

Flint Hills Resources poised for success in refining, chemicals

Flint Hills Resources LP (FHR), a newly named independent refining and chemicals company, began 2002 focused on succeeding and pursuing growth opportunities in the refining and chemicals industry.

Effective Jan. 1, Flint Hills Resources became the name of the petroleum and chemicals business that various Koch companies operated for more than six decades.

"This is an exciting turning point for our business," Dave Robertson, president and CEO, said. "We're ready to tightly focus on achieving our goals in the refining and chemicals industries and are enthusiastic about being better able to take advantage of growth opportunities and compete with other independent refining and chemicals companies."

New name, same spirit

Formerly known as Koch Petroleum Group LP, FHR has independent leadership and separate financial decision-making authority, while remaining wholly owned by Koch Industries Inc.

The company takes its name from the Flint Hills of Kansas, a scenic and culturally rich part of the Great Plains. The name honors Fred Chase Koch, co-founder of what is now Koch Industries, who loved the Flint Hills and bought his first ranch there in the 1940s.

Flint Hills Resources has a culture based on principled entrepreneurship, which means the company strives to combine a rock-solid commitment to integrity with an unwavering desire to anticipate and cost-effectively satisfy customers' needs. This culture drives all the things FHR does to succeed, both as a company and as a neighbor in its communities.

The discovery mentality FHR tries to cultivate in its 2,000 employees is behind the innovation that has helped the company develop

value-added fuels for its customers and meet important goals for safety, efficiency and environmental protection in its operations.

"As Flint Hills Resources, we're going to build on the entrepreneurial culture we've developed over the years. I believe it's that spirit — which drives us to anticipate market changes and cost-effectively meet our customers' needs — that will characterize us within our industry," Robertson said.

Prior to his position as president and CEO of Flint Hills Resources, Robertson was president of Koch Petroleum Group LP. In 1999, he was named president of Koch Agriculture Co., managing the downsizing of Koch's agriculture interests.

In 1996, Robertson was appointed president of Koch Beef Co. From 1992 to 1996, Robertson held a variety of positions within Koch Refining Co. (later named Koch Petroleum Group), including serving as the group's executive vice president in charge of the businesses associated with Koch's Rosemount, Minn., refining complex.

He began his career with Koch in 1984 in sales and marketing for Koch Asphalt Co. (later named Koch Materials Co.), which provides asphalt-based products and services to the road construction industry, as well as specialized industrial products. He remained in this group until 1992.

Robertson graduated from Emporia State University, in Emporia, Kan., with a bachelor of science in business administration and marketing in 1984.

Businesses

Flint Hills Resources is headquartered in Wichita, Kan., and has refining complexes in Corpus Christi, Texas, and Rosemount (near the Twin Cities), as well as Canadian interests.



Dave Robertson, president and CEO of Flint Hills Resources.

Flint Hills employs more than 900 at its Corpus Christi complex, which has a 300,000-barrel-per-day processing capability. The Minnesota (Pine Bend) refinery employs 750 and has a 280,000-barrel-per-day capacity.

These facilities are served by strategically located pipelines and terminals, many of which are operated by Koch Pipeline Co. LP.

The company's businesses in Canada include a number of Calgary-based activities as well as investments in pipelines and a large oil-sands development project. These businesses are primarily focused on providing a supply of Canadian crude oil to the Pine Bend refinery.

Flint Hills Resources is also a leading producer of petrochemicals and related products, with primary manufacturing facilities at the Corpus Christi refining complex and trading offices that serve markets around the world.

Finally, the company markets a full slate of petroleum products — gasoline, jet fuel, diesel, heating oil and others, including value-added fuels such as cleaner-burning gasolines and performance diesel fuels.

Environmental commitment

"We put safety and environmental excellence first in how we conduct our business every day. Our vision and principles require that we strive to achieve 100-percent compliance and apply lessons learned to continuously improve our environmental, health and safety performance," Robertson said. "Our goal is to meet the expectations of the communities in which we operate and continue the stewardship and Clean Fuels initiatives that are helping solve environmental challenges for our customers and neighbors.

