Formal issue 13#12A 19 December 2013

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

REGIONAL
Crude oil: Maine stats, CN & NBSR trains, Canada exporting its crude and importing US crude.*
MMA: Fortress affiliate bids for the MMA assets.++
MMA: Questions before 17 January.

NEW YORK
[No report.]

QUÉBEC
MMA: Track open to Tafisa, and through Lac Megantic, but no oil traffic expected.*
MMA: Investigative reporting shows Bakken light crude much more volatile than normal light crude.*

CONNECTICUT
[No report.]

MAINE
[No report. See Regional for MMA sale.]

MASSACHUSETTS
MC & BCLR: A glance facilities and ties.*
PW-CSXT: Cullet transloading locations changed.*
MC & PW: Gallo sold salt piles to ARS; SMI moved cullet. Box on South Coast track upgrades handled by Sagamore Truck and Rail.* SM in Vermont.++
Pan Am: Deal for ConnRiver line in Massachusetts is close. Hearings on ‘higher-speed rail’ corridors.*
MassDOT Ports: Planners have yet to develop any method to prioritize, or fund, port projects.*

NEW HAMPSHIRE
Pan Am: PSNH lacks permits to operate Bow?*
Pan Am Sea-3(1): Close look at terminal plans.*
Pan Am Sea-3(2): Safety help may come for proposed rail traffic to the Sea-3 propane facility.*

RHODE ISLAND
[No report.]

VERMONT
VRS: Propane facilities in Rutland, Bellows Falls.*
MMA: VRS may bid for a part of the railway.*

MARITIMES
Saint John-CN: Lower potash export next year.*

PEOPLE, POSITIONS, EVENTS
[See Massachusetts for higher-speed rail dates.]

EDITORIAL
Forget moving coal in New England, look elsewhere for traffic boost.*

FROM THE PUBLISHER

The information pouring in about MMA needs sorting. I anticipate an e-bulletin Friday with some answers to the questions I pose in Regional.

-Chop Hardenbergh  Next formal issue 31 Dec
REGIONAL

CRUDE OIL*

SIGHTINGS
As always, this list, compiled from rail observer sightings, does not contain every oil train that moved, and may list one train more than once. Some counts come from videos; all counts may well contain errors:

CN
9 December: Westbound to Saint John in Sussex, four units and 121 cars: 3 covered hoppers, 3 white tank cars, 67 black tank cars (large cuts of 13, 20, and 15), 11 high-sided gons, 2 auto racks, 19 low-sided gons (18 apparently potash), and 16 boxcars. {RailsNB}

NBSR
3 December: Westbound out of Saint John, four units pulled 45 cars: 17 high-sided gondolas (chip cars probably), 8 empty centerbeams, 8 insulated boxcars for beer, 8 boxcars, and four LPG black tank cars. (No oil.) {RailsNB}

MAINE STATISTICS
Pan Am reported, as required [see 13#11B], its October statistics on 2 December. For the year thus far:

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{Maine Department of Environmental Protection}

Comment
Based on sightings reported, Pan Am's figure for October reflects the order of magnitude for the previous few months.

After the 6 July Lac Megantic disaster, not only did MMA fall to zero but Pan Am crude fell as well.
Before 6 July, the data indicate that MMA was ramping up, since during the six days of July it carried more than one-third of all of June. Editor

CANADA IMPORTING US CRUDE, EXPORTING ITS OWN
from RBN Energy

US crude oil export rules, administered by the Bureau of Industry and Security, dictate US-produced crude and/or lease condensate cannot be exported except to Canada. Thus US light crude supplies, which most US refineries are not configured to handle, outstrip refinery demand. So US crude prices move below overseas levels to get rid of the stuff, in part because the surplus cannot be exported except to Canada.

Canada has no such export ban on crude and produces far more crude than they can consume internally so most of their output is exported. However, Canadian producers have crude pricing challenges of their own because the vast majority of their exports must go to the United States, lacking routes to other countries. As a result the prices that Canadian producers get in the crowded US market are heavily discounted versus overseas alternatives.

Moreover, the cheap US crude reaching Canada is pushing the Canadian crude offshore.
How Canada exports overseas

Western Canada has only one ocean terminal with a pipeline from the oil fields: the Westridge Marine Terminal near Vancouver which is not a deep-water port. It cannot handle VLCCs and must use AFRAMAX tankers (up to 750 MMBbl).

Canadian crude exports from the East coast are the output of three production fields off Newfoundland: Hibernia, Terra Nova, and White Rose; they account for about 200 Mb/d of light and medium-gravity crude. While there is a ready market for that production at eastern Canadian refineries, there are no rules to prevent its export.

Canadian land-based producers can rail their product to US ports: the two most widely-touted rail opportunities are Western Canadian crude to US deep-water West coast ports in Oregon and Washington, or to Albany New York for export from the East coast of the United States.

Data from Canada's National Energy Board suggest increased exports of East coast Canadian crude production over the past year and there is more recent circumstantial evidence that confirms this trend. In the past month, Reuters reported that India's biggest refiner Indian Oil Corp. bought one MMBbl of Canadian White Rose crude through a tender from trader Glencore. And according to a Platts report in August (2013), Chile's state-owned oil company ENAP has been buying at least one cargo a month of Canadian Hibernia and Terra Nova crudes since April 2013.

How the US exports to eastern Canada

Market reports suggest that flows to Eastern Canada are primarily arriving by tanker from the South Texas Eagle Ford basin or by rail and tanker from the North Dakota Williston basin.

Summary

Given the choice, Canadian East coast producers can either sell their crude to local refineries in Canada at low prices that compete against cheap US imports or they can get higher Brent-based prices in the international market. They naturally choose the better priced international market, freeing up space for US imports into Eastern Canada. As long as US exports are banned except to Canada, Canadian refineries are able to take advantage of cheap imports to improve their processing margins. {Sandy Fielden in RBN Energy 5.Dec.13}

MMA: CURTAIN UP!**

12 December, Portland. **AN AFFILIATE OF FORTRESS INVESTMENTS HAS PROVIDED THE STALKING HORSE BID OF $14.25 MILLION FOR NEARLY ALL THE ASSETS OF MMA** in Quebec, Maine, and Vermont. The Maine court and Trustee Bob Keach are conducting the sale to cover the Canadian assets as well. Keach has an agreement in hand to sell: the Asset Purchase Agreement.

On 13 December he said that while the timing appeared short – five weeks between announcement and auction – he has been “talking to a lot of people” and he does not expect any objection to the schedule. The amount of interest indicates to him “there will be other people there” at the auction. {ANR&P13.Dec.13}
Low opening bid?
MMA stated in its bankruptcy filing in August that it had assets of between $50 million and $100 million for its U.S. operations and $18.9 million for its Canadian operations. In early December, Trustee Bob Keach said that the opening bids at the auction could be much lower, as the listing “vastly overstates” the value of MMA in the wake of the Lac-Mégantic disaster. {Monique Beaudin in Montreal Gazette 5.Dec.13}

Burkhardt comment
Asked for his view, MMA chair Ed Burkhardt said, 'I can’t comment on the price. Presumably Fortress has prepared a financial model and bid a price that can be supported by MMA’s prospective cash flow.

