

Railroad files for bankruptcy after Quebec oil train disaster

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Montreal, Maine & Atlantic Railway (MMA) has filed for bankruptcy in the US and Canada, claiming it lacks the insurance and financial resources to cover the damages of North American's worst railway disaster in decades.

An unattended train of crude oil operated by the railroad broke free of restraints in the early morning hours of July 6, traveling 6.8 miles downhill, gathering speed, before derailling at 63 mph in the center of Lac-Mégantic, Quebec. Forty-two people have been confirmed dead, with an additional five missing and presumed dead.

When cleanup began, Lac-Mégantic had to pay out \$8 million to contractors who feared that no payment would come via the railway. MMA's bankruptcy filing makes it likely that the town and province will receive little compensation for cleanup of the train wreck, the oil spilled into the Chaudière River, and the town center, where 40 buildings were leveled.

Total cleanup costs are estimated at \$200 million, while the railroad's insurance covers just \$25 million. Compounding the financial difficulties of the railway is the loss of its most profitable traffic, the movement of oil through Quebec to a refinery in St. Johns, New Brunswick. Of the 75 employees of the railway, 24 have been laid off, and the railroad itself may shut down.

The oil came from the booming Bakken field in North Dakota, which use hydraulic fracking to access oil that was previously economically unfeasible to extract. The petroleum logistics firm World Fuel Services Corp. and its subsidiary Western Petroleum Company owned the 1.9 million gallons of crude that the train was carrying. In the derailment and explosion, about 1.5 million gallons were spilled.

These companies received a legal notice on Monday from the province of Quebec demanding they pay for cleanup costs, which they are contesting while "expressing sympathies."

Both the accident and MMA's inability to deal with the aftermath are results of the unstable economic conditions of capitalism that prevent any long-term national and international transportation planning.

North American railways responded to the gradual decline in industrial production and competition from trucking by drastically cutting route mileage, either through abandonment or route sales. The largest railroads—like Canadian National and Canadian Pacific—sold low-traffic lines to "short lines" like MMA.

These short lines can institute cheaper operating practices to cut costs, but lack deep pockets for maintenance. They are also more at risk from plant closures and market changes, since they have a smaller traffic base. MMA's network of trackage in Quebec, Maine, and New Brunswick depended largely on the lumber and paper industry, which has gone through a steep decline.

As traffic was lost, the railway instituted one-man crews and cut back on track maintenance. MMA's route across Quebec previously had speeds of up to 40 mph when it was owned by Canadian Pacific. At present, the top speed is 25 mph with substantial segments of 10 mph track. Some sidings have speeds restricted to as low as 5 mph.

MMA chairman Ed Ellis continues to insist that one-engineer operation played no role in the derailment, but the practice is notorious among railroaders.

Before breaking loose, the oil train was stopped in Nantes, Quebec, awaiting a new crew. The previous crewman had "tied down" the train, which requires the setting of the entire train's air brakes and a certain number of handbrakes, which are on each engine and car.

The exact number of airbrakes depends on the location, but since MMA management chose to park the train on a steep grade, the number would have been high. With only one crewmember, this process is a substantial task at the end of a long shift, and one that occurred without any

other employee to help or check the work.

The hand brakes are supposed to hold the train if the air brakes fail-which which they did, after the locomotive that was left running to maintain pressure in the air brakes caught fire and was shut off. What exactly happened and what role company procedures played in securing the train awaits the full report on the incident from Canada's Transportation Safety Board.

The TSB is also investigating a number of other detailed factors in the accident, including the safety of the tank cars carrying the crude and the volatility of the oil itself.

Crude oil is the fastest growing sector of US and Canadian rail traffic, and the Lac-Mégantic derailment shows how little concern the industry and regulatory authorities have given to the safety of its transport.

Most of this traffic is carried in a tank car design, DOT-111, that is known to be unsafe. During derailments, valves used to load and unload commodities are not sufficiently protected and single hull steel construction is easily punctured. Improved standards are in force, but only apply to new construction, allowing older cars (the vast majority) to operate for up to 40 more years.

Questions are also being raised about what the exact chemical content of crude tank cars is, and whether it is more volatile than expected. Oil from fracking is extracted using a mix of toxic chemicals that may linger in shipments. It is also a lighter blend of crude that is more flammable than heavier crude in volatile conditions.

Canadian Pacific brought the train from North Dakota to MMA near Montreal, and MMA was to take it to St. Johns. Ed Burkhardt, Chairman of MMA, has stated, "nobody knew what they were carrying. I can assure that CP didn't know any more than we did."



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