



# Billings Refinery

**Postdated:** December 30, 2016

Dear Council Member:

Please find attached a copy of the minutes from our **December 13, 2016** CAC meeting.

Just a reminder that the next CAC meeting will be our annual **RETREAT SESSION, JANUARY 28, 2017** at the Rex Restaurant. The meeting will run from 8:30 to 1:30 p.m. with breakfast and lunch provided.

Sincerely,

Ann L. Clancy, Ph.D.  
Meeting Facilitator

**Meeting Location: Phillips 66 Learning Center  
415 South 24<sup>th</sup> Street**

**PHILLIPS 66 BILLINGS REFINERY  
CITIZENS ADVISORY COUNCIL  
December 13, 2016**

**MEETING MINUTES**

- Present:** Council members: Keith Beartusk, Paul Dextras, Travis Harris, David Hobbs, Bruce MacIntyre, Gregory Neill, John Pulasky, Jim Ronquillo, Melanie Schwarz, Emily Shaffer, Jim Stevenson, Andrew Sullivan, Mike Yakawich, Stella Ziegler  
Phillips 66 management: Ray Rigdon  
Midstream: Absent  
Facilitator: Ann Clancy
- Absent:** Dale Fincel, Colin Franks, Ralph Hanser, Bob Hoar, Rob Lowe, Shirley McDermott, Melissa Patton, Morgan Remus, Heather Schwab
- Guests:** Linda Deavila, South Side Community Center  
Mike Hraban, Process Safety Director, Billings P66 Refinery  
City College Students: Michael Baker, Michael Gherer, Mark Godfrey, Courtney Lohrmeyer, Alex Songstad, Hunter Wester, Kyle Wilson

**AGENDA**

- Welcome/Introductions
- Refinery, Midstream & Community Updates
- State Legislative Update for 2017
  - Alan Olson, Director, Montana Petroleum Institute
  - Bruce MacIntyre, Billings Chamber of Commerce
- Debrief of Meet in Park Event
- Next CAC Meeting: CAC Retreat, January 28, 2017

**WELCOME/INTRODUCTIONS**

Ray Rigdon opened the meeting and introduced Mike Hraban, Process Safety Director at the refinery, standing in for Colin Franks who is having a medical procedure and will be back for the CAC retreat. Mike Hraban is a former CAC member who represented Pipelines.

Linda Deavila was introduced as the new individual filling the Senior constituency vacancy. She represents the South Side Community Center.

## **REFINERY UPDATE**

**Operations:** The refinery is running well and there are four and a half months before the large scale turnaround begins in April of 2017. The turnaround will last 56 days and will be completed around the first week of June. The refinery will spend about \$100 million on the turnaround and over \$300 million on the vacuum improvement project. In about a month, there will be up to 1800 workers coming into the plant in addition to the regular crew. The Jupiter Sulphur plant is also undergoing an upgrade in the amount of \$70 million to support the vacuum improvement project. The winterizing efforts at the refinery have paid off as the first hard freeze has come. The refinery is designed to sustain up to minus 29 degrees and still operate.

**Safety:** There have been no recordable injuries this year which is a refinery milestone of one year and over 1 million hours with no recordable injuries.

**Environmental:** There have been three environmental exceedances in 2016, the best year ever for the Billings refinery and 50% better than the best year the refinery has ever had. No flaring has been necessary. Two of the environment events would not have been classified as such last year but for new regulations.

**Question:** *What's happening with the Dakota Access pipeline?* It's been built except for the last piece that runs under a river. It has already been built on both sides up to the river. The new U.S. Administration will probably let the building continue.

**Question:** *What is the depth of the pipeline? What grade of steel do they use?* It's buried at more than 90 feet. The new pipelines are much better technologically and are the safest way to transport petro fluids. The Dakota pipeline uses specialized steel not manufactured in the U.S. and most pipelines now have cathodic protection against corrosion and are also jacketed in concrete.

**Question:** *What pipeline recently broke in North Dakota?* This month electronic monitoring equipment failed to detect a pipeline rupture that poured more than 176,000 gallons of crude oil into a creek in North Dakota about 150 miles from the site of the Standing Rock protests. The pipeline operator, True Cos, has a history of oil field-related spills in North Dakota and Montana, including a January 2015 pipeline break into the Yellowstone River. Phillips 66 Pipeline Company has been consulting with state legislators on helping to develop new pipeline safety regulations.

