



Sempra Energy and Valero Energy Announce Plans to Develop Texas Marine Terminal Project

SAN DIEGO, Oct. 14, 2008 – Sempra Energy (NYSE: SRE) today announced it has signed a memorandum of understanding that could lead to the development of its Port Arthur, Texas, marine petroleum terminal and storage facility with Valero Energy Corp. (NYSE: VLO), the largest oil refiner in North America.

Under the terms of the memorandum, Sempra Energy would develop detailed design, engineering and construction plans for the site. Valero Energy would become a major petroleum shipper at the terminal, conduct joint marketing efforts to other potential third-party users and contribute rights of way for the construction of connecting pipelines.

Subject to the completion of project designs and the acquisition of sufficient commercial agreements for the use of the terminal, the companies anticipate an agreement to develop the project would be completed by early 2009. The facility could become operational in 2011.

The new terminal is expected to create 300 to 400 construction jobs and about 20 permanent positions, adding important economic growth to the Port Arthur region. The Port Arthur marine petroleum terminal is strategically located at the intersection of the Gulf Intracoastal Waterway and the Sabine-Neches Waterway. Currently, ships carrying petroleum and other related products to the region's refineries are subject to long, inner-waterway voyages that are restricted to daylight hours. Due to its prime location, the new terminal would be available to cargo vessels on a 24-hour, seven-day-a-week basis. The terminal's two planned berths can accommodate any vessel navigating the Sabine-Neches Waterway.

"We are pleased with Valero Energy's strong interest in maximizing the benefits this marine petroleum terminal and storage facility can bring to energy customers in the Gulf Coast," said Neal E. Schmale, president and chief operating officer of Sempra Energy.

The proposed Port Arthur Marine Terminal would provide storage and transportation assistance in the supply of crude oil and other petroleum feedstocks to Valero and all other regional refiners as well as support for refined products. The project's storage tanks and multi-ship berthing facilities would require approximately 120 of the 2,900 acres Sempra Energy owns in Jefferson County, Texas.

"This project's prime marine location and pipeline connection possibilities offer significant enhancements to the operations of Valero and other prospective customers," Schmale said.

Sempra Energy companies are developing several energy projects in the Gulf Coast region, including a liquefied natural gas receipt terminal, underground natural gas storage facilities and pipelines near Lake Charles, La. All of these projects are slated for completion later this year. Additionally, Sempra Energy has acquired Mobile, Ala.-based EnergySouth, Inc. This acquisition included majority ownership in two high-turn, salt-dome storage facilities in the Gulf Coast region, as well as full ownership of EnergySouth's Mobile Gas distribution utility.

Valero Energy Corporation is a Fortune 500 company based in San Antonio, with approximately 22,000 employees and 2007 revenues of more than \$95 billion. The company owns and operates 16 refineries throughout the United States, Canada and the Caribbean with a combined throughput capacity of approximately 3.1 million barrels per day, making it the largest refiner in North America. Valero is also one of the nation's largest retail operators with approximately 5,800 retail and branded wholesale outlets in the United States, Canada and the Caribbean under various brand names including Valero, Diamond Shamrock, Shamrock, Ultramar, and Beacon.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2007 revenues of more than \$11 billion. The Sempra Energy companies' 13,500 employees serve more than 29 million consumers worldwide.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "could," "should," or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, California State Legislature, California Department of Water Resources, Federal Energy Regulatory Commission,

Federal Reserve Board, U.K. Financial Services Authority and other environmental and regulatory bodies in the United States and other countries; capital market conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas and liquefied natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental, and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, www.sec.gov and on the company's Web site, www.sempra.com.

Sempra LNG and Sempra Pipelines & Storage and Sempra Generation are not the same companies as the utilities, SDG&E or SoCalGas, and are not regulated by the California Public Utilities Commission.

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