

HOUSE OF REPRESENTATIVES
VETERAN AFFAIRS AND EMERGENCY PREPAREDNESS COMMITTEE
TESTIMONY OF PRENTISS SEARLES
MARKETING AND RAIL ISSUES MANAGER, API
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Chairman Barrar, Chairman Sainato and members of the committee, thank you for the invitation to testify on the important and timely topic on public safety and emergency preparedness and the ramifications for the railway transportation of crude oil across the Commonwealth.

My name is Prentiss Searles, Manager of Marketing and Rail Issues at the American Petroleum Institute. API represents all segments of the oil and natural gas industry, with more than 590 members who supply most of the nation's energy.

The revolution in North American energy development has been made possible by technological breakthroughs in decades-old methods of energy development, which has set this nation on the path to energy security, a concept unthinkable just a few years ago.

The energy policies we choose today will determine if our nation will continue its march toward global energy leadership; a unique and once in a generation opportunity. America's dramatic increase in domestic energy production has fundamentally altered the global energy markets and more broadly the geopolitical landscape for decades to come, all while providing a much needed boost to our economy.

In order to achieve our nation's full potential as a global energy leader, all of us have to work together to ensure that our energy infrastructure is capable of safely, reliably, and efficiently transporting ever-increasing amounts of domestically produced energy, whether by truck, barge, pipeline, or the focus of today's hearing, rail.

Meaningful and lasting improvement in rail safety will only come from a holistic and collaborative approach to accident prevention, mitigation and response, and the oil and natural gas industry will continue to work with our colleagues in government, the rail industry, and others on continual safety improvement.

The Memorandum of Understanding recently released between the railroad industry and the Department of Transportation, which outlines operational changes to improve rail safety, is an important step in our shared goal of improving the safety of America's freight rail system.

While it's true that 99.997 percent of hazardous materials transported by rail reach their destinations without incident ... the oil and natural gas industry is committed to getting to zero rail incidents. Because when it comes to safety the only number that matters is zero incidents.

Getting to zero will take the long-term commitment to working collaboratively with all stakeholders and applying all of our best science, research, and real-world data in a thoughtful and deliberate manner.

Being a safe steward of our nation's energy resources and providing leadership in raising the bar on industry performance isn't new to the oil and natural gas sector. For 90 years, API has been the world leader in developing and improving equipment and operating standards – 600 and counting – for oil and natural gas through a collaborative process that involves all stakeholders, as well as government regulators. This process is accredited by the American National Standards Institute, or ANSI, which is the designated standards authority in the United States and the same organization that accredits similar programs at several U.S. national laboratories.

We have already assembled the best experts from our industry, the railroads, scientists and engineers and others to tackle some of the issues raised by the recent rail incidents involving the transport of crude oil. PHMSA (Pipeline and Hazardous Material Safety Administration) also committed to join our effort to develop a comprehensive standard that addresses the classification of crude oil to ensure we are moving that product in the safest manner possible. This includes possible safety improvements for material characterization, transport classification, and quantity measurement of crude oil based on the best available science and data.

This is part of our industry's longstanding commitment to safety. In 2011, the oil and natural gas industry helped lead the multi-industry effort that led to significant improvements in the design of tank cars. And we moved forward voluntarily with those improvements – so that this year we are approaching 40 percent of the crude tank cars in use by our industry that exceed the current federal

safety standard. With this achievement please keep in mind, as Administrator Quarterman said at last week's Congressional hearing on rail safety, "getting a new tank car is not a silver bullet; first we need to prevent derailments."

To prepare for the unlikely event that there is an incident, there is already a robust system in place to respond. The National Incident Management System (NIMS) has long been in place and lays out the process by which both the private (whether oil and gas or rail) and public sectors respond and coordinate activities during an emergency. We are not starting fresh, rather we are building on a long standing and broadly accepted process.

The oil and gas industry has a long history and record of working with our private and public sector partners to prepare for an incident. Preparation includes plan development, drills/exercises, and training so that parties are prepared to respond prior to an incident occurring.

With regard to the movement of our products in areas that, historically, have not had much interaction with our industry, we turn to the railroads as the lead, and we believe that they take that role seriously. That said, from a preparedness perspective, we recognize that we also have a role to play. And we have committed to partnering with the railroad industry to provide information and education in areas that stand to be exposed to an incident. An example of this is our commitment to the TRANSCAER (Transportation Community Awareness and Emergency Response) program where we are creating materials and mechanisms to explain the products that are being moved and provide a platform for relationship building and dialogue exchange. Our goal is zero incidents, but on the rare instance where one does occur, we want to make sure that the response is as efficient and effective as possible to protect human health and the environment.

In the final analysis, the women and men of the rail and oil and natural gas industries, as well as the communities traversed by our nation's freight rails, deserve our laser focus on this challenge. Our potential as a global energy leader is rooted in our ability to safely transport our game-changing energy resources safely every time, be it by truck, barge, pipeline, or rail.

We look forward to continuing to work with our colleagues in government, in the rail industry, and with others to develop a long-term, holistic and comprehensive approach to rail safety that includes

prevention, mitigation, and response and moves us closer to what I think is our shared goal of zero rail incidents.

Thank you for your time and attention.