



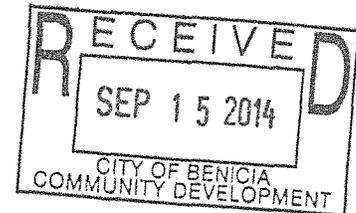
Diane Sinclair
Special Counsel

September 15, 2014

Amy Million
Principal Planner, Community Development Department
City of Benicia

Via Email: Amy Million (AMillion@ci.benicia.ca.us)

Re: Valero Benicia Refinery Crude by Rail Project
Submission for Record
Community Outreach



Dear Ms. Million:

This letter and the attachments are being submitted to be included in the record for the Benicia Refinery Crude By Rail Project. Please call me if you have any questions.

Sincerely,

/ds/

Diane Sinclair
Special Counsel
Valero Companies

Enclosures/Attachments

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Alon Paves Way for Shale Oil to Ride Rails to California

By Lynn Doan - Sep 10, 2014

Alon USA Energy Inc. (ALJ), the refiner that shut its Bakersfield plant in California two years ago amid high oil prices, won approval to build a rail terminal that will help the state's refiners acquire supplies from Canada and the U.S. Midcontinent.

The Kern County Board of Supervisors voted unanimously in Bakersfield yesterday to approve Alon's \$170 million plan to upgrade units at the refinery, unload about 150,000 barrels of oil a day from trains and send crude it doesn't use by pipeline to other plants in the state. The complex may attract supplies from as far off as Texas as producers pulling record volumes out of shale formations search for buyers, Paul Eisman, Alon's chief executive officer, said by telephone today.

Alon's complex will expand California refiners' access to North American oil sources that they can't reach by pipeline, including heavy crude from Canada and light oil from North Dakota's Bakken and Colorado's Niobrara shale formations. The project's approval comes after a year's worth of environmental reviews, during which San Francisco-based Earthjustice warned it would increase pollution and the risk of derailments.

"California is really the biggest untapped market at the current time for the shale being produced," Eisman said. "There's the Bakken, the Niobrara, some of the Utah crudes. And whereas it's a little bit more of a stretch to say it'll come from Texas, there has been some discussion around the Permian Basin. Because of market considerations, it could happen."

Project Schedule

Alon plans to build a rail loop from a new spur connection off of BNSF Railway Co.'s tracks and install boilers that will allow the complex to unload both light and heavy oils. The company is also planning upgrades at a crude unit, two hydrocrackers and two hydrotreaters. Crude-processing capacity at the plant will remain at 70,000 barrels a day.

Construction on the rail project is expected to take nine months and may be finished by the end of the third quarter of 2015, Eisman said. While Alon is still performing engineering work on the refinery's restart, the plant may return to service in 2016 and run a blend of California crude and light oil delivered by train, Eisman said.

California's oil-by-rail shipments have jumped to a seasonal record of 16,373 barrels a day as the state's refiners turn to trains to access surging production from U.S. shale formations. The boom has boosted domestic output to the highest level in 28 years, bringing the nation closer to energy independence.

Bakken Discount

Alon estimated in March that shipping Bakken oil by rail to Bakersfield would cost \$14 a barrel. The North Dakota crude was assessed at a \$4.90-a-barrel discount to the U.S. benchmark West Texas Intermediate oil at 11:50 a.m. New York time today, data compiled by Bloomberg show.

Alaska North Slope oil, which makes up about 12 percent of California's crude slate, was at a \$3.25 premium.

The upgraded Bakersfield refinery would be able to send 19,000 barrels of diesel and gasoline a day to nearby Fresno, California, by pipeline, displacing fuel sent from refineries in the San Francisco Bay area, Alon said in filings to the county.

Andy Lipow, president of Houston-based energy consultant Lipow Oil Associates LLC, described yesterday's approval as a "big event" for California's drivers.

"There are a lot of beneficiaries here," Lipow said by telephone. "Producers from Wyoming to Colorado to North Dakota will have access to the West Coast market. It will further reduce our trade deficit by reducing imports to California. And it will benefit consumers by bringing greater amounts of crude into California's markets and lower gasoline prices."

MLP Potential

Alon's value may increase by \$7 a share after the Bakersfield project is finished, Credit Suisse Group AG (CSGN) analyst Edward Westlake said in an e-mailed research note from New York Sept. 8. The complex would allow the company to create a tax-exempt master limited partnership, "forcing the value of logistics and opening an avenue to value creation for logistics projects," Westlake said in the note.

While Eisman declined to say when the company may form a master limited partnership, he said the company has discussed its intentions to develop one and described the approval in Bakersfield as "a big step forward."

Emissions Warning

Plains All American Pipeline LP (PAA) plans to start unloading crude from rail cars at its own terminal in Bakersfield by the end of October, the company said in a conference call with analysts Aug. 7. The oil will travel by pipeline to refineries in the San Francisco and Los Angeles areas.

Earthjustice described Alon's project yesterday as "wrong for Kern County," saying it will increase emissions and bring "explosive" Bakken oil to an area already overburdened by air pollution.

County supervisors "should be focused on protecting citizens over industry, not closing their eyes and crossing their fingers that nothing catastrophic befalls the communities in the paths of these oil trains," Wendy Park, an attorney for the group who spoke at the board meeting yesterday, said in an e-mailed statement after the vote.

To contact the reporter on this story: Lynn Doan in San Francisco at ldoan6@bloomberg.net

To contact the editors responsible for this story: David Marino at dmarino4@bloomberg.net Stephen Cunningham, Richard Stubbe



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MarketWatch

Alon USA Receives Approval To Construct Bakersfield Rail And Refinery Project

By

Published: Sept 10, 2014 8:05 a.m. ET

DALLAS, Sept. 10, 2014 /PRNewswire/ -- Alon USA Energy, Inc. [ALJ, -3.33%](#) ("Alon") today announced that it has received the necessary approval from the Kern County Board of Supervisors to construct a new rail facility at the Bakersfield refinery and to make modifications to the refinery that will allow it to process light crude. The permit allows Alon to construct a double rail loop capable of receiving two unit trains per day of crude. Alon expects to provide information on the cost of constructing the new rail facility and the expected crude-by-rail volumes at the time of the third quarter 2014 conference call. Construction of the rail facility is expected to be completed by the end of 2015.

Paul Eisman, CEO and President, commented, "We are very pleased to receive the permit for our Bakersfield crude flexibility project and grateful for the community's support of this initiative. With this approval in hand, we are ready to start detailed engineering."

Alon USA Energy, Inc., headquartered in Dallas, Texas, is an independent refiner and marketer of petroleum products, operating primarily in the South Central, Southwestern and Western regions of the United States. Alon owns 100% of the general partner and approximately 82% of the limited partner interests in Alon USA Partners, LP, which owns a crude oil refinery in Texas with an aggregate crude oil throughput capacity of approximately 73,000 barrels per day. In addition, Alon directly owns crude oil refineries in Louisiana and California, with an aggregate crude oil throughput capacity of approximately 144,000 barrels per day. Alon is a leading marketer of asphalt, which it distributes through its asphalt terminals predominately in the Western United States. Alon is the largest 7-Eleven licensee in the United States and operates approximately 300 convenience stores in Texas and New Mexico.

Contacts: Stacey Hudson

Investor Relations Manager

Alon USA Energy, Inc.

972-367-3808

Alon Energy Receives Approval For Oil-By-Rail Project

Published: September 10, 2014 at 9:46 am EST

By: Micheal Kaufman

Alon USA Energy, Inc. (ALJ) has succeeded in getting approval for unloading crude oil from railcars, at its Bakersfield refining facility in California. The company had to shut down its refinery two years ago due to high oil prices, and revival was being hindered by environmental and safety concerns. Now, the Kern County Board of Supervisor has announced its approval to let the company invest \$170 million in upgrading the refinery, allowing Alon Energy to process a wide range of crude.

The approval allows Alon to unload 150,000 barrels of oil per day (bpd). Moreover, the company will now send unused crude oil to other refining plants operating in the state. The approval was granted after a year-long effort by the company to counter criticism about the environmental implications of the project, and safety threats associated with increasing rail transport of crude.

Transport of oil via rail has been subject to a lot of criticism after last year's railcar accident in Quebec where 1.5 million gallons of highly flammable crude oil were spilled, and damaged the local ecosystem. In July, the Obama administration announced that it plans to revise oil by rail transport laws to avoid such accidents in the future.

Alon's complex has brought good news to other Californian refineries since they now have access to North American crude oil sources, which they previously could not to access via pipelines. Getting heavy crude oil from Canada, and light oil from the Bakken Shale in North Dakota, will help refineries cut down on costs and raise their output levels.

After the project is executed, Alon Energy's Bakersfield refinery will be able to send 19,000 bpd of gasoline and diesel to Frecco, via pipelines.

The movement of oil by rail in California has surged to a seasonal record as more refineries are capitalizing upon the crude oil production boom. The US is seeing record levels of oil production growth, forcing a downward pressure on oil prices.

The availability of cheap crude oil from North Dakota's Bakken Shale formation has been good for many oil and gas companies in the US. Crude oil price from Bakken Shale was \$84.65 per barrel on August 18, compared to \$98.77 per barrel from Eagle Ford. Moreover, since the boom in oil production from North Dakota means a fall in crude oil prices; most of refineries are operating near full capacity.

North Dakota reported oil production to be at an all-time high of 3.28 million bpd in June.

Board agrees oil-by-rail project for Alon USA Energy

BY: [Carlos Correa \(mailto:carlos.correa@kero.com\)](mailto:carlos.correa@kero.com)

POSTED: 5:50 PM, Sep 9, 2014

UPDATED: 11:31 PM, Sep 9, 2014

BAKERSFIELD, Calif. - In a unanimous vote, the Kern County Board of Supervisors approved a plan for an oil-by-rail project.

The approval helps Alon USA Energy bring new jobs to the county.

If all goes as plan, there would be two trains traveling every day to our community carrying between 140,000 to 150,000 barrels of crude oil.

Alon USA Energy has worked more than a year to get approval for its oil-by-rail project and in a unanimous vote won that support by Kern County supervisors.

"Getting this permit is critical to use in our ability to move forward and restart the refinery," said Paul Eisman, president and CEO of Alon.

Alon bought its Bakersfield facility back in 2010. It plans to bring light crude into the refinery creating 700,000 gallons of gasoline a day and 1.5 million gallons of cleaning burning jet fuel and diesel. Safety is the company's main priority.

"Safety is the most critical aspect to what we do. We're a refinery company and if you don't do things right in a refinery, it can have significant consequences so because of that we live in a culture where safety is the biggest issue," he said.

Leaders hope to have the rail project complete by next summer. Work on the refinery is now underway in anticipation of the trains coming in.

"It's good for the economy. I work construction. I'm a welder. It's going to give me another opportunity to go to work," said John Williams who supports the project.

Trains traveling to Kern County will come from a number of places including North Dakota, Colorado, Utah and even Canada.

Opponents worry the project is a risk and believe it's extremely dangerous.

"We've actually found a major Math error in the county's safety assessment and that actually underestimates the risk of a toxic spill by five times," said Ash Lauth of the Center for Biological Diversity.

After Tuesday's vote, groups that oppose the project tell 23ABC they plan to look over all options to possibly put a stop to this project.