## **MIDSTREAM UPDATE**

*Ann read a brief report prepared by Morgan Remus who was unable to attend the meeting:*

**Operations:** The company is winding down on projects for the year so things have been quiet and operating well.

**Safety & Environmental:** There have been no incidents or major operational upsets in the last month.

**Projects:** In December the company brought a new asset base into operation in North Dakota. It includes a facility with storage, truck off loading and third party pipeline connections. That facility ties to a 70-mile pipeline which delivers crude barrels to a previously constructed P66 rail facility. This was a major project that was a couple of years in the making.

## **COMMUNITY UPDATES**

The Billings Chamber 2017 Award for Agricultural Excellence was bestowed on CAC member Bruce MacIntyre for his dedication to the industry. Bruce has been the Chamber liaison to the Ag Committee, whose 40 volunteer members selected him. Mike Yakawich reported there will be a South Side Neighborhood Task Force meeting this Thursday and a young leaders meeting at the South Park Community Center with free meal included.

Fire Chief Paul Dextras reported that the P66 refinery very generously contributed almost \$50,000 to the Billings Police and Fire Departments for ballistic protective equipment. The equipment allows the departments to be more proactive in active shooter situations. The refinery has funded other projects for the Fire Department including an inflatable fire education house to use as an educational tool, digital equipment to create training scenarios, and fire fighter rehab, such as in freezing weather. Paul praised P66 for engaging with the community and for helping provide funding for equipment and technology that would take the Fire Department a long time to acquire on its own. The Fire Department is building a new 911 communication center at 9<sup>th</sup> Ave. N. and 24<sup>th</sup> St. The property has been purchased and CTA Architects engaged. It's going to be consolidated with Yellowstone County to include dispatch for police, fire and ambulance.

Bob Hoar reported that Dr. Ron Larsen will become Interim Chancellor of Montana State University Billings when Chancellor Mark Nook leaves in February 2017. Dr. Larsen has strong ties to MSU where he has served as associate provost and has been a key member of the senior management team in the MSU Office of Academic Affairs.

## **STATE LEGISLATIVE UPDATE FOR 2016**

### **Montana Petroleum Association Perspective**

Alan Olson, Director of the Montana Petroleum Institute, provided an industry perspective of the upcoming 2017 Montana Legislature. He is a former House representative from Round Up for eight years and he ran for the Senate. Alan was employed by Sanjel but was hired to succeed Dave Galt as Director of the MPI a year ago. Born in Havre, Alan has worked in the oil and gas industry for 39 years. He also worked with the State Oil and Gas Commission.

Alan expects serious disagreement when the Legislature convenes on January 2. The state budget is in poor shape with a downturn of the commodities market and no "rainy-day" fund available. The Governor has ordered a 5% cut from every agency. Alan pointed out that the Montana State constitution requires a balanced budget. He recalls that in 2001 the state was in a similar shape budget-wise with overall low oil and gas prices. He noted that the State revenue projections for 2016 failed to match the projects from the last session.

During the legislative process, he anticipates extreme conservative and liberal factions facing off around issues like tax policy reform. There will be further efforts to bust the coal tax trust fund, which have failed in the past. There are 2400 bill drafts now but they will drop to about 1800 as around 1000 will die in process. Republican House representative Austin Knudsen (Culbertson) is expected to be selected again as Speaker of the House.

Alan noted that approximately 60% of the time bill drafts center around new government regulations. He spoke to concerns about Senate Bill 325 passed in 2015 providing tools to protect users of Montana's waters from having to clean up pollution they did not cause. The SB 325 Rulemaking Workgroup is working with the Department of Environmental Quality to draft new language that the agency cannot use quality standards that are more stringent than the nonanthropogenic (or natural) condition of the water. This is of importance to the oil industry as refiners discharge into state waterways. For example, the Billings P66 Refinery has stringent regulations on the discharge of arsenic which occurs on a seasonal basis. The refinery has spent \$26 million to meet regulations which now results in treating water to be "cleaner" than what is naturally found in Yellowstone River. He concluded that there might be efforts to raise the gasoline tax statewide which has not been changed since 1987. He urges local legislators to stand up for the local government entitlement share as money is going to be tight.