'Fortress is a large and well-regarded fund with excellent management. That said, there is many a slip between the cup and the lip! Stay tuned.' {e-mail to ANR&P 13.Dec.13}

Who is the bidder?
The proposed sale document names the Buyer as Rail Acquisition Holdings LLC, apparently affiliated with Fortress Investment Group, a publicly-traded investment firm that manages roughly $58 billion in assets. The draft Asset Purchase Agreement names two Fortress employees to receive notices for Railroad Acquisition Holdings. Keach would not confirm Fortress’ involvement in the sale, but confirmed that the list of who should receive notices is correct. {Whit Richardson in Bangor Daily News 13.Dec.13}

The two Fortress employees to whom notice should go. Ken Nicholson with copy to Joseph Adams, both at Fortress Investment Group LLC, 1345 Avenue of the Americas, 46th Floor New York, NY 10105.

Property and Sellers involved
Keach filed motions and other documents this day naming the price; the sellers as MMA, MMA Canada, and the bankruptcy estate; and the property as the following in Maine, Vermont, and Quebec:

- the MMA Lines and MMA Canada Lines
- all track
- all locomotives and other equipment plus rolling stock
- all trackage rights agreements
- all leases and executory contracts
- the name and other intellectual property.

Excluded: all employment contracts and benefit agreements. The Buyer will pay all unpaid wages, vacation pay, and benefits of Canadian workers, but not US workers.

Government permits, etc
The new owner acquires:

'We All Governmental Permits (to the extent transferable) and all other licenses or authorizations and related documents that relate to, or are material to, or are used and useful in connection with, the ownership and operation of the MMA Lines....

'We All Governmental Permits (to the extent transferable) and all other licenses or authorizations and related documents that relate, or are material to, or are used and useful in connection with, the ownership and operation of the MMA Canada Lines.'

[However, all Purchasers must obtain permission to operate in US territory from the STB, and in Quebec territory from either the province or the Canadian Transportation Agency. Editor]
Payment of price and breakup fee
Within five days of the sales agreement, Buyer will place $750,000 in escrow. If the deal does not go through because another buyer or buyers win the bidding, the estate will refund the escrow and pay the Buyer $498,750 and actual expense not to exceed $500,000, as a fee for serving as the Stalking Horse. {Asset Purchase Agreement, page 26}

Financing
'At the Closing, Purchaser will have sufficient immediately available funds to pay the Purchase Price and all other amounts payable pursuant to this Agreement, the other agreements contemplated herein, and the transactions contemplated herein and thereby. Upon the consummation of the transactions contemplated herein, Purchaser will not be insolvent, be left with unreasonably small capital, or have incurred debts beyond its ability to pay such debts as they mature.'

Employees
'Sellers shall use their commercially reasonable efforts to make all employees who are employed by MMA and/or MMA Canada available for employment by Purchaser, and will cooperate with Purchaser in securing the services of such of those employees Purchaser elects in its sole and absolute discretion to offer employment. Each Seller hereby acknowledges that Purchaser assumes no responsibilities of or to Sellers with respect to Sellers’ employees, except as expressly provided herein. With respect to each employee of the Sellers, if any, to which Purchaser makes an offer of employment, each Seller covenants and agrees that it shall not, directly or indirectly, attempt to entice, induce or influence any such employee to either not accept the employment offer from Purchaser or to leave such employment with Purchaser.' {Asset Purchase Agreement page 21}

Contiguous line/Lac Megantic
'Purchaser shall have determined in its sole judgment that the Assets conveyed and transferred to it at Closing, and the Governmental Permits, are sufficient to enable Purchaser to operate uninterrupted through train service over the entirety of the MMA Lines and the MMA Canada Lines from and after the Closing Date.

Purchaser shall have obtained written assurance, in form and substance satisfactory to Purchaser in its sole judgment, that the temporary rail line in and through the town of Lac Megantic, Quebec (including the segment that is subject to the lease referred to in Section 5.1(a)(ii)(4) of this Agreement) will, within two (2) years of the Closing Date, become a permanent railroad line or be replaced by a permanent railroad line (or lines) in and through the town of Lac Megantic to be constructed on the right-of-way upon which MMA Canada’s rail lines were located prior to July 5, 2013 or via such alternate route as MMA Canada, Purchaser and any applicable Governmental Authority may agree in writing, in each case on terms and conditions reasonably satisfactory to Purchaser.' {Asset Purchase Agreement page 32}

Qualified bidders and due diligence
All qualified bidders must show they are financially able to consummate the sale, they have no financing conditions, and provide adequate assurance of future performance. {Bid Proc page 3} Potential bidders may perform due diligence until two days prior to the auction. It consists of management presentations, access to data rooms, and onsite inspections.

LMS Acquisition
'Purchaser shall have entered into an agreement, on terms and conditions satisfactory to Purchaser in its sole discretion (including, without limitation, a break-up fee and expense reimbursement...), to acquire substantially all of the assets (or such lesser portion of such assets designated by Purchaser) of LMS Acquisition Corp., a Delaware corporation (“LMS”), which sale transaction shall close simultaneously with, or prior to, the Closing.... {Asset Purchase Agreement page 32}
BID PROCEDURE
Potential buyers who meet the requirement of Qualified Bidder may offer bids up until 17 January 2014. If Keach receives no more qualified bids, Rail Acquisition wins the property. If others bid, he will conduct an auction at Bernstein Shur on 21 January at 10AM.

Lots offered
At the Auction, the Assets will be offered in the following Lots in such order as the Trustee, MMA Canada, and the Monitor shall determine in their discretion:

All assets. 'All of the assets to be transferred to the Purchaser in the Stalking Horse APA, consisting of substantially all of the assets of MMA and MMA Canada, with the exception of the Excluded Assets.'
Minimum initial bid $15,748,750.

All US assets. All of the assets of MMA.
Minimum initial bid $10,551,662.

All Canadian assets. All of the assets of MMA Canada.
Minimum initial bid $5,197,088.

All Maine assets. All of the US assets of MMA other than the Newport Subdivision.
Minimum initial bid $9,801,662.

The Vermont assets. This is the track and related real estate and rights applicable only to the Newport Subdivision with the loop into Canada.
Minimum initial bid $750,000.

Bidding
'At the commencement of the Auction and at the conclusion of each round of bidding at the Auction, the then highest or otherwise best offer for each Lot shall be announced by the Trustee, the Monitor, MMA Canada, and/or one or more of their respective representatives, along with the basis for such determination, including identification of any non-economic terms that form the basis for such determination.