--

Carlos is on Facebook at www.facebook.com/carloscorrea23abc
(<http://www.facebook.com/carloscorrea23abc>)

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UPDATE 1-Alon USA Energy's California oil-by-rail project approved

Tue, Sep 9 2014

(Adds quotes, detail about project)

By Kristen Hays

HOUSTON, Sept 9 (Reuters) - The first substantial oil-by-rail project at a California refinery won approval on Tuesday despite a last-minute push for more scrutiny by some environmental groups.

The facility at Alon USA Energy Inc's shuttered Bakersfield refinery in Kern County, home to about 65 percent of California's heavy oil output, will push crude offloading capacity to as high as 150,000 barrels per day (bpd) from the current 13,000 bpd.

The Kern County Board of Supervisors approved the \$100 million project after a lengthy environmental review. Alon Chief Executive Officer Paul Eisman told the board the project could start up by the third quarter next year.

"Now go put our people to work," board Chairman Leticia Perez said.

The refinery, which has been operating as a terminal, will receive crude in railcars that meet the latest safety standards with thicker hulls and reinforced valves.

Some residents and environmental groups including Earthjustice and the Sierra Club opposed the project, citing dangers of crude trains and "plumes of toxic smoke" emitting from the plant.

Other residents, unions and economic development leaders want the refinery and rail project jobs and are satisfied with planned safety measures.

"That plant's been a fixture in this town since way before I was born. Alon is ready to put it back to work at full capacity," local contractor Sam Ackerman said.

The company can ship railed-in crude Alon doesn't process to other refiners via pipeline. Credit Suisse said in a note to investors this week that the project could add \$7 per share in value to shareholders.

Alon's facility will be the second oil-by-rail terminal in Bakersfield, where pipeline company Plains All American will start up a 70,000 bpd project in October.

Both seek to increase California refiners' access to booming inland U.S. and Canadian output, which is cheaper than imports that make up more than half of all crude processed in the state. Other refiners trying to do the same have faced delays as well as opposition in light of a string of fiery crude train crashes elsewhere in the last year.

The Alon project at the 70,000 bpd Bakersfield plant also includes upgrades to several units at the refinery to enable processing of light crude, including output from Texas and North Dakota's Bakken shale, as well as equipment to offload undiluted Canadian bitumen.

The plant is already built to process California's heavy crude, 65 percent of which is produced in Kern County.

The project's approval comes nearly two years after the company shut down the plant because it was unprofitable. Alon said reopening the refinery will bring 100 jobs as well as 30 more for the rail operation. (Reporting By Kristen Hays; Editing by Ken Wills)

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County unanimously OKs Alon refinery's oil-by-train project

By JOHN COX, Californian staff writer jcox@bakersfield.com

The Kern County Board of Supervisors voted 5-0 Tuesday to approve Alon USA Energy Inc.'s controversial plan to bring in two mile-long oil trains per day through Bakersfield.

Dismissing environmentalists' worries of a catastrophic spill, board members expressed confidence that Dallas-based Alon and BNSF Railway Co., the company operating the trains, would handle the Rosedale Highway project safely and with minimal harm to air quality.

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The \$170 million project would not expand the 70,000-barrel-per-day plant's refining capacity but upgrade it so it can process various grades of oil. It is expected to create 200 construction jobs, restore another roughly 200 positions at the mothballed plant and help reduce California's dependence on foreign crude.

It is believed to be the largest oil-by-rail project approved in California. Together with Houston-based Plains All American Pipeline LP's separate rail-to-pipeline project expected to take in the same volume of oil near Taft, Alon's plan would boost Kern County's receipt of domestic crude by train from less than 1 percent of the state's oil supply to about 13 percent.

Not all the oil hauled into the refinery would necessarily be processed there. Following detailed engineering work and nine months of construction, Alon's project would receive as much as 150,000 barrels a day, or roughly twice the plant's refining capacity.

Whatever isn't processed on site would be sent by pipeline to other refineries in the state.

While the company's plans would allow it to ship out all 150,000 barrels per day by pipeline, essentially passing through Bakersfield untouched, Alon President and CEO Paul Eisman denied that was the plan.

Eisman disputed a report, published Tuesday by Oil Price Information Service, saying he and his management team recently told Barclays Capital that Alon has not decided whether to restart the refinery or when it might make such a decision.

"It's our desire, our full intent, to restart the Bakersfield refinery," he said, characterizing Barclays' reported comments as "a disconnect" or miscommunication.

Eisman did not say when the reconfigured refinery would reopen, but county supervisors said they understood it would resume operation in the second half of next year.

Alon's refinery on Rosedale has operated at minimal capacity since late 2012, when unfavorable conditions in the asphalt market reduced its profitability. The plant has not run at full capacity for 12 consecutive months since 2008.

County supervisors, facing hundreds of project supporters in the audience Tuesday and only a handful of opponents, said at the public hearing that jobs and economic impact were a main motivation for their support of Alon.

But board members noted the county's approval came with important concessions from Alon, including a requirement it hire at least half its construction workers locally. The board further insisted all 104 cars or so per shipment be accommodated entirely on Alon's property, and that the oil be shipped on cars with the most advanced safety features available.

Alon has also promised to pay for on-site fire response equipment and supplies, and submit to yearly safety reviews.

Just before the late afternoon vote, board Chairwoman Leticia Perez noted Kern is an oil county that has also permitted many renewable energy projects. She said Alon's project strikes "an excellent balance, all things considered."

"This is an excellent opportunity to expand what we do here," she said, "and put folks to work."

Representatives of four different environmental activist groups present for the hearing asserted the county's review of the project was faulty, in part because of a math error they said made the project appear five times safer than it really is.

The county's planning director, Lorelei Oviatt, disputed the claim but stopped short of denying it altogether.

A speaker from the Arizona-based Center for Biological Diversity, Ash Lauth, noted the refinery expects to process what she characterized as "ultra-explosive" oil from North Dakota's Bakken shale formation. Oil from that state is commonly shipped across the country because a

bottleneck in North Dakota has lowered its price relative to other crudes.

Bakken oil has been the focus of much study and policymaking since a series of explosive train derailments involving North Dakota crude.

One such accident in Canada in July 2013 killed 47 people, prompting emergency measures in the United States and other changes still under consideration in Washington.

Oviatt told the board her staff had conducted an “independent, extensive review,” and it remains unclear whether Bakken is more volatile than other oils.

Kern Supervisors OK expansion of refinery rail terminal to receive Bakken crude

BAKERSFIELD

September 9, 2014 9:00pm

- **Critics cite safety and say it will worsen already bad air pollution**
- **“There are so many ways that this plan is so wrong for Kern County”**

A five-fold expansion of the rail terminal at the Alon USA refinery in Bakersfield has been approved by the Kern County Board of Supervisors.

The expansion will allow the refinery to receive Bakken crude oil shipments by train.

When finished, it is expected to be the largest crude-by-rail terminal in California, increasing capacity of the terminal from 40 cars per day to 208 tank cars per day.

Reopening and retooling the shuttered refinery is also planned so that it can process lighter Bakken crudes, according to Earthjustice, a non-profit environmental law firm, which opposes the development. The current capacity of the refinery of about 70,000-barrels per day is not expected to change.

“There are so many ways that this plan is so wrong for Kern County,” says Earthjustice senior associate attorney Wendy Park. “It will route mile-long trains hauling highly volatile fossil fuels over steep and treacherous mountain passes along outdated rail lines. It will bring Bakken crude, which in addition to being explosive also vaporizes easily, releasing emissions into the Central Valley already overburdened by extreme air pollution and home to a disproportionate number of people with asthma and other ailments.”

Earthjustice spoke at the public hearing on behalf of the local chapter of the Sierra Club, the Center for Biological Diversity, the Center on Race, Poverty and the Environment, Communities for a Better Environment, and the Bakersfield-based Association of Irrigated Residents (AIR).

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Energy

6:17 PM TUE SEPTEMBER 9, 2014

Kern County Gives Oil-By-Rail Project Go-Ahead

By [JOE MOORE](#) ([/PEOPLE/JOE-MOORE](#))

The Kern County Board of Supervisors voted unanimously Tuesday to approve plans for a new oil-by-rail facility at a Bakersfield area refinery.

The Alon Refinery on Rosedale Highway would restart operations with shipments of crude oil from the Dakotas delivered to Bakersfield by train.

A number of environmental groups raised concerns about the potential for accidents, and the project's impact on CO2 emissions. They also questioned the thoroughness of the project's environmental study.

But Kern County Supervisor Leticia Perez says the economic benefits of the project outweigh the risks.

Perez: "We as a county always have to balance risks, promote economic prosperity and enhance our local workforce. This is a project that clearly synthesizes those values and priorities as expressed by this board over some time."

The company says the project would create around 200 construction jobs, and another 185 jobs operating the plant which is currently not in operations.

On average two trains, each one mile long, would deliver crude oil to the refinery daily.

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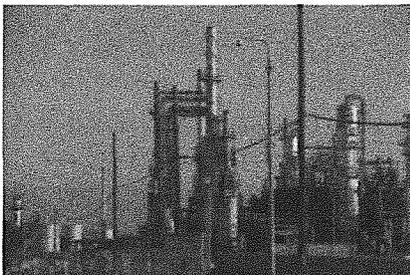
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The Alon Refinery in Bakersfield will soon get a new railyard under a plan approved by the Kern County Board of Supervisors Tuesday.

Credit Joe Moore / Valley Public Radio



[Sparks Debate](#) ([/post/oil-rail-project-bakersfield-refinery-enrbs-46h0a](#)) [Downtown Lynchburg, Va.](#) ([/post/train-carrying-crude-oil-derails-downtown-lynchburg-va](#))

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Lauren Steiner · 2 days ago

The number of train cars carrying this explosive fuel has increased exponentially in California and in other states where these unsafe trains are speeding through major population centers. Last year 47 people in Lac Megantic, Quebec were instantly vaporized and five square miles of the town destroyed when a train carrying Baaken crude derailed and exploded. And there were other accidents in the US after that. The state of California is very worried about it but has conceded that they have no authority as railroads are federally regulated.

We need immediate legislation to phase out the DOT 111 trains by 2017 just like Canada is doing. But in the meantime, we have to fight for a ban on fracking in our communities, states and nationwide. Without fracked oil to transport, there will be no danger.

Left unchecked, climate change will render life on earth uninhabitable for human beings by the end of the century. We need to keep 80% of the fossil fuels in the ground not take it out in increasingly unsafe and dirty ways like fracking.

Energy independence and jobs are not worth very much when you have no people left to benefit from them. Besides, we can be 100% dependent on clean sources such as solar, wind and hydropower by 2050, which also provide plenty of good paying jobs, if only we had the political will to start now. Check out www.thesolutionsproject.org to see how.

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Plans advance for several rail-served facilities

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Farmer-owned cooperative and global agriculture and energy firm CHS Inc. has announced plans to proceed with construction of a \$3 billion fertilizer manufacturing plant in Spiritwood, N.D.

CHS' board recently approved final plans for the facility, which will be served by BNSF Railway Co. A groundbreaking will be held later this year, with the plant to be fully operational in first-half 2018, CHS officials said in a press release.

The plant each day is expected to produce more than 2,400 tons of ammonia, which will be converted to urea, diesel exhaust fuel and other products. The majority of the nitrogen products would serve farmer-owned cooperatives and independent farm supply retailers within a 200-mile radius of the plant in portions of North and South Dakota, Minnesota, Montana and Canada.