The following questions and comments were recorded following the panel presentations:

- *What is the current ending budget balance?* It is less than \$100 million down from the \$400 million projection.
- *When the government gets money from commodities, what percentage goes back to the state?* When costs are down, less money comes to the state. For example, \$400 million in revenue never materialized.
- *What about legislative impacts on refineries this Legislature?* It should be OK for refiners. There are a number of tax bills and regulatory issues but no new regulations. Safety and well-being of natural resource workers might be another issue. Trump's announcement to nominate Congressman Zinke as head of the Interior Department might result in some moderation from the federal level.

### **Billings Chamber of Commerce Perspective**

Bruce MacIntyre, Senior Public Policy Advisor for the Billings Chamber of Commerce, distributed a Public Policy Guide for the 2017 legislature and a handout showing how bills are introduced and passed through the House and Senate. Priority issues for the Chamber are local option authority (supporting local communities to implement funding solutions that do not further burden property owners or state and federal agencies), tourism funding (3% bed tax revenue) and public incapacitation (addressing the city's abilities to authorize ordinances to deal with people who are incapacitated).

The first HB001 is for an act to appropriate money for the operation and cost of the 65<sup>th</sup> Montana Legislature. On behalf of the Chamber, Bruce will be watching about 175 issues as they move through the session. He referred to the handout that maps the movement of bills as a distilling process to ensure bad bills don't get passed. He explained how 12 different legislators could be asking for the same thing in their bills and it's up to party leadership to consolidate them. How well a legislator gets along with the party peers is what dictates success, he explained, and there is a lot of deal making and pressure.

The State is divided into three major regions which often have separate issues but an effort is made to try to find a common agenda. A wild card is the Governor's impact in terms of strategy. There are three political parties: Democrats, moderate Republicans, and conservative Republicans. The last two legislative sessions the Democrats and moderate Republicans have

gotten together and passed agenda items such as around education. There is turmoil in the Republican Party and the Legislature is very polarized.

For the Billings area, the Chamber focuses on policies that improve the business climate to help retain and grow companies and workers that enhance the region's well-being. He anticipates the bills that might impact refining are the ones around Worker's Comp and health care (e.g., expansion of Medicaid). He focuses on issues around economic development, health care, infrastructure, workforce, energy, environment and agriculture among others. He said there are also federal issues, e.g., a lot of regulations at the end of the Obama Administration and water requirements around stock ponds, rivers, and lakes. He wonders what will happen with a Republican President, House and Senate—will regulations be reduced? Will there be much change?

The following questions and comments were recorded following the panel presentations:

- *How much do the legislators make?* They make about \$83-100 per diem. The legislators need passion, energy and ability in order to take a beating and pay their own costs.
- *When did change happen in decorum in the Legislature and why?* There is an internal Republican struggle and the press picks it up and Democrats are also doing some "ethnic cleansing." Alan noted that compared to the past there are not friendships getting built anymore and legislators often come with tunnel vision. Leadership used to emerge from the middle, now it does not and can often be abrasive. Where there used to be camaraderie, there are now small groups or cliques, which tends to hurt the overall process of working together and results in less networking. Before it was a person-to-person process but then it changed to splinter group identities. The Billings delegation, however, is pretty good at getting along.
- *Reading about Trump's doing away with NAFTA, what are the impacts on Montana and refining if NAFTA went away and the Pacific Trade Agreement?* We export a lot of wheat and livestock. Canada is the largest trading partner for Montana and the U.S. About 97% of the crude oil we refine comes from Canada. NAFTA hurt the timber industry and there are some livestock issues. NAFTA is already ratified so we hope it doesn't go away. Trump's rhetoric is softening.

