NEWS AND NOTES

A Progress Report on the Northern Plains Nitrogen Fertilizer Production Facility

November 2014

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From the President's Desk

NPN continues to move forward on key issues needed to break ground on the facility. While we always would like the process to move more quickly, we are pleased with the progress to date.

One issue that has been gaining more attention recently is natural gas flaring in the Bakken oil field. The Minneapolis-based StarTribune reported in an October article that natural gas "has been so secondary in North Dakota that drillers still burn off more than a fourth of what rises from the ground." According to the newspaper, North Dakota flares about 28 percent of its natural gas. Texas flares less than 1 percent. North Dakota Governor Jack Dalrymple has made it clear that he would like to see less flaring and more valued added to the state's energy resources.

NPN will depend on natural gas. Natural gas is mostly carbon and hydrogen (the chemical formula is CH_4 – one part carbon to four parts hydrogen). Both carbon and hydrogen are consumed in the process of manufacturing various nitrogen fertilizers.

NPN's site is ideally located to take advantage of dependable and low-cost natural gas resources. One option for gas to the plant is the existing Viking Gas Transmission Co. This 500-mile pipeline runs east of Grand Forks and could serve the NPN plan with a dedicated lateral from the existing mainline. Another intriguing option is the proposed pipeline WBI Energy Inc. announced in January 2014. It plans a 375-mile pipeline to deliver natural gas from the Bakken filed to eastern North Dakota and northwestern Minnesota.

NPN will be an important part of North Dakota's value-added development of natural gas.

Sincerely,
Darin Anderson
Darin Anderson
President, NPN Board

NPN: 'A Good Corporate Partner'

Northern Plains Nitrogen will build its facility in an industrial area in the northwest quadrant of Grand Forks, ND. NPN has secured a 320-acre site location that is well served by critical infrastructure, including access to water, natural gas and key rail and highway corridors.

The Grand Forks Region Economic Development Corporation and Grand Forks Mayor Michael R. Brown have provided outstanding leadership in helping to move the project forward.

Following is an interview with Mayor Brown reflecting on why NPN is good for the Grand Forks area and Grand Forks is good for NPN. Mayor Brown is a veteran of the United States Air Force. He was stationed at the Grand Forks Air Force Base where he worked with the U.S. nuclear missile system. He is a graduate of the University of North Dakota School of Medicine and practices in obstetrics and gynecology. He was first elected mayor in 2000.

Mayor Michael R. Brown

Q: Why is Grand Forks a good location for Northern Plains Nitrogen?

Mayor Brown: Grand Forks' central North American location provides greater proximity to supplies (e.g., natural gas from the Bakken), proximity to transportation infrastructure and markets and a talent pool that is second to none.

Our state's flagship university, the University of North Dakota, can provide well-trained, and highly skilled engineers and support professionals they will need. Northland Community & Technical College offers stellar programs and custom training that will augment their production needs.

Q: What does NPN bring to Grand Forks?

Mayor Brown: NPN is proving to be good corporate partner, working diligently with us to ensure this plant is a win-win for both the city and the company. It will be the largest capital investment project and with that, a significant contributor to our tax base. It is committed to utilize as much gray water as minimize the impact on our community's fresh water supply.

Q: What is the role of Grand Forks Region EDC in the project?

Mayor Brown: As our region's business retention, expansion and recruitment organization, the EDC began working closely with NPN prior to its announcement last year to help identify the site and assist in coordinating the land purchase and working with the rail service provider to

establish rail access at the site. The EDC and our city administrator meet weekly with NPN and are working closely together as NPN moves through its permitting, pre-feed study, and fundraising processes. We appreciate the due diligence of NPN and will continue to work closely with them as work continues.

Q: At the launch of NPN last year, you called the project "good for our city, good for our region and good for the entire state." What did you mean by that?

Mayor Brown: Agri-business is our region's leading economic sector and one that continues to grow. In the past two years, economic development projects in this sector have outnumbered others. Not only will this project create new, highly skilled, high-wage jobs in this sector, its end-product will impact the large ag production community in our trade area. With freight savings, availability and proximity, we anticipate there will be a reallocation of dollars that producers will be able to use in other ways.

Q: Other fertilizer projects have been announced. Is there any concern that North Dakota will over-build facilities?

Mayor Brown: Based on what we've seen regionally with the growth of our agri-business sector, our community is comfortable with NPN's plans and opportunities for success. Studies we've seen indicate the demand for nitrogen will likely increase not only in the Upper Midwest, but worldwide. At the end of the day, we have confidence that NPN is on the right path to developing a plant that will meet the needs of this region and provide room to grow into other markets to meet local, national, and even international demands.

Technical Status Update

NPN's engineering team has completed the enhanced feasibility study which has been underway for eight months. Foundation, rail, water system, site layout and electrical power supply initial designs are complete.