



Oregon

Kate Brown, Governor

Department of Transportation

Director's Office

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DATE: February 11, 2020

TO: House Committee on Energy and Environment

FROM: Lindsay Baker, Assistant Director
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SUBJECT: HB 4105 – Transportation of Oil and Gas

INTRODUCTION

House Bill 4105 seeks to regulate the transportation of oil and gas by rail in Oregon through various methods, including advance notice of the transport of oil or gas by rail in the state, restrictions on the pounds per square inch (PSI) of vapor pressure of oil or gas prior to unloading, and reporting requirements on the volume of oil and gas transported in the state under certain circumstances.

DISCUSSION

House Bill 4105 prohibits state agencies, including the Oregon Department of Transportation (ODOT), from authorizing or approving new infrastructure on state-owned property for the exploration or production of oil or gas, and from transporting oil or gas across state-owned property. As proposed, if a railroad proposes construction of new infrastructure, ODOT must deny any application. This measure also requires facilities unloading oil or gas from trains to provide advance notice to ODOT and directs ODOT to furnish this information to the Oregon State Fire Marshal. Finally, this measure prohibits facilities from loading or unloading oil or gas with a vapor pressure of nine PSI or more.

ODOT raises the following points for the committee's consideration:

- In many ways, federal law preempts the state's ability to regulate railroads, including railroads' track locations, contents and commodities being transported, train speed, and train length;
- While current federal law has no restriction on the PSI of oil or gas in railcars, the proposed Crude by Rail Volatility Standards Act (H.R. 5553) would prohibit the loading of a railcar with a vapor pressure of 9.5 PSI or greater; the committee may want to consider aligning with this proposed federal law for regulatory and enforcement efficiencies and ease of compliance should this Act become law;
- The measure is ambiguous regarding the expected level of inspection and monitoring ODOT will perform.

If passed, ODOT will engage a rulemaking process to provide additional detail on how several of the bill's requirements will be implemented. ODOT looks forward to continued partnership with the Legislature and the regulated community to ensure ease, feasibility, and effectiveness of the requirements proposed by HB 4105.

SUMMARY

House Bill 4105 seeks to regulate the transportation of oil and gas by rail in Oregon through various methods, including advance notice of the transport of oil or gas by rail in the state, restrictions on the PSI of oil or gas prior to unloading, and reporting requirements on the volume of oil and gas transported in the state under certain circumstances. ODOT looks forward to working with the committee to achieve the intent of this measure.