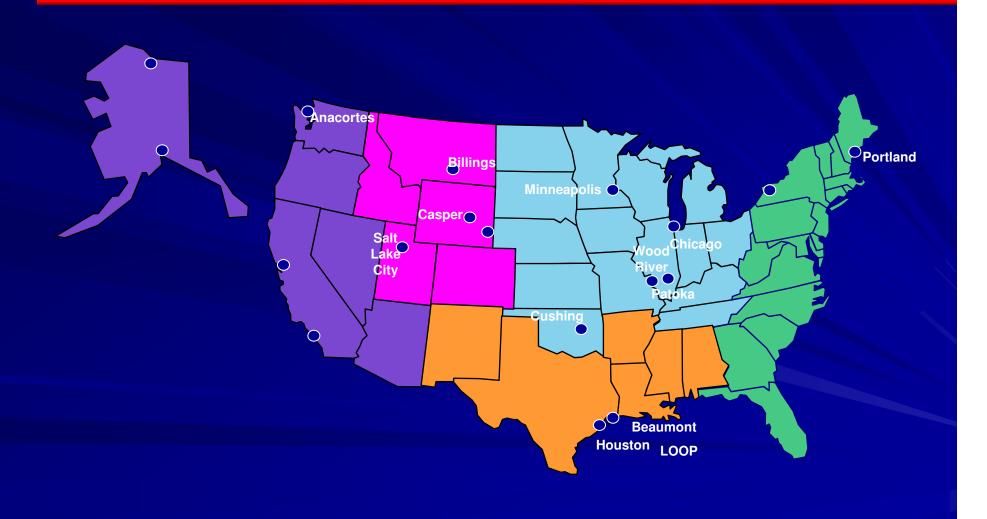
## Pipeline 101

Community Advisory Council to Flint Hills Resources
Council Meeting
December 11, 2006

### Tonight's discussion

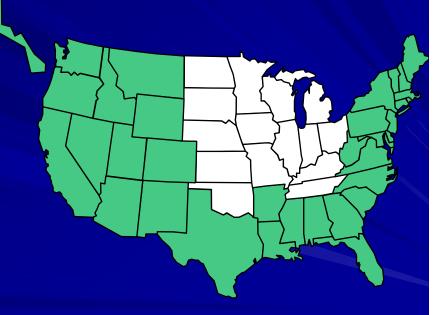
- Pipeline Basics
  - What pipelines do and;
  - Their role in the economy and our lives
- Koch Pipeline
  - Background
  - Safety, Reliability, Efficiency
- Minnesota Pipe Line
  - MinnCan Project
- Q&A
  - Your questions about pipelines, KPL or the MinnCan Project

## Supply and Demand Regions



## Midwest (PADD 2)

- Dependent on crude oil imports (mostly Canadian) and refined products supplies from other regions
- 2<sup>nd</sup> highest crude oil demand region in the U.S.
- Chronically short market due to combination of demand growth and refinery closures



### **Pipeline Regulatory Authorities**

- US DOT Safety regulation of natural gas and petroleum interstate transmission pipelines
  - Pipeline and Hazardous Materials Safety Administration (PHMSA) - Formerly Office of Pipeline Safety
- US DOT & States Safety regulation of natural gas and petroleum intrastate pipelines and distribution lines
  - Minnesota Office of Pipeline Safety (MN OPS)
- US Federal Energy Regulatory Commission (FERC) Economic regulation of interstate natural gas and interstate liquid pipelines.

### **Koch Pipeline Company**

- Began in 1946 with purchase of crude oil system in Southwest Oklahoma.
- Owns or operates 4,000 miles of pipeline
- Transports or stores about one million barrels of liquids per day.
  - Crude Oil
  - Refined Petroleum Products
  - Natural Gas Liquids
- Invests in key systems
  - Trans Alaska Pipeline System
  - Colonial Pipeline Company

### Koch Pipeline Priorities - Safety

- More than 1 million work hours without an OSHA recordable accident
- More than 4.8 million work hours and five years without an injury resulting in time away from work.
- Multiple local, regional and national safety awards in 2006
  - API's Occupational Safety Performance Award
  - Minnesota Safety Council's Outstanding Achievement Award
  - National Safety Council's Occupational Excellence Achievement Award, Safety Performance Award and Perfect Record Award

### **Koch Pipeline Priorities - Reliability**

- 78% Reduction Agency-reportable releases 2001 to 2006
- Continual Inspection Program
  - Physical Inspection Leak Detection
  - Cathodic Protection Testing of Materials
  - Coating Internal Inspection Monitoring
- One Call/Excavation Damage Prevention
  - Public Outreach/Communication
- Operator Qualification
- Emergency Response Plans
- Pipeline Control Center

### Koch Pipeline Priorities - Efficiency

#### Crude oil

- Transport crude oils from major producing basins and terminals to FHR and Marathon Petroleum
  - Wood River Pipeline From St. Louis area to Minnesota
  - Minnesota Pipeline From Clearbrook to Twin Cities

### Refined products

- Transport refined petroleum products, including gasoline, diesel, jet fuel and LPGs, from FHR to end user markets
  - MSP Airport Pipeline Delivers jet fuel to the MSP airport.
  - Wisconsin Pipeline Delivers products from FHR to Wisconsin terminals

### Minnesota Pipe Line Company

- Has delivered Canadian crude oil to Minnesota since 1955
- Owners
  - Marathon Pipeline
  - Trof, Inc.
  - Flint Hills Resources
- Operator Koch Pipeline Company
- 256 mile common carrier interstate system that transports approximately 300,000 bpd of Canadian crude oil from Clearbrook, MN to Minnesota's two refineries

# MinnCan Project Map



### MinnCan Project Priorities

- To build a pipeline that strengthens Minnesota's energy future.
- To communicate openly with neighbors.
- To exceed safety and environmental standards.

### MinnCan Project Benefits

- The MinnCan Project would benefit communities in Minnesota by creating:
  - An estimated 1,000 construction and construction-related jobs.
  - Additional commerce for local businesses during construction.
  - An estimated additional \$9 million/per year in local tax revenues.
- The MinnCan Project would also relieve some of the crude oil supply constraints faced by refiners in the Twin Cities, and would help provide the region with greater capability and flexibility to meet its expanding fuel demand.
- Stable and efficient supplies of energy products created from crude oil can help support a region's economic development efforts.
  - Areas with reliable access to energy products are attractive to manufacturing, transportation and other businesses that depend on stable fuel supplies for their success.

### MinnCan Route Selection

- Comply with Minnesota Rule 4415.0100 Subpart 2
- Avoid as many farmsteads, residences, and residential developments as possible.
- Use as many existing utility corridors as possible.
- Avoid and minimize impacts to environmentally sensitive areas such as lakes, wetlands, and wildlife habitats.
- Ensure safety of nearby residents, businesses and environment during construction of the pipeline, and;
- Make the route as short as possible to reduce the inconvenience to residents, businesses and communities.

## MinnCan Project Expectations

- Safety
- Environmental Excellence
- Compliance
- Design and Construction

# Pipeline 101

■Q &A