



June 4, 2012

Dear Council Member:

The minutes from our May 8, 2012 CAC meeting are attached. The next meeting will be held on **TUESDAY, JUNE 12, 2012** 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 24th Street**

**CONOCOPHILLIPS BILLINGS REFINERY
CITIZENS ADVISORY COUNCIL
May 8, 2012**

MEETING MINUTES

Present: Council members: Steve Arveschoug, Bob Carr, Paul Dextras, Ralph Hanser, Joshua Juarez, Shirley McDermott, Paul Miller, Linda Pettengill, Emily Schaffer, Dolores Terpstra, Stella Ziegler
ConocoPhillips management: Julian Stoll, Mark Hilbert, Randall Richert
Facilitator: Ann Clancy

Absent: Ken Ard, Keith BearTusk, Brittany Blood, John Pulasky, Jim Ronquillo, Gladys Stahl, Elizabeth Stears, Richard Wilson

AGENDA

- Welcome/ Introductions
- Community Updates
- Refinery & Transportation Updates
- Update on US & Global Refining & Corporate Business Strategy
- Meeting agenda for April 10 CAC meeting

WELCOME/INTRODUCTIONS

Ann Clancy welcomed Ralph Hanser as the new CAC member representing small south side business.

COMMUNITY UPDATES

Linda Pettengill reported that the South Side Neighborhood Task Force will have a booth at the Farmer's Market from June 21 – September 14.

Josh Juarez gave an emergency preparedness update from the state health department. There is a strategic national medications and antibiotics stockpile that has been established since September 11, 2001. The government has mandated that state health departments be able to respond within 24 hours to an anthrax attack. The protocol is that the Governor gives an order to retrieve medications from secret locations to be distributed. The Billings area has gone a step further by setting up an agreement with Car Quest to bring the medications directly to this area to be delivered to dispersion points, such as Laurel High School, Billings High School, Skyview High School and Lockwood school. He reported that recently the department did a live test and that it went flawlessly. The test included the help of the Billings Fire Dept. The purpose was to test the communication venues.

REFINERY UPDATE

Operations: Julian Stoll reported that it's been an interesting and challenging month with the turnaround that is nearing completion. There have been 4 critical and

successful lifts completed. More than 600,000 man hours have been logged over the past 5 weeks.

Safety: There were 2 injuries during the turnaround with contract workers who did not carefully follow the safety protocols that are in place. Some of the contractors were new to their careers and not adequately trained in using heavy hydraulic tools. The incidents seemed to involve overzealous actions and miscommunication on the part of the workers while activating the machinery. These incidents place the Billings refinery safety record as the worst among its peer sites.

Environmental: This has been OK for the month. There will be some emissions when restarting units after the turnaround. There was a malfunction on restarting the FCC unit but the operations response was thorough and the unit is now running well.

Name change: The event occurred on May 1. The refinery is now called Phillips 66. The launch went well. They rang the bell on Wall Street. There have been town hall meetings within the refinery. There seem to be few questions or concerns about the name change. The flags and signs have been changed. There does not appear to be the necessity for a rebranding strategy as the Conoco outlets will retain their name. The refinery does need to remove any ConocoPhillip signs.

TRANSPORTATION UPDATE

Safety: Mark Hilbert reported still no recordable injuries for this year. There was one first aid case. The company received an award from the American Petroleum Institute for its safety record which was presented in April.

Environmental: Nothing to report.

Operations: There are lots of barrels of oil moving. Number of right of way requests are flat. Some new personnel have been hired in the property tax and real estate area so there is a net 1+ for the Billings office. The pipeline's new name is: Phillips 66 LLC.

