



**Testimony of Craig Pierson, President, Marathon Pipe Line LLC  
For Delivery Before the Subcommittee on Railroads, Pipelines & Hazardous Materials  
Committee on Transportation & Infrastructure  
“A Review of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011”  
May 20, 2014**

Good afternoon, I am Craig Pierson, President of Marathon Pipe Line LLC. Marathon Pipe Line, headquartered in Findlay, Ohio, operates approximately 6,000 miles of underground pipeline in 14 states mainly from Texas and Louisiana to and throughout the Midwest. Marathon transports crude oil and petroleum products to and from terminals, refineries and other pipelines. The company safely delivers by pipeline an average of 120 million gallons of crude oil and petroleum products daily.

Today, I am here in my capacity as vice chairman of the American Petroleum Institute’s Pipeline Subcommittee speaking on behalf of the pipeline members of API and the Association of Oil Pipe Lines. I am also a member of the joint API and AOPL Pipeline Safety Excellence Steering Committee, comprised of liquid pipeline executives who help lead industry efforts to improve pipeline safety. AOPL and API pipeline members are engaged in numerous industry-wide pipeline safety efforts, which I will discuss in a moment.

Liquid pipeline infrastructure across the United States benefits American consumers and workers. In 2012, liquids pipelines transported 14.1 billion barrels of crude oil, refined products and natural gas liquids across more than 185,000 miles of pipeline. While pipelines provide good jobs to those who build and operate this critical infrastructure, all Americans benefit from liquids pipelines to heat their homes, fuel their vehicles, harvest their crops, or power jobs with the energy and raw materials needed to manufacture most consumer goods.

Pipelines are safe, reliable and cost-effective for transporting energy liquids. In 2012, more than 99.999% of the crude oil, petroleum products, and natural gas liquids transported by pipeline reached their destinations safely. The safety record of pipelines is an understandable outcome of the major financial investment pipeline operators make in pipeline safety each year. In 2012, pipeline operators spent more than \$1.6 billion evaluating, inspecting and maintaining the integrity of their pipeline systems. Efforts like these have been underway for more than a decade. The result is that over the last 10 years, the number of liquid pipeline incidents were reduced by over 60 percent and volumes released by over 45 percent.

While pipelines are a safe mode of energy transportation, liquid pipeline operators remain focused on continuous improvement with the ultimate goal of zero incidents. Earlier this year, pipeline members of AOPL and API launched the *Pipeline Safety Excellence*<sup>™</sup> initiative. This effort reflects the shared values and commitment of our members to work together to safely build and operate pipelines.

The *Pipeline Safety Excellence*<sup>™</sup> initiative is driven by shared pipeline safety principles such as zero incidents, continuous improvement and learning from operators' experiences. The goal of zero is rooted in the belief that if we pursue perfection, we can achieve safety excellence. Through the continuous industry-wide pipeline safety efforts of numerous API and AOPL safety work groups, we decide on our priorities, pool our resources and share our learnings from the incidents that do occur. Collaboration, cooperation and sharing is occurring on a daily basis as we drive to our goal of zero.

Pipeline operators have also begun annual pipeline safety performance reporting to the public. We also have implemented an annual pipeline safety strategic planning process, which is designed to make sure we are today working on tomorrow's safety priorities.

The result is seven strategic initiatives to:

- accelerate research and development to detect and diagnose cracks for in line inspection
- develop an industry-wide recommended practice to analyze and respond to cracks
- develop industry-wide guidance to integrate data from all threats
- develop a pipeline safety management system that all operators can implement
- foster a safety culture through industry-wide sharing of learnings
- develop an industry-wide recommended practice for leak detection program management
- deploy a nation-wide emergency response training and outreach program, including an industry-wide recommended practice for emergency response

I look forward to discussing these industry-wide safety improvement efforts during the hearing today.

Pipeline operators also look forward to reauthorization of our nation's pipeline safety laws. We were proud to be a part of the process that through leadership of this Subcommittee and others resulted in overwhelming, bipartisan support for the 2011 pipeline safety law. We respect the job of the Pipeline and Hazardous Materials Safety Administration and we have many areas of agreement to achieve our shared goals of continuous improvement in pipeline safety. Liquid pipeline operators welcome review of that legislation and we stand ready to further improve on the trends that we built together over the last decade. We look forward to today's discussion of how best to move us toward our shared pipeline safety goals in the next reauthorization. Thank you.

