



## LPG Market Prognosis: Continued Growth

**After a period of decline, LPG consumption and production growth is being driven by lower prices relative to gasoline and diesel fuel**

The recent declines in the price of crude oil have opened the door for LPG, specifically propane, to be viewed as a viably priced energy option when compared to natural gas and electricity. In addition to being competitively priced, LPG's domestic production and inventory levels have shown tremendous growth — further ensuring a stable supply. But how can rail operators and shippers capitalize on this market opportunity, and where are the proverbial hot spots?

ICF International, a policy-consulting firm, projects consumer demand for propane will grow from 9.2 billion gallons per year in 2014 to 10.1 billion gallons per year in 2025. This is a reversal of the steady decline in the demand of propane that was seen for more than a decade prior to 2012.

Market drivers include:

- Residential/Commercial Applications
- Petrochemical and Refinery
- Industrial
- Transportation
- Exports

### Rail is Carrying the Load

“The shifts in supply patterns and infrastructure utilization are increasing propane marketer reliance on rail delivery of propane to serve demand.” *Key Market Trends, Opportunities, and Threats Facing the Consumer Propane Industry Through 2025*, Propane Education and Research Council

ICF International estimates that rail moved almost 3 billion gallons of propane in 2013. That is a 27% increase since 2009. Shifts in supply patterns brought on by a decline in waterborne shipments of LPG to the Northeast, the reallocations of pipeline resources (e.g., the Cochin pipeline, which runs from Alberta, Canada, through the Upper Midwest) and increased propane production in areas without easy access to propane pipelines have spurred this growth.

### Securing the Right Equipment and Support

Safety in LPG transport is only ensured, no matter the size of the rolling fleet, when LPG railcars are outfitted with critical components that have been engineered to withstand the abuse of harsh LPG-transport operations.

LPG railcars must perform at the highest level to protect the safety of site personnel, surrounding communities and the environment. Recognizing the critical role that railcar components play in ensuring overall safety during LPG transport, only Midland offers a complete line of LPG valves and accessories:

- Loading/Unloading Valves
- Pressure Relief Valves
- Gauging Devices
- Check Valves
- Needle Valves
- Thermowells
- Lift Assisters

### Emergency First Response Support

The rail industry takes great care to guarantee that safety is the top priority when transporting LPG and other hazardous materials, and also when responding to unforeseen accidents or release events. Learn more about railcar emergency first-response training events and resources at:

- TRANSCAER: [www.transcaer.com](http://www.transcaer.com)
- Chlorep: [www.chlorineinstitute.org](http://www.chlorineinstitute.org)
- Justice Institute of British Columbia: [www.jibc.ca/programs-courses](http://www.jibc.ca/programs-courses)
- First Responders: [Learn about available grants](#)

### Contact Midland

Visit [www.midlandmfg.com](http://www.midlandmfg.com) or call (847) 677-0333 to ask us your LPG-transport questions. Midland *Leads the Way in Rail Equipment Innovation.*

\*ICF International's 2016 Propane Market Outlook was used as the primary source for this article.

### **FRA Makes Grant Funds Available For PTC Projects**

On April 4, the Federal Railroad Administration announced that it will allow railroads, suppliers, and state and local governments to begin submitting applications for \$25 million in available competitive grant funds earmarked for use in positive train control (PTC) projects.

Applications will be accepted until May 19 and, according to the FRA, will be awarded to those projects that would provide the greatest level of public-safety benefits. In 2008, Congress mandated railroads to implement PTC by Dec. 31, 2015, but late last year extended the deadline for PTC implementation to Dec. 31, 2018.

For the complete story, click [HERE](#).  
SOURCE: *Progressive Railroading*

### **CP Files Proxy Statement For NS Shareholder Resolution**

On March 29, Canadian Pacific (CP) filed a definitive proxy statement for its Norfolk Southern Corp. (NS) shareholders asking NS' Board of Directors to engage in good-faith discussions with CP regarding a business combination.

CP says its proposed combination with NS would create a true end-to-end transcontinental railroad that would help competition, benefit the public and drive economic growth.

For the complete story, click [HERE](#).  
SOURCE: *Railway Age*

### **EIA: Cost of U.S. Oil, Gas Wells Have Declined Since 2012**

Average well-drilling and completion costs in five key onshore areas in the United States were between 25% and 30% below their level in 2012, according to the U.S. Energy Information Agency's recent *Trends in U.S. Oil & Natural Gas Upstream Costs* report.

For the complete story, click [HERE](#).  
SOURCE: *Oil & Gas Journal*

### **DOE, PHMSA Jointly Launch Gas Storage Safety Task Force**

On April 1, the U.S. Dept. of Energy and Pipeline and Hazardous Materials Safety Administration (PHMSA) jointly launched an interagency task force that will examine natural gas storage safety.

The task force will develop and hold workshops with the U.S. gas industry and its companies, state and local leaders, and other interested stakeholders as a way to support development of best practices for ensuring well integrity, proper response plans and safe operations at storage facilities.

For the complete story, click [HERE](#).  
SOURCE: *Oil & Gas Journal*

### **Crude-By-Rail Shipments To California Drying Up: Analyst**

According to RBN Energy analyst Sandy Fielden, crude-by-rail (CBR) shipments to California have dried up when compared to their peak in December 2013.

"The principal reason that CBR volumes delivered to California have only been a fraction of those shipped to other coastal refineries...is the painfully slow buildout of rail-unload terminals in the state," explained Fielden. "CBR terminals are not welcome in California and getting a permit is akin to finding a needle in a haystack."

For the complete story, click [HERE](#).  
SOURCE: *Railway Age*

### **Shortfall of LPG In Asia Will Increase Level Of U.S. Exports**

The serious shortage of LPG in Asia is expected to rise to record highs for the next two years with increasing volumes of U.S. LPG exports needed to fill the void. The deficit of Asian supply LPG to demand for the fuel will rise to a record 1.42 million barrels per day (b/d) in 2016, up from 1.3 b/d last year.

For the complete story, click [HERE](#).  
SOURCE: *Reuters*

### **Court Ruling Stalls BNSF's Intermodal Project In California**

In late March, a California superior court judge ruled that BNSF Railway Co.'s \$500-million, 153-acre Southern California International Gateway intermodal project that would be located near the Port of Los Angeles could not proceed.

The ruling involved several lawsuits that claimed that the project would have a harmful effect on nearby neighborhoods and the environment. After receiving the ruling, BNSF said it would coordinate with port officials "to determine our next steps."

For the complete story, click [HERE](#).  
SOURCE: *Progressive Railroading*

### **Firms Assess Development Of S. Texas Refined Product Pipeline**

Magellan Midstream Partners LP and TransMontaigne Partners LP are discussing a possible partnership that would develop a new refined-products pipeline in South Texas.

The project would include the construction of a 150-mile pipeline capable of transporting 150,000 barrels per day (b/d) of gasoline, diesel, propane and condensate from Corpus Christi to Brownville, TX.

For the complete story, click [HERE](#).  
SOURCE: *Oil & Gas Journal*

### **Largest New U.S. Refinery Since 1976 Planned For North Dakota**

Meridian Energy Group is expected to begin construction soon on the 55,000-barrels-per-day (b/d) Davis Refinery, which would be the largest new refinery to be built in the United States since 1976.

The project comes on the heels of the 2015 opening of the 20,000-b/d Dakota Prairie Refinery, which represented the first new refinery of any size to be built in the U.S. in 40 years.

For the complete story, click [HERE](#).  
SOURCE: *Fuel Fix*