

January 18, 2013

Mr. Randall Perry  
U.S. Army Corps of Engineers, Seattle District  
c/o GPT/BNSF Custer Spur EIS Co-Lead Agencies  
1100 112th Avenue Northeast, Suite 400  
Bellevue, Washington 98004

Dear Mr. Perry:

As a resident of the City of Great Falls, Montana, I respectfully request that Montana be included into the programmatic and comprehensive Environmental Impact Statements (EIS) in the scoping process of the proposed "state of the art" coal loading terminals such the Cherry Point Export Terminal located in the harbors of the states of Oregon and Washington.

I testified as a member of the City of Great Falls, Montana's Citizens for Clean Energy (CCE), and I request that the following comments be added to testimony I presented during the Spokane, WA Hearing on December 4, 2012. My speaking number was #42.

These comments are in addition to my above cited oral testimony. It is doubtful that the Burlington Northern Santa Fe Railway (BNSF Railway) has invested sufficient funds into its Great Northern Corridor for coal mine operators to be competitive in the international coal markets. There is strong competition by three nations, Australia, Indonesia, and Russia in the coal trade with China and other Asian nations. The addition of unknown numbers of coal and oil trains by BNSF Railway from the Montana and Wyoming Powder River Basin to Sandpoint, Idaho is a public concern about the environmental impact as well as public health and safety issues in Montana.<sup>1</sup>

### **BNSF Railway financial investment in its Montana Division infrastructure<sup>2</sup>**

The World Coal Institute, for instance, refers on its website that a number of suppliers such as Australia, Indonesia, and Russia China are in global competition with US mined coal. Since the Powder river Basin coal in Montana seems to be the only resource that is shipped to the loading terminals, it calls for a transportation network that must be as cost effective as those of global competitors. The fact is that there is no choice but to improve the antiquated rail system to

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<sup>1</sup>See the 2010 Montana State Rail Plan, Department of Transportation, p. 3-3

<sup>2</sup>The creation of BNSF Railway started with the formation of a holding company, the Burlington Northern Santa Fe Corporation on 22 September 1995. This new holding company then purchased the Atchison, Topeka and Santa Fe Railway and Burlington Northern Railroad, and formally merged the railways into the Burlington Northern and Santa Fe Railway on 31 December 1996. On 24 January 2005, the railroad's name was officially changed to "BNSF Railway," using the initials of its original name.

On November 3, 2009, Warren Buffett's Berkshire Hathaway announced it would acquire the remaining 77.4 percent of BNSF. **Quoted** from [http://en.wikipedia.org/wiki/BNSF\\_Railway](http://en.wikipedia.org/wiki/BNSF_Railway)

the level of standards held by competing nations. The international coal market depends upon a competitive and efficient transportation system in which “costs account for a large share of the delivered price of coal.”<sup>3</sup>

The EIS must have a study of the financial investment practices by both BNSF and MRL in the infrastructure of their railroad rail beds and operations. After the BNSF had taken over the Burlington Northern railway it followed the practices of investing its financial resources into the more profitable railroads and abandoning those sections that were not profitable. The result was that on rural Montana railways minimum changes were made of its rail beds and operations.<sup>4</sup>

With limited financial investments for its secondary railroads, the apparent policy practiced by the BNSF was to resort to the “spot” approach to finance its secondary railway operations. Whenever there was a need to modify a segment of its rail bed or track system, funds were invested into projects to facilitate market changes. For instance, the recent production of large quantities of crude oil in northeastern Montana and North Dakota of the Bakken Oil Field there appeared suddenly a 100-oil car terminal on the Great Northern Corridor by Culbertson. On its spurs in north central Montana 110-grain car shipping facilities were built to accommodate shipping of grain to foreign countries via terminals on the west coast.<sup>5</sup>

The result is that the EIS must deal with the BNSF and MRL ability to deliver the necessary quantities of coal to its proposed coal loading terminals. As rail traffic density increases caused by unknown numbers of coal and oil trains on its tracks, the question must be raised if the BNSF has sufficient financial resources to improve the infrastructure of its rail beds and operation in response to increased production of coal and oil in Montana. The issue is complicated further by the fact that the same individuals have financial interests in coal mining operations, rail transportation, and the proposed shipping terminals. In her power point presentation, Ms. Colleen Weatherford does not give an indication of investor interest in raising the standards of the railway infrastructure in Montana even though the BNSF from 2000 to 2012 invested some \$37 billion dollars to up-date its Great Northern Corridor.<sup>6</sup>

