



# The Davis Refinery

Presentation by Meridian Energy Group, Inc. to the  
Stark Development Corporation

Annual Meeting – February 20<sup>th</sup>, 2018



# MERIDIAN LEADERSHIP

- ❖ Founded 2013 by Davis Family Partners
- ❖ Management has an average of 30 years of world-class expertise:
  - Energy, refining & hydrocarbon processing
  - Tech innovation and emissions controls
  - Project development & finance
  - Startup and large companies
  - Large capital project management
  - Crude & refined product markets



# THE MERIDIAN-DAVIS REFINERY PROJECT

## ❖ The Davis Refinery, a Full-Conversion crude refinery in the Bakken

- 300,000 bpd of Bakken crude produced in nearby 4-county area – best crude in the world
- Site was Rezoned & Use Permit Approved July 6<sup>th</sup>, 2016
- Site has excellent logistics access

## ❖ Davis Initial Phase

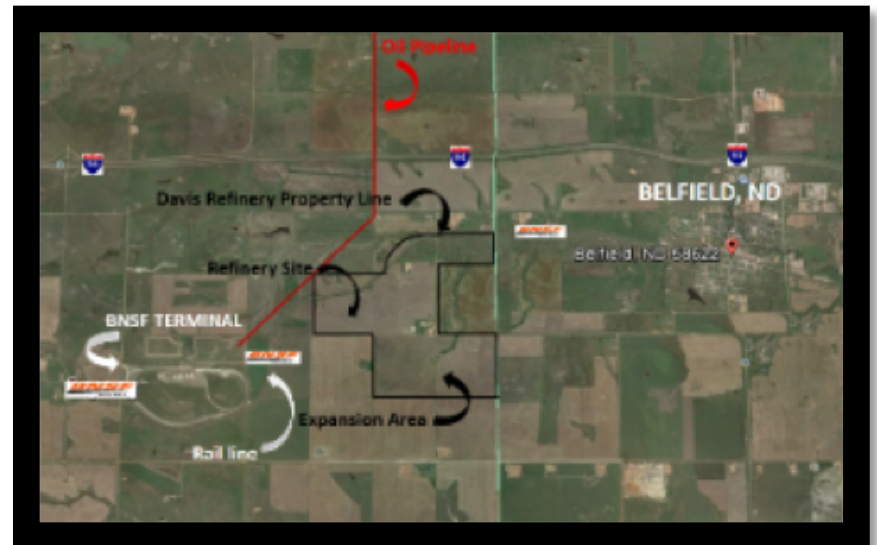
- 27,500 barrels per day ("**bpd**") hydro-skimming plant, full commercial operation in early 2019
- Produces gasoline stock, Kerosene/Jet-A, Ultra Low Sulfur Diesel, Low Sulfur Fuel Oil (ATBs)
- Construction will begin after air quality permit is awarded

## ❖ Davis Expansion

- May expand Davis to up to 49,500 bpd
- Design will be based on operating results from initial phase
- Will not drift into Public Service Commission jurisdiction unless and until a PSC Siting Certificate were applied for and received

# DAVIS – SITING, LOGISTICS

- ❖ 300,000 bpd Bakken crude produced nearby – worlds best crude
- ❖ Excellent road transportation infrastructure
- ❖ Access to oil and gas pipelines, gathering systems and terminals
- ❖ BNSF rail line runs through the site to serve terminals at Davis
- ❖ Excellent right-of-way access for enhancing product pipeline capabilities
- ❖ Refinery footprint 150 acres (with additional acreage for buffer)



# DAVIS – PERMITTING

## ❖ Siting, Land Use and Zoning – County of Billings, North Dakota

- County of Billings approved Davis rezoning and conditional use permit (“**CUP**”) on July 6, 2016
- Rezoning and CUP apply to 715 acre central site
- Additional acreage under option will be kept in agricultural zoning as buffer

## ❖ Air Quality Permit to Construct (“**PTC**”) – North Dakota Department of Health (“**NDDoH**”)

- PTC Application submitted 05-Oct-16, amended 05-Apr-17
- Draft PTC posted by NDDoH for public comment on 08-Dec-16
- Public comment period ended on 26-Jan-18
- Final PTC award by NDDoH is expected in early 2018 as **Synthetic Minor Source**

