THE SECRETARY OF TRANSPORTATION
WASHINGTON, DC 20590

February 20, 2014

The Honorable Edward R. Hamberger
President and Chief Executive Officer
Association of American Railroads
425 Third Street, SW
Washington, DC 20024

Dear Mr. Hamberger:

Thank you for joining me and our team at the U.S. Department of Transportation (DOT) last month to discuss safety issues associated with the transportation of crude oil by rail within the United States. DOT and the Association of American Railroads (AAR) both recognize that the United States has experienced a significant growth in the quantity of petroleum crude oil being shipped by rail in recent years. The rapid increase in the production and transportation of crude oil requires additional vigilance for the continued safe movement of this commodity by all stakeholders involved, including both the rail industry and the Federal Government. After all, nothing is more important for all involved than safety.

Over the last month, DOT and AAR have been engaged in productive discussions regarding additional measures that AAR and its member railroads can take to further enhance the safe transportation of crude oil by train. My leadership team informs me that AAR and many of its member railroads (Railroad Subscribers) are willing to make the commitments described below. The purpose of these commitments is to address safety concerns that have been raised regarding the rail transportation of crude oil by increasing track and mechanical inspection frequency beyond that required by current regulations; conducting routing analyses using 27 factors set forth in Federal regulations to assess the safest and most secure routes; establishing speed restrictions;[1] and utilizing braking systems which reduce the kinetic energy (or pile up effect) of trains in the event of derailments.

DOT continues to evaluate all aspects of crude oil transportation. As we work to gather and evaluate data expeditiously, we will continue to be guided by our safety imperative and will engage all stakeholders as additional measures are proposed. Until such time, the commitments below, taken together, will start to further enhance safety immediately.

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[1] As it assesses the need for additional safety enhancements for the transportation of crude oil by rail, DOT, in collaboration and consultation with all its stakeholders, will endeavor to gather data regarding the impacts of additional or different speed restrictions on the railroad network. Such data will assist DOT in evaluating the potential effects of speed limits on safety, throughput of the railroad network, and operations (including those of passenger trains).

Proposed AAR and Railroad Subscribers Commitments

1. By no later than July 1, 2014, Railroad Subscribers will apply any protocols developed by the rail industry to comply with the existing route analysis requirements of 49 C.F.R. § 172.820(c) – (f) and (i) to the movement of trains transporting 20 or more loaded railroad tank cars containing petroleum crude oil (Key Crude Oil Trains).

2. Railroad Subscribers commit to continue to adhere to a speed restriction of 50 mph for any Key Crude Oil Trains. By no later than July 1, 2014, Railroad Subscribers will adhere to a speed restriction of 40 mph for any Key Crude Oil Train with at least one "DOT Specification 111" tank car loaded with crude oil or one non-DOT specification tank car loaded with crude oil while that train travels within the limits of any high-threat urban area as defined by 49 C.F.R. § 1580.3. For purposes of these commitments, "DOT Specification 111" tank cars are those cars that meet DOT Specification 111 standards but do not meet the requirements of AAR Circular CPC-1232 or any new standards adopted by DOT after the date of this letter.

3. By April 1, 2014, Railroad Subscribers will equip all Key Crude Oil Trains operating on main track with either distributed power locomotives or an operative two-way telemetry end of train device as defined by 49 C.F.R. § 232.5.

4. Effective March 25, 2014, a Railroad Subscriber will perform at least one additional internal rail inspection than is required by 49 C.F.R. § 213.237 (c) each calendar year on main line routes it owns or has been assigned responsibility for maintaining under 49 CFR § 213.5 over which Key Crude Oil Trains are operated. A Railroad Subscriber also will conduct at least two track geometry inspections each calendar year on main line routes it owns or is responsible for maintaining under 49 CFR § 213.5 over which Key Crude Oil Trains are operated.

5. By no later than July 1, 2014, a Railroad Subscriber will commence installation and will complete such installations as soon as practicable of wayside defective bearing detectors at least every 40 miles along main line routes it owns or has been assigned responsibility for maintaining under 49 CFR § 213.5 over which Key Crude Oil Trains are operated unless track configuration or other safety considerations dictate otherwise.

