

American Petroleum Institute Association of Oil Pipe Lines

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To: Senate Committee on Commerce, Science and Transportation
House Committee on Energy and Commerce
House Committee on Transportation and Infrastructure

Dear Members:

The oil pipeline industry is committed to providing reliable, spill-free and error-free service to American consumers. Gasoline, heating fuels, jet fuel, and raw materials for manufacturing are the lifeblood of the economy and our mobile and independent American life. The industry's ability to provide reliable service is built on the commitment to caring for the national network.

September 2004 marked the halfway point for compliance with the Office of Pipeline Safety's (OPS) integrity assessment requirements for large operators of crude oil and refined products pipelines. We want to take this opportunity to provide you with a progress report on integrity management. In summary, the members of API and AOPL have met 100% of the rule deadlines and are in fact well ahead in compliance. This letter provides you with a more in-depth description of the requirements, the assessments that have been completed, the results of those assessments, and an update on OPS' audits and enforcement.

The rules require that pipeline operators conduct a baseline assessment of all pipeline segments that could have an impact on a populated area, on drinking water, on habitats for threatened and endangered species, or on commercial navigation (identified as "high consequence areas"). The pipeline industry members of the American Petroleum Institute and the Association of Oil Pipe Lines continue to support the increased use of inline inspection tools and the risk-based approach to pipeline oversight reflected in industry consensus standards and the integrity requirements under the federal pipeline safety regulations.

Assessments and Testing

For the hazardous liquid pipeline industry, the integrity management rules apply directly to 40% (or approximately 65,000 miles) of the 160,000-mile national network. However, pipelines are tested in long segments (40, 60, or even 100 miles) using inline inspection tools or hydrostatic procedures, and high consequence areas are typically scattered along the pipeline rights of way, so many more miles are inspected than just those miles that could potentially affect a high consequence areas.

The mileage required to be assessed under the rules for any one operator varies tremendously depending on configuration of the pipeline and the region of the country in which an operator's facilities are located. For a few small operators 100% of company system mileage is located in places that are in or could affect high consequence areas. Even for some medium and larger operators as much as 70% of company system mileage is located in places that are in or could affect high consequence areas. In fact, approximately 80% of the national network or 130,000 miles will be inspected during the baseline assessment period (2001-2008). This is more than twice the mileage that the Office of Pipeline Safety anticipated would be covered when the rule was originally published in 2000.

Certifying Compliance

API and AOPL have asked our members to voluntarily certify to the Office of Pipeline Safety compliance with the September 30, 2004 deadline. OPS received certifications from operators responsible for over 80% of US crude oil and refined products pipeline mileage. Concurrently, OPS has validated through its inspection process compliance with the September 30 deadline across all pipeline operators.

Percent of assessments completed for companies providing voluntary certifications –

- 100% have assessed 50% of HCA mileage (required by 9/30/2004)
- 59% have assessed 65% of HCA mileage
- 27% have assessed 75% of HCA mileage
- 9% have assessed 80-100% of HCA mileage

Miles inspected and assessed by companies providing voluntary certifications --

- **37,990 miles** of pipe that are in high consequence areas or could affect high consequence areas
- **33,890 additional miles** outside of high consequence areas or areas that could affect high consequence areas
- **71,880 total miles** have been assessed since the beginning of the program in 2001

Note: This certification does not include information from small operators (those operating less than 500 miles of pipe) since these operators are on a different schedule. See the table at the end of this letter.

Results from Assessments

The integrity rules set a prevention based standard for understanding the condition of pipeline systems, consistent with a risk-based approach to pipeline integrity. An operator conducts the inspections (inline tools, hydrostatic testing, and other methods) to identify any indication of potential deterioration or damage to the pipe wall. In many if not most cases, the indications found are not injurious to the pressure containing capability of the steel. The rule specifies those few conditions that may be injurious (immediate repair conditions), as well as other conditions that if unchecked might result in failures in the future. The repair criteria in the integrity management rules are conservative and many operators set company based criteria that are even more conservative and which reflect the specific operating conditions of pipeline segments. Once an inline tool is run or other integrity assessment test is completed, operators verify the results from the inspection by conducting excavations along the pipeline to calibrate the initial tool findings and then confirm the validity of the test results. Excavations are undertaken to physically evaluate the condition of the steel, to take mitigative actions (repair coatings, arrest corrosion, for example), and to schedule repairs or plan for pipe segment replacements.

Pipeline operators participating in API's voluntary Pipeline Performance Tracking System (which represents 85% of the national oil pipeline network) have found and eliminated more than 10,000 conditions each year since the initiation of the requirements. Of those, 7% fell in the immediate repair condition category; another 21% met other rule based repair criteria. The remaining 72% fell within the operator's own repair criteria.

All these conditions have been eliminated from the pipeline network.

OPS Audits and Enforcement

OPS has been working aggressively to enforce the integrity requirements. OPS inspector teams have been in the field conducting extensive audits of company programs and compliance. OPS first conducted a set of inspections in 2001-2002 that were characterized as "quick hits" to make sure companies had identified all high consequence areas and had the framework of their integrity program in place. The "quick hits" were followed up by in-depth audits in 2003-2004. A typical system wide integrity inspection is conducted over a total of two weeks. OPS has been diligently working toward consistent enforcement of the requirements to ensure that every region of the country achieves the full benefit of the new requirements. OPS had developed extensive standards for inspectors (both federal and state) conducting audits and is maintaining an integrity website that provides a single information source for requirements, protocols, frequently asked questions, and notifications. OPS has also conducted training specific to integrity management to both state and federal inspectors to ensure consistent, rigorous audits of company pipeline integrity programs.

Meeting Expectations

Our goal is zero – no deaths, no injuries, no releases to the environment, no operating errors. It is our intent as an industry to report directly to you periodically on integrity management, on safety and environmental performance, and as the need arises on challenges that still remain.

If you have questions or would like more information, please contact Marty Matheson at 202/682-8912 or Ben Cooper at 202/408-7970.

Sincerely,



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American Petroleum Institute



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Association of Oil Pipe Lines

Cc: Kenneth M. Mead, Inspector General, US DOT
 Samuel G. Bonasso, Deputy Administrator, US DOT RSPA
 Stacey L. Gerard, Associate Administrator, US DOT RSPA Office of Pipeline Safety
 Robert Chipkevich, National Transportation Safety Board

This letter addresses the integrity management requirements as they apply to hazardous liquid (crude oil and refined petroleum products) pipelines. The integrity management requirements, baseline assessment period and reassessment intervals for natural gas pipelines are different.

	Hazardous Liquid Pipelines	Natural Gas Pipelines
Publication of final rule	December 1, 2000	December 17, 2003
Effective date of the rule	March 31, 2001	February 14, 2004
Complete identification of HCAs	December 31, 2001 (large operators) November 18, 2002 (small operators)	December 17, 2004
Written integrity program in place	March 31, 2002 (large operators) February 18, 2003 (small operators)	December 17, 2004
Baseline assessment period	7 years	8 years
50% of baseline assessments complete	September 30, 2004 (large operators) August 15, 2005 (small operators)	December 17, 2007
Baseline assessments complete	March 31, 2008 (large operators) March 30, 2009 (small operators)	December 17, 2012
Acceptability of prior tests	Only those after January 1996	No limit on acceptability of prior tests
Reinspection interval	5 years	7 - 10 years for 50% SYMS 7 - 15 years for 30% SYMS 7- 20 years for <30% SYMS
Mileage covered by rule	65,000 miles	Unknown