Flint Hills Resources' refineries in Texas and Minnesota produce 45 percent fewer criteria air emissions per barrel than the industry average. And the lower-sulfur and lower-emitting fuels that help the communities served by the company meet their Clean Air goals are the result of investments of more than \$200 million in equipment and process upgrades at the company's refineries.

In Canada, TrueNorth Energy plans to use state-of-the-art technologies to minimize emissions and minimize or mitigate environmental impact as it develops the oilsands project.

Stewardship projects to improve wildlife habitat near Flint Hills' Texas and Minnesota refining complexes received certification in November 2001 by the national Wildlife Habitat Council. The certification program recognizes meaningful wildlife habitat management programs, including environmental education projects at corporate sites.

Technology advances to protect environment

The Flint Hills Environmental Management System implemented at the refineries identifies the steps vital to integrating compliance expectations into the organization. These steps include defining requirements and the people and tools needed to comply with

them, verifying data with operations experts, modifying processor equipment as needed, and conducting regular training and audits.

In the central control center for Flint Hills Resources' Corpus Christi refineries, operators can monitor processes and make moment-by-moment adjustments to increase safety and efficiency.

The Pine Bend refinery's emissions reduction initiatives, including process changes and equipment investments, will establish the facility as one of the lowest-emitting refineries in the nation.

Technology allows more effective communication about safety and environmental matters. An Internet site, www.flrpinetexas.com, was born out of an innovative, two-year collaboration between Pine Bend and the Minnesota Center for Environmental Advocacy.

The site gives the viewing public a complete picture of the Pine Bend refinery's environmental performance by providing easily accessible, updated facts about air, water and waste emissions that are clear, concise and verified by third parties. It is believed to be the first comprehensive emissions-reporting Web site in the country.

Safety commitment

For the second year in a row, outstanding safety achievements at the Pine Bend refinery were recognized with the Governor's Safety Award for Outstanding Achievement. The award acknowledges a solid and sustained track record of safety performance.

For example, Pine Bend has reduced OSHA recordable incidents by 86 percent since 1993.

The Pine Bend refinery also received four safety awards at the National Petrochemical and Refiners Association conference in Spring 2001.

In 2000, the refining facilities in Corpus Christi were awarded the nation's highest honor for workplace safety: "STAR" status in the Occupational Safety and Health Administration's Voluntary Protection Program. Over the course of more than four years, the Corpus Christi facilities worked nearly 10 million work-hours and processed about 16 billion gallons of crude oil without a lost time accident.

The commitment to a superior standard is visible in both Flint Hills Resources' operations and through the products it manufactures.

For more information about Flint Hills Resources, visit www.fhr.com or call Mary Beth Jarvis at (316) 828-3756. □

FHR off to a great start

Flint Hills Resources commits \$145 million to Texas refinery upgrades

Exciting things are already happening for Flint Hills Resources. The company will invest an additional \$145 million in upgrades to its Corpus Christi refining complex to produce fuels with 80-percent lower sulfur levels and continue to improve Texas air quality.

"Flint Hills Resources is committed to the clean fuels initiative we began in 2000 and that last year resulted in fuels with sulfur levels 50-percent lower than the industry average," Robertson said. "This second phase of facility improvements will enable us to further reduce the sulfur levels in the fuels we produce and meet 2005 federal clean fuels standards."

To produce the cleaner-burning fuels, Flint Hills will begin engineering and construction of the new sulfur-processing unit within the next six months; the expected completion date is mid-2003.

Federal clean fuels guidelines require that sulfur in gasoline be reduced to an average 30 parts per million by 2005. The company's initial voluntary investment in clean fuels lowered the average sulfur content of the fuels it produced to 150 ppm — half of the U.S. EPA's estimate of the current industry average sulfur content of 307 ppm.

In May 2000, the Corpus Christi refinery unveiled its voluntary initiative to help reduce ozone levels through low-sulfur gasoline supplies to its markets in Texas. The cleaner-burning fuels became available in May 2001 in all grades and provided the lower-sulfur fuels in time for the summer driving season.

For the past few years, the company has worked cooperatively with Texas communities in ongoing efforts to stay in compliance with federal air quality standards. □