



Skagit County (County) and the Washington State Department of Ecology (Ecology), co-lead agencies, are overseeing the preparation of this environmental impact statement (EIS) under the Washington State Environmental Policy Act (SEPA) for a project proposed at the Shell Puget Sound Refinery (PSR). The applicant, Equilon Enterprises, LLC (Shell), proposes to construct and operate a rail unloading facility at the Shell PSR located near Anacortes, Washington.

This chapter provides an overview of the proposed project, including the factors that led Shell to further its development. The objective and goals of the proposed project are also described, as well as the environmental review process being undertaken by the co-lead agencies. An overview of the content of this draft EIS is outlined at the end of the chapter.

PROJECT OVERVIEW

Equilon Enterprises, LLC (Shell) proposes to construct and operate a rail unloading facility at the Shell Puget Sound Refinery (PSR). The proposed project, known as the Shell Anacortes Rail Unloading Facility, includes building a rail spur from the existing adjacent BNSF Railway Anacortes Subdivision onto the Shell PSR property to accommodate trains transporting crude oil from the mid-continent area, e.g., the Bakken region of Montana and North Dakota.

Each *unit train* arriving at the rail unloading facility would carry approximately 60,000 to 70,000 barrels of crude oil. The facility would receive six unit trains per week, with each train having up to 102 tank cars. As provided in the U.S. Department of Transportation (USDOT) safety advisory 2014-01, Shell would use DOT-117 Specification tank cars that meet enhanced safety standards. These tank cars exceed the CPC 1232-mandated safety standards (AAR 2015). Chapter 2 – Proposed Project and Alternatives, provides additional information about the safety features of DOT-117 Specification tank cars.

A unit train carries the same type of product in all cars, from origin to destination.

The proposed project would not result in a change in the refining capacity of the Shell PSR. The refinery currently receives delivery of crude oil primarily via marine vessel from the Alaska North Slope. Overall production from the North Slope is declining and that trend is expected to continue. The crude oil received at the Shell PSR by rail would be used to replace the declining North Slope supply.

In addition to building the rail spur, the project would include installing equipment and facilities to pump oil from rail cars to existing tanks within the refinery, constructing stormwater detention ponds, and installing safety and spill response measures.

Shell proposes mitigation for on-site wetland impacts by restoring a portion of a nearby diked and now defunct tree farm adjacent to Padilla Bay. The activities necessary to implement this wetland mitigation are included as part of the proposed project. Chapter 2 – Proposed Project and Alternatives, provides additional information about the proposed wetland mitigation.

PROJECT BACKGROUND

The Shell PSR requires a reliable supply of crude oil to remain economically viable. The majority of its current supply arrives via marine vessel from the Alaska North Slope, with the remaining portion coming from the Kinder Morgan Puget Sound Pipeline via Canada. In 1988, North Slope production peaked at 2,044,000 barrels per day. By 2015, production had fallen to 455,000 barrels per day (EIA 2015), which equates to a 78-percent decline. Production of North Slope crude in 2024 is currently estimated at 320,000 barrels per day, or 85 percent below 1988 peak levels (Alaska Department of Revenue 2015).

In response to the decline in Alaska North Slope production, Shell began to investigate other sources of crude oil to maintain existing refining operations at the Shell PSR. Options for crude oil supplies are limited by the following factors (AECOM 2015):

- Oil types must be refinable by using the existing technology and equipment at the Shell PSR.
- Oil types and sources must be economically viable for Shell (i.e., the costs of extraction and transport of the crude oil to the Shell PSR do not exceed the value of production).

Based on these factors, Shell determined that the most viable option to replace and supplement declining North Slope supply would be to obtain crude oil from the mid-continent area. Crude oil from the Bakken region represents an oil type that is economically feasible to transport via rail and can be processed at the Shell PSR with existing equipment and under existing permits (AECOM 2015).

History of Bakken Crude by Rail in Washington

Trains began transporting Bakken crude from Montana and North Dakota to Washington State in 2012. Currently four of the five Washington refineries receive crude by rail from the mid-continent area:

- Tesoro Anacortes Refinery (adjacent to the Shell PSR).
- BP and Phillips 66 (both near Ferndale, WA).
- U.S. Oil & Refining (in Tacoma, WA).

