

SUPERIOR REFINERY

Community Advisory Panel

sponsored by Murphy Oil USA, Inc.

Minutes of the Murphy Oil Superior Refinery Community Advisory Panel Superior Refinery Thursday, January 11, 2007

Members: Connie Antonuk, Scott Campbell, Bobbi Germond, Doug Finn, Charlie Glazman, Greg Guenard, Pat Heiser, Jim Kehoe, Keith Kessler, Lori Keute, Caroil Lindberg, Fariba Pendleton, Tom Strewler, Diane Thompson, Tad Matheson

Guests: Mark Sitek, Jeffrey Larkin, Ron Holt, Georgean Holt

Company Representatives: Dave Podratz, Dave Beattie, Liz Lundmark

Facilitator: John McPherson, Ann Green Communications, Inc.

The September meeting of the Murphy Oil Superior Refinery CAP was called to order at 5:30 p.m. CDT by Facilitator John McPherson. The meeting was held at the Bong Heritage Center. John introduced guests. Minutes of the November meeting were reviewed and approved.

Refinery/Company Report

Dave Podratz presented the report for the Superior Refinery, including operational highlights, environmental and safety performance reports, and community odor complaints. A copy of this complete report is included with these minutes.

Environmental highlights: Three spills occurred in December, bringing the annual total to five. The second spill in December may not have been an actual "spill." No sign of a leak was found. The appearance of oil residue may have been a result of heavy rain raising oil underground in the tank area to the surface. The tank is scheduled to come out of service for inspection soon and further investigation will be done at that time.

Another spill was caused by a valve on a sample line not being closed entirely, and the amount of material was estimated.

One air event that occurred in November was planned. The DNR was notified and permission obtained for a release to occur as a result of maintenance work.

An air event on December 6th occurred when a process valve was open when the computer monitoring equipment showed it to be closed. Work processes have been changed to require physical observation in the future under similar conditions.

Year-end totals for environmental releases were as follows:

- Spills - 5
- Air events - 27
- Wastewater events - 0 (2006 was the third consecutive year with no wastewater events)

Safety highlights: One safety incident occurred in November when the brakes on a track vehicle failed, resulting in the derailment of cars. There was no injury and no environmental release.

The year ended with no lost-time or recordable injuries, making it two years in a row with no recordable injury.

The charge rate continued high through year-end, with the refinery recording the best economic performance in its history. A large part of this success was due to the performance of the asphalt market, which is sold well in advance. Asphalt was sold at a high price in advance and production was both high and economically priced.

Community Discussion

John McPherson noted the annual CAP survey forms distributed to members. He asked that members fill out these forms and return them in the enclosed postage-paid envelopes. (Anyone not attending the meeting will receive a survey form with these minutes.)

Dave Podratz reviewed the purchase of property in the area surrounding the refinery. In each case the property sale was initiated by the landowners. Murphy is also asking Douglas County owned by the county to place additional property up for sale; about 10 acres total in small parcels. Dave said the refinery is trying to get the refinery boundary consolidated at 21st street.

Dave addressed rumors of planned expansion at the refinery. He said expansion is still a possibility, but that no decision has yet been made. An essential part of any expansion would have to be a partner, which has not been found. However, land purchases to provide a buffer for the refinery would make any expansion project easier.

Diane Thompson reported on the Citizen's Action Committee presenting the Superior Refinery with an Environmental Stewardship Award. Diane nominated the refinery for the award. A copy of her nomination accompanies these minutes. The award will be presented January 29th at the Superior Library.

Fariba Pendleton reported on the upcoming Superior Days, February 27th and 28th.

New Business

Enbridge Pipeline Expansion – Mark Sitek

John McPherson introduced Mark Sitek, General Manager of the Superior Region of Enbridge.

Mark reviewed the history and organization of the Enbridge Company. He detailed its pipeline projects in the years since its founding and its entry into serving U.S. refining markets.

Mark described the current world oil markets, and the expansion of Canadian oil field in the northwest. Canada currently produces 2.5 million barrels per day with 1.7 million more anticipated by 2015, most a result of production expansion in the Canadian Oil Sands region of Alberta. Enbridge has announced more than \$14 billion in pipeline projects to deliver oil from the increased production, including \$5 billion in projects directed to markets in the U.S.

Mark described the anticipated projects, including:

- *The Southern Access Pipeline* – An expansion in three stages to be completed by 2009. Stage 1 runs from Superior to Dunlevan, with 57 miles to be built this winter and the remaining 246 miles complete by year end. Stage 2 will run from Dunlevan to Flanagan, completed by early 2009. Stage 3 represents an extension from the Chicago area to Pataka by late 2009.
- *The Southern Lights Project* will carry diluents from Chicago to Edmonton.
- *The Alberta Clipper Project* is a proposed project, which would run the same corridor as the existing line but greatly expand capacity.

Mark reviewed local benefit of development of the pipeline projects. These include:

- A more secure source of petroleum.
- Additional capital investment in Superior.
- Economic stimulus of the area through construction employment, purchases, etc.

- Increased tax revenues.

In discussion, members suggested Enbridge make the public more aware of the expansion project and project benefits.

There was discussion about how contracts are sold and how oil is moved through the pipeline. Access to the pipeline is open, and shippers go through a monthly "nomination" process to purchase shipping capacity. The cost to ship one barrel of oil from Canada to Chicago is 75 cents, which represents 75 cents distributed over 20 gallons of gasoline. Seventeen percent of all oil imports into the U.S. come via Enbridge pipeline.

Members expressed interest in further updates from Enbridge about the pipeline expansion projects.

Following discussion, the January meeting of the Superior Refiner CAP adjourned at 8:00 p.m.

Next Meeting: Thursday, February 8, 2007
WITC Conference Center
5:00 Dinner
5:30 Meeting