



News and Notes

February 2015

A Progress Report on the Northern Plains Nitrogen Fertilizer Production Facility

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From the President's Desk

Building a world-class nitrogen facility goes beyond raising the more than \$2 billion in construction funds or obtaining all the local, state and federal permits that are needed and that assure the plant's safe operation.

There also are the intangibles. These are the investments made by a team committed to the community where the facility will be located and to the customers Northern Plains Nitrogen will serve. They are the investments driven by leaders of Northern Plains Nitrogen, people with decades of experience in the industry and deep roots in North Dakota.

Take a look at the people making the decisions at NPN. Don Pottinger, CEO of NPN, is a recognized global expert on agri-business and fertilizer. Our COO, Larry Mackie, brings more than four decades of direct experience in nitrogen plant development and plant operations. The managing partners of NPN are people who bring broad and deep experience in the fertilizer industry. (Short biographies of the entire leadership team are available at NPN's [website](#).)

But there's another quality that makes the board of NPN even more special. Along with industry expertise, NPN's leaders have North Dakota expertise. Many of our members have longtime roots in our state. They are people who have farmed the land, sometimes for generations. NPN's managing partners

include farmers who learned their state-of-the-art practices at our great North Dakota universities and are sharing a lifetime of learning through their leadership in ag organizations.

My experience is typical. I farm near Valley City, raising corn, soybeans and spring wheat. I earned a degree at NDSU. Throughout my career, I have made service to the state and community a priority, serving in leadership positions of many organizations, including three terms as president of the North Dakota Corn Growers Association.

Why is this personal involvement in North Dakota valuable? It means that every decision we make as a board is made with firsthand knowledge of how North Dakota farmers, families and businesses will be affected by a range of issues. We are bringing a homegrown perspective and concern to all the issues that go into building a facility of the size and scope of Northern Plains Nitrogen, including land use, air quality, safety and others.

From time-to-time in these newsletters, we will share how we are managing these important issues, starting with this edition of the newsletter in which we focus on water management. Responsible use of a natural resource like water is second nature to those of us who farm in North Dakota. We know that the success of Northern Plains Nitrogen depends on the success of farmers in North Dakota and the region, and that means we all have to be guardians of our water. To cite just one example, NPN will use as much gray water as possible, safeguarding the state's surface and groundwater.

We are proud when people like Grand Forks Mayor Michael R. Brown says Northern Plains Nitrogen "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." Being a good corporate partner isn't just smart business, it's part of who we are as individuals.

Sincerely,
Darin Anderson
Darin Anderson
President, NPN Board

North Dakota's history is as much a record of water management as anything else. Sometimes there is too much water, as those in the Red River Valley know all too well. And sometimes there simply isn't enough. The Red River Valley would suffer a \$20 billion economic impact over 10 years if a 1930s-type drought hit today, according to one estimate.

North Dakota's economic boom has created new opportunities for the state. But the state's growth also has made the challenge of balancing competing water needs both more urgent and more important.

As an article in [Prairie Business](#) said, water supply is at the top of the agenda for companies looking to build or expand in North Dakota. Barry Wilfahrt, president and CEO of the Chamber of Grand Forks and East Grand Forks, told reporter John Hageman that Grand Forks has seen several plant expansions and upgrades among value-added agriculture companies. Continuing the growth will require a long-term sustainable supply of water, according to Wilfahrt.

Assuring an adequate and affordable supply of water for drinking, industrial, agricultural, recreational and other uses will require new thinking about water usage. We need to look beyond traditional sources of water – our aquifers and surface water – to figure out how to use water more efficiently and how to re-use water.

The Northern Plains Nitrogen facility proposed for Grand Forks is one of the new users that is approaching its water needs with creative thinking. The plant will meet a good share of its water needs by re-using "gray" water -- wastewater from the adjacent city sewage lagoons. Reclaiming water from the Grand Forks wastewater treatment plant is an important part of an overall strategy to ensure an adequate supply of process and cooling water for the NPN facility while conserving the region's supply of fresh water and reducing and preventing pollution.

Re-using gray water has important environmental benefits. It also has an immediate, practical benefit. According to the [Jamestown Sun](#), the state agency that pays for water projects statewide may see its budget cut by nearly half. The North Dakota State Water Commission receives its funds from the oil extraction fee. With the falling price of oil, the commission could see its current budget for water infrastructure budgets fall from \$930 million to about \$500 million, according to the *Sun*.

Northern Plains Nitrogen's location and its access to surface water, along with the facility's innovative plan to use gray water, will keep the Grand Forks project on track regardless of the impact of falling oil prices on water infrastructure projects. The re-

use of gray water also will preserve water for communities (more than 90 percent of the cities in North Dakota rely on ground water from municipal systems, private wells and rural water wells), agriculture and other industrial developments.

Building a Diversified Economy

The headlines coming from national news are alarming. CNN recently quoted an energy company CEO saying that low oil prices could mean a loss of 20,000 North Dakota jobs by June.

Of course, “the sky is falling” mentality has driven headline writers at least since Chicken Little. Most energy experts predict that oil prices eventually will recover and future demand for oil from the Bakken field will be strong.

However, the slump does reinforce the recognition that diversification will make North Dakota’s economy stronger and more resilient to the volatile energy market. Northern Plains Nitrogen is a case in point. It will be the largest capital investment project in Grand Forks, “and, with that, a significant contributor to our tax base,” according to Mayor Michael R. Brown. The plant also will create well-paying jobs and support the competitiveness of North Dakota’s ag industry. That’s a win for everyone.

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