

Winter 2006

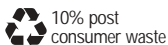
INSIDE

- 1 Secondary containment system prevents expensive cleanup
- 2 On the Mark
- 3 Propane: Serious about safety
- 4 Compliance reminder: SPCC deadline looms
Strengthening the bridge with your neighbors
- 5 How clean is your solvent bath?
Erosion control important for environment
- 6 CHS Safety and Health Web page access and use
- 7 CHS recognizes safety performance
Emergency response planning

The Courier is published by CHS.



Contributions are welcome.
Address correspondence to:
CHS
Risk Management
5500 Cenex Drive
Inver Grove Heights,
MN 55077



Secondary containment system prevents expensive cleanup

The storm roared in from the south and within 10 minutes the Northern Plains Cooperative chemical and seed warehouse and shop lay in a pile of rubble.

"The tornado touched down right over our facility," said Todd Oster, Northern Plains general manager. "The only thing left standing was the office structure itself, a 24' x 60' building that connected to the warehouse. When you looked in the front door of the office (after the storm), you could see right through it. The backside was gone."

Later, they found much of the building in a ballpark a couple blocks away, according to Northern Plains Facility Manager Mark Haberling. Old files stored in the warehouse were also scattered for miles, he said, while two computers and business records kept in the office remained usable and intact.

The supplies in the warehouse portion of the building — shop tools, seed, plumbing supplies, vehicles and chemicals — suffered damage. Falling rafters and flying debris smashed pickup truck windows and dented vehicle bodies, and a new fertilizer-spreader got "dinged up" pretty badly, according to Oster. Some seed got wet and was destroyed.

"In the winds and tornado, some of the (chemical) tanks moved around — maybe a foot — in the containment, but all stayed upright," said Oster. "We have 14 stainless steel tanks and one broke a seal

putting 3,200 gallons of Round-up into the containment portion of the building. But the containment did exactly what it was designed to do; everything was contained."

Small packs located on pallet racking that tipped and was mangled spilled inside the building mixing with rain on the concrete floor.

"And we had one mini-bulk with herbicide in it that blew

out the back door and was broke and spilled, and we needed to clean that up," Oster said. "We lost only nine and a half gallons. That was our biggest release."

The next day, an environmental cleanup company arrived and in the better part of the day pumped the spill from the containment system into storage containers for analysis. State Department of Agriculture

continued on page 8



An F1 level tornado touched down over the Northern Plains Cooperative chemical and seed facility destroying the warehouse but leaving the office (to the left in the picture) intact except for the roof and back wall. Besides the tornado, the weather service reported 101 m.p.h. straight-line winds in the area. Faulkton Grain and Feed in the background also sustained damage.

**2006 Environmental,
Health and Safety
Team Members**

The following serve as representatives on the CHS Environmental, Health and Safety Team.

Agrilience

Kent Kutnink
Inver Grove Heights

Country Operations

Pete Mutschler
Inver Grove Heights

Grain Marketing

Tim Paurus
Inver Grove Heights

Lubricants

Hue Lam
Inver Grove Heights

NCRA Refinery

Jim Jones
McPherson, Kan.

Oilseed Processing

Jason Trask
Mankato, Minn.

Pipeline and Terminals

Mike Stahly
Laurel, Mont.

Propane

Gary Bourne
Inver Grove Heights

Risk Management

Mark Daniels and Todd King
Inver Grove Heights

Laurel Refinery

Greg Brown
Laurel, Mont.

Refined Fuels Distribution

Doug Frasier
Inver Grove Heights

Transportation

Al Eiden
Inver Grove Heights

Team resources include:

Risk Management

Gaylon Bratland and Steve Slette
Inver Grove Heights

Legal

Dave Kastelic
Inver Grove Heights

Public Affairs

Lisa Moorhouse
Inver Grove Heights



Gaylon G. Bratland

Vice President, Risk Management

The rewards of risk management application

By Gaylon G. Bratland

Few people fully understand the term, “Risk Management.” To some, risk management is driven by a need to meet regulatory compliance or to comply with OSHA and environmental regulations. To others, risk management means identifying risk and then monitoring the financial cost associated with managing risk. It is essential that employees understand and realize the full benefits risk management can bring. Often, the elements of risk management are not clearly defined or the rewards from applying good risk management practices are not fully understood.

