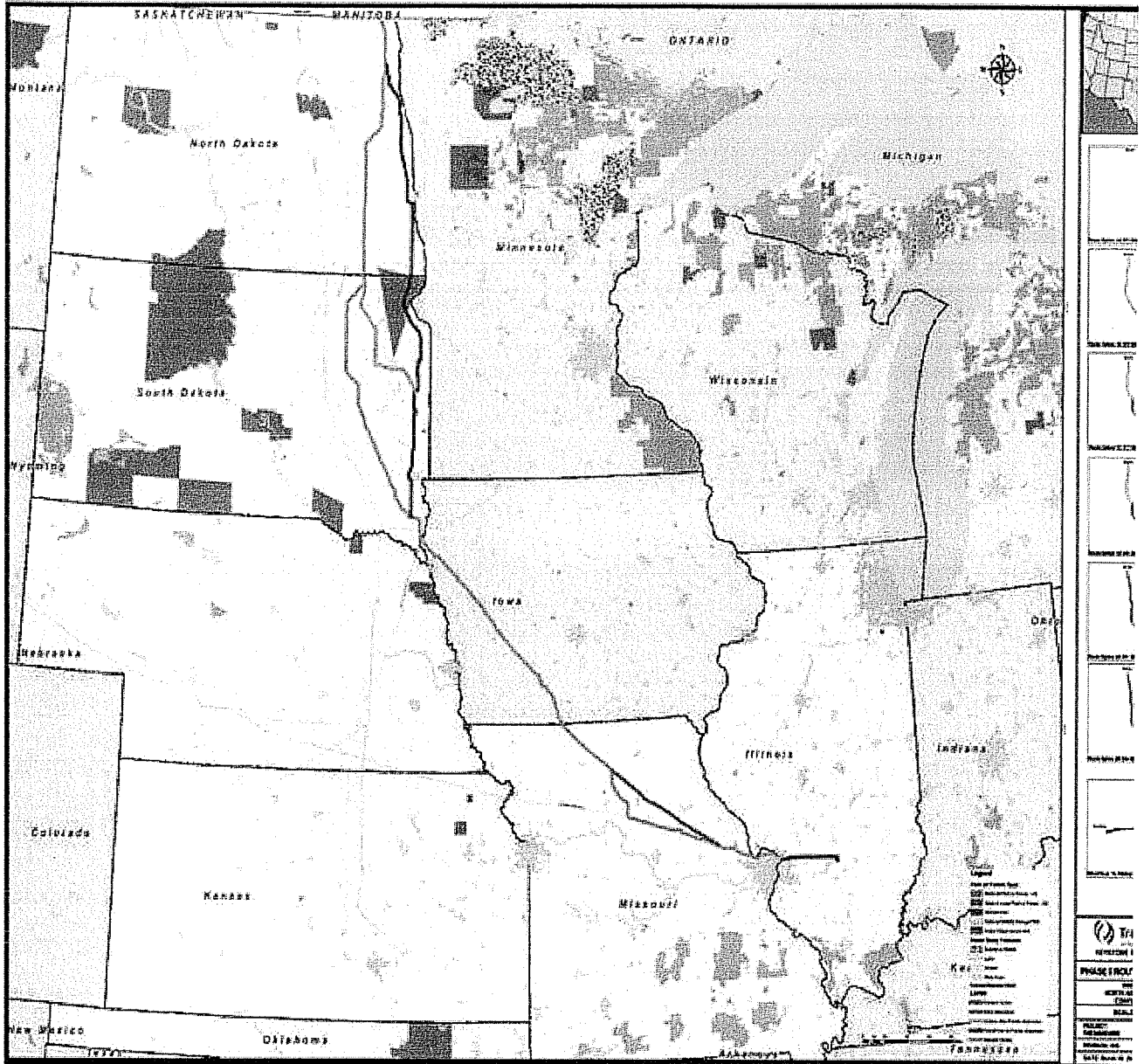

From: Curt Hohn
Sent: Wednesday, June 13, 2007 8:29 PM
To: 'john.j.smith@state.sd.us'
Cc: 'kara.vanbockern@state.sd.us'
Subject: FW: Oil Refinery - Elk Point, SD

John Smith, General Counsel
SD Public Utilities Commission

It looks to me like.....this is another good reason for re-routing the TransCanada crude oil pipeline down the I-29 corridor.
See TransCanada I-29 Alternate Route map attached.

