

Cliffside Refiners Limited Partnership Meeting

April 23, 2019 @ 10:00 AM

Attendees:

(Cliffside)	Mark M.	Barry S.	Rodney C.	Brad H.	
(Downtown)	Emress B.	Alex C.	Amanda C.	Sam B.	
(NOC)	Heath M.				
(CRLP)	Nick D.	Bobby S.	Tony K.	Bob L.	Brad B.
	Sarah F.	Rick G.	Tom P.	Nick H.	

Roll Call

➤ Noted

Antitrust Issues

Nick D.-Provided to list of attendees on call, if anyone has any questions please let me know

1. Booster Compressor

Nick D.-1. Progress of welding work and 2. Whether we continue with April 29th outage. Amanda sent a note indicating that contractors had run into some snags and as of yesterday there were no welders qualified but the contractor was confident that they would be able to meet the deadline. Can you give us some reason why you are confident that given the fact that no one has been qualified to date then come Monday they would be ready to complete 32 welds.

Amanda C.-So Nick I didn't actually state in my email but they have 1 welder out of the 4 they tested yesterday that passed. I indicated that our contractor feels confident, we still have concerns so we are still watching them very closely.

Alex C.-The reason that most of their welders failed yesterday is because they came in thinking that they could qualify welders on just one part of the combination or weld procedure and have certain welders do one part and the others do the other. Now that they are aware that their welders will need to qualify on the whole procedure, they are ready to bring in welders that they have confidence will be able to pass. Their plan is to test 3 or 4 more today and then another group by the end of the week.

Nick D.-Ok so. And you are correct Amanda it is the contractor's opinion not yours. Sam are you confident that the contractor will be ready Sunday?

Sam B.-I know that the contractor has explained to us a rational approach that seems reasonable. The explanation as to why the welders didn't work is also reasonable. And they also have an additional plan B where they have folks that are already certified that they plan to bring in should their welders not pass. They have 6 days to get everything in

place and they should be able to get some welds done for us by Saturday we think. And once we see that they are able to do their work with welds that pass, confidence level will be much higher than everybody feels right now. We still have to give them the opportunity to perform, we are very much watching everything that they are doing.

Nick D.-I want to be clear that by waiting until then there is no time for calling off contractors, we could incur fees for that. The partners are at risk financially. That's why we may be a little more skeptical.

Nick H.-So if I go back and I'm just checking my notes, so the first promise was the contractor will be on site on the 1st. That didn't happen. Then it was the 8th. That didn't happen. Then it was the 15th. That didn't happen. Then it was Saturday. That didn't happen. We have very substantial businesses that are reliant on this plant operating. Your confidence is not shared by us in this matter. Early on we recommended that the welder was tested outside of the hot zone before the outage. I am concerned that this will extend the outage for a long period of time. I think there is no option but to delay the outage. I understand there is concern about the other compressor but the failure of the contractor to perform is the main concern here.

Sam B.-So is that the consensus of the membership and the direction to the CRLP that you are recommending that we extend the timeframe for this welder and that we postpone the outage realizing that there are also additional risks and keep the plant running until these welds are certified?

Nick H.-Sam I'm not talking on behalf of the partnership.

Sam B.-It was directed to everyone. I hear the concerns and I'm sure they are shared by everyone. But we need to get to a decision. So is the decision going to be that everyone is ok with postponing the shut down until such time that these welds are certified and repaired?

Nick D.-Brad and Tony what is your availability for fall back?

Brad B.-My biggest issue will be with Dave F. and getting him on site when we need to work on the burner. What I could possibly do is keep him on schedule and try to get him out here to tune on the burner on high BTU while we are running. There is a risk there. But he is booked up 4 and 6 weeks in advance. Part of me says should we just go ahead and repair the K100 because it could be an unplanned outage that means we would be down even longer. That kind of gives us a feel for when we could do an outage for the tie-ins. That's just my thoughts off the top of my head. Ultimately yes there is a risk for not taking an outage just for the K100 but that's a planned outage and that's likely that the restart is going to go better. But if you have something go out in the middle of the night then it's going to be a longer outage.

Tony K.-It is pretty much the same, it could be out to June for anyone to be ready out here. June 3rd would be the date.

