



April 11, 2011

Dear Council Member:

The minutes from the March 8 CAC meeting are attached. The next CAC meeting will be on **Tuesday, APRIL 12, 2011**, beginning with dinner at 5:00 p.m. The meeting will run from 5:30 to 7:30 p.m.

Sincerely,

Ann L. Clancy, Ph.D.  
Meeting Facilitator

Meeting Location: ConocoPhillips Learning Center  
415 South 24<sup>th</sup> Street

CONOCOPHILLIPS BILLINGS REFINERY  
CITIZENS ADVISORY COUNCIL  
March 8, 2011

MEETING MINUTES

- Present:** Council members: Ken Ard, Keith BearTusk, Bob Carr, Shirley McDermott, Linda Pettengill, John Pulasky, Jim Ronquillo, Emily Schaffer, Gladys Stahl, Dolores Terpstra, Richard Wilson, Stella Ziegler  
ConocoPhillips management: Reed Marton, Mark Hilbert  
Facilitator: Ann Clancy
- Absent:** Steve Arveschoug, Brittany Blood, Paul Dextras, Hillary Harris, Mike Kautzman, Paul Miller, Steve Steach, Elizabeth Stears, Ernie Woods
- Guest:** Greg Neill, Emergency Preparedness Coordinator, RiverStone Health  
Nate Shandy, Process Plant Technology Program, MSU-B COT

AGENDA

- Welcome/Introductions/Announcements
- Blues Fest Activities on South Side
- Transportation 201 Presentation
- 2011 CAC Goals: Neighborhood Eat & Meet & Workforce Diversity Action Items
- Refinery & Transportation Updates including Update on Coke Drum Transportation
- Next Meeting: April 12

WELCOME/INTRODUCTIONS

Richard Wilson, Director of the Process Plant Technology Program at MSU-B College of Technology, introduced his guest, Nate Shandy, a student in the program who was attending to learn more about the CAC. Richard intends to invite students to each of the CAC meetings in 2011.

Greg Neill, Emergency Preparedness Coordinator with RiverStone Health, attended in the absence of Hillary Harris to provide input on the planning for the Neighborhood Eat & Meet in 2011 which is to be held at RiverStone Health.

BLUES FEST ACTIVITY MOVES TO SOUTH SIDE

Jim Ronquillo introduced Tim Goodridge, promoter with the Magic City Blues Fest. Tim announced that his company is bringing the Blues Fest into South Park in 2011. This is also the 10<sup>th</sup> anniversary of the Blues Fest and he wants to expand its influence to an area adjacent to downtown to allow for more residents to have access to the music festival.

This year the festival will run from August 11-14. He plans on offering daytime musical acts in South Park on Saturday and Sunday from 11:00 a.m.-5:00 p.m. The Chicago Mass Choir has been booked to perform on the South Side on Sunday, August 14 at 3:30 p.m. Chicago Mass Choir was founded in 1988 bringing together numerous gospel musical groups in the Chicago area. In 1991 it was nominated in 5 categories for the Gospel Music Excellence Awards and was winner of Best New Artist. In 1992, the Chicago Mass recording, "I Can Go to the Rock," was winner of Song of the Year.

Tim will be offering 3000 free tickets on both Saturday and Sunday, primarily for Billings's residents. They will be distributed through the sponsors of the events. General admission will be \$9.00. The Magic City Blues Fest usually draws between 6,000 to 8,000 with 30-35% from out of town.

Tim has founded Perfect Pitch, a 501C3 charitable endeavor, with the intent to bring musical events to underserved areas of Billings. The endeavor has over 20 sponsors including companies such as Energy Lab, Montague's, Bresnan and NorthWestern Energy. He announced that company employees can volunteer at the event and that the South Side Neighborhood Task Force supports the Blues Fest plans. The gazebo in South Park has been earmarked for funding to be renovated and will be done in 2012 to provide a venue for future events.

