**Atlantic Northeast RAILS & PORTS**
operating railroads + ports, intermodal facilities, and government environment

Formal issue 13#03B 2 April 2013

*Article unchanged from e-bulletin.*
**Blue type in article: changes from e-bulletin.**
Blue header & table of contents: new article REGIONAL

Correction: HRRC derailment in 13#03A.*
Pipeline: TransCanada will build to Saint John.
Logistec: 4Q12 marine services up.

NBSR-PanAm-MMA-CN: Railroads are moving about 1.5 million barrels/month to Saint John.*
PW: New map shows haulage route to CN.*

PAS: Short line symposium in Albany.*

**NEW YORK**

NYA: Brookhaven Terminal lands Home Depot.

[No report.]

**CONNECTICUT**

PW: New gravel customer in Norwich.
Connecticut ports: Port authority bill filled out.

**MAINE**

MDOT: Three bond bills at Legislature.
MDOT: Fewer derailments. FRA inspections.
Pan Am: NNEPRA layover facility in Brunswick.
Searsport: DCP withdraws tank application.

Portland: First call of Eimskip ship.
Pan Am-Portland: Track extension to International Marine Terminal, and site for freezer, possible.*

** MASSACHUSETTS**

MBTA-MC-BCLR: Rails with trails.

**RHODE ISLAND**

MC: Notice of Exemption for reorganization.*

**NEW HAMPSHIRE**

Pan Am: NHDOT to buy Hampton Industrial?
Pan Am: Cuts at Blue Seal. History of rail service.*

NEGS: Wants more frequent service to Concord.*

**VERMONT**

VAOT: Rail budget progressing.

**MARITIMES**

Crude by rail to Irving Oil: An imagined history of why Irving is using rail to receive crude.*

Sydney: Xstrata finds buyer for coal project?
Halifax: New service from new alliance, G6.*
Halifax: Pellets to Europe[e via Grain Elevator.*

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**EDITORIAL**

Dearness on New Hampshire rail service.*

FROM THE PUBLISHER

Too long?
Until this formal issue, the record for number of pages was held by 13#02A at 23. This one runs 27 pages, much of it new material. Does this tax your patience or reading time? If so, where should I cut?

- Chop Hardenbergh
Next formal issue 18 April
REGIONAL

CORRECTION*
The details of the HRRC derailment, as published in 13#03A are completely wrong. That description covered a much earlier derailment in Lee. Suffice it to record that indeed HRRC did have a derailment within the 10-day period in which three New England railroads experienced five derailments.

RAIL TO SAINT JOHN
Since 20 March, rail observers have reported two CN unit trains, three MMA-NBSR trains, and two Pan Am-NBSR trains. {RailsNB, AtlanticRails, GRSRailsightings}

MINNESOTA DERAILMENT
On 27 March at 06H00, a CP manifest train with 94 cars went into emergency and then derailed 14 tank cars; three ruptured, spilling crude. An amount estimated at less than 357 barrels leaked over the frozen ground but a spokesperson for the Minnesota Pollution Control Agency (MPCA) said that crews were able to contain the spill in a farm field and ditch. The frozen ground blocked the oil from reaching groundwater. {AP in KARE11 tv 28.Mar.13; Caroline van Hasselt citing Ed Greenberg, CP spokesperson, in Wall Street Journal 29.Mar.13}

ARKANSAS PIPELINE RUPTURE
A crude oil pipeline in Mayflower Arkansas ruptured on 29 March. ExxonMobil officials said the total amount of water and oil pumped out of a Mayflower subdivision nearly tripled on 31 March, reaching 12,000 barrels, compared with estimates on 30 March that crews had pumped 4,500 barrels.{Arkansas Democrat-Gazette 01.Apr.13}

CRUDE PIPELINE
2 April, Calgary. TRANSCANADA WILL SEEK FIRM COMMITMENTS TO USE A PIPELINE FROM ALBERTA TO MONTREAL, QUEBEC CITY, AND SAINT JOHN. The announcement this day stated:

The Energy East Pipeline project involves converting natural gas pipeline capacity in approximately 3,000 kilometres of TransCanada’s existing Canadian Mainline to crude oil service and constructing up to approximately 1,400 kilometres of new pipeline.

Subject to the results of the open season, the project will have the capacity to transport as much as 850,000 barrels of crude oil per day, greatly enhancing producer access to markets in Eastern Canada.

In 2012, Canada imported more than 800,000 barrels per day to supply its Eastern refineries. The Energy East Pipeline could eliminate Canada’s reliance on higher priced crude oil currently being imported.

The [binding] open season follows a successful expression of interest phase and subsequent discussions with prospective shippers.

Following the completion of the open season, if it is successful, TransCanada intends to proceed with the necessary regulatory applications for approvals to construct and operate the required facilities, with a potential in-service date in late-2017.

TransCanada is beginning Aboriginal and stakeholder engagement and field work as part of the initial design and planning work for the project.

The open season will begin on April 15, 2013 and will close on June 17, 2013. Interested parties may submit binding bids for transportation capacity of crude oil from western receipt points to delivery points in the Montreal and Québec City and Saint John areas. {TransCanada website}

No gas fee increase
The announcement came only six days after Canada's National Energy Board rejected TransCanada's request to use higher fees (“tolls” in pipeline parlance) on other natural gas pipelines to subsidize the operation of the now underused Mainline. {Steven Ewart in Calgary Herald 28.Mar.13; NEB news release at http://www.neb-
Import of decision
Jeff Makholm, a pipeline consultant with NERA Consulting Economists of Boston, wrote: 'It is apparent from the announcement that TransCanada has accepted a continuing repurposing of its traditional role in bringing Alberta’s natural gas to Eastern Canadian markets.

'Alberta’s natural gas has largely been displaced in Eastern Canada by much nearer supplies flowing from the great Marcellus Field in the eastern United States. And the evident difficulties in moving Alberta’s crude oil to Gulf Coast refineries and ports (via the delayed Keystone XL line in particular) makes the conversion of some, or much, of TransCanada’s natural gas pipeline capacity to crude oil a very useful option to take Alberta’s crude oil to markets once served by imported fuels.'

Makholm further noted that TransCanada's “Binding open season” means it wants to land some kind of long-term contractual commitment to ship oil on the pipeline. TransCanada can take the commitment to Wall Street to raise the capital for the project.

As a witness for the three major Eastern Canadian gas distributors (Union Gas, Enbridge, and Gaz Metro), Makholm appeared in the NEB proceeding. 'Those are the companies largely trying to end their traditional use of TransCanada (over the latter’s vigorous objection), and the NEB largely agreed with us on the major (and inescapable) points.'

Applause from Saint John
The Saint John Port Authority stated immediately after the announcement: 'Port Saint John has the potential to play an integral role in bringing Canadian crude to global markets.

'Our port currently handles the largest oil tankers in the world, as well as the largest crude carriers. We have over 50 years of handling petroleum cargo for both import and export. Port Saint John President and CEO Jim Quinn said: “This opportunity for Saint John and our port is phenomenal. I’d like to commend Premier David Alward, former premier Frank McKenna, minister Keith Ashfield, and our local MP Rodney Weston for their vision and dedication.”

Route?
A call to TransCanada on 2 April to enquire about the route of the pipeline east of Quebec City was not returned by publication deadline. Through or around Maine? [More in a future issue.]

LOGISTEC: 4Q12
21 March, Montreal. STRONG ACTIVITY IN MARINE SERVICES WAS PARTLY OFFSET BY SLOWER BUSINESS IN ENVIRONMENTAL SERVICES, Logistec reported this day. During the fourth quarter of 2012, consolidated revenue totalled $67.7 million in the fourth quarter of 2012, up by $1.5 million over the same period of 2011. [Neither the press release nor annual report broke out the revenue for marine services in 4Q12. Editor]

Marine services comment
President Madeleine Paquin said: “We are optimistic we will be able to further develop our cargo-handling activities in 2013. In the USA, we are seeing some improvement in the building sector of the economy and this should bode well for construction materials, namely lumber and metals.

“We will further advance our development initiatives in the area of biomass and mining. To that effect, significant capital expenditures have been made to upgrade and specialize a portion of our Brunswick (GA) facility to handle biomass, namely wood pellets and woodchips. Customers have committed volumes to our facility and we feel strongly that the export market is growing quickly.

