

BILLINGS CONOCOPHILLIPS  
CITIZENS ADVISORY COUNCIL  
ANNUAL RETREAT SESSION  
JANUARY 23, 2010

MEETING MINUTES

- Present:** Council members: Steve Arveschoug, Keith BearTusk, Paul Dextras, David McGinnis, Nancy McCullough, Linda Pettengill, Emily Schaffer, Connie Wardell, Ernie Woods, Stella Ziegler  
ConocoPhillips management: Steve Steach, Reed Marton, Mark Hilbert  
Facilitator: Ann Clancy
- Absent:** Hillary Harris, Shirley McDermott, John Pulasky, Jim Ronquillo, Gladys Stahl,

**Purpose**

To develop a plan and timeline for 2010 activities as well as create a shared sense of purpose and commitment to our mission.

**Outcomes**

- Agree on and prioritize topics, projects for 2010.
- Draft calendar for 2010.
- Get to know one another better.

**Agenda**

- Expectations for the CAC in 2010
- ConocoPhillips Business Environment & Strategy
- Proposed Topics & Projects for 2010
- Summary of Evaluations

EXPECTATIONS FOR THE CAC IN 2010

*Members introduced themselves and stated their expectations for the CAC in 2010. These are categorized below:*

*Communication & Education*

- Communication I can take back to SSNTF. Communication gaps to community (e.g., phone system to call key stakeholders or email to CAC when something happens at refinery like fire at Xmas time).
- Promote right of way pipeline numbers to CAC and at Eat & Meet
- Coke drum replacement communication plan – great educational opportunity to let kids track the progress of the drums via GPS. CAC can help in communicating to public.
- More communication between refinery and ER response with Fire Department and RiverStone Health.

- Fire was a wake-up call. CoP needs to get better. Want CAC members to ask and help us improve our communication.
- Communicate via email when events happen.
- Want communication to stay open and do more – would like to be able to educate others about the industry and CoP.
- Educate public more on what it costs to produce fuel and community-refinery partnerships.

#### *Workforce Development*

- Find ways to connect refinery to community through workforce development.
- Workforce development – Native American population (Northern Cheyenne & Crow) contacts. Also priority for refinery to increase diversity in plant. Develop opportunities at Garfield School where refinery is already helping to sponsor some programs
- Focus on workforce development and Native American community
- Need to increase diversity of candidate pool for the refinery. What are concrete steps to take in hiring, promotion, etc?
- Help retain refinery jobs and promote jobs using local expertise.
- Something to help Native Americans & diversity in CoP.

#### *Fire Sciences Training Facilities*

- Be updated/involved in grant \$\$ dedicated for joint city/county and MSU-B for new Fire Science training facility in Billings. May be federal \$\$ available from Homeland Security.
- Shared fire science training facilities.
- Going from good to great in terms of the Fire Dept. and refinery relationship. How you practice is how you play – would like the Fire Dept. to allocate more time and resources to interface with CoP. Would like to develop and implement a plan that targets good areas and areas of improvement in order to make a measurable difference.

#### *Support Economic Development in Community*

- Continue efforts to invest turnaround dollars in community. Contact with local contractors.
- What to do with existing Montana Business Incubator? Refocus with energy sector focus. Need industry partners to talk to. This involves MSU-B, Chamber, Beartooth RC&D & Big Sky EDA.

#### *Environmental Focus*

- CoP take the lead in developing a conservation plan for Montana.
- Information on climate change and natural gas role.

#### *CAC Focus*

- Just being part of the Council – keep me informed and then I can inform others.
- CoP has won people over – rethink what CAC is – not watchdog anymore.

