



February 14, 2012

Dear Council Member:

The minutes from our January 14, 2012 **ANNUAL RETREAT SESSION** are attached. The next CAC meeting will be on **TUESDAY, FEBRUARY 21**, 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

February 21 Meeting Location:
ConocoPhillips Learning Center
415 South 24th Street

ConocoPhillips Billings Refinery, CAC Retreat Session, January 14, 2012
Facilitator: Clancy Consultants, Inc. aclancy@clancyconsultants.net

BILLINGS CONOCOPHILLIPS
CITIZENS ADVISORY COUNCIL
ANNUAL RETREAT SESSION
JANUARY 14, 2012

MEETING MINUTES

Present: Council members: Ken Ard, Keith BearTusk, Bob Carr, Paul Dextras, Josh Juarez, Mike Kautzman, Shirley McDermott, Paul Miller, John Pulasky, Jim Ronquillo, Emily Schaffer, Dolores Terpstra, Ernie Woods
ConocoPhillips management: Julian Stoll, Reed Marton, Mark Hilbert
Facilitator: Ann Clancy

Absent: Steve Arveschoug, Brittany Blood, , Linda Pettengill, Gladys Stahl, Elizabeth Stears, Richard Wilson, Stella Ziegler

Guest: Mike Yakawich, Chair, Southside Neighborhood Task Force

Purpose

To develop a plan and timeline for 2012 activities as well as create a shared sense of purpose and commitment to our mission.

Outcomes

- Agree on and prioritize topics & projects for 2012 and create draft calendar for 2012.
- Get to know our new refinery manager and one another better.

Agenda

- Welcome/Introductions
- View from the Bridge – Update on Refinery
- CAC Mission & Roles Over 22 years
- Summary of 2011 Evaluation Survey Data
- Feedback on 2011 Evaluation Results
- Draft Calendar for 2012
- Next Steps
- Summary of Evaluations

WELCOME/INTRODUCTIONS

CAC members introduced themselves and stated the reasons they were serving on the CAC. Ernie Woods, UWS union representative, was honored for his tenure on the CAC from January 2009 to January 2012. His replacement has not yet been selected by union leadership.

VIEW FROM THE BRIDGE – UPDATE ON REFINERY

To provide context for the planning session, new Refinery Manager, Julian Stoll, introduced himself and presented an update on the refinery and the industry.

Why Are We Here Today?

- Get to know each other
- Allow me to earn your trust
- Authentic, open discussions
- Align on 2012 goals and activities
- Establish a realistic and meaningful plan
- Stimulate engagement and enthusiasm
- Commitment to achieve and succeed

Julian's Background & Experience

- Born and raised in England
- Married, with two children (boys, 9 & 12)
- Chemical & Bio-Process Engineering Degree
- Started work with ConocoPhillips 1991
- UK: worked various engineering, planning, operations, supply/logistics roles
- US: Lubes Plant Manager, Optimization & Operations Manager (LCR & WRR)
- Safely commissioned \$4B major project
- THRILLED to be here!

Julian's Management Philosophy

- Ground rules:
 - We operate as guests within our community
 - Respect and protect our license to operate
 - Listen, and seek to understand
- Priorities:
 - SAFETY EXCELLENCE
 - ENVIRONMENTAL STEWARDSHIP
 - 100% COMPLAINTS
 - RESPONSIBLE PRODUCTION
 - Walk the Talk

Major Refinery Initiatives / Activities

ConocoPhillips - The Spirit of Performance

- **Safety:** We operate safely
- **People:** We respect one another, recognizing that our success depends upon the commitment, capabilities & diversity of our employees
- **Integrity:** We are ethical & trustworthy in our relationships with all stakeholders
- **Responsibility:** We are accountable for our actions. We are a good neighbor & citizen in the communities where we operate.
- **Innovation:** We anticipate change & respond with creative solutions. We are agile & responsive to the changing needs of stakeholders & embrace learning opportunities from our experiences around the world.

