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REPORT OF THE
PETROLEUM RAIL TRANSPORTATION COMMITTEE
OF THE
NATIONAL PETROLEUM COUNCIL

As Adopted
April 22, 1947

REPORT OF THE
COMMITTEE ON PETROLEUM RAIL TRANSPORTATION
OF THE
NATIONAL PETROLEUM COUNCIL

April 4, 1947

INTRODUCTION

The Committee on Petroleum Rail Transportation, appointed by the National Petroleum Council "to make factual studies of the Nation's petroleum rail transportation from the standpoint of its adequacy to meet national defense and other emergency needs," submits herein its findings to the Council.

A Subcommittee on draft met in New York on March 13-14. The entire Committee was called to meet in Washington, on April 3-4. A quorum was present. After conferring with representatives of the Oil and Gas Division of the Department of the Interior and the Army-Navy Petroleum Board, and analyzing the available data on rail transportation with respect to petroleum, the Committee divided the subject matter into two divisions, one dealing with the present situation and the other having reference to the matter of national defense and other emergency needs.

PRESENT SITUATION

The present situation with reference to petroleum transportation by railroad tank cars is substantially as follows:

1. Reference is made to Appendix A, a statement of tank car loading of all commodities, compiled from A.A.R. reports. For the five months ending with February 1947, the tank car loadings exceeded those of the previous year by percentages ranging from 13.3 to 20.4. Figures confined to petroleum are not yet available but it is the judgment of the Committee that the tank car loadings of petroleum in recent months have exceeded those of the corresponding months of a year ago by materially greater percentages.

2. Based on current operating performance and present demand there is a shortage of Class 103 tank cars for petroleum service of 7,500 cars.

3. There has been a decrease of 6,000 privately owned Class 103 tank cars, including those in chemical service, as of January 1, 1947 as compared with January 1, 1945, according to reports made by the Association of American Railroads. No Class 103 tank cars have been constructed since 1942. No cars of this class are under construction at the present time. Steel has not been and is not now being made available for this purpose.

4. The situation with reference to liquefied petroleum gas cars has already been presented to this Council and detailed statement in this report at length is considered unnecessary. The situation is critical. Briefly, according to figures prepared by ODT there are 2,908 Class 105-A-300 W and Class 105 A-400 W tank cars in LPG service as of April 1, 1947, including 438 government-owned cars. The requirements for the coming Fall and Winter (Based on ODT data) amount to 5,279 cars making a shortage of 2,371 cars all of which have been ordered from car builders. Additional cars have been ordered since the ODT figures were prepared. If any government owned cars are withdrawn from LPG service the shortage will be increased. The Committee feels that because of the known limitations of car production due to shortage of steel the number of cars of this type under order is materially below the orders that would be placed if there were any reasonable possibility of securing the cars. This is equally true of tank cars of all other classes.

ODT estimates that 900 Class 105 A tank cars may be built in the nine month period April 1 to December 31 of this year. Assuming that this estimate of new construction is correct the industry will still be 1,471 cars short of requirements of the coming Fall and Winter, based on ODT's calculations. Those calculations are admittedly conservative and the indications are that the shortage will be considerably greater.

5. The Governmental procedure under which steel for car building is being handled at the present time is as follows: There is a joint conference, with the Oil and Gas Division acting as advisers, composed of representatives of railroads, steel companies and the car manufacturers. Requirements for freight cars of all kinds are considered. The probable available steel for 1947 has been estimated and tank cars have been given a quota. The steel made available for tank cars is wholly insufficient in this year even to complete the construction of LPG, chlorine and sulphuric acid cars now on order. The Committee believes that the petroleum industry should have effective representation in making its requirements for tank cars of all types known to the proper authorities, including the joint conference referred to above, and recommends that the OGD take the responsibility for implementing these representations.

6. The excessive wear and tear on tank cars during the war period and the present maximum use of existing tank cars create serious maintenance problems. It is the judgment of the Committee that the owners of tank cars require a minimum of 30,000 tons of steel per year for the repairs made by the car owners. This requirement is exclusive of the steel required by the railroads to make repairs to tank cars in the representations made by the industry as above recommended.

