

May 20 - 2019



PFL is happy to inform our readers of the opening of our Houston office to better serve our customers.

**We are located at:**

**1155 Dairy Ashford Road  
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Phone: 832-917-5995**

**Natural gas production keeps growing** and we are seeing increased demand for condensate and pressure cars in the North East as a result. NatGas production will increase by 1 billion cubic feet per day ("Bcf/d") from May going into June, according to the EIA. In its just released drilling productivity report ("dpr"), we are going to add 943 million cubic feet per day (Mmcf/d), bringing the total production from the countries seven largest basins to 80.66 Bcf/d, up from 79.72 Bcf/d in May. The largest May-to-June natural gas production increase is expected in Appalachia, the combination of the Marcellus and Utica shale plays. In this region, gas production will jump 366 Mmcf/d, to 32.11 Bcf/d, from 31.74 Bcf/d in May, the Dpr projects. See chart below:

**Natural Gas Production Continues to Accelerate**

Region	May 2019	June 2019	Change
Anadarko	7.55 billion cubic feet per day	7.52 billion cubic feet per day	-31 million cubic feet per day
Appalachia	31.74 Bcf/d	32.11 Bcf/d	366 Mmcf/d
Bakken	2.76 Bcf/d	2.79 Bcf/d	22 Mmcf/d
Eagle Ford	6.883 Bcf/d	6.881 Bcf/d	-2 Mmcf/d
Haynesville	11.07 Bcf/d	11.36 Bcf/d	287 Mmcf/d
Niobrara	5.54 Bcf/d	5.60 Bcf/d	60 Mmcf/d
Permian	14.17 Bcf/d	14.41 Bcf/d	241 Mmcf/d
<b>TOTAL</b>	<b>79.72 Bcf/d</b>	<b>80.66 Bcf/d</b>	<b>943 Mmcf/d</b>

**Source: EIA Drilling Productivity Report**

**Middle East tensions are keeping upward pressure on crude oil prices** with WTI closing above \$62 per barrel on Friday. Saudi Arabia carried out several air strikes on the Iranian backed Yemen Houthi rebels after they claimed responsibility for the Drone attacks on the Saudi pipeline pumping stations. Saudi Arabia says the East-West pipeline is now fully operational after the drone attacks last Tuesday. A top Iranian general has told Iran-backed militias in Iraq to "prepare for proxy war" after the U.S. accused the militia of moving missiles toward American forces. We seem to be in a really nice sweet spot for US producers –

expect production to keep growing in the lower 48 and crude by rail to continue at a nice clip.

**Good news for refined product shippers to Mexico** as the Mexican government scrapped plans for outside firms to build them a refinery. The move is intended to keep the 340,000 bpd Dos Bocas refinery project under the \$8bn budget established by the government of Mexico and put responsibility for the management and construction into the hands of Mexico's energy-ministry and state-owned Pemex. Work on the project is scheduled to begin on June 2, 2019, and is expected to wrap up by May 2021. The nice thing about using outside firms and negotiating a fixed price EPC contract with the private sector is you know it is going to be done right and on time. This pivot should be positive news for the KCS and shippers as it is our belief that Pemex is going to have a tough time. Delays and cost overruns are to be expected.

**Rail automation debate is likely to pick up again.** Last week Nevada signed legislation requiring a minimum crew size of two people for any Class I or II railroad operating in the state. We expect automation and crew size will be a critical issue in the next collective bargaining agreement which terminates at the end of 2019. While rail labor groups support laws that require two-person crews, such legislation is opposed by the Association of American Railroads (AAR).

**Total North American rail volumes declined 2.5% year over year in week 19** (U.S. -3.7%, Canada +0.2%, Mexico +4.1%), resulting in quarter to date volumes that are down 1.2% and year to date volumes that are down 1.3% (U.S. -2.0%, Canada +2.4%, Mexico -4.9%). 3 of the AAR's 11 major traffic categories posted y/y increases. The largest decreases in volumes came from intermodal (-3.1%), nonmetallic minerals (-14.4%), metallic ores & metals (-4.3%) and chemicals (-3.0%). The largest increase came from petroleum & petroleum products (+32.2%).

In the East, CSX's total volumes were down 4.3%, with the largest decreases coming from intermodal (-7.0%) and coal (-11.6%). NS's total volumes were down 1.0%, with the largest decrease coming from stone, sand & gravel (-14.4%) and the largest increase coming from grain (+25.3%).

In the West, BN's total volumes were down 4.2%, with the largest decreases coming from intermodal (-7.1%), stone, sand & gravel (-37.6%) and metallic ores (-48.2%). The largest increases came from petroleum (+37.4%) and coal (+3.5%).