Yet, it must be noted that despite this BNSF Rail expenditure of \$37 Billion into the Great Northern Corridor, the current rail system is far behind those of competing nations in the global coal trade. The World Coal Institute refers on its website to the fact that a number of suppliers such as Australia, Indonesia, and Russia China are in global competition. This means that the Powder River Basin coal transportation is in direct competition with foreign nations. The

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<sup>3</sup> World Coal Institute’s website: <http://www.worldcoal.org/coal/market-amp-transportation/>

<sup>4</sup> See Attachment 1, slide #3 in Great Northern Corridor by Colleen Weatherford, Public Private Partnerships, Washington Public Ports Association, Transportation and Infrastructure Seminar, Stevenson, WA, September 14, 2012. [http://www.washingtonports.org/member\\_resources/events/tic12%20weatherford.pdf](http://www.washingtonports.org/member_resources/events/tic12%20weatherford.pdf)

<sup>5</sup> Gus Malonas, BNSF spokesperson in Seattle, stated that “Glendive, home to 332 Burlington Northern Santa Fe employees, will add an undetermined number of engineers and track workers next year. “This is due to attrition, demands for the Bakken and the Yellowstone Valley transition” See Jan Falstad, “Booming Bakken: Oil flurry spreads across Eastern Montana,” Billings Gazette, 12/16/2012, quotes

<sup>6</sup> See Colleen Weatherford, Great Northern Corridor, Power Point Slides, Public Private Partnerships, Washington Public Ports Association, Transportation and Infrastructure Seminar, Stevenson, WA, September 14, 2012. [http://www.washingtonports.org/member\\_resources/events/tic12%20weatherford.pdf](http://www.washingtonports.org/member_resources/events/tic12%20weatherford.pdf) See attached Map 1.

international coal market depends upon a competitive and efficient transportation system in which “costs account for a large share of the total delivered price of coal.”<sup>7</sup>

Finally, the EIS has to deal with the relationship between Global Warming and supplying coal to China and other Asian nations. The proposed terminals are to be built for the express purpose of supplying fossil fuels for electric generation. Since China has already the technology for alternative electric energy generation, it is only a matter of time before there is a declining demand for steam coal. Some experts think that this will be within a decade and this is reflected in the investment market. The younger generation of investors is much more favorable to use alternative electric generation over the traditional fossil fuel consuming generators. This is what happened in the US domestic market and it is the reason that the Powder River Basin coal miners desire to ship coal to Asian nations. In short, investors know that it is only a matter of time that the future global high coal high price is problematic.

### **The density issue of BNSF Railway freight traffic on Montana railroads**

Even though the BNSF Railway has made investments such as “spot” modifications in rail system, the purpose has been to invest in profitable rail lines such as the Great Northern Corridor. The result has been that the Montana railway system has remained the same since the Age of Steam. For more than fifty (50) years various rail road corporations such as the Great Northern, Milwaukee, and Northern Pacific railways have implemented policies to abandon, destroy, or vacate the unprofitable railways. It was only recently during the 2008 Recession that the BNSF Railway used the abandoned tracks for storing empty container cars in Montana. The result has been that there was little incentive to up-date the antiquated rail beds and tracks including its operating system.

As a citizen who is not involved or associated with the railroad business or operations, it is easy to get the impression that the Montana freight hauling system is antiquated as compared with other nations. I have travelled on trains in many different countries such as Indonesia, Japan, Europe, etc. and on our domestic AMTRAK. It takes much longer in our country to go from one point of destination to another while in other countries both freight and passengers including in China and Russia have both up-to date as well as archaic rail operations.

In Montana the public concern is the condition of the antiquated BNSF Railway system. It is not only costly to ship goods such as grain to foreign markets but also other infrastructure services such as long delays are common. The freight service is limited to the new idea of 110-grain car terminals while the more traditional terminals are rapidly disappearing. The overriding fear is that with the addition of unknown numbers of coal and oil cars, sooner or later BNSF Railway will prioritize its freight hauling. When this happens the cost of grain shipments would have to compete with coal and oil trains. Since coal and oil trains have to ensure timely delivery at the terminals and refineries, the cost of shipping agricultural products to seaport terminals will increase once the proposed west coast coal terminals become operational.

