

**REMARKS FOR CYNTHIA QUARTERMAN  
ADMINISTRATOR  
SPILL CONTROL ASSOCIATION OF AMERICA  
2014 SCAA ANNUAL MEETING AND CONFERENCE  
THURSDAY, MARCH 20, 2014**

## **Introduction**

- Good afternoon. Thank you for having me, and thank you to John Allen for the invitation.
- My name is Cynthia Quarterman, and I am the Administrator of the Pipeline and Hazardous Materials Safety Administration, or “PHMSA” for short. Because we oversee the transport of hazardous materials, we are an agency within the Department of Transportation, working under Secretary Foxx.
- I like to call us, “the little agency with a big job”—last year, our budget was less than 300 million dollars—to put that in context, the FAA’s budget last year was close to 10 billion!
- Our mission is to protect people and the environment from the risks in transporting hazardous materials like oil and natural gas.
- Despite our small size, we are continually employing multiple strategies to ensure safety:
  - We regulate the industry, including pipeline operators and hazmat carriers
  - We investigate incidents
  - We conduct research
  - We work to educate the public and other stakeholders on safety issues
  - And we fund research and other safety initiatives, including training programs and equipment.
- And the scope of what we oversee is huge—

- There are over 2.6 million miles of hazardous liquid and gas pipelines, which carry over 66% of the energy—whether it’s oil or gas— used in the US.
- As a part of the Oil Pollution Act of 1990, which was written to prevent and mitigate oil pipeline spills, we also review and post spill response plans from operators.
- Posting these plans, which you’re familiar with, ensures transparency for our stakeholders. Spill response plans play a vital role in mitigating an incident’s impact, and I want you to know that we are continually improving our approval process for these plans and working hard to make them available.
- There are over 1 million hazardous materials shipments daily. This includes shipments by air, rail, highways, and waterways.
- Our stakeholders include not just the industry but also emergency responders and officials on the state and local levels. We believe that pipeline and hazmat safety issues impact everyone, and we strive to include all of our stakeholders in our efforts, whether we are soliciting comments or providing funding.
- Your participation and knowledge help us do our job better, and so I am grateful for this chance to speak to you and hear your questions and comments.

## **US Energy Production**

- I used to say that we were the most important agency that no one heard of, but that’s no longer the case—the growth of domestic natural gas and crude oil production is revolutionizing the US energy economy, and it’s transforming all of us in the energy transportation sector.

- During December 2013, over 11 million barrels of oil were produced daily.
- As of 2013, the Bakken play produced over 10% of all US oil.
- In November 2013, over 10,022 Bakken wells produced 29 million barrels of oil, over 900,000 barrels of oil daily.
- This increased production is fueling drastic system expansion, but it also increases risk, which is why it is extremely important that we work together to prevent and respond to incidents.

## **Changing Pipeline Industry**

- As natural gas and oil production grows, the pipelines that gather, carry, and distribute these materials are affected. New technologies and gathering techniques mean that gathering lines are run at a higher pressure and closer together, while line diameters are increasing.
- Our population is also growing, which means that lines that were once in rural areas are now in high-risk areas and may be affected by construction and development.
- These changes have the potential to make incidents more dangerous for the public as well as for the environment, and PHMSA is working hard to make sure that our regulations and our data keeps up with the industry.
- We're currently in the process of crafting new rules that would increase the safety of on-shore hazardous liquid pipelines, specifically, we asked for feedback on whether we should repeal or modify any of the exceptions for hazardous liquid gathering lines in rural areas.

- Rest assured, we will continue to work with all of our stakeholder groups as our rulemaking progresses, and I hope that you will contribute your expertise to our comment periods.

## **Crude Oil by Rail**

- The increased oil production has also resulted in a massive increase of oil transport by rail. The volume of crude oil moving by rail has quadrupled in less than a decade, and there is an increased use of unit trains—over 100 cars of a single commodity.
- Despite these changes, rail transport is still exceedingly safe: accidents have declined by 43 percent, and accidents involving hazmats are down 16 percent.
- And rail shipments are expected to continue to increase, with more crude oil sent across our country's wide network of railroads.
- We know that the recent high-profile derailments have increased the public's awareness of the industry, which is why PHMSA recently launched Operation Safe Delivery.
- Our goal is to focus on preventing and mitigating rail incidents by using a comprehensive approach that utilizes all of the tools in our toolkit:
  - On the rulemaking front, we collected comments on an advanced notice of proposed rulemaking on improving the crashworthiness of DOT 111 tank cars, which can rupture more easily in a derailment or crash.
  - We've also issued multiple emergency orders and safety advisories to ensure that shippers and railroad operators are fully aware of their risks and responsibilities to safely transport Bakken crude oil.
  - We launched Operation Classification last summer, an initiative to ensure that crude oil shipped via rail is being

properly tested classified. This doesn't just help prevent incidents by [ensuring] proper packaging, but it also helps emergency responders and spill response teams [respond] appropriately.

- As a result of our testing, we have issued Notices of Proposed Violations against three shippers, and we plan to continue our testing and enforcement efforts.
- Finally, Secretary Foxx issued a Call to Action, and met with petroleum and railroads industry members and asked them to come up with voluntary changes to reduce oil-by-rail incidents. In response to that meeting, the industries have made commitments to improve safety:
  - The Association of American Railroads will be adjusting their hazmat routing considerations to account for Bakken crude's volatility. They will also be changing speed restrictions, operational controls, and increasing inspection and maintenance initiatives to reduce derailments as a whole. They will also be improving emergency response assessment and training to better respond to any incidents that occur.
  - The American Petroleum Institute and oil and flammable liquid shippers will be working with us to develop and analyze best practices for hazmat testing and classification.
- We will continue to consider other regulatory options and to work with shippers and carriers to address safety gaps and issues, and we hope that you and our other stakeholders join us in refining operations and preparing for incidents together.
- We will also continue our outreach efforts to ensure that all of our stakeholders are educated and informed about crude oil and rail safety—our Operation Safe Delivery web page will be updated as

we continue to work to improve oil-by-rail safety, and I encourage you to stay updated.

## **Conclusion**

- As our hazmat transportation systems grow and change, we urge stakeholders like you to remain proactive. Safe hazmat transportation requires all stakeholders to share their experiences and knowledge, and when we all pool our resources, the result is a safer transportation system.
- So check our website or follow us on Twitter for updates, and be sure to voice your opinion! As those who work with the aftermath of an incident, you know first-hand what we are trying to prevent, and how to better respond as a whole.
- April is also Safe Digging Month, and I'd like to invite you to celebrate with us. Excavation damage is the leading cause of serious pipeline incidents<sup>1</sup>, and spreading the word to prevent this type of damage is one concrete thing we can all do to make our pipeline systems safer.
- Now I'll be taking some questions, but before I do, I want to thank you again—for the work you do in the field, in the training room, and in collaborative conferences like this. Your efforts are vital to keeping our hazmat transportations systems safer and more efficient. Thank you.

---

<sup>1</sup> <https://primis.phmsa.dot.gov/comm/damageprevention.htm>