

Ceres Global Gets Green Light for Terminal-Rail Link for Oil, Grain Shipping

Terminal to Ship Canadian Light Crude, Grains to U.S. Customers, Ports by Year End

By DAVID GEORGE-COSH

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TORONTO— Ceres Global Ag Corp., a grain elevator and short-line railway operator, said it has received approval from U.S. and Canadian federal border agencies to link its Saskatchewan terminal to a rail line operated by Berkshire Hathaway Inc. 's Burlington Northern Santa Fe Corp.

Michael Detlefsen, president and chief executive of Toronto-based Ceres Global, said the Canada Border Services Agency and the U.S. Department of Homeland Security have formally given the green light to link the company's new grain and oil unit-train terminal located near the southeast border between Saskatchewan and North Dakota to the rail line.

The move will allow Ceres Global to begin construction on the terminal, which will be able to ship 25,000 barrels of light crude oil a day and up to 40 million bushels of grain a year once it is fully operational. Mr. Detlefsen said the company has plans to ramp up shipments of light crude at the terminal to up to 70,000 barrels a day within three years and install a liquefied natural gas pipeline from Saskatchewan refineries.

BNSF's rail link had been unused for years after Canadian National Railway Co. decommissioned and discontinued the line about 25 years ago. Ceres acquired the rail link in 2004 and starting purchasing land around the area to build its terminal, Mr. Detlefsen said.

BNSF recently upgraded the rail track to handle faster train speeds, said Steve Forsberg, a spokesman with the rail operator.

Ceres is still completing the design of its grain elevator and plans to have the terminal—the Northgate Commodities Logistics Center—operational sometime this year. Construction on the center was first scheduled to begin at the end of 2013, but extreme weather conditions have delayed building until this quarter.

Ceres's terminal is likely to offer grain shippers an alternative method of transporting their product out of Canada to U.S. millers following a contentious debate between farmers and rail operators this year.

Thanks to a record crop and poor weather, Canada has a backlog of grain that is pinching incomes for farmers and has sent the price of oil-future contracts soaring in the U.S., which is heavily dependent on its northern neighbor for supplies.

"To the extent that you can get grain into the U.S., there's a lot of handling that can be done at underutilized facilities [like Northgate]." Mr. Detlefsen said. "We'd like to tap into that network and take Canadian grain to U.S. customers and ports."

The terminal will also likely increase traffic of unit trains—mile-long strings of railcars carrying crude oil—which have faced recent scrutiny after concerns that their usage has contributed to the severity of rail accidents.

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