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NEWS RELEASE

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FOR IMMEDIATE RELEASE
March 20, 2007

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Southern Nevada's fuel solutions on the horizon

Projects have taken shape, but more work is needed to keep local motor vehicle and aircraft fuel tanks filled, Blue Ribbon Fuel Commission chairman reports

LAS VEGAS – Efforts to expand and diversify Southern Nevada's fuel supply infrastructure have progressed since a panel of business and civic leaders recommended its preferred solutions to Clark County four months ago. But how quickly that progress results in a working alternative to the community's existing two-pipeline system will be largely determined by private businesses, Clark County Department of Aviation Director Randall H. Walker told the Board of Clark County Commissioners on Tuesday.

"Fortunately, there are several private businesses working on projects designed to help keep our cars, trucks and planes moving for years to come," said Walker, who recently served as chairman of a Clark County-sponsored fuel commission. "Government agencies are limited in their ability to make a private company spend its money, and that's ultimately what has to happen for Southern Nevada to obtain more fuel. It's up to them to make those projects a reality."

Kinder Morgan Energy Partners has already taken steps to increase the overall capacity of its existing pipeline route from Colton, Calif. The Houston-based company in September 2006 finished a \$10 million project near Barstow, Calif., that included the construction of two 80,000-barrel storage tanks and the installation of a larger delivery line at the Barstow terminal.

Separately, Kinder Morgan's \$15 million Cajon Booster Project is scheduled to open this summer. It includes upgraded pumping equipment and a new booster station. The Barstow and Cajon projects are expected to raise the capacity of Kinder Morgan's existing CALNEV pipeline from 140,000 to 156,000 barrels per day.

In addition, Kinder Morgan in October 2006 announced plans to build a \$388 million pipeline expansion that would allow 200,000 barrels to be pumped into Southern Nevada each day upon its scheduled completion by 2010. Several key goals necessary to that project have already been achieved.

Pacific & Texas Pipeline & Transportation Co. of Phoenix addressed its desire to build a new fuel tank farm on the southern side of the Las Vegas Valley. If completed, the new tank farm would boost local fuel storage capacity and give local fuel delivery drivers a second option for filling their storage tanks before delivering products to customers in southern Clark County's rapidly growing neighborhoods.



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WesPac Pipelines of Newport Beach, Calif., remains interested in building a new pipeline from Arizona, though it has not yet solidified its plans.

LASFuel Corp., an airline fuel consortium operating at McCarran International Airport, has developed a preliminary plan to enlarge one of its fuel storage facilities at the nation's sixth-busiest passenger airport.

Four existing fuel tanks on the east side of McCarran's airfield would be demolished and replaced with four new 65,000-barrel storage tanks. A new pumping system, control mechanisms, an access gate, and larger operations building are also included in the \$38 million proposal. Once this work is completed, LASFuel would be able to store enough jet fuel on site to supply aircraft at McCarran for up to 10 days.

The rapid growth of Southern Nevada's population and visitor base, along with increasing air traffic at McCarran, could overwhelm the two 1970s-era pipelines that transport nearly all of this community's gasoline and jet fuel supplies from refineries in Southern California. To help curtail a crisis, the Clark County Commission created the Blue Ribbon Commission to Improve the Reliability of Southern Nevada's Fuel Supply in September 2005.

The 12-member group of civic and business leaders held its first meeting in October 2005. Since then, its monthly meetings have featured numerous private sector proposals, including plans for up to four new pipelines and increased storage within the valley. Government actions discussed included potential right-of-way assistance for pipeline developers; modifying local fuel blends to conform to those of neighboring states; and offering tax incentives to promote pipeline development as well as the use of alternative fuels and fuel-efficient vehicles.

An online version of the Blue Ribbon Commission's 2006 recommendations is posted at www.ourfuelfuture.com.

Those participating on the Blue Ribbon Commission included representatives of the Clark County Department of Aviation; Harrah's Entertainment; Haycock Petroleum; the Las Vegas Convention and Visitors Authority; MGM Mirage; Nature Conservancy; Nellis Air Force Base; Nevada Power Co.; the Nevada State Office of Energy; Southwest Airlines; Terrible Herbst; and Wynn Resorts.

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