“With respect to mining, we are closely following the development of the mining sector in the Province of Quebec and the Arctic and, with our cargo-handling and transportation businesses, we are well positioned to
serve this developing customer base. Although there has been a slowdown based on weaker growth in China and lower-priced commodities, the sector continues to develop selectively.” {Logistec press release}

**Marine services: Montreal, Saint John**

'Our cargo-handling operations had a good year in 2012. Although business was slow to pick up, volumes increased throughout the year and the last quarter was particularly strong. Furthermore, all cargo types showed advances.

'In our container business, Montréal (QC) was behind in terms of volume until the fourth quarter, when volumes grew 6% over the same quarter of 2011, allowing us to finish the year slightly ahead of the previous year. In Saint John, volumes reached new records with the increase coming from Mediterranean Shipping Company, S.A.’s new weekly service between the Maritimes and its transshipment ports in the Caribbean, out of which containers are transhipped to world destinations on MSC’s extensive line of worldwide container services.' {2012 Annual Report} [See 13#03A Maritimes.]

**NSBR-PAN AM-MMA-CN: CRUDE***

9 March. **MAINE HAS RECORDS OF THE AMOUNT OF CRUDE OIL MOVED BY RAIL**, because it assesses a per barrel fee to pay for a potential cleanup [such as the one on Pan Am, avoided this day – see 13#03A], according to Samantha Warren, spokesperson for the Maine Department of Environmental Protection. {ASNR&P discussion 18.Mar.13}

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<th>Jan-12</th>
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**Unit train projections from the data**
The December figures, assuming that all oil moves in 100-car unit trains [not strictly true, but close enough] for 70,000 barrels per train, show that in that month Pan Am (Maine Central is a subsidiary of Pan Am) moved 7.5 trains, and MMA 9, or about 16 trains per month through Mattawamkeag.

**Irving total crude by rail**
The two railroads handled 1.14 million barrels.. Assuming that CN moved about the same amount as the other railways in December, Irving Oil's Saint John refinery received by rail 1.5 million barrels.

The refinery throughputs 300,000 barrels a day, so rail is only providing three days' worth of supply each month. {editor} [See Maritimes for Irving thinking.]

**PW: NEW MAP***

20 March, Worcester. **THE 2012 HAULAGE ARRANGEMENT WITH NECR IS REFLECTED IN THE MAP** on PW's web site. In contrast to the earlier map, the new one shows the line north of Willimantic representing a haulage agreement. Under it, NECR will move PW traffic to an interchange with CN as a haulage carrier.

PW began this 1 March 2012 [see 12#02A], and marketing of the “Great Eastern Route” began at that time, wrote railroad spokesperson Marie Angelini.

**CP arrangement?**
The map indicates CP has haulage rights over NECR, but, Angelini noted, 'that is not an arrangement to which...
P&W is a party. CP interchanges with P&W at Willimantic, CT via access over VRS and NECR. {e-mail to ANR&P}

PAS: CONNECTING LINES*
27-28 March, Albany. **PAN AM SOUTHERN HELD THE SECOND ANNUAL SYMPOSIUM WITH ITS CONNECTING SHORT LINES** here. Some 28 NS and Pan Am representatives met with 38 representatives from other railroads.

On the 27th, attendees heard presentations from NS and PAR officials: David Fink, Pan Am president; Mike Bostwick, Pan Am's chief commercial officer; NS Vice-president for Industrial Products David Lawson; and NS Assistant Vice President for Service Rush Bailey.

ASLRRRA chief Rich Timmons gave a keynote address. Attendees also heard from TTX's Melissa Peralta on forecasting of the market, and a panel of three equipment suppliers from CIT Rail, David Josephs, and GATX. The FRA Region I administrator, Les Fiorenzo, also spoke.

On the 28th, in four breakout sessions, the short lines got a chance to discuss issues of concern. {ANR&P discussion}
NEW YORK

NYA: BROOKHAVEN GETS HOME DEPOT

27 March, Yaphank. **THE BROOKHAVEN RAIL TERMINAL AND HOME DEPOT HAVE AGREED THAT:**

- Home Depot will rail product to BRT from which it will move to stores on Long Island, Brooklyn, and Queens. Home Depot was trucking from a massive distribution center in southern New Jersey.

- A 200,000SF storage site will be constructed by June at the terminal: 60,000SF of covered space and 140,000SF of outside space. A new spur will extend to the warehouse, which will have ten truck spots.

Home Depot spokesperson Stephen Holmes said on 26 March that his company needed to deliver building materials for reconstruction. “We needed both more capacity to respond to the need in that area, and we wanted more efficiency, both on costs and velocity.” Sales related to Sandy totalled $242 million in its 4th quarter which ended 3 February. The first sixteen cars arrived this week.

BRT officials confirmed only that they had signed a three-year service agreement with “a major home construction retailer.” Principal Jake Watral said: “Talks began shortly after...Sandy when they realized they would need a better mode of transporting materials to the island – the demand for rebuilding was such they needed to expand supplies on a sustainable basis.”

BRT officials added that Home Depot would receive 1820 cars annually. {Sarah Crichton in Long Island Newsday 27.Mar.13}

NYA comment
James Bonner, NYA business development honcho, reported that 'NYA is extremely pleased with Home Depot's decision and suspect that Home Depot will receive excellent service and support from Brookhaven Rail Terminal's team. It is a model that we believe can work for other companies and distributors in Queens, Brooklyn and on Long Island - either via NYA directly, or through the use of the Brookhaven Rail Terminal.' {e-mail to ANR&P 1.Apr.13}

Traffic gain #2: storm supplies
On 27 March, NYNJ floated two cars from New Jersey to Brooklyn [see photo], whence NYA moved them to BRT. Both were loaded with building supplies for reconstruction after Superstorm Sandy.

Traffic gain #3: fencing
On 18 February, Brookhaven received a BNSF carload of cedar fencing milled by Fraserview in Washington. {BRT website, news page}
CONNECTICUT

PW: NEW GRAVEL CUSTOMER
27 March, Norwich. **PW IS NOW SERVING CHERENZIA HERE.** Two tracks of cars in PW’s Norwich yard were loaded with aggregate. {PW e-list}

On 1 April, Tom Liguori, treasurer and general counsel, said Cherenzia, headquartered in Pawcatuck, Connecticut, has quarries in Westerly. The material is trucked to Norwich for loading; PW rails it to customer D.A. Collins [presumably at Brookhaven Rail Terminal – see New York and 10#08B]. Liguori said the deal, which is still in trials, arose when Collins and Cherenzia figured out how to move the product.

The product underwent inspection and testing with NYSDOT and the materials were approved. {ANR&P discussion}

CONNECTICUT PORTS: PORT AUTHORITY
21 March, Hartford. **THE JOINT COMMERCE COMMITTEE PASSED A BILL WITH DETAILS** on a proposed state-wide port authority [see 13#03A for Transportation committee bill] by a vote of 19-0. Bill HB 5569 stated that the Authority will:

- have the 'duty, power and authority generally to coordinate port development, with a focus on private and public investments, pursue federal and state funds for dredging and other infrastructure improvements to increase cargo movement through Connecticut ports, market the advantages of such ports to the domestic and international shipping industry, coordinate the planning and funding of capital projects promoting the development of such ports and develop strategic entrepreneurial initiatives that may be available to the state...'

- have a 15-member board, including one representative appointed by the chief executive officer of Bridgeport, New Haven, and New London. Others serve ex-officio or are appointed by legislative leaders.

- be a quasi-public authority with ability to issue bonds;

- establish facilities and collect fees for their use.

[The bill does not, at a cursory reading, describe the fate of current maritime programs within ConnDOT, nor the fate of the Connecticut Maritime Commission, which would appear to duplicate some of the Authority's function. Editor]

The previous bill
On 26 March, SB 1043 was referred to the Office of Legislative Research, and to the Office of Fiscal Analysis. {General Assembly website}

MAINE

MDOT: BOND BILLS
20 March, Augusta. **THE LEGISLATURE IS ENTERTAINING AT LEAST THREE BOND BILLS** which contain funds for ports and rail:

Governor's bill LD 1095
Governor Paul LePage sponsored LD 1095 which would bond $154 million, including $19 million for ports, harbors, marine transportation, aviation, freight and passenger railroads and transit.
Mazurek 745
State Senator Ed Mazurek sponsored LD 745 which would bond $173 million, including $6 million for industrial rail and passenger facilities, and $9.5 million for port and marine facilities.