NEIGHBORHOOD EAT & MEET PLANNING UPDATE

Paul Miller, member of the CAC Eat & Meet team, showed photos of the "Home on the Range" building, permanent residence of the Northern Plains Resource Council, which will be the location for the 2012 Neighborhood Eat & Meet event. The following items were agreed upon in planning this year's Eat & Meet:

- Date: Thursday, September 13, 2012
- Focus: Environmental, going "green"
- Theme: Pathway to Green
- Caterer: Fuddruckers
- Logistics: Pass out copy of Local Sustainable Development scorecard
- Parking: Ask RiverStone Health

The team will give another update at the June 12 CAC meeting.

LOCAL SUSTAINABLE DEVELOPMENT SCORECARD UPDATE

Randall Richert presented a copy of the Local Sustainable Development Scorecard that he is in the process of updating for distribution at the Neighborhood Eat & Meet event in September.

#1 Economic Growth Metric

Comment: include local perspective of number of jobs related to the direct and indirect impact of the refinery's economic growth on the community

#2 Refinery Taxes

Comment: this is a company-wide metric as individual refineries are not permitted to disclose these numbers. It shows that payroll is steady but property taxes have increased.

#3 2011 Contributions

Comment: these percentages tend to stay steady (greatest philanthropy in areas of education, youth services and health and social services).

#4 Recordable Injuries

Comment: based on 2 variables – number of man hours per year and number of recordable injuries (number of people who get hurt per 100 people working for 1 year). There has been a drop from 2010 to 2011. Corporate expectation is for the refineries to be leaders in their class.

#5 Greenhouse Gas Intensity

Comment: Billings refinery emits more than the US average because it is a smaller refinery with less economics of scale to take advantage of so it is less efficient. Overall Phillips 66 is becoming more energy efficient by setting up, tracking and measuring better quality data.

#6 Upset Flaring Emissions

Comment: this shows a year by year progression of lower level of flaring. 2011 was another low year for emissions at the Billings refinery. There is much greater reliability due to attention given to the equipment.

#7 Pounds of Refinery Emissions Per Thousand Barrels of Crude Processed

Comment: this shows a comparison of the local refineries and their allied businesses. The overall trend for SO₂ is downward. Cenex has the highest releases of hydrocarbons due to leaks.

Action: It was suggested to make poster-size copies of the revised scorecard for presentation at the Neighborhood Eat & Meet.

MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY

PERSPECTIVE ON EMISSIONS

Jim Hughes, Director of Air Quality Control at the MT Department of Environmental Quality (DEQ), presented information and photos related to air quality in the Yellowstone Valley. He focused on sources of emissions, the kind of terrain in this area and meteorological effects of dispersion of emissions.

Sources of emission: 7 industrial sources in Yellowstone Valley that emit SO₂ in addition to vehicles and home heating – Phillips 66, ExxonMobil, Cenex, Mt Sulfur, Corette power plant, Western Sugar and Yellowstone power plant.

Terrain & meteorological effects: flat, no mountains to contain the emissions

Historically, emissions have been tracked from 1983 to the present. In 1993, a state implementation plan was issued to all polluting industries to decrease their level of emissions. The biggest emitters have been: ExxonMobil, Corette power plant and the Cenex refinery.

Western Sugar has been the lowest emitter as it only runs about 5 months of the year. Of the 3 refineries, Phillips 66 is the lowest. Jim noted that the amount of sulfur content is going up as emissions go down. The demand for crude oil peaked in 2006 and is not decreasing. All 3 local refineries produce about 60,000 barrels a day. ExxonMobil has had some equipment problems. He shared the emission inventory for allowable sources which indicates a significant difference in the air shed from 1983. His main point of the presentation was to show that there have been significant emission decreases as refinery production has increased over the years.

The following questions/comments from CAC members were recorded:

- Where does the tonnage mass weight go? It goes into the air shed and disperses. In the state, the Colstrip plan is the biggest emitter.
- Have emissions from cars gone down since the 1980s? Yes. The difference is between mobile (cars) and stationary (facilities) emissions.

Next Meeting Agenda: June 12, 2012

- Community Updates
- Refinery & Transportation Updates
- Update on Corporate Name Change
- Report on Neighborhood Eat & Meet Planning