"[We're] taking an important, strategic step on behalf of [our] member-owners by ensuring them a reliable domestic supply of nitrogen fertilizers essential to help farmers raise healthy, profitable crops to feed a growing global population," said President and Chief Executive Officer Carl Casale.

CHS first announced plans to build a fertilizer manufacturing plant in the area in September 2012, but in April the company postponed a final decision when construction and labor costs exceeded initial estimates.

"Because of the size and scale of this investment, we needed to take the additional time to review costs and reassess areas where we could make modifications," said Casale.

BNSF also will serve a fertilizer warehouse in Hamberg, N.D., that CHS is building with Fessenden Cooperative Association under a joint venture. The facility is slated to open in fall 2015.

Meanwhile, U.S. Silica Holdings Inc. has announced plans to add about 3.8 million tons of new capacity at two facilities to meet surging demand for northern white frac sand.

The company will expand its Pacific, Mo., plant and develop a frac sand mine in Wisconsin. The \$33 million Missouri project includes a new transload facility to support additional volumes. To come online in third-quarter 2015, the plant has access to both BNSF and Union Pacific Railroad, and is near the Eagle Ford Shale and Permian Basin, which helps lower freight costs, U.S. Silica officials said in a press release.

The company also has started to develop a 3 million ton-per-year frac sand mine/plant and associated in-basin transload facilities in Wisconsin. Scheduled to open in mid-2016, the \$150 million facility will be located "on a highly-desirable Class I railroad," U.S. Silica

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officials said.

"We believe that a step change is occurring with regard to the volumes of sand being used per well, which translates into significant demand for our products," said U.S. Silica President and CEO Bryan Shinn.

In California, Alon USA Energy Inc. announced it received approval from the Kern County Board of Supervisors to construct a crude-by-rail facility at a Bakersfield refinery and make modifications to process light crude.

The company plans to build a double rail loop to accommodate two BNSF unit trains per day. Construction of the rail facility is expected to be completed by 2015's end.

"With this approval in hand, we are ready to start detailed engineering," said Alon President and CEO Paul Eisman in a press release.

In Ohio, Esmark Inc. announced plans to convert a steel finishing mill in Yorkville into a tri-modal industrial services terminal to support companies engaged in oil and gas exploration and production in the Marcellus and Utica shales

The 1 million-square-foot Yorkville Energy Services Terminal will serve as a rail/truck/barge logistics and transportation hub serving Pennsylvania, Ohio and West Virginia, Esmark officials said in a press release. Rail access will be provided by Norfolk Southern Railway and the Wheeling & Lake Erie Railway Co. via 13 internal rail spurs.

Conversion and initial retrofitting of the facility's infrastructure already is under way. A number of large and mid-sized energy services companies are interested in locating at the terminal, including companies engaged in materials handling and transloading, rail switching and stowage, and chemical storage and forwarding, Esmark officials said.

"We believed the idled facility was ideally suited to serve companies engaged in oil and gas exploration and production," said James Bouchard, Esmark's founder, chairman and CEO. "With its on-site rail, truck and barge access and complementary heavy equipment, Yorkville Energy Services Terminal offers companies a fully integrated logistics and transportation solution."

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Valero community panel calls public meeting on rail plan

MARCH 12, 2014 BY DONNA BETH WEILENMAN

Several residents slated to speak at Industrial Park ‘informational’ event scheduled for March 24

Valero Benicia Refinery’s Community Advisory Panel has announced an “informational meeting” on the company’s proposal to bring in some of its crude oil by rail, set for March 24.

The project would let the refinery substitute rail delivery for some of the oil it currently brings in by tanker ship, as well as provide greater access to North American crude suppliers and reduce greenhouse gas emissions related to oil transport, according to the project application.

Proponents of the project have pointed to the refinery’s award-winning safety programs, its economic importance, its need to be competitive in a changing market and the additional jobs the project would create during construction and later during operation.

The project is undergoing an environmental impact review (EIR), and Benicia officials announced Wednesday a draft of that analysis may be completed by April.

Delivery of that report, which was initially expected early in October 2013, has been delayed several times after the city received voluminous comments and questions from the public and others.

The EIR was launched after an initial study suggested a mitigated negative declaration would be sufficient to meet requirements of the California Environmental Quality Act. The initial study and mitigated negative declaration was circulated from May 30 to July 1, 2013, and a scoping session to determine environmental issues are raised by the project was started Aug. 9, 2013. Eighteen state and regional agencies were notified about the project.

But after several meetings of Benicia’s Planning Commission and City Council — attended by so many people speaking in support of as well as in opposition to the project that the Council chamber couldn’t seat them all — the city opted to have its consultant, ESA, write the more comprehensive EIR in consultation with both the city and the agencies that would regulate the project.

The EIR in particular is to look at impacts from possible spills in Sulfur Springs, Suisun Marsh, San Pablo and San Francisco bays and places outside the San Francisco Bay Area; whether the

project would cause corrosion of equipment, lead to spills and affect quality of air breathed by Valero employees and contractors; the relationship of this project to Valero's improvement project; and how this project contributes to the cumulative impacts of crude-by-rail projects at the Pittsburg Oil Terminal, at such area refineries as Phillips 66 and Tesoro, and at asphalt refineries.

The public will have an opportunity to review the draft EIR, after which the Planning Commission will give it further public airing. Comments received during the commission's meeting as well as outside that meeting will be addressed, and those responses will be published at least 10 days before a commission public hearing can be scheduled to consider certifying the EIR.

Should the EIR be certified, the commission also would adopt a Mitigation Monitoring and Reporting Program to assure the project complies with the environmental report's evaluations. At that meeting, the Commission also will decide whether to issue a use permit for the project and if any conditions should be placed on the panel's approval.

Benicia then would file a Notice of Decision with the Solano County Clerk's Office, after which all EIR decisions could be appealed to the City Council or challenged in court.

Since the project was announced, the Good Neighbor Steering Committee and the steering committee of Benicians for a Safe and Healthy Community have conducted meetings at which both individuals and organization representatives opposed to the project have addressed attendees.

Others have spoken or written in favor of the crude-by-rail project, including Randy Scott, general manager of AMPORTS, which operates the Port of Benicia; Eric Hoglund, 2013 chair of the board of the Benicia Chamber of Commerce; and Jim Ponder, president of Ponder Environmental Services.

Several individuals as well as representatives of construction union locals and Industrial Park company officials also have written in support of the project.

The Valero Community Advisory Panel, which is the host of the March 24 meeting, was established to provide ongoing communication between Benicia residents and the refinery on matters of mutual concern, as well as to be an adviser to the refinery.

Membership is based on the requirements of the Valero-Good Neighbor Steering Committee Agreement originally made Sept. 25, 2000, and those on the panel either live in the city or own a

business here. It meets four times a year.

Members represent Benicia Chamber of Commerce, Benicia Industrial Park Association, Benicia Unified School District, City Council and the Good Neighbor Steering Committee. There also are two community-at-large representatives chosen by the city and Valero.

Its voting members are Chair Tom Gavin, community-at-large member; Marilyn Bardet, Good Neighbor Steering Committee; Mark Hughes, Benicia City Council; Steve McClure, Benicia Chamber of Commerce; Libbey McKendry, community-at-large member; Brian Tulloch, Benicia Industrial Park Association; and Gary Wing, Benicia Unified School District.

Ex-officio Members are John Hill, Valero vice president and general manager, and Sue Fisher Jones, Valero public affairs manager.

The March 24 meeting is expected to give residents the opportunity to hear Valero engineers and independent experts speak about the project and answer questions.

“Valero is committed to informing the community, especially Benicia residents, about the project and discussing the importance of the project to the refinery and to the city,” the meeting’s announcement said.

The meeting takes place from 6:30-7:45 p.m. March 24 in the Ironworkers Union Local 378, 3120 Bayshore Road. Because space is limited, those who want to attend are being asked to call 707-654-9745 or email info@beniciaCBR.com. Priority will be given to Benicia residents and city representatives.

Valero: Reinforced tanker cars would be used to bring crude to Benicia
MARCH 25, 2014 BY DONNA BETH WEILENMAN

Oil would come from unspecified North American sources, public told

If Valero Benicia Refinery gets permission to transport some of its crude by rail, the oil would come from North American sources and would arrive in tanker cars that are stronger than the ones that comply with current federal regulations, refinery officials said Monday.

The refinery and its Community Advisory Panel organized the public meeting to explain the project as well as to reassure residents who have worried about the type of crude — whether heavy and sour Canadian tar sands oil or lighter, sweeter and more volatile Bakken field oil — the trains would bring into the refinery.

Valero has sought permission for a three-track extension so some of the crude it processes can be brought to the refinery by rail instead of by ship or pipeline, two methods the refinery already uses.

Valero also already ships some of its products out by Union Pacific trains, Don Cuffel, Valero Benicia Refinery manager of the Environmental Engineer Group, said Monday.

Cuffel described the proposed project as extending an existing rail line that would become divided into three tracks on refinery property, built to accommodate 50-car trains.

He said the tanker cars would be divided into two groups of 25, placed on two of the tracks. The third track would be for storing empty cars awaiting departure.

Oil transferred from the rail cars would enter the refinery's own tank, pipeline and refining system, Cuffel said. He declined to specify exact sources of that crude, citing anti-trust regulations and a reluctance to reveal "proprietary" information to competitors.

However, he said, the refinery could be in the market for any North American oil that met the specific gravity and sulfur content limitations set by Valero's permits.

That includes the possibility of oil from both the Bakken fields and Canada — neither of which, taken by themselves, falls within Valero's permitted limits on raw materials.

However, any blend of crudes that meets the right levels of gravity and sulfur could be shipped to the local refinery, Cuffel said.

"Any viable crude we can safely refine, we will," he said.

But current permits wouldn't let Valero produce additional emissions, he noted.

"Opponents allege they would increase, but that's not true," Cuffel said. "Locomotives emit less than ships," and emissions would decline during delivery on a per-barrel basis, he said.

Nor would refinery emissions themselves increase during processing, because the Bay Area Air Quality Management District restricts how much in emissions the refinery can produce, he said.

The refinery already has reduced its sulfur emissions by 95 percent and nitrogen oxide by 55 percent by the installation of a flare gas scrubber, Cuffel said.

“This does not change the process, just the delivery of the crude,” he said of the crude-by-rail project. “There is no change to the refining process.”

Nor would the move increase Valero’s output. The refinery is restricted to producing no more than 165,000 barrels a day, Cuffel noted.

Valero Benicia Refinery General Manager John Hill said Valero receives 350,000 barrels of crude by ship every five to seven days. The rail project, if approved and built, would substitute 70,000 barrels daily in crude brought in by train.

It would provide 120 construction jobs while the project is built, and a net increase of 19 permanent jobs compared to current staffing, Hill said, once crews begin unloading oil from rail cars instead of from ships.

Should a spill or derailment occur, how it would be handled would depend on where the accident happened, said Chris Howe, the refinery’s director of health, safety, environment and government. If it is on Valero property, the refinery’s own emergency responders would be responsible for handling its effects, though Valero has emergency response agreements with surrounding communities, including Benicia.