- **Teamwork:** Our “can-do” spirit delivers top performance. We encourage collaboration, celebrate success & build & nurture long-standing mutually beneficial relationships.

Refining Principles of Operation

- Continuous improvement
- Production on plan & at specification
- Environmental compliance
- Process/asset safety
- Personal safety/co-worker safety/community safety

Billings Refinery – 2011 in Review

- *Successes*
 - Awarded VPP STAR
 - Awarded EPA Energy Star
 - No process safety incidents
 - Equaled record low environmental incidents
 - Achieved record earnings
 - Increased diversity hires by 80% versus 2010
 - Expanded MSU-Billings Process Technology Partnership
 - Recognized by the City of Billings and Yellowstone County for continued dedication and positive economic benefit to the community.
- *Challenges / Disappointments*
 - 2 OSHA Recordable Injuries
 - Increase in Total Workforce Attrition
 - Completed short shutdown to allow deferral of 2011 Major TA to 2012 due to late arrival of new Coke Drums.
 - Extended FCC and Alkylation Units to 5-year T/A cycles

2012 Business Environment

- Increased competition, margin pressure
- Energy security and diversity
- Shifting markets and political environment
- Company restructure; de-integration
- Establishing financial viability & controls
- Continued portfolio management
- Continued regulatory pressure
- Opportunity: access to local crudes

2012 Billings Refinery Goals

- Operate safely and reliably while controlling expenses and capital investment within budget
- Execute our largest ever turnaround safely, on schedule, and within budget
- Successfully complete our coke drum replacement and other major 2012 capital projects
- Increase our diesel yield to 45%, and continue to improve our energy efficiency
- Improve training and development of supervisors, engineers, operators and maintenance crafts
- Embrace and fully implement Required Standards to ensure strong operational discipline

- Successfully conclude Labor negotiations for our upcoming contract expiration
- Finalize plans to achieve compliance with more stringent 2014 waste water discharge quality limits
- Leverage authentic metrics to drive sustainable business improvement
- Establish a strategic plan for regulatory fuels compliance and further enhancement of Billings Refinery

Billings Vision (in progress): How Will We Know When We're There

- Our business results will continuously improve
- People will "see and feel" the difference when they are in our facility
- We will not repeat past mistakes
- We will be procedure/process oriented
- We will have high standards and will not tolerate poor performance (internal or external)
- Our workforce will be actively engaged in business improvement
- The neighboring community knows us and trusts us
- Our mentality: "One Team, One Goal"

CAC Perspective & Shared Expectations

WE will:

- Be a vehicle for sharing refinery information, & discussing community impact
- Be an active and visible presence in our community
- Outreach to identify refinery and community concerns
- Share resources, be accessible, and foster open dialogue
- Educate:
 - Refinery on needs of community
 - Community on refinery operations, & role within community
- Strengthen both the refinery and the community
- Be communicative, understanding, and sensitive
- Be a vehicle for dissemination of factual information
- Be data driven and action oriented
- Provide balanced advice/feedback on issues of mutual importance
- Address health, safety, environmental, & civic concerns
- Ask hard questions, and expect honest answers
- Be a collaborative partnership
- Be positive, trusting, & respectful
- Manage perceptions and expectations
- Provide access to a diverse range of viewpoints
- Seek win-win resolutions
- Focus on achieving sustainable results and longevity
- Serve as a credible advisory body
- Make recommendations on controversial matters
- Work to continuously improve neighbor relations

Julian stressed the need for repositioning the refinery with the new name change to Phillips 66, which should occur May 1, 2012. As a refinery goal, he would like help from the CAC in how best to preserve the Conoco refinery's history but also embrace the new company and inform the community of this name change in a positive manner. In addition, he would like the CAC to

advise him on developing a vision for the Billings Refinery of “who we want to be” as competitors are being attracted to this region. He believes in the shared relationship between the refinery and the CAC and intends to continue to use the CAC as a sounding board and for the Council to be active, visible and open to inviting different constituencies to its meetings.