Reed Marton stated that the ConocoPhillips Refinery finds this an exciting opportunity for the South Side and would like to support the endeavor in the future. This year the timing of funding for philanthropic projects for 2011 has already passed but could be considered for 2012.

## TRANSPORTATION 201 PRESENTATION

Mark Hilbert handed out work gloves, pens, a safety brochure from ConocoPhillips Pipe Line Company (CPPL) and a sheet of Power Point handouts of his presentation. He also brought samples of four different kinds of "pigs" and a cut out of a pipeline to demonstrate how the different "pigs" operate.

Mark began by explaining the title of his presentation. The term "201" refers to the next level of courses above the introductory level and he will do that for Transportation in the areas of operations, products, integrity and safety, and emergencies.

### **About CPPL**

ConocoPhillips Pipe Line Company operates 11,000+ miles of pipelines in the continental United States and more than 48 storage terminals. It transports more than 3 million barrels per day of raw and refined petroleum products.

### **Billings Division Overview**

There are 119 employees of which 48 are located in Billings. It operates 2246 miles of DOT maintained pipe lines. There are 4 pipeline systems:

- Seminoe Pipeline (100% CPPL)
- Three operated joint venture pipelines:
  - Pioneer Pipe Line Co.
  - Yellowstone Pipe Line Co.
  - Glacier Pipeline

These systems provide transportation services for four regional refineries: ConocoPhillips Billings, ExxonMobil Billings, Cenex Harvest States Billings, Sinclair Oil Sinclair WY, and Sinclair Oil Casper WY. The Billings Division also runs 21 pump stations and oversees the transport of 186.3 MBPD of crude and refined products. The division operates 12 terminals with 3.0 MM BBLs of storage capacity along with three joint venture terminals: Salt Lake, UT – Sinclair Oil; Missoula, MT and Thompson Falls, MT – ConocoPhillips/ExxonMobil.

### **Types of Pipelines**

- Company owned or proprietary pipeline.
- Common carrier pipeline: an independent company sometimes with multiple owners with charge tariffs as approved by the FERC. Anyone who can get their products into and out of the pipeline can be a shipper. Most often the pipeline is a fungible system.

### **Facts about Pipelines**

- *Pipelines play a critical role in the nation's economy & security*  
Fuels carried in pipelines are used for motor vehicles, airplanes, ships, heating and cooking, and industrial and military uses. Other products are used to make plastics and chemicals.
- *Pipeline Tariffs are set by the Federal Energy Regulatory Commission (FERC)*  
A tariff relates to the fees charged for the use of a particular pipeline system. These fees do not change due to day to day market conditions.
- *Safety and Efficiency*  
Pipelines have a superior safety record compared to other modes of oil transportation (truck, rail, water). America's oil pipelines transport 17% of all U.S. freight, but cost only 2% of the nation's freight bill.
- Pipelines are the most feasible method for moving huge volumes of petroleum.
- Compared to other inland transport modes, pipelines don't crowd highways and rivers; produce negligible air pollution; and have a lower spill rate per barrel of oil transported
- One 150,000 barrels-per-day pipeline = 750+ tanker truck loads per day or one 75-car train every day

### **Major Pipeline Equipment**

- Pipelines are generally: Carbon Steel, Welded, Coated, Cathodic Protection
- Valves are used to control and direct product flow; isolate the system for maintenance; isolate the system during an emergency
- Pumps are used to move product through the system with high pressure driven by motors and different types of engines. Pump Stations are spaced from 25 – 100 miles apart.
- Tanks are used to store products. The pipeline moves in and out of tanks on both ends. Each tank is designed to contain a specific type of product.

### **Rights of Way (ROW)**

- The ROW is a Strip of land usually about 25 to 150 feet wide containing one or more Pipelines or other subsurface utilities (e.g., cables communications)

- The ROW enables Pipeline personnel to gain access for inspection, maintenance, testing or emergencies. It also maintains an unobstructed view for frequent aerial surveillance of the pipeline

### **Control Centers**

- Control Center in Bartlesville, Okla., staffed 24/7 uses very expensive communication systems (Supervisory, Control and Data Acquisition or SCADA) to schedule and control movement of products through the systems and to monitor for possible releases, and to remotely operate block valves to isolate sections in case of emergency.