An important risk management area in today’s business environment is to identify and manage “emerging risk.” Often these risks are taken for granted. Examples of emerging risk include:

- Terrorism exposure
- Security
- Cyber-crime
- Disruption to business continuity
- Emergency response plans

Such risks may not be readily apparent or recognizable as compared to other business risks such as job-related accidents. Enacting loss control or establishing safety programs to minimize occupational accidents or injuries results in a direct benefit to both employers and employees. Understanding “emerging risk” and

establishing minimum standards to address such risks can lead to direct financial reward.

In the wake of Hurricanes Katrina and Rita, companies with pre-disaster plans or emergency response plans were able to mitigate their loss and return to operation sooner than companies who did not have such programs in place. Also, an effective anti-terrorism or security program may prevent serious or catastrophic incidents from occurring.

Other risk management rewards include regulatory compliance and strong safety culture between management and employees. The benefits of such culture can lead to risk elimination and “root cause” accident identification. Understanding underlying causes of all work-related accidents results in accident frequency reduction, lower injury costs, increased productivity and a safer working environment.

In order to effectively manage risk, it is essential that risk management standards apply thoroughly and completely across the company. Everyone should be trained to recognize risk and not take the position that managing risk is someone else’s job. Clearly, it is important that everyone understand the rewards that result from applying good risk management practices.

Propane: Serious about safety

Is safety so important to your business that you're willing to risk losing customers?

While many of us may agree in principle, when the bottom line is being impacted, it can be tempting to look the other way.

But for CHS Propane, looking the other way is not an option. If you want to do propane business with CHS, commitment to safety is required before CHS sells you any propane.

"Safety is first, and it's not negotiable," says Gary Bourne, manager, Propane Risk Management.

As a condition of doing propane business with CHS, a company is required to sign a business agreement which outlines the general terms and conditions of doing business with CHS, including indemnification, insurance requirements and minimum safety programs that focus on employee training and customer awareness. Customers are required to carry a certain level of general liability insurance as well.

To support that commitment to safety, each wholesale propane customer of CHS is provided a "Propane Business Safety Information Manual" that contains important information that can be used to inform employees involved with propane about methods of safely handling and using propane as well as resources for informing their customers about the safe use and handling of propane. In addition, safety topics are made available in the Propane Control Room (PCR) that can be used in employee safety meetings.

Training materials like the "Certified Employee Training Program" (CETP) have been designed to provide propane employees with the knowledge

to perform their job function in a professional and safe manner. Marketers are encouraged to take advantage of these training programs. CHS propane and the CHS Foundation have recently implemented a scholarship program through the National Propane Gas Association to support the education of individuals interested in the propane service field.

A key element of a retailer's propane safety program is to have a customer awareness program to ensure that their propane customers have been informed about what propane is, the hazards and risks associated with its use, appropriate methods of using and handling propane, how their system works, and what to do in the event of an emergency. Having a customer awareness program in place is one of the safety requirements in the CHS propane business agreement. Resource information is provided in the safety information manual that a marketer can use when setting up their customer awareness program.

"To encourage and support the propane safety and training programs of our wholesale propane customers, a safety and training reimbursement program was implemented," says Bourne. Annually, propane customers can submit proof of qualified safety and training expenditures for reimbursement based on their purchases of propane for the year.

"CHS is strongly committed to principles of safety for all users of propane. Having people committed to safety helps us and our customers keep safety first," says Bourne.



CHS Propane provides a "Propane Business Safety Information Manual" to customers so they can inform their employees about the safe use and handling of propane. It also provides resources they can use with their customers. CHS includes customer awareness programs as a requirement in its propane business agreements.

