

## Crude by Rail Articles

- 1) **[Report: Railcar in Quebec crash was inappropriately labeled](#)**  
The crude-carrying rail tanker involved in the deadly accident in Quebec in July had inappropriate labels that indicated "lower hazard, less volatile flammable liquid," according to a report from the Canadian Transportation Safety Board. Separately, Canada's main opposition party raised concerns with DOT-111 tankers, calling for the tanks to be "retired or upgraded immediately," according to a party spokeswoman. [Bloomberg](#) (9/11)
- 2) <http://oilprice.com/Latest-Energy-News/World-News/Rail-Industry-Ignored-Warnings-that-the-Tank-Cars-Involved-in-Quebec-Were-Unsafe.html>
- 3) <http://www.chicagobusiness.com/article/20131026/ISSUE01/310269977/oil-boom-is-creating-years-long-backlog-for-tank-cars#>
- 4) <http://www.nytimes.com/2013/10/31/business/energy-environment/looking-for-a-way-around-keystone-xl-canadian-oil-hits-the-rails.html>
- 5) A [Canadian National Railway Co. \(CNR\)](#) train derailed about 180 kilometers (111 miles) west of [Alberta](#)'s capital Edmonton today. Thirteen cars on a train traveling eastbound derailed around 1 a.m. local time, including 12 loaded with lumber and one carrying sulfur dioxide, which is considered a dangerous good, Patrick Waldron, a CN Rail spokesman, said in an e-mailed statement. There were no injuries or environmental concerns because the car carrying sulfur dioxide is upright and not leaking, Waldron said. CN Rail crews are on site and the cause of the derailment is being investigated, he said. The incident follows the explosion of CN Rail cars last month near Gainford, Alberta, after 13 cars carrying oil and propane derailed and led to the evacuation of the community for more than two days. Regulators are scrutinizing the transport of crude by rail in [Canada](#) and the U.S. after a train carrying oil jumped the tracks and exploded in Lac-Megantic, Quebec, in July. To contact the reporter on this story: Rebecca Penty in Calgary at [rpenty@bloomberg.net](mailto:rpenty@bloomberg.net) To contact the editor responsible for this story: Sylvia Wier at [swier@bloomberg.net](mailto:swier@bloomberg.net)

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UPDATE 1-Tesoro triples crude-by-rail to northern California  
10:58 AM (GMT-05:00) Eastern Time (US & Canada) Nov 07, 2013

\* Tesoro's Martinez refinery running 350,000 barrels per month of Bakken crude

\* Washington port rail-to-barge project in permitting phase

(Adds quotes from CEO, details)

By Kristen Hays

HOUSTON, Nov 7 (Reuters) - Independent U.S. refiner Tesoro Corp <TSO.N> has tripled the amount of North Dakota Bakken oil delivered by crude-only trains to its northern California refinery since the first such shipment in September, Chief Executive Greg Goff said on Thursday.

He said the 166,000 barrels-per-day (bpd) Golden Eagle refinery in Martinez is running about 350,000 barrels per month from three so-called "unit trains" that carry only crude. The first unit train arrived in September.

"It really just started and is just ramping up," Goff said during Tesoro's third-quarter earnings conference call.

However, he said the third-party offloading facility handling the incoming trains is "pretty much maxed out," so deliveries cannot ramp up further until Tesoro's joint-venture \$100 million rail-to-barge oil terminal starts up at a port in Washington.

Both initiatives are part of Tesoro's overall plan to run more inland U.S. and Canadian heavy crudes, which are cheaper than imports, at its West Coast refineries. Rail is a critical factor in getting those crudes to the West Coast, as no major pipelines move crude to that market.

Tesoro already runs 50,000 bpd of Bakken crude at its 120,000 bpd refinery in Anacortes, Washington, where the company started up a crude offloading facility more than a year ago. Phillips 66 <PSX.N> and BP Plc <BP.L> also have rail offloading projects in the works to do the same.

#### PERMITS SOUGHT

Goff said Tesoro and Savage Services, its partner in the Port of Vancouver project in Washington, submitted applications for environmental permits in August and the company expects that approval process to take about a year.

"We continue to expect that facility to be up and operational sometime late next year or early in 2015," Goff said.

