Wash. Refineries Readying for North Dakota Oil

BELLINGHAM, Wash. (AP) — More Washington state oil refineries are preparing to accept crude oil shipments from North Dakota.

BP's refinery at Cherry Point and the Phillips 66 refinery in Ferndale, both in the northwestern corner of the state, want to diversify their supply, with oil production in Alaska falling from historic levels, The Bellingham Herald [1] reported.

The Tesoro refinery in Anacortes is already taking delivery of crude from North Dakota's fracking boom, and the Shell refinery in Anacortes has announced plans to do so.

The BP refinery is building an almost 2-mile-long rail loop to handle the shipments, and Phillips 66 is planning its own rail terminal. Phillips reported to Whatcom County that it expects to handle one oil train every two days, on average, while BP expects one per day, at most.

The trains are made up of 100 or more tank cars, Phillips reports, with total train lengths of more than one mile. Those trains will travel to and from the refineries on the BNSF line through Bellingham and Ferndale.

In an email, BP spokesman Bill Kidd said the project would be completed by late 2013 or early 2014.

BP once planned to build a large natural gas-fired generating plant on the same site, and obtained permits to build it. Corporate officials eventually decided not to proceed with that project, but some of the environmental groundwork done for the generating plant helped to clear the way for the rail loop: New wetlands have already installed to make up for wetlands that would have been filled in for the generating plant, so no new wetlands will have to be created for the rail loop.

Phillips spokesman Jeff Callender said his company is still completing the permitting process with local, state and federal agencies, but hopes to begin construction by the end of this summer. Once the rail terminal is done, Phillips could meet as much as 30 percent of its 100,000-barrel per day demand with rail shipments.

That would eliminate the need for one tanker per week on Puget Sound, Callender said.

Frank Holmes, spokesman for Western States Petroleum Association, said Alaskan oil has been a mainstay for Washington refineries, but that production is falling. At its peak, Alaska produced about 2 million barrels a day, but that has declined to about 500,000 barrels a day. At the same time, the use of fracking technology has generated a boom in North Dakota's Bakken formation, with production there now estimated at 790,000 barrels a day.

But there are no pipelines to move that oil west.

"Getting that crude to our refineries here in Washington state necessitates rail," Holmes said.

While trainloads of crude oil pose some spill hazards, Holmes observed that every form of oil transport proposes risks.

Eric de Place, policy director at environment-oriented Sightline Institute in Seattle, said that is true.

"I don't want to be alarmist, because oil spills happen on vessels and they happen on pipelines also," de Place said.

But de Place said environmentalists and public officials should pay more attention to the sudden boom in crude oil shipments by rail.

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