The refinery’s safety department is equipped to handle medical, fire and hazardous materials emergencies, Howe said, and has a staff that includes state-certified firefighters and emergency medical technicians.

“We train with the Benicia Fire Department,” he said, and Valero employees have assisted the municipality’s fire department through mutual-aid agreements, such as during the 2007 Big O Tire Store fire and a wildfire last year on Reservoir Road.

“We respond to emergencies with any agency,” Howe said.

If an emergency happened off Valero’s property, Union Pacific Railroad would take the lead in the response, he said, but Valero’s teams would be available to assist not only in Benicia but as far north as Roseville, where the railroad maintains one of its largest yards.

Both the refinery and the railroad stressed they were taking safety seriously.

Cuffel reminded the audience that for the third year, Valero has been determined by California Occupational Safety and Health Administration (Cal-OSHA) to qualify as a Voluntary Protection Star Program recipient.

He told the audience that Valero Benicia Refinery deals daily with raw materials and products that are considered hazardous materials, but does its work with a risk management approach. "We manage risk," he said. "Crude is a toxic material. It's all about managing risk."

Railroads come under federal jurisdiction, not that of states, counties or cities, something that has surprised and at times frustrated speakers at Benicia City Council and Planning Commission meetings.

Unlike freight delivery trucks, trains are told by the federal government what they can deliver. "We are a Class One freight carrier," said Liisa Lawson Stark, director of public affairs for Union Pacific Railroad. Federal law requires UP to carry such cargo as crude oil. "It's not an option."

Its dispatching center is in Omaha, Neb., which she compared to a "gigantic traffic control center."

In response to inquiries about spills, she said all — even minor ones that don't require emergency responses — are reported "as a matter of practice."

Another speaker, Phillip Daum, senior managing consultant and engineer at Engineering Systems Inc., has investigated freight and transit railroad accidents and the cargo and carrier cars involved.

Daum participated in the probes of last year's fatal derailment and explosion of a runaway oil train at Lac-Mégantic, Quebec, Canada, spending a dozen days there documenting information. He also was part of the investigation into the fiery incident at Casselton, N.D., in late December, in which a soybean train derailed and an oil train crashed into it and exploded while traveling on a parallel track. And Daum was involved in the inquiry into the Plaster Rock, New Brunswick, Canada derailment in January.

He said Monday he was unable to speak about some of the findings of those investigations, because they are ongoing. But he said the U.S. National Transportation Safety Board, Canada's Transportation Safety Board and the Department of Homeland Security are collaborating on a tank car safety project and getting "information from the accidents and studying to evaluate what works and what doesn't."

He said the safety project has the endorsement of the Association of American Railroads, and car suppliers and shippers are anxious to see "what can be done."

Daum said other decisions may be made based on information from those accidents, such as increasing track inspections or slowing speeds for trains with more than 20 crude-carrying cars, or placing tanker cars among other types of rail cars instead of having trains with just one type of car.

"The biggest thing is, there is a lot of effort going into understanding the accidents," he said, with the U.S. Department of Transportation, the NTSB and Congress "working to improve crude

by rail.”

None of the accidents Daum has investigated involved Union Pacific trains, though the North Dakota collision involved BNSF trains that also travel in the Bay Area.

In February, BNSF announced it would buy up to 5,000 crude oil tank cars with safety features, including thicker walls, stronger ends, better pressure valves and other features that exceed industry standards that were upgraded in October 2011 to meet the recommendations of the AAR trade group.

Daum praised BNSF’s move in that direction, calling the company “a leader” in the move to safer tanker cars.

He expected the industry and its regulators to follow that lead. “I have confidence in the process,” he said.

BNSF’s move to buy cars is unusual in the industry — most railroads only own tracks and locomotives. The cars they pull are usually owned either by the client companies themselves or they are leased from other companies.

Stark said UP is one of those railroads that doesn’t own cars. But it supports Association of American Railroads’s stand in calling for sturdier oil cars, she said.

Saying UP has joined AAR’s recommendation for the Department of Transportation’s adoption of stronger tank car standards, she said, “We don’t waver on that.”

She said UP has a strong safety record on transporting myriad types of cargo, especially hazardous materials.

“Safety is our number-one priority — safety for the public, for our employees and our customers. Everything is treated as important with regard to safety,” she said.

The oil would not come in DOT-111 tanker cars, such as the ones that exploded and burned in 2013 in the Lac-Megantic incident, said Tom Lam, Valero senior staff project engineer and project manager.

Instead, he said, about 5,000 upgraded models with reinforced exteriors that exceed federal specifications have been ordered by the refinery. “They are based on the new design with extra protection,” he said.

Some of the residents’ concerns about the environmental impact of the project are expected to be addressed in the draft Environmental Impact Report (EIR) now being developed by the city of Benicia to meet California Environmental Quality Act (CEQA) requirements.

When scheduled, Monday’s meeting was intended to be a public forum taking place in the middle of the public comment period after the release of the draft EIR.

But the city announced earlier this month that the report, initially expected to be released late last year or in January, won't be ready until April.

That's because of both the scope of the review and the quantity of comments and questions Benicia received and must address in the report.

The draft EIR, led by the city of Benicia, analyzes the project's effects on multiple areas of the community, from construction equipment fumes and locomotive exhaust on air quality to how spills might taint neighboring marshland.

It's also looking at local traffic patterns, noise production, bird nesting seasons, how any discovered cultural artifacts would be protected and how any other harmful aspects of the project would be avoided or mitigated.

One of those attending Monday asked about the traffic impact, particularly as it would affect Bayshore Road businesses.

Stark said UP would schedule the trains late in the day, and an earlier traffic study recommended against train arrivals at peak commuter times or at lunch.

Not only does the railroad have to consider those constraints, it also must deal with freight and Amtrak traffic — including the Capital Corridor commuter from the Bay Area to Sacramento — on its tracks.

Initial studies conducted before the EIR began indicated five construction areas and one operating area would need mitigation, but nothing was found to be of significant impact, said Lynn McGuire, Environmental Resource Management's Western Division air quality and climate change consultant.

Some members of the audience asked how an earthquake would affect the trains and cars full of oil, a topic being explored in the EIR after initial examinations indicated that even a magnitude 7 quake would shake an oil-laden train only 2 inches, Cuffel said. "It wouldn't topple a car," he said.

After the EIR is released and the public comment period closes, the city will decide whether to certify the EIR, Cuffel said.

However, the refinery also will be dealing with other regulators, such as the Bay Area Air Quality Management District, which must decide whether to authorize the project's construction and operation.

Howe said this won't be the only informational meeting Valero will have on its project. "We will have a meeting after the EIR is released," he said.

Valero refinery engineers to address DEIR

JUNE 25, 2014 BY DONNA BETH WEILENMAN 7 COMMENTS

Monday meeting requires RSVP

Valero Benicia Refinery engineers will speak Monday at a public meeting on the refinery's Crude-by-Rail Project and Benicia's Draft Environmental Impact Report (DEIR) that was released June 17.

"Valero remains committed to informing the community about the project and to promoting public discussion of the DEIR," refinery officials said in an announcement of the meeting.

Independent experts also have been invited to speak about the environmental report and to answer audience questions.

The project, which needs a use permit from Benicia as well as permission from some Bay Area regulatory agencies, first was proposed early in 2013.

The refinery wants to extend Union Pacific Railroad tracks onto its property so crude oil may be brought to the refinery by rail tank car.

The oil brought in by the rail cars would be substituted for some deliveries that currently arrive by transoceanic tanker ship, and would give the Benicia refinery access to North American crude supplies.

The refinery has said — and the DEIR has concurred — that bringing in crude by rail would reduce greenhouse gas emissions in the Benicia area.

That's because any emissions generated by trains would be offset by reducing the emissions by tanker ship, the DEIR noted.

However, when the trains emit carbon-based gases in other areas of the state as they travel to and from Benicia, there is no offsetting reduction of other emissions, the DEIR reported — resulting in a "significant" and "unavoidable" impact to the area's air quality.

Proponents of the project have spoken of the refinery's award-winning safety program, economic

contributions to the city and the refinery's need to remain competitive in the market, as well as the temporary and permanent jobs the project would bring to Benicia.

Opponents have worried that the refinery would bring in the sulfur-rich, heavy sour crude from Canadian tar sands or the light, sweet but volatile crude from the Bakken formation of the upper Midwest, mostly found in North Dakota.

They also have questioned the cumulative effects of Valero joining other Bay Area refineries in bringing in the volatile fluids, and have expressed concern that railroads are governed primarily by federal regulators, not state or local agencies, removing local authority to request or mandate changes.

One local group, Benicians for a Safe and Healthy Community, will have its own workshop Saturday at 1 p.m. at Benicia Public Library, 150 East L St., to explain the California Environmental Quality Act and the procedures governing review of Valero's proposed project.

Among those at the workshop will be attorney Roger Lin of Communities for a Better Environment, who will outline CEQA requirements for large-scale projects, and other community organizers who will describe how to comment on Valero's project.

Valero Benicia Refinery's meeting, at which its engineers and independent experts will describe the rail project, will take place at 5:30 p.m. Monday at the Ironworkers Union Local 378, 3120 Bayshore Road.

Because seating is limited, those who want to attend Monday's meeting need to reserve space by calling the refinery at 707-654-9745 or by emailing info@beniciaCBR.com.

Valero changes meeting time to accommodate Planning Commission

JUNE 25, 2014 BY DONNA BETH WEILENMAN LEAVE A COMMENT

Valero Benicia Refinery engineers and others who are slated to speak Monday about the refinery's Crude-by-Rail Project will have a new, earlier starting time for their meeting with the public.

The refinery issued a statement Wednesday that the meeting will start at 5:30 p.m. Monday, so those who want to attend a Planning Commission workshop on the California Environmental Quality Act and how the panel should review a draft Environmental Impact Report (DEIR) later that night should do so.

Though the city is circulating a DEIR on the Valero project, the Planning Commission's workshop will not address that specific project, according to the panel's agenda.

However, the DEIR, which was released June 17, will be among the topics that will be covered at the Valero meeting.

Refinery officials, in announcing the public meeting, said, "Valero remains committed to informing the community about the project and to promoting public discussion of the DEIR." Besides the refinery's own engineers, Valero has asked a panel of independent experts to speak about the report and to answer questions from the audience.

The Crude-by-Rail Project, proposed early in 2013, would extend Union Pacific Railroad tracks onto Valero's property so crude can be brought by rail.

A Benicia-issued use permit is required for the project to proceed, and the refinery must obtain several permits from other regulatory agencies before it can start construction.

Oil brought in by rail cars would replace some of the crude that has been arriving by transoceanic tanker ship. The new delivery method would give the Benicia refinery access to North American crude supplies.

The refinery has said, and the DEIR concurred, that bringing crude by rail would reduce greenhouse gas emissions in the Benicia area because any emissions generated by trains would be offset by reducing the emissions by tanker ship. The refinery is prevented from increasing emissions from its refining process.

However, when the trains emit carbon-based gases in other areas of the state as they travel to and from Benicia, there is no offsetting reduction of other emissions, the DEIR reported.

Proponents cite Valero's award-winning safety program, economic contributions to the city, the need to remain competitive in the market and the temporary and permanent jobs the project would bring to Benicia.

Opponents have said the project would increase the amount sulfur-rich, heavy sour crude from Canadian tar sands and volatile light, sweet crude from the Dakota Bakken fields, and worry about the cumulative effects of Bay Area refineries bringing in crude by rail.