The 280,000 bpd rail-to-barge project is intended to help supply cheaper U.S. and Canadian crude to other West Coast refiners as well as Tesoro's own plants. Tesoro owns four West Coast refineries and controls nearly one-fourth of the crude oil refining capacity on the West Coast.

Tesoro has committed to the first 60,000 bpd of throughput to the port project. It initially would start up with a 120,000 bpd capacity, but Goff said the permits will seek the full capacity of 280,000 bpd.

He said Tesoro hasn't yet begun marketing that capacity to other refiners.

"There's not a lot of work to do to get up to the 280,000 barrels a day, so we'll see what the market demand is and make that decision accordingly," Goff said.

Tim Taylor, executive vice president for commercial, marketing, transportation and business development for Phillips 66, told Reuters last week that the company sees the Tesoro-Savage project as a third party option to tap more North American crude in addition to its own efforts. Phillips 66 has two refineries in California and one in Washington.

"We're looking at all those options. It's really about the value they can drive," Taylor said last week.

(Reporting by Kristen Hays; Editing by Gerald E. McCormick and Terry Wade; Editing by Chizu Nomiyama)

- 7) -Crude on derailed train headed to Fla. terminal, Shell plant  
5:44 PM (GMT-05:00) Eastern Time (US & Canada) Nov 08, 2013  
(Adds details on facility, Shell plant)  
NEW YORK, Nov 8 (Reuters) - Crude oil on a 90-car train that derailed in western Alabama on Friday was bound for a Shell chemicals plant near Mobile via Genesis Energy LP's <GEL.N> rail offloading facility in Walnut Hill, Florida, officials and sources said on Friday.  
The train that was hauling roughly 65,000 barrels of crude derailed early on Friday morning, bursting into flames hundreds of feet high. [\[see story\]](#)  
Genesis' 75,000 barrels-per-day (bpd) transshipment facility was still able to receive crude on Genesee & Wyoming's <GWR.N> Alabama & Gulf Coast Railway in spite of the incident, a top company official said.  
"Our facilities are still operational and still able to receive rail cars," Genesis CFO Bob Deere said. "They've routed around areas where the accident occurred."  
The year-old facility is used to transfer crude into the firm's Jay Pipeline System, which runs to a 80,000-bpd Shell Chemical LP <RDSa.L> plant and other pipelines.

Shell had not yet taken legal possession of the crude shipment, according to a source familiar with the matter.

During the third quarter, the Jay Pipeline System transported about 40,000 bpd, Deere said. The system comprises 100 miles (160 km) of pipeline and approximately 230,000 barrels of above ground storage, the company said on its website.

Genesis Energy is a midstream energy master limited partnership headquartered in Houston, whose assets include pipelines, storage terminals, and trucking operations.

(Reporting by Jeanine Prezioso; Editing by [Richard Chang](#) and Marguerita Choy) (([jeanine.prezioso@thomsonreuters.com](mailto:jeanine.prezioso@thomsonreuters.com))(+1-646-223-6241)(Reuters Messaging: [jeanine.prezioso.reuters.com@reuters.net](mailto:jeanine.prezioso.reuters.com@reuters.net)))

- 8) [http://online.wsj.com/news/articles/SB20001424052702303559504579196303848431002?source=email\\_rt\\_mc\\_body&app=n](http://online.wsj.com/news/articles/SB20001424052702303559504579196303848431002?source=email_rt_mc_body&app=n)
- 9) <http://www.genscape.com/blog/canadians-are-coming>
- 10) <http://m.theglobeandmail.com/news/national/a-pipeline-on-wheels-how-a-changing-industry-brought-disaster-to-lac-megantic/article15711624/?service=mobile>
- 11)

By Mike Nowatzki / The Forum

BISMARCK – North Dakota’s top oil regulator said railcars could move up to 90 percent of the oil produced in the state next year as differences in crude prices make rail more lucrative for operators than shipping by pipeline. “We’re expecting 2014 to be soft in the crude price scenario, and so railcars are going to be absolutely vital to what we do in North Dakota,” Lynn Helms, director of the state Department of Mineral Resources, said Thursday. North Dakota is the nation’s No. 2 oil-producing state behind Texas, with total daily output projected to top 1 million barrels by early next year. Railcars carried about 63 percent of the state’s oil production in September, the most recent month for which figures were available, said Justin Kringstad, director of the North Dakota Pipeline Authority. Meanwhile, the price for a barrel of Bakken sweet light crude fell from about \$96 in July to \$73.50 this month, Helms said. At that price, it’s still “extremely economical” to drill in North Dakota’s four core oil-producing counties – Dunn, Mountrail, McKenzie and Williams – as well as in Stark and Divide counties, but not in Oil Patch fringe counties, he told the Legislature’s interim Government Finance Committee.