### **Storage Terminals**

- Product Terminals can sit on the product pipelines or stand alone (fed from third parties, refineries or imports). They serve as the distribution conduit for deliveries to retail stations, airports and other pipelines. Avg. tank holds 60,000 barrels/2.5 million gallons.
- Crude Terminals are used for storage, either extra refinery storage or marine unloading. Avg. tank holds 150,000 barrels/6.3 million gallons.

### **Common Products**

- Refined petroleum products: gasoline, diesel, jet fuel, heating oil
- Crude oil: feedstock for refined petroleum products
- Highly volatile liquids (HVL): ethane, butane and propane for residential and commercial applications
- Natural gas: mostly methane for residential, industrial and power generation
- Other products include additives, such as detergent additives required by the EPA to be in gasoline (Proprietary and generic); red dye required by the IRS when a customer buys untaxed diesel; conductivity and lubricity additives are injected into diesel since ULSD became a requirement; winter or premium diesel additives
- Ethanol product is received from rail cars, trucks or barges; is stored and managed similar to gasoline; is blended with gasoline while loading into the trucks.

### **Safety & Integrity**

- The safety of the public and employees and protecting the environment are top priorities
- Pipelines are operated in accordance with all applicable federal, state and local regulations. The U.S. Department of Transportation (USDOT), Pipelines and Hazardous Materials Safety Administration (PHMSA) is the federal agency that regulates interstate pipelines.
- According to USDOT, the number of liquid pipeline accidents nationwide has decreased from 245 in 1994 to 113 in 2007
- Pipeline safety and integrity are assured through aerial inspections, internal inspections, hydro testing, corrosion protection (protective coatings, cathodic protection, chemical inhibitors), pipeline markers, one-call participation, excavator education and public awareness program
- Pipeline markers: indicate approximate location of pipeline underground; do not indicate depth, and must show company name, emergency phone numbers and type of product

- Pipeline Inspection Gauges are called PIGs. There are different kinds of PIGs that are used for different purposes in the pipelines. The product moves the PIG through the pipeline. Some are very smart (computerized) and others are more mechanical in nature.
- If you suspect a pipeline leak: Turn off engines; get away from the area, keep others away; call 9-1-1 from a safe location; call the pipeline operator. (CPPL at 1-877-267-2290); **notify** the One Call Center if unknown 8-1-1; **DO NOT** operate pipeline valves; **DO NOT** turn on engines or drive into the area.
- Ways to identify possible leaks: Use the senses. Smell – distinct petroleum, gasoline or “rotten egg” odors. Sight – brown patches of vegetation, pool of liquid, low-lying fog, rainbow sheen on water. Sound – hissing or roaring.

The following CAC questions and comments were recorded during the presentation:

- *How deeply are the pipelines buried?* They range from fully exposed to 40 feet below. It is dependent on location. If possible, they are buried 4 to 5 feet deep.
- *Are there emissions?* From the pump station, truck racks, loading docks and engines.
- *What is the pressure of the product in the pipelines?* It is about 2200 psi out of Billings. Some locations run as high as 1000 psi. The operators use a batching system, an elaborate scheduling system, to load the product.
- *What is the level of education of employees manning the Control Center?* The Control Center in Bartlesville, OK, is state of the art and runs 24/7. There are 10 consoles, each one working on a different system. The operators are experienced people from the field with usually a high school education or preferably a two-year college degree.
- *Is it still required by the government to make ethanol?* It is a government mandate.
- *Is there any validity to the argument that it costs as much to produce ethanol?* There is a large subsidy, e.g., 45 cents to jobbers. Ethanol is as volatile as any other product and cradle to grave it costs more.