Farnsworth 1052
State Representative Richard Farnsworth sponsored LD 1052 which would bond $20 million to improve 'the intermodal infrastructure including...rail, truck, marine, and air transit.' {legislative website}

MDOT: FEWER DERAILMENTS
21 March, Augusta. “DERAILMENTS TEND TO BE [SENSATIONALIZED],” said Nat Moulton, MDOT director of the rail program. “It doesn’t happen that often. If you hear about a truck going off Interstate 95, you think, ‘Oh yeah, so what?’ But train derailments seem like a big deal. That statistic [of yearly derailments] doesn’t account for whether it’s one car that derailed and stayed upright or 15 cars derailed with three on their sides.”

Derailments dropping
According to FRA data, 69 derailments were reported in Maine in the 10 years 2003-2012. Incidents are decreasing: six trains derailed each year 2009-2012, down from a peak of 11 in 2006. Of the 69 reported derailments, most were small incidents, with a few cars leaving the tracks but staying upright. None resulted in deaths or injuries, and the average speed of a derailed train was less than 10 miles per hour.

Pan Am v MMA
Of the 69 reported derailments in the past 10 years, 29 were on the 381 miles operated by Pan Am. MMA, with 233 miles of track, had 32 derailments.

advertisement

Contact: Diane Stackhouse
Phone: 845-913-7040 ext.103
diane@EastCoastRailroadServices.com

FOR SHIPPERS:
Current services include distribution, cross-dock, and side-track leasing

Storage: four roofed areas with a total of 32,000SF, plus 10,000SF enclosed.

Cross-dock: CSXT service for all car types, 286,000 pounds. Up to 20 car spots. Trackmobile switching.

Distribution: Flat-bed services within a 300-mile radius by affiliate Ray ’s Transportation, Inc.

Side-track leasing: Up to 20 cars spots.

FOR RAILROADS:
Current services include distribution, tie-plating, & recycling

Removal, reuse, and disposal of track materials. New track materials warehoused, repackaged, palletized, and delivered.

Pre-plating of ties, and lease of proprietary tie-plating machine.

Location info on Shippers.com
CSX-served at 55 Windsor Highway (Rt.32)
New Windsor, New York
mailing address: 42 Argenio Drive, New Windsor, NY 12553

Located 55 miles north of New York City
Mattawamkeag derailment
Pan Am and the FRA have both ordered geometry cars with x-ray equipment to travel the rail near Mattawamkeag, Pan Am Executive Vice-president Cyndi Scarano said.

In the meantime, Pan Am is decreasing the maximum train lengths on that line, and replacing six-axle locomotives with four-axle ones [see 13#03A].

FRA track inspection regime
The FRA has the authority to review those inspections, and is also responsible for its own routine inspection of Maine’s railroads. In some states, including Maine, the FRA partners with the state Department of Transportation, which provides the staff to conduct inspections under FRA supervision. Those inspectors report directly to the FRA, not to MDOT.

Rob Kulat, a spokesman for the FRA, said that the agency has no set schedule, but federal inspectors are in Maine twice a year to check out Maine’s rails. Inspectors follow the FRA’s National Inspection Plan developed in 2005, which uses trend analyses based on available accident, inspection and other data to direct inspectors. Problematic tracks would be inspected more often than tracks with fewer accidents.

According to the Inspection Plan’s summary, it addresses a problem at the FRA: 'Like other modal safety administrations within [USDOT], FRA has few resources for overseeing railroads compared with the scope of its responsibility. The new planning process allows FRA to use its inspectors more effectively and better target the greatest safety risks.'

Kulat would not comment specifically on the safety conditions of Maine tracks; he did say no railroad company operating in Maine had faced fines or sanctions from the FRA in recent years.

Because the FRA is the entity responsible for monitoring rail safety, state officials would not comment on the condition of railroad tracks in Maine. Kulat said a formal Freedom of Information Act request would be necessary to obtain FRA track inspection records, and the Bangor Daily News has made that request. {Mario Moretto in Bangor Daily News 15.Mar.13}

PAN AM: DOWNEASTER SKED
25 March, Portland. THE NNEPRA BOARD AGREED TO BUILD A LAYOVER FACILITY IN BRUNSWICK, according to its release this day; it awarded the design-build contract to Consigli Construction Company of Portland. NNEPRA and Parsons Brinckerhoff, in concert with the Brunswick Layover Advisory Group, developed facility specifications.

On the former site of Pan Am's yard now owned by NNEPRA in Brunswick, Consigli will use about $12 million to build an enclosed building which will store three complete Downeaster sets. That will allow Amtrak to add a fifth round trip to Brunswick.

A new federal funding source gives NNEPRA the necessary monies to permit award of the bid. But construction will not begin until the FRA has made a final determination under the National Environmental Policy Act. {text from NNEPRA}

Future track work
Patricia Quinn, NNEPRA executive director, said whether Consigli would itself do the necessary track work for the layover facility will be determined as Consigli begins design pending the FRA determination. In the bid, Consigli indicated it would hire a subcontractor.

NNEPRA still plans more track work for the Brunswick run: a wye out of the Portland station to eliminate the current backup move. Quinn said she needs a funding source for that project. {ANR&P discussion 1.Apr.13}

SEARSPORT: DCP OUT!
25 March. DCP MAINTAINED IT WOULD NOT EXPORT, AS OPPOSITION TO ITS TANK HERE CONTINUED. “Exporting from an existing facility [such as Chesapeake – see 13#03A New Hampshire] isn't
that costly,” said John Pratt, director of DCP Northeast sales. “But to build a new (export terminal), that's not what we're looking to do.” {Tux Turkel in Portland Press Herald 27.mar.13}

Searsport Planning Board
In deliberations 27-28 March, the Searsport planning board found the project violated the Land Use Ordinance because industrial uses (portion of the pipeline, fire water tank, control room, etc.) will take place inside the commercial zone. It also voted the site was too small and DCP could not meet the safety (“will not create unsafe or unhealthy conditions”) or noise (“will not result in offensive noise crossing property boundaries”) criteria.

’If any of the standards of the land use ordinance or site plan review performances are not met then the permit will be denied,’ wrote Ken Agabian, Tanks But No Tanks spokesperson. {e-mail to ANR&P 1.Apr.13 and TBNT bulletins 28 & 31.Mar.13}

The Board will continue its deliberations in April. All sides appear to agree, however, that the Planning Board determination is headed to appeal and probably court. {Ethan Andrews in Penobscot Bay Pilot 28.Mar.13}

Appeal of Corps of Engineers: imports NOT needed
On 20 March, the Islesboro Islands Trust and the TBNT citizen group filed a 60-day notice-of-intent to sue the U.S. Army Corps of Engineers over the agency's 2012 approval of the project. In part, the notice cites new information suggesting that the region no longer needs a marine terminal to import propane.

The opponents cited the Corps' 2012 finding:

DCP currently relies heavily on the importation of propane from western Canada via rail to storage and distribution terminals in Hermon and Auburn, Maine. The applicant asserts that over the past several years there has been a steady decline in Canadian natural gas production and, since propane is a by-product of the natural gas recovery process, less production of propane in Canada. Natural gas/propane production in Canada is reportedly forecasted to continue to decline. At the same time, there has also been increasing cost and competition for rail transportation from western Canada. Propane deliveries in Maine had to be rationed in 2007 due to a [10 day] Canadian railroad strike, an interruption in pipeline imports into New York State, and a cold winter and severe weather at sea. Lower production of Canadian propane together with vulnerable rail availability has resulted in serious challenges for bringing a dependable supply of propane into Maine.

They contend that, 'despite extensive public comment that the ongoing boom in domestic gas production has eliminated the need for a marine LPG import terminal in Maine, the Corps applied a presumption to assume, without independent evaluation or verification, that the DCP project was viable and needed in the marketplace.

'Specifically, the Corps assumed that:

When private enterprise makes application for a Corps permit, Corps regulations direct that it will generally be assumed that appropriate economic evaluations have been completed, the proposal is economically viable, and it is needed in the marketplace (33 C.F.R. 320.4(q)). That presumption is supported here by the 2007 propane shortage and the need for diversified delivery sources for the State of Maine.

'Based on this presumption, the Corps expressly excluded from the scope of the [Environmental Assessment] any analysis of Maine’s LPG market or infrastructure. The Corps also excluded from review any consideration of non-marine (i.e. rail or truck) terminals, alternative sources of LPG, alternative fuels, such as natural gas and compressed natural gas (“CNG”), and alternative energy sources such as biomass and solar.

