Overview of Arc Terminals
Arc’s terminals are located in Alabama, Ohio, Virginia, North Carolina, South Carolina, Illinois, Maryland and Wisconsin and have a combined working capacity over 5.0 million barrels. Arc provides storage and delivery services for petroleum, petrochemical and chemical products to customers under long-term storage and throughput contracts and distributes products throughout the United States via pipeline, marine, rail, and truck.

Arc is funded by Lightfoot Capital Partners LP, a New York based private equity firm that develops MLP qualifying assets.
Mobile Asset Summary

◆ Chickasaw Terminal
  - 606,000 barrels
  - 18 spot rail spur
  - Barge marine (un)loading
  - Two bay truck rack
  - Fuel Oil, Marine Diesel Fuel, Cutterstock, VTB’s, Crude tall oil & Black Liquor Soap

◆ Blakeley Terminal
  - 700,000 barrels
  - Ship capable marine (un)loading
  - Four bay truck rack
  - Fuel Oil, Asphalt, Lube Oil, Crude Oil, & Re-refined oil

◆ Mobile Terminal
  - 1,200,000 barrels
  - Ship capable marine (un)loading
  - 26 spot rail spur (Transload)
  - Multiple truck rack locations
  - Fuel Oil, Crude Oil, Asphalts, emulsions & Methanol
Market Development History

Arc Terminals and Gulf Coast Asphalt Company Partner with CN Railways
- Strong partnership between Arc Terminals & Gulf Coast Asphalt Company (GCAC) to operate crude by rail facility at CN Mobile location.
- Synergies between Arc/GCAC led to the terminal acquisition
- GCAC will continue operating their trading business
- ARC & GCAC will continue to partner in operating the Mobile crude by rail facility

Developing the Market
- Developed multiple crude by rail sites to supply demand within the Mobile market
  - Saraland, AL (26 spots, low API crude oil)
  - Chickasaw, AL (18 spots, low API crude oil)
  - Northern Mobile transloading yard (32 spots, range of crude oil or condensate)

Promoting Canadian crude and off-takes
- US Gulf Coast Refineries
- Favorable pricing on Canadian crude possible with transloading options
- Transloading allows refineries to establish optimal streams/blends
- Traders/Marketers Upside
- Destination for heavily discounted Canadian crude
- Favorable payment terms
- Maximum optionality including fuel oil/bunkering markets

Backhaul Upside
- Condensate Return
- Rail condensate via railcars to Producers & Marketers at attractive discounts
Crude by Rail Strategy that Works
Canadian crude production projected to double by 2030
- Approximately 60 percent of the current 3M barrels per day are oil sands related production
- Pipeline capacity well below required demand
- Multiple crude rail loading locations are operating today with several under construction to become unit train capable

Gulf Coast total refining capacity is approximately 9 million barrels per day increasing to ~9.5 million barrels per day when upgrades are completed
- Approximately 2.4 million barrels per day is refined from heavy crude
- KeyStone XL will increase pipeline deliveries to the gulf coast by ~700,000+ bbls/day but will require diluent.
Detailed CN Direct Rail Strategy

- Shown in red, Mobile, AL is a destination for Canadian Crude from Alberta
  - Huge freight discount into the gulf coast vs. the Houston area (estimated to be up to 45% or $5.00/bbl)
  - Round trip (AB to Mobile) can be half the transit time vs delivery into the Houston market, due to switching & track congestion
  - Current Canadian crude pricing is heavily discounted ~$27/bbl below WTI with wider spreads on heavier crude like raw bitumen
  - Heavy demand for Canadian crude delivered into the US Gulf Coast outstrips available destination options
LOADING/DELIVERY
Railcars are loaded in Canada, consolidated to a train and then shipped to the Gulf Coast (8 to 14 days)

UNLOADING/PIPELINE
Railcars arrive via CN direct into Mobile then delivered to Arc railyard. Railcars are heated and product is piped to Arc’s terminals.

TERMINALLING
Crude oil is brought to its optimal operating temperature and/or viscosity for delivery to heated tankage at Arc’s terminals for blending or custody transfer.