CAC MISSION & ROLES OVER 22 YEARS

Ann presented the history and roles of the CAC over the past 22 years:

How the Billings CAC Began

- Idea for Citizen Advisory Councils announced as 1 of 9 environmental initiatives by Conoco’s CEO in April 1990
- Spring 1990, Billings Conoco Refinery hired MSU-B to conduct a Social Impact Assessment around construction of coker unit – one of ideas from assessment was to establish a stakeholder council
- November 5, 1990 the first CAC meeting was held at Billings refinery – 11 members present

CAC Roles Over 22 Years



SUMMARY OF 2011 CAC EVALUATION SURVEY DATA

Ann presented the results of the 2011 CAC evaluation. There were twelve responses tabulated.

CAC OVERVIEW	SD	D	N	A	SA
1. We have been effective as a Citizens Advisory Council (CAC) this past year in fulfilling our mission.	0	0	2	5	5
2. I understand the mission and goals of the CAC.	0	1	1	6	4
3. I have a personal sense of sharing or investment in the mission and goals of the CAC.	0	1	1	3	7

4. As a CAC member, I know what is expected of me.	0	1	4	5	2
5. I believe the CAC maintains an environment of honesty and openness between community members and industry members.	0	0	1	2	9
6. ConocoPhillips did a good job of keeping community members informed of refinery operations and future planning.	0	0	0	1	11
7. CAC community members did a good job of keeping ConocoPhillips informed of constituent/community concerns.	0	0	3	6	2
8. The CAC addressed important concerns for me as a community/industry member.	0	0	3	4	4
9. The CAC educational sessions were beneficial to me.	0	0	0	3	8

Best Accomplishments of 2011

- CAC Interest & Support of Coke Drum Transportation Project (6x)
- Neighborhood Eat & Meet (5x)
- Refinery Education (5x)
- Workforce Diversity (2x)
- Visit to COT Career Center
- Member Participation

What CAC Members Felt Best About in 2011

- CoP is a Good Community Neighbor
 - Good partner
 - Consideration & regard between refinery & neighborhood
 - Education program & scholarships
 - Honesty & integrity to keep us informed
 - Having CoP recognized at Big Sky Economic Development annual meeting
- CAC Education
 - Bakken, upstream & downstream, Pipeline 201, annual oil & gas overviews
- CAC Projects
 - Workforce diversity, Eat & Meet

Disappointments in 2011

- Refinery Beautification
 - Would have liked more involvement
- Workforce Diversity
 - Not able to find more direct method of recruiting more minority employees
- CAC/CoP Outreach
 - Lack of real tangible accomplishments
 - Lack of citizen participation in annual Eat & Meet

FEEDBACK ON 2011 EVALUATION RESULTS

In small groups, CAC members discussed the following questions and recorded their responses on flipcharts. The responses from the small groups have been collated below:

1. What are we not hearing about each month that we wish we were?

- Too much company perspectives (company & oil industry) & not enough opposing views/challenge
- Not enough political or environmental perspective/views
- Too much communication bias towards company on local/state/federal legislative issues (e.g., taxation).
- Would like to get both sides of the issues.
- Reach out more to the environmental organizations
- Montana Environmental Health Association, Josh is on Legislative Committee
- What has happened around the refinery and company in the previous month
- Ongoing cooperation with groups & organizations in Billings.
- More about emergency preparedness. Goal: involve CAC in planning or execution. For example, mock disaster drill – quarterly table top (2 between now and September). Make part of report out.
- Continued communication from Big Sky Economic Development & other organizations, e.g., Southside Neighborhood Task Force, Senior Center, TIF districts, Jim Hughes with Montana DEQ.
- More detail regarding community activities & Conoco activities monthly; encourage community involvement, e.g. CoP community events scorecard
- Encourage CAC members to share activities which involve triangle or Conoco
- Conoco report first at meeting to ensure enough time for report.
- Aging workforce/diversity
- Oil production industry in Montana and impact of Keystone Pipeline
- Refining 101 in US. Need education to be better informed
- CoP community involvement, philanthropy (e.g., Conoco helps 90 organizations in area)