'The reliance on this presumption is a per se violation of the Corps’ obligation under NEPA to take a “hard look” at project purposes, alternatives and impacts,' {text of notice from TBNT website}

2 April, Denver. **DCP WITHDREW ITS APPLICATION FOR THE PROPANE TANK.** Roz Elliott, DCP spokesperson, cited the Searsport Planning Board’s determinations the previous week [see above]. “We really, really wanted to do business in Maine. It’s unfortunate, but with these local circumstances, we don’t foresee
doing future capital development in Maine.”

DCP does many projects across the country, and getting to this level of planning for the Searsport project was among the most expensive. “Very extensive time, resources, passion — we really believed in this.” She said the company decided to withdraw the application “as a courtesy” to the Searsport Planning Board. “We just didn’t think it would be necessary to drag it on out. Therefore, there is no application.” {Bangor Daily News 2.Apr.13}

PORTLAND: FIRST CALL

30 March. EIMSKIP’S FIRST CALL OCCURRED, with the Skogafoss arriving on the evening of the 29th and sailing around 17H00 on the 30th. The ship unloaded tens of containers. {ANR&P coverage}

Cargo

Earlier in March, Gylfi Sigfusson, president and chief executive officer of Eimskip, said: “We export various cargo from the United States differing between the countries we serve. In the past, we have moved a lot of cars, campers, building material, paper for the fish industry and news media, all sorts of food, including apples and grapes, as well as many kinds of general cargo. Exports to Greenland are mostly boats as there are no roads connecting towns in the country.

'As for imports, we import two kinds of spring water (the best water in the world) and machinery for the food industry and many different types of frozen fish -- mostly cod and haddock.' {Portland Press Herald
Future cargo
Various shippers can consolidate pallets in one container, pointed out Kelly L’Heureux, general manager of the Falmouth office for OCEANAIR Inc., a freight forwarder that provides international transportation logistics services. She expects Eimskip will eventually deliver cargo to Asia by transporting the containers to Asian-bound steamship lines at Halifax.

Eimskip will cut trucking costs, said Janine Bisaillon-Cary, president of the Maine International Trade Center. In a recent survey of 115 Maine companies, the cost of transportation was identified as a leading barrier to international trade, especially for firms with fewer than 100 employees.

Companies that shipped ocean freight on pallets reported that trucking to Boston or New York cost nearly as much as transport across the ocean. {Tom Bell in Portland Press Herald 29.Mar.13}

PORTLAND-PAN AM: TRACK EXTENSION*
13 March, Augusta. TREES MAY CREATE A BARRIER TO A FREEZER ON THE WATERFRONT – or so one might conclude from a hearing of the Maine Legislature’s Environment and Natural Resources joint committee this day. The simultaneous arrival of two proposals for nearly-vacant, Pan Am-owned, industrial land east of the Sprague Energy Terminal creates a blessing for Portland, but also a headache due to waterfront regulation.

The boatyard proposal, the freezer proposal
In 2012, Phin Sprague (“Phin” to distinguish his proposal from Sprague Energy – no relation), owner of The Portland Company, proposed a new boatyard called 'Canal Landing' west of the Casco Bay Bridge, in now-vacant land on the waterfront [see 12#08B and map].
His proposed site, surrounding the Unitil propane terminal, would work well – but it would also serve a cold-storage warehouse desired by Eimskip, the Icelandic service which will begin serving Portland on 28 March [was 26 March – see 13#03A].

Were Phin to move the boatyard west, into the area of the map designated “rough location”, he would need to cut trees, some 25 feet high. However, the state Shoreland Zoning Act, designed to among other things preserve the state’s working waterfrents as well as scenic shoreline, is actually preventing re-development of the vacant industrial land. The statute blocks cutting of trees within 75 feet of the shore and cutting in more than 40% in a 250-foot setback.

The Legislature is now entertaining in bill LD 470, an amendment to that statute which would permit vegetation control in working waterfront land defined thus: "Working waterfront land" means a parcel of land, or a portion thereof, abutting water to the head of tide, land located in the intertidal zone or submerged land that is used primarily or predominantly to provide access to or support the conduct of a working waterfront activity.

On 21 March, during a work session on the bill, the Committee tabled the bill because it was unable to reach consensus. On 26 March, the Natural Resources Council will meet with DEP officials and several lawmakers to discuss whether they can agree on a proposal to bring back to the committee.

The rail line to the International Marine Terminal?
Phin Sprague's design for the 'Canal Landing' boatyard encompasses eight parcels (five Pan Am subsidiaries and one Casco Wharf, and two for the Unitil terminal) totalling 22 acres. Unitil's total four acres, leaving the boatyard at 18 acres.

The design which Phin presented to the committee does not show a rail line east of the current Unitil lease. However, Phin reported that the design which he presented to the Portland Planning Board does show a buildable rail line east of the current Unitil lease [roughly shown on the parcel map] which has been through preliminary design review by Pan Am engineers and the Maine Port Authority.

Sprague will accommodate
On 25 March, Phin explained that he will accommodate the Eimskip service in two ways:

Track. Pan Am will have a rail easement across the property Phin will acquire from Pan Am, to reach the Unitil propane terminal and beyond that to the International Marine Terminal, on whatever alignment Pan Am requires. Phin has created a design of the Canal Landing project to accommodate the new track.

Space for freezer. Should a company wish to build a freezer next to the IMT, and find Phin's parcels an appropriate location, Phin has “offered to move farther west” to the Pan Am parcels now vacant. That would mean “starting up the whole process again” for permitting and access, but he is willing to do that. The Eimskip service “is very important to the whole area.”

[Such a warehouse may need seven acres, said Bert Jongerden of the Portland Fish Market.]

Status of ownership
Sprague has a conditional 50-year lease on two Unitil properties,¹ and has a purchase and sale agreement with

¹ In a letter to Maine DEP Commissioner Patricia Aho of 22 August 2012 supporting Phin's boatyard, Richard Francazio of Unitil wrote: 'This letter is written in support of Mr. Phineas Sprague's letter to you dated August 21, 2012. Mr. Sprague's company, New Yard, LLC (“New Yard”), recently entered into an Option Agreement with Northern Utilities, Inc. d/b/a Unitil (“Unitil”) to lease, for 50 years, Unitil’s property at 40 West Commercial Street, Portland, Maine (“Site”) on the Portland Harbor, for purposes of constructing and operating a boatyard.

'The lease is contingent upon New Yard acquiring abutting property from Pan Am Railroad to include in the boatyard (“Pan Am Property”), and also upon New Yard obtaining all applicable Department Environmental Protection (“DEP”) and other permits to construct the boatyard.

'Unitil’s Site is impacted from a coal gasification plant that operated from 1850 to the mid-1960s: the Site was entered into the DEP’s Voluntary Response Action Program (VRAP) in 1999. To date over $1 million in remediation has been expended, and an additional $2.5 to $5 million expenditure will likely be required to complete remediation, as described in the DEP’s NOAA letter.
'Under the terms of the prospective lease, New Yard will coordinate its boatyard construction with Unitil’s VRAP remediation of its Site and a shoreland section of the Pan Am Property. There are various features in the boatyard design that will simultaneously serve as Unitil remediation measures (and accordingly reduce Unitil’s remediation costs), as already approved by the DEP, such as construction of building foundations, pavement, grading, trenching, and shoreland capping features, including the proposed installation of a boat travel lift on a portion of the Pan Am Property.

'New Yard’s 50 year rent for the lease is to be paid up front, so as to be available to Unitil to apply to its further remediation costs. The prospective lease provides that Unitil’s Site remediation is to be completed within two years of the commencement of the lease, conditioned upon completion of the boatyard construction.' {text of letter in Phin's testimony to the Environment committee, stored on Legislature website}
Pan Am for the other parcels.²

Eimskip role

The land remains polluted from a coal gasification plant of Portland Gas Light which operated there from 1850 to the mid-1960s [see footnote 1]. Booms that float just a few yards offshore catch tar that has been seeping from the ground for decades. Portland's senior city planner, Bill Needleman, told the Committee that the issue is critical not only for Phin but the rest of the undeveloped stretch of the city's waterfront. Eimskip's arrival has created a “once-in-a-generation” opportunity to expand marine commerce; indeed it brought the issue to the forefront. {text of Phin Sprague presentation 13.Mar.13 to Environment Committee; Tom Bell in Portland Press Herald 25.Mar.13}

MASSACHUSETTS

MBTA-BCLR-MC: RAIL WITH TRAIL?

