

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Sylvia J. Kerrigan, EVP  
Marathon Oil Corporation  
5555 San Felipe St.  
Houston, TX 77056-2723

Dear Ms. Kerrigan:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in Marathon Oil Corporation (Marathon Oil or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-

Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a producer of oil that is shipped by tank cars, Marathon Oil may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in Marathon Oil, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does Marathon Oil process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does Marathon Oil maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has Marathon Oil made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by company insurance policies, or other hedges against loss due to accidents?
- Does Marathon Oil own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



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ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Michael P. Donaldson  
Vice President and Corporate Secretary  
EOG Resources, Inc.  
P.O. Box 4362  
Houston, TX 77210-4362

Dear Mr. Donaldson:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in EOG Resources, Incorporated (EOG Resources or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Megantic, Quebec resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to greater than the Lac-

Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a producer of oil that is shipped by tank cars, EOG Resources may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in EOG Resources, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does EOG Resources process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does EOG Resources maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has EOG Resources made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does EOG Resources own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

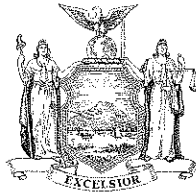
Sincerely,

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials Enhanced: Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Ira M. Birns, Chief Financial Officer  
World Fuel Services Corporation  
9800 N.W. 41<sup>st</sup> Street, Suite 400  
Miami, FL 33178

Dear Mr. Birns:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in World Fuel Services Corporation (World Fuel Services or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum, that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities on roadbeds that run alongside important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, recent rail accidents involving release of petroleum are a matter of great concern to the public and the Fund.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the 2013 derailment disaster in Lac-Megantic, Quebec, resulting in 47 deaths, are likely to occur.<sup>1</sup> The department has initiated rulemaking issued safety advisories and emergency orders in response to rail accidents involving crude oil.

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

As a potentially responsible party in the Lac-Megantic derailment, World Fuel Services Corporation has first-hand knowledge of the seriousness of this problem. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in World Fuel Services, particularly if the Company is not proactively addressing the problem.

In light of these concerns, I ask that you please provide me with an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does World Fuel have and consistently follow policies identifying appropriate characteristics of packaging for petroleum crude oil that it ships? How does the Company ascertain that these petroleum products are accurately labeled and packaged?
- Does World Fuel require that the petroleum crude oil it purchases be processed prior to transport to reduce its flammability and the risk of combustion in any accidental release during transport?
- What provisions has World Fuel made to insure against liability for losses resulting from injuries to people, and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does World Fuel own, rent or otherwise supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed, constructed, maintained and inspected to prevent the release or combustion of petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that a robust discussion and forthright sharing of information regarding these serious issues may improve the assessment and mitigation of potentially significant risks to the public and the Fund.

Thank you for your attention to this request. Please contact Patrick Doherty, the Fund's Director of Corporate Governance (212-383-1428), to provide a response, or if you wish to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Bruce R. DeBoar, Vice President  
Whiting Petroleum Corporation  
1700 Broadway, Suite 2300  
Denver, CO 80290-2300

Dear Mr. DeBoar:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in Whiting Petroleum Corporation (Whiting Petroleum or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-

Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a producer of oil that is shipped by tank cars, Whiting Petroleum may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in Whiting Petroleum, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does Whiting Petroleum process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does Whiting Petroleum maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has Whiting Petroleum made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does Whiting Petroleum own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."



THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
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June 3, 2015

Jo-Anne M. Caza, Vice President  
Enerplus Corporation  
The Dome Tower  
333 Seventh Avenue SW, Suite 3000  
Calgary, AB T2P 2Z1  
Canada

Dear Ms. Caza:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in Enerplus Corporation (Enerplus or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Mégantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-

Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a producer of oil that is shipped by tank cars, Enerplus may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in Enerplus, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does Enerplus process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does Enerplus maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has Enerplus made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does Enerplus own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
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June 3, 2015

John D. Marziotti, General Counsel  
Newfield Exploration Company  
4 Waterway Square Place, Suite 100  
The Woodlands, TX 77380

Dear Mr. Marziotti:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in Newfield Exploration Company (Newfield or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