In comparing the proposed purchase price in any competing Qualified Bid to the bid of the Stalking Horse, the proposed purchase price of such competing Qualified Bid shall be reduced by the Break-Up Fee and the Expense Reimbursement.'

Subsequent bids shall be made in minimum increments of not less than the following –
All Asset Lot: $500,000
MMA Lot: $400,000
MMA Canada Lot: $200,000
MMA Maine: $350,000
MMA Vermont: $50,000. {Bid Proc page 7}

'Following the offering of all Lots and preliminary completion of rounds of bidding for all Lots, the Trustee, MMA Canada, and the Monitor may compare the then highest and best offer for the All Asset Lot (the “Best All Asset Bid”) with any combination of offers for the Lots other than the All Asset Lot (the “Combined Lot Bids”) to determine which of the two is the highest and best offer and the offer which best addresses the public interest (as that term is used in 11 U.S.C. § 1165, the “Public Interest”).

After announcement of that determination, additional rounds of bidding may be conducted with the bidder having made the Best All Asset Bid and each of the previous bidders making the highest and best bid for
each of the other Lots being permitted to increase their bids.

'Following such additional bidding, the then-increased Best All Asset Bid and the then-increased Combined Lot Bids shall again be compared. This process may be repeated at the discretion of the Trustee, MMA Canada, and the Monitor until they conclude, at their discretion, that bidding has been completed, and subject to the right to conduct a round of sealed bidding...

'Prior to concluding the Auction, the Trustee, the Monitor, and MMA Canada shall: (i) review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the Sale process, including those factors affecting the speed and certainty of consummating the Sale; and (ii) using the reasonable discretion of the Trustee, the Monitor, and MMA Canada, taking into account their fiduciary duties and the Public Interest, identify and announce to all attending the Auction, the highest or otherwise best offer which is also in the Public Interest (the "Successful Bid") and shall rank the remaining Qualified Bids (each a “Back-up Bid”) and the basis for such determination.

'The Trustee, MMA Canada and the Monitor may reject at any time before announcing the Successful Bid(s) at the Auction, any bid that, in the reasonable discretion of the Trustee, the Monitor, and MMA Canada, taking into account their fiduciary duties and the Public Interest, is: (i) inadequate or insufficient; or (ii) not in conformity with the Bankruptcy Code, the CCAA, or the Bid Procedures.

'The Trustee, MMA Canada, and the Successful Bidder(s) shall be required to execute the asset purchase agreement(s) for the Successful Bid(s) at the conclusion of the Auction or immediately thereafter. The bidder as to any Back-up Bid shall also execute an asset purchase agreement, contingent on the failure to close of any Successful Bid. {Bid Proc page 9}

{documents from US Bankruptcy Court website case 13-10670}

MMA BANKRUPTCY: THE REMAINING QUESTIONS

Now that the bankruptcy trustee has completed a stalking horse bid with a subsidiary of Fortress Investments, the rail industry can entertain additional questions before the bid deadline of 17 January [see article above]:

Public interest
How will public interest play into a decision for which bidder? Under 11 USC 1165, 'In applying sections 1166, 1167, 1169, 1170, 1171, 1172, 1173, and 1174 of this title, the court and the trustee shall consider the public interest in addition to the interests of the debtor, creditors, and equity security holders.' [Note in above article the mention of Public Interest in the terms of the Bid Procedures.]

Who will raise the public interest point? Under 11 USC 1164, 'The [STB], the [US] Department of Transportation, and any State or local commission having regulatory jurisdiction over the debtor may raise and may appear and be heard on any issue in a case under this chapter, but may not appeal from any judgment, order, or decree entered in the case.'

As the US Trustees Manual states: 'Given the fact that the Surface Transportation Board and the [US] Department of Transportation, as well as any state or local commission having regulatory jurisdiction over the debtor, are accorded the right to be heard on any issue in the case, it may be presumed that these agencies will assist in informing the court of what the public interest is.' {Manual Chapter 11, Oct.98}

Will one party buy the entire system, or will some separate Lots be sold?
The trustee has created five different lots: the entire system; the Quebec portion; the US portion; the US portion sans Vermont; and the Vermont portion.

At the hearing on the proposed order by Keach, EMRY protested the boundaries of the Lots, but the
judge overruled EMRY.

VRS has for some time expressed interest in the Vermont portion [see 13#09A].

Can any party find enough overhead traffic to keep the Moosehead subdivision operational?
Presumably any buyer will not lock itself into continued operation of all the track, if it cannot find enough traffic. MMA was doing much better when the crude oil was flowing to Saint John. Can that start again, or can Quebec permanently block the use of the line for crude oil?

If not crude, could Tropical intermodal provide the overhead traffic? [See below.]

Does enough traffic exist to keep the line from Lac Megantic to Jackman open?
Even if the line between Jackman and Brownville Junction is abandoned, the one Maine shipper who remains, Moosehead Lumber, wants to send its product west into Quebec. Does it generate enough traffic to keep the line to Lac Megantic open? [The Moosehead Subdivision begins in Brownville Junction milepost 0.0, hits Jackman at MP73.6, then Lac Megantic at 117.1. \textit{Canadian Trackside Guide 2011}\]

Does Searsport generate enough rail traffic?
While the trustee is not offering the line from Northern Maine Junction to Searsport as a separate Lot, one has to ask whether the port, or major shipper GAC Chemical, has enough traffic for a future operator to want to keep that line.

Why was the price so low?
The stalking horse bid of $14.25 million is apparently well below the market value of the assets sold separately not for railroad purposes. The trustee agreed to sell the assets as a going concern [see 13#09B 8 Bidders], so presumably he could find no other party willing to pay more for the entire system.

Who will take how much of a haircut?
The courts in both Maine [see 13#09A] and Quebec have agreed that the lawyers in the case can take up to $5 million in each jurisdiction. That leaves about $4 million – assuming that no one bids more – for the secured creditors, which are:

FRA $27.5 million [the FRA has agreed that the $5 million US fee will come out of its take – see 13#09A].
Wheeling & Lake Erie $6 million (a topic of dispute in the bankruptcy proceeding)

What role will MDOT play?
Conceivably, a bidder could ask MDOT to buy from the bidder the track and right-of-way, leaving the bidder as the operator [MDOT did buy SLR track and leave SLR as the operator between Portland and Auburn – see 13#11B]. However, Nate Moulton, the department’s railroad administrator, wrote on 18 December that no party has inquired about making such a deal.

MDOT has discussed the pending sale with many parties. Also, MDOT Commissioner David Bernhardt said in August that the state needs the east-west line, and will need money to buy it if no bidder buys the entire system and the railroad is broken up [see 13#08A].

The role of the past
The lines through Maine have undergone significant change, and substantial changes in traffic.

