be built. Canadian crude oil will not replace light, sweet, 'conventional' crude; it will augment supplies of similar grades of heavy crude.

Valero and the Keystone XL Pipeline

Valero supports the development of the Keystone XL Pipeline as we believe it will lower costs to refiners, and therefore the end consumer, and provide skilled jobs for thousands. We reject the accusations levelled against Valero's involvement in the Keystone XL pipeline.

We continue to repeat that crude oil from Canada purchased by Valero would be refined in the United States, and not exported. Similarly, the allegations regarding Canadian pipeline operator Enbridge (page 4) are false. Enbridge has announced that the crude being shipped via this pipeline will stay in Canada and not go to the United States.

The assertion that Valero is committed to "taking on at least 100,000 barrels a day... from the Keystone XL pipeline until 2030" is media conjecture. As previously stated, the Keystone XL pipeline is intended to augment the existing network of US oil pipelines, which Valero, in common with other all oil refiners, utilises to feed its refineries.



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Valero and Pembroke Refinery

As repeatedly stated, **Pembroke Refinery is not configured to run heavy-sour crude oils**, such as Canadian crude oil bitumen. Canadian crude oil bitumen does not meet the specifications required by Pembroke Refinery, nor does Valero have plans to upgrade the refinery to process this type of crude.

Crude oil purchased by Valero for refining at some of its North American refineries comes from multiple sources. It is blended to produce an end feedstock, of which Canadian crude oil bitumen is a tiny part. The resultant blend is then processed to produce end product, which may be imported into the UK.

As we have already stated to PFoE, Valero meets all regulatory requirements and will continue to meet any regulatory requirements that may be introduced by the European Union or UK government in the future.

It is important to us that we state that Valero has always conducted itself in a socially conscious, community-minded, safe, reliable and environmentally responsible way; Pembroke Refinery is proud of its record as part of the community here in Pembrokeshire. As one of the region's largest employers, and as a supporter of charitable causes across Pembrokeshire and Wales, our chief concern has always been for the people who live and work in our local communities.

In the interests of transparency, we repeat that if requested we will make this letter publicly available. Valero welcomes constructive dialogue with all groups and individuals who share our commitment to open and objective dialogue about our industry. We wait with great interest to see if the authors of this article share that commitment.

Yours sincerely,

Jane M James
Manager Policy, Government and Public Affairs