

From: efilingmail@tylerhost.net
To: [Hamre, John G.](#)
Subject: Filing Accepted for Case: 08-2018-CV-02937; Environmental Law and Policy Center, et al. vs. North Dakota Public Service Commission, et al.; Envelope Number: 3293181
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Filing Accepted

Envelope Number: 3293181
 Case Number: 08-2018-CV-02937
 Case Style: Environmental Law and Policy Center, et al. vs. North Dakota Public Service Commission, et al.



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Filing Details	
Court	Burleigh County - South Central District
Case Number	08-2018-CV-02937
Case Style	Environmental Law and Policy Center, et al. vs. North Dakota Public Service Commission, et al.
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08-2018-CV-02937

Hamre, John G.

From: Fedorchak, Julie L.
Sent: Tuesday, February 21, 2017 2:31 PM
To: Fahn, Patrick J.; Jeffcoat-Sacco, Illona
Cc: Hamre, John G.
Subject: FW: PSC and siting of refineries
Attachments: The-Davis-Refinery-FAQs.pdf; DAVIS REFINERY PROJECT - Zoning CUP Application PDF Final.pdf; 20170207154841.pdf; AQP2868_16866_20160916.pdf

Here is more information that we should include in the I-file on this issue.

From: Jan Swenson [mailto:bcajan@bis.midco.net]
Sent: Tuesday, February 21, 2017 11:47 AM
To: Fedorchak, Julie L.
Subject: Re: PSC and siting of refineries

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Hi Julie,

I would find question with the letter from Fredrikson & Byron dated July 20, 2016. It is certainly not representative of Meridian's Davis Refinery proposal as presented to Billings County and its Commissioners, the SWC, the ND DOH, the press, the interested public and Meridian shareholders.

Here's a few examples:

1) *Frequently Asked Questions* from Meridian's webpage and attached:

Note first question.

<http://www.meridianenergygroupinc.com/wp-content/uploads/2016/10/Davis-Refinery-FAQ-Fall-2016.pdf>

2) Meridian cover letter and application to Billings County. Note 55,000 BBL in cover letter - 1st and 3rd paragraphs. Scroll to page 8 to affirm and repeated throughout.

Attached.

3) Meridian's water appropriation request to the SWC was four times the amount Meridian had been repeatedly quoting at Billings County Commission hearings. Attached is a Meridian representative letter (SEH) prepared for the SWC informational hearing in Medora on February 8th. You might note particularly #9 for timing.

4) September 2016 letter from the ND DOH to Meridian regarding their air quality modeling. Check page 3 for the first references to 55,000 BBL per day throughout. Numerous other mentions. Attached.

5) Message to shareholders (3rd paragraph) on Meridian webpage:

<http://www.meridianenergygroupinc.com/shareholders/>

Thank you for your attention to this matter, Julie. We certainly believe the PSC has a role in this project and that PSC scrutiny would be of benefit.

Best,
Jan

On 2/20/2017 1:45 PM, Fedorchak, Julie L. wrote:

Hi Jan -- Based on multiple reports in the media we were reading about the proposed size of the Meridian owned refinery, the PSC inquired of the company regarding their plans for siting. Attached is the letter we received back from the company's attorney last July regarding their intentions in regard to siting. Our policy has been to strongly encourage companies who believe their facilities may one day reach the siting threshold to come to us for siting on the front end to be as true as possible to the spirit of the state's siting laws.

Julie

-----Original Message-----

From: Jan Swenson [mailto:bcajan@bis.midco.net]
Sent: Thursday, February 16, 2017 9:20 AM
To: Fedorchak, Julie L.
Subject: Re: PSC and siting of refineries

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Thank you, Julie.
Jan

On 2/16/2017 9:13 AM, Fedorchak, Julie L. wrote:

Hi Jan -- Good to hear from you. The information you received about the 55,000 threshold for siting is correct. We have been in touch with Meridian several times regarding their plans and are continually told that they are not permitting at our level. I will follow up again. Thanks for the heads up.

Julie

-----Original Message-----

From: Jan Swenson [mailto:bcajan@bis.midco.net]
Sent: Wednesday, February 15, 2017 4:18 PM
To: Fedorchak, Julie L.
Subject: PSC and siting of refineries

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Commissioner Fedorchak,

I am trying to confirm whether or not the PSC has any role in siting of a refinery. Specifically, here, Meridian's proposed Davis Refinery within 2.5 miles of the South Unit of Theodore Roosevelt National Park.

BCA is not opposed to the refinery per se, but as you might guess, we are opposed to the location.

