



News and Notes

August 2015

A Progress Report on the Northern Plains Nitrogen Fertilizer Production Facility

In This Issue:

1. Letter from Board President, Darin Anderson
2. NPN Receives Air Permit to Construct

From the President's Desk: NPN and the CHS Decision

Northern Plains Nitrogen has achieved an important benchmark, as the accompanying article reports. The project now has received all the regulatory approvals needed to move forward. Goals remain – including the need to engage new financial partners – but clearing the last of the regulatory hurdles on a project as complicated and challenging as NPN's facility is a cause for celebration.

Ironically, NPN received notice from the North Dakota Department of Health Division of Air Quality that our "Permit to Construct" was approved just a day before CHS announced that it would not build its fertilizer plant in Spiritwood, N.D. Since then, a question has come up: Why is one fertilizer manufacturing facility – NPN – moving forward while another is stopped?

Certainly, it's not my place to speak for CHS. Our focus always has been on developing a state-of-the-art fertilizer facility in Grand Forks regardless of what CHS or anyone else does. The market for nitrogen fertilizer is expected to be strong as farmers respond to the increasing global need for food, energy and other demand for crops.

We long have believed that the NPN plan is built on strong assets, including the proposed location. The Grand Forks site selected by NPN is an excellent

location. The 320-acre site is adjacent to major rail and highway corridors. The site also has access to abundant and competitively priced natural gas. For example, the Viking Gas Transmission Co. has a pipeline located 16 miles east of the NPN site. This is just one of several viable options to serve the NPN plant. NPN's site has been approved for the necessary rezoning. The preliminary plat showing how the site will be used has also been approved.

In addition, NPN launched our project with the commitment to taking innovative and responsible approaches to ensure an adequate supply of process and cooling water for the facility while conserving the region's supply of fresh water and reducing and preventing pollution. For example, the facility will meet a substantial share of its water needs by re-using "gray" water (wastewater from the adjacent Grand Forks city sewage lagoons).

The bottom line, though, is the marketplace. The NPN facility will provide a dependable supply of fertilizer to a region that over the years has been affected by everything from flooding or late ice-out on the Mississippi River to the shortage of rail cars.

Sincerely,
Darin Anderson
Darin Anderson
President, NPN Board

Approval of Permit to Construct Clears Last Regulatory Hurdle

Northern Plains Nitrogen cleared its final permitting hurdle for its proposed nitrogen fertilizer facility in Grand Forks. A "Permit to Construct" was issued by the North Dakota Department of Health Division of Air Quality based on analysis of the facility's impact on air quality.

The permit was issued following a 30-day public comment period that drew only positive feedback, including an endorsement from the Grand Forks Region Economic Development Corporation (EDC). The EDC wrote, "NPN and the City of Grand Forks are working closely to ensure this plant technically meets or exceeds expectations for the safety and benefit of the region. The EDC supports projects that will enhance our region's economy, generate new wealth and create new jobs.

NPN's project meets these goals, not only for our region but our state.”

Don Pottinger, CEO of NPN, said all necessary permits have now been approved. "From the beginning of this project, we have been committed to developing a facility that earns the support of our host community. The EDC's comments reflect the partnership we have built."

Pottinger also said the CHS decision to abandon its proposed Spiritwood project will not directly affect NPN's plans. "We may see less pressure on building costs and will be in a better position to hire the talent needed during construction and for operation of the facility. Ultimately, though, our long-term goal remains the same regardless of the decisions others make - to provide growers in our region with a reliable supply of high-quality nitrogen fertilizer," said Pottinger.

NPN's proposal is for a world-scale nitrogen-based fertilizer complex which includes a 2,400-ton-a-day ammonia plant in an industrial area in the northwest quadrant of Grand Forks. It has been approved for the necessary rezoning and the preliminary plat showing how the 320-acre site will be used. NPN has also received approval from the City of Grand Forks to take an innovative approach to ensure an adequate supply of process and cooling water for its facility. The plant will meet a substantial share of its water needs by re-using “gray” water (wastewater from the adjacent Grand Forks city sewage lagoons).

While the permitting process successfully has concluded, financing the more-than-\$2 billion construction cost remains the focus. While NPN remains optimistic, it is a difficult and highly competitive financial market for raising development capital, and NPN's ability to secure the necessary financing remains a work in progress.

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