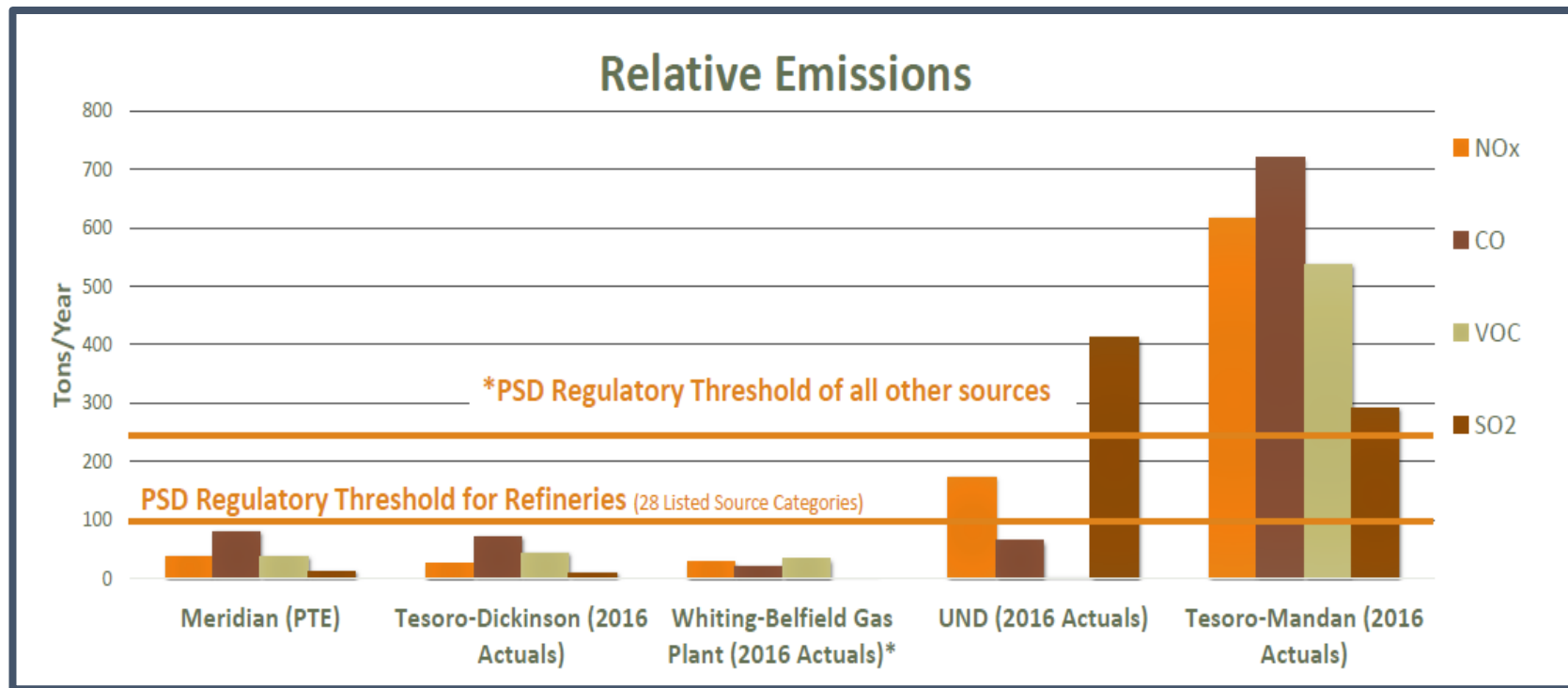
## ❖ Water Allocation Permit by North Dakota State

- Permit award recommended, expected following adjudicative hearing

## ❖ Siting Certificate from North Dakota Public Service Commission (“**PSC**”)

- The PSC has siting jurisdiction over refineries processing 50,000 bpd or more of crude oil
- Davis will require siting certificate from the PSC if it decides to expand to 50,000 bpd, not before

# NDDoH COMPARISON - ND EMISSIONS SOURCES



# PUBLIC COMMENTS ON THE NDDoH DRAFT PTC

- ❖ NDDoH public comment period ended on January 26<sup>th</sup>
- ❖ Meridian just finished organizing and sorting the Comments:
  - Total of 10,832 comments were received
  - Of those, 10,558 – 97.5% - were “form” comments, mostly blasted emails
  - 2.5% of them, or 274, were “unique” comments
- ❖ Comments from North Dakota Respondents
  - 193 of the comments, 1.8%, were received from North Dakota
  - 39 of those were in favor of Davis
  - 107 of the North Dakota Comments, 70%, were “form” comments – 86 were “unique”
  - Of the 86 non-form unique North Dakota comments, 40% were in favor of Davis
- ❖ 1,508 comments, 14%, were from California
- ❖ 955 comments came in from Oregon and Washington
- ❖ So far less than ten relevant have been identified raising points that are relevant to the permit
- ❖ Those relevant comments are being responded to in detail by Meridian engineering staff

# DAVIS – PROJECT FUNDAMENTALS

- ❖ Meridian business model focuses on risk mitigation driving low costs of capital
- ❖ Crude Supply
  - Now that PTC is close at hand, Meridian is negotiating crude supply agreements
  - Will sign with producers connected to gathering systems leading to Davis
- ❖ Product Offtake is fully subscribed
- ❖ Crude + Offtake + Hedging = Secure Revenue Model
- ❖ Completion-Performance Risk
  - Technology selection and licensing
  - Project Management and Contracting practices
  - Emissions controls and operations management
- ❖ Meridian will close Financing and Start Construction on Receipt of Final PTC



# OTHER DAVIS ATTRIBUTES

- ❖ Competition is a Good Thing! A new refinery producing local products from local crude means:
  - Increased value of local crude
  - Reduced product prices
  - Increased quality and reliability of refined products
- ❖ Technology and the Environment
  - The first major/complex refinery in 40 years
  - The first digital refinery and the cleanest refinery on the planet when complete
- ❖ Local Prosperity
  - Increase Billings County tax revenues/base
  - Over 200 permanent jobs = at 12:1 – i.e. up to 2,400 direct, indirect and induced jobs
  - Main Streets revitalized – for instance, a new grocery store in Belfield
  - Infrastructure improvements – either directly or via overall financial impact of Davis
- ❖ Other Initiatives
  - Commodity Value-Add
  - Wildlife preserve/Agricultural Buffers