For inbound shipments, all of these refineries use the BNSF Railway main line, which enters Washington near Spokane, proceeds southwest to the Vancouver area, and then travels north to the Puget Sound region. For outbound trains, the refineries use the BNSF Railway main line south to Auburn, east to Kennewick, north to Spokane, and then travel out of Washington State.

Because all of the other Washington State refineries have access to this cost-effective supply of mid-continent crude, Shell views the proposed project as necessary to ensure the continued competitive viability of the Shell PSR (AECOM 2015).



Shell has been working with the County and other agencies to develop the proposed project since 2012. In December 2013, Shell submitted permit applications to the County. The County held a public comment period and conducted a SEPA review. In April 2014, the County determined that the proposed project would not have a probable significant adverse impact to the environment, if mitigation measures prescribed by the County were followed and they issued a mitigated determination of nonsignificance (MDNS).

The County received more than 400 comments from the public on the MDNS, which led the County to request additional information from Shell. After review, the County issued a modified MDNS in August 2014 that included additional conditions, supporting information, and another comment period.

In September 2014, Earthjustice, on behalf of RE Sources for Sustainable Communities, Friends of the San Juans, ForestEthics, Washington Environmental Council, Friends of the Earth, and Evergreen Islands, appealed the modified MDNS. In January 2015, the Skagit County Hearing Examiner held an open record administrative appeal, and in February 2015, granted the appeal and ordered the County to complete an EIS (Skagit County Hearing Examiner 2015). The County requested that Ecology participate as a SEPA co-lead agency, and Ecology formally agreed to do so in June 2015.

On September 21, 2015, the County and Ecology released a determination of significance (DS) for the Shell Anacortes Rail Unloading Facility (Skagit County and Ecology 2015a), initiating the EIS process, which is described on the next page.

OBJECTIVE OF THE PROPOSED PROJECT

Defining a proposed project's objective plays a key role in determining the range of alternatives that will be considered and analyzed in an EIS. The objective guides the co-lead agencies in selecting a preferred alternative and eliminates some alternatives from further consideration.

The objective of the Shell Anacortes Rail Unloading Facility is to provide the capability to receive crude oil from the mid-continent area to maintain operations at the Shell PSR at the current level. It is intended to fulfill the following goals:

- Replace and supplement the **Shell PSR's** declining Alaska North Slope supply of crude oil with that from the mid-continent area.
- Obtain replacement supplies of crude oil that can be processed with **the Shell PSR's** existing technology and equipment.
- Sustain the **Shell PSR's economic viability**.

The objective of the Shell Anacortes Rail Unloading Facility is to provide the capability to receive crude oil from the mid-continent area to maintain operations at the Shell PSR at the current level.



ENVIRONMENTAL REVIEW PROCESS

The co-lead agencies are jointly overseeing the preparation of this EIS in accordance with SEPA. According to SEPA, an EIS must be prepared when the lead agency determines a proposal is likely to result in significant adverse environmental impacts. The SEPA environmental review process includes the steps that are described below.

EIS Scoping Process

The first step in the development of an EIS is called scoping. During the scoping process, agencies, tribes, local communities, organizations, and the public are invited to comment on factors that should be analyzed and considered in the EIS. Specifically, the process is intended to collect input on the following topics:



- Reasonable range of alternatives.
- Potentially affected resources and the extent of analysis for those resources.
- Measures to avoid, minimize, and mitigate impacts of the proposal.
- Potential cumulative impacts.

Scoping for the proposed project occurred between September 21 and November 5, 2015. The scoping process was documented in the *Shell Anacortes Rail Unloading Facility Environmental Impact Statement Scoping Report* (Skagit County and Ecology 2015b).

Draft EIS Preparation, Publication, and Review

A draft EIS is then prepared using the results of the scoping process. The purpose of an EIS is to provide an impartial discussion of significant environmental impacts and reasonable alternatives and mitigation measures that avoid or minimize adverse environmental impacts. The information in this draft EIS is provided for review and comment by interested parties and will also be used by the co-lead agencies to evaluate the proposed project.

The co-lead agencies will seek comments from agencies, tribes, local communities, organizations, and the public during a 60-day comment period from October 4 to December 2, 2016. During the comment period public hearings will be held on November 12 in Anacortes; November 16 in Mount Vernon; and November 19 in Seattle. Comments will also be accepted by means of a post office box, in person at Skagit County, an online open house, e-mail, and voicemail. Comments received during the comment period will be addressed in the final EIS.