28 March, Dartmouth. MASSDOT WILL PERMIT TRAILS ALONGSIDE RAIL, according to a letter from MassDOT Secretary Richard Davey to Southeastern Regional Planning and Economic Development District Executive Director Stephen Smith. It was presented at a meeting this evening of stakeholders interested in a South Coast bikeway from Swansea to Wareham with a path along active railroads in Westport, Dartmouth and Wareham.

The path will follow the abandoned part of the Wattupa (Dartmouth Industrial) track starting in Fall River, then parallel the active track operated by BCLR and MC into New Bedford.

Craig Della Penna, a rails to trails consultant, said the bikeway was more apt to gain support and funding if it was re-branded as not just a recreational and health issue but also a transportation issue. “These aren't cute little paths that meander around nowhere.”

The ruling

The letter to 'clarify' stated that MassDOT had previously 'considered [rail with trail] implementation on a case-by-case basis. This method of analysis has, unfortunately, caused unnecessary difficulties and tended to result in little to no progress for proposed rails with trails. Going forward, therefore, MassDOT will as a matter of policy permit the construction of shared-use paths along active or planned railroad rights of way provided appropriate fencing separates the two uses.' {Ariel Wittenberg in New Bedford Standard-Times 29.Mar.13}

MC: REORGANIZATION*

15 March, DC. THE STB PUBLISHED THE NOTICE OF EXEMPTION FOR THE REORGANIZATION proposed by Iowa Pacific [see 13#02B]. 'Unless stayed, the exemption will be effective on March 29 (30 days after the verified notice was filed.' {STB website, decisions page, FD 35721}

NEW HAMPSHIRE

PAN AM: ABANDONMENT

29 March, Concord. STATE LEGISLATORS RECENTLY ASKED NHDOT TO ACQUIRE PAN AM'S FORMER HAMPTON INDUSTRIAL TRACK. On 18 March, Pan Am filed at the Surface Transportation Board consummation of the 10-mile line from Portsmouth to Hampton. {STB website, filings page, AB 32 (Sub No. 104X)}

On this day, according to Tom Jameson of NHDOT, DOT officials met with a Congestion Mitigation and Air Quality (CMAQ) advisory board which agreed to fund the project that Seacoast lawmakers said ‘will

² Uncertain how the Casco Wharf parcel – which is part of the plan for Canal Landing – is acquired by Phin.
have numerous and long-lasting benefits for the state, our towns and the entire Seacoast.'

NHDOT Commissioner Chris Clement must take the next step. {Nick Reid in seacoastonline.com 31.Mar.13}

**PAN AM: CUSTOMER SHRINKS**

22 March, Bow. **BLUE SEAL IS RELOCATING A PRODUCTION LINE TO RICHFORD, VERMONT** from its plant here, laying off 18 of the 27 workers. Janet Sichterman, a spokesperson for Kent Corporation, the parent company based in Iowa, said the plant will no longer produce bagged feed but will continue to operate its bulk feed line and retail shop. The company is moving the line to improve efficiency in its supply chain. {Jeremy Blackman in *Concord Monitor* 23.Mar.13; wmur.com/news 22.Mar.13}

For 2011, former Blue Seal manager Bill Whitney estimated carloads at 100 soy, 90 distillers grains, with corn “between 0 and 200” [see 10#12A].

**Could rail service have played a role?**
MMA serves the Richford Blue Seal facility five days a week. {e-mail from MMA chair Ed Burkhardt 25.Mar.13}

Sichterman declined to comment further on the supply chain concern she noted earlier. {e-mail to *ANR&P* 25.Mar.13} Pan Am spokesperson Cyndi Scarano said any inference that the movement of the production line was due to rail service was “incorrect.” {e-mail to *ANR&P* 26.Mar.13}

**Past rail service**
Pete Dearness, owner and operator of NEGS which served Blue Seal and other customers between Bow and Concord, said on 25 March:

- NEGS switched Blue Seal from 1984 to 2010.

- From 1984 to around 1999, the Bow facility received three to four cars each day, five days a week, for well over 850 cars a year.

  The Manchester to Bow track was maintained by Boston and Maine railroad at 30 miles per hour in 1984; when NEGS left the main line in 2010 [see 10#08B], Pan Am was maintaining virtually all of it at 10 miles per hour. [It remains so today.3]

- For the last four or five years, NEGS dropped service to three days a week, since Pan Am delivered cars to NEGS only three days a week in Nashua. Pan Am now serves customers only one day a week, from the Nashua yard.4

- In 2011, Blue Seal moved almost all corn rail traffic to truck due to reduced service.

- The loss of the bagging line will reduce Blue Seal traffic even further.

- Pan Am has difficulty switching customers such as Blue Seal, Ciment Quebec, and Coastal Forest Products from Nashua because of the time to transit the much greater distance, and often either a loaded or empty coal train (or both at times) blocks the main line just south of the Public Service of New Hampshire power plant. With a crew and locomotive based at Concord, the work for the three customers (All States, Fortek, and Blue Seal) could get done; if at least three times a week, that would stabilize and grow the traffic.

  Instead the Nashua crew often takes two days to do the work north-bound, leaving the train at Bow Junction or Concord because the crew runs up to the 12-hour operating limit, without having time to switch

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3 According to the Pan Am speed restriction summary of 7 March 2013, the track from Manchester to Concord, milepost 26.70 to milepost 42, is limited to ten miles per hour.

4 In 2006 Fink confessed that Pan Am promised service to Blue Seal three times a week but sometimes only provided it twice a week [see 06#05A *Regional*].
Blue Seal. Its cars then sit within sight of Blue Seal, in the train or on the Blue Seal yard lead, unavailable to the mill.

**Could NEGS still do local switching?**

After losing the main line access to Manchester, Dearness said, NEGS considered the viability of a local switching arrangement with Pan Am to serve Blue Seal, and other customers at Concord Yard.

Pan Am evinced no interest in letting NEGS switch, nor in basing a Pan Am crew and locomotive in Concord, as it had represented in the Adverse Discontinuance documents to the STB, a representation noted positively by shippers and the NHDOT.

An industrial switching operation, according to Dearness, has become less viable with the drop in numbers of cars to Blue Seal. {e-mail to ANR&P 26.Mar.13}

**NEGS: SERVICE WANTED**

25 March, Goffstown. PETER DEARNESS CONTINUED TO POSIT THAT WITH MORE FREQUENT SERVICE TO CONCORD, he could attract more customers and thus move more carloads on the line between Concord and Lincoln, which he serves. [See comments on Pan Am main line improvements in Editorial, and on difficulty of switching Concord from Nashua in other article.]

'I find myself in a 'Catch-22' trying to develop traffic on the line we have served since 1982. Pan Am wants a guarantee of traffic from new customers we are courting. Understandably any potential shippers want adequate service for their needs, not the needs of the common carrier alone.

'If it comes down to 'my way or the highway', often it goes to the highway on trucks! The same shippers have expressed concern that adequate service will not be possible, based on what they have observed of the current service provided by Pan Am. Further, these shippers can't guarantee what traffic volume in detail that they hope to move at the outset.'

**Visit to Class Is**

'Last month, in an effort to gain an understanding of how large, well-run railroads deal with traffic development and supportive service commitments, I visited with the top headquarters marketing folks at CSX in Jacksonville, and later communicated with similar NS folks while at Norfolk.

'Later this week I will attend the Pan Am Southern Short Line Symposium in Albany, NY. I have nearly forty years of short line railroading under my belt, starting with the MCER in 1974, Quincy Bay Terminal in 1990 and NEGS 1982 to date, so I have a great deal invested and want to see that work grow NEGS into the future. I will be listening at the Symposium for the answers.' {e-mail to ANR&P 26.Mar.13}

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**RHODE ISLAND**

**PW: REVIVED CUSTOMER?**

22 February, East Providence. KEN FOLEY WAS RECENTLY ASKED TO DESIST FROM OPERATING AT POND VIEW, by an order from the East Providence zoning officer Ed Pimental. {Mike Rego in eastbayri.com 22.Feb.13}

Foley, who owns the land [see 12#03B] on which Trans Load America operated the recycling operation shut down in 2012 [see 12#08B], advertised in the local paper for metals [see box] and posted a sign at the site. Pimental said he met with Foley on site; Foley insisted to Pimental he had a right to operate, but Pimental said scrap was not a permitted use. Pimental did not see any activity at the site during the meeting. {ANR&P 20.Feb.13}

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5 One of the six statements which Pan Am claimed is false in the defamation suit filed against your editor in 2011 [see 11#10B Editorial] despite the fact that the STB made the statement.