Curt Hohn

Interstate 29 - Alternate Route - TransCanada Oil Pipeline



AP Texas News

June 13, 2007, 7:57PM

Texas firm eyes SD for possible oil refinery

By DIRK LAMMERS Associated Press Writer

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ELK POINT, S.D. — A Texas energy company's proposed oil refinery was revealed Wednesday as the so-called Gorilla project that could be built in the southeastern tip of South Dakota — the first new refinery in the United States since 1976.

Hyperion Resources Inc. of Dallas is considering Union County for an \$8 billion refinery that would turn 400,000 barrels of crude oil from Canada per day into low-sulfur gasoline and low-sulfur diesel fuel.

The company is looking at sites in the Midwest for the refinery but has not named them, Preston Phillips, a Hyperion executive, said Wednesday. He said a site will be selected sometime next year.

"This refinery is going to be the most advanced state-of-the-art facility in the U.S. and the world," Phillips said.

"We believe this will be a great deal for South Dakota, but we are not there yet," said Richard Benda, secretary of the Department of Tourism and State Development. South Dakota would be the "epicenter of clean energy production" if the refinery were built in the state, he said.

Construction of the refinery would average 4,500 workers over a four-year period, and the plant would employ 1,800 with an average hourly wage of \$20 to \$30 per hour, Phillips said.

Area residents packed the community center at the Union County Courthouse for the announcement. Officials only took questions from reporters.

"That's going to be a huge impact on the economy of this area," said Gary Bortscheller, an Elk Point resident who owns a body shop in South Sioux City, Neb. Bortscheller's wife, Joyce, sits on Elk Point's city council.

The region has recovered well economically since computer-maker Gateway scaled back several years ago, he said.

Gladys Hanson, who owns a farm north of Elk Point, said she believes God provides rural land so residents can produce food and it should be used to help others, not build an oil refinery.

"It's too big for our area," she said.

Jason Quam, who started a Web site to keep residents informed of the project, said he owns a 9-acre homestead in the targeted area but hasn't sold it yet. He said he got a fair offer from the company but certainly not top dollar.

"I'd have a very hard time rebuilding my home for the offer they made," he said.

Early comment from people responding online included skepticism and worries about the environment. Some, however, said the jobs and money associated with such a project would be beneficial and predicted strong opposition by environmentalists and "not-in-my-backyard" people.

Dozens of landowners in a 12-square-mile area east of Interstate 29 and north of Elk Point have said they've been approached about selling their land.

The project, near the Missouri and Big Sioux rivers, would use 12 million gallons of river water per day for cooling purposes, Union County commissioners have been told.

Those who knew more about what had been dubbed the Gorilla project signed confidentiality agreements not to disclose details.

Phillips said that with all the speculation, the company felt it was time to announce its intentions.

Julianne Fisher, communications director for Sen. Tim Johnson, D-S.D., said Hyperion had kept Johnson's office in the loop for a while.

"They've briefed our office on this," she said. "It's been several months that they've been briefing."

In a release, Johnson said he's always interested in new economic development but that many questions need to be answered, "including what the people of Union County think about this proposal and how it would affect their quality of life."

"As Americans require more energy, we know we need to look at all domestic sources of energy with ethanol, biodiesel and wind production leading the way."

Fisher said other concerns include how such a large project would affect air and water quality and other industries. She also said it looks like there will be additional federal incentives needed to build an oil refinery, including changes to federal law.

Rep. Stephanie Herseth Sandlin, D-S.D., said she and her staff also were briefed.

"While the proposal has significant economic development potential for the region, local officials must be given an opportunity to examine the details thoroughly," she said.

Hyperion, an oil and gas producer, also operates and invests in real estate, agriculture and other ventures.

TransCanada, a Calgary-based company, is seeking a permit for the South Dakota portion of its TransCanada Keystone Pipeline from Hardisty, Alberta, to Patoka, Ill. State officials have said the company intends to ship 435,000 barrels of crude oil a day through a 30-inch, pressurized pipe through eastern South Dakota.

No connection has been announced between the pipeline and the refinery.

On the Net: <http://www.elkpointgorilla.com>