# CONOCOPHILLIPS BUSINESS ENVIRONMENT & STRATEGY

## **Billings Refinery Christmas Eve Tank Fire**

Steve discussed the tank fire that occurred on Christmas Eve. Based on its investigation, the facility believes the fire was the result of a series of events that took place within the tank when they tried to remove the old oil, which is heavy. This is done every 20 years. The process involves using a lighter oil to help remove the heavier oil. Vapors built up inside the tank as they were in the process of pumping the oil to another tank. Oxygen entered the tank through a vent pipe while the remaining oil was being pumped out. All it needed was a spark. There is a heat exchanger inside the tank which is used to keep the oil flowable. It had steam in it and was very hot. As the oil was being pumped out of the tank, this exchanger was uncovered and got hotter. It is believed that deposits on the exchanger began to smolder and ignited vapors in the tank.

The fire was smothered by foam to the cost of about \$350,000. The emissions release was reported to the appropriate agencies. Remnants or particulates of the insulation in the tank were scattered into the South Side neighborhood. Most of the debris has been already collected. The incident, to date, has been attributed to supervisor error. OSHA is investigating the incident and should have a report completed in about six months.

## **Business Environment & Strategy**

Steve presented information on ConocoPhillips' plans for improving its business performance during the worst recession the industry has known in thirty years. The company announced that they intend to sell \$10 billion of weaker performing assets over the next two years in order to reduce their debt and control capital investment. ConocoPhillips is an "integrated" oil company, meaning they explore for and produce crude oil (upstream) as well as refine it into fuels (downstream). The relative amount of upstream and downstream assets owned by ConocoPhillips is similar to other integrated oil companies. However, most of the company's refineries are in the US, which has seen a steep decline in gasoline and diesel fuel demand. This has already led to the shutdown of three refineries by other companies in the last year. To remain competitive, ConocoPhillips' refineries will continue to focus on controlling their costs and operating safely, reliably and in an environmentally sound manner.

Steve also presented challenges on the horizon from federal legislation being developed to reduce greenhouse gases, ensure chemical plant and refinery security, and increase tax revenue. Specific to greenhouse gases, ConocoPhillips supports legislation to reduce emissions, as long as the cost is distributed fairly and global competitiveness is not sacrificed.

## **Billings Refinery Top 10 Goals for 2010**

Steve reported that the Billings Refinery shows up in the top quartile of refineries even though current production has been cut to 55,000 barrels from a total capacity of 60,000. He shared the refinery's Top Ten Goals for 2010 which are listed below.

1. Implement the following new Required Standards
  - Fatigue Management
  - HF Alkylation Unit PPE
  - Environmental Operating LimitsAnd continue to implement the following Required Standards:

- Reliability Operating Limits
  - Relief System
  - Operator Rounds
  - Operations Training
  - Maintenance Training
  - Alarm Management
2. Submit OSHA VPP application and obtain STAR Certification
  3. Review the current status of each element of Process Safety Management and identify improvement goals to raise process safety performance to the level of personal safety performance
  4. Submit Site Security Plan to the Department of Homeland Security
  5. Implement EPA Greenhouse Gas Reporting and develop a strategy for compliance with anticipated Greenhouse Gas regulations.
  6. Competitively bid/re-negotiate key major contracts
  7. Implement energy cost reduction activities
    - Quarterly RLT reviews of total energy consumed
    - Steam leak/trap repairs
    - Refinery energy improvement assessment
  8. Continue outreach to increase the diversity of the candidate pool for future hiring of hourly positions
  9. Prepare for the 2011 turnaround by meeting key turnaround planning milestone dates
  10. Progress the Coke Drum Replacement project and all other 2011 turnaround capital projects

### **CAC Comments/Questions/Feedback**

*The following comments and questions were raised after Steve's presentation:*

- Would like to have more information on natural gas this year
- What about the pipeline that broke near ExxonMobil? *Mark Hilbert reported that ExxonMobil is a shipper on the Seminoe pipeline which is owned by ConocoPhillips and runs product to Wyoming and Utah. In December, a line cracked causing a substantial spill which also contaminated the ground. The company's Incident Management team came in and spent a week investigating the spill. There were no injuries.*
- In response to a question about the Yegen Ditch, Reed reported some oil got into the city sewer and ended up in the ditch. The Billings refinery noted the sheen across the ditch, put out a boom and collected the oil and called the appropriate local agency. The Fire Dept. is looking for the source.