\textit{World War II and afterward.} On 17 December 1974, nearly 40 years ago, CP became a transcontinental railway. (Mind you it only last for 20 years and two weeks.) On that day, CP purchased from the Maine Central what was referred to as “the joint track,” the 56 miles of track between Mattawamkeag and Vanceboro that was arguably the busiest piece of single iron on the North American continent during the Second World War. \{George Pitarys in RailsNB e-list, citing his book \textit{Seasons of Trains}\}
The sale to Iron Roads. Is CP well-off having disposed of the line from St.Jean to Saint John?

The bankruptcy of Iron Roads and MMA creation. How does the MMA bankruptcy compare with the Iron Roads bankruptcy?

Why is Fortress interested?
Some believe in a Florida connection here. Fortress owns the Florida East Coast Railway (FEC), acknowledged as 'well-run'. A major user of the FEC, the container line Tropical Shipping, also uses CN to reach Saint John for Canadian boxes [see 13##11B, Crude Oil] to and from the Caribbean; a Tropical ship sails from Saint John every Monday.

PAN AM: LESS COAL?*
4 December, Concord. THE CONSERVATION LAW FOUNDATION SUIT TO SHUT THE BOW COAL PLANT moved forward when federal judge Joseph Laplante denied Bow owner Public Service of New Hampshire its motion to dismiss the case.

'CLF alleges that PSNH, both prior to and since making changes to the plant in 2008 and 2009 (which the parties refer to collectively as the “turbine projects”), failed to obtain permits required under the state and federal regulations that implement the CAA’s “New Source Review” program....

'The parties’ briefing on these topics has been supplemented by amicus briefs submitted by the United States (which supports CLF’s position) and the Utility Air Regulatory Group (which describes itself as an “unincorporated trade association of individual electric utilities and national industry trade associations” and whose briefs support PSNH’s position).'

CLF may now go ahead with proving its contention. {Opinion in Docket No. 11-cv-353 provided by CLF} [See 13#11B for Pan Am's decreased coal traffic to Bow.]

QUEBEC

MMA: TRACK TO TAFISA*
5 December, Lac Megantic. “THE PHYSICAL AND TECHNICAL REQUIREMENTS FOR SERVICE TO BE RESTORED HAVE BEEN COMPLETED,” said Bob Keach, the Portland lawyer serving as trustee of the bankrupt estate [see 13#11A].

The tracks are being tested and inspected. Discussions about resuming railway service are underway with provincial and federal transportation authorities and the town of Lac-Mégantic.

No through service without a buyer
Service would be first restored to businesses in the area, Keach said. Whether or when to resume other operations on the line will be up to whoever buys the bankrupt railway.

While MMA has continued operations on both sides of the border, Keach said any decisions about whether the railway will resume carrying crude oil will be up to its new owner. He does not expect MMA trains to transport any crude oil before the company is sold. “There is no legal restriction on carrying crude, but there is no demand for it right now,” he said. The state of crude-by-rail shipments is “in flux” in Canada and the U.S., he said, not just because of the Lac-Mégantic derailment. {Monique Beaudin in Montreal Gazette 5-Dec.13}

MMA: MORE ON LAC MEGANTIC*
3 December, Toronto. AN INVESTIGATION BY THE GLOBE FOUND WARNING SIGNS THAT BAKKEN CRUDE WAS NOT LIKE OTHER OILS.

In New Town North Dakota, where the cars involved were loaded, locals like to boast that the honey-coloured oil can move from wellhead to truck engine without refining, because it is so light.

As early as 2010, North Dakota geologists were investigating lethal gasses in the oil. In spring 2013, the
FRA became aware of 'severe corrosion' of tank car walls and joints, according to a letter sent to a U.S. petroleum association. It cited test findings that some Bakken oil could be ignited at temperatures as low as 20 C.

In May 2013, bigger alarms went off when pipeline giant Enbridge discovered dangerous hydrogen sulfide levels in Bakken crude: 24 times the legal limit. The U.S. Federal Energy Regulatory Commission granted emergency powers to Enbridge to block crude with excessive amounts of the potentially lethal and explosive sulfide vapours from entering its pipeline.

Interviews with rail officials and exclusive access granted to a Toronto *Globe* reporter to the North Dakota crude facility that loaded the Lac-Mégantic train indicate that the makeup and flammability of Bakken oil is not always tested.

**Unusual explosions**

Even before the inferno was extinguished, rescue workers and rail, petroleum, and government officials were asking the same troubling question: Why was the oil so explosive?¹

“The explosions and everything, I didn’t think crude oil did that,” said Ed Pritchard, a former accident investigator with the U.S. Federal Railroad Administration. In his experience as a railroad inspector, oil companies and shippers do not always examine oil for corrosiveness and explosiveness. “They didn’t test the oil,” he said. (Jacquie McNish and Grant Robertson in Toronto *Globe and Mail* 3.Dec.13)

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**MAINE**

**MMA:** SEE REGIONAL

**MASSACHUSETTS**

**MC & PW: CUSTOMERS MOVE**

16 November, Sagamore. *AMERICAN ROCK SALT PURCHASED THE GALLO OPERATIONS IN WORCESTER AND TAUNTON ON 1 JANUARY 2013*, wrote Carol Gallo, president of Sagamore Truck and Rail. For the past several years [see 10#09B], ARS used both locations to deliver salt for Massachusetts contracts it won, using Sagamore to handle the salt operation and dray to delivery points.

The winning salt price includes moving the salt from the railhead to certain destinations dictated by the state contractor or municipality. For 2013 in both Worcester and Taunton, ARS, which owns the salt in the piles, has hired Wecare Organics to operate the salt pile, with Sagamore handling the delivery. [Wecare Organics was bidding to handle Taunton waste – see 12#03A.]

**Why Gallo sold**

Gallo wrote: 'ARS made us an offer and we accepted. There were financial reasons why this agreement was good for both parties. Managing the salt piles in a busy winter is unforgiving; managing the salt piles when there is no business is financially difficult. We were gambling on bad weather. We couldn't afford to take that chance every season, or to have another winter with no snow.'

**Worcester: cullet still here**

**Salt transload.** When PW's intermodal traffic shrunk, Gallo opened the salt pile in Worcester [see photo] on the same site in 2009, handling American Rock Salt [see 09#08B]. ARS now uses the site.

**Cullet.** Prior to 2002 Strategic Materials opened a glass crushing (“cullet”) facility south of Worcester Yard

¹ Including your editor. See 13#07A.
along Millbury Avenue [see 02#09A] doing hundreds of carloads a year. By 2004 Strategic closed the facility. It secured a facility in Connecticut [see other story] for one supplier of glass.

Gallo Construction still unloads trucks and loads railcars for Network Equipment Services [see Scorecard]. Louis Gallo hopes to expand the operation, said Carol Gallo.

