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## KCBX TERMINALS COMPANY

December 19, 2013

Dear Neighbors,

The storage and handling of petroleum coke has received a lot of attention in our community recently, which is why we are writing to you. KCBX has handled bulk materials, including petroleum coke, on Chicago's southeast side for more than 20 years and we are committed to managing our operations in a manner that is consistent with protecting the health and safety of our employees and our neighbors.

KCBX currently operates two facilities along the Calumet River. We've owned our KCBX North facility on the west side of the Calumet River at 100<sup>th</sup> Street since 1990. A year ago this month, we acquired a second facility, now KCBX South, from DTE Energy Services. This South facility, located on the east side of the river at 106<sup>th</sup> Street, has been the source of recent interest after a windstorm last August caused dust in the area.

After we acquired the South facility from DTE last year, we immediately began work to upgrade the facility. We did this based on our own high standards for operation. So far we have invested nearly \$30 million in the South facility, including \$10 million in dust suppression technology alone. Forty-two water cannons rotating on 60-foot-high poles now cover the site, significantly more than the six that were in place when we purchased it. We've also installed an advanced weather system that automatically adjusts to wind direction and speed, and increases the amount of water on demand in anticipation of bad weather or high wind conditions.

It took several months to design, permit and install the new dust suppression system, which was not in place during the August wind event. However, it is there now and operating. In fact, during the recent November storms, the system worked very well. We did not observe any dust despite very strong winds.

In addition, KCBX is now working with the U.S. Environmental Protection Agency to install air monitors that will be used to confirm whether the new system is providing the appropriate level of controls.

We also would like to take this opportunity to correct some popular misconceptions about petroleum coke. It is not a waste material as some have said, but a valued product intentionally produced as part of the process of refining crude oil to make transportation fuels and other products. Petroleum coke has many uses, including energy generation. It is used in the United States and internationally, and staged and shipped from ports all around the world. Similar to other industrial and agricultural bulk materials not affected by the elements, such as rain and excessive heat or cold, petroleum coke is typically stored in the open.

It is also important to know that petroleum coke is not considered hazardous. The U.S. Environmental Protection Agency has stated that "petroleum coke has an extremely low environmental hazard potential." It also notes that "petroleum coke has a low health hazard potential." The City of Chicago reiterated this in a recent fact sheet, confirming "there are no known illnesses or health effects associated with petcoke dust."

We want to assure you that KCBX takes the concerns of our neighbors very seriously. As a company and as your neighbor, we are committed to doing the right thing. We encourage you to visit [www.aboutpetcoke.com](http://www.aboutpetcoke.com) to learn more about KCBX and for updates on what we are doing to ensure our continued safe and compliant operation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Estadt', written over a light blue horizontal line.

Mike Estadt, Terminal Manager  
KCBX Chicago  
Koch Minerals