

SECTION C – STATEMENT OF WORK

DTPH56-12-C-000002

“Conduct a Study to Determine if There are Any Increased Risk in the Transportation of Diluted Bitumen”

C.1 BACKGROUND

In the recently passed Pipeline Safety, Regulatory Certainty, and Jobs Creation Act of 2011 (P.L. 112-90), Congress directed the Secretary via PHMSA to conduct a study on diluted bitumen (dilbit) to determine if there was any increase in the risk of release for pipeline facilities transporting dilbit. PHMSA has chosen to contract with the National Academy of Sciences (NAS) to conduct a full and independent study of this topic.

C.2 OBJECTIVES

This project will analyze whether transportation of dilbit by transmission pipeline has an increased risk of release compared with pipeline transportation of other liquid petroleum products. Should the committee determine that increased risk exists, it will complete a comprehensive review of federal hazardous liquid pipeline facility regulations to determine whether they are sufficient to mitigate the increased risk.

C.3 REQUIREMENTS (TASKS)

The NAS will identify and utilize industry and academia experts to facilitate this study and ensure an independent objective evaluation is completed.

TASK 1: CONDUCT A STUDY TO DETERMINE IF THERE IS ANY INCREASED RISK OF RELEASE OF TRANSPORTING DILBIT COMPARED TO OTHER FORMS OF PETROLEUM PRODUCTS

The first task of the project will require the NAS committee to analyze whether transportation of dilbit by transmission pipeline has an increased risk of release compared with pipeline transportation of other liquid petroleum products.

Specifically, the committee will address whether the corrosive and/or erosive nature of dilbit poses increased risk of release when transporting this product through transmission pipelines compared with other liquid petroleum products.

Should the NAS committee find no evidence of increased risk, a comprehensive review of the regulations would not be required, and the NAS committee will complete its work, preparing a final report to the Office of Pipeline Safety (OPS) of the Pipeline and Hazardous Materials Safety Administration (PHMSA).

If the NAS Committee determines either that (a) there is an increased risk or (b) that it cannot answer the question regarding increased risk solely on the basis of the corrosive or erosive nature of dilbit, NAS will issue a brief interim report with its findings on items (a) and (b), and then begin work on Task 2 below.

TASK 2: EVALUATION OF HAZARDOUS LIQUID PIPELINE REGULATIONS

If it is determined that (a) there is an increased risk or (b) that the committee cannot answer the question regarding increased risk based solely on the basis of the corrosive or erosive nature of dilbit, the same NAS committee will begin work to address whether existing Hazardous Liquid Pipeline Regulations are sufficient to mitigate the increased risk associated with the transportation of dilbit by pipeline. The committee's final report would cover both risk of release and sufficiency of the regulations to mitigate risk of release.

C.4 DELIVERABLES

General:

The contractor will provide PHMSA with the following:

Deliverables for Task 1:

- No later than three weeks following contract award, a kick-off meeting at PHMSA HQ with Senior Leadership will be held to discuss the proposed committee members and project requirements.
- NAS committee will conclude their Task 1 work approximately twelve (12) months from the initiation date of this contract.
- NAS committee will provide a written quarterly progress report to PHMSA on 1st business day of every quarter that the contract exists.
- Quarterly in-person progress reports will be provided upon request. NAS will conduct an in-person briefing of the findings thirty (30) days prior to report being issued and thirty (30) days prior to final report being issued. No final report is needed if Task 2 is initiated by the findings from Task 1.
- NAS will deliver two electronic copies of the final prepublication report.
- NAS will conduct a presentation of findings prior to beginning Task 2 in order to review deliverables and address PHMSA questions and/or concerns.
- An additional three (3) months is required for final report publication if the final report results from the conclusion of Task 1 and no Task 2 is required.
- NAS will deliver five hard copies and two electronic copies of the final report publication if the final report results from the conclusion of Task 1 and no Task 2 is required.

Deliverables for Task 2:

- NAS committee will conclude their Task 2 work approximately six (6) months from the initiation date of this task.
- NAS committee will provide a written quarterly progress report to PHMSA on 1st business day of every quarter that the contract exists.
- Quarterly in-person progress reports will be provided upon request. NAS will conduct an in-person briefing of the findings ten (10) days prior final report being issued.
- NAS will deliver two electronic copies of the final prepublication report.
- An additional three (3) months is required for final report publication.
- NAS will deliver five hard copies and two electronic copies of the final report publication.

[END OF SECTION C]