

# **EXHIBIT 14**



US Development Group LLC  
3020 Old Ranch Parkway  
Suite 300  
Seal Beach, CA 90740

June 7, 2013

Mr. Stephen Posner  
Interim EFSEC Manager  
Energy Facility Site Evaluation Council  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504

Re: Grays Harbor Rail Terminal/T3 Project

Dear Mr. Posner,

We appreciated the opportunity to meet with you and your staff to discuss our proposed Grays Harbor Rail Terminal project, which would be built at the Port of Grays Harbor's Terminal 3. As requested, I am providing a copy of the feasibility study conducted as part of the access agreement between Grays Harbor Rail Terminal LLC and the Port of Grays Harbor, as well as additional operational details that we discussed in our meeting.

As we explained in previous letters and during our meeting, the proposed facility's capacity to receive is determined by the amount of rail track that can be constructed. We began discussions with the Port of Grays Harbor with the intent of building a unit train terminal with 16,000 linear feet of rail track and spacing to accommodate individual track segments of 60 cars in length. However, once we began the feasibility review of the site, several factors emerged which limit the amount of rail track that can be constructed to 8,000 linear feet with spacing for only 20-car segments. This amount of track can only accommodate one unit train every other day, assuming maximum unit train size of 120 cars carrying a maximum of 720 barrels per car<sup>1</sup>. Based on this amount of rail track, the terminal's capacity to receive is

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<sup>1</sup> Our calculations assume 720 barrels which is the maximum shell capacity (volume space) of the tank cars. However, for safety reasons, tank cars are not filled to capacity. The FRA publishes a "legal limit" which is less than

limited to 45,000 barrels per day on average. This represents the full physical capacity of the site; a larger site layout and/or future expansion is not feasible.

Supporting information for the reduction in rail track can be found in the feasibility study submitted to the Port of Grays Harbor in February 2013. Relevant sections of the study are:

- Site constraints (page 1)
- Existing port tenant (page 6)
- Limited site access from railroad mainline (pages 9-10)
- Tank height restrictions (pages 2-3)
- Public Access and Rail crossings (page 5)

Several other factors restrict the site footprint and ability to construct rail track:

#### *On-site Wetlands*

The attached "Environmental Site Reconnaissance Map" illustrates the location of wetlands and streams identified on the T3 site. The location of these sensitive areas significantly restricts the area available for rail track, storage tanks, and other facilities.

#### *Geotechnical Review*

The T3 site (along with a majority of the Port of Grays Harbor properties) was developed using dredge spoils from the Chehalis River. These soils possess poor structural qualities and will require major soil enhancements and mechanical improvements to provide the necessary structural integrity required to support the construction of roadways, railroad tracks, storage tanks, buildings, and other necessary structures within this area. We identified a number of enhancements that would be required as part of the design of our proposed facility, including multiple piles (approximately 180 ft. deep) to support the storage tanks, large foundations with additional piles to support the unloading rack, over-excavation of poor soils, and installation of geo-grid fabric and quarry spalls under the rail track. These enhancements significantly restrict the site footprint and track construction area.

#### *Degree of Curvature*

The T3 site rail track configuration will comply with multiple industry design standards including BNSF Railway's Industrial Track Standards. The BNSF Industrial Track standards allow a maximum degree of curve of 9°30', significantly limiting the directional access (turn-in) from the railroad mainline. Consequently, the rail tracks were truncated to avoid impacts to the current operating tenant on the T3 site and the adjacent private property owners.

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the shell capacity of the tank car. In addition, each car has a maximum "weight rating" and the railroads have weight limit restrictions. A typical 286,000-lb.-rated car will be loaded to approximately 700 barrels for 42 degree (API gravity) crude oil. The load hits the weight limit before the volume limit. Comparatively, a 263,000-lb.-rated car, the load limit is approximately 680 barrels. Coiled and insulated cars will hold even less material (closer to 600 barrels for lower API-gravity crudes).

*Stormwater Management Requirements.*

Other site constraints influencing the facility's capacity to receive include the requirements for stormwater and site water management. The design of the facilities to collect and treat the on-site water will be completed in accordance with the Department of Ecology Stormwater Management Manual for Western Washington and the City of Hoquiam Municipal Code. In order to treat the on-site water, large ponds will be constructed to contain, treat, and control the outfall of the collected runoff prior to discharging back into the surrounding drainage systems. As a result of the poor soil conditions and high groundwater table at the site, the ponds will require shallow depths and geotechnical liners to meet the design requirements for this facility. The ponds will occupy several acres adjacent to the rail tracks and the storage tanks, further reducing the available space for rail track.

In addition to the storm water ponds, the GHRT terminal will include the following facilities most of which are not depicted on the Preliminary Site Plan drawing:

- Administration and Operations Building and parking
- Facility control buildings
- Above-ground storage tanks
- Above-ground piping and support structures
- Fire protection system and emergency access
- Lighting, fencing, and security features
- On-site wastewater treatment and disposal
- Water supply facilities
- Electrical power connections
- Oil-water separators
- Emergency shutdown systems
- Drainage and secondary containment facilities
- Marine vessel pump station
- Marine vessel vapor recovery unit(s)

These facilities will occupy a significant amount of acreage, further reducing the space available for rail track.

As requested, we are attaching a document ("Gravity Flow (Rail Car Discharge Rate)") which details the rail car off-loading process that we discussed during our meeting. As noted during that discussion, the pumping capacity between the central header and the storage tanks does not affect the facility's capacity to receive product because the rail cars are off-loaded using gravitational flow. The flow process is analogous to changing the oil in an automobile; the car can only be emptied of oil as quickly as gravity allows. The transfer pumps and piping will be sized according to the gravitational flow rate for crude oil and the fixed size of the discharge opening on the bottom of the rail cars (typically 4-inch diameter belly valves). The attachment also includes the table and calculations showing the estimated

time to offload a unit train at the facility (one unit train every other day). This information was provided in a prior communication, but is included here for easy reference.

Since 2003, US Development has designed, constructed, and operated 12 terminals across North America and leads the industry in the development of facilities such as Grays Harbor Rail Terminal. We have the expertise and experience, and believe we have provided a justifiable analysis showing that the proposed facility's capacity to receive is 45,000 barrels per day on average and that the facility cannot be expanded in the future.

Grays Harbor Rail Terminal represents a significant investment in the region, one which will generate much-needed jobs and economic growth for many years. We would like to proceed with the permitting and construction. Thank you again for meeting with us and for your ongoing attention to this project.

Sincerely,



Kevin E. LaBorne  
Vice President, Grays Harbor Rail Terminal LLC

CC: Jim LaSpina, EFSEC  
Joe Subsits, P.E., Washington Utilities and Transportation Commission  
Alan Bogner, Office of Regulatory Assistance  
Sally Toteff, Washington State Department of Ecology  
Gary Nelson, Port of Grays Harbor

Attachments:

Terminal 3 Bulk Liquids Rail Logistics Facility Feasibility Study Supporting Information  
Environmental Site Reconnaissance Map  
Preliminary Site Plan  
Gravity Flow (Rail Car Discharge Rate)