## 2011 CAC GOALS: ACTION ITEMS

### **Workforce Diversity**

It was agreed that the Workforce Diversity team would meet before the April 12 CAC meeting in order to be able to present at the April meeting. Shirley McDermott was designated as team leader to initiate a meeting of team members to determine outcomes of this goal for 2011. Team members include: Keith Bear Tusk, Steve Arveschoug, Mark Hilbert, Steve Steach, Travis Sloan (CoP) and Ellen Futon (CoP).

### **Neighborhood Eat & Meet**

It was decided that the date for the Neighborhood Eat & Meet would be Tuesday, September 13. It will be held at RiverStone Health at the corner of 26<sup>th</sup> St. and 1st Avenue. Guest Greg Neill, Emergency Preparedness Coordinator at RiverStone Health, reported that 26<sup>th</sup> Street can be blocked off. By September, the parking lot may be paved. The Clinic is open till 7:00 p.m.

Greg distributed a brochure describing the event planning guide entitled, “Healthy by Design,” that RiverStone Health is supporting and which can be applied to the planning

of the Eat & Meet event. “Healthy of Design” includes 5 health standards: environmental stewardship (recycle, use electronic documents instead of paper, use the same materials for multiple presentations), nutrition (serve healthy meals; serve recommended portions; serve water, milk and juice instead of sodas), physical activity (walking breaks, stretching or aerobics, active lifestyle materials), prevention and overall wellness (proper hand washing, yoga or meditation exercises, educational materials on health screenings), and safety (designate a safety office for the event, map evacuation routes and exits, follow food safety requirements).

#### Event Logistics:

- Will need tent(s) for outside
- There is a large conference room but it may not accommodate a full crowd
- Attendees could also go into the foyer and hallways
- There will be tours available of the new building
- The event will run from 5:00 – 7:00 p.m.
- Need to adhere to “Healthy by Design” standards
- Set up booths that offer first aid, CPR, flu shots, and perhaps check heart rates

A food vendor approved of by “Healthy by Design” is Creative Capers.

#### Action item:

It was agreed that at a future CAC meeting Hillary Harris would demonstrate the “Complete Streets” program in Billings which is part of the National Complete Streets Coalition.

## REFINERY UPDATE

Reed Marton reported that Steve Steach was at the annual meeting of the board of directors in Phoenix for Jupiter Sulfur, LLC, a joint venture that ConocoPhillips owns with Tessenderlo Kerley located in Arizona.

Reed reported that he visited the Wood River Refinery in Roxana, Illinois, just north of St. Louis, Missouri, where he met with Jay Churchill, the new refinery manager who was refinery manager in Billings from 2000-2005. Jay relayed his greetings to the Billings CAC and talked about his enthusiasm for the CAC at Wood River.

### **Coke Drum Project**

Reed reported that the two of the coke drums were still in Port Lewiston and two were within 10 miles of Montana. Bad weather has slowed the daily progress of the drums. The refinery receives daily updates from those travelling in the entourage and there have been some protesters along the way. There may be a protest planned in Missoula by a group of college students called All Against the Haul. This group does not intend to present any legal challenges but just show its sympathy for the movement. The travel schedule in Montana is from 11:00 p.m. to 6:00 a.m. six days a week. The drums are expected to arrive in Billings the end of March. A welcome ceremony is being planned for when they arrive in Billings.

## **Safety and Environmental**

The refinery has been quiet in terms of injuries or significant incidences since the beginning of the year. This is a good start and pace and the refinery plans on making the outages safe and short.

## **Operations**

A small outage is planned for the end of the month to do inspections on some units. About 100 contractors are expected to assist. There will be some additional short outages. The demand for product, especially diesel, is unseasonably high. This is due in part to other refineries conducting turnarounds which raise demand for product. It is a good time for the refinery to be running.

Next Meeting Agenda: April 12, 2011

- TIF Legislation Update
- Global ConocoPhillips Strategy
- Workforce Diversity Team Report
- Refinery & Transportation Updates
- Next Meeting: May 10