North Dakota 's oil industry has seen an "enormous shift" from pipeline to railcar in the last three to four months as the gap has widened between the world oil price and the U.S. benchmark price and between the U.S. price and the Bakken sweet crude price, Helms said.

Shipping by railcar to specific markets is netting operators \$24 per barrel more than moving it by pipeline, which is helping the state meet its revenue forecast from oil taxes, Helms said. He said one operator that was transporting 75 percent of its oil by pipeline to Minnesota and Wyoming in July is now moving 95 percent by railcar to refineries in Philadelphia and St. James Parish, La. "So rail has really saved our bacon in this whole business," he said. As for the state's total oil production, Helms said the percentage moved by rail probably won't reach as high as 90 percent, "but it could if we see continued increases in those price differentials." Kringstad said he doesn't have a projection for 2014, but he added, "I expect, given the market conditions today, that going forward we'll see additional barrels being moved by railcar."

### Side effects

Increased rail traffic isn't without its concerns. Last weekend, Amtrak canceled half of its passenger trips on the Empire Builder route that runs from Chicago to Seattle and Portland, Ore., blaming heavy freight train traffic in the oil fields and an early winter cold snap. One lawmaker said Thursday he's heard rumblings from local grain merchants about oil-related rail traffic affecting the quality of service. Helms said some also are trying to raise fears about moving Bakken crude by rail, after a train carrying it derailed and exploded in the Canadian province of Quebec in July, killing 47 people. He said there's a plan to develop a white paper through the Pipeline Authority that will analyze Bakken crude and try "to dispel this myth that it is somehow an explosive really dangerous thing to have traveling up and down your rail lines."

### Long-term outlook

Helms also gave lawmakers a long-term outlook on the state's oil play. At the end of October, the western part of the state had 6,447 wells in the oil-rich Bakken and Three Forks formations. Fully developing the formations will require drilling another 60,000 wells over the next 20 years, Helms said. "We're at about mile 50 in the Daytona 500," he said. The state has granted 1,552 drilling permits for 2014, with 736 permits pending approval, and has approved 1,012 orders for 5,247 more wells to be drilled from 2015 to 2019, Helms said. "We have roughly five years' worth of drilling already coming down the tracks," he said. The Oil Patch's footprint isn't expected to grow much, but well pads that now contain only one oil well will someday have up to 10, Helms said. Still, overall oil production is expected to level off within the next few years and begin to drop gradually as the high output from new wells falls off and the Bakken and Three Forks move into a more mature production phase. "That's going to have some pretty major ramifications for the state budget, too," said Rep. Jeff Delzer, R-Underwood, the committee's chairman. Helms agreed, saying it's "becoming harder and harder to push that total production number up because of those steeply declining wells like that." North Dakota is forecast to collect \$5.28 billion in oil taxes during the 2013-2015 biennium. Collections from the state's oil and gas production tax and oil extraction tax totaled nearly \$1.07 billion from August to November, nearly \$226 million more than forecasted and \$614 million more than during the same period in 2011, according to a Legislative Council report Thursday.

12) <http://www.sfgate.com/business/energy/article/Oil-trains-raise-concerns-in-small-towns-cities-5077407.php>

13) Dec 30 (Reuters) - As many as a dozen oil tank cars on a BNSF freight train were ablaze in eastern North Dakota on Monday after a collision with another train, state officials said. The incident, which caused a large plume of dark smoke and at least 5 explosions just a mile outside of the small town of Casselton, occurred just after 2 p.m. central time, city officials said. There have been no reports of any injuries. County Sheriff Paul Laney said two trains had collided and about 10 cars were still engulfed in flames at 3:30 p.m. CST (21:30 GMT) outside of Casselton, a small town west of Fargo. One of the trains in the collision was carrying oil, he said. "A grain train derailed and a train carrying crude ran into it," said Cecily Fong, public information officer with the North Dakota Department of Emergency Services. "Possibly up to 12 rail cars involved." City officials said they had heard at least 5 separate explosions following the collision, including one as recently as 3:40 p.m. CST, more than an hour after the incident. The derailment occurred west of Casselton, North Dakota, between an ethanol plant and the Casselton Reservoir, Fong said. The derailment threatens to stoke concerns about the safety of carrying growing volumes of crude oil by rail, a trend that has its epicenter around the Bakken shale oil fields of North Dakota. Over two-thirds of the state's oil production is currently shipped by rail.