2. What, if any, changes would we make to the three CAC roles & CAC mission for 2012?

- Require every CAC member to fill out performance survey; membership responsibility, not option
- Manage barriers: e.g., fear of challenging/criticizing ConocoPhillips for fear of repercussion (e.g., withdrawal of philanthropic activities)
- Increase pro-activity, endorse difficult conversation
- Increase access to materials (magnets, flyers, etc. to promote, raise awareness of CAC
- Outreach – communicate changes & growth of community efforts, e.g., Garfield, school tours of refinery
- Promote & initiate a shared training facility for firefighting training (there's joint interest in doing this, combine with other organizations, promote this, contact other CACs to see how training is done in other communities)
- When CAC has event like Neighborhood Eat & Meet, all members should be present/interactive
- No changes in roles & mission

- 3. What are we doing as CAC members in between meetings to communicate with our constituents? In what ways can we regularly communicate what we learn to others (e.g., making use of social media technology)?**
- Increase access and idea sharing on CAC and communication effectiveness/idea sharing with: other CAC's, locally and other CAC's in CoP
 - Survey the taskforce(s) to identify issues/needs & preferred methods of communications. Questionnaire? Door to door? Mail survey with Eat & Meet Invites? Survey at Eat & Meet?
 - Recognized need/gap/opportunity for improvement. Current = informal vs. structured.
 - Involve CAC in recruitment activities at career fairs?
 - Social media – may not be a Facebook for demographics
 - Communication pipeline slowed by corporate bureaucracy
 - Good model – neighborhood task force reporting
 - Social media? Maybe Facebook page, have high school students help, members could post
 - Newsletter from CoP – increase circulation so it's sent to people/businesses in the triangle area and other areas surrounding the refinery or interested people anywhere in the community
 - Staff meeting: task force reports, word of mouth
 - CAC endorsed items
 - Time on agenda for citizen report out
 - CoP website contact information on it for Billings CAC
 - How to access CoP, community funds
 - Corporate name change impact on community: topic for CAC to be in advisory role and education role with community; how is the refinery going to educate the public about the name change?

CAC DRAFT 2012 CALENDAR

CAC members identified some initial calendar events:

Month	Activities
February	<ul style="list-style-type: none"> • Finalizing CAC Goals & Timeline for 2012
March	<ul style="list-style-type: none"> • Focus on how to positively position refinery name change
April	<ul style="list-style-type: none"> • Travis talk on philanthropy (community activities & events)
May	TBD
June	<ul style="list-style-type: none"> • Pipeline 301 Presentation by Mark Hilbert
July & Aug.	<ul style="list-style-type: none"> ▪ <i>No CAC meetings</i>
Sept.	<ul style="list-style-type: none"> • Neighborhood Eat & Meet • Location: YVCC or NPRC?
October	<ul style="list-style-type: none"> • Neighborhood Eat & Meet Debrief
November	<ul style="list-style-type: none"> • Legislative update: Bruce MacIntyre, Ed Bartlett and/or Jani McCall
December	<ul style="list-style-type: none"> • Review of 2012 Goals

ConocoPhillips Billings Refinery, CAC Retreat Session, January 14, 2012
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NEXT STEPS

Ann will collate the ideas/suggestions from the retreat session and combine them into a list of potential goals and activities that the CAC could undertake in 2012. The 2012 planning process will be completed at the February 21 CAC meeting.