Bob L.-I hear what Brad is saying and I support that view and if we get the K100 work done now that would be better but there is also the concern of the welding so I'm going to put it in the hands of the guys with the resources and let them make the call on this one.

Nick D.-Brad we talked about this before but you would defer right?

Brad B.-I want to do the outage for the containment sooner than later because it's under stress right now. The piping is sagging because you can see it. So we are running a plant that has flanges on the outside containment area that are already under stress now because of what we dug out has got that piping sinking. It needs to be done.

Sam B.-Doesn't it still make sense to do that work even if it might require another outage later?

Brad B.-Yeah for me that is an issue. Yeah there is benefits if they do welds but at the end of the day we can't ignore that the piping is sagging.

Sam B.-Going through with the outage gets the piping corrected and gives us a chance to see if the welder will be able to get the work done. If they are unable to perform, the BLM has other avenues that we can take. The BLM has tools that come to play at that point.

Nick H.-Sam I can't believe that you actually say that. Honestly, we are taking the risk here.

Sam B.-I'm not talking about our contractor anymore. Heath do you want to talk about the contractor?

Heath M.-As it stands the contractor is doing the work. We have nothing to cancel their contract on

Nick H.-I'm not talking about the contractor either. My point is Sam you are saying very easily let's have the outage but that forces us to have a second outage.

Sam B.-No Nick I gave everyone in the room an opportunity to state their concerns and we've heard them. I was restating what was said. It sounds to me like even on the CRLP side, the 29th sounds like a reasonable outage. Maybe I mistook what was said.

Nick H.-I don't believe you understood it correctly. What Brad said was, do this outage, focus on the compressor. Do the compressor work now, let the welder start on the outside containment area, and then take a second outage to let them do the hot zone work.

Brad B.-No Nick I think you got it backwards. The outside containment area is the hot area, that is the 27-28 welds and that is not on the compressor side. That is what is sinking. When they dug that out to look at the underground piping so they could x-ray the welds that is where it is now sinking toward that hole. That would have to be done during an outage.

Nick H.-And what if it takes them 3 weeks to do that work?

Brad B.-Even if the contractor doesn't perform I feel like I need someone on the hook to bail us out.

Amanda C.-I don't believe that is how Sam meant for you to feel. I believe our plan is to do 1 or 2 at a time and x-raying behind them. We aren't going to let them go on

indefinitely we will have them button it up and get it done. If they don't get them done then we start the unit back up safely with part of the repairs done and get everything tested and then as Sam was stating, now we have performance issues that we will address with the contractor, cancel out the contract, get a new one, whatever avenue we need to take we now know what we can do.

Sam B.-Yes, that is correct. I am also trying to get a consensus here about having the outage.

Nick D.-Brad why can't the piping be supported.

Brad B.-It can but the dirt is excavated really close so it will sink again, there is no guarantee it won't sink more.

Nick D.-Plan B was that contractor would bring in welders that are qualified why isn't that plan A.

Amanda C.-They are bringing in qualified welders.

Welders have to be tested to their weld procedure. Plan A is they have however many people to be tested this week, if that doesn't work they have a source for additional welders they can test.

Heath M.-The way the contract is set up, the information that we sent out to them they form a plan, if we start dictating to them how they do it we can't. We gave them what our requirement was and they have to fulfill it. We can't tell them how to do it. We don't get to tell them how to do the work.

Nick D.-Brad, Bob, Tony, Nick, I think from what I have heard I think the possibility of having multiple outages in any circumstance has increased dramatically. My recommendation, even though I don't like it, is to stay the course and go for the 29th. CRLP you want a call later?

Nick H.-Yes Nick we need a call later. Let's end this call and talk now until 11:00.

Sam B.-I assume there will be a follow up call with us this afternoon.

Nick D.-Yes it will be to either go forward or to delay.

Nick H.-What about the arc flash study?

Nick D.-That is a non-outage item.

Heath M.-What I can tell you Nick is that we have just received the package to start the solicitation work on it. I will talk to the lady today that is doing it, it is a fairly quick turn-around.

Note: The results of the after meeting calls resulted in the CRLP finally agreeing to the planned and reported April 29 start-up date.