14) **Train carrying crude oil derails in Canada and catches fire leading to the evacuation of 45 homes**

**The derailment happened at around 7pm near the village of Plaster Rock, about 31 miles from the U.S. border**

**Authorities said no one was injured in the crash, but 45 homes were evacuated**

By [Reuters](#)

**PUBLISHED:** 02:03 EST, 8 January 2014 | **UPDATED:** 02:05 EST, 8 January 2014

A Canadian National Railway train carrying propane and crude oil derailed and caught fire on Tuesday in northwest New Brunswick, Canada, the latest in a string of train accidents that have put the surging crude-by-rail business under heavy scrutiny.

No one was injured but about 45 nearby homes were evacuated when the train derailed near the village of Plaster Rock at about 7pm local time, local officials and the railroad said.

The train originated in Toronto and was headed to Moncton, New Brunswick, which is about 186 miles east of the site of the accident, said Jim Feeny, director of public and government affairs at CN.

This latest derailment comes a little more than a week after a train carrying crude oil in the booming oil state of North Dakota derailed and exploded.

A series of disastrous derailments has reignited the push for tougher regulation. A surge in U.S. oil production has drastically increased the number of oil trains moving across the continent as pipelines fail to keep up with growing supply.

In Tuesday's accident, 15 cars and one unmanned locomotive appeared to have derailed, mostly toward the the rear of the train, including four loads of propane and four loads of crude oil, said Feeny. At this point, we cannot confirm that they're involved in the fire. They are in the fire area. Because of the fire, emergency responders can't approach too closely,' he said. The train had a total of 122 cars and four locomotives. Feeny could not say what kind of crude oil the train was carrying and declined to say which customers were involved. Feeny said CN crews have begun arriving and senior executives were also en route. area needed to be evacuated

Fire officials say the cars appear to have been mostly empty except for some propane residue, said Sharon DeWitt, emergency measures coordinator for Plaster Rock. 'They'll in all probability burn themselves out by morning,' said DeWitt. 'We'll monitor it.' She said there is no danger to residents as the wind is blowing away from Plaster Rock, a village of about 1,000 in a mainly wooded area about 31 miles from the U.S. border and Maine.

15) [http://www.phmsa.dot.gov/staticfiles/PHMSA/DownloadableFiles/Files/Letter\\_from\\_Secretary\\_Foxx\\_Follow\\_up\\_to\\_January\\_16.pdf](http://www.phmsa.dot.gov/staticfiles/PHMSA/DownloadableFiles/Files/Letter_from_Secretary_Foxx_Follow_up_to_January_16.pdf)

16) PHMSA safety alert – 2/2/14

<http://www.phmsa.dot.gov/portal/site/PHMSA/menuitem.6f23687cf7b00b0f22e4c6962d9c8789/?vgnextoid=9257b74180ad3410VgnVCM100000d2c97898RCRD&vgnextchannel=d248724dd7d6c010VgnVCM10000080e8a8c0RCRD&vgnextfmt=print>

17) <http://www.phmsa.dot.gov/portal/site/PHMSA/menuitem.6f23687cf7b00b0f22e4c6962d9c8789/?vgnextoid=4821ec1c60f23410VgnVCM100000d2c97898RCRD&vgnextchannel=d248724dd7d6c010VgnVCM10000080e8a8c0RCRD&vgnextfmt=print>

18)

## **Oil trains raise concerns in small towns, cities**

*By MATTHEW BROWN and JOSH FUNK Associated Press*

POSTED: 12/18/2013 11:03:37 PM PST

UPDATED: 12/19/2013 01:00:48 PM PST

WOLF POINT, Mont.—It's tough to miss the trains hauling crude oil out of the Northern Plains. They are growing more frequent by the day, mile-long processions of black tank cars that rumble through wheat fields and towns, along rivers and national parks.