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**Written Testimony of**

**Craig Pierson, President  
Marathon Pipe Line LLC**

**Before the  
Subcommittee on Railroads, Pipelines & Hazardous Materials  
Committee on Transportation & Infrastructure  
U.S. House of Representatives**

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Today, I am here in my capacity as vice chairman of the American Petroleum Institute’s Pipeline Subcommittee speaking on behalf of the pipeline members of API and the Association of Oil Pipe Lines. I am also a member of the joint API and AOPL Pipeline Safety Excellence Steering Committee, comprised of liquid pipeline executives and overseeing industry efforts to improve pipeline safety. AOPL and API pipeline members are engaged in numerous industry-wide pipeline safety efforts, which I will discuss in a moment.

## **Liquid Pipelines Benefits American Consumers and Workers**

Liquids pipelines transport the crude oil, refined products, and natural gas liquids that American consumers and workers use every day to lead their lives and fuel their jobs. In 2012, liquid pipeline operators delivered more than 14.1 billion barrels of crude oil and petroleum products across more than 185,000 miles of pipeline in the U.S.

Liquids pipelines transport crude oil from production areas across the U.S. and Canada to storage hubs and refineries. Separate liquids pipelines transport refined petroleum products (such as gasoline, diesel fuel, jet fuel, and home heating oil) from refineries to local distribution terminals. Still other liquids pipelines deliver natural gas liquids products (such as ethane, propane, and butane) from production areas, to and from fractionation facilities, and on to U.S. consumers, farmers and industrial users.

Americans benefit from liquids pipelines to heat their homes, fuel their vehicles, dry their clothes, harvest and dry their crops, supply raw materials to manufacture consumer goods, and more. Nearly every gallon of gasoline American consumers put into their vehicles travels at some point through a liquids pipeline. Liquids pipelines allow American consumers to benefit from U.S. crude production in Texas, Oklahoma, North Dakota, Pennsylvania, California and other states. Liquids pipelines are transporting growing supplies of natural gas liquids from new production areas in Pennsylvania, Ohio, and Texas to chemical and plastics manufacturing facilities in the U.S. and creating new, good-paying jobs for American industrial workers.

## **Pipelines Are Safe and Cost-Effective**

Pipelines are affordable, reliable, and safe for transporting large volumes of energy liquids over long distances over land. In 2012, more than 99.999% of the crude oil, petroleum products, and natural gas liquids transported by pipeline reached their destinations safely.

The safety record of pipelines is an understandable outcome of the major financial investment pipeline operators make in pipeline safety each year. In 2012, liquid pipeline operators spent at least \$1.6 billion on pipeline integrity management evaluating, inspecting and maintaining their pipelines. The result is that over the last decade, the number of liquid pipeline incidents were reduced by over 60 percent and volumes released by over 45 percent.

## **Pipeline Safety Excellence™ Initiative**

While pipeline infrastructure is a safe mode of energy transportation, liquids pipeline operators remain focused on continuous improvement with the ultimate goal of zero incidents. Earlier this year, pipeline members of AOPL and API launched the *Pipeline Safety Excellence™* initiative. This effort is driven by the shared values and commitment of pipeline operators to safely build and operate pipelines.

At its foundation, our *Pipeline Safety Excellence™* initiative rests on a number of pipeline safety values jointly embraced by AOPL and API members. First and foremost is the goal of zero incidents. This is an extremely aggressive goal, but we know that only by striving toward zero incidents will we achieve excellence. Our shared pipeline safety principles also include the values of

continuous improvement, learning from experience, emphasizing safety culture and organization-wide commitment to safety, employing safety management systems, use of technology and communicating with stakeholders.