7. Many tank cars now operating should be retired from service because of age and condition. The requirement of the Interstate Commerce Commission for the application of AB brakes to all tank cars as of January 1, 1949, will accelerate the retirement of tank cars after that date.

8. Car availability is, of course, affected to an important degree by shippers, consignees and carriers. During the war tank cars were loaded and unloaded with great promptness, in many cases twenty-four hours a day, seven days a week. The restoration of the 40-hour week has added to the idle car days. Also it should be noted that the railroad operating performance, which was so effective during the war, has slowed down. The tank car turn-around time has increased and this has affected car availability. There is evidence, however, of improvement in recent weeks and the Committee has reason to hope that the efficiency of railroad performance will improve as the immediate postwar adverse factors are dealt with by railroad management. Such improvements as may be experienced will tend to alleviate the existing car shortage but cannot be expected to make unnecessary a substantial addition of new cars, of all classes, to the petroleum fleet.

NATIONAL DEFENSE AND EMERGENCY NEEDS

With respect to the matter of National Defense the Committee has discussed this subject at some length. It is not prepared, at this time, to report findings of fact on the many phases which should be dealt with if the report is to be more than a very general review of the experience with tank car transportation in World War II. It may be said at this time, however, that contrary to impressions that prevailed in the pre-war period as to the relative efficiency of the rail movement of petroleum the experience of the war proved that transportation by tank car was indispensable both to the war effort and to the functioning of the domestic economy. Without attempting to foresee conditions that would confront the country in a future national emergency the Committee feels that the railroads would be called upon again to move a very substantial volume of petroleum. There is also in progress, as well as in prospect, a material growth in the volume of petroleum required by our normal, peace-time economy. While it is not possible, as stated, to make anything in the nature of a detailed report at this time the Committee feels that the tank car situation definitely requires the following action:

First. Allocation of steel for the construction, at the earliest possible time, of the 2,371 LPG cars referred to earlier in this report.

Second. Allocation of steel for the construction, of at least 7,500 Class 103 cars, which, without further car dismantling, would be required to bring the fleet, numerically, to the level existing at the outset of World War II and to meet the present shortage.

Third. Allocation of steel for the replacement, as rapidly as possible, with new cars of tank cars now substantially worn out but still in service.

The foregoing action would obviously not meet the full requirements of a national defense program. The Committee is not in position to estimate those requirements without taking into account the projected developments of petroleum transportation by water, pipeline and tank truck which, in accordance with the prescribed procedure

Your Committee has not considered. There are conceivable conditions involved in National Defense which, if added to the requirements of domestic economy, would make advisable a petroleum tank car fleet of 150,000 servicable cars, a number substantially in excess of peace-time requirements. As to this, however, the Committee is not in a position to express an informed opinion without consideration of facts involved in the other means of petroleum transportation.

Respectfully submitted,

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APPENDIX A

STATEMENT OF TANK CAR LOADING OF ALL COMMODITIES COMPILED FROM A.A.R.

WEEKLY REPORTS

| | Total Loaded During Month | Average Per Day | % Increase Over Previous Year |
|----------------|------------------------------|--------------------|-------------------------------------|
| October 1945 | 187,921 | 6062 | |
| November 1945 | 176,281 | 5876 | |
| December 1945 | 196,395 | 6335 | |
| January 1946 | 196,902 | 6352 | |
| February 1946 | 177,027 | 6322 | |
| March 1946 | 201,364 | 6496 | |
| April 1946 | 200,665 | 6689 | |
| May 1946 | 200,083 | 6454 | |
| June 1946 | 213,186 | 7106 | |
| July 1946 | 217,641 | 7021 | |
| August 1946 | 221,334 | 7140 | |
| September 1946 | 205,400 | 6847 | |
| October 1946 | 212,974 | 6870 | 13.3 |
| November 1946 | 210,096 | 7003 | 19.2 |
| December 1946 | 225,878 | 7286 | 15.0 |
| January 1947 | 213,093 | 7455 | 17.4 |
| February 1947 | 213,153 | 7613 | 20.4 |