6. Effective upon execution of these commitments by AAR and Railroad Subscribers, AAR and Railroad Subscribers will commence the development of an inventory of emergency response resources along routes over which Key Crude Oil Trains operate for responding to the release of large amounts of petroleum crude oil in the event of an incident. This inventory will include locations for the staging of emergency response equipment and, where appropriate, contacts for the notification of communities. Upon completion of the inventory, the Railroad Subscribers will provide DOT with access to information regarding the inventory and will make relevant information from the inventory available to appropriate emergency responders upon request.

7. Railroad Subscribers individually will commit in the aggregate a total of approximately $5 million to develop and provide a hazardous material transportation training curriculum applicable to petroleum crude oil transport for emergency responders and to fund a portion of the cost of this training through the end of 2014. One part of the curriculum will be for local emergency responders in the field; and more comprehensive training will be conducted at the Transportation Technology Center, Inc., (TTCI) training facility in Pueblo, Colorado. AAR will work with emergency responders in developing, by July 1, 2014, the training program that meets the needs of emergency responders.

8. Railroad Subscribers will continue to work with communities through which Key Crude Oil Trains move to address on a location-specific basis concerns that the communities may raise regarding the transportation of petroleum crude oil through those communities and take such action as the Railroad Subscribers deem appropriate.

If AAR and any of its member railroads are willing to publicly agree to these commitments, I ask that you and such Railroad Subscribers sign the attached acknowledgement, the terms of which shall be incorporated in this letter. Please return a copy of the AAR's executed acknowledgement to me at your earliest convenience. Also, please provide my office with an executed acknowledgement for each subscriber.

DOT appreciates AAR's ongoing commitment to raising the safety bar. For our part, we continue to explore ways to enhance the safe transportation of crude oil and other flammable liquids by rail (*e.g.*, more accurate classification of the hazards posed, speed restrictions, more stringent tank car standards) to ensure the safety of the American people.

Sincerely,

Anthony R. Foxx

ACKNOWLEDGEMENT AND AGREEMENT

Effective on the date set forth below, the Association of American Railroads (AAR) hereby agrees to the "Commitments" as set forth in the attached Letter dated February 20, 2014 from Secretary Anthony R. Foxx to Edward R. Hamberger (Commitments) subject to the following terms.

The AAR's Agreement to such Commitments shall remain in effect until: (1) the Commitments are terminated by the AAR upon 90 days written notice; or (2) a change in an applicable statute or Federal regulation occurs that supersedes or conflicts with any Commitment applicable to the AAR or any Railroad Subscriber as that term is used in the attached Letter, in which case this Agreement will terminate immediately as to the affected Commitment.

The modification of any Commitment shall only be effective upon written acknowledgment and agreement by the AAR.

Nothing in this Acknowledgement and Agreement precludes the AAR from exercising its legal rights, including those in connection with safety regulation matters.

On behalf of the Association of American Railroads

By: Edward R. Hamberger

Title: President & Chief Executive Officer

Date: February 21, 2014

ACKNOWLEDGEMENT AND SUBSCRIPTION

The undersigned railroad hereby, as a Railroad Subscriber (Railroad Subscriber) to the attached Letter dated February 20, 2014 from Secretary Anthony R. Foxx to Edward R. Hamberger, agrees to the "Commitments" of Railroad Subscribers as set forth in the Letter (Commitments) subject to the following terms.

The undersigned's agreement to the Commitments applicable to Railroad Subscribers shall remain in effect until: (1) the Commitments are terminated by the Association of American Railroads (AAR) upon 90 days written notice; or (2) a change in an applicable statute or Federal regulation occurs that supersedes or conflicts with any Commitment, in which case this Acknowledgement and Subscription will terminate immediately as to the affected Commitment.

If the Commitments are modified, such modifications will be applicable to the undersigned only upon written acknowledgement and agreement of the modification by the AAR and such Railroad Subscriber's acknowledgement in writing.

Nothing in this Acknowledgement and Subscription precludes the undersigned Railroad Subscriber from exercising its legal rights, including those in connection with safety regulation matters.

This Acknowledgement and Subscription shall be effective upon the later of the date set forth below or the date of the AAR's written acknowledgement and agreement to the Commitments.

On behalf of _____
Railroad Subscriber

By: _____

Title: _____

Date: _____