As common as they have become across the U.S. and Canada, officials in dozens of towns and cities where the oil trains travel say they are concerned with the possibility of a major derailment, spill or explosion, while their level of preparation varies widely.

Stoking those fears was the July crash of a crude train from the Bakken oil patch in Lac Megantic, Quebec—not far from the Maine border—that killed 47 people. A Nov. 8 train derailment in rural Alabama where several oil cars exploded reinforced them.

"It's a grave concern," said Dan Sietsema, the emergency coordinator in northeastern Montana's Roosevelt County, where oil trains now pass regularly through the county seat of Wolf Point. "It has the ability to wipe out a town like Wolf Point."

The number of carloads hauled by U.S. railroads has surged in recent years, from 10,840 in 2009 to a projected 400,000 this year.

Despite the increase, the rate of accidents has stayed relatively steady. An Associated Press review of federal hazardous material accident records show most of those incidents involved small quantities of oil.

Railroads say 99.997 percent of hazardous materials shipments reach destinations safely. Representatives said they work hard to prevent accidents and make sure emergency responders are prepared, by training about 20,000 firefighters and others annually.

"It's not something to be afraid of," said Union Pacific CEO Jack Koraleski. He said there is not a safer option than rail.

Federal officials who oversee railroads said they've responded to the boom in oil trains by beefing up rail car inspections in oil-producing states such as North Dakota. Tougher safety standards are being considered for the tank cars that carry oil.

But the accident records kept by the U.S. Department of Transportation point to the daunting size of that task. Oil trains are now active in virtually every corner of the country, and since 2008, crude releases from rail cars have been reported in 29 states.

The potential for a major accident looms ominously for emergency officials. Urban areas and towns near railroad facilities are better prepared, while rural officials know they may be on their own in the first crucial hours after an accident.

New Castle County, Del., has extensive resources and well-trained firefighters because it is home to an oil refinery and a complex of chemical manufacturing plants.

County emergency management coordinator Dave Carpenter said the industry has worked closely with officials to improve emergency response since an incident in 1984, so he's not especially concerned about the crude oil shipments.

"We're probably one of the more-prepared places in the nation," Carpenter said.

But even in another relatively well-equipped area, like Little Rock, Ark., Pulaski County emergency manager Andy Traffanstedt said he worries that a fiery accident like the one in Quebec could overwhelm firefighters.

"Sometimes things are so catastrophic that you can't ever get ahead of it," he said, even though his county has three hazardous materials teams and a Union Pacific rail yard with more resources nearby.

Trains headed west out of the Bakken oil patch in North Dakota snake their way along the Missouri River and slice through towns large and small before crawling over the Continental Divide at Glacier National Park to reach coastal refineries.

Like spokes on a wheel, others head south to the Gulf, east to New York and Pennsylvania, north into Canada.



One of the first places trains heading west pass through is Wolf Point, an agricultural town of about 2,600 people on the Fort Peck Indian Reservation.

On a line historically dominated by grain and freight shipments, crude trains are now a daily sight. Horns announce their approach as locomotives pulling 3 million gallons of crude per shipment pass just a block from the town's business district and only yards from the public high school.

Emergency officials in Montana and beyond generally praised the railroad industry's responsiveness to derailments.

Burlington Northern Santa Fe Railway, the dominant railroad in the Bakken, maintains its own hazardous materials emergency crews, totaling more than 200 personnel at 60 sites scattered across the country. The other major railroads take similar precautions and offer specialized training to local firefighters.

Yet corporate responsibility can only do so much, said Sietsema, who noted that the last significant derailment in his county came when a freight train hit a truck at a road crossing.

"Burlington Northern is pretty much Johnny on the spot," he said. "But BN can only control so much."

Like most rural communities, Wolf Point has an all-volunteer fire department. The nearest hazardous materials teams are stationed on the other side of the state, six to eight hours away. There's no containment boom on hand if oil entered one of the Missouri River tributaries crossed by the rail line.

As for controlling an oil-fueled fire, Wolf Point's fire department would use up its supply of specialized foam in a matter of minutes, said Chris Dschaak, Wolf Point's mayor-elect and a volunteer firefighter.

