ConocoPhillips Trainer Refinery Emergency Response Public Hearing Statement – January 10, 2012

Ladies and Gentlemen of the House Veterans Affairs and Emergency Preparedness Committee, Chairman Barrar, thank you for allowing ConocoPhillips to participate here today. I am David Erfert, Trainer Refinery Manager. I have worked in refineries for twenty-one years in eight different refineries in the United States and Internationally. Also with me representing ConocoPhillips is Colin Franks, Manager of Health, Safety, and Environmental at the Trainer Refinery. He has twenty-seven years experience at Trainer in the refining business. In addition to managing the Safety and Environmental functions at the refinery, he has the responsibility for managing the Emergency Planning and Response functions in the refinery. Colin is also a member of our Corporate Incident Management Team.

As the Committee is aware, on September 27th of 2011, ConocoPhillips announced the decision to idle and sell the Trainer refinery located just outside Philadelphia in Delaware County.

Let me say up front, this was a tough decision for ConocoPhillips to make and we realize how very difficult it is for the impacted employees, their families and the local communities involved. Let me also say that ConocoPhillips is committed to the sales process and is actively seeking a qualified buyer. We appreciate all of the support we have received from the Local, State and Federal officials, the employees and the local communities in this endeavor.

U.S. East Coast Refining has been under severe market pressure for several years. Product imports, weakness in motor fuel demand and costly regulatory requirements are key factors in creating this very difficult environment. Despite our best efforts and those of our workforce, the refinery has lost significant money in each of the previous three years. We did not take this decision lightly, and our employees have done a great job every step of the way. The market caused this, not the performance of the people. Throughout this process, we have treated all of our employees with respect, and have regularly communicated with stakeholders on the status of the refinery and sales process.

Going forward ensuring the safety of our employees and the surrounding communities still remains our number one priority. I would like to provide you with an overview of the status of the refinery now and in the future; and how we have significantly reduced the risk versus a normal operating facility. In the days after the announcement on September 27th, we began an orderly and safe shut down of all of the refining process units. Refining units were shut down cold and all oil transfers stopped. As part of the shut down, all of the typical hazards of high temperature, high pressure and hazardous materials were removed. The

relative risk, and potential for an emergency, was therefore greatly reduced when processing stopped.

After the refinery was shut down, we began a laborious and meticulous process to de-inventory the refinery of its hazardous chemicals and most of its hydrocarbons. So, all of the process lines, vessels, and towers within the refinery have essentially been emptied of hydrocarbons and are being maintained in a preserved state, ready for a sale and subsequent restart of the refinery. Hazardous materials such as hydrofluoric acid and other chemicals used in the refining process have also been removed from the site. Additionally, we emptied the majority of our large storage tanks where we store gasoline, diesel, crude oils, and other hydrocarbons. The remaining hydrocarbon tanks contain minimum levels of mainly heavy oils such as crude oil and marine fuel oil, which are less flammable than gasoline-range materials. This de-inventorying process has resulted in an approximately eighty-five percent reduction in hydrocarbon inventory on-site.

This effort of shutting down and de-inventorying has resulted in a significant reduction in the likelihood of an incident occurring. I can't quantify scientifically how much the risk is reduced, but it is orders of magnitude lower now than when the refinery is in normal operation. This is critical for the Committee to recognize because it means that our corresponding potential emergency scenarios are significantly less in both frequency and magnitude.

We are not using the Trainer Refinery to import materials or as a terminal. The only remaining operations at the facility include one steam producing boiler to preserve the asset during the winter months, and the wastewater treatment facility to ensure compliance with permit limits to discharge water from the facility. These units are very low risk – steam boilers are in many applications across the state, and we see wastewater plants in many municipalities.

As we have in the past, ConocoPhillips remains committed to operating in compliance with all safety and regulatory requirements. Our refinery in Trainer had the best/lowest injury rate of any of the twelve ConocoPhillips refineries in both 2010 and 2011. We think our workforce at Trainer gets it on safety, although that certainly does not mean that we rest on our laurels. We will continue to take full responsibility for the operation and maintenance of the Trainer Refinery as long as the asset is owned by ConocoPhillips.

Currently, we are maintaining essentially full staffing, and can respond to any emergency scenario. We have shut down the refinery and de-inventoried hazardous materials. Because of this, our relative risk is significantly (orders of magnitude) less than a running refinery. As the sales process progresses, we do plan to reduce staffing from the full complement that we currently have. Nonetheless, the Refinery will continue to be staffed at a level appropriate for the

operations that remain at the site and we will continue to be fully prepared to respond to incidents.

If we have not found a buyer towards the end of March, it is our intention to permanently close the refinery. At that time, we will begin to fully de-inventory remaining hydrocarbons in the tanks. Throughout this process, we will maintain an appropriate staffing level and response system that will allow us to respond to any scenario.

Now I will turn the discussion over to Colin Franks, our Health, Safety and Environmental Manager who will provide more detail on emergency preparedness.

Good afternoon, I am Colin Franks, the Health, Safety and Environmental Manager at the Trainer Refinery. I have worked in the Trainer Refinery for twenty-seven years. I have been in various roles within the refinery including Operations, Environmental and Safety. For the last ten years I have been a member of the ConocoPhillips Incident Management Assist Team as a Planning Section Chief and Incident Commander. I have responded to incidents in the Gulf Coast during hurricanes Katrina and Rita and participated in drills from Alaska to Florida. Part of my responsibility is to design the emergency response program and to ensure personnel have the proper training to respond to emergencies at the Trainer Refinery.

During the idling period, the Trainer Refinery will continue to utilize a layered approach to emergency response. We will maintain around the clock emergency response capabilities. Our responders include fully trained individuals in fire fighting, oil spill response, hazardous materials response, high-angle rescue and EMT certifications.

The Trainer Refinery has state-of-the-art response equipment including a fire water distribution system throughout the facility to deliver the high volumes of fire fighting water necessary for industrial fire fighting. We also have stationary fire monitors capable of delivering fire water to all areas of the refinery with minimal human intervention. In addition to the fixed equipment, the refinery maintains mobile equipment including a 5,000 gallon fire foam tanker, two high capacity fire fighting engines with onboard foam, three quick response support trucks with bed-mounted high volume fire nozzles, a Rescue/Hazardous Materials Response truck, and three oil spill response boats with several thousand feet of oil spill containment boom. All of this equipment will continue to be maintained in good working order.

In the event of an emergency, we maintain a call-out paging system to summon additional off-shift response personnel if needed. We also have the ability to draw resources from mutual aid agreements within the Delaware Valley and our sister refinery in New Jersey. If needed, service agreements with contract oil

spill and Incident Command System (ICS) response organizations can be activated. In the unlikely event a full ICS response is necessary, ConocoPhillips also maintains a highly trained Incident Management Assist Team capable of responding onsite within two hours after activation.

We at the Trainer Refinery have worked very hard over the years to gain the trust and respect of the surrounding communities. We take this trust very seriously and we will continue to be fully prepared to respond to incidents in a way that is protective of our surrounding communities and the environment.

Mr. Chairman, this is the end of our prepared comments.