I attended the State Water Commission's informational hearing in Medora on the 8th and their staff suggested that the PSC is

involved if the refinery is 55,000 BBLs per day or more. That is the figure projected by Meridian. While Meridian is planning to come on line in two phases, so far Billings County, the SWC and the DOH are holding them to the entire project when considering applications.

I did a search of the PSC webpage and could not find my answer so thanks much for clarifying this for me.

Best,
Jan

Jan Swenson, ED
Badlands Conservation Alliance
bcajan@bis.midco.net
701-255-4958

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<p>What is the expected output of the Davis Refinery?</p>	<p>The Davis Refinery will process approximately 55,000 barrels per day ("bpd") of crude oil, and will refine that oil into a full slate of liquid fuels and specialty chemicals, including a substantial amount of Gasoline, Kerosene (jet fuel) and Diesel. The exact quantities of each product will depend upon a number of things, including the mix or blend of crude oils that are used as the feedstock for the Refinery, and upon other issues that are currently the subject of the ongoing design of the Refinery.</p>
<p>What is the current refinery output in the Bakken today?</p>	<p>Currently, only 94,000 barrels per day of refining capacity exists in North Dakota – the 74,000 bpd Tesoro Refinery in Mandan and the 20,000 bpd Prairie Refinery in Dickinson. The rest of the crude oil produced in the Bakken has to be shipped out of North Dakota to distant refineries.</p>
<p>How much crude oil is currently produced in the Bakken Region requiring a refinery?</p>	<p>The Bakken Formation currently produces 1.2 million barrels per day ("bpd"). Crude oil has no economic value unless it is run through a refinery.</p>
<p>What products will the Davis Refinery produce?</p>	<p>The Davis Refinery is a high-conversion refinery having a high complexity index, and will create a full range of refined products, including:</p> <ul style="list-style-type: none"> - <u>Light Distillates</u>: Gasoline, Naphtha, Gasoline - <u>Middle Distillates</u>: Diesel Fuel, Fuel Oil, Kerosene [Jet Fuel] - <u>Heavy/Bottom Distillates</u>: Lubricants, Motor Oil, Asphalt Base
<p>Who is Vepica and what is your relationship with them?</p>	<p>Meridian has entered into an engineering services agreement with Vepica USA, Inc., an international engineering firm specializing in - the energy and refinery industry, to provide process engineering, detailed design, -</p>

	<p>equipment procurement, construction and equipment inspection and other related services to Meridian in connection with the Davis Refinery.</p>
<p>Who is BASIC Equipment and what is your relationship with them?</p>	<p>BASIC is a fully-integrated design, fabrication, construction and logistics firm that serves the oil & gas, refining, petrochemical and specialty process industries worldwide. Among other things, BASIC recently completed the design, installation, construction and start-up of a 25,000 bpd refinery Houston. Meridian has entered into a MOU with BASIC under which BASIC will provide a wide range of services to Meridian, up to and potentially including turnkey design-construction services in connection with the Refinery.</p>
<p>Who is Trapezium and what is your relationship with them?</p>	<p>Trapezium is a professional technical services and project development firm that has significant expertise in the energy, oil-gas, and petrochemicals industries. Trapezium has performed a wide range of services to Meridian over the past two years.</p>
<p>Where is the Davis Refinery and how much land will it occupy?</p>	<p>The Davis Refinery will be located on the 620-acre property that Meridian is acquiring for the Refinery in Billings County, North Dakota, just west of the town of Belfield.</p>
<p>What is a greenfield plant and why is it important?</p>	<p>The Davis Refinery will be only the second Greenfield Refinery built in the US since 1976. A Greenfield plant is a brand new facility, as opposed to a facility that requires an addition to or a modification to an existing facility – in other words, when construction starts, it is on a “green field.” A greenfield refinery like the Davis Refinery is not burdened with the need to make the new operating units work in conjunction with pre-existing legacy operating units that might also represent old technology. This will insure that the Davis plant can -</p>

