

A Citizen View of Pilgrim Pipeline in New Jersey

FIRST, WHAT IS BAKKEN?

The Bakken formation is a rock unit from the Late Devonian to Early Mississippian age (approx. 350 million years ago) occupying about 200,000 square miles of the subsurface of the Williston Basin, underlying parts of Montana, North Dakota, Saskatchewan and Manitoba. It is named after Henry Bakken, a farmer in Tioga, North Dakota who owned the land where the formation was initially discovered, during drilling for oil. Today it is “fracked” out of the ground by explosively fracturing the substrata to loosen and retrieve the tar sand shale.

WHAT’S UP WITH ALBANY?

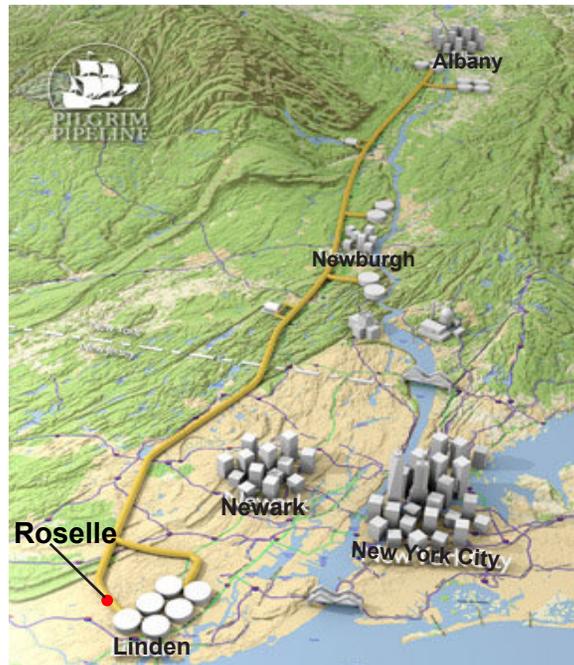
Bakken is oil-laden shale, rich in petroleum, but not usable in its out of the ground form. Processing this rock requires super high temperatures to make it ready for distillation into consumer grade fuels, whether for auto gasoline, home heating oil, or airliner jet fuel. Not every refinery can achieve the temperatures needed for that first stage of processing (rock to viscous, let’s call it Bakken crude). Albany NY is the location of one such hi-temp refinery.

But that Albany refinery hub is not well suited to do the late-stage refining. That presumably is why the Oil Stakeholders need to get their Bakken Crude into Linden’s Bayway (ConocoPhillips) full service refinery. Capacity for crude oil in Albany in 2012 went to one billion gallons a year, up from 400 million gallons. Today Albany’s volume is close to three billion gallons a year, anticipating still higher production volumes as the North Dakota fracking methods become even more efficient. Oil production keeps rising beyond the forecasts. The International Energy Agency now says the U.S. will surpass Russia and Saudi Arabia to become the world’s largest oil producer in 2015.

WHY IS ALBANY DOING A TURNAROUND?

ALBANY– On a clear December morning two years ago, a 600-foot oceangoing oil tanker called the Stena Primorsk left the Port of Albany on its maiden voyage down the Hudson River laden with 279,000 barrels of crude oil. It quickly ran aground on a sandbar. The incident attracted little attention at the time. The ship’s outer hull was breached, but a second hull prevented a spill. Still, the interrupted voyage just 12 miles south of the port signaled a remarkable turnaround for the state’s capital. Albany did not want to face the same situation as the small Canadian town of Lac Megantic, which was devastated July 6, 2013, by a Bakken crude oil explosion that killed 47 people.

Transporting by way of the Hudson River is no longer a best option from Albany Port due to the shipping hazard and now public awareness of that risky route south. River barges are slow, expensive, and limited in the capacities of crude that can be transported, especially in looking at the coming superabundance of crude in need of refining.



WHAT DOES A PIPELINE NEED?

A Pipeline needs VOLUME, high volume flowing through the pipeline.

The “Dakota Express Pipeline”, proposed in June 2013 by Koch Pipeline, will not be built according to a Bloomberg report. The project included a 250,000 b/d pipeline to transport oil out of the Bakken in Western North Dakota to receipt points in Illinois. With production in the Bakken, nearing 1 million b/d, the need for pipelines is only increasing. Curiously, it is not known why the company decided to axe the project.

Pipeline companies like Koch prefer to have long-term, binding commitments for capacity. If commitments do not reach a certain point, the project will be called off. As a very loose rule of thumb, pipeline companies look for commitments of 60% or more of designed capacity before they move forward. In this case, that could mean Koch failed to receive commitments for 150,000 b/d. So the pile of oil cash available to investors now had them looking for the right “designed capacity”.

A pipeline needs volume, the kind of volume anticipated between Albany and Linden, to make it work. Koch Pipeline people and former Koch CEOs and Presidents know this. They know that the volume of through-put in both directions make this enterprise very lucrative for investors, if not for citizens who will bear the brunt of excavation and hazard.

WHO IS PILGRIM PIPELINE LLC?

This privately held company lists four principal persons who might be considered career oil entrepreneurs, especially viewing their schooling in all of the Koch enterprises. Is the money behind the halted Koch project now being funneled into an entrepreneurial East Coast “multimillion-dollar profit and value growth portfolio” company? This company lists only one project: the 178 mile twin pipelines from Albany to Linden and back again.

Here are the players: (Source: Pilgrim Pipeline website)

Errol B. Boyle, President: He held the position of President, Koch Shipping, Inc. and President of Cayman Bunkering Company.