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<sup>7</sup> World Coal Institute’s website: <http://www.worldcoal.org/coal/market-amp-transportation/>

Since the former Great Northern, Milwaukee, and Northern Pacific (NP) rail lines could no longer compete in the national transportation network, passenger train service was taken over by AMTRAK and the Burlington Northern took over the Great Northern Railway. When the BNSF Railway was formed a decade ago, the rail freight hauling business had become more profitable. Container harbor terminals had been built to accommodate faster ocean going vessels, and the railway system had responded by making freight hauling trains longer and pulled/pushed by more powerful diesel engines. The freight hauling from Chicago and Seattle had become more profitable. The newly formed BNSF Railway, from 2000 through 2012, invested \$37 billion into its national network, Montana Division, and its "multiple mains."<sup>8</sup>

The practice of abandoning railways was abandoned and its empty tracks were used after the 2008 recession to store empty container cars. Some of the earlier railways, such as the Milwaukee rails, in Great Falls along the Missouri River had been transformed into the popular River's Edge Trail for bicycling and walking. The railway between Helena and Great Falls was abandoned and the public was puzzled when the newly formed BNSF Railway refused to make this abandoned railway a recreational trail similar to the River's Edge Trail. It was with the economic recession that this railway which runs for large parts along the Missouri River to Helena was used for container care storage for at least two years.

The former Burlington Northern (BN) had taken over the Northern Pacific (NP) railway and in 1987 it leased this rail bed and tracks to the newly created Montana Rail Link (MRL). As a "bridge" carrier, MRL build this part of the former NP line into a successful freight hauling business. The BN has kept some of the former NP railway from the then known Great Northern Hi-Line in eastern Montana through Sidney, Glendive, and Miles City to Huntley. From this point, just east of Billings, the MRL rail line ran through the downtown areas of Billings, Helena, and Missoula to Sandpoint, Idaho and it became responsibility for train operations in these cities. The Mossmain Junction between Billings and Laurel has become recently important to the BNSF Railway because at this junction coal shipments to the west coast could use the rail line going north to Shelby where these trains would enter the Great Northern Corridor to Sandpoint or be routed on the MRL line. The line south of this junction runs to Denver, Colorado to Houston and Mobile and it is the shortest between the distance between the Bakken Oil fields in eastern Montana and northwestern North Dakota.<sup>9</sup>

In addition, coal mine operators in the Montana Powder River Basin have suffered a decline because the demand for steam coal by domestic fossil fuel burning electric generators has declined and are now depending on natural gas. They are now planning to ship coal to China and other Asian nations and are in full support for the proposed coal loading terminals in the harbors

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<sup>8</sup> See the Weatherford Presentation map of the Great Northern Corridor, slide #3

Please note: according to the 2010 Montana State Plan, the building of the 110-grain car shipping terminals are owned by individuals or corporations. It must be assumed that only the rail circular track is BNSF property.

<sup>9</sup> See the 2010 Montana State Rail Plan, p. 3-36 and 3-27. "The MRL rail line itself is a regional Class II railroad operating more than 900 miles of track in its system throughout Montana, Idaho and Washington. MRL leases from the BNSF and owns about 254 branch lines within Montana. It has a fleet of more than 2,100 freight cars and 176 diesel locomotives."

of Oregon and Washington. The problem is that the BNSF Railway system in the Montana Division must ship this coal by train to the west coast as well as oil trains from the Bakken oil field. Part of this rail route is leased to MRL which hauls various types of freight, and BNSF Railway trains must pass through the City of Billings downtown area and cross the Yellowstone River before they reach the Mossmain Junction.