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As a producer of oil that is shipped by tank cars, Newfield Exploration Company may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in Newfield, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does Newfield process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does Newfield maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has Newfield made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does Newfield own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Paul K. Sandness, General Counsel  
MDU Resources Group, Inc.  
P.O. Box 5650  
Bismark, ND 58506-5650

Dear Mr. Sandness:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in MDU Resources Group (MDU Resources Group or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-

Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a producer of oil that is shipped by tank cars, MDU Resources may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in MDU Resources, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does MDU Resources process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does MDU Resources maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has MDU Resources made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does MDU Resources own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

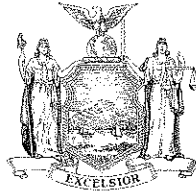
Sincerely,

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

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June 3, 2015

Jeff Woodbury, Vice President  
Exxon Mobil Corporation  
5959 Las Colinas Boulevard  
Irving, TX 75039-2298

Dear Mr. Woodbury:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in Exxon Mobil Corporation (Exxon Mobil Corporation or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Megantic, Quebec resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-

Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a producer of oil that is shipped by tank cars, Exxon Mobil may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in Exxon Mobil, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does Exxon Mobil process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does Exxon Mobil maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has Exxon Mobil made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does Exxon Mobil own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."



THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Janet Langford Kelly  
Senior Vice President, Corporate Secretary  
ConocoPhillips Company  
PO Box 4783  
Houston, TX 77210-4783

Dear Ms. Kelly:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in ConocoPhillips Company (ConocoPhillips or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-

Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a producer of oil that is shipped by tank cars, ConocoPhillips may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in ConocoPhillips, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does ConocoPhillips process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does ConocoPhillips maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has ConocoPhillips made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does ConocoPhillips own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Draft USDOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Ellen M. Fitzsimmons  
Office of the Corporate Secretary  
CSX Corporation  
500 Water Street, C160  
Jacksonville, FL 32202

Dear Ms. Fitzsimmons:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in CSX Corporation (CSX or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving CSX and other rail carriers that have resulted in the loss of lives, many millions of dollars in property damage, extensive personal injury, and significant damage to the environment.

CSX and other railroads operate in communities ranging from small villages to the largest cities on roadbeds that run alongside and across important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum and other hazardous materials are a matter of great concern for the public and Fund.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths and liability that caused the rail carrier involved to enter bankruptcy. Other derailments in the United States within recent years have come at significant human and financial cost. According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of flammable liquids by rail has led to an increase in train accidents involving the release of oil, posing significant safety and environmental concerns. USDOT estimates that additional accidents, of a scale equal to or greater than the Lac Megantic disaster, are likely to

occur.<sup>1</sup> In response, the department has initiated rulemaking and issued safety advisories and emergency orders covering rail accidents involving crude oil.

I am concerned that exposure to possible financial liability arising from such train accidents could negatively impact the Fund's investments in CSX, particularly if the Company is not proactively addressing the problem.

In light of these concerns, I ask that you provide me with an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- What policies and procedures has CSX put in place to prevent accidents involving the release of crude oil or other hazardous materials which may cause injuries to people and damages to property and natural resources?
- What provisions has CSX made to insure against financial liability for losses should an accident occur? What is the maximum liability covered by Company insurance policies or other hedges against loss resulting from accidents?
- Does CSX own and/or supply tank cars for the transport of hazardous or flammable liquids? If so, what operating procedures or other provisions has the Company put in place to address safety shortcomings associated with the existing fleet and, most particularly, the DOT-111 tank car?
- Does CSX have and consistently follow policies identifying appropriate characteristics of packaging for hazardous or flammable liquids transported by its trains? How does the Company ascertain that these substances are accurately labeled and packaged?
- How often does CSX inspect infrastructure such as tracks, switches, bridges, signals, and rolling stock? Please describe the status of repair of each type of infrastructure.
- What are CSX's emergency response plans for accidental releases of petroleum crude oil and other hazardous materials? Are train crews trained in emergency response? Are emergency response materials predeployed on trains or at potentially sensitive locations to address spills?
- What is the CSX policy regarding allowing trains carrying petroleum crude oil and other hazardous materials to be left unattended by security or other staff? If these trains are left unattended, how often does this occur? Are Company supervisors or emergency services officials in nearby municipalities notified of such practices? Please provide copies of any Company policies that identify appropriate locations where and for how long trains can remain unattended by security or other staff.