SUMMARY OF RETREAT EVALUATIONS

1. What did you most appreciate about today's planning session?
 - Small group discussion then coming back to group to share ideas
 - Getting together in a comfortable atmosphere to get to know one another and exchange goals/ideas in a positive, productive manner.
 - Small group discussions. Vision of Julian.
 - Very organized – lots of participation.
 - The great input from the CAC members. That this group is not afraid to ask for a different perspective or view.
 - The open communication on different subjects.
 - Productive discussion of setting informative meetings for 2012.
 - I most appreciate the open discussion of issues and the new ideas placed on our table. I also enjoyed meeting Julian and I feel he will be a good fit for Billings ConocoPhillips and the CAC.
 - The camaraderie of the group.
 - Openness and shared ideas between CoP refinery and the CAC.
 - Sharing of knowledge and ideas.
 - Best input from the participants in my three years.
 - A return to the roots of CACs and their intended impact – support more points of view.
 - Open, encouraging discussion. Introduction and presentation by Julian. Review of CAC mission.
 - The organization of the event. Ann does a great job! Great information exchange – now feel more a part of group.
 - All presentations were very spot-on regarding pertinent information. Sense of excitement about the CAC and direction of Conoco/Phillips.
 - Openness, level of participation, maturity and authenticity of the balanced discussions. Care and engagement clearly evident from CAC members. Humbled to be made to feel so welcome.

2. What would you have changed or done differently?
 - Nothing (6x)
 - This meeting went very well. The time was used productively. Hope we can maintain this type of pace in 2012.
 - Well planned with simpler agenda.
 - Probably nothing. The open discussion and small group interactions are great.
 - I think it was well done.
 - Microphone for speaker. Less noise pollution (alas unavoidable).
 - The facility was noisy.

- Noisy.
 - Acoustics.
 - Maybe allow 30 minutes for breakout sessions. Somewhat disappointing that all members did not complete the survey prior to retreat.
3. What unanswered questions, comments or concerns do you have about the CAC plan for 2012?
- None (7x)
 - Just need to finalize the agenda.
 - I'm in the minority on the Eat & Meet but I don't see the value in seeing more CAC, Conoco and politicians, etc. attending
 - Maybe clear handout for CAC membership...expectations, requirements, obligations.
 - I think we are well on our way to an interesting year.
 - Would like to know about the pipeline slip.
 - Need to interact with other CACs.
 - I cannot at this time think of any additional comment or concerns.
 - Excellent plans. Discussion around timelines for implementation of plans. Prioritize planning initiatives. This can be time consuming and controversial – helpful to inform members before retreat.
 - Need to await consolidation of great ideas generated and the conversion to clear goals for 2012 at February meeting before commenting.
 - Encouraged by number of meaningful and important goal ideas generated.
4. Any other comments? Any suggestions for the facilitator? Any suggestions for ConocoPhillips?
- Maybe don't push the time when there is a lot of interest in a topic and let the questions and comments develop. Most average people, I think, believe refineries are ripping people off with these gas prices and their profits and high salaries. I think it would be interesting to have someone not of this industry (i.e., economist) to explain what is going on. The pump is where a lot of people associate with refineries.
 - I see in terms of feedback from the community as a big topic. Does CAC have a newsletter? Is there a secretary who takes notes (minutes). Would/could such a newsletter or email news be sent out monthly to the community? As with other boards I'm on, we send out to those who attend and those interested who do/cannot attend. CAC members could gather contact information/email/address for those who wish to be on a mailing – start small, gain others. It's good for feedback good for invitation to Eat & Meet, etc. Just a thought.
 - Possibly easier to read outlines. Seemed confusing relating one to another at times.
 - Really enjoyed Julian's talk and approach to his position. Very professional and personal at the same time.
 - I think we got lots of suggestions today. Hopefully we can follow through with some of them.
 - Well planned and prepared for.
 - No I think everybody did a good job.
 - I think we've pretty well covered everything.
 - Will we have access to a recap of slides presented? Enjoyed the day.

- Should have brought hand copies of my presentation. I liked the flexibility of the agenda/schedule to not stifle or suppress a high level of discussion; necessary to ensure/enable group understanding.
- Great meeting.
- Good food and facility. Excellent facilitation – kept us moving! Thank you.
- Great job.
- No. Ann does a great job.
- Great job Ann!
- Great job Ann! As usual.... During the small group we covered my concerns so not to be redundant. Thank you for the hospitality and refreshments!!
- No.

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