All trains on the MRL on this double track, going east or west, must cross the Yellowstone River in Billings and travel through its downtown section. Professor Tom Powers, University of Montana, estimated in the near future there will be 50 coal trains and another 50 empties added to the high density level of MRL freight traffic.<sup>10</sup> Since then additional oil trains from the Bakken Oil Field have been added to this busy rail line. All trains, both MRL and BNSF Railway general freight, coal, and oil must cross at least the street intersections in the Billings downtown area and one of them is a major through street from the airport to I-90. These more than one hundred cars must travel at a 5mph speed and the four diesel engines per train create noise and pollution issues as well as long waits for those commuting to the airport.<sup>11</sup>

Once coal trains reach the Mossmain Junction, they can either continue on the shorter MRL rail line to Sandpoint, or they can take the BNSF Railway's Laurel and Great Falls Subdivisions to Shelby where they have accessibility to the Great Northern Corridor. They can then access the double rail sections of tracks which crosses the Continental Divide of the Rocky Mountains to Sandpoint. The advantage is that these trains avoid the urban areas of downtown Helena and Missoula. This railroad is also a hundred miles longer than the MRL line and is 323 miles long. Its rail bed and track system, as with the NP rail line, was designed for steam locomotives and shorter freight and passenger trains. It goes through a landscape known as prairie lands on maps, but the 110 car trains must negotiate natural landscape barriers. They can go no faster than the top speed of 49 mph and in some stretches can only have a speed of 25 to 40 mph. Since there are a limited amount of spurs, it takes a long time before they reach the Great Falls Subdivision rail yard. The last man made obstacle before entering the Shelby rail yard of the Great Northern Corridor is that trains must cross US Highway #2.<sup>12</sup>

The Laurel Subdivision rail bed is 224 mile long and starts at the Mossmain Junction a few miles west of Billings. A few feet before the trains enter the Great Falls Subdivision rail yard they must make a more than 90degree turn onto the single tracked Missouri River rail bridge. On this railway there are a few sidings and two major spurs to the Pointed Peak coal mine east of Broadview and to Lewistown. At the small rural community of Moccasin there is a 110-car shuttle facility owned by United/Harvest. For long distances this rail bed has a single track and

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<sup>10</sup> Tom Powers, The Value of Otter Creek Coal Tracts to the State of Montana: The Dangers of Relying on the Norwest Corporation Appraisal, A Report Prepared for Submission to the Montana Land Board on the Norwest Appraisal of the Otter Creek Tracts for the Northern Plains Resource Council and Natural Resource Defense Council, July 31, 2009.

<sup>11</sup> See the Federal Railroad Administration's, Section 4(f) 303 Statement for the Dakota, Minnesota & Eastern Railroad Corporation Application for the Rehabilitation and Improvement Financing relating to the Powder River Expansion Project, January 2007, and its notation for the difficulties in up-dating- an antiquated railroad system.

<sup>12</sup> IBID. 2010 Montana State Rail Plan, pp. 3-17 and 3-25

trains have to wait a long time before they are by voice authorized via The Track Warrant Control (TWC) system allowed to enter the main line.<sup>13</sup>

The Great Falls Subdivision rail Trains involved in switching operations must access the Missouri River rail bridge and make the more than 90 degree turn located near the Police Station and a restaurant. This rail road bridge across the Missouri river was built at the beginning of the previous century. This is the same for the bridges across the Teton and Marias rivers. Since the maximum gross weight is 143 tons for freight cars, there are public fears about bridge safety for the numerous and heavy coal and oil trains. The derailments are a distinct possibility. One example was that one train derailed a few feet from the Police Station, a restaurant, and the bridge which crosses the Missouri River on October 7, 2012. This incident points directly to an environmental and a public safety issues if loaded coal and oil cars derail that close to a major river.<sup>14</sup>

The railroad line of the Great Falls Subdivision is 99.5 miles long and has also a 49 mph speed limit: on certain stretches there is a mandatory speed between 10 and 40mph. It is also operated on the TWC system and it means that coal and oil trains have to wait for an unknown length of time. This is also difficult terrain and its single track crosses bridges of the Teton and Marias Rivers before a train reaches the Great Northern Corridor rail yard in Shelby. The subdivision has rail spurs to Choteau, Fairfield, and Fort Benton and it includes the abandoned rail line along the Missouri river between Great Falls and Helena. It also serves 110-grain car shuttle terminals in Collins, Choteau, Fairfield, and between Carter and Fort Benton. Until recently this rail line was used for general freight but recently there has been increasing coal and oil trains on its tracks. Before the trains enter the Shelby rail yard, they must cross the heavy traveled US Highway #2.<sup>15</sup>

What is risible for many Montanans is fact that it will be difficult, if not impossible, for the BNSF Rail to deliver coal to proposed westcoast sea Terminals. The fact is that the Tongue River Basin railway which is the key to timely delivery of coal to the terminals does not exist; it is merely in the beginning of a planning stage. In fact, coal mine operators cannot decide where to put the rail bed and tracks. The building of the coal loading terminals might be completed long before this rail road is in existence.<sup>16</sup>

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<sup>13</sup> See 2010 Montana State Rail, Montana Department of Transportation, pp. 3-25; and Google Earth, July 2012, Single Peak Coal Mine east of Broadview a community on the BNSF Laurel Subdivision.

