

Robin Hartmann, Southern Oregon LNG Coordinator
Oregon Chapter Sierra Club
1721 SE Main Street
Roseburg, Oregon 97470
541-817-2275
robinhartmann@msn.com

223401
223402

AB-515 Sub 2
FO-35160 -

August 21, 2008

Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Dear Members of the Surface Transportation Board:

Thank you for holding this hearing today in Oregon, where the rail line is located. This has allowed some of us to testify who would not be able to make it to D.C. and also serves to draw greater public attention to this important issue here in our state.

My name is Robin Hartmann. I have worked over the past year for Oregon Chapter of Sierra Club to help citizens engage in the proposal by the Port of Coos Bay, Jordan Cove Energy Project and Williams Pipeline to build a liquefied natural gas (LNG) terminal at Coos Bay and a 231-mile, 36-inch diameter pipeline to send the gas across Oregon rivers, forests and ranch land south to the California market. In addition to the impacts of the dredging required for the LNG tankers to come into Coos Bay, and impacts of the construction of the pipeline on private and public property including five major river crossings, the Jordan Cove Energy Project would involve moving large quantities of volatile gases along this rail line, which could result in significant environmental and safety issues, especially given the state of disrepair of the line.

I'm a resident of Douglas County and live in Roseburg, Oregon along the I-5 corridor. I also work for Oregon Shores Conservation Coalition, which has worked for the past 37 years to protect the environment within Oregon's coastal zone – which extends from the crest of the coast range out three miles into Oregon's Territorial Sea. Together, the Sierra Club and Oregon Shores have thousands of members living in Eugene and the coastal region, through which this line runs, and who would be impacted by the decisions made to abandon this dilapidated rail line or purchase and operate the line into the future.

Today, there are two broad issues I would like to bring to the attention of the board. First, the board should be aware of the many safety and environmental issues associated with the current state of the rail line and require that those issues be addressed before the line is abandoned. And second, the board should be aware of the significant changes proposed for future use of the rail line when and if the proposed liquified natural gas facility is approved for Coos Bay.

As you well know, there are serious concerns about the safety of the tunnels on the rail line, but numerous other environmental and safety issues exist all along the line that need to be addressed. We have received first hand reports from coastal residents about the disrepair of the line.

Residents, for example, who have lived on property adjacent to the line south of Florence on Canary Road for the past 25 years describe a long history of regular derailment of cars, many carrying wood chips from the mill. It has been reported that there are areas where the rails themselves are "out of alignment" and running on unstable ground

Since its virtual abandonment, many trees are still down and lying across the line from last year's storms. Invasive species are becoming a big issue along the line. The rail line is currently blocking fish passage on a number of historic salmon-bearing streams. These links to upstream salmon spawning areas should be restored. The use of herbicides and pesticides along the rail line also impact watersheds, water quality and human health. Alternative treatment practices should be sought and used, especially where the line goes through key fish-bearing watersheds and along coastal lakes.

The dangerous condition of this rail line, in its current state of disrepair, is particularly important to consider before approving any purchase or new uses of the line, especially by the Port of Coos Bay to support their proposal for a liquefied natural gas terminal with Jordan Cove Energy Project.

At the risk of oversimplifying a very complicated issue, when liquefied natural gas will be shipped in from Russia or other foreign countries, it will arrive in Coos Bay as "hot gas" which has a high concentration of natural gas liquids (NGLs) that can't be sent through the pipeline once the super-cooled liquid is regasified. These more dangerous components will be removed on-site and will become by-products of the "Btu control system" then will be available for separate sale as propane, ethane and butane.

Jordan Cove Energy Project and the Port of Coos Bay have provided very limited information about how much of these natural gas liquids will be shipped via railcars along this line into Eugene, but leave the public and others to make some difficult conversions and estimations to make a ballpark guess – but even with conservative estimates the number of railcars could be in the thousands each year.

Here's what we do know: The facility will be able to process and regasify 1 billion cubic feet per day. We know some percentage of that includes natural gas liquids (NGLs) – estimates by some experts run between 10 to 20 percent or more. We know that the gas will be shipped as "Y-Grade" to Eugene, then on to one of two plants in the Midwest – either in Conway, Kansas or Mt. Belvieu, Texas -- where it will be processed into ethane, butane or propane – because there are no such Y-grade fractionators in the Pacific Northwest. We know that the Y-Grade will be loaded into DOT certified railcars, typically 112J340W cars, with a capacity of 33,700 gallons. We know that some of the NGL will be stored on the Coos Bay site in three to five 1,500 barrel "bullets."