### PROPOSED TOPICS & PROJECTS FOR 2010

Ann presented the following list of proposed topics and projects for 2010 including unfinished or ongoing business from 2009 CAC goals:

#### Topics for CAC Meetings

- Philanthropic spending
- MSU-B COT & process plant technology program
- State legislative report

- Refinery environmental issues & updates
- Transportation updates, including Transportation 101

#### Projects for 2010

- Neighborhood Eat & Meet
- Community survey
- Local sustainability scorecard
- Refinery beautification plans
- Gateway Business Park – response to SSNTF
- Workforce development

#### **CAC Feedback on Proposed Topics & Projects**

*CAC members were asked what more information they would like in 2010, what they would like to be updated on and what the Billings refinery should do to be supportive of the community in 2010. The following comments were recorded:*

- Information on how the Billings refinery is impacted by national, global economics.
- Information on turnaround plan.
- Develop a GPS education plan for coke drum project.
- Information on natural gas, cost of conversion, how conversion is done.
- Involve COT interns with Workforce development? Two student scholarship recipients could talk about their experiences with the process plant technology program.
- On May 3-5, 2010 MSU-B is hosting a conference on Canadian and Montana petroleum economies, to be held in Billings.
- Revisit training plan – CoP.
- Billings's scorecard should be a topic.
- New and creative ways for CoP to reach out, especially to Native American population: focus on high schools, colleges, the two reservations and the Indian community around Billings. Determine what's needed in terms of skills/education to be hired.
- Issues of diversity in workforce also include women. MSU-B offers credit classes at Women's Prison.
- Garfield School activities – give a presentation on what's happening at CAC meeting.
- Share refinery security plan in terms of the regulations required.
- Geology discussion – oil development, coal bed methane, upstream production. MPA could talk about potential of peak oil.
- Improve joint ER response with Fire Dept.

### DRAFT LIST OF CAC TOPICS & PROJECTS FOR 2010

#### **Projects**

##### **Eat & Meet**

- Offer actual demonstrations, incorporating something for kids
- Theme: House energy efficiency
- Educate & distribute #811 – right of way
- Partner with Fire Dept & Police Dept.

- Timeline: At March meeting, determine theme & location. Select September date for the event

### **Workforce Diversity**

- CoP develops a strategy & tools
- CAC provides feedback & input on strategy
- Strategy includes new & creative ways of reaching out to Native American population, people of color, women
- Outcomes: Education & training, connect to community
- Hold a CAC meeting at Garfield and have a presentation about community activities at Garfield School
- Timeline: Have CAC meeting at Garfield in March?

### **Coke Drum Journey as Educational Opportunity**

- Could tie into schools by tracking via GPS the route the drum pieces take
- School kids could build a webpage for tracking (contact Jonathan Porta?)
- Contact Rick Jones at Senior High for his input
- Timeline: Have a discussion and develop an action plan at April meeting

### **Community Survey**

- Used 1990 survey as a base
- Phone survey will be done in February
- Timeline: Provide a report of survey results to the CAC at April meeting

### **Local Sustainable Scorecard Update**

- Continue to update and share scorecard results
- Solicit CAC input on results of scorecard, especially implications for community and/or refinery
- Timeline: Have an update at May meeting

## **Topics**

### **Transportation 101**

- Update on pipeline business by Mark Hilbert
- Timeline: Presentation at February meeting

### **Global/US Economic Impact on Billings Refinery**

- Steve Steach provides update
- Timeline: Presentation at May meeting

### **Update on City/County Fire Training Facility Project**

- Talk about collaborative effort, e.g., joint drills, etc.
- Timeline: Presentation at June meeting

### **Information on 2011 Refinery Turnaround**

- Talk about connection to local businesses (Steve A. with BSEDA)
- Timeline: Presentation at November or December meeting