	leverage the latest technology from the ground up, and can much more easily and efficiently comply with modern environmental or safety requirements.
Have you applied for an Air Quality Permit? If so, what is the status?	We're in the process of performing the engineering that will provide the information necessary to complete our Air Quality Permit application. Following recent meetings with state and local permitting officials, Meridian understands the requirements and knows what has to be done in order to earn expeditious permit approval. The State of North Dakota's Department of Health will be the lead agency for review of the Refinery's applications for Air Quality and Water Quality Permits for the project. Billings County will be the lead agency for the Refinery's zoning and conditional use permitting.
Have you applied for a zoning permit? If so, what is the status?	The engineering necessary to complete the application for the rezoning of the property, as well as the Conditional Use Permit; with Billings County, is still in progress.
When is the Davis Refinery expected to receive approval to begin construction?	Assuming that all other permits and approvals have been received at the time, Meridian will commence field construction of the Refinery as soon as the Permit to Construct is awarded by the State of North Dakota Department of Health.
How long will construction of the Davis Refinery take?	Field construction of a large complex refinery such as the Davis Refinery would typically require two years or longer, but Meridian is working on innovative ways to shorten that construction schedule substantially.
How many jobs will the Davis Refinery create, both short- and long-term?	Construction of the Refinery may require as many as 500 people, with that number -

	<p>peaking sometime during 2017. Permanent employment at the Davis Refinery will be about 225 to 250. Meridian will take steps to maximize the proportion of Refinery jobs, at all levels in the organization, that come from the local pool of potential employees. This includes supporting local training and apprenticeship programs.</p> <p>-Studies conducted by the State of Washington of the social impact of a refinery in Anacortes showed that each permanent job at the refinery created an additional 9.18 jobs in the local community. In other words, the permanent jobs at the Davis Refinery may create over 2,000 additional jobs in North Dakota, and those jobs would be primarily in Billings and Stark Counties.</p>
<p>When is the Davis Refinery expected to begin operation?</p>	<p>Meridian expects that mechanical completion of the Refinery will be achieved within two years of commencing construction. Full commercial operation of a facility this large and complex may require from six months to a year following mechanical completion.</p>
<p>How will the Davis Refinery impact the cost of crude oil refining and transport in the Bakken?</p>	<p>The Davis Refinery will substantially increase the number of competitive choices to the oil producers in the Bakken, and to the local and regional consumers of refined products.</p>
<p>How will the Davis Refinery remain profitable?</p>	<p>Meridian expects the Davis Refinery to operate successfully and profitable for decades to come because of the manner in which it is being designed, the manner in which it will be constructed, and the long-term relationships that Meridian is establishing with selected crude oil producers. The wide array of high-quality finished product will allow Meridian to be flexible with a variety of demand.</p>
<p>How will local crude be transported to/from</p>	<p>The Davis Refinery will initially accept crude oil</p>

<p>the Davis site for refining?</p>	<p>shipments by truck, rail and pipeline, but will gradually migrate the vast majority of its crude-shipments to pipeline gathering systems, which are safer and more cost effective.</p>
<p>What is clean fuels technology?</p>	<p>Clean fuels technology refers to the application of modern chemical and process design, information and controls technology, and environmental engineering to ensure that the Refinery operates with minimal waste and inefficiency. Clean fuels technology leveraged in the Davis Refinery will ensure its operation and products comply with all applicable environmental and safety requirements.</p>
<p>What are the key advantages to building a refinery within the Bakken?</p>	<p>By building the Davis Refinery close to the oil producers, Meridian can enter into long-term supply arrangements with producers that make them stronger financially, and at the same time reduce its feedstock costs substantially. This will also enable Meridian to provide local and regional fuel consumers with additional competitive choices, which will result in reduced costs and increased service levels to those consumers. The existing practice of exporting Bakken crude to distant refineries and then transporting the refined products back into the area results in waste, inefficiency and needless pollution.</p>
<p>Has the Davis Refinery met all energy and environmental requirements?</p>	<p>The Davis Refinery is being designed to meet the requirements of the State of North Dakota's Department of Health in connection with all - areas of environmental concern, including air and water quality and waste disposal.</p>
<p>Has the Davis Refinery met all clean fuels standards?</p>	<p>The Davis Refinery is being designed to do so, and must do so in order to operate.</p>



<p>Will the Davis Refinery reduce our dependence on foreign oil?</p>	<p>Indirectly it will. First of all, note that because of the Bakken and the other unconventional oil development in the US, our nation is once again the world's largest oil producer. However, during the many decades during which the US imported most of its oil, the refining industry concentrated its assets in major coastal port areas so that they could source their crude from world markets – and that is why Bakken producers suffer such a price disadvantage compared to other producers that can readily access, for instance, Gulf Coast refineries. By locating a major refinery close to the Bakken producers, Meridian will make those producers more competitive, and as more refinery operators do the same, the incentives to further develop US energy resources rather than rely on imported oil will increase.</p>
<p>What is a tolling agreement?</p>	<p>A tolling agreement is a commercial arrangement under which a commodity producer, like a Bakken oil producer, and a commodity processor, such as Meridian, share the risks and benefits of a processing facility such as the Davis Refinery, in a way that benefits both parties financially. By contracting with Meridian to process a substantial amount of his production into refined product for a fee, an oil producer can ensure a long-term sustainable profit margin for that increment of production – he might make higher profits in some years by playing the market, but he establishes a secure long-term commercial base through his Meridian tolling deal. By committing a substantial proportion of its capacity to tolling arrangements, Meridian - ensures a long-term supply of crude oil for the Davis Refinery at a secure and sustainable margin – Meridian might be able to make more money in some years by buying crude in the spot market and selling the products, but the tolling arrangements provide Meridian with a</p>