The second component of our *Pipeline Safety Excellence*<sup>™</sup> initiative is the continuous industry-wide pipeline safety efforts underway throughout the year. Pipeline operator safety and operations managers and staff engage each other on a variety of industry-wide teams and groups to improve pipeline safety performance. Taking action on industry-wide pipeline safety performance improvements are a number of joint API and AOPL teams and workgroups including:

- Pipeline Safety Excellence Steering Committee – pipeline operator executives guiding and ensuring safety achievement
- Performance Excellence Team – pipeline operator senior managers sharing safety improvement techniques and advancing data management, safety culture and damage prevention initiatives
- Pipeline Integrity Working Group – pipeline integrity managers sharing safety experiences and developing industry-wide recommended pipeline integrity practices
- Operations and Technical Group – pipeline operations managers developing and maintaining twenty-eight current industry-wide standards and recommended practices. API maintains a total of more than 85 standards, recommended practices, specifications and technical documents applicable to liquid pipelines.
- Cybernetics Group – pipeline managers sharing advances and lessons learned on leak detection technology and pipeline monitoring and control systems
- Public Awareness Group – pipeline community outreach managers improving programs to raise public awareness of local pipelines and “call before you dig” programs
- Leadership Teams – pipeline managers and personnel pursuing initiatives to improve industry safety priorities such as emergency response capabilities

These teams and workgroups provide forums for operators to share experiences, discuss improvements, and develop, where needed, industry-wide safety guidance, such as API Standards or Recommended Practices. The people that work on these teams share a deep passion for industry improvement that goes far beyond the normal workday. It's their commitment that fuels the drive to zero.

Third, in January of 2014, API and AOPL released the first *Annual Liquid Pipeline Safety Performance Report*. Industry has collected performance data on its incidents for quite some time, as has the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA). However, that data in its raw and technical form is not as approachable as it could be for an easy dialogue with our public partners. With the addition of communicating with stakeholders as a shared pipeline principle, pipeline operators will now emphasize publicly sharing industry-wide pipeline safety data annually.

In many cases, pipeline safety performance results are positive: incidents and amounts released industry-wide have been reduced by double digits. As mentioned above, over the last approximately 10 years the overall number of pipeline releases is down 62% and the number of barrels released is down 47%. Developing and releasing the data also shows where we are doing well and where we need further improvement. For example, again over the last 10 years, pipeline incidents caused by corrosion are down 79% and incidents caused by third-party damage are down 78%. That said, incidents caused by material defects, seam problems or weld failures are down 31%. That is good, but not as high as the other areas, indicating an area we need to emphasize for additional improvements.

Finally, the *Pipeline Safety Excellence*<sup>TM</sup> initiative builds upon performance reporting and provides direction to its ongoing safety improvement efforts through annual pipeline safety strategic planning. This year's *Annual Liquid Pipeline Safety Performance Report* also include our



*2014 Strategic Plan.* It reflects the four goals and seven strategic initiatives liquid pipeline operators are undertaking jointly to improve pipeline safety. Our industry-wide goals for improving pipeline safety include: 1) improve inspection technologies, 2) enhance threat identification and response, 3) expand safety culture and management practices, and 4) boost response capabilities.

To make progress toward our pipeline safety improvement goals, pipeline operators are undertaking seven specific pipeline safety strategic initiatives including:

- accelerate research and development to detect and diagnose cracks for in line inspection
- develop an industry-wide recommended practice to analyze and respond to cracks
- develop industry-wide guidance to integrate data from all threats
- develop a pipeline safety management system that all operators can implement
- foster a safety culture through industry wide-sharing of learnings
- develop an industry-wide recommended practice for leak detection program management
- deploy a nation-wide emergency response training and outreach program, including an industry-wide recommended practice for emergency response

As you can tell, this is an aggressive and far-ranging safety improvement agenda. We developed these strategic initiatives in our annual strategic planning process. To determine our priorities, we meet with and listen to our stakeholders, drill down and examine our performance data, incorporate the recommendations of regulators and safety investigators, translate the lessons of past pipeline incidents into learnings, and decide on what is needed to take our industry to the next level of pipeline safety performance.

One specific effort I would like to highlight is our work developing a Pipeline Safety Management System. Safety management systems are management tools organizations use to track

and improve performance in complicated manufacturing or industrial settings. Other industries such as nuclear power, chemical, refining and medical care have used safety management systems to improve their safety performance. The U.S. National Transportation Safety Board recommended API develop a safety management system standard specific to the pipeline industry.