Dirty dirt. MHF Logistics opened the location shown on the Worcester map in 1999 and by 2002 was handling over 500 cars a year [see 02#09A]. MHF was sold to Penguin Logistics in 2009 [see 09#08B], became MHF Services [see 12#10A], and still operates here.

Taunton
Since 1954, Gallo Construction operated the Taunton Railroad Siding as a bulk distribution site for road salt, cullet, some specialty stone, and soils. Now, no business remains.

Salt. Akso Nobel used the site in the 1990s before its New York mine collapse; successor American Rock Salt has used Taunton since 2002. In 2003 ARS delivered about 1000 cars [see 03#03A]. Sagamore has trucked for

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<td><strong>Strategic Materials (SM)</strong></td>
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<td>SM operated a cullet processing and transload in Worcester, but now only operates in Franklin (CSXT-served transload). It had a facility for supplier Glassco in 2004 but subsequently closed it [see cullet article].</td>
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<tr>
<td><strong>Glassco</strong></td>
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<tr>
<td>SM revived the old track past Gro-Well in Plainfield to an unused facility and build a pad. Here Glassco (PW-served) loaded gondolas with cullet.</td>
</tr>
<tr>
<td><strong>Network Equipment Services (NES)</strong></td>
</tr>
<tr>
<td>This company has a recycled glass site in the PW Worcester yard to load into railcars. Gallo Construction operates it.</td>
</tr>
<tr>
<td><strong>American Rock Salt (ARS)</strong></td>
</tr>
<tr>
<td>ARS supplied road salt to Sagamore-operated salt piles in Worcester (PW-served) and Taunton (MC-served), and in 2013 purchased them.</td>
</tr>
<tr>
<td><strong>Gro-Well, Vaporizer</strong></td>
</tr>
<tr>
<td>Gro-Well supplied bagged ice-melt from its facility at 46 Lathrop Road Extension, Plainfield, Connecticut until sold to Vaporizer. PW served Gro-Well.</td>
</tr>
<tr>
<td><strong>Vaporizer</strong></td>
</tr>
<tr>
<td>Vaporizer is a Delaware limited liability corporation (LLC) whose sole member is ARS. Vaporizer was formed to sell ice-melting rock salt. (ANR&amp;P discussion with Vaporizer official 16.Oct.13) PW serves Vaporizer.</td>
</tr>
<tr>
<td>On 12 October 2012, Gro-Well and Western Organics agreed to sell their 'Ice Melt' division to Vaporizer, including goodwill and the facility in Plainfield (PW-served) for $436,000 paid for inventory, an amount based on Vaporizer sales, and $750,000 to be paid in three successive years. On 15 October 2013 Vaporizer said it would not make the $250,000 due on 16 October, claiming some setoffs. Gro-Well and Western Organics filed a breach of contract action in New York City federal district court. {court website, case # 1:13-cv-07643}</td>
</tr>
<tr>
<td><strong>Gallo Construction</strong></td>
</tr>
<tr>
<td>John Gallo senior at his death passed on the Cape Cod-based construction firm, Gallo Construction Company, Incorporated, which he founded in 1949. His two sons continued the company with their own sons up to 1999 when son John A Gallo Junior's own son, Anthony, died in a truck accident. John Junior decided to leave the business and in 2002 son Louis bought his share. John Junior died May 2013.</td>
</tr>
<tr>
<td><strong>Sagamore Truck and Rail</strong></td>
</tr>
<tr>
<td>Sagamore, associated with Gallo Construction, was founded by Louis’ spouse Carol DeBoer Gallo in 2002 to handle the fly ash from the nearby power plant. Louis Gallo owns 49%. It handles several other products [see article] at its siding and trucks ARS salt in Worcester and Taunton.</td>
</tr>
</tbody>
</table>
ARS, and will continue to do so though ARS now owns the business site.

In 2007, Louis Gallo said the Taunton facility was handling only about 1/10th of the area's salt. Marine-served piles in Providence and Boston supplied most of it [see 03#07A].

MAP OF VARIOUS CUSTOMER CHANGES IN LOCATION – see article
Cullet. In 2006, Gallo Construction was transloading cullet next to the salt facility. The cullet company 'moved to Sam White's, and then left them,' wrote Carol Gallo.

**Other products.** In 2007, Gallo Construction also handled fertilizer here for cranberry growers [see 07#03B].

**Two transloading operations in Sagamore, Cape Cod**
Both Gallo Construction and Sagamore Truck and Rail operate transload facilities here in Sagamore alongside the Cape Cod Canal [see 03#03A], though Gallo Construction is handling nothing by rail here currently.

Sagamore holds a permit from the Town of Bourne Board of Health to recycle certain goods by rail, such as plastics, wood, and flyash.

Its metal building hangs over the spur. It has 4,200SF for the rail section; a 45 by 46 foot space for storage, and a 45 by 23 foot space rented out to Sandwich Town Marina for repairing docks in winter.

**Salt and sand/salt.** Carol Gallo wrote that the company 'still distributes salt and sand/salt on the Cape only as we have a five year non-compete.' It obtains salt from ARS and trucks it. It handles Vaporizer bagged salt.

**Fly ash.** Since 2002, Sagamore has trucked flyash from the Canal gas/oil-fired power plant in Sandwich, now owned by NRG Energy.²

Up to 2010, Sagamore in an enclosed building loaded the flyash into railcars.³ Starting in 2010, Sagamore trucked the flyash to TurnKey (a part of Waste Management) in New Hampshire.

The permit allows Sagamore to store fly ash onsite until Canal has sent enough to make up a whole truckload for New Hampshire.

**Other products.** In 2007, Sagamore handled gas pipe and Ice Ban [see 07#03B]. In 2013, Sagamore supplied and loaded ten thousand tons of ballast, trucked from Rhode Island, for sites from Buzzard Bay to Hyannis for the new MBTA Cape Flyer which ran from Boston to Hyannis.

This autumn, Sagamore has unloaded 44,000 railroad ties for MC and distributes them by truck throughout the South Coast [see box]. This contract will probably finish up in spring 2014. {e-mail to ANR&P from Carol Gallo 16.Nov.13}

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²In early 2013, NRG Energy acquired GenOn Energy which acquired Mirant, which owned the Canal Electric power station. Sourcewatch reports the plant burns gas or oil. {websites}

³ In 2003, Mirant said that 'Fly ash is trucked to Gallo in Sagamore and then railed to US Vanadium (a subsidiary of Strategic Minerals) in Arkansas to extract the vanadium.' {e-mail to ANR&P}
PW-CSXT CULLET CUSTOMER
20 October. HOW STRATEGIC MATERIALS MOVED ITS FACILITIES was explained by Joel Schumacher and Robin Arnold of Strategic.