	profitable long-term sustainable resource base.
How will the Davis Refinery impact the price of oil?	By locating a major refinery in the Bakken, Meridian will remove inefficiencies and increase competitive choices. The net result will be that the crude suppliers that work with Meridian will be more profitable and financially stable and the consumers and businesses that rely on refined products will benefit from a more competitive market.
What is a topping plant?	Essentially they are simple atmospheric distillation units that produce hydrocarbon boiling point cuts, typically focusing on diesel fuels. A topping unit is an inexpensive, technically simple means to enhance the value of crude oil near the source of production.
What impact will construction and operation of the Davis Refinery have on the neighboring communities in terms of: - Noise due to transport and construction?	During the two-year construction period of the Refinery there will be some noise from the heavy equipment used in building the facility, but most of that will be focused on the site work during the first year of the schedule. When the Refinery is in operation, there will be noise – not a few big noises, but an accumulation of smaller noises – that we will take steps to minimize. Noise is typically a function of line of sight and weather conditions, and there is a lot we can and will do to isolate and reduce the auditory impact of rotating machinery like pumps and compressors in a facility like the Refinery.
What impact will construction and operation of the Davis Refinery have on the neighboring communities in terms of: - Bright lighting during late-night/overnight construction?	It would be unsafe to our employees to eliminate lighting, and of course there will be some taller structures that must follow legal requirements intended to protect aircraft. However, lighting is something that can be minimized though good engineering. For

	<p>instance, the Davis Refinery will be using special “down reflecting” lighting for its - construction and operational lighting. We will also use the latest LED technology which is not only safer than traditional bulbs, but have proprietary optics designed to focus light directionally so they illuminate only the required area within the refinery, such as straight walkways, avoiding adjacent and upward spill.</p>
<p>What impact will construction and operation of the Davis Refinery have on the neighboring communities in terms of:</p> <ul style="list-style-type: none"> - Water supply due to waste disposal? 	<p>The Davis Refinery will be using more than one source of water for its process water requirements. The waste disposal of solids and liquids from the refinery operations will be processed by latest technology treatments before disposal. The Refinery will not be negatively impacting water supply or water quality in the area, and the presence of the Refinery might enable certain local problems in water supply and disposal to be eliminated. Meridian has engaged SEH, Inc. who will be performing site surveying and geotechnical analysis for the Davis Refinery to undertake a thorough water availability study, and has indicated the unique opportunity of using reclaimed waste water from a nearby sewage treatment plant in Belfield for our process water.</p>
<p>What impact will construction and operation of the Davis Refinery have on the neighboring farms and livestock near the grounds?</p>	<p>A large percentage of the traffic into and out of the Refinery, both during construction and operations, will be by rail, which will reduce dust and other emissions substantially. And finally, we consider dust control on the site during construction to be a construction safety hazard and a health issue for our own employees, and therefore we will be controlling it both through paving on the site and by liberal use of water trucks where paving is not possible.</p>

	<p>We will not be hauling a significant amount of aggregate to the site from the quarry or borrow pit near neighboring property. It appears that our earthwork on the site is very nearly balanced, so we do not need to build things up substantially. If we do need to haul substantial amounts of aggregate, then we will simply have to extend our dust control measures to the haul roads that serve our sites.</p>
<p>What does zero-sulfur diesel and jet fuel mean, and why is that important?</p>	<p>The EPA has promulgated regulations on the content of liquids transportation fuels that the Refinery must meet in order to market its products. These regulations not only mandate current requirements, but also require that certain changes take place over time. The Refinery is being designed to be able to meet these requirements.</p>
<p>What is gas flaring, and how does the Davis Refinery intend to address the issue of gas-flaring emissions?</p>	<p>The flaring of low-value natural gas at the wellhead, which results in the release of a large amount of carbon dioxide into the atmosphere, has created an ongoing environmental crisis in the Bakken. The Davis Refinery will reduce flaring emissions by over 50% for every cubic foot of gas that it consumes.</p>