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that a robust discussion and forthright sharing of information regarding these serious issues may improve the assessment and mitigation of potentially significant risks.

Thank you for your attention to this request. Please contact Patrick Doherty, the Fund's Director of Corporate Governance (212-383-1428), to provide a response, or if you wish to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Paula A. Johnson, General Counsel  
Phillips 66 Company  
310 Briarpark Drive  
Houston, TX 77042

Dear Ms Johnson:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in Phillips 66 Company (Phillips 66 or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities on rights of way that run alongside and across important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, recent rail accidents involving release of petroleum are a matter of great concern to the public and the Fund.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-Megantic disaster are likely to occur.<sup>1</sup> In response, the department has initiated rulemaking, issued safety advisories and emergency orders in response to rail accidents involving crude oil.

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<sup>1</sup> Draft USDOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

As a refiner of petroleum crude oil, Phillips 66 may face liability for damages and cleanup costs in certain circumstances involving accidents where, for example, petroleum crude oil owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments, particularly if the Company is not proactively addressing the problem.

In light of these concerns, I ask that you provide me with an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- At what point in the transportation process from the point of production to the Company refineries does Phillips 66 take ownership of petroleum crude oil?
- Does Phillips 66 require that the petroleum crude it purchases be processed before transport to reduce its flammability and the risk of combustion in an accidental release during transportation?
- What provisions has Phillips 66 made to insure against liability for losses resulting from injuries to people, and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by company insurance policies, or other hedges against loss due to accidents?
- Does Phillips 66 own, rent and/or otherwise supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these cars are designed, constructed, maintained and inspected to prevent the release, or combustion of petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that a robust discussion and forthright sharing of information about these serious issues may improve the assessment and mitigation of potentially significant risks for the public and the Fund.

Thank you for your attention to this request. Please contact Patrick Doherty, the Fund's Director of Corporate Governance (212-383-1428), to provide a response, or if you wish to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Jeffrey Dill, General Counsel  
PBF Energy Incorporated  
1 Sylvan Way, 2nd Floor  
Parsippany, NJ 07054

Dear Mr. Dill:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in PBF Energy Incorporated (PBF Energy or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities on rights of way that run alongside and across important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, recent rail accidents involving release of petroleum are a matter of great concern to the public and the Fund.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental



concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-Mégantic disaster are likely to occur.<sup>1</sup> In response, the department has initiated rulemaking, issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a refiner of petroleum crude oil, PBF Energy may face liability for damages and cleanup costs in certain circumstances involving accidents where, for example, petroleum crude oil owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments, particularly if the Company is not proactively addressing the problem.

In light of these concerns, I ask that you provide me with an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- At what point in the transportation process from the point of production to the Company refineries does PBF Energy take ownership of petroleum crude oil?
- Does PBF Energy require that the petroleum crude it purchases be processed before transport to reduce its flammability and the risk of combustion in an accidental release during transportation?
- What provisions has PBF Energy made to insure against liability for losses resulting from injuries to people, and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does PBF Energy own, rent and/or otherwise supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these cars are designed, constructed, maintained and inspected to prevent the release or combustion of petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that a robust discussion and forthright sharing of information about these serious issues may improve the assessment and mitigation of potentially significant risks for the public and the Fund.

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<sup>1</sup> Draft USDOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

Thank you for your attention to this request. Please contact Patrick Doherty, the Fund's Director of Corporate Governance (212-383-1428), to provide a response, or if you wish to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

Jay R. Wilson, Vice President  
Hess Corporation  
1185 Avenue of the Americas  
New York, NY 10036

Dear Mr. Wilson:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in Hess Corporation (Hess or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities on roadbeds running alongside and across agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern to the public and the Fund, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota, that was transporting crude for Hess.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths and billions of dollars in property damage. Liability for this horrific accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-Megantic disaster are likely to occur.<sup>1</sup> In response, the department has initiated rulemaking and has issued safety advisories and emergency orders covering accidents involving crude oil.