Strategic Materials Plainfield
When Strategic Materials closed in Worcester [see 04#06B], one of its suppliers, Glassco, and a representative found the site in Plainfield. Strategic set up a depot for Glassco served by PW. 'Due to several reasons we let that property go and that supply has since dried up,' wrote Arnold.

Strategic Materials Franklin
Strategic now gathers material in Franklin at 45 Kenwood Circle and drays it to Middleboro, to Capeway on MC. Capeway created its transload in 2009 [see 09#05A] and won the Strategic business [see 09#08A]. Strategic Materials acquired the Franklin processing plant 'when we bought out CRA (Recycle America),' wrote Arnold [see 11#04B box]. 'That plant does not have rail service, and Taunton was simply used for transloading.' Strategic asked for pricing from other transloaders. Bernie Reagan of BCLR, which served the Taunton facility, offered a site in Millis which BCLR continued to serve after it lost the Cape and Taunton operations. However, as Arnold reported, 'Capeway and MC provided a better opportunity for us.' Reagan said Capeway built the capital assets, in return obtaining a long-term contract to handle the cullet.

Strategic Materials Worcester
Strategic Materials closed its processing plant in Worcester; Arnold said 'we decided to exit the bottle market.'
{discussion and e-mail to ANR&P}

Strategic Materials in Vermont
In 2012, Strategic Materials opened, at Casella in Rutland, a cullet transload [see 12#04A]. Scott McCalla, whose Maxem Consulting helped get the transload running, said on 17 December 2013 that the transload was still loading cars, with empties waiting. {e-mail to ANR&P}

MC & BCLR: A QUICK LOOK*
9 December, South Coast. A RECONNOITERING OF FALL RIVER, NEW BEDFORD, AND MYRICKS revealed both cars and ties for the track upgrade [see above].

Watuppa industrial track
'No activity. One centerbeam of drywall for DBS. Nothing on the Colonial Beverage siding (I hear this traffic has become pretty slow of late, despite the holidays).\' No loading at Mid-City Scrap either.

Fall River
The 'Battleship Cove yard was jammed with cars, all tank cars for Borden-Remington plus 2 Gold Medal cars [flour is drayed miles south – see 12#10A]. Three cars for Gold Medal on the State Pier too.
'Crossing work largely done, new crossing protection still needs to be completed. Was surprised by the extent of flashers/gates installed.

Assonet
'First sign of new ties being stockpiled on the Fall River line was up in Assonet, with a decent pile near the Freetown Historical Society. Just north of Assonet, up at Forge Pond, was a large hyrail truck distributing new ties. Noted new ties lying along the mainline north of there to Myricks.

Myricks
'More ties and equipment at Myricks. New ties set out north to Cotely Junction and south on the New Bedford mainline just past (south) of Malbone Street, the next crossing south of Myricks.
'Up at Padelford Street were at least five ballast hoppers including two with P&W reporting marks stored on the former Agway siding.

New Bedford line

'No new ties deposited south of Lakeville on the New Bedford mainline. Two reefers on the Wainer siding in New Bedford. Still a large pile of new ties in New Bedford Yard. Didn't see any sign of any work restoring the Maritime Terminal switch, although a lot of stuff piled on the siding on their property is gone.' {e-mail to ANR&P from rail observer who wishes to remain anonymous}

PAN AM: SALE OF CONNRIVER LINE IN MASSACHUSETTS*

10 December, Springfield. MASSDOT AND THE RAILROAD AGREE ON PRICE AND TERMS for the sale of the ConnRiver line between Springfield and the Vermont border – at least as he understood the situation, said Dana Roscoe, planner with the Pioneer Valley Planning Commission. “The lawyers are just dotting the i's and crossing the t's.”

Commuter rail?

Roscoe mentioned a separate rail project for the Knowledge Corridor. The equipment which sits idle at Amtrak's Springfield Yard could be used for daily commuter trips between Springfield and Greenfield. The region would look to the state for operating funds. “We look at the success of the Downeaster” as a harbinger of success in the Knowledge Corridor.

That would make good additional use of the $90 million cost for track purchase (estimated $17 million) and rehab (estimated $73 million) beyond the projected twice daily Vermonter round trip. {ANR&P discussion; Richie Davis in Daily Hampshire Gazette 9.Dec.13}

MASSDOT PORTS: SOMETHING AMISS?*

25 November, New Bedford. MASSDOT NEEDS TO CREATE A FUNDING SOURCE AND A PRIORITY FOR PORT PROJECTS, according to those who attended a meeting here. The department was presenting draft recommendations for the Ports of Massachusetts Plan.

[The draft lacks both. A reading of the draft, available on the MassDOT website, reveals that the recommendations contain only a wish list for each of five ports (Gloucester, Salem, Boston, New Bedford and Fall River) without any suggestion about priority within each port, without any recommendation of how to decide among ports, and without a funding source. Editor]

Funding source

William Roth, town planner for Fairhaven, noted that maritime projects are more challenging and more expensive to pull off than some of MassDOT's other projects and suggested the state agency create a "designated funding mechanism" for port projects. "We shouldn't have to compete with highways and bridges for funding," Roth said. "They are very cumbersome projects compared to building highways, and we don't want that to mean ports don't get funding."

Jim Kendall of New Bedford Seafood Consulting agreed, noting that MassDOT's logo includes a bus, a highway, a bike and a car but no boats. "A lot of people see the fishing industry as going away. We're hurting in a lot of ways but New Bedford is the number one port in the country," he said. "If we lose infrastructure investment, we'll have a much harder time....The question is how these projects are going to fit into MassDOT," he said.

Priority

Jeffrey Stieb, executive director of the New Bedford Harbor Development Commission, suggested that projects should be prioritized for funding based on ability to create private sector jobs and build cargo capacity in the Commonwealth. He said that investment decisions should be made "based on expected return on investment
and not left to the uncertainties and imprecision of the political process." {Ariel Wittenberg in New Bedford Standard Times 26.Nov.13}

A speaker from the Maritime Terminal agreed. {e-mail to ANR&P from rail observer who attended, 27.Nov.13}

RESPONSES FROM SEAPORT COUNCIL AND MASSDOT
After three weeks of repeated requests for comment on priority of projects and allocation of funding, MassDOT spokesperson Amanda Richard provided this:

'These are issues that will continue to be addressed by the Ports of Massachusetts Compact [see 12#08B], and by any future maritime organization developed out of the work of the Ports of Massachusetts Strategic Plan.' {e-mail to ANR&P 10.Dec.13}

Seaport Advisory Council
Louis Elisa, director of the Massachusetts Seaport Advisory Council, wrote on 10 December in response to whether he could provide any insight into funding or priorities:

'Actually, given the present configuration of the process, I can't. DOT is proposing changes the sum of which I have not been apprised of. We have asked for their process for which they will apply going forward regarding port project selection and prioritization as a method for selecting projects in the future but there has been no conclusive response.

