Q&A

Following a Trail Blazed by Lewis and Clark

The Port of Vancouver's Curtis Shuck on how a commitment to infrastructure will provide much needed market access for Bakken crude.

Questions By Tim Portz

Roughly 1200 miles separates the Port of Vancouver, USA from Williston, N.D., and the fastest growing oil play in North America. The port, a mainstay in the maritime shipping complex on the West Coast, links domestic and international markets with the commodities of the country's interior. Now, with the port's Board of Commissioners approving a 10-year lease to the joint venture of Tesoro and Savage, steadily increasing volumes of Bakken crude will move to the port, through the newly planned Vancouver Energy Distribution Terminal and then on to the refineries that dot the West Coast. Curtis Shuck, director of economic development and facilities at the port shares his earliest impressions of the Bakken and the excitement he and his team share in providing seamless access to the refining capacity needed by the region's growing production.

You've spent the bulk of your career in port management and development. What do you find most intriguing about your work?

First, it would have to be the amazing team that I get to work with each and every day and the second would be the port's mission. These two specific elements are what get me out of bed in the morning. They bring together a creative and collaborative environment that is unlike any I have seen before and allow us to do great projects, benefiting our community and this region. The variety and volume of these opportunities right now is unprecedented and that makes for an exciting challenge of prioritization and dedication of our precious and limited resources.

In general terms, can you describe the distribution of tonnage moving through the port and where does the port business come from?

The port has a diverse portfolio of cargo moving through its facilities and the majority of it is exports. From agricultural products like wheat, corn and soy beans to scrap steel, wood pulp and mineral bulks. These commodities originate in the Western United States and Canada and move to the port, primarily via rail. On an annual basis we handle roughly 5 million metric tons. We also import products such as refined liquid bulk and petroleum products, Subaru automobiles, wind energy components, steel of all types, configurations and sizes and South American pulp. Our niche is providing cost-effective, streamlined handling of bulk and break bulk cargoes.

What was your introduction to the Bakken region?

My first trip to northwestern North Dakota was Oct. 24, 2012, when I came out to visit a crude oil transloader to see if there might be opportunities for a West Coast rail solution involving the Port of Vancouver USA. Arriving in Williston reminded me of growing up in Anchorage, Alaska, in the 1970s during the height of the Alaska North Slope Program. The primary difference being that in North Dakota the oilfield was relatively easy to access whereas in Alaska the exploration and production activities were so remote.

PHOTO: MAXM STUDIO, VANCOUVER

What was your first impression?

The aha moment for me was seeing firsthand the need for all types of services and supply materials, the opportunities to add value and make a difference in this American renaissance, and all of the great people. This was way bigger than just oil and gas, this was about developing a supply chain that supports our partners in the midcontinent who are building sustainable communities.

What types of things are you hearing from the industry?

Since that time, we've been meeting with producers, service companies and transloaders and have heard consistently that the most critical need among all of these folks is reducing and controlling transportation costs, improving margins and increasing reliability. Our goal is to assist these businesses in their efforts to move the industry from an exploration and lease protection period into more of a production mode. This is similar to the manufacturing evolutionary process that requires the entire system, including the supply chain, to grow and improve simultaneously. Advances in technology in the oilfield are great but cannot realize their full benefits unless the system gets up to speed right along with it.

What has the Port of Vancouver USA been doing since that first visit?

We have been diligently looking at ways to enhance the supply chain serving America's heartland and being part of that system fix that's necessary to help take the industry to the next level. We've been working to find ways we can enhance the trade route to the Pacific Coast that was first mapped by Lewis and Clarke during their Corps of Discovery. We call it the Advantaged Supply Chain. As part of this strategy, we are pleased to announce the opening of the port's Williston, North Dakota field office effective Jan. 1, 2014 that will provide boots on the ground and put our team directly in the oil patch to support our customer service and business development efforts.

What makes the Port of Vancouver USA such a vital waypoint for the movement of crude oil and other energy related products?

Really, it's location, location, location, and state-of-the-industry infrastructure. The Port of Vancouver USA is the closest port to the mid-continent capable of providing deep-water access to get these products to market, leveraging the same supply chain that serves the safe and efficient movement of agricultural products.

How does the Vancouver Energy Distribution Terminal Project fit into the Port of Vancouver USA's business?

From the perspective of facilities, the proposed Vancouver Energy Distribution Project, a joint venture between Tesoro and Savage Services, is able to utilize both the port's existing marine terminals and portions of the West Vancouver Freight Access Project rail infrastructure, the port's $275 million investment in rail infrastructure. The proposed oil terminal is just one example of how the port is realizing a return on those infrastructure investments, which in turn, will provide reinvestment opportunities that generate new jobs and support economic vitality for our community—the primary mission of our port.

The port's been handling liquid bulks for decades, and we're good at it. The port and its customers have been safely operating this business for over half a century, since 1959. The port maintains a diverse portfolio of cargo, including petroleum products, that helps to provide economic stability to its business. This provides economic benefit to the community in the form of tax revenues ($1.6 billion annually) that support schools, police, fire, libraries and other vital services, along with direct, indirect and induced employment for the region. Currently, more than 2,300 people work directly for businesses at the port, with nearly 17,000 total jobs in the community and region that are related to port business activity.

What are the biggest challenges facing the proposed Vancouver Energy Distribution Project?

Our focus is on public safety and environmental protection considerations of this project. From the very beginning, we've been very clear that our expectation is that the Tesoro-Savage team will deliver a facility that is state-of-the industry when it comes to safety. That's still our expectation and we're paying very close attention as the projects moves through a rigorous environmental review process. The port has been a part of the Vancouver community for more than 100 years, and we want this done right. Of course, our lease is contingent on the project being issued all necessary permits on the local, state and federal levels, but we're also going to conduct our own review of the project's safety and operations plan. Before one drop of oil moves, the Port of Vancouver USA will have to be satisfied that the safety of our community and the protection of the environment is fully addressed.