UP's total volumes were down 2.5%, with the largest decreases coming from stone, sand & gravel (-28.7%), intermodal (-4.5%) and grain (-22.4%). The largest increases came from chemicals (+10.4%) and coal (+6.1%).

In Canada, CN's total volumes were up 1.3%, with the largest increases coming from petroleum (+32.9%) and metallic ores (+13.3%). RTMs were down 2.3%. CP's total volumes were up 0.1%, with the largest increase coming from petroleum (+32.0%) and the largest decrease coming from grain (-20.4%). RTMs were up 0.8%.

KSU's total volumes were down 0.5%, with the largest decrease coming from chemicals (-10.5%) and the largest increase coming from petroleum (+34.7%).

Year over year increases in petroleum and petroleum related products is expected to continue and grow exponentially as we move into June. Both the CN and CP are gearing up to add capacity as the Alberta government's oil cuts ease.

**PFL Field Services LLC has been actively cleaning and servicing cars in Oklahoma and Texas and has crews available immediately to service your needs there or for that matter anywhere in the country. PFL used a boiler unit to steam cars, a man is not allowed in our cars until it is commodity free – for more information on PFL equipment and process please call us today. PFL Field Services will clean, inspect, and provide maintenance including full gasket change outs and railcar repairs on a mobile basis with a PFL Guarantee. We have recently added UT testing to our venue of expanding services. Call us today for a competitive quote and book a time!**

PFL currently has Transloaders available for immediate delivery. The Transloaders in question can be used for petroleum products such as gasoline, jet fuel and crude oil. For specs and pictures please visit [www.pflpetroleum.com](http://www.pflpetroleum.com) a pop up ad will appear directing you to view the inventory.

PFL continues to be extremely busy in rail leasing and subleasing for all car types. Call us today for the latest and greatest and see some of our hot markets below!

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PFL is offering (27) crude dirty DOT117R NC/NI 25k's for lease available immediately. (40) crude dirty DOT117R NC/NI 30k's for lease available immediately. (60) clean DOT117R NC/NI 30k's for lease available immediately. CPC1232, 31.8k's with magnetic gaging devices equipped, available for lease or purchase. (109) Clean 25.5k CPC1232 C/I tank cars for lease. 2014 built mil gons for lease or purchase. Call for details today!

PFL is seeking for Large 286GRL covered hoppers for plastic pellets for lease or purchase. 3000 CU open tops for aggregate service. Pressure cars for short term or long term. Tank cars with Polycorp Rubber Linings for HCL service.

**PFL offers** turn-key solutions to maximize your profitability. Our goal is to provide a win/win scenario for all and we can handle virtually all of your railcar needs. **Loaded storage, empty storage, subleasing or leasing** excess cars, filling orders for cars wanted, **mobile railcar cleaning, blasting, mobile railcar repair and scrapping** of all railcars at strategic partner sites. **PFL will get it done for you.** We also assist fleets and lessors with leases and sales, offer "Total Fleet Evaluation Services". We will analyze your current leases, storage if applicable and company objectives and draw up a plan of action. We can assist on return on lease scenarios saving Lessor and Lessee thousands of dollars.

Contact PFL for all your railcar needs

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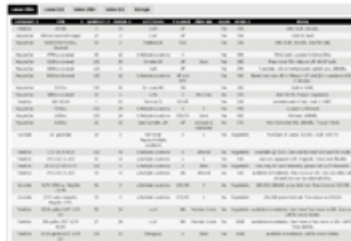
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## PFL Railcar Buying/Leasing Opportunities

### Lease Offer

CATEGORY	TYPE	QUANTITY	PERIOD	CITY/STATE	CLASS1	PREV	USE	CLEAN	OFFER	NOTES
TankCar	GP26k	2	24	X,AR	UP			Yes	350	1981 built. 263GRL. available end of July. built in 1987. Available Q3 2019. Cars can be lined and used for crude.
TankCar	26K NC/NI	7	60	Victoria,TX	NS/UP			Yes	650	Cars will need to be replaced with CPC1232's. Call for more details.
TankCar	117J 30.3k NC/I	160	40	X,Multiple Locations	X	ethanol	No	Negotiable		available immediately. free move on BN. Cars are dirty with ethanol and can be returned dirty. Must be replaced with 117's. call for details.
TankCar	CPC1232 31.8k's	99	34	x,Multiple Locations	BN	ethanol	No	950	available immediately. Cars have a free move on BN. Call for more details.	
TankCar	25k gallon DOT 117R NC/NI	27	24	x,LA	BN	Permian Crude	No	1000		