6 Because of lack of an adequate service commitment, Dearness wrote in 2010, NEGS was unable to land a major warehouse – see 10#08B.
VRMONT

VAOT: BUDGET
20 March, Montpelier. **THE VERMONT HOUSE AGREED TO RAISE THE GAS TAX TO PAY FOR BETTER ROADS**, by a 105-37 vote. Representatives defeated an amendment to zero out the Amtrak subsidy and make the tax hike unnecessary. {Terri Hallenbeck in Burlington Free Press 21.Mar.13}

RAIL BUDGET
VAOT’s rail budget for FY14 totalled $43.9 million, of which $28.5 million would pay for construction. In future years the rail budget dropped to $12.9 million, principally because construction would drop to only $700,000.

But federal funds will pay $23.5 million, the Transportation Fund (income from state-owned rail and other sources) $13.2 million, and Transportation Infrastructure Bonds $3.5 million, so the general fund pays only $3.7 million.

_Vermont & Ethan Allen costs_
$50,000  Study of costs to improve Montreal Central Station
$9.6 million  Upgrade NECR from St.Albans to Canada (federal share $6.8 million)
$5.1 million  Install continuous-welded rail Rutland-Burlington and other infrastructure improvements. (state share only $400,000)
$7.6 million  Subsidy for Amtrak operations.

_WACR_
$260,000  Infrastructure improvements and lease subsidy, Barre section (same amount in previous and coming years).

_Three-way partnership for freight facilities_
$600,000  Only $375,000 in FY13, but $600,000/year in future years requested. Transportation fund will pay $200,000, general fund $400,000.

_Administration_
$1 million  VAOT administrative support for rail program
$250,000  State rail plan ($120,000 in FY13) {VAOT website}

_House action_
The House in H.510 did eliminate some bridge repair funds and money for two miles of continuous-welded rail between Rutland and Fairhaven on the CLP. {General Assembly website}

MARITIMES

SYDNEY: DONKIN COAL UPDATE
20 March, Donkin. **MORIEN RESOURCES CORPORATION WANTS TO PURCHASE XSRATA COAL’S 75% INTEREST IN THE DONKIN COAL MINE PROJECT IN CAPE BRETON.** It is working with various potential operating, marketing, coal purchasing, and financial partners. {Moriens release 20.Mar.13}

Xstrata confirmed it has been unable to find a third party buyer for its interest; Morien already holds the other 25%. Xstrata’s Val Istomin acknowledged initial discussions with Morien but, “If another company
comes along and wants to buy the mine, we will be happy to talk to them about that.”

First coal
While Xstrata seeks a buyer, development of the mine continues, said Hugh Kennedy, chair of Donkin Xstrata’s community liaison committee. Pending all the necessary approvals [see below], Kennedy expects to see the first coal out of the mine in 2014. {Sharon Montgomery-Dupe in Cape Breton Post 28.Mar.13}

Environmental assessment continues
Annie Roy, Canadian Environmental Assessment Agency spokesperson, said the joint federal-provincial assessment of the project continues [see 12#10A]. Her agency consulted with the public last summer, plus had experts analyse the project. The agency has completed a comprehensive report which will go back to the public shortly for further consultation. The public will have 30 days to respond. After that all the Agency will send all information to the federal minister to decide whether the Donkin re-opening will go to the permit-issuing phase. The minister had no set period for making the decision.{Discussion with ANR&P correspondent Tom Peters 28.Mar.13}

CRUDE BY RAIL TO IRVING*

Introduction: Imagine....
The following crystallizes a presentation to the Transportation Club of Moncton on 15 March. There I imagined the thinking of the manager of the Irving Oil refinery in Saint John who decided to receive crude by rail from North America. What follows is based almost entirely on articles in this newsletter, on public information, and on insight from my sources. A fictional character, Irv, displays the thinking which I imagine those responsible at Irving Oil must have done.

1. The beginning: a better price
As figure 1 shows, WTI and Brent prices\(^7\) tracked each other for the first nine months of 2010. In September, a bump occurred, as producers in North America lowered prices due to a glut. That glut stemmed from an inability to move crude out of the Bakken shale play [figure 2].

Irv wonders if the refinery could use that lower-priced oil. Up to now, virtually all crude, sourced overseas, landed at the monobuoy off East Saint John.\(^9\) A map [figure 3] shows him that Bakken has nearly no pipelines, nor does New Brunswick.

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\(^7\) Irving Oil declines to say anything [see 12#05A]. Indeed, spokesperson Carolyn van der Veen even declined my request merely to meet her in Saint John, to put a name with a face.

\(^8\) WTI = West Texas Intermediate price, which is set on the Chicago Mercantile Exchange, and is the price at which one can buy one barrel of light, sweet crude oil in Cushing, Oklahoma, a major hub. Brent = The price for North Sea oil, not as light nor as sweet as WTI. It is set on the New York Mercantile Exchange, and also on a European exchange. [Much more complex calculation than WTI]. It is the price for two-thirds of the world's oil. [Wikipedia]

\(^9\) From the Irving website: 'Irving Oil has a highly valued network of diverse, reliable and quality crude oil suppliers from various regions around the world. Our company has formed many long-term supplier partnerships with companies from Saudi Arabia, the North Sea and nearby Newfoundland & Labrador.'
2. Costs of crude by rail

Irv asks NBSR, owned by J.D. Irving (separate ownership), to price crude moves. NBSR obtains prices for single-car moves and for 100-car unit trains. [This price can be estimated from the BNSF public pricing website – see figure 4] to be about $6300 per car.\(^\text{10}\)

2.1 Transportation cost. Railcars carry about 700 barrels of crude, according to the BNSF website. So to move a barrel of oil to Saint John costs $9.

2.2 Car fee/car turns. BNSF wants Irv to get his own car. Normally, a tank car would lease for about $700/month,\(^\text{11}\) but because of the demand for cars\(^\text{12}\) Irv can only get a car for $1000/month.

The unit trains need 21 days for a 'turn': a round trip from North Dakota to Saint John and back.\(^\text{13}\) So a car can do about 1.5 turns a month, or 1050 barrels per month. Call the car fee then a dollar a barrel.

Crude is unloaded at our Canaport Crude Receiving Terminal in Saint John, New Brunswick. Commissioned in 1970, Irving Canaport was the western hemisphere’s first deep-water crude terminal able to receive supertankers, with over 6 million barrels of storage capacity for our refining operations.

We were the first and only Canadian refinery on the East coast of North America to receive crude oil from The Acropolis, a ULCC (Ultra Large Crude Carrier) – one of the world’s largest supertankers, holding 2.6 million barrels of crude.

Ships are unloaded one at a time, in a process that takes up to two days for each cargo of crude. After the crude is processed at our refinery into various finished petroleum products, other ships we have chartered arrive at our product-loading facility in East Saint John. Eighty percent of our products are then delivered to marine terminals along the east coast of North America.

On any given day, Irving Oil’s shipping and distribution operation tracks approximately 25-30 ships at sea, carefully planning their delivery schedules according to a rigorous supply chain management system.

The estimate begins with the single car price of $8577 [from Figure 4] BNSF-Chicago-CSXT-Worcester-Pan Am-NBSR, though NBSR is not indicated in the routing because Pan Am has pricing authority into Saint John. Unit trains cost less. BNSF does not provide a unit train price to Saint John, but an idea of the price reduction comes from the price of a car from Epping, North Dakota, to Lake Charles, Louisiana. Single car: $6985, in 100-car lot, $5357. Applying that ratio reduces the unit-train car price to Saint John to about $6578, close to an actual price supplied by a source of $6300. [e-mail to ANR&P 13.Mar.13]

Empire car-leasing website.

Car manufacturers are booked through the end of 2014. [Toby Kolstand in Progressive Railroading 'Rail Mechanical']

Note 4 source.
2.3 Unloading terminal. NBSR points out that Irv’s refinery needs space to unload 100-car trains. Irv asks an underling to price a terminal; she comes back with a rough price of $50 million.14 Irv figures if he uses the terminal for five years, that’s $10 million a year.