Similar limitations exist for fire departments across the U.S., said Alan Finklestein, a fire marshal in Ohio who conducts hazardous materials training for government agencies and first responders.

He said the problem has been compounded by cutbacks in emergency personnel and training in recent years due to the ailing economy.

Greg Rhoads, a railroad emergency preparedness consultant and former CSX employee, said knowing what rail traffic is passing through a community and understanding the potential risks is crucial to being prepared.

Rhoads said he doesn't think any community could handle a disaster like the one that unfolded in Quebec last July, but every fire department, even small ones, can do some things to prepare and develop a basic plan.

"If you have 10, 15, 20 railcars on fire, it would challenge Denver, Chicago or any major fire department," Rhoads said.



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[www.phmsa.dot.gov](http://www.phmsa.dot.gov)

## Safety Alert – January 2, 2014

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### Preliminary Guidance from OPERATION CLASSIFICATION

The [Pipeline and Hazardous Materials Safety Administration](http://www.phmsa.dot.gov) (PHMSA) is issuing this safety alert to notify the general public, emergency responders and shippers and carriers that recent derailments and resulting fires indicate that the type of crude oil being transported from the Bakken region may be more flammable than traditional heavy crude oil.

Based upon preliminary inspections conducted after recent rail derailments in North Dakota, Alabama and Lac-Megantic, Quebec involving Bakken crude oil, PHMSA is reinforcing the requirement to properly test, characterize, classify, and where appropriate sufficiently degasify hazardous materials prior to and during transportation. This advisory is a follow-up to the PHMSA and Federal Railroad Administration (FRA) [joint safety advisory](#) published November 20, 2013 [78 FR 69745]. As stated in the November Safety Advisory, it is imperative that offerors properly classify and describe hazardous materials being offered for transportation. 49 CFR 173.22. As part of this process, offerors must ensure that all potential hazards of the materials are properly characterized.

Proper characterization will identify properties that could affect the integrity of the packaging or present additional hazards, such as corrosivity, sulfur content, and dissolved gas content. These characteristics may also affect classification. PHMSA stresses to offerors the importance of appropriate classification and packing group (PG) assignment of crude oil shipments, whether the shipment is in a cargo tank, rail tank car or other mode of transportation. Emergency responders should remember that light sweet crude oil, such as that coming from the Bakken region, is typically assigned a packing group I or II. The PGs mean that the material's flashpoint is below 73 degrees Fahrenheit and, for packing group I materials, the boiling point is below 95 degrees Fahrenheit. This means the materials pose significant fire risk if released from the package in an accident.

As part of ongoing investigative efforts, PHMSA and FRA initiated "Operation Classification," a compliance initiative involving unannounced inspections and testing of crude oil samples to verify that offerors of the materials have been properly classified and describe the hazardous materials. Preliminary testing has focused on the classification and packing group assignments that have been selected and certified by offerors of crude oil. These tests measure some of the inherent chemical properties of the crude oil collected. Nonetheless, the agencies have found it necessary to expand the scope of their testing to measure other factors that would affect the proper characterization and classification of the materials. PHMSA expects to have final test

20) <http://www.youtube.com/watch?v=DhVXnNvaudQ>

- 21) <http://www.nts.gov/news/2014/140123.html>
- 22) <http://thinkprogress.org/climate/2014/01/24/3201881/risky-crude-oil-trains-nts/>
- 23) [http://www.nytimes.com/2014/01/26/business/energy-environment/accidents-surge-as-oil-industry-takes-the-train.html?hp&\\_r=0](http://www.nytimes.com/2014/01/26/business/energy-environment/accidents-surge-as-oil-industry-takes-the-train.html?hp&_r=0)
- 24) [http://www.rigzone.com/news/oil\\_gas/a/131517/Greenbrier\\_Unveils\\_New\\_Rail\\_Car\\_Design\\_for\\_Oil\\_Ethanol\\_Transport/?all=HG2#sthash.rzWooBqD.dpuf](http://www.rigzone.com/news/oil_gas/a/131517/Greenbrier_Unveils_New_Rail_Car_Design_for_Oil_Ethanol_Transport/?all=HG2#sthash.rzWooBqD.dpuf)