

## AAR And API Release Comments On Enhanced Tank-Car Standards And Operational Controls Proposal

### PHMSA Proposal Aims To Tighten Regulations On Class 3 Flammable Liquids.

Citing recent derailments of trains carrying crude oil, the Pipeline and Hazardous Materials Safety Administration (PHMSA), in coordination with the Federal Railroad Association (FRA), created the proposal *Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains* [Docket No. PHMSA-2012-0082 (HM-251)].

On Aug. 1, PHMSA submitted the official proposal to the Federal Register and the document was subsequently available for public comment for 60 days.

#### Key Components of the Proposal

- *Better classification and characterization of mined gases and liquids*
- *Rail routing risk assessment and Notification to SERCS*
- *Reduced speeds/Enhanced braking*
- *Increased HHFT tank car specifications*

#### AAR & API Respond to Proposal

The Association of American Railroads (AAR) and American Petroleum Institute (API) issued separate statements regarding PHMSA's proposal. Both organizations support safer railroads, but each cautioned against safety increases that would be of minimal impact or cause delays in shipping.

AAR & API agree:

- Thicker shells for railcars in flammable-liquid service
- Retrofit or phase out existing cars while still meeting industry demands
- Advanced pressure relief valves to be used

#### Midland's Commitment

We've spoken with many of you since the close of the comment period. At this point, there is still a fair amount

of uncertainty with regard to the regulations. Proposals for 1/2" wall thicknesses have complicated the discussion. This – combined with unspecified (as of now) flow requirements for PRVs – presents a challenging landscape from which to move forward in our continuing effort to design the next generation of crude tank cars for safe operation and intended performance in rollover or derailments.

Midland will continue to work closely with the rail community, shippers, OEMs, etc., to identify the key operating characteristics needed for safety relief valves in this application, as well as bring to market the needed solutions to support both new car builds and retrofits – regardless of the form the regulations eventually take. Engineering suitable materials of construction, mounting styles and flow characteristics that support safety and the intent of the forthcoming regulations is our priority. Customers can also look forward to the introduction of an external version of our successful Midland High-Flow PRV in 2015.

In the interim, we will continue to provide the industry our full line of fittings and valves to support our customers' needs for the current buildout of cars. Our enhanced vacuum relief valves, bottom outlet ball valves and plug valves, and our High-Flow PRV – now available with electro-nickeless plated, wetted parts for protection against corrosive crude elements – are all fundamental elements of the crude car package we offer.

If you don't know, ask us about what we have to offer for crude/flammable tank cars – as well as about any or all of our application-driven products.

We encourage you to keep the dialog open with us as we work through the current crude regulation process.

To reach us directly, call 847-677-0333 or visit [www.midlandmfg.com](http://www.midlandmfg.com).

### API: US Petroleum Demand Lower Compared To September 2013

The American Petroleum Institute recently released statistics on the demand of U.S. petroleum deliveries for September 2014. As compared to last year, overall demand was down 3.5% and averaged about 8.7 million barrels per day (b/d).

In addition to lower demand, the U.S. experienced the highest production level for September in 29 years.

Full Story: <http://bit.ly/1w2qwuu>  
SOURCE: *Oil & Gas Journal*

### EIA: Fall's Corn Markets To Influence Propane Demand

Propane is among one of the fuels used for crop drying, and the U.S. Energy Information Administration is closely watching harvest levels.

Last fall was a record corn harvest and the U.S. Department of Agriculture expects this fall's harvest to be even larger. If corn prices are favorable, farmers will be quick to harvest and send to market. This could cause a bump in propane usage and possibly spur prices going into winter.

Full Story: <http://bit.ly/1CPZLrU>  
SOURCE: *Processing Magazine*

### Global Pipeline Transportation Market Set For CAGR Of 10%

A recent report from research firm MarketsandMarkets believes the global pipeline transportation market will have a compound annual growth rate (CAGR) of 10% over the next five years.

Citing increases in demand for oil and natural gas, the Asia-Pacific region and Latin America will play a key part in driving growth. Plus, companies are investing considerable sums in advanced technology to monitor line intrusions and batch trackers.

Full Story: <http://bit.ly/1vHI52w>  
SOURCE: *Processing Magazine*

### Canadian Pacific Railway And CSX No Longer Pursuing Merger

On Oct. 20, Canadian Pacific released a statement confirming they are no longer considering a merger with CSX.

CEO E. Hunter Harrison of Canadian Pacific said, "CP proposed an integrated coast-to-coast combination that would improve customer service, promote competition, alleviate congestion in North America – specifically, the key Chicago gateway – and generate significant shareholder value."

*Railway Age* Wall Street Contributing Editor Jason Seidel said he was not surprised by the decision, "Concerns about its ability to receive the approval of the Surface Transportation Board and other regulatory agencies are the primary reasons that prompted CP to end the merger talks..."

Full Story: <http://bit.ly/ZEWqUc>  
SOURCE: *Railway Age*

### Some Global Commodity Players Are Shipping Less Canadian CBR

Spot crude-by-rail volumes are down in Canada, and oil traders are part of the reason. When oil prices were high, marketers exploited price arbitrage opportunities. Now, oil prices have come down and it is no longer feasible to move commodities via rail for short-term investment.

Producers and integrated refiners will continue to ship crude-by-rail, as they have signed long-term contracts. Although lower oil prices mean less revenue for the refiners, they should be able to make positive gains.

"The traders have been somewhat chased out of it," said Travis Brock, an executive at Strobel Starostka. "The producers have a long view. Even if it is not the best netback, they have made commitments to move some (crude) by rail..."

Full Story: <http://bit.ly/10i77IN>  
SOURCE: *Financial Post*

### Refinery Will Not Accept ND Crude Arriving On DOT-111 Cars

The BP Cherry Point refinery in northwest Washington will no longer accept deliveries of North Dakota crude oil unless it arrives on newer-model tank cars.

Cherry Point uses about 700 railcars called CPC-1232s. The newer cars have thicker shells, head shields on both ends and improved valve protection.

Full Story: <http://bit.ly/1vHhVMo>  
SOURCE: *Bellingham Herald*

### CI: Excess Flow Valves Should Not Be Only Protection

On Sept. 30, the Chlorine Institute issued a *CI Information Bulletin* reminding members that excess flow valves should not be the only level of protection for mitigating releases during a loading/unloading failure.

Excess flow valves are designed to automatically stop flow in the event that an external angle valve is broken off or removed during transit and not designed to automatically stop the flow of chlorine in the event of a hose or pipe failure during the loading/unloading process.

Any member(s) that currently rely on excess valves as the only means of protection for mitigating releases during a loading/unloading failure should re-evaluate their process hazard analyses and consider other levels of protection. More reliable emergency systems are available.

Midland Note: Midland provides a complete next generation Chlorine Valve system, including spring-loaded check valves, which are approved by the Chlorine Institute and the AAR.

### Upcoming Industry Events

**2014**

- **Argus Condensate & Naphtha Markets**  
Houston, TX (Nov. 12-14)

**2015**

- **Ethylene Oxide Seminar**  
New Orleans, LA (Jan. 14-16)

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