## **DEBRIEF OF MEET IN PARK EVENT**

Ann distributed copies of the results of an email survey query of Meet in Park vendors regarding the 2016 event in September:

### **What made this a worthwhile event for you to participate in?**

- For me it is the positive experience we share with people in the community, most of those at the event being members of the neighborhood.
- Meeting community members and potential partners and clients.
- This was an amazing and positive event. I'm glad I attended.
- This is my third year in attending this event and it just gets better and better. More people were in attendance, they regularly stopped by and they seemed to be genuinely interested in MSUB. It also looked like there were more booths from a variety of organizations. Getting out in the community so we can spread the word about MSUB

and its Foundation is part of our marketing. So thank you for the opportunity to participate.

- Yes, a great COMMUNITY EVENT. To me, that was the most notable aspect of what you all do.
- Thank you to Phillips 66, Colin Franks, Ann Clancy, and the Phillips 66 Citizens Advisory Council for hosting and helping with the Phillips 66 Meet in the Park event last evening. It was a great event, and I know people really appreciated it. Children loved the booths and didn't want to leave.
- The Meet in the Park event was really great. I was so pleased at how well Phillips 66 really "rolled out the red carpet" for vendors and neighborhood residents. What a treat! Most of the people we spoke with already knew of HRDC and our services. It was nice to be able to reinforce our presence though. Our energy services staff member handed out 100+ applications for the upcoming Low-Income Energy Assistance Program (which begins October 1). We also met a woman who we'd call one of our "Success Stories," who came through our programs and is now living a self-sufficient life with her family. We don't always here about those successes, so that was a real treat! Thanks for including us in this positive community event.
- Food being offered at this event is wonderful as it is during the dinner hour as well as having tables, chairs and tents provided, hugely helpful. I am not sure about the number of people attending as it seems most of them are looking for free stuff and not actual services but again it is significant for BBBSYC to be at this event as any of those children who attend can benefit from our services. Many thanks to you and Phillips 66 for having this and inviting us. Thank you!
- Thank you for including us in the event this year. It was great that Planning, Community Development and MET Transit all were able to attend. We enjoyed handing out some information, visiting with people, and just being there and visible for the residents. If it had not been so windy, we might have brought more maps and visually engaging items for people to look at.
- It is a great neighborhood event & community builder. Good neighborhood involvement. Good representation of agencies in the neighborhood. The set up in a circle around the gazebo was good. It was the same time as the Farmer's Market. The tents over the tables were great!
- The interaction with the community.
- It is a good opportunity for students to get involved and serve their community. Perhaps we build a few students who will grow into individuals who are active in their community and are active volunteers.
- The South Side Community shows demographic "red flags" for a high likelihood to be uninsured. I feel like I was able to confirm that fact just in the many conversations I had with residents at the Meet and Eat. Most had not heard of programs that could help them afford insurance, including Medicaid Expansion. I gave out a substantial amount of information regarding these programs and scheduled follow-up phone calls with several community members to discuss in detail the help they could receive.
- We always enjoy participating in this event and I do not have any suggestions for changes.

#### **What suggestions do you have for next year?**

- Just keep doing what you are doing
- Less wind! Offer the nonprofits a tent- so as not to set up our own. Others had a pre-set tent, why were the non-profits left out of this?
- No wind

- Nothing at this time.
- Can't think of many suggestions for changes for next year – mainly things we would do differently in our own booth. Curious about how the event was marketed and promoted to neighborhood residents. We didn't see any of that part of the event prep.
- Do not have any at this time as it seems to be a nicer event each year.
- It is a very well run event and I have no suggested changes for it – your orientation around the pavilion was great.
- We think it was a great event. No Suggestions.
- None.
- None. I like the event as it is currently formatted.
- While just about everyone loves burgers, hotdogs and cookies and it is very generous of Fuddrucker's to supply the food, the South Side struggles to get access to *healthy* food. I would love to see just one healthy option at the event in the future. But overall, the event was well planned and well executed, so kudos to you and your team!

## **2017 CAC RETREAT SESSION**

A few ideas were suggested to include in the January 28 retreat planning session:

- The Splash Park should be established by September 2017. Maybe P66 could be part of the grand opening?
- Maybe we should hear about the Montana Ave. walk path
- Sugar beet factory
- Yegen Drain – have a City presentation on the seasonal water quality issue and coordinate with sugar beet factory

### **NEXT MEETING:**

CAC Retreat Session on January 28, 2017  
Rex Restaurant, 2401 Montana Ave.