If you smell a leak

In its natural state, propane is an odorless, colorless gas. A chemical odorant is added to propane to give it a distinct odor. Even a slight gas odor may signal a serious propane gas leak. If you smell or suspect a gas leak, you should take immediate action.

- DO get everyone out of the home and away from nearby areas.
- DO NOT attempt to find the leak.
- DO NOT attempt to repair your appliance or light your pilot light.
- DO NOT turn on or off light switches inside the home.
- DO NOT use a telephone inside the home or in nearby areas.
- DO NOT light matches anywhere inside or near the home.
- DO attempt to shut off the valves at the tank.
- DO call both your propane supplier and the fire department for help from a telephone away from the home and nearby area.

Compliance reminder: SPCC deadline looms

Time flies and Feb. 17, 2006, will arrive before we know it.

That is when facilities storing oil above ground must have Spill Prevention, Control and Countermeasure (SPCC) plans amended or prepared.

Required by the Oil Pollution Prevention regulation, the plans are the cornerstones of the EPA's strategy to protect our nation's waters. They aim to ensure that facilities develop containment and other countermeasures to prevent oil spills.

Covered facilities

The regulation covers any CHS facility with aboveground oil storage capacity greater than 1,320 gallons. If this includes your facility, you should know that the regulation requires you to detail and implement spill prevention and control measures

in your SPCC plan. Your plan must address:

- Operating procedures that prevent oil spills,
- Control measures installed to prevent a spill from reaching navigable waters, and
- Countermeasures to contain, clean up and mitigate the effects of an oil spill that reaches navigable waters.

Further, it must include the following elements:

- Facility diagram and physical layout description.
- Contact list including phone numbers needed in the event of a discharge: 1) facility response coordinator, 2) National Response Center, 3) cleanup contractors, and 4) all appropriate federal, state and local agencies.
- Where experience indicates a potential for equipment

failure: prediction of direction, flow rate and total oil quantity that could be discharged.

- Description of containment and diversionary structures or equipment that prevent discharged oil from reaching navigable waters. (Use at least one of the following: dikes, berms or retaining walls; curbs; culverts, gutters or other drainage systems; weirs, booms or other barriers; spill diversion ponds; retention ponds; sorbent materials.)
- Where appropriate, a demonstration that containment and/or diversionary structures or equipment are impractical; periodic integrity and leak testing of bulk containers, valves and piping; oil spill contingency plan; and a written commitment of manpower, equipment and

materials to quickly control and remove spilled oil.

- Complete discussion of the spill prevention and control measures applicable to the facility and its operations.
- Management approval and certification by a licensed professional engineer.

Once you complete your plan, you must keep it at your facility for possible on-site review and inspections during normal working hours. If your facility is attended less than four hours a day, you must file it at the nearest field office.

Finally, you must implement your plan as soon as possible, but no later than Aug. 18, 2006.

If you would like more information on this topic, see the EPA Website: www.epa.gov/oilspill/spcc.htm.

Strengthening the bridge with your neighbors

After the tornado hit Northern Plains Cooperative, a CHS Country Operations location near Faulkton, S.D. (See cover story.), neighbors chipped in to remove the bulk of the resulting mess. One farmer even brought in two pay loaders and a semi dump truck to help.

"We owe a big thank you to the people of Faulkton," says Todd Oster, general manager. "You really know what a community is made of at a time like that."

Why did neighbors respond so quickly and positively? Most likely the answer lies in the fact that Northern Plains Cooperative, a cooperative in the area for many years, is itself a "good neighbor." Located in a rural area, managers and employees

alike know their neighbors and maintain good relationships with them. Their experience should be a lesson to us all.

Hazardous materials: cause for concern

It's important for facilities to maintain continuous, strong relationships with their neighboring communities. This is especially true for those facilities managing hazardous materials or wastes.