See Attachment II and photography taken by Dolman of an empty coal train crossing the Missouri River, 10/19/12

<sup>14</sup> See, Richard Ecke, "Coal Train Derailment" Great Falls Tribune, October 7, 2012 and KRTV News Broadcast.

For public complaints against excessive noise See City of Great Falls Commission meeting Minutes of Proceedings, February 14, 2012

<sup>15</sup> Ibid. 2010 Montana State Rail Plan, p. 3-17.

<sup>16</sup> See **Press Release**, "Tongue River Railroad Reveals New Shortcut-to-China Rail Route," Northern Plains Resource Council, December 18, 2012.

### **Summary**

As coal and oil production will increase in the future, there is an increasing public concern about the environmental impact and safety of these heavy and long trains traveling on antiquated rail beds, tracks, and bridges designed for the Age of Steam. Derailments are not only a public safety issue but also its contents can create an intense damage to the landscape and rivers. This could be the reason that the younger generation of investors tends to be hesitant to make additional investments into an antiquated transportation network, and this could be the real reason for the minimum financial investment into the BNSF Railway network.

Once the proposed coal loading terminals in the harbors of Oregon and Washington are fully operational, there is the strong possibility that the BSNF Rail system will face difficulties in delivering timely and sufficient quantities of coal. As the Global Institute for Coal states that rail transportation is an essential component in the cost of coal. The costs of mining operations and productions, rail transportation, and coal loading terminals are interconnected in the transportation network. It is essential that a BNSF Rail presents a financial realistic plan which will correct its antiquated rail system in its Montana Division.

Global Warming also plays into the longevity of the proposed sea terminals. It is well known that China and other Asian nations are also advancing in alternative energy production. It is only a matter of time that there will be a reduction in steam coal demand. As pollution increases because of fossil fuel electric generation there is no choice in reducing coal consumption and China in particular is also building an inventory of alternative electric generation stations.

Thank you for your cooperation and interest. I shall be more than happy present you with more information if you will let me know.

Sincerely,



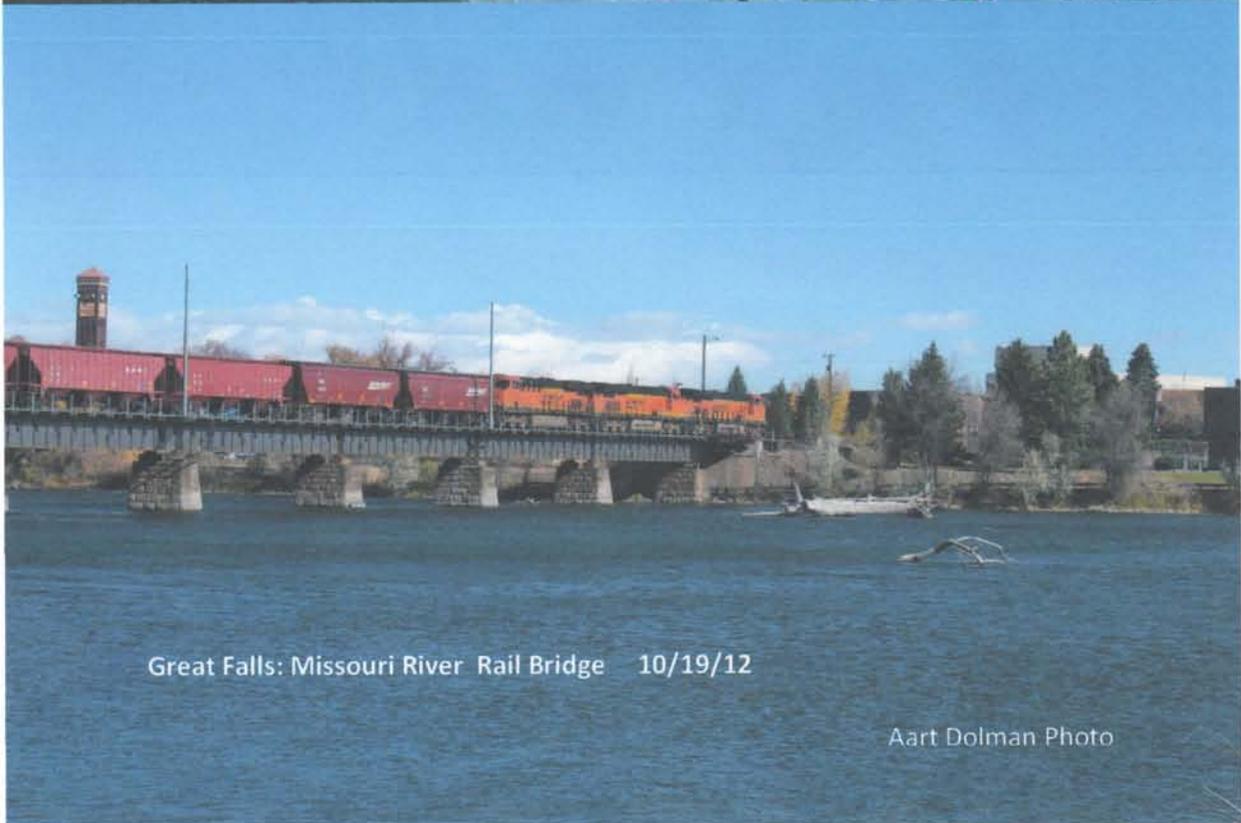
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Google Earth: 07/18/12