'At our last meeting regarding funding and administrative procedures last week we were told that there would be a follow-up meeting that would clarify the process forward but it has not been scheduled as of yet.

'Seaport needs to know what the process is or will be and we will keep asking but as of now we cannot give a reliable response to that very basic question.' {e-mail to ANR&P}

NEW HAMPSHIRE

PAN AM: FUTURE PROPAANE TERMINAL*
9 December, Newington. CONCERNED ABOUT SAFETY, THE TOWN WILL REQUEST ASSISTANCE FROM THE FRA in taking appropriate measures for the anticipated Pan Am trains delivering propane to Sea-3's proposed export facility [see 13#11B]. The Planning Board this night continued its public hearing which drew a large crowd, including residents of Portsmouth, town officials from Newington and Greenfield, and Newfields Fire Chief Jeff Buxton.

Pan Am willingness
Cynthia Scarano, executive vice president of Pan Am Railways, said at the hearing she will meet with NHDOT to talk about crossings over state highways, and is willing to do the same with towns at crossings over town roads.

Asked if Pan Am may change track structure to increase the track speed above the current 10 miles per hour, Scarano was noncommittal. She did note that the speed is set by the classification of the track, and not by what types of development surround the track.

Portsmouth concern about noise impacts
In a letter to the town of Newington, Portsmouth Planning Director Rick Taintor described concerns about the noise of idling locomotives in the Portsmouth yard near the North Mill Pond, a 'significant problem' in years past. 'The city is strongly opposed to any change in railroad operations that would include nighttime idling in the rail yard.' {Joey Cresta in seacoastonline.com 10.Dec.13}
Track consultant
Newington hired consultant Sebago Technics of South Portland to assist with the rail aspect, at Sea-3's expense [see 12#11B]. Sebago's Stephen Sawyer, vice-president of transportation, will write to the FRA and to NHDOT requesting a look at the tracks.

On 10 December, Sawyer said Newington will request participation in the letter from the other municipalities through which Pan Am's Portsmouth Branch and Newington Industrial Track pass.

He said Newington found Sebago as the consultant because Sebago has worked for a year on the rebuild of the Sarah Long bridge over the Piscataquis, which carries Pan Am's track to the Portsmouth Naval Shipyard [see 13#09A Maine].

Sebago's rail team includes former MDOT track inspectors George Jackman and Bob Davids, Sawyer explained. Work has included recent work for NNEPRA, inspecting the grade crossings on the Downeaster route from Boston to Portland.

Insurance coverage?
[Safety concerns include the risk of a repeat of the Lac Megantic disaster. Considering Transport Canada's threat to suspend MMA's operation due to inadequate insurance, I wondered whether the adequacy of Pan Am or Sea-3 insurance came up. Editor] Sawyer said the matter of insurance did not arise at the 9 December hearing. {ANR&P discussion}

PAN AM: MORE ON SEA-3*
12 December, Greenland. PAN AM DOES WANT TO IMPROVE CROSSING SAFETY for the increased propane traffic to Sea-3 [see 13#11B], said State Representative Pam Tucker, R-Greenland. She was speaking at a meeting of about 20 residents organized by Selectman Kevin Forrest to educate them on the coming propane rail traffic.

Tucker reported she recently spoke to an NHDOT railroad inspector who informed her of Pan Am's willingness. Tucker noted the inspector was in the area recently checking out the lines and found them to meet all safety standards.

Greenland Planning Board member Paul Sanderson, an NHDOT hearings examiner 1998-2004, led the discussion, as his work included determining railroad crossings safeguards. Of Pan Am, he said: “We can't control them. We can't stop a material moving and interstate commerce just because it goes through our town.” At most, Greenland on its own could seek grade crossings improvements, but Sanderson warned that major crossing improvements (lights and gates) are not yet warranted, due to the lack of accident data.

“There just isn't any data. Why isn't there any data? Because there's hardly any trains that move here. So, you have to take that with a grain of salt, and it's no reason to do absolutely nothing.” Greenland could reasonably request modest improvements such as stop signs, stop bars painted on roads, and brush-clearing to create the proper sight distance.

To get results, residents must research the crossings, document deficiencies, ask selectmen to bring a petition to the DOT for changes in crossing protection, and work with officials in other affected communities to achieve the improvements. {Joey Cresta in seacoastonline.com 13.Dec.13}
VERMONT

PAN AM: FRESH TRAFFIC*

5 December, ConnRiver line. PAN AM IS FINISHING A NEW TRACK IN BELLOWS FALLS, AND WILL BUILD ONE IN WHITE RIVER JUNCTION IN THE SPRING, reported David Wulfson, VRS president. “Pan Am is running on the ConnRiver and expects to increase frequency.” The new track will “allow room for interchanges.”

Bellows Falls

“We had no room,” Wulfson explained. “The new track just got built” in Riverside, the former Steamtown location. [See other story on Riverside.] VRS has a long-term lease on the state-owned property and has subleased to Pan Am space for its track.

VRS, when it got the Riverside area after Steamtown left, had only one track. “We've been building track as needed,” he said.

[According to another VRS official who asked not to be named, Pan Am is currently using the VRS North Walpole yard for storage and layover of units. See below. {e-mail to ANR&P 5.Dec.13}]

White River Junction

Wulfson said VRS had also subleased space for additional track for Pan Am here, and it would build the track in spring 2014.

Interchange with Pan Am

VRS can interchange with Pan Am in Bellows Falls, White River Junction, and North Bennington. Wulfson noted, “Pan Am is doing well as far as I am concerned.”

NECR

Asked whether NECR service problems led to customers switching to Pan Am, Wulfson said in his experience with NECR, it had some car movement problems earlier in 2013 after GWI took over RailAmerica, but NECR has added crews and power. {ANR&P discussion}

No Pan Am comment

An e-mail to Cynthia Scarano requesting comment was not returned by publication time.

HISTORY AND CUSTOMERS

History

In March 2012, Pan Am returned to White River Junction after an hiatus of some time. It was interchanging scrap cars with VRS which forwarded them to MMA [see 12#03A].

Legally, Pan Am Railways (PAR) is the designated operator using Pan Am Southern trackage rights over NECR. However, PAS has its own yard in White River Junction [more in a future issue]. It has at least three customers on a spur off the NECR main in Claremont [see photo].

Can Am Steel

This Claremont company is currently using Pan Am. A call requesting comment was not returned by publication time.

Plains LPG

This Claremont company [formerly Rymes – see map in 13#07B] receives LPG via Pan Am. A train led by two units of nearly 18 LPG cars was photographed approaching the facility on 24 November.
Pan Am at this point was using switch train BF-1X to serve Plains and other customers. The switcher would lay over in North Walpole with the consist until the following night when the train to East Deerfield would lift the cars. {NERAILS e-list}

Alas, Plains officials at local and regional offices referred me to the national spokesperson, who did not return a call by publication time.