Hazardous materials naturally concern a facility's neighbors. If a facility manager responds slowly or ignores their concerns, tensions fester and sometimes even boil over. Conversely, if managers maintain an open communication channel and address community concerns promptly and honestly, they

foster a spirit of cooperation, much like the spirit seen in Faulkton.

Facility managers must play a leading role in keeping relationships positive. If you are a manager, you can do this by:

- 1) Sustaining a dialogue with neighbors, community groups and local businesses.
- 2) Understanding and consistently addressing community health, environment and quality-of-life concerns.
- 3) Becoming involved with a community's interests, and helping to seek solutions to its concerns.
- 4) Continuing to go the extra mile. Don't expect the community to come to you.

Evidence shows that a steady, continuing dialogue builds trust.

It's also necessary in identifying and addressing community concerns. With ongoing dialogue, community members feel free to voice their opinions about issues affecting them, giving facilities more opportunities to offer solutions and work with the community to achieve them.

Taking the above steps will help you build a strong, productive relationship with your community, generating mutual respect and leading to a better place to live for all.

(This story was adapted from information on the EPA Web site. For more information, visit <http://www.epa.gov/epaoswer/hazwastetsds/site/sites.htm> or call RCRA Call Center at 1-800-424-9346.)

How clean is your solvent bath?

The whole point of using solvent baths is to clean parts quickly and easily thus saving time and money. But are you saving time and money?

You are if you use good housekeeping methods. Perhaps not if you are ignoring best management practices in managing solvents.

Solvent baths generate hazardous waste, which may require expensive treatment or disposal. Legally and financially, it's to your advantage to manage shop wastes correctly.

There are environmental reasons to manage these wastes properly, as well. Solvent wastes are toxic to fish, wildlife and human health if unmanaged and find their way into the soil, lakes, rivers and water we drink.

Save money and time, and avoid fines

By using good management practices and good sense you can save money and time, avoid possible fines, and protect our environment. Here are a number of strategies you can use to reduce toxicity and quantity of spent solvents requiring disposal:

- 1) Realize that a solvent is a hazardous waste. Understand how it is regulated and learn how to dispose of it properly.
- 2) Find a multi-purpose solvent to serve a variety of uses rather than having different solvents for every operation. You will minimize the number of waste streams and increase recycling potential of your spent solvent.
- 3) Substitute less hazardous cleaners for solvents. Consider water-based

cleaners or water-soluble cutting fluid. Or, install a pressure wash system, if feasible.

- 4) Consider contracting with a solvent service company that will pick up dirty solvent, clean and maintain your solvent sink and refill the sink with clean solvent—often at a cost less than the combined cost of solvent purchase, tank maintenance and waste disposal. Safety-Kleen Corp and Safe Way Chemical Company, among others, offer this service.

Here are additional steps you can take to ensure best management practices when it comes to your solvent baths:

- Eliminate all unnecessary solvent tanks.
- Mechanically clean parts whenever possible. Use a wire brush.

- Use old solvent as a pre-soak to extend the life of “fresh” solvent baths.
- Clean tank sludge regularly to extend the life of the solvent bath.
- Filter solvent baths to remove grit and water, and then reuse.
- Use pressure wash systems to avoid use of more toxic organic solvents.
- Keep lids on all containers and parts washing tanks to reduce evaporation. Up to 50 percent of solvent can be lost through evaporation.
- Control “dragout” by letting solvent drip from washed parts into the solvent bath. Use drip board or rack.
- Distill waste solvent to recover a clean and usable solvent.

Erosion control important for environment

The Environmental Protection Agency (EPA) and most states require stormwater permits and plans for controlling erosion at construction sites.

The EPA put these requirements in place for environmental reasons. Water runoff from construction sites pollutes our lakes and streams.

Rain or snowmelt runoff picks up pollutants like sediment, oil and grease, nitrogen, phosphorus and other chemicals, and carries them directly into water bodies or storm drains. Most storm drain systems don't provide treatment to the water they collect. Rather they discharge polluted water directly into the water bodies we use for swimming, fishing and drinking. Toxic chemicals in our water harm our health, while too much sediment smothers aquatic habitat, clogs

fish gills and builds up impeding navigation and leading to expensive dredging.