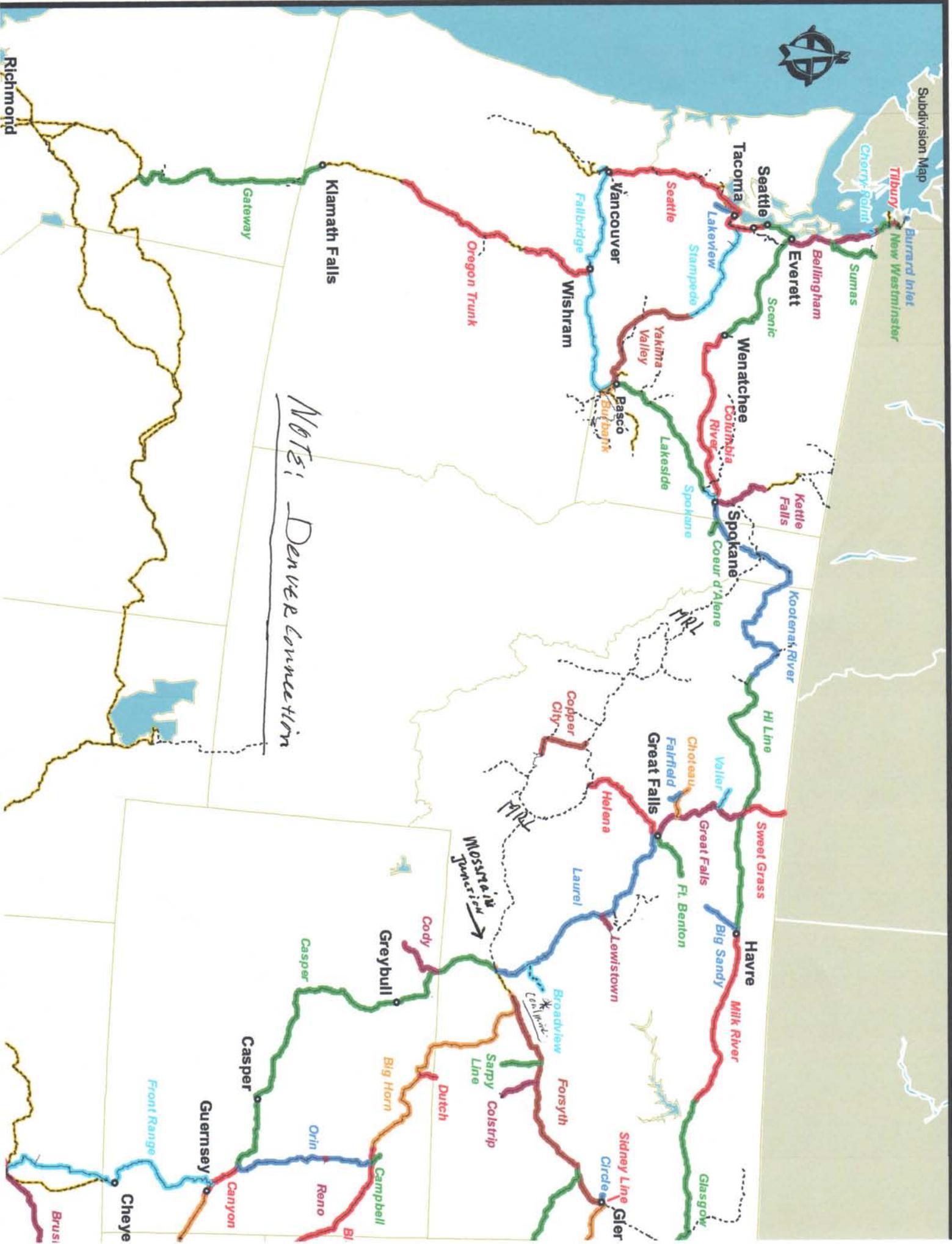
Great Falls Missouri River Rail Bridge: more than 90degree turn



