



U.S. Department
of Transportation

**Federal Railroad
Administration**

Administrator

1200 New Jersey Avenue, SE
Washington, DC 20590

JUN 2 2014

Mr. Bill Gregory
President
Town of Ogden Dunes
115 Hillcrest Road
Ogden Dunes, IN 46368

Dear Mr. Gregory:

Thank you for your March 21, 2014, letter to the U.S. Department of Transportation (DOT) regarding the transportation of crude oil through the Town of Ogden Dunes (Town). We understand the local circumstances and concerns raised by the Town, and the related recommendations from the township are being addressed as the Department continues to implement safety initiatives focused on the safe movement of crude oil across the Nation's rail network. I have been asked to respond to you on behalf of the Department.

The Federal Railroad Administration's (FRA) mission is to ensure the safe, reliable, and efficient movement of people and goods by rail for a strong America, now and in the future. FRA ensures railroad safety by managing a comprehensive regulatory program designed to provide an environment for the safe movement of trains. These regulations cover track, equipment, operating practices, signal systems, the transportation of hazardous materials, and the maintenance of automated warning devices (flashing lights and/or gates) at highway-rail grade intersections. DOT takes very seriously the responsibility to do everything we can to prevent accidents from occurring.

Although the Department is committed to working together with our stakeholders, we will not wait to take additional actions to address the unique challenges posed by transporting crude oil. In fact, the Pipeline and Hazardous Materials Safety Administration (PHMSA) has issued several Notices of Probable Violations to companies involved in the improper classification of crude oil in the Bakken region and DOT continues to leverage our rail safety inspection and outreach efforts to ensure safety and increase awareness.

These notices build upon numerous steps we have taken in recent months to improve the safety of the rail system. Most recently, DOT issued an emergency order requiring all railroads that operate trains containing 1 million gallons of Bakken crude oil to notify State Emergency Response Commissions about the operation of these trains through their States. On May 7, 2014, FRA and PHMSA issued a joint safety advisory recommending that

offerors and carriers of Bakken crude oil use tank car designs with the highest level of integrity available in their fleets.

We have also taken the following actions:

- The FRA's Emergency Order 28 (EO 28), implementing enhanced attendance and securement requirements for trains transporting certain hazardous materials by rail, including crude oil and ethanol (78 FR 48218 (EO 28) (August 7, 2013)).
- The FRA and PHMSA's joint safety advisories published on August 7, 2013, (78 FR 48224) and November 20, 2013 (78 FR 69745) stressing the importance of safety and security planning and proper characterization and classification of hazardous materials being shipped.
- The initiation of a comprehensive review of operational factors that affect the transportation of hazardous materials by rail (see 78 FR 42998 (July 18, 2013)).
- The referral of safety issues related to EO 28 and the joint safety advisories to FRA's Railroad Safety Advisory Committee for additional recommendations.
- The September 6, 2013, publication of an Advance Notice of Proposed Rulemaking responding to eight petitions for rulemaking related to the transportation of hazardous materials by rail (78 FR 54849).
- The initiation of Operation Classification (involving joint activities at all phases of transportation to investigate how shippers are classifying crude oil and what actions they are taking to determine the characteristics of the material).
- PHMSA's January 2, 2014, safety alert, which warned of crude oil variability and emphasized that unprocessed crude oil may affect the integrity of packaging or present additional hazards related to corrosivity, sulfur content, and dissolved gas content.
- The February 25, 2014, DOT emergency order requiring stricter standards to transport crude oil by rail.
- The March 6, 2014, DOT amended emergency order to provide further clarity for shippers and to prevent attempts to circumvent the requirements in the February 25, 2014, emergency order concerning the safe transport of crude oil by rail that specifies which tests are required, while also prohibiting shippers from switching to an alternate classification that involves less stringent packaging.

In addition to these actions, I called upon the railroad and petroleum industries to take immediate action to improve the safety of the transportation of crude oil by rail. As a result, railroads committed to voluntary actions to enhance the safety of crude oil transportation by rail, particularly for trains carrying large quantities of crude oil. The railroads committed to:

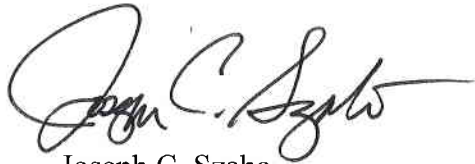
- Implement speed restrictions in federally designated high-threat urban areas.
- Provide train braking enhancements using distributed power or two-way telemetry end-of-train devices.
- Make more frequent rail and mechanical inspections.
- Install wayside defective bearing detection equipment.
- Provide resources to enhance emergency response capabilities and community awareness along crude oil routes.

Significantly, major freight railroads also committed to using the Rail Corridor Risk Management System (a risk-based routing analysis tool developed in coordination with the Federal Government) to analyze the safety and security risks of particular routes and to ensure that trains transporting large quantities of crude oil are operated on the safest and most secure rail routes.

Additionally, the petroleum industry committed to developing a comprehensive industry standard for testing, characterizing, classifying, and loading and unloading crude oil in rail tank cars. Furthermore, the Department continues to evaluate all aspects of crude oil transportation, and as we gather and evaluate data, we will continue to be guided by our safety imperative and will engage all stakeholders as additional measures are proposed.

We take the risks associated with transporting crude oil by rail seriously, and we look forward to working with you and our other State and local partners to address these challenges. We encourage the Town to contact FRA's Chicago, Illinois, regional office at (800) 724-5040 for assistance in addressing any remaining concerns related to the safety of rail transportation in and through its jurisdiction. For more information about DOT's safety efforts, please visit DOT's Web page on Operation Safe Delivery: Enhancing the Safe Transport of Flammable Liquids (<http://www.phmsa.dot.gov/hazmat/osd/calltoaction>). A similar letter has also been sent to Senator Peter Visclosky.

Sincerely,



Joseph C. Szabo
Administrator

cc: U.S. Senator Joe Donnelly
State Senator Karen Tallian
Mr. Charles Morris, Indiana Dunes National Lakeshore