The federal laws in place to prevent pollution from stormwater runoff cover construction sites that disturb one acre or more, including smaller sites that are part of a larger development plan. They require construction site operators to develop a Stormwater Pollution Prevention Plan (SWPPP). Operators must also maintain best management practices (BMP) during each stage of the construction process. Best management practices include techniques (buffers, silt fences, detention ponds, swales, etc.), activity schedules, prohibitions of practices and maintenance procedures to prevent or reduce pollutant discharge.

Because every site is unique, every SWPPP is unique. Here,

however, are some basic SWPPP principles:

- Divert stormwater away from disturbed or exposed construction site areas.
- Install BMPs to control erosion and sediment and manage stormwater.
- Inspect the site regularly, and properly maintain BMPs, especially after rainstorms.
- Revise the SWPPP as site conditions change during construction and improve the SWPPP if BMPs are not effectively controlling erosion and sediment.
- As practical, minimize exposure of bare soils to precipitation.
- Keep the construction site clean by putting trash in trash cans, keeping storage bins covered and sweeping up excess sediment on roads

and other impervious surfaces.

Reducing or preventing sediment from leaving a construction project takes expertise, planning and proper erosion control installation, maintenance and management. Without a strategy, erosion control becomes reactive rather than proactive and very costly.

To get a stormwater permit, construction site operators must submit an application called a notice of intent. Generally, you can get stormwater permits from your state as most states are authorized to implement the NPDES program. A few areas, however, are under EPA jurisdiction. (Visit www.epa.gov/npdes/pubs/cpg_appendixb.pdf for a list. And for more information, see <http://cfpub1.epa.gov/npdes/stormwater/const.cfm>.)

Safety and Health web page access and use

Risk Management developed a Safety and Health Web site available to CHS employees. This page is considered the official source for companywide health and safety policy and procedures.

Below are access instructions for employees directly connected to the CHS network, and for those who are not.

Employees directly connected to the network can access the page and information by taking the following steps:

Open Microsoft Internet Explorer

- Go to: <http://chscis03/safety>

- If you get a sign-on window, enter your network user name and password. Passwords are case sensitive.

Or you can access the Safety and Health Web site through Employee InSite.

- Open Microsoft Internet Explorer
- Go to www.employeeinsite.com.
- Click on *Tools and Services* > *Employee Services* > *Safety and Health* > *CHS Safety and Health*.

When using Employee InSite to reach the Safety and Health Web site you will be prompted to enter