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<sup>1</sup> Draft USDOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."

As a producer of oil shipped by tank cars, Hess may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents could negatively impact the Fund's investments in Hess, particularly if the Company is not proactively addressing the problem.

In light of these concerns, I ask that you provide me with an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does Hess process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does Hess maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has Hess made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does Hess own, rent and/or otherwise supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these cars are designed, constructed, maintained and inspected to prevent and protect against the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that a robust discussion and forthright sharing of information on these serious issues may improve the assessment and mitigation of potentially significant risks.

Thank you for your attention to this request. Please contact Patrick Doherty, the Fund's Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

June 3, 2015

David Grimm  
Chief Administrative Officer  
Forestar Group, Inc.  
6300 Bee Cave Road  
Building Two, Suite 500  
Austin, TX 78746-5149

Dear Mr. Grimm:

As Comptroller of New York State, I am the administrative head of the New York State and Local Retirement System (System) and Trustee of the New York State Common Retirement Fund (Fund). The Fund holds and invests the System's assets and is a long-term investor in Forestar Group (Forestar Group or the Company). I am writing to request information about measures the Company is undertaking in response to the increasing number of train accidents involving tank cars carrying petroleum that have resulted in the loss of lives, many millions of dollars in property damage, and significant damage to the environment.

Petroleum crude oil is transported by rail through communities ranging from small villages to the largest cities. Oil travels by rail alongside and across vitally important agricultural lands, rivers, estuaries and other valuable natural resources. For these and other reasons, rail accidents involving release of petroleum are a matter of great public concern, including the recent derailment and resulting eruption of a train in Heimdel, North Dakota.

A single accident, the 2013 derailment in Lac-Megantic, Quebec, resulted in 47 deaths. Liability for this accident caused the rail carrier involved to enter bankruptcy and resulted in the Quebec Minister of Sustainable Development, Environment, Wildlife and Parks ordering the companies that owned the oil shipped on the train to contribute to remediation efforts. Other derailments in the United States within recent years have come at significant human and financial cost.

According to the U.S. Department of Transportation (USDOT), the increase in recent years in shipments of large quantities of petroleum crude oil by rail has led to an increase in accidents involving the release of oil, thereby posing significant safety and environmental concerns. USDOT estimates that additional accidents of a scale equal to or greater than the Lac-

Megantic disaster are likely to occur.<sup>1</sup> In response, the USDOT has initiated rulemaking and has issued safety advisories and emergency orders in response to rail accidents involving crude oil.

As a producer of oil that is shipped by tank cars, Forestar Group may face liability for damages and cleanup costs if petroleum crude oil produced and/or owned by the Company is released or combusts in the course of a rail accident. I am concerned that exposure to possible financial liability arising from such train accidents is increasing and could negatively impact the Fund's investments in Forestar Group, particularly if the Company is not proactively addressing the problem.

Please provide an overall assessment of whether increased rail transport of petroleum crude oil has elevated financial risk for the Company. In addition, please address the following questions.

- Does Forestar Group process petroleum crude oil before transport to reduce its flammability and the risk of combustion in any accidental release during transportation?
- Does Forestar Group maintain ownership of produced petroleum crude oil during its transport to refineries or other end users?
- What provisions has Forestar Group made to insure against liability for losses resulting from injuries to people and damages to property and natural resources due to accidents involving the release of crude oil? What is the maximum liability covered by Company insurance policies, or other hedges against loss due to accidents?
- Does Forestar Group own and/or supply rail cars used in the transport of petroleum crude oil? If so, please describe the Company's policies and actions to ensure that these rail cars are designed and constructed to prevent the release of, or combustion of, petroleum in a rail accident. Also, please describe Company policies to ensure that rail car safety attributes are in good working order.

As Trustee of the Fund, I have a fiduciary duty to protect its investments on behalf of the System's members, retirees and beneficiaries. I believe that robust discussion of these serious issues may improve the assessment and mitigation of potentially significant risks. Thank you for your attention to this request. Please contact Patrick Doherty, Director of Corporate Governance (212-383-1428), to provide a response or, if you wish, to discuss this request.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Draft DOT Regulatory Impact Analysis, "Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains."