



THE BUSINESS OF PEOPLE DISTRIBUTION

By Jason Spiess

1m Barrels 120: Aerial shot of BNSF train hauling crude oil outside of Tioga, ND. Photo by Crude Life Photography, Paul Flessland

The recent surge in oil and gas activity has the railroad seeing record activity moving commodities and product across our great nation. While the relationship between agriculture and energy dominate the rail headlines, the one resource that rarely is mentioned is people.

“More than a half a million people use the Empire Builder every year. Now I live in Chicago so 500,000 may not seem like a lot of people to them or to my

friends in the East,” Marc Magliari, Senior Communications Officer, Amtrak, Chicago, “But with the population as spread out as it is, moving a half a million people is still a lot people. So people count on the Empire Builder.”

Magliari said ridership is down 15% this year and delays have resulted in paying overtimes across the board. He pointed out all the activity the shales plays have created from the Mississippi to the Pacific Ocean indicating the decline in ridership isn't due to demand.

“It's not because things aren't happening in the Bakken and other areas, because they are,” Magliari said. “People have heard, because we have been very public about it, our delivery of service has not been on time. It causes people to think twice or drive or pump down hundreds and hundreds more to fly. So delayed trains hurt our business.”

To many, the stereotype is a roughneck taking the train to work from energy play to energy play, however the Bakken's lack of infrastructure proved that wrong. The speed of the Bakken's play and lack of infrastructure resulted in energy millionaires, CEO's and venture capitalists using planes, trains and automobiles to navigate the vast prairie.

Talking with Ken DeCubellis, former Exxon Mobile executive and current CEO of BlackRidge Oil and Gas, about Amtrak and the distribution of people, DeCubellis recalled the early days of the Bakken and how Amtrak was instrumental in the development of today's shale gale.

“The story I like to tell is in the early days in the Bakken Boom, in Williston, on a cold North Dakota November day,” DeCubellis said. “I took the train. And I had a return train leaving Williston station at 7 p.m.. My colleague Michael and I were driving around the Watford City area, you know in Dickinson, down in that area. The southern part of the play. We left Dickinson around 3:30 p.m., and we could not get to Williston in time because of the traffic.”

Back then the rail was running on time so for DeCubellis and company, it became a race against the rail.

“I thought we could hit the next eastern stop for Amtrak, which is Stanley,” DeCubellis said. “And so we were south of the river, could not, you can only cross at one point. Traffic was backed up again. We missed the Stanley pickup as well. It's great though. It speaks to how the big investors and operators are and how they are very active.”

Back then, a few years ago, the truck traffic was the biggest clog in the people distribution chain. Now fast forward a couple years, and the human element is still waiting, only this go around it is for the train.

This past October, the westbound Empire Builder, No. 7, was on time just 6.5 percent of the time. The eastbound train, No. 8, was on time 19.4 percent. The bad news is those numbers are awful. The good news is, anything on the positive side of the dial is an improvement considering this past June it had a zero percent on time rate.

“(Overall)We've seen a dramatic increase in passenger usage of our services. The Empire Builder passes through eastbound and westbound everyday,” Magliari said. “If you take a look at the ridership in Williston and Stanley now versus five years ago, as everyone in the Bakken area knows and everyone in those stations know, we take a lot of people to and from that area everyday. Unfortunately the trains have been delayed much more often than anyone is happy with.”

Magliari said the good news is the trains are making “incremental progress” but the bad news is they are delayed too often. Amtrak uses both Canadian Pacific and BNSF's infrastructure, and according to Magliari, Amtrak is at the mercy of the railroad.