So even if someone converted cubic feet to barrels and gallons, we still don't know what fraction of the liquefied natural gas is considered (NGLs) and how many 33,700 gallon railcars will be heading to Eugene each day. The board needs to ask these questions and obtain clear answers, and the public must be informed about how these railcars of dangerous gas will be handled and how all the potential hazards along the line will be addressed.

Though their application to the Federal Energy Regulatory Commission includes a woefully inadequate description of the plans to ship these NGLs via railcar, I've attached that portion to my testimony for the boards review. Their brief narrative does indicate that *"The purchaser will assume custody of the mixed NGLs, referred to within the industry as Y-Grade, at the discharge flange of the metering skid,"* and that, *"Once railcars are loaded with Y-Grade, custody would be turned over to the Central Oregon and Pacific railroad which would deliver the cars to a Class 1 rail yard at Eugene/Springfield"* Though the Port and Jordan Cove indicate that FERC doesn't require more information because this aspect of the project will be handled by third parties, the Surface Transportation Board needs to have more detail about the number of railcars and how the current disrepair of the rail line and serious derailment issues and other hazards are to be addressed given the plans to ship these dangerous gases across key salmon watersheds, through the backyards of coastal residents, through tender-dry forests and into the heart of Eugene.

In closing I would recommend that no exemptions be given on the abandonment of this line and that the Surface Transportation Board's Section of Environmental Analysis (SEA) conduct a full review of the environmental and safety hazards of the abandonment, and a similar NEPA review to assess the future uses of the rail line and to assure all repair issues are addressed before the line is sold to a new entity. Full public participation should be part of the board's review process. Again, thank you for your time and for visiting our beautiful state of Oregon.

Sincerely,

A handwritten signature in black ink, appearing to read "Robin Hartmann", with a long, sweeping horizontal stroke at the end.

Robin Hartmann

1.1.3 FERC Nonjurisdictional Facilities

1.1.3.1 Natural Gas Liquids Recovery

Natural Gas Liquids (NGLs) are by-products of the Btu control system which is integral to the operations of the LNG terminal site. The removal of NGLs from the LNG stream occurs in the deethanizer column. There will be no NGL storage capability on the LNG terminal site other than the liquid levels maintained within the deethanizer column and the deethanizer reboiler. The NGL levels are maintained in these two process units to insure stable process operation. NGL product pumps will pump the recovered NGLs through a custody transfer metering skid that will be located adjacent to the Roseburg Forest Products Company (Roseburg) property. The NGLs will be transported from the site by rail cars using the existing rail line adjacent to the LNG terminal site. A rail car loading facility will be constructed by others on land adjacent to the LNG terminal site. The rail car loading facility is the only nonjurisdictional facility. The potential location of this facility and the existing rail lines in relation to the LNG terminal site are shown in Figure 1 1-10.

The purchaser will assume custody of the mixed NGLs, referred to within the industry as Y-Grade, at the discharge flange of the metering skid. While JCEP has had discussions with a third-party Y-Grade purchaser, no decision has been taken as to the precise sale and purchase arrangements. JCEP has, however, identified a site location adjacent to the JCEP terminal for a NGL storage and load out facility that could be owned and operated by a third-party purchaser. JCEP holds an option to purchase the site property from Roseburg. The site is currently zoned industrial and has historically supported the wood chip export operations of Roseburg. It is currently served by an existing rail spur and a paved road that handles the delivery of approximately 200 wood chip semi-trailer loads per day.

A typical Y-Grade storage and load-out facility that could be constructed on this site would contain from three to five 1,500 barrel horizontal storage tanks, referred to as bullets. These bullets are similar to those currently used for the storage of propane at retail locations around the country and specifically at the two existing propane distribution terminals located within the North Bend city limits. Additionally, a typical Y-Grade load-out facility would contain a rail loading rack with from one to three loading stations. The Y-Grade would be loaded into DOT certified railcars, typically 112J340W cars with a capacity of 33,700 gallons. Once railcars are loaded with Y-Grade, custody would be turned over to the Central Oregon and Pacific railroad which would deliver the cars to a Class 1 rail yard at Eugene/Springfield. From Eugene/Springfield the rail cars would be delivered to processing facilities where the Y-Grade is fractionated into final products of ethane, propane, n-butane and i-butane. There are presently no Y-Grade fractionators located in the Pacific Northwest. Consequently, all of the Y-Grade produced from the JCEP facility will be transported to fractionators located in the central United States. The largest of these facilities are located at the market hubs of Conway, Kansas and Mont Belvieu, Texas. The market is large, well established and highly transparent, allowing an efficient market mechanism that ensures the lifting of all of the Y-Grade produced by the JCEP.