

New York State Department of Environmental Conservation

Division of Environmental Permits, Region 4

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Joe Martens
Commissioner

March 24, 2014

Mr. Tom Keefe
Director of EHS Operations
Global Companies, LLC
800 South Street, Suite 200
P.O. Box 9161
Waltham, MA 02454-9161

Re: MOSF #4-1200 – Global Facility
Port of Albany

Dear Mr. Keefe:

The Department of Environmental Conservation (Department) is continuing a comprehensive review of the Title V air permit modification requested by Global Companies, LLC (Global) for its Port of Albany facility (the Facility) and related issues. The review encompasses an evaluation of whether the Department took the requisite hard look under the State Environmental Quality Review Act (SEQRA) when it issued a negative declaration of significance in November 2013. As you know, the Department's review will also be informed by any substantive comments received during the enhanced public participation process which Global agreed to implement under Commissioner's Policy 29 addressing potential impacts to environmental justice areas. By virtue of the comprehensive review of the application and negative declaration, including soliciting community input consistent with CP 29, the Department will achieve the same level of public input as would have been achieved had the Department implemented CP 29 before issuing the negative declaration of significance. The Department considers the negative declaration to be an interim review subject to a final future determination of significance under SEQRA.

The public comment period on the pending application for a modification is scheduled to close on April 2, 2014. In order to ensure the public has an adequate opportunity to assist the Department in its review, the comment period will be extended 60 days, to June 2, 2014.

The Department's review will comprehensively evaluate whether Global and others have taken measures to minimize any impact to the environment by implementing measures to prevent and respond to a potential release of crude oil. The characteristics of the crude oil subject to Global's application raise potentially unique issues associated with its transfer, storage, and spill and release prevention and response due to its viscosity and the additional measures needed to facilitate transfer of the crude from tank cars to storage tanks. The Department poses the

questions below based on its ongoing technical review as well as from comments received to date by the community, environmental groups and the City and County of Albany.

The State of New York will act aggressively to ensure that the people of the State and our natural resources are not impacted by the substantial increase in the volume of oil shipped through New York State. As you are aware, pursuant to Governor Cuomo's Executive Order 125 the State is conducting a top to bottom assessment of spill prevention and response capacity across the state.

In connection with the Department's review of Global's permit application and the determination of significance, the Department requests Global to address the following:

Transport to and from the Facility

As part of the Department's ongoing review of the extent of its jurisdiction, please provide answers to the following questions regarding the role of Global vis-à-vis the railroads and other major participants in the transportation of crude oil to and through the Port of Albany:

1. Who solicits the producer of the oil, and where does the solicitation occur?
2. Who signs the rail carrier agreements for oil shipments to the terminal?
3. What entities own, lease, operate or control the operation of the tank cars used to transport crude to the Global facility?
4. Who designates the route of the rail cars?
5. How, when and where is the size of the trains arriving at the terminal determined?
6. What contractual rights, if any, does Global have concerning the timing of or frequency of deliveries and concerning the type of rail cars or size of trains?
7. Does Canadian Pacific (or any other railroad) own or control any portion of the Global facility or hold a significant interest in Global?
8. Does Global have any contracts with Canadian Pacific which require Global to accept material at the facility?
9. Who signs the agreements for oil shipments out of the terminals using barges?
How, when and where is the size of the barges serving the terminal determined?

Unloading in Kenwood Yard, Prevention at the Facility, and Response

The Department and the community around the facility have raised issues regarding the potential impacts of unloading and processing bitumen oil, such as tar sands crude oil, and about operations at the Kenwood Yard, including emissions of pollutants, and the potential for spills, fires and explosions.

