



U.S. Department  
of Transportation  
**Pipeline and Hazardous  
Materials Safety  
Administration**

Administrator

1200 New Jersey Ave., S.E.  
Washington, DC 20590

January 3, 2014

Mr. Jack Gerard  
President and CEO  
American Petroleum Institute  
1220 L Street, NW  
Washington, DC 20005

Dear Mr. Gerard:

The recent railroad incidents and resulting fires, in North Dakota, Alabama, and Lac-Megantic, Quebec have raised our concerns about the safety risks associated with the transportation of crude oil, specifically the crude oil originating from the Bakken region. One concern is whether this crude has characteristics different from traditional crude oil historically transported and if these characteristics pose additional transportation risks. In order to address those concerns, I would like to invite you and representatives from the American Petroleum Institute (API) to meet with me and other representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) at offices of the U.S. Department of Transportation (DOT) in Washington to discuss potential safety issues related to rail transportation of crude oil. We are specifically concerned about the proper testing, characterization, and classification of crude oil for transportation by rail. We request that API provide information to DOT about current testing, classification, degasification, and other activities performed to prepare crude oil for the safe transportation by rail. PHMSA is particularly interested in these practices with respect to crude oil transported from the Bakken region of North Dakota and Montana.

In July 2013, the Federal Railroad Administration (FRA) sent API a letter expressing similar concerns. Based upon preliminary information obtained from investigations into those derailments, PHMSA issued a safety alert to the industry reiterating the requirement to properly test, characterize, classify, and where appropriate, remove flammable gas and other volatile hazardous materials prior to transportation. It is critical that offerors of hazardous materials properly classify and describe the hazardous materials being offered for transportation. As part of this process, offerors must ensure that all potential hazards are properly characterized and communicated. Proper characterization identifies those properties that could affect the integrity of the packaging or present additional hazards, such as corrosivity, sulfur content, and dissolved gas content, in addition to how the product is classified for transportation. Proper classification, packing group assignment, and communication of all the hazards of crude oil shipments, regardless of the mode of transportation, is very important.

As part of our ongoing investigations of crude oil related transportable incidents, PHMSA and the FRA initiated "Operation Classification," which is a compliance initiative involving unannounced inspections and testing of crude oil samples to determine if they have been


properly classified and described. Preliminary testing has focused on verifying the classification and packing group assignments that have been selected and certified by the offeror.

Based on initial field observations, PHMSA has expanded the scope of laboratory testing to include other factors that may affect proper characterization and classification of crude including Reid Vapor Pressure, corrosivity, hydrogen sulfide content and composition/concentration of the entrained gases. We expect to have the final test results in the near future, which we expect will provide valuable information related to the process of ensuring that the crude is properly described, classified, and characterized for shipment.

We welcome your insights and any information that you may have about the chemical and hazardous properties of Bakken crude oil and any determinations that your members have made about its classification and packaging. We look forward to meeting with API and to working with you on this very critical transportation safety issue.

My executive assistant, Sabrina Morris, will contact your office to schedule the meeting. If you have any questions, please feel free to call me at (202) 366-4433.

Regards,

  
for Cynthia L. Quarterman