Final EIS Publication

Following the comment period, the co-lead agencies will issue the final EIS. The final EIS will address comments received during the comment period, and may include additional information and input received from Shell, the co-lead agencies, other agencies with jurisdiction or concern, tribes, and the public regarding the proposed project. The co-leads and other agencies will use the final EIS to inform permitting decisions.

Public, Agency, and Tribal Involvement

Ecology and Skagit County have provided many opportunities for the public; federal, state, and local agencies; tribes; and other interested parties to provide input on the proposed project. Specifically, they announced the scoping period via a press release to local news outlets; sent mailers and e-mails to interested individuals, and published ads online and in local papers.

Also, the co-lead agencies established a project website and hosted an online open house and scoping meetings. Four scoping meetings were held during the 45-day scoping comment period between September 21 and November 5, 2015. Three public scoping meetings were held on October 13, in Mount Vernon; October 14 in Anacortes; and October 19 in Lynnwood. One agency scoping meeting was held on October 27 in Olympia. Comments were accepted via an online open house, voicemail, e-mail, verbal comments during the public meetings, and written format (letters and comment forms). In total, 35,806 comments were received through the various available methods (Skagit County and Ecology 2015b). As described above, the co-leads will seek further input from the public, agencies, and tribes during the draft EIS comment period.

Federal, State, and Local Permits and Approvals

After completion of the EIS, Shell will need to obtain permits and authorizations to construct and operate the proposed project. Agencies can use the EIS when making permitting decisions. Table 1-1 provides a summary of the anticipated permits and approvals that will be needed to implement the proposed project.



Table 1-1 Federal, State, and Local Permits and Approvals

Permit or Approval	Agency / Statute and/or Regulation
Federal	
Clean Water Act Section 404 Individual Permit	U.S. Army Corps of Engineers (USACE)
Eagle Disturbance Take Permit	U.S. Fish and Wildlife Service (USFWS)
Eagle Nest Take Permit	USFWS
State	
Clean Water Act (CWA) Section 401 Water Quality Certification	Washington State Department of Ecology (Ecology)
Coastal Zone Management Consistency Determination	Ecology
National Pollutant Discharge Elimination System (NPDES) Construction Stormwater Permit	Ecology
National Pollutant Discharge Elimination System (NPDES) Operations Stormwater Permit	Ecology
Hydraulic Project Approval	Washington Department of Fish and Wildlife (WDFW)
Forest Practice Conversion Permit	Washington State Department of Natural Resources (DNR)/Skagit County
OAC (Order of Approval to Construct) Air Permit	Northwest Clean Air Agency
Local	
Shoreline Substantial Development/Variance Permit	Skagit County/Ecology
Grading Permit	Skagit County
Floodplain Development Permit	Skagit County
Commercial Building Permit	Skagit County
Special Use Permit for Habitat Restoration within Agriculture-Natural Resource Land	Skagit County



EIS ORGANIZATION

This EIS contains the following nine chapters:

- Chapter 1 – Introduction, provides an overview of the proposed project, its history and objectives, and describes the environmental review process.
- Chapter 2 – Proposed Project and Alternatives, describes the no action alternative, other alternatives considered, and the proposed project, including details on project construction and operation.
- Chapter 3 – Affected Environment and Environmental Impacts, describes the analysis of potential impacts associated with the no action alternative and the proposed project. Chapter 3 is divided into 17 sub-chapters that address specific environmental resource topics. For each topic, the chapter explains the methodology used to analyze impacts, the existing conditions of the affected environment, the potential impacts associated with the alternatives, and any proposed mitigation.
- Chapter 4 – Environmental Health and Risk, investigates the likelihood and potential consequences related to the accidental release of oil into the environment during transport of crude by rail from the mid-continent area to the Shell PSR.
- Chapter 5 – Summary of Impacts and Mitigation, lists the impacts of the proposed project identified in Chapters 3 and 4, and describes the measures proposed to mitigate those impacts. This chapter also describes adverse environmental impacts that cannot be fully mitigated.
- Chapter 6 – References, provides a list of the literature cited throughout this EIS. The references are organized by chapter.
- Chapter 7 – List of Preparers, identifies the personnel who contributed materially to the preparation of this EIS.
- Chapter 8 – Distribution List, identifies interested parties who received this EIS, and provides a list of reading rooms where the EIS is available for viewing by the public.
- Chapter 9 – Acronyms and Glossary, provides definitions for many abbreviations and terms used throughout this EIS.



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