

Chair Kannianen and Members of the Senate Finance and Taxation Committee,

Thank you for the opportunity to testify today. For the record, my name is Chris Staats, and I am the General Manager for Marathon Petroleum Corporation's refineries in Mandan and Dickinson, North Dakota. I appreciate your consideration of our support for House Bill 1430 in front of you today.

Marathon Petroleum Corporation (MPC) is a leading, integrated, downstream energy company headquartered in Findlay, Ohio. The company operates the nation's largest refining system, with 2.9 million barrels per day of refining capacity from 13 refineries in 12 states. In addition, MPC owns or operates renewable fuels production facilities in Dickinson, North Dakota, and Martinez, California, as well as renewable feedstock pre-treatment facilities in Cincinnati, Ohio, and Beatrice, Nebraska. MPC also owns the general partner and majority limited partner interest in MPLX LP, a midstream company that owns and operates gathering, processing, and fractionation assets, as well as crude oil and light product transportation and logistics infrastructure.

Our Mandan refinery began operations in 1954 and today has a crude oil refining capacity of 75,000 barrels per calendar day (bpcd). The refinery processes primarily sweet domestic crude oil from the Bakken and manufactures gasoline, distillates, propane and heavy fuel oil.

Our Dickinson Renewable Diesel Refinery serves as a prime example of how we're innovating for the future by investing in renewable fuels and emerging technologies. The facility became fully operational in the spring of 2021 as the second largest renewable fuels facility in the United States. It produces 184 million gallons per year of renewable diesel by refining corn oil, soybean oil, fats and greases. We converted our petroleum refinery to the renewable fuels facility, which operates at a carbon intensity level 50% lower than that of a traditional refinery's.

In a related effort, also in 2021, we formed a joint venture with ADM to produce soybean oil to supply the rapidly growing demand for renewable diesel. This joint venture will own and operate a soybean processing complex in Spiritwood, North Dakota. When complete later this year, the facility will feature state-of-the-art automation technology to source and process local soybeans to supply Dickinson

with approximately 5,000 barrels a day of locally advantaged renewable feedstock.

House Bill 1430 will allow refineries, like Dickinson, to continue to qualify for the sales and use tax credit established for refineries making significant investments through construction, expansion or environmental upgrades. Because our Dickinson refinery no longer meets the 5,000 barrels per day crude oil threshold in the original statute, without HB 1430, it would no longer qualify as a “refinery” in tax code. Although it is now refining soybean oil instead of crude oil, Dickinson is still a refinery that processes feedstock into a finished fuel, and this bill would simply expand the definition of “refinery” to include “renewable feedstock” refineries.

In the past, MPC has used the refinery sales and use tax credit mainly for environmental upgrades that helped lower greenhouse gas emissions and upgrades to our wastewater treatment facility to reduce pollutants discharged into nearby water sources.

Looking forward, MPC plans to continue to make upgrades to our Dickinson refinery that will increase efficiency and reduce overall emissions. Additionally, we are evaluating opportunities to enhance the facility to meet the growing need for next generation fuels.

HB 1430 is a win-win for North Dakota. It continues incenting investment in current in-state infrastructure while also supporting products grown in the state to be used as feedstock at refineries.

Thank you for the opportunity to testify today and I’m happy to stand for any questions.