Benicians for a Safe and Healthy Community will have its own public workshop at 1 p.m. Saturday at Benicia Public Library, 150 East L St., where attorney Roger Lin will outline CEQA requirements for large-scale projects and community organizers will explain how the public may comment on the project.

Valero Benicia Refinery's meeting, at which its engineers and independent experts will describe the rail project, will take place at 5:30 p.m. Monday at the Ironworkers Union Local 378, 3120 Bayshore Road.

Because seating is limited, those who want to attend Monday's meeting need to reserve space by calling the refinery at 707-654-9745 or by emailing info@beniciaCBR.com.

The Benicia Planning Commission workshop will start at 7 p.m. Monday in the Council Chamber of City Hall, 250 East L St.

Valero: Crude-by-rail plan would reduce emissions, make refinery more competitive

JULY 1, 2014 BY DONNA BETH WEILENMAN

General manager: If you have a refinery in your community, 'you want Valero to run that refinery'

Valero Benicia Refinery's Crude-by-Rail Project is a logistics endeavor that ultimately would reduce transportation-related greenhouse gas emissions not only in Benicia but throughout other Bay Area communities, a packed room in the local Ironworkers Union building heard Monday night.

Don Cuffel, the refinery's environmental engineer group manager, told the audience that with the exception of adding delivery of crude by Union Pacific Railroad, little else would change in the refinery's operations.

No additional fuel would be produced, he said, and the refinery wouldn't be allowed to increase either its own emissions or its product output.

It was the second public meeting Valero has had on the project, which also has been the subject of meetings by those opposed to bringing crude in by train, particularly if it is either the volatile, light and sweet crude of the Bakken formation in the Upper Midwest or the sulfur-heavy crude extracted from Canadian tar sands.

Cuffel said Monday the proposed project would add rail to ship and pipeline delivery of crude to Valero, increasing access to domestic types of crude and reducing reliance on foreign sources.

The project proposes building 8,800 feet of rail line, two lengths of which would be used for 25 rail cars each to deliver their loads of crude. The third rail would be a staging site for trains preparing to exit Valero.

The refinery and the city have been working on the project for a year. The city is currently circulating a draft Environmental Impact Report (DEIR) that examines how the project would affect the environment, not only delicate plants or migrating birds but also traffic and noise.

Among the draft report's findings, the project would improve Bay Area air quality compared to

the current situation by exchanging rail transport for that of ships. It also would comply with the Bay Area Air Quality Management District Bay Area 2010 Clean Air Plan.

In addition, the draft said the project as proposed either is environmentally superior or more legally defensible compared to a set of alternatives examined in the report. In most areas the report reviewed, the project would have either no or "less than significant" impact.

"If it's significant, you try to mitigate," Cuffel said of any impact the project had on the property and elsewhere.

While locomotives would bring their own emissions, Cuffel said in the Bay Area in particular, emissions would decline because trains release far less than the tanker ships.

He said he expects that reduction to be 225,825 metric tons. "It's a wonderful thing to modernize our facility and reduce emissions and reduce greenhouse gas," he said.

The report noted, however, that communities between the Bay Area and Roseville wouldn't have a similar reduction in shipping to compensate for the emissions from the two daily round trips the trains would make.

It said the project would have "significant and unavoidable" impacts to air quality outside the Bay Area.

Whether in or outside the city, Benicia can't impose emissions controls on locomotives because rail operations are for the most part regulated at a federal level.

That's because trains travel throughout the nation, and their operations would be hindered if some local or state governments could impose certain types of restrictions that were in direct conflict with restrictions other states, counties and cities had in place, the audience heard.

The public has at least 45 days from the June 17 release of the DEIR to comment on the draft report. Besides sending comments directly to the city, those interested also may speak July 10 at a Planning Commission hearing at City Hall, 250 East L St.

At that time, the commission may decide to extend the comment period.

Public comments and questions will be addressed and incorporated into the final EIR, which will be circulated and sent to the Planning Commission for certification. Should the panel approve the EIR, it also could issue the refinery's use permit.

The final EIR must be certified before the refinery could get its permit and the Bay Area Air Quality Management District would consider issuing its own permit to Valero.

Because the entire project is on industrial-zone land and is confined to Valero's property, permission for the project could have been handled administratively had it been less costly to do.

Cuffel said Monday that California is among the strictest states in regulating air quality, and other state regulations make California Air Resources Board (CARB) gasoline "among the cleanest fuels you can buy."

He said the Crude-by-Rail Project would be the latest in a series of refinery projects that would be better for the environment. Among its other projects is the installation of a flue scrubber that has reduced sulphur dioxide emissions by more than 95 percent, and other measures that reduced nitrogen oxide emissions by more than 55 percent.

He described the tougher train rail cars Valero would use to transport the crude, the 1232 cars that have reinforced shells made of higher tensile strength. Improved couplers, extra shielding on front and back, and a policy that would forbid trains from being left unattended would increase safety, Cuffel said.

Security has been on many minds since an unattended train derailed and exploded July 6, 2013, at Lac-Megantic, near Quebec, Canada, killing 47. That wouldn't happen with a UP train, Cuffel said, because of the decision not to leave trains unattended. In addition, that lower-quality tank cars, called DOT-111 in the United States and CTC-111A in Canada.

Despite several recent dramatic accidents involving tanker car crude spills and explosions, Cuffel said, accidents involving trains remain far lower than those involving tanker ships, and cited the DEIR report's findings to support his statement.

In addition, the refinery, which has a state-certified industrial fire department that trains with Benicia Fire Department and is part of a larger mutual-aid group involving other petroleum industries, has trained to address emergencies.

“Each year we simulate spills,” Cuffel said. “We are not starting from scratch.”

Christopher Howe, director of the refinery’s health, safety, environment and government affairs, elaborated, saying the refinery’s fire department is trained and prepared to handle hazardous materials, medical emergencies and other situations.

Valero Fire Chief Joe Bateman said his department has 70 employees, including 28 emergency medical technicians and 32 trained to handle hazardous materials. Usually each shift has 15 to 20 on duty, he said, but all are on call should a major event take place.

In addition, since the two departments train together, Bateman said, Benicia Fire Department is one of the best-trained municipal departments with which he’s worked.

Cuffel described Valero’s operations to explain the type of crude it can process. He pointed to a chart that focused on two characteristics of oil — gravity and sulfur. The refinery is limited to allowable measurements of each, but he said any blend that fits those parameters could be refined in Benicia.

“If we can blend it, we can refine it,” he said. “Any crude that can be safely transported and is economically attractive is a candidate.”

He said the recent Valero Improvement Project, which had two EIR documents, “reduced emissions dramatically.”

The CBR project also is expected to affect Benicia Industrial Park traffic, but Cuffel said the speed of trains, between 5 and 8 mph, would tie up intersections less than train traffic does now.

He said two 50-car trains would arrive daily to deliver crude. They also would leave daily. These deliveries would eliminate the need for 72 ship arrivals each year, he said.

There are no guarantees the project will be approved, even if the final EIR is certified, and refinery officials were asked what Valero might do if the project is rejected.

Vice President and General Manager John Hill said the project would help the local refinery remain competitive. It would add the equivalent of 20 jobs, and would keep producing the

cleaner gasoline consumers need.

In addition, he said, it would let the refinery keep all its employees, and remain a part of the community where it's been for the last 45 years.

"We want to continue to do that," Hill said. "We have an excellent reputation in the community."

He said his company has a reputation outside Benicia, too; that people say if you have a refinery in a community, "you want Valero to run that refinery."

He said, "If you want us to run it, let us do the project."

Hill also reminded the audience of Valero's contributions to Benicia, that refinery revenues contribute 25 percent of the city's General Fund money, and the refinery has given \$13.7 million to area charities.

He said the refinery employs 450 of its own workers, as well as 250 from contractors, produces 10 percent of CARB-regulated gasoline in the state and a quarter of CARB gasoline used in the San Francisco Bay Area, and supports 3,900 other jobs in the Bay Area.

He said the refinery recently listed 15 job openings and received 1,100 applications in five days.

April 9, 2014

Mr. Marc Ethier:

I would like to propose this as an Opinion piece in the *Benicia Herald*, not a letter to the editor. Two letters to the Editor, one that ran on last week by Ms. Kerridge and another that ran today by Mr. Fallon, have either said outright or intimated that Valero puts profits above Safety. I want your readers to know the truth.

Keith Washington
Keith.Washington@Valero.com

Cell: 707-745-8542

Valero Puts Safety First for Community and Employees

By Keith Washington, Safety Manager, Valero Benicia Refinery

In reference to a Letter to the Editor in last week's Benicia Herald, I want to correct the most important misinformation the writer shared with the newspaper's readers. It had to do with the suggestion that Valero would put profits above safety. Nothing could be further from the truth. As a Benicia resident and the Safety Manager at the refinery, I know the truth and I can speak for everyone who works in our refinery.

Our refinery's top three strategic objectives, **listed in order of priority**, are found in presentations we make to employees, Valero's Community Advisory Panel (CAP), and to others in tour groups who visit the refinery. (Valero CAP presentations that include our objectives can be found on file at the Benicia Public Library.)

Strategic Objectives

1. **Safety** – Maintain an injury-free workplace
2. **Reliability** – Achieve industry-leading asset availability
3. **Environment** – Eliminate environmental incidents

When we work safely, operate reliably and in an environmentally sound manner, we have the opportunity to succeed as a "for-profit" company. Investors in our company do expect a return on their investment. Investing in safety is a wise choice, as is investment in equipment maintenance so it runs properly when needed to refine crude, and investment for environmental stewardship.

These top three strategic objectives provide the opportunity to achieve our fourth objective:

4. **Profitability** – Industry-leading returns for Valero

Finally, these previous four objectives can only be achieved by having an organization that is capable of executing the plans, programs, and practices necessary for success, so our fifth objective is:

5. **Organizational Capability** – Build and maintain an organization that combines people, processes and culture to achieve and sustain industry-leading results.

I use the term “opportunity” in relation to profitability because other factors can harm the bottom line, like access to affordable raw materials. Yet, we know we must work safely, reliably, and in an environmentally sound manner at all times to succeed in business.

You should also know that the State of California’s Division of Occupational Safety and Health (Cal/OSHA) has recently recognized our refinery for the third time since 2006 for our continuous commitment to refinery safety. We are the only refinery in the Bay area to have attained this designation and one of only two refineries in the State of California to be designated as Cal/OSHA Voluntary Protection Program Star Sites, the other refinery being Valero’s Wilmington Refinery near Los Angeles.

In our country, operating a safe, reliable, environmentally-sound, and profitable business – run by employees and contractors who are invested in their company, as well as in the communities where they live – is considered an exemplary business model. I am proud to be a Benicia resident AND an employee of Valero.

I hope this informational is helpful.

Keith Washington is a Benicia resident and has worked at the Benicia refinery for 27 years.

The BAKKEN

MAGAZINE

PHMSA Director: Bakken crude not causing accidents

By Luke Geiver | May 21, 2014





Per day, 1,280 tank cars carrying Bakken crude are moved out of North Dakota. Per month, the Bakken moves 300 unit trains.

