

Valero will fight for Keystone XL pipeline

Refiner would benefit from crude it would carry



COURTESY OF VALERO ENERGY CORP.

Valero Energy Corp. is spending \$1.3 billion to upgrade its Port Arthur refinery in anticipation of more crude from Canada.

'TO US, THE EFFECTS OF A DELAY (FOR THE KEYSTONE XL) ARE NEARLY AS BAD AS AN OUTRIGHT REJECTION.'

Bill Day
 Valero Energy Corp.

BY SANFORD NOWLIN

President Barack Obama's delay of the Keystone XL pipeline could test the political clout of San Antonio's Valero Energy Corp. and other energy-industry heavyweights as congressional Republicans continue to push for the controversial project.

The State Department last week postponed a decision on the pipeline until after the 2012 election, prompting House Speaker John Boehner, R-Ohio, and others to say they will introduce measures seeking to circumvent the president.

TransCanada's proposed \$7 billion pipeline would connect Canada's Alberta oil sands with refineries on the Texas Gulf Coast. Industry supporters championed it as a job creator, but environmentalists said it would disrupt ecologically sensitive areas and entrench U.S. dependence on fossil fuels.

"To us, the effects of a delay are nearly as bad as an outright rejection," says Bill Day, a spokesman for Valero, a vocal Keystone XL supporter. "It means higher prices for consumers, it creates no new jobs for the economy, and it means more greenhouse

See VALERO, Page 45



ERIK REYNA / SAN ANTONIO BUSINESS JOURNAL

South Texas Accelerated Research Therapeutics' Dr. Anthony Tolcher says the Alamo City has an opportunity to gain some important ground on the cancer front.

Cancer Genome Project will put S.A. in research spotlight

BY W. SCOTT BAILEY

South Texas Accelerated Research Therapeutics (START), a local health care group that operates one of the world's largest Phase I medical oncology programs, is spearheading the development of a new war on cancer that could have a far-reaching impact.

That effort, dubbed the San Antonio 1,000 Cancer Genome Project, will pull together competing Alamo City physicians, researchers and institutions in a collaborative attempt to amplify and expedite efforts to better attack the deadly disease.

"This is an enormous undertaking," says Dr. Anthony Tolcher, co-founder and president of START.

San Antonio is seeking to become a bigger player in health care and the biosciences — nationally and internationally. The San Antonio genome project could

See GENOME PROJECT, Page 44

Cancer Genome Project

Name: San Antonio 1,000 Cancer Genome Project

Participants: The collaboration of Alamo City researchers and institutions will be spearheaded by South Texas Accelerated Research Therapeutics.

Plan: Project stakeholders expect to use the genome sequencing process to examine and compare the differences between normal tissue and tissue from some 1,000 tumors.

Purpose: Participants believe this collaborative effort will expedite researchers' attempts to better understand genetic abnormalities and their relationship with cancer.



Bank deposits blooming from Eagle Ford oil-and-gas boom

BY TAMARIND PHINISEE

Bank deposit activity within the Eagle Ford Shale, a region encompassing some two dozen counties just south of San Antonio, has steadily increased over the past

few years due, in large measure, to the economic impact of the oil-and-gas play, lenders in the area say.

Deposits at banks with operations in the Eagle Ford Shale region increased 15 percent between June 30, 2008 and 2011 — from \$14.7 billion to \$16.4 billion, according to numbers compiled by bank regulator the FDIC. This mark eclipses the bank deposit growth rate of 10.9 percent seen statewide over the same period — from \$484.2 billion to \$543.7 billion.

Dick Geries, chairman and CEO of the First State Bank of Uvalde, says the oil-and-gas find has had a positive impact on not only his bank, but also on the surrounding community.

"A portion of the increase we have seen

See LENDERS, Page 44

Banks in the Eagle Ford Shale



Source: FDIC
 Data covers 23 counties located in the Eagle Ford Shale area.



Special Report:
 Commercial
 Real Estate
 Pages 23-30



Introductory offer: Call 210-477-0864 to receive 4 complimentary weeks (non-subscribers only)

GENOME PROJECT: START will lead ground-breaking cancer-research collaboration

FROM PAGE 1

attract widespread support and attention.