HopperCar	3000cu Covered Hopper	14	0	X,AR	UP		Yes	450	1980-81 built.
HopperCar	4650/4700/4750cu, Covered	59	0	Madison,IN	CSX		Yes	300	1981 built. 263GRL. Also for sale.
HopperCar	4750cu covered	35	12	X,Multiple Locations	X		Yes	450	78-81 built. Located in Iowa/Ohio.
HopperCar	5150cu covered	100	60	Omaha,OK	UP	Grain	Yes	385	Free move 750 miles on UP. 96-97 built.
HopperCar	5250cu covered	110	9	X,IA	CP		Yes	390	4 pockets. old converted plastic pellet cars. 286GRL. Brand new cars. 80 in Missouri UP and 20 in Louisiana KCS... in storage..
HopperCar	5400cu Covered	100	10	X,Multiple Locations	UP and KCS		Yes	400	Built in 1995.
HopperCar	5127cu	100	10	St. Louis,MO	CN		Yes	385	Built 98-99. Freight negotiable.
HopperCar	5800cu covered	50	6	X,PA	X	Pet Coke	No	525	Located in Midwest
HopperCar	5150cu	100	24	X,Multiple Locations	X	X	Yes	450	Midwest. 268GRL
HopperCar	3000cu	100	24	X,Multiple Locations	CSX/CN	Sand	Yes	425	New Carboline 992. 286GRL. Trough Hatch
HopperCar	5250cu	26	36	East Camden,AR	UP	soybean & copolymer	No	575	Purchase or Lease. 263GRL. Built 1989-90
Gondola	66' gondolas	10	0	Mid-West Region,Multiple Locations	X	x	Yes	Negotiable	263,000-286,000 gross limit rail. Free move on CSX/NS
Gondola	4170-4550 cu. Heights ~12 ft.	30	0	x,Multiple Locations	CSX/NS	X	No	Negotiable	286,000 gross limit rail. Free move on CSX/NS
Gondola	2743 cubic capacity. Heights ~9 ft.	30	0	x,Multiple Locations	CSX/NS	X	No	Negotiable	

### Lease Bid

CATEGORY	TYPE	QUANTITY	PERIOD	CITY/STATE	CLASS1	COMMODITY	BID	NOTES
TankCar	29.5K C/I	25	12	Bateshill,	UP/BN	Biodiesel	Negotiable	Needed immediately.
TankCar	GP30	4	6	Baltimore,MD	NS/CSX	Transmix	500	
TankCar	13k	20	12	x,Multiple Locations	x	Sulfuric acid	Negotiable	
TankCar	30.3k 117J Non-coiled	100	60	x,Multiple Locations	X	ethanol	Negotiable	Needs cars never before used in crude.
TankCar	25.5k gallon	50	36	X,Multiple Locations	X	asphalt	625	Prefers cars located West of Mississippi River. Can take on cars June of 2019. Would like the delivery spread through out the year.

### Sales Offer

CATEGORY	TYPE	QUANTITY	CITY/STATE	CLASS1	PREV USE	CLEAN	OFFER	NOTES
Gondola	Ore Jennies	93	X,MN	Varies		Yes	32000	Build date 1997. available for lease as well at \$400pcpm.
Gondola	Mil Gondola,	100	X,Multiple Locations	Multiple	Iron Ore Concentrate	No	74000	Located in MN & IN.

HopperCar	2752 cu. 3600cu Open top	94	X,NC	X	Aggregate	Yes	16000	78 are 69 built, 14 are 68 built. cars in storage.
TankCar	CPC1232 31.8k's	110	x,PA	x	crude	Yes	50400	Cars have magrods (Magnetic Gauging Device) currently installed.

Sales Bid								
CATEGORY	TYPE	QUANTITY	CITY/STATE	CLASS1	PREV USE	BID	NOTES	
TankCar	340W	10	x, Multiple Locations	X	X	Negotiable	Need cars immediately.	
FlatCar	100 Ton with Bulk Heads	50	X, Multiple Locations	x	x	Negotiable	needed immediately.	
HopperCar	5850cu+	100	X, Multiple Locations	x	x	Negotiable	286GRL	
Gondola	4000cu	15	x, Multiple Locations	x	x	Negotiable		

**Call PFL today for live pricing, further details and other markets.**

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To see the complete live list, please login to the easyTRADE platform please go to [www.pflpetroleum.com](http://www.pflpetroleum.com).



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