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July 1, 2008

Surface Transportation Board
395 E Street S W
Washington D C 20423-0001

RE: Docket EP 677; Common Carrier Obligation of Railroads - Transportation of Hazardous Materials

Dear Committee Members

The role of Industrial Resources Group is to help ag retailers locate and secure shipment of anhydrous ammonia for agricultural use. We are located in Collinsville, IL and have been in this business for over 20 years. We have seen many changes in the industry that are astounding and encouraging, and some that are very unfortunate. While agricultural biotechnology and crop yields continue to grow, and the demand for these crops grows, the infrastructure that serves our industry continues to stagnate. Every means of transportation available, including pipeline, rail, river and highway is at capacity, is less available to us, and in many cases is deteriorating. It is certainly an unfortunate situation and the United States needs to address it in order for us to remain competitive in a competitive world market that is demanding more grain—and other commodities year after year.

We appreciate the Surface Transportation Board's consideration of our perspectives and experiences in the shipment of anhydrous ammonia, particularly our thoughts on the need for rail transportation of this product. If our ability to transport ammonia by rail is decreased, or also not allowed to grow in any manner, these are our concerns:

1. It will create a need for more ammonia trucks on the road, 4 for every car not utilized. The safety issue speaks for itself and you are well aware of the DOT changes in the last few years. As an aftermath of 9/11, liability insurance for ammonia carriers escalated dramatically and drove many out of the business. Trailers are expensive and hard to find right now, so we could not pull many back into the market quickly. In addition, propane demand has grown and placed increased strain on drivers and equipment. Carriers will haul propane before ammonia, as it moves every month of the year, where ammonia is seasonal.
2. Longer hauls for carriers as the dealer further from a terminal tended to utilize more rail. Magnifies the first issue. This was part of the driving force behind IRG as we filled in the distribution system with our rail terminals to shorten the turnaround time of carriers.
3. It will create longer lines at the pipe and river terminals during the seasonal peaks. It is not uncommon to see 3-4 hour lines at times at some terminals already! Very little money has been spent over the years to increase loading capacity, so while they would like the additional volume they are not prepared to handle it at this time. The Fall of 07 we actually

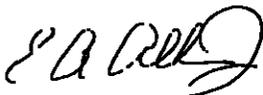
had 6-8 hour lines at the terminals in IL and ammonia was pulled by truck from Kansas, Mississippi, Arkansas and Tennessee to supply the Fall application demands in IL and IN

- 4 All ammonia users would face delays in receiving ammonia due to issues 1-3, creating more supply outages at both the dealer and terminals in the peak ammonia usage periods. Dealers need to build additional ammonia storage on-site now and the need would only be greater going forward
- 5 The river terminals would require increased barge service, with less ammonia tows available than in the past. River problems, low water, locks, etc., would be magnified and create additional delays. IL has good river coverage, but there are still several void areas from an ammonia supply standpoint
- 6 Supply options for dealers in the cornbelt would be limited, for the most part, to 3 suppliers due to the inability to secure rail from out of state suppliers
- 7 Restrict the supply of off-shore ammonia, produced with less expensive natural gas to the Midwest, as rail has been a big source. Off-shore material will continue to come in by barge and pipe, but storage is controlled by the Big 3, limiting much of the price advantage to the dealer
- 8 Create logistical problems for the remaining domestic plants, as many of them rely on rail to keep the plant running all year. These plants were built in locations where natural gas was cheap and/or readily available, but local ammonia demand is not sufficient for them to run 12 months without shipping to other markets. Rail was their outlet for excess product, particularly in the off-season
- 9 Create additional demand for other nitrogen products, thereby raising the price as dealers compete for existing supply. The US has shut down urea and UAN production, requiring more of it to come from other countries. UAN production is limited in other parts of the world, as the US is the biggest user. Supply is growing in areas of low natural gas prices, but is not available today
- 10 Force ag retail dealers to build additional storage for alternative products, as the distribution system could not handle the additional demand for urea and UAN in peak season. The retail business would be required to buy earlier and tie up larger sums of money for working capital over longer periods of time

There may be other problems as well, but I believe the observations above illustrate that everyone in the agricultural supply system needs to be concerned, not just the actual rail ammonia user

Thank you for considering these comments. We hope the SIB will choose to enact policies that ~~enable a continued, and hopefully enhanced,~~ source of transportation for anhydrous ammonia

Sincerely,



E. Albert Allen