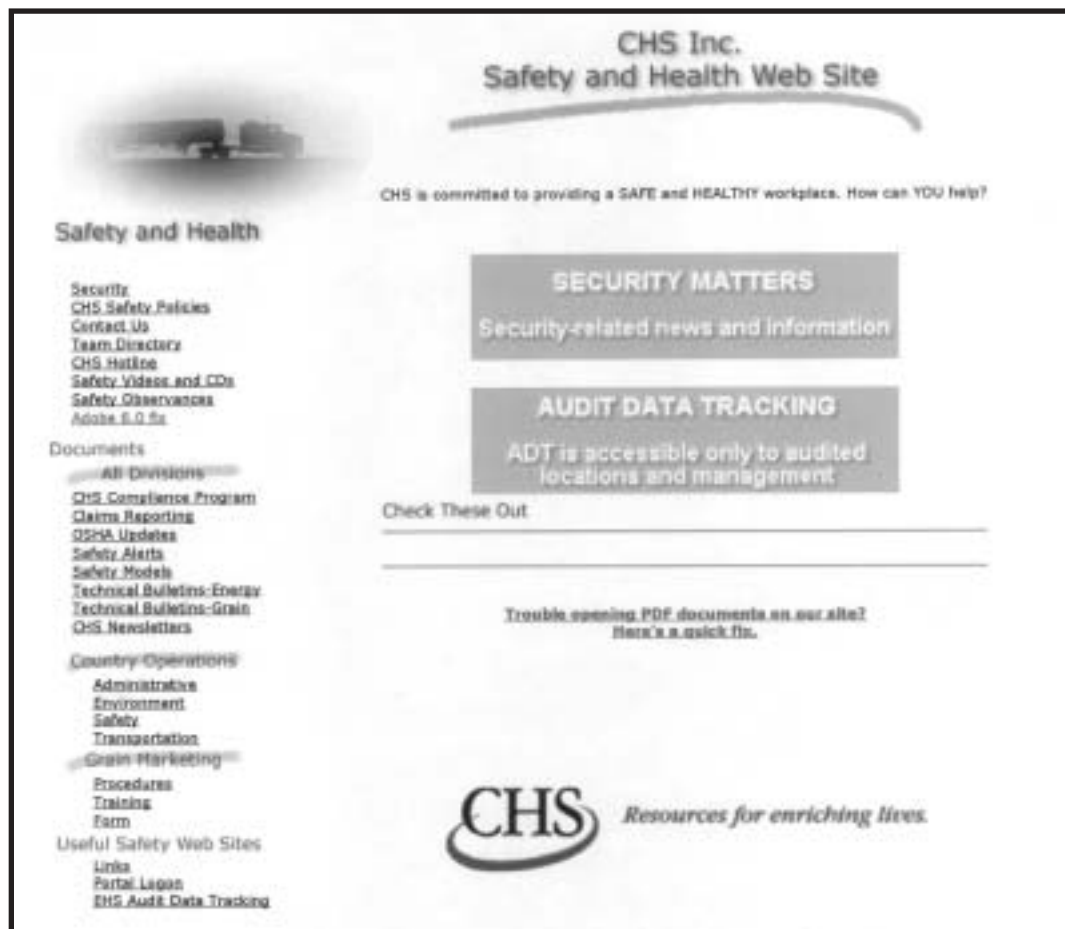
your user name and password. Passwords are case sensitive.

- Enter your network user name; precede your user name with chs\
 • Enter your network password.
- Click on *remember my password*.

Or if you need to access the Web site and you are not connected to the network use the following instructions:

- Open Microsoft Internet Explorer.

- Go to <http://www.chsinc.com/safety>
- You will be required to enter your network user name and password. Passwords are case sensitive.
- Enter your network user name precede your user name with chs\
 • Enter your network password.
- Click on *remember my password*.



Emergency response planning

In the aftermath of recent hurricanes, the media has offered a lot of insight as to emergency response plans ERP. New Orleans, for example, had a provision in its emergency response plan that involved the use of city and school buses to be used to accomplish rapid and complete evacuation in the event of an emergency. When the emergency occurred, there were more than 2,000 buses that never rolled. Moral: Having an effective emergency response plan is a good thing, but being prepared to use it is even better!

CHS addresses this issue in the CHS Emergency Procedures Policy, which states: “Each CHS location must develop and communicate emergency procedures that consider the most probable emergency scenarios for the type of operation(s) involved at the facility. These facility emergency plans are to be reviewed and updated at least annually. Each

new hire is to receive initial emergency procedures training, and all existing employees are to receive training on an annual basis.”

In addition, the CHS publication “Communicating in a Crisis” not only provides key internal and external contact notification and media response information, it also provides a guide to pre-crisis management, crisis management, and damage control. “Communicating in a Crisis” is updated and mailed annually to each CHS field location.

During routine safety audits the emergency procedures for individual CHS facilities are typically reviewed. While most are current and updated, some are outdated with wrong contact information and a poorly developed plan. So it begs the question, “How is your ERP?” Ask yourself the six questions to the right to determine your status.

How is your ERP?

