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PHMSA's Ongoing Bakken Investigation Shows Crude Oil Lacking Proper Testing, Classification *Pipeline and Hazardous Materials Safety Administration Issues Proposed Civil Penalties to Three Companies*

WASHINGTON – The Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) today announced the first results from its 2013 investigation into the transportation of Bakken oil, known as Operation Classification, which show that crude oil taken from cargo tanks en route to rail loading facilities was not properly classified. PHMSA has issued three Notices of Probable Violations to the companies involved as a result.

Shippers are required to use nine hazard classes as a guide to properly classify their hazardous materials. Proper classification will ensure that the material is placed in the proper package and that the risk is accurately communicated to emergency responders. Shipping crude oil – or any hazardous material – without proper testing and classification could result in material being shipped in containers that are not designed to safely store it, or could lead first responders to follow the wrong protocol when responding to a spill.

“Transportation has an important role to play in helping meet our country's energy needs, thanks to the increased production of crude oil, but our top priority is ensuring that it is transported safely,” said Transportation Secretary Anthony Foxx. “The fines we are proposing today should send a message to everyone involved in the shipment of crude oil: You must test and classify this material properly if you want to use our transportation system to ship it.”

PHMSA first launched Operation Classification in the summer of 2013, in response to increased activity in the Bakken region. Beginning in August to November 1, 2013, PHMSA inspectors tested samples from various points along the crude oil transportation chain: from cargo tanks that deliver crude oil to rail loading facilities, from storage tanks at the facilities, and from the pipeline connecting the storage tank to the rail car that would move the crude across the country. Based on the test results, eleven of the 18

samples taken from cargo tanks delivering crude oil to the rail loading facilities were not assigned to the correct packing group.

“These initial findings remind us how important it is to follow the hazardous materials regulations and to do it in the proper sequence,” said PHMSA Administrator Cynthia Quarterman. “The process begins by testing, characterizing and then properly classifying the hazard and putting it in the kind of container that will offer the highest level of safety.”

As a result of today’s findings, PHMSA has expanded the scope of Operation Classification to include testing for other factors that affect proper characterization and classification such as Reid Vapor Pressure, corrosivity, hydrogen sulfide content and composition/concentration of the entrained gases in the material. PHMSA will also move forward with the Notices of Proposed Violations totaling \$93,000 that were issued to Hess Corporation, Whiting Oil and Gas Corporation, and Marathon Oil Company, and will continue working with the rail and oil industry based on Secretary Foxx’s Call to Action, including sharing of additional data, and recommendations for future safety initiatives.

In 2012, PHMSA and the Federal Railroad Administration began focusing on the safe transport of crude oil produced in the Bakken Shale region of the United States. After the formation of PHMSA’s Bakken Field Working Group and FRA’s Bakken Rail Mitigation Project, PHMSA and FRA launched [Operation Classification](#) in August 2013 to verify that crude oil was being properly classified in accordance with federal regulations. Activities included unannounced spot inspections, data collection and sampling at strategic terminal and transloading locations that service crude oil. PHMSA and FRA have also issued several safety announcements about the safe transport of crude oil by rail, including the recent January 2 [Safety Alert](#).

The Pipeline and Hazardous Materials Safety Administration develops and enforces regulations for the safe, reliable, and environmentally sound operation of the nation's 2.6 million mile pipeline transportation system and the nearly 1 million daily shipments of hazardous materials by land, sea, and air. Please visit <http://phmsa.dot.gov> for more information.

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