### **Tour of Refinery**

- After coker drums are in place
- Timeline: At October meeting

### **Legislative Issues Update**

- Invite local legislators?
- Timeline: A fall meeting - October, November or December

### **Petroleum Geology**

- Topics for presentation: Upstream, natural gas, CBM, endangered species, climate change
- Could have MPA or CoP person speak
- Could hold in different venue?
- Timeline: TBD

### **Security Regulations**

- Timeline: TBD

### **Gateway Business Park Update**

- Find out from BSEDA what is happening in the area
- What about the Business Incubator Program?
- Contact Chamber about what's happening in the area
- Timeline: TBD

### **Billings Refinery – Update on Philanthropic & Community Support**

- Talk about multiplier effect
- Timeline: TBD

### **CAC Membership Update**

#### **CAC vacancies**

College students – call Susan (Environmental Club)  
High school students  
Small Southside business  
Triangle area resident

## **SUMMARY OF EVALUATIONS**

### **1. What did you most appreciate about today's planning session?**

- Open communication. People had given some thought about what the CAC should do this year and brought some new, very good ideas and suggestions.
- Based on the diversity of the members, it was beneficial to understand the areas of interest each member had with the Conoco connection.
- The start of the meeting & what each person would like to see out of this group for 2010.
- How the group was encouraged to share openly.

- I appreciated the complete explanation of the cause of the fire at Christmas. I also realize that we should have asked for explanations without waiting for ConocoPhillips to contact us.
- Well organized; great job of keeping us on task & organizing our thoughts.
- There is a real feeling that the refinery and various members to the CAC are in concert to educate the public, enhance partnerships, and continue to move from good to great in a number of areas. For the most part there is a lot of respect within the CAC membership.
- I liked the dialogue that went with introductions.

## **2. What would you have changed or done differently?**

- Nothing.(2x)
- I thought it went very well.
- The roundtable discussion was conducive for all members to participate. The agenda prepared prior to the event is always followed and there is great ability to keep the session moving to a conclusion. Ann has a great ability to draw all the tangents together and bring the focus on specific topics that are beneficial for Conoco and the council members.
- This was actually a very productive meeting and I feel the participation set a number of goals for the coming year. This adds a sense of direction and purpose to the CAC which is vital to this group's impact.
- Some small group work is nice as it helps us get better acquainted with each other. We have a lot of new people and I would like to know them better, especially what is important to them.
- The weather

## **3. What unanswered questions, comments or concerns do you have about the CAC framework for 2010?**

- None.
- We need to finalize the 2010 calendar and projects and get it back to the CAC for comments/concurrence.
- The comment made concerning other CAC's meeting less frequent and the favorable feedback on the Conoco relationship in the community from the long term members, it may be advisable to consider quarterly or every-other-month meetings rather than monthly in future years.
- I know we will flesh it out at the next meeting. Maybe we can allow or schedule time to meet in committees. I am not sure we addressed Stella's concerns about "projects".
- I liked the fact Ann will coordinate the information and we will put this into a calendar for 2010. It will be good to see the many ideas and options focused into a calendar.
- I think we did well and have a full plate.

## **4. Any other comments? Any suggestions for the facilitator? Any suggestions for ConocoPhillips?**

- No. Good job Ann.
- I have personally gained insight into the energy operation with my association on this council. The facilitator does a wonderful job in performing the task of orchestrating the program.
- You did a great job of keeping us on track, starting & stopping the breaks etc.... This is important please keep it up.

- Keep us in the loop when CP is having difficulties as well as sharing successes. I especially appreciated sharing of the economic concerns of the oil industry right now.
- For CoP: Just the email info for refinery emergencies.
- Ann: I think you've done a great job for us.
- Having a facilitator is such a good idea for this group. Ann you did good!!!!!!
- I see our role changing. I have no problem with this. I just think it needs to be addressed.