



— State of —
North Dakota
Office of the Governor
Jack Dalrymple
Governor

NEWS

FOR IMMEDIATE RELEASE
Oct. 13, 2014

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DALRYMPLE, BADLANDS NGL ANNOUNCE LARGEST PRIVATE EQUITY PROJECT IN STATE HISTORY

Value-Added Processing Plant will Convert Ethane Gas into Polyethylene, Reduce Flaring

BISMARCK, ND – Governor Jack Dalrymple along with William Jeffrey Gilliam, CEO of Badlands NGL, LLC, today announced the development of a North Dakota manufacturing plant that will convert ethane, a byproduct of natural gas processing, into polyethylene which is used to make a wide variety of end-use consumer and industrial plastics.

Badlands NGL, LLC, and its partners expect to invest \$4 billion to build the polyethylene manufacturing facility in North Dakota. The project will be the largest private investment in state history.

“This project is fully aligned with our goals to reduce flaring, add value to our energy resources right here in North Dakota and create diverse job opportunities across the state,” Dalrymple said. “By advancing the responsible development of our energy resources and by adding value to all of our resources, the opportunities in North Dakota are boundless.”

Joining Dalrymple and Gilliam for the announcement were Agriculture Commissioner Doug Goehring and Attorney General Wayne Stenehjem, both of whom serve with Dalrymple on the North Dakota Industrial Commission which regulates the state’s energy industry. Sen. John Hoeven also participated in the announcement which was held at the state Capitol in Bismarck.

“The role of the Industrial Commission in helping the Badlands’ project come together reflects the Commission’s mission to promote oil and gas production in a manner that prevents waste and protects the rights of mineral owners,” Goehring said. “When completed, this project by itself has the potential to reduce most of the flaring of natural gas in our state. That’s real progress and good news for North Dakota.”

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The value-added manufacturing plant will tap into North Dakota's abundant supplies of liquid natural gas to source ethane. The facility will convert ethane gas to low density and high density plastics which are used to make a wide range of end products for consumers and industry. The facility will be able to produce 1.5 million metric tons of polyethylene, or 3.3 billion pounds annually, and will employ 500 highly trained people in manufacturing, marketing, administrative, safety, financial and executive positions. The project will take at least three years for full development.

"This is a good example of what we can accomplish by adding value to our energy resources," Stenehjem said. "This plant will not only help us reduce the flaring of natural gas, but it will also create new, high-paying jobs and further diversify our state economy."

Badlands intends to market the majority of the polyethylene products domestically, but product will also find its way to markets in Asia, South America and Europe. Project developers say that the plant's location in North Dakota will enable them to efficiently ship to world markets from the Pacific Northwest and from Atlantic ports.

"Badlands is proud to bring this manufacturing facility to North Dakota," Gilliam said. "We are committed to maximizing the value of Bakken ethane for producers, their midstream partners and all gas processors. This facility is the solution needed to add value to North Dakota's ethane supply and make it a commercially marketable product. In doing so, there will actually be a market advantage for North Dakota polyethylene products."

"North Dakota elected officials and agencies have provided Badlands with by far the most business-friendly and pro-development environment in the United States, Gilliam said. "We have been fortunate to attract many of North Dakota's leading business and community leaders as Badlands investors, and we continue to discuss debt and equity capital markets needs with major financial institutions."

In developing the world-class manufacturing plant, Badlands is working with two strategic partners, Tecnicas Reunidas, or "TR" (www.tecnicasreunidas.es), which is based in Madrid, Spain, as well as Vinmar Projects (www.vinmar.com/projects/) of Houston, Texas. TR, one of the largest petrochemicals and polymers contractors in the world, is completing a preliminary engineering analysis for Badlands. This work is scheduled for completion in 2014 and will include technology evaluations, engineering and planning, and final site selection.

Vinmar provides services in support of project finance for the development partners. Vinmar and Badlands have signed a mutually binding, 15-year memorandum of understanding for 100 percent of the polyethylene to be produced by the Badlands project.

Badlands NGL, LLC is a Delaware limited liability company. Principals and strategic partners of Badlands have considerable experience in development, construction and management of operations that convert natural gas liquid into polyolefin products.