Researchers describe cancer as a disease of genetic errors. Officials with the San Antonio cancer initiative say they plan to use the genome sequencing process to examine and compare the differences between normal tissue and tissue from some 1,000 tumors in an effort to improve researchers' understanding of the disease.

Project officials will need to raise roughly \$3 million to fund the multi-year initiative.

"The price of genetic sequencing has been falling, and it's been falling very fast," Tolcher explains. "But the power of that data gets stronger and stronger."

Order of magnitude

Tolcher says there have been some sobering discoveries in the last year that have dramatically altered the way researchers address cancer.

"What was always assumed is that there were somewhere between five and 10 (genetic) mutations that led to a cancer," he explains. "In fact, it's closer to 40 to 50 genetic abnormalities. So the magnitude of the problem is so much greater."

"If we can take patients who are newly diagnosed with cancer, get enough of the tissue and extract the DNA, then sequence it and link that to the clinical information, we can follow those patients and understand which genes and gene abnormalities are leading to that patient having a good prognosis or a bad prognosis, or which ones might respond to treatment or not respond to treatment," Tolcher adds. "So it gives us



FILE PHOTO / SAN ANTONIO BUSINESS JOURNAL
BioMed SA Chairman Kenneth Trevett says the Cancer Genome Project demonstrates San Antonio's leadership in disease research.

enormous order of magnitude; more information about what is happening."

The list of key players who have already shown an interest in the San Antonio 1,000 Cancer Genome Project is impressive. It includes a number of physicians and researchers from the University of Texas at San Antonio, Trinity University in San Antonio and the local Cancer Therapy & Research Center, to name a few.

BioMed SA, an Alamo City-based biotech booster group, has endorsed the project.

"Once again, San Antonio is demonstrating its national leadership role in disease research," says BioMed SA Chairman Kenneth Trevett about the new cancer genome project. "Clearly, a person's genetic profile matters when it comes to cancer

care, but the exact relationship between the tumor genome and treatment methods needs to be further refined. The San Antonio 1,000 Cancer Genome Project, initiated by START, will do that.

"We want to facilitate inter-institutional cooperation and philanthropic support to help ensure (the San Antonio project's) success," adds Trevett, who is also president and CEO of the Texas Biomedical Research Institute.

There is interest from outside of San Antonio, as well.

Dr. Leroy Hood, president and co-founder of the Seattle-based Institute for Systems Biology, who helped pave the way for the successful mapping of the human genome, says what San Antonio is attempting to do could be a true game-changer.

"The project falls in the category of big science," he says. "It is a bold effort to attempt to identify the critical information that drives a number of different tumor types to become malignant. It is a big step toward the realization of personalized medicine."

Hood says he could have a role in the project.

Breaking down barriers

Tolcher says START has reached out to one of the largest sequencing vendors in the country, Complete Genomics Inc., to ensure more expeditious results.

Rackspace Hosting, which has its headquarters in San Antonio, says it is currently exploring different ways that the company can help support the San Antonio project.

"Computing and storage are bottlenecks

for local research institutions in the quest to get medical breakthroughs," says Rackspace President Lew Moorman. "We hope we can take our expertise in cloud computing and help advance their cause and our community ..."



Moorman

Tolcher says there are some researchers and organizations across the nation who have felt compelled to keep their data a secret so that they could compete for more grant funding.

"This (San Antonio project) is going to break down those barriers," he says. "We have 19 pathologists and over 30 surgeons involved who have signed on for this. We are going to use the infrastructure that we have at START already for some of our research."

San Antonio project officials plan to make their data available to cancer researchers locally, nationally and internationally. Those same officials say that their efforts will encourage the development of new research and could attract more companies, further expanding the city's multibillion-dollar bioscience industry.

"This could be a headline project," Hood says. "There are many ways this project could help San Antonio."

Tolcher agrees, noting that the project would not be possible if not for San Antonio's willingness to collaborate.