Ask yourself these questions to determine your status:

1. Has it been reviewed and updated within the last 12 months?
2. Are phone numbers and contact information still current?
3. Are multiple copies of your current plan available in multiple locations (If building A is burning, do you have another copy in building B)?
4. Are new employees provided with emergency response instruction BEFORE they commence work?
5. Are existing employees given an annual refresher training that provides a detailed description of their response requirements?
6. Have you ever conducted a drill or exercise to see if the plan is workable?

If you had two emergencies a week, you would likely get good at emergency response. Fortunately, our rate of emergencies is far less than that. So don't get complacent

and mothball your plan, because all too often emergencies strike without warning. Are you ready?

CHS recognizes safety performance

Managing the business-related risks within a diverse organization such as CHS is no small task. Employees accomplish this task through day-to-day administration of programs designed to identify and eliminate risks. While CHS takes pride in the safety-related accomplishments of all of our business units, we also go out of our way to recognize the “best of the best.”

With that in mind, Risk Management issued two awards for last year's safety achievements. First, the CHS Corporate Safety Management Award was issued to the Laurel Refinery, and Pipelines and

Terminals Group for being the safest CHS business unit in 2004.

Secondly, a new award was created and issued to recognize long-term safety performance. The Laurel Refinery, and Pipelines and Terminals Group also received a CHS Safety Achievement Award, for their sustained and superior safety performance (from 2000 to 2004).

Mark Daniels, Risk Management, says, “Sustained safety performance is perhaps one of the truest reflections of effective management. It takes effective leadership with a sound game plan to see these

kind of results over an extended period.”

CHS congratulates all employees of the Laurel

Refinery, and Pipelines and Terminal Group for their safety achievements. Well done!



Left to right: Mark Daniels, Risk Management, with Greg Brown of the Laurel Refinery, and Mike Stahly of the Pipelines and Terminals Group.

ENVIRONMENTAL, HEALTH AND SAFETY HOT LINE



To report concerns about CHS environmental, health and safety issues, call:

1-888-209-1533

This is a confidential, external phone mailbox. Your telephone extension is not recorded when you leave a message. You are encouraged to identify yourself to assist with any follow-up investigation. However, you may choose to remain anonymous if you wish. Please carefully describe the issue or issues of concern. Include dates, times and location when possible. All potential violations will initiate an investigation.

Thank you for your concern.

Secondary containment system prevents expensive cleanup continued from page 1

authorities also visited the site to assess the damage and cleanup approach.

“The response from the state was quick,” said Pete Mutschler, CHS environmental health and safety manager. “They were on site right afterward helping us. They provided a lot of technical expertise. We have a close working relationship with people in the DNR and Department of Agriculture in South Dakota. We know their inspectors, which helps when you come to a situation like this. We can work together.”

The facility is still in the process of working with the state to determine what to do with the storage containers of pumped chemicals and water.

“The damage and the cleanup are minor when you consider that no one was injured,” said Oster. “And from an environmental standpoint, we had no major environmental issues and no employee health issues. We were fortunate that the storm hit at night rather than during the day when employees

most likely would have sought refuge inside the building.”

Asked if they took away a lesson from the storm, Oster, Haberling and Mutschler each cited the importance of advance planning.

“You never know what’s going to hit where,” said Mutschler. “Having a plan for a catastrophic event was critical. Cleanup went without a hitch. Ten years ago, it would have been a massive undertaking to get cleaned up, but with this event, the facility was in business and servicing customers the next day. That is all attributable to preplanning.”

“Emergency procedures and emergency action plans and all those kinds of things — a lot of us think it’s a lot of paper work trying to abide by some federal regulations that are handed to you,” said Oster. “But at times like this, that’s exactly what people need. They need to know what to do. So all the training and all the dollars that we have spent through the years for meeting state and federal regulations paid off.”



Little remained of the Northern Plains warehouse after the tornado hit around 10 p.m. Fortunately, the facility’s containment system held the 3,200 gallons of Round-up that leaked from a broken seal on a stainless steel tank.