The terminal will hold 40 cars in four 10-car spurs [see photo in 12#05A]. In December 2012, the terminal unloaded perhaps 1.5 million barrels [see Regional]. If Irving kept that pace for 12 months, it would unload 18 million barrels. So the per barrel price would come to about $0.55.

2.4 Switching. NBSR also points out that a crew and locomotive are needed to switch the terminal. [NBSR does not make public its tariffs to switch for customers. I recently viewed the Pan Am tariff of 1 April 2013, stating a price of $250 for a car ordered switched from a private siding and held for orders at serving yard. I assume that switching a string of ten cars costs only $100/car, or $0.14 per barrel.]

14 Nicolas Zeeman in Engineering News-Record quotes a price of $50 million for the PBF Energy facility. {6.Mar.13}
2.5 Loading terminal. Irv will have to also pay to load the oil into his tank cars. He does not pay the cost of trucking the oil to the loading terminal [figure 5 shows a line of trucks moving oil to a rail terminal in North Dakota.] Writers place that cost at two dollars a barrel.\(^{15}\)

2.6 Labor to unload. Finally, Irv must pay his workers to clamber up ladders and hook up each car to the racks. If each hookup requires 10 minutes, and five minutes to move to the next car, each worker does four cars an hour. If the worker is paid $50/hour including perquisites, that's $12.50/car, or only $0.16 per barrel.

<table>
<thead>
<tr>
<th>Link</th>
<th>Cost per barrel $</th>
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<tbody>
<tr>
<td>Truck to terminal</td>
<td>n/a</td>
</tr>
<tr>
<td>Load at terminal</td>
<td>2</td>
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<tr>
<td>Rail to Saint John</td>
<td>9</td>
</tr>
<tr>
<td>Use of railcar</td>
<td>1</td>
</tr>
<tr>
<td>Cost of terminal</td>
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<tr>
<td>Switch into terminal</td>
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<tr>
<td>Unload at terminal</td>
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</tr>
<tr>
<td>Total</td>
<td>$12.85/barrel</td>
</tr>
</tbody>
</table>

### Rail to Saint John

<table>
<thead>
<tr>
<th>Cost of car per barrel</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Car per month</td>
<td>$1000</td>
</tr>
<tr>
<td>Barrels/car</td>
<td>700</td>
</tr>
<tr>
<td>Turns per month</td>
<td>1.5</td>
</tr>
<tr>
<td>Cost per barrel</td>
<td>$9.0</td>
</tr>
<tr>
<td>Each car moves/month</td>
<td>1050 barrels</td>
</tr>
<tr>
<td>Cost of car per barrel</td>
<td>$1</td>
</tr>
</tbody>
</table>

### Cost of terminal

| Total capital                 | $50 million over five years = $10 million per year |
| Throughput                    | 18 million barrels/year |
| Cost per barrel               | 55 cents |

3. Price differentials say 'Go for it.'

By the middle of 2011, Bakken crude was priced at $95/barrel, while Brent cost $110. Irv knows that to get crude to Saint John by ship costs him two dollars,\(^{16}\) so he's looking at this comparison:

- **Rail from Bakken.** $95 + $12.85 = $107.85.
- **Ship from Europe.** $110 + $2 = $112.

He reasons that if he can receive 1.5 million barrels a month, and save four dollars a barrel, Irving Oil can make $6 million extra a month. So he decides to build the terminal, and obtain tank cars to move the crude.

4. The start of unit trains and the price rise

Even before the new terminal opened, the first unit train reached Saint John via Pan Am, in June 2012, and about a week later the first train via MMA [see 12#06A].

Later that year CN began unit trains as well.

By July, the spread between Brent and WTI was $10/barrel, and WTI to Bakken was $10,\(^{17}\) so Irv was making $9 a barrel and wondering how he could get more.

5. How to get more Bakken crude: ship

Since the Irving monobuoy had somewhat less usage, Irv wondered if he could get Bakken by ship: do any rail-to-ship terminals exist on the Great Lakes? No, he discovered, though investors are considering one.\(^{18}\) His best bet? Use the Buckeye terminal in Albany. This, he discovered, would cost more than direct rail, or about $14.40/barrel. but not that much more [see box].

Irv started first with barges from Albany to New York Harbor, then contracted ships to Saint John [see 12#10A. The first ship to reach Albany ran aground after loading [see 12#12A], so Irving continues to barge

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\(^{15}\) A Morgan Stanley research report by Bill Greene et al on 21 February 2013 puts the cost at two dollars a barrel. So does Rusty Braziel in RBN Energy 14.May.12.


\(^{17}\) Bloomberg Bakken price chart.

\(^{18}\) Calumet Specialty Products Partners announced in January it will explore the feasibility of building and operating a crude oil loading dock on Lake Superior, near its Superior, Wisconsin refinery. {company press release}
Each ship could hold about 280,000 barrels, and only three to four ships per month [see 12#12A] will sail even when the calls resume.

6. What about even more? Pipeline? Newfoundland?
With all the rail and barge Irv can muster, he is still only getting six or seven days a month [assuming the ships start calling Albany regularly] of supply. So he begins to think about a pipeline. TransCanada has an underused pipeline from the Calgary region to just north of Vermont; modifying it and extending it to Saint John would cost $5 billion and take five years [see 13#01B]. Worth it?

If he could use the pipeline for 25 years, the capital cost would come to only 60 cents a barrel, Irv figures. Add in maintenance, and he would pay perhaps $2 a barrel.

If the price difference remained just over two dollars, a pipeline would be worth it. No word on whether Irv has decided to pay for the pipeline.

Irv has another thought: Exxon and partners have decided to extract heavy crude off Newfoundland [see 13#02B]. This tantalizes him, until he realizes that the oil companies will charge the Brent price, not any discounted rate.

7. A final word on price
How long will Bakken cost less than Brent?

The US Energy Information Agency on 19 March produced a chart showing the spread of WTI to Bakken has calmed down, and almost disappeared [see figure 6]. However, the WTI-Brent spread remains around $15, making rail moves profitable, and rail-barge-ship barely so.

Note: TransCanada announced [see Regional] it will build a pipeline to Saint John by possibly 2017, leaving four years for railroads to make money.

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Truck to terminal</td>
<td>n/a</td>
</tr>
<tr>
<td>Load at terminal</td>
<td>2</td>
</tr>
<tr>
<td>Rail to Albany</td>
<td>8 (includes cost of car)</td>
</tr>
<tr>
<td>Unload in Albany</td>
<td>1</td>
</tr>
<tr>
<td>Load into barge</td>
<td>1</td>
</tr>
<tr>
<td>Barge to NY</td>
<td>0.4 *</td>
</tr>
<tr>
<td>Transship</td>
<td>1</td>
</tr>
<tr>
<td>Ship to Saint John</td>
<td>2 (assume same as North Sea to Saint John)</td>
</tr>
<tr>
<td>Unload ship</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total per barrel via Albany</strong></td>
<td>$15.4 (versus $12.85 by straight rail)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rail to Albany</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit train car cost</td>
<td>5000 ($1000 less than to Saint John)</td>
</tr>
<tr>
<td>Barrels per car</td>
<td>700</td>
</tr>
<tr>
<td>Cost per barrel</td>
<td>7</td>
</tr>
<tr>
<td>Car fee/barrel</td>
<td>1</td>
</tr>
</tbody>
</table>

*Barge to New York harbor* (each ship 280,000 barrels versus train at 70,000 barrels)

dollars per barrel-day 0.2 {Sandy Fielden in RBN Energy 29.Nov.12}
days round trip 2
Cost per barrel 0.4

Albany to New York harbor 150 miles. If barge can move 10 miles an hour that's 15 hours. Let's say two-day turns, 20 cents per barrel per day.

WHRC: SAVE THE LINE!

15 March, Dartmouth. *THE LINE CAN PROVIDE DINNER TRAINS* and rail-bike excursions, pointed out Matt Keoughan in a letter to NSDOT to preserve the line. Keoughan, involved with the Ecology Action Centre’s Transportation Committee and Transport Action (formerly Transport 2000) and in contact with Bob Schmidt, WHRC owner, noted:

- 'Mr. Schmidt has indicated he has interest in bringing back previous customers, along with obtaining new business. This will not only serve to increase employment in rural Nova Scotia, but also to alleviate truck traffic from Highway 101. Should the Fundy Gypsum mines reopen in the future, the railway should be a transportation option. If not, hundreds of trucks will be required to move gypsum from the mines to Hantsport.

- Mr. Schmidt would like to obtain a no interest or low interest loan to purchase the Windsor Branch. I am in
support of this option.

- On Mr. Schmidt’s behalf, we have researched various options which could create revenue for his railway and partnerships with local businesses. This includes rail bikes (bicycles which ride upon tracks), which can be operated by a bicycle store or outdoor adventure company. We have also considered a tourist/wine train, which has gained the attention of Pete Luckett. In order for any of these things to become reality, the Windsor Branch must be preserved as a railway.’ {text of letter from AtlanticRails e-list}

**HALIFAX: NEW SERVICE BY G6**

18 March. *A NEW AZX SERVICE IN MAY WILL IMPROVE HALIFAX’S LANE TO ASIA.* Southeast Asia, the Indian sub-continent, the Middle East, and China will be served by the “G6” alliance: three carriers which now call Halifax as the “Grand Alliance” (OOCL, NYK Line and Hapag-Lloyd), and three carriers new to the port (APL, Hyundai Merchant Marine, and Mitsui O.S.K.).

G6 will deploy vessels up to 8,000 TEU capacity. The largest vessels now calling Halifax are operated by Hapag-Lloyd, approximately 6,750 TEU [see 12#12A].{APL release 18.Mar. 13}

**Integration of new and existing service**

Grand Alliance AEX service via the Suez Canal now calls the Ceres terminal weekly. AZX service will fit into AEX, said Halifax Port Authority’s Michele Peveril. The new service “ties directly back into the strategy that we have been talking about for many years that being the Asian market and the Suez route as one of our growth opportunities. Recent stats show that 48% of our cargo is destined for Asia or derived from Asia so this definitely ties back to our Suez strategy.”

She said at this early point “it’s hard for us to speculate on the volume of cargo that this could mean for Halifax but obviously with the trend of carriers deploying the larger ships and developing these types of strings, there is potential for growth for these carriers and for Halifax.” {discussions with ANR&P’s correspondent Tom Peters 18.Mar.13}

Calvin Whidden, Ceres’ senior vice-president, said AZX provides three new lines for the port, more capacity to those regions, and “three more lines chasing the same cargo will mean the end users will benefit.” {e-mail to Peters 19.Mar.13}

**Other services to Asia will remain**

Grand Alliance also operates PAX, a service from Halifax to China through the Panama Canal; it will remain. The Bahri Line (National Shipping Company of Saudi Arabia) has single line service from Halifax via the Suez to the Middle East and India. China Shipping Company has single line service via the Panama Canal to China and South Korea. {HPA web site}

**Terminals bidding**

The Grand Alliance presently calls Ceres but its service agreement at the terminal expires at the end of March. {Andrew MacDonald, allnovascotia.com 19.Mar.13} A source said both Ceres and Halterm are bidding for AZX. Ceres is likely the frontrunner, due to its present Grand Alliance connection and the fact NYK owns Ceres. {Discussions with Peters 18.Mar.13}

**HALIFAX: PELLETS RETURN**

13 March, Upper Musquodoboit. *SCOTIA ATLANTIC BIOMASS PLANS TO BEGIN WOOD PELLET PRODUCTION IN JUNE* and operate fully during the summer, according to Michele Rebiere, chief financial officer of Viridis Energy Incorporated, Scotia’s owner. It will produce annually 100,000 to 120,000 tonnes and employ 20 to 25 people.
Product to Halifax
Scotia will truck pellets to the Halifax Grain Elevator to store for shipment. 'In 2013 we will load one to two ships and each ship will typically hold 25,000 tonnes. We will do four ships in 2014 and each subsequent year,' Rebiere wrote.

Europe, 'a dramatically growing market,' will receive the pellets. Rebiere added, 'There are 14 million tonnes of pellets produced each year in the world and the demand by 2020 will be 80 million tonnes per year. So expansion is key.'

The company has also talked with the Halifax Port Authority about shipping out Sheet Harbour.

Plant expansion
Rebiere said $4 million has already been invested in the plant. 'Yes we definitely want to expand this plant and add additional jobs. We have started to look at what is required for expansion. We believe the raw material is available to meet our expansion needs but we require full cooperation from the industry including wood lot managers, the crown and government in order to help the province of Nova Scotia dominate in the European wood pellet market.' {e-mail to ANR&P correspondent Tom Peters 13.March.13}

Mill background
Viridis Energy of Vancouver purchased the assets of the mill February 2012 after former owner and operator Enligna Canada went into receivership. {CBC 18.Aug. 12} Enligna Canada, a subsidiary of Enligna AG, a German company, had taken over the mill in early 2008 after previous owner MacTara ran into financial problems and closed. Enligna had been producing wood pellets. [See 09#01A Eastport.]

Both MacTara and Enligna exported the pellets [see 99#06].

Grain elevator
Halifax Grain Elevator’s Jeff Brownlie said the elevator has handled the wood pellets in the past and is glad to see them return. The elevator, which has a total storage capacity of 144,000 tonnes, has some special equipment to handle the wood pellets: temperature monitoring on the inbound receiving conveyor belt and also temperature monitoring cables in all the storage bins. [A 2003 fire and explosion occurred when the Elevator was loading wood pellets – see 03#08B.]

“We also have ourselves set up so we can receive 24/7 without having staff on hand to do it. Security personal hits a button and the receiving system will start up. The truck driver can unload and the product can be put into storage,” he said. {Brownlie in discussions with Peters 25.Feb. 13}

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RAIL FREIGHT FACILITIES

Described in this issue.
Blue Seal (Pan Am, New Hampshire; MMA, Vermont) Moving bagging line.
Cherenzia (PW, Connecticut) Railing gravel to Brookhaven Rail Terminal.
Irving Oil (NBSR, New Brunswick) Why crude by rail.
PVE Metals (PW, Rhode Island) Foley wants to use Pond View site.

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EDITORIAL

EDITORIAL: NEW HAMPSHIRE NEEDS BETTER SERVICE

From Peter Dearness:
I understand from my contacts in and outside New Hampshire that Pan Am has improved its track, the two recent derailments in Maine and Massachusetts notwithstanding.
Gains in equipment and service, especially over the Pan Am Southern corridor, Ayer to New York, and
the main line east to Maine are encouraging.

However, a decrease in service to southern and central New Hampshire threatens to remove all rail freight customers from the area. I read Mr. Fink's recent published statement in a New Hampshire paper, presumably written due to the perceived inference in a news article that 'there was no freight service in New Hampshire'. Freight service does exist.

But his response was as inaccurate as the writer of the article he was responding to, especially where he wrote, “Unless I am mistaken, freight service is alive and well in both southern and central New Hampshire.”

The service in New Hampshire is not improving, nor is there more business on the lines, especially in south-central New Hampshire. Further, the number “35 active users in the region” Fink used is not the number of New Hampshire rail customers. I'll leave it to Pan Am to correct me, but my quick count puts the number possibly closer to 25. Perhaps 35 in all of Pan Am's dispatching District Two (between Portland and Ayer, roughly), but not in New Hampshire alone.

– Peter Dearness, owner and president of the New England Southern Railroad

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**EDITORIAL:** This twice-yearly conference is well worth it. Check out the agenda on the website. One major panel: Crude by Rail.
**Atlantic Northeast Rails & Ports**

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**Coverage**
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**Frequency and the e-bulletin**
*ANR&P* appears at least four times a month. We send a formal issue twice a month, via post or e-mail. Between the issues, we send out the *e-bulletin*, only by e-mail. All information in the *e-bulletin* is included, and often updated, in the issue.

Stories not updated for the issue are noted with an asterisk. I urge readers to look at the issue’s updated stories (those without an asterisk). Two asterisks indicate the story is updated with the blue font showing what is updated.

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**Purpose**
*Atlantic Northeast Rails & Ports*, née *Maine RailWatch* (1994-1997) and later *Atlantic RailWatch* (1998-1999), is dedicated to the preservation and extension of the regional rail network. The editor believes that publishing news on railroads and ports spotlights needed action to preserve the rail network. The publication also imbues the region with a sense of an interdependent community, employing the network to move rail and port traffic. ‘No railroad is an island, entire onto itself.’

**FORMAL E-ISSUE**