SHIPPING
Temperatures can be maintained in Arc’s heated and insulated tankage for delivery into marine vessels (8 to 24 hours, depending on vessel size)

Loading in Canada to vessel in Mobile can be accomplished in 8 to 14 days

Pipeline deliveries from Canada to the Gulf Coast can take 40+ days
Compelling Economics

Crude by Rail works to the US Gulf Coast

- Canadian heavy crude producers want market options
- Pipeline can’t provide Brent pricing to mid-size Alberta producers
- Canadian crude production outpacing pipeline capacity

Differentials as of February 21th, 2013

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Railyard Design and buildout
Mobile Layout Advantages

- Canadian National Railroad
  - CN has vacant space in Mobile
  - CN pushing Mobile as direct crude by rail destination
  - Enhanced economics when shipping heavy crude without diluent
  - Faster turn times on railcars
  - Maximum market flexibility

- Arc’s Mobile Terminals
  - Multiple terminals connected by pipelines
  - Ability to supply other locations in the market
  - Mobile terminals are less than 2 days via ocean-going barge to any refinery on the USGC
CN Railyard Attributes

- **Rail Unloading**
  - Unit train delivery
  - CN direct service
  - Both truck and pipeline unloading
  - Existing 10 car rail spur available

- **Rail Loading**
  - Ability to load railcars with condensate for efficient backhaul economics
  - Room for expansion with demand

- **CN Service**
  - Daily switching service to maximize railcar turns
  - Unit train and manifest delivery options
  - Direct service with fastest turn times from Canadian crude regions
  - Maximum “siding space” allowing 120+ cars on the full 2800 mile route
The CN Rail Yard Provides State of the Art Unit Train Unloading Direct into a Heat Traced Insulated Pipeline.
Details of Arc Terminals Rail Destination Site

- **Rail Unloading**
  - 10 car transloading site
  - Unit train 120 car rail (un)loading facility
  - 120 car steam traced lines for heavy crude
  - 120 car condensate/light crude lines
  - Metering systems
  - Six switch ladder track design for flexibility

- **Truck Racks**
  - Multiple truck racks with scales and meters

- **Pipeline**
  - Heated and insulated 12 inch product line in 24 inch encasement for heavy crude delivery to Arc’s terminals
  - Unheated 8 inch product line in 18 inch encasement for light material movement (condensate or ethanol) to the terminals or the railyard for backhaul
  - Pig stations to clean pipeline if product changes

- **Tankage**
  - Insulated and heated tankage for heavy crude oil
  - Internal floating roof tanks for lighter crude oil
  - Product blending options available
  - Facilities are capable to grow an additional two million barrels of storage

- **Marine facilities**
  - Two docks capable of loading inland barges to Panamax size vessels
  - 40 foot draft
  - 12,000 bbl per hour loading rates
Turning a Unit Train

- **Staging**
  - Six spur ladder track design
  - Controlled staging

- **Unit Train Heating**
  - 2400 Horsepower Boiler Steam Facility capable of heating 120 railcars from 80F to 180F in 8 hours
  - Quick connect heating systems with condensate return allowing for efficient connections to initiate heating immediately

- **(Un)loading**
  - Flexible hose connection providing ability to handle variety of railcar sizes
  - Fixed header system with quick connects
  - Swivel bottom railcar connections
  - Fixed loading equipment

- **Delivery**
  - Two Pipelines (heated and non heated)
  - Truck delivery available

- **Multiple Terminals**
  - Multiple tank sizes
  - Blending capabilities
  - 24/7 service
Pipeline Delivery to Multiple Terminals

- Automated controls and SCADA systems allowing for continuous pipeline/terminal monitoring and operations control

- 6 Twin Screw pumps (VFD) capable of pumping 1277 cSt (cP) material at 1000 BPH. Each pump services 20 railcars

- Unloading pumps will discharge to a 12” heat traced, insulated product line routed under the Mobile River to both terminals at a maximum rate of 6000 BPH

- The pipeline will be installed using Horizontal Direction Drill (HDD) technology using a 24” pipeline encasement

- The 12” insulated pipeline will be equipped with smart pig traps, Coriolis Flowmeters to measure “barrels in/barrels out” for leak detection--and include motor operated valves to control flow underneath the river
Inter-Terminal Pipeline Connection Adds Flexibility
Existing Capacity and Railyard Project Timeline

- **Project Takeaway**
  - CN direct route
  - Heavy Canadian crude focus
  - Unit train economics
  - Strong market demand for heavy crude
  - Optionality in markets (crude, fuel oil, etc)
  - Fast, cost effective transportation via water to 9M bbls of refining demand
  - Extensive tankage options
  - Crude by rail options are available now

Phase I 10 car transload site **Mid Q2 2013**

Phase II 120 unit train site **End of Q4 2013**
Acknowledgements

Canadian National Railway Company

Gulf Coast Asphalt Company

Cowles Murphy Glover & Associates