In the past decade, the amount of crude by rail has quadrupled, according to Kip Wills, director of the U.S. Pipeline Hazardous Materials Safety Administration's Central Region office. The increase doesn't appear to be slowing, he said during a presentation at the 2014 Williston Basin Petroleum Conference. Wills, also a state trooper, has been working for the past two years to inspect and regulate the crude by rail industry, specifically in the Bakken play of western N.D. Since last July, he has spent more than 80 nights in the region. Although his position and regulatory agency is rarely in the news, Wills said railcar derailments involving Bakken crude has brought his team into the spotlight.

During his presentation, "Pipeline and Rail Safety," Wills made a strong point to the crowd about Bakken crude's role in roughly five derailments. "Bakken crude didn't cause any of the accidents," he said, adding that the issue was with rail, either through human error or the failure of rail hardware. The crude may have contributed to the incident simply because the crude is a flammable liquid, "but it's not causing the accidents."

Between February and March of this year, Wills team conducted several inspections of rail car facilities and other crude handling locations. The team visited 40 loading facilities in addition to performing outreach efforts aimed at educating first responders about flammable liquid incident protocols. Wills' team has 10 enforcement actions pending, but, overall he pointed out, crude

handling via rail doesn't appear to show any major issues.

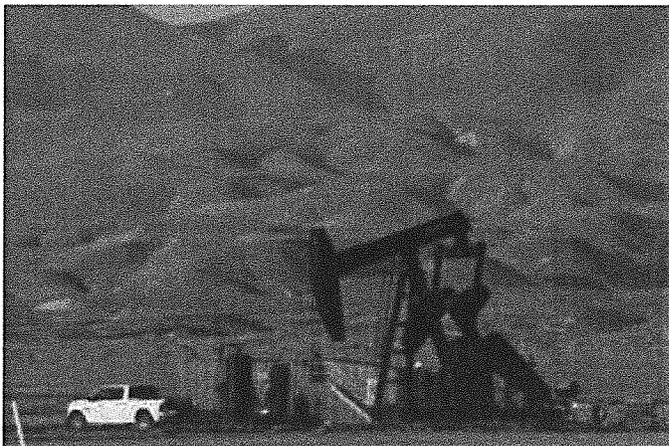
One of the issues Wills said he is concerned about is the way crude is handled by cargo tanks. Not all cargo tanks are classified to haul Bakken crude, depending on the way the product is classified. In the coming months, Wills intends to focus on the way Bakken crude is handled from the well site to the rail loading facility. He also hopes operators will take note. "Operators will have to come up with some kind of testing protocol for properly matching crude type with the proper cargo tank."

MONEYBEAT

Shale Boom Excludes California, So Golden State Leans on Iraq

By NICOLE FRIEDMAN

California's oil market – largely cut off from the rest of the nation– is more at the mercy of geopolitical crises as a result of its isolation.



Getty Images

Recently, all eyes have been on Iraq, where Sunni militants seized several cities in June. Iraqi oil exports haven't slowed, and suggestions that more Libyan oil will return to the market are calming some traders' fears. But the potential for the insurgency in Iraq to spread has kept oil prices elevated in the past month and pushed gasoline prices to the highest level for the July 4 holiday since 2008.

Iraq was the sixth-largest oil importer to the U.S. in April, shipping 321,000 barrels a day, up 10% from the prior month, according to the Energy Information Administration. Nearly half of that went to California, mostly to refineries owned by **Tesoro Corp.** TSO +1.32% and **Valero Energy Corp.** VLO +0.22%

A loss of Iraqi supply wouldn't cause fuel shortages in California, but it would push global oil prices higher as California refiners sought to buy more oil from other sources, said David Hackett, president of Stillwater Associates, a transportation energy consulting company in Irvine, Calif.

For the most part, those sources wouldn't include shale fields east of the Rocky Mountains, which have boosted U.S. oil production to record heights.

Relatively cheap U.S. oil has flowed out of shale fields in the mid-continent and Gulf Coast in recent years, keeping benchmark U.S. oil prices below global prices, boosting refinery profits and cutting foreign crude-oil imports 31% from their peak in 2006. But California has limited pipeline and rail access to the new sources of supply, and imports to the West Coast have fallen just 18% in the same period.

"There's no question that the inability of the refiners to get large volumes of mid-continent crude to California makes the state more vulnerable to supply disruptions from abroad," Mr. Hackett said.

Prices at the pump in California are consistently the highest in the lower 48 states. Regular gasoline costs \$4.14 a gallon there on average today, according to AAA, compared to an average \$3.667 nationwide.

Iraqi oil accounted for roughly half of Tesoro's California imports in April, according to the EIA. A Tesoro spokeswoman said the company is able to adjust its sourcing and expects to be able to meet its supply commitments in the future.

Iraq provided 14% of Valero's California imports in April. A Valero spokesman wouldn't comment on a possible supply disruption but said the company is waiting for approval to build a rail facility that would replace up to 70,000 barrels a day of oil that the company imports from overseas with North American oil.

NORFOLK SOUTHERN RECOGNIZES RAIL CUSTOMERS FOR SAFE CHEMICAL HANDLING

Norfolk, VA. - May 23, 2014

Norfolk Southern Corporation (NYSE: NSC) announced today that 60 chemical customers will receive the Thoroughbred Chemical Safety Award for their safe business practices in 2013. Collectively, these customers safely shipped more than 157,000 carloads of hazardous chemical products over the railroad's network during the year.

The award, given annually for 18 years, goes to chemical manufacturers and facilities that ship at least 1,000 carloads of hazardous product on Norfolk Southern without a single incident. In 2013, 55 corporations and five plants achieved the standard.

Carload shipments included industrial chemicals used to manufacture various consumer goods, crude petroleum, ethanol, and fertilizers. While essential to the U.S. economy and consumers, these chemicals are classified as federally regulated hazardous materials and are potentially dangerous if mishandled.

Norfolk Southern works closely with chemical customers throughout the year to ensure their product arrives safely to destination, including offering training in safe rail-shipping practices.

"We commend these valued business partners for their absolute commitment to safety," said Norfolk Southern CEO Wick Moorman. "Their efforts might not make news headlines, but the safe movement of chemicals that are the building blocks to jobs and a strong economy is the good news story that occurs every day across our rail network. We thank these customers for helping us demonstrate that rail is the safest, most efficient, and environmentally friendly way to transport consumer goods."

Customers earning the Thoroughbred Chemical Safety Award for 2013 are:

Abengoa Bioenergy Akzo Nobel Chemicals Inc. The Andersons, Inc. Apex Terminal ArcelorMittal USA Ascend Performance Materials LLC Aux Sable Liquid Products Inc. Axiall Corp Bayer MaterialScience LLC BioUrja Trading, LLC BP Products North America Cargill Centennial Energy, LLC Chemtrade Logistics Inc. CHS Connacher Oil and Gas Limited Delaware City Refining LLC plant in Delaware Eastman Chemical Company Eighty-Eight Oil LLC Elbow River Marketing Ltd. Equistar Chemicals, LP ERCO Worldwide ExxonMobil Chemical Company Finnchem USA Inc. Formosa Plastics Corporation, U.S.A. Green Plains Renewable Energy Haverhill Chemicals Husky Energy Inc. The International Group Inc. Kemira Water Solutions Lima Refining Company Louis Dreyfus Commodities MarkWest Energy Partners, L.P. Mitsubishi Gas Chemical America, Inc. Murphy Oil USA Musket Corporation NorFalco Inc. NOVA Chemicals Nucor Steel Occidental Chemical Corp Olin Chlor Alkali Products plant at North Charleston, Tenn. One Earth Energy LLC Oxbow Sulphur Inc. PCS Phosphate plant at White Springs, Fla. Plains Marketing, L.P. Plains Midstream Canada POET Ethanol Products The Procter & Gamble Co. PVS Chemicals, Inc. Renewable Products Marketing Group Shell Trading Canada Shell Trading (US) Company Solvay Chemicals Southwest Iowa Renewable Energy, LLC Sunbelt Chlor Alkali Partnership plant at McIntosh, Ala. Sunoco Logistics Targa Resources Toledo Refining Company LLC plant at Oregon, Ohio Valero Marketing & Supply Westlake Chemical

Norfolk Southern Corporation (NYSE: NSC) is one of the nation's premier transportation companies. Its Norfolk Southern Railway Company subsidiary operates approximately 20,000 route miles in 22 states and the District of Columbia, serves every major container port in the eastern United States, and provides efficient connections to other rail carriers. Norfolk Southern operates the most extensive intermodal network in the East and is a major transporter of coal, automotive, and industrial products.

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Benicia Biz Beat: Valero wins Spirit of Solano award

The Benicia Herald

DECEMBER 24, 2013 BY EDITOR

VALERO BENICIA REFINERY RECEIVED the Spirit of Solano award during the 18th annual Spirit of Solano awards luncheon Dec. 5, given by Westamerica Bank and Solano Economic Development Corporation. The event recognizes honorees chosen by Solano County's eight chambers of commerce.

Benicia Chamber of Commerce chose Valero Benicia Refinery for its contribution of time and money to multiple community organizations, both in Benicia and elsewhere throughout the San Francisco Bay Area.

Valero employees give about 15,000 volunteer hours to various area nonprofits and support more than 60 community projects.

In addition, the company's employees give hundreds of thousands of dollars to United Way of the Bay Area, participate in blood drives, organize and volunteer at tutoring programs at Benicia schools, and participate as members on local boards and committees.

City welcomes new businesses Benicia has issued licenses to new or relocated businesses in the city.

Among them are Laboratory Corporation of America, 1367 East Second St., owned by David P. King; Golden West Registration Services, 495-B Military East, owned by Nicholas Kosta; Benicia CrossFit, 685 Stone Road, owned by Craig and Jennifer Moore; Coup Brands, 3909 Park Road, owned by Ryan Tu; Carbonline Wheels, 3820 Industrial Way, owned by James Porreco; Dos Gatos Gallery, 828 First St., Suite B, owned by Marcalan Glassberg; and Tapestry Court Quilts, 252 First St., owned by Geri Krueger

—*Donna Beth Weilenman*

Environmental concerns over oil-by-rail project could impact California gas prices

By Kevin Smith, San Gabriel Valley Tribune

sbsun.com

An oil-by-rail project that could lower California gas prices and reduce the state's reliance on foreign oil is facing increasing opposition over environmental concerns.

Tesoro Corp. has partnered with Savage Companies on plans to build an energy distribution terminal in Vancouver, Wash. The oil would be brought to the facility by rail and then shipped by tankers and barges to California refineries where it would be converted into gasoline.

Tesoro hopes to begin shipping up to 360,000 barrels of North American crude a day to the port by the middle of next year. The project, they say, would provide "a viable domestic alternative" to foreign supply options.

But a string of fiery rail crashes has some fearing that Tesoro's project could cause more of the same.

A rail accident that occurred late last year in Casselton, N.D., forced residents to evacuate the town. Another July 2013 derailment in Quebec, Canada, spewed about 1.6 million gallons of crude which ignited a fire that killed 47 people.

"Those crashes have to do with non-qualified tankers cars that don't have enough reinforcement to haul the oil," industry analyst Bob van der Valk said. "When they crash the bottom just falls apart."

That has put pressure on the oil industry and regulators to improve the safety of oil shipments.