10. Please identify whether Global, the rail carrier, the producer of the crude oil, or any other entity has any process to sample and analyze the contents of oil tank cars? Does any party provide Global with information about any chemical constituents added to the oil in a tank car to reduce its viscosity?
11. What information will Global share with the community and any City, County or State agencies regarding the types and volume of materials transported to the Global facility?
12. What actions does Global plan to implement to address any unique qualities associated with bitumen crude oil with respect to fires, explosivity, spill prevention and response and describe how these potential impacts to the community can be successfully avoided? Please include a comparable analysis for the other types of hazardous materials received and stored at the Global facility for these impacts.
13. In the Kenwood Yard drainage runs to a series of retention ponds. Do all parts of the unloading area drain into the catchment basins leading to the ponds? Specify the drainage path in the yard and the capacity of the retention ponds to handle any spill from this area. What additional best practices or other steps does Global consider potentially available to enhance its capacity to effectively avoid these impacts?
14. What type of oversight and control will be put in place to determine if an oil spill has occurred during the loading and offloading of transport cars? Does Global have any type of warning device which will alert workers and residents that a spill, fire or explosion is may be imminent?
15. What types of studies have been done regarding the potential for a spill, fire or explosion during the processing and transport, including the loading and offloading, of heated crude oil? Please provide any studies or reports regarding such studies.
16. Does Global have an emergency evacuation plan or emergency preparedness plan in the event of a large-scale disaster? How will Global communicate and coordinate with first responders and the people of the City of Albany in the event of an explosion or other type of incident?
17. The community is understandably concerned that tank cars are located in close proximity to the Ezra Prentice Homes. What evaluation has Global undertaken of the options for relocating rail car staging and unloading operations away from residential areas including the Ezra Prentice Homes?
18. In view of Global's recent decision to reconfigure the placement of the proposed boilers for heating crude oil, please provide a new drawing and description of the revised configuration.
19. Members of the public have expressed concern about emissions of volatile organic compounds and other pollutants that result from Global's current or proposed operations, including the proposed process of heating oil in the tank cars. In order to address that concern, please describe the process of heating oil in the tank cars. Specifically identify when, in the process, the valves are opened to drain the oil and the vents are opened on the top of each car to allow external air to flow into the tank

car as the oil is drained. What safeguards exist to prevent overheating or the heating of oil that does not require heating? In addition, identify all procedures and tools that Global utilizes, or plans to utilize, to detect and repair leaks of air pollutants or other fugitive emissions from any aspect of its operations, regardless of whether those efforts are required by any applicable State or federal regulations.

20. Please describe the potential fire risks associated with handling and storing bitumen crude oil and describe how Global would address a fire in the Kenwood Yard if one broke out in the railcar off-loading area? What specific fire suppression equipment is on hand at the facility and what are the additional resources, if any, that should be available to responders. In describing Global's response capacity, please include a description and assessment of the capacity of local first responders to engage in effective and immediate specific fire suppression efforts including a description of existing equipment and its location and ownership.
21. Please describe the nature and frequency of drills in which fire suppression capabilities are practiced and tested, including both Global's on-site capabilities and coordination with local fire departments.
22. Please describe secondary containment for all aspects of the facility including those ancillary to the main portion of the facility. Please include an assessment of secondary containment for the several piping runs that exist outside the secondary containment areas at your facility. What is Global's assessment of the feasibility of adding containment or automatic leak detection to these areas?

Loading at the Facility and Water Transport

Due to the nature of the material proposed to be handled at the Global facility and challenges that spill responders would face in the event of a release, the Department requests supplemental information regarding the potential impacts of loading operations for bitumen and Bakken crude oil at the facility's dock, including oil spills into the Hudson River.

23. Please describe the nature of the crude oil that would be handled at the facility if the permit modification were issued and specify the volumes and types of crude oil that would be handled. Please include an assessment of whether any changes/modifications would be required in your emergency response plans to address a potential release, especially one to the Hudson River?
24. What are the best practices for containment while product is being pumped on to barges (e.g., booms)? Will Global be implementing them?
25. Who designates the route of the barges?

Financial Assurance and Liability Insurance

26. Who has liability for damages during transport of the oil, and does Global maintain any insurance covering oil while it is in transit in rail cars?
27. Please describe the scope and extent of any liability insurance that Global maintains for environmental harm?

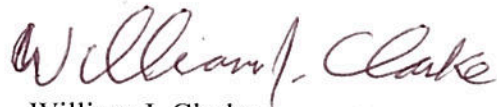
28. Is any other financial assurance mechanism in place covering damages from oil spills for which Global may be responsible?
29. What additional financial assurance mechanism does Global consider potentially available to enable it to cover damages from oil spills?

Please also provide copies of: (i) any and all existing contracts between Global and Canadian Pacific concerning the delivery of oil to the facility; (ii) insurance policies providing coverage for the facility, and (iii) any and all contracts between Global and barge operators concerning shipments from the facility.

As indicated above, the information requested in this letter will inform the Department's review of Global's permit application and negative declaration of significance. The Department's evaluation cannot be completed until the Department receives the requested information.

Thank you in advance for working with the Department on these issues.

Sincerely,



William J. Clarke
Regional Permit Administrator
Region 4

