



News and Notes

November 2015

A Progress Report on the Northern Plains Nitrogen Fertilizer Production Facility

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From the President's Desk:

Some years farming can be more challenging than others, and most farmers would agree that 2015 had its fair share of obstacles. Droughts across the West and parts of the South, Avian Flu in the Midwest and a nice dose of El Niño across the country to top it off made sure farmers were paying attention this year.

But that unpredictability is part of the beauty of farming – at least beautiful to those of us who have made this a vocation and an avocation. Peter Nowak, a professor with the Nelson Institute of Environmental Studies at the University of Wisconsin-Madison recently told Wisconsin Public Radio, “Any farmer that puts a seed in the ground is a risk-taker.” We might not know what each season has in store for us, but every year farmers eagerly take that risk and consistently rise to the occasion.

Despite the risks and challenging conditions, the innovation and skill of U.S. farmers are the keys to the low food prices consumers in this country enjoy. The US Department of Agriculture Economic Research Service (ERS) predicts that supermarket prices will see slightly-lower-than-average food price inflation in 2015, increasing 1.5 to 2.5 percent. Looking ahead to 2016, ERS predicts that that supermarket prices will rise 2-3 percent, in line with the historically average rate of inflation.

Of course, Mother Nature could have more hurdles in store for us over the next year, but in addition to being risk-takers, farmers are also hard-working innovators. New technologies and best practices continue to be developed to get to the ultimate reward: a successful season providing quality food to Americans.

In this issue of the newsletter, we respond to the requests from many people for a summary of where things stand on key issues with the Northern Plains Nitrogen facility. While we have shared each of the items as they occurred, we thought it would be useful as we approach the end of the year to put everything in one spot. Hope you find the information useful and, as always, don't hesitate to share other questions you may have. The best way to reach us is by going to the "Contact Us" button on our website, www.northernplainsnitrogen.com. You also can find all the previous newsletters on the website along with other information about the project.

Best wishes to all for a very happy Thanksgiving.

Sincerely,
Darin Anderson
Darin Anderson
President, NPN Board

NPN Answers your Questions

Q: Where will the NPN facility be located?

A: The 320-acre site is located in an industrial area in the northwest quadrant of Grand Forks, ND. The site is well-located, 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.

Q: What's the status of the proposed site?

A: NPN's site has been approved for the necessary rezoning, along with the preliminary plat showing how the 320-acre site will be used. The grading and drainage plans for the site also have been completed. Advanced Engineering and Environmental Services, Inc., conducted in-depth studies of the site and found no existing or potential environmental concerns.

Q: Are additional permits needed for the project?

A: No. In August, NPN received notice from the North Dakota Department of Health Division of Air Quality that our “Permit to Construct” was approved. With that approval, all regulatory hurdles have been cleared. Goals remain, but clearing the last of the regulatory hurdles on a project as complicated and challenging as NPN’s facility is a cause for celebration.

Q: Will the site affect the Grand Forks airport?

A: A comprehensive evaluation of whether NPN will have any material impact on operations at Grand Forks International Airport affirmed that the facility will be a good neighbor to the airport. In addition, the Federal Aviation Administration has concluded that NPN’s structures will not pose any hazards to air navigation.

Q: Is there a strong market for NPN’s fertilizer products in the region?

A: The market for NPN’s products is expected to be strong as farmers respond to the increasing global need for food and crops for energy and industrial uses. NPN has the advantage of serving a region, which is now largely dependent on importing nitrogen from foreign sources.

Q: Does NPN have competitive edges with other suppliers?

A: Yes. One of the advantages NPN enjoys is a location near the markets it will serve. In addition, one of NPN’s key products will be urea ammonium nitrate (UAN), a clear liquid product containing 32 percent nitrogen in three different forms. The different forms create the environmental advantage for UAN over other nitrogen fertilizers. It gives farmers the ability to apply the right amount of fertilizer at the right time so that they can achieve the yield they need while protecting the quality of water.

Q: How will NPN meet its water needs?

A: NPN has taken an innovative approach to water usage. 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). In addition, NPN will process on-site storm water runoff. NPN is building into its plans the capacity to store an amount of water equal to two 100-year rain events (a 100-year storm refers to rainfall totals that have a 1 percent probability of occurring at a specific location). In addition, NPN will recycle internal processes to make the best use of all water supplies.

Q: What is the state of NPN’s financing?

A: NPN cannot complete the project without investments from significant new financial partners. Securing financing for the estimated \$2-billion-plus construction and development costs is our highest priority. We have had positive conversations with several potential investors who have the ability to be major financial partners,

but there are no agreements in place at this time. While NPN remains optimistic, it is a difficult and highly competitive financial market for raising development capital, and our ability to secure the necessary financing remains a work in progress.

Q: When will NPN break ground for its facility?

A: Groundbreaking is dependent on financing. We could break ground as soon as next year if financing is secured.

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