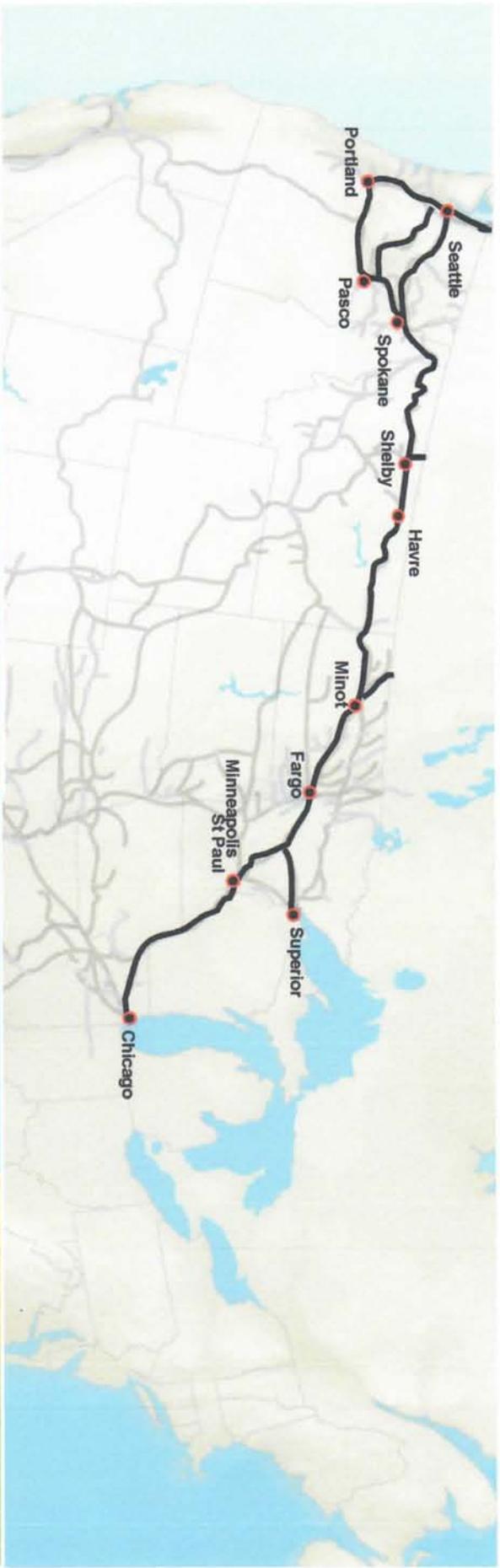
Great Falls: Missouri River Rail Bridge 10/19/12

Aart Dolman Photo

The Scene of the 10/0712 BNSF Railway train derailment



# Future Investments - Great Northern Corridor



## Northwest Division

- Port Connectivity
- FAST
- New sidings and extensions
- Multiple mains
- Passenger

## Montana Division

- New sidings and extensions
- Multiple mains

## Twin Cities Division

- Devils Lake
- New sidings and extensions
- Passenger

## Chicago Division

- Siding extensions
- Double track

*Weatherford Presentation*

# Montana Rail System