In February, Tesoro announced that it had begun replacing older cars in its tanker fleet with newer ones that are equipped with reinforced shields and relief devices. The upgrades to Tesoro's rail car fleet will be completed before construction of the proposed Tesoro-Savage Energy Distribution Terminal would begin and before the terminal would start accepting crude oil deliveries, the company said.

"The safe design of rail cars in crude service is of paramount importance," Keith Casey, Tesoro's senior vice president of strategy and business development, said in a statement.

Denny Larson, executive director for Global Community Monitor, a San Francisco-based group that trains and supports communities in the use of environmental monitoring tools, said the project doesn't sound good.

"It sounds dangerous, it sounds dirty and it would create air pollution from increased rail traffic and barge traffic," he said. "And it's too risky to receive serious consideration given the growing concern about rail accidents."

Byron Brodehl, who runs Best Buy Manufactured Homes in Vancouver, is a little more on the fence.

"There is always concern when you transport oil and those kinds of things by rail," he said. "But you have to weigh the hazards against the economic benefits. Sometimes it's tough to weigh those things out, but this doesn't seem to be something that people on the street are talking about."

Last year more than 51 percent of California's oil supplies came from foreign sources, according to the California Energy Commission. That was up from 34.1 percent a decade earlier and well above 6 percent in 1993.

Saudia Arabia, Ecuador and Iraq were California's biggest suppliers of foreign crude last year.

On the plus side, domestic oil production is booming, and oil produced in the U.S. would cost up to 25 percent less than some of the foreign brands.

But getting it to California is another matter.

Other states have easier access to the cheaper crude coming out of North Dakota and Canada, but California has been forced to buy more of the expensive crude because fewer pipelines connect the state to the rest of the nation.

Van der Valk supports the oil-by-rail plan — both logistically and as a means of reducing price volatility.

“This oil is like water behind a dam,” he said. “It has to go somewhere, it has to be refined. Right now we have to deal with countries that are hostile to us. But if we could totally shut off shipments from the Middle East and Africa ... nothing would happen to the price of gas.”

One thing is certain: California gas prices are consistently among the highest in the nation.

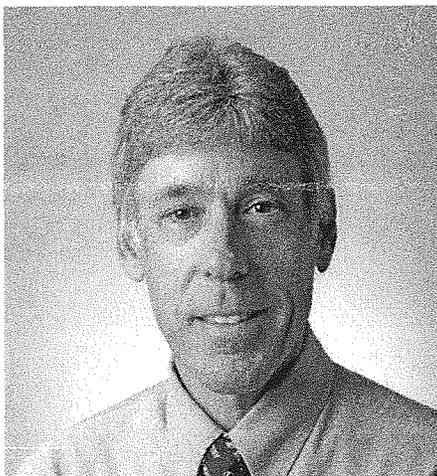
On Tuesday, the state’s average price for a gallon of regular unleaded was \$4.04. That was topped only by Hawaii at \$4.34 a gallon and Alaska at \$4.15 a gallon.

South Carolina, by contrast, had the lowest price — \$3.30 a gallon.

So would the Tesoro project really result in lower prices at the pump?

“I think there is more of a chance that motorists would see a drop in prices as opposed to it going up,” said Patrick DeHann, a senior petroleum analyst with GasBuddy.com. “I think the Tesoro project is a strong business plan that would allow California to access some of that cheaper crude from the Bakken oil reserves in North Dakota and from Alberta, Canada. The only thing I see in the way of this are the environmental concerns. But from what I’ve seen there is a lot that can be done to mitigate those concerns.”

The Vancouver City Council recently voted against the project and it has been to delayed until mid-2015 while Tesoro awaits word from the state on whether another environmental impact report is needed.



Kevin Smith

Reach the author at Kevin.Smith@sgvn.com or follow Kevin on Twitter: [@SGVNBiz](https://twitter.com/SGVNBiz).

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Valero Community Advisory Panel to host crude-by-rail meeting

Posted: 03/20/2014 01:00:55 AM PDT

TimesHeraldOnline.com

Valero Community Advisory Panel to host crude-by-rail meeting

BENICIA -- The Valero Community Advisory Panel will host a community meeting Monday to discuss Valero's controversial crude-by-rail project.

According to Valero Benicia Refinery officials, the meeting's purpose is to inform the community, especially Benicia residents, about what Valero believes is the importance of the project both to the refinery and the city.

It will be held from 6:30 to 7:45 p.m. at the Ironworkers Union Local 378, 3120 Bayshore Road, Benicia. Due to limited space, RSVP's are required by calling (707) 654-9745 or via email to info@beniciacbr.com. For more information, visit www.beniciacbr.com.

The panel consists of Valero officials and members of the City Council, school board, business community and community at large.

The panel was established by an agreement executed in 2000 between the city and Valero to provide an ongoing means of communication about issues of mutual concern.

The subject of the meeting will be Valero's proposed rail off-loading facility that would allow the refinery to receive up to 70,000 barrels of crude oil per day by train. The project's draft environmental impact report is due out next month.

Project critics have raised concerns about rail safety and the possible use of highly flammable Bakken crude from North Dakota.

Critics also have raised about the possible use of Canadian tar sands oil, regarded as more polluting than other crudes. An opposition group, Benicians for a Safe and Healthy Community, have organized events and launched a website -- www.safebenicia.org -- to give voice to these concerns.

Valero officials, however, have repeatedly said the project wouldn't increase emissions. They argue it would generate jobs and help the refinery stay competitive through better access to North American crude stocks.

Contact staff writer Tony Burchyns at tburchyns@timesheraldonline.com or (707) 553-6831. Follow him on Twitter [@tonyburchyns](https://twitter.com/tonyburchyns).

Valero addresses Benicia concerns about crude-by-rail project

By Irma Widjojo/Times-Herald staff writer Published By Times Herald Vallejo Times Herald

TimesHeraldOnline.com

Posted 03/25/14

BENICIA - For the first time the public attended an informational meeting Monday about Valero Benicia Refinery's proposed crude-by-rail infrastructure improvement project.

About 150 people packed the Ironworkers Union Local 378 hall to have questions answered about the controversial project. The meeting was hosted by the Valero's Community Advisory Panel.

The project was unveiled early last year, but has been delayed pending city's environmental impact report.

The project seeks to add three rail tracks and an off-loading track on Valero's property to allow crude oil to be transported into the refinery. Currently, crude oil is delivered into Valero Benicia through pipeline and ships.

During the meeting, officials presented the project to the audience and answered submitted questions.

Many residents have expressed rail-safety and environmental concerns about the project. Company officials contend that the railroad traffic — up to 100 tank cars per day — would not affect the region's air quality, and safety standards would be met.

Officials also said that the railroad addition would make the refinery more competitive by allowing it to process more discounted North American crude oil.

"It would not increase crude delivery, just make it more flexible," John Hill, vice president and general manager of the refinery, told the crowd.

Another point of contention was the type of crude oil that would be transported into Benicia by rail.

An opposition group, Benicians for a Safe and Healthy Community, said the project will allow the delivery of the highly flammable Bakken crude from North Dakota. Concerns also have been raised about the possible use of Canadian tar sands oil, regarded as more polluting than other crudes.

However, officials said there will be no change in the delivered type of crude. They said the refinery can, and will be able to, handle any blend of crude oil as long as it meets density and sulfur requirements for its facility. They did not disqualify Bakken crude as a possible part of a blend.

The California Environmental Quality Act review finds there are a few factors that need mitigation to eliminate impacts, according to the presentation. For example dirt control during construction, avoiding construction during nesting season, storm management plans, and prohibition of crude rail crossing during lunch hour and peak hours.

The city's draft environmental impact report is due to be released to the public next month. Following that, Valero will invite the public to another meeting.

Monday's informational meeting left a few people unsatisfied.

Diana Walsh, a Benicia resident since 1998, said she came to the session, "hoping to be reassured."

However, she said she didn't find any new information.

"I'm very afraid (of the project)," Walsh said. "All we need is a tiny explosion. ... I don't want to live near that."

"I wanted to feel relieved. But I think they were dismissing, or minimizing our concerns," she added.

Jan Cox Golovich, of Benicians for a Safe and Healthy Community, said she was hoping the company would "acknowledge that there are things up in the air."

The group has launched a website, www.safebenicia.org, and organized events to voice concerns over the project.

Like Walsh, Cox Golovich said the officials did not answer questions to her satisfaction.

"They're just pushing through the project," she said. "Have some respect for the community."

Whatever their sentiment might be, many said they are looking forward to participating in the next meeting after the release of the report draft.

For more information on the project, contact Valero at 707-654-9745, or info@beniciaCBR.com.

Benicia public workshops will discuss environmental report

Times-Herald staff report

Posted: 06/24/2014 07:29:25 PM PDT

TimesHeraldOnline.com

BENICIA >> With Valero's controversial crude-by-rail project still pending, the Planning Commission on Monday will hold a workshop to review state laws compelling cities to identify the significant impacts of projects on the environment.

The public workshop follows the release of Valero's 1,500-page draft environmental impact report for its proposal to build a rail terminal at its Benicia refinery.

If approved, the project would allow Valero bring in up to 100 rail tanker cars of oil per day to the refinery. The risks of the increased oil train traffic have been disputed.

The workshop will focus on the California Environmental Quality Act. Specifically, it will cover how to respond to draft environmental impact reports, city officials said.

Valero's report, which was released last week for a 45-day public comment period, will not be discussed at the meeting. Instead, the session is meant to help the public navigate through such documents, officials said.

The workshop is set for 7 p.m. at City Hall, 250 E. L St.

Meanwhile, Benicians for a Safe and Healthy Community, a community group that opposes the project, has announced it will hold its own public workshop on report from 1 to 4 p.m. Saturday at the Benicia Public Library, 150 E. L St.

Also, the refinery has announced it will host an informational meeting about the project from 5:30 to 6:45 p.m. at Ironworkers Union Local 378, 3120 Bayshore Road. Those who wish to attend may RSVP by calling (707) 654-9745 or emailing info@beniciacbr.com.

The report may be viewed at the library, the Community Development Department at City Hall or online at www.ci.benicia.ca.us.

Valero defends crude-by-rail plan

By Tony Burchyns tburchyns@timesheraldonline.com @tonyburchyns on Twitter

Posted: 07/01/2014 11:39:51 PM PDT

TimesHeraldOnline.com

Click photo to enlarge

BENICIA—As politicians call for more crude-by-rail safety measures, Valero this week defended its plans to bring in up to two 50-car trains per day of Bakken crude from North Dakota to its Benicia refinery.

In a well attended community meeting Monday night, refinery officials said the project — which would allow Valero to import up to 70,000 barrels of crude per day by rail — would benefit the economy and the environment by creating jobs and reducing emissions from smoggier boat deliveries of oil.

Valero officials also said the project was necessary to stay competitive on the West Coast.

"If you can't stay competitive by having access to domestic crudes, it could impair our future," Refinery environmental engineer Don Cuffel told the gathering at the Benicia Iron Workers Union hall on Bayshore Road.

Valero hosted the meeting to discuss the city's recently released report on the project's environmental impacts.

The report found that the project would result in a "significant and unavoidable" increase in air emissions in up-rail communities such as Placer, Sacramento and Yolo counties. Those communities would experience significant increases in nitrous oxide emissions from daily oil trains running from Roseville to Benicia.

However, in the Bay Area, those increased train emissions would be more than offset by decreased emissions from marine oil shipments, the report found.