Roger L. Williams Vice President-Operations: He has also worked for companies that include Koch Industries, Inc., as Vice President; Koch Oil Company, President; Minnesota Pipeline Company, President; Koch Dock Company, Chairman; Koch Shipping Company, President; and Koch Qatar, Director

George J. Bochis, Vice President of Development: He has a "track record of driving multimillion-dollar profit and portfolio value growth through strategic planning and business development solutions."

Bryan Greiner, Vice President-Financial Affairs: His "unquenchable thirst for entrepreneurial and financial innovation has given rise to a multitude of high profile projects."

WHY ARE THEY SAYING:

"IT'S A DONE DEAL"?

More than half of the miles of proposed pipeline are in NY State. The NYS Thruway runs from the border of NJ to Albany in practically a straight line. Additionally, the Thruway is a NY State property. NY can extend Right of Way (ROW) to whomever may apply. So far Pilgrim seems to think that their pipeline adjacent to the Thruway means it cannot be stopped. Their ROW issues in NY are being resolved in conversation with the NY State Thruway authorities. "Done Deal!" Right?

No. Not until they deal with NJ State properties, municipalities, and private properties stakeholders. In dealing with the NJ State, as an example, the above VP Roger Williams (Permittee) has paid \$50 (by Check #8850) to the NJDOT to procure a permit to do surveying.

This permit authorizes: *permission for LANE/ SHOULDER Closing on BOTH sides of Route US 1 at the following location(s): Staten Island RR ROW between Conrail crossing and Amtrak crossing in ROSELLE BORO, county of UNION.*
(Source: NJDOT Permit #LSC-001-1-4-0023530)

No. Not a DONE DEAL until they deal honestly with private citizen property owners. Pilgrim has contracted the services of SALEM LAND Right of Way agents to approach homeowners. These agents present papers for the owners' signatures granting easements to ingress their properties to merely survey the terrain or rail property when necessary. In some cases, we are advised that cash payouts (*bribes?*) may come with signing the easements.

Salem and Pilgrim, using the one-on-one enticing approach with individual homeowners, are avoiding municipal government input or advisement. Homeowners who balk at signing are advised that they may be in expensive legal battles and still lose to eminent domain takeovers.

ARE YOU SCARED YET?

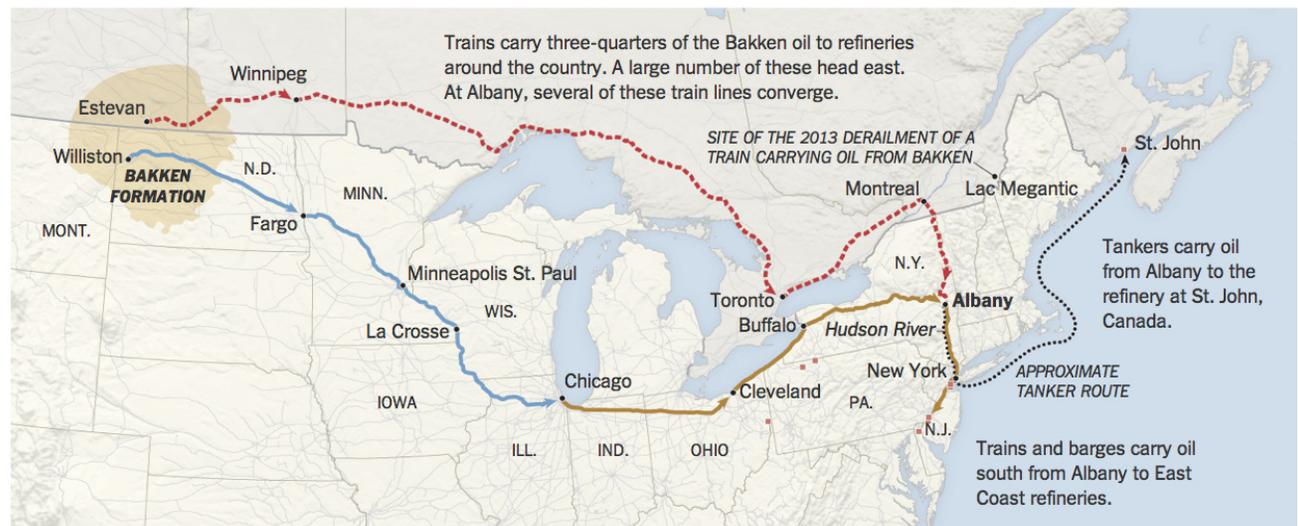
This is scary stuff when citizens are blindsided and do not understand the history and facts as they are able to be known. It is scary stuff unless we understand our options and stand together as one community.

WHAT CAN YOU DO?

- Contact your local elected officials and express your concerns and request information that may be pertinent to the Pilgrim Pipeline project in your area.
- If you have been contacted by surveyors for the Pipeline, do not sign anything before contacting your local public officials. In some cases, you may be the first to make the Pipeline Plan known to your town.
- Stay informed and connected to other municipalities and advocacy groups. The **NJ Chapter of the Sierra Club** could be your "lifeline" in staying ahead of the "pipeline." (<http://newjersey.sierraclub.org/Staff/Pilgrim/>)

MAJOR NORTHEAST BOUND OIL TRANSPORT ROUTES

RAILROAD LINES — BNSF TANKER/BARGE ■ OPERATING EAST COAST OIL REFINERIES — OTHER RAIL LINES
 Canadian Pacific
 — CSX



Graphic by Guilbert Gates and Joe Burgess
 Sources: Energy Information Administration; BNSF; Canadian Pacific; CSX

A Citizen View of



by Murphy/Lenihan, Roselle, NJ (9/9/2014)
Peace and All Good!