

1. Who is Zenith Energy?

Zenith Energy is a safety focused liquids storage company based in the United States that owns 24 facilities in the US and internationally. Our customers trust us with the safe and efficient storage of their critical products. Zenith provides services to some of the largest companies in the world and has passed their vigorous inspection and vetting requirements. We are proud of our employees and their dedication to our safety-first culture.

2. What does Zenith Energy do?

Zenith Energy provides storage and handling services to customers. You can think of us as a warehouse for liquids. Zenith does not own, purchase, market or trade any of the liquids stored in our facilities. All product transportation in and out of our facility is managed by our customer(s). Zenith does not arrange, manage, charter or otherwise contract for transportation services, nor do we have any control of origin or destination of our customer(s) product.

3. What does Zenith store?

Zenith stores liquid products on behalf of our customers. All of the product in our terminal is owned by the customer, not Zenith. Zenith charges a “warehousing fee” for storage and handling of product.

In Portland, a large part of our current business plan is targeted at attracting renewable fuels including renewable diesel, biofuels and ethanol. In the Pacific Northwest, these fuels move almost exclusively by rail or water from their production facilities to consumption areas. We agree with the need for lower carbon fuels and our goal is for Zenith to be the primary renewable logistics hub in the Portland area. To do so, safe rail and access to marine docks are required.

4. What governs our ability to store product and operate as a terminal?

Zenith is subject to multiple laws and regulations governing the safe storage and handling of liquid products. All products in existing inventory are approved and permitted by all required bodies.

5. What is the Portland Project?

The ongoing, permitted project is a modernization project. Zenith is not expanding the facility. Currently the terminal can hold 44 railcars and when the project is complete, the terminal will still hold 44 railcars. Although not binding, our plans coincide with the City’s plans for fossil fuel infrastructure zoning. We are not adding additional storage capacity, we are refurbishing existing tanks.

OPB Questions

1. It appears from the public records that Zenith explicitly told or implied to DEQ on more than one occasion that the company was shifting operations away from crude oil, however Zenith continued to accept crude oil shipments as its primary business. Why was DEQ operating under the understanding that.
 - Zenith cannot comment on your characterization of the DEQ's understanding, but Zenith has never told the DEQ that it was "shifting operations away from crude oil." Zenith made a decision in 2018 to no longer handle Bitumen Crude because it does not fit the long-term business plan that Zenith has for the terminal. As a result, Zenith advised the DEQ of that decision and the subsequent shift from the heavier crude (Bitumen Crude) to the handling of a lighter, sweeter crude (Dilbit Crude). There appears to be a misunderstanding of industry terminology as it relates to various grades and types of crude oil.
 - Bitumen Crude is a naturally-occurring, highly viscous hydrocarbon that is classified as an extra heavy oil, with an API gravity of about 8 degrees and can be almost solid at room temperature. Unless heated, Bitumen Crude is difficult to handle and transport.
 - Dilbit Crude is a blend of cleaner bitumen (the bitumen has been processed to remove water and solids, contains less than 1% water and solids) diluted with other light hydrocarbons, usually in the order of 30 to 40% by volume. Dilbit Crude is a lighter crude with an API gravity of about 20-22 degrees and does not require heat to transport. Dilbit Crude also floats on top of water.

2. State regulators raised the question of whether all Zenith workers had proper protective equipment because of the toxic inhalation warning on the product being used. There was concern over a lack of air masks for these workers. Was Zenith aware of this? What steps has the company taken?
 - Zenith disagrees with the implication that there are additional hazards brought on by Dilbit Crude. The maximum concentration of Hydrogen Sulfide (H₂S) in the Dilbit Crude being handled at our facility is below the OSHA Permissible Exposure Limits ("PEL"). Other than as listed in Chapter 340, Division 141 of the Oil Spill Contingency Planning and Fees, which addresses procedures to protect oil spill response workers, the DEQ has no

oversight for occupational safety and we are compliant with (and take very seriously) the Occupational Safety and Health Act. Employees wear 4 Gas Monitors that alert to the presence of H₂S at 5ppm, which is well below the PEL of 10ppm. The terminal has escape packs (fresh air) for employees to wear in the event alarms go off. We can confirm that since handling this crude, the 4 Gas Monitors have never registered readings of 5ppm or higher, before work commences or during the operation.

3. There was also a question in the records regarding what kind of oil would be used in a spill drill. Has Zenith conducted an oil spill drill for heavy/sinking oil?
 - The DEQ attended a planning meeting for the upcoming 2018 drill and Zenith advised that it going to use a Bitumen Crude.
 - At a later planning meeting, which took place after the decision to discontinue the handling of Bitumen Crude, the DEQ was notified that the product for the 2018 drill was being changed to diesel. Zenith chose diesel because Zenith had recently executed a contract with a new customer for the handling of biodiesel, and as a prudent operator, a decision was made to drill with the new product.
 - It is worth noting that the terminal has extensive crude handling experience and the past spill drills were for various types of heavy and light crude oils for 2014, 2015, 2016 and 2017.