The report was released on July 17 for a 45-day public comment period ending Aug. 1. The Benicia Planning Commission is set to hold a public hearing on it on July 10.

Meanwhile, U.S. Reps. Mike Thompson, Doris Matsui, George Miller and John Garamendi on Tuesday expressed strong concerns about the risks of increased crude-by-rail shipments in their districts, which would be affected by the project.

In a letter to U.S. Secretary of Transportation Anthony Foxx, the members wrote, "We are especially concerned with the high risks involved with transporting lighter, more flammable crude in densely populated areas. Should spills or explosions occur, as we have seen over the last year, the consequences could be disastrous, costing lives, damaging property and harming the environment."

The letter called on the U.S. Department of Transportation to enforce existing safety measures and impose stricter standards on the railroad and oil industries.

Valero officials at Monday's meeting tried to ease concerns about fiery rail accidents. They highlighted the

city's finding that transporting oil by train carries a lower risk of spills than marine shipments. Project opponents, however, have questioned the study, which relies on safety data prior to the crude-by-rail boom in recent years.

The Union Pacific trains traveling between Roseville and Benicia would always be attended, Cuffel said, unlike the runaway oil train that exploded and killed 47 people last year in Lac-Megantic, Quebec. That train was left unmanned after its brakes were accidentally deactivated.

As an added safety measure, Valero officials said that a camera would be installed at the Park Road crossing in Benicia to allow emergency dispatchers to monitor train traffic through the intersection. To reduce traffic problems, no trains would be scheduled through the intersection between 6 and 9 a.m. and 4 and 6 p.m. on weekdays, Valero officials said.

The city would lack authority, however, to enforce that schedule because rail traffic is federally regulated.

It also remains unclear if local first-responders will be told ahead of time when to expect oil trains rolling through their jurisdictions.

At the close of the meeting, Valero officials stressed that the project is necessary to remain viable on the West Coast. Asked whether the company would sell its Benicia plant if the project were denied, Valero vice president and refinery general manager John Hill said, "There's no line drawn in the sand ... but certainly it helps us be more competitive and employ hundreds of people in this community."

Valero crude-by-rail project would have 'unavoidable' air impacts

By Tony Burchyns tburchyns@timesheraldonline.com @tonyburchyns on Twitter

Posted: 06/17/2014 11:57:15 AM PDT

TimesHeraldOnline.com

BENICIA>>The Valero Benicia Refinery's controversial crude-by-rail project would have "significant and unavoidable" air-quality impacts within the Sacramento basin because of emissions from oil trains traveling to and from the refinery, according to the project's draft environmental impact report released Tuesday.

However, the project would result in "no impact" or "less-than-significant" impacts locally to biological resources, cultural resources, energy conservation, geology and soils, greenhouse gas emissions, hazards and hazardous materials, water quality, land use and planning and noise, the report finds.

The roughly 1,500-page report will be circulated for a 45-day public comment period ending on Aug. 1, city officials said.

The Planning Commission is set to hold a public hearing to take comments on the report on July 10. There will be no final action taken at the meeting.

If approved, the proposed project would allow the refinery to bring two 50-tanker car trains of crude oil in and out of Benicia every day, replacing crude shipments by boat.

Valero officials have said the project is necessary to remain competitive on the West Coast. Opponents, however, have raised concerns about the type of crude that could be coming in those tanker cars, such as highly flammable oil from the Bakken oil fields in North Dakota, or Canadian tars sands oil, regarded as more polluting than other crude stocks.

According to the report, the project would result in increased locomotive-related nitrous oxide emissions that would exceed "significant thresholds" established by the Yolo-Solano Air Quality Management District and Sacramento Metropolitan Air Quality Management District. It could also result in "significant and unavoidable" "cumulative" rise of Nitrous Oxide emissions in the Yolo-Solano, Sacramento and Placer County air districts.

In the Bay Area, however, increased locomotive emissions would be "more than offset" by the elimination of air-polluting boat deliveries of up to 25,555,000 barrels of crude per year to the refinery, the report finds.

The project would involve the installation of a rail car unloading rack, rail track spurs, pumps, pipeline and associated infrastructure at the refinery at 3400 East Second St. It would allow Valero to receive up to 70,000 barrels per day of crude oil by train.

Union Pacific Railroad would transport the North American-sourced crude using existing rail lines to Roseville, in western Placer County, where the tanker cars would be assembled into train shipments to the refinery.

The report also addresses the possibility of oil train derailments and fires, like the one that killed 47 people in Lac-Mégantic, Quebec, last year. Earlier this year, a non-fatal derailment in Lynchburg, Virginia, spilled thousands of gallons of crude oil into the James River.

Despite these incidents, however, the report cites a study that found that the risk of oil train spills between Roseville and Benicia would be about once per 111 years. For the portion of the route traversing the Suisun Marsh wetlands area, the risk would be once per 262 years, according to the report.

Not everyone agrees with those findings.

"To say that there would be only one accident per 111 years is breathtaking," said Diane Bailey of the Natural Resources Defense Council, which was among the groups that pushed for the report after the city initially found the project would have no significant environmental impact.

Bailey alluded to federal data revealing that more crude oil was spilled in U.S. rail incidents last year than in the nearly four decades prior to that period. "Valero doesn't even begin to address public safety," she said, adding the group would submit a formal written response after reviewing the report.

The report indicates that Valero has committed to using tank cars that meet the most stringent safety standards.

Federal regulations require crude oil shipped by rail to be transported in "DOT-III" tank cars; however, in 2011, the Association of American Railroads voluntarily implemented more stringent standards on the design of DOT-III's, and cars ordered after Oct. 1, 2011 are generally known as "1232" tank cars. Valero has committed that, when federal regulations call for the use of a DOT-III car, it would use 1232 tank cars.

Other issues tied to the project involve traffic impacts within the Benicia Industrial Park; potential accidental releases of hazardous materials; emergency preparedness in the event of an accident; and environmental issues tied to the production of tar sands oil.

The report may be viewed at the Benicia Public Library, 150 East L St., the Community Development Department at City Hall, 250 East L St., or online at www.ci.benicia.ca.us.

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Valero's Safety Three-Peat

BENICIA – Good news seems in short supply these days in California oil refining. Cal/OSHA regulators are busy preparing a massive overhaul of the process safety management standard in the wake of the 2012 Chevron Richmond refinery fire. There is much concern about the state of the state's refineries, some of which are more than 100 years old.



Photo courtesy Valero

Cal/OSHA Consultation Service Manager Vicky Heza (third from left) presents the VPP certificate to Valero Benicia's VPP/safety team. From left to right: Keith Washington, John Hill, Heza, Ric Irizarry, Dave Frank, Tom Rybarczyk, Sabrina Jeffery and Chris Howe.

But Valero Benicia is a ray of sunshine in the gloom. Some consider it to be a role model for the rest of the industry.

The sprawling facility not far from the Carquinez Straight has accomplished what only one other refinery has done – it just marked its third recertification under Cal/OSHA's Voluntary Protection Program (VPP). The other refinery so honored is Benicia's sister facility in Wilmington. It marked its third re-cert in 2012.

"Safety is what we do," said Chris Howe, director of health, safety, environment and government affairs at the June 4 celebration of the accomplishment. General Manager John Hill added, "If you don't hear me say 'safety' at least three times during a conversation, I was probably just saying hello. We eat, drink and sleep safety."

Talking safety is one thing, but walking the walk is another. Here's Cal/VPP Manager Iraj Pourmehraban on Valero Benicia at its last recertification, in 2010: "Not only is the refinery one of the safety in California or the United States, it is one of the safest in the world," he said.

If anything, it's gotten safer in the meantime. The refinery's total recordable incident rate was 0.18 in 2011 and 0.20 in 2012 and 2013. The lost-time incident rate was zero in 2011 and 2013, and 0.20 in 2012. The facility's last lost-time injury was more than two years ago when a warehouse employee suffered a pinched finger while operating a loading ramp. The last recordable injury was a twisted ankle. The 900-acre Valero facility employs about 450 workers, plus contractor employees.

The foundation of its success are seven "life saving rules" a "no blame" culture.

The foundation of its success are seven life-saving rules, a no name, no blame behavioral-based safety program, and a mechanical integrity program designed to detect corrosion in the process piping and replace it when necessary.

Cal/OSHA Consultation Service Manager Vicky Heza, noting the “special attention” California refineries are getting these days, said “It’s nice to be able to point to Valero as an example” of what can be achieved in safety. “It’s so critical now that we don’t let our guard down.”

Life Saving Rules

Valero’s Life Saving Rules, covering permitting, energy isolation, confined-space entry, bypassing safety devices, use of specified personal protective equipment, fall protection and smoking, “are seven critical rules that must be followed at all times, since violating one of these rules could result in serious injury or death,” Howe tells *Cal-OSHA Reporter*. “There is zero tolerance for violation, and discipline for a violation includes termination for employees or exclusion from our site for contractors.”

The seven rules were selected because they apply to situations and processes that have a high likelihood of “life safety impact,” Howe says, are relatively common to refining, “and demand our highest attention to detail and personal accountability each and every time.”

Attention to detail comes from Valero’s SNAP program (Safety Needs Active Participation), the behavior-based safety system. Since it was instituted in 2005, workers have completed 13,500 observations, and hundreds of employees and contractor employees have been trained in the system.

Valero tracks the safety observation process and resulting indicators to ensure that all workers have a safety discussion. “We also monitor the quality of safety meetings to keep safety meeting topics and materials relevant and ensure communications take place from top to bottom of the organization,” Howe says.

Valero also encourages sharing best practices among employees and is starting a formal process hazards recognition program “to heighten the awareness of our employees to the potential hazards they effectively manage every day.”

Maintaining Mechanical Integrity

When it comes to dealing with perhaps the most critical issue in California refineries at present – detecting and replacing corroded pipes – Valero has that covered as well. The issue is so important because, as Cal/OSHA and the Chemical Safety Board discovered in their investigation at Chevron, the petroleum “feed stock” contributes to increasing sulfidation and thinning of pipes. Chevron allegedly was warned by its own engineers about the dangerously thin pipes, but chose to clamp the pipe that failed instead of replacing it.

“Our mechanical integrity program is an integral part of the refinery’s process safety management program,” Howe says. It includes an extensive plan for ongoing field monitoring and evaluation of piping and equipment to determine their actual condition. “An array of hundreds of thousands of condition monitoring locations (CMLs) has been established to gather data to determine pipe thickness and corrosion rates,” he notes.

“Safety is what we do.”--Chris Howe

A system known as “positive material identification” verifies the actual material in place at the refinery. More importantly, it includes a procedure to identify low-silicon carbon steel that

could be susceptible to corrosion. Steel with higher silicon content is more resistant to corrosion.

Under the mechanical integrity program, Valero has developed a system to forecast the timing of equipment replacement or repair. "As a direct result of this program, various upgrades have been made at the refinery to continue to safely process a variety of crude oils," Howe says.

Valero Benicia employees also act as mentors to other potential Star sites. And the refinery sponsors an off-the-job safety and wellness program, which reinforces safe behaviors at home and in the community.

"The Benicia refinery is recognized as having some of the most stringent and forward-thinking safety practices," Howe said at the recertification ceremony. Many of the practices have been adopted by Valero sites elsewhere.