



News and Notes

February 2016

A Progress Report on the Northern Plains Nitrogen Fertilizer Production Facility

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From the President's Desk:

It was research by the North Dakota Corn Growers Association in 2006 that originally inspired the idea for Northern Plains Nitrogen. The research indicated that the supply for nitrogen fertilizer would be unpredictable for the northern plains region. Timely delivery of the product was threatened by everything from spring floods to the shortage of rail cars. And it would impact more than just the corn growers.

Knowing they had to find a solution or face increasing costs and uncertain supply for nitrogen fertilizer, the corn growers and other crop production associations in neighboring states and provinces began to research again. The group wanted to know more about the potential to produce nitrogen-containing fertilizer products in their high-priced market which was, and still is, largely served by imports.

By 2012, the research was clear: farmers had the power to change the marketplace. A 2013 *Prairie Business* article said the research convinced the group “of the ongoing needs for nitrogen fertilizer, the availability of natural gas as a low-cost source of feedstock for ammonia production, and the opportunity to partner with natural gas companies to predict long-term prices and supplies.” And so, NPN was born.

Research continues to guide the work that we do because we know how important this project is to the region. Many of our leadership members will also be NPN's customers who want a safe, reliable and cost-effective fertilizer source in the region.

This month, our technical team will work on a value engineering process for the project. Working with a team of engineers, we will travel to locations of operational facilities similar to NPN.

The value engineering process, along with other research tools insures that we are building NPN based on today's best practices while maintaining momentum and reducing risk and costs. In this month's newsletter, we break down a few of those research tools and how they help NPN move forward. Additionally, we've included some key excerpts from a recent *Grand Forks Herald* editorial on the progress of NPN.

Hope your 2016 is off to a great start.

Sincerely,
Darin Anderson
Darin Anderson
President, NPN Board

How research keeps NPN on track

This month, the technical team of NPN will lead a value engineering process for the project. The goal of any value engineering process is to make a project as functional and cost-efficient as possible. Working with a team of engineers from an energy performance contractor, NPN will travel to operational facilities similar to NPN that have proven successful in today's challenging construction industry. The front-end engineering design (FEED) process will follow.

The value engineering process will include modularization workshops, FEED execution planning and construction labor assessment. The results of these processes will identify opportunities for NPN to reduce capital expenditures and reduce potential risks associated with labor and scheduling issues.

While NPN still has hurdles to overcome before completion, research like this helps to avoid some common barriers. The need for fertilizer in this region is great. We

hope to meet the need with a safe and reliable source. Learning from other successful operations will allow NPN to meet the needs of the region using today's best practices for a smooth construction period and a full operation in the future.

Grand Forks Herald

OUR OPINION: Cooperative effort moves NPN forward

(Following are excerpts from a Jan. 11 editorial.)

Two great, yet relatively quiet, things happened in 2015 during the ongoing effort to get the Northern Plains Nitrogen plant built on the north edge of Grand Forks.

First, the dean of UND's aerospace school raised legitimate red flags in an attempt to safeguard the school's students and programs. And second, developers of the proposed fertilizer plant followed with a feasible – and rather costly – alternative that allayed concerns and keep the project moving forward.

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In [the dean's] letter, he urged the university to “insist that the plume and the turbulence be completely mitigated either by moving the plant outside the five-mile radius from the airport or completely eliminating the plume and the turbulence.”

Whether or not Northern Plains Nitrogen developers made the change in direct response to Smith's concerns, NPN agreed to incorporate technology that will greatly reduce the exhaust plume. The bill for the change likely will come to approximately \$9 million, which NPN will shoulder.

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It's also important because it shows NPN is willing to work with the community as it creates what could become a behemoth business on the city's north side. Of course, it probably wasn't entirely out of the goodness of developers' hearts, since there's big money to be made. We prefer, though, to think it shows NPN wants to be a good neighbor.

Read the full editorial [here](#).

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