In December 2012, API convened a group of liquid and gas pipeline operators, federal and state regulators including PHMSA, and public safety experts to develop the Pipeline Safety Management System (PSMS). The group has met nearly monthly and discussions, at times, have been spirited. The group has listened to the needs of the public, small operators, state regulators, gas and liquid operators, and federal regulators, all bringing their different concerns and needs to the table. We have worked through these issues, and recently the group released a draft PSMS on which it has collected public comment. We expect the PSMS to be finalized after an industry & ANSI balloting process later this year. This is shaping up to be a real success story of how industry, regulators and the public stakeholders can come together to advance pipeline safety. By creating this framework for managing safety, pipeline operators will have a scalable tool to drive improvement in their operations, whether that operator is big or small. We very much look forward to completing the process to develop the standard. We are not waiting for it to be finalized before thinking about implementation. We plan to hit the ground running when it is approved.

### **Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011**

The pipeline industry was proud to be part of the bi-partisan effort that resulted in the unanimous passage of the 2011 Pipeline Safety, Regulatory Certainty, and Job Creation Act. Under the leadership of this subcommittee, the full committee, and many others on both sides of the aisle and both sides of the Capitol, we came together in support of improving pipeline safety. PHMSA is in the

midst of implementing many of the mandates Congress provided in the 2011 bill. We may not agree with every choice PHMSA has made or will make in upcoming regulatory proposals, but we share their goal of improving pipeline safety.

PHMSA's final rule to improve its administrative enforcement process is a step in the right direction. PHMSA's findings in its depth-of-cover study provided an objective analysis of the data behind that issue, and the PHMSA-commissioned conclusions of the National Academy of Sciences study of diluted bitumen correctly found no threat to pipelines from oil sands-derived crude.

With all of those points of agreement, we do note that pipeline operators registered their concern with PHMSA over its leak detection technology study, which was performed by contractors and provided little insight into what is practical, affordable, or feasible. Similarly, operators urged caution in any one-size-fits-all requirements that might result from PHMSA's automatic and remote-controlled shut off valve study when pipelines operate in such different conditions, environments, or rural or urban situations. Likewise, operators disagreed with PHMSA's proposal to exceed greatly the scope of its authority as established by Congress in verifying the integrity of gas pipeline operating pressures.

The administration also indicates that the White House Office of Management and Budget has begun its review of PHMSA's proposal for onshore hazardous liquids pipeline rulemaking. Pipeline operators provided their thoughts to PHMSA in 2010 when the agency first gave notice of its intent to pursue this rulemaking. While the contents of this proposal are not yet known to the public, and so we cannot know if we will agree with all of PHMSA's proposals, we do support PHMSA moving forward with this rulemaking.

An area where pipeline operators especially support aggressive PHMSA action is the prevention of damage from third parties. Damage to pipelines from third parties, such as a cable company or road construction crew accidentally digging into a pipeline, is the most frequent cause of personal injury from pipeline incidents. Pipeline operators want the public to stay safe, and the public can help by calling 811 before digging in the ground. The national 811 “call before you dig” program requires any pipelines in the area to mark their pipeline routes free of charge to landowners and within a time-certain that is usually around two to four days. AOPL and API support efforts to improve the success of one-call underground infrastructure damage prevention programs.

Pipeline operators are working together with excavators, one-call centers, and underground utility locators to improve damage prevention activities. States should improve excavation damage prevention programs when laws are weak or incomplete, or are not adequately enforced. States with more one-call exemptions have a higher share of pipeline incidents caused by excavation damage. PHMSA should issue and enforce damage prevention regulations as directed by Congress in the 2006 amendments to the pipeline safety laws. When determining the adequacy of state damage prevention programs as directed by Congress, PHMSA should set a high bar in order to protect the public. When PHMSA deems a state program inadequate, it should enforce a violation of the federal one-call laws as authorized by Congress.

With regard to reauthorization, Congress has consistently taken strong action to protect the public from excavation damage to pipelines, and should do so again. In 2002, Congress established the national three-digit number for reaching a one-call center. In 2006, Congress gave PHMSA damage prevention responsibility and authority. In 2011, Congress recognized the threat to public safety of one-call exemptions, modified Minimum Standards for State One-Call Programs to disallow several one-call exemptions, and requested a study on others. During the next reauthorization of our

pipeline safety laws, Congress should provide additional direction to PHMSA to reduce the threats caused by unsafe one-call exemptions and uneven one-call enforcement.

With that, I thank the Subcommittee for inviting me to testify here today and look forward to any questions members may have.

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