"This is a monumental task, involving a large number of people, and it's never been done before," he says. "We think we can do something that no one else can."

LENDERS: Economic growth in Eagle Ford Shale play helping to bump up bank deposits

FROM PAGE 1

in our deposits in the past three years can be traced directly to payments received by our area merchants and other customers from the oil-and-gas companies operating in the region," Geries says. "This has been a most welcome development as it continues to spur business activity and growth in the communities served by First State Bank."

"This development could not have come at a better time, when you take into account how the region has suffered from both a continuing drought and the sluggish national economy," he adds.

Nati Lozano, senior vice president of

tomers are depositing their royalty checks here at our bank on a monthly basis."

Darlene Renken, president and CEO of Yoakum National Bank, says her bank also has seen increased activity due to the money being paid out to residents for drilling leases and land leases for pipeline right-of-ways.

Cautious interest

Given the Eagle Ford Shale's close proximity to San Antonio, local banks also are excited about the economic boon being experienced in the region, executives say.

Still, they remain cautious about both jumping on the oil-and-gas bandwagon and expanding their presence in the area. Instead, most say they plan to service the shale region from existing branch locations.

"At present, we're able to service that general market area through our City Base Landing Banking Center, located on Southeast Military/U.S. 281," says Jimmy Allen, group executive vice president of retail banking for Broadway Bank.

Danny Buck, president and CEO for Lone Star Capital Bank, says the lender hasn't made the Eagle Ford Shale area a primary market for its expansion plans.

"We have customers who do business in that area, and we will watch for opportunities. If we were to consider entering that market, acquiring another bank already established there would be our most likely way to do so," Buck says.

Dick Evans, CEO for Frost Bank, says the lender has no plans to open any new branches or acquire any existing banks in



Evans

the Eagle Ford area.

However, Evans says the bank will continue to support activity generated by the Eagle Ford Shale.

"That support includes our Frost Wealth Advisors services, as well as our oil-and-gas mineral management trust services," Evans says. "With 5.6 million acres under management, Frost is among the top five banks in oil-and-gas property management in the U.S."

Steven Griffith, an audit partner in Padgett Stratemann's Austin office, says he understands the trepidation on the part of San Antonio-based lenders. Griffith principally serves banking entities.

"What they're describing to you is the fact that they've got new money in, but loan demand is just very low right now," Griffith says. "They're getting all new deposit money but don't have new loans to put it to work. And as a result of that, banks can't earn much profit on that money. Yes, that is an issue."

Robert "Bob" Bacon, deputy commissioner for the Texas Department of Banking, concurs, adding that the money isn't going into the stock market or real estate or in loan generation despite historically low interest rates.

"Banks welcome these funds with some trepidation as general loan demand remains weak and new deposits put pressure on capital levels to provide adequate support," Bacon says. "The real benefit may be to the general business owners in the



FILE PHOTO / SAN ANTONIO BUSINESS JOURNAL
Lone Star Capital Bank CEO Danny Buck says if the lender decides to expand into the Eagle Ford Shale region it would likely be through acquisition.

various communities in the region. Restaurants, lodging, grocery stores and so on are reportedly experiencing increased sales."

Ross Harris, president of First National Bank in George West, Texas, which is in the shale region, offers proof of that. He says his bank has seen a big bump in transactions at its ATMs due to the Eagle Ford effect.

"In fact, we've literally run out of money at the ATMs," Harris says, adding that ATM activity has doubled at its Three Rivers and George West, Texas, locations.

'BANKS WELCOME THESE

FUNDS WITH SOME TREPIDATION

AS GENERAL LOAN DEMAND

REMAINS WEAK. ...'

Robert "Bob" Bacon

Texas Department of Banking

Laredo-based IBC Bank, also says some of the lender's deposit growth is related to the business being generated in the Eagle Ford Shale area.

"Some new (bank) deposits have come from individuals that have received bonus checks at the time they sign leases with oil companies drilling in the area," Lozano says. "Other customers have received large sums of money from the pipeline companies, which have paid for easements to build new distribution channels. Other cus-