**Cushman Lumber**

This company, located in Charlestown, is using only NECR according to one official. The northern spur, allocated to Pan Am [see 01#08B] is not in use.

**Concord Claremont Railroad**

This Claremont company is reportedly using both Pan Am and NECR. A call requesting comment was not returned by publication time.

**VRS/CP: PROBLEMS?**

5 December, Burlington. **RESPONDING TO REPORTS OF MISSED INTERCHANGES WITH CP**, David Wulfson of VRS said: “We have had some issues” doing interchanges in Whitehall, New York. “We have not had any real service issues, just some timing issues, which were stressful for us.”

[The reports, found on the D&H e-list, stated that the daily handoff in Whitehall of the string of gasoline tank cars was not happening as it should. The cars are loaded in Albany and emptied at the Global facility in Burlington, Vermont. See box on TankTrain in 07#10B.]

**Largest connection**

VRS has held meetings with CP on the issues. “They are still our largest relationship, and they keep stuff moving freely.” As explanation of the problems, Wulfson reported that CP has “been doing a lot of track work.
They've replaced a lot of rail, and built new run-around tracks.”  

**VRS: TWO NEW PROPANE FACILITIES**

5 December, Rutland and Bellows Falls. **IRVING AND VRS ARE OPENING PROPANE TERMINALS**, said Wulfson.

Irving in Rutland. Irving has an oil terminal off Post Street which it acquired from MacIntyre [see map in 01#08B]. It is now replacing an old track here for fuel oil with a track to unload propane. It will be sourced from “all over the place,” said Wulfson.

VRS in Riverside. The terminal here [see 13#07B] is now open.

**Traffic levels**

In general, Wulfson said, the railroad is doing well. It may bid on the MMA [see article below].

**MMA: ONE POSSIBLE BIDDER**

5 December, Burlington. **WILL VRS BID FOR ANY PART OF THE MMA?** President David Wulfson said in September he would consider part of it [see 13#09A]. Today he said he had “patrolled the track all the way to Saint John.” He declined to comment further, except to say, “Our name is in the hat.”

Wulfson did note that the key is, “What will happen in Lac Megantic.” During a recent trip to Canada he noted that it's “still a big issue, all over the news.”

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**MARITIMES**

**CN-SAINT JOHN: LOWER POTASH TRAFFIC**

7 December.  'I WOULD EXPECT THAT WE WOULD SEE A 50% REDUCTION IN OUR POTASH TONNAGE SHIPPED BY RAIL' to Saint John next year but this will pick up again in 2015 as we bring on production at our new Picadilly Mine,' said Stewart Brown, general manager of the Potash Corporation of Saskatchewan (PCS) New Brunswick Division.

'The cutbacks that we have recently announced have been a result of soft markets and lower prices which have significantly impacted our Penobsquis Mine that will shut down potash production at the end of March next year.'

Salt hit too

The mine also produces salt but Brown said “salt tonnage to Saint John will likely increase slightly but this is generally shipped by truck so that will have little impact on rail traffic.”

**2010, 2012, 2013 numbers**

Brown said that in 2012 the Sussex plant “exported 644,000 tonnes from the potash terminal in Saint John and I would expect tonnages this year to be similar.” In 2010 the plant exported 780,000 tonnes or about 95% of its production [see 11#09A]. At 100 tonnes per car, CN is moving about 1400 carloads fewer than in 2010. [The Crude Oil sightings report 18 carloads on 7 December. 6400 carloads a year would require 20 carloads on 320 days. *Editor*] {e-mail to ANR&P correspondent Tom Peters 7. Dec. 13}

**Overall PCS cutback**

PCS announced on 3 December an 18% workforce reduction. {PCS release 3.Dec. 13}

As well as a lack of demand, potash prices took a dive by almost 30% when a world potash cartel of
Uralkali of Russia and Belaruskali of Belarus separated in summer 2013. {Yuliya Fedorinova in Bloomberg 19.Nov.13}

**No concern at port**

Saint John Port Authority’s Paula Small saw no 'concern for lost tonnage because PotashCorp is in a long-term lease and it is tied to throughput of potash and salt combined. The throughput of salt is expected to increase significantly even though potash throughput is anticipated to be lower.

'There is little impact expected in our total volume in this sector. Potash/salt represents 27% of our revenues though this number fluctuates slightly each year so it is likely safest to say up to 1/3,'

'They [PCS] are still moving forward with next steps of exploring expansion plans for Barrack Point potash terminal because of the anticipated potash volumes coming out of the new mine in 2015 and beyond.' {e-mail to Peters 9.Dec.13}

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**RAIL FREIGHT FACILITIES**

*Described in this issue.*

- American Rock Salt (PW and MC, Massachusetts) Buys Gallo piles.
- Borden-Remington (MC, Massachusetts) Cars spotted in Fall River.
- Colonial Beverage (BCLR, Massachusetts) Traffic slow.
- Gallo Construction (MC, Massachusetts) No active rail customers.
- Gold Medal (MC, Massachusetts) Cars spotted in Fall River.
- Irving Oil (VRS, Vermont) Opening Rutland propane terminal.
- Network Equipment Services (PW, Massachusetts) Worcester cullet transload.
- Plains LPG (Pan Am, New Hampshire) Served on ConnRiver.
- Potash CS (CN, New Brunswick) 50% drop in shipments.
- PSNH Bow (Pan Am, New Hampshire) Lawsuit on permitting goes forward.
- Sagamore Truck and Rail (PW and MC, Massachusetts) No active rail customers.
- Sea-3 (Pan Am, New Hampshire) Moving ahead on permitting.
- Sid Wainer (MC, Massachusetts) Two reefers on the siding.
- Strategic Materials (MC, Massachusetts) Uses Capeway transload.
- Vaporizer (PW, Connecticut) Bought Gro-Well.

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**EDITORI**

**FORGET COAL**

Many in the rail community “rail” against, as one railfan put it on the D&H e-list, the Conservation Law Foundation and other 'conservation extremists who want to outlaw all coal-fired and nuclear power plants.'

In 13#11B, David Fink noted the reduction in Pan Am coal traffic. Coal, as we all know, is the 800-pound gorilla against which we need to wrestle to pin global warming to its current level.

Like the major manufacturers, rail supporters should cheer traffic which reduces the need for coal and other drivers of global warming: propane, wind turbines, solar panels, and, yes, nuclear plant components. Railroads and their supporters should be doing what they can to promote alternative traffic.

**Good job, Pan Am**

In this regard, Pan Am's Cynthia Scarano deserves congratulations for participating in the Newington hearing on Sea-3's propane terminal [see *New Hampshire*]. Her doing so poses a significant contrast to a lack of participation by Pan Am, NS, and Global Partners in the local hearings about